



# Financial Overview Report

## Financial Plan 2018 - 2022



# FINANCIAL OVERVIEW REPORT

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# FINANCIAL OVERVIEW REPORT

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## Financial Planning in the Budget

### 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 2018 - 2022 Financial Plan.



The City’s Financial Plan, more commonly known as the “Budget”, is the outcome of a robust Business Planning process that sees each department develop a business plan aligned with Council’s strategic direction. For the past number of years, a key part of that Business Planning process has involved departmental presentations to Council over a number of days prior to consideration of the Financial Plan.

For the 2018-2022 business planning cycle that process has been modified slightly. Council will receive the Financial Plan in late November/early December, and departments will present to Council at meetings over the coming months to allow for a discussion of the services provided. In the interest of openness and accountability, all of these meetings are open to the public and will be live streamed.

This report begins with a discussion of the legislative framework that we operate in, as well as the process that we go through in developing the Financial Plan. It then 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 Financial 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 & 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. This year, Council considered the direction for the 2018 - 2022 Financial Plan in late May. Following that, Council approved a number of Parks & Recreation projects and amended the guidelines in July to provide the additional funding for those projects. Since that time, staff has been working on developing a plan in alignment with Council's direction.

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

The City produces two main financial documents: the Financial Plan and the Financial Statements. Each has very different objectives that it is important to be aware of. The Financial Plan is a forward looking document, 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 retrospective document showing the financial condition of the City as at December 31 of each year. The Financial Statements are prepared on an "accrual" basis, according to accounting guidelines set by the Public Sector Accounting Board. It is important for the reader to keep these differences in mind when reading each of the documents.

## Open & Transparent Budget Deliberations

Section 166 of the Community Charter requires Council to undertake a process of public consultation before adopting the Financial Plan, but does not prescribe how to accomplish that. It would be technically possible to meet the legislated requirement through a simple advertisement in the local newspaper inviting comment. In Maple Ridge, we are committed to an open and transparent process, and offer several opportunities for citizens and stakeholders to contribute. We have a dedicated e-mail: [budget@mapleridge.ca](mailto:budget@mapleridge.ca), as well as a dedicated phone line 604-467-7484, and all of Council's budget deliberations are open to the public.

The ideal time for citizens to provide input into the budgeting process is when Council is considering the Financial Plan Guidelines early in the year. It is these guidelines that provide direction about proposed property tax increases for the upcoming budgeting cycle. Public feedback is welcome throughout the year, regardless of the business planning stage Council and staff are engaged in. Council and staff are interested in your ideas and suggestions.

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

### 2017 Financial Performance

As we begin to look forward to the 2018 - 2022 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 consistently exceeded Financial Plan targets. Past experience shows they can be quite variable and in some years revenues have missed Financial Plan targets. To manage this variability, the City uses its financial sustainability policies, conservative budgeting and a practice of planning for the bad times during the good. Temporary shortfalls in revenue can be managed through the Building Inspection Reserve; the current balance in the reserve is \$3.14 million. For 2017, annual building permit revenues will exceed our Financial Plan target of \$2.46 million although current indications are they will not achieve the same level as 2016. The following shows building permit revenues for the past 5 years:

### Historical Building Permit Revenue

2013	\$1.76 million
2014	\$2.03 million
2015	\$3.03 million
2016	\$3.44 million
2017	\$2.80 million (10 months)

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

In 2010, the City began receiving revenues from the local gaming facility. To date, in 2017, we have recorded \$ 769,000 in gaming revenues and expect annual revenues to exceed our Financial Plan target of \$1.05 million. 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 their use.

Results to the end of August indicate a General Revenue surplus at year-end. Overall cost containment by departments is a key contributing factor. Some departments will be under budget at the end of the year due to timing issues related to ongoing projects; these amounts will be transferred to reserves as part of our year-end processes to allow work to continue in 2018.

Other trends that we are seeing:

### Revenues:

Investment income in the General Revenue Fund will exceed Financial Plan targets in 2017. At the end of August, investment income is \$1.35 million against a Financial Plan target of \$1.34 million. 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 of \$300,000 included in the Financial Plan will not be realized in 2017 as the contract was not renewed. There are no revenue expectations in future years.

The Financial Plan included revenues of \$1.70 million from the commercial section of the office tower. Current projections indicate that revenues will miss this target by slightly more than 9.5% due to vacancies that occurred during the year.

The sale of the first phase of town centre lands was completed in June, resulting in proceeds of \$1.58 million. As per Council direction, the monies from the sale of these lands are being directed toward the capital program, and in particular, the development of artificial turf fields.



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

## 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 the savings will be transferred to the Police Services Reserve. The contract includes costs associated with Police Services including RCMP, Community Police Officers, centralized dispatch services and regional initiatives such as an Integrated Homicide Team, an Emergency Response Team, Forensic Identification, a Dog Unit and a Traffic Reconstruction Unit.

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

With the dissolution of the Joint Leisure Services Agreement with Pitt Meadows in October of 2016, this is the first full year of a Maple Ridge only service delivery model. As at the end of August indications are that Parks, Recreation & Culture costs will be within Financial Plan targets for the year.

General government costs are expected to be under budget at the end of the year.

Much of this relates to the timing of various studies and projects, 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. These savings do not flow to the bottom line.

Borrowing for Fire Hall No. 4 will not be entered into this year resulting in savings on principal & interest of \$800,000. Funding for this comes from the Fire Department Capital Acquisition Reserve and the monies will remain in the reserve until needed.

Costs for snow removal exceed Financial Plan targets as a result of higher than normal volume of snow received in the first quarter of 2017. Forecasters are already warning that we may see another year of significant snow accumulations, if forecasts are correct, costs will continue to increase. The Snow Removal Reserve is available to help offset higher than normal costs. The balance in the Snow Removal Reserve is \$473,000.

Any unspent portion of budgets in capital projects funded through General Revenue that are still in progress at the end of the year will be transferred to reserves at year-end as work on the related projects will continue in 2018.

The above summary is based on results to the end of August and points to a General Revenue surplus for 2017.

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## Property Tax Increases

### Council's 2018 - 2022 Budget Guidelines

With that brief introduction, we will now turn our minds to the 2018–2022 Budget Guidelines. These guidelines serve as direction to staff for developing the Financial Plan. The Audit & Finance Committee reviewed and endorsed the 2018–2022 Business & Financial Planning Guidelines at the May 29, 2017 meeting and recommended that they be forwarded to Council for approval. Following that meeting Council approved a number of Parks, Recreation & Culture projects with an estimated cost of \$55.5 million. The recommended funding model for these projects was endorsed by the Audit & Finance Committee on July 18, 2017 and the tax implications of that decision have now been incorporated into the 2018–2022 Business & Financial Planning Guidelines. Final approval of these projects is subject to an elector approval process as discussed later in the report.

As can be seen on the chart that appears below, the approved guidelines show a General Purpose tax increase of 1.90% which remains the lowest increase in years. The guideline for the overall annual tax increase for 2018 was set at 3.5%. We are pleased to report that the Financial Plan that has been developed meets these guidelines.

Municipal Property Tax & User Fee Increases	Actual				Proposed				
	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Property Tax increases</b>									
General Purpose	1.90%	1.92%	2.10%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Parks and Recreation	0.25%	0.25%	0.25%	0.25%	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase</b>	<b>2.95%</b>	<b>2.97%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>3.50%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>
<b>User Fee Increases</b>									
Recycling	0.00%	0.00%	0.00%	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%
Water	5.50%	11.30%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer*	4.07%	4.10%	4.10%	3.24%	3.25%	3.25%	3.27%	3.28%	3.29%
<b>Total Municipal Property Tax &amp; User Fee Increases</b>	<b>3.46%</b>	<b>3.49%</b>	<b>3.33%</b>	<b>3.39%</b>	<b>3.62%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.72%</b>

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

\*\* Average home is assessed at \$592,666 in 2017. The average composite home represents the assessed value of all single family and multi-family homes

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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
2022	2.00%	0.70%	0.30%	0.60%			3.60%
2021	2.00%	0.70%	0.30%	0.60%			3.60%
2020	2.00%	0.70%	0.30%	0.60%			3.60%
2019	2.00%	0.70%	0.30%	0.60%			3.60%
2018	1.90%	0.70%	0.30%	0.60%			3.50%
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%

## Property Tax Increases

**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 City.

**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.

**Parks, Recreation & Culture** – this portion of the increase goes towards improvements in Parks, Recreation & Cultural Services. An increase of 0.60% is planned for each year of the Financial Plan which includes funding for the Parks & Recreation projects approved by Council. This increase is comprised of the previously approved 0.25% and an additional 0.35% for the proposed projects. The projects are proceeding through a public approval process for the associated borrowing. If approved, these projects will be paid for through a combination of tax increases and the use of reserves. The Financial Plan will be

amended once it is determined which projects will be proceeding. In the interim the plan has been amended to include the 0.35% annual tax increase approved by Council.

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

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

**Sewer Levy** – this portion of the increase goes towards the cost of sanitary sewer services, including those services provided by Metro Vancouver. An increase of 3.60% is planned for each year of the Financial Plan.

**Recycling Services** – this portion of the increase goes towards operating the recycling depot as well as for the blue box service. An increase of 1.67% is planned for 2018 and 2.75% per year of the Financial Plan for 2019 through 2022.

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.



# FINANCIAL OVERVIEW REPORT



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

### Conceptual Overview

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

### New Revenue

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

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

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

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

As well, there are tax adjustments that have to be provided for as a result of assessment appeals and provincial rules around the tax rate applied to the Utilities Class. Projected revenue increases are also included. At the end of the day, an additional \$4.6 million in revenue is expected to accrue to the City in 2018.

