

Financial Overview Report

Financial Plan

2017 - 2021



MAPLE RIDGE

British Columbia

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FINANCIAL PLANNING

Opening Remarks

The Financial Plan for the City of Maple Ridge outlines the services provided by the City and the financial implications thereof. This document provides an overview of the 2017 - 2021 Financial Plan.

In late November/early December, Council receives the Financial Plan, more commonly known as the “budget”, along with the business plans from all city service areas. This allows for a fulsome discussion of the services provided so that service level adjustments can be considered. In the interest of openness and accountability, all of Council’s budget deliberations are held in meetings that are open to the public.

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

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

Introduction

At the end of the day, budgeting is a balancing act between what the City would like to do and what it can afford. The decisions that are made are not just about the numbers; they affect the programs and services that we depend on for our quality of life every day. In developing the plan, we try to keep our mind on the issues of the day, as well as those of tomorrow.

5-Year Financial Plan

The current business planning and financial planning process has been developed over many years and while it is considered a best practice amongst local government organizations, it has seen refinements each year. It begins with direction from Council which is set early in the planning cycle. Council considered the direction for the 2017 - 2021 Financial Plan this past spring and held a public question and answer period at that time. As well, additional time was allowed for public input, before the guidelines were adopted this past August. Since that time, staff has been working on developing a plan in alignment with Council’s direction.

When Council receives this report, they also receive detailed Business Plans from every department. The Business Plans identify specific workplan items that are aligned



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with Council direction and this material allows Council to consider workplan and service level adjustments that they may deem appropriate.

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.

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

Balanced Budget – Can’t Run Deficits

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

Financial Planning vs Financial Reporting

It is important to understand the difference between the objectives of the City’s two main financial documents: The Financial Plan and the Financial Statements. The Financial Plan is a forward looking document, looking at a five-year time frame and setting out what the City plans to

do and how it plans to pay for it. In accounting terms, the Financial Plan is prepared on a “cash” basis. In contrast, the Financial Statements are a backwards looking document showing the financial condition of the City as at December 31 of each year. The Financial Statements are prepared on an “accrual” basis, according to accounting guidelines set by the Public Sector Accounting Board. It is important for the reader to keep these differences in mind when reading each of the documents.

Open & Transparent Budget Deliberations

Section 166 of the Community Charter requires Council to undertake a process of public consultation before adopting the Financial Plan, but does not prescribe how to accomplish that. It 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, as well as a dedicated phone line (604)467-7484, and all of Council’s budget deliberations are open to the public. For the past several years, the City has hosted live stream events, 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. Last year, Council allowed additional time for public input, prior to giving final consideration to the Financial Plan. Council and staff are interested in your ideas and suggestions.

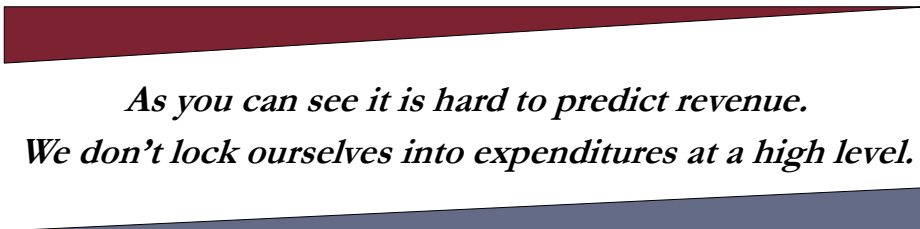
HOW HAVE WE BEEN DOING IN RELATION TO OUR BUDGET THIS YEAR?

2016 Financial Performance

As we begin to look forward to the 2017 - 2021 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 ones. Temporary shortfalls in revenue can be managed through the Building Inspection Reserve; the current balance in the reserve is \$2.26 million, and is the source of funding for additional staff, approved by Council, for development processing. In the last few years, development activity has been very brisk. For 2016, annual building permit revenues will exceed our Financial Plan target of \$1.7 million by approximately \$1.5 million. The following table shows building permit revenues for the past 5 years. The increase for 2016 is the result of an increase in building activity as well as an increase in the associated construction values.

Historical Building Permit Revenue

2012	\$1,285,502	 <p><i>As you can see it is hard to predict revenue. We don't lock ourselves into expenditures at a high level.</i></p>
2013	\$1,761,604	
2014	\$2,037,077	
2015	\$3,035,374	
2016	\$3,173,754 (11 months)	

In 2010, the City began receiving revenues from the local gaming facility. To date, in 2016, we have recorded \$660,000 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. Overall cost containment by departments is a key contributing factor. Some departments will be under budget at the end of the year due to timing issues related to ongoing projects; these amounts will be transferred to reserves as part of our year-end processes to allow work to continue in 2016.

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

Revenues:

Investment income in the General Revenue Fund is expected to meet financial plan targets in 2016. At the end of September, investment income is \$890,000 against a Financial Plan target of \$1,165,000. 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.

Gravel revenues will miss Financial Plan targets by approximately \$450,000 and revenue expectations for future years will be adjusted.

The Financial Plan included revenues of \$1.7 million from the commercial section of the office tower. Current projections indicate that revenues will miss this target by slightly more than 10% due to vacancies.

Expenses:

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

The RCMP contract cost will likely come in under Financial Plan targets. In line with Council practice, 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 2017.

As at the end of September, Parks & Recreation costs are within financial plan targets and it is expected that any current year impacts from the dissolution of the cost share agreement with Pitt Meadows will be managed within that envelope.

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, 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 exceed the \$2.9 million target in the budget adopted in May as Council has approved an additional \$2 million of capital projects funded from General Revenue Surplus. The budgets for any projects still in progress at the end of the year will be transferred to reserves at year-end as work on the related projects will continue in 2017.

The above summary is based on results to the end of September and points to a General Revenue surplus for 2016.

PROPERTY TAX INCREASES

Council's 2017 - 2021 Budget Guidelines

With that brief introduction, we will now turn our minds to the 2017 - 2021 Budget Guidelines. These guidelines serve as direction to staff for developing the Financial Plan. Council first discussed the guidelines at the beginning of the summer and held a public question and answer session at that time. Council then allowed additional time for public input on the guidelines before granting final approval. As can be seen on the chart that appears below, the approved guidelines show a General Purpose tax increase of 1.90% which is the lowest increase in years. The guideline for the overall annual tax increase for 2017 and 2018 was set at 3.15%. We are pleased to report that the Financial Plan that has been developed meets these guidelines.

Avg Composite Home, \$400,000 Value**	Actual				Proposed				
	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property Tax increases									
General Purpose	2.25%	1.90%	1.92%	2.10%	1.90%	1.90%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%
Fire Service Improvement	0.33%	-	-	-	-	-	-	-	-
Parks and Recreation	0.13%	0.25%	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%	0.30%
Total Property Tax Increase	3.51%	2.95%	2.97%	3.15%	3.15%	3.15%	3.25%	3.25%	3.25%
User Fee Increases									
Water	5.50%	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer*	4.05%	4.07%	4.10%	3.21%	3.22%	3.24%	3.25%	3.25%	3.27%
Recycling	3.00%	0.00%	0.00%	0.00%	1.67%	1.67%	2.76%	2.75%	2.75%
Total Property Tax and User Fee income	3.91%	3.46%	3.49%	3.33%	3.38%	3.38%	3.48%	3.48%	3.49%

* The sewer user fee increases 3.6% annually and the sewer parcel charge remains constant resulting in an overall annual increase of approximately 3.25% over the five years of the plan.

** The average composite home represents the assessed value of all single family and multi-family homes

Some additional history on our tax experience is shown in the chart that follows. An explanation of each component of the proposed increase is also provided.

	General Purpose	Infra-structure	Drainage	Parks & Rec.	Fire Levy	Town Centre	Total Increase
2021	2.00%	0.70%	0.30%	0.25%			3.25%
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		3.51%
2012	3.00%	1.00%			600,000		4.88%
2011	3.00%	1.00%			600,000		4.99%
2010	3.00%	1.00%			600,000		5.13%
2009	3.00%	1.00%			600,000		5.18%
2008	3.00%	1.00%			600,000		5.31%
2007	3.75%				600,000	1.00%	6.18%
2006	3.75%				600,000	1.00%	6.37%
2005	3.00%				600,000	1.00%	5.77%
2004	3.00%					1.00%	4.00%
2003	3.00%					1.00%	4.00%

General Purpose Increase – this is the portion of the increase that is used to cover the cost of existing services. The cost implications of collective agreements are provided for in this section and have been revised to reflect recent contract settlements in the region.

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 0.70% is planned for each year of the Financial Plan. In 2016, the increase in this section was 0.50%.

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 approximately 3.25% is planned over the 5 years.

Recycling Services – this money goes towards operating the recycling centre as well as for the blue box service. The approved guidelines showed an increase of 2.75% for each year; our analysis now shows that the increase for each of the first two years of the plan can be reduced to 1.67%.

With this understanding of Council's budget guidelines and the results that have been achieved, we turn our minds to a conceptual overview of the budget.

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

Conceptual Overview

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

New Revenue

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

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

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

As well, there are tax adjustments that have to be provided for as a result of assessment appeals and provincial rules around the tax rate applied to the Utilities Class. Projected revenue increases are also included. At the end of the day, an additional \$4.2 million in revenue is expected to accrue to the City in 2017.

