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# Financial Overview Report

## Financial Plan

### 2019 – 2023

Draft 12/06/2018



# FINANCIAL OVERVIEW REPORT

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# FINANCIAL OVERVIEW REPORT

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## 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 2019 – 2023 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.

A key part of that Business Planning process includes presentations to Council. The annual process is adapted each year to fit the circumstances. Typically later in a Council’s mandate the presentations are shorter as Council is more familiar with the City’s operations.

Prior to the municipal elections, Council adopted the 2019-2023 Financial Plan. Having a budget in place allows the incoming Council time to receive business plan presentations over a longer timeframe. Council can amend this bylaw at any time and will need to when adopting the 2019 Tax Rates Bylaw prior to May 15, 2019.

In the interest of openness and accountability, all of the budget deliberations and business plan presentation occur at meetings open to the public and 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 Finance Department, it would not have been possible without the direction of City Council, Administration 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.

Typically, it begins with direction from Council which is set early in the planning cycle. This is typically done through Council approval of Business Planning Guidelines. For 2019 a Financial Plan Bylaw is already adopted by Council.

Council can amend the Financial Plan Bylaw any time. The annual Property Tax Rates Bylaw must be adopted by May 15.

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.

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.

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.

Public and user feedback is sought as part of delivering services and our regular course of business. Feedback tends to be most valuable when considering specific services and allow departments to fine tune their business plans.

# FINANCIAL OVERVIEW REPORT

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

### 2018 Financial Performance

As we begin to look forward to the 2019 – 2023 Financial Plan, it is useful to take a look at how the current year is shaping up. 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. Since 2013 building permit revenues have consistently exceeded Financial Plan targets but past experience shows they can be quite variable. 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 \$3.37million. For 2018, annual building permit revenues will exceed our Financial Plan target of \$2.52 million. The following shows building permit revenues for the past 5 years:

### Historical Building Permit Revenue

<b>2014</b>	\$2.03 million
<b>2015</b>	\$3.03 million
<b>2016</b>	\$3.44 million
<b>2017</b>	\$2.81 million
<b>2018</b>	\$3.22 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. Gaming revenues for 2018 to the end of September total just over \$1,333,000 and by the end of the year will exceed our Financial Plan target of \$1.4 million. The 2019 target has been increased to \$1.6 million. Monies received from this source are allocated in line with Council's policy. Relying on gaming revenues for ongoing operating costs has some risk, which is one reason why Council adopted a policy framework to guide the use of gaming revenues.

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 2019.

Other trends that we are seeing:

#### Revenues:

Investment income in the General Revenue Fund will exceed Financial Plan targets in 2018. At the end of August, investment income is \$1.69 million against an annual budget of \$1.45 million.

The Financial Plan included revenues of \$1.8 million from the commercial section of the office tower and projections indicate it will be within 5% of target. As of December 1 the tower will be fully leased.

The sale of the second phase of town centre lands was completed in February resulting in proceeds of \$1.58 million. The funds received from the sale of this property, in four phases, are being used to fund the Karina Leblanc and Arthur Peake synthetic fields.

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

## FINANCIAL OVERVIEW REPORT

### 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 past practice, a portion of the savings will be transferred to the Police Services Reserve.

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

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

Some of this relates to the timing of various studies and projects. 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.

Costs for Parks, Recreation & Culture will be under financial plan targets as a result of savings in interest costs of \$610,000

related to borrowing that will not be required this year. These savings will remain in Reserves and used to fund the investments in Parks, Recreation and Culture infrastructure previously approved.

Borrowing for Fire Hall No. 4 will not be required 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 again this year by \$20,000 at the end of August. Final costs for 2018 will depend on weather conditions through the end of the year. The Snow Removal Reserve is available to help offset higher than normal costs. The balance in the reserve is \$850,000.

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 2019.

The above summary is based on results to the end of August and points to a General Revenue surplus for 2018.

