

consideration at these meetings. They include supplementary requests; resource requirements related to financial plan motion report-backs; and 2022 Strategic Plan action items. During the budget discussions, questions were raised by Council whether two supplementary requests were sufficient: New Development resources and Advisory Committee resources. Upon further review, these supplementary requests have been updated and now include one additional planner to address the increasing volume of development applications paid for with funding from permit revenue; and one additional position to support Council advisory committees/task forces given the number of committees that have been established.

In addition, the Victoria Heritage Foundation and Victoria Civic Heritage Trust are requesting increased funding and these updated requests have also been included in Appendix A. This appendix has been grouped, first listing those items that have specific funding sources (permit fees, capital reserves, existing training budgets, or partial reallocation of the planned transfer to the housing reserve) followed by supplementary requests, financial plan motion report-backs and Strategic Plan action items.

During the budget deliberations, Council requested that staff report back on the financial, human and other resource implications and impacts to include resources sufficient to further operationalize the Indigenous Relations Function in 2022. Council allocated sufficient funding as part of the 2021 budget to undertake scoping work through an external resource, and this work is underway and will be completed in 2022. Staff will report back upon completion of the scoping work regarding resources required to operationalize the Indigenous Relations Function.

As a follow-up to the information provided in the report titled '2022-2026 Draft Financial Plan' on October 21, 2021, Appendix D provides the additional requested report-back regarding new assessed revenue from new construction by neighbourhood. Of note, and as is outlined in the appendix, the draft Financial Plan already includes community/public realm projects that are funded from capital reserves which, in turn, receive funding from new assessed revenue. Therefore, Council may consider that the City already allocates new assessed revenue to the neighbourhoods where new development occurs. In addition, the information that the City receives from BCA has gaps and requires extensive review and complex analysis to determine estimates, which was not originally anticipated. That said, should Council wish to implement a policy change and increase the level of investment in certain neighbourhoods, staff recommend that the transfer to the Buildings and Infrastructure Reserve be increased and that Council direct staff to include relevant projects in future financial planning processes for consideration.

Based on preliminary information, there will be a surplus available from 2021 to fund one-time initiatives; the current estimate is \$4.5 million. This amount is similar to pre-pandemic levels (approximately 1.7% of expenditures) and reflects improved revenues from property leases, business licences, Provincial and Federal payments-in-lieu of taxes, traffic fine revenue, and parking revenues, as well as savings due to vacancies. The final amount will be confirmed upon conclusion of the external audit, and it is recommended that any surplus more than the estimate be transferred to the Buildings and Infrastructure Reserve to support infrastructure renewal.

For ongoing initiatives, new assessed revenue is available. Council has already provided direction on allocating approximately \$750,000 of this new revenue. Based on current information released in December by BC Assessment (BCA), this new revenue may be in the range of \$2 million, resulting in an additional \$1.25 million for Council to consider allocating to the ongoing resource requirements in Appendix A. It is important to note that the actual amount of new revenue may differ and can only be calculated once BCA has provided the final assessment roll at the end of March, incorporating results of assessment appeals. Should the final amount based on the roll released by BCA in March be different than the current estimate, it is recommended that the difference be

allocated to the Buildings and Infrastructure Reserve to support narrowing the funding gap for the three asset groups identified in previous financial plan reports: roads, facilities and fleet.

Options for Council's consideration to create additional ongoing funding include increasing property taxes above the Strategic Plan direction of maximum tax increase of inflation plus 1%, or reducing service levels and reallocating funding from other services.

While Council has already allocated budgets to the City's various grant programs, the authorization to pay 'direct-award' and 'other' grants to specific organizations has yet to be given. This report recommends approval of grants to the organizations listed in Appendices B and C attached to this report.

Before the Financial Plan Bylaw, as amended, is brought to Council for consideration of approval, it will be updated to include all projects that are in progress and will be carried forward from 2021.

Respectfully submitted,

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments

Appendix A – Summary of Supplementary Requests, Resource Requirements for Financial Plan Motion Report-backs, Strategic Plan Action Items, and Additional Grant Requests

Appendix B – Listing of Direct Award Grant Organizations

Appendix C – Listing of Other Grant Organizations

Appendix D – Additional Motion Report-Back