Conceptual Overview of New Revenue

Item (\$ in thousands)	2017	2018	2019	2020	2021
Previous Year's Taxation	72,150	76,190	80,215	84,420	88,850
Growth Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Growth Rate (Town Centre Incentive)	0.45%	0.15%			
Growth Revenue	1,770	1,635	1,605	1,690	1,775
Previous Year's Taxation + Growth	73,920	77,825	81,820	86,110	90,625
Property Tax Increases:					
General Purpose	1.90%	1.90%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation Improvements	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage Improvements	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase	3.15%	3.15%	3.25%	3.25%	3.25%
Property Tax Increase	2,330	2,450	2,660	2,800	2,945
Utility Class Cap. & Sup. Adj. Contingency	(60)	(60)	(60)	(60)	(60)
Additional Property Taxes vs. Prior Year	4,040	4,025	4,205	4,430	4,660
Next Year's Taxation Base	76,190	80,215	84,420	88,850	93,510
Reduction In Gravel Sales	(200)	-	-	-	-
Increases in Other Revenue	340	275	290	180	180
Increase in General Revenue	4,180	4,300	4,495	4,610	4,840

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

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

Reserves are an important part of our Financial Plan. The contributions to reserves are referred to as Transfers and our Financial Plan relies on reserves to meet major expenditures. For example, rather than having to provide full funding in the year that we need to replace a fire truck, we try to set aside a smaller amount each year over the useful life of the vehicle. This is done by putting money aside each year in what we call the Equipment Replacement Reserve. We keep a close eye on these reserves to make sure that they are able to meet their obligations. Annual adjustments are made to the contributions to these reserves as required, and the table below shows the adjustments included in this Financial Plan. A more fulsome discussion on our reserves is included beginning on page 33 of this report.

Conceptual Overview of Changes to Transfers

Item (\$ in thousands)	2017	2018	2019	2020	2021
Additional General Revenue available	4,180	4,300	4,495	4,610	4,840
Transfers to Reserves:					
Capital Works Reserve	165	(90)	(40)	(45)	(45)
CWR Reduced Gravel Sales	200	-	-	-	-
Fire Department Capital	(75)	(80)	(80)	(85)	(90)
Equipment Replacement Reserve	(40)	(85)	(85)	(90)	(90)
General Revenue Funded Capital (net CWR tfrs)	(160)	(160)	(165)	(175)	(185)
Recycling Reserve	45	20	(5)	(5)	(5)
Police Services Reserve (RCMP Contract)	(295)	(195)	-	-	-
Reserve for Facilities Maintenance	-	-	(50)	(75)	(75)
Building Permit Reserve (PW&D Staff Funding)	(255)	-	-	-	-
Available after transfers	3,765	3,710	4,070	4,135	4,350

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 2017 costs are increasing by \$370,000 from 2016 and are increasing by a further \$395,000 in 2018.

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)	2017	2018	2019	2020	2021
Available after transfers	3,765	3,710	4,070	4,135	4,350
Increase in expenditures:					
Labour (excluding Fire Dept.)	(595)	(700)	(615)	(725)	(845)
Fire Department	(370)	(395)	(415)	(290)	(290)
Parks & Recreation Master Plan	(185)	(195)	(205)	(215)	(225)
Policing Contracts (RCMP, ITEAMS, ECOMM)	(725)	(600)	(845)	(735)	(790)
Fraser Valley Regional Library	(90)	(85)	(85)	(90)	(90)
Inflation Allowance	(75)	(225)	(225)	(235)	(250)
Infrastructure Replacement	(515)	(545)	(575)	(605)	(635)
Drainage Levy Related Capital Projects	(220)	(235)	(245)	(260)	(270)
Growth Costs	(380)	(405)	(405)	(405)	(405)
Recycling Expenses	(190)	(70)	(75)	(75)	(75)
Arenas Contract (CPI adjustment)	-	-	(90)	-	-
Use of Accumulated Surplus (PW&D Staff Funding)	125	(50)	(75)		
Available after expenditures	545	205	215	500	475
Surplus from prior year	100	487	622	678	1,165
Other Adjustments & Rounding	(158)	(70)	(159)	(13)	100
General Revenue Surplus	487	622	678	1,165	1,740

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

Some of the larger expenditures are discussed below:

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

Fire Department: The evolution of our fire department to include full time paid responders took place over many years. Costs continue to increase, though no additional firefighters are provided for. Operating costs for Fire Hall No. 4 are included in 2018.

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 previously included the addition of eight police officers over the 5-year life of the plan. The recommendation is now to hire four of these police officers in 2017 to increase front line police resources and to use the Protective Services Reserve to manage the costs.

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 \$90,000.

Infrastructure Replacement: In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The annual increase for the years 2013-2016 was reduced to 0.5% though this amount 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. For the 2017 - 2021 Financial Plan, the annual tax increase for Infrastructure has been increased to 0.70%. Additional discussion on infrastructure replacement is included on page 36.

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 0.7% for 2017 and 2% per year for 2018–2021 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)	2017	2018	2019	2020	2021
General Revenue Fund					
Fire Dept. Equipment Mtce. & Capital	50	50	50	50	50
Operations Department	65	65	65	65	65
Parks Maintenance	40	65	65	65	65
Software Maintenance	30	30	30	30	30
Public Works & Development (PWDS)	65	65	65	65	65
Corporate & Financial Services (CFS)	65	65	65	65	65
Parks, Recreation & Culture (PRC)	65	65	65	65	65
General Revenue Total	380	405	405	405	405
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 \$487,000. 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 around 2% for some time. The short answer is that CPI refers to the price change of a basket of goods that includes things like groceries. The purchases that the City makes are very different than those purchases that are included in the CPI basket.

Changes to Previous Operating Budget

The next section outlines the changes to this Financial Plan from the one that covered the years 2016-2020. If we plan properly there should be few changes from one Financial Plan to the next one.

Our last Financial Plan showed a surplus of \$36,000 for 2017. Here is a summary of the changes that have been made:

1. Labour and benefit cost estimates have been updated and this has had a favourable impact to the budget.
2. The inflation contingency has been reduced as costs have been updated.
3. Crown Corporation/Utility Companies grants have been reduced to reflect current estimates.

As a result, the 2017 surplus, prior to considering incremental requests is \$487,000.

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

(\$ in thousands)	2017	2018	2019	2020	2021
Adopted Financial Plan 2016-2020					
General Revenue Fund (GRF) Surplus	36	46	57	491	n/a
Changes					
Labour	235	331	418	418	
Changes to MSP, pension & other benefit rates	90	100	84	75	
Inflation	131	131	125	131	
Terminating the Joint Leisure Services Agreement	(1)	20	(3)	45	
Grants-in-Lieu	(33)	(33)	(33)	(33)	
Other Adjustments	29	27	30	38	
	<u>450</u>	<u>576</u>	<u>621</u>	<u>674</u>	
GRF Surplus before Incremental Adjustments	487	622	677	1,165	1,740

Incremental Adjustments

The last section showed that after dealing with existing commitments and policy direction, \$487,000 is available to deal with other Council priorities. We refer to these other priorities as “Incremental Adjustments”. Incremental adjustments represent service level changes not previously included in the Financial Plan. 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. As Council will see in the departmental business plans, organizational pressures are building up and this financial plan provides some relief.

An incremental request was approved by Council in 2015 for additional staffing in Public Works and Development Services. The financial impact of this is included in our financial plan. In addition, in recent years, Council has supported a Façade Improvement Program, in partnership with the Downtown Business Improvement Association (DMRBIA). The annual cost of this program is \$25,000 and we recommend that it be extended for 2017 and 2018. The funding source for this would be Accumulated Surplus.

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

1. Addition of 4 RCMP members in 2017

The existing Financial Plan provides for the addition of eight police officers over the 5 years of the Financial Plan. Our front line resources have been relatively unchanged for the past several years and the addition of four officers in 2017 would allow an additional police officer to be added to each of the patrol watches. In essence, we would be moving up the timing of officers that we would have hired later and the additional cost

can be funded from the Protective Services Reserve. Further support for the RCMP will be looked at, as financial capacity allows.

2. Research Technician

This position in the Sustainability & Corporate Planning area is reliant on \$50,000 annual funding from BC Hydro. The position is integral to our work while BC Hydro's funding commitment expires by mid-2018. We have structured the Financial Plan to provide an ongoing stream of our own funding to replace the BC Hydro grant. We have the capacity to build in our own funding by 2018 and any shortfalls that we experience in the meantime will be funded from the Carbon Tax Rebates that we have received, which are the result of the work performed by this section.

3. Support for Electronic Document Management

The City has made a significant investment in the electronic document management system. Funding to support the implementation and start-up expires in mid-2017, though there is ongoing work to be done. Specifically, the system can be leveraged to create electronic forms with automated built-in workflows. This will enhance customer service and increase the efficiencies for many departments – eliminating labour intensive paper forms and paper handling by multiple individuals. The support is provided by a staff member who has gained valuable knowledge about the system. We will lose the benefits of this investment if we do not continue with this position. Funding of \$40,000 for 2017 and \$80,000 annually thereafter is included in the plan.

4. Archive Preservation & Storage

The Clerk's Department business plan outlines the digitization, preservation and storage work that needs to be done for our archives. While the work will be done over 5 years, we recommend that \$50,000 be set aside from surplus to fund this work so that it can be done as and when it makes sense.

5. Advisory Committee Training & Networking

The advisory committees have expressed a desire for a training event that would also allow them to network with each other. These committees are an important part of the work of Council so we recommend that the estimated cost of \$4,500 be supported and funded from surplus.

6. Emergency Program Resources

Due to recent retirements, we have seen significant turnover in the staff that would have responsibilities in an Emergency Operations Centre (EOC). Further, our training and support materials have to be updated and the existing funding for this is inadequate. We recommend that for 2017, \$10,000 be provided to support the work program. While this cost is one-time in nature and can be funded from Surplus, we recommend that the annual budget for this area be increased by \$3,000 to accommodate the ongoing workplan.

7. Funding for Community Energy Management Program

The City receives an annual Carbon Action Revenue Incentive Program (CARIP) rebate on the carbon tax paid on fuels purchased. This rebate has been reserved for activities that reduce corporate and/or community energy consumption and/or greenhouse gas emissions.

