



Deep Roots  
Greater Heights

## District of Maple Ridge

TO: His Worship Mayor Ernie Daykin and Members of Council      DATE: April 28, 2009  
FROM: Chief Administrative Officer      ATTN: Council Workshop  
SUBJECT: Financial Plan Amending Bylaw No. 6662-2009

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### EXECUTIVE SUMMARY:

The 2009 property tax assessment roll has been received from BC Assessment and we have prepared the property tax rate bylaw. Prior to establishing the tax rates, it is desirable to update our financial plan to reflect information received since it was adopted last December. Our year end financial statements are being finalized, and preliminary results have been reviewed with Council. As in previous years and as reported to Council in the preliminary year end update, projects that were budgeted for in the prior year but were not completed have been reviewed and this financial plan includes the amendments required to carry forward the funding to complete these projects. The financial plan has also been updated to reflect direction received from Council since last December.

The Financial Plan Bylaw that is adopted just prior to the Tax Rates Bylaw is the budget that is used in our Annual Report. In order for this financial plan bylaw to be adopted on May 12, the meeting at which the tax rates bylaw will be considered, three readings are required at Council Workshop on May 4.

The Financial Plan Bylaw includes several relatively new legislated requirements including a more explicit form of 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 Bylaw No. 6662-2009 be given first, second and third readings.

### DISCUSSION:

#### a) Background Context:

##### Previous 2009-2013 Financial Plan

The 2009-2013 Business Plans and an overview of the financial plan were presented to Council at public meetings held on December 9 and 10. Business Plans from all areas including the Capital Works Program and the 2009-2013 Financial Plan Overview report were also provided. The Financial Plan Bylaw was adopted on January 13, 2008. Highlights of the plan include:

- property tax increase of 4% in 2009-2013, which includes 1% for infrastructure sustainability and 3% for general purposes,

- for 2009-2012 an increase to the fire department service improvement levy of \$600,000 plus growth since 2005, the year of the inception of the levy; the increase is less in 2013,
- water user fee increase of 9% per year,
- sewer user fee increase of 5% per year,
- recycling rates increase of 4.5% in 2009, 4% in 2010 and 3% in 2011-2013.

In last year's financial plan, Council adopted an aggressive capital program and this plan builds on that direction.

We have about \$1 billion invested in our infrastructure and it is important that we look after it properly. This financial plan sets aside dedicated money 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.

**b) Financial Plan Implications:**

The 2009-2013 Financial Plan is being amended to carry forward funding for projects that were approved in 2008 but were not completed as at year end and are still required. The plan is further amended to incorporate recent Council direction and to update other costs as new information has been received specifically:

1. Renovations of the cells at the R CMP detachment estimated cost \$475,000 with funded through the Police Services Reserve and cost shared with Pitt Meadows.
2. Funding of \$10,000 to assist the Arts Council with the Executive Directors search.

Other amendments include:

1. The actual real growth in tax revenue at 2.52% compared to a previously budgeted 2.35%
2. A 5% property tax reduction for Major Industrial revenue
3. A reduction to the amount budgeted for subsequent assessment appeals. The risk of appeals is reduced this year due to the provincial freeze on property assessment increases.
4. The inclusion of an additional \$1.8M to purchase property to expand the cemetery. The funding source is debt. Even though internal financing is likely, all the required approvals will be sought including a loan authorization bylaw, Ministry approval and assent of the electoral. The cemetery rates have been adjusted with this additional debt servicing in mind. There is no impact to general property taxes for this debt. This project is not approved to proceed until Council adopts a loan authorization bylaw.

5. The capital budget for the Leisure Centre energy retrofit has been increased from \$1M to \$1.2M to allow for the possibility of adjustments to the project to include more solar heating options and ensure the project can continue even in all the budgeted grant money does not materialize. This project is funded through several reserves and includes \$200,000 of grant funding which may be optimistic. The intent is to have the incremental capital costs associated with the high efficiency approach to be paid back over time through energy savings.
6. Other updates to existing budgeted items to reflect current information including: contracts, benefit costs, grants in lieu of taxes, staffing costs, admission revenue, interest earned and charged on taxes, equipment charges, and cost share revenue.

These changes have an aggregate impact on General Revenue Surplus in 2009 of \$6,038. The more significant changes noted above are funded through debt or existing reserves. The transfer to accumulated surplus for General Revenue is between \$1,300 and \$18,800 in each year of the 2009-2013 Financial Plan.

