

**City of Maple Ridge
Audit & Finance Committee**

**May 29, 2017
10:30 AM
Blaney Room**

Chairperson: Councillor Masse
Committee Members: Mayor Read; Councillors C. Bell; K. Duncan; G. Robson; T. Shymkiw;
C. Speirs

Staff:

Chief Administrative Officer:	T. Swabey
GM – Corporate & Financial Svc:	P. Gill
GM – Public Works & Development	F. Quinn
GM – Community Dev. Park & Rec	K. Swift
Manager of Accounting:	C. Nolan
Manager of Financial Planning	T. Thompson
Manager Sustainability & Corporate Planning	L. Benson

Recording Secretary: Amanda Gaunt

AGENDA

- 1. *Approval of agenda***
- 2. *Approval of minutes of May 8, 2017***
- 3. *Business Planning Guidelines 2018-2022***
- 4. *Maple Ridge/Pitt Meadows Community Services – Affordable Housing***
- 5. *Debt Financing***
- 6. *Adjournment***

“Original signed by Catherine Nolan”

*Agenda submitted by: C. Nolan, CPA, CGA
Manager of Accounting*

City of Maple Ridge

Audit & Finance Committee Meeting Minutes

May 8, 2017

The Minutes of the Audit and Finance Committee Meeting held in the Blaney Room of the Municipal Hall, 11995 Haney Place, Maple Ridge, BC on Monday, May 8, 2017 at 9:00 a.m.

PRESENT

Committee Members

Councillor Masse, Chair
Councillor Duncan
Councillor Robson
Councillor Shymkiw
Councillor Speirs

Municipal Staff

T. Swabey, Chief Administrative Officer
P. Gill, General Manager Corporate & Financial Services
K. Swift, General Manager Parks, Recreation & Culture
F. Quinn, General Public Works & Development
C. Nolan, Manager of Accounting
T. Thompson, Manager of Financial Planning
D. Boag, Director of Parks & Facilities

Absent

Councillor Bell
Mayor Read

Guest

B. Cox, BDO Canada LLP

The meeting was called to order at 9:03 a.m.

1. ***Approval of the Agenda***

It was moved and seconded

That the agenda for the May 8, 2017 Audit & Finance Committee meeting be approved as circulated.

CARRIED

Note: Councillor Shymkiw joined the meeting at 9:06 a.m.

2. ***Approval of minutes of April 24, 2017***

The Committee discussed item 6, Council Compensation – Remuneration. The Committee agreed that the minutes reflected the direction from the April 24, 2017 meeting. Upon further discussion the Committee directed staff to bring forward a bylaw addressing annual adjustments based on changes in Vancouver CPI. Any adjustment to remuneration relating to the proposed 2019 change to the Income Tax Act will be discussed once further information is available.

It was moved and seconded

That the minutes of the Audit & Finance Committee of March 20, 2017 be adopted as circulated.

CARRIED

3. Reserves

The Manager of Accounting provided a presentation reviewing the City's accumulated surplus, reserve fund, reserve account and restricted revenue balances as at December 31, 2016.

Note: Councillor Duncan left the meeting at 9:26 a.m.

The Committee discussed possible funding strategies for developing additional artificial turf fields in the community.

Note: Councillor Duncan returned to the meeting at 9:39 a.m.

4. Future Meetings

The Committee discussed when future Audit & Finance Committee meetings should be scheduled. The Committee agreed the next meeting would be scheduled for 10:30 a.m. on a Monday. The Committee advised staff that subsequent meetings should be scheduled for later in an afternoon.

5. Council Training, Conferences & Association Building - Policy 3.07

The Manager of Accounting reviewed the current policy and asked the Committee for direction as to any changes that should be made at this time. The Committee provided direction to leave the policy as is at this time.

6. 2016 Audit Update

Bill Cox from BDO Canada LLP, the City's external auditor, reviewed the Audit Results Report with the committee. The discussion touched on the concept of materiality and reviewed the auditors work around key areas such as fraud investigation. The key messages delivered were that the audit went well, no evidence of fraud was found and a clean audit opinion was issued.

Note: Councillor Masse left the meeting at 10:11 a.m.; Councillor Shymkiw assumed the chair

Note Councillor Masse returned to the meeting at 10:12 a.m. and resumed as chair.

7. ***Notice of Closed Committee Meeting***

That the Committee meeting immediately following this meeting be closed to the public pursuant to section 90(1) of the Community Charter as the subject matter being considered relates to the following:

- Discussion with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report].

CARRIED

Adjournment – 10:15 a.m.

