



Financial Overview Report

Financial Plan
2020-2024

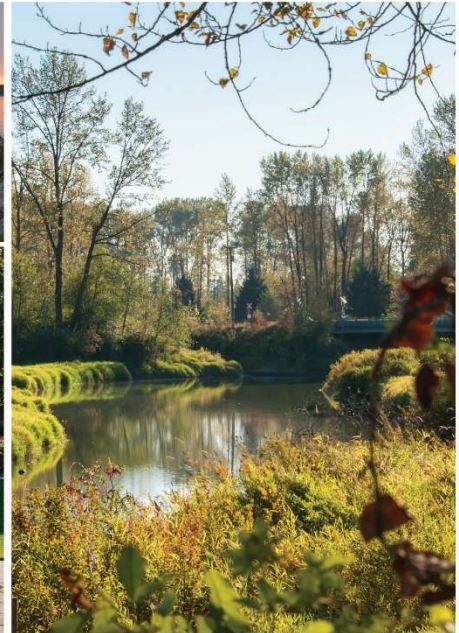


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Opening Remarks

The Financial Plan for the City of Maple Ridge outlines the services provided by the City and the financial implications thereof. This document provides an overview of the 2020 - 2024 Financial Plan.

The City’s Financial Plan, more commonly known as the “Budget”, is the outcome of a robust business planning process that sees each department develop a business plan aligned with Council’s strategic direction.

A key part of that business planning process includes presentations to Council. The annual process is adapted each year to fit the circumstances. Typically, later in a Council’s mandate the presentations are shorter as Council is more familiar with the City’s operations.

The Financial Plan Bylaw is considered by Council following the business planning process. Council can amend this bylaw at any time and typically does each year, prior to adopting the Property Tax Rates Bylaw, in early May.

In the interest of transparency and accountability, all of the budget deliberations and business plan presentations occur at meetings open to the public and are live streamed.

This report begins with a discussion of the legislative framework that we operate in, as well as the process that we go through in developing the Financial Plan. It then addresses the key cost drivers and financial strategies that are built into the plan. The impact of the Financial Plan to the average home is also highlighted.

While this report is prepared by the Finance Department, it would not have been possible without the direction of City Council, Administration and the support of all other departments.

Introduction

At the end of the day, budgeting is a balancing act between what the City would like to do and what it can afford. The decisions that are made are not just about the numbers; they affect the programs and services that we depend on every day for our quality of life. In developing the Financial Plan, priorities are reevaluated and new ones are introduced.

5-Year Financial Plan

The current business & financial planning process has been developed over many years. It is considered a best practice amongst local government organizations and it is refined each year.

It begins with direction from Council which is set early in the planning cycle. This is typically done through Council approval of Business Planning and Financial Planning Guidelines. These guidelines were adopted by Council on June 25, 2019.

As required by section 165 of the Community Charter, our Financial Plan covers a time frame of five years, the year for which it is specified to come into force and the following four years. Provincial legislation requires the Financial Plan Bylaw be adopted annually.

Council can amend the Financial Plan Bylaw any time. It is routinely updated in April or May just prior to the annual Property Tax Rates Bylaw, which must be adopted before May 15.

The content of the Financial Plan bylaw is prescribed by both the Community Charter and the Local Government Act. The bylaw itself does not provide the typical reader with sufficient information. That is why we produce this report and provide detailed budgets for each service area as part of the departmental Business Plans.

Balanced Budget – Can't Run Deficits

The Community Charter specifies that all proposed expenditures and transfers to reserves must not exceed the total of proposed funding sources and transfers from reserves. Simply put, this means that unlike other levels of government, we are not allowed to run a deficit. If we want to spend money, we must identify where that money is coming from.

Financial Planning vs Financial Reporting

The City produces two main financial documents: the Financial Plan and the Financial Statements. Each has very different objectives that it is important to be aware of. The Financial Plan is a forward looking document, covering a five-year time frame and setting out what the City plans to do and how it plans to pay for it. In accounting terms, the Financial Plan is prepared on a “cash” basis. In contrast, the Financial Statements are a retrospective document showing the financial condition of the City as at December 31 of each year. The Financial Statements are prepared on an “accrual” basis, according to accounting guidelines set by the Public Sector Accounting Board. It is important for the reader to keep these differences in mind when reading each of the documents.

Open & Transparent Budget Deliberations

Section 166 of the Community Charter requires Council to undertake a process of public consultation before adopting the Financial Plan, but does not prescribe how to accomplish that. It is possible to meet the legislated requirement through a simple advertisement in the local newspaper inviting comment.

The City is committed to an open and transparent process, and offers opportunities for citizens and stakeholders to contribute. We have a dedicated email: budget@mapleridge.ca and phone line 604-467-7484, and Council's budget deliberations are open to the public. Public feedback is welcome throughout the year, regardless of the business planning stage Council and staff are engaged in.

Public and user feedback is sought as part of delivering services and our regular course of business.

How Have We Been Doing in Relation to Our Budget This Year?

2019 Financial Performance

As we begin to look forward to the 2020-2024 Financial Plan, it is useful to take a look at how the current year is shaping up. The focus of this discussion is the General Revenue Fund, as this is where Council has the most discretion. The transactions in this fund drive property tax rates.

Building permit revenue is a significant item in our Financial Plan. Since 2013 building permit revenues have consistently exceeded Financial Plan targets, but past experience shows, they can be quite variable. To manage this variability, the City uses its financial sustainability policies, conservative budgeting and a practice of planning for the bad times during the good. Temporary shortfalls in revenue can be managed through the Building Inspection Reserve; the current balance in the reserve is \$3.44 million. For 2019, annual building permit revenues will exceed our Financial Plan target of \$2.58 million.

Historical Building Permit Revenue

2014	\$2.03 million
2015	\$3.03 million
2016	\$3.44 million
2017	\$2.81 million
2018	\$2.77 million

*As you can see it is hard to predict revenue.
We don't lock ourselves into
expenditures at a high level.*

In 2010, the City began receiving revenues from the local gaming facility. Gaming revenues for 2019 to the end of August total just over \$831,000 and by the end of the year will exceed our Financial Plan target of \$1.5 million. Monies received from this source are allocated in line with Council's policy. There is some risk in relying on gaming revenues for ongoing operational costs, which is why Council adopted a policy framework to guide their use.

Results to the end of August indicate a General Revenue surplus at year-end. Overall cost containment by departments is a key contributing factor. Some departments will be under budget at the end of the year due to timing issues related to ongoing projects; these amounts will be transferred to reserves as part of our year-end processes to allow work to continue in 2020.

Other trends that we are seeing:

Revenues:

Investment income in the General Revenue Fund will exceed Financial Plan targets in 2019. At the end of August, investment income is \$2.0 million against an annual budget of \$1.56 million.

The Financial Plan included revenues of \$1.8 million from the commercial section of the office tower. Projections indicate this target will be met.

A phased land sale in the town centre was completed for \$4.0 million. As previously approved in past Financial Plans, proceeds received from the sale of these properties were directed to funding of the Karina Leblanc and Arthur Peake synthetic fields.

Expenses:

Overall, expenses are expected to come in within budget as a combined result of continued cost containment and timing variations in the completion of various studies and projects. The following highlights some significant cost centres:

The RCMP contract cost will likely come in under Financial Plan targets. In line with past practice, a portion of the savings will be transferred to the Police Services Reserve.

Fire Department costs are expected to be within the annual budget envelope as a result of careful cost containment. Borrowing for Fire Hall No. 4 will not be required this year resulting in savings on principal & interest of \$800,000. Funding for this comes from the Fire Department Capital Acquisition Reserve and the monies will remain in the reserve until needed.

General government costs are expected to be under budget at the end of the year. Some of this relates to the timing of various studies and projects. These savings will be transferred to reserves at the end of the year so that the funds are available when required. These savings do not flow to the bottom line.

Costs for Parks, Recreation & Culture will be under financial plan targets as a result of savings in interest costs of \$832,500 related to borrowing that will not be required this year. These savings will remain in Reserves and used to fund the investments in Parks, Recreation and Culture infrastructure previously approved. Salaries will also be under target due to the delay in completion of the leisure pool into early 2020.

For the past 3 years, costs for snow and ice control have been increasing. At the end of August 2019 costs exceed the annual budget and are expected to increase in the lead up to winter. At this time the general revenue impact of this is approximately \$55,000. The Snow Removal Reserve is available to help offset the impact of higher than expected costs. The balance in the reserve is \$850,000.

Any unspent portion of budgets in capital projects funded through General Revenue that are still in progress at the end of the year will be transferred to reserves to make the funding available as work on the projects continues in 2020.

The above summary is based on results to the end of August and points to a General Revenue surplus for 2019.

Property Tax Increases

On June 25, 2019 Council approved the Business & Financial Planning Guideline 2020 – 2024. These recommendations are consistent with those guidelines.

Municipal Property Tax & User Fee Increases	Actual				Adopted				
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Property Tax increases									
General Purpose	2.10%	1.90%	1.53%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.90%	0.90%	1.00%
Parks and Recreation	0.25%	0.25%	0.45%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.10%	0.10%	0.00%
Total Property Tax Increase	3.15%	3.15%	2.98%	3.50%	3.60%	3.60%	3.60%	3.60%	3.60%
User Fee Increases									
Recycling	0.00%	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Water	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer*	3.22%	3.24%	3.25%	7.70%	7.75%	7.80%	7.86%	7.91%	7.94%
Total Municipal Property Tax & User Fee Increases	3.33%	3.39%	3.32%	4.21%	4.27%	4.30%	4.32%	4.35%	4.37%

* This percentage increase is less than the user fee increases in the Financial Plan Guidelines due to a \$35 sewer parcel charge that remains unchanged.

Note: The average home was assessed at \$744,363 in 2019. The average composite home represents the value of all single family and multi-family homes

The increase in property taxes to existing properties on average is 3.6%. Of note, 2.0% is for General Purposes. The components of the property tax increase are described in more detail on the following pages of this report.

Some additional history on our tax experience is shown in the table that follows. The General Purpose tax increase continues to remain at historically low levels. An explanation of each component of the proposed increase is also provided.

FINANCIAL PLAN OVERVIEW

Property Tax Increases

	General Purpose	Infra-structure	Drainage	Parks & Rec.	Fire Levy	Town Centre	Total Increase
2024	2.00%	1.00%	0.00%	0.60%			3.60%
2023	2.00%	0.90%	0.10%	0.60%			3.60%
2022	2.00%	0.90%	0.10%	0.60%			3.60%
2021	2.00%	0.70%	0.30%	0.60%			3.60%
2020	2.00%	0.70%	0.30%	0.60%			3.60%
2019	1.90%	0.70%	0.30%	0.60%			3.50%
2018	1.53%	0.70%	0.30%	0.45%			2.98%
2017	1.90%	0.70%	0.30%	0.25%			3.15%
2016	2.10%	0.50%	0.30%	0.25%			3.15%
2015	1.92%	0.50%	0.30%	0.25%			2.97%
2014	1.90%	0.50%	0.30%	0.25%	Inc. in GP		2.95%
2013	2.25%	0.50%	0.30%	0.13%	300,000		3.51%
2012	3.00%	1.00%			600,000		4.88%
2011	3.00%	1.00%			600,000		4.99%
2010	3.00%	1.00%			600,000		5.13%
2009	3.00%	1.00%			600,000		5.18%
2008	3.00%	1.00%			600,000		5.31%
2007	3.75%				600,000	1.00%	6.18%
2006	3.75%				600,000	1.00%	6.37%
2005	3.00%				600,000	1.00%	5.77%
2004	3.00%					1.00%	4.00%
2003	3.00%					1.00%	4.00%

General Purpose Increase: this increase covers the cost of existing services. The cost implications of collective agreements and other contracts are provided for.

