



## City of Maple Ridge

**TO:** Her Worship Mayor Nicole Read  
and Members of Council  
**FROM:** Chief Administrative Officer  
**SUBJECT:** 2016-2020 Financial Plan Bylaw

**MEETING DATE:** December 7, 2015  
**MEETING:** Committee of the Whole

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### **EXECUTIVE SUMMARY:**

The 2016-2020 Business and Financial Plans were presented to Council at public meetings held on December 1, 2 and 3. The Financial Plan overview was presented followed by a public Question and Answer period on December 3, which was streamed live over the internet. On December 4, after considering the presentations, business plans, incremental adjustments and citizen feedback, Council directed that a Financial Plan Bylaw, incorporating the recommendations in the Financial Overview Report be brought forward for first and second reading.

The bylaw will be considered for Third Reading at a subsequent meeting to incorporate any changes that Council may wish to make based on feedback from the public. Following this, the Final Reading will occur at a separate meeting. Approval will take place over 3 meetings, rather than the historic practice of 2 meetings, to allow for additional time for public input.

The Financial Plan Bylaw is a consolidated plan that includes the general revenue fund, the sewer and water utility funds and the capital program. It is in a format that follows the legislated requirements. This includes revenue and tax policy disclosure: the objectives and policies regarding the proportions of revenue proposed to come from various funding sources, the distribution of property taxes among property classes, and the use of permissive tax exemptions.

### **RECOMMENDATION(S):**

**That Maple Ridge 2016-2020 Financial Plan Bylaw No. 7194 - 2015 be given first and second readings.**

### **DISCUSSION:**

#### **a) Background Context:**

The 2016-2020 Financial Plan was presented to Council at public meetings along with the Business Plans from all areas. The Financial Plan Bylaw incorporates the following direction from Council:

- property tax increase for General Purposes of 2.1% in 2016, 1.9% per year for 2017 and 2018 and 2.0% per year for 2019 and 2020
- property tax increase for Infrastructure Sustainability of 0.50% in 2016 and 0.70% per year for 2017 through 2020
- property tax increase for Parks & Recreation Improvements of 0.25% each year
- property tax increase for Drainage Improvements of 0.30% each year
- growth in property tax revenue (from new construction) of 2% each year
- Water Utility levy increase of 4.5% per year

- Sewer Utility levy increase of 3.6% per year
- recycling levy increase of 0% in 2016 and 2.75% per year for 2017 through 2020
- growth costs as detailed on page 10 of the Financial Overview Report
- incremental adjustments as outlined on page 12 of the Financial Overview Report
- Capital Works Program totaling \$30.7 million in 2016, \$27.5 million in 2017, \$23.7 million 2018, \$29.5 million in 2019 and \$26.3 million in 2020
- cost and revenue adjustments from pages 27 and 28 of the Financial Overview Report, which reconciles the 2015-2019 Financial Plan with the 2016-2020 Financial Plan

In last year's financial plan, Council adopted an aggressive capital program and this plan builds on that direction. The 2016-2020 Financial Plan includes a capital program of about \$138 million.

We have about \$1.4 billion invested in our infrastructure and it is important that we protect this investment. This financial plan continues the dedicated funding strategy for sustaining our infrastructure. As well, we are a growing community and along with that growth comes pressure on our existing services. This financial plan provides funding to help meet growth related demands. The funding for growth and for infrastructure sustainability are in line with Council's Financial Sustainability Policies.

The amount of incremental property tax revenue from new construction will not be known until property assessments are finalized. The growth assumption built into the financial plan for 2016 is 2.0%.

Future budget amendments will include the actual growth revenue as well as projects that were approved in 2015 and are still in progress. The previously approved funding sources will also be included in the plan, placing no burden on 2016 property taxes.

**b) Desired Outcome:**

A financial plan that accurately reflects the planned expenditures and methods of funding that is consistent with corporate strategic plans, policies and Council direction.

**c) Strategic Alignment:**

All departments submitted Business Plans which were prepared considering relevant strategic and master plans. The Financial Plan reflects Council's Strategic Financial Sustainability Policies and Infrastructure Funding Strategy.

**d) Citizen/Customer Implications:**

The business plans have far-reaching citizen and customer implications. The Financial Plan reflects the financial impact of the business plans. Property tax revenue and user fees are planned to increase as described in the above discussion.

