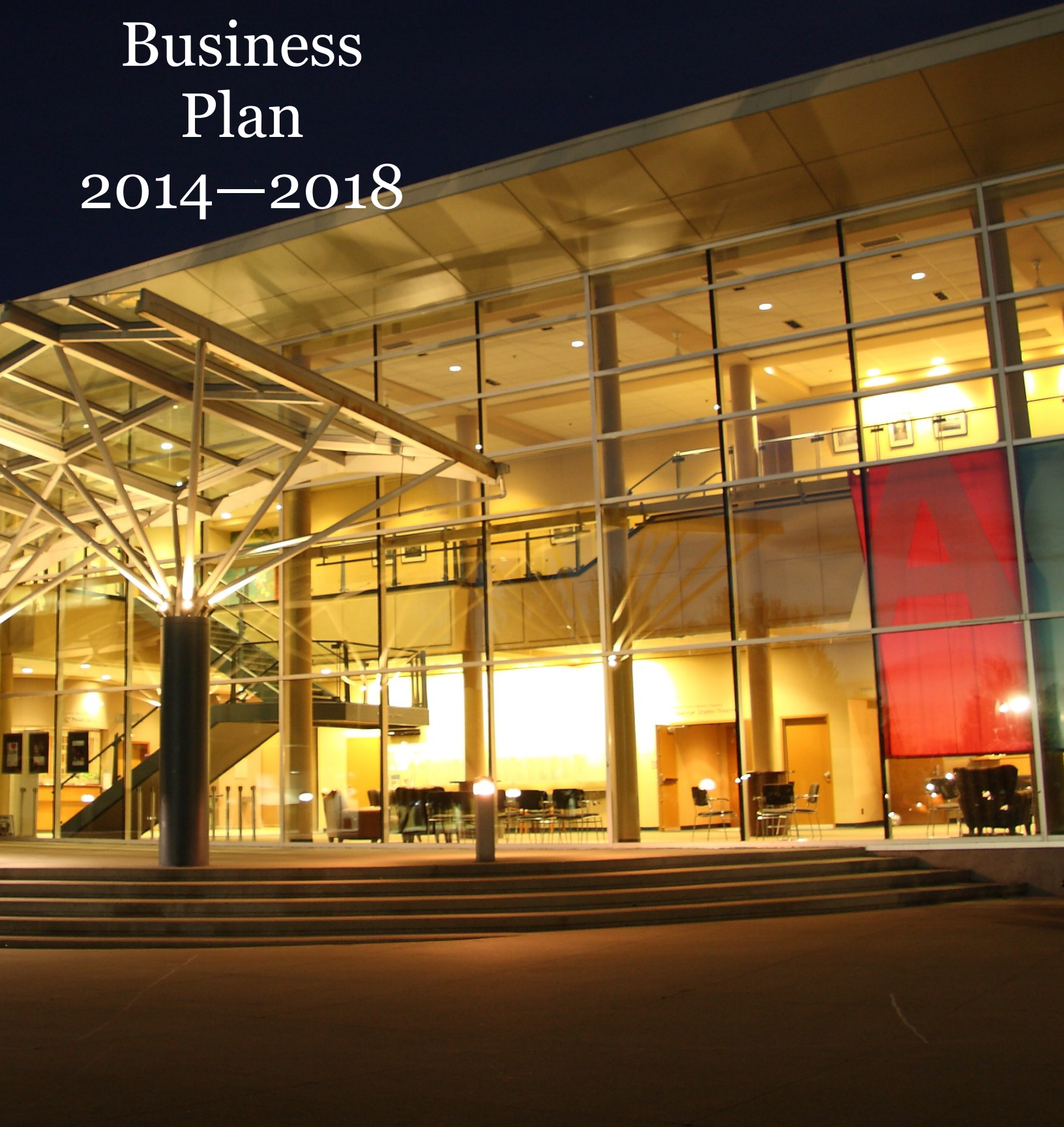


Financial Overview Report



Business Plan 2014—2018



FINANCIAL PLANNING IN BUDGET

Budgeting is a balancing act between what the Municipality would like to do and what it can afford. Budget decisions affect the funding for programs and services we depend on for our quality-of-life every day.

Since the budget outlines Municipal priorities, it has to be a balancing act between delivering quality services and cost savings. Each budget takes into account long-term goals, immediate needs, changing economic conditions and affordability for our citizens. This is why the Municipal budget is called a Financial Plan, it is a Financial Planning and policy document not only for today, but for the future.

Rolling 5-Year Financial Plan

The Financial Plan covers a 5 year period that is updated at least annually.

To get to the Financial Plan, Council and staff undergo an annual Business Planning review process that scrutinizes priorities and the allocation of funding. With the rigour put into developing the plan, and taking the long view, there should be few changes to the plan each time it is refreshed.

The 5-year Financial Plan is prepared based upon Council direc-

tion. It is adopted by bylaw and can only be changed by bylaw. Once the Financial Plan is adopted, it is published and is available on the website www.mapleridge.ca.

Balanced Budget— Can't Run Deficits

The 5-year Financial Plan contains both operating and capital expenditures.

Local Government in British Columbia cannot run a deficit in their operating accounts. Each year, the budget must be balanced. This is why there is a need for a 5 year plan – no surprises!

The plan will also show proposed sources of funds and their application to capital projects such as building construction, road repairs, infrastructure upgrades and land or equipment purchases.

Open and Transparent Budget Deliberations

Council and Municipal staff welcome input on developing the budget and Financial Plan from all our stakeholders. There are several opportunities for formal input including a live question and answer session. There are informal opportunities as well; Council and staff are always available to listen to your ideas.



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**Council
Welcomes Your
Input!**

PROPERTY TAX INCREASES

In the 2013-2017 budget, Council and staff were able to reduce property tax increases. Council was hoping to work towards further reductions in future budgets and this is exactly what happened in the 2014-2018 budget guidelines that were adopted in May 2013. The increases now proposed are even lower.

Property Tax Increases	2012	2013	2014	2015	2016	2017	2018
2012 - 2016 Adopted Budget (2012 Actual)	4.89%	5.17%	4.80%	4.80%	4.80%		
2013 - 2017 Adopted Budget (2013 Actual)		3.50%	4.05%	4.55%	4.55%	4.55%	n/a
2014 - 2018 Budget Council Adopted Guidelines			3.30%	3.65%	3.65%	3.85%	3.85%
2014 Reduction vs. Prior Adopted Budget			0.75%	0.90%	0.90%	0.70%	-
2014 - 2018 Budget Currently Proposed			3.25%	3.25%	3.25%	3.25%	3.25%
2014 Reduction vs. 2014 Council Adopted Guidelines			0.05%	0.40%	0.40%	0.60%	0.60%

Council wanted to reduce the size of the property tax increase.

As you can see by this chart, this is exactly what they did!

The property tax increase of 3.25% noted on page 4 can be broken down as follows. As you can see, the amount of the tax increase is a lot less than it has been in prior years.

	General Purpose (GP)	Infrastructure	Town Centre	Fire Levy	Drainage & Rec.	Parks & Rec.	Total Increase
2018	2.00%		0.70%		0.30%	0.25%	3.25%
2017	2.00%		0.70%		0.30%	0.25%	3.25%
2016	2.20%		0.50%		0.30%	0.25%	3.25%
2015	2.20%		0.50%		0.30%	0.25%	3.25%
2014	2.20%		0.50%	Inc. in GP	0.30%	0.25%	3.25%
2013	2.25%		0.50%	\$ 300,000	0.30%	0.13%	3.50%
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%		1.00%	600,000			6.18%
2006	3.75%		1.00%	600,000			6.37%
2005	3.00%		1.00%	600,000			5.77%
2004	3.00%		1.00%				4.00%
2003	3.00%		1.00%				4.00%

Town Centre—Up until 2007 a dedicated 1% tax increase was required for our obligation to the Town Centre project. This is the project that brought us the Library, Youth Centre, Arts Centre, expanded Leisure Centre, Office Tower, downtown park and underground parking.

Fire Levy—Before 2005, we had no full time paid firefighters and the Council of the day felt this had to change to meet the safety needs of a growing community. Funding to do this was phased-in starting in 2005.

Infrastructure Sustainability—is discussed in more detail on page 29. Dedicated funding was implemented in 2008.

Drainage and Parks & Rec.—New for 2013, was a drainage tax increase to fund the replacement of drainage infrastructure and an increase to implement the Parks and Recreation MasterPlan.

General Purpose—The General Purpose component of the increase is what is left to cover cost pressures.

WHERE DOES OUR MONEY COME FROM AND WHERE DOES IT GO?

Conceptual Overview

This section provides a conceptual overview of what the District can expect in additional revenue year over year. Growth in the property tax base and property tax increases provide the bulk of new revenue, which amounts to just over \$3.0M in 2014.

New Revenue

The property tax increase consists of increases for general purposes, dedicated infrastructure renewal and replacement, phased implementation of the Parks & Leisure Services MasterPlan and drainage improvements.

The following table illustrates growth rate assumptions and tax increases and the associated revenues that have been included in the Financial Plan.

Inflationary increases must be accommodated by this line

Conceptual Overview of New Revenue

Item (\$ in thousands)	2014	2015	2016	2017	2018
Previous Year's Taxation Revenue	63,125	66,175	69,625	73,300	77,500
Growth Rate	1.65%	2.00%	2.00%	2.00%	2.00%
Growth Rate (Town Centre Incentive)			0.10%	0.50%	0.15%
Growth Revenue	1,050	1,325	1,450	1,825	1,675
Previous Year's Taxation + Growth	64,175	67,500	71,075	75,125	79,175
Property Tax Increases:					
General Purpose	2.20%	2.20%	2.20%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.50%	0.70%	0.70%
Parks & Recreation Improvements	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage Improvements	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase	3.25%	3.25%	3.25%	3.25%	3.25%
Property Tax Increase Revenue	2,075	2,200	2,300	2,450	2,575
Reduce Revenue from Major Industry	(75)	(75)	(75)	(75)	(75)
Additional Property Taxes vs. Prior Year	3,050	3,450	3,675	4,200	4,175
Next Year's Taxation Base Revenue	66,175	69,625	73,300	77,500	81,675
Gaming Revenue Increase	550				
Increases in other revenue	175	175	150	150	125
Increase in General Revenue	3,775	3,625	3,825	4,350	4,300

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

Growth refers to the new property tax revenue received from new construction or “non-market change” in property assessed values. Due to its nature, being tied to new development, there is some volatility in the revenue with higher additional revenues in years of strong economic growth. This is one of the reasons that it is important to have sound long term financial planning policies and practices and to build financial resiliency. In the last 10 years we’ve seen growth exceed 3% twice and it has been less than 2% in the last five years. In some respects, the District is fortunate in that it does not rely heavily on any one industry for its revenues.

In 2014, gaming revenues are projected to increase by \$550,000 and other revenues are projected to increase by \$175,000 over the amount previously budgeted. The increase in other revenues includes changes in Parks & Leisure Services cost share recoveries, recycling fees and grants. In some cases, these revenues are offset by related increased expenditures. Page 8 shows the demands against this revenue.

Transfers

The District has committed to making transfers to certain reserves in order to provide long term financial stability. These transfers reduce the revenues that are available to cover other expenditures. Approximations of such transfers are shown in the following table. The amounts reflect the change from one year to the next, rather than gross amounts to be transferred, to highlight the draw against each year’s additional revenue.