Infrastructure Sustainability: this increase goes towards the rehabilitation and replacement of our existing assets, valued at \$1.5 billion, and is discussed in detail later in the report under the Capital Program.

Parks and Recreation Improvement: this increase goes towards improvements in Parks, Recreation & Cultural Services. This increase funds the operating and debt serving costs of additional Parks & Recreation amenities. The funding of these projects is also reliant on development revenues.

Drainage Levy: this portion of the increase goes towards storm water management.

Water Levy: this portion of the increase goes towards the cost of water services, including those services provided by Metro Vancouver. An increase of 4.50% is planned for each year of the Financial Plan.

Sewer Levy: this portion of the increase goes towards the cost of sanitary sewer services, including those services provided by Metro Vancouver. An increase of 8.50% is planned for each year of the Financial Plan, due to rate increases that average over 10% from Metro Vancouver to fund significant capital investments required to treat the region’s wastewater.

Recycling Services: this portion of the increase goes towards operating the recycling depot as well as for the blue box service. An increase of 2.75% is planned each year of the Financial Plan.

With this understanding of Council’s approved property tax increases, we turn our minds to a conceptual overview of the budget.

Where Does The Money Come From and Where Does It Go?

Conceptual Overview

From time to time, we hear from citizens asking why a tax increase is required when there is additional money coming into the City from new construction. This section of the report provides a conceptual overview of where the City's money comes from and where it goes.

New Revenue

The following chart shows the revenue coming into the City. We begin with the taxes that were collected last year and adjust it for the taxes coming in from new construction. The new construction represents the value that was not taxed previously and we refer to the additional tax revenue as Growth Revenue.

To this subtotal, we add the additional revenue requirements approved by Council that were discussed on the previous page. These include:

- The General Purpose component of the increase is what is used to cover the cost increases of existing services (i.e. inflation).

- Infrastructure replacement funding refers to the amount that will be invested in the rehabilitation and replacement of our existing assets.
- The increase for Parks, Recreation & Culture provides the financial capacity to implement the recommendations of the Parks & Recreation Masterplan.
- The Drainage amount is designed to provide increased funding for drainage works throughout the City.

As well, there are tax adjustments that have to be provided for as a result of assessment appeals and provincial rules around the tax rate applied to the Utilities Class. Projected revenue increases are also included. An additional \$4.9 Million in revenue is expected to accrue to the City in 2020.

Conceptual Overview of New Revenue

Item (\$ in thousands)	2020	2021	2022	2023	2024
Previous Year's Taxation	84,600	89,205	94,020	99,050	104,355
Growth Rate	1.85%	1.80%	1.75%	1.75%	1.75%
Growth Revenue	1,565	1,605	1,645	1,735	1,825
Previous Year's Taxation + Growth	86,165	90,810	95,665	100,785	106,180
Property Tax Increases:					
General Purpose	2.00%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.90%	0.90%	1.00%
Parks & Recreation Improvements	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage Improvements	0.30%	0.30%	0.10%	0.10%	0.00%
Total Property Tax Increase	3.60%	3.60%	3.60%	3.60%	3.60%
Property Tax Increase	3,100	3,270	3,445	3,630	3,820
Utility Class Cap. & Sup. Adj. Contingency	(60)	(60)	(60)	(60)	(60)
Additional Property Taxes vs. Prior Year	4,605	4,815	5,030	5,305	5,585
Next Year's Taxation Base	89,205	94,020	99,050	104,355	109,940
Investment Income	165	15	15	15	15
Increases in Other Revenue	138	72	72	68	79
Increase in General Revenue	4,908	4,902	5,117	5,388	5,679

*When Costs Go Up as a Result of Inflation,
Increases Must be Covered Within This Line*

Where Does the Money Come From and Where Does it Go?

Where Does the Money Come From and Where Does it Go?

Transfers

The previous section discussed the additional money coming into the City from tax increases, fees and charges, as well as new construction. Now we turn our minds to the demands against that money.

Reserves are an important part of our Financial Plan. The Contributions to Reserves are referred to as Transfers and our Financial Plan relies on Reserves to meet major expenditures. For example, rather than having to provide full funding

in the year that we need to replace a fire truck, we try to set aside a smaller amount each year over the useful life of the vehicle. This is done by putting money aside each year in what we call the Equipment Replacement Reserve.

We keep a close eye on these reserves to make sure that they are able to meet their obligations. Annual adjustments are made to the contributions to these reserves as required, and the table below shows the adjustments included in this Financial Plan. A more complete discussion on our reserves is included beginning on page 26 of this report.

Conceptual Overview of Changes to Transfers

Item (\$ in thousands)	2020	2021	2022	2023	2024
Additional General Revenue available	4,908	4,902	5,117	5,388	5,679
Transfers to Reserves:					
Capital Works Reserve	(130)	(50)	(50)	(50)	(55)
Capital Works Reserve Remove 2019 Adjustment	(350)				
Fire Department Capital	(120)	(120)	(125)	(135)	(140)
Parks & Recreation Improvements	(515)	(545)	(575)	(605)	(635)
Parks & Rec Improvements Funding Leisure Centre	320	10	10	10	10
General Revenue Funded Capital (net CWR tftrs)	(185)	(205)	(200)	(210)	(220)
Available after transfers	3,928	3,992	4,177	4,398	4,639

*We Use Reserves to Provide Long-Term
Financial Stability*

Expenditures

After we have adjusted for the reserve transfers, we must provide for expected cost increases. Many of these cost increases are the result of contractual commitments. An item worth highlighting is the costs associated with labour.

Keep in mind that this table is the additional funding required above the previous year. For instance in the Fire Department, the 2020 costs are increasing by \$260,000 and are increasing by a further \$295,000 in 2021.

funding these items as they are the result of existing contracts (labour agreements, RCMP and Fraser Valley Regional Library are some examples).

After providing for the expenditure changes described on the following page, the General Revenue Surplus is \$473,000.

As already mentioned, we have little discretion in

Conceptual Overview of Expenditure Changes

Item (\$ in thousands)	2020	2021	2022	2023	2024
Available after transfers	3,928	3,992	4,177	4,398	4,639
Increase in Expenditures:					
Labour (excluding Fire Protection)	(765)	(870)	(905)	(930)	(905)
Equipment (excluding Fire & Police)	(60)	(50)	(50)	(50)	(50)
Fire Department	(260)	(295)	(320)	(340)	(330)
Additional Firefighters	(135)	(135)	(135)	-	-
Policing Contracts (RCMP, ITEAMS, ECOMM)	(710)	(750)	(860)	(875)	(915)
Contracts (SPCA, Library, Arts)	(115)	(115)	(120)	(125)	(130)
Ridge Meadows Seniors Society Strata Fees	(40)	-	-	-	-
Inflation Allowance	(55)	(270)	(275)	(280)	(285)
Infrastructure Replacement	(605)	(635)	(860)	(905)	(1,060)
Drainage Levy Related Capital Projects	(260)	(270)	(95)	(100)	-
Growth Costs	(415)	(415)	(415)	(415)	(415)
Streetlights	(20)	(20)	(20)	(20)	(20)
Arenas Contract (CPI adjustment)	-	-	-	-	(150)
HR WCB COR Audit Program Net and Retention	25	-	-	(80)	-
Software Maintenance	(90)	(35)	(35)	(35)	(35)
Available after expenditures	423	132	87	243	344
Surplus from prior year	67	473	565	620	827
Other Adjustments & Rounding	(17)	(40)	(31)	(37)	(56)
General Revenue Surplus	473	565	620	827	1,115

*There are a number of contracts already in place.
There is little discretion in funding these commitments.*

Where Does the Money Come From and Where Does it Go?

Some of the Larger Expenditures are Discussed Below:

Labour: This line reflects the financial impact of wage and benefit cost increases.

Fire Department: The evolution of our Fire Department to include full time paid responders took place over many years. The last significant funding increase was in 2013. Starting in 2020 we are starting to provide for phased growth to hire additional firefighters.

Policing: This line includes the cost for contracts associated with Police Services including RCMP, centralized dispatch services and regional initiatives such as an Integrated Homicide Team, an Emergency Response Team, Forensic Identification, a Dog Unit and a Traffic Reconstruction Unit. While the timing may be adjusted, funding for an additional 1.5 police member is included each year.

Library: We are part of a regional library system and so our costs are affected by a number of factors, including changes in relative service levels. For instance, if one member opens up a new library, some of the costs are direct costs to the member while other costs are shared by the entire system. The cost of the contracted service with the Fraser Valley Regional Library is expected to increase by about \$85,000.

Infrastructure Replacement: In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The annual increase for the years 2013 – 2016 was reduced to 0.5% though this amount was supplemented by committing a portion of gaming revenues and growth in property taxes. Starting in 2017, the annual tax increase for infrastructure was increased to 0.7%. This Financial Plan includes a 0.7% increase in 2020 and 2021, 0.9% in 2022 and 2023, and 1.0% in 2024.

Additional discussion on infrastructure replacement is included on page 29.

Inflation Allowance: The inflation allowance covers over 1,000 items, amounting to almost \$10 million in materials and services, for which increases are not specifically built into departmental budgets. An allowance of 2% per year for 2020 – 2024 is included in fiscal services to cover inflationary cost increases. The inflation allowance for 2020 has been reduced.

Budget Allocations for Growth: A portion of the additional revenue associated with new development or growth is used to fund existing costs, the remainder is allocated as follows:

Item (\$ in thousands)	2020	2021	2022	2023	2024
General Revenue Fund					
Fire Dept. Equipment Mtce. & Capital	50	50	50	50	50
Operations Department	65	65	65	65	65
Parks Maintenance	65	65	65	65	65
Administration and Corporate Services	65	65	65	65	65
Software Maintenance	40	40	40	40	40
Planning and Development	33	33	33	33	33
Engineering Services	33	33	33	33	33
Parks, Recreation & Culture (PRC)	65	65	65	65	65
General Revenue Total	415	415	415	415	415
Water Revenue Fund - Maintenance	60	60	60	60	60
Sewer Revenue Fund - Maintenance	50	50	50	50	50

It should be noted that this allocation is subject to meeting the growth revenue projections.

One question that we are often asked is “*Why do the City's costs increase so much more than inflation?*” In asking this question people are often referring to the Consumer Price Index (CPI), which has been around 2% for some time. The short answer is that CPI refers to the price change of a basket of goods that includes things like groceries. The purchases that the City makes are very different than those purchases that are included in the CPI basket.

FINANCIAL OVERVIEW REPORT

Changes to Previous Operating Budget

The next section outlines the changes to this Financial Plan from the one that covered the years 2020-2024. If we plan properly there should be few changes from one Financial Plan to the next.

Our last Financial Plan showed a surplus of \$108,000 for 2020. After the changes the surplus is \$473,000. Here is a summary of the changes that have been made:

1. The majority of the inflation contingency for 2020 has been removed.
2. The Cottonwood Landfill closure program is being funded from a liability set up to recognize the future expenses.
3. Ridge Meadows Seniors Society Strata fees are paid by the City. This was a stipulation in the revised contract approved in 2018.
4. The UBCM announced the termination of their management of the Municipal Plate program at the end of 2019. Commercial Plates will no longer be issued through Cities and the UBCM.
5. Microsoft licencing fees have increased significantly in 2020. The inflation amounts were not adequate to cover this increase.
6. Fee and Permit Revenues are assumed to inflate (rate increase) by 2% per year.
7. The Arenas Contract includes a provision to increase equal to the change in the CPI every 5 years, the next adjustment is in 2024.
8. The WCB core audit has been extended by 3 years resulting in a premium rebate with a net positive impact of \$80,000.

