

# Financial Overview Report

## Financial Plan

### 2016 - 2020



MAPLE RIDGE

British Columbia

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# FINANCIAL PLANNING

## Opening Remarks

Each year, City Council receives business plans from all city service areas outlining the services provided and the financial implications thereof. This report provides a consolidated overview of the Financial Plan which is more commonly known as the budget.

The report discusses the legislative framework that we operate in, as well as the process that we go through in developing the Financial Plan. Openness and transparency is a cornerstone of the way we develop the budget.

The report also provides an overview of the key cost drivers and discusses the key strategies that are the underpinnings of the Financial Plan. The impact of the Financial Plan to the average home is also highlighted.

While this report is prepared and developed by the Corporate & Financial Services Division, it would not have been possible without the direction of City Council and the support of all other departments.

## Introduction

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

The budget outlines City priorities. Each budget takes into account

long-term goals, immediate needs, changing economic conditions and affordability for our citizens. This is why the City budget is called a Financial Plan; it is a Financial Planning and policy document not only for today, but for tomorrow.

## 5-Year Financial Plan

The Financial Plan is built on the business plans developed by each City department, which are in turn guided by Council's direction. The current business planning process is the result of many years of in-house development and a goal of constant improvement and enhancement and is considered a best practice within local government organizations.

As required by section 165 of the Community Charter, our Financial Plan (budget) covers a time frame of five years, the year for which it is specified to come into force and the following four years. The plan must be adopted annually, by bylaw, before the annual property tax bylaw is adopted. Any changes to the plan can only be done by bylaw.

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



## TABLE OF CONTENTS

Property Tax Increases .....	5
Where Does the Money Come From and Where Does It Go?.....	7
What Would a Zero Tax Increase Look Like?.....	13
Efficiency & Effectiveness Improvements Implemented in Recent Years .....	17
Utilities & Recycling .....	20
Composition of Property Assessment Base.....	22
Staffing.....	23
How Have We Been Doing in Relation to Our Budget This Year .....	24
Changes to Previous 5-Year Financial Plan .....	27
Capital Program .....	29
Impact to the Average Home .....	40
So How Do Our Taxes Compare to Those Around Us? .....	41
Financial Indicators.....	44
Conclusion.....	48
Appendix A: Recommended Funding Strategy for Park & Recreation Community Investments .....	49
Appendix B: Recommendations for 2016 - 2020 Financial Plan .....	50
General Information.....	51

*Council  
Welcomes Your  
Input!*

**Balanced Budget – Can't Run Deficits**

Unlike other levels of government, local governments in British Columbia are not allowed to run a deficit. The Community Charter specifies that all proposed expenditures and transfers to reserves must not exceed the total of proposed funding sources and transfers from reserves. Put simply, if we have a plan to spend money, we must identify where that money is coming from.

**Financial Planning vs Financial Reporting**

The City's finances are reported in two main documents: the Financial Plan and the Financial Statements. As described in the preceding paragraphs, the Financial Plan is a forward looking document, looking at a five-year time frame and setting out what the City proposes to do in that time frame and how it proposes to pay for it, in accordance with legislated requirements. In contrast, the Financial Statements are a backwards looking document. They compare actual performance in the previous year to what was set out in the budget and report the financial condition of the City as at December 31 of each year. They are prepared according to accounting guidelines set by the Public Sector Accounting Board. The objectives of the Financial Plan and the Financial Statements differ significantly and the

City takes care each year to highlight and explain these differences. It is important for the reader to keep in mind that each of the documents has different objectives and different reporting standards.

**Open & Transparent Budget Deliberations**

Section 166 of the Community Charter requires Council to undertake a process of public consultation before adopting the Financial Plan, but does not prescribe how to accomplish that. It would be technically possible to meet the legislated requirement through a simple advertisement in the local newspaper inviting comment. In Maple Ridge, we are committed to an open and transparent process, and offer several opportunities for citizens and stakeholders to contribute. We have a dedicated e-mail: [budget@mapleridge.ca](mailto:budget@mapleridge.ca), as well as a dedicated phone line (604)467-7484, and all deliberation sessions are open to the public. Starting in 2012, the City began hosting a live stream event each year, providing an overview of the proposed budget and an opportunity to ask questions through social media as well as by phone, e-mail, or in person. Council and staff are always available to hear your ideas and suggestions.

# PROPERTY TAX INCREASES

## Council's Budget Guidelines

With that brief introduction, we will now turn our minds to our Financial Plan. The 2016 - 2020 Financial Plan is based on the budget guidelines that were unanimously endorsed by Council this past September. At the time, Council considered the cost drivers that the City is facing, especially those arising from contractual commitments. The following increases were endorsed:

Avg. Composite Home, \$400,000 Value	Actual				Proposed				
	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Property Tax Increases</b>									
General Purpose	3.00%	2.25%	1.90%	1.92%	2.10%	1.90%	1.90%	2.00%	2.00%
Infrastructure Replacement	1.00%	0.50%	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%
Fire Service Improvement	0.89%	0.33%	-	-	-	-	-	-	-
Parks & Recreation	-	0.13%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	-	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase</b>	<b>4.89%</b>	<b>3.51%</b>	<b>2.95%</b>	<b>2.97%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.25%</b>	<b>3.25%</b>
<b>User Fee Increases</b>									
Water	9.00%	5.50%	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer (levy increases plus \$35 fixed parcel charge)	4.39%	4.05%	4.07%	4.10%	3.22%	3.24%	3.25%	3.25%	3.27%
Recycling	6.00%	3.00%	0.00%	0.00%	0.00%	2.75%	2.75%	2.75%	2.75%
<b>Total Property Tax and User Fee Increase</b>	<b>5.57%</b>	<b>3.91%</b>	<b>3.46%</b>	<b>3.49%</b>	<b>3.33%</b>	<b>3.41%</b>	<b>3.41%</b>	<b>3.48%</b>	<b>3.48%</b>

As can be seen from this chart and the one that follows, the tax increases planned for 2016 are the lowest in years. We are pleased to report that these guidelines have been successfully incorporated into the proposed Financial Plan.

Property Tax Increases & Utility Fees	2015	2016	2017	2018	2019	2020
2015 -2019 Adopted Budget (2015 Actual)	3.49%	3.69%	3.71%	3.72%	3.79%	-
2016 - 2020 Financial Plan Guidelines	-	3.33%	3.41%	3.41%	3.48%	3.48%
Change in 2016 - 2020 Financial Plan Guidelines		(0.36%)	(0.30%)	(0.31%)	(0.31%)	

The Financial Plan that we are currently working under called for a tax increase of 3.69% in 2016. This has now been reduced to 3.33%.

***The Tax Increases Planned for 2016 are the  
LOWEST in years!***

Here is a further breakdown of the tax increases, as well as some additional history.

	General Purpose	Infra-structure	Drainage	Parks & Rec.	Fire Levy	Town Centre	Total Increase
2020	2.00%	0.70%	0.30%	0.25%			3.25%
2019	2.00%	0.70%	0.30%	0.25%			3.25%
2018	1.90%	0.70%	0.30%	0.25%			3.15%
2017	1.90%	0.70%	0.30%	0.25%			3.15%
2016	2.10%	0.50%	0.30%	0.25%			3.15%
2015	1.92%	0.50%	0.30%	0.25%			2.97%
2014	1.90%	0.50%	0.30%	0.25%	Inc. in GP		2.95%
2013	2.25%	0.50%	0.30%	0.13%	300,000		3.50%
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%				600,000	1.00%	6.18%
2006	3.75%				600,000	1.00%	6.37%
2005	3.00%				600,000	1.00%	5.77%
2004	3.00%					1.00%	4.00%
2003	3.00%					1.00%	4.00%

An explanation of each part of the increase for 2016 follows:

**General Purpose Increase** – this is the portion of the increase that is used to cover the cost of existing services. An increase of 2.1% is planned for 2016, 1.90% in 2017 and 2018 and 2.0% in 2019 and 2020.

**Infrastructure Sustainability** – this portion of the increase goes towards the rehabilitation and replacement of our existing assets and is discussed in detail later in the report. An increase of 0.50% is planned in 2016 and 0.70% per year in 2017 through 2020.

**Parks, Recreation & Culture** – this funding is dedicated towards the improvements in Parks & Leisure Services. An increase of 0.25% is planned for each year of this Financial Plan.

**Drainage Levy** – this portion of the increase is dedicated towards storm water management. An increase of 0.30% is planned for each year.

**Water Levy** – this funding goes towards the cost of water services, including those services provided by Metro Vancouver. An increase of 4.5% is planned for each year.

**Sewer Levy** – this funding goes towards the cost of sanitary sewer services, including those services provided by Metro Vancouver. An annual increase of 3.6% is planned.

**Recycling Services** – this money goes towards operating the recycling centre as well as for the blue box service. No increase is planned for 2016 and 2.75% is planned for each year 2017-2020.

With this understanding of the guidelines set by Council, we turn our mind to a conceptual overview of the budget.

# WHERE DOES THE MONEY COME FROM AND WHERE DOES IT GO?

## Conceptual Overview

To understand the City's Financial Plan, it is important to have an appreciation of the revenues coming into the City and the demands against it. This section of the report provides a conceptual overview of where the City's money comes from and where it goes.

## New Revenue

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

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

- The General Purpose component of the increase is what is used to cover the cost increases of existing services (i.e. inflation) as well as any minor incremental adjustments.
- Infrastructure replacement funding which refers to the amount that will be invested in the rehabilitation and replacement of our existing assets.
- The increase for Parks & Recreation which is to provide financial capacity to implement the recommendations of the Parks & Recreation Masterplan.
- The Drainage amount that is designed to provide increased funding for drainage works throughout the City.

As well, there are tax adjustments that have to be provided for as a result of assessment appeals and provincial rules around the tax rate applied to the Utilities Class. Projected revenue increases are also included. At the end of the day, an additional \$4 million in revenue is expected to accrue to the City in 2016.

**Conceptual Overview of New Revenue**

Item (\$ in thousands)	2016	2017	2018	2019	2020
Previous Year's Taxation	68,835	72,520	76,580	80,630	84,860
Growth Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Growth Rate (Town Centre Incentive)	0.22%	0.45%	0.15%		
<b>Growth Revenue</b>	<b>1,530</b>	<b>1,780</b>	<b>1,645</b>	<b>1,615</b>	<b>1,695</b>
Previous Year's Taxation + Growth	70,365	74,300	78,225	82,245	86,555
Property Tax Increases:					
General Purpose	2.10%	1.90%	1.90%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.70%	0.70%	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%
<b>Total Property Tax Increase</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.25%</b>	<b>3.25%</b>
<b>Property Tax Increase</b>	<b>2,215</b>	<b>2,340</b>	<b>2,465</b>	<b>2,675</b>	<b>2,815</b>
Utility Class Cap. & Sup. Adj. Contingency	(60)	(60)	(60)	(60)	(60)
<b>Additional Property Taxes vs. Prior Year</b>	<b>3,685</b>	<b>4,060</b>	<b>4,050</b>	<b>4,230</b>	<b>4,450</b>
Next Year's Taxation Base	72,520	76,580	80,630	84,860	89,310
PW&D Fees (to cover 2015/2016 staff increases)		75	75	75	
<b>Increases in Other Revenue</b>	<b>355</b>	<b>290</b>	<b>280</b>	<b>280</b>	<b>205</b>
<b>Increase in General Revenue</b>	<b>4,040</b>	<b>4,350</b>	<b>4,330</b>	<b>4,510</b>	<b>4,655</b>

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

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

## Transfers

Up until now, we have discussed the additional revenue that is expected to come into the City each year. Now we will turn our mind to the demands against it.

Our Financial Plan relies on reserves to meet major expenditures. To put it another way, rather than, for instance, having to provide full funding in the year that we need to replace a vehicle, we try to set aside a smaller amount each year over the useful life of the vehicle. This is done by putting money aside each year in what we call the Equipment Replacement Reserve. We keep a close eye on these reserves to make sure that they are able to meet their obligations. Annual adjustments are made to the contributions to these reserves and the table below shows the adjustments included in this Financial Plan. A more fulsome discussion on our reserves is included beginning on page 31 of this report.