Conceptual Overview of Changes to Transfers

The remaining new revenue for 2014, after the reserve commitments, is about \$3.9 million.

Item (\$ in thousands)	2014	2015	2016	2017	2018
Additional General Revenue available	3,775	3,625	3,825	4,350	4,300
Transfers to Reserves:					
Capital Works Reserve	(100)	(50)	(50)	(50)	(50)
Fire Department Capital	(50)	(50)	(75)	(75)	(75)
Equipment Replacement Reserve	-	(50)	(50)	(50)	(50)
Capital Works Reserve Adjustment	500	(150)	(250)	200	(50)
General Revenue Funded Capital (net CWR tfers)	(275)	(175)	(100)	(200)	(100)
Available after transfers	3,850	3,150	3,300	4,175	3,975

We use reserves to provide long-term financial stability

Expenditures

Beyond the Transfers noted on the previous page, a number of adjustments to expenditures are required. We experienced cost increases in a number of areas that must be provided for. The impacts of these expenditure adjustments are captured in the table below and a discussion follows.

Conceptual Overview of Expenditure Changes

The numbers in the preceding two tables and the following table represent a change from one year to the next. For example, the Policing amount means that 2014 costs are forecasted to be about \$925,000 higher than 2013, so will require \$925,000 of the new revenue for 2014.

Item (\$ in thousands)	2014	2015	2016	2017	2018
Available after transfers	3,850	3,150	3,300	4,175	3,975
Increase in expenditures:					
Labour (excluding Fire Dept.)	(625)	(700)	(700)	(800)	(750)
Fire Department	(400)	(425)	(450)	(450)	(475)
Parks & Recreation Master Plan	(150)	(175)	(175)	(200)	(200)
Policing (RCMP, ITEAMS, ECOMM)	(925)	(625)	(450)	(900)	(800)
Fraser Valley Regional Library	(25)	-	(100)	(100)	(100)
Inflation Allowance	(100)	(200)	(225)	(225)	(225)
Infrastructure Replacement	(875)	(350)	(425)	(900)	(700)
Drainage Levy Related Projects	(200)	(200)	(225)	(225)	(250)
Growth Costs	(400)	(400)	(400)	(400)	(400)
Recycling Expenses	(50)	(100)	(50)	(50)	(50)
Arenas (CPI and Subsidized Ice)	(100)				
Actuarial Accrual, Service Severance & Sick Liab.	150	25	25	25	25
Cottonwood Landfill Closure (15 years)	(200)				
Available after expenditures	(50)	-	125	(50)	50
Surplus from prior year	68	78	99	212	107
Other Adjustments & Rounding	60	21	(12)	(55)	(42)
General Revenue Surplus	78	99	212	107	115

We have little discretion in funding many of these items as they reflect the costs associated with existing contracts (such as Labour, RCMP, Library and Recycling).

These next points provide further detail about items in the Conceptual Overview of Expenditure Changes:

- **Labour:** This line reflects the financial impact of wage and benefit cost increases. The CUPE contract expired March 31, 2012. Once contract costs have been finalized, the Financial Plan By-law will be updated.
- **Fire Department:** Implementation of the Fire Department MasterPlan is reflected in these costs. Fifty-one full-time firefighters have been hired since the phased implementation of the Fire Department MasterPlan. Costs are increasing even though no additional firefighters are provided for.
- **Policing:** This line includes the cost for contracts associated with Police Services including RCMP, Community Police Officers, 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. The budget includes eight additional members over five years.
- **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 \$29,000 which is \$101,000 less in 2014 than we had previously anticipated. This is the result of a change in the funding formula.
- **Infrastructure Replacement:** In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The 2013 increase was 0.5% for an annual contribution

totaling \$3,075,000. The 2014-2018 budget includes an increase for infrastructure of between 0.5% - 0.7% annually. This amount is supplemented by committing the additional gaming revenues and growth in property taxes due to the Town Centre Incentive Program to infrastructure replacement. Additional discussion on infrastructure replacement is included on page 29.

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

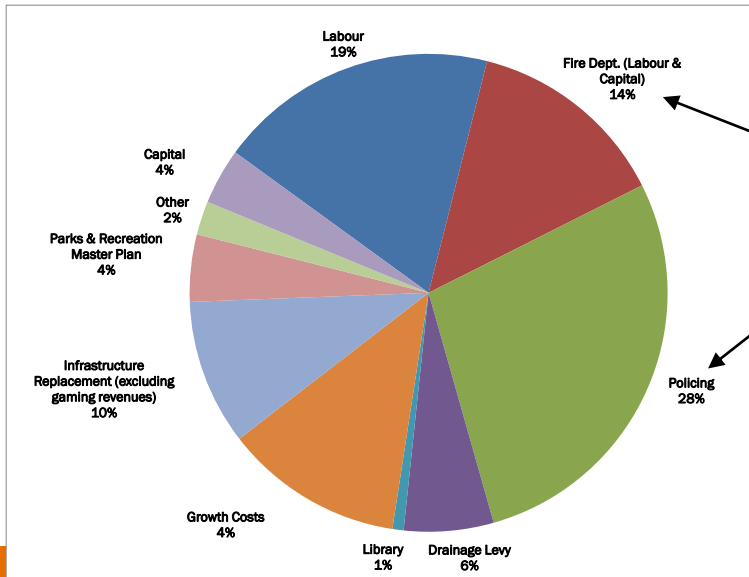
- **Inflation Allowance:** The inflation allowance covers over 1,000 items, amounting to almost \$10 million in materials and services, for which increases are not specifically built into departmental budgets. An allowance of about 1% for 2014 and 2% a year for 2015-2018 is included in fiscal services to cover inflationary cost increases.

• **Debt:** Debt payments were previously included for several projects approved in prior Financial Plans. While some of this borrowing is yet to occur, debt payments have been included based on the earliest date that borrowing is likely to occur. Debt is discussed in more detail under “Borrowing” starting on page 33.

- **Growth:** Growth projections and increases to revenues as a result of growth are built in. This line recognizes the costs associated with growth and the demand it places on new revenues. If growth revenue falls short of projections, growth related costs will be cut.
- **Other:** This line captures numerous minor adjustments to other accounts such as materials, utilities, training, supplies and maintenance.

Of the \$3.8 million available in new revenue, the demand from the labour category including Police and Fire is about \$2 million. Following is a chart illustrating the distribution of new revenues for the 2014 year.

Conceptual Overview of Distribution of New Revenue



No your eyes are not deceiving you. Police and Fire expenses account for about 40% of the money we receive.

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

The preceding section provides a brief overview of increases in revenues and where that money goes. It illustrates those items that have an impact on general revenue. The rate of cost increases in certain areas (i.e. Police) exceeds the rate of the general tax increase. In other areas, revenues are not increasing at the same rate as costs. This leaves minimal room for enhancements to services unless reductions are considered in other areas or new revenue sources, such as grants, are found.

Budget Allocations for Growth

The previous discussion touched on growth amounts allocated to budget areas, but only to the extent that they drew upon General Revenue. The following table captures all growth allocations in the Financial Plan. Some are directed towards general areas rather than specific programs. As we approach later years and the community's needs are more certain, these packages will be allocated more specifically. Growth funding allocated in 2013 had to be reduced to compensate for the lower than anticipated growth revenues. In 2012 all growth funding was removed, creating funding pressure in areas that incur direct costs where additional inventory needs to be maintained.

Growth Packages in Financial Plan

Item (\$ in thousands)	2014	2015	2016	2017	2018
General Revenue Fund					
Transfer to Fire Department Capital Reserve	50	50	50	50	50
Operations	65	65	65	65	65
Parks Maintenance	79	65	65	65	65
Software Maintenance	20	20	20	20	20
Public Works & Development (PW&D)	65	65	65	65	65
Corporate & Financial Services (C&FS)	65	65	65	65	65
Community Dev, Parks & Rec (CDPR)	65	65	65	65	65
General Revenue Total	409	395	395	395	395
Water Revenue Fund - Maintenance	15	15	15	15	15
Sewer Revenue Fund - Maintenance	10	10	10	10	10

The total growth amount for 2014 through 2018 is different than the growth amount in the Conceptual Overview of Expenditure Changes table as the table is rounded to the nearest \$25,000.

Incremental Adjustments

In view of the tough economic times, staff was directed to only bring forward requests for incremental funding where it was critical to operations and/or represented health or life safety risks. As a result, incremental requests are at a minimum. Incremental adjustments are, however, recommended to address the following issues identified by Council:

1. Cottonwood Landfill Remediation

A staff report in the near future will discuss the remediation works required at the Cottonwood Landfill site, the annual costs of which are estimated at \$200,000. This amount has been included in the Financial Plan reconciliation that appears on pages 23 and 24.

2. Implementation of Document Management

Earlier this year, Council approved the implementation of a Document Management System. Capital costs and the majority of the ongoing costs for the system were included in the previous Financial Plan. The \$75,000 per year for two years for start-up costs that were identified in the staff report have been included in the Financial Plan, and are being funded from Surplus.

3. Façade Improvement Program

2014 is the last year of the program offered in partnership with the Business Improvement Association.

4. Treat Noxious Weeds on District Property

It is recommended that a budget of \$50,000 per year for 5 years be provided to engage contractors who have personnel trained in the application of pesticides. The objective is to implement a weed

control strategy on areas identified as the highest priority to reduce the spread of these weeds and protect habitat areas. \$250,000 of surplus has been allocated.

5. Hammond Area Plan

Council has expressed a strong interest in undertaking an Area Plan for the Hammond Neighbourhood. \$130,000 of surplus has been allocated to provide the Planning Department with temporary resources for this project.

6. Information Technology Security Audit

This security audit is critical to ensure the District is being rigorous in its security practices and procedures and minimizing the risk of a security breach. Recommendations coming out of this security audit may result in changes in security practices and procedures. \$20,000 of surplus has been allocated.

7. Joint Leisure Services Agreement Review

The District of Maple Ridge established a Joint Leisure Services Agreement with the City of Pitt Meadows in 1993. Council has stated its interest in conducting a review of this agreement to ensure good value for taxpayer dollars and the efficient and effective delivery of parks, recreation and cultural services to citizens. \$15,000 of surplus has been allocated.

8. Capital Items Funded from Surplus

The Drainage levy will take time to build and two important projects need to be advanced. We recommend that these be funded from surplus. As well, improvements on Lougheed Highway between the Gaming Centre and 224 Street are scheduled for 2015 and can be funded from Surplus.

Incremental Adjustments

Item (\$ in thousands)	2014	2015	2016	2017	2018
General Revenue Surplus	78	99	212	107	115
Incremental Adjustments and Capital to be funded from Accumulated Surplus					
Items Previously Approved By Council					
Document Management Implementation (2 yrs.)	150				
Façade Improvement Program	25				
Proposed Operating Items					
Treat noxious weeds on municipal property (5 yrs.)	250				
Planning - Hammond Area Plan	130				
Information Technology Security Audit	20				
Parks & Rec. - Joint Leisure Services Review	15				
Proposed Capital Items					
Drainage - Flood Study N. Alouette	150				
Drainage - ISMP Watershed Review	350				
Downtown Improvement - Lougheed Hwy (224 - 226)		2,400			
Transfer from Accumulated Surplus	(1,090)	(2,400)			
General Revenue Surplus	78	99	212	107	115

WHAT WOULD A ZERO TAX INCREASE LOOK LIKE?

This section looks at the revenue increases that we expect and then looks at the major cost drivers.