# FINANCIAL OVERVIEW REPORT



## Property Tax Increases

The Audit & Finance Committee reviewed and endorsed the 2019 – 2023 Financial Plan bylaw report at the July 3, 2018 meeting and recommended that it be forwarded to Council for approval. On July 24, 2018 Council adopted Bylaw 7454-2018 to establish the five-year Financial Plan for the years 2019 – 2023.

Municipal Property Tax & User Fee Increases	Actual				Adopted				
	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Property Tax increases</b>									
General Purpose	1.92%	2.10%	1.90%	1.53%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.90%	0.90%
Parks and Recreation	0.25%	0.25%	0.25%	0.45%	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%	0.10%	0.10%
<b>Total Property Tax Increase</b>	<b>2.97%</b>	<b>3.15%</b>	<b>3.15%</b>	<b>2.98%</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%	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%
Water	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer*	4.10%	4.10%	3.24%	3.25%	3.25%	3.27%	3.28%	3.29%	3.30%
<b>Total Municipal Property Tax &amp; User Fee Increases</b>	<b>3.49%</b>	<b>3.33%</b>	<b>3.39%</b>	<b>3.31%</b>	<b>3.65%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.73%</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.

The increase in property taxes to existing properties on average is 3.5%. Of note, 1.9% is for General Purposes. The components of the property tax increase are described in more detail on the following pages of this report.

# FINANCIAL OVERVIEW REPORT

Some additional history on our tax experience is shown in the table chart that follows. The General Purpose tax increase continues to remain at historically low levels. 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
2023	2.00%	0.90%	0.10%	0.60%			3.60%
2022	2.00%	0.90%	0.10%	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	1.90%	0.70%	0.30%	0.60%			3.50%
2018	1.53%	0.70%	0.30%	0.45%			2.98%
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 increase covers the cost of existing services. The cost implications of collective agreements are provided for and have been revised to reflect recent contract settlements. The 2019 increase also accommodates a significant cost increase due to the Provincial Payroll Tax (health tax).

**Infrastructure Sustainability** – this 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 included for 2019 through 2021 and 0.90% for 2022 and 2023.

**Parks, Recreation & Culture** – this increase goes towards improvements in Parks, Recreation & Cultural Services. This was increased by 0.35% to 0.60% as to fund the operating and debt serving costs of additional Parks & Recreation amenities. The funding of these projects is also reliant on development revenues.

**Drainage Levy** – this portion of the increase goes towards storm water management. An increase of 0.30% is planned for 2019 through 2021 and 0.10% for 2022 and 2023.

**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. Due to the regions rate projections these increases will need to be revisited in the near future.

**Recycling Services** – this portion of the increase goes towards operating the recycling depot as well as for the blue box service. An increase of 2.75% is planned each year of the Financial Plan.

With this understanding of Council’s approved property tax increases, 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 \$4.5 Million in revenue is expected to accrue to the City in 2019.

Conceptual Overview of New Revenue

Item (\$ in thousands)	2019	2020	2021	2022	2023
Previous Year's Taxation	80,247	84,572	89,177	93,992	99,022
Growth Rate	1.90%	1.85%	1.80%	1.75%	1.75%
<b>Growth Revenue</b>	<b>1,525</b>	<b>1,565</b>	<b>1,605</b>	<b>1,645</b>	<b>1,735</b>
Previous Year's Taxation + Growth	81,772	86,137	90,782	95,637	100,757
Property Tax Increases:					
General Purpose	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.90%	0.90%
Parks & Recreation Improvements	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage Improvements	0.30%	0.30%	0.30%	0.10%	0.10%
<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>2,860</b>	<b>3,100</b>	<b>3,270</b>	<b>3,445</b>	<b>3,625</b>
Utility Class Cap. & Sup. Adj. Contingency	(60)	(60)	(60)	(60)	(60)
<b>Additional Property Taxes vs. Prior Year</b>	<b>4,325</b>	<b>4,605</b>	<b>4,815</b>	<b>5,030</b>	<b>5,300</b>
Next Year's Taxation Base	84,572	89,177	93,992	99,022	104,322
Increases in Other Revenue	147	183	30	30	30
<b>Increase in General Revenue</b>	<b>4,472</b>	<b>4,788</b>	<b>4,845</b>	<b>5,060</b>	<b>5,330</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?