Conceptual Overview of New Revenue

Item (\$ in thousands)	2018	2019	2020	2021	2022
Previous Year's Taxation	76,280	80,585	85,095	89,860	94,895
Growth Rate	2.00%	2.00%	2.00%	2.00%	2.00%
Growth Rate (Town Centre Incentive)	0.15%				
<b>Growth Revenue</b>	<b>1,640</b>	<b>1,610</b>	<b>1,700</b>	<b>1,795</b>	<b>1,900</b>
Previous Year's Taxation + Growth	77,920	82,195	86,795	91,655	96,795
Property Tax Increases:					
General Purpose	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation Improvements	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage Improvements	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase</b>	<b>3.50%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>
<b>Property Tax Increase</b>	<b>2,725</b>	<b>2,960</b>	<b>3,125</b>	<b>3,300</b>	<b>3,485</b>
Utility Class Cap. & Sup. Adj. Contingency	(60)	(60)	(60)	(60)	(60)
<b>Additional Property Taxes vs. Prior Year</b>	<b>4,305</b>	<b>4,510</b>	<b>4,765</b>	<b>5,035</b>	<b>5,325</b>
Next Year's Taxation Base	80,585	85,095	89,860	94,895	100,220
<b>Ice Rentals</b>	<b>80</b>				
<b>Increases in Other Revenue</b>	<b>200</b>	<b>157</b>	<b>34</b>	<b>35</b>	<b>30</b>
<b>Increase in General Revenue</b>	<b>4,585</b>	<b>4,667</b>	<b>4,799</b>	<b>5,070</b>	<b>5,355</b>

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

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

## Transfers

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

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

in the year that we need to replace a fire truck, we try to set aside a smaller amount each year over the useful life of the vehicle. This is done by putting money aside each year in what we call the Equipment Replacement Reserve. We keep a close eye on these reserves to make sure that they are able to meet their obligations. Annual adjustments are made to the contributions to these reserves as required, and the table below shows the adjustments included in this Financial Plan. A more complete discussion on our reserves is included beginning on page 28 of this report.

**Conceptual Overview of Changes to Transfers**

Item (\$ in thousands)	2018	2019	2020	2021	2022
<b>Additional General Revenue available</b>	<b>4,585</b>	<b>4,667</b>	<b>4,799</b>	<b>5,070</b>	<b>5,355</b>
Transfers to Reserves:					
Capital Works Reserve	(90)	(45)	(45)	(50)	(50)
Fire Department Capital	(105)	(110)	(120)	(125)	(135)
General Revenue Funded Capital (net CWR tfrs)	(160)	(165)	(190)	(215)	(210)
Police Services Reserve	(295)	(100)	(100)	-	-
<b>Available after transfers</b>	<b>3,935</b>	<b>4,247</b>	<b>4,344</b>	<b>4,680</b>	<b>4,960</b>

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

# FINANCIAL OVERVIEW REPORT



## 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 2018 costs are increasing by \$320,000 from 2017 and are increasing by a further \$410,000 in 2019.

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).

After providing for the expenditure changes described on the following page, the General Revenue Surplus is \$161,000.

### Conceptual Overview of Expenditure Changes

Item (\$ in thousands)	2018	2019	2020	2021	2022
<b>Available after transfers</b>	<b>3,935</b>	<b>4,247</b>	<b>4,344</b>	<b>4,680</b>	<b>4,960</b>
Increase in expenditures:					
Labour (excluding Fire Protection)	(520)	(655)	(665)	(800)	(820)
Equipment (excluding Fire & Police)	(50)	(45)	(45)	(50)	(50)
Fire Department	(320)	(410)	(280)	(285)	(265)
Parks & Recreation Facilities Plan	(470)	(585)	(520)	(550)	(580)
Policing Contracts (RCMP, ITEAMS, ECOMM)	(500)	(725)	(615)	(765)	(510)
Contracts (SPCA, Library, Arts)	(110)	(110)	(115)	(115)	(120)
Inflation Allowance	(225)	(220)	(235)	(250)	(275)
Infrastructure Replacement	(660)	(575)	(610)	(640)	(680)
Drainage Levy Related Capital Projects	(235)	(245)	(260)	(275)	(290)
Growth Costs	(415)	(415)	(415)	(415)	(415)
Streetlights	(125)	(20)	(20)	(20)	(20)
Subsidized Ice	(200)	-	-	-	-
Arenas Contract (CPI adjustment)	-	(90)	-	-	-
Use of Accumulated Surplus (PW&D Staff Funding)	(85)	(80)	-	-	-
<b>Available after expenditures</b>	<b>20</b>	<b>72</b>	<b>564</b>	<b>515</b>	<b>935</b>
Surplus from prior year	208	161	83	590	1,055
Other Adjustments & Rounding	(66)	(151)	(57)	(50)	(59)
<b>General Revenue Surplus</b>	<b>161</b>	<b>83</b>	<b>590</b>	<b>1,055</b>	<b>1,931</b>

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

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

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## 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 until 2020.

**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 six police officers over the 5-year life of the plan. The recommendation is to now reduce that to five police officers and use the savings to add to the civilian support staff.

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

**Infrastructure Replacement:** In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The annual increase for the years 2013-2016 was reduced to 0.5% though this amount was supplemented by committing a portion of gaming revenues and the growth in property taxes due to the Town Centre Incentive Program to infrastructure replacement. Starting in 2017, the annual tax increase for Infrastructure was increased to 0.70% and this will remain through 2022. Additional discussion on infrastructure replacement is included on page 31.

**Inflation Allowance:** The inflation allowance covers over 1,000 items, amounting to almost \$10 million in materials and services, for which increases are not specifically built into departmental budgets. An allowance of 2% per year for 2018–2022 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)	2018	2019	2020	2021	2022
<b>General Revenue Fund</b>					
Fire Dept. Equipment Mtce. & Capital	50	50	50	50	50
Operations Department	65	65	65	65	65
Parks Maintenance	65	65	65	65	65
Corporate & Financial Services (CFS)	65	65	65	65	65
Software Maintenance	40	40	40	40	40
Public Works & Development (PWDS)	65	65	65	65	65
Parks, Recreation & Culture (PRC)	65	65	65	65	65
<b>General Revenue Total</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>	<b>415</b>
Water Revenue Fund - Maintenance	15	15	15	15	15
Sewer Revenue Fund - Maintenance	10	10	10	10	10

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

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

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

# FINANCIAL OVERVIEW REPORT



## Changes to Previous Operating Budget

The next section outlines the changes to this Financial Plan from the one that covered the years 2017–2021. If we plan properly there should be few changes from one Financial Plan to the next.

Our last Financial Plan showed a surplus of \$73,000 for 2018. Here is a summary of the changes that have been made:

1. A number of Parks & Recreation projects are proceeding through a public approval process. At this time the Financial Plan has been amended to include a 0.35% annual tax increase. The additional revenue will be used for debt payments and operating costs for the projects. If needed, adjustments will be made following the completion of the approval process.
2. Labour and benefit cost estimates have been updated and this has reduced costs by \$380,000 in 2018, increasing to \$509,000 in 2021.
3. This position was partially paid for through a \$50,000 annual grant from BC Hydro which has been discontinued. Last year, this position was approved to be funded on an ongoing basis from general revenue and \$20,000 from divisional growth. The \$16,000 noted is the portion of the existing position that was paid for through temporary

salary savings and now requires ongoing funding.

4. Employee assistance program costs have been increased to reflect actual experience.
5. Cost increases for liability insurance, postage, bank fees (related to increased credit card use) and software are now reflected in the Financial Plan.
6. Street light operating costs have increased due to increased electricity costs.
7. Council approved an increase in subsidized ice time. The net impact of \$120,000 is now included in the Financial Plan.
8. Cost and revenue items in a number of other accounts have been updated with an aggregate impact of \$55,000 in 2018.

As a result, the 2018 surplus has increased to \$161,000 and \$83,000 for 2019. The surplus in the latter years of the Financial Plan is larger as revenue projections have been built in while cost increases for some items have not.

### General Revenue Fund (GRF) Reconciliation of 2018–2022 Financial Plan

(\$ in thousands)			2018	2019	2020	2021	2022
<b>May Adopted Financial Plan 2017-2021</b>							
<b>General Revenue Fund (GRF) Surplus</b>			<b>73</b>	<b>12</b>	<b>477</b>	<b>1,029</b>	<b>n/a</b>
<b>Changes</b>							
Property Tax Increase		Increase of 0.35% for 7 years	429	804	1,199	1,614	
Parks & Rec Infrastructure		Parks & Rec - Op. and Debt Servicing	130	(1,563)	(1,440)	(3,073)	
Reliance on Reserves		Parks & Rec - Op. and Debt Servicing	(559)	759	241	1,458	
City Wide		Rate Change Savings: Salaries & Benefits	380	395	476	509	
Administration	Sustainability	Research Technician	(16)	(14)	(15)	(16)	
	HR	Consulting / EA Program	(16)	(16)	(16)	(16)	
Corp. & Financial Services	Clerks	Liability Insurance	(52)	(52)	(52)	(52)	
	Clerks	Postage	(8)	(9)	(9)	(10)	
	Finance	Bank Fees	(15)	(16)	(18)	(19)	
	IT	Software Maintenance	(10)	(28)	(48)	(68)	
	Fiscal Serv.	Life Cycle Transfer				(75)	
Public Works & Dev.	Operations	Street Lights	(109)	(117)	(127)	(138)	
Parks, Rec & Culture	Arenas	Subsidized Ice Increase (Council Directed)	(200)	(200)	(200)	(200)	
	Arenas	Revenue	80	80	80	80	
All Other Adjustments			55	48	42	31	
			<b>89</b>	<b>71</b>	<b>112</b>	<b>25</b>	
<b>GRF Surplus before Incremental Adjustments</b>			<b>161</b>	<b>83</b>	<b>590</b>	<b>1,055</b>	<b>1,931</b>

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

## Incremental Adjustments

The last section showed that after dealing with existing commitments and policy direction, \$161,000 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. The Corporate Management Team (CMT) has met with all of the departments heads and reviewed all of the business plans. From this review, it is clear that workload pressures have continued to build in a number of areas and it is important they be addressed. In addressing the priority items, CMT has reallocated funding from other areas in order to minimize the bottom line financial impact.

