



Committee of the Whole Report

For the Special Meeting of November 27, 2023

To: Committee of the Whole **Date:** November 14, 2023
From: Susanne Thompson, Deputy City Manager and Chief Financial Officer
Subject: 2024-2028 Draft Financial Plan

RECOMMENDATION

That Council:

1. At the November 27, 2023 Special Committee of the Whole meeting, direct staff to bring forward water, sewer, storm drain and solid waste rate bylaws to the December 7, 2023 daytime Council meeting for consideration.
2. Following all presentations and deliberations, in January 2024:
 - a. Direct staff to bring forward amendments to the Streets and Traffic Bylaw to implement parking fine increases as follows:
 - i. Metered zones \$60 with early payment discount of \$30
 - ii. Time-limited zones \$60 with early payment discount of \$30
 - iii. Residential zones \$80 with early payment discount of \$40
 - iv. No stopping zones \$80 with early payment discount of \$40
 - v. Commercial zones \$80 with early payment discount of \$40
 - b. Approve parking rate increase of \$0.50 in the 90-minute zone (from \$3.50 to \$4 per hour) effective April 2024
 - c. Direct staff to bring forward amendments to the Street and Traffic Bylaw for street occupancy fees as follows:
 - i. Increase Public Works Service fee from \$20 to \$50 per visit
 - ii. Increase Sidewalk Occupancy fee from \$10 per 13m² to \$20 per 13 m²
 - iii. Clarify the Bylaw by specifying a Boulevard Occupancy fee of \$10 per 13 m² per day
 - iv. Increase Lane Closure fee from \$25 per lane to a sliding scale fee structure based on street classification as follows:
 1. Local Roads - \$50/lane/day
 - o Collector Roads - \$75/lane/day
 - o Downtown or Secondary Arterial - \$100/lane/day
 - o Arterial - \$250/lane/day
 - o AAA bike lane - \$100/lane/day
 - d. Direct staff to bring forward loan authorization bylaws with a 20-year repayment term for:
 - i. Transportation improvement program up to \$32 million
 - ii. Parks redevelopment program up to \$18 million
 - iii. Public washroom improvement program up to \$ 3 million

- e. Authorize up to \$11 million to be borrowed, under Section 175 of the *Community Charter*, from the Municipal Finance Authority, for the purpose of vehicle fleet funding, and that the loan be repaid within five years, with no rights of renewal
- f. Approve direct-award grants and other grants as outlined on pages 22-25 of this report.
- g. Approve allocating any remaining 2023 surplus to the Buildings and Infrastructure Reserve.
- h. Approve allocating any remaining new assessed property tax revenue from new development to the Buildings and Infrastructure Reserve.
- i. Direct staff to bring forward the 2024-2028 Financial Plan Bylaw, incorporating any changes directed by Council, to the April 11, 2024 daytime Council meeting for consideration.

EXECUTIVE SUMMARY

The annual financial planning process provides Council the opportunity to provide strategic direction which inform staff's recommendations for allocation of funding and, as a result, set service levels for the City's numerous programs and services. Through this process, Council makes challenging decisions between competing priorities and needs, while considering the community's ability to pay.

Guided by the City's Financial Sustainability Policy, the Strategic Plan, the recently completed budget polling and engagement, and various master plans and strategies, the 2024-2028 Draft Financial Plan includes resources to continue delivering current services; proposes additional resources in key areas to close identified gaps, phased over the next several years; and proposes increases for capital investment to meet prudent asset management requirements. Additional funding to balance the capital budget is required; for this purpose, a tax increase as well as borrowing is proposed.

The City is not alone in experiencing escalating costs, and many municipalities in the region and across the province are facing similar challenges. Contributing factors for the need for additional funding include:

- Cost escalation due to inflation, supply chain challenges and labour shortages which has increased costs across all programs and service areas.
- Construction cost escalation has totalled almost 55% for the past six years and is estimated to increase by at least 5-10% per year for the next three years.
- Climate events have impacted asset condition, necessitating earlier than planned renewal.
- Legislative and regulatory changes have resulted in increased costs, for example for soil removal.
- Additional asset condition and master plan information is providing a longer-term picture of needs and priorities.
- Several larger capital investments were delivered in recent years with funding from reserves.
- In response to the pandemic, Council decided in 2020 to reduce, on an ongoing basis, the transfers to reserves to achieve a 0% tax increase.

On the other hand, non-tax revenues are improving and are partially offsetting these cost pressures. Parking rates were increased in May 2023 and the full-year revenue impact of those are included in the Draft Financial Plan. In addition, some adjustments are proposed for 2024. Rates charged for parking are used to manage parking behaviour to meet the desired turnover rate of 85%. Within parkades and in outlying areas, the target turnover rate is being achieved which suggests that those rates are at an appropriate level for that purpose. However, there is an opportunity to increase rates in the 90-minute zone to encourage more distribution of parking space utilization and increased usage in the other zones. Therefore, it is recommended that parking fees be increased by \$0.50 per hour in the 90-minute zone. Also, parking fines, which have not changed since 2008, are recommended to

be increased. Furthermore, increases to street occupancy fees are recommended. These fees have not been reviewed since the mid 2000's and the cost for the City to deliver these services has increased substantially. Combined, these proposed increases are estimated to generate additional revenue of approximately \$1.7 million, which would reduce the draft property tax increase by approximately 1%.

As directed by Council, reserve funding that was reduced in 2023 for the parking and debt reduction reserves have been reinstated and additional funding for Canada Day has been included. The operating budget also proposes ongoing funding for the Bike Valet program and the Music Strategy stream of the Cultural Infrastructure Grant program. Staff also recommend that the almost \$1 million in funding for downtown beautification through OUR DWNT program is sufficient and the planned \$350,000 can be used to mitigate the tax increase.

Like most Canadian municipalities, the City's largest revenue source is property taxation, followed by user fees. The level of taxation or utility user fee increases needed to balance the budget is calculated by adding the costs of providing the related services offset by any non-tax/non-utility fee revenues. Options available to cities in managing financial resources include adjusting service levels, deferring initiatives, increasing fees, exploring new revenue sources, or incurring debt for capital purposes.

Due to significant cost escalation in recent years and expected continued cost escalation over several years to come, many municipalities are utilizing external borrowing for capital investment. This option is used to avoid eroding the buying power that likely would result by delaying priority projects while saving up in reserves. In other words, cost escalation is expected to outweigh interest paid on borrowing. The proposed funding strategy includes the necessary resources to address asset management and operational needs as well as support the advancement of Strategic Plan priorities.

The draft operating budget totals \$328.3 million, and the draft capital budget totals \$82.6 million. The combined budgets would require a property tax increase as follows:

	2024 Property Tax Increase	Average Household	Typical Business
Capital budget	0.00%	\$ -	\$ -
Repayment of borrowing	0.00%	-	-
Inflationary, contractual cost and revenue increases	5.86%	174	448
Re-instated reserve funding	0.90%	27	69
Canada Day	0.15%	4	11
Bike Valet	0.18%	5	14
Music Strategy grant	0.09%	3	7
Proposed parking rate, street occupancy fees and parking fine increases	-1.00%	- 30	- 76
Proposed unchanged downtown beautification budget (OUR DWTN)	<u>-0.21%</u>	<u>- 6</u>	<u>- 16</u>
	5.97%	\$ 177	\$ 457
VicPD	<u>2.40%</u>	<u>71</u>	<u>183</u>
	8.37%	\$ 248	\$ 640

Budget sessions with Council are scheduled in November and January. Upon conclusion of the discussions, staff will request direction from Council on the overall budget to inform the development of the Financial Plan Bylaw. To enable utility user fees to come into effect on January 1, 2024, it is recommended that the related bylaws be considered for first three readings at the December 7, 2023 daytime Council meeting and adoption on December 14, 2023.

PURPOSE

The purpose of this report is to introduce the 2024-2028 Draft Financial Plan, provide an overview of available financial resources, and outline funding strategies to balance the budget.

BACKGROUND

Legislation

The City's annual budget covers the City's fiscal year which is the calendar year. Therefore, the City typically aims to have an approved financial plan early each year so that staff can start delivering on the various programs and projects as approved by Council.

Section 165 of the *Community Charter* requires that a financial plan be approved annually following public consultation as required by section 166. The financial plan must be approved before the tax rate bylaw is approved, and before May 15 as required by section 197. The financial plan can be amended during the year, but property taxes can only be levied once.

Policies

Three policies guide the financial planning process: Financial Sustainability Policy; Reserve Fund Policy; and Revenue and Tax Policy. These are attached as Appendix A.

The Financial Sustainability Policy consists of 14 separate policies that guide financial plan development. Several policies are especially relevant to this year's Draft Financial Plan as outlined below.

The policies for tax increases and new services include the following:

Tax increases

- Policy 2: First cover cost increases for existing services, then other enhancements

New services

- Policy 3: Funding for new services
 - Reduction in cost of existing service (reallocation of funding)
 - Increased revenue other than taxes
 - Tax increase

These two policies support deliberate decision making to minimize unintended consequences. In other words, choosing to reduce a service by reallocating the funding to another service is encouraged rather than underfunding a service, which would result in a service level reduction due to insufficient funding.