### Conceptual Overview of Changes to Transfers

Item (\$ in thousands)	2016	2017	2018	2019	2020
<b>Additional General Revenue available</b>	<b>4,040</b>	<b>4,350</b>	<b>4,330</b>	<b>4,510</b>	<b>4,655</b>
Transfers to Reserves:					
Capital Works Reserve	(35)	(40)	(40)	(40)	(45)
Fire Department Capital	(50)	(80)	(80)	(80)	(85)
Equipment Replacement Reserve	(15)	(25)	(25)	(25)	(25)
Capital Works Reserve Adjustment	(250)	200	(50)	-	-
General Revenue Funded Capital (net CWR tfrs)	(145)	(160)	(160)	(165)	(175)
Recycling Reserve	180	(25)	(25)	(25)	(25)
Police Services Reserve (RCMP Contract)	380	(185)	(195)	-	-
Building Permit Reserve (PW&D Staff Funding)	120	(255)	-	-	-
<b>Available after transfers</b>	<b>4,225</b>	<b>3,780</b>	<b>3,755</b>	<b>4,175</b>	<b>4,300</b>

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



## Expenditures

After we have adjusted for the reserve transfers, we must provide for expected cost increases. Many of these cost increases are the result of contractual commitments.

When looking at this table, keep in mind that we are looking at the additional funding required over the previous year. For instance in the Fire Department, the 2016 costs are increasing by \$505,000 from 2015 and are increasing by a further \$375,000 in 2017.

As already mentioned, we have little discretion in funding these items as they are the result of existing contracts (labour agreements, RCMP and Fraser Valley Regional Library are some examples).

### Conceptual Overview of Expenditure Changes

Item (\$ in thousands)	2016	2017	2018	2019	2020
<b>Available after transfers</b>	<b>4,225</b>	<b>3,780</b>	<b>3,755</b>	<b>4,175</b>	<b>4,300</b>
Increase in expenditures:					
Labour (excluding Fire Dept.)	(1,055)	(780)	(820)	(800)	(830)
Fire Department	(505)	(375)	(400)	(415)	(285)
Parks & Recreation Master Plan	(180)	(185)	(195)	(205)	(215)
Policing Contracts (RCMP, ITEAMS, ECOMM)	(835)	(725)	(600)	(845)	(735)
Fraser Valley Regional Library	(80)	(80)	(85)	(85)	(85)
Inflation Allowance	(155)	(210)	(230)	(230)	(255)
Infrastructure Replacement	(505)	(850)	(660)	(575)	(605)
Drainage Levy Related Capital Projects	(210)	(225)	(235)	(245)	(260)
Growth Costs	(368)	(405)	(405)	(405)	(405)
Recycling Expenses	(175)	(50)	(50)	(55)	(55)
Arenas Contract (CPI adjustment)	-	-	-	(75)	-
Allocation of Growth (PW&D Staff Funding)		65			
Use of Accumulated Surplus (PW&D Staff Funding)		125	(50)	(75)	
<b>Available after expenditures</b>	<b>157</b>	<b>85</b>	<b>25</b>	<b>165</b>	<b>570</b>
Surplus from prior year	150	147	147	181	300
Other Adjustments & Rounding	(160)	(85)	9	(46)	(110)
<b>General Revenue Surplus</b>	<b>147</b>	<b>147</b>	<b>181</b>	<b>300</b>	<b>760</b>

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

Some of the larger expenditures are discussed :

**Labour:** This line reflects the financial impact of wage and benefit cost increases. The 2016 increase is higher than other years due to the phased impact of additional staff authorized in 2015.

**Fire Department:** Implementation of the Fire Department Master Plan is reflected in these costs. Fifty-three full-time firefighters have been hired since the phased implementation of the Fire Department Master Plan. Costs are increasing even though no additional firefighters are provided for. Operating costs for Fire Hall No. 4 are included in 2016.

**Policing:** This line includes the cost for contracts associated with Police Services including RCMP, centralized dispatch services and regional initiatives such as an Integrated Homicide Team, an Emergency Response Team, Forensic Identification, a Dog Unit and a Traffic Reconstruction Unit. The budget includes an average of 1.5 members being added each year.

**Library:** We are part of a regional library system and so our costs are affected by a number of factors, including changes in relative service levels. For instance, if one member opens up a new library, some of the costs are direct costs to the member while other costs are shared by the entire system. The cost of the contracted service with the Fraser Valley Regional Library is expected to increase by about \$80,000.

**Infrastructure Replacement:** In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The 2013 increase was reduced to 0.5%. The budgets for 2014-2020 include an increase for infrastructure of between 0.5% - 0.7% annually. This amount is supplemented by committing a portion of gaming revenues and the growth in property taxes due to the Town Centre Incentive Program to infrastructure replacement. Additional discussion on infrastructure replacement is included on page 34.

**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 1.5% for 2016 and just over 2% per year for 2017-2020 is included in fiscal services to cover inflationary cost increases.

**Budget Allocations for Growth:** Maple Ridge is a growing community. Each year, more and more roads and sidewalks are built. More boulevard trees are planted. All of these have to be looked after. In recognition of the additional work required each year, a portion of the new tax revenue from new construction is set aside to meet the growth demands. The table below shows the growth amounts included in this Financial Plan.

Item (\$ in thousands)	2016	2017	2018	2019	2020
<b>General Revenue Fund</b>					
Fire Dept. Equipment Mtce. & Capital	50	50	50	50	50
Operations Department	65	65	65	65	65
Parks Maintenance	28	65	65	65	65
Software Maintenance	30	30	30	30	30
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
<b>General Revenue Total</b>	<b>368</b>	<b>405</b>	<b>405</b>	<b>405</b>	<b>405</b>
Water Revenue Fund - Maintenance	15	15	15	15	15
Sewer Revenue Fund - Maintenance	10	10	10	10	10

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

After providing for the expenditure changes identified on the previous page, the General Revenue Surplus is \$147,000. As the reader will note, the cost increase in some areas such as police and fire services is far more significant than in others.

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

## Incremental Adjustments

The last section showed \$147,000 available to deal with other Council priorities. We refer to these as “Incremental Adjustments”.

Incremental adjustments represent service level changes not previously included in the Financial Plan. For the past several years, due to the tough economic times and Council's desire to keep tax increases to a minimum, staff were directed to only bring forward incremental requests for matters critical to their operations and/or if they represented health or life-safety risks. As a result, incremental requests were kept to a minimum and as Council will hear in the departmental business plan presentations, organizational pressures are building up.

The following incremental requests were previously approved by City Council and are built into the Financial Plan.

1. **Facade Improvement Program with Downtown Business Improvement Association (BIA)**—This program allows downtown business to apply for a grant to assist with eligible facade improvements. The program is administered by the BIA and the City fund the program equally. In 2015, \$25,000 was approved for 2015 and another \$25,000 was approved for 2016 representing the City's share of this contribution.
2. **Additional Staffing in Public Works & Development Services**—Additional staffing on a phased basis was approved starting in 2015. The financial impact of this in the 2016 - 2020 Financial Plan has been provided for.

In addition to the foregoing, the following enhancements are recommended by the Corporate Management Team.

- Additional support to the Communications Department
- Grant to support local arts group in their use of The ACT Arts Centre
- Increased funding to support community festivals
- Additional support to the Golden Ears Winter Club
- Technical support to the Finance Department - phased in over two years
- Addition of an Arborist - funded through increased fees
- Additional Bylaw Officer - phased in over two years
- Enhanced support to RCMP members, funded from within existing police envelope
- Additional administrative support to the Administration Section

Growth revenue is being reallocated to assist with the funding. In addition, the following one-time items are being recommended to be funded from surplus:

- Employee Engagement initiative
- Cultural Plan
- Write-off of Golden Ears Winter Club receivable
- Vehicle & office costs related to Arborist
- Extension of time-durated assistance for Document Management
- Tree replacement following weather events
- Heritage Plan
- Bear Proof Organics Totes Subsidy
- Noxious Weed Treatment (\$50,000 per year for 3 years) previously approved

The following transportation related capital investments are also recommended to be funded from Surplus:

- Cycling Infrastructure
- Sidewalk Infrastructure improvements

Details on all of the incremental packages are available in the departmental business plans. The impact of these Incremental Adjustments is shown in the following table. For 2016, our surplus of \$147,000 has been reduced to \$70,000. The effect is not as significant as one might have thought due to the use of Accumulated Surplus to fund Capital and non-recurring operating expenditures.

Item (\$ in thousands)	2016	2017	2018	2019	2020
<b>General Revenue Surplus</b>	<b>147</b>	<b>147</b>	<b>181</b>	<b>300</b>	<b>760</b>
<b>Incremental Adjustments and Capital to be funded from Accumulated Surplus</b>					
Proposed Ongoing Incremental Operating Items					
Communications Dept. Staffing	(30)	(30)	(30)	(30)	(30)
Facilities Rental Grant Program	(12)	(12)	(12)	(12)	(12)
Festivals	(20)	(20)	(20)	(20)	(20)
Golden Ears Winter Club	(20)	(20)	(20)	(20)	(20)
Finance Dept. Staffing	(40)	(75)	(75)	(75)	(75)
Bylaws Dept. - Bylaws Officer	(40)	(80)	(80)	(80)	(80)
Planning Dept. - Arborist	(98)	(98)	(98)	(98)	(98)
Planning Dept. Fees (Tree Bylaw)	98	98	98	98	98
Policing Municipal Staff	(135)	(135)	(135)	(135)	(135)
Policing Reduce RCMP Contract	135	135	135	135	135
Administration - Staffing	(25)	(25)	(25)	(25)	(25)
Existing Funding for Growth & Emerging Issues	110	145	145	145	145
<b>Subtotal General Revenue Surplus</b>	<b>70</b>	<b>30</b>	<b>64</b>	<b>183</b>	<b>643</b>
Previously Approved Operating Items Funded by Accumulated Surplus					
Noxious Weed Treatment	(50)	(50)	(50)		
Proposed One Time Operating Items funded by Accumulated Surplus					
Economic Dev. - Branding (previously funded)					
Human Resources: Employee Engagement	(15)				
Cultural Plan	(20)				
Golden Ears Winter Club A/R	(47)				
Planning Staff Onetime costs	(35)				
Document Management Staffing	(72)				
Parks Tree replacements (storm damage)	(41)				
Heritage Plan	(40)				
Bear Proof Organics Totes Subsidy	(20)				
Proposed Capital Items funded from Accumulated Surplus					
Transportation Plan: Cycling Infrastructure	(100)	(100)	(100)	(100)	(100)
Transportation Plan: Sidewalk Infrastructure	(400)	(400)	(400)	(400)	(400)
Transfer From Accumulated Surplus	840	550	550	500	500
<b>General Revenue Surplus</b>	<b>70</b>	<b>30</b>	<b>64</b>	<b>183</b>	<b>643</b>

## WHAT WOULD A ZERO TAX INCREASE LOOK LIKE?

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

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

**Use savings to cushion tax increases in the short run** - This approach has also been used by some municipalities and there is nothing wrong with it, providing there is a plan to reduce the reliance on savings and a plan to replenish them. The question to ask is “what will you do when the savings run out?”

**Use unstable revenue sources to fund core expenditures** - There is general agreement in the municipal field that certain revenues such as revenue from gaming can be quite volatile and

that such revenue should not be used to fund core expenditures. That is because revenues can drop off with little advanced warning, creating difficulty in funding the associated costs. Our own policy on gaming revenue warns against this, though some municipalities have used this approach to keep tax increases down.

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

**Amend Financial Plan assumptions** - 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. This may result in savings having to be used when projected results don’t materialize. For this reason, this approach is not recommended.