Our work in the area of Community Energy Management to date has been limited because there is no funding attached to it. We propose allocating \$80,000 from our Carbon Tax Reserve to fund Community Energy Management work which will include outreach, education, corporate waste pilot project(s) and communication. Funds may be used for consulting as well as hiring a summer student to assist with the work. Doing so will allow us to propel our new Community Energy Management program forward and provide a valuable service to our current and future residents, builders, and business community.

8. Sustainability Reserve Contribution

Maple Ridge is a signatory to the BC Climate Action Charter. Prime Minister Trudeau has also stressed to provinces the importance of adopting carbon pricing schemes to acknowledge the cost of greenhouse gas emissions. Although we measure and publicly report on these emissions, we have not set aside a pool of money to take corrective action. The BC Carbon tax is \$30/tonne. We recommend that we set aside a relatively modest amount of \$3,000 for 2017, incrementing annually by \$1,000 to acknowledge the importance of this issue and try to supplement this amount by one quarter of one percent of our annual surplus. The funds would be used to support energy and emissions projects corporately and in the community. Council would control the use of these funds.

9. Staff Retention and Attraction

A number of staff have retired in the past few years and more are expected to retire in the coming few years. Additional funding of \$50,000 has been set aside in this financial plan for 2017, increasing to \$150,000 in 2019 and years thereafter for retention and attraction initiatives.

10. Part Time Relief – Property Tax Front Counter

Staffing levels at the property tax counter have remained unchanged for many years while volumes have increased significantly. Online applications have provided some relief, however pressures have built up to the point where additional staff support is required. The cost of added part time relief is \$30,000 annually and has been provided for in this Financial Plan.

11. Staff Support for Social Planning

Staffing support in Social Planning is required to assist with the myriad of social issues that we are dealing with. Issues associated with poverty, addiction, mental health, and homelessness are being handled by staff who have other responsibilities and this has created pressures that are not sustainable.

Two additional staff at a cost of \$195,000 are required to provide the necessary support. As well, with the dissolution of the joint agreement with Pitt Meadows, our own Parks, Recreation & Culture division is evolving. The existing pool of funds allocated for Succession Planning can be used to fund the new positions in 2017. For 2018 and beyond, \$100,000 per year will be provided. The balance will come from within existing envelopes, as the department evolves.

12. Museum and Seniors Programming

The budgets for these two service areas have remained relatively unchanged for many years though demand has increased. Allocating an additional \$45,000 to each of these service areas will allow them to better support their programs.

13. Cultural Plan

In the 2016-2020 Financial Plan, \$20,000 was allocated for a Cultural Plan. This has allowed for Phase 1 of the project to be completed. Phase II requires a further investment of \$15,000 which can be funded from surplus.

14. Staff Support for Development Services

In 2015, Building Permit Revenue reached \$2.7 million against an annual budget of \$1.7 million. For 2016, revenues of \$3.4 million are expected. Along with this revenue comes additional workload. To meet the level of service expectations of the development and building communities additional resources are identified. We are recommending that the annual budgeted revenue for Building Permits be increased by \$650,000 to provide for the following:

- Transportation Engineer
- Engineering Technician
- Electrical Inspector
- Plan Check Supervisor
- Building Inspection Supervisor
- Environmental Technician

The incremental packages included in the business plans have additional detail on these

positions. We expect building activity to remain brisk and in the event that we don't meet the revenue targets, we have \$2.5 million in a Building Inspection Reserve account that can be used to bridge the shortfall until staffing adjustments can be made.

15. Fire Department Training

For the past several years, our Fire Department has used the Justice Institute of BC's (JIBC) facility on 256th Street for training. This was done through an agreement with the JIBC that expired in August, 2016. That agreement allowed us to obtain the required training time, in exchange for older fire department equipment that we had provided to the JIBC. JIBC has advised us that an arrangement such as this is no longer acceptable to them and that we need to pay for the training on the same basis as other fire departments. In view of our long standing positive relationship, JIBC has agreed to extend our previous arrangement until the end of this year.

The annual value of the training is \$175,000. After our own training facility is built in conjunction with Fire Hall No. 4, this will be reduced to \$75,000 as we will only need to use the JIBC facility for live fire training.

We recommend that for 2017, we set aside \$350,000 from surplus to fund the first 2 years of these costs. From 2019 forward, the \$75,000 required annually will be funded from growth funding allocated to the fire department.

16. Growth Related Maintenance Requirements in Operations

The Operations Centre requires additional funding for ongoing maintenance. This additional work can be funded from the Utility (Water & Sewer) Funds and will thus have no impact on General Revenue.

- Sewer Pump Maintenance & Flushing Program \$165,000
- Water Pump Station & Reservoir Maintenance \$150,000

The annual allotments identified above will be phased in over three years to match the required maintenance program.

17. IT Business Solutions Support

The IT Department is responsible for looking after and growing our existing technologies and in helping departments achieve business solutions. These solutions often require the need for improved corporate data management and purpose built applications that will deliver an improved customer experience and an increased ability for staff to find efficiencies in managing their departmental resources.

An additional staff resource in the Business Solutions stream will allow IT to focus efforts on purpose built, online tools that will serve our citizens in engaging with us, accessing information and doing business with the City, without sacrificing existing services. In addition, tools for staff will be invaluable in managing resources and solving business problems.

Funding of \$90,000 from General Revenue is required to fund this.

18. After-hours IT Response

Since inception, the IT Department has been funded to provide support from 7:30 am to 5:00 pm, Monday to Friday. Over the past decade, IT demands have increased well beyond these hours and resourcing has not kept up. At City Hall alone, we have staff starting before 7:00 am and working well into the early evening. In addition, the Leisure Centre is open from 6:00 am to 10:00 pm, Bylaw officers work on the weekends, meetings are live streamed in the evenings and Operations and Fire Departments run 24/7.

Increasing Service Desk hours to 10:00 pm on weekday evenings and providing service on the weekends, will allow us to support staff working non-standard hours and citizens accessing online services. In addition, timely response to requests for service will improve as this additional resourcing will be devoted to maximizing the customer experience.

Funding of \$80,000 from General Revenue is required for this.

19. Economic Development Workplan

The Tourism Task Force is interested in developing a tourism marketing program as well as doing further work on the feasibility of a hotel. Additional details on the proposed work are available in the Economic Development Workplan. \$90,000 funded from surplus can provide for this work.

20. Growth Related Brushing Maintenance

The Operations Department requires additional funds to continue to deliver the levels of service for brushing maintenance and the chipping program. This can be funded through existing unallocated growth funds in the Operations Department and thus will have no additional impact on General Revenue. The annual level of growth funding has been constant at \$65,000 per year for the Operations Department to cover growth costs that are not related to water or sewer. This amount will be reviewed in future years budgets to ensure that it is sufficient to cover the maintenance costs of additional municipal infrastructure added by both by developers and through the City's capital program.

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.

Item (\$ in thousands)	2017	2018	2019	2020	2021
General Revenue Surplus	487	622	678	1,165	1,740
Proposed Ongoing Incremental Operating Items					
Research Technician (Formerly Funded by BC Hydro Grant) ²	-	(25)	(50)	(50)	(50)
Electronic Document Management ³	(40)	(80)	(80)	(80)	(80)
Emergency Program ⁶	-	(3)	(3)	(3)	(3)
Property Tax Front Counter Support ¹⁰	(30)	(30)	(30)	(30)	(30)
Social Planning ¹¹	(200)	(100)	(100)	(100)	(100)
Succession Planning (Existing funding) ¹¹	200				
Museum / Seniors Programming ¹²	(90)	(90)	(90)	(90)	(90)
IT Business Solutions ¹⁷	(90)	(90)	(90)	(90)	(90)
After Hours IT Response ¹⁸	(80)	(80)	(80)	(80)	(80)
Sustainability Reserve Contribution ⁸	(3)	(4)	(5)	(6)	(7)
Staff Retention and Attraction ⁹	(50)	(100)	(150)	(150)	(150)
RCMP Members Accelerated Hiring ¹	(300)	(200)	(100)		
RCMP Members (Police Reserve Funding) ¹	300	200	100		
Community Energy Management Program ⁷	(80)				
Carbon Rebate (Funding) ⁷	80				
Staff Support for Development Services ¹⁴					
Building Inspector	(100)	(100)	(100)	(100)	(100)
Building Inspector Supervisor	(110)	(110)	(110)	(110)	(110)
Building Department Plan Checker Supervisor	(110)	(110)	(110)	(110)	(110)
Environmental Technician	(93)	(93)	(93)	(93)	(93)
Manager Of Transportation Engineering	(141)	(141)	(141)	(141)	(141)
Engineering Technologist ¹	(96)	(96)	(96)	(96)	(96)
Building Permit Revenue to fund staffing	650	650	650	650	650
Desks and Computers for 6 new staff	(42)				
Desks and Computers (Building Reserve Funding)	42				
Subtotal General Revenue Surplus	104	20	-	486	1,060
Proposed One Time Operating Items funded by Accumulated Surplus					
BIA Façade Improvement Program	(25)	(25)			
Archives ⁴	(50)				
Advisory Committee Training & Networking ⁵	(5)				
Emergency Program ⁶	(10)				
Fire Training JIBC Rental ¹⁵	(175)	(175)			
Cultural Plan ¹³	(15)				
Hotel Feasibility and Air BNB Study ¹⁹	(30)				
Tourism Coordinator (Contract) ¹⁹	(60)				
Previously Approved Capital Items funded from Accumulated Surplus					
Transportation Plan: Cycling Infrastructure	(100)	(100)	(100)	(100)	
Transportation Plan: Sidewalk Infrastructure	(400)	(400)	(400)	(400)	
Transfer From Accumulated Surplus	870	700	500	500	
General Revenue Surplus	104	20	-	486	1,060

* Endnotes 1 to 19 are explained in more detail on pages 14 to 17

For 2017, our surplus of \$487,000 has been reduced to \$104,000. The effect is not as significant as one might have thought due to the use of surplus, reserves and increased revenues. Additional items funded by the Utility Funds are shown below. These have no impact on the General Revenue Surplus.