# FINANCIAL OVERVIEW REPORT

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 24 of this report.

**Conceptual Overview of Changes to Transfers**

Item (\$ in thousands)	2019	2020	2021	2022	2023
<b>Additional General Revenue available</b>	<b>4,472</b>	<b>4,788</b>	<b>4,845</b>	<b>5,060</b>	<b>5,330</b>
Transfers to Reserves:					
Capital Works Reserve	(40)	(45)	(45)	(50)	(50)
Capital Works Reserve Adjustment	700	(350)			
Fire Department Capital	(100)	(115)	(120)	(125)	(135)
General Revenue Funded Capital (net CWR tfrs)	(160)	(185)	(205)	(200)	(210)
Police Services Reserve	(100)	(100)	-	-	-
<b>Available after transfers</b>	<b>4,772</b>	<b>3,993</b>	<b>4,475</b>	<b>4,685</b>	<b>4,935</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. An item worth highlighting are the costs associated with labour increasing more than average in 2019 and less than average in 2020 with the new Employer Payroll Tax in 2019 and removal of the Medical Services Plan costs in 2020.

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 \$79,000.

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 2019 costs are increasing by \$545,000 and are increasing by a further \$380,000 in 2020.

### Conceptual Overview of Expenditure Changes

Item (\$ in thousands)	2019	2020	2021	2022	2023
<b>Available after transfers</b>	<b>4,772</b>	<b>3,993</b>	<b>4,475</b>	<b>4,685</b>	<b>4,935</b>
Increase in expenditures:					
Labour (excluding Fire Protection)	(1,120)	(670)	(855)	(885)	(915)
Equipment (excluding Fire & Police)	(45)	(45)	(45)	(50)	(50)
Fire Department	(545)	(380)	(430)	(420)	(350)
Parks & Recreation Facilities Plan	(550)	(545)	(540)	(580)	(525)
Policing Contracts (RCMP, ITEAMS, ECOMM)	(695)	(615)	(765)	(505)	(535)
Contracts (SPCA, Library, Arts)	(110)	(115)	(115)	(120)	(125)
Inflation Allowance	(70)	(235)	(250)	(275)	(285)
Infrastructure Replacement	(655)	(605)	(635)	(860)	(905)
Drainage Levy Related Capital Projects	(245)	(260)	(270)	(95)	(100)
Growth Costs	(415)	(415)	(415)	(415)	(415)
Streetlights	(20)	(20)	(20)	(20)	(20)
Arenas Contract (CPI adjustment)	(90)	-	-	-	-
Software Maintenance	(70)	(30)	(30)	(30)	(35)
Use of Accumulated Surplus (PW&D Staff Funding)	(80)	-	-	-	-
<b>Available after expenditures</b>	<b>62</b>	<b>58</b>	<b>105</b>	<b>430</b>	<b>675</b>
Surplus from prior year	38	79	110	181	577
Other Adjustments & Rounding	(21)	(27)	(34)	(34)	(16)
<b>General Revenue Surplus</b>	<b>79</b>	<b>110</b>	<b>181</b>	<b>577</b>	<b>1,236</b>

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

*The Provincial Employer Payroll Tax (health tax) in 2019 added significant costs.*

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



# FINANCIAL OVERVIEW REPORT

## 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. The last significant funding increase was in 2013. Starting in 2020 we are starting to provide for phased growth to hire additional firefighters.

**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. While the timing may be adjusted, funding for an additional 1.5 police member each year.

**Library:** We are part of a regional library system and so our costs are affected by a number of factors, including changes in relative service levels. For instance, if one member opens up a new library, some of the costs are direct costs to the member while other costs are shared by the entire system. The cost of the contracted service with the Fraser Valley Regional Library is expected to increase by about \$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 growth in property taxes. Starting in 2017, the annual tax increase for infrastructure was increased to 0.70%. This Financial Plan includes a 0.7% increase in 2019 through 2021 and 0.9% in 2022 and 2023. Additional discussion on infrastructure replacement is included on page 27.