The policies on infrastructure funding, debt and reserves aim to provide sustainable funding levels for ongoing capital programs and larger capital projects. They consider intergenerational equity by funding ongoing programs with ongoing revenues, while smoothing out the impact to taxpayers of

larger investment needs in any given year through the use of reserves and debt. They include the following:

Infrastructure funding

- Policy 1: New tax revenue from new development, first \$500,000 to infrastructure reserves
- Policy 6: Consider a tax increase for increasing capital infrastructure investment annually
- Policy 11: Strive to develop appropriate reserves to meet future financial obligations
- Policy 12: Once capital projects are completed, ongoing maintenance costs to be included in the operating budget and future upgrade and/or replacement in the capital budget

Debt

- Policy 8:
 - One-time capital projects (not ongoing programs)
 - Attempt to take on new debt only in years where other debt issues are retired (avoids tax increases related to new debt)
 - Internal borrowing through the City's Debt Reduction Reserve (lower interest than external borrowing) with maximum 15-year repayment term

Two policies guide revenue review and generation:

Fees and Charges/Alternative Revenues and External Funding

- Policy 9: Fees and charges to be reviewed regularly considering the cost of providing the service, consider minimum increase equal to inflation (CPI)
- Policy 5: To diversify revenue base, look for new revenue sources and external funding that are consistent with the Five-year Financial Plan, 20-year Capital Plan and Strategic Plan

One policy guides the use of prior year surplus which is generated by expenditure budgets not been fully expended or revenues exceeding the budgets:

Surplus

- Policy 10: Surplus is not ongoing revenue and is to be used for one-time expenditures only or transferred to infrastructure reserves

Guiding Documents

The Financial Plan is the end result of a larger planning process. The Draft Financial Plan is developed based on direction provided through the Strategic Plan, various master plans, frameworks, condition assessments, action plans and strategies. The priorities identified in each of these plans feed into the Draft Financial Plan. Significant consultation with the public is also part of developing many of these plans. The following lists some of the plans and strategies in place:

- Official Community Plan
- Local Area Plans
- Victoria Housing Strategy
- Climate Leadership Plan
- Victoria 3.0 Economic Action Plan
- Parks & Open Spaces Master Plan
- Urban Forest Master Plan
- Create Victoria
- Victoria Music Strategy
- Public Realm Plan

- Harbour Pathway Plan
- GoVictoria Mobility Strategy
- Accessibility Framework
- Equity Framework
- Greenways Plan
- Pavement Asset Management Plan
- Sewer System, Water System, Stormwater System Master Plans
- Surface Infrastructure Asset Management Plan
- Facilities Condition Assessments

Financial Plan Overview

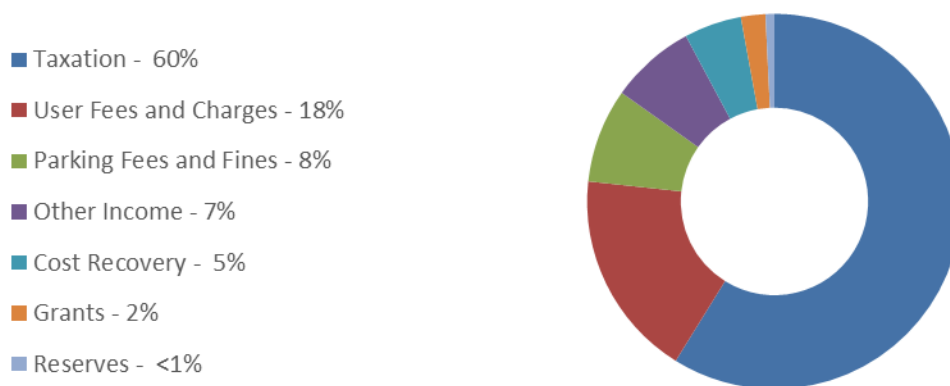
The Financial Plan includes a five-year operating budget and a twenty-year capital plan. The plan outlines high-level overviews of the various services, programs, projects and initiatives and the associated budgets.

Operating Budget

The operating budget includes resources to deliver approximately 200 services including recreation, road maintenance, the provision of clean water, land-use planning, solid waste collection, arts and culture programs, parks and playground maintenance, and public safety.

The majority of the City's funding comes from property taxes and utility user fees from the water, sewer, solid waste and stormwater programs. The City has some additional revenue sources, including parking, construction permit fees, recreation, Victoria Conference Centre, business licences and property leases.

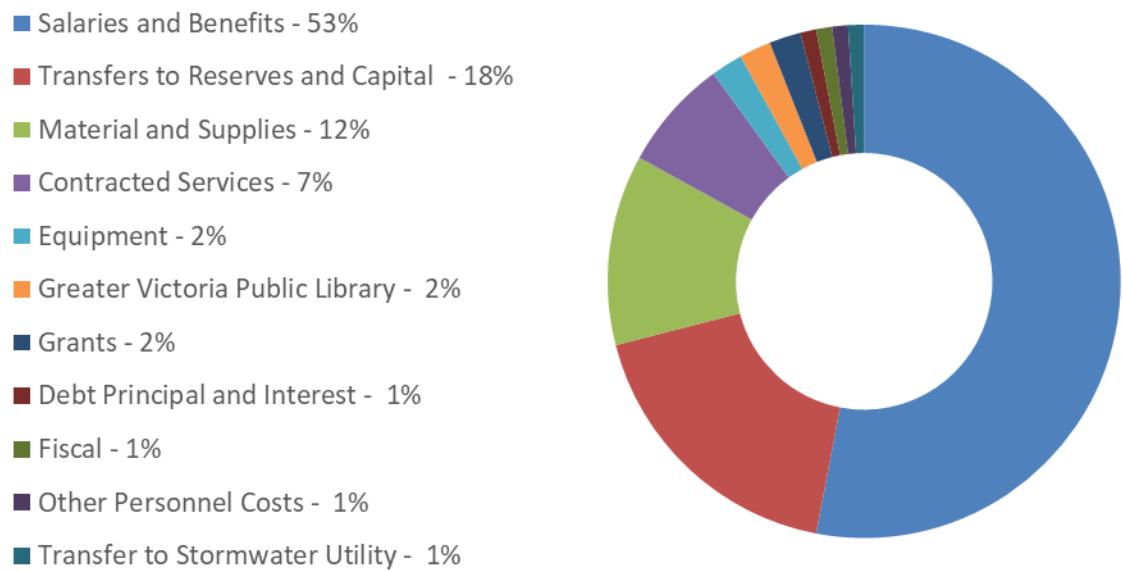
Operating Revenues by Type



How each service is funded ranges from full funding from user fees (water, sewer and solid waste utilities; development approval and permit processes; and parking services), and partial funding from user fees (stormwater utility, Victoria Conference Centre, and recreation) to fully funded by property taxes (police, fire bylaw and most corporate support functions.)

The majority of the City’s services are delivered by staff and, therefore, the largest cost type is salaries and benefits, followed by transfers to reserves and capital budget, contracted services, and materials and supplies.

Operating Expenditures by Type

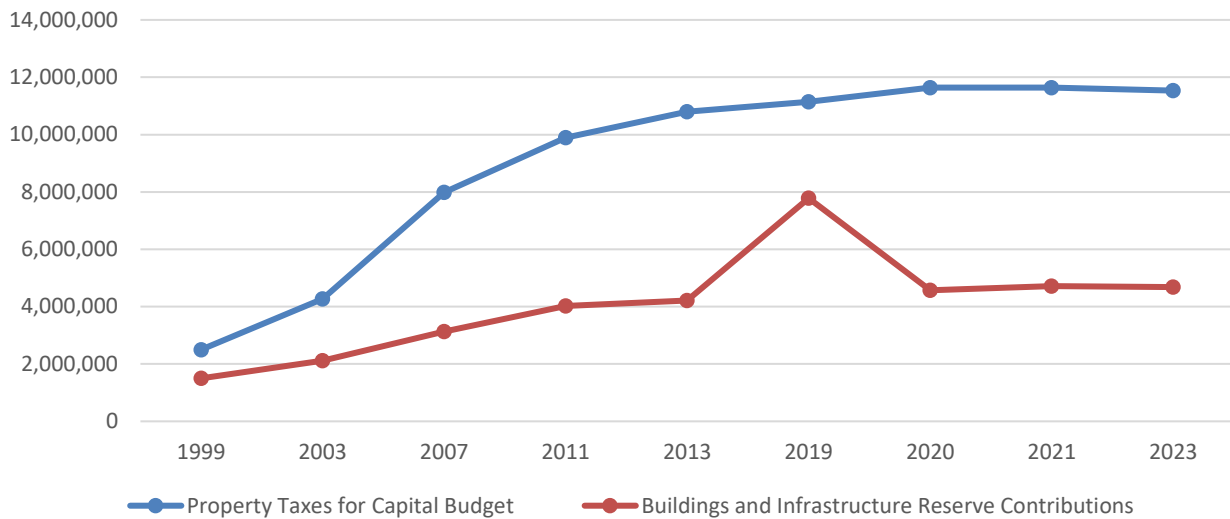


Capital Budget

The capital budget includes the various programs and projects to upgrade and rehabilitate the City’s infrastructure. Funding for the capital budget includes user fees (water, sewer and stormwater infrastructure), grants received for specific projects, property taxes and reserves. Reserve funding is primarily generated through allocations from property taxes and user fees, but also from development cost charges and Federal contributions from the Canada Community-Building Fund. Ongoing programs are typically funded by property taxes/user fees or reserves. Larger projects, such as a bridge replacement or construction of an arena, have primarily been funded through grants and debt, which is consistent with the City’s debt policy.