The following enhancements are recommended by the Corporate Management Team:

### Administration:

#### Human Resources: Health & Safety Associate

Additional staff support is required in the area of health and safety. This work can improve workers’ safety and reduce other costs, included WSBC related costs. \$75,000 is required for additional support and in the first two years of the Financial Plan, the costs can be covered by the WSBC premium rebates we have received.

#### Human Resources: External Consulting Support

External consulting services are required to assist with the recruitment of difficult-to-fill-positions, (Engineering in particular). As well, due to a relatively small HR department, our ability to offer a more complete suite of human resources programs, services and supports that an organization of our size requires is constrained. Rather than adding staff to our Human Resources Department, we are recommending a phased approach to a consulting budget for this area: \$25,000 in 2018, increasing to \$50,000 for 2019 and future years. Existing growth funding from Corporate & Financial Services is being used to pay for this.

## Human Resources: Employee Engagement

Feedback from employees has highlighted the need for competency-building work placement opportunities. In order to do this, a budget needs to be established to fund, when required, replacement staff for those attending training. \$50,000 per year is recommended to support these initiatives; \$25,000 of which is contributed by growth funding from Public Works & Development Services.

## Economic Development: Tourism Coordinator

Economic Development is looking for \$60,000 to carry out the Tourism Strategy. It is recommended that funding from an existing vacant position be directed towards this.

## Corporate & Financial Services

### RCMP & Security

Support services staff play a critical role in delivering the services provided by the RCMP. A Disclosure Coordinator is requested to deal with the new requirements of the courts. As well, the Superintendent is seeking support for an Executive Assistant. Both of these resources will allow police officers to dedicate more time to policing, rather than to clerical/administrative matters. A ½ time Fleet Coordinator is requested to make the current role a full position. To manage costs, we recommend that this role start half way through the year. In the life of the existing Financial Plan, six additional police officers were planned over the ensuing five years. This is now being reduced to five additional officers to pay for this additional support. In recent years, we have provided an enhanced level of private security in the downtown area, funding for which was provided through the Protective Services Reserve. We recommend that ongoing funding be provided. The favourable adjustments in the RCMP contract budget allow us to accommodate this.

### Fire Department

It is important to ensure the complement of firefighters we have can provide the level of fire protection service needed in the community now and in to the future. We can start to build capacity in the Financial Plan by taking a long-term, phased approach to this important issue. The recommendation is to increase the budget for firefighters by \$132,000 per year starting in 2020.

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## **Parks, Recreation & Culture**

### **Parks: Operations Manager**

The Parks structure was amended as a result of the conclusion of the Joint Services Agreement with the City of Pitt Meadows. Implementation was monitored throughout the year and \$142,000 from existing staff and growth funding has been re-allocated to address the need for a Manager of Parks Operations.

### **Recreation: Community Investments**

In 2017, we received \$25,000 in Canada 150 grants which went towards community festivals. We recommend that we include this amount in future budgets so that these festivals can continue. As well, \$25,000 is being requested to support the Seniors Network. These two requests can be funded through Gaming Revenues.

### **Public Works & Development Services**

Over the years, the demand for our Chipping Program has continued to increase so an additional \$25,000 is required to keep up with this demand. We are also recommending \$8,000 per year for summer pest control in the downtown. This program is offered in partnership with the Business Improvement Area. As well, with the recent weather events, we have had to replace some boulevard trees and no budget is set aside for this activity. We recommend establishing an annual allotment of \$5,000 for this work. These three items totalling \$38,000 are recommended to be funded from General Revenue. In addition, we are responsible for the semi-annual maintenance of a number of intersections and crosswalks. The budget needs to be increased to reflect our actual costs. Funding from TransLink is available for this activity.

If all of these incremental requests are approved, the 2018 Surplus is reduced from \$161,000 to \$98,000. This is a relatively small adjustment, given the number of items included in the list. This accomplishment is the result of providing for items through a reallocation of resources.

In addition to the ongoing incrementals, the following requests for one time funding are recommended:

### **Communications: Social Media Consulting**

The work would provide an outside review of our social media engagement and would be a one-time cost of \$10,000.

### **Economic Development: Innovation Week**

Funding of \$15,000 will support the hosting of an

innovation week modelled on successful events in other communities.

### **Sustainability: EV Charger Installation**

Funding of \$30,000 will provide for the installation of additional electric vehicle charging stations.

### **Sustainability: Corporate Organics Collection and Disposal**

A number of years ago the City began a pilot composting program in civic facilities in the downtown area. Since the City's program was implemented, Metro Vancouver established an organics ban at all of its waste disposal facilities, requiring that organic material be removed from the regular waste stream.

In order to improve the City's current program and allow time to explore options to increase the effectiveness and efficiency of the initiative one time funding of \$25,000 is recommended.

### **Agricultural Committee: Golden Harvest**

2018 will be the 10-year anniversary of the popular Golden Harvest festival and we are recommending one time funding of \$6,000 to support this milestone celebration.

### **Heritage Committee: Conservation Master Plan**

A program to establish a conservation framework for all municipal heritage assets and identify a maintenance program intended to assist in short, medium, and long-term planning of maintenance needs. This would be a one-time cost of \$30,000.

### **Heritage Committee: Incentives Review**

There is a need within the heritage initiatives of the City to review our incentive program. This would be a one-time cost of \$20,000.

### **Environmental Advisory Committee: Communications Outreach Strategy**

Protection and responsible management of the natural environment has been recognized as a high level priority, as identified in every community survey. The EAC intends to develop a number of communications action items at a one-time cost of \$13,000.

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These items, totaling \$149,000, can be funded from Accumulated Surplus.

Business Plans. The impact of these Incremental Adjustments is shown in the following table and described on the previous pages.

Details on all of the incremental packages are available in the departmental

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

Item (\$ in thousands)	2018	2019	2020	2021	2022
<b>General Revenue Surplus</b>	<b>161</b>	<b>83</b>	<b>590</b>	<b>1,055</b>	<b>1,931</b>
<b>Proposed Ongoing Incremental Operating Items</b>					
<b>Administration</b>					
Human Resources					
Health & Safety Associate	(75)	(75)	(75)	(75)	(75)
WCB Rebate Previously Received	75	75			
Consulting - Recruitment	(25)	(50)	(50)	(50)	(50)
CFS Existing Growth Funding	25	50	50	50	50
Employee Engagement	(50)	(50)	(50)	(50)	(50)
PW&D Existing Growth Funding	25	25	25	25	25
Economic Development					
Tourism Coordination	(60)	(60)	(60)	(60)	(60)
Existing Staff Reallocation	60	60	60	60	60
<b>Corporate &amp; Financial Services</b>					
Police Services					
Executive Assistant (Shareable)	(95)	(95)	(95)	(95)	(95)
Disclosure Coordinator (Shareable)	(70)	(70)	(70)	(70)	(70)
Fleet Coordinator Part Time (Shareable)	(22)	(38)	(38)	(38)	(38)
Pitt Meadows Cost-share	36	39	39	39	39
Security (Non-shareable)	(40)	(40)	(40)	(40)	(40)
RCMP Officer & Contract Adjustments	191	204	204	204	204
Fire Department					
Additional Fire Fighter			(132)	(264)	(396)
<b>Parks, Recreation and Culture</b>					
Parks Operation Manager	(142)	(142)	(142)	(142)	(142)
CDPR Existing Growth Funding	92	92	92	92	92
PRC - Existing Staffing Funding	50	50	50	50	50
Festivals - Family	(25)	(25)	(25)	(25)	(25)
Seniors Network	(25)	(25)	(25)	(25)	(25)
Gaming Revenues	50	50	50	50	50
<b>Public Works and Development</b>					
Recycling - Brush Chipping Pickup Program	(25)	(25)	(25)	(25)	(25)
Operations - Pest Control Program	(8)	(8)	(8)	(8)	(8)
Operations - Tree Replacement Program	(5)	(5)	(5)	(5)	(5)
TransLink Traffic Intersection	(60)	(60)	(60)	(60)	(60)
TransLink Maintenance Funding	60	60	60	60	60
<b>Subtotal General Revenue Surplus</b>	<b>98</b>	<b>20</b>	<b>320</b>	<b>653</b>	<b>1,397</b>
<b>Proposed One Time Operating Items funded by Accumulated Surplus</b>					
Communications - Social Media Consultant	(10)				
Economic Dev. Committee - Innovation Week	(15)				
Sustainability - EV Charger Installation	(30)				
Sustainability - Corp. Organics Collection & Disposal	(25)				
Planning					
Committee - 10th Annual Golden Harvest Celebration	(6)				
Committee - Heritage Incentives Review	(20)				
Committee - Heritage Conservation Master Plan	(30)				
Committee - EAC Communications Outreach Strategy	(13)				
<b>Transfer From Accumulated Surplus</b>	<b>149</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General Revenue Surplus</b>	<b>98</b>	<b>20</b>	<b>320</b>	<b>653</b>	<b>1,397</b>



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For 2018, our surplus of \$161,000 has been reduced to \$98,000. 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)	2018	2019	2020	2021	2022
Proposed Ongoing Operating Items funded by Water Revenue Fund					
Water Pump Station Maintenance	(60)	(60)	(60)	(60)	(60)
Water Revenue Funding	60	60	60	60	60

## 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 2018:

### RCMP Costs

	2017	2018	Increase
RCMP Contract	\$19,382,000	\$19,891,000	\$509,000

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

What Would a Zero Tax Increase Look Like?