**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 2020 – 2023 is included in fiscal services to cover inflationary cost increases. The inflation allowance for 2019 has been reduced as cost increases for specific items were identified.

**Budget Allocations for Growth:** A portion of the additional revenue associated with new development or growth is used to fund existing costs, the remainder is allocated as follows:

Item (\$ in thousands)	2019	2020	2021	2022	2023
<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
Administration and Corporate Services	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	60	60	60	60	60
Sewer Revenue Fund - Maintenance	50	50	50	50	50

It should be noted that this allocation is subject to 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 operating budget for the first four years of the 2019 - 2023 Financial Plan, adopted in July 2018, is unchanged from the 2018 - 2022 Financial Plan Bylaw adopted in May.

The budget is routinely amended in April each year to reflect the actual growth in property assessments and to include work approved in the prior year that is still underway. Cost updates for existing services and for items subsequently approved by Council will also be updated at this time. Typically, the updates are fairly minor and do not impact property tax increases.

## Incremental Adjustments

The last section showed that after dealing with existing commitments and policy direction, \$79,000 of ongoing funding is available for 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 department heads and reviewed all of the business plans. From this review, it is clear that departments are wherever possible looking at pressures a few years out and planning accordingly.

For 2019, no additional incremental service levels increases are recommended and any items that were raised can be addressed through existing resourcing. Potential future year cost pressures or incremental service levels were identified and will be investigated further before discussing the item with Council.

The priority for enhancements to services has been the additional Park, Recreation and Cultural infrastructure investments with projects and costs phased in over several years.

Given the magnitude of these investments a separate component has been created on the property tax notice to be transparent about the incremental cost to property owners.

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

## 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 can be dangerous if used too extensively and we advocate against the use of 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 2019:

### RCMP Costs

	<u>2018</u>	<u>2019</u>	<u>Increase</u>
RCMP Contract	\$18,554,000	\$19,254,000	\$700,000

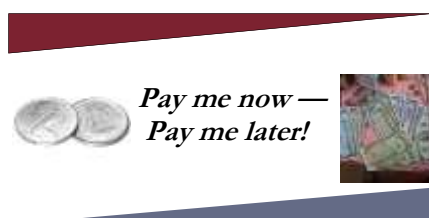
Comments: The largest changes in the RCMP Contract costs are due to increases in compensation and RCMP overhead, items that the City has no discretion with. Over the life of this Financial Plan, we are trying to provide for the addition of about 1.5 members per year to keep up with workloads. One additional 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.

# FINANCIAL OVERVIEW REPORT

## Infrastructure Maintenance & Renewal

	<u>2018</u>	<u>2019</u>	<u>Increase</u>
Annual Contribution	\$5,839,000	\$6,412,000	\$573,000

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>2018</u>	<u>2019</u>	<u>Increase</u>
Annual Costs	\$11,000,000	\$11,593,000	\$593,000

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. 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 is the sum of the Fire Department item in the Conceptual Overview of Expenditures plus the \$50,000 of growth funding.

## Parks, Recreation & Culture

	<u>2018</u>	<u>2019</u>	<u>Increase</u>
Master Plan Funding	\$1,121,000	\$1,612,000	\$491,000

Comments: The Parks, Recreation & Culture Master Plan was adopted in 2010 through community consultation. The funding includes the amounts needed for debt payments and operating costs for a number of Parks & Recreation projects recently approved. We could push back the phased-in funding which would delay planning and implementation of those priorities.

## Drainage Improvements

	<u>2018</u>	<u>2019</u>	<u>Increase</u>
Annual Levy	\$1,228,000	\$1,473,000	\$245,000

Comments: Parts of the community have high potential for flooding and we have been trying to systematically make improvements to our drainage system. An increase of \$245,000 was planned for 2019, but we do not have to do this.

## Contribution to Reserves

	<u>2018</u>	<u>2019</u>	<u>Increase</u>
Fire Department	\$2,026,000	\$2,126,000	\$100,000
Equipment Replacement	1,713,000	1,779,000	66,000

Comments: The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2019. 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.