General Revenue Fund (GRF) Reconciliation of 2020-2024 Financial Plan

(\$ in thousands)	2020	2021	2022	2023	2024
May Adopted Financial Plan 2019-2023					
General Revenue Fund (GRF) Surplus	108	156	171	402	820
Changes					
Inflation	182	165	167	175	155
Labour	(10)	(13)	(18)	(21)	(25)
Cottonwood Landfill Closure Program	200	200	200	200	200
Ridge Meadows Seniors Society Strata Fees	(40)	(40)	(40)	(40)	(40)
Municipal Plate Fees	(22)	(22)	(22)	(22)	(22)
Software Maintenance	(60)	(62)	(64)	(66)	(68)
Fee and Permit Revenue	61	123	187	252	318
Arenas Contract					(150)
WCB Core Rebate	80	80	80		
Miscellaneous	(27)	(22)	(40)	(52)	(72)
	365	409	449	425	296
GRF Surplus before Incremental Adjustments	473	565	621	827	1,115

Note: The starting Surplus for 2024 is calculated using the assumptions made for 2023.

Incremental Adjustments

The last section showed that after dealing with existing commitments and policy direction, \$473,000 of ongoing funding is available for other Council priorities. We refer to these other priorities as “Incremental Adjustments”. Incremental adjustments represent service level changes not previously included in the Financial Plan.

The Corporate Management Team (CMT) has met the department heads and reviewed all of the business plans. From this review, it is clear that departments are, wherever possible, looking at pressures a few years out and planning accordingly.

For 2020 in order to deliver services more efficiently and to enhance safety, a number of incremental increases are being recommended. Additional staffing is recommended in the areas of bylaws, bylaws supervision, purchasing, utility servicing, fire fighter training and asset management.

Costs related to incremental services levels that align with the Parks & Recreation Master Plan are to be addressed through the previously approved Park & Recreation Tax Levy.

There are a number of requests that are one-time in nature or that could be addressed with a one item funding allocation from Accumulated Surplus.

The detailed requests are included in the Business Plans for each area. These can be located at on mapleridge.ca website attached to the November 18 Council meeting agenda.

Below is a summary of the Corporate Management Teams recommended incremental adjustments followed by lists of other submissions which are not being recommended at this time.

Incremental Adjustments: Water Revenue Funds

Item (\$ in thousands)	2020	2021	2022	2023	2024
Proposed Ongoing Operating Items funded by Water Revenue Fund					
Engineering Vehicle (Capital Cost)	(35)				
Water Utility Maintenance Workers	(175)	(225)	(231)	(236)	(242)
Engineering Vehicle (Capital Cost)	(50)				
Total Funded by Water Revenue Fund	(260)	(225)	(231)	(236)	(242)

FINANCIAL OVERVIEW REPORT



Recommended Incremental Adjustments: General Revenue Fund

Item (\$ in thousands)	2020	2021	2022	2023	2024
General Revenue Surplus	473	565	620	827	1,115
Proposed Ongoing Incremental Operating Items					
Administration					
Human Resources					
Manager HR	-	(74)	(151)	(155)	(159)
Corporate Services					
Finance					
Purchasing - Buyer Clerk	(38)	(78)	(80)	(82)	(84)
Succession Planning , Employee development	(50)	(50)	(100)	(150)	(150)
Reallocate Property Tax Farm Class	(40)	(80)	(80)	(80)	(80)
Reallocate Property Tax Other Class	40	80	80	80	80
Fire Department					
Training Officer	(81)	(167)	(171)	(175)	(179)
Reallocate existing Firefighter Incremental	81	167	171	175	179
Information Technology					
IT Security Staff	(57)	(117)	(120)	(123)	(126)
Police Services					
Restorative Justice Grant increase PSR	(12)	(12)	(12)	(12)	(12)
Police Services Reserve Funding	12	12	12	12	12
Engineering Services					
Operations - Operations Inspector	(55)	(113)	(116)	(118)	(121)
Engineering Technologist Projects ISRD	(54)	(110)	(112)	(115)	(118)
ISR Drainage Funding	54	110	112	115	118
Engineering Technologist Projects Asset Management	(54)	(110)	(112)	(115)	(118)
ISR, Water and Sewer Funding	54	110	112	115	118
Parks, Recreation & Culture					
Parks and Facilities					
Maintenance Heritage	(25)	(25)	(25)	(25)	(25)
Urban Forestry Technician	(60)	(83)	(85)	(87)	(89)
Park Attendant	(45)	(62)	(63)	(65)	(66)
Set-up take down Ball Hockey Boards PRI	(22)	(23)	(23)	(24)	(24)
Aquatics - Hammond Pool Extend Season PRI	(59)	(60)	(62)	(64)	(65)
Leisure Centre Facility Host PRI	(42)	(43)	(44)	(45)	(46)
Parks & Recreation Improvement Reserve Funding	123	126	129	132	136
Vibrant Downtown Initiative CSSI	(80)	(80)	(80)	(80)	(80)
Planning & Development Services					
Manager of Community Social Safety CSSI	(60)	(123)	(126)	(129)	(132)
2 Community Safety Officers CSSI	(176)	(180)	(185)	(189)	(193)
Taxation					
CSSI Additional General Tax Increase	316	383	391	398	406
Subtotal General Revenue Surplus	143	(36)	(119)	23	295
Proposed One Time Operating Items funded by Accumulated Surplus					
Recycling - Hazardous Waste Pickup	(121)				
Invasive Species Control Program	(200)				
Beach Volley Ball Courts	(60)				
Transfer From Accumulated Surplus	381	36	119	-	-
General Revenue Surplus	143	-	-	23	295

FINANCIAL PLAN OVERVIEW

The previous page highlighted what can be achieved within the approved Financial Planning Guidelines with a small additional property tax increase to fund ongoing costs associated with the Community Social Safety Initiative. The following tables highlight incremental requests that are not being put into action right away. These incremental requests fall into three categories:

- Requests that are administrative, clerical or support in nature – a significant amount of staff changes has occurred recently and time will be taken to assess what support is needed and ensure the right type of support is added.
- Requests for significant investment in staffing for the RCMP, police services and the fire department. With the service review in RCMP underway and strategic plans being refreshed in these departments, additional information will be provided that may better inform how additional financial resources are best committed.
- Requests that are not recommended at this time. These are not seen as high priority as the above deferred requests noted above and these are not recommended to proceed at this time.

Requests for Administrative Support to be Reviewed for Future Consideration

Item (\$ in thousands)	2020	2021	2022	2023	2024
Finance Administrative Assistant	(76)	(78)	(80)	(82)	(84)
Information Technology Administrative Assistant	(38)	(39)	(40)	(41)	(42)
Building - Permits Coordinator	(86)	(88)	(90)	(93)	(95)
Planning Clerk 2 clerical position	(65)	(67)	(68)	(70)	(72)
Community Engagement - Clerk Typist New Software	(73)	(75)	(76)	(78)	(80)
Total	(338)	(346)	(355)	(364)	(373)

Requests Deferred Pending Service Reviews and Updates to Strategic Plans

Item (\$ in thousands)	2020	2021	2022	2023	2024
Police Services					
RCMP High Risk Team (9 members and 1 support staff)	(1,580)	(1,620)	(1,660)	(1,701)	(1,744)
Watch Clerk	(78)	(80)	(82)	(84)	(86)
Court Liason Officer	(92)	(94)	(97)	(99)	(102)
Clerk Typist 3	(65)	(67)	(68)	(70)	(72)
Fire Department					
Increase Rescue Truck Staffing to 4	(530)	(543)	(557)	(571)	(585)
Total	(2,345)	(2,404)	(2,464)	(2,525)	(2,588)

Requests Not Recommended at This Time

Item (\$ in thousands)	2020	2021	2022	2023	2024
Recycling					
Large Item Pickup - Pilot A	(36)				
Large Item Pickup - Pilot B	(25)				
Events Recycling Outreach	(21)	(21)	(21)	(21)	(21)
Mobile Water Bottle Refill Stations (2) - Capital	(20)				
Economic Development					
Marketing	(26)	(26)	(26)	(26)	(26)
Planning					
ARMS Increase Grant Request	(5)	(5)	(5)	(5)	(5)
Total	(133)	(52)	(52)	(52)	(52)

FINANCIAL OVERVIEW REPORT

Staffing

In efforts to keep the property tax increase lower, there have been a limited number of staff added as seen on the following table. The annual change in staffing averages about 6 per year on a base of over 450 positions (FTEs). This has created pressures in several areas, some of which are proposed to be addressed through the incremental adjustments discussed earlier.

The renovations at the Leisure Centre created the need for additional staffing. In addition, the volume of programs was updated in the budget resulting in additional revenue to offset some of the additional labour costs. In 2020, the budgeted staffing levels have increased with proposed funding from a combination of additional revenues and the use of the existing Parks & Recreation property tax levy.

Full Time Equivalent Staffing (Budget)

	2017	2018	2019	2020	Change	Note
Administration						
Administration	3.0	3.0	3.0	3.5	0.5	1
Human Resources	7.0	7.0	8.0	9.0	1.0	2
	10.0	10.0	11.0	12.5	1.5	
Corporate Services						
CFS Administration	2.0	2.0	1.0	1.0	-	
Corporate Support	11.1	11.1	11.0	11.0	-	
Finance	23.2	25.0	25.0	25.0	-	
Fire Department	64.4	64.4	64.4	65.5	1.1	3
Police Services	46.6	48.8	49.2	49.1	(0.1)	
Information Technology	20.0	20.0	20.0	20.0	-	
	167.3	171.3	170.6	171.6	1.0	
Engineering Services						
Engineering Services Administration	0.5	0.5	0.5	1.0	0.5	4
Engineering	30.0	30.0	30.0	30.0	-	
Operations	74.0	75.0	77.0	79.0	2.0	5
	104.5	105.5	107.5	110.0	2.0	
Parks, Recreation & Culture						
Administration	2.0	2.0	2.0	2.0	-	
Parks & Facilities	39.0	39.0	41.4	42.0	0.6	6
Recreation & Community Engagement	62.5	63.6	64.0	65.0	1.0	7
	103.5	104.6	107.4	109.0	1.6	
Planning And Development Services						
P&DS Administration	0.5	0.5	0.5	1.0	0.5	4
Building	21.8	21.8	21.8	21.8	-	
Economic Development & Civic Properties	5.6	5.6	5.6	5.6	-	
Licences & Bylaw	14.5	13.5	13.8	13.8	-	
Planning	23.0	23.0	23.0	23.0	-	
	65.4	64.4	64.7	65.2	0.5	
Subtotal	450.7	455.8	461.2	468.3	6.6	
Leisure Centre Staffing to be added when renovation is complete.				6.9	6.9	7
Grand Total	450.7	455.8	461.2	475.2	13.5	
Notes						
1	Executive Admin added using growth funds.					
2	HR Associate added using growth funds.					
3	1 additional Firefighter - Incremental.					
4	Additional General Manager.					
5	Laborer added using growth funds.					
6	Addition of staff from growth.					
7	The Org Chart included in the Business Plan did not include the additional 6.9 FTE Leisure Centre Staffing.					