So what can we do to achieve a lower tax increase or even no tax increase? Well, the way to do this properly is to look at what is driving the tax increase. In other words, which areas are costs going up in? For Maple Ridge, here are the key cost drivers for 2016:

### RCMP Costs

	2015	2016	Increase
<b>RCMP Contract</b>	\$16,741,000	\$17,546,000	\$805,000

**Comments:** The RCMP contract increases by about \$805,000. The largest changes are due to increases in compensation and RCMP Overhead, items that the City has no discretion with. Over the life of this Financial Plan, we are trying to provide for the addition of about 1.5 members per year to keep up with workloads. One additional member costs about \$150,000 so to bring the RCMP budget in at a zero increase would result in the loss of about 6 members. This is not recommended due to the effect it would have on public safety.

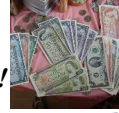
### Infrastructure Maintenance & Renewal

	<u>2015</u>	<u>2016</u>	<u>Increase</u>
Annual Contribution	\$4,295,000	\$4,800,000	\$505,000

Comments: We have a huge infrastructure renewal/maintenance deficit that we are starting to address. We do not have to do this and could continue to defer this item. Further, a significant portion of the future funding in this area is allocated towards the work at the Leisure Centre and that work will not be able to proceed without this additional funding.



*Pay me now —  
Pay me later!*



### Fire Department

	<u>2015</u>	<u>2016</u>	<u>Increase</u>
Annual Costs	\$9,710,000	\$10,265,000	\$555,000

Comments: The largest portion of the increase in the Fire Department is 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 \$500,000. This is not recommended as our response times to calls for service will increase. Further, the composite model that we have spent some time developing may be compromised.

### Parks & Leisure Services

	<u>2015</u>	<u>2016</u>	<u>Increase</u>
Master Plan Funding	\$335,000	\$515,000	\$180,000

Comments: The Parks, Recreation and Culture Master Plan was adopted in 2010 through community consultation. 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>2015</u>	<u>2016</u>	<u>Increase</u>
Annual Levy	\$565,000	\$775,000	\$210,000

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 \$210,000 was planned for 2016, but we do not have to do this.

## Contribution to Reserves

	<u>2015</u>	<u>2016</u>	<u>Increase</u>
Fire Department	\$1,770,000	\$1,830,000	\$ 60,000
Capital Works	1,080,000	1,115,000	35,000
Equipment Replacement	1,694,000	1,734,000	40,000

Comments: The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2016. These systematic increases 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 smooth the impact of larger costs over time and remove volatility in fees and charges.

## General Inflation, Including Labour

	<u>2016</u>	<u>Increase</u>
Labour	\$1,055,000	
Inflation	155,000	

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

In addition to making adjustments in the areas where costs are going up, Council can also consider service level adjustments. Here are some of the areas that could be looked at, keeping in mind that these reductions are not recommended by staff.

### Service Level Reductions (not recommended)

**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.

**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.

**Port-a-Potties in Parks**—Eliminate port-a-potties in City 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.

**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.

**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.

**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. The intent was to offer citizens an alternative to burning branches or having to take such debris to the transfer station.

**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.

**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.

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. The 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. To achieve a lower tax increase, it is important to address the cost drivers or look at service level reductions.



## EFFICIENCY & EFFECTIVENESS IMPROVEMENTS IMPLEMENTED IN RECENT YEARS

So to reiterate, a zero tax increase or lower tax increase can be achieved. To do it properly, it should be done by looking at cost drivers and/or through service level reductions.

The reader should keep in mind that on an ongoing basis we look at ways to improve service delivery and save money. Over the past period of time, we have implemented a number of initiatives that have done exactly this. Here is a selection of our more notable successes.

### 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. 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 of approximately \$75,000.
4. RCMP Regional Forensic Investigation Unit – relocated to Maple Ridge providing us with enhanced service and rental income.
5. Operations Fueling – centralized fueling of City 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.
6. Partnered with a number of municipalities in BC to define the scope and participate in a joint RFP project for recreation software replacement.

### 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 2016 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 City 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 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 (30,403 hrs), Parks and Leisure Services (14,220 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. 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.
6. Customer Service – 2015 introduced service process reviews, updated training for all employees and reviewed department programs to inform expansion of the Corporate Service Quality Program.
7. Service Automation - enhanced irrigation system for hanging basket fertilization reducing manpower costs.
8. Having police vehicles serviced at the Operations Centre has reduced maintenance 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 City.
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.
6. The Fleet Insurance rebate program resulted in an insurance rebate cheque for \$7,959.

### Technological Innovation

1. Leisure Centre Retrofit – the use of solar power, dehumidification and heat recovery system 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 hybrids saves the City \$32,600 in fuel every year.
3. Electric Vehicles – the City 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 City 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.

9. A computerized irrigation control system was installed at several sport field locations which reduces commuting and site visits. Staff can now make changes to all irrigation systems at the touch of a button.

### **Asset Management**

1. Adaptive Reuse of Old Infrastructure – the City 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. City Lands – leveraged City land to get a new SPCA building built at substantial savings. As well, utilized City 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.
6. Electricity - the City is now saving about

\$110,000 annually in electricity costs as a result of energy management improvements, and received rebates of \$100,000 over the past five years.

7. Tree watering bags were offered to residents for a returnable deposit of \$10.00 per bag to assist staff with watering boulevard trees close to their property as well as their own trees. This reduced the costs for watering young trees and also helped to reduce the number of trees that were lost as a result of the prolonged dry weather period.

### **Alternative Revenues**

1. City 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 \$50,000, BC Hydro Energy Manager grant of \$275,000 over four 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.

## ***Summary***

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

# UTILITIES & RECYCLING

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

Unlike the General Revenue Fund that includes separate reserves for revenue smoothing, capital purchases and infrastructure replacement, the Water and Sewer Funds use Accumulated Surplus for these purposes. As we start to set funds aside for water and sewer infrastructure replacement it may be worthwhile explicitly earmarking these funds in a reserve as to be clear about the purpose of these funds. Water and Sewer Infrastructure have a fairly long life and we are fortunate that our infrastructure is fairly young. That being said, the costs are significant which is why it is important to start building the funds for the eventual replacement.

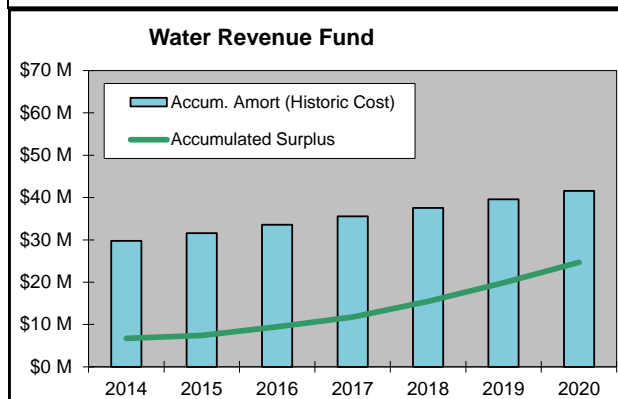
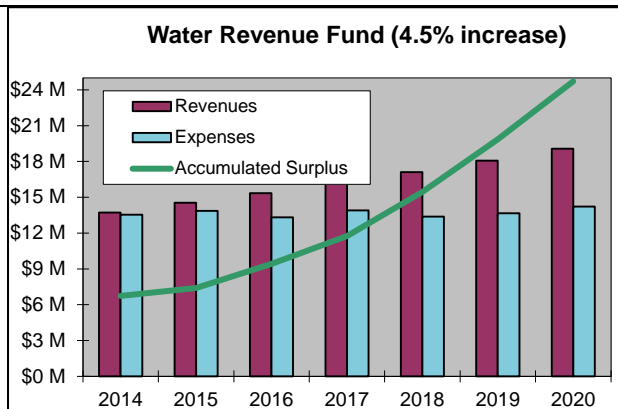
There are two graphs below. The first shows the

revenues and expenditures and the impact this has on accumulated surplus. The accumulated surplus projected is heavily influenced by regional costs. The second graph shows how the accumulated surplus compares to the accumulated amortization for City assets. The accumulated amortization is the prorated cost of the portion of assets currently consumed. For example, if the useful life of asset was 50 years and it's 25 years old the accumulated amortization would be about half of the original cost. The purpose of this graph is to show that we are getting closer to establishing the financial capacity to replace our assets by creating financially sustainable utilities. The region also has significant investments in water and sewer assets that will require replacement which will result in additional funding requirements for each member municipality.

## Water Utility Rates

The majority of the Water Utility revenue is from the flat rate water levy and charges for metered water assessed to individual properties. These revenues cover the costs associated with water purchases, maintenance and both regional and local capital infrastructure. The 2016 flat rate water fee is approximately \$525 half of which is required just for the purchase of water from the region.

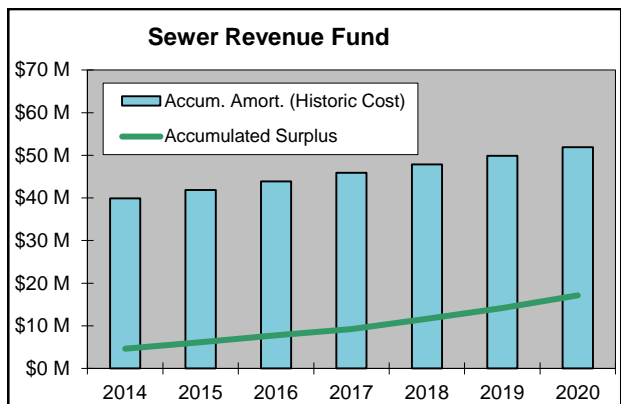
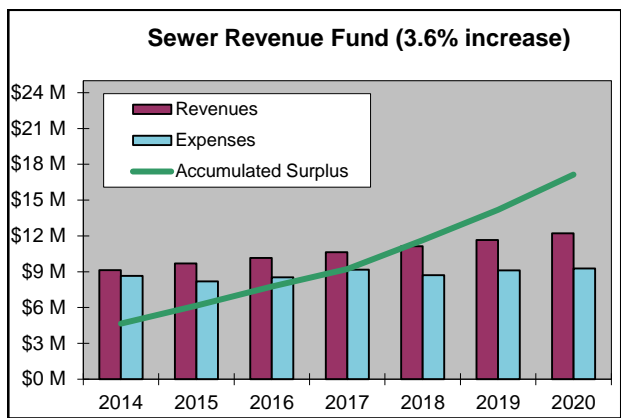
When setting water rates, we need to consider not only our own planned expenditures and infrastructure requirements, but also those planned by the region. Several years ago, the Regional District had projected rate increases that were very significant with one year as high as 18%. Since that time they have deferred projects and water rates increases were only increased marginally. The municipal rate increase has been reduced to 4.5% for each of the next five years. This may need to be revisited depending on how quickly the region proceeds with projects that have been deferred. The other consideration is funding the replacement of water infrastructure and how long we take to address this funding gap.



### Sewer Utility Rates

The Sewer Utility pays for regional capital expenditures through an allocation model that essentially spreads rate increases over time to utility ratepayers. Additionally, the utility pays for our local sewer infrastructure and maintenance requirements. The 2016 sewer fees are about \$332 of which approximately 55% is required for regional costs of wastewater treatment.

Any cost impact that new wastewater regulations have on capital investment requirements will be addressed at the regional level with member municipalities paying their respective portions. Implementation of changes to the regional cost allocation formula may be a significant factor in future rate increases. The regional cost for sewer increased only marginally in the last few years and a lower annual rate increase in sewer user fees of 3.6% is manageable.



### Recycling Rates

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

Provincial regulations shifted recycling responsibilities to producers. As a result of the Multi-Materials BC contract, recycling fees have remained unchanged since 2013. Annual rate increases of 2.75% are planned for 2017 through 2020, however they will be reviewed annually.