Item (\$ in thousands)	2017	2018	2019	2020	2021
Proposed Ongoing Operating Items funded by Water and Sewer Revenue Funds					
Water Reservoir Maintenance	(20)	(40)	(60)	(60)	(60)
Water Pump Station Maintenance	(30)	(60)	(90)	(90)	(90)
Water Revenue Funding	50	100	150	150	150
Sanitary Sewer Flushing	(30)	(60)	(90)	(90)	(90)
Sewage Pump Station Maintenance	(10)	(20)	(30)	(30)	(30)
225 Street Sewage Pump Station Maintenance	(15)	(30)	(45)	(45)	(45)
Sewer Revenue Funding	55	110	165	165	165

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 2017:

RCMP Costs

	2016	2017	Increase
RCMP Contract	\$18,355,000	\$19,080,000	\$725,000

Comments: The largest changes in the RCMP Contract costs are due to increases in compensation and RCMP Overhead, items that the City has no discretion with. Over the life of this Financial Plan, we are trying to provide for the addition of about 1.5 members per year to keep up with workloads. One additional member costs about \$150,000 so to bring the RCMP budget in at a zero increase would result in the loss of about 5 members. This is not recommended due to the effect it would have on public safety. In fact with the incremental package that is being supported by staff, we are trying to hire officers earlier than was previously planned to increase our front line police resources.

Infrastructure Maintenance & Renewal

	<u>2016</u>	<u>2017</u>	<u>Increase</u>
Annual Contribution	\$4,300,000	\$5,145,000	\$845,000

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. Timely maintenance and renewal can help avoid larger expenditures later and that is why we recommend that we not defer this item.



Fire Department

	<u>2016</u>	<u>2017</u>	<u>Increase</u>
Annual Costs	\$10,210,000	\$10,630,000	\$420,000

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. This increase differs from the Fire Department item in the expenditures chart due to \$50,000 of growth funding reported separately.

Parks, Recreation & Culture

	<u>2016</u>	<u>2017</u>	<u>Increase</u>
Master Plan Funding	\$515,000	\$700,000	\$185,000

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>2016</u>	<u>2017</u>	<u>Increase</u>
Annual Levy	\$775,000	\$995,000	\$220,000

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 \$220,000 was planned for 2017, but we do not have to do this.

Contribution to Reserves

	<u>2016</u>	<u>2017</u>	<u>Increase</u>
Fire Department	\$1,825,000	\$1,925,000	\$100,000
Capital Works	995,000	830,000	(165,000)
Equipment Replacement	2,120,000	2,160,000	40,000

Comments: The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2017. These systematic contributions allow us to deal with large capital items without having to pass large tax increases on to our citizens. As Council is aware, detailed analysis on all of our reserves is done to make sure that the balance is adequate. We do not have to set aside this additional money into reserves, but reserves help us smooth the impact of larger costs over time and remove volatility in fees and charges.

General Inflation, Including Labour

	<u>2017 Increase</u>
Labour	\$595,000
Inflation	75,000

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.

surrounding buildings — This could save \$60,000, but result in risk of increased negative behaviours in the area and corresponding impact on RCMP resources.

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.

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.

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

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 document as well as the next section of this report highlight 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. These agreements allow us to deal with peak loads more efficiently.
2. Fire Department has partnered with the Justice Institute to use their training facility at favourable rates.
3. Partnership with Rogers Communications that allowed for the design and rebuild of an abandoned sewer line for communication services under the Haney Bypass for our mutual use.
4. RCMP Regional Forensic Investigation Unit has been relocated to Maple Ridge providing us with enhanced service and rental income.
5. Operations Fueling – centralized fueling of City fleet vehicles and bulk fuel purchases have resulted in favourable pricing. 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.
7. Our Operations Centre is now doing routine maintenance on the police vehicles and this has reduced our costs.
8. Partnering with post-secondary institutions such as BCIT and SFU to leverage student resources for mutual benefit. Includes development of new technology to more efficiently establish forested area inventories and data development to

support sustainable community performance measures.

Business Process Efficiency

1. Computer-aided dispatch and truck allocation in our Fire Department has increased reduced wait times for information.
2. Bylaw Adjudication System – a new way of ‘serving’ infractions has saved us about \$40,000 per year in Bylaw Officer time.
3. Vacant Positions – vacant staffing positions are subjected to reviews to ensure need and efficiency.
4. Operations adapts dump trucks for snowplow use and Parks & Facilities licences certain lawnmowers for more efficient transportation between locations.
5. Issue and manage parking tickets in real time in the field using smart phones. This eliminates duplicate data entry, reduces staff time and serves as a customer service boost as tickets are entered online and in real time.

Service Delivery Improvements

1. ePayments – online payments for certain City services are being widely embraced.
2. Customer Service Coordinator for business licences provides a one-on-one interface for business licence applicants. We have received significant positive feedback on this change.
3. The Development Liaison Committee was established and is assisting with the implementation of best practices to reduce processing times. This work was recognized with awards in 2015 and 2016 from the Commercial Real Estate Development Assoc.
4. WorkSafeBC recognized our Health and Safety program with a rebate of \$44,000 on our annual assessment.
5. Volunteerism – utilization of volunteers for festivals and events (30,403 hrs), Parks, Recreation & Culture (14,220 hrs) and support

for RCMP programs (10,500 hrs) to augment objectives and contain staffing costs.

6. Civilianization of RCMP Roles – three police roles have been converted to civilian roles in the last few years at substantial savings.
7. 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.
8. Customer Service – renewed emphasis on customer service, including updated training for employees.
9. Service Automation – enhanced irrigation system for hanging basket fertilization reducing manpower costs.
10. Realignment of duties in the Information Technology department to improve service delivery.
11. Realignment of downtown security services to improve service.
12. Live-streamed public question and answer sessions on our budget to increase transparency and accountability.
13. Dissolution of joint Parks & Leisure Services Agreement with Pitt Meadows that has improved service to our citizens.
14. Collaboration/Communication Tools for internal and external parties. The tools used to produce Maple Ridge this Week were adapted for use by the Economic Development Technology Task Force and Forward 2020 projects. We expect many more groups to use this service going forward.

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. The contract was renewed effective 2017 without a large increase.
2. Audit Services– renegotiated the agreement for a 5% reduction in our costs with improved services.

3. Library – favourable change in cost-sharing formula.
4. Hammond Stadium Upgrade – internalized project management to potentially save up to \$400,000 compared to the low bid for the project.
5. The Operations Centre worked with ICBC and was able to achieve insurance rebates of \$33,065 in 2016, compared to \$6,050 the previous year.
6. Arranging our property and insurance coverage through the Municipal Insurance Association has reduced our insurance costs.
7. Legal Services – renegotiated the agreement that has improved service and reduced costs.
8. Entered into an Administrative Services contract for some of our employee benefits. It has improved service and reduced our costs.

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 citizen impact. LED streetlights are being added and retrofitted on arterial and major collector roadways as scheduled projects present opportunities. These deliver savings quantified under Asset Management.
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. Also, property on 119th Avenue was purchased, remediated and is now under a sales contract resulting in a significant profit for the City.
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 \$240,000 annually in electricity and associated maintenance costs as a result of energy management improvements, and received rebates and grants of \$150,000 over the past six 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 well as resident’s 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 grants of \$350,000 from 2011-2018 and Workplace Conservation grant of \$5,000.
3. Having Abernethy Way designated a major regional road thereby leveraging funding from senior agencies.
4. Gaming Revenue contributing to infrastructure renewal and other strategic priorities.
5. Introduction of Amenity Charges to pay for needed Community Infrastructure.
6. Pursuit of senior government grants for community projects, including sports field upgrades.
7. TransLink contributes the majority of operating costs for Dewdney Trunk Road (200 Street to 232 Street) and Lougheed Highway (222 Street to Kanaka). These are costs that we do not have to pay.

UTILITIES & RECYCLING

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

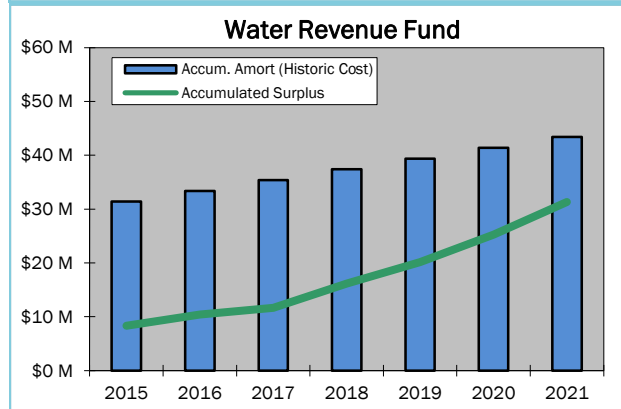
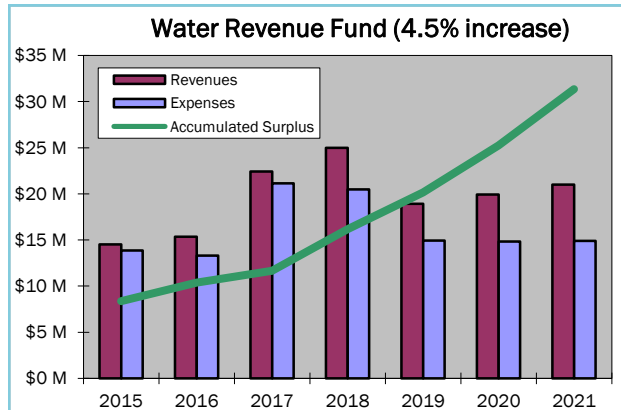
Unlike the General Revenue Fund that includes separate reserves for revenue smoothing, capital purchases and infrastructure replacement, the Water and Sewer Funds use Accumulated Surplus for these purposes. As we start to set funds aside for water and sewer infrastructure replacement it may be worthwhile explicitly earmarking these funds in a reserve in order 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 relatively 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 2017 flat rate water fee is approximately \$548, half of which is required just for the purchase of water from the region.