**c) Desired Outcome:**

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

**d) Strategic Alignment:**

All departments updated their Business Plans which were prepared using the Business Planning Guidelines 12<sup>th</sup> Edition. These guidelines are reviewed and amended annually in consultation with Council. The Financial Plan reflects Council's Strategic Financial Sustainability Policies and Infrastructure Funding Strategy.

**e) 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 detailed in the above discussion.

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

The Financial Plan has been prepared in accordance with statutory requirements and Municipal financial policies. There are several relatively new 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. The attached bylaw includes this information.

In 2009 we will need to start accounting for our assets differently and as the accounting rules have changed with the introduction of accounting rules in PSAB 3150. The Annual Report will include expenses associated with amortization of our assets, similar to what one would see in any company's financial statements. A financial plan amendment will be required once we have amortization figures calculated.

Public consultation is an important and legislated component of preparing financial plans. The Business Planning Guidelines are updated in spring with an opportunity for the public to provide feedback. Public input during business planning this December was invited through advertisements in the local paper and on the corporate website. Input was accepted

through many different mediums including in person at the business planning presentations which were open to the public or through email or voicemail. A further opportunity existed for public comment on the Financial Plan Bylaw prior to adoption.

For the amendment to the Financial Plan an advertisement will be placed in the local paper once the bylaw receives first reading from Council. Public input into the financial plan and departmental business plans is incorporated indirectly through regular feedback and interaction with customers and the public as well as through the results of surveys.

**g) Alternatives:**

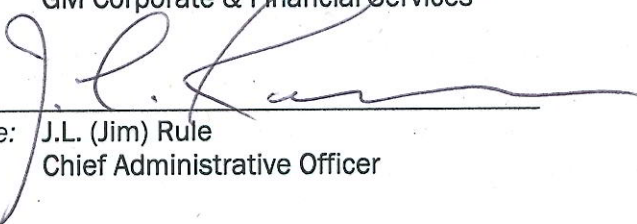
In the event that this bylaw is not adopted, the District is not authorized to make any expenditure other than those identified in the 2009-2013 Financial Plan Bylaw No. 6633-2008. This will require ensuring that departments curtail or delay expenditures and only proceed with capital projects that were identified in the previous financial plan.

**CONCLUSIONS:**

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

  
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GM Corporate & Financial Services

  
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Concurrence: J.L. (Jim) Rule  
Chief Administrative Officer

DISTRICT OF MAPLE RIDGE

BYLAW NO. 6662-2009

Maple Ridge Financial Plan Amending Bylaw No. 6662-2009

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**WHEREAS**, through a public process in an open meeting the business plans and resulting financial plan 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 District of Maple Ridge enacts as follows:

1. This Bylaw may be cited for all purposes as "Maple Ridge Amending Financial Plan Bylaw No. 6662-2009"
2. Statement 1, Statement 2 and Statement 3 attached to and forming part of Maple Ridge Financial Plan Bylaw 6633-2008 are deleted in their entirety and replaced by Statement 1, Statement 2 and Statement 3 attached and forming part of Maple Ridge Financial Plan Amending Bylaw No. 6662-2009.

READ a first time the        day of        , 2009.

READ a second time the        day of        , 2009.

READ a third time the        day of        , 2009.

PUBLIC CONSULTATION completed on the        day of        , 2009.

ADOPTED the        day of        , 2009.

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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 2009-2013  
(in thousands)