B. Masse, Chair

TO: Her Worship Mayor Nicole Read
and Members of Council
FROM: Chief Administrative Officer
SUBJECT: 2018-2022 Business & Financial Planning Guidelines

MEETING DATE: May 29, 2017
FILE NO:
MEETING: Audit & Finance Committee

EXECUTIVE SUMMARY:

Over the coming months, staff will be preparing the 2018-2022 Business & Financial Plans for Council's consideration in December. Business & Financial Planning Guidelines serve as direction to staff. They also provide the community with an early indication of forecasted property tax and fee increases.

The purpose of this report is to have Council review and endorse the guidelines so that work on the 2018-2022 Business & Financial Plans can begin.

RECOMMENDATION(S):

That the Business & Financial Planning Guidelines attached as Appendix A be approved.

Background and Discussion:

The proposed Business & Financial Planning Guidelines for 2018-2022 are attached and there are a number of reasons for early consideration of these:

- Provide an open and transparent overview of the key assumptions used in the development of the Financial Plan.
- Provide the community with an early indication of proposed property and fee increases.
- Allow for a lengthy public input period, before Council receives the formal Financial Plan that will incorporate these guidelines.
- Provide guidance to staff so that the Financial Plan that is presented to Council in December meets with Council's expectations.

A summary of what our tax property tax and user fee increases have been over the past period of time is included as Appendix B to this report. Staff recommend that the proposed increases for 2021 be extended to 2022, which is the new year to be included in the next Financial Plan.

The rationale for the tax increases is covered in detail in the 2017-2021 Financial Overview report that was provided to Council last December and is available on our website at www.mapleridge.ca.

It should be noted that these guidelines do not include the financial implications of the Community Facilities Investment conversations that are currently in progress. That will be done, once direction is received from Council.

CONCLUSION:

A significant amount of work on Business Planning will be done over the coming months and into the fall. The guidelines attached to this report will allow staff to develop a plan, aligned with Council direction.

“Original signed by Trevor Thompson”

Prepared by: Trevor Thompson, Manager of Financial Planning

“Original signed by Kelly Swift”

Approved by: Kelly Swift, GM: Parks, Recreation & Culture

“Original signed by Frank Quinn”

Approved by: Frank Quinn, GM: Public Works & Development Services

“Original signed by Paul Gill”

Approved by: Paul Gill, GM: Corporate & Financial Services

“Original signed by Ted Swabey”

Concurrence: E.C. (Ted) Swabey, Chief Administrative Officer

Appendix A – Business & Financial Planning Guidelines 2018-2022

Appendix B – History of Property Tax and User Fee Increases

Appendix A – Business & Financial Planning Guidelines 2018-2022

1. Guidelines for Financial Planning:

- 1.1. General Purposes Property Tax Increase – 1.90% in 2018, and 2.0% in 2019, 2020, 2021 and 2022.
- 1.2. Infrastructure Sustainability Property Tax Increase – 0.70% per year.
- 1.3. Parks, Recreation and Culture Property Tax Increase – 0.25% per year.
- 1.4. Storm Water Property Tax Increase – 0.30% per year.
- 1.5. Water Levy Increase – 4.50% per year.
- 1.6. Sewer Levy Increase – 3.60% per year.
- 1.7. Recycling Levy Increase – 1.67% in 2018 and 2.75% per year in 2019 through 2022.
- 1.8. Growth in Property Tax Revenue Assumption – 2.00% per year.
- 1.9. Provision for costs associated with growth, subject to available funding.
- 1.10. Allocation of growth revenue from incentive programs to fund Infrastructure Sustainability.
- 1.11. The Financial Plan will include a funding strategy to deliver on Council-identified priority community infrastructure. Various funding methods will be considered: debt financing, borrowing from internal reserves, amenity contributions, and other revenue sources.
- 1.12. Budgets include operating and capital components for a five-year period.
- 1.13. The Financial Plan must be in accordance with Council's strategic Financial Sustainability Plan policies approved in October 2004.
- 1.14. Collective Agreements – the financial plan needs to include sufficient financial capacity to address collective agreement settlements or the emerging patterns.
- 1.15. Grants – Targeted grant funding sources should be reflected in the financial plan, along with the associated project costs.
- 1.16. Community Amenity Charges should be forecasted in the financial plan, along with the associated capital project costs.