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What Would a Zero Tax Increase Look Like?

## Infrastructure Maintenance & Renewal

	<u>2017</u>	<u>2018</u>	<u>Increase</u>
<b>Annual Contribution</b>	\$5,145,000	\$5,839,000	\$694,000

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



## Fire Department

	<u>2017</u>	<u>2018</u>	<u>Increase</u>
<b>Annual Costs</b>	\$10,788,000	\$11,161,000	\$373,000

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 Conceptual Overview of Expenditures chart due to \$50,000 of growth funding reported separately.

## Parks, Recreation & Culture

	<u>2017</u>	<u>2018</u>	<u>Increase</u>
<b>Master Plan Funding</b>	\$700,000	\$1,168,000	\$468,000

Comments: The Parks, Recreation & 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. The 2018 funding includes the amounts needed for debt payments and operating costs for a number of Parks & Recreation projects approved in 2017. The final approval for these projects is subject to the approval of the electors.

## Drainage Improvements

	<u>2017</u>	<u>2018</u>	<u>Increase</u>
<b>Annual Levy</b>	\$995,000	\$1,228,750	\$233,750

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 \$233,750 was planned for 2018, but we do not have to do this.

## Contribution to Reserves

	<u>2017</u>	<u>2018</u>	<u>Increase</u>
<b>Fire Department</b>	\$1,925,000	\$2,028,000	\$103,000
<b>Capital Works</b>	830,000	920,000	90,000
<b>Equipment Replacement</b>	2,160,000	2,185,000	25,000

Comments: The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2018. 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.

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## General Inflation, including Labour

	<u>2018 Increase</u>
Labour	\$520,000
Inflation	225,000

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.

## Service Level Reductions (Not Recommended)

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

### Community Grants

Eliminate – Council has set aside \$45,000 on an annual basis to support a range of community grants. This program could be reduced and/or eliminated over a period of time.

### Port-a-Potties in Parks

Eliminate in parks, trails and sport fields. This could save \$30,000, but result in lowered satisfaction by park and trail patrons who expect this level of service.

### Core Security

Eliminate on-site daily supervision and security services in Memorial Peace Park and surrounding buildings. This could save \$60,000, but result in risk of increased negative behaviours in the area and have a corresponding impact on RCMP resources.

### Subsidized Ice Allocation

Reduce the amount of subsidized ice allocated to minor sports. This could save \$120,000, but would limit the ability of minor ice users to access ice time at affordable rates.

### Brushing and Chipping Program

Eliminate – This could save \$100,000. 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

Reduce service level – This could save \$20,000. 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 involves looking at all that we do to make sure that it is being done in the best way possible. This has resulted in improvements to the efficiency and effectiveness of our services and in significant savings for our citizens. Also, if you look at the departmental budgets that are included with our Business Plans, you will see that most line items do not increase at all year over year. This, coupled with close monitoring of expenses, is what allows us to keep our tax increases to a minimum. To achieve a lower tax increase, it is important to address the cost drivers or look at service level reductions.

What Would a Zero Tax Increase Look Like?

## 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. 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 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 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. Open Government Portal - The open government portal is filled with tools and applications to help citizens understand How Things Work, How They Can Participate and Where They Can Find Information. This portal makes information more accessible, promotes community engagement and demonstrates transparency and accountability of actions.
2. Business Finder online application provides access to information about all the registered businesses in the City.
3. ePayments for certain City services are being widely embraced.
4. 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.

5. The Metro Vancouver Chapter of the Commercial Real Estate Development Association (NAIOP) presented Maple Ridge with a NAIOP Award for Municipal Excellence recognizing Maple Ridge as the 'Most Business Friendly Municipality' in the region for the third consecutive year in recognition of work the City has undertaken in an effort to reduce processing times and increase employment-designated land.
6. WorkSafeBC recognized our Health and Safety program with a rebate of \$94,000 on our annual assessment.
7. 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.
8. Civilianization of RCMP Roles – where possible we look to have civilian staff perform support work for the RCMP. In the past few years three police roles have been converted to civilian roles at substantial savings.
9. 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.
10. Renewed emphasis on customer service, including updated training for employees.
11. Service Automation – enhanced irrigation system for hanging basket fertilization reducing manpower costs.
12. Realignment of duties in the Information Technology department to improve service delivery.
13. Realignment of downtown security services to improve service.
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. Awarded a one-year contract for audit services at a savings of \$9,000 from 2017.
3. The Operations Centre worked with ICBC and was able to achieve an insurance rebate of \$13,820 in 2017.
4. Arranging our property and insurance coverage through the Municipal Insurance Association has reduced our insurance costs.
5. Legal Services – renegotiated the agreement that has improved service and reduced costs.
6. 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 hybrid fleet saves the City \$32,600 in fuel yearly.
3. Electric Vehicles – the City deployed three electric vehicles in 2013 with expected 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.
4. Excavation Reuse – re-contoured berms onsite during playfield construction to accommodate excavated material 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

### 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 119 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 Albion Park playfield project.
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, Traffic Fine revenue of \$886,000, BC Hydro Energy Manager grants of \$350,000 from 2011-2018.
3. Abernethy Way was 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.

# FINANCIAL OVERVIEW REPORT

## Utilities & Recycling

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

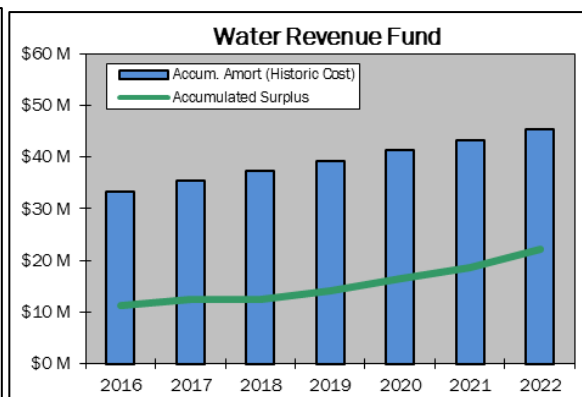
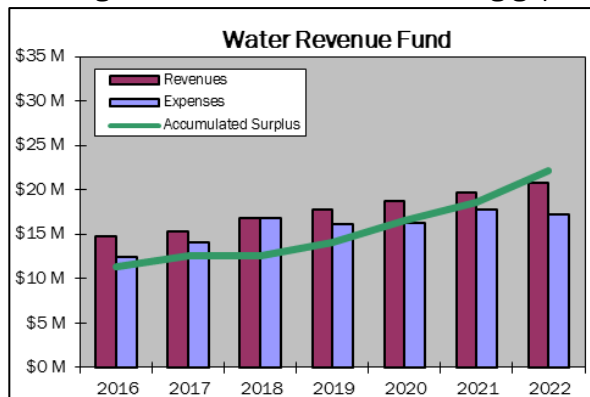
Unlike the General Revenue Fund that includes separate reserves for revenue smoothing, capital purchases and infrastructure replacement, the Water and Sewer Funds use Accumulated Surplus for these purposes. As we start to set funds aside for water and sewer infrastructure replacement it may be worthwhile 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 2018 flat rate water fee is approximately \$575, half of which is required just for the purchase of water from the region.

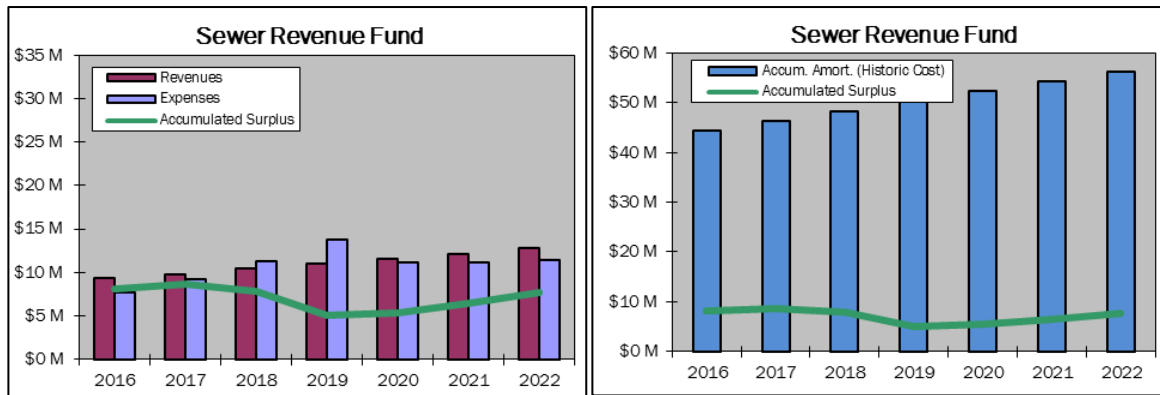
When setting water rates, we need to consider not only our own planned expenditures and infrastructure requirements, but also those planned by the region. Several years ago, the Regional District had projected rate increases that were very significant with one year as high as 18%. Since that time they have deferred projects and water rates increases were only increased marginally. The municipal rate increase has been set at 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 2018 sewer fees are approximately \$370 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 approximately 9% in 2018. 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 remained unchanged between 2013 and 2017. A rate increase of 1.67% is planned for 2018 followed by 2.75% annually in 2019 through 2022; however rates will continue to be reviewed annually.