Capital plan funding levels are determined through policy decisions, taking into account the City’s risk tolerance. Historically, Council has increased property taxes for capital projects that address deferred maintenance for roads, facilities and storm drains. Since 1999, Council has increased annual capital budget funding through property taxes from \$2.5 million to \$11.5 million. As per the Financial Sustainability Policy, additional funding decisions through an increase in property taxes, will be considered by Council based on proposed projects identified by staff. In addition, savings in reserves were increased from \$1.5 million in 1999 to almost \$11.3 million in 2019. However, in 2020, due to the pandemic, Council implemented a 0% tax increase by reducing the annual contribution to reserves by approximately \$4.6 million as shown in the graph below.

Capital Funding Changes 1999-2023



The majority of the City's infrastructure investment is guided by asset master plans and condition assessments which use a range of criteria to determine priorities.

Underground utilities (sewer, storm drains and water) have 20-year asset master plans in place. Asset management planning, and lifecycle costing and analysis include:

- Risk assessment and service delivery
- Condition assessment and remaining design life
- Capacity requirements including future population growth
- Enhance resiliency to meet climate change, tsunami and seismic hazards
- Reduce rain inflow and infiltration to sewers
- Optimizing energy use

Additional factors taken into account are:

- Coordination with transportation or other right-of-way improvements (bundling of projects)
- Consideration of social impacts (network traffic flows) in a neighbourhood due to the number and location of other scheduled projects

For transportation projects, there are many and varied programs and services provided including crosswalks, sidewalks, road paving and traffic calming. Each program considers a number of criteria, but the overall principles for all transportation projects are:

- Road safety
- Use of standards, established criteria and best practice
- Consistency of implementation to maintain system integrity
- Promoting projects fairly and equitably with the most impact and greatest benefits
- Fiscal responsibility and prudence
- Coordination opportunities

The Parks and Open Spaces Master Plan was developed through city-wide consultation with residents and other stakeholders, to assess community needs and examine investment priorities. The goals of the Plan include a focus on serving the needs of all community members (*Foster Engaging Experiences for Everyone*). The ongoing maintenance work relating to “grey” and “green” assets in

parks and open spaces is primarily driven by condition assessment data, which provides an objective measure of the state of assets in these public spaces. In 2023, Council directed staff to prioritize capital investments relating to parks and recreation through the approval of a detailed list of initiatives. These investments have been incorporated into the Draft Financial Plan.

The City's investments in buildings are typically based on a few key factors, including data relating to the physical condition of these assets and systems, as well as the service priorities of occupants of these buildings. In recent years, increased focus has been directed to quantifying and addressing physical accessibility needs, as well as energy performance, in line with the City's overall strategic plans.

Attached as Appendix C are examples of asset highlights for three of the City's asset groups showing their varying levels of risk and financial health.

ISSUES & ANALYSIS

Each year, service levels are assessed to determine resource requirements and delivery options. Improvements are continually explored and implemented by staff as a matter of course. The majority of the City's services are delivered by City staff, augmented by contracted support for specialized expertise or work volumes beyond existing capacity. To achieve results, cross-departmental teams collaborate and provide support to the many initiatives and projects undertaken. For the capital budget, some funding is allocated to all asset groups and, as asset management information is updated, proposed budget increases are typically implemented incrementally over time recognizing taxpayers' ability to pay balanced with the responsibility to appropriately steward the City's assets.

Financial Policy Alignment

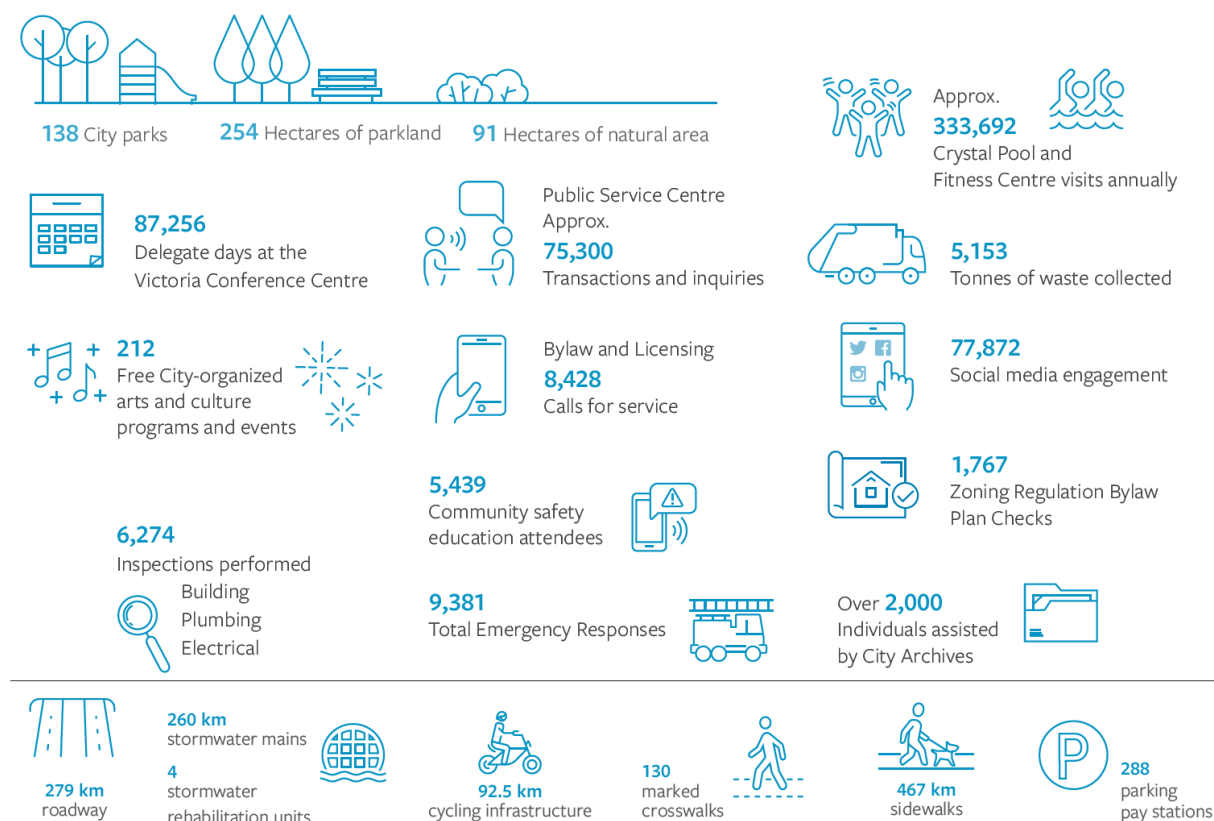
The recent budget engagement results suggest that the City's Financial Sustainability Policy aligns well with what was heard in relation to financial tools and balancing the City's budget. Seeking out new revenues is identified as the preferred financial tool ahead of increasing property taxes or fees. Also, reduction in service levels was preferred over tax increases. This supports the current policies on alternative revenue and external funding, and new services or enhancements to existing services.

Operating Budget

Overview

As outlined in the Draft Financial Plan, the City delivers approximately 200 programs and services.

Highlights of City Services



The Draft Financial Plan assumes that services will generally continue to be delivered at existing levels. Inflationary increases included in the budget are based on either Council direction or input from department heads with data to support such adjustments. Several ongoing challenges, common to many organizations, are reflected in the Draft Financial Plan, including market cost pressures relating to compensation, utilities, insurance, construction, and the supply of materials, services and equipment. In addition, extreme weather events (heat, cold, wind, flooding) continue to impact the City's asset planning and management activities. Finally, new legislative requirements and standards coming into effect are anticipated to result in additional costs for the City.

An essential focus for the 2024-2028 operating budget is proposed staffing increases for our Fire Department to meet the increasing service demands and complex needs of a growing city. A community's risk profile is influenced by several factors including population growth, increased densification, building design and complexity, call volume, and residents with specialized needs and requiring specialized support. Increased staffing is required to meet the immediate and future needs of Victoria, to reduce our community risk, to increase our resilience, to empower and prepare our residents, and to meet our legislated responsibilities.

The operating budget proposes ongoing funding for the Bike Valet program and the Music Strategy stream of the Cultural Infrastructure Grant program, which previously had been funded through one-time funding sources. As directed by Council, grant programs have been increased by inflation, an additional \$250,000 has been included to support Canada Day celebrations, and reserve funding that was reduced in 2023 for the parking and debt reduction reserves has been reinstated. The draft budget also incorporates some key positions to bridge identified gaps and support overall operations

of the City. It is expected that employee turnover due to retirements and resignations will continue, and as a mitigation strategy, it is proposed to use the expected salary savings to reduce the property tax increase; a practice that has been in place for the last several years.