2. Guidelines for Business Planning:

- 2.1. Council-raised issues are to be considered in developing work plans, respecting the criteria for establishing priorities and recognizing that capacity is needed for opportunities or issues that might be discovered throughout the year.
- 2.2. Property tax rates will be reviewed annually to ensure we are competitive with other lower mainland municipalities.
- 2.3. Utility Charges will be reviewed annually with a view towards using rate stabilization practices to smooth out large fluctuations in rates.
- 2.4. Public Consultation Plan developed and operationalized. Public consultation to gauge community support for major capital investments merits special consideration.
- 2.5. Evaluation of services to ensure alignment with Council direction.
- 2.6. Identify and measure outputs/outcomes. Performance measures will be published in the Annual Report and on the website.
- 2.7. Performance reports are to be presented to Council at open Council meetings, both in relation to Council priorities and departmental commitments.
- 2.8. Identify key processes to undergo formal process improvement reviews.
- 2.9. Identify potential new revenue sources (i.e. be creative). Increase revenue from existing sources by about 5.00%.
- 2.10. Reduction packages should reflect significant changes to an area's operation. The requirement is less about meeting a specific target reduction, and not about trimming costs around the edges, but rather should result in a fundamental shift in what or how services are delivered. Given the degree of cross-functional projects and service delivery, departments should consider collaborative reduction packages in partnership with other departments.
- 2.11. Incremental packages must include a business case to support new programs/projects/staff.
- 2.12. Organizational/structural change – is the current organization adequate to deliver the service? Are there better options? Contract for services, or bring services in-house, where and when it makes sense organizationally and financially.
- 2.13. Succession planning – review organization charts in relation to service delivery with a view to long-term planning. What positions do you see as potentially becoming vacant by retirement and what organizational options may be available as a result?
- 2.14. Vacant position review and management – all positions that become vacant are subject to a detailed review prior to being refilled.
- 2.15. Contracting/Consulting review – all consulting work should undergo a review at not only budget time, but also when services are being contracted to determine the best way to acquire services. This will involve potentially contracting out where it makes sense and contracting in where there are available staff resources.
- 2.16. Technology – review business applications and technology tools to identify upgrade or obsolescence issues. Ensure work plans, budgets and Information Services work plans/projects reflect the resources necessary to support the changes if required.

Work plans will identify short-term, medium and longer-term action items that Council may consider, as we work towards carbon neutrality.

Appendix B – Property Tax Increases – History & Proposed

Property Tax Increases	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2012 - 2016 Adopted Budget May (2012 Actual)	4.89%	5.17%	4.80%	4.80%	4.80%						
2013 - 2017 Adopted Budget May (2013 Actual)		3.51%	4.05%	4.55%	4.55%	4.55%					
2014 - 2018 Council Adopted Guidelines			3.30%	3.65%	3.65%	3.85%	3.85%				
2014 - 2018 Adopted Budget January			3.25%	3.25%	3.25%	3.25%	3.25%				
2014 - 2018 Adopted Budget May (2014 Actual)			2.95%	2.97%	3.25%	3.25%	3.25%				
2015 - 2019 Adopted Budget May (2015 Actual)				2.97%	3.25%	3.25%	3.25%	3.25%			
2016 - 2020 Adopted Budget May (2016 Actual)*					3.15%	3.15%	3.15%	3.25%	3.25%		
2017 - 2021 Adopted Budget May (2017 Actual)						3.15%	3.15%	3.25%	3.25%	3.25%	
2018 - 2022 Proposed Guidelines							3.15%	3.25%	3.25%	3.25%	3.25%

* In 2016, the Commercial and Business property tax increase was reduced to an increase of 1.85%

Municipal Property Tax & User Fee Increases	Actual						Proposed				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property Tax Increases:											
General Purpose	3.00%	2.25%	1.90%	1.92%	2.10%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	1.00%	0.50%	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Fire Service Improvement	0.89%	0.33%	-	-	-	-	-	-	-	-	-
Parks & Recreation	-	0.13%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	-	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase	4.89%	3.51%	2.95%	2.97%	3.15%	3.15%	3.15%	3.25%	3.25%	3.25%	3.25%
User Fee Increases:											
Recycling	6.00%	3.00%	0.00%	0.00%	0.00%	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%
Water	9.00%	5.50%	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer***	4.39%	4.05%	4.07%	4.10%	3.22%	3.24%	3.25%	3.25%	3.27%	3.28%	3.29%
Total Property Tax and User Fee Increases **	5.57%	3.91%	3.46%	3.49%	3.33%	3.39%	3.39%	3.48%	3.49%	3.49%	3.50%

** On an average home assessed at \$592,666 in 2017

*** 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.



Maple Ridge/Pitt Meadows Community Services

Changing Lives Together

MAY 1 - 2017

City of Maple Ridge
11995 Haney Place
Maple Ridge, BC

Monday, April 24, 2017

M&C CAO GM

Other Canadian Red Action

Action: _____

Attn: Mayor Read and Maple Ridge Council

Re: City of Maple Ridge Contribution to Affordable Housing

Maple Ridge/Pitt Meadows Community Services is embarking on an exciting and ambitious endeavor to enhance the existing services we provide and create much needed affordable housing in our community. Our proposed project at 11907 228th Street includes 94 units of affordable housing, as well as new office and programming space to replace our existing facility made up of aging trailers. This is a timely project for our society and the community: we need to replace our aging facility, and the community, including our clients, need safe and secure affordable housing.