What Would a Zero Tax Increase Look Like?

## General Inflation, including Labour

	<u>2019 Increase</u>
Labour	\$1,120,000
Inflation	70,000

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.

What Would a Zero Tax Increase Look Like?

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.



# FINANCIAL OVERVIEW REPORT

## 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

- Taking advantage of broader public sector agreements (i.e. cell phone contracts) as well as collaborating with other Municipalities (i.e. joint RFP process to select new recreation software) has allowed the City to reduce costs.
- A Mutual Aid Agreement with Pitt Meadows, Mission and Langley for emergency fire services. These agreements allow us to deal with peak loads more efficiently.
- Automatic Aid with Mission for the Whonnock/Ruskin Area to maximize fire water delivery for structure fires with tanker type trucks.
- Fire Department has partnered with the Justice Institute to use their training facility at favourable rates.
- Restructure of the municipal support staff team for more effective performance and accountability
- Use of software for online transactions for police members related to extra duty pay and ordering of equipment is providing time savings and enhanced record-keeping.
- New lifetime dog tags have been implemented which will reduce yearly cost of mailing and purchasing of new tags.
- Internal review and new service delivery of Parking and Municipal Tickets has reduced Compliance Officer costs by \$40,000 a year.

### Business Process Efficiency

- The City has been able to reduce costs by leveraging cloud services, such as Perfect Mind, the new Recreation registration software.
- Vacant staffing positions are subjected to reviews to ensure need and efficiency.
- Using a one tonne pick-up truck to respond to medical calls instead of using a heavy rescue saved thousands of dollars per year in diesel fuel.
- Successful partnership with the Operations Center for maintenance of police vehicles resulting in cost savings and more effective and efficient performance of the police fleet.
- Restructuring of pro-active police work for uniformed members in the community which is reviewed monthly for value and impact.
- Wherever possible create and assign specialized work to city staff positions, rather than have police perform the work at a higher cost.
- Physical movement of personnel and re-design of work spaces to improve synergies and performance within specific staff units.
- Business Licence Coordinator position provides a one-on-one interface for business licence applicants. We continue to receive positive feedback on this change. This has also allowed the Bylaw Compliance Officers to focus on other matters.

### Service Delivery Improvements

- Integrated Purchasing into Finance, resulting in improved customer service for other departments.
- WorkSafeBC recognized our Health and Safety program with a rebate of \$96,000 on our annual assessment.
- Have established an on-site City directed/industry funded Filming Liaison service to assist filming and enhance interactions with business and the community.
- Modernized communications with the public to include social media coverage in an engaging and informative way.

Efficiency & Effectiveness Improvements Implemented in Recent Years

# FINANCIAL OVERVIEW REPORT

- Civic property functions and core security has been realigned into a larger Economic Development and Civic Property department, providing synergies and efficiencies for the operations of these two activities.
- Utilization of volunteers for festivals and events (22,589 hrs), Parks, Recreation & Culture (4,716 hrs) to promote participation, community engagement and to enhance service delivery.
- Onboarding pre-trained firefighter applicants into an operational ready role faster/cheaper via abridged Firefighter Recruit Training program; acknowledging their existing training. Equates to less outlay for those new members.
- 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.
- Introduced the "Innovation in Emerging Cities Forum" to promote opportunities for innovation and engagement.
- Introduction of the new Home Occupation Bylaws enhances the ability of citizens to work from home, enhancing opportunities for work-life balance and minimizing the need for commuting.
- Implemented Garage 529 which is an application that the public can utilize to protect their bike information and assist with recovery and identification of the bike if stolen.

## Contract Arrangements

- Operations, working with ICBC achieves an insurance rebate of \$13,820 annually for reducing motor vehicle accidents.

- Developed quote tenders for 3 years term to secure good pricing, consistency and sponsorships for civic festivals - fireworks and sound stage and equipment.