As part of the 2023 financial planning process, Council directed that a portion of the May 2023 parking rate increase be used to fund downtown beautification. The 2023 OUR DWTN program was a cross-departmental effort including recreational and cultural programming, events, murals and beautification projects, placemaking initiatives at Ship Point, Centennial Square and Broad Street, dedicated public works downtown staff, a Scrub Up Day, Feet on the Street safety initiative, and a strong promotional and branding campaign. Due to staff capacity to manage this program within existing staff resources, it is recommended that the budget and service levels remain unchanged for 2024 and the additional \$350,000 funding be used to mitigate the property tax increase.

Revenues

The City's main sources of revenue through fees and charges are updated regularly and, in most cases, annually. Examples include:

- Victoria Conference Centre – updated annually based on bookings
- Water, sewer, storm drain, and solid waste user fees – updated annually
- Real estate leases – budgets updated to market as new leases or renewals are entered into
- Recreation fees – updated annually typically
- Development and construction permit fees – charged as a percentage (approved around 2017) of construction value and revenues increase as construction costs increase
- Parking revenues – updated annually typically

The City also has a small revenue stream from bus shelter advertising (approximately \$150,000.) The recent budget survey indicated support for exploring sponsorship and advertising opportunities. While likely a longer-term measure, staff intend to explore options and will report back to Council as soon as possible.

Parking revenues were increased in May and the 2024 budget reflects the full-year revenues of that increase. The Victoria Conference Centre revenues budgets have been increased as has the revenue from property leases. Permit revenues related to development and construction are held at the 2023 level to align with the expected activity level and are augmented through a transfer from a reserve specific for this purpose to cover associated costs for that service.

To reduce the property tax increase required to support ongoing service delivery, staff propose increasing some fees related parking and street occupancy.

Parking fees are used as a lever to influence parking behaviour to meet the desired turnover rate of 85%. To shift usage patterns, rate increases would be implemented for areas that require higher turnover, while rates would be maintained or reduced in areas with excess capacity. Within parkades and in outlying areas, the target turnover rate is being achieved and/or there is capacity, which suggests that those rates are at an appropriate level. However, there is an opportunity to increase rates in the 90-minute zone to encourage more distribution of parking space utilization and increased usage in the other zones. Therefore, it is recommended that parking fees be increased by \$0.50 per hour in the 90-minute zone.

Also, parking fines, which have not changed since 2008, are recommended to be increased. While fine rates vary between municipalities, many operate parking violation schemes by offering a discount for early payment. The following table is provided for context of what some others have in place:

	Hamilton	Winnipeg	Calgary	Vancouver	Kelowna*	Oak Bay	Saanich	Esquimalt
Metered zones	\$65 / 25	\$60 / 45	\$50 / 40	\$77 / 46.20	\$30	\$15 / 10	NA	NA
Time limit zones	\$70 / 30	\$70 / 52.50	\$50 / 40	\$77 / 46.20	\$35	\$15 / 10	\$65 / 50	\$50 / 25
Residential zones	\$75 / 35	\$70 / 52.50	\$50 / 40	\$100 / 60	\$35	\$15 / 10	\$65 / 50	\$50 / 25
No stopping zones	\$120 / 80	\$70 / 52.50	\$50 / 40	\$100 / 60	\$35	\$15 / 10	\$65 / 50	\$50 / 25
Commercial zones	\$120 / 80	\$70 / 52.50	\$50 / 40	\$100 / 60	\$35	\$20 / 15	\$65 / 50	\$50 / 25

*Note: Kelowna offers a discount, but the amount is not clear

The following table outlines the proposed parking violation increases:

	Current Bylaw Amount	Current Discount Amount	Proposed Bylaw Amount	Proposed Discount Amount
Metered zones	\$ 40.00	\$ 20.00	\$ 60.00	\$ 30.00
Time limit zones	40.00	20.00	60.00	30.00
Residential zones	60.00	30.00	80.00	40.00
No stopping zones	60.00	30.00	80.00	40.00
Commercial zones	60.00	30.00	80.00	40.00

In addition, street occupancy fees have not been increased since the mid 2000's. To better align with City priorities and to prioritize safety of vulnerable road users, the proposed fee changes are as follows:

- Increase Public Works Service fee from \$20 to \$50 per visit. The current fees do not cover the cost of providing the service.
- Increase Sidewalk Occupancy fee from \$10 to \$20 per 13 m2. This increase supports pedestrian prioritization.
- Clarify the bylaw by specifying a Boulevard Occupancy fee of \$10 per 13 m2 per day. This fee would support current practices.
- Increase Lane Closure fee from \$25 per lane to a sliding scale fee structure based on street classification as follows:
 - Local Roads - \$50/lane/day
 - Collector Roads - \$75/lane/day
 - Downtown or Secondary Arterial - \$100/lane/day
 - Arterial - \$250/lane/day
 - AAA bike lane - \$100/lane/day

The proposed rate increase in the 90-minute zone, the parking violation increases, and the street occupancy fee changes are estimated to generate additional revenue of approximately \$1.7 million for 2024. Combined, these changes would reduce the draft property tax increase by approximately 1%.

Utilities

The major cost drivers for the City's utilities are salaries, materials and equipment, CRD tipping fee and bulk water rate increases, and increased funding for the capital budget. For the average household there would be an annual increase of \$13 for water, \$7 for sewer, \$15 for stormwater, and \$16 for solid waste.

<u>Water Cost Drivers</u>	Dollars \$	Percentage %
Salaries & Benefits	\$ 189,460	0.76%
CRD Water Purchase	851,770	3.42%
Materials & Equipment	149,180	0.60%
Soil Testing	60,000	0.24%
Transfer to Capital	187,000	0.75%
Total	\$ 1,437,410	5.77%

<u>Sewer Cost Drivers</u>	Dollars \$	Percentage %
Salaries & Benefits	\$ 253,100	2.71%
Materials & Equipment	143,180	1.53%
Soil Testing	142,500	1.53%
Transfer to Capital	34,000	0.36%
Total	\$ 572,780	6.13%

<u>Stormwater Cost Drivers</u>	Dollars \$	Percentage %
Salaries & Benefits	\$ 344,220	4.35%
Materials & Equipment	246,860	3.12%
Soil testing	122,500	1.55%
Transfer to Capital	(85,000)	(1.07%)
Total	\$ 628,580	7.94%

<u>Solid Waste & Recycling Cost Drivers</u>	Dollars \$	Percentage %
Salaries & Benefits	\$ 91,910	2.55%
Materials & Equipment	(26,180)	(0.73%)
Transfer Station	200,000	5.54%
Total	\$ 265,730	7.36%

Staff are proposing to bring forward bylaws for rate increases to the December 7 daytime Council meeting for consideration of first, second and third readings followed by adoption at the December 14 daytime Council meeting. Bringing the bylaws forward in this manner will authorize the increases to come into effect on January 1, 2024.

Greater Victoria Public Library (GVPL)

The City's share of the GVPL's operating and facility maintenance budget request, and the City's lease and building costs for its branches is estimated at \$5.99 million, which is an increase of

approximately \$230,000 (4%) and equates to a tax increase of 0.14%. The Library Board and staff are scheduled to present their budget request to the City on November 23.

Victoria and Esquimalt Police Board

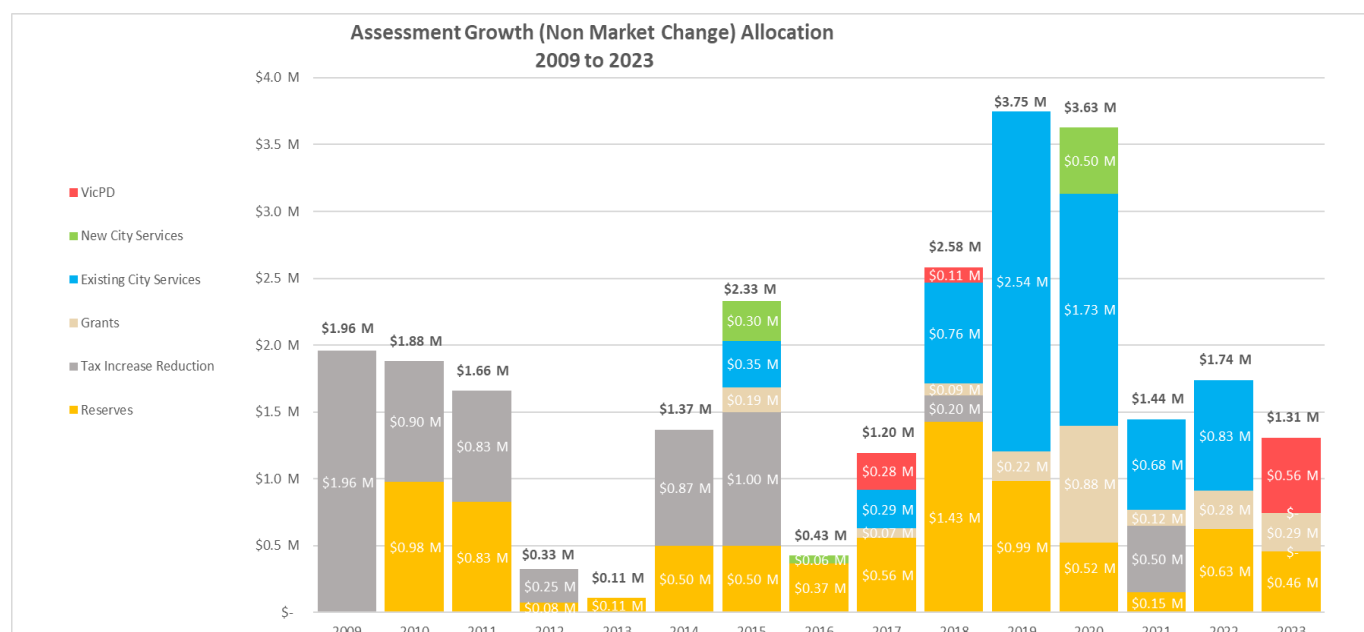
The Police Board approved VicPD's provisional budget on November 3, 2023, and it was presented at the joint Police Board, Esquimalt Council and Victoria Council budget meeting on November 7, 2023. Their request totals approximately \$72.1 million which is an increase of 6.86% compared to 2023. Victoria's share (86.33%) would result in a tax increase of 2.4%. This has been factored into the Draft Financial Plan.