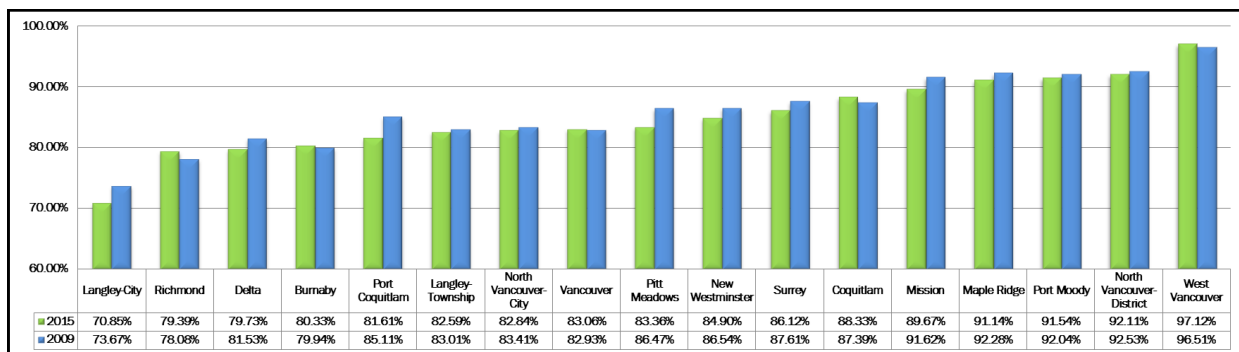
# COMPOSITION OF PROPERTY ASSESSMENT BASE

## Composition of Property Tax 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.

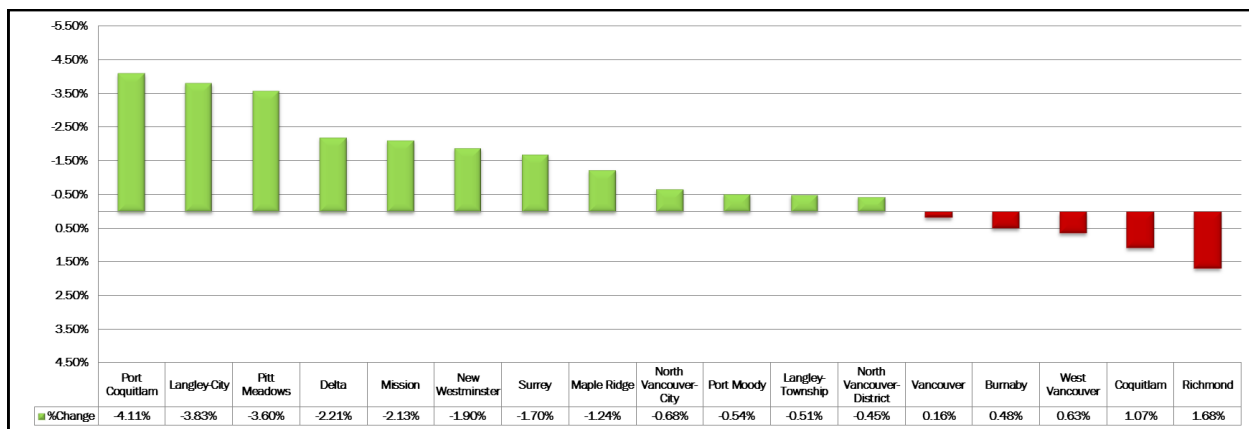
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 70.85% in the City of Langley to a high of 97.12% in West Vancouver. If you exclude the two municipalities that are on the high and low end of this range, the remainder are in a relatively narrow range. The chart also shows how this percentage has changed between 2009 and 2015.

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 2009–2015



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 2015 Revised Rolls

# STAFFING

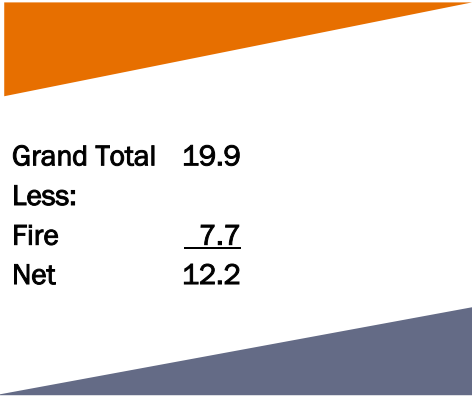
## Staffing Update

This chart shows the change in staffing levels since 2011. Positions were added in Public Works & Development Services, three in 2015 and one in 2016, to reduce the time it takes to process development applications. The staff added in Corporate & Financial Services includes one staff member transferred from Information Technology and one time-duration staff member for Document Management.

This chart shows the change in City staffing levels over the past 5 years. While there have been reallocations of staff, the overall complement has increased by 19.9 positions or 5% since 2011.

Of this total increase, 7.7 positions were added to the Fire Department as a result of the phased implementation of the Fire Department Master Plan.

Division	Department	B 2016	Δ 12-16	
CAO	1. CAO Admin	5.0	-	
	2. Communications	1.4	0.4	
	3. Economic Dev	4.0	-	
	4. Human Resources	7.0	0.3	
		<b>17.4</b>	<b>0.7</b>	4%
CDPR	1. CDPR Admin	2.0	-	
	2. Community	12.5	1.0	
	3. Parks & Facilities	48.5	4.0	
	4. Recreation	46.2	(1.7)	
		<b>109.2</b>	<b>3.3</b>	3%
CFS	1. CFS Admin	4.0	2.0	
	2. Clerks	9.0	(0.4)	
	3. Finance	17.6	-	
	4. IT	15.0	-	
	5. Fire Department	9.0	-	
	6. IAFF	53.0	7.7	
	7. Police Services	45.0	1.0	
		<b>152.6</b>	<b>10.3</b>	7%
PWD	1. PWD Admin	2.0	-	
	2. Engineering	28.0	-	
	3. Lic, Perm & Bylaw	31.5	1.0	
	4. Operations	74.9	1.6	
	5. Planning	20.0	3.0	
		<b>156.4</b>	<b>5.6</b>	4%
<b>Grand Total</b>		<b>435.6</b>	<b>19.9</b>	5%



*The net increase of 12.2 staff works out to an increase of 3.2% over 5 years, or about 0.64% per year. This is less than the growth rate that has been experienced in the community.*

Staffing

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

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

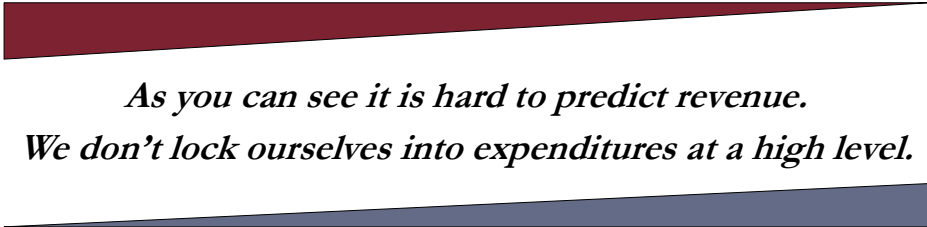
## 2015 Financial Performance

As we begin to look forward to the 2016 - 2020 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.

Building permit revenue is a significant item in our Financial Plan. 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 City uses its financial sustainability policies, conservative budgeting and a practice of planning for the bad times during the good. Temporary shortfalls in revenue can be managed through the Building Inspection Reserve; the current balance in the reserve is \$1.8 million, and is the source of funding for additional staff, approved by Council, for development processing. For 2015, annual building permit revenues will exceed our Financial Plan target of \$1.7 million by approximately \$1 million. The following table shows building permit revenues for the past 5 years. The positive variance for 2015 is due to an overall increase in building activity.

### Historical Building Permit Revenue

2011	\$1,470,115
2012	\$1,285,502
2013	\$1,761,604
2014	\$2,037,077
2015	\$2,665,200 (11 Months)



*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 City began receiving revenues from the local gaming facility. In 2014 we received \$1,056,050. To date in 2015 we have recorded \$884,625 in gaming revenues and expect annual revenues to exceed our Financial Plan target of \$1,050,000. Monies received from this source are allocated in line with Council's policy. Gaming revenues are inherently volatile in nature which is the reason Council adopted a policy framework to guide its use.



Results to September indicate 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 2016.

Here are some comments on other trends that we are seeing:

### **Revenues:**

Investment income in the General Revenue Fund will exceed budget targets in 2015 as a result of positive returns and a large investment portfolio resulting from capital project expenditure delays. At the end of September, investment income is \$1,000,000 against a Financial Plan target of \$1,150,000. It should be noted, that if the pace of capital project spending increases, the size of the investment portfolio will decrease as will our investment earnings.

Current projections indicate that gravel revenues will miss financial Plan targets by approximately \$83,000.

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 approximately 10% due to vacancies.

### **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 line with Council practice, all or a portion of any savings will be transferred to

the Police Services Reserve. There are some outstanding contractual issues, including wage settlements, that may have a retroactive impact. We may need to draw on the Police Services Reserve for funding. The longer the matter goes unresolved, the larger the potential draw on the reserve will be.

Fire Department costs are expected to be within the annual budget envelope as a result of careful cost containment.

We will see some savings in the Engineering/ Operations area as a result of deferred work on various projects. These savings will be transferred to reserves at the end of the year in order to allow work to progress in 2016.

Recreation costs are within Financial Plan targets with the expectation that the division will be under budget at the end of the year.

General government costs are expected to be under budget at the end of the year. Much of this relates to the timing of various studies and projects, such as studies that were anticipated for the Albion Flats area and work related to the implementation of new accounting standards, as well as payments related to the Town Centre Investment 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 2016.

The above summary is based on results to the end of September and points to a General Revenue surplus for 2015.

## Status of 2015 Capital Projects

The budget for the Capital Works Program in 2015 is just over \$88.5 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 \$61.5 million and consists of:

- Complete or nearly complete \$ 9.5M
- Well underway 35.0M
- Early stages of design and tendering 17.0M

The budget for projects not yet started is approximately \$27 million and consists of:

- Grant Funding Not Secured \$ 0.5M
- Reliant on Other Capital Work 16.5M
- Land Acquisition Delays 0.5M
- Other 8.5M
- Strategic, Staffing & Technical Delays 1.0M

The source of funding for capital projects also has constraints or conditions. For example, debt is

approved for specific projects such as the construction of Fire Hall No. 4 and the cemetery expansion. This debt cannot be transferred to other projects. Similarly, projects funded by Development Cost Charges (DCC) (\$34M for 2015) 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 have not been included in the DCC Bylaw.

The following is a list of the larger previously approved projects:

- Fire Hall No. 4 Construction and Equipment \$ 7.8M
- Park Acquisitions (various locations) 11.7M
- Road & Drainage Works 240 Street (Lougheed Highway – 104 Avenue) 5.2M
- Roadworks 128 Avenue (210 Street – 216 Street) 7.0M
- Roadworks 203 Street (Lougheed Highway – Golden Ears Way) 4.5M
- Whonnock Lake Improvements 1.2M

Projects that do not finalize in 2015 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 2016 when the Financial Plan is amended.

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

With this understanding of our financial performance so far this year, we turn our mind to the changes that we see in our Financial Plan.