FINANCIAL PLAN OVERVIEW

City of Maple Ridge								
Proposed Financial Plan 2020-2024								
All \$ values in 000's (thousands)	Adopted	Proposed	Proposed Changes		Proposed			
	2019	2020	\$	%	2021	2022	2023	2024
General Revenue & Taxation								
Financial Services - Revenue & Taxation	(91,521)	(96,272)	(4,751)	5%	(101,103)	(106,149)	(111,467)	(117,071)
Administration								
Administration	701	720	19	3%	735	751	767	783
Human Resources	1,717	1,823	106	6%	1,861	1,899	2,019	2,058
Legislative Services	607	615	8	1%	626	639	651	661
Total Administration	3,025	3,158	133	4%	3,222	3,289	3,437	3,502
Corporate & Financial Services								
Corporate Services Admin	201	235	34	17%	303	372	440	509
Corporate Support	1,663	1,671	8	0%	1,699	1,858	1,755	1,784
Finance	2,141	2,181	40	2%	2,237	2,294	2,356	2,413
Fire Protection	13,733	14,119	386	3%	14,723	15,355	15,881	16,585
Fiscal Services	12,447	13,917	1,470	12%	15,875	17,072	18,738	19,798
Information Technology	3,343	3,526	183	5%	3,657	3,791	3,930	4,067
Police Services	23,262	24,441	1,179	5%	25,246	26,261	27,291	28,319
Total CFS	56,790	60,090	3,300	6%	63,740	67,003	70,391	73,475
Engineering Services								
Engineering Services Administration	123	228	105	85%	264	301	339	375
Engineering	2,225	2,857	632	28%	2,423	2,256	2,513	2,419
Operations	5,789	5,944	155	3%	6,112	6,286	6,461	6,634
Recycling, Sewer & Water *	-	-	-	0%	-	-	-	-
Total ES	8,137	9,029	892	11%	8,799	8,843	9,313	9,428
* Recycling Sewer and Water are user fee based and are not funded from general taxation								
Parks, Recreation & Culture								
PRC Administration	4,726	4,125	(601)	(13%)	4,942	6,034	6,728	8,350
Facilities	2,318	2,392	74	3%	2,461	2,562	2,682	2,762
Parks & Open Space	3,662	3,858	196	5%	3,994	4,137	4,278	4,421
Recreation Administration	1,700	1,670	(30)	(2%)	1,712	1,753	1,796	1,838
Community Services	1,207	1,229	22	2%	1,259	1,291	1,323	1,356
Leisure Centre / Pools	1,959	2,294	335	17%	2,377	2,466	2,558	2,646
Program Development	1,239	1,305	66	5%	1,328	1,351	1,374	1,398
Recreation	1,142	1,156	14	1%	1,173	1,189	1,206	1,372
Total PRC	17,953	18,029	76	0%	19,246	20,783	21,945	24,143
Planning & Development								
Planning & Development Administration	149	311	162	109%	350	389	429	468
Building	(296)	(203)	93	(31%)	(191)	(178)	(163)	(151)
Economic Development	2,946	2,983	37	1%	2,953	2,922	2,900	2,869
Licences & Bylaws	694	721	26	4%	769	819	871	931
Planning	2,123	2,156	33	2%	2,216	2,279	2,343	2,406
Total P&D	5,617	5,967	350	6%	6,097	6,231	6,380	6,523
Total Annual Budget Surplus								
General Revenue Surplus available (before incrementals)		473			565	620	827	1,115
Less: Proposed Incremental Adjustments		330			564	620	826	850
General Revenue Surplus available (after incrementals)		143			-	-	1	265

What Would a Zero Tax Increase Look Like?

A few communities speak about having achieved a zero tax increase and sometimes we are asked if we could do the same. The answer is “Yes, absolutely we could achieve a zero tax increase. The key thing is to do it properly.” Here are some of the methods that can be counterproductive if used too extensively and we advocate against the use of them:

Defer Infrastructure Renewal and Maintenance: Some municipalities reduce expenditures in this area. From our perspective, this is short-sighted and can prove to be far more costly in the longer term. The old Fram Oil Filter commercial and its “Pay me now or pay me later” slogan holds so true. The saying should be changed to “Pay me now or pay me much more later.”

Use Savings to Cushion Tax Increases in the Short Run: This approach has also been used by some municipalities and there is nothing wrong with it, providing there is a plan to reduce the reliance on savings and a plan to replenish them. The question to ask is “What will you do when the savings run out?”

Use Unstable Revenue Sources to Fund Core Expenditures - There is general agreement in the municipal field that certain revenues, such as revenue from gaming, can be quite volatile and should not be used to fund core expenditures. That is because revenues can drop off with little

advanced warning, creating difficulty in funding the associated costs. Our own policy on gaming revenue warns against this, though some municipalities have used this approach to keep tax increases down.

Defer Capital Projects: While it is important to take a look at capital projects and their associated operating costs, automatically deferring capital projects can stagnate a city. It is important for the City to invest in capital projects so that others will see those investments and will want to invest too. Capital projects including parks, recreation facilities, water, sewer and drainage systems must be done in a timely manner so that citizens and businesses receive the services they need to succeed.

Amend Financial Plan Assumptions: The Financial Plan includes realistic assumptions around revenue growth, growth in the tax base and cost increases. By altering these assumptions, tax increases could be reduced. This may result in savings having to be used when projected results don’t materialize. For this reason, this approach is not recommended.

So What Can We Do to Achieve a Lower Tax Increase or Even No Tax Increase?

Well, the way to do this properly is to look at what is driving the tax increase. In other words, which areas are costs going up in? For Maple Ridge, here are the key cost drivers for 2019:

RCMP Costs

	2019	2020	Increase
RCMP Contract	\$19,795,000	\$20,546,000	\$751,000

Comments:

The largest changes in the RCMP Contract costs are due to increases in compensation and RCMP overhead, items that the City has no discretion with. Over the life of this Financial Plan, we are trying to provide for the addition of about 1.5 members per year to keep up with workloads. One additional member costs about \$150,000 so to bring the RCMP budget in at a zero increase would result in the loss of about three members. This is not recommended due to the effect it would have on public safety.

What Would a Zero Tax Increase Look Like?

Infrastructure Maintenance & Renewal

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Annual Contribution	\$6,110,000	\$6,713,000	\$603,000

Comments: We have a substantial infrastructure renewal/ maintenance deficit that we are starting to address. We do not have to do this and could continue to defer this item. Timely maintenance and renewal can help avoid larger expenditures later and that is why we recommend that we not defer this item.



*Pay me now —
Pay me later!*



Fire Department

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Annual Costs	\$11,684,000	\$12,081,000	\$397,000

Comments:The largest portion of the increase in the Fire Department is related to wages and benefits of full time firefighters that are determined under a collective agreement. For the department to hold the line in its increase, it would have to take one truck out of service which would reduce costs by \$500,000. This is not recommended as our response times to calls for service will increase. Further, the composite model that we have spent some time developing may be compromised. This increase is the sum of the Fire Department item in the Conceptual Overview of Expenditures, plus the \$50,000 of growth funding.

Parks, Recreation & Culture

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Master Plan Funding	\$1,610,000	\$2,127,000	\$517,000

Comments: The Parks, Recreation & Culture Master Plan was adopted in 2010 through community consultation. The funding includes the amounts needed for debt payments and operating costs for a number of Parks & Recreation projects recently approved. We could push back the phased-in funding which would delay implementation of those priorities.

Drainage Improvements

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Annual Levy	\$1,472,000	\$1,731,000	\$259,000

Comments:Parts of the community have high potential for flooding and we have been trying to systematically make improvements to our drainage system. An increase of \$259,000 was planned for 2020, but we do not have to do this.

Contribution to Reserves

	<u>2019</u>	<u>2020</u>	<u>Increase</u>
Fire Department	\$2,120,000	\$2,240,000	\$120,000
Equipment Replacement	1,749,000	1,772,000	23,000

Comments:The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2020. These systematic contributions allow us to deal with large capital items without having to pass large tax increases on to our citizens. As Council is aware, detailed analysis on all of our reserves is done to make sure that the balance is adequate. We do not have to set aside this additional money into reserves, but reserves help us smooth the impact of larger costs over time and remove volatility in fees and charges.

General Inflation, including Labour

	<u>2020 Increase</u>
Labour	\$765,000
Inflation	55,000

Comments: Most line items in the budget are held to no increase. The financial impact of contractual agreements is built into the Financial Plan.

Service Level Reductions (Not Recommended)

In addition to making adjustments in the areas where costs are going up, Council can also consider service level adjustments.

No service level reductions are recommended.

Maple Ridge is a growing community and significant investments are being made to improve the services. Significant investments have been made in parks and recreation amenities.

Our Business Planning methodology involves looking at all that we do to make sure it is being done in the best way possible. This has resulted in improvements to the efficiency and effectiveness of our services and in significant savings for our citizens. Also, if you look at the departmental budgets that are included with our Business Plans, you will see that most line items do not increase at all year over year. This, coupled with close monitoring of expenses, is what allows us to keep our tax increases to a minimum.

Utilities & Recycling

Utility user fees form a portion of the levies charged to our taxpayers. The next section provides some insight into these rates.

Unlike the General Revenue Fund that includes separate reserves for revenue smoothing, capital purchases and infrastructure replacement, the Water and Sewer Funds use Accumulated Surplus for these purposes. As we start to set funds aside for water and sewer infrastructure replacement, it may be worthwhile explicitly earmarking these funds in a The second graph shows how the accumulated surplus compares to the accumulated amortization for City assets. The accumulated amortization is the prorated cost of the portion of assets currently consumed. For example, if the useful life of an asset was 50 years and it is 25 years old the accumulated amortization would be about half of the

reserve in order to be clear about their purpose. Water and sewer infrastructure have a fairly long life and we are fortunate that our infrastructure is relatively young. That being said, costs are significant which is why it is important to start building the funds for their eventual replacement.

There are two graphs shown for each of the water and sewer utilities.

The first graph shows the revenues and expenditures and the impact this has on accumulated surplus. The accumulated surplus projected is heavily influenced by regional costs.

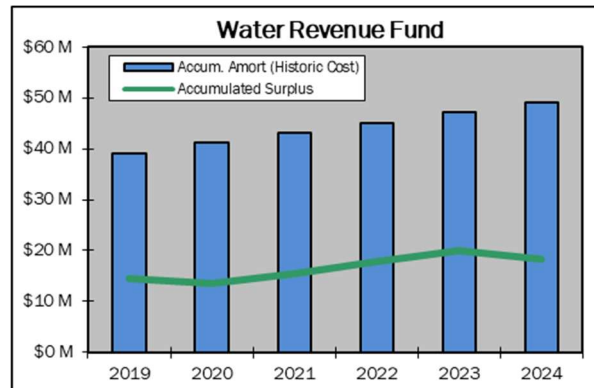
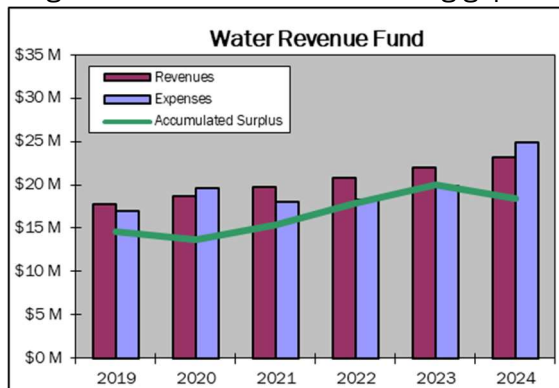
original cost. The purpose of this graph is to show that we need to continue to focus on the long term sustainability of critical infrastructure.

The region also has significant investments in water and sewer assets planned that include upgrades and replacement resulting in additional funding requirements for each member municipality.

Water Utility Rates

The majority of the Water Utility revenue is from the flat rate water levy and charges for metered water assessed to individual properties. These revenues cover the costs associated with water purchases, maintenance and both regional and local capital infrastructure. The 2019 flat rate water fee is approximately \$630, half of which is required just for the purchase of water from the region.