However, the section 27 appeal under the *Police Act* to the Director of Police Services from 2023 is still pending and, if approved, would be an additional \$1.99 million or 2.95% resulting in an additional tax increase of 1.03% for Victoria's share.

New Property Tax Revenue from New Development (Non-Market Change/NMC)

As per the Financial Sustainability Policy, the first \$500,000 of new property tax revenue resulting from new construction is transferred to reserve and this has been incorporated into the draft.

Over the last decade, Council has allocated the majority of the new tax revenue for capital investment (savings in reserves) and reducing the annual tax increase (essentially offsetting inflationary increases for existing services) and, more recently, to fund new services as illustrated in the graph below:

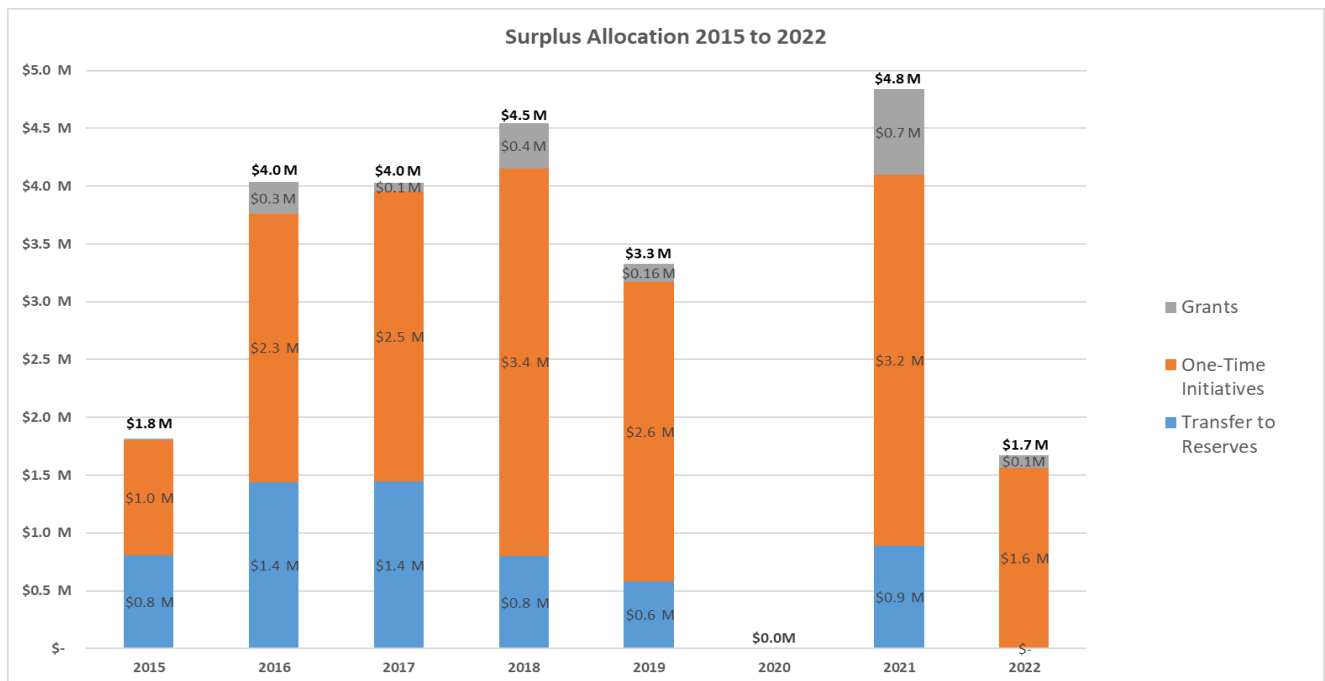


The current estimate for this new revenue, based on information provided by BC Assessment, is approximately \$600,000. However, this is based on incomplete information and the final amount will not be known until the end of March when BC Assessment has finalized the assessment roll for the year, but it will be different than the current estimate. As outlined in the Capital Budget section below, significant additional funding is required to support the proposed capital investment for buildings and other infrastructure. Therefore, it is recommended that all new property tax revenue from new development be transferred to the Buildings and Infrastructure Reserve.

2023 Surplus

A surplus is created when revenues exceed budget expectations and/or actual expenditures are lower than expected. Per the Financial Sustainability Policy, since surplus is not ongoing, it should only be used for one-time items or be transferred to infrastructure reserves. The actual amount of surplus will not be known until year-end activities have concluded and the City's financial statements produced. At this point, it is estimated that the surplus will be approximately \$1.5 million. This amount has been built into the draft plan and is proposed to fund the program that is focused on mitigating the impacts of overnight sheltering in public space (\$1.485 million) and the continuation of the parks relocation coordinator (\$94,000.) It is recommended that any remaining amount in addition to what has already been allocated be transferred to the Buildings and Infrastructure Reserve.

For historical reference, the following graph outlines the surplus allocation for the past several years:



Five-Year Operating Budget

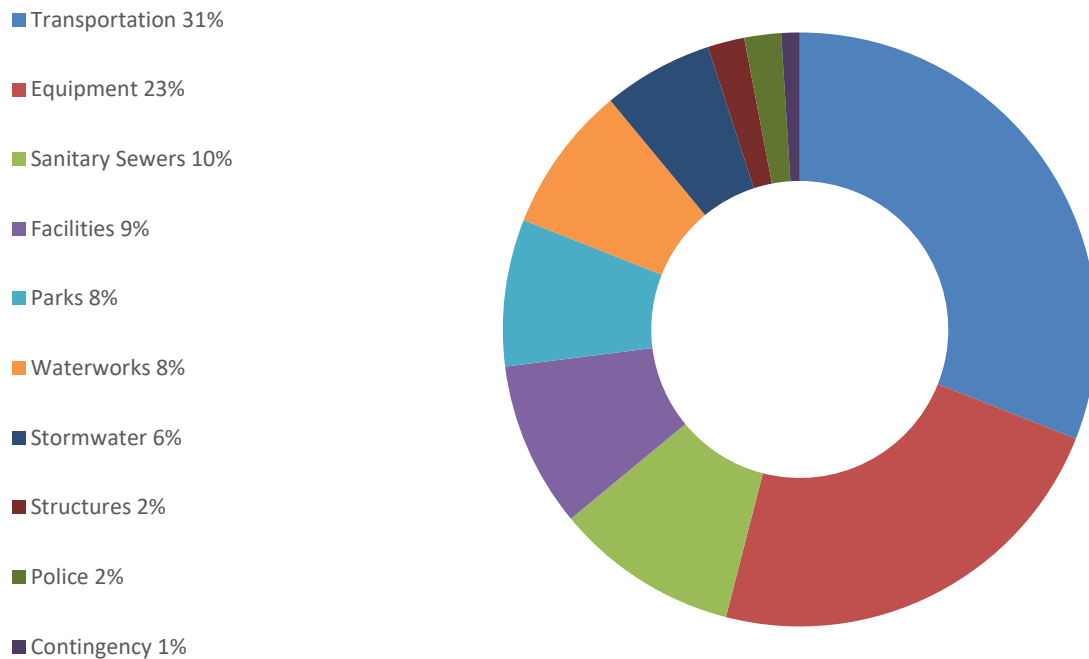
To develop the future years of the five-year operating budget several assumptions have been incorporated including: no changes to services or service levels; collective agreement increases (if in place); known cost increases, such as hydro, at already announced rates; and unknown cost increases (the majority) at an inflationary factor of 2%. It is likely that new information will emerge, and any cost implications would be factored into future financial plans.