# CHANGES TO PREVIOUS 5-YEAR FINANCIAL PLAN

## Operating Budget Changes

The next section outlines the changes to this Financial Plan from the one that covered the years 2015-2019:

### General Revenue Fund (GRF) Reconciliation of 2016 - 2020 Financial Plan

(\$ in thousands)	2016	2017	2018	2019
<b>Adopted Financial Plan 2015-2019</b>				
<b>General Revenue Fund (GRF) Surplus</b>	<b>171</b>	<b>151</b>	<b>240</b>	<b>395</b>
<b>2016-2020 Financial Plan Guidelines changes</b>				
Property Tax Rate Reduction	(72)	(150)	(235)	(246)
Remove Major Industrial Property Tax Reduction	70	144	220	230
<b>GRF Surplus Subtotal</b>	<b>169</b>	<b>144</b>	<b>225</b>	<b>380</b>
<b>Adjustments with off setting changes</b>				
Recycling Rate Increase Removed	71	72	73	74
Recycling Equip. Expenses	126	110	106	102
Transfer to (from) Recycling Reserve	(197)	(182)	(179)	(176)
Land Sales	1,500	1,500	1,500	1,500
Transfer to Capital Works Reserve	(1,500)	(1,500)	(1,500)	(1,500)
C&FS Growth Allocation Salaries	20	20	20	20
Property Taxes - Salaries	(10)	(10)	(10)	(10)
Finance - Consulting	(10)	(10)	(10)	(10)
Fire - Reduce Growth to Capital Reserves	50	100	150	150
Fire - Increase Growth to Equip. Repairs	(50)	(100)	(150)	(150)
RCMP Contract Costs	(379)	(195)		
Police Services Reserve	379	195		
CDPR Growth Allocation Salaries	20	20	20	20
Reclass Field Allocator	(7)	(7)	(7)	(7)
Reclass Social Planning Analyst	(13)	(13)	(13)	(13)
Health & Wellness Program Assistant	(20)	(20)	(20)	(20)
Leisure Centre Program Costs	20	20	20	20
Special Event Program Assistant Wages (Increase)	(22)	(22)	(22)	(22)
Building Maintenance Wages (Decrease)	22	22	22	22
Curling Rink Rentals	40	40	40	40
Curling Rink Costs (Caretaker, Maintenance, Utilities)	(40)	(40)	(40)	(40)
<b>GRF Surplus Subtotal</b>	<b>169</b>	<b>144</b>	<b>225</b>	<b>380</b>

(\$ in thousands)	2016	2017	2018	2019
<b>GRF Surplus Subtotal (from previous page)</b>	<b>169</b>	<b>144</b>	<b>225</b>	<b>380</b>
<b>Labour Costs</b> (benefit rates/selections)	<b>(106)</b>	<b>(93)</b>	<b>(144)</b>	<b>(174)</b>
<b>Corporate and Financial Changes</b>	<b>105</b>	<b>116</b>	<b>128</b>	<b>126</b>
Bank Fees	(25)	(25)	(25)	(25)
Interest Property Taxes (Prepaid & Arrears)	60	60	60	60
Police - Towing Contract	26	25	25	25
Insurance	11	11	11	11
Postage Costs	(6)	(7)	(8)	(9)
Rental Properties	(8)	(8)	(8)	(8)
Grant In Lieu (Gas/Hydro)	(6)	(6)	(6)	(6)
Fire Dept. - Dispatch Contract	12	25	38	51
Software Licence & Support	(10)	(20)	(30)	(40)
Fire Dept. - Wage increase Paid on Call				(13)
Inflation Contingency Reduction	50	60	70	80
<b>Public Works &amp; Development Services Changes</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>	<b>(15)</b>
Dog Licence Revenue Reduced	(15)	(15)	(15)	(15)
<b>Community Development Parks and Rec. Changes</b>	<b>57</b>	<b>57</b>	<b>57</b>	<b>57</b>
Parks Growth (2016 est. updated to actual costs)	37	37	37	37
Bank Fees	(10)	(10)	(10)	(10)
Leisure Centre Admissions/Rentals	(52)	(52)	(52)	(52)
Administration Fees	(7)	(7)	(7)	(7)
PM Family Rec Centre Program Fees & Costs	39	39	39	39
South Bonson Rentals	30	30	30	30
Whonnock Lake Rentals less Costs	12	12	12	12
Curling Rink Insurance	(7)	(7)	(7)	(7)
Youth Program Fees & Costs	(8)	(8)	(8)	(8)
Children's Active Kids Club Revenues & Wages	15	15	15	15
PM Cost Share Changes CDPR	8	8	8	8
<b>Other Adjustments</b>	<b>(63)</b>	<b>(62)</b>	<b>(69)</b>	<b>(74)</b>
<b>GRF Surplus before Incremental Adjustments</b>	<b>147</b>	<b>147</b>	<b>181</b>	<b>300</b>

The preceding table shows that our 2015-2019 Financial Plan projected a General revenue Surplus of \$171,000 for 2016. After the adjustments outlined in the table, and before considering the incremental requests outlined earlier, we are left with a surplus of \$149,000.

While there are several adjustments, their collective impact on our 2016 surplus is \$22,000 (\$171,000 - \$149,000).

# CAPITAL PROGRAM

## 2016 - 2020 Capital Plan

The five-year Capital Works Program is \$138 million; 2016 planned capital projects are \$30.7 million, excluding projects that will be carried forward from previous years. It should be noted that developers will contribute millions in subdivision infrastructure to our community and these contributions are not included in our capital plan. A detailed list of the projects in the five-year Capital Works Program is attached to the Capital Works Program Business Plan.

The following chart summarized the Capital Program according to the type of project.

### Proposed Capital Spending by Category

\$ in thousands	2016	2017	2018	2019	2020
Drainage	1,099	1,813	2,227	2,646	3,064
Government Services	1,515	450	170	680	290
Highways	12,824	12,195	11,766	13,695	11,759
Park Acquisition	1,211	1,361	2,950	566	4,648
Park Improvement	2,430	5,634	855	590	1,171
Recreation Services	60	75	-	300	-
Protective Fire	1,856	110	1,000	180	250
Protective Police	25	20	190	-	-
Technology	1,097	1,288	806	1,799	1,306
Sewer	3,039	1,475	800	7,761	701
Water	5,556	3,097	2,937	1,297	3,113
<b>Total Capital Program</b>	<b>30,712</b>	<b>27,518</b>	<b>23,701</b>	<b>29,515</b>	<b>26,302</b>

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

### Proposed Capital Funding Sources

\$ in thousands	2016	2017	2018	2019	2020
<b>General Revenue</b>	2,555	3,630	2,356	2,809	2,988
Capital Works Reserve	2,600	3,000	-	-	-
Cemetery Reserve	60	-	-	-	-
Development Cost Charges	11,720	7,890	8,429	12,611	9,200
Drainage Improvement Levy	1,094	673	1,229	1,476	1,736
Equip Replacement Reserves	3,540	1,813	3,245	2,311	1,857
Fire Dept Capital Reserve	356	-	-	-	250
Gaming	200	200	200	200	200
Gas Tax	270	270	270	270	-
Grants, LAS, 3rd Parties	1,212	2,004	1,038	1,000	1,043
Translink	300	138	-	1,164	1,100
Infrastructure Sustainability Reserve	2,914	3,637	4,239	4,705	5,155
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	19	16	152	-	-
Recycling Reserve	390	220	40	390	60
Surplus	500	500	500	500	500
Sewer Capital	922	1,203	528	684	620
Water Capital	1,859	2,123	1,273	1,194	1,393
<b>Total Capital Program</b>	<b>30,712</b>	<b>27,518</b>	<b>23,701</b>	<b>29,515</b>	<b>26,302</b>

A discussion of some of the key funding sources follows:

**General Revenue**

This represents funding contributed by general tax levies.

**Capital Works Reserve**

This reserve, established by bylaw is designed to assist with the funding of Capital Projects that cannot be funded through development revenues.

**Development Cost Charges**

These are revenues collected from development for specific capital works required as a result of development. The types of projects for which fees can be levied are determined by provincial legislation and the funds can only be expended for those projects.

**Drainage Levy**

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

**Equipment Replacement Reserve**

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

**Infrastructure Replacement**

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

**Reserves**

The City also has financial resources held in reserves. These reserves serve to stabilize taxes, fees and charges by providing funds during tight years and receiving those funds back during better years. Reserves shield our customers and taxpayers from sharp rate increases. A list of all of our reserves follows and the main ones are discussed below.

Examples of larger capital projects, either completed recently or still in progress, include the: River Road Drainage Works (\$2.65 million), Animal Shelter Construction, Cemetery Expansion, Fire Hall No. 4 Construction (\$6 million) and Leisure Centre Pool Replacement (\$5.5 million).

As stated earlier, a list of capital projects is available in the Capital Works Business Plan. A more detailed look at our Reserves follows.

Here is a recap of all of our Reserves, the main ones of which are discussed in the following pages.

<b>Accumulated Surplus</b>		<b>Reserve Accounts</b>	
General Revenue	7,523	<u>General Revenue:</u>	
Sewer Revenue	4,662	Specific Projects - Capital	4,584
Water Revenue	6,737	Specific Projects - Operating	7,887
<b>Total Accumulated Surplus</b>	<b><u>18,922</u></b>	Self Insurance	832
<b>Reserve Fund Balances</b>		Police Services	6,023
Local Improvement	2,538	Core Development	1,511
Equipment Replacement	11,986	Recycling	1,180
Capital Works	11,405	Community Development	1
Fire Department Capital	5,585	Building Inspections	1,951
Sanitary Sewer	1,591	Gravel Extraction	661
Land	272	Community Works (Gas Tax)	271
<b>Reserve Funds</b>	<b><u>33,377</u></b>	Facility Maintenance	1,616
<b>Restricted Revenue Balances</b>		Snow Removal	686
Development Cost Charges	37,155	Cemetery Maintenance	85
Parkland (ESA) Acquisition	1,028	Infrastructure Sustainability	1,900
Other Restricted Revenues	6,012	Drainage Improvements	492
<b>Total Restricted Revenues</b>	<b><u>44,195</u></b>	Critical Building Infrastructure	209
		Infrastructure Grant Contribution	4
		Gaming Revenues	453
		<b>General Revenue Reserve Accounts</b>	<b><u>30,346</u></b>
		Sewer Reserve Accounts	2,333
		Water Reserve Accounts	2,687
		<b>Total Reserve Accounts</b>	<b><u>35,366</u></b>

*Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$88 million*

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

**These are financial reserves only. Other assets, such as gravel resources are not shown, nor are they represented in our financial statements. A discussion of the key reserves follows.**

## 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. This minimum reserve balance is temporarily used to internally finance the pool renovations and a new synthetic field in 2016 for \$2 million and the conversion of synthetic fields in Albion for \$3 million in 2017.

Here is our analysis of the Capital Works Reserve.

### Capital Works Reserve Projection

\$ in thousands	2016	2017	2018	2019	2020
Opening Balance	3,900	4,887	4,633	9,596	14,568
<b>Inflows</b>					
GRF Annual Transfer	496	536	575	615	658
Adjust timing of CWR transfer	150	(50)	-	-	-
Land Sales Proceeds	1,500	1,500	1,500	1,500	1,000
Parks & Recreation Master Plan	360	545	741	947	1,163
Communication Tower Rent	49	49	49	49	49
Repayment of Energy Retrofit	65	65	65	65	65
Repayment of Pool Reno (Facility Maint.)	670	670	670	670	445
Repayment of Pool Reno (Infrastructure)	200	200	200	200	133
Gravel Revenue	500	500	500	500	500
<b>Total Inflows</b>	<b>3,991</b>	<b>4,015</b>	<b>4,300</b>	<b>4,546</b>	<b>4,014</b>
<b>Outflows</b>					
Full Synthetic Field	(2,000)	-	-	-	-
Secondary Sander Storage Shed	(600)	-	-	-	-
Albion Synthetic Conversion	-	(3,000)	-	-	-
Balance of GCF funded capital	145	(720)	663	427	327
Debt (River Road)	(549)	(549)	-	-	-
<b>Total Outflows</b>	<b>(3,004)</b>	<b>(4,269)</b>	<b>663</b>	<b>427</b>	<b>327</b>
<b>Estimated Ending Balance</b>	<b>4,887</b>	<b>4,633</b>	<b>9,596</b>	<b>14,568</b>	<b>18,909</b>
Min Reserve (10% PY Taxes)	6,883	7,499	7,910	8,319	8,744
<b>Unencumbered Balance</b>	<b>(1,997)</b>	<b>(2,866)</b>	<b>1,686</b>	<b>6,249</b>	<b>10,165</b>



### 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	2016	2017	2018	2019	2020
<b>Opening Balance</b>	4,273	4,629	5,420	6,289	7,289
<b>Inflows</b>					
GRF Annual Transfer	1,512	1,591	1,669	1,800	1,936
<b>Outflows</b>					
Planned Capital Expenditures	(356)	-	-	-	(250)
Debt Repayments (FH#4)	(800)	(800)	(800)	(800)	(800)
<b>Estimated Ending Balance</b>	4,629	5,420	6,289	7,289	8,174

This projection takes into account the repayment of debt related to Fire Hall No. 4 building construction.

