



## City of Maple Ridge

**TO:** Her Worship Mayor Nicole Read and Members of Council      **MEETING DATE:** April 24, 2017  
**FROM:** Chief Administrative Officer      **MEETING:** Committee of the Whole  
**SUBJECT:** 2017-2021 Financial Plan Amending Bylaw

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### **EXECUTIVE SUMMARY:**

Prior to setting the 2017 property tax rates, it is desirable to update our financial plan to reflect information received since the plan's adoption in January. The 2017 property assessment roll has been received from BC Assessment, which means that the 2017 property taxes can now be set.

The Property Tax Rates Bylaw must be adopted each year prior to May 15. The Financial Plan Amending Bylaw and 2017 Property Taxes Bylaw will require three readings on the Council Meeting on April 25 and final consideration on May 9.

The majority of the updates to the Financial Plan are the inclusion of previously approved projects and associated funding that were not completed by year end. It also reflects \$3.2 million in grants received from the New Building Canada and Clean Water and Wastewater Funds. Changes to the budget made through Council Resolutions are itemized later in this report.

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

**That Maple Ridge 2017-2021 Financial Plan Amending Bylaw No. 7317 - 2017 be given first, second and third readings.**

## **DISCUSSION:**

### **a) Background Context**

The 2017-2021 Business Plans and an overview of the financial plan were presented to Council at public meetings in December of 2016. Business Plans from all areas including the Capital Program and the 2017-2021 Financial Overview Report were provided and a Financial Plan Bylaw was adopted in January. The business plans, reports, presentations and Financial Plan Bylaw are available on our website.

### **b) Business Plan / Financial Implications**

The financial plan is amended as follows:

1. The real growth in 2017 property tax revenue was 2.53%. Half a percent of this revenue is from incentive program exemptions expiring, which Council has committed to fund infrastructure replacement.

The remaining 2.03% is slightly higher than the 2.0% estimated in the previous financial plan.

2. As in past years and as reported to Council in the year end update, total funding of \$99,548,000 has been provided for capital and operating projects that were budgeted in the prior year but were not completed.
3. \$2.3 million in grant funding received from the New Building Canada Fund for the Downtown Core Road and Utility Rehabilitation (Lougheed 224 – 226).
4. \$924,000 in grant funding received from the Clean Water and Wastewater Fund for 225<sup>th</sup> St pump station upgrades
5. Council approved an additional \$270,000 from the Sewer Fund for the replacement of sewer infrastructure servicing the Albion Industrial Area and southern Albion residential area.
6. As noted in the Preliminary 2016 Year-End Update presentation made to the Audit & Finance Committee, \$43,000 from Gaming funds has been allocated to the Community-to- Community Program.
7. Other cost updates for existing items resulted in some cost savings. These include employee benefits and removal of the inflation contingency for 2017.
8. The transfer to General Revenue Accumulated Surplus for 2017 is \$208,000. It is \$73,000 and \$12,000 for the following two years.

### **c) Desired Outcome**

A financial plan that accurately reflects the planned expenditures and methods of funding and is consistent with Council's direction.

### **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.

Public consultation is an important component of preparing the financial plan. Public input during business planning this December was invited through advertisements in the local paper and through online methods. Input was accepted through many different mediums including: in

person, email, voicemail, Facebook, Twitter and regular mail. Regular feedback and interactions with the public and people who we serve is also taken into account in developing the business plans.

For this amendment to the Financial Plan, as there is very little new information and few decisions being made, public consultation will consist of an advertisement placed in the local paper.

**CONCLUSIONS:**

The Financial Plan is a multi-year planning, reviewing and reporting tool that represents Council's commitment to providing quality services to the people 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.