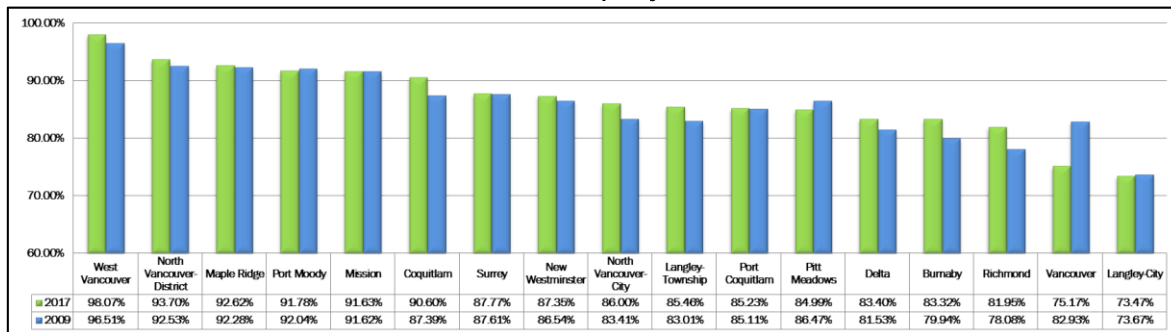
# FINANCIAL OVERVIEW REPORT

## Composition of Property Assessment Base

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

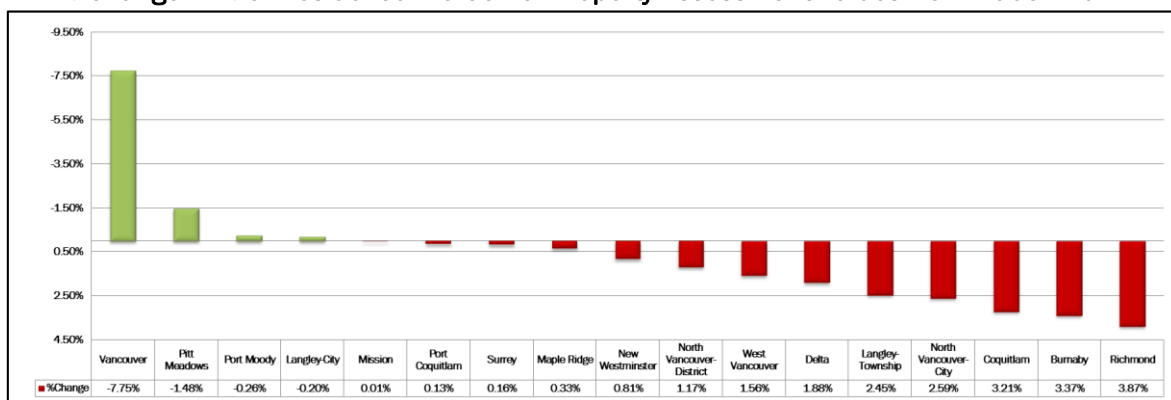
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 73.47% in the City of Langley to a high of 98.07% in West Vancouver. The chart also shows how this percentage has changed between 2009 and 2017.

Lower Mainland Municipalities  
% of Residential Class Property Assessment Values



Four area municipalities have seen a reduction in the proportion of the assessment base that is represented by Residential properties; 13, including Maple Ridge have shown an increase.

Lower Mainland Municipalities  
% Change in % of Residential Portion of Property Assessment Values from 2009–2017



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, 2010 and 2017 Revised Rolls

# FINANCIAL OVERVIEW REPORT

## Budget Summary

Much of the discussion has 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 Public Works & Development Services and others, such as Protective Services, do not. This table summarizes the financial summary sheets included in each department's 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 area's budget is included in each department's Business Plan.

City of Maple Ridge								
Proposed Financial Plan 2018-2022								
All \$ values in 000's (thousands)	Adopted 2017	Proposed 2018	Proposed Changes		Proposed			
			\$	%	2019	2020	2021	2022
<b>General Revenue &amp; Taxation</b>								
Financial Services - Revenue & Taxation	(83,416)	(87,518)	(4,102)	5%	(91,905)	(96,703)	(101,771)	(107,125)
<b>Administration</b>								
CAO Administration	530	535	6	1%	544	554	564	575
Communications	282	285	3	1%	289	294	299	305
Economic Development	502	506	4	1%	491	500	511	522
Emergency Program	133	137	5	4%	140	143	146	148
Human Resources	1,411	1,501	90	6%	1,574	1,630	1,661	1,692
Legislative Services	651	659	7	1%	671	683	696	708
Sustainability & Corporate Planning	293	358	65	22%	391	400	410	420
<b>Total Administration</b>	<b>3,801</b>	<b>3,981</b>	<b>180</b>	<b>5%</b>	<b>4,101</b>	<b>4,204</b>	<b>4,287</b>	<b>4,371</b>
<b>Corporate &amp; Financial Services</b>								
CFS Administration	375	279	(96)	(26%)	349	419	489	560
Clerks	1,265	1,507	242	19%	1,431	1,455	1,482	1,610
Finance	1,500	1,596	95	6%	1,630	1,665	1,705	1,746
Fire Protection	12,664	13,138	474	4%	13,535	13,985	14,447	14,894
Fiscal Services	13,055	14,351	1,296	10%	14,732	17,093	17,899	20,701
Information Technology	2,951	3,128	177	6%	3,243	3,360	3,485	3,612
Police Services	21,834	22,371	537	2%	23,178	23,877	24,739	25,349
<b>Total CFS</b>	<b>53,643</b>	<b>56,369</b>	<b>2,726</b>	<b>5%</b>	<b>58,097</b>	<b>61,853</b>	<b>64,247</b>	<b>68,471</b>
<b>Parks, Recreation &amp; Culture</b>								
PRC Administration	3,342	3,843	501	15%	5,680	5,699	7,597	7,735
Community Development	693	703	9	1%	718	732	749	766
Community Services	726	735	8	1%	750	766	784	802
Facilities	2,201	2,210	9	0%	2,268	2,351	2,360	2,369
Leisure Centre / Pools	1,433	1,461	28	2%	1,513	1,565	1,623	1,685
Parks & Open Space	2,363	2,485	122	5%	2,556	2,688	2,763	2,900
Program Development	3,427	3,525	98	3%	3,623	3,725	3,829	3,937
Recreation - Other	1,244	1,372	128	10%	1,482	1,502	1,518	1,534
<b>Total PRC</b>	<b>15,429</b>	<b>16,333</b>	<b>904</b>	<b>6%</b>	<b>18,590</b>	<b>19,028</b>	<b>21,222</b>	<b>21,727</b>
<b>Public Works &amp; Development</b>								
PWDS Administration	278	312	34	12%	381	449	521	592
Building	(266)	(320)	(54)	20%	(327)	(275)	(216)	(155)
Engineering	2,123	2,245	122	6%	2,209	2,313	2,283	2,389
Licences & Bylaws	766	661	(105)	(14%)	703	745	792	840
Operations	5,628	5,877	249	4%	6,046	6,223	6,406	6,593
Planning	2,014	2,060	46	2%	2,104	2,162	2,229	2,297
Recycling, Sewer & Water *	-	-	-	-	-	-	-	-
<b>Total PWDS</b>	<b>10,543</b>	<b>10,836</b>	<b>293</b>	<b>3%</b>	<b>11,117</b>	<b>11,617</b>	<b>12,014</b>	<b>12,555</b>
* Recycling Sewer and Water are user fee based and are not funded from general taxation								
<b>Total Annual Budget Surplus</b>								
General Revenue Surplus available (before incrementals)		<b>161</b>			<b>83</b>	<b>590</b>	<b>1,055</b>	<b>1,931</b>
Less: Proposed Incremental Adjustments		63			63	270	402	534
General Revenue Surplus available (after incrementals)		<b>98</b>			<b>20</b>	<b>320</b>	<b>653</b>	<b>1,397</b>

## Capital Program

### Status of 2017 Capital Projects

The budget for the 2017 Capital Works Program is just over \$127 million, with funding coming from multiple sources, including approximately \$50 million from Development Cost Charges. The 2017 budget 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 \$97 million and consists of projects that are in various stages as follows:

- Complete or nearly complete \$24.0M
- Well underway 9.0M
- Early stages of design and tendering 51.0M
- Early stages of review 13.0M

The budget for projects not yet started is approximately \$30 million and is comprised of projects in the following stages:

- Reliant on Other Capital Work \$ 9.5M
- Land Acquisition Delays 9.0M
- Other 7.5M
- Strategic, Staffing & Technical Delays 4.0M

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

- Fire Hall No. 4 Construction and Equipment
- Parks & Recreation:
  - Park Acquisitions (various locations)
  - Leisure Centre Renovations
- Road & Drainage Works:
  - 240 St. (Lougheed Hwy. – 104 Ave.)
  - 128 Ave. (216 St. – 224 St.)
  - 203 St. (Lougheed Hwy. – Golden Ears Way)
- Water Reservoirs Works:
  - 270A St. Reservoir
  - McNutt Reservoir
  - Grant – Albion Reservoir Expansion

Projects that are not complete at the end of 2017 remain in the Capital Plan. They are reviewed at year-end and the projects as well as the associated funding are carried forward to be included in the 2018-2022 Financial Plan when it 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.*

# FINANCIAL OVERVIEW REPORT

## 2018 - 2022 Capital Plan

The five-year Capital Works Program is \$191 million; 2018 planned capital projects are \$62.8 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>Section \$ in thousands</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Government	700	1,524	511	964	374
Technology	1,618	2,345	1,972	1,193	1,196
Protective Fire	1,498	-	-	-	-
Protective Police	9	40	158	-	-
Parks	26,478	23,635	2,693	2,866	1,365
Highways	15,799	9,556	12,455	12,139	7,303
Drainage	1,516	2,587	3,089	2,682	3,753
Sewage	8,328	5,786	1,966	941	941
Water	6,912	6,543	3,310	4,395	4,775
<b>Grand Total</b>	<b>62,857</b>	<b>52,015</b>	<b>26,154</b>	<b>25,179</b>	<b>19,706</b>

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>Fund Group \$ in thousands</i>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>General Revenue</b>	<b>3,276</b>	<b>3,555</b>	<b>3,318</b>	<b>3,629</b>	<b>1,352</b>
<b>Debt</b>	<b>20,500</b>	<b>19,000</b>	-	-	-
Albion Amenity Reserve	1,000	-	-	-	-
Capital Works Reserve	150	150	150	150	150
Community Amenity Reserve	3,000	1,000	-	-	-
Development Cost Charges	10,769	9,124	7,172	4,573	2,584
Drainage Improvement Levy	1,228	1,474	1,735	2,010	2,300
Equip Replacement Reserve	3,461	2,187	1,395	1,963	2,183
Fire Dept Capital Reserve	692	-	-	-	-
Gaming	200	190	200	190	200
Grants, LAS, 3rd Parties	4,142	1,059	1,565	1,650	1,000
Infrastructure Sustainability Reserve	4,159	4,643	5,095	5,614	6,099
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	12	37	131	5	-
Recycling Reserve	65	390	60	380	80
Sewer Capital	4,477	4,583	1,333	673	658
Surplus	500	500	500	-	-
Water Capital	5,026	3,923	3,299	4,143	2,900
<b>Total Capital Program</b>	<b>62,857</b>	<b>52,015</b>	<b>26,154</b>	<b>25,179</b>	<b>19,706</b>

A discussion of some of the key funding sources follows:

## General Revenue

This represents funding contributed by general tax levies.