Capital Budget

Overview

The draft capital budget for 2024 totals \$82.6 million. The following chart outlines the proposed capital investment:

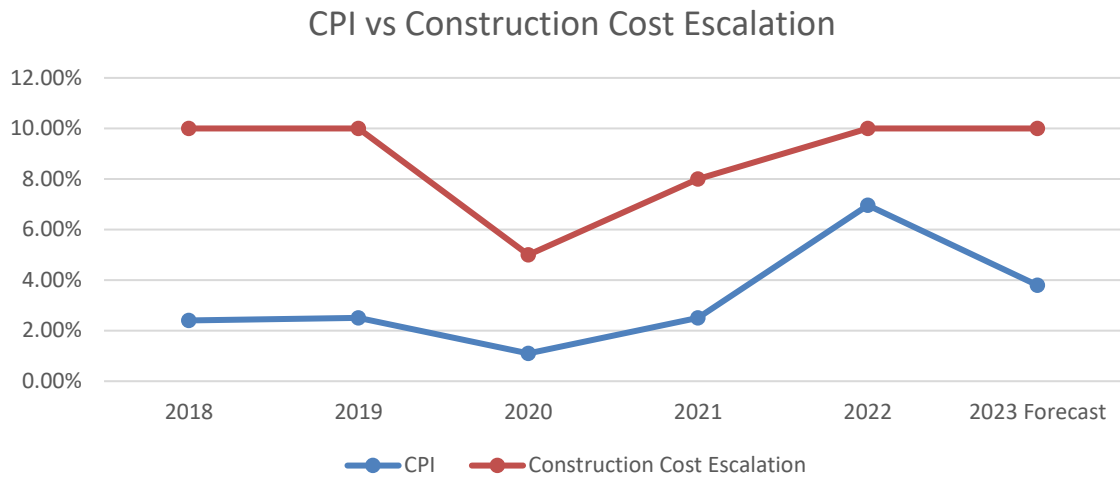
Capital Expenditures by Category



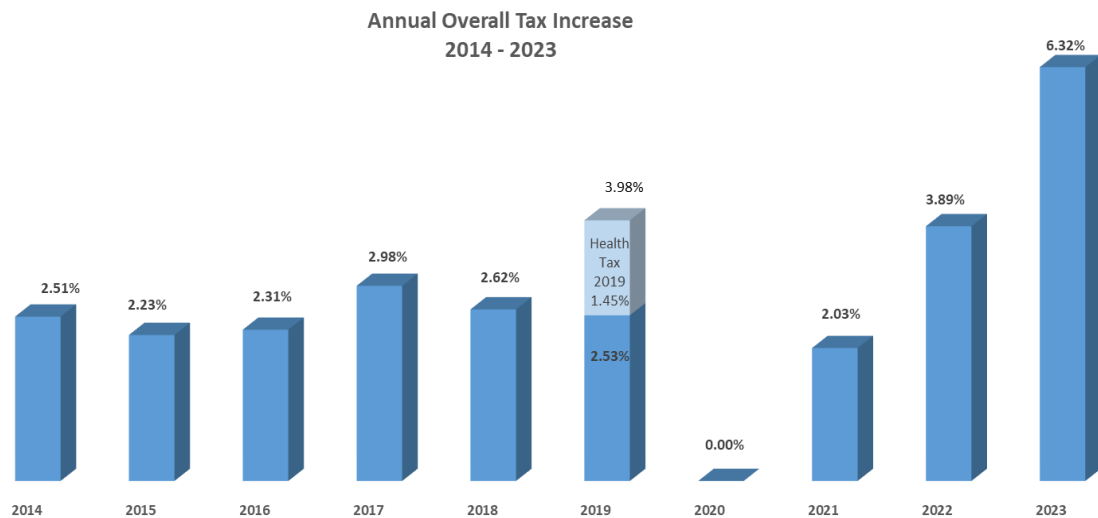
The capital budget was developed based on the principle that all asset groups are allocated some funding. In addition, as outlined in the background section of this report, the annual capital investment needs are determined through asset master plans, condition assessments and Council direction. Asset master plans outline the level of funding that is considered sustainable to maintain or improve service levels, and the priorities for infrastructure investment.

This year, new condition assessment and master plan information is available which provides a longer-term picture of needs. In addition, and as previously noted, the City is experiencing significant cost escalation due to market conditions, supply chain challenges, and new regulations. Furthermore, climate events have negatively impacted asset condition; in some instances, this is necessitating earlier than planned renewal. Also, Council has provided specific direction on sequencing of major investments in parks and recreation, and this direction has been incorporated. When taking all into account, the scale of proposed capital investments anticipated over the next five years is significantly higher than in recent years.

In addition, cost escalation is expected to continue for several years to come, especially related to construction which is estimated to increase by at least 5-10 % per year for the next three years. This is following construction cost escalation totalling almost 55% for the past six years. This has significantly impacted budgets for materials, supplies and contracted services. Construction costs have far exceeded CPI over the last several years:



For additional context, the City's historical tax increases have been relatively low, especially compared to the construction cost increases over the last six years:



In light of this, the available funding is insufficient to balance the capital budget and new funding is required. Contributing factors include:

- the use of reserves in excess of additions to them over the last several years for several larger projects such as:
 - Multi-modal Corridor implementation
 - Topaz Park improvements
 - Point Ellice Bridge life extension project
 - Dallas Road Seawall Ballustrade
 - Purchase of 926-930 Pandor Avenue
- Council's decision in 2020, in response to the pandemic, to achieve a 0% tax increase through an ongoing reduction in the contributions to reserves.

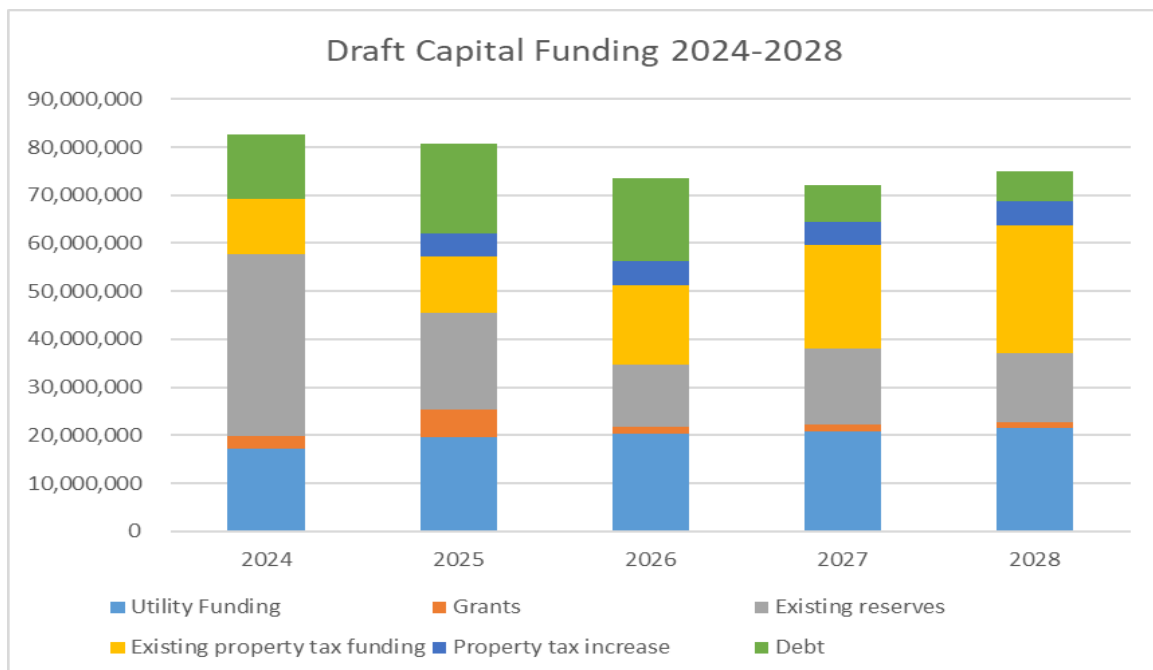
The annual reserve contribution reduction was \$4.6 million and had it not been implemented, reserve levels would be almost \$20 million higher today than they currently are and the City would have continued to collect almost \$5 million more in capital funding each year.

To bridge the capital budget funding gap, staff recommend that an annual tax increase of 3% specific for the capital budget be implemented starting in 2025 for six years, and that external borrowing be used for several larger projects, consistent with the Financial Sustainability Policy. The proposed projects are:

- Vehicle and Heavy Equipment Replacements (equipment loan) \$10.71 million
- Government Street Refresh \$4.7 million
- Multi-modal Corridor Improvements \$26.96 million
- Public Washroom Improvements \$2.96 million
- Park Redevelopment Program \$17.69 million

The *Community Charter* contains provisions for external borrowing, including limits, voter assent requirements and approval by the Inspector of Municipalities. Currently, the City's existing borrowing levels are below the threshold that would require voter assent through an alternative approval process or referendum. The "assent free zone" changes as revenue levels and interest rates change and as existing debt issues are repaid, but currently it is estimated at approximately \$65 million. This means that the City has the ability to borrow externally up to that amount without voter assent. The process to do so requires a loan authorization bylaw which requires approval by the Inspector of Municipalities. This gives the City the authority to borrow, but the actual borrowing would not take place until the funding is needed for the identified projects. While borrowing would assist in bridging the current gap in funding for the capital budget, it is important to note that the repayment of any new debt would require a debt principal and interest repayment budget and tax increase in future years.