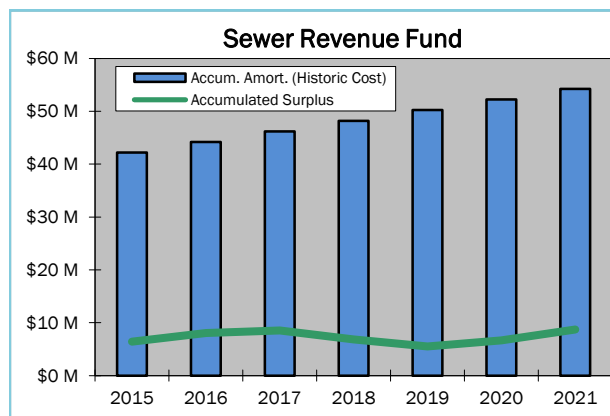
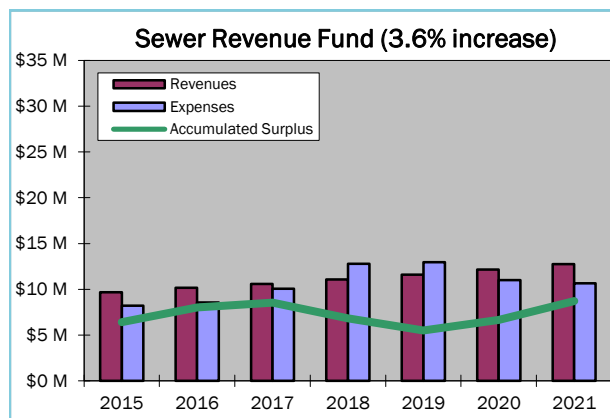
When setting water rates, we need to consider not only our own planned expenditures and infrastructure requirements, but also those planned by the region. Several years ago, the Regional District had projected rate increases that were very significant with one year as high as 18%. Since that time they 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 2017 sewer fees are about \$343 per property, of which approximately 60% 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 is expected to increase nearly 10% in 2017. By using the reserves that we have built up over the years, the increase that our residents pay can be held to 3.6%



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 1.67% are planned for 2017 and 2018 followed by 2.75% annually in 2019 through 2021, however rates will continue to be reviewed annually.

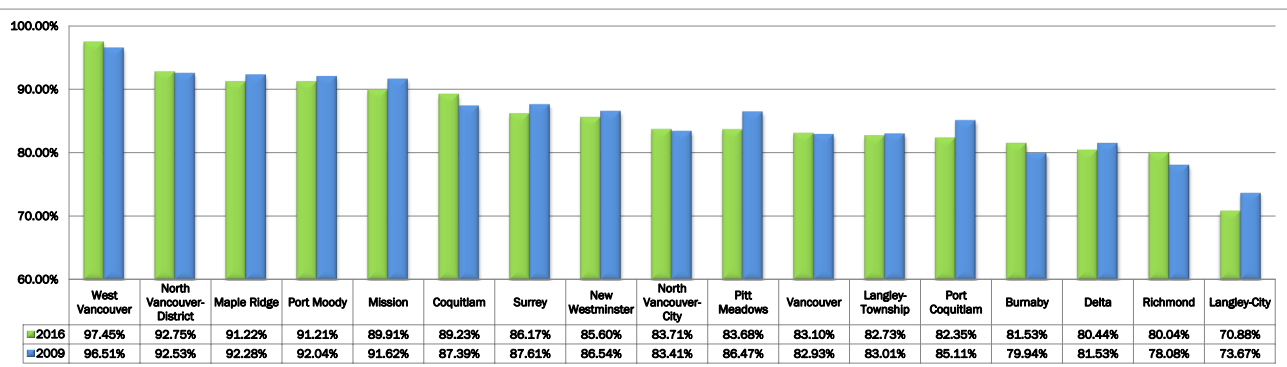
COMPOSITION OF PROPERTY ASSESSMENT BASE

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.

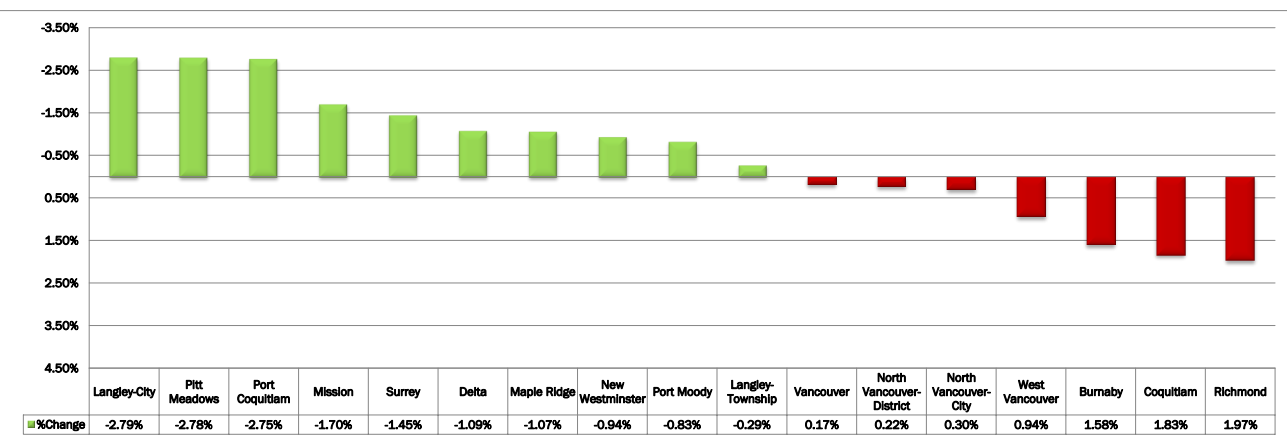
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 70.88% in the City of Langley to a high of 97.45% in West Vancouver. If you exclude the two municipalities that are on the high and low end of this range, the remainder are in a relatively narrow range. The chart also shows how this percentage has changed between 2009 and 2016.

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; Seven have shown an increase.

Lower Mainland Municipalities
% Change in % of Residential Portion of Property Assessment Values from 2009–2016



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 2016 Revised Rolls

STAFFING

Staffing Update

This chart shows the change in staff complement from 2016 to 2017, prior to taking into account the incremental requests included in the 2017 - 2021 Financial Plan. Of note, the staff complement in Parks, Recreation & Culture has been reduced by 22 due to the dissolution of the joint leisure services agreement with Pitt Meadows. The addition in the Fire Department relates to the conversion of relief work that was being performed into a full time position. The changes in Licences, Permits & Bylaws and in the Finance Department are related to the two positions (one in each area) that were approved last year and were implemented part way through 2016.

		FY 17	FY 16	Change
Admin	CAO Admin	5.5	5.5	-
	Communications	1.8	1.8	-
	Economic Development	4.0	4.0	-
	Emergency Program	1.4	1.4	-
	Human Resources	7.0	7.0	-
		19.7	19.7	0.0
CFS	CFS Admin	2.0	2.0	-
	Clerks	8.5	9.0	(0.5)
	Finance	18.8	18.4	0.4
	Information Technology	16.0	16.0	-
	Fire Department	9.0	9.0	-
	Firefighters	54.0	53.0	1.0
	Police Services	46.6	46.6	-
	154.9	154.0	0.9	
PRC	PRC Admin	2.0	2.0	-
	Parks & Facilities	41.0	48.5	(7.5)
	Recreation & Community Services	61.3	75.8	(14.5)
	104.3	126.3	(22.0)	
PWDS	PWDS Admin	2.0	2.0	-
	Engineering	28.0	28.0	-
	Licences, Permits & Bylaws	32.8	32.3	0.5
	Operations	74.9	74.9	-
	Planning	21.0	21.0	-
	158.7	158.2	0.5	
Grand Total		437.6	458.1	(20.6)

BUDGET SUMMARY

Much of the discussions have been on what has changed each year. It is important not to lose sight of the relative costs of each area given that some areas have significant revenues, such as development services and others (i.e. protective services) do not. This table summarizes the financial summary sheets included in each departments business plan and provides some context to the relative reliance each area has on property taxes. A more detailed description of the composition of each areas budget is included in each departmental business plans.