Tax Revenue from New Construction (1.65%)	\$1,050,000
Projected Tax Increases (3.25%)	2,075,000
Adjust Major Industrial Tax Rate	<u>< 75,000 ></u>
Total	\$3,050,000

***This is the new revenue
that we expect for 2014.***

What this means is that the new construction as well as the projected tax increase is going to generate an additional \$3,050,000; the tax increase itself generates \$2,075,000. Why is this tax increase necessary and what are our options? Let's have a look.

RCMP Costs

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
RCMP Contract	\$15,025,000	\$15,950,000	\$925,000

Comments: The RCMP contract is projected to increase by \$925,000. The largest changes are due to increases in Pension Costs and RCMP Overhead, items that the District has no discretion with. There is one additional police officer included in the 2014 budget and Council can decide to not add this position. This will result in a cost reduction of \$145,000 and is not recommended as we have tried to provide gradual increases to our RCMP complement to keep up with the workloads associated with a growing community. A departure from this practice will defer costs to the future and compromise service delivery. To bring the RCMP contract budget in at a zero increase, we would have to release 6.5 police officers or about 7.5 percent of our detachment resources. Council will need to consider the effects of this on public safety.

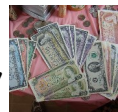
Infrastructure Maintenance & Renewal

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Annual Contribution	\$3,075,000	\$3,950,000	\$875,000

Comments: We have a huge infrastructure renewal/maintenance deficit that we are starting to address. We do not have to do this and can continue to defer this item. It should also be noted that deferral of important infrastructure maintenance and repairs will lead to large and unpredictable cost increases in the future.



***Pay me now —
Pay me later!***



Fire Department

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Annual Costs	\$8,925,000	\$9,325,000	\$400,000

Comments: The largest portion of the increases in the Fire Department are related to the wages and benefits of the full time firefighters that are determined under a collective agreement. No additional personnel are included in the budget. 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 \$400,000. 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.

Parks & Leisure Services

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
MasterPlan Funding	\$75,000	\$225,000	\$150,000

Comments: The Parks & Leisure Services MasterPlan was adopted in 2010. The Plan identifies both short and long-term service needs defined through community consultation. The first year of funding occurred in 2013 and was allocated to park planning. In 2014 the Plan is projected to receive an additional \$150,000. There are a number of priorities in the Plan that this funding could be allocated toward, the specifics of which will be determined by Council. We could push back the phased-in funding which would delay planning and implementation of those priorities.

Drainage Improvements

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Annual Levy	\$150,000	\$350,000	\$200,000

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 \$200,000 is planned for 2014, but we do not have to do this.

Contribution to Reserves

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Fire Department	\$1,325,000	\$1,375,000	\$ 50,000
Capital Works	850,000	950,000	100,000
Equipment Replacement	1,950,000	1,950,000	—

Comments: The District relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions are planned for 2014. These systematic increases have allowed 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 avoid having to pass large tax increases to our taxpayers.

General Inflation, including Labour

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Operating Costs	\$29,050,000	\$29,675,000	\$625,000

Comments: As Council is aware, most line items in the budget are held to no increase. This practice, applied in times of inflation over multiple years, results in a reduction in real spending. A contingency is provided in our Financial Plan reflecting labour negotiation patterns in the region. We do not have to provide for this, but failing to do so will have some undesirable consequences such as potential labour disruption or core service cuts as a result of layoffs.

Service Level Reductions

Council may wish to consider the following service level reductions in order to reduce costs:

1. Library—Eliminate Sunday openings — Closing our library on Sundays could save \$38,000 annually. It may take some time for the full financial benefit to be realized due to contractual commitments.
2. Community Grants—Eliminate — Council has set aside \$60,800 on an annual basis to support a range of community grants. This program could be reduced and/or eliminated over a period of time.
3. Dog Bag Dispensers—Eliminate dog bag dispensers in parks — This could save \$20,000, but result in lowered satisfaction by park and trail patrons who expect this level of service.
4. Port-a-Potties in Parks—Eliminate port-a-potties in municipal and community level parks and on the dyke trail system — This could save \$24,000, but result in lowered satisfaction by park and trail patrons who expect this level of service.
5. Ice Funding for Minor Sports—Eliminate final year of phased-in plan to increase equitable access to ice by local minor sports — This could save \$36,000, but result in dissatisfaction from ice user associations who have been anticipating this increase. Financial accessibility for ice for local minor sports will remain further behind what other communities provide.
6. Core Security—Eliminate on-site daily supervision and security services in Memorial Peace Park and surrounding buildings — This could save \$60,000, but result in risk of increased negative behaviours in the area and corresponding impact on RCMP resources.
7. Accessibility to Recreation Services — Eliminate some of the oversight to programs that increase access to parks and recreation services for citizens with unique needs or challenges including a disability, financial limitations or other barrier. This will reduce costs by \$34,000 and will result in reduced support for

individuals and families dealing with situations that may limit or exclude their access to recreation services. There is some potential for reduced participation from this sector and elimination of support to the Municipal Advisory Committee on Accessibility.

8. Brushing and Chipping Program—Eliminate — This could save \$72,654. This program was implemented many years ago when an outdoor burning ban was placed in the urban area. Intent was to offer citizens an alternative to burning branches or having to take such debris to the transfer station.
9. Mosquito Control Program—Eliminate — This could save \$12,000. This program is offered by the GVRD and there are municipalities that choose not to participate.
10. Contract with ARMS/KEEPS—Eliminate — This could save \$40,000. These are valuable community groups that receive assistance from us and Council may wish to reconsider this assistance.

On occasion, the question of how a lower tax increase, or perhaps even no tax increase, could be achieved is raised. The answer to this question begins with an understanding of our approach to business and Financial Planning.

Our business planning methodology results in us looking at all that we do to make sure that it is being done in the best way possible. Our business plans that accompany this report as well as the next section of this report highlight just some of the improvements that have been made over the past few years. These changes have improved the efficiency and effectiveness of our services and resulted in significant savings for our citizens. Also, if you go through 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.

In identifying ways to minimize the tax increase, we have focused on our cost drivers. There are other practices that could also be used to reduce tax increases and staff strongly recommend against them. These include:

1. **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 could actually be changed to “Pay me now or pay me much more later.”
2. **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?”
3. **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 that such revenue should not be used to fund core expenditures. That is because revenues can drop off with little ad-

vanced 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.

4. **Defer capital projects** - A critical look at capital projects and their associated operating costs is important. Capital projects such as key improvements in the water, sewer, drainage and road systems are important to the services that citizens require and these improvements have to be done in a timely manner.
5. **Amend Financial Plan assumptions to achieve a balanced budget** - As Council is aware, 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. While the budget may be balanced, this may result in savings having to be used when projected results don't materialize. For this reason, this approach is not recommended.

So to answer the question “Is a lower tax increase or zero tax increase possible?” The answer is “yes it is.” It is important however, that it be done properly, by focusing on cost drivers or service level reductions, rather than through the practices mentioned above.

COST REDUCTION/CONTAINMENT/REVENUE ENHANCEMENT INITIATIVES IN RECENT YEARS

Council and staff are constantly looking for opportunities to improve service delivery and save money. In this quest, there are many areas where improvements have been achieved, or initiatives are underway that are expected to lead to improvements. Below is a selection of notable efficiency and effectiveness efforts over the last while.

Shared Services

1. Mutual Aid Agreements with Pitt Meadows, Mission and Langley for emergency fire services – a move to a more demand-based staffing approach, anticipated to save on costs of staff coverage during peak loads.
2. Fire Department - arrangements with Justice Institute Safety training centre.
3. Invest North Fraser Economic Partnership – efficiencies expected through cost sharing on regional investment attraction initiatives and strategic partnerships like the BC Jobs Plan Pilot.
4. Communications Partnership – Rogers Communications designed and funded a rebuild of an abandoned sewer line for communication services under the Haney Bypass for our mutual use, at a cost in the order of \$75,000.
5. RCMP Regional Forensic Investigation Unit – relocated to Maple Ridge.
6. Operations Fueling – centralized fueling of District fleet vehicles, as well as Fire Department and RCMP vehicles, resulted in cost savings of \$86,632 in 2012 over retail pricing on 646,483 litres of fuel. Presently, our price is about 0.15¢ per litre cheaper than retail.

Business Process Efficiency

1. Fire Department – introduction of software for computer-aided dispatch and truck allocation has increased efficiency in reduced wait times for information.
2. Bylaw Adjudication System – pilot project anticipated for 2014 as a new way of ‘serving’ infractions which is expected to save \$40,000 per year in Bylaw Officer time.
3. Vacant Positions – vacant staffing positions subjected to reviews to ensure need and efficiency.
4. Efficiency Improvements in Equipment Use -

Operations adapts dump trucks for snowplow use and Parks licences certain lawnmowers for more efficient transportation between locations.

Service Delivery Improvements

1. ePayments – online payments for certain District services is being widely embraced. For taxes, about 20,000 accounts took advantage of epayment options for a total value of \$38M in 2013. New credit card payment service for property taxes was introduced for 2013 and it raised close to \$400,000 from 166 accounts.
2. Human Resources Initiative – WorkSafeBC has recognized our Health and Safety program with a rebate of \$44,000 on our annual assessment.
3. Volunteerism – utilization of volunteers for festivals and events (28,982 hrs), Parks and Leisure Services (6,728 hrs) and support for RCMP programs (10,500 hrs) to augment objectives and contain staffing costs.
4. Civilianization of RCMP Roles – three police roles have been converted to civilian roles in the last few years at substantial savings.
5. Community Safety Officers – three positions were created for public safety roles that do not require regular RCMP members, resulting in a savings of approx. \$60,000 per year.
6. Bylaws/Permits Laptops in Vehicles – pilot project underway on in-field access to digital case files in vehicle laptops. Expected to yield significant efficiency and time savings when fully operational.
7. Customer Service – 2013 review of standards and expectations to be “Fair, Friendly and Helpful.”
8. Service Automation - enhanced irrigation system for hanging basket fertilization reducing manpower costs.

Contract Arrangements

1. E-Comm Contract – entered a contract in 2011 for police dispatch services with E-Comm that reduced our costs by \$1 million over 5 years.
2. Audit Services – renegotiated the agreement for a 5% reduction in our costs with improved services.

3. Gravel Extraction – current contract provides for significant cash flow to the District.
4. Library – favourable change in cost-sharing formula.
5. Hammond Stadium Upgrade – internalized project management to potentially save up to \$400,000 compared to the low bid for the project.

Technological Innovation

1. Leisure Centre Retrofit – the use of solar power for water heating since 2011 has resulted in the recovery of the cost of the retrofit and a 60% decrease in natural gas consumption for water heating.
2. Hybrid Vehicles – the fleet of 19 Ford Escape hybrids saves the District \$27,000 in fuel every year. Similarly, the nine Toyota Prius hybrids save the District \$5,600 in fuel every year.
3. Electric Vehicles – the District deployed three fully electric vehicles in 2013 with projected savings of \$3,000 annually.
4. RCMP Roof Replacement Project – completed in 2013, this project saw the installation of a white roof which is expected to save significantly on air conditioning costs over the course of the lifetime of the roof.
5. RCMP Asset Tagging Initiative – using radio frequency tagging of assets since 2011, the RCMP have realized efficiencies in staff time valued at about \$12,000 annually.
6. Replaced Workstations with Thin Clients – replaced 200 PC's with cheaper 'thin clients' saving about \$500 per device. Further significant savings in power consumption and IT support, also received an efficiency award for power savings.
7. Reduced Number of Hardware Servers – 'virtualization' has allowed the District to host 80 'virtual servers' on six physical machines saving about \$5,000 per device.
8. LED Streetlights – Operations staff are testing LED streetlights for deployment in a new subdivision to determine the possible energy consumption savings .