## Capital Works Reserve

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

## Development Cost Charges

These are revenues collected from the development community for specific capital works required as a result of development. The types of projects for which fees can be levied are determined by provincial legislation and the funds can only be expended for those projects. DCC funding has been a key source of funding for improvements along Abernethy Road.

## 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.

## FINANCIAL OVERVIEW REPORT

Here is a recap of all of our Reserves as at the end of 2016, the main ones of which are discussed in the following pages.

*\$ in thousands*

<b>Accumulated Surplus</b>		<b>Reserve Accounts</b>	
General Revenue	9,286	<b>General Revenue:</b>	
Sewer Revenue	8,145	Specific Projects - Capital	8,328
Water Revenue	11,296	Specific Projects - Operating	7,834
<b>Total Accumulated Surplus</b>	<b>28,727</b>	Self-Insurance	849
		Police Services	7,299
		Core Development	1,780
		Recycling	2,149
		Community Development	—
<b>Reserve Fund Balances</b>		Building Inspections	3,120
Local Improvement	2,565	Gravel Extraction	762
Equipment Replacement	15,143	Facility Maintenance	2,442
Capital Works	10,728	Snow Removal	473
Fire Department Capital	8,404	Cemetery Maintenance	118
Sanitary Sewer	1,636	Infrastructure Sustainability	3,358
Land	279	Drainage Improvements	807
<b>Reserve Funds</b>	<b>38,755</b>	Critical Building Infrastructure	204
		Infrastructure Grant Contribution	4
		Gaming Revenues	1,337
		<b>General Revenue Reserve Accounts</b>	<b>40,864</b>
<b>Restricted Revenue Balances</b>		Sewer Reserve Accounts	2,461
Development Cost Charges	26,019	Water Reserve Accounts	2,561
Parkland (ESA) Acquisition	412	<b>Total Reserve Accounts</b>	<b>45,886</b>
Other Restricted Revenues	6,971		
<b>Total Restricted Revenues</b>	<b>33,402</b>		

*Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$100.9 million*

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

# FINANCIAL OVERVIEW REPORT



## Capital Works Reserve

The Capital Works Reserve Fund is intended to assist with funding capital projects, especially those that cannot be funded from development revenues. Generally, this reserve builds funds for large projects and is then drawn down. Each year, a percentage of general taxation is added to this account along with a portion of the proceeds from land sales and other fixed amounts. In previous years, gravel revenues were added to the reserve, that agreement has expired and the annual contributions to the capital works reserve have been adjusted to reflect this. 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 was temporarily used to internally finance the conversion of synthetic fields for \$3 million in 2017 and is expected to be replenished by 2020, largely through the proceeds expected from the sale of lands in the town centre.

Here is our analysis of the Capital Works Reserve.

### Capital Works Reserve Projection

<i>\$ in thousands</i>	2018	2019	2020	2021	2022
<b>Opening Balance</b>	453	3,225	5,895	9,942	11,538
<b>Inflows</b>					
GRF Annual Transfer	1,175	1,207	1,256	1,321	1,375
Gravel Revenue Adjustment	(500)	(500)	(500)	(500)	(500)
Land Sales Proceeds	1,583	1,500	2,500	-	-
Repayment Pool Reno (Other Reserves)	870	870	870	870	870
<b>Total Inflows</b>	3,128	3,077	4,126	1,691	1,745
<b>Outflows</b>					
Planned Capital Expenditures	(150)	(150)	(150)	(150)	(150)
Balance of GCF funded capital	(207)	(257)	71	54	2,491
Debt (River Road)	-	-	-	-	-
<b>Total Outflows</b>	(357)	(407)	(79)	(96)	2,341
<b>Estimated Ending Balance</b>	3,225	5,895	9,942	11,538	15,624
Min Reserve (10% PY Taxes)	7,218	7,628	8,059	8,510	8,986
<b>Unencumbered Balance</b>	(3,994)	(1,733)	1,884	3,028	6,638

Capital Program

# FINANCIAL OVERVIEW REPORT

## Fire Department Capital Acquisition Reserve

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

**Fire Department Capital Acquisition Reserve Projection**

<i>\$ in thousands</i>	2018	2019	2020	2021	2022
<b>Opening Balance</b>	7,168	7,388	8,437	9,628	10,965
<b>Inflows</b>					
Growth Funding	280	330	380	430	480
GRF Annual Transfer	1,433	1,519	1,611	1,708	1,811
<b>Outflows</b>					
Planned Capital Expenditures	(692)	-	-	-	-
Debt Repayments (Firehall 4)	(800)	(800)	(800)	(800)	(800)
<b>Estimated Ending Balance</b>	7,388	8,437	9,628	10,965	12,456

## 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>	2018	2019	2020	2021	2022
<b>Opening Balance</b>	618	465	1,289	2,234	3,301
<b>Inflows</b>					
GRF Annual Transfer	752	825	944	1,067	1,194
<b>Outflows</b>					
Planned Capital Expenditures	(905)	-	-	-	-
<b>Estimated Ending Balance</b>	465	1,289	2,234	3,301	4,495



# FINANCIAL OVERVIEW REPORT



## Infrastructure Sustainability

Beginning in 2008, Council directed an annual tax increase of 1% to go toward infrastructure sustainability. This helps with major rehabilitation and replacement of the City's assets which currently have a replacement value estimated in excess of \$1.6 billion. For the years 2018 through 2022, the amount of the increase is 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 a fraction of what is required to maintain their condition. Over the past number of years we have been able to increase the annual amount dedicated to road maintenance and, as a result, we are seeing positive results in the condition of our roads, though further funding is needed to close the gap between current and recommended funding levels. This funding gap results in deferred maintenance which translates into larger future expenditures to resurface or perhaps even reconstruct roads.

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

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

**Infrastructure Sustainability Allocation of Funding**

\$ in thousands	2018	2019	2020	2021	2022
<b>Inflows</b>					
Property Taxes Prior Year	4,159	4,159	4,159	4,159	4,159
Property Tax Increase	545	1,121	1,728	2,370	3,048
Gaming Funds	550	550	550	550	550
Town Centre Incentive	584	584	584	584	584
<b>Total Inflows</b>	<b>5,839</b>	<b>6,414</b>	<b>7,022</b>	<b>7,664</b>	<b>8,341</b>
<b>Allocations</b>					
Building Infrastructure Planned	1,090	1,140	1,215	1,290	1,365
Fire Dept - Equipment Replacement	325	375	450	525	600
Highways ISR Capital Planned	3,474	3,828	4,170	4,539	4,944
Drainage Capital Planned	875	990	1,100	1,215	1,330
Major Equipment/Systems Reserve	75	81	87	94	102
<b>Total Allocations</b>	<b>5,839</b>	<b>6,414</b>	<b>7,022</b>	<b>7,664</b>	<b>8,341</b>
<b>Estimated Ending Balance</b>	-	-	-	-	-

Capital Program

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

## Capital Funded by Others

The Capital Program includes \$1 million of funding each year as a placeholder for Local Area Services that property owners may petition the City to construct. The cost of these local improvements are typically recovered over 15 years as a separate charge included on the property tax bills of benefiting properties. In addition, \$4 million of grants or other external funding is planned over the next five years. Projects will be re-evaluated if funding is not secured.

(\$ in thousands)	CFO%	TOTAL CAPITAL COST		
		2018	2019	2020
118 Ave (230 - 231)	10% -	-	-	152
232 St (116 - Slager) Design	4% -	-	250	-
232 St (116 - Slager) Construction	4% -	-	-	1,601
232 St (132 - Silver Valley) Construct Phase 2	7%	6,300	-	-
288 St (Storm Main at Watkins Sawmill)	100%	50	-	30
Dewdney at 238B St Intersection Improvements	20% -	-	200	-
Diking District 13 PS Service Analysis	100%	100	-	-
Downtown Improvements - Lougheed 224 - 226	71%	3,400	-	-
Front Counter Kiosk Expansion	20% -	-	-	150
MR Drainage to PM Diking Area ISMP	100%	200	-	-
RCMP - Furniture Replacement	20% -	-	40	-
RCMP - Main Building Renovations	20%	9	-	8
		<b>10,059</b>	<b>490</b>	<b>1,941</b>

## 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 2016 Annual Report the unused liability servicing capacity at the end of 2016 was \$24.6 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 \$4 million.

