

**CITY OF MAPLE RIDGE**

**BYLAW NO. 7145-2015**

A bylaw to establish the five year financial plan for the years 2015 through 2019

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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 2015-2019 Financial Plan Bylaw No. 7145-2015”.
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 2015 through 2019.
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 28<sup>th</sup> day of April, 2015.

**READ** a second time the 28<sup>th</sup> day of April, 2015.

**READ** a third time the 28<sup>th</sup> day of April, 2015.

**PUBLIC CONSULTATION** completed on the 12<sup>th</sup> day of May, 2015.

**ADOPTED** the            day of            , 2015.

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**PRESIDING MEMBER**

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**CORPORATE OFFICER**

ATTACHMENTS: Statement 1, Statement 2 and Statement 3

## Statement 1

### Consolidated Financial Plan 2015-2019 (in \$ thousands)

	2015	2016	2017	2018	2019
<b>REVENUES</b>					
Revenues					
Development Fees					
Developer Contributed Assets	16,500	16,500	16,500	16,500	16,500
Developer Cost Charges	34,987	6,002	7,715	6,273	8,888
Developer Specified Projects	-	-	-	-	-
Parkland Acquisition	1,028	200	200	200	200
Contributions from Others	2,717	1,251	1,253	1,276	1,238
Development Fees Total	55,232	23,953	25,668	24,249	26,826
Property Taxes	71,072	74,815	78,932	83,035	87,286
Parcel Charges	2,852	2,950	3,051	3,145	3,241
Fees & Charges	39,049	41,052	42,795	44,613	46,560
Interest	1,868	1,883	1,898	1,913	1,928
Grants (Other Govts)	6,121	6,524	3,759	3,421	4,585
Property Sales	4,250	-	-	-	-
Total Revenues	180,444	151,177	156,103	160,376	170,426
<b>EXPENDITURES</b>					
Operating Expenditures					
Interest Payments on Debt	2,407	2,273	2,134	2,046	1,926
Amortization Expense	20,124	20,929	20,929	21,766	22,637
Other Expenditures	107,315	101,172	105,571	109,729	113,029
Total Expenditures	129,846	124,374	128,634	133,541	137,592
<b>ANNUAL SURPLUS</b>	<b>50,598</b>	<b>26,803</b>	<b>27,469</b>	<b>26,835</b>	<b>32,834</b>
Add Back: Amortization Expense (Surplus)	20,124	20,929	20,929	21,766	22,637
Less: Capital Expenditures	85,340	22,871	18,360	21,731	23,261
Less: Developer Contributed Capital	16,500	16,500	16,500	16,500	16,500
<b>CHANGE IN FINANCIAL POSITION</b>	<b>(31,118)</b>	<b>8,361</b>	<b>13,538</b>	<b>10,370</b>	<b>15,710</b>
<b>OTHER REVENUES</b>					
Add: Borrowing Proceeds	7,048	-	-	-	-
<b>OTHER EXPENDITURES</b>					
Less: Principal Payments on Debt	3,953	4,048	4,142	3,638	3,715
<b>TOTAL REVENUES LESS EXPENSES</b>	<b>(28,023)</b>	<b>4,313</b>	<b>9,396</b>	<b>6,732</b>	<b>11,995</b>
<b>INTERNAL TRANSFERS</b>					
Transfer from Reserve Funds					
Capital Works Reserve	7,967	549	549	-	-
Equipment Replacement Reserve	4,051	3,092	1,184	3,474	2,453
Fire Department Capital Reserve	1,976	-	-	-	-
Land Reserve	4,250	-	-	-	-
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	-	-	-	-	-
Transfer from Reserve Fund Total	18,244	3,641	1,733	3,474	2,453
Less :Transfer to Reserve Funds					
Capital Works Reserve	462	2,005	2,253	2,299	2,481
Equipment Replacement Reserve	2,344	2,448	2,615	2,744	2,876
Fire Dept. Capital Acquisition	664	761	889	1,018	1,150
Land Reserve	4,255	5	5	5	5
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	30	30	30	30	30
Total Transfer to Reserve Funds	7,755	5,249	5,792	6,096	6,542
Transfer from (to) Own Reserves	19,214	(245)	(1,998)	(2,115)	(2,734)
Transfer from (to) Surplus	(1,680)	(2,460)	(3,339)	(1,995)	(5,172)
Transfer from (to) Surplus & own Reserves	17,534	(2,705)	(5,337)	(4,110)	(7,906)
<b>TOTAL INTERNAL TRANSFERS</b>	<b>28,023</b>	<b>(4,313)</b>	<b>(9,396)</b>	<b>(6,732)</b>	<b>(11,995)</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	2015		2016		2017		2018		2019	
	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%
<b>Revenues</b>										
Property Taxes	71,072	37.9	74,815	49.5	78,932	50.6	83,035	51.8	87,286	51.0
Parcel Charges	2,852	1.5	2,950	2.0	3,051	2.0	3,145	2.0	3,241	1.9
Fees & Charges	39,049	20.8	41,052	27.2	42,795	27.4	44,613	27.8	46,560	27.2
Borrowing Proceeds	7,048	3.8	-	-	-	-	-	-	-	-
Other Sources	67,471	36.0	32,360	21.4	31,325	20.1	29,583	18.4	33,339	19.4
<b>Total Revenues</b>	<b>187,492</b>	<b>100</b>	<b>151,177</b>	<b>100</b>	<b>156,103</b>	<b>100</b>	<b>160,376</b>	<b>100</b>	<b>171,426</b>	<b>100</b>
Other Sources include:										
Development Fees Total	55,232	29	23,953	16	25,668	16	24,249	15	26,826	16
Interest	1,868	1	1,883	1	1,898	1	1,913	1	1,928	1
Grants (Other Govts)	6,121	3	6,524	4	3,759	2	3,421	2	4,585	3
Property Sales	4,250	2	-	-	-	-	-	-	-	-
	67,471	36	32,360	21	31,325	20	29,583	18	33,339	19

#### **Objectives & Policies**

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 totaling 2.97% for 2015, and 3.25% from 2016 to 2019 for:

- General Purposes
- Infrastructure Sustainability
- Parks and Recreation Master Plan implementation
- Drainage Improvements

Additional property tax revenue due to new construction is also included in the Financial Plan at 1.1% in 2015 and 2% annually for 2016 through 2019. 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 are largely comprised of a recycling charge, a sewer charge and, on certain 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 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**

#### 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.

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; you may also refer to Bylaw 7112-2014.

### 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 2020 through 2035. Projects in these years typically exceed likely funding available.

#### Capital Works Program for 2020 – 2035

(in \$ thousands)

<b>Capital Works Program</b>	<b>329,579</b>
 <b>Source of Funding</b>	
Development Fees	
Development Cost Charges	137,586
Parkland Acquisition Reserve	-
Contribution from Others	6,667
	144,253
 Borrowing Proceeds	 6,319
Grants	41,695
 Transfer from Reserve Funds	
Capital Works Reserve	8,935
Cemetery Reserve	115
Equipment Replacement Reserve	1,060
Fire Department Capital Reserve	2,736
Recycling Reserve	250
Transfer from Reserve Funds	13,506
 Revenue Funds	 124,216
 <b>Source of Funding</b>	 <b>329,579</b>