	2009	2010	2011	2012	2013
<b>REVENUES</b>					
External Revenues					
Development Fees					
Developer Cost Charges	\$27,481	\$10,439	\$5,757	\$7,843	\$8,513
Developer Specified Projects	\$0	\$0	\$0	\$0	\$0
Parkland Acquisition	\$186	\$200	\$200	\$200	\$200
Contributions from Others	\$6,613	\$3,802	\$8,889	\$10,775	\$4,241
Development Fees Total	\$34,280	\$14,441	\$14,846	\$18,818	\$12,954
Property Taxes	\$51,198	\$54,986	\$58,969	\$63,212	\$67,298
Parcel Charges	\$2,334	\$2,460	\$2,585	\$2,717	\$2,855
Fees & Charges	\$28,426	\$30,014	\$31,654	\$33,435	\$35,358
Interest	\$1,830	\$1,830	\$1,830	\$1,830	\$1,830
Grants (Other Govts)	\$20,700	\$10,987	\$11,942	\$2,379	\$2,741
Property Sales	\$0	\$0	\$0	\$0	\$0
Total External Revenues	\$138,768	\$114,718	\$121,826	\$122,391	\$123,036
<b>EXPENDITURES</b>					
External Expenditures					
Capital Expenditures	\$106,710	\$34,482	\$33,290	\$23,378	\$16,102
Interest Payments on Debt	\$4,419	\$4,659	\$4,722	\$4,580	\$4,480
Other Expenditures	\$76,126	\$76,325	\$80,874	\$84,626	\$88,190
Total External Expenditures	\$187,255	\$115,466	\$118,886	\$112,584	\$108,772
CHANGE IN NET FINANCIAL POSITION	(\$48,487)	(\$748)	\$2,940	\$9,807	\$14,264
<b>OTHER REVENUES</b>					
Borrowing Proceeds	\$30,056	\$2,750	\$5,250	\$0	\$0
<b>OTHER EXPENDITURES</b>					
Principal Payments on Debt	\$4,484	\$5,561	\$6,430	\$7,114	\$7,176
<b>TOTAL REVENUES LESS EXPENDITURES</b>	<b>(\$22,915)</b>	<b>(\$3,559)</b>	<b>\$1,760</b>	<b>\$2,693</b>	<b>\$7,088</b>
<b>INTERNAL TRANSFERS</b>					
Transfer from Reserve Funds					
Capital Works Reserve	\$5,289	\$2,210	\$1,057	\$1,102	\$1,045
Equipment Replacement Reserve	\$3,179	\$2,194	\$1,735	\$2,159	\$865
Fire Department Capital Reserve	\$4,471	\$1,054	\$0	\$950	\$0
Land Reserve	\$0	\$0	\$0	\$0	\$0
Local Improvement Reserve	\$0	\$0	\$0	\$0	\$0
Sanitary Sewer Reserve	\$252	\$0	\$0	\$0	\$0
Transfer from Reserve Fund Total	\$13,191	\$5,458	\$2,792	\$4,211	\$1,910
Less :Transfer to Reserve Funds					
Capital Works Reserve	\$870	\$969	\$906	\$970	\$1,250
Equipment Replacement Reserve	\$1,896	\$2,016	\$2,077	\$2,176	\$2,236
Fire Dept. Capital Aquisition	\$186	\$312	\$424	\$539	\$658
Land Reserve	\$20	\$20	\$20	\$20	\$20
Local Improvement Reserve	\$0	\$0	\$0	\$0	\$0
Sanitary Sewer Reserve	\$80	\$80	\$80	\$80	\$80
Total Transfer to Reserve Funds	\$3,052	\$3,397	\$3,507	\$3,785	\$4,244
Transfer from (to) Surplus - (Own Reserves)	\$10,429	(\$179)	(\$505)	(\$1,286)	(\$1,832)
Transfer from (to) Surplus - (Surplus)	\$2,347	\$1,677	(\$540)	(\$1,833)	(\$2,922)
<b>TOTAL INTERNAL TRANSFERS</b>	<b>\$22,915</b>	<b>\$3,559</b>	<b>(\$1,760)</b>	<b>(\$2,693)</b>	<b>(\$7,088)</b>

## Statement 2 Revenue and Property Tax Policy Disclosure

### Revenue Proportions

Statement 2  
Revenue and Property Tax Policy Disclosure

Revenue Proportions	2009		2010		2011		2012		2013	
	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%
<b>Revenues</b>										
Property Taxes	51,198	30%	54,986	47%	58,969	46%	63,212	52%	67,298	55%
Parcel Charges	2,334	1%	2,460	2%	2,585	2%	2,717	2%	2,855	2%
Fees & Charges	28,426	17%	30,014	26%	31,654	25%	33,435	27%	35,358	29%
Borrowing Proceeds	30,056	18%	2,750	2%	5,250	4%	-	0%	-	0%
Other Sources	56,810	34%	27,258	23%	28,618	23%	23,027	19%	17,525	14%
<b>Total Revenues</b>	<b>168,824</b>	<b>100%</b>	<b>117,468</b>	<b>100%</b>	<b>127,076</b>	<b>100%</b>	<b>122,391</b>	<b>100%</b>	<b>123,036</b>	<b>100%</b>
<b>Other Sources include:</b>										
Development Fees Total	34,280	20%	14,441	12%	14,846	12%	18,818	15%	12,954	11%
Interest	1,830	1%	1,830	2%	1,830	1%	1,830	1%	1,830	1%
Grants (Other Govts)	20,700	12%	10,987	9%	11,942	9%	2,379	2%	2,741	2%
Property Sales	-	0%	-	0%	-	0%	-	0%	-	0%
	56,810	34%	27,258	23%	28,618	23%	23,027	19%	17,525	14%

### Objectives & Policies

Property Tax Revenue is the District'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.

