



**CORPORATION OF THE
DISTRICT OF MAPLE RIDGE**

TO: Her Worship Mayor Kathy Morse
and Members of Council
FROM: Chief Administrative Officer
DATE: April 13, 2005
FILE NO:
ATTN:
SUBJECT: 2005 – 2009 Amending Financial Plan Bylaw No. 6316 - 2005

EXECUTIVE SUMMARY:

The 2005 – 2009 Consolidated Financial Plan adopted by Council in December 2004 does not accurately represent the financial plans of the District at the present time. Revisions have been made to respond to Council direction and more accurately reflect the current financial condition. The new Financial Plan must be adopted prior to May 15, 2005 and prior to the adoption of the Tax Rates Bylaw.

RECOMMENDATION:

That the Maple Ridge Financial Plan Amending Bylaw No. 6316 - 2005 is read a first, second and third time.

DISCUSSION:

a) Background Context:

The District is currently authorized to make expenditures under the 2005 - 2009 Financial Plan Bylaw No. 6278 - 2004 that was adopted December 2004. However, this plan is currently outdated and does not represent the financial conditions at this time. The changes to the financial plan are minor and routine and reflect changes in the revenue and expenditure areas that have occurred since December 2004. The major issues that have been addressed in this new financial plan are:

- Real Growth was actually 2.44% compared to an estimate of 2.75%; this reduces property tax revenue by \$90,000.
- Increase in the Water Utility Rate by 6%, or \$14.40, to \$253.60 to provide for the increased rate for purchased water, to support the capital expenditure program and to maintain a sustainable surplus in the Water Utility Fund.
- Increase in the Sanitary Sewer Utility Rate by 6%, or \$10.45, to \$184.65 to provide for the increased cost of treating and disposing of liquid waste, to support the capital expenditure program and to maintain a sustainable surplus in the Sanitary Sewer Utility Fund.
- Reduced the increase to 1% from 2% for Recycling Charges. This represents an increase of \$0.50 compared to an increase of \$1.51 in the December 2004 financial plan.
- Capital Program: - changes to respond to Council and community priorities such as external work at the Leisure Centre, parkland acquisition and renovations to the acquired courthouse. These expenditures are funded from the reserves
- An additional \$80,000 of traffic fine revenue over the previous financial plan estimate.

- Fire Protection Improvement levy increases incrementally \$600,000 per year for the period 2005 - 2009 to implement the *Fire Department Master Plan*.
- The budget includes carry forward items of \$1.34M for operating purposes and \$18.04M for capital purposes for 2005. This amount was reserved in 2004.
- Divisional and departmental staff realignments and position reclassifications are funded from the previous budget envelope.
- Debt servicing for the acquisition of the Downtown Core Development has been adjusted based on the actual terms of the borrowing. The overall debt service cost is reduced over the term of the loan as a result of an improved borrowing structure and a reduced interest rate. This has been provided through the reserve established for this purpose.

b) Desired Outcome:

Adoption of the 2005 – 2009 Amending Financial Plan will enable the Tax Rates Bylaw for 2005 to go forth for Council adoption and the necessary revenue can be raised to proceed with the operating and capital programs.

c) Strategic Alignment:

All departments prepared and presented a Business Plan in 2004, which then became the driver of their individual Financial Plans. These were achieved within the guidelines set in *Business Planning Guidelines 8th Edition*. This document is reviewed and amended annually in consultation with Council.

The Amended Financial Plan reflects Council’s Strategic Financial Planning Policies and incorporates the changes to the financial condition since December 2004.

d) Business Plan/Financial Implications:

The financial implications are represented in the schedule and appendices accompanying the bylaw. In summary, this bylaw will provide authorization for consolidated expenditures of \$103M. However, \$8.1M is for internal transfers to reserves. The following is an expenditure outline:

- \$34.9M - Capital Program
- \$55M - Operating Expenditures
- \$5M - Debt Service
- \$8.1M - Internal Reserve Transfers

The revenue sources to fund the expenditures are as follows:

- \$39M - Property Taxation, Grants in Lieu, Parcel Charges
- \$21.6M - Fees & Charges
- \$7.5M - Grants, Interest Income & Other
- \$11.7M - Development Fees
- \$23.2M - Internal Reserves & Surplus

Financial obligations with regard to the acquisition of the Downtown Core Development, the management of the facilities, the agreements with MRMH Ltd., a wholly owned subsidiary, and the debt obligations are included in the Financial Plan.

Since the adoption of the 2005 - 2009 Financial Plan Bylaw No. 6278 – 2004 there have been revisions as a result of current financial conditions or corporate direction compared to the

forecast and assumptions in November and December 2004. The final four years of the plan have been adjusted based on current financial information.

e) Citizen/Customer Implication:

The implication to homeowners, businesses and industry is that they will experience a municipal tax increase and increase of utility charges. The amount will vary depending on the class and assessed value. In addition, there is a specific Fire Protection Improvement levy that will approximate \$19 per residential property. This levy is to provide the necessary financial resources to implement the *Fire Department Master Plan*. Residents will experience increases from other levels of government, particularly the GVTA where the levy doubles in most instances.

An open invitation was extended to the public to attend any or all of the Business Plan presentations held during December 2004. Under the current “*Open Government*” structure the public has continuous access to present commentary and ask questions with regard to the changes proposed.

f) Policy Implications:

None; all amendments are as per statutory requirement and are necessary to generate the revenues to provide municipal services within Maple Ridge. The increase in rates for services, fees and charges are per Council direction and other financial undertakings in accordance with Council adopted policy.

g) Alternatives:

In the event this bylaw is not passed, the District is not authorized to make any expenditure other than those identified in Bylaw No.6278 - 2004. This will require certain operating changes to ensure that departments curtail or delay some expenditures or programs. In addition, Council may choose to increase rates, use more reserves or change service levels.

CONCLUSIONS:

The Five Year Financial Plan represents Council’s vision and commitment to provide quality services to the residents of Maple Ridge. The Plan provides a forecast of the financial resources that are required to fund operations, programs, capital expenditures and infrastructure for the current year and the following four years. As the Plan provides for a tax increase, Council must adopt this Plan by by-law prior to adopting the Tax Rates By-law for 2005.

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