### Ministry and Elector Approval

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

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

# FINANCIAL OVERVIEW REPORT

## Previously Approved Borrowing Still Unissued

The 2018 - 2022 Financial Plan includes debt payments on the following previously approved projects:

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

The City has authorization to borrow \$6 million for this project, with the debt servicing costs funded from the Fire Department Capital Acquisition Reserve. This project was approved quite some time ago and it is likely that the construction costs need to be updated. Council recently approved a contract for the design work for Fire Hall No. 4 which will provide a more accurate cost estimate. The intent is to fund additional costs from the same reserve as the debt payments.

### 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.

## Proposed Borrowing for Parks & Recreation Projects

In July, following an extensive public consultation process, Council directed staff to proceed with a number of Parks & Recreation projects. The funding strategy for these projects included borrowing of \$49.5 million. Electoral approval is required to proceed with borrowing and Council has elected to follow the Alternative Approval Process to obtain this. In September the first step of this process was advanced when Council gave three readings to the Loan Authorization Bylaws for each project.

The following amounts are included in the City's Capital Program as debt funding.

MR Leisure Ctr Renovation:	\$3.5 million
Telosky Stad Synthetic Fields:	\$7.0 million
Albion Community Centre:	\$8.5 million
Silver Valley Gath'g Places:	\$1.0 million
Hammond Comty Ctr Reno:	\$2.5 million
Whonnock Lk Canoe & Kayak	\$1.0 million
MRSS Track Facility Upgrades	\$2.5 million
Additional Ice Sheet	\$23.5 million

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

Council also advanced a \$6 million Loan Authorization bylaw for an outdoor pool. The vision for this project has since changed, necessitating further work to assess the impact of the change and related cost implications. As a result the outdoor pool is not included in the 2018-2022 Financial Plan at this time. The Financial Plan can be amended once the additional details are known.

## Potential Future Borrowing

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

## 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 2017 taxation year was approximately \$592,666.

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 \$592,666	2017	2018	2019	2020	2021	2022
Average Home Municipal Levies:						
General Purpose (Gen. & ISR)	\$ 1,934.64	\$ 1,986.13	\$ 2,041.46	\$ 2,098.79	\$ 2,158.19	\$ 2,219.72
Drainage	25.78	31.72	37.87	44.24	50.84	57.68
Parks & Recreation	19.80	31.68	43.98	56.72	69.92	83.59
Subtotal Property Taxes	\$ 1,980.22	\$ 2,049.53	\$ 2,123.31	\$ 2,199.75	\$ 2,278.95	\$ 2,360.99
User Fees						
Recycling (fixed rate)	\$ 71.37	\$ 72.56	\$ 74.56	\$ 76.61	\$ 78.72	\$ 80.88
Water (fixed rate)	578.20	604.20	631.40	659.80	689.50	720.55
Sewer (fixed rate)	357.25	368.85	380.85	393.30	406.20	419.55
Total Property Taxes and User Fees*	\$2,987.04	\$3,095.14	\$3,210.12	\$3,329.46	\$3,453.37	\$3,581.97
* Does not include collections for others (School, BCAA, GVTA, GVRD, MFA)						
	2017	2018	2019	2020	2021	2022
Average Home Municipal Levies Increases:						
General Purpose	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Parks & Recreation	0.25%	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase %	3.15%	3.50%	3.60%	3.60%	3.60%	3.60%
Recycling Increase %	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%
Water Increase %	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer Increase %	3.24%	3.25%	3.25%	3.27%	3.28%	3.29%
Total Property Taxes and User Fees Increase	3.39%	3.62%	3.72%	3.72%	3.72%	3.72%

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

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

# FINANCIAL OVERVIEW REPORT

## How Our Taxes Compare to Other Municipalities

Each year, we look at how our taxes compare to other municipalities. Our survey of 2017 Residential taxes was provided to Council on June 6, 2017 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 34 because the value on page 34 includes stratas.

**Survey of 2017 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	673,925	2,041	2	967	3,008	1	
Langley-Township	813,562	2,021	1	1,214	3,235	2	
Mission	561,276	2,087	3	1,187	3,274	3	(3)
Surrey	1,030,922	2,274	4	1,012	3,286	4	(6)
Port Coquitlam	882,814	2,368	6	937	3,306	5	
<b>Maple Ridge</b>	<b>690,966</b>	<b>2,309</b>	<b>5</b>	<b>1,007</b>	<b>3,315</b>	<b>6</b>	<b>(7)</b>
Delta	1,017,542	2,491	7	1,035	3,526	7	(2)
Coquitlam	1,194,548	2,587	8	1,194	3,781	8	
Richmond	1,666,820	2,621	10	1,162	3,782	9	(5,6)
North Vancouver-City	1,598,641	2,757	11	1,031	3,788	10	(4)
Burnaby	1,648,485	2,617	9	1,179	3,795	11	(1)
Port Moody	1,267,812	3,268	15	1,072	4,340	12	(1)
North Vancouver-District	1,754,983	2,820	12	1,557	4,376	13	
Vancouver	2,464,420	3,107	14	1,271	4,378	14	
New Westminster	1,118,416	3,066	13	1,385	4,452	15	(1)
West Vancouver	3,734,538	4,561	16	1,094	5,655	16	(5,6)
Average	1,382,479	2,687		1,144	3,831		
Median	1,156,482	2,602		1,128	3,782		
Highest	3,734,538	4,561		1,557	5,655		
Lowest	561,276	2,021		937	3,008		

**Notes:**  
 Values are rounded.  
 \* Average Assessed Value determined by using BC Assessment's 2017 Revised Roll Totals, Property Class Residential Single Family, divided by number of occurrences. Value has not been adjusted for new construction or supplementary changes.  
 (1) Water, Sewer, Garbage/Recycling Rates receive 5% discount for on time/early payment.  
 (2) Municipal tax rates are averaged.  
 (3) Drainage Levy Rate/Amount excluded from analysis. According to Mission staff, only approximately 25 homes are charged this levy - not representative of an average home in Mission.  
 (4) Water and Sewer Rates reflect a 5% discount for on time/early payment.  
 (5) Water, Sewer, Garbage/Recycling Rates receive 10% discount for on time/early payment.  
 (6) Sewer and Water are metered and are therefore projected amounts.  
 (7) Utility Rates include Water, Sewer and Recycling.

How Our Taxes Compare to Other Municipalities

# FINANCIAL OVERVIEW REPORT

In the 2017 survey on Residential taxes, we also looked at the tax increases over the past 3 years across surveyed municipalities. Tax increases in 2017 ranged from a low of 3.1% in North Vancouver City to a high of 12% in West Vancouver. The tax increase to the average single family dwelling in Maple Ridge was 4.7%; note the 2-year change of 8.7% in Maple Ridge was the lowest of all cities surveyed.

Municipality	2015	2016		2017		2 year Change
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes	
Langley Township	1,840	4.9%	1,929	4.7%	2,021	9.6%
Pitt Meadows	1,847	4.6%	1,931	5.7%	2,041	10.3%
Mission	1,915	3.4%	1,980	5.4%	2,087	8.8%
Surrey	1,985	6.2%	2,107	7.9%	2,274	14.1%
<b>Maple Ridge</b>	<b>2,120</b>	<b>4.0%</b>	<b>2,205</b>	<b>4.7%</b>	<b>2,309</b>	<b>8.7%</b>
Port Coquitlam	2,132	5.7%	2,253	5.1%	2,368	10.8%
Delta	2,260	6.2%	2,400	3.8%	2,491	10.0%
Coquitlam	2,329	5.6%	2,460	5.1%	2,587	10.8%
Burnaby	2,281	7.3%	2,447	6.9%	2,617	14.2%
Richmond	2,205	8.0%	2,383	10.0%	2,621	18.0%
North Vancouver City	2,419	10.5%	2,674	3.1%	2,757	13.6%
North Vancouver District	2,581	4.9%	2,708	4.1%	2,820	9.0%
New Westminister	2,634	7.6%	2,835	8.1%	3,066	15.8%
Vancouver	2,685	7.9%	2,896	7.3%	3,107	15.2%
Port Moody	2,804	7.5%	3,015	8.4%	3,268	15.9%
West Vancouver	3,901	4.3%	4,071	12.0%	4,561	16.4%

## Commercial Taxes

In 2017, we also surveyed taxes assessed against the Business Class 6 and a detailed report was provided to Council on July 11, 2017. 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 2017, our tax multiple was 3.27 (10.9322 Business Class 6 rate divided by 3.3412 Residential Class rate). A lower tax multiple is preferred by businesses.

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

Year	Business	Residential	Multiple
2013	12.2307	4.2833	2.86
2014	12.7314	4.4625	2.85
2015	12.3038	4.4713	2.75
2016	11.8801	4.3761	2.71
2017	10.9322	3.3412	3.27

## FINANCIAL OVERVIEW REPORT

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

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

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

Municipality	2015	2016	2017		
	Multiple	Multiple	Business Rate	Multiple	Rank
Chilliwack	2.0	2.0	9.34863	2.3	1
Langley, City	2.3	2.6	8.47240	3.0	2
Abbotsford	2.4	2.3	11.47816	3.1	3
West Vancouver	2.6	3.0	3.79620	3.1	4
Port Moody	2.9	2.7	8.08740	3.1	5
<b>Maple Ridge</b>	<b>2.8</b>	<b>2.7</b>	<b>10.93220</b>	<b>3.3</b>	<b>6</b>
Surrey	2.8	2.9	6.32140	3.3	7
Pitt Meadows	2.8	2.9	10.25440	3.4	8
Langley, Township	3.0	3.0	8.75520	3.5	9
Richmond	3.2	3.2	5.60635	3.6	10
Mission	2.9	3.0	13.56327	3.6	11
Delta	2.9	3.1	9.26814	3.8	12
Port Coquitlam	3.0	3.2	10.54470	3.9	13
North Vancouver, City	3.3	3.5	7.38566	4.1	14
New Westminster	3.5	3.6	11.33850	4.1	15
North Vancouver, District	3.5	3.9	7.07029	4.4	16
Vancouver	4.2	4.2	5.79012	4.6	17
Burnaby	4.0	4.2	7.49000	4.7	18
Coquitlam	4.2	4.5	11.81700	5.5	19

How Our Taxes Compare to Other Municipalities

## Financial Indicators

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

The data for the indicators shown comes from the Province's Local Government Statistics section and is compiled from reports that each municipality is required to submit to the Province. The municipalities shown are all GVRD members (the smaller villages have been excluded), with the addition of the neighbouring municipalities of Mission, Abbotsford and Chilliwack. The comparisons we have used are for the years 2014 and 2015 as 2016 information was not available at the time this report was prepared.