The following graph shows how the current gap in funding could be closed with the use of increased property tax funding (dark blue) as well as external borrowing (green). It is estimated, based on current information, that this funding strategy would result in sufficient annual funding for the City's ongoing life-cycle replacement/upgrade capital programs for existing assets in approximately seven years.



Additional funding would be needed for larger stand-alone projects such as central library replacement and Ship Point. Also, as previously directed, and consistent with the debt policies in the Financial Sustainability Policy, the replacement of Crystal Pool would be funded by borrowing and would be added to the Financial Plan once the scope and costs have been determined. Depending on the timing, the debt repayment may be able to be partially offset by other debt issues falling off but will likely require a property tax increase as well.

20-Year Capital Plan

For many capital investments, such as underground infrastructure and complete streets projects, longer-term asset master plans identify the priority order of renewals for coming years and decades. Those plans also indicate the estimated funding for those renewals. For these investments, ongoing budgets have been included in the 20-year capital plan.

Where future year budgets are yet to be determined due to scoping work underway, the capital plan indicates “TBD” (to be determined).

It can be difficult to determine the exact funding needs far into the future, therefore all future year amounts are best estimates only.

Reserves

Reserves are set up to save up funding for future investment with the intent of smoothing out the impact on taxpayers, especially in years where larger than typical investments are needed. The Reserve Fund Bylaw outlines the purposes and authorized uses for each reserve and the Reserve Fund Policy further details each reserve.

Minimum balances have been established for each reserve and the methodology for determining overall target balances vary depending on the type of reserve, and those balances are in some cases based on supporting asset master plans or acquisition strategies, if available. However, the minimum balances are only one part of the equation and recommended capital budget spend levels also need to be taken into account.

Some reserves, such as the Canada Community-Building (formerly Gas Tax) Reserve and the Local Amenities Reserve, receive funding from external sources. Other reserves, such as the Financial Stability reserves, have target balances aligned with operating costs and are funded each year to ensure adherence to those targets. Several reserves, such as the Victoria Housing Reserve, the Climate Action Reserve and the Art in Public Places Reserve have guiding strategies/plans in place that set relevant targets and in turn guide investment levels. The methodology for determining the target balances for the City's two land acquisition reserves - Tax Sale Lands Reserve and Parks and Greenways Acquisition Reserve – is to base funding levels on acquisition strategies. Both these strategies are under development and will include funding options. Currently these two reserves receive funding through land sales.

While minimum target balances are established based on asset replacement costs, desired reserve levels also take into account asset renewal needs identified through asset master plans and condition assessments. The City continues to build up reserve levels to meet asset renewal needs and the Financial Sustainability Policy provides direction for increasing funding to reserves, specifically using the first \$500,000 of new assessed revenue to increase transfers to infrastructure reserves. This policy recognizes that additional funding is required to provide the necessary funding for infrastructure renewal going forward.

Some reserves are restricted under the *Community Charter* (for example capital reserves, Tax Sale Lands reserve and Development Cost Charges reserves), others under agreement (for example all Police reserves and the Arena reserve), and others due to the funding source (for example utility reserves, Artificial Turf Field reserve and Recreation Facilities Reserve.)

Appendix B outlines the methodology for reserve target balances and any restrictions in place regarding Council's ability to reallocate funding.

While the City has many reserves, most are for a specific purpose. There are four general capital reserves that can be used for most infrastructure improvements or equipment purchases: Buildings and Infrastructure, Equipment, Vehicles and Heavy Equipment, and Canada Community-Building (formerly Gas Tax). The proposed funding strategy uses the majority of funding in these reserves over the next five years, but avoids depleting them completely in 2024. The Buildings and Infrastructure Reserve balance would be reduced below the minimum target balance (minimum target of approximately \$8-10 million) until 2029 when it may be possible to start building it up again. The Canada Community-Building Fund Agreement expires this year, although it is expected to continue. The table below assumes that the contributions from the Federal Government will remain at the same level (\$4 million per year.)

	Projected Balance Dec 31, 2024	Projected Balance Dec 31, 2025	Projected Balance Dec 31, 2026	Projected Balance Dec 31, 2027	Projected Balance Dec 31, 2028
General Purpose Capital Reserves					
Equipment	1,726,574	905,574	143,574	364,574	571,574
Vehicles & Heavy Equipment	1,538,557	1,138,557	1,138,557	701,557	1,348,557
Buildings & Infrastructure	5,395,905	2,513,965	6,371,025	5,167,355	4,753,275
Canada Community-Building (Gas Tax)	<u>1,940,088</u>	<u>1,499,088</u>	<u>1,264,088</u>	<u>3,657,088</u>	<u>7,472,088</u>
	<u>10,601,124</u>	<u>6,057,184</u>	<u>8,917,244</u>	<u>9,890,574</u>	<u>14,145,494</u>

The following table outlines the estimated uncommitted year-end reserve fund balances if all planned work for 2023 will be completed. These estimates assume that Council will approve an annual tax increase starting in 2025 for the capital budget and external borrowing. Without those, the capital budget would require reductions because the general-purpose reserve balances (Buildings and Infrastructure, Equipment, Vehicles and Heavy Equipment and Gas Tax) would be insufficient.

	Projected Balance Dec 31, 2023	2024 Budget Transfers In	2024 Budget Transfers Out & Committed	Projected Balance Dec 31, 2024
General Purpose Capital Reserves				
Equipment	6,466,574	1,000,000	5,740,000	1,726,574
Vehicles & Heavy Equipment	1,538,557	1,500,000	1,500,000	1,538,557
Buildings & Infrastructure	16,894,445	5,876,460	17,375,000	5,395,905
Canada Community-Building (Gas Tax)*	2,958,088	3,998,000	5,016,000	1,940,088
	27,857,664	12,374,460	29,631,000	10,601,124
Special Purpose Capital Reserves				
Equipment & Infrastructure				
Police				
Police Vehicles, Equipment & Infrastructure	1,171,133	1,225,000	1,500,000	896,133
Police Emergency Response Team	745,573	26,000	-	745,573
City				
Accessibility Capital	1,233,880	250,000	-	1,483,880
Parking Services Equipment and Infrastructure	22,955,237	3,550,000	4,234,000	22,271,237
Multipurpose Equipment and Infrastructure	1,062,235	177,280	950,000	289,515
Recreation Facilities Equipment and Infrastructure	1,391,714	62,300	-	1,454,014
Archives Equipment	34,454	-	-	34,454
Artificial Turf Field	379,075	157,500	-	536,575
Water Utility Equipment and Infrastructure	37,362,975	1,770,000	-	39,132,975
Sewer Utility Equipment and Infrastructure	27,049,697	400,000	1,500,000	25,949,697
Stormwater Utility Equipment and Infrastructure	3,965,419	100,000	1,000,000	3,065,419
Tax Sale Lands Fund	6,765,007	50,000	6,800,000	15,007
Parks and Greenways Acquisition Fund	2,238,797	-	2,200,000	38,797
Tree Conservation	1,286,215	-	45,290	1,240,925
Local Amenities Reserve	642,044	200,000	-	842,044
Development Cost Charges	12,035,275	-	7,625,000	4,410,275
Downtown Core Area Public Realm Improvements	301,225	-	-	301,225
	120,619,955	7,968,080	25,854,290	102,707,745
Operating Reserves				
Financial Stability Reserves				
City	17,957,970	484,310	-	18,442,280
Police	1,533,848	-	-	1,533,848
Debt Reduction	25,268,176	2,895,250	-	28,163,426
Insurance Claims	4,328,631	-	-	4,328,631
Water Utility	966,786	-	-	966,786
Sewer Utility	880,424	-	-	880,424
Stormwater Utility	964,389	-	-	964,389
Victoria Housing Reserve	5,638,365	465,720	2,853,925	3,250,160
Climate Action Reserve	3,016,578	389,940	349,850	3,056,668
Art in Public Places	1,027,481	150,000	150,000	1,027,481
Development Stabilization Reserve	17,374,828	-	989,220	16,385,608
Parks Furnishing Dedication Program	62,136	65,000	52,000	75,136
Total Operating Reserves	79,019,612	4,450,220	4,394,995	79,074,837
Total City Reserves	227,497,231	24,792,760	59,880,285	192,383,706

* based on assumption that the Federal Government will continue contributions at current level

Debt

The City currently has approximately \$51.7 million in outstanding debt. According to the Financial Sustainability Policy, debt servicing charges should be kept at a maximum of 7% of the prior year's property tax levy. The replacement of Fire Department Headquarters was funded through internal borrowing from the City's Debt Reduction Reserve and the loan is repaid to that reserve over time. Assuming Council reinstates the \$1 million in funding that was reduced in 2023, the repayment

amount for 2024 would be approximately \$3 million, which would repay that loan over approximately 18 years. This exceeds the maximum repayment term of 15 years in the Financial Sustainability Policy, however, as inflation eases, the expectation is that interest rates will go down. If Council chooses not to reinstate the funding that was reduced in 2023, the annual loan repayment would be \$2 million, and the loan would be repaid in approximately 45 years at current interest rates. The next significant debt issue to retire is in 2031. The following table outlines the current debt issues, year of retirement and the annual debt servicing costs.