Asset Management

1. Adaptive Reuse of Old Infrastructure – the District has reused over 3,000 metres of abandoned underground pipes for our fibre optic network. Resulted in off-setting costs of about \$500,000 than if built from scratch.
2. District Lands – leveraged District land to get a new SPCA building built at substantial savings. As well, utilized District lands at the top of Grant Hill to locate our own telecommunications tower at significant construction savings.
3. Top Soil Reuse – construction of the Mountain Bike Skills Course at Albion Park was made possible through the relocation of organic soil from the Albion Park playfield project.
4. Excavation Reuse – re-contoured berms onsite during playfield construction to accommodate excavated material thereby saving on hauling costs.
5. Equipment Improvements – replaced single-use heavy backhoe with lighter multi-use tractor and attachments for use in cemetery, sports fields and for park maintenance.

Alternative Revenues

1. District Radio Tower – Grant Hill radio tower has off-set operating costs of renting space elsewhere, and has also resulted in secondary revenue of over \$50,000 per year in leasing excess space.
2. Grants – recent grants received include Climate Action rebate of \$48,000, BC Hydro Energy Manager grant of \$150,000 over 3 years and Workplace Conservation grant of \$5,000.
3. Alternative Funding Sources – a few examples of recent improvements in alternative funding sources include having Abernethy Way designated a major regional road thereby leveraging funding from senior agencies, Gaming Revenue and recent bylaw amendments promoting amenity contributions from development.

Conclusion

These are just some of the initiatives that have been implemented over the past short period of time to reduce/contain our costs or to generate additional revenue.

UTILITIES & RECYCLING

Utility Rates and Rates Stabilization

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. In addition, development revenues provide a financial contribution. These revenues cover the costs associated with water purchases, maintenance and both regional and local capital infrastructure.

The 2014 flat rate charged for residential properties is planned at about \$502, of which \$302 is required to purchase water from the region, \$2 is required to service debt associated with regional capital, \$114 is required for local operating expenses, leaving \$84 to fund local capital projects or to smooth regional rate changes.

When setting water rates, we need to consider not only our own planned expenses and infrastructure requirements, but also those planned by the region. During last year's planning cycle, the Regional District had projected rate increases of 18.6% for 2013. Since that time they have deferred projects and water rates increased only 1.2%. Additionally, in order to have the financial capacity to meet future requirements we need to consider the downstream impact of regional projects that were deferred. A rate increase of 5.5% is manageable, but may need to be revisited depending on how quickly the region proceeds with projects that have been deferred.

Sewer Utility Rates

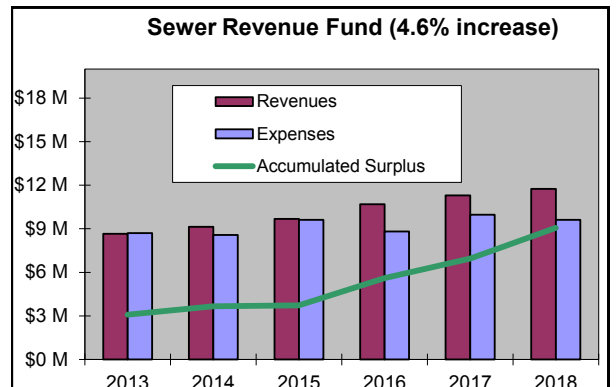
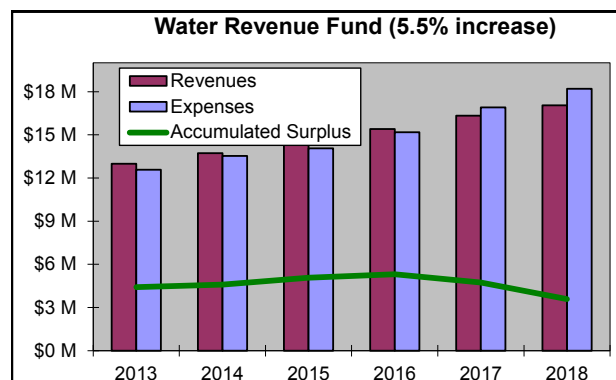
The Sewer Utility pays for regional capital expenditures through an allocation model that essentially spreads rate increases over time to utility ratepayers. Additionally, the utility pays for our local sewer infrastructure and maintenance requirements.

The 2014 flat rate charged for residential properties is about \$322, of which two thirds or \$206 is paid to the region to treat the wastewater, \$69 is used locally to cover operating expenses, leaving \$47 to fund local capital or smooth regional rate changes.

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. Implementation of changes to the regional cost alloca-

tion formula may be a significant factor in future rate increases. The regional cost for sewer increased only marginally in 2014 and a lower annual rate increase in sewer user fees of 4.6% is manageable.

Accumulated Surplus projections, illustrated below, are largely influenced by regional costs and the amount of planned capital. Water rate projections from the region change greatly from year to year. Utility rate increases were reduced in 2013 and, depending on regional cost increases over the next few years, further adjustments may be made.



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.

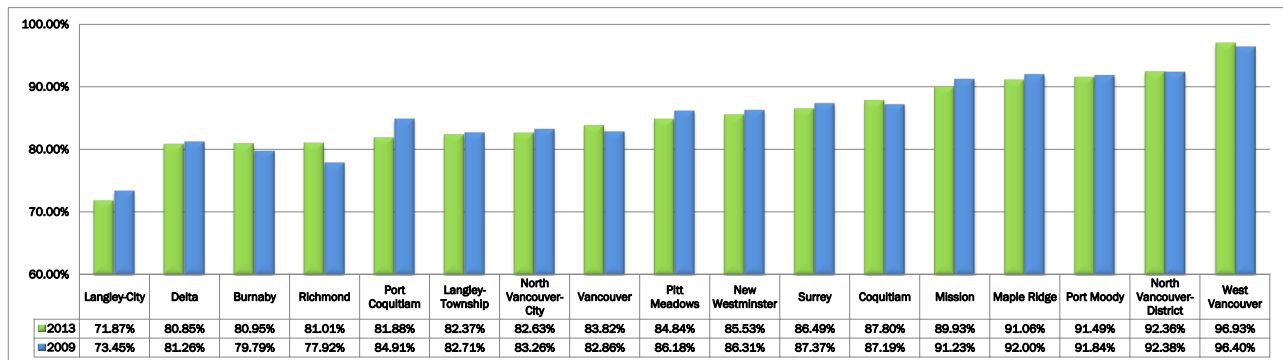
Recycling fee increases of 2.75% are planned in 2014 through 2018 to cover the anticipated increase in contract costs and equipment rates. Provincial regulations shifted recycling responsibilities to producers. The 2015 recycling rates and operational impacts will be reviewed to reflect any agreements with Multi-Material BC.

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.

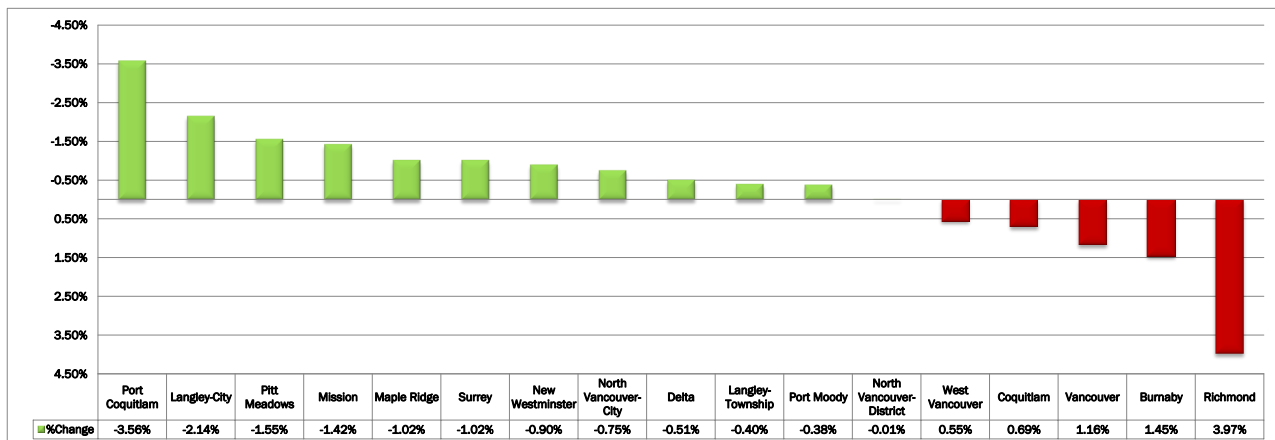
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 71.87% in the City of Langley to a high of 96.93% in West Vancouver. If you exclude the two municipalities that are on the high and low end of this range, the remainder are in a relatively narrow range. The chart also shows how this percentage has changed between 2009 and 2013.

**Lower Mainland Municipalities
% of Residential Class Property Assessment Values**



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

**Lower Mainland Municipalities
% Change in % of Residential Portion of Property Assessment Values from 2009–2013**



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 2013 Revised Rolls

STAFFING

This chart shows the change in District staffing levels over the past 4 years. While there have been reallocations of staff, the overall complement has increased by 47.5 positions or 13% since 2009.

Of this total increase, 23 positions were added to the Fire Department as a result of the phased implementation of the Fire Department MasterPlan. In addition, the civilianization of certain functions previously carried out by RCMP officers resulted in an increase in 3 District staff in Police Services. After deducting these increases (26), the net increase in staff is 21.5 over 4 years.

Division	Department	2013	Δ 09-13	
ADMIN	1. CAO Admin	7.0	0.0	
	2. Strategic Economic Initiatives	4.0	0.5	
	3. Human Resources	7.5	1.0	
		18.5	1.5	9%
CDPR	1. CDPR Admin	2.0	(1.0)	
	2. Parks & Facilities	45.5	18.2	
	3. Recreation	43.2	(14.2)	
	4. Community	12.5	2.5	
		103.2	5.5	6%
CFS	1. CFS Admin	3.0	1.0	
	2. Clerks	9.4	2.1	
	3. Finance	17.6	1.0	
	4. IT	15.0	1.0	
	5. Fire Admin	9.0	1.0	
	6. Firefighters	51.0	22.0	
	7. Police Services	44.5	3.0	
		149.5	31.1	26%
PWD	1. PWD Admin	2.0	0.0	
	2. Engineering	28.0	0.0	
	3. Lic, Perm & Bylaw	30.5	2.5	
	4. Planning	17.0	2.0	
	5. Operations	74.9	4.9	
		152.4	9.4	7%
Grand Total		423.6	47.5	13%

Grand Total	47.5
Less:	
Fire	23.7
Police	3.0
Net	21.5

The net increase of 21.5 staff works out to an increase of 4.5% over 4 years, or about 1.25% per year. This is less than the growth rate that has been experienced in the community.

Staffing

While the exempt staff pool grew by 5 positions over this same period, 3 were reclassifications from non-exempt staff. The remaining 2 additions are comprised of 3 new positions and 1 deletion. This **net increase of 2 exempt positions** is included in the 47.5 total and the 21.5 net increase.