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

### Percentage of Liability Servicing Limit Used

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

### Debt Per Capita

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

### Debt servicing as a percentage of tax revenue

This was calculated by dividing the total

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

### Total Assets to Liabilities

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

### Financial Assets to Liabilities

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

### Government Transfers to Revenues

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

### Expenditures Per Capita

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

### Tax Revenues Per Capita

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

### Taxes Per Capita as a Percentage of Expenditures Per Capita

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



## FINANCIAL OVERVIEW REPORT

While looking at the percentage of a municipality's liability servicing limit that has already been used provides useful information it can be impacted by decisions, such as to repay or refinance debt. For example in 2014 Mission shows 52% of the liability servicing limit in use, but then this drops to 6% in 2015. The 2015 number was impacted by a decision to repay debt in 2014.

	Percentage of Liability Servicing Limit Used		Debt Per Capita		Debt Servicing as a Percentage of Tax Revenue	
	2015	2014	2015	2014	2015	2014
<b>Abbotsford</b>	13%	24%	\$ 470	\$ 502	5%	10%
<b>Burnaby</b>	0%	0%	-	-	0%	0%
<b>Chilliwack</b>	4%	3%	63	81	2%	1%
<b>Coquitlam</b>	8%	19%	151	183	3%	7%
<b>Delta</b>	3%	2%	44	58	1%	1%
<b>Langley (City)</b>	0%	0%	-	-	0%	0%
<b>Langley (Township)</b>	12%	9%	657	717	5%	4%
<b>Maple Ridge</b>	15%	16%	420	466	6%	6%
<b>Mission</b>	6%	52%	161	180	3%	25%
<b>New Westminster</b>	4%	34%	909	895	3%	21%
<b>North Vancouver (City)</b>	1%	1%	27	33	0%	0%
<b>North Vancouver (District)</b>	7%	6%	545	235	3%	3%
<b>Pitt Meadows</b>	10%	8%	364	412	4%	3%
<b>Port Coquitlam</b>	6%	7%	366	382	3%	3%
<b>Port Moody</b>	10%	12%	363	391	4%	5%
<b>Richmond</b>	6%	3%	224	253	3%	1%
<b>Surrey</b>	16%	10%	433	479	7%	4%
<b>Vancouver</b>	16%	63%	1,524	1,428	8%	32%
<b>West Vancouver</b>	3%	4%	175	189	2%	2%
<b>White Rock</b>	1%	0%	735	11	0%	0%
<b>Average*</b>	7%	13%	380	338	3%	6%

The data shown is for 2015 vs 2014 as 2016 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.

## FINANCIAL OVERVIEW REPORT

A comparison of assets to liabilities in any given year will be affected by business decisions made during the year that do not necessarily reflect a decline in the fiscal health of a municipality. For example, a decision to borrow money will increase liabilities and reduce these ratios, as seen with White Rock in 2015.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2015	2014	2015	2014	2015	2014
Abbotsford	9.35	9.47	1.57	1.36	0.06	0.12
Burnaby	17.38	19.29	5.68	5.91	0.04	0.04
Chilliwack	12.06	11.78	2.30	2.14	0.07	0.07
Coquitlam	14.86	14.49	2.57	2.41	0.05	0.06
Delta	10.97	10.01	2.35	2.17	0.01	0.02
Langley (City)	10.48	10.87	2.15	2.44	0.18	0.17
Langley (Township)	7.65	7.31	1.22	1.08	0.03	0.02
Maple Ridge	9.12	8.49	1.58	1.41	0.03	0.02
Mission	16.63	17.03	2.64	2.46	0.04	0.13
New Westminster	5.85	6.28	1.38	1.35	0.05	0.07
North Vancouver (City)	6.44	6.00	2.44	2.58	0.03	0.06
North Vancouver (District)	5.76	6.58	1.72	1.88	0.07	0.06
Pitt Meadows	9.31	9.34	1.52	1.33	0.02	0.02
Port Coquitlam	9.86	9.39	2.00	1.73	0.02	0.01
Port Moody	19.92	19.17	1.78	1.67	0.05	0.07
Richmond	8.73	8.76	2.88	2.83	0.05	0.06
Surrey	10.75	10.70	1.04	0.99	0.03	0.06
Vancouver	4.40	4.50	1.04	0.96	0.02	0.03
West Vancouver	6.31	6.01	1.21	1.06	0.11	0.10
White Rock	4.29	6.57	1.85	2.89	0.02	0.01
<b>Average*</b>	10.05	10.19	2.07	2.07	0.05	0.06

The data shown is for 2015 vs 2014 as 2016 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

## FINANCIAL OVERVIEW REPORT

Expenditures per capita are affected by annual variations in spending, particularly capital spending. In years where a greater amount of tangible capital assets are acquired, expenditures per capita will be higher than in years where a lesser amount is acquired. For example, in 2014 we recorded \$43 million for the acquisition of tangible capital assets and in 2015 we recorded \$57.6 million.

	Expenditures Per Capita		Tax Revenue Per Capita		Tax Revenue Per Capita as a Percentage of Expenditures Per Capita	
	2015	2014	2015	2014	2015	2014
Abbotsford	\$ 1,512	\$ 1,417	\$ 904	\$ 912	60%	64%
Burnaby	1,786	1,732	1,094	1,068	61%	62%
Chilliwack	1,496	1,385	827	849	55%	61%
Coquitlam	1,786	1,916	1,037	1,044	58%	54%
Delta	2,232	2,162	1,281	1,205	57%	56%
Langley (City)	1,841	1,673	872	894	47%	53%
Langley (Township)	1,972	2,016	972	957	49%	47%
<b>Maple Ridge</b>	<b>1,858</b>	<b>1,727</b>	<b>923</b>	<b>914</b>	<b>50%</b>	<b>53%</b>
Mission	1,541	1,553	806	801	52%	52%
New Westminster	2,455	2,364	970	985	40%	42%
North Vancouver (City)	3,129	2,039	1,019	1,041	33%	51%
North Vancouver (District)	2,469	2,122	1,056	1,012	43%	48%
Pitt Meadows	1,409	1,676	877	896	62%	53%
Port Coquitlam	1,342	1,540	974	967	73%	63%
Port Moody	1,662	1,692	1,053	1,015	63%	60%
Richmond	2,242	2,142	983	985	44%	46%
Surrey	1,524	1,833	662	624	43%	34%
Vancouver	2,228	2,227	1,079	1,048	48%	47%
West Vancouver	3,594	3,592	1,419	1,376	39%	38%
White Rock	2,465	1,747	1,125	1,147	46%	66%
<b>Average*</b>	<b>2,036</b>	<b>1,938</b>	<b>1,001</b>	<b>991</b>	<b>51%</b>	<b>53%</b>

The data shown is for 2015 vs 2014 as 2016 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 2018, the City expects approximately \$4.6 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 & Recreation Master Plan funding.

We continue to face pressures in delivering services to a community that is growing at a brisk pace. To address this a number of incremental requests are recommended to address workload pressures that have been building. In addressing priority items, the Corporate Management Team has reallocated funding from other areas to minimize the impact to the bottom line.

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 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 for 2018-2022 Financial Plan

This past July, Council established the budget guidelines for staff to use in developing the 2018 - 2022 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 2018 - 2022 Financial Plan Bylaw, incorporating the following:

1. General Purpose Property Tax Increase – 1.90% in 2018 and 2.00% per year in 2019 through 2022.
2. Infrastructure Sustainability Property Tax Increase – 0.70% per year.
3. Parks, Recreation & Culture Property Tax Increase – 0.25% per year.
4. Parks and Recreation Facilities Tax Increase – 0.35 per year for seven years
5. Storm Water Property Tax Increase – 0.30% per year.
6. Water Levy Increase – 4.50% per year.
7. Sewer Levy Increase – 3.60% per year.
8. Recycling Levy Increase – 1.67% in 2018 and 2.75% per year in 2019 through 2022.
9. Growth in Property Tax Revenue Assumption – 2.00% per year.
10. Incremental Adjustments as outlined on page 12.
11. Provision for costs associated with growth as outlined on page 10, subject to available funding.
12. Capital Works Program totaling \$62.9 million in 2018, \$52 million in 2019, \$26.2 million in 2020, \$25.2 million in 2021 and \$19.7million in 2022.
13. Cost and revenue adjustments from page 11, which reconciles the 2017 - 2021 Financial Plan with the 2018 - 2022 Financial Plan.

## General Information

### Public Input

Each year we invite citizens and stakeholders to provide comment on the Financial Plan. The first opportunity comes in the spring, when Council adopts guidelines that will direct staff in the preparation of the Financial Plan. The second opportunity is in November/December, when Council formally considers the proposed Financial Plan.

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

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

Trevor Thompson, Manager of Financial Planning  
City of Maple Ridge  
11995 Haney Place  
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Get a copy of the Financial Plan on our website [www.mapleridge.ca](http://www.mapleridge.ca)



# FINANCIAL OVERVIEW REPORT

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