Final Year	Issue	Purpose	Principal & Interest
2024	105	Crystal Garden	\$210,498
2031	115	Johnson Street Bridge Replacement (CMHC)	743,242
2033	79	Multipurpose Arena	540,514
2033	80	Multipurpose Arena	649,303
2034	81	Multipurpose Arena	435,514
2034	130	Johnson Street Bridge Replacement	1,475,097
2036	139	Johnson Street Bridge Replacement	320,186
2037	142	Johnson Street Bridge Replacement	<u>659,671</u>
			\$5,034,025
<u>Self Financing Areas</u>			
2024	105	Parkades	110,144
	110	Parkades	<u>345,704</u>
			\$455,848

Grants

As directed by Council, grants have been grouped into five categories: direct-award grants, festival investment grants, community garden volunteer coordinator grants, My Great Neighbourhood grants, and Strategic Plan grants, which include micro-grants. Over the last number of years, Council has directed a few grants to be allocated outside of the established programs and these have been grouped under “other grants”. Per Council direction, the majority of grants have been increased by inflation.

The proposed funding for the direct-award grants and one-time grants is as follows:

Organization	2023 Budget	2024 Draft Budget	Change
Aboriginal Coalition to End Homelessness	\$ 100,000	\$ 100,000	\$ -
Alliance to End Homelessness in the Capital Region	100,000	100,000	-
Capital Bike	10,500	10,500	-
Community Social Planning Council (rent bank)	110,000	110,000	-
Pro Art Alliance of Greater Victoria	10,000	10,000	-

Restorative Justice Victoria	34,540	34,540	-
Songhees and Esquimalt Nations	200,000	200,000	-
South Island Prosperity Partnership	230,050	235,800	5,750
Theatre SKAM	20,000	20,000	-
Vancouver Island South Film & Media Commission	45,000	45,000	-
Victoria Urban Food Table	6,000	6,000	-
Victoria School District #61 (crossing guards)	90,240	107,000	16,760
Total	\$ 956,330	\$ 978,840	\$ 22,510

Council directed that a one-time grant of \$390,000 to Vancouver Island Visual Arts Society be included in the 2024 Financial Plan. It is recommended that this grant be funded through a reallocation of unused funding in the 2023 Strategic Plan Grant Program budget (\$543,000).

Organization	2023 Final Budget	2024 Draft Budget	Change
Victoria Civic Heritage Trust			
Building Incentive	\$ 950,000	\$ 950,000	\$ -
Operating	123,650	123,650	-
Victoria Heritage Foundation			
Operating	264,240	271,970	7,730
Victoria Youth Council			
Operating	26,000	26,000	-
Quadra Village Community Centre			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Lease Grant	44,060	44,060	-
Fernwood Community Centre			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Vic West Community Association			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Facility (janitorial)	39,610	40,790	1,180
Fairfield Community Place			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Facility (janitorial, recycling)	52,610	54,180	1,570
Youth Outreach	15,000	15,000	-
Cook Street Village Activity Centre			
Operating	82,700	85,180	2,480
Facility (strata fees)	25,770	34,490	8,720

Victoria Silver Threads			
Operating	82,700	85,180	2,480
Facility (lease)	122,390	122,390	-
Burnside Gorge Community Centre			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Youth Outreach	10,000	10,000	-
James Bay Community School Centre			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Facility (janitorial, recycling)	56,050	57,730	1,680
James Bay New Horizons			
Operating	82,700	85,180	2,480
Facility (janitorial)	31,140	32,070	930
Oaklands Community Centre			
Operating	82,700	85,180	2,480
Youth Programming	9,780	10,070	290
Facility (janitorial)	19,230	19,800	570
Cool Aid Downtown Community Centre			
Operating	82,700	85,180	2,480
Seniors Outreach			
Operating	30,000	30,000	-
Victoria Community Association Network			
Operating	1,010	1,040	30
Neighbourhood Associations			
Liability Insurance	6,000	6,000	-
Volunteer Insurance	7,500	7,500	-
Blanshard (Hillside Quadra)			
Per capita base (1.20 times population)	10,620	10,940	320
Burnside/Gorge			
Per capita base (1.20 times population)	9,060	9,330	270
Downtown (incl Harris Green)			
Per capita base (1.60 times population)	10,640	10,960	320
Neighbourhood Association Coordinator Grant	20,000	20,000	-
Fairfield Gonzales			
Per capita base (1.20 times population)	23,270	23,960	690
Fernwood			
Per capita base (1.20 times population)	13,770	14,180	410
James Bay			
Per capita base (1.20 times population)	16,890	17,400	510
Neighbourhood Association Coordinator Grant	20,000	20,000	-
North Jubilee			
Per capita base (1.60 times population)	5,970	6,150	180
Neighbourhood Association Coordinator Grant	10,000	10,000	-
North Park			
Per capita base (1.60 times population)	6,680	6,880	200
Neighbourhood Association Coordinator Grant	20,000	20,000	-

Oaklands			
Per capita base (1.20 times population)	9,990	10,290	300
Rockland			
Per capita base (1.60 times population)	6,850	7,060	210
Neighbourhood Association Coordinator Grant	20,000	20,000	-
South Jubilee			
Per capita base (1.60 times population)	4,270	4,400	130
Neighbourhood Association Coordinator Grant	10,000	10,000	-
Vic West			
Per capita base (1.20 times population)	10,770	11,090	320
Total	\$ 3,031,200	\$ 3,086,780	\$ 55,580

Note: The City provides janitorial services to Quadra Village Community Centre, Fernwood Community Centre and Cook Street Village Activity Centre.

Timeline

The following table outlines the proposed timeline for this year's process.

<u>Dates</u>	<u>Purpose</u>
November 2023/January 2024	Budget discussions and direction
April 2024 Committee of the Whole	Report on tax rates options
April 2024 Council	Final report on Financial Plan including incorporated changes and BCA non-market change data; first, second and third readings of Financial Plan bylaw; first, second and third readings of tax bylaw
April 2024 Council	Adoption of Financial Plan bylaw and tax bylaw

OPTIONS & IMPACTS

Option 1 – Approve Proposed Funding Strategy (Recommended)

Based on current information, the proposed funding strategy aims to build up sufficient funding over seven years to cover the estimated cost of identified life-cycle replacement needs. This strategy includes a 3% annual increase in property taxes for six years starting in 2025. In addition, to minimize the impact of continued expected cost escalation, external borrowing is recommended for the following projects:

- Green Fleet Plan Implementation \$10.71 million
- Multi-modal Corridor Implementation \$26.96 million
- Government Street Refresh \$4.7 million
- Park Redevelopment Program \$17.69 million
- Public Washroom Improvements \$2.96 million

This is in alignment with the Financial Sustainability Policy which supports borrowing for stand-alone projects and not ongoing renewal programs. External borrowing is an emerging trend with municipalities because the expected cost escalation is anticipated to far exceed interest paid on loans

and savings in reserves would erode. Therefore, delaying projects to save up sufficient funds in reserves would likely be much more costly than initiating them sooner and using debt.

The resulting tax increases are as follows:

	2024	2025	2026	2027	2028
Capital	0.00%	3.00%	2.96%	2.95%	2.94%
Repayment of Borrowing	0.00%	0.99%	1.27%	0.91%	0.49%
Remaining	5.97%	3.70%	2.92%	2.64%	2.35%
	5.97%	7.69%	7.15%	6.50%	5.78%
VicPD*	2.40%	2.40%	2.40%	2.40%	2.40%
	8.37%	10.09%	9.55%	8.90%	8.18%

* VicPD 2025-2028 held at same level as 2024; no projections provided

Without the proposed additional tax increase and the external borrowing, significant reductions to the capital budget would be required since the City is not allowed to budget a deficit.

Option 2 – Provide Alternative Direction to Staff

Alternatively, Council could direct staff to adjust service levels, defer or add initiatives/capital investments.

Staff would report back on the implications of any adjustments directed.

Accessibility Impact Statement

Initiatives and projects within the Financial Plan support accessibility improvements.

Strategic Plan

The Financial Plan includes resources to advance the Strategic Plan.

Impacts to Financial Plan

The 2024-2028 Financial Plan will replace last year's plan.

Official Community Plan Consistency Statement

Initiatives included within the financial plan are consistent with many policies within the Official Community Plan including support for infrastructure asset management objectives, in particular, policy 11.4 to maintain and enhance the allocation of resources for civic infrastructure repairs, upgrades and replacement.

CONCLUSIONS

The 2024-2028 Draft Financial Plan continues the provision of the City's numerous services and incorporates resources to support resilience, mitigation and response related to climate and emergency management. In addition, the Plan proposes new funding to address asset management and infrastructure investment needs.

Respectfully submitted,

Susanne Thompson
Deputy City Manager and Chief Financial Officer

Report accepted and recommended by the City Manager

List of Attachments

Appendix A - Financial Sustainability Policy; Reserve Fund Policy; and Revenue and Tax Policy

Appendix B - Summary of Reserve Fund Restrictions

Appendix C - Asset Highlights