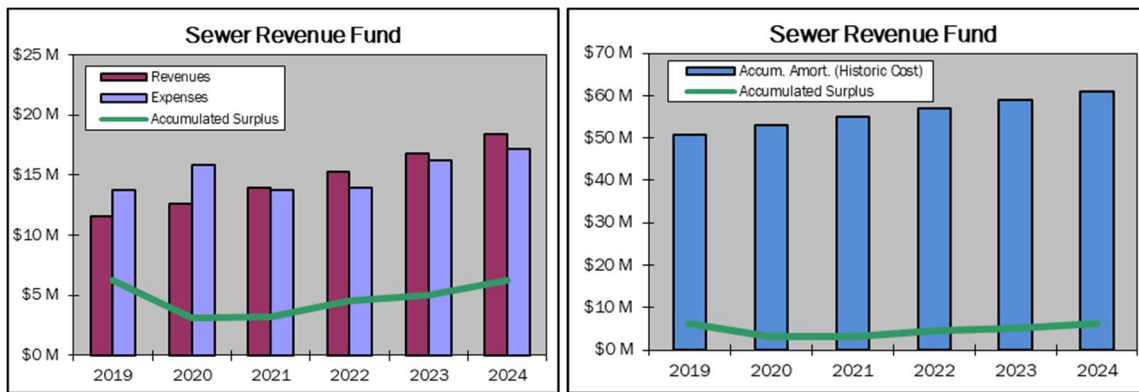
When setting water rates, we need to consider not only our own planned expenditures and infrastructure requirements, but also those planned by the region. The Regional District has just recently increased their projected rate increases for 2020-2023 with annual increases between 10.9%- 11.7%. These figures have not yet been updated and are about double the rate of increase previously budgeted. The municipal rate increase has been set at 4.5% for each of the next five years. This may need to be revisited given how drastic the new rate increases from the region are. The other consideration is funding the replacement of water infrastructure and how long we take to address this funding gap.



Sewer Utility Rates

The Sewer Utility pays for regional capital expenditures through an allocation model that essentially spreads rate increases over time to utility ratepayers. Additionally, the utility pays for our local sewer infrastructure and maintenance requirements. The 2020 sewer fees are approximately \$430 per property. Over the 5 years of the Financial Plan, approximately 66% of the sewer fees are required for regional costs of wastewater treatment.

Any cost impact that new wastewater regulations have on capital investment requirements will be addressed at the regional level with member municipalities paying their respective portions. The region’s most recent five year rate projection is for an average annual increase of 11.5%. In response, the rate increase for the sewer levy was increased by 8.5% in 2019 and for each year in the 2020 – 2024 Financial Plan.



Recycling Rates

The Ridge Meadows Recycling Society (RMRS) is a charitable non-profit organization that provides a range of recycling services. They also provide employment for adults with disabilities.

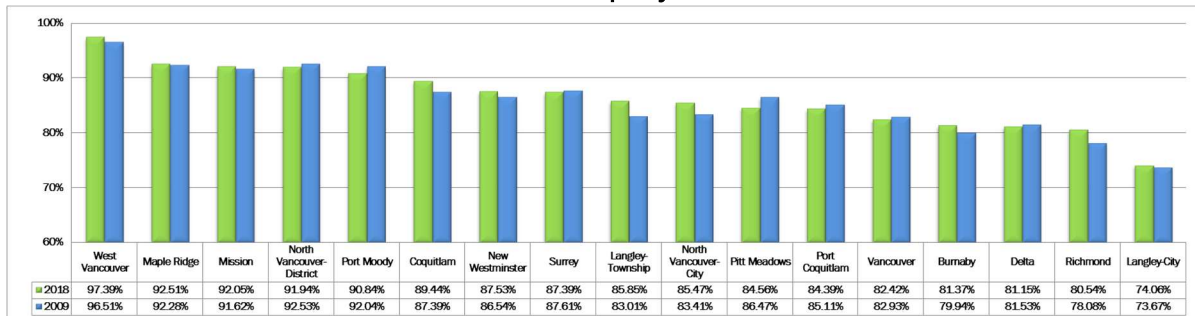
Provincial regulations shifted recycling responsibilities to producers. As a result of the Recycle BC (previously Multi-Materials BC) contract, recycling fees remained unchanged between 2013 and 2017. A rate increase of 1.67% was implemented for 2018 followed by 2.75% annually in 2019 through 2024; however rates will continue to be reviewed annually. The Recycle BC contract has recently been renewed for a term of five years and will be updated in the next budget amendment.

Composition of Property Assessment Base

The tax rate charged to the Residential class is relatively low when compared to the rate charged to the Business and Industry classes, so we need to keep an eye on the composition of our property tax base.

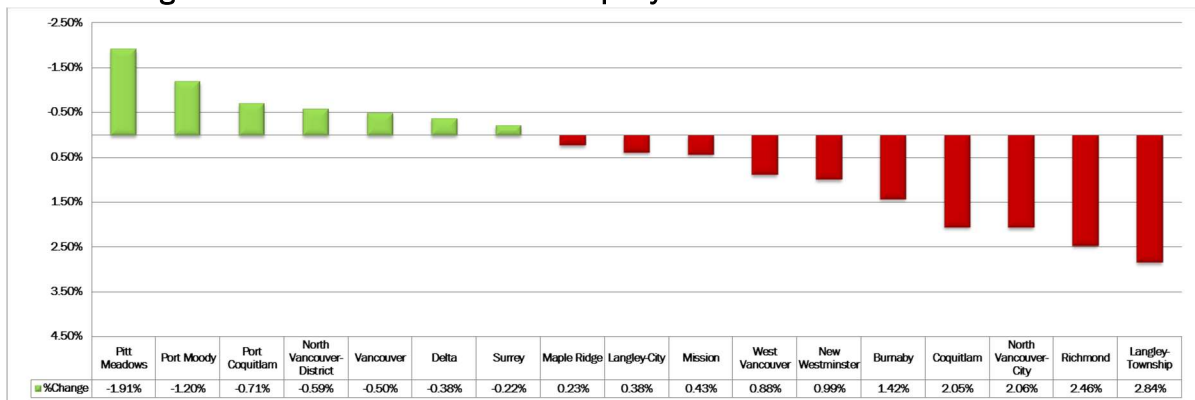
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 74.06% in the City of Langley to a high of 97.39% in West Vancouver. The chart also shows how this percentage has changed between 2009 and 2018.

Lower Mainland Municipalities
% of Residential Class Property Assessment Values



Seven municipalities have seen a reduction in the proportion of the assessment base that is represented by Residential properties; 10, including Maple Ridge have shown an increase.

Lower Mainland Municipalities
% Change in % of Residential Portion of Property Assessment Values from 2009–2018



One should be careful with conclusions that are reached by looking at this data. For instance, the changes could be simply the result of market value fluctuations rather than new construction. It is just one piece of information that should be kept in mind in Council’s deliberations.

Source: BC Assessment, 2009 and 2018 Revised Rolls

Capital Program

Status of 2019 Capital Projects

The budget for the 2019 Capital Works Program is just over \$227 million, with funding coming from multiple sources, including approximately \$52 million from Development Cost Charges. The budget in the first year of a financial plan is usually higher than subsequent years because it includes projects approved in prior years that are not yet complete, but are still a priority.

Projects may take several years to deliver and their progress is often dependent on many factors. It is important that when these projects are ready to proceed, they are in the approved budget with funding in place. The budget for projects that have been started is \$167 million and consists of projects that are in various stages as follows:

- Complete or nearly complete \$64 M
- Well underway 67 M
- Early stages (design/tender) 22 M
- Early stages of review 14 M

The budget for projects not yet started is approximately \$60 million with delays due to a host of factors including reliance on other capital work, land acquisition and strategic or technical delays.

Some examples of larger, previously approved projects that have extended over one year are:

- Fire Hall No. 4 Construction and Equipment
- Parks & Recreation:
 - Park Acquisitions (various locations)
 - Leisure Centre Renovations
 - Albion Community Centre
 - Silver Valley Neighbourhood Gathering Places
 - Hammond Community Centre
 - Telosky/Thomas Haney Synthetic Field
- Road & Drainage Works:
 - 232 St. (132 Ave. – Silver Valley Rd.)
 - Lougheed Hwy. (224 St. – 226 St.)
 - 240 St. (Lougheed Hwy. – Dewdney Trunk Rd.)
- Sewer Works:
 - 225 St. Forcemain Upgrade
- Water Reservoirs Works:
 - 270A St. Reservoir
 - 263 St. Pump Station
 - 236 St. Pump Station
 - Albion Reservoir Expansion

Projects that are not complete at the end of 2019 remain in the Capital Plan. They are reviewed at year-end and the projects, as well as the associated funding, are carried forward to be included in the 2020 - 2024 Financial Plan Bylaw when it is amended.

It is important, that when these projects are ready to proceed, they are in the approved budget and funding is in place.

FINANCIAL PLAN OVERVIEW

2020 – 2024 Capital Plan

The five-year Capital Program is \$136 million; 2020 planned capital projects are \$34 million, excluding projects that will be carried forward from previous years. It should be noted that developers will contribute millions in subdivision infrastructure to our community and these contributions are not included in our Capital Plan. A detailed list of the projects in the five-year Capital Works Program is attached to the Capital Works Program Business Plan. The following chart summarizes the Capital Program according to the type of project.

Proposed Capital Spending by Category
(All \$ in Thousands)

Section	2020	2021	2022	2023	2024
Government	794	1,180	370	1,120	510
Technology	960	1,098	1,721	3,073	2,060
Protective Fire	630	462	476	490	505
Protective Police	58	160	10	10	10
Parks	529	3,485	1,045	305	305
Highways (Roads)	15,195	13,519	12,256	9,531	9,048
Drainage	2,564	2,669	3,356	3,562	3,852
Sewage	6,336	2,841	1,321	2,516	2,191
Water	7,040	5,670	3,450	2,370	5,645
Grand Total	34,107	31,084	24,005	22,977	24,126

By far, most of the projects are in the Highways category. The following table illustrates the sources of funding for these projects. The proposed Capital Program is larger in some years due to projects funded through Development Cost Charges and the Water and Sewer Utility Funds.

Proposed Capital Funding Sources
(All \$ in Thousands)

Fund Group	2020	2021	2022	2023	2024
General Revenue	2,155	4,381	3,323	3,910	1,385
Capital Works Reserve	382	350	150	150	150
Development Cost Charges	4,360	7,913	4,344	498	148
Drainage Improvement Levy	1,381	1,753	2,099	2,000	2,200
Equip Replacement Reserve	3,207	2,354	1,872	3,018	2,912
Fire Dept. Capital Reserve	119	136	195	254	313
Gaming	200	200	200	200	200
Grants, LAS, 3rd Parties	1,081	1,047	1,002	1,002	1,002
Infrastructure Sustainability Reserve	5,032	5,461	6,044	6,712	7,518
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	56	128	8	8	8
Recycling Reserve	60	380	80	230	220
Reserve for Committed Projects	1,720	150	100	50	-
Sewer Capital	5,333	2,028	989	2,138	2,000
Surplus	500	-	-	-	-
Translink	2,243	1,143	1,150	400	400
Water Capital	6,004	3,440	2,248	2,209	5,470
Park & Rec Master Plan	75	20	-	-	-
Grand Total	34,107	31,084	24,005	22,977	24,126

A discussion of some of the key funding sources follows:

General Revenue

This represents funding contributed by general tax levies. If the planned project is larger or less than the dedicated proportion of General Revenue funding, the residual is transferred to or from the Capital Works Reserve.

Debt

There is no debt funding for the proposed capital program. The borrowing of \$49.5 million recently approved for Parks and Recreation improvements is in the 2019 capital program.

Capital Works Reserve

This reserve fund, established by bylaw, is designed to fund Capital Projects that cannot be funded through development revenues. Some key projects with funding from the Capital Works Reserve include the Karina Leblanc Synthetic Field and internal financing of the Leisure Centre renovation.

Community Amenity Reserve

This reserve, established by bylaw, is funded through amenity contributions paid by development. The funds are used to provide community amenities which are not able to be funded by Development Cost Charges.

Development Cost Charges

These are revenues collected from the development community for specific capital works required as a result of development. The types of

projects for which fees can be levied are determined by provincial legislation and the funds can only be expended for those projects.