HOW HAVE WE BEEN DOING IN RELATION TO OUR BUDGET THIS YEAR?

2013 Financial Outlook

As we begin to look forward to the 2014-2018 Financial Plan, it is useful to take a look at how the current year is shaping up to provide some context to the upcoming discussions. The focus of this discussion is the General Revenue Fund, as this is where Council has the most discretion and the transactions in this fund drive property tax rates.

For the past number of years building permit revenues have been quite variable, exceeding Financial Plan targets one year and missing them the next year. To manage this variability, the District 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 \$1.6 million. For 2013, we expect annual building permit revenues to be at, or close to, our Financial Plan target of \$1.7 million. The following table shows building permit revenues for the past 5 years.

Historical Building Permit Revenue

2009	2010	2011	2012	2013 (as at Sept)
\$1,418,061	\$1,945,951	\$1,470,115	\$1,285,502	\$1,589,071

As you can see it is hard to predict revenue.

We don't lock ourselves into expenditures at a high level.

Starting in 2010, the District began receiving revenues from the local gaming facility. In 2012 we received \$819,341, up slightly from \$756,427 in 2011. We have recorded \$634,000 in gaming revenues to date in 2013 and expect annual revenues to exceed \$800,000 against a Financial Plan target of \$500,000. Monies received from this source are allocated in line with Council's policy.

The following information is based on September results and indicates we will see a General Revenue surplus at year-end. Contributing factors include positive investment revenues and overall cost containment. 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 proceed in 2014.

Revenues:

- Investment income in the General Revenue Fund will exceed budget targets in 2013 as a result of positive returns and a larger investment portfolio due to capital project expenditure delays. At the end of September, investment income is \$500,000 over Financial Plan targets.
- Gravel revenues will miss Financial Plan targets due to the expiration of our agreement with North Fraser Developments. Negotiations for a new agreement are underway.
- The Financial Plan included revenues of \$1.6 million from the commercial section of the tower. Current projections indicate that revenues will miss this target by 12% due to vacancies. This shortfall can be addressed through the reserve established for this purpose.

Expenses:

Overall, expenses are expected to come in within budget as a result of continued cost containment efforts. The following highlights some significant cost centres:

- The RCMP contract cost will likely come in under Financial Plan targets. In 2011, we were advised of a potential retroactive pay adjustment for RCMP members. We had anticipated that this issue would be resolved in 2012, but to date, it has not been resolved. We may need to draw on the Protective Services Reserve for funding depending on the final outcome of the issue.
- Overall Fire Department costs may be slightly over budget targets this year. Salary costs will be over budget due to retroactive pay associated with the recently completed negotiations with the IAFF. This will be offset by savings for the debt financing planned for Fire Hall No. 4 that has not yet been borrowed and overall cost containment.
- Recreation costs are within Financial Plan targets with the expectation that the division will be under budget at the end of the year. Current projections indicate that, after allowing for items that will be transferred to reserves at the end of the year, the savings will be approximately \$150,000.
- General government costs are expected to be under budget at the end of the year. Much of this relates to timing for studies in the Albion Flats area, payments related to the Town Centre Investment Incentive Program and implementation of an Employment Attraction Incentive Program. These savings will be transferred to reserves at the end of the year so that the funds are available when required.
- General Revenue transfers for capital will come in under budget due to timing differences between planned and actual expenditures. The majority of this variance will be transferred to reserves at year-end as work on the related projects will continue in 2014.

The above summary is based on results to the end of September and points to a General Revenue surplus for 2013.

2013 Capital Projects

The budget for the Capital Works Program in 2013 is \$80 million. This is higher than the budget in 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. What is important, is that when the projects are ready to proceed, they are in the approved budget with funding in place. The budget for projects that have been started is \$57.9 million and consists of:

- Complete or nearly complete \$ 9.9M
- Well underway 19.9M
- Early stages of design and tendering 28.1M

The budget for projects not yet started is approximately \$22.2 million and consists of:

- Agreements Not Signed (School portion of School/Parks sites) \$7.4M
- Grant Funding Not Secured 0.4M
- Reliant on Other Capital Work 3.5M
- Land Acquisition Delays 1.1M
- Other 6.0M
- Strategic, Staffing & Technical Delays 3.7M

The source of funding for capital projects also have constraints or conditions. For example, debt is approved for specific projects such as school sites adjacent to parks, cemetery expansion and the construction of Fire Hall No. 4. This debt cannot be transferred to other projects. Similarly, projects funded by Development Cost Charges (DCC) (\$28M for 2013) must fit certain criteria and must also be identified in a separate bylaw. DCCs cannot be used to fund projects that do not meet this criteria and are not included in the DCC Bylaw.

The following is a list of the larger projects approved previously and in the early stages:

- Road & Drainage Works 240 Street (Lougheed Highway – 104 Avenue) \$ 5.2M
- 232 Street Bridge (N. Alouette River) 4.9M
- Park Acquisitions (various locations) 11.0M
- Whonnock Lake Improvements 0.9M
- Fire Hall No. 4 Construction and Equipment 7.7M
- Fire Equipment (new and replacement) 4.1M

Projects that do not finalize in 2013 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 2014 when the Financial Plan is amended.

What is important, is that when the projects are ready to proceed, they are in the approved budget with funding in place.

CHANGES TO PREVIOUS 5-YEAR FINANCIAL PLAN

Operating Budget Changes

The discussion so far has focused on the additional revenues that come into the District and the demands upon them. The next section outlines how this information applies to the Financial Plan that Council will be considering. In May 2013, Council approved an amended Financial Plan for 2013 through 2017. This is used as a basis to create the 2014-2018 Financial Plan. The following table reconciles the changes to the previously adopted Financial Plan.

General Revenue Fund (GRF) Reconciliation of 2013-2017 Financial Plan to 2014-2018 Proposed Financial Plan

\$ in thousands	2014	2015	2016	2017
GRF Annual Surplus in 2013-2017 Adopted Budget	68	46	75	98
Property Tax Adjustments (see page 2 for history of rate increases)				
Reduce: Park & Rec Property Tax Increase	(161)	(333)	(518)	(718)
Reduce: Infrastructure Replacement Property Tax Increase	(321)	(665)	(1,037)	(1,286)
Reduce: General Purpose Property Tax Increase	(34)	(424)	(860)	(1,491)
Reduce: Class 4 (Major Indus.) Property Tax Rate	(70)	(140)	(210)	(280)
Add: Impact of Assessment Appeals		(40)	(97)	(128)
Add: Real Growth Increase due to Town Centre Incentive Program (TCIP)			69	435
GRF Annual Surplus Subtotal	(517)	(1,556)	(2,578)	(3,370)
Spending Directly Related to Property Tax Adjustments				
Reduce: Park & Rec. Master Plan Spending	161	333	518	718
Reduce: Infrastructure Replacement Spending	321	665	1,037	1,286
Increase Infrastructure Replacement Spending (TCIP Growth Revenue)			(69)	(435)
Reduce: Fire Capital: Tfr to Reserve Funds - FDCA (2% taxes)	1	14	34	50
Reduce: Fire Capital: Tfr to Reserve Funds - ERR-FD (0.6% taxes)	-	4	10	15
GRF Annual Surplus Subtotal	(35)	(558)	(1,092)	(1,800)
Corporate Wide Assumptions				
Adjust: Labour Costs & Contingency (wages, benefits, pension, etc.)	16	85	214	196
Reduce: 2014 Inflation Contingency	103	103	105	107
GRF Annual Surplus Subtotal	85	(351)	(729)	(1,431)

Most of the changes on this page have to do with the reduction in the tax increases.

Spending has been reduced to offset the reduced revenue.

**General Revenue Fund (GRF) Reconciliation of 2013-2017 Financial Plan to
2014-2018 Proposed Financial Plan (cont'd)**

\$ in thousands	2014	2015	2016	2017
GRF Annual Surplus Subtotal	85	(351)	(729)	(1,431)
Adjustments with Offsetting Adjustments				
Remove: Debt Costs - School Sites	(2,504)	(2,504)	(2,504)	(2,504)
Remove: Debt Funding - School District	2,504	2,504	2,504	2,504
Delay: Property Sales - Timing of Sale to 2015	(4,250)	4,250		
Delay: Transfer to Reserve Funds - Land Reserve	4,250	(4,250)		
Increase: Gaming Revenue	(550)	(550)	(550)	(550)
Increase: Gaming Revenue Committed to Infrastructure Replacement	550	550	550	550
Add: Assistant Property / Risk Manager	(101)	(107)		
Add: Transfer from Committed Proj. Reserve- Succession Planning	101	107		
Reduce: Parcel & User Fees Recycling (updated units & projections)	(64)	(89)	(118)	(148)
Reduce: Expenses & Transfer to Recycling Reserve	64	89	118	148
SPCA Contract - Spay Neuter Subsidy Prog.	(35)			
Transfer from Reserve for Committed Projects (SPCA)	35			
Lic. Permits & Bylaws - Vehicle Charges (2)	18	18	18	18
PW&D Administration Allocation of Growth Funding	(18)	(18)	(18)	(18)
Add: Document Management Implementation Salaries	(75)	(75)		
Add: Transfer from Accumulated Surplus	75	75		
Add: Façade Improvement Program	(25)			
Add: Transfer from Accumulated Surplus	25			
Corporate & Financial Services				
Reduce: RCMP Contract (net Police Reserve transfer)	137	416	1,071	1,368
Reduce: Property Rental Revenue (Rent net Mtce & Taxes)	(13)	(12)	(11)	(11)
Remove: Emergency Program Grant Revenue (JEPP Grant)	(5)	(5)	(5)	(5)
Increase: Insurance Costs	(15)	(16)	(17)	(18)
Increase: IT - Software Mtce Costs - Doc. Mgt	-	(27)	(28)	(29)
Increase: IT - Software Mtce Costs - Other	(7)	(14)	(21)	(28)
Increase: Police Serv. - False Alarm Fines	42	42	42	42
Decrease: Cost Recovery Pitt Meadows Policing Cost Share	(7)	(5)	(5)	(2)
Increase: Grant In Lieu of Property Taxes (1% Utility Revenue)	16	16	16	16
Increase: Fire Protection Costs	(16)	(18)	(16)	(19)
Increase: Transfers to Capital Works Reserve	(205)	(118)	(326)	(93)
Reduce: Actuarial Estimate Sick and Service Severance Liability	143	163	183	203
Community Development Parks & Recreation				
Increase: Municipal Parks - Additional Mtce on New Inventory	(14)	(14)	(14)	(14)
Increase: Facility Mtce - Building Mtce Costs	-	(30)	(50)	(50)
Add: Whonnock Centre -Revenues	85	85	85	85
Add: Whonnock Centre -Expenses	(100)	(100)	(100)	(100)
Reduce: Library Contract	101	237	288	343
Public Works & Development Services				
Increase: Business Licence Revenue	35	35	35	35
Reduce: Dog Licences Rev. (Senior Discount Impact)	(10)	(10)	(10)	(10)
Add: Cottonwood Landfill Closure Costs	(200)	(200)	(200)	(200)
Other Minor Amendments	23	23	23	23
GRF Annual Surplus Subtotal	78	99	212	107

Changes to Previous 5-Year Financial Plan

The preceding table demonstrates that even with the projected growth and annual tax increases, there is almost no room for additional discretionary spending and not all areas requiring support can be accommodated.