## Technological Innovation

- Developed and successfully piloted an online election registration application, saving time for voters and will reduce costs when fully implemented for the next election.
- The City is a leader in trenchless pipe installation having undertaken the largest pipe-bursting project in North America when replacing the existing sanitary main on River Road in Albion.
- Built an Open Government Portal, containing a series of applications, data and infographics that increase accessibility, collaboration and community engagement, and demonstrate transparency and accountability of City actions. The Open Government Portal allows City staff and citizen to self-serve from a large array of data and applications, providing real business value to both City staff and the citizens. [opengov.mapleridge.ca](http://opengov.mapleridge.ca)
- Enhancements to the City's infrastructure and applications, allowing staff remote access to computing services 24/7. Such enhancements include support staff in the field, such as bylaw and parking enforcement, building inspections, service requests, asset inventory and maintenance (park, vegetation, sewer, water, drainage and streetlights), etc. The ability for staff to access the computing systems in the field saves time, eliminates duplicate data entry and positively increases the customer experience.
- The continued growth of online services, including the ability for citizens to enter requests for service from anywhere, at any time, from any device vastly improves the customer experience. The ability for citizens to check on status of their requests furthers the enhanced customer experience.
- Continued standardization and consolidation of technology tools, helps with cost containment and reduces administrative costs.
- Will be beta-testing the new Regional Film Portal to provide ease of application and processing of film applications.

## FINANCIAL OVERVIEW REPORT

- City light vehicle fleet has been converted to Hybrid or Electric Vehicles saving the City in excess of \$35,000 in fuel yearly.
  - Water Bulk Fill stations have upgraded software resulting in improved customer service, elimination of costly cards, and improved reporting.
  - Street lighting LED pilot project has installed over 400 fixtures. This has improved nighttime driving conditions/visibility, pedestrian safety and reduced operating and maintenance costs by 60%. A 5 year implementation plan to convert the city's remaining HID to LED technology will reduce operation and maintenance costs by 60-70% with a projected payback of 5 years of each phase of implementation. A similar program has been implemented at the Operations Center with lighting upgrade of offices, lunchroom, mechanics shop yard and staff parking.
- Asset Management**
- Worked collaboratively with the City's property management company to bring the Maple Ridge Business Centre (MRBC) to full occupancy.
  - After successful completion of RFP process, worked with successful proponent to facilitate installation of cellular communications tower on City-owned, former Cottonwood landfill site and working to complete a second installation at the Rock Ridge reservoir site.
  - The City has undertaken several significant master planning initiatives to ensure the appropriate infrastructure is in place to support continued growth in the City as well as the maintenance and upgrading within the built environment.
- Alternative Revenues**
- 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. The City received \$2.3 Million from the federal New Building Canada Fund program for the reconstruction of Lougheed highway, between 224 St. and 226 St.. In addition, a grant of \$999,000 was received through the Federal/Provincial Clean Water and Wastewater Fund for the upgrading of the 225 St. Pump Station and forcemain.
  - Gaming Revenue contributing to infrastructure renewal and other strategic priorities.
  - Introduction of Amenity Charges to pay for needed Community Infrastructure.
  - Pursuit of senior government grants for community projects, including sports field upgrades and Albion Community Centre.
  - A number of roads in the City are part of TransLink's regional Major Road Network including Dewdney Truck Road (200 St. to 232 St.), Lougheed Highway (222 St. to Kanaka Way), 128 Avenue and Abernethy Way (210 St. to 232 St.), 232 St (Dewdney Trunk Road to 132 Ave.), Fern Cr. (232 St. to Golden Ears Park). TransLink provides allocated funding for the operating and maintenance costs for the total lane kilometres of MRN roadways as well as dedicated funding for capital improvements along the MRN.
  - 256 Street radio communications tower originally built for City SCADA operations and fleet communications now has Maple Ridge IT services, Fire, MR Search and Rescue that were paying rental fees on other towers. The site also now generates rental income from leased space to three large tenants, BC Hydro, E-Comm and Rogers mobile, income generated over the past 5 years has repaid the original City investment and continues to generate income.

