



THE CORPORATION OF THE CITY OF VERNON

MEMORANDUM

TO: Patti Bridal, CAO **FILE:** 1700-02 (2024)

FROM: Debra Law, Director, Financial Services **DATE:** November 7, 2023

SUBJECT: 2024-2028 PROPOSED FINANCIAL PLAN

The 2024-2028 Proposed Financial Plan (Budget) is presented to Council for consideration during budget deliberations scheduled for Monday, December 4 and Tuesday, December 5, 2023. Advertising for public input, to be held both the morning and afternoon of budget deliberations on Monday, December 4 will appear in the Vernon Morning Star on November 16, 23 and 30, 2023.

Attachment 1, titled "City of Vernon 2024 Budget Summary Scenarios" (Budget Summary), highlights key elements of the 2024 Budget proposal. The Budget Summary provides three scenarios for Council consideration. Scenario 1 – All On-Going Recommendations Fully Taxed, Scenario 2 – 2 Additional RCMP Members Reserve Funded until Fully Staffed, Scenario 3, similar to Scenario 2 plus Transit Contract Increase Fully Reserve Funded for 2024.

All three scenarios have been formatted similarly. The first line shows the 2023 tax base of \$51,632,242 for calculating increases in taxation in 2024. The second section lists the known tax increases already endorsed by Council: the 4% increase for operating and capital from the June 8, 2023 Council meeting, pre-approved 2023 service level increases approved during 2023 (see Table), one-time changes for Recreation services, and the estimated non-market change (increase) in taxation from developments. If all of the above amounts were approved by Council, the 2024 total taxation would be \$56,284,282. Note that the estimated non-market change is not included in the 7.79% calculation, as it applies to new taxpayers only.

PRE-APPROVED 2024 SERVICE LEVEL INCREASES			2024 Impact	
Year	Description	Department	SLA #	Tax Base
2022	Deputy Fire Chief (remaining half year)	324	4075	94,000
2023	Cyber Insurance	122	4072	40,000
2023	P/T (0.5) HR position	150	4076	60,000
2023	4 Firefighter positions (6.5 months taxation funding)	321	4074	237,000
2023	Council Discretionary Grant program increase	145	4077	50,000
2023	Dark Fibre upgrade to Operations building	122	4073	13,000
2023	Downtown parking revenue loss - pick-up locations	345	4078	24,000
2024	Becker Park - maintenance of new pump track & bike trails	634	4108	12,000
2024	Boulevards - maintenance of new lake access at 8797 OKL Rd	411	4109	10,000
2024	Civic Memorial Park - maintenance of new amenities	637	4110	50,000
2024	Deer Park - maintenance of new playground & courts	633	4111	7,000
2024	Lakeview Pool - cost of water for new pool and splash pad	893	4112	27,000
2024	Lakeview Park - cleaning of new washroom	615	4113	4,000
2024	Carlson Park - snow clearing of new parking lot & extra maint.	631	4114	10,000
2024	Marshall Fields - trimming of new fence line	664	4115	3,000
2024	Various Cost Centres related to Public Works	Various	4116	35,250
TOTAL				676,250

Administration has submitted an operating budget total of \$54,785,415, including pre-approved service level adjustments of \$676,250 and one-time increases for Recreation Services of \$1,280,500. The \$54,785,415 total is \$1,498,867 less than the estimated 2024 tax base of \$56,284,282. Some of the reason for this was a couple of budget revenue items that were significantly increased due to the current economic environment. Development activity has remained strong in Vernon. As such, Administration has increased permit revenue an additional \$300,000 for 2024 onwards based on the past three-year trend. The Bank of Canada rate has reached 5% as of this date and appears it will hold steady for some time. As such, in consideration of cash flow requirements, Administration is comfortable increasing the Returns on Investment revenue from \$1.9 million to \$4.1 million for 2024 onwards.

Administration is recommending approval of several service level change requests, mostly to do with additional staffing resources. The staffing requests total \$981,217, the RCMP increased contract amount totals \$463,232, transit requests total \$59,100 and the remaining requests total \$26,539. The recommended 2024 service level increase requests are listed below:

RECOMMENDED 2024 SERVICE LEVEL INCREASES			2024 Impact
Position Title	Department	SLA #	Tax Base
Financial Analyst Position	147	4080	130,012
Utility Clerk Position (0.57 FTE)	146	4081	48,000
FireSmart Coordinator Position	320	4082	104,009
4 Additional Career Firefighters (mid-year start)	321	4085	240,000
Traffic Controller Position (0.2 FTE)	415	4087	14,346
Plans Examiner Position (July onwards)	212	4090	47,430
Information Technician Position	122	4091	102,000
RCMP Support Reader/Analyst Position	311	4093	114,420
RCMP Support Court Liaison Relief	311	4094	30,000
Current Planning Manager Position	218	4097	151,000
GIS/Asset Mgmt Analyst Funding Change (2025)	405	4098	-
2 Additional RCMP Members	310	4086	463,232
Conventional Transit Expansion (Sep start)	148	4083	43,500
Custom Transit Extra Hours (Sep start)	149	4084	9,600
Conventional Transit Service Donations	148	4088	6,000
Carlson Park - West Trail Maintenance	600	4092	5,000
Library Sunday Opening	145	4103	18,529
Fire Services Vehicle - Operating	320	4106	3,000
TOTAL			1,530,078

If Council proceeded with Scenario 1, where all recommended tax-funded service level increases are approved, including the one time change for Recreation Services, total taxation for 2024 will be \$56,315,493, representing a 7.85% increase in taxation.

Administration is providing two other options for Council's consideration. Scenario 2 is similar to Scenario 1 except it recommends funding the RCMP service level increase of \$463,232 from the RCMP Contingency reserve. At this time the City funds 100% of the RCMP contract (58 members) from taxation. Administration is recommending that Council consider funding the additional two (2) members requested from the RCMP Reserve until such time that the RCMP can fill the full complement of members (60). Total taxation, if Council approved Scenario 2, would be \$55,852,261, representing a 6.95% taxation increase.

Scenario 3 builds on the previous two scenarios with consideration of utilizing the Transit Expansion Reserve to fund some of the 2024 contract increases. Administration is recommending utilizing \$200,000 for 2024 and \$100,000 in 2025 to smooth out the taxation impact of these increases. Total taxation, if Council approved Scenario 3, would be \$55,652,261, representing a 6.57% taxation increase.

At this time Administration is not recommending approval of the Parks Asset Management plan operational funding of \$525,000. Administration recommends waiting until 2025, when the Organizational Asset Management Plan strategy is presented, prior to considering funding for these additional Park resources.

Attachment 1 also provides Council with information about the "Tax Impact for 2025" for some of the recommended service level change requests. Except for the GIS/Asset Management Analyst, all of the listed service level increases are being tax funded for a partial year in 2024, and so will require additional tax funding in 2025. The GIS/Asset Management Analyst is fully reserve funded in 2024, however Administration is recommending Council approval to tax fund this position in 2025.

RECOMMENDATION:

THAT Council receive for information the memorandum titled "2024-2028 Proposed Financial Plan" dated November 7, 2023 and respectfully submitted by the Director, Financial Services.

Respectfully submitted:



Attachment – City of Vernon 2024 Budget Summary Scenarios