The District has rigorous business planning practices that have served the community well in this economic slowdown. These practices include a framework for considering what areas of business we should be in, reconsidering vacant positions prior to rehiring and considering what each business area would look like if there was substantially less funding. The District also has reserves that could be drawn down if revenues softened. It is important to realize the impact that the slowing economy has on a local level and that potentially, when jobs are scarce, the cost of capital projects could come down. Having said this, taking on additional costs should be done with caution in an economy that is in the early stages of what is projected to be a slow and drawn out recovery.

CAPITAL PROGRAM

The five-year Capital Works Program is \$118 million; 2014 planned capital projects are \$18 million, exclusive of projects that may 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.

Proposed Capital Spending by Category

\$ in thousands	2014	2015	2016	2017	2018
Drainage	1,567	1,568	1,569	1,160	1,275
Government Services	1,529	4,690	500	370	270
Highways	8,265	11,893	10,887	10,025	9,084
Park Acquisition	200	1,883	3,197	1,361	3,660
Park Improvement	730	1,841	980	1,829	65
Recreation Services	55	85	-	75	-
Protective Fire	1,208	250	3,250	-	1,000
Protective Police	60	90	150	-	-
Technology	2,092	676	979	1,035	1,540
Sewer	845	2,074	759	1,338	700
Water	1,651	5,059	4,949	3,548	3,750
Total Capital Program	18,203	30,109	27,220	20,741	21,344

The following table illustrates the sources of funding for these projects. The proposed Capital Program is relatively large in some years due to projects funded through Development Cost Charges and Reserves.

Proposed Capital Funding Sources

\$ in thousands	2014	2015	2016	2017	2018
Debt	-	-	-	-	-
Development Cost Charges	2,091	8,949	10,760	6,498	5,292
General Revenue	2,564	3,027	2,866	3,490	3,136
Reserves					
Capital Works Reserve	1,600	-	-	-	152
Drainage Improvement Levy	380	580	770	170	170
Equip Replacement Reserves	3,097	2,272	3,092	1,074	3,474
Facility Maintenance	180	-	-	-	-
Fire Dept Capital Reserve	583	250	1,750	-	-
Gaming	800	200	575	200	200
Infrastructure Sustainability Reserve	2,140	2,212	3,071	3,634	4,241
Land Reserve	-	4,250	-	-	-
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	48	72	120	-	-
Recycling Reserve	145	65	250	40	40
Grants, LAS, 3rd Parties	1,626	1,581	1,536	1,899	1,000
Translink	-	1,000	-	-	-
Sewer Capital	770	1,500	494	1,166	553
Water Capital	1,479	1,551	1,736	2,370	2,885
Surplus	500	2,400	-	-	-
Total Capital Program	18,203	30,109	27,220	20,741	21,344

Debt

Debt Financing has been a strategy used over the last few years to advance capital projects. Borrowing has been approved for a variety of projects and is discussed in detail in the Borrowing section, along with a listing of the debt-funded projects.

Development Cost Charges

Given that DCC collections fluctuate, cash flows are monitored closely. The projects currently proposed to be funded from Development Cost Charges (DCC) Reserve funds may require reprioritization and/or the use of financing may be required if DCC collections are not sufficient to cover the planned capital expenditures.

General Revenue

The percentage of the 2014 planned projects funded directly by General Revenue is 11%. There are other reserves that receive inflows from General Revenue, but the use of these reserves is for specific purposes.

Reserves

Reserves are a key funding source for capital as they allow for strategic Financial Planning and can temper rate increases to taxpayers. The reserve balances and projections for key reserves are shown below. The Infrastructure Sustainability Reserve is used for major rehabilitation and replacement of the District's infrastructure. The Fire Department Capital Reserve is used for the acquisition of new growth-related facilities and equipment. Within the Equipment Replacement Reserve, the Fire Department, Public Works operations and Technology all have dedicated equipment replacement funds. Other funding sources reference sources such as reserve accounts for specific purposes.

The District 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. Some of our major reserves are discussed in the next few pages.

Reserve Balances December 31, 2012

<u>Accumulated Surplus</u>		<u>Reserve Accounts</u>	
General Revenue	6,091,162	<u>General Revenue:</u>	
Sewer Revenue	3,139,776	Specific Projects - Capital	3,940,405
Water Revenue	4,004,157	Specific Projects - Operating	7,904,720
Total Accumulated Surplus	<u>13,235,095</u>	Self Insurance	1,064,731
		Police Services	3,589,380
Reserve Fund Balances		Core Development	1,337,430
Local Improvement	2,546,836	Recycling	1,519,591
Equipment Replacement	10,201,905	Community Development	1,296
Capital Works	11,534,975	Building Inspections	1,604,768
Fire Department Capital	3,837,795	Gravel Extraction	487,715
Sanitary Sewer	1,549,532	Facility Maintenance	750,376
Land	237,793	Snow Removal	686,015
Reserve Funds	<u>29,908,836</u>	Cemetery Maintenance	125,198
		Infrastructure Sustainability	1,368,159
Restricted Revenue Balances		Critical Building Infrastructure	203,191
Development Cost Charges	39,541,745	Infrastructure Grant Contribution	9,383
Parkland (ESA) Acquisition	559,473	Gaming Revenues	<u>1,043,811</u>
Other Restricted Revenues	5,255,985	General Revenue Reserve Accounts	25,636,169
Total Restricted Revenues	<u>45,357,203</u>	Sewer Reserve Accounts	2,557,611
		Water Reserve Accounts	<u>2,973,941</u>
		Total Reserve Accounts	<u>31,167,721</u>

Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$74 million

These are financial reserves only. Other assets, such as gravel resources are not shown, nor are they represented in our financial statements.

Capital Works Reserve

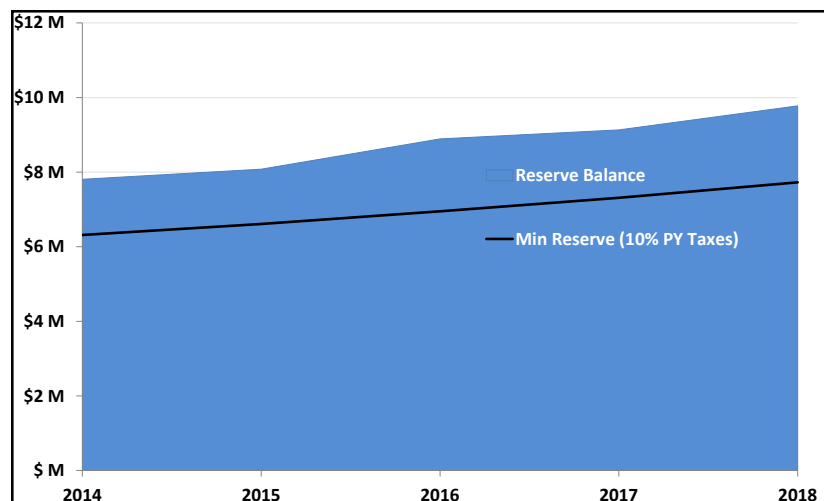
The Capital Works Reserve Fund is intended to assist with funding capital projects, especially those that cannot be funded from development revenues. Generally, this reserve builds funds for large projects and is then drawn down. Each year, general taxation and gravel revenue is added to this account 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. This account has also been used to finance the initial outlay for certain projects that produce future savings, with the reserve repaid from future savings.

Capital Works Reserve Projection

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	9,041	7,808	8,079	8,891	9,132
Inflows					
GRF Annual Transfer	306	488	774	614	703
Communication Tower Rent	49	49	49	49	49
Repayment of Energy Retrofit	65	65	65	65	65
Gravel Revenue	500	500	500	500	500
Total Inflows	920	1,103	1,388	1,228	1,317
Outflows					
Planned Capital Expenditures	(1,600)	-	-	-	(152)
Balance of GCF funded capital	(4)	(283)	(27)	(438)	27
Debt	(549)	(549)	(549)	(549)	(549)
Total Outflows	(2,153)	(832)	(576)	(986)	(673)
Estimated Ending Balance	7,808	8,079	8,891	9,132	9,776
Min Reserve (10% PY Taxes)	6,313	6,612	6,950	7,313	7,726
Unencumbered Balance	1,495	1,467	1,941	1,819	2,050

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

Capital Works Reserve Projection



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 District's assets which currently have a replacement value estimated in excess of \$1.4 billion. Last year, for the years 2013 through 2018, the amount of the increase was reduced. 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 project.

If we look only at the roads component of our infrastructure, the historic annual amount spent on repaving roads is only a small fraction of what is required to maintain the condition and, as a result, our roads are deteriorating. This deferred maintenance translates into a larger future expenditure to resurface or perhaps even reconstruct roads. As we are several years into this funding model, the amounts dedicated 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.

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

\$ in thousands	2014	2015	2016	2017	2018
Inflows					
Property Taxes Prior Year	2,634	2,955	3,292	3,646	4,170
Property Tax Increase	320	337	354	524	552
Gaming Funds	550	550	550	550	550
Town Centre Incentive	-	-	67	435	551
Core Reserve Surplus	450	450	450	450	450
Total Inflows	3,955	4,292	4,713	5,605	6,273
	-	-	-	-	-
Allocations					
Core Building Replacement Fund	(450)	(450)	(450)	(450)	(450)
Building Infrastructure Planned	(1,090)	(1,090)	(1,090)	(1,090)	(1,090)
Fire Dept - Equipment Replacement	(150)	(175)	(200)	(275)	(325)
Highways ISR Capital Planned	(1,705)	(1,962)	(2,281)	(2,939)	(3,431)
Drainage Capital Planned	(500)	(550)	(620)	(760)	(875)
Major Equipment/Systems Reserve	(60)	(65)	(71)	(91)	(102)
Total Outflows	(3,955)	(4,292)	(4,713)	(5,605)	(6,273)
	-	-	-	-	-
Estimated Ending Balance	-	-	-	-	-

We are well on the path to bridging our infrastructure deficit.

Fire Department Capital Acquisition Reserve

Each year 2% 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 balance in this reserve was drawn down over the past few years to fund the construction and renovation of Fire Hall No. 1. The planned capital expenditures are detailed in the following table

Fire Department Capital Acquisition Reserve Projection

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	1,945	2,704	3,193	2,265	3,218
Inflows					
GRF Annual Transfer	1,442	1,538	1,622	1,752	1,882
Outflows					
Planned Capital Expenditures	(583)	(250)	(1,750)	-	-
Debt Repayments (Fire Hall No. 4)	(100)	(800)	(800)	(800)	(800)
Estimated Ending Balance	<u>2,704</u>	<u>3,193</u>	<u>2,265</u>	<u>3,218</u>	<u>4,299</u>
Planned Capital					
Fire Department Scheduling Software (LTC 8883)	75	-	-	-	-
Fire Hall #4 Tender 4 (Additional) (LTC 8897)	150	-	-	-	-
Fire Hall #5 Construction Phase 1 (LTC 7049)	-	250	-	-	-
Fire Hall #5 Construction Phase 2 (LTC 7067)	-	-	1,750	-	-
Fire Hall #5 Land Acquisition (LTC 7066)	350	-	-	-	-
Lock Box Key Security System (LTC 9999)	8	-	-	-	-
	<u>583</u>	<u>250</u>	<u>1,750</u>	-	-

This projection takes into account the repayment of debt related to Fire Hall No. 4 building construction. The costs related to previously approved equipment for Fire Hall No. 4 have been accounted for in the 2014 opening balance.