All \$ values in 000's (thousands)	Adopted 2016	2017	2018	Proposed 2019	2020	2021
Revenue & Taxation						
Financial Services - Revenue & Taxation	(79,185)	(83,616)	(87,892)	(92,251)	(97,196)	(102,464)
Admin Division						
Admin	811	821	837	852	870	889
Communications	281	282	287	292	297	303
Economic Development	468	477	487	496	507	518
Emergency	143	146	149	152	156	160
Human Resources	1,373	1,345	1,370	1,395	1,455	1,486
Legislative	634	645	657	670	682	695
	3,711	3,716	3,787	3,858	3,967	4,051
Corporate & Financial Services						
C&FS Administration	329	374	444	514	584	655
Clerks Department	1,260	1,235	1,313	1,232	1,253	1,275
Finance	1,424	1,474	1,504	1,535	1,572	1,611
Fire Protection	11,987	12,502	13,051	13,620	14,069	14,526
Fiscal Services (Capital & Other)	11,292	13,053	14,799	16,521	18,160	20,147
Information Technology	2,708	2,785	2,877	2,969	3,065	3,165
Police Services	20,756	21,516	22,177	23,085	23,890	24,753
	49,755	52,939	56,166	59,477	62,593	66,133
Parks, Recreation and Culture						
PRC Admin	3,938	3,985	4,247	4,432	4,725	5,093
Community Services	835	825	843	861	881	902
Facilities	2,108	2,137	2,143	2,198	2,278	2,285
Parks & Open Space	2,119	2,359	2,488	2,558	2,693	2,769
Community Dev	548	553	564	575	588	602
Leisure Centre / Pools	1,177	1,437	1,491	1,542	1,598	1,657
Program Development	3,376	3,452	3,548	3,646	3,748	3,852
Recreation - Other	1,163	1,094	1,111	1,218	1,237	1,250
	15,263	15,843	16,434	17,032	17,748	18,411
Public Works & Development						
PWD Administration	276	278	309	378	448	520
Engineering Management	1,943	1,954	1,932	1,947	2,061	2,051
Licence, Permits & Bylaws	821	842	876	911	1,007	1,112
Operations	5,496	5,636	5,799	5,963	6,137	6,313
Planning	1,921	1,923	1,965	2,008	2,068	2,134
Recycling, Sewer & Water	-	-	-	-	-	-
	10,456	10,632	10,882	11,207	11,722	12,130
* Recycling, Sewer & Water are user fee based and are not funded from general taxation						
Total Annual Budget Surplus						
General Revenue Surplus available (before incrementals)		487	622	678	1,165	1,740
Less: Proposed Incremental Adjustments		(383)	(602)	(678)	(579)	(580)
General Revenue Surplus (after incrementals)		104	20	-	586	1,160

CAPITAL PROGRAM

Status of 2016 Capital Projects

The budget for the Capital Works Program in 2016 is just over \$106 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 \$87 million and consists of:

- Complete or nearly complete \$17.0M
- Well underway 38.0M
- Early stages of design and tendering 22.0M
- Early stages of review 10.0M

The budget for projects not yet started is approximately \$19 million and consists of:

- Reliant on Other Capital Work \$16.0M
- Land Acquisition Delays 4.0M
- Other 4.0M
- Strategic, Staffing & Technical Delays 5.0M

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) (\$43M for 2016) 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
- Park Acquisitions (various locations)
- Road & Drainage Works:
 - 240 St. (Lougheed Hwy. – 104 Ave.)
- Road Works:
 - 128 Ave. (210 St. – 216 St.)
 - 128 Ave. (216 St. – 224 St.)
 - 203 St. (Lougheed Hwy. – Golden Ears Way)
- Water Reservoirs Works:
 - 270A St. Reservoir
 - Silver Valley Reservoir
 - McNutt Reservoir

Projects that do not finalize in 2016 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 2017 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.

2017- 2021 Capital Plan

The five-year Capital Works Program is \$136 million; 2017 planned capital projects are \$33 million, excluding projects that will be carried forward from previous years. It should be noted that developers will contribute millions in subdivision infrastructure to our community and these contributions are not included in our capital plan. A detailed list of the projects in the five-year Capital Works Program is attached to the Capital Works Program Business Plan. The following chart summarizes the Capital Program according to the type of project.

Proposed Capital Spending by Category

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
Government	800	270	880	290	780
Technology	1,816	1,413	2,457	2,057	638
Protective Fire	420	1,000	180	-	-
Protective Police	30	190	-	-	-
Parks	7,320	3,808	1,990	5,455	4,640
Highways	9,639	11,353	8,698	11,719	11,568
Drainage	1,523	1,940	2,620	3,036	2,675
Sewage	1,946	6,002	5,083	1,918	683
Water	9,417	1,855	2,951	2,045	2,545
Grand Total	32,910	27,831	24,859	26,520	23,530

By far, most of the projects are in the Parks 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

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
General Revenue	3,302	2,996	2,812	3,946	2,935
Capital Works Reserve	3,300	150	150	150	150
Development Cost Charges	10,408	7,467	4,979	8,181	6,720
Cemetery Reserve	60	-	-	-	-
Drainage Improvement Levy	994	1,227	1,472	1,731	2,003
Equip Replacement Reserve	2,298	3,921	2,307	1,671	1,603
Fire Dept Capital Reserve	585	-	-	-	-
Gaming	200	200	200	200	200
Gas Tax	351	189	-	-	-
Grants, LAS, 3rd Parties	1,806	1,238	1,000	1,015	1,000
Infrastructure Sustainability Reserve	3,637	4,239	4,705	5,155	5,640
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	49	152	-	-	-
Recycling Reserve	320	40	390	60	300
Sewer Capital	1,617	3,934	3,655	1,248	395
Surplus	500	500	500	500	-
Translink	-	-	-	450	650
Water Capital	3,284	1,378	2,488	2,014	1,734
Grand Total	32,910	27,831	24,859	26,520	23,530

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), 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.

\$ in thousands

Accumulated Surplus		Reserve Accounts	
General Revenue	9,859	<u>General Revenue:</u>	
Sewer Revenue	6,414	Specific Projects - Capital	6,144
Water Revenue	8,355	Specific Projects - Operating	8,397
Total Accumulated Surplus	<u>24,628</u>	Self Insurance	830
		Police Services	6,736
		Core Development	1,720
		Recycling	1,514
		Community Development	1
		Building Inspections	2,495
		Gravel Extraction	728
		Facility Maintenance	1,840
		Snow Removal	686
		Cemetery Maintenance	31
		Infrastructure Sustainability	2,040
		Drainage Improvements	1,523
		Critical Building Infrastructure	201
		Infrastructure Grant Contribution	4
		Gaming Revenues	780
		General Revenue Reserve Accounts	35,670
		Sewer Reserve Accounts	2,291
		Water Reserve Accounts	2,860
		Total Reserve Accounts	<u>40,821</u>
Reserve Fund Balances			
Local Improvement	2,551		
Equipment Replacement	13,093		
Capital Works	11,623		
Fire Department Capital	7,054		
Sanitary Sewer	1,615		
Land	275		
Reserve Funds	<u>36,211</u>		
Restricted Revenue Balances			
Development Cost Charges	33,972		
Parkland (ESA) Acquisition	1,203		
Other Restricted Revenues	6,511		
Total Restricted Revenues	<u>41,686</u>		

Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts - \$101.7 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 conversion of synthetic fields in Albion for \$3 million in 2017.

Here is our analysis of the Capital Works Reserve.

Capital Works Reserve Projection

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
Opening Balance	4,893	2,960	6,174	9,827	11,969
Inflows					
GRF Annual Transfer	1,032	1,071	1,111	1,154	1,199
Gravel Revenue Adjustment	(200)	(200)	(200)	(200)	(200)
Adjust timing of CWR transfer	(50)	-	-	-	-
Land Sales Proceeds	1,500	1,500	1,500	1,000	-
Communication Tower Rent	49	49	49	49	49
Repayment of Energy Retrofit	65	65	65	65	65
Repayment of Pool Reno (Other Reserves)	-	870	870	870	870
Total Inflows	2,396	3,355	3,395	2,938	1,983
Outflows					
Planned Capital Expenditures	(3,300)	(150)	(150)	(150)	(150)
Balance of GCF funded capital	(481)	9	408	(646)	643
Debt (River Road)	(549)	-	-	-	-
Total Outflows	(4,330)	(141)	258	(796)	493
Estimated Ending Balance	2,960	6,174	9,827	11,969	14,445
Min Reserve (10% PY Taxes)	6,886	7,215	7,619	8,021	8,442
Unencumbered Balance	(3,927)	(1,041)	2,208	3,947	6,003

Fire Department Capital Acquisition Reserve

Each year a portion of general taxation is transferred to the reserve to build the financial capacity required to respond to increasing the fire protection capacity needed as the community grows. The 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

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
Opening Balance	5,490	5,688	6,549	7,540	8,667
Inflows					
Growth Funding	230	230	280	330	380
GRF Annual Transfer	1,353	1,431	1,511	1,597	1,687
Outflows					
Planned Capital Expenditures	(585)	-	-	-	-
Debt Repayments (Firehall 4)	(800)	(800)	(800)	(800)	(800)
Estimated Ending Balance	<u>5,688</u>	<u>6,549</u>	<u>7,540</u>	<u>8,667</u>	<u>9,934</u>

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

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
Opening Balance	636	1,204	968	1,620	2,566
Inflows					
GRF Annual Transfer	679	763	832	946	1,067
Outflows					
Planned Capital Expenditures	(110)	(1,000)	(180)	-	-
Estimated Ending Balance	<u>1,204</u>	<u>968</u>	<u>1,620</u>	<u>2,566</u>	<u>3,633</u>

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 2021, 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

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
Inflows					
Property Taxes Prior Year	3,641	3,641	3,641	3,641	3,641
Property Tax Increase	517	1,062	1,635	2,238	2,872
Gaming Funds	550	550	550	550	550
Town Centre Incentive	437	549	549	549	549
Total Inflows	5,146	5,802	6,375	6,978	7,612
Allocations					
Building Infrastructure Planned	1,090	1,090	1,140	1,215	1,290
Fire Dept - Equipment Replacement	275	325	375	450	525
Highways ISR Capital Planned	2,992	3,479	3,830	4,170	4,540
Drainage ISR Capital Planned	760	875	990	1,100	1,215
Major Equipment/Systems Reserve	28	33	40	43	42
Total Allocations	5,146	5,802	6,375	6,978	7,612
Estimated Ending Balance	-	-	-	-	-

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

Parks, Recreation & Culture Community Investments

The following Parks, Recreation & Culture community investments are included in the 2017 - 2021 Financial Plan.

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 field in Albion.

Leisure Centre Life Cycle Repairs—These repairs are now included in the Civic Centre project being considered for the downtown. In the event that this community project does not move forward, the repairs could be completed using a combination of Infrastructure Reserve/Capital Works Reserve funding.