After considering the presentations, business plans, incremental adjustments and citizen feedback, Council directed that a Financial Plan Bylaw, incorporating the recommendations outlined in the Financial Overview Report, be brought forward for First and Second readings.

The bylaw will be considered for Third Reading at a subsequent meeting to incorporate any changes that Council may wish to make based on feedback from the public. Following this, the Final Reading will occur at a separate meeting. Approval will take place over 3 meetings, rather than 2, to allow for additional time for public input.

**e) Statutory Requirements and Policy Implications:**

The financial plan has been prepared in accordance with statutory requirements and Municipal financial policies. There are several requirements in the Community Charter for the Financial Plan Bylaw, including: disclosure of the proportions of revenue proposed to come from various funding sources, the distribution of property taxes among property classes, and the use of permissive tax exemptions. Explicit policies and objectives in each of these areas are also required. Maple Ridge's approach to business planning, property taxation policies and other financial policies have addressed all these reporting requirements. The attached bylaw includes this information.

Public consultation is an important and legislated component of financial plan preparation. Regular feedback and interaction with the public is also considered when business plans are developed. The business planning presentations were open to the public; there was also a live question and answer period where comments and questions were accepted in person as well as over the phone, email and social media like Facebook and Twitter.

**f) Alternatives:**

In the event that this bylaw is not adopted, the City is not authorized to make any expenditure other than those identified in the existing 2015-2019 Financial Plan Bylaw. This will require departments to curtail or delay expenditures and only proceed with capital projects that were identified in the previous financial plan.

**CONCLUSIONS:**

The Financial Plan is a multi-year planning, reviewing and reporting tool that represents Council's priorities and commitment to providing quality services to the residents of Maple Ridge. The Financial Plan provides a forecast of the financial resources that are available to fund operations, programs and infrastructure for the five year period.

The Financial Plan Bylaw is routinely amended in late April or early May to include the projects that were approved but not completed in the prior year. The change also includes an update to reflect the actual property tax revenue due to the amount of real growth.

"Original signed by Trevor Thompson"

*Prepared by:* **Trevor Thompson, CPA, CGA**  
**Manager of Financial Planning**

"Original signed by Paul Gill"

*Approved by:* **Paul Gill, BBA, CPA, CGA**  
**GM Corporate & Financial Services**

"Original signed by Ted Swabey"

*Concurrence:* **Ted Swabey**  
**Chief Administrative Officer**

**CITY OF MAPLE RIDGE**

**BYLAW NO. 7194-2015**

A bylaw to establish the five year financial plan for the years 2016 through 2020

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**WHEREAS**, through a public process in an open meeting the business and financial plans were presented;

**AND WHEREAS**, the public will have the opportunity to provide comments or suggestions with respect to the financial plan;

**AND WHEREAS**, Council deems this to a process of public consultation under Section 166 of the Community Charter;

**NOW THEREFORE**, the Council for the City of Maple Ridge enacts as follows:

1. This Bylaw may be cited as “Maple Ridge 2016-2020 Financial Plan Bylaw No. 7194-2015”.
2. Statement 1 attached to and forming part of this bylaw is hereby declared to be the Consolidated Financial Plan of the City of Maple Ridge for the years 2016 through 2020.
3. Statement 2 attached to and forming part of the bylaw is hereby declared to be the Revenue and Property Tax Policy Disclosure for the City of Maple Ridge.
4. Statement 3 attached to and forming part of the bylaw is hereby declared to be the Capital Expenditure Disclosure for the City of Maple Ridge.