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 Department Equipment Replacement Reserve Projection

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	779	648	1,181	254	926
Inflows					
GRF Annual Transfer	494	533	573	672	746
Outflows					
Planned Capital Expenditures	(625)	-	(1,500)	-	(1,000)
Estimated Ending Balance	648	1,181	254	926	671
Planned Capital					
FD Vehicle E-32 E-One Replacement (LTC 8898)	625	-	-	-	-
FD Vehicle R3-F550 (R2) (LTC 8901)	-	-	-	-	500
FD Vehicle Tender 1 (LTC 8900)	-	-	-	-	500
FD Vehicle Tower 1 Replacement (LTC 8899)	-	-	1,500	-	-
	625	-	1,500	-	1,000

The 2014 opening balance of this account includes an allowance of \$1.1M for the purchase of a Quint that was planned for 2013, but has been deferred to 2014.

Recycling Reserve

The recycling reserve is used to smooth both operating result fluctuations and the impact of new capital purchases required to support the recycling operations.

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	122	65	114	5	133
Inflows					
Operating Results	(2)	25	50	78	108
GRF Annual Transfer	90	90	90	90	90
Outflows					
Planned Capital Expenditures	(145)	(65)	(250)	(40)	(40)
Estimated Ending Balance	65	114	5	133	290

Capital Funded by Others

The Capital Program includes \$1 million of funding each year as a place holder for Local Area Services that property owners may petition the District to construct. The cost of these local improvements are typically recovered over 15 years as a separate charge included on the property tax bills of benefiting properties. In addition, \$2.6 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	2014	2015	2016	2017	2018
128 - 216 Intersection Improvement Ph.1	100	-	-	-	-
128 - 216 Intersection Improvement Ph.2	-	100	-	-	-
128 Ave (210 - 216)	-	300	-	-	-
128 Ave (216 - Abernethy)	-	-	300	-	-
288 St (Storm Main @ Watkins Sawmill)	-	-	200	-	-
Abernethy (216 500M E Blackstock) Widen	-	-	-	750	-
Abernethy Way Multi Use Path Ph 3	450	-	-	-	-
Dewdney Trunk @ Burnett Traffic Signal	-	-	-	138	-
Fern Crescent (236 - 240)	49	-	-	-	-
Local Area Service - Drain	250	250	250	250	250
Local Area Service - Road	250	250	250	250	250
Local Area Service - Sewer	250	250	250	250	250
Local Area Service - Water	250	250	250	250	250
Traffic Signal Upgrade Alterations	-	163	-	-	-
Miscellaneous	27	18	36	11	-
Total Capital Funded By Others	1,626	1,581	1,536	1,899	1,000

Borrowing

The Financial Plan incorporates debt proceeds into the overall funding strategy. The 2014-2018 Financial Plan includes debt payments on the previously approved debt.

Previously Approved Borrowing

The District is now authorized to borrow for several projects:

- 240 Street Bridge over Kanaka Creek (\$4,680,000)
In 2009, borrowing was approved for the bridge over Kanaka Creek on 240 Street. The bridge was constructed in 2010 and the work was funded through existing DCC funds. External borrowing for this project will not be necessary. The authority to borrow will expire in 2014.
- Fire Hall #4 Construction (\$6,000,000)
The design work is underway and the borrowing authority was renewed earlier this year. The debt servicing costs will be funded through the Fire Department Capital Acquisition Reserve. This reserve has the capacity to make the debt payments. The remaining balance in the reserve is sufficient to address other capital requirements.
- Park/School Site Acquisition (\$10,671,185) Expired
The 2009-2013 Financial Plan provided for the District to purchase larger properties to accommodate both a park and a school site and offset the increased costs of acquiring future school sites through contributions from School District 42. The authority to borrow expired in July of 2013.

- Cemetery Expansion (\$3,320,000)
Debt payments associated with the land purchases for cemetery expansion are funded through increased cemetery fees. Those were increased several years ago. Two of the three properties have been purchased and \$2.22 million of external borrowing has been arranged.
- River Road Drainage Work (\$2,675,000)
Major drainage work on River Road is complete and the related external debt has been arranged. The annual debt payments are to be funded through the Capital Works Reserve.
- Animal Shelter (\$900,000)
The construction of this building is complete. This was a joint effort with the SPCA and the District. The District's portion of the upfront costs have been covered through reserves and the contribution of land. The increase in dog licence fees will service the debt. At the outset borrowing of up to \$900,000 was authorized over a term of 25 years. Due to dog licence fees being increased several years ago, less borrowing was needed and the term has been shortened significantly. External borrowing of \$625,000 will be paid back over 15 years.

Borrowing Considerations 2014-2018

The following table summarizes the additional debt included in the Financial Plan. The Loan Authorization Bylaw will be prepared in early 2014.

This debt relates to the new pump station and watermain being constructed by the GVRD. The costs are to be funded approximately 80% through DCCs and 20% through the water utility.

Years	Borrow	Term	Main Fund	Annual Payments	Issue Costs	Total Interest	Total Cost
2010 - 2014	11,400	20	DCC / WRF	843	86	5,460	16,946

The timing of the borrowing is dependent on DCC collections and capital expenditures. Depending on DCC collections, borrowing may significantly impact the ability to fund future water projects.

Metro Vancouver was contacted to see if they would borrow on our behalf as they are constructing the capital works, however, they do not provide such a service. The District will need to go through the borrowing process to seek borrowing approval to ensure that the authority to externally borrow exists. This project will be internally financed through other DCC funds (roads, drainage, parks) unless those funds are also depleted. If external borrowing is required, the interest component of the debt payments cannot be funded through DCCs, unless permission is granted by the Ministry. If external borrowing is required and the Ministry does not allow interest charges to be covered through DCCs then the Water Utility would fund the interest costs.

Borrowing Capacity

Under Community Charter legislation, the maximum amount of borrowing the District 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 2012 Annual Report the unused liability servicing capacity at the end of 2012 was \$19.3 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.

- Short-term (five-year) borrowing can be exempt from elector approval, but the proposed amount to be borrowed exceeds the maximum amount and the proposed term is 20 years.
- 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. The District’s costs exceed this figure and therefore this provision would not exempt the District from obtaining elector approval.

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.

IMPACT TO THE AVERAGE HOME

The assessed value of the “average home” for the 2013 taxation year was approximately \$405,000.

- 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.

"Average Home" Tax Increase

	2013	2014	2015	2016	2017	2018
Average Home Municipal Levies:						
General Purpose (Gen. & ISR)	1,728.26	1,775.10	1,823.46	1,873.39	1,924.94	1,978.17
Drainage	4.58	9.78	15.15	20.70	26.43	32.34
Parks & Recreation	1.90	6.24	10.72	15.34	20.11	25.04
Subtotal Property Taxes	1,734.74	1,791.12	1,849.33	1,909.43	1,971.48	2,035.55
User Fees						
Recycling (fixed rate)	70.20	72.15	74.15	76.20	78.30	80.45
Water (fixed rate)	475.70	501.90	529.50	558.60	589.30	621.70
Sewer (fixed rate)	309.45	322.05	335.25	349.05	363.50	378.60
Total Property Taxes and User Fees	2,590.09	2,687.22	2,788.23	2,893.28	3,002.58	3,116.30
Average Home Municipal Levies Increases:						
General Purpose	2.25%	2.20%	2.20%	2.20%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.50%	0.50%	0.70%	0.70%
Parks & Recreation	0.125%	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase %	3.18%	3.25%	3.25%	3.25%	3.25%	3.25%
Recycling Increase %	3.01%	2.78%	2.77%	2.76%	2.76%	2.75%
Water Increase %	5.50%	5.51%	5.50%	5.50%	5.50%	5.50%
Sewer Increase %	4.05%	4.07%	4.10%	4.12%	4.14%	4.15%
Total Property Taxes and User Fees Increase	3.91%	3.75%	3.76%	3.77%	3.78%	3.79%

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

Within this change in 2014 of about 4% or \$97, existing service levels have been maintained and several significant cost increases have been accommodated, including a 6% increase in our policing costs, the continued implementation of the Fire MasterPlan and the establishment of dedicated funding for Parks & Recreation MasterPlan implementation and drainage works.

We regularly review the taxes charged to see how we compare to other municipalities. The 2013 residential house survey data which compares single family homes follows. It shows that our taxes remain among the lowest in the region and when the taxes are combined with annual utility rates, Maple Ridge ranks as fourth lowest among the municipalities surveyed. The amounts are slightly different than we use for the "Average Home," shown on page 35, due to the fact that "Average Home" includes strata properties as well.

SO HOW DO OUR TAXES COMPARE TO THOSE AROUND US?

Survey of 2013 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
Surrey	643,561	1,719	2	1,005	2,724	1	
Langley-Township	513,681	1,682	1	1,083	2,765	2	
Pitt Meadows	450,410	1,760	3	1,014	2,773	3	
Maple Ridge	459,075	1,966	5	855	2,822	4	-10
Port Coquitlam	528,935	2,022	6	899	2,921	5	
Mission	392,820	1,839	4	1,109	2,948	6	-3
Richmond	971,675	2,062	7	913	2,976	7	-7
Delta	608,208	2,122	8	930	3,052	8	-2
North Vancouver-City	891,975	2,185	11	908	3,093	9	-6
Burnaby	949,826	2,129	9	1,002	3,132	10	-1
Coquitlam	702,105	2,146	10	1,137	3,283	11	
Vancouver	1,297,000	2,458	13	1,067	3,525	12	-9
Port Moody	760,622	2,587	15	962	3,550	13	-5
New Westminister	695,743	2,469	14	1,145	3,614	14	-4
North Vancouver-District	1,016,052	2,408	12	1,413	3,820	15	
West Vancouver	2,144,137	3,620	16	1,334	4,954	16	-8
Average	814,114	2,198		1,049	3,247		
Median	698,924	2,126		1,009	3,073		
Highest	2,144,137	3,620		1,413	4,954		
Lowest	392,820	1,682		855	2,724		

Notes:

All values have been rounded.

* Average Assessed Value was determined by using BC Assessment's 2013 Revised Roll Totals, General Net Taxable Value Totals for the Residential Single Family Property Class divided by number of Occurrences.

-1 Recycling/Garbage included in municipal taxes. Water & Sewer Rates reflect a 5% discount.

-2 Municipal taxes are averaged.

-3 Drainage Levy Rate/Amount excluded from this analysis. According to Mission staff, approximately 30 homes are charged this levy.

(4,5) Recycling/Garbage, Water and Sewer Rates reflect a 5% discount.

-6 Water and Sewer Rates reflect a 10% discount.

(7,8) Utility rates reflect a 10% discount.

-9 Land Assessment Averaging.

-10 Utility rates include Water, Sewer and Recycling.

So How Do Our Taxes Compare to Those Around Us?

We also monitor our Business Class 6 tax rates to ensure they are competitive. This past August, Council received a detailed staff report which included the chart that follows. The chart shows that our Business Class 6 municipal tax rate in 2013 is fifteenth lowest of the nineteen surveyed municipalities. This is not unexpected as most municipalities in the survey group have higher property assessment values. It is noteworthy that tax rates in Coquitlam and New Westminster are higher than the District's, even though those communi-

ties likely have property assessment values that are higher than those in Maple Ridge.

The staff report also looked at the Business Class 6 multiple and noted that our multiple continues to rank lower than the average.

Overall, our data indicates that the District's Business Class 6 tax rate is reasonable when compared to other Lower Mainland municipalities.