Drainage Levy

Funding for storm related works not resulting from development can be funded from this source.

Equipment Replacement Reserve

The replacement of existing equipment is funded through this reserve, contributions to which are made annually.

Infrastructure Replacement

The annual funding set aside in our Financial Plan is being used to fund capital projects (in addition to regular maintenance and renewal).

Reserves

The City also has financial resources held in reserves. These reserves serve to stabilize taxes, fees and charges by providing funds during tight years and receiving those funds back during better years. Reserves shield our customers and taxpayers from sharp rate increases. A list of all of our reserves is shown on the following page.

FINANCIAL PLAN OVERVIEW

Here is a recap of all of our Reserves as at the end of 2018, the main ones of which are discussed on the following pages.

\$ in thousands

Accumulated Surplus		Reserve Accounts	
General Revenue	11,111	<u>General Revenue:</u>	
Sewer Revenue	8,513	Specific Projects - Capital	11,697
Water Revenue	13,799	Specific Projects - Operating	6,017
Total Accumulated Surplus	33,423	Self Insurance	883
		Police Services	9,545
		Core Development	2,007
		Recycling	2,962
		Community Development	1,600
		Building Inspections	3,393
		Gravel Extraction	810
		Community Works (Gas Tax)	402
		Facility Maintenance	1,842
		Snow Removal	850
		Infrastructure Grant Contribution	1,943
		Cemetery Maintenance	212
		Infrastructure Sustainability	5,100
		Drainage Improvements	1,663
		Critical Building Infrastructure	131
		Gaming Revenues	2,135
		<i>General Revenue Reserve Accounts</i>	<i>53,192</i>
		Sewer Reserve Accounts	5,342
		Water Reserve Accounts	6,130
		Total Reserve Accounts	64,664
Reserve Fund Balances			
Local Improvement	2,609		
Equipment Replacement	15,943		
Capital Works	8,793		
Fire Department Capital	10,385		
Sanitary Sewer	1,527		
Land	313		
Reserve Funds	39,570		
Restricted Revenue Balances			
Development Cost Charges	23,825		
Parkland (ESA) Acquisition	1,520		
Other Restricted Revenues	10,651		
Total Restricted Revenues	35,996		

Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$137.7 million

Restricted Revenues are not considered reserves; rather they are liabilities, as they have been collected in advance of specific expenditures.

Capital Works Reserve

The Capital Works Reserve Fund is intended to assist with funding capital projects, especially those that cannot be funded from development revenues. Generally, this reserve builds funds for large projects and is then drawn down. Each year, a percentage of general taxation is added to this account along with a portion of the proceeds from land sales and other fixed amounts. Projections of the demands on this account are also prepared. It has been Council's policy to keep a minimum reserve balance of 10% of the prior year's property taxes in this account, to assist with unforeseen and uninsurable events.

Here is our analysis of the Capital Works Reserve.

Capital Works Reserve Projection

<i>\$ in thousands</i>	2019	2020	2021	2022	2023	2024
Opening Balance	8,793	9,648	11,846	12,475	14,637	16,492
2018 Approved Capital (in progress)	(8,116)					
Add Back: PY spend	3,996					
Inflows						
Annual Transfer	701	836	901	953	1,004	1,058
Contribution Timing Adjustment	(350)					
Land Sales Proceeds	4,000					
Repayment Pool Reno	870	870	870	870	870	870
Total Inflows	5,221	1,706	1,771	1,823	1,874	1,928
Outflows						
Planned Capital Expenditures	(150)	(382)	(350)	(150)	(150)	(150)
Balance of GCF funded capital	(96)	874	(792)	489	131	2,855
Total Outflows	(246)	492	(1,142)	339	(19)	2,705
Estimated Ending Balance	9,648	11,846	12,475	14,637	16,492	21,125
Min Reserve (10% PY Taxes)	7,631	8,028	8,460	8,921	9,402	9,905
Unencumbered Balance	2,018	3,819	4,015	5,716	7,089	11,218

Fire Department Capital Acquisition Reserve

Each year a portion of general taxation is transferred to the reserve to build the financial capacity required to respond to increasing the fire protection capacity needed as the community grows. The project to construct Fire Hall No. 4 is now in the early stages and this reserve will be used to pay a portion of the costs directly as well as repay the associated debt. The planned capital expenditures are detailed in the following table:

Fire Department Capital Acquisition Reserve Projection

<i>\$ in thousands</i>	2019	2020	2021	2022	2023	2024
Opening Balance	10,385	399	1,153	2,033	3,001	4,062
2018 Approved Capital (in progress)	(12,713)					
Add Back: PY spend	1,066					
Inflows						
GRF Annual Transfer	1,711	1,853	1,996	2,143	2,295	2,453
Surplus Repayments (2020-2023)		(180)	(180)	(180)	(180)	
Outflows						
Planned Capital Expenditures	(50)	(119)	(136)	(195)	(254)	(313)
Debt Repayments	-	(800)	(800)	(800)	(800)	(800)
Estimated Ending Balance	399	1,153	2,033	3,001	4,062	5,402

Fire Department Equipment Replacement Reserve

The recognition of an appropriate level of funding to provide for growth would not be complete without a discussion around how we intend to replace those assets. Replacement of fire equipment is funded through this reserve. Beginning in 2009, infrastructure sustainability funds have been allocated to this reserve. Fire trucks are often kept for 20 years and this reserve will build over time to address the scheduled replacements, there are no replacements scheduled in the next five years.

Fire Department Equipment Replacement Reserve Projection

<i>\$ in thousands</i>	2019	2020	2021	2022	2023	2024
Opening Balance	2,841	1,238	1,865	2,744	3,739	4,855
2018 Approved Capital (in progress)	(2,226)					
Add Back: PY spend	2					
Inflows						
GRF Annual Transfer	824	939	1,054	1,176	1,302	1,431
Outflows						
Planned Capital Expenditures	(203)	(312)	(175)	(181)	(186)	(192)
Estimated Ending Balance	1,238	1,865	2,744	3,739	4,855	6,094

Infrastructure Sustainability

Beginning in 2008, Council directed an annual tax increase of 1% to go toward infrastructure sustainability. This helps with major rehabilitation and replacement of the City’s assets which currently have a replacement value estimated in excess of \$1.6 billion. An increase of 0.70% is planned for 2020 and 2021, 0.90% for 2022 and 2023 and 1.0% in 2024. The table below illustrates the inflows generated from general taxation and how it has been allocated. Inflows from the Core Reserve are allocated to maintaining those facilities related to the Town Centre project.

If we look only at the roads component of our infrastructure, the historic annual amount spent on repaving roads is a fraction of what is required to maintain their condition. Over the past number of years we have been able to increase the annual amount dedicated to road maintenance and, as a result, we are seeing positive results in the condition of our roads, though further funding is needed to close the gap between current and recommended funding levels. This funding gap results in deferred maintenance which translates into larger future expenditures to resurface or perhaps even reconstruct roads.

As we are several years into this funding model, the amounts dedicated to infrastructure are making an impact; however, we are still a very long way away from dedicating the estimated \$30 million needed each year to fund the replacement of our infrastructure. The average condition of our assets will continue to worsen until we build the funding up to \$30 million.

Depending on the scope of projects required, one year’s allocation may not meet the funding requirements. In these cases, funding may be held over until enough has accumulated to allow the works to proceed, or borrowing may be considered. The charts highlight the impact that the property tax increases have had on the infrastructure deficit.

Infrastructure Sustainability Allocation of Funding

<i>\$ in thousands</i>	2020	2021	2022	2023	2024
Inflows					
Property Taxes Prior Year	5,860	5,860	5,860	5,860	5,860
Property Tax Increase	603	1,239	2,100	3,007	4,069
Gaming Funds	550	550	550	550	550
Total Inflows	7,013	7,649	8,510	9,417	10,479
Allocations					
Building Infrastructure Planned	1,290	1,440	1,590	1,740	1,890
Fire Dept - Equipment Replacement	450	525	600	675	750
Highways ISR Capital Planned	4,086	4,375	4,888	5,450	6,167
Drainage Capital Planned	1,100	1,215	1,330	1,445	1,560
Major Equipment/Systems Reserve	87	94	102	107	112
Total Allocations	7,013	7,649	8,510	9,417	10,479
Estimated Ending Balance	-	-	-	-	-

We are making progress on the path to bridging our infrastructure deficit.

Capital Funded by Others

The Capital Program includes \$1 million of funding each year as a placeholder for Local Area Services that property owners may petition the City to construct. The cost of these local improvements is typically recovered over 15 years as a separate charge included on the property tax bills of benefiting properties. In addition, \$0.5 million of grants or other external funding is planned over the next five years. Projects will be re-evaluated if funding is not secured.

(\$ in thousands)	CFO %	2020	2021	2022
117 Ave (Laitly to 207) Corridor Improvements	51%	1,630	-	-
118 Ave (230 - 231)	20%	-	75	350
227 Street Multi-Use Pathways (Abernethy Way to DTR)	50%	-	100	1,500
232 St (116 - Slager) Multi-Use Pathways And Road Upgrade	3%	2,500	-	-
Abernethy (231 - 232) Construction	50%	-	1,500	-
Cycling Improvements	50%	500	500	500
Fern Cres at 129 Ave - Bridge	39%	952	-	-
Front Counter Kiosk Expansion	20%	-	150	-
Hammond Road Multi-Use Pathways (West Street to 203 Street)	50%	1,575	-	-
Pedestrian Improvements	38%	400	400	400
RCMP - Furniture Replacement	20%	10	10	10
RCMP - Main Building Renovation (Interview Room)	20%	8	-	-
RCMP Detachment Minor Renovation	20%	40	-	-
Total		7,615	2,735	2,760

Borrowing

The Business Planning Guidelines include an additional annual 0.35% property tax increase, starting in 2018, for seven years to provide for the debt servicing and operating costs for the above projects.

The actual property tax increase in 2018 was slightly less. The planned increase will be revisited as these projects are completed and cost as well as alternate funding sources, such as grants and Community Amenity Contributions are more certain.

The key elements when considering debt funding are that the debt payments are being funded by a

secure funding source, the borrowing capacity exists and the appropriate public consultation and approval processes are undertaken.

Potential Future Borrowing

Metro Vancouver completed significant water infrastructure projects, the Barnston/Maple Ridge Pump Station and a new water main, Maple Ridge Main West, for which Maple Ridge was responsible for a share of the costs. The City has internally financed its share through the use of other Development Cost Charges (roads, drainage parks). If external borrowing is required, a Loan Authorization Bylaw will be prepared and public approval for the borrowing will be sought.

Borrowing Capacity

Under Community Charter legislation, the maximum amount of borrowing the City can undertake is such that the annual cost to service the debt does not exceed 25% of revenues as defined in the legislation. As noted in our 2018 Annual Report the unused liability servicing capacity at the end of 2018 was \$21.38 million. This capacity will be reduced in 2020 as a result of the recently approved debt for Parks & Recreation Facilities.

Short Term Borrowing, under Sec. 178 of the Community Charter, is an option for borrowing for any purpose of a capital nature that can be repaid within five years. The maximum amount to be borrowed is \$50 multiplied by the population of the municipality as of the last census. For this borrowing, no public approval is required, but approval of the Inspector of Municipalities is. Currently, we have no borrowing under this section and a maximum permitted amount of approximately \$4 million.

Ministry and Elector Approval

Borrowing by local governments cannot be undertaken without the approval of the Inspector of Municipalities. In addition, borrowing requires an elector approval process in a majority of cases.

An “approval-free liability zone” exists to allow borrowing without elector approval as long as current and proposed servicing costs do not exceed 5% of the municipal revenue defined in the legislation.