**READ** a first time the                      day of                      , 20                      .

**READ** a second time the                      day of                      , 20                      .

**READ** a third time the                      day of                      , 20                      .

**PUBLIC CONSULTATION** completed on the                      day of                      , 20                      .

**ADOPTED** the                      day of                      , 20                      .

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**PRESIDING MEMBER**

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**CORPORATE OFFICER**

ATTACHMENT: Statement 1, Statement 2 and Statement 3

## Statement 1

### Consolidated Financial Plan 2016-2020 (in \$ thousands)

	2016	2017	2018	2019	2020
<b>REVENUES</b>					
Revenues					
Development Fees					
Developer Contributed Assets	16,500	16,500	16,500	16,500	16,500
Developer Cost Charges	12,359	8,531	9,071	13,255	9,846
Parkland Acquisition	200	200	200	200	200
Contributions from Others	1,451	1,242	1,276	1,238	1,282
Development Fees Total	30,510	26,473	27,047	31,193	27,828
Property Taxes	74,844	78,953	83,049	87,298	91,748
Parcel Charges	2,906	2,997	3,091	3,188	3,288
Fees & Charges	40,793	42,327	43,926	45,627	47,277
Interest	1,883	1,898	1,913	1,928	1,943
Grants (Other Govts)	3,991	4,829	3,691	4,855	4,531
Property Sales	1,500	1,500	1,500	1,500	1,000
<b>Total Revenues</b>	<b>156,427</b>	<b>158,977</b>	<b>164,217</b>	<b>175,589</b>	<b>177,615</b>
<b>EXPENDITURES</b>					
Operating Expenditures					
Interest Payments on Debt	2,273	2,133	2,043	1,920	1,801
Amortization Expense	20,929	20,929	20,929	20,929	20,929
Other Expenditures	100,455	103,587	107,112	110,668	114,373
<b>Total Expenditures</b>	<b>123,657</b>	<b>126,649</b>	<b>130,084</b>	<b>133,517</b>	<b>137,103</b>
<b>ANNUAL SURPLUS</b>	<b>32,770</b>	<b>32,328</b>	<b>34,133</b>	<b>42,072</b>	<b>40,512</b>
Add Back: Amortization Expense (Surplus)	20,929	20,929	20,929	20,929	20,929
Less: Capital Expenditures	30,712	27,518	23,701	29,515	26,302
Less: Developer Contributed Capital	16,500	16,500	16,500	16,500	16,500
<b>CHANGE IN FINANCIAL POSITION</b>	<b>6,487</b>	<b>9,239</b>	<b>14,861</b>	<b>16,986</b>	<b>18,639</b>
<b>OTHER REVENUES</b>					
Add: Borrowing Proceeds	-	-	-	-	-
<b>OTHER EXPENDITURES</b>					
Less: Principal Payments on Debt	4,047	4,144	3,641	3,720	3,801
<b>TOTAL REVENUES LESS EXPENSES</b>	<b>2,440</b>	<b>5,095</b>	<b>11,220</b>	<b>13,266</b>	<b>14,838</b>
<b>INTERNAL TRANSFERS</b>					
Transfer from Reserve Funds					
Capital Works Reserve	3,149	3,549	-	-	-
Equipment Replacement Reserve	3,540	1,813	3,245	2,311	1,857
Fire Department Capital Reserve	356	-	-	-	250
Land Reserve	-	-	-	-	-
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	-	-	-	-	-
<b>Transfer from Reserve Fund Total</b>	<b>7,045</b>	<b>5,362</b>	<b>3,245</b>	<b>2,311</b>	<b>2,107</b>
Less :Transfer to Reserve Funds					
Capital Works Reserve	3,886	2,862	4,334	4,139	3,336
Equipment Replacement Reserve	2,449	2,615	2,744	2,876	2,977
Fire Dept. Capital Acquisition	712	791	869	999	1,136
Land Reserve	5	5	5	5	5
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	30	30	30	30	30
<b>Total Transfer to Reserve Funds</b>	<b>7,082</b>	<b>6,303</b>	<b>7,982</b>	<b>8,049</b>	<b>7,484</b>
Transfer from (to) Own Reserves	(501)	1,029	916	891	1,576
Transfer from (to) Surplus	2,904	3,125	5,567	6,637	7,885
Transfer from (to) Surplus & own Reserves	2,403	4,154	6,483	7,528	9,461
<b>TOTAL INTERNAL TRANSFERS</b>	<b>2,440</b>	<b>5,095</b>	<b>11,220</b>	<b>13,266</b>	<b>14,838</b>
<b>BALANCED BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Statement 2