### 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	2016	2017	2018	2019	2020
<b>Opening Balance</b>	1,536	637	1,208	974	1,629
<b>Inflows</b>					
GRF Annual Transfer	601	681	766	835	950
<b>Outflows</b>					
Planned Capital Expenditures	(1,500)	(110)	(1,000)	(180)	-
<b>Estimated Ending Balance</b>	637	1,208	974	1,629	2,579

### 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	2016	2017	2018	2019	2020
<b>Opening Balance</b>	345	75	(3)	123	(76)
<b>Inflows</b>					
Operating Results	30	52	76	101	128
GRF Annual Transfer	90	90	90	90	90
<b>Outflows</b>					
Planned Capital Expenditures	(390)	(220)	(40)	(390)	(60)
<b>Estimated Ending Balance</b>	75	(3)	123	(76)	82

## Infrastructure Sustainability

Beginning in 2008, Council directed an annual tax increase of 1% to go toward infrastructure sustainability. This helps with major rehabilitation and replacement of the City's assets which currently have a replacement value estimated in excess of \$1.4 billion. For the years 2013 through 2020, the amount of the increase is between 0.50% and 0.70%. The table below illustrates the inflows generated from general taxation and how it has been allocated. Inflows from the Core Reserve are allocated to maintaining those facilities related to the Town Centre project.

If we look only at the roads component of our infrastructure, the historic annual amount spent on repaving roads is 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.

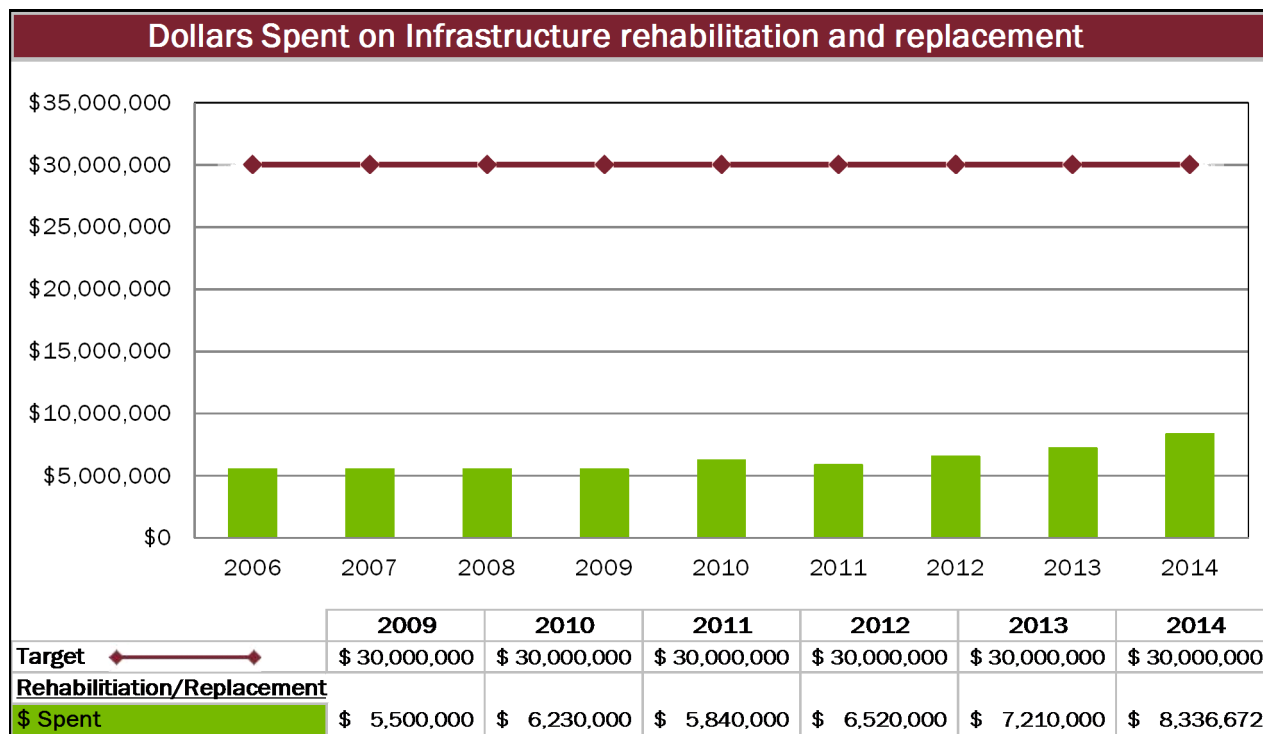
Depending on the scope of projects required, one year's allocation may not meet the funding requirements. In these cases, funding may be held over until enough has accumulated to allow the works to proceed, or borrowing may be considered. The charts highlight the impact that the property tax increases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

**Infrastructure Sustainability Allocation of Funding**

\$ in thousands	2016	2017	2018	2019	2020
<b>Inflows</b>					
Property Taxes Prior Year	3,290	3,290	3,290	3,290	3,290
Property Tax Increase	352	872	1,420	1,995	2,601
Gaming Funds	550	550	550	550	550
Town Centre Incentive	154	482	594	594	594
Core Reserve Surplus	450	450	450	450	450
<b>Total Inflows</b>	<b>4,797</b>	<b>5,644</b>	<b>6,304</b>	<b>6,880</b>	<b>7,486</b>
<b>Allocations</b>					
Core Reserve Surplus to CWR	(200)	(200)	(200)	(200)	(133)
Core Building Replacement Fund	(250)	(250)	(250)	(250)	(317)
Building Infrastructure Planned	(1,090)	(1,090)	(1,090)	(1,140)	(1,215)
Fire Dept - Equipment Replacement	(200)	(275)	(325)	(375)	(450)
Highways ISR Capital Planned	(2,359)	(2,992)	(3,479)	(3,830)	(4,170)
Drainage Capital Planned	(620)	(760)	(875)	(990)	(1,100)
Major Equipment/Systems Reserve	(77)	(77)	(86)	(96)	(101)
<b>Total Outflows</b>	<b>(4,797)</b>	<b>(5,644)</b>	<b>(6,304)</b>	<b>(6,880)</b>	<b>(7,486)</b>
<b>Estimated Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

In addition to the dedicated infrastructure funding, other monies are also spent replacing our assets. The chart below highlights the impact of the infrastructure funding and highlights how large the funding gap is.



### Leisure Centre Lifecycle Repairs

Over the years, there has been considerable effort spent on improving the aesthetics and functioning of the Leisure Centre. From the patron's perspective, these investments have kept the facility appealing and welcoming. The areas behind the scenes such as filtration, pumps, tanks and chlorination systems are approaching end of life. By way of example, the water fall feature has had to be turned off due to leaks in the plumbing behind the scene. Further, the facility does not meet today's standards for accessibility.

The existing Financial Plan includes a strategy for funding lifecycle improvements to the Leisure Centre. The work will include replacement of the pool filter system as well as the related plumbing system. Conversion of the chlorination system as well as accessibility improvements are also included.

A total capital investment of \$5.5 million is expected and this was provided for in 2015. \$1.7 million of this amount will be funded from existing sources, notably the Infrastructure Sustainability Reserve which was established to meet obligations like this. The remainder will be funded from the Capital Works Reserve (CWR). CWR will be paid back over the coming 4-5 years through funding available from annual Lifecycle and Infrastructure allotments.

The key message for the reader is that this very significant expenditure will be met without having to put through additional tax increases. This is one of the key benefits of proper long term Financial Planning.

## 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 City 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, \$4 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	2016	2017	2018	2019	2020
118 Ave (230 - 231)	-	-	-	-	11
128 Ave (216 - Abernethy) Phase 1	300	-	-	-	-
228 St (12100 Block)	6	-	-	-	-
288 St (Storm Main at Watkins Sawmill)	-	200	-	-	-
Abernethy (224 - 227)	-	-	-	-	450
Abernethy (227 - 232)	-	-	-	-	650
Albion Sports Complex - Lighting	200	-	-	-	-
Albion Sports Complex Support Building	-	300	-	-	-
Albion Synthetic Conversion	-	500	-	-	-
Chair Replacement - General Office	-	4	-	-	-
Chair Replacement - Hilton Haider	-	-	8	-	-
Chair Replacement - SEU GIS	5	-	-	-	-
Dewdney Trunk at Burnett Traffic Signal	-	138	-	-	-
Fern Crescent (236 - 240) (F)	-	-	-	1,164	-
Front Counter Kiosk Expansion	-	-	30	-	-
Laity St (117 - Lougheed)	-	-	-	-	32
Randy Herman Lunchroom Furniture	1	-	-	-	-
<b>Total Capital Funded By Others</b>	<b>512</b>	<b>1,142</b>	<b>38</b>	<b>1,164</b>	<b>1,143</b>

## Funding Strategy for Parks & Recreation Community Investments

Earlier this year, Council directed staff to include a strategy in the 2016 - 2020 Financial Plan to fund much needed sports & recreation infrastructure.

1. Synthetic Play Fields - A synthetic sports field is provided for in 2016 of the capital program for \$2 million. In addition, the conversion of gravel fields to artificial turf at the Albion Sports Complex, at a cost of \$3 million, is included in 2017. A grant of \$500,000 under the Canada 150 Community Infrastructure Program has been approved to assist with funding the sports fields in Albion.
2. Leisure Centre Life Cycle Repairs, as discussed above are included in the Financial Plan.
3. New Parks & Recreation Community Investments—In addition to the foregoing, Council has defined the needs of other improvements and a public process will be required to establish priorities. Our objective here is to establish a financial framework that could be used to fund the priorities, as established by Council.
  - i. We have \$3.8 million dollars in annual debt servicing related to the town centre project built into our Financial Plan. This debt will be retired in 2027, freeing up the related cash flow.
  - ii. We have a signed agreement for the sale of our lands on 119 Avenue. Our costs were about \$4 million and the sale price that has been agreed to is \$7 million. The \$7 million land proceeds are being used to fund the Play Fields at the Albion Sports Complex and an additional synthetic field in 2016.

- iii. The average home property tax surveys that Council has seen before and are referenced in this report show that our taxes are lower than most other municipalities in our region. Our current projected annual increase is also amongst the lowest in the region and it includes an additional 0.25% tax going towards Parks and Recreation. The additional facilities that Council is contemplating will require additional funding and it is important that we begin phasing this funding into our budgets as early as possible. We recommend that beginning in 2017, the additional funding for Parks & Recreation be increased by 0.75%. This will alleviate the need for larger increases in the future. Increasing the levy by 0.75% per year will provide for annual funding of nearly \$5 million per year by 2024. To put this number into perspective, the current net operating costs for the Pitt Meadows Family Recreation Centre are about \$600,000 each year while the Leisure Centre costs \$1.7 million.
- iv. The community wide amenity charges that Council is contemplating will also assist in providing community Parks and Recreation infrastructure. The flow of this funding can be unpredictable and this is why it is important to implement the strategies outlined earlier so that the needed investments can move forward in a more predictable manner.
- v. The new Federal Government has indicated that they will be making significant investments in infrastructure. In the past, such programs have been on a cost share basis with the province and local governments. While we have not built senior government grants into the funding model, they will reduce capital outlays. It is important to have our share of the funding in place to help projects be “shovel ready.”

Using the above noted strategies, a funding model has been created to highlight the additional investments that could be made in the next few years. The model is included in Appendix A, Recommended Funding Strategy for Parks and Recreation Community Investments. This is not currently incorporated into the 2016 – 2020 Financial Plan, as the proposed property tax increase are outside the parameters set out in the 2016 – 2020 Financial Plan Guidelines. However, the funding strategy is the recommended approach, if Council wishes to expedite the desired investments. An investment of \$110 million in Parks & Facilities could be added over the next four years. This would require an additional property tax increase of 0.75% for 2017 through 2024 and the commitment of funds currently servicing existing debt that expires in 2027. The strategy includes borrowing, which will require Ministry and elector approval, as described in this report under borrowing considerations on page 38.