Elector approval can be sought in one of two ways. One option is to receive the approval of electors by holding a referendum. The second, and less-expensive method, is to hold an “alternative approval process.” If more than 10% of the electors express an opinion that a referendum should be held, by signing an Elector Response Form within 30 days of a second advertising notice, then Council would need to consider whether to proceed with the planned borrowing and, if so, a referendum must be held.

Previously Approved Borrowing Still

Unissued

The 2020-2024 Financial Plan includes debt payments on the following previously approved projects:

Fire Hall No. 4 Construction (\$6 million)

The City has authorization to borrow \$6 million for this project, with the debt servicing costs funded from the Fire Department Capital Acquisition Reserve. This project was recently awarded and the balance of the construction costs is funded from the Fire Department Capital Acquisition Reserve.

Cemetery Expansion (\$1.1 million)

The City is also authorized to borrow \$1.1 million for the expansion of the cemetery. Debt payments associated with the land purchases for cemetery expansion are funded through increased cemetery fees. Two of the three properties have been purchased and \$2.22 million of external borrowing has occurred.

Parks & Recreation Improvements (\$49.5 million)

Leisure Centre Renovation	\$3.5 million
Telosky Synthetic Fields	7.0 million
Albion Community Centre	8.5 million
Silver Valley Gathering Place	1.0 million
Hammond Community Centre Renovation	2.5 million
Whonnock Lake Canoe & Kayak	1.0 million
Maple Ridge Secondary School Track Facility Upgrades	2.5 million
Additional Ice Sheet	23.5 million

Beginning in 2018, for 7 years, an additional 0.35% property tax increase was approved to provide for the debt servicing costs and the operating costs of the above projects.

Impact to the Average Home

At the end of the day, it is important to understand what this Financial Plan means to the average home. The assessed value of the “average home” for the 2019 taxation year was approximately \$744,363.

The calculation includes all residential properties comprising both single family homes and multi-family units such as townhouses and apartments. The following table demonstrates the impact to a taxpayer based on this “average home.” Service fees include flat rate water, flat rate sewer, recycling and single-home bluebox pickup.

Within the General Purpose change of 2%, existing service levels have been maintained and several significant cost increases have been accommodated, including increases in the policing contract, labour costs and Fire Department costs.

Residence Valued at \$744,363	2018	2019	2020	2021	2022	2023	2024
Average Home Municipal Levies:							
General Purpose (Gen. & ISR)	\$ 1,977.02	\$ 2,031.81	\$ 2,088.74	\$ 2,147.72	\$ 2,213.35	\$ 2,281.34	\$ 2,354.20
Drainage	31.13	36.70	43.03	49.58	51.84	54.18	54.18
Parks & Recreation	28.28	39.97	52.62	65.73	79.31	93.38	107.95
Subtotal Property Taxes	\$ 2,036.43	\$ 2,108.48	\$ 2,184.39	\$ 2,263.03	\$ 2,344.50	\$ 2,428.90	\$ 2,516.33
User Fees							
Recycling (fixed rate)	\$ 72.57	\$ 74.57	\$ 76.61	\$ 78.72	\$ 80.88	\$ 83.10	\$ 85.39
Water (fixed rate)	604.20	631.40	659.80	689.50	720.55	752.95	786.85
Sewer (fixed rate)	368.85	397.25	428.05	461.45	497.70	537.05	579.70
Total Property Taxes and User Fees*	\$3,082.05	\$3,211.70	\$3,348.85	\$3,492.70	\$3,643.63	\$3,802.00	\$3,968.27
<i>* Does not include collections for others (School, BCAA, GVTA, GVRD, MFA)</i>							
	2018	2019	2020	2021	2022	2023	2024
Average Home Municipal Levies Increases:							
General Purpose	1.53%	1.90%	2.00%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.90%	0.90%	1.00%
Parks & Recreation	0.45%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.30%	0.10%	0.10%	0.00%
Total Property Tax Increase %	2.98%	3.50%	3.60%	3.60%	3.60%	3.60%	3.60%
Recycling Increase %	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Water Increase %	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer Increase %	3.25%	7.70%	7.75%	7.80%	7.86%	7.91%	7.94%
Total Property Taxes and User Fees Increase	3.32%	4.21%	4.27%	4.30%	4.32%	4.35%	4.37%

Impact to the Average Home

*The general property tax increase averages
2% per year over the life of this Financial Plan*

How Our Taxes Compare to Other Municipalities

Each year, we look at how our taxes compare to other municipalities. The table below compares the taxes assessed against the average single family dwelling across surveyed municipalities. Maple Ridge ranked as the sixth lowest. It should be noted that the dwelling value used in this table is slightly different than the one used on page 32 because the value on page 32 is based on an average assessment that includes multifamily residential properties such as townhouses and apartments.

Survey of 2018 Residential Taxes on Average Single Family Dwelling

Municipality	Average Assessed Value*	Municipal Taxes	Rank (lowest to highest)	Total Utilities	Municipal Taxes & Utilities	Rank (lowest to highest)	Notes
Pitt Meadows	747,685	2,053	2	990	3,042	1	
Langley-Township	942,948	2,050	1	1,214	3,264	2	
Port Coquitlam	960,237	2,343	5	953	3,296	3	
Mission	667,876	2,152	4	1,208	3,360	4	(3)
Surrey	1,118,577	2,120	3	1,277	3,397	5	(6)
Maple Ridge	787,088	2,358	6	1,047	3,405	6	(7)
Delta	1,033,862	2,508	8	1,060	3,568	7	(2)
Burnaby	1,650,008	2,485	7	1,195	3,680	8	(1)
Coquitlam	1,270,465	2,569	9	1,227	3,796	9	
Richmond	1,700,155	2,576	10	1,264	3,840	10	(5,6)
North Vancouver-City	1,656,356	2,788	11	1,189	3,977	11	(4)
Vancouver	2,433,751	3,027	14	1,261	4,288	12	
Port Moody	1,328,240	3,285	15	1,124	4,409	13	(1)
New Westminster	1,174,660	2,974	13	1,470	4,443	14	(1)
North Vancouver-District	1,796,428	2,861	12	1,617	4,477	15	
West Vancouver	4,364,260	5,469	16	1,790	7,259	16	(5,6)
Average	1,477,037	2,726		1,243	3,969		
Median	1,222,562	2,538		1,211	3,738		
Highest	4,364,260	5,469		1,790	7,259		
Lowest	667,876	2,050		953	3,042		

Notes:

Values are rounded.

* Average Assessed Value determined by using BC Assessment's 2018 Revised Roll Totals, Property Class Residential Single Family, divided by number of occurrences. Value has not been adjusted for new construction or supplementary changes.

- (1) Water, Sewer, Garbage/Recycling Rates receive 5% discount for on time/early payment.
- (2) Municipal tax rates are averaged.
- (3) Drainage Levy Rate/Amount excluded from analysis. According to Mission staff, only approximately 25 homes are charged this levy - not representative of an average home in Mission.
- (4) Water and Sewer Rates reflect a 5% discount for on time/early payment.
- (5) Water, Sewer, Garbage/Recycling Rates receive 10% discount for on time/early payment.
- (6) Sewer and Water are metered and are therefore projected amounts.
- (7) Utility Rates include Water, Sewer and Recycling.

FINANCIAL PLAN OVERVIEW

In the 2018 survey on Residential taxes, we also looked at the tax increases over the past three years across surveyed municipalities. Tax increases in 2018 ranged from a low of -5.0% in Burnaby to a high of 20% in West Vancouver. The tax increase to the average single family dwelling in Maple Ridge was 2.1%; note the 2-year change of 6.9% in Maple Ridge was below the average of 7.9% of all cities surveyed. This comparison is far from perfect as it looks at only the single family home whereas the property tax rate is set for all residential properties.

Municipality	2016	2017		2018		2 year Change
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes	
Langley Township	1,929	4.7%	2,021	1.4%	2,050	6.3%
Pitt Meadows	1,931	5.7%	2,041	0.6%	2,053	6.3%
Surrey	1,891	8.6%	2,053	3.3%	2,120	12.1%
Mission	1,980	5.4%	2,087	3.1%	2,152	8.7%
Port Coquitlam	2,253	5.1%	2,368	-1.1%	2,343	4.0%
Maple Ridge	2,205	4.7%	2,309	2.1%	2,358	6.9%
Burnaby	2,447	6.9%	2,617	-5.0%	2,485	1.6%
Delta	2,388	3.7%	2,478	1.2%	2,508	5.0%
Coquitlam	2,460	5.1%	2,587	-0.7%	2,569	4.4%
Richmond	2,383	10.0%	2,621	-1.7%	2,576	8.1%
North Vancouver City	2,674	3.1%	2,757	1.1%	2,788	4.3%
North Vancouver District	2,708	4.1%	2,820	1.5%	2,861	5.7%
New Westminster	2,835	8.1%	3,066	-3.0%	2,974	4.9%
Vancouver	2,896	7.3%	3,107	-2.6%	3,027	4.5%
Port Moody	3,015	8.4%	3,268	0.5%	3,285	9.0%
West Vancouver	4,071	12.0%	4,561	19.9%	5,469	34.3%

How Our Taxes Compare to Other Municipalities

Commercial Taxes

In 2019, we surveyed taxes assessed against the Business Class 6. One indicator that has been getting some attention these days is that of the tax multiple. A tax multiple for Business Class 6 is calculated by taking the tax rate assessed against this class and dividing it by the Residential Class tax rate. For 2019, our tax multiple was 3.15 (8.9367 Business Class 6 rate divided by 2.8326 Residential Class rate). A lower tax multiple is preferred by businesses. The increased multiple in 2017 and 2018 are not a result of different tax increases but of residential properties increasing in value more than commercial properties.

Maple Ridge Business Class, Residential Class, Tax Multiple

Year	Business	Residential	Multiple
2013	12.2307	4.2833	2.86
2014	12.7314	4.4625	2.85
2015	12.3038	4.4713	2.75
2016	11.8801	4.3761	2.71
2017	10.9322	3.3412	3.27
2018	9.8429	2.9961	3.29
2019	8.9367	2.8326	3.15

FINANCIAL OVERVIEW REPORT

This chart shows how our tax multiple compares to surveyed municipalities. Our multiple is seventh lowest.

Caution should be used in reaching conclusions around multiples as multiples change as a result of differential changes in property assessed values. Nonetheless if Council wanted to move towards a multiple of 2:1, this could be done by moving about \$5 million in tax burden from the Commercial Class to the Residential Class. This would amount to an 8.5% increase to the Residential Class and could be phased in over a number of years. At the end of the day, our budgets are balanced and benefits to one class are at the expense of another.

Business Class Tax Multiples, Based on General Municipal Rates

Municipality	2017	2018	2019	Rank
West Vancouver	3.11	2.74	2.06	1
Chilliwack	2.29	2.4	2.36	2
Port Moody	3.14	2.8	2.38	3
Richmond	3.57	3.19	2.76	4
North Vancouver, District	4.4	3.52	2.79	5
Abbotsford	2.78	2.99	2.99	6
Delta	3.85	3.37	3.04	7
Langley, City	2.99	3.09	3.07	8
Surrey	3.34	3.3	3.11	9
North Vancouver, City	4.08	3.85	3.12	10
Maple Ridge	3.27	3.29	3.15	11
Vancouver	4.6	4.04	3.2	12
Pitt Meadows	3.39	3.4	3.27	13
Port Coquitlam	3.93	3.76	3.35	14
Burnaby	4.72	4.19	3.54	15
Langley, Township	3.64	3.75	3.65	16
Coquitlam	5.05	4.38	3.67	17
New Westminster	4.14	4.16	3.86	18
Mission	3.65	4	4.19	19

How Our Taxes Compare to Other Municipalities

Financial Indicators

Financial indicators provide information about an entity that may be useful in assessing its financial health or comparing its financial picture with that of other municipalities. As with all statistical data, it's important to keep in mind that ratios need to be interpreted carefully. They provide information but, on their own, do not show whether the results are good or bad.