Business Planning Guidelines and the Financial Plan includes a 3% general tax increase, a 1% increase to fund replacement of existing infrastructure and an increase of \$600,000 plus growth since 2005, \$665,000 in 2009, to fund the Fire Department Master Plan implementation. For more information please refer to Business Planning Guidelines 12<sup>th</sup> Edition, Financial Sustainability Plan and the 2009-2013 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.

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

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

#### 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 licence fees and cemetery fees. A major amendment to the Development Costs Charges (DCC), recommended every 5 years, was completed in 2008. Minor DCC amendments are done more frequently. Some fees are 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 – Use debt 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. For information on borrowing approved in 2008 and proposed for 2009-2013 please see the 2009-2013 Financial Plan Overview report.

Other Sources, will vary greatly year to year as it includes

- Development fees, which is the funding for capital projects from the DCC Reserve,
- Contribution from others in relation to capital,
- Interest earned on funds invested in accordance with the Investment Policy
- Grants, which are sought from various agencies, and may be leveraged with District funds.

#### PROPERTY TAX DISCLOSURE

##### Property Tax Revenue Distribution

The change in distribution of tax revenue in a given year will be influenced by the amount of new construction in that property class. Historically in Maple Ridge residential growth has outpaced other classes. The tax rate is set by taking last years tax rate and dividing by the percentage change in market value of the class of properties and multiplied by the approved tax increase. Typically, the largest factor in changes to multiples is the difference in change in market values for properties in each class. The year is unique, the assessments have largely been frozen and Council did direct that the Major Industrial tax rate be reduced by 5% compared to the 2008.

Property Class	Taxation Revenue (\$'000s)		Assessed Value ('000s)		Tax Rate (\$/'1000)	Multiple (Rate/Res.Rate)
1 Residential	38,398	77.2%	10,755,860	92.28%	3.5699	1.00
2 Utility	407	0.8%	10,186	0.09%	40.0000	11.20
4 Major Industry	613	1.2%	16,923	0.15%	36.2044	10.14
5 Light Industry	1,590	3.2%	138,467	1.19%	11.7536	3.29
6 Business/Other	8,566	17.2%	725,633	6.23%	11.7536	3.29
8 Rec./ Non-Profit	30	0.1%	3,290	0.03%	9.1744	2.57
9 Farm	116	0.2%	5,062	0.04%	22.8773	6.41
	<u>49,720</u>		<u>11,655,421</u>			



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

### PROPERTY TAX DISCLOSURE

#### Objectives & Policies

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

The District's Financial Sustainability Policy section 6 discusses the necessity of diversifying the tax base. As development of employment related properties is one method of diversification, key performance measurement in Economic Development 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 keep 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 negatively correlated to market changes). 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. This is done as the types of businesses in each class of property are quite similar. This was achieved over a long period of time with small incremental adjustments. A review was done on the Major Industry Class rates and the recommendation from the Audit and Finance Committee and included in the financial plan is a reduction of 5% to support additional investments in the subject property and to keep rates competitive. The rates will be reviewed again next year.

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

#### Permissive Tax Exemptions

Council has set policies around the use of permissive tax exemptions. They are Council Policies 5.19 through 5.24. The 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

A revitalization tax exemption is available within a defined downtown area and provides a financial incentive to encourage higher density development (five stories or higher). A further financial incentive is available if the building meets specified environmental considerations. Further information is available in Bylaw 6412-2006.

### Statement 3 Capital Expenditure Disclosure

The sole purpose of this statement is to meet legislative requirements, highlighting the value of the DCC program; no other conclusions should be drawn from the figures as the information could be misleading. This 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 2026 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 2014 through 2026. Projects in these years typically exceed likely funding available.

#### Capital Works Program for 2014 - 2026 (in thousands)

<b>Capital Work Program</b>	<b>363,433</b>
 <b>Sources of Funding</b>	
Development Fees	
Development Cost Charges	151,539
Parkland Acquisition Reserve	200
Contributions From Others	4,791
Development Fees Total	156,530
 Borrowing Proceeds	 11,959
Grants	35,588
 Transfer from Reserve Funds	
Capital Works Reserves	16,693
Equipment Replacement Reserve	-
Fire Department Capital Reserve	2,350
Transfer from Reserve Funds Total	19,043
 Revenue Funds	 140,313
 <b>Sources of Funding Total</b>	 <b>363,433</b>