Our vision for the project is to create a space that will benefit not only our clients, but also the community of Maple Ridge, for years to come. Our desire is for an affordable housing building that offers safe and secure housing to a range of tenants, including low income seniors, young couples, and working families who are simply struggling to find a decent place to live at a reasonable rent. Ours will be a healthy, mixed-income community.

We have received a preliminary commitment from BC Housing for a capital grant \$11 million, and have ourselves committed to contribute our land, assessed at \$1.782 million. We greatly value the relationship we have with Maple Ridge, are looking to include you as a partner in this project, and are seeking a financial contribution from the City to deepen the affordability of the housing units while continuing to provide necessary programs and services to the community.

Even with the contributions from BC Housing and our society, the size of the mortgage we would require to pay for the construction of our new project is staggering. The rents we would have to charge to pay for that mortgage, while mostly below market, would not provide what we believe to be the ideal mix of tenants for a project of this nature. Furthermore, the initial start-up and ongoing costs to operate the facility, including a dramatic increase in property taxes, make creating affordability and providing our ongoing services a challenge. With your assistance, we can create a healthier mix of tenants and continue to offer much needed programming.

Both a capital grant and lower operating costs are valuable ways of ensuring this project's success. A capital grant would lower the size of the mortgage, while lower operating costs would increase the amount of monthly revenue we have available to make our mortgage payments and pay other operating costs. These are both ways we would encourage your assistance. Our formal request is for a contribution, by way of any combination of capital injection, fee reduction, or operating cost savings equal to our equity contribution, the value of our land, assessed at \$1,782,000.



Maple Ridge/Pitt Meadows Community Services

Changing Lives Together

With this level of contribution, we will be able to lower our rents for 21 units within the project. To ensure your contribution results in affordability in perpetuity, we would welcome a Housing Agreement, registered on the title of our land, that would guarantee a level of affordability deemed appropriate by all project partners.

Furthermore, we are working with staff to secure a space within our project for the RCMP to co-locate within our existing programming at Alisa's Wish Child and Youth Advocacy Centre, available at no cost to the City. You will benefit from a free and customized office, and we will benefit from the synergies of co-location; a true win-win for Community Services and the City of Maple Ridge.

The City of Maple Ridge has previously offered incentive programs for projects that align with their vision: encouraging energy efficient buildings and supporting development in the town centre. The Maple Ridge Housing Action Plan identifies the following strategies: support the non-market housing sector, use financial incentives to support housing goals, and continue to support local community groups. We believe this project aligns with your vision as a City, and represents the perfect opportunity for the City to implement these strategies.

As always, we greatly appreciate the time and support you have offered our Society, and hope you will strongly consider this request.

Sincerely,

Glenn Campbell
Chair of the Board of Directors, Maple Ridge/Pitt Meadows Community Services

Catherine Nolan

From: Catherine Nolan
Sent: Wednesday, April 26, 2017 1:09 PM
To: Cheryl Ennis; Corisa Bell; Craig Speirs; Frank Quinn; Gordy Robson; Kelly Swift; Kiersten Duncan; Laurie Darcus; Nicole Read; Paul Gill; Paula Melvin; Robert Masse; Ted Swabey; Tyler Shymkiw
Cc: Trevor Thompson
Subject: Question regarding debt from the Audit & Finance Committee

Mayor & Council,

A question was raised at an Audit & Finance Committee meeting about the City's obligation regarding taxes collected for principal and interest payments on the existing town centre debt, once that debt had been paid in full. The question asked was around whether those taxes could be used for other purposes, once the debt is retired.

When public approval was sought for the debt that is currently in place, the public was asked to approve:

- i) The amount of the debt and
- ii) The use of the debt.

There was no mention of how those debt payments would be made.

This means that the future use of that money is up to the discretion of Council.

Staff confirmed this with the Province.

Regards,

Catherine Nolan, CPA, CGA
Manager of Accounting



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