Survey of 2013 Business Class 6 - Municipal Tax Rates

Municipality	2013		2012	2011
	Business Rate	Rank	Business Rate	Business Rate
West Vancouver	4.23400	1	4.75440	4.94390
Surrey	6.98799	2	7.07036	7.41846
Richmond	7.62851	3	7.53569	8.03836
Vancouver	8.20424	4	8.78096	9.19882
North Vancouver, District	8.60129	5	8.53774	8.83668
North Vancouver, City	8.61408	6	9.14484	9.56623
Langley, City	8.78440	7	8.60500	8.87270
Burnaby	9.46120	8	10.10000	10.03070
Langley, Township	9.82990	9	9.48130	9.62380
Port Moody	10.04190	10	9.84060	9.82960
Chilliwack	10.13818	11	9.93148	9.90325
Delta	11.02225	12	11.14928	11.03829
Port Coquitlam	11.86070	13	11.79410	12.17660
Pitt Meadows	12.11050	14	11.85360	12.67130
Maple Ridge	12.23070	15	11.75100	12.10450
New Westminster	13.01990	16	13.55380	14.12260
Abbotsford	13.28372	17	11.86946	11.55196
Coquitlam	13.75540	18	14.11730	14.78250
Mission	14.88790	19	14.62160	15.10310

Note: Tax rates have been normalized to remove fees for dyking, BIA, etc.

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 following provides information about the ratios presented in the tables:

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 municipality has more financial resources (cash) available to it than it owes; a ratio below 1 shows that the municipality 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.

	Percentage of liability servicing limit used		Debt per capita		Debt servicing as a percentage of tax revenue	
	2011	2010	2011	2010	2011	2010
Abbotsford	18%	19%	\$ 661	\$699	7%	8%
Burnaby	0%	0%	0	0	0%	0%
Chilliwack	3%	3%	134	143	1%	1%
Coquitlam	25%	5%	240	272	10%	2%
Delta	14%	13%	117	191	5%	5%
Langley (City)	0%	0%	0	0	0%	0%
Langley (Township)	32%	9%	468	548	13%	4%
Maple Ridge	17%	18%	498	529	7%	7%
Mission	24%	16%	463	517	11%	7%
New Westminister	14%	3%	385	361	9%	2%
North Vancouver (City)	0%	0%	0	0	0%	0%
North Vancouver (District)	19%	9%	251	313	9%	4%
Pitt Meadows	8%	83%	874	412	3%	36%
Port Coquitlam	7%	8%	418	428	3%	3%
Port Moody	9%	9%	183	205	4%	4%
Richmond	7%	8%	32	53	4%	4%
Surrey	3%	0%	211	0	1%	0%
Vancouver	75%	60%	1738	1820	40%	31%
West Vancouver	4%	4%	221	237	2%	2%
White Rock	0%	0%	12	9	0%	0%
Average*	14%	13%	\$ 337	\$327	6%	6%

* 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.

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 refinance debt. For example in 2010 Pitt Meadows shows 83% of the liability servicing limit already in use, but then this drops to 8% in 2011. The 2010 number was impacted by a decision to pay out short-term debt and turn it into long-term debt.

	Expenditures per capita		Tax revenues per capita		Tax/capita as a % of expenditures/capita	
	2011	2010	2011	2010	2011	2010
Abbotsford	1,934	1,974	873	814	45%	41%
Burnaby	1,638	1,830	1,137	1,081	69%	59%
Chilliwack	1,299	1,741	762	731	59%	42%
Coquitlam	1,760	1,943	989	961	56%	49%
Delta	1,909	1,855	1,118	1,063	59%	57%
Langley (City)	1,421	1,668	822	802	58%	48%
Langley (Township)	1,525	1,920	855	821	56%	43%
Maple Ridge	1,682	1,634	801	758	48%	46%
Mission	1,552	1,778	752	719	48%	40%
New Westminster	2,380	2,477	850	824	36%	33%
North Vancouver (City)	1,878	1,760	928	896	49%	51%
North Vancouver (District)	1,769	1,656	896	867	51%	52%
Pitt Meadows	2,128	1,831	798	751	38%	41%
Port Coquitlam	1,660	1,564	899	858	54%	55%
Port Moody	1,423	1,344	877	859	62%	64%
Richmond	1,896	2,111	911	882	48%	42%
Surrey	1,505	1,541	555	537	37%	35%
Vancouver	2,069	2,150	952	942	46%	44%
West Vancouver	2,695	2,721	1,239	1,208	46%	44%
White Rock	1,744	1,727	1,004	975	58%	56%
Average*	1,799	1,873	906	873	51%	47%

* 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.

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 Surrey in 2011.

	Total assets to liabilities		Financial assets to liabilities		Gov't transfers to revenue	
	2011	2010	2011	2010	2011	2010
Abbotsford	7.77	7.17	0.92	0.95	0.12	0.17
Burnaby	18.55	17.76	4.66	4.45	0.07	0.04
Chilliwack	11.82	11.18	1.50	1.39	0.03	0.07
Coquitlam	14.80	14.68	2.07	1.84	0.07	0.11
Delta	10.89	9.57	2.17	1.84	0.08	0.05
Langley (City)	9.66	9.66	2.12	2.01	0.22	0.34
Langley (Township)	9.39	9.01	1.19	1.10	0.04	0.05
Maple Ridge	8.25	8.10	1.19	1.14	0.10	0.07
Mission	11.13	11.07	1.33	1.31	0.08	0.09
New Westminster	7.41	7.95	1.47	1.52	0.17	0.15
North Vancouver (City)	5.78	6.27	2.78	3.09	0.08	0.11
North Vancouver (District)	6.77	6.22	1.66	1.52	0.05	0.04
Pitt Meadows	6.97	9.38	0.85	1.28	0.05	0.08
Port Coquitlam	10.72	10.99	1.45	1.33	0.04	0.00
Port Moody	25.33	23.53	1.84	1.66	0.05	0.06
Richmond	11.68	10.64	3.00	2.70	0.05	0.05
Surrey	13.50	17.10	1.45	1.71	0.05	0.07
Vancouver	4.14	4.42	0.77	0.79	0.03	0.04
West Vancouver	5.99	7.41	1.02	0.93	0.04	0.11
White Rock	6.92	7.25	2.60	2.72	0.12	0.10
Average*	10.49	10.59	1.83	1.80	0.08	0.09

* 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.

As noted above, 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. For example, in 2010 Chilliwack reported \$69.7 million for acquisition of tangible capital assets; in 2011, they reported \$29.5 million.

OTHER ITEMS

Gaming Policy

With the opening of the community gaming centre, the District has been receiving additional revenues. The Host Financial Assistance Agreement between the District and the Province of British Columbia requires that the District use funds received under the agreement for public benefit. The allocation of funds should be in alignment with Council's Vision for the community. These funds should not be viewed as a long-term source of revenue to support ongoing programs. Rather and respecting the nature of the revenue stream, it should be used to fund non-recurring items, particularly those of a capital nature. There may be instances where certain programs are more directly related to the revenue stream (ex: security). Consideration may be given to funding these items from the Gaming Revenue stream, as long as it is understood that reductions in the revenue stream will require an offsetting reduction in the program.

2014 will be the first full year of the operation of the new and expanded gaming centre. The \$550,000 projected increase in revenue has been channeled towards Infrastructure Renewal to reduce the tax increase required for that purpose.

Town Centre Commercial Operation

This section isolates the effect the commercial portion of the Town Centre Project has on District finances. The table shows commercial earnings, so principle payments and the funding received through taxation are not included. The earnings noted below will contribute to principle payments and transfers to the Infrastructure Sustainability Reserve.

In summary, the Town Centre Project cash flows have been managed within the parameters established by Council. The annual cash flows of the entire core model are positive and a balance exists in the Core Reserve which provides some cushion if vacancies persist and allows funding to be put towards the infrastructure replacement to address maintenance costs as the buildings age.

Maple Ridge Business Centre Commercial Operation

\$ in thousands	2014	2015	2016	2017	2018
Lease Revenues (net of allowances)	1,491	1,491	1,491	1,491	1,491
Parking Revenues	144	144	144	144	144
Operating Expenses	(478)	(478)	(478)	(478)	(478)
Interest - Commercial Space	(634)	(605)	(575)	(544)	(515)
Net Income	523	552	582	613	642

CONCLUSION

Conclusion

The District can expect \$3.8 million in new general revenue in 2014, primarily from growth in the property tax base and a property tax increase. \$2 million goes to labour costs including RCMP and Fire services. Infrastructure sustainability issues receive \$875,000 of the new revenue. The balance is required to deal with inflationary pressures. This leaves minimal room for enhancements to service levels.

The 2014 property tax and utility rate increases were endorsed by Council in spring of this year. That direction included reductions in property tax increases as compared to the previous plan. It was also implied that we should try to lower the increases further if possible. We are pleased to report that this has been achieved.

The 2014–2018 Financial Plan Bylaw will be prepared based on Council direction and include the recommendations which appear on Appendix A to this report.

In summary, this Financial Plan allows the community to move forward, while respecting the economic times in which we find ourselves.

APPENDIX A

Recommendations for 2014- 2018 Financial Plan

That staff be directed to prepare a 2014-2018 Financial Plan bylaw, incorporating the Business Plans presented to Municipal Council on December 9 and 10, 2013 and including the following:

1. Property Tax increase for General Purposes of 2.2% per year for 2014, 2015 and 2016 and 2% per year for 2017 and 2018.
2. Property Tax Increase for Infrastructure Sustainability of 0.50% per year for 2014, 2015 and 2016 and 0.70% for 2017 and 2018.
3. Growth in property tax revenue from all property classes to be budgeted at 1.65% in 2014 and 2% per year for the years 2015 through to 2018.
4. Parks & Recreation Improvements Levy increase of .25% per year for each year in the Financial Plan.
5. Drainage Improvements increase of 0.30% per year for each year in the Financial Plan.
6. Water Utility rate increase of 5.5% per year; Sewer Utility rate increase of 4.6% per year.
7. Recycling Rate increase of 2.75% per year for each year in the Financial Plan.
8. Growth costs as detailed on page 10 of the Financial Overview Report.
9. Incremental Adjustments as outlined on page 11 of the Financial Overview Report.
10. Capital Works Program totaling \$18.2 million in 2014, \$30.1 million in 2015, \$27.2 million 2016, \$20.7 million in 2017 and \$21.3 million in 2018.
11. Cost and revenue adjustments from pages 23 and 24 of the Financial Overview Report, which reconciles the 2013-2017 Financial Plan with the 2014-2018 Financial Plan.

Schedule of Review and Input Opportunities

Monday, December 9 from 9:00 am—6:30 pm in the Council Chambers

- 5:30—6:30 pm: Live Stream Financial Plan Overview followed by Q & A

A detailed schedule will be available in the newspaper and on our website www.mapleridge.ca closer to the meeting dates

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 in November/December, when Council formally considers the proposed 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:
Paul Gill, Chief Financial Officer
District of Maple Ridge
11995 Haney Place
Maple Ridge, BC V2X 6A9

Adoption Procedure:

The Community Charter requires that Council adopt a Five-Year Financial Plan (or budget) each year prior to adopting the annual property tax bylaw. The purpose of the Five-Year Financial Plan is to provide a budgetary framework for the District to plan and manage its resources, revenues and expenditures in order to best serve the community. The first year of the Plan is the District's current year, while the following years provide a guideline, incorporating the District's various long-term plans and strategies.

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