### Revenue and Property Tax Policy Disclosure

#### REVENUE DISCLOSURE

Revenue Proportions	2016		2017		2018		2019		2020	
	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%
<b>Revenues</b>										
Property Taxes	74,844	47.8	78,953	49.7	83,049	50.6	87,298	49.7	91,748	51.6
Parcel Charges	2,906	1.9	2,997	1.9	3,091	1.9	3,188	1.8	3,288	1.9
Fees & Charges	40,793	26.1	42,327	26.6	43,926	26.7	45,627	26.0	47,277	26.6
Borrowing Proceeds	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Other Sources	37,884	24.2	34,700	21.8	34,151	20.8	39,476	22.5	35,302	19.9
<b>Total Revenues</b>	<b>156,427</b>	<b>100.0</b>	<b>158,977</b>	<b>100.0</b>	<b>164,217</b>	<b>100.0</b>	<b>175,589</b>	<b>100.0</b>	<b>177,615</b>	<b>100.0</b>

Other Sources include:

Development Fees Total	30,510	19.5	26,473	16.7	27,047	16.5	31,193	17.8	27,828	15.7
Interest	1,883	1.2	1,898	1.2	1,913	1.2	1,928	1.1	1,943	1.1
Grants (Other Govts)	3,991	2.6	4,829	3.0	3,691	2.2	4,855	2.8	4,531	2.6
Property Sales	1,500	1.0	1,500	0.9	1,500	0.9	1,500	0.9	1,000	0.6
	37,884	24.2	34,700	21.8	34,151	20.8	39,476	22.5	35,302	19.9

#### OBJECTIVES & POLICIES

##### Property Tax Revenue

Property tax revenue is the City's primary revenue source, and one which is heavily reliant on the residential class. Diversification of the tax base and generation of non-tax revenue are ongoing objectives, outlined in Financial Sustainability Policy 5.52 section 6.

The Financial Plan includes property tax increases that are as listed below:

	2016	2017	2018	2019	2020
General Purpose	2.10%	1.90%	1.90%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.25%</b>	<b>3.25%</b>

Additional information on the tax increases and the cost drivers can be found in the most recent Financial Plan Overview Report. Specific policies discussing the tax increases are included in the Financial Sustainability Plan and related policies which were adopted in 2004.

Property tax revenue includes property taxes as well as grants in lieu of property taxes.

##### Parcel Charges

Parcel charges comprise of a recycling charge, a sewer charge and on some properties, a local area service or improvement charge. Parcel charges are a useful tool to charge all or a subset of properties for a fixed or variable amount to support services. Unlike property taxation the variable amount does not need to be related to property assessment value, but can be something that more accurately reflects the cost of the service.

## Statement 2 (cont.) Revenue and Property Tax Policy Disclosure

### Fees & Charges

The Business Planning Guidelines call for an increase of 5% in fees as a guideline. Actual fee increases vary depending on the individual circumstances, the type of fee and how it is calculated. Fees should be reviewed annually and updated if needed. Recent fee amendments include recreation fees, development application fees, business license fees and cemetery fees. A major amendment to the Development Costs Charges (DCC), recommended no more frequently than every five years, was completed in 2008. Minor DCC amendments are done more frequently. Some fees are used to offset the costs of providing specific services. The utility fees are reviewed annually with a view towards using rate stabilization practices to smooth out large fluctuations in rates, as set out in the Business Planning Guidelines.

### Borrowing Proceeds

Debt is used where it makes sense. Caution is used when considering debt as it commits future cash flows to debt payments restricting the ability to use these funds to provide other services. The source of the debt payments needs to be considered as does the justification for advancing the project. More information on borrowing previously approved can be found in the most recent Financial Plan Overview report.

### Other Sources

This will vary greatly year to year as it includes:

- Development fees which fund capital projects from the DCC Reserve
- Contribution from others in relation to capital
- Grants which are sought from various agencies and may be leveraged with City funds

### **PROPERTY TAX DISCLOSURE**

The 2016 property tax revenue and updated rates will be included in a Financial Plan Amending Bylaw that proceeds the Property Tax Rate Bylaw, as the 2016 property assessed values are not yet finalized. For information purposes the 2015 distribution is included.