## Borrowing

The Financial Plan incorporates debt proceeds into the overall funding strategy. The 2016 - 2020 Financial Plan includes debt payments on the previously approved debt.

### Previously Approved Borrowing Still Unissued

The City is now authorized to borrow for several projects:

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

The design work is underway and the borrowing authority is secured. 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.

#### Cemetery Expansion (\$1.1 million)

Debt payments associated with the land purchases for cemetery expansion are funded through increased cemetery fees. Two of the three properties have been purchased and \$2.22 million of external borrowing has been arranged.

### Borrowing Considerations 2016–2020

The following table summarizes the additional debt included in the Financial Plan. The Loan Authorization Bylaw will be prepared in 2016, once the costs of these regional projects are finalized.

Regional Water Supply - Pump Station & New Water Main (\$ in thousands)								
Years	Borrow	Term	Main Fund	Annual Payments	Issue Costs	Total Interest	Total Cost	
2010 - 2015	11,400	20	DCC / WRF	843	86	5,460	16,946	

This debt relates to the new pump station and watermain being constructed by the GVRD. The costs are to be funded approximately 80% through Development Cost Charges (DCCs) and 20% through the Water Utility.

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 City 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 City can undertake is such that the annual cost to service the debt does not exceed 25% of revenues as defined in the legislation. As noted in our 2014 Annual Report the unused liability servicing capacity at the end of 2014 was \$20.5 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 City’s costs exceed this figure and therefore this provision would not exempt the City 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

## Impact to the Average Home

At the end of the day, it is important to understand what this Financial Plan means to the average home. The assessed value of the “average home” for the 2015 taxation year was approximately \$400,000.

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.

	2016	2017	2018	2019	2020
Residence Valued at \$400,000					
Average Home Municipal Levies:					
General Purpose (Gen. & ISR)	\$ 1,814.37	\$ 1,862.25	\$ 1,911.63	\$ 1,964.52	\$ 2,019.14
Drainage	15.20	20.72	26.42	32.30	38.37
Parks & Recreation	11.73	16.33	21.08	25.98	31.04
Subtotal Property Taxes	\$ 1,841.30	\$ 1,899.30	\$ 1,959.13	\$ 2,022.80	\$ 2,088.55
User Fees					
Recycling (fixed rate)	\$ 70.20	\$ 72.13	\$ 74.11	\$ 76.15	\$ 78.24
Water (fixed rate)	524.45	548.05	572.70	598.45	625.40
Sewer (fixed rate)	332.40	343.10	354.20	365.70	377.60
Total Property Taxes and User Fees*	\$ 2,768.35	\$ 2,862.58	\$ 2,960.14	\$ 3,063.10	\$ 3,169.79
* Does not include collections for others (School, BCAA, GVTA, GVRD, MFA)					
	2016	2017	2018	2019	2020
Average Home Municipal Levies Increases:					
General Purpose	2.10%	1.90%	1.90%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase %	3.15%	3.15%	3.15%	3.25%	3.25%
Recycling Increase %	0.00%	2.75%	2.75%	2.75%	2.74%
Water Increase %	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer Increase %	3.21%	3.22%	3.24%	3.25%	3.25%
Total Property Taxes and User Fees Increase	3.33%	3.40%	3.41%	3.48%	3.48%

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

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



## SO HOW DO OUR TAXES COMPARE TO THOSE AROUND US?

### How our Property Taxes Compare to Other Municipalities

Each year, we look at how our taxes compare to other municipalities. Our survey of 2015 Residential taxes was provided to Council on May 25, 2015 and the following table appeared in that report. The table compared the taxes assessed against the average single family dwelling across surveyed municipalities. Maple Ridge ranked as the fifth lowest. It should be noted that the dwelling value used in this table is slightly different than the one used on page 40 because the value on page 40 includes stratas.

**Survey of 2015 Residential Taxes on Average Single Family Dwelling**

Municipality	Average Assessed Value*	Municipal Taxes	Rank (lowest to highest)	Total Utilities	Municipal Taxes & Utilities	Rank (lowest to highest)	Notes
Pitt Meadows	467,735	1,847	2	1,007	2,853	1	
Langley-Township	547,297	1,840	1	1,178	3,018	2	
Port Coquitlam	561,855	2,132	6	915	3,048	3	
Maple Ridge	474,199	2,120	5	935	3,055	4	-8
Surrey	671,187	1,985	4	1,075	3,060	5	-6
Mission	389,689	1,915	3	1,148	3,062	6	-3
Delta	615,809	2,260	8	982	3,242	7	-2
Richmond	1,008,269	2,205	7	1,147	3,352	8	(5,6)
North Vancouver-City	962,308	2,419	11	982	3,401	9	-4
Burnaby	994,435	2,281	9	1,161	3,442	10	-1
Coquitlam	739,877	2,329	10	1,133	3,462	11	
Port Moody	808,631	2,804	15	988	3,792	12	-1
Vancouver	1,517,000	2,685	14	1,146	3,831	13	-7
New Westminster	708,280	2,634	13	1,247	3,881	14	-1
North Vancouver-District	1,087,243	2,581	12	1,517	4,098	15	
West Vancouver	2,306,945	3,901	16	1,585	5,487	16	(5,6)
Average	866,298	2,371		1,134	3,505		
Median	724,078	2,271		1,140	3,377		
Highest	2,306,945	3,901		1,585	5,487		
Lowest	389,689	1,840		915	2,853		

**Notes:**

Values are rounded.

\* Average Assessed Value determined by using BC Assessment's 2015 Revised Roll Totals, Property Class Residential Single Family, divided by number of occurrences. Value has not been adjusted for new construction or supplementary changes.

-1 Water, Sewer, Garbage/Recycling Rates receive 5% discount for on time/early payment.

-2 Municipal tax rates are averaged.

-3 Drainage Levy Rate/Amount excluded from analysis. According to Mission staff, only approximately 25 homes are charged this levy - not representative of an average home in Mission.

-4 Water and Sewer Rates reflect a 5% discount for on time/early payment.

-5 Water, Sewer, Garbage/Recycling Rates receive 10% discount for on time/early payment.

-6 Sewer and Water are metered and are therefore projected amounts.

-7 Land Assessment Averaging.

-8 Utility Rates include Water, Sewer and Recycling.

So How Do Our Taxes Compare to Those Around Us?

In the 2015 survey on Residential taxes, we also looked at the tax increases over the past 3 years across surveyed municipalities. Tax increases in 2015 ranged from a low of 0.6% in Pitt Meadows to a high of over 10% in Surrey. The tax increase to the average single family dwelling in Maple Ridge was 3.9%

Municipality	2013	2014	2015		
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes
Langley Township	1,682	4.3%	1,754	4.9%	1,840
Surrey	1,719	4.8%	1,802	10.1%	1,985
Pitt Meadows	1,760	4.3%	1,835	0.6%	1,847
Mission	1,839	0.2%	1,842	3.9%	1,915
Maple Ridge	1,966	3.8%	2,041	3.9%	2,120
Port Coquitlam	2,022	1.3%	2,048	4.1%	2,132
Richmond	2,062	2.5%	2,113	4.4%	2,205
Delta	2,122	2.2%	2,168	4.2%	2,260
Burnaby	2,129	2.6%	2,184	4.5%	2,281
Coquitlam	2,146	4.6%	2,244	3.8%	2,329
North Vancouver City	2,185	3.1%	2,252	7.4%	2,419
North Vancouver District	2,408	3.2%	2,485	3.9%	2,581
Vancouver	2,458	3.4%	2,541	5.7%	2,685
New Westminister	2,469	2.7%	2,534	3.9%	2,634
Port Moody	2,587	3.4%	2,674	4.9%	2,804
West Vancouver	3,620	3.9%	3,761	3.7%	3,901

### Commercial Taxes

In 2015, we also surveyed taxes assessed against the Business Class 6 and a detailed report was provided to Council on August 31, 2015. One indicator that has been getting some attention these days is that of the tax multiple. A tax multiple for Business Class 6 is calculated by taking the tax rate assessed against this class and dividing it by the Residential Class tax rate. For 2015, our tax multiple was 2.75 (12.3038 Business Class 6 rate divided by 4.4713 Residential Class rate). A lower tax multiple is preferred by businesses. The table below shows our tax multiple since 2011 and each year, it has improved.

**Maple Ridge Business Class, Residential Class, Tax Multiple**

Year	Business	Residential	Multiple
2011	12.1045	3.8978	3.11
2012	11.7510	4.0888	2.87
2013	12.2307	4.2833	2.86
2014	12.7314	4.4625	2.85
2015	12.3038	4.4713	2.75

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

Caution should be used in reaching conclusions around multiples as multiples change as a result of differential changes in property assessed values. Nonetheless if Council wanted to move towards a multiple of 2:1, this could be done by moving about \$3.2 million in tax burden from the Commercial Class to the Residential Class. This would amount to a 6.2% increase to the Residential Class and could be phased in over a number of years. At the end of the day, our budgets are balanced and benefits to one class are at the expense of another.

#### Business Class Tax Multiples, Based on General Municipal Rates

Municipality	2013	2014	Business Rate	2015	
	Multiple	Multiple		Multiple	Rank
Chilliwack	2.1	2.0	10.28317	2.0	1
Langley, City	2.3	2.3	8.79470	2.3	2
Abbotsford	2.5	2.4	12.49189	2.4	3
West Vancouver	2.5	2.4	4.31540	2.6	4
<b>Maple Ridge</b>	<b>2.9</b>	<b>2.9</b>	<b>12.30380</b>	<b>2.8</b>	<b>5</b>
Surrey	2.9	2.8	7.02465	2.8	6
Pitt Meadows	3.1	3.1	11.18660	2.8	7
Port Moody	3.0	2.9	9.95770	2.9	8
Mission	3.2	3.0	14.37490	2.9	9
Delta	3.2	3.0	10.76928	2.9	10
Langley, Township	3.0	3.0	9.96950	3.0	11
Port Coquitlam	3.1	3.0	11.46280	3.0	12
Richmond	3.6	3.2	6.94287	3.2	13
North Vancouver, City	3.5	3.4	8.42034	3.3	14
New Westminister	3.7	3.5	12.92410	3.5	15
North Vancouver, District	3.6	3.5	8.27863	3.5	16
Burnaby	4.2	4.0	9.12440	4.0	17
Vancouver	4.3	4.3	7.34590	4.2	18
Coquitlam	4.5	4.3	13.34520	4.2	19

So How Do Our Taxes Compare to Those Around Us?

# FINANCIAL INDICATORS

## Financial Indicators

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

The data for the indicators shown comes from the Province's Local Government Statistics section and is compiled from reports that each municipality is required to submit to the Province. The municipalities shown are all GVRD members (the smaller villages have been excluded), with the addition of the neighbouring municipalities of Mission, Abbotsford and Chilliwack. The comparisons we have used are for the years 2013 and 2012 as 2014 information was not available at the time this report was prepared.

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

### Percentage of liability servicing limit used

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

### Debt per capita

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

### Debt servicing as a percentage of tax revenue

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

### Total assets to liabilities

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

### Financial assets to liabilities

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

### Government transfers to revenues

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

### Expenditures per capita

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

**Tax revenues per capita**

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

**Taxes per capita as a percentage of expenditures per capita**

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

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 2012 Pitt Meadows shows 146% of the liability servicing limit already in use, but then this drops to 51% in 2013. The 2012 number was impacted by a decision to pay out short-term debt and turn it into long-term debt.