Additional Parks, Recreation & Culture Investments

As part of last year's Financial Plan discussions, Council received information on a funding strategy that would allow the community to move forward with significant Parks, Recreation & Culture investments. The key features of this strategy are as follows:

1. The projects would be prioritized and phased in over several years. The model that Council saw last year had these investments phased in over 5 years.
2. During the phase in period, we would access short term borrowing, with the approval of the elector.
3. Once the short term debt is converted into long term debt, we estimated annual payments at about \$6 million, based on capital spending of \$110 million amortized over 25 years. Additional spending beyond \$110 million can be accommodated by extending the amortization period of the debt and/or by changing the variables noted in the next point.
4. A phased tax increase of 0.75% per year for a period of time, the continuance of the 0.25% annual increase in Parks & Recreation Masterplan funding as well as the retirement of debt payments related to the Town Centre project in 2028 would provide for debt servicing and operating costs.
5. While grant contributions and amenity charges were noted, they were not specifically included in the funding model. Funds realized from grants and amenity charges would reduce our own spending requirements.

Over the past year, Council has decided to move forward with the following:

1. Albion Community Centre, in partnership with the School District
2. The Town Centre Civic Project as the one most likely to attract grants
3. Sports Fields for which some grant funding has already been approved

With respect to the Albion Community Centre project, we have purchased land and are working closely with the School District on our mutual requirements. As far as the Town Centre Civic Project is concerned, we are working with our Member of Parliament and are actively pursuing senior government support. With respect to the sports fields, the 2017 Financial Plan allows for the conversion of gravel fields at Albion Sports Complex to artificial turf. A grant of \$500,000 has been approved for this last project, under the Canada 150 Community Infrastructure Program.

In order for projects to be eligible for grant contributions, the projects must be ready to go. This means that detailed designs must be done. The cost of the design works for the Albion Community Centre and the Town Centre Civic Project are expected to approach \$3 million to complete 100% of detailed design for both projects.

In addition to the noted projects, Council has also directed staff to look at acquiring land for other community projects. Property values can range from \$500,000 per acre to upwards of \$1 million per acre. Acquisitions to this order have not been included in our Capital Plan nor our funding estimates.

These projects can however proceed, if we adopt a funding strategy as outlined on the previous page.

In order for us to implement the funding strategy, approval of the elector is required. Staff recommend that as part of the public input process that is taking place with respect to the community projects, Council endorse the funding strategy outlined on page 38 and direct staff to present it as part of the public consultation that is taking place on community investments. Formal assent of the elector will follow this consultation.

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.

<i>\$ in thousands</i>	2017	2018	2019	2020	2021
118 Ave (230 - 231)	-	-	-	15	-
288 St (Storm Main at Watkins Sawmill)	-	200	-	-	-
Abernethy (224 - 227) Construction	-	-	-	450	-
Abernethy (227 - 232) Construction	-	-	-	-	650
Albion Sports Complex Support Building	300	-	-	-	-
Albion Synthetic Conversion	500	-	-	-	-
Police Services (Cost Shared)	6	38	-	-	-
Grand Total	806	238	-	465	650

Borrowing

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 2015 Annual Report the unused liability servicing capacity at the end of 2015 was \$22.8 million.

Short Term Borrowing, under Sec. 178 of the Community Charter, is an option for borrowing for any purpose of a capital nature that can be repaid within five years. The maximum amount to be borrowed is \$50 multiplied by the population of the municipality as of the last census. For this borrowing, no public approval is required but approval of the Inspector of Municipalities is. Currently, we have no borrowing under this section and a maximum permitted amount of approximately \$3.8 million.

Ministry and Elector Approval

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

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

Previously Approved Borrowing Still Unissued

The 2017 - 2021 Financial Plan includes debt payments on the following previously approved projects.:

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

Municipal Council received an update on this project this past November, the City is now authorized to borrow \$6 million for this project. The debt servicing costs for FH #4 are to be funded through the Fire Department Capital Acquisition Reserve. The projected cost of \$6 million is somewhat outdated and the design work planned for 2017 will provide a more accurate estimated. The Financial Plan as well as the borrowing authority may have to be updated as additional information becomes available.

Cemetery Expansion (\$1.1 million)

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

The key elements when considering debt funding are that the debt payments are being funded by a secure funding source, the borrowing capacity exists and the appropriate public consultation and approval processes are undertaken. Public approval has been obtained for the projects noted above.

The 2017 - 2021 Financial Plan includes borrowing associated with the Barnston/Maple Ridge Pump Station and a new water main, Maple Ridge Main West. These projects were recently completed by Metro Vancouver, however, the construction of these significant investments spanned over half a dozen years. The amount of borrowing proposed is a maximum of \$13 million, over a term of 20 years, with the funding source being Development Cost Charges (DCCs). The annual servicing cost or debt payments, assuming all funds are required to be externally financed, will be approximately \$875,000. A Loan Authorization Bylaw will be prepared in early 2017, now that the costs of these regional projects are finalized.

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.

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 2016 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.

Residence Valued at \$400,000	2017	2018	2019	2020	2021
Average Home Municipal Levies:					
General Purpose (Gen. & ISR)	\$ 1,862.25	\$ 1,911.63	\$ 1,964.52	\$ 2,019.14	\$ 2,075.53
Drainage	20.72	26.42	32.30	38.37	44.64
Parks & Recreation	16.33	21.08	25.98	31.04	36.26
Subtotal Property Taxes	\$ 1,899.30	\$ 1,959.13	\$ 2,022.80	\$ 2,088.55	\$ 2,156.43
User Fees					
Recycling (fixed rate)	\$ 71.37	\$ 72.56	\$ 74.56	\$ 76.61	\$ 78.72
Water (fixed rate)	548.05	572.70	598.45	625.40	653.55
Sewer (fixed rate)	343.10	354.20	365.70	377.60	389.95
Total Property Taxes and User Fees*	\$ 2,861.82	\$ 2,958.59	\$ 3,061.51	\$ 3,168.16	\$ 3,278.65
* Does not include collections for others (School, BCAA, GVTA, GVRD, MFA)					
Average Home Municipal Levies Increases:					
General Purpose	1.90%	1.90%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase %	3.15%	3.15%	3.25%	3.25%	3.25%
Recycling Increase %	1.67%	1.67%	2.75%	2.75%	2.75%
Water Increase %	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer Increase %	3.22%	3.24%	3.25%	3.25%	3.27%
Total Property Taxes and User Fees Increase	3.38%	3.38%	3.48%	3.48%	3.49%

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 under
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 2016 Residential taxes was provided to Council on June 6, 2016 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 41 because the value on page 41 includes stratas.

Survey of 2016 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	509,558	1,931	2	1,020	2,951	1	
Surrey	733,407	2,107	4	979	3,086	2	(6)
Langley-Township	596,845	1,929	1	1,184	3,114	3	
Mission	414,523	1,980	3	1,167	3,147	4	(3)
Port Coquitlam	650,270	2,253	6	915	3,168	5	
Maple Ridge	503,865	2,205	5	970	3,175	6	(8)
Delta	703,975	2,400	8	1,000	3,400	7	(2)
Richmond	1,160,068	2,383	7	1,135	3,517	8	(5,6)
Burnaby	1,216,329	2,447	9	1,109	3,556	9	(1)
Coquitlam	879,312	2,460	10	1,165	3,625	10	
North Vancouver-City	1,140,767	2,674	11	1,011	3,684	11	(4)
Vancouver	1,812,041	2,830	13	1,146	3,976	12	(7)
Port Moody	938,092	3,015	15	1,037	4,052	13	(1)
North Vancouver-District	1,281,302	2,708	12	1,542	4,250	14	
New Westminister	829,483	2,835	14	1,521	4,356	15	(1)
West Vancouver	2,758,473	4,071	16	1,584	5,655	16	(5,6)
Average	1,008,019	2,514		1,155	3,669		
Median	854,398	2,423		1,122	3,536		
Highest	2,758,473	4,071		1,584	5,655		
Lowest	414,523	1,929		915	2,951		

Notes:

Values are rounded.

* Average Assessed Value determined by using BC Assessment's 2016 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 2016 survey on Residential taxes, we also looked at the tax increases over the past 3 years across surveyed municipalities. Tax increases in 2016 ranged from a low of 3.4% in Mission to a high of over 10% in North Vancouver city. The tax increase to the average single family dwelling in Maple Ridge was 4.0%

Municipality	2014	2015		2016	
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes
Langley Township	1,754	4.9%	1,840	4.9%	1,929
Pitt Meadows	1,835	0.6%	1,847	4.6%	1,931
Mission	1,842	3.9%	1,915	3.4%	1,980
Surrey	1,802	10.1%	1,985	6.2%	2,107
Maple Ridge	2,041	3.9%	2,120	4.0%	2,205
Port Coquitlam	2,048	4.1%	2,132	5.7%	2,253
Richmond	2,113	4.4%	2,205	8.0%	2,383
Delta	2,168	4.2%	2,260	6.2%	2,400
Burnaby	2,184	4.5%	2,281	7.3%	2,447
Coquitlam	2,244	3.8%	2,329	5.6%	2,460
North Vancouver City	2,252	7.4%	2,419	10.5%	2,674
North Vancouver District	2,485	3.9%	2,581	4.9%	2,708
Vancouver	2,541	5.7%	2,685	5.4%	2,830
New Westminister	2,534	3.9%	2,634	7.6%	2,835
Port Moody	2,674	4.9%	2,804	7.5%	3,015
West Vancouver	3,761	3.7%	3,901	4.3%	4,071

Commercial Taxes

In 2016, we also surveyed taxes assessed against the Business Class 6 and a detailed report was provided to Council on June 20, 2016. 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 2016, our tax multiple was 2.71 (11.8801 Business Class 6 rate divided by 4.3761 Residential Class rate). A lower tax multiple is preferred by businesses. The table below shows our tax multiple since 2012 and each year, it has improved.