### Property Tax Revenue Distribution

Property Class	Taxation Revenue		Assessed Value		Tax Rate	Multiple
	('000s)		('000s)		(\$/1000)	(Rate/Res.Rate)
1 Residential	53,677	77.9%	12,004,518	91.1%	4.4713	1.0
2 Utility	540	0.8%	13,495	0.1%	40.0000	8.9
4 Major Industry	573	0.8%	17,230	0.1%	33.2682	7.4
5 Light Industry	2,808	4.1%	228,203	1.7%	12.3038	2.8
6 Business/Other	11,082	16.1%	900,715	6.8%	12.3038	2.8
8 Rec./ Non-Profit	38	0.1%	2,901	0.0%	13.1537	2.9
9 Farm	157	0.2%	4,905	0.0%	31.9560	7.1
<b>Total</b>	<b>68,875</b>	<b>100%</b>	<b>13,171,968</b>	<b>100%</b>		

## **Statement 2 (cont.)**

### **Revenue and Property Tax Policy Disclosure**

#### **PROPERTY TAX DISCLOSURE**

##### Objectives & Policies

Property taxes are the City's largest source of revenue and are contained by efficient business practices. Annual business planning practices are the mechanism for resource allocation decisions.

The City's Financial Sustainability Policy section 6 discusses the necessity of diversifying the tax base. Development of employment related properties is one method of diversification; therefore a key performance measurement in Strategic Economic Initiatives tracks the increased investment and development of non-residential properties.

A policy in the Financial Sustainability Plan that calls for stable tax increases and the adoption of the annual increase early in the prior year in the Business Planning Guidelines provides citizens with a more stable and predictable set of cost increases. In some cases costs are phased in over multiple years to stay within the set tax increases.

##### Property Tax Rates

It is policy to adjust property tax rates annually to negate the impact of fluctuations in the market values of properties. Tax rates are reduced to negate the market increases. Property tax increases are then applied at the same relative increase for all classes, unless legislation restricts the rates, as with Class 2, Utility.

The Business Class and Light Industry Class properties have the same tax rate and are treated as a composite class when setting the tax rates, as the types of businesses in each class are similar.

A review was done on the Major Industry Class rates and the recommendation from the Audit and Finance Committee and Council was a 5% property tax reduction in both 2009 and 2010 to support additional investments in the subject property and to keep rates competitive. As part of the Financial Planning discussions in December, 2013 Council authorized \$70,000 each year for five years, 2014-2018, to reduce the Major Industrial Class property tax rate. Council's direction for the 2016-2020 Financial Plan was to discontinue further reduction in property taxes as Council revisits priorities.

In reviewing the tax rates to ensure competitiveness, absolute rates, tax multiples and overall tax burden are considered. The impact that assessed values have when comparing other geographical areas must be considered in a comparison of tax rates.

##### Permissive Tax Exemptions

Council has set policies around the use of permissive tax exemptions. These are Council Policies 5.19 through 5.24. These policies discuss Churches, Community Halls, Heritage Sites, Homes for the Care of Children and the Relief of the Aged, the Poor, the Disabled and the Infirm, Municipal Recreational Services, Private Hospitals and Daycares, Private School and Youth Recreation Groups.

##### Revitalization Tax Exemption Program

The Employment Land Investment Incentive Program is designed to encourage job creation by supporting private investment in buildings and infrastructure on identified "employment lands".

More information on this tax exemption can be found on our website.



### Statement 3

#### Capital Expenditure Disclosure

The sole purpose of this statement is to meet legislative requirements and highlight the value of the DCC program; no other conclusions should be drawn from the figures as the information could be misleading. This disclosure is required under the Local Government Act s. 937(2); Capital costs attributable to projects to be partially funded by Development Cost Charges (DCC) must be included in the financial plan. The DCC program includes projects as far out as 2035 so the capital expenditures must be extended to match. Certain types of projects are not planned past the five year time horizon of the financial plan. Much less scrutiny is given to projects that are planned in years 2021 through 2035. Projects in these years typically exceed likely funding available.

#### Capital Works Program for 2021 – 2035

(in \$ thousands)

<b>Capital Works Program</b>	<b>303,585</b>
 <b>Source of Funding</b>	
Development Fees	
Development Cost Charges	120,537
Parkland Acquisition Reserve	-
Contribution from Others	6,635
	127,173
 Borrowing Proceeds	 2,091
Grants	41,229
 Transfer from Reserve Funds	
Capital Works Reserve	13,163
Cemetery Reserve	115
Equipment Replacement Reserve	-
Fire Department Capital Reserve	2,486
Recycling Reserve	-
Transfer from Reserve Funds	15,764
 Revenue Funds	 117,328
 <b>Source of Funding</b>	 <b>303,585</b>