The data for the indicators shown comes from the Province's Local Government Statistics section and is compiled from reports that each municipality is required to submit to the Province. The municipalities shown are all GVRD members (the smaller villages have been excluded), with the addition of the neighbouring municipalities of Mission, Abbotsford and Chilliwack. The comparisons we have used are for the years 2015 and 2016 as 2017 information was not available at the time this report was prepared.

Here is a brief summary of the ratios presented in the tables that follow.

Percentage of Liability Servicing Limit Used

Under the Community Charter, the provincial government has set the maximum amount that can be used for principal and interest payments on debt at 25% of certain revenues. This number is referred to as the liability servicing limit. By looking at the percentage of this limit that is already committed to debt servicing, we get a picture of how much flexibility a municipality has to consider using debt financing for future projects.

Debt Per Capita

This is the total amount of debt divided by the population of each municipality. It is a widely used ratio that shows how much of a municipality's debt can be attributed to each person living in the community.

Debt servicing as a percentage of tax revenue

This was calculated by dividing the total amount committed to principal and interest payments by the total amount of tax revenue collected in the year. It shows how much of annual property taxes are required to make principal and interest payments on outstanding debt.

Total Assets to Liabilities

Comparing total assets, both financial and non-financial, to total liabilities gives an indication of the total resources available to a municipality to settle outstanding liabilities. With this ratio, it is important to keep in mind that the largest proportion of a municipality's total assets are typically the non-financial assets, mostly infrastructure and that in many cases there is no market available to sell them and realize cash to use to settle liabilities.

Financial Assets to Liabilities

Financial assets are resources such as cash or things that are readily converted to cash, for example, accounts receivable. Comparing financial assets to liabilities provides an indication of financial strength and flexibility. A ratio above 1 shows that the City has more financial resources (cash) available to it than it owes; a ratio below 1 shows that the City owes more than its financial resources.

Government Transfers to Revenues

This shows the proportion of a municipality's revenues that comes from grant funding.

Expenditures Per Capita

This shows the amount of spending in a particular year for each person living in the community and can be affected by variations in annual spending, particularly capital spending. Expenditures include annual spending for capital investment, but exclude the amortization of existing assets.

Tax Revenues Per Capita

This shows the amount of property taxes collected in a particular year for each person living in the community.

Taxes Per Capita as a Percentage of Expenditures Per Capita

This shows the proportion of annual expenditures that are paid for by property taxes, providing an indication of a municipality's reliance on revenues other than taxation.

FINANCIAL OVERVIEW REPORT

While looking at the percentage of a municipality's liability servicing limit that has already been used provides useful information it can be impacted by decisions, such as to repay or refinance debt.

	Percentage of Liability Servicing Limit Used		Debt Per Capita		Debt Servicing as a Percentage of Tax Revenue	
	2016	2015	2016	2015	2016	2015
			\$	\$		
Abbotsford	15%	13%	\$ 438	\$ 470	6%	5%
Burnaby	0%	0%	-	-	0%	0%
Chilliwack	4%	4%	49	63	1%	2%
Coquitlam	4%	8%	138	151	1%	3%
Delta	2%	3%	34	44	1%	1%
Langley (City)	0%	0%	-	-	0%	0%
Langley (Township)	14%	12%	631	657	6%	5%
Maple Ridge	15%	15%	365	420	6%	6%
Mission	5%	6%	142	161	2%	3%
New Westminster	30%	4%	742	909	18%	3%
North Vancouver (City)	1%	1%	24	27	0%	0%
North Vancouver (District)	12%	7%	495	545	6%	3%
Pitt Meadows	7%	10%	356	364	3%	4%
Port Coquitlam	6%	6%	351	366	2%	3%
Port Moody	6%	10%	351	363	2%	4%
Richmond	6%	6%	198	224	3%	3%
Surrey	23%	16%	413	433	10%	7%
Vancouver	12%	16%	1,643	1,524	6%	8%
West Vancouver	4%	3%	725	175	2%	2%
White Rock	137%	1%	1,069	735	68%	0%
Average*	15%	7%	408	380	7%	3%

The data shown is for 2016 vs 2015. This is the most current information available.

* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

FINANCIAL PLAN OVERVIEW

A comparison of assets to liabilities in any given year will be affected by business decisions made during the year that do not necessarily reflect a decline in the fiscal health of a municipality. For example, a decision to borrow money will increase liabilities and reduce these ratios, as seen with White Rock in 2016.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2016	2015	2016	2015	2016	2015
Abbotsford	9.09	9.35	1.76	1.57	0.07	0.06
Burnaby	16.19	17.38	5.71	5.68	0.03	0.04
Chilliwack	9.70	12.06	2.10	2.30	0.07	0.07
Coquitlam	14.33	14.86	2.95	2.57	0.04	0.05
Delta	11.48	10.97	2.50	2.35	0.01	0.01
Langley (City)	11.39	10.48	2.25	2.15	0.20	0.18
Langley (Township)	8.04	7.65	1.41	1.22	0.02	0.03
Maple Ridge	10.10	9.12	1.74	1.58	0.02	0.03
Mission	15.41	16.63	2.57	2.64	0.04	0.04
New Westminster	6.35	5.85	1.39	1.38	0.05	0.05
North Vancouver (City)	6.46	6.44	2.32	2.44	0.07	0.03
North Vancouver (District)	5.78	5.76	1.63	1.72	0.04	0.07
Pitt Meadows	8.70	9.31	1.67	1.52	0.02	0.02
Port Coquitlam	9.34	9.86	2.11	2.00	0.02	0.02
Port Moody	19.19	19.92	1.76	1.78	0.04	0.05
Richmond	8.17	8.73	2.68	2.88	0.05	0.05
Surrey	10.09	10.75	1.06	1.04	0.02	0.03
Vancouver	4.30	4.40	1.04	1.04	0.02	0.02
West Vancouver	4.97	6.31	1.20	1.21	0.11	0.11
White Rock	3.91	4.29	1.75	1.85	0.01	0.02
Average*	9.65	10.05	2.08	2.07	0.05	0.05

The data shown is for 2016 vs 2015. This is the most current information available.

* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

FINANCIAL OVERVIEW REPORT

Expenditures per capita are affected by annual variations in spending, particularly capital spending. In years where a greater amount of tangible capital assets are acquired, expenditures per capita will be higher than in years where a lesser amount is acquired.

	Expenditures Per Capita		Tax Revenue Per Capita		Tax Revenue Per Capita as a Percentage of Expenditures Per Capita	
	2016	2015	2016	2015	2016	2015
Abbotsford	\$ 1,466	\$ 1,512	\$ 931	\$ 904	64%	60%
Burnaby	1,893	1,786	1,130	1,094	60%	61%
Chilliwack	1,422	1,496	821	827	58%	55%
Coquitlam	1,820	1,786	1,050	1,037	58%	58%
Delta	2,433	2,232	1,330	1,281	55%	57%
Langley (City)	1,851	1,841	936	872	51%	47%
Langley (Township)	2,100	1,972	983	972	47%	49%
Maple Ridge	1,939	1,858	914	923	47%	50%
Mission	1,812	1,541	812	806	45%	52%
New Westminster	2,790	2,455	986	970	35%	40%
North Vancouver (City)	2,440	3,129	1,101	1,019	45%	33%
North Vancouver (District)	2,462	2,469	1,090	1,056	44%	43%
Pitt Meadows	1,460	1,409	963	877	66%	62%
Port Coquitlam	1,433	1,342	999	974	70%	73%
Port Moody	1,840	1,662	1,119	1,053	61%	63%
Richmond	2,278	2,242	1,000	983	44%	44%
Surrey	1,635	1,524	679	662	42%	43%
Vancouver	2,679	2,228	1,104	1,079	41%	48%
West Vancouver	3,687	3,594	1,597	1,419	43%	39%
White Rock	2,122	2,465	1,103	1,125	52%	46%
Average*	2,078	2,036	1,032	1,001	51%	51%

The data shown is for 2016 vs 2015. This is the most current information available.

* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

Conclusion

For 2020, the City expects approximately \$4.9 million in new revenue, primarily due to property taxes; both new taxes from development and increases in property taxes. The majority of the additional revenue is used to fund cost increases for existing services, such as labour and the RCMP Contract. A portion of the property tax increase is dedicated to improving the level of infrastructure replacement, drainage infrastructure and Parks & Recreation Master Plan funding.

Improvements to service levels, maintaining of our existing infrastructure and the cost of existing services have all been managed with property tax increases that are below regional averages.

Maple Ridge's Business Planning culture ensures the business and financial acumen exists to address current community needs. A phrase that is often used to describe our Business Planning process is ensuring that we are "Doing the right things right." This is achieved through looking at what and how we do things and revisiting these processes to ensure we are getting the most value out of the time, effort and resources invested.

Council's continued support of Business Planning and the underlying financial policies and business processes that support it are key success factors for the community. It helps ensure that we, as public servants, provide the best overall service levels possible within the constraints that exist. Council continues to recognize the value of focusing on long term Financial Planning in dedicated funding to be spent on infrastructure renewal, ensuring that the services our citizens currently enjoy are sustainable.

We continue to face pressures in delivering services to a community that is growing at a brisk pace. The incremental adjustments, summarized earlier in this report, will help address some service level demands and support the delivery of Council's Strategic Plan.

There are several work plan items that will result in more detailed implementation plans (such as the Community Social Safety Initiative and updating Master Plans). Items that include significant coordinated efforts or investments often require research and careful consideration of the data to ensure decisions are well informed. When the implementation plans are considered the funding can also be considered. In some instances, it may make sense to start building the financial capacity earlier to allow some easing in of costs to ratepayers.

Not all the information required to make budget decisions exists at any one time. Council can amend the Financial Plan Bylaw at any time and once the investments and associated funding decisions have been made the Financial Plan can be amended accordingly.

In summary, this Financial Plan allows the community to move forward while respecting the current economic times.

Recommendations for 2020 – 2024 Financial Plan

On June 25, 2019 Council for approved the Business & Financial Planning Guideline 2020 – 2024. These recommendations are consistent with these guidelines.

The key financial implications of this budget include:

1. General Purpose Property Tax Increase; 2.0% per year.
2. Infrastructure Sustainability Property Tax Increase; 0.7% per year in 2020 & 2021, 0.9% per year in 2022 & 2023 and 1% in 2024.
3. Parks, Recreation & Culture Property Tax Increase; 0.60% per year.
4. Storm Water Property Tax Increase; 0.30% in 2020 & 2021 and 0.10% in 2022 & 2023. No increase in 2024.
5. Water Levy Increase; 4.5% per year.
6. Sewer Levy Increase; 8.5% per year.
7. Recycling Levy Increase; 2.75% per year.
8. Growth in Property Tax Revenue Assumptions of 1.75% to 1.85% per year.
9. Incremental Adjustments; as outlined on page 21.
10. Provision for costs associated with growth as outlined on page 10, subject to available funding.
11. Capital Program totaling \$34.1 million in 2020, \$31.1 million in 2021, \$24.0 million in 2022 and \$23.0 million in 2023 and \$24.1 million in 2024.

General Information

Public Input

Each year we invite citizens and stakeholders to provide comment on the Financial Plan. The first opportunity comes in the spring, when Council adopts guidelines that will direct staff in the preparation of the Financial Plan. The second opportunity is when Council formally considers the proposed Financial Plan. Public engagement can be difficult on the budget. However citizen or user input is often sought more directly on the individual services the City provides which inform the Departmental Business Plans and form the Financial Plan.

In addition, your comments and questions are welcome any time of year.

- e-mail, addressed to: budget@mapleridge.ca
- voice mail, Budget Hotline: 604-467-7484
- in writing, addressed to:

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Get a copy of the Financial Plan on our website mapleridge.ca