Maple Ridge Business Class, Residential Class, Tax Multiple

Year	Business	Residential	Multiple
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
2016	11.8801	4.3761	2.71

This chart shows how our tax multiple compares to surveyed municipalities. Our multiple is fourth 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	2014	2015	2016	
	Business Rate	Business Rate	Business Rate	Rank
Mission	14.55490	14.37490	14.27840	1
Coquitlam	13.81270	13.34520	12.46530	2
New Westminster	13.22830	12.92410	12.34260	3
Maple Ridge	12.73140	12.30380	11.88010	4
Abbotsford	13.02217	12.49189	11.87810	5
Pitt Meadows	12.48220	11.18660	11.15130	6
Port Coquitlam	11.74160	11.46280	11.09220	7
Delta	10.81870	10.76928	10.51092	8
Chilliwack	10.26719	10.28317	9.77783	9
Langley, Township	9.94960	9.96950	9.69840	10
Langley, City	8.88270	8.79470	8.95290	11
Port Moody	10.19280	9.95770	8.69510	12
Burnaby	9.35700	9.12440	8.46530	13
North Vancouver, City	8.57249	8.42034	8.20134	14
North Vancouver, District	8.47875	8.27863	8.14620	15
Surrey	7.01681	7.02465	7.05860	16
Richmond	7.28682	6.94287	6.66368	17
Vancouver	7.88427	7.34590	6.61254	18
West Vancouver	4.24510	4.31540	4.36470	19

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 2013 Pitt Meadows shows 51% of the liability servicing limit already in use, but then this drops to 8% in 2014. The 2013 number was impacted by a decision to repay temporary borrowing and turn it into long-term debt.

	Percentage of Liability Servicing Limit Used		Debt Per Capita		Debt Servicing as a Percentage of Tax Revenue	
	2014	2013	2014	2013	2014	2013
	Abbotsford	24%	25%	\$ 502	\$ 559	10%
Burnaby	0%	0%	-	-	0%	0%
Chilliwack	3%	3%	81	92	1%	1%
Coquitlam	19%	18%	183	267	7%	7%
Delta	2%	6%	58	68	1%	2%
Langley (City)	0%	0%	-	-	0%	0%
Langley (Township)	9%	11%	717	588	4%	5%
Maple Ridge	16%	17%	466	506	6%	7%
Mission	52%	24%	180	366	25%	11%
New Westminister	34%	5%	895	947	21%	3%
North Vancouver (City)	1%	1%	33	35	0%	0%
North Vancouver (District)	6%	6%	235	235	3%	3%
Pitt Meadows	8%	51%	412	432	3%	22%
Port Coquitlam	7%	7%	382	395	3%	3%
Port Moody	12%	11%	391	423	5%	4%
Richmond	3%	3%	253	6	1%	1%
Surrey	10%	7%	479	509	4%	3%
Vancouver	63%	69%	1,428	1,471	32%	35%
West Vancouver	4%	4%	189	194	2%	2%
White Rock	0%	2%	11	13	0%	1%
Average*	13%	13%	338	347	6%	6%

The data shown is for 2013 and 2014 as 2015 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 Langley Township and Richmond in 2014.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2014	2013	2014	2013	2014	2013
Abbotsford	9.47	8.38	1.36	1.05	0.12	0.06
Burnaby	19.29	12.90	5.91	3.65	0.04	0.04
Chilliwack	11.78	11.84	2.14	1.90	0.07	0.06
Coquitlam	14.49	12.93	2.41	2.22	0.06	0.06
Delta	10.01	10.27	2.17	2.32	0.02	0.02
Langley (City)	10.87	10.44	2.44	2.44	0.17	0.18
Langley (Township)	7.31	7.90	1.08	1.09	0.02	0.04
Maple Ridge	8.49	8.14	1.41	1.33	0.02	0.03
Mission	17.03	11.48	2.46	1.68	0.13	0.06
New Westminster	6.28	5.49	1.35	1.11	0.07	0.17
North Vancouver (City)	6.00	5.96	2.58	2.55	0.06	0.05
North Vancouver (District)	6.58	6.56	1.88	1.85	0.06	0.02
Pitt Meadows	9.34	9.33	1.33	1.29	0.02	0.01
Port Coquitlam	9.39	10.72	1.73	1.76	0.01	0.02
Port Moody	19.17	16.93	1.67	1.53	0.07	0.05
Richmond	8.76	10.38	2.83	3.12	0.06	0.05
Surrey	10.70	10.36	0.99	1.08	0.06	0.07
Vancouver	4.50	4.32	0.96	0.89	0.03	0.02
West Vancouver	6.01	5.84	1.06	0.96	0.10	0.12
White Rock	6.57	6.90	2.89	2.93	0.01	0.01
Average*	10.19	9.42	2.07	1.86	0.06	0.06

The data shown is for 2013 and 2014 as 2015 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.

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	
	2014	2013	2014	2013	2014	2013
	Abbotsford	\$ 1,417	\$ 1,473	\$ 912	\$ 897	64%
Burnaby	1,732	1,799	1,068	1,238	62%	69%
Chilliwack	1,385	1,270	849	831	61%	65%
Coquitlam	1,916	1,927	1,044	1,062	54%	55%
Delta	2,162	2,056	1,205	1,183	56%	58%
Langley (City)	1,673	1,663	894	867	53%	52%
Langley (Township)	2,016	1,986	957	953	47%	48%
Maple Ridge	1,727	1,905	914	884	53%	46%
Mission	1,553	1,442	801	787	52%	55%
New Westminster	2,364	2,847	985	935	42%	33%
North Vancouver (City)	2,039	2,607	1,041	982	51%	38%
North Vancouver (District)	2,122	1,764	1,012	946	48%	54%
Pitt Meadows	1,676	1,713	896	857	53%	50%
Port Coquitlam	1,540	1,398	967	962	63%	69%
Port Moody	1,692	1,721	1,015	974	60%	57%
Richmond	2,142	1,871	985	954	46%	51%
Surrey	1,833	1,807	624	615	34%	34%
Vancouver	2,227	2,137	1,048	983	47%	46%
West Vancouver	3,592	2,951	1,376	1,255	38%	43%
White Rock	1,747	1,570	1,147	1,093	66%	70%
Average*	1,938	1,895	991	967	53%	53%

The data shown is for 2013 and 2014 as 2015 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.

CONCLUSION

For 2017, the City expects approximately \$4.2 million in new revenue. This is primarily due to property taxes, both new taxes due to additional development and increases in property taxes. The majority of the additional revenue is used to fund the cost increases for existing services, such as labour and the RCMP Contract. A portion of the property tax increase is dedicated to improve the level of infrastructure replacement, drainage infrastructure improvements and Parks and Recreation Master Plan funding.

While inflation has been less of a factor in pressure on property tax increases compared to years ago, the low rate environment and the housing price appreciation in the lower mainland have increased the rate of development. This brisk pace of development has increased the workload in municipal departments that directly service the development community. Additional development staff were added over the last two years, however the pace of development has continued to grow and additional staff is being recommended to address these workloads. Fortunately, the additional costs can be offset by the increased development revenue associated with this work.

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

This five year financial plan builds on the groundwork set through many years of focus on a strong business planning culture. Council's continued support of the business planning and the underlying financial policies and business processes that support it, are key success factors for the community. It helps ensure that we, as public servants, provide the best overall service levels possible within the constraints that exist. Council continues to recognize the value in focusing on long term financial planning in setting dedicated funding to be spent on infrastructure renewal ensuring that the services our citizens currently enjoy from our assets is sustainable.

Council also recognizes some areas require additional investment and continues to commit funding, from a dedicated property tax increase, to be invested in drainage and parks and recreation improvements. Funding strategies have been developed to advance investments in parks and recreation. Depending on the timing, size of investment, ongoing operating costs and level of senior government grants, the funding model can be adapted and the resulting magnitude and duration of the dedicated property tax increase will likely need to be adjusted. Council can amend the Financial Plan Bylaw at any time and once the investments and associated funding decisions have been made the Financial Plan can be amended accordingly.

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

RECOMMENDATIONS

Recommendations for 2017 - 2021 Financial Plan

This past June, Council established the budget guidelines for staff to use in developing the 2017 - 2021 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 2017 - 2021 Financial Plan Bylaw, incorporating the following:

1. General Purpose Property Tax Increase – 1.90% in 2017 and 2018 and 2.00% per year in 2019 through 2021.
2. Infrastructure Sustainability Property Tax Increase – 0.70% per year.
3. Parks, Recreation & 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 – 1.67% in 2017 and 2018 and 2.75% per year in 2019 through 2021.
8. Growth in Property Tax Revenue Assumption – 2.00% per year.
9. Incremental Adjustments as outlined in the Financial Overview Report 2017 - 2021.
10. Provision for costs associated with growth as outlined on page 12 of the Financial Overview Report, subject to available funding.
11. Capital Works Program totaling \$32.9 million 2017, \$27.8 million in 2018, \$24.9 million in 2019, \$26.5 million in 2020 and \$23.5 million in 2021.
12. Cost and revenue adjustments from page 13 of the Financial Overview Report, which reconciles the 2016-2020 Financial Plan with the 2017 - 2021 Financial Plan.
13. That Council endorse the funding strategy discussed on Page 38 of the Financial Overview report and that staff present this strategy to the public, as part of the public input process that is taking place on Community Investments.

Public Input

Each year we invite citizens and stakeholders to provide comments 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
- voice mail, Budget Hotline: 604-467-7484
- in writing, addressed to:
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Get a copy of the Financial Plan on our website www.mapleridge.ca