"Original signed by C.K. Lee"

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**Prepared by: C.K. Lee, Financial Analyst**

"Original signed by Trevor Thompson"

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**Approved by: Trevor Thompson, Manager of Financial Planning**

"Original signed by Paul Gill"

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**Approved by: Paul Gill, General Manager  
Corporate and Financial Services**

"Original signed by Frank Quinn"

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**Approved by: Frank Quinn, General Manager,  
Public Works & Development**

"Original signed by Kelly Swift"

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**Approved by: Kelly Swift, General Manager,  
Parks, Recreation & Cultural Services**

"Original signed by E.C. Swabey"

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**Approved by: E.C. Swabey  
Chief Administrative Officer**

**CITY OF MAPLE RIDGE**

**BYLAW NO. 7317-2017**

A bylaw to amend Maple Ridge 2017-2021 Financial Plan Bylaw No. 7300-2016

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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 be 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 2017-2021 Financial Plan Amending Bylaw No. 7317-2017”.
2. Statement 1, Statement 2 and Statement 3 attached to and forming part of Maple Ridge 2017-2021 Financial Plan Bylaw 7300-2016 are deleted in their entirety and replaced by Statement 1, Statement 2 and Statement 3 attached and forming part of Maple Ridge 2017-2021 Financial Plan Amending Bylaw No. 7317-2017.

**READ** a first time the                      day of                      , 2017.

**READ** a second time the                      day of                      , 2017.

**READ** a third time the                      day of                      , 2017.

**PUBLIC CONSULTATION** completed on the                      day of                      , 2017.

**ADOPTED** the                      day of                      , 2017.

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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 2017-2021 (in \$ thousands)

	2017	2018	2019	2020	2021
<b>REVENUES</b>					
Revenues					
Development Fees					
Developer Contributed Assets	20,000	20,000	20,000	20,000	20,000
Developer Cost Charges	44,791	1,189	5,703	8,906	7,447
Developer Specified Projects	-	-	-	-	-
Parkland Acquisition	412	200	200	200	200
Contributions from Others	2,379	1,338	1,307	1,329	1,321
Development Fees Total	67,582	22,727	27,210	30,435	28,968
Property Taxes	78,613	82,646	86,855	91,287	95,955
Parcel Charges	3,012	3,085	3,181	3,282	3,385
Fees & Charges	40,290	41,851	43,471	45,056	46,727
Interest	1,898	1,913	1,928	1,943	1,958
Grants (Other Govts)	8,518	5,669	3,709	4,168	4,379
Property Sales	1,500	1,500	1,500	1,500	1,000
Total Revenues	201,413	159,391	167,854	177,671	182,372
<b>EXPENDITURES</b>					
Operating Expenditures					
Interest Payments on Debt	2,006	1,940	1,815	1,687	1,554
Amortization Expense	19,780	19,780	19,780	19,780	19,780
Other Expenditures	111,180	106,341	109,958	113,625	117,380
Total Expenditures	132,966	128,061	131,553	135,092	138,714
<b>ANNUAL SURPLUS</b>	<b>68,447</b>	<b>31,330</b>	<b>36,301</b>	<b>42,579</b>	<b>43,658</b>
Add Back: Amortization Expense (Surplus)	19,780	19,780	19,780	19,780	19,780
Less: Capital Expenditures	125,897	29,701	24,659	26,320	23,530
Less: Developer Contributed Capital	20,000	20,000	20,000	20,000	20,000
<b>CHANGE IN FINANCIAL POSITION</b>	<b>(57,670)</b>	<b>1,409</b>	<b>11,422</b>	<b>16,039</b>	<b>19,908</b>
<b>OTHER REVENUES</b>					
Add: Borrowing Proceeds	13,046	7,000	-	-	-
<b>OTHER EXPENDITURES</b>					
Less: Principal Payments on Debt	3,705	3,723	3,804	3,886	3,973
<b>TOTAL REVENUES LESS EXPENDITURES</b>	<b>(48,329)</b>	<b>4,686</b>	<b>7,618</b>	<b>12,153</b>	<b>15,935</b>
<b>INTERNAL TRANSFERS</b>					
Transfer from Reserve Funds					
Capital Works Reserve	13,739	150	150	150	150
Equipment Replacement Reserve	7,505	3,921	2,307	1,671	1,603
Fire Department Capital Reserve	2,821	-	-	-	-
Land Reserve	-	-	-	-	-
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	-	-	-	-	-
Transfer from Reserve Fund Total	24,065	4,071	2,457	1,821	1,753
Less :Transfer to Reserve Funds					
Capital Works Reserve	1,919	3,369	3,808	2,797	3,632
Equipment Replacement Reserve	2,761	2,894	3,029	3,193	3,359
Fire Dept. Capital Acquisition	784	863	993	1,129	1,269
Land Reserve	5	5	5	5	5
Local Improvement Reserve	-	-	-	-	-
Sanitary Sewer Reserve	30	30	30	30	30
Total Transfer to Reserve Funds	5,499	7,161	7,865	7,154	8,295
Transfer from (to) Own Reserves	30,699	(343)	(865)	(1,393)	(1,200)
Transfer from (to) Surplus	(936)	(1,253)	(1,345)	(5,427)	(8,193)
Transfer from (to) Surplus & own Reserves	29,763	(1,596)	(2,210)	(6,820)	(9,393)
<b>TOTAL INTERNAL TRANSFERS</b>	<b>48,329</b>	<b>(4,686)</b>	<b>(7,618)</b>	<b>(12,153)</b>	<b>(15,935)</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	2017		2018		2019		2020		2021	
	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%
<b>Revenues</b>										
Property Taxes	78,613	36.7	82,646	49.7	86,855	51.7	91,287	51.4	95,955	52.6
Parcel Charges	3,012	1.4	3,085	1.9	3,181	1.9	3,282	1.8	3,385	1.9
Fees & Charges	40,290	18.8	41,851	25.2	43,471	25.9	45,056	25.4	46,727	25.6
Borrowing Proceeds	13,046	6.1	7,000	4.2	-	-	-	-	-	-
Other Sources	79,498	37.1	31,809	19.1	34,347	20.5	38,046	21.4	36,305	19.9
<b>Total Revenues</b>	<b>214,459</b>	<b>100</b>	<b>166,391</b>	<b>100</b>	<b>167,854</b>	<b>100</b>	<b>177,671</b>	<b>100</b>	<b>182,372</b>	<b>100</b>
Other Sources include:										
Development Fees Total	67,582	31.5	22,727	13.7	27,210	16.2	30,435	17.1	28,968	15.9
Interest	1,898	0.9	1,913	1.1	1,928	1.1	1,943	1.1	1,958	1.1
Grants (Other Govts)	8,518	4.0	5,669	3.4	3,709	2.2	4,168	2.3	4,379	2.4
Property Sales	1,500	0.7	1,500	0.9	1,500	0.9	1,500	0.8	1,000	0.5
	79,498	37.1	31,809	19.1	34,347	20.5	38,046	21.4	36,305	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:

	2017	2018	2019	2020	2021
General Purpose	1.90%	1.90%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	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>3.25%</b>	<b>3.25%</b>	<b>3.25%</b>

Additional information on the tax increases and the cost drivers can be found in the 2017-2021 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 are comprised 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

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 when it makes sense, and with caution 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 previously approved borrowing 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

#### Property Tax Revenue Distribution

Property Class	Taxation Revenue		Assessed Value		Tax Rate	Multiple
	('000s)		('000s)		(\$/1000)	(Rate/Res.Rate)
1 Residential	59,827	78.4%	17,905,528	92.6%	3.3412	1.0
2 Utility	570	0.8%	14,247	0.1%	40.0000	12.0
4 Major Industry	610	0.8%	23,311	0.1%	26.1634	7.8
5 Light Industry	2,852	3.7%	260,886	1.4%	10.9322	3.3
6 Business/Other	12,256	16.1%	1,121,144	5.8%	10.9322	3.3
8 Rec./ Non-Profit	47	0.1%	3,484	0.0%	13.5955	4.1
9 Farm	158	0.2%	4,643	0.0%	34.0412	10.2
Total	<u>76,320</u>	<u>100%</u>	<u>19,333,243</u>	<u>100%</u>		

## 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. In 2014 and 2015, property taxes charged to major industrial class properties were reduced by \$70,000 in each year.

In reviewing tax rates to ensure competitiveness, absolute rates, tax multiples and overall tax burden are considered. The impact that assessed values have when comparing to 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.

##### Employment Land Investment Incentive 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 misconstrued. This disclosure is required under the Local Government Act s. 560 (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 2022 through 2035. Projects in these years typically exceed likely funding available.

### Capital Works Program for 2022 – 2035

(in \$ thousands)

<b>Capital Works Program</b>	<b>340,303</b>
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#### Source of Funding

##### Development Fees

Development Cost Charges	152,807
Parkland Acquisition Reserve	-
Contribution from Others	3,304
	156,111

##### Borrowing Proceeds

Grants	40,130
Transfer from Reserve Funds	18,675
Revenue Funds	125,386
	184,192

	<b>340,303</b>
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