## 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 shown for each of the water and sewer utilities.

The first graph shows the revenues and expenditures and the impact this has on accumulated surplus. The accumulated surplus projected is heavily influenced by regional costs.

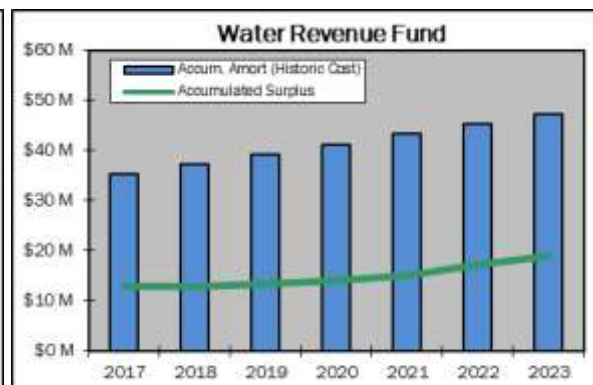
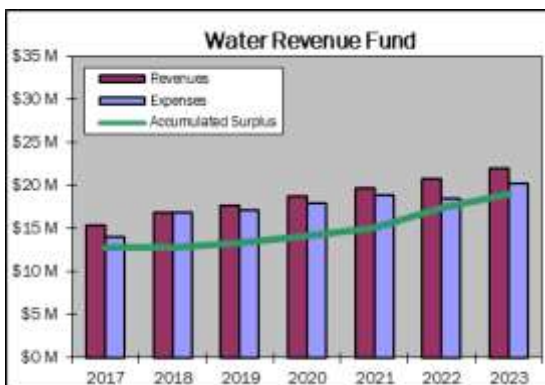
The second graph shows how the accumulated surplus compares to the accumulated amortization for City assets. The accumulated amortization is the prorated cost of the portion of assets currently consumed. For example, if the useful life of an asset was 50 years and it's 25 years old the accumulated amortization would be about half of the original cost. The purpose of this graph is to show that we need to continue to focus on the long term sustainability of critical infrastructure.

The region also has significant investments in water and sewer assets planned that include upgrades and replacement resulting 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 2019 flat rate water fee is approximately \$630, 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. The Regional District has just recently increased their projected rate increases for 2020-2023 with annual increases between 10.9%- 11.7%. These figures have not yet been updated and are about double the rate of increase previously budgeted. The municipal rate increase has been set at 4.5% for each of the next five years. This may need to be revisited given how drastic the new rate increases from the region are. The other consideration is funding the replacement of water infrastructure and how long we take to address this funding gap.

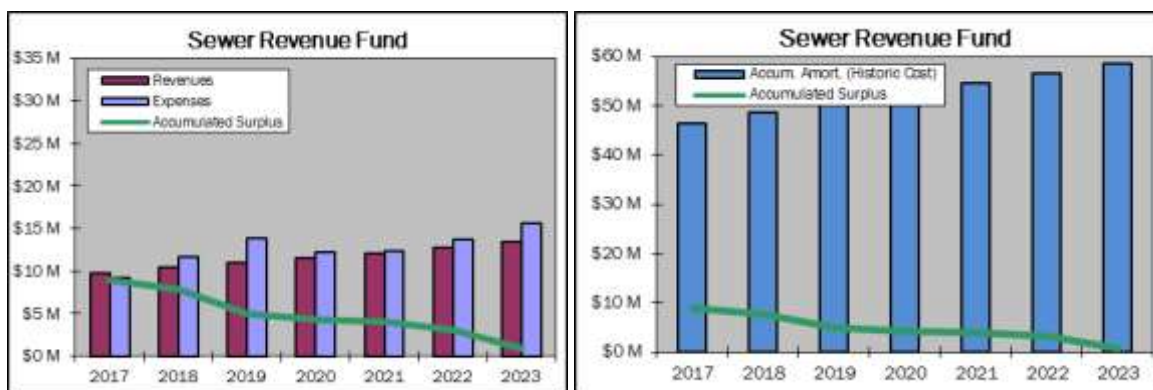


# FINANCIAL