	Percentage of Liability		Debt Per Capita		Debt Servicing as a Percentage of Tax Revenue	
	Servicing Limit Used					
	2013	2012	2013	2012	2013	2012
Abbotsford	25%	16%	\$ 559	\$ 625	10%	6%
Burnaby	0%	0%	-	-	0%	0%
Chilliwack	3%	10%	92	101	1%	4%
Coquitlam	18%	21%	267	210	7%	8%
Delta	6%	6%	68	99	2%	2%
Langley (City)	0%	0%	-	-	0%	0%
Langley (Township)	11%	19%	588	406	5%	8%
Maple Ridge	17%	16%	506	539	7%	7%
Mission	24%	14%	366	431	11%	7%
New Westminister	5%	11%	947	616	3%	7%
North Vancouver (City)	1%	0%	35	39	0%	0%
North Vancouver (District)	6%	12%	235	211	3%	6%
Pitt Meadows	51%	146%	432	399	22%	63%
Port Coquitlam	7%	7%	395	403	3%	3%
Port Moody	11%	9%	423	344	4%	4%
Richmond	3%	7%	6	18	1%	3%
Surrey	7%	6%	509	364	3%	3%
Vancouver	69%	70%	1,471	1,591	35%	36%
West Vancouver	4%	4%	194	207	2%	2%
White Rock	2%	1%	13	20	1%	0%
<b>Average*</b>	<b>13%</b>	<b>19%</b>	<b>347</b>	<b>320</b>	<b>6%</b>	<b>9%</b>

The data shown is for 2013 and 2012 as 2014 information is not yet available.

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

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 Coquitlam and New Westminster in 2013.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2013	2012	2013	2012	2013	2012
Abbotsford	8.38	8.05	1.05	0.94	0.06	0.06
Burnaby	12.90	14.78	3.65	3.98	0.04	0.06
Chilliwack	11.84	12.32	1.90	1.75	0.06	0.05
Coquitlam	12.93	14.30	2.22	2.20	0.06	0.10
Delta	10.27	10.76	2.32	2.30	0.02	0.04
Langley (City)	10.44	10.53	2.44	2.45	0.18	0.17
Langley (Township)	7.90	9.27	1.09	1.19	0.04	0.03
Maple Ridge	8.14	7.72	1.33	1.25	0.03	0.04
Mission	11.48	11.34	1.68	1.48	0.06	0.04
New Westminster	5.49	6.47	1.11	1.24	0.17	0.15
North Vancouver (City)	5.96	5.48	2.55	2.67	0.05	0.06
North Vancouver (District)	6.56	6.97	1.85	1.79	0.02	0.02
Pitt Meadows	9.33	10.34	1.29	1.41	0.01	0.02
Port Coquitlam	10.72	10.65	1.76	1.59	0.02	0.01
Port Moody	16.93	19.13	1.53	1.66	0.05	0.04
Richmond	10.38	11.50	3.12	3.14	0.05	0.06
Surrey	10.36	11.10	1.08	1.21	0.07	0.08
Vancouver	4.32	4.23	0.89	0.85	0.02	0.02
West Vancouver	5.84	5.86	0.96	0.99	0.12	0.12
White Rock	6.90	7.11	2.93	2.83	0.01	0.02
<b>Average*</b>	<b>9.42</b>	<b>10.01</b>	<b>1.86</b>	<b>1.88</b>	<b>0.06</b>	<b>0.06</b>

\* 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.

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 2012 we recorded \$31.7 million for acquisition of tangible capital assets; in 2013 we recorded \$58.5 million.

	Expenditures Per Capita		Tax Revenue Per Capita		Tax Revenue Per Capita as a Percentage of Expenditures Per Capita	
	2013	2012	2013	2012	2013	2012
Abbotsford	\$ 1,473	\$ 1,576	\$ 897	\$ 893	61%	57%
Burnaby	1,799	1,725	1,238	1,186	69%	69%
Chilliwack	1,270	1,237	831	791	65%	64%
Coquitlam	1,927	1,929	1,062	1,009	55%	52%
Delta	2,056	1,873	1,183	1,149	58%	61%
Langley (City)	1,663	1,388	867	828	52%	60%
Langley (Township)	1,986	1,802	953	887	48%	49%
Maple Ridge	1,905	1,521	884	843	46%	55%
Mission	1,442	1,461	787	757	55%	52%
New Westminister	2,847	2,656	935	880	33%	33%
North Vancouver (City)	2,607	1,851	982	939	38%	51%
North Vancouver (District)	1,764	1,667	946	907	54%	54%
Pitt Meadows	1,713	1,589	857	843	50%	53%
Port Coquitlam	1,398	1,500	962	916	69%	61%
Port Moody	1,721	1,556	974	929	57%	60%
Richmond	1,871	1,735	954	898	51%	52%
Surrey	1,807	1,687	615	574	34%	34%
Vancouver	2,137	1,940	983	964	46%	50%
West Vancouver	2,951	2,926	1,255	1,245	43%	43%
White Rock	1,570	1,483	1,093	1,039	70%	70%
<b>Average*</b>	<b>1,895</b>	<b>1,767</b>	<b>967</b>	<b>928</b>	<b>53%</b>	<b>54%</b>

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

## CONCLUSION

The City expects about \$4 million in new revenues in 2016, primarily from growth in the property tax base and property tax increases. Approximately \$2.4 million is used to fund labour, including the RCMP and Fire services. Dedicated property tax increases generate addition funds for several areas including: infrastructure replacement of \$0.5 million, drainage improvements of \$0.2 million, Parks and Recreation master plan funding of \$175,000. The balance of the new revenues in 2016 are used to address inflationary and growth pressures. This leaves minimal room for additional enhancements to service levels.

The property tax and utility rate increases were endorsed by Council earlier this year in the 2016 - 2020 Financial Plan Guidelines. Council continues to recognize the value in long term Financial Planning in setting dedicated funding to be spent on infrastructure renewal ensuring that we are able to continue to deliver the services currently enjoyed. Council also recognizes some areas require additional investment and continues to dedicate additional funding to be invested in drainage and park and recreation improvements. Funding strategies have been developed to advance some of these investments in park and recreation. Depending on desired timing and size of investments (synthetic fields, community hall in Albion, additional pool, etc.) the magnitude and duration of the dedicated property tax increases may need to be adjusted.

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



# RECOMMENDED FUNDING STRATEGY

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
All \$ values in 000s (thousands)															
Parks & Rec. Community Investments (1)	5,000	15,000	40,000	30,000	20,000										
<b>Borrowing Required</b>															
Short Term Borrowing (cumulative)	5,000	20,000	60,000	90,000	110,000										
Convert to Long Term Borrowing						110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000	110,000
<b>Debt Servicing Costs</b>															
Short Term Debt - Interest Costs (2)	75	300	1,050	1,800	2,200	5,060	6,125	6,125	6,125	6,125	6,125	6,125	6,125	6,125	6,125
Long Term Debt (3)						5,060	6,125	6,125	6,125	6,125	6,125	6,125	6,125	6,125	6,125
<b>Debt Servicing Costs</b>	<b>75</b>	<b>300</b>	<b>1,050</b>	<b>1,800</b>	<b>2,200</b>	<b>5,060</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>	<b>6,125</b>
<b>Funding Sources</b>															
Existing Core Debt Payments															
Parks & Rec. Levy Increased by 0.75% (4)		555	1,143	1,758	2,409	3,084	3,759	4,434	5,109	5,109	5,109	5,109	5,109	5,109	5,109
Grant Funding (5)															
Amenity Funding (5)															
<b>Total funding</b>	<b>-</b>	<b>555</b>	<b>1,143</b>	<b>1,758</b>	<b>2,409</b>	<b>3,084</b>	<b>3,759</b>	<b>4,434</b>	<b>5,109</b>	<b>5,109</b>	<b>5,109</b>	<b>6,909</b>	<b>8,909</b>	<b>8,909</b>	<b>8,909</b>
<b>Annual Funding (Shortfall) Excess (6)</b>	<b>(75)</b>	<b>255</b>	<b>93</b>	<b>(42)</b>	<b>209</b>	<b>(1,976)</b>	<b>(2,366)</b>	<b>(1,691)</b>	<b>(1,016)</b>	<b>(1,016)</b>	<b>(1,016)</b>	<b>784</b>	<b>2,784</b>	<b>2,784</b>	<b>2,784</b>
Cumulative Funding (Shortfall) Excess (6)	(75)	180	273	231	440	(1,536)	(3,902)	(5,593)	(6,609)	(7,625)	(8,641)	(7,857)	(5,073)	(2,289)	495
<b>Existing Parks &amp; Rec. Levy (0.25%) to fund operating costs</b>	<b>517</b>	<b>702</b>	<b>898</b>	<b>1,103</b>	<b>1,320</b>	<b>1,545</b>	<b>1,770</b>	<b>1,995</b>	<b>2,220</b>	<b>2,445</b>	<b>2,670</b>	<b>2,895</b>	<b>3,120</b>	<b>3,345</b>	<b>3,570</b>

(1) Timing and composition of investments to be determined by Council, estimated costs \$90 million

(2) Short Term Interest Rates (assume 1.5% initially increasing to 2.5% current rates 1.33%)

(3) Long Term Debt (assume 3%, over 25 years, 1st year interest only payment) MFA Debt refinances every 10 years so some capacity is required for higher rates

Long Term Debt rate sensitivity, 1% increase in rates, to 4%, equates to 18% increase in annual debt payments to \$5.9 million

(4) Assumes an additional 0.75% property tax increase starting in 2017 and continuing to 2024.

(5) Grant funding and Amenity Fees collected could reduce the need for rate increases in later years depending on actual costs and timing of projects.

(6) The annual funding differences can be managed through reserves and the cumulative funding shortfall can be covered temporarily through existing reserve balances, until the annual funding is sufficient.

# RECOMMENDATIONS

## Recommendations for 2016 - 2020 Financial Plan

This past September, Council established the budget guidelines for staff to use in developing the 2016 - 2020 Financial Plan. We are pleased to report that the Financial Plan recommended to Council respects these guidelines which call for the lowest tax increases in years. We now recommend that staff be directed to prepare the 2016 - 2020 Financial Plan Bylaw, incorporating the following:

1. General Purpose Property Tax Increase – 2.10% in 2016, 1.90% in 2017 and 2018 and 2.00% in 2019 and 2020.
2. Infrastructure Sustainability Property Tax Increase – 0.50% in 2016 and 0.70% per year in 2017 through 2020.
3. Parks, Recreation and Culture Property Tax Increase – 0.25% per year.
4. Storm Water Property Tax Increase – 0.30% per year.
5. Water Levy Increase – 4.50% per year.
6. Sewer Levy Increase – 3.60% per year.
7. Recycling Levy Increase – 0% in 2016 and 2.75% per year in 2017 through 2020.
8. Growth in Property Tax Revenue Assumption – 2.00% per year.
9. Incremental Adjustments as outlined in the Financial Overview Plan 2016 - 2020.
10. Provision for costs associated with growth, subject to available funding.
11. Capital Works Program totaling \$30.7 million 2016, \$27.5 million in 2017, \$23.7 million in 2018, \$29.5 million in 2019 and \$26.3 million in 2020.
12. Cost and revenue adjustments from pages 27-28 of the Financial Overview Report, which reconciles the 2015-2019 Financial Plan with the 2016 - 2020 Financial Plan.
13. Authority to start the process of borrowing up to \$110 million for Parks & Recreation Community Infrastructure, as outlined in this report.

## GENERAL INFORMATION

### Public Input

Each year we invite citizens and stakeholders to provide comment on the Financial Plan. The first opportunity comes in the spring, when Council adopts guidelines that will direct staff in the preparation of the Financial Plan. The second opportunity is in November/December, when Council formally considers the proposed Financial Plan. The last several years have included the live streaming of overview information followed by a question and answer period.

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

- e-mail, addressed to: [budget@mapleridge.ca](mailto:budget@mapleridge.ca)
- voice mail, Budget Hotline: 604-467-7484
- in writing, addressed to:  
Paul Gill, Chief Financial Officer  
City of Maple Ridge  
11995 Haney Place  
Maple Ridge, BC V2X 6A9

Get a copy of the Financial Plan on our website [www.mapleridge.ca](http://www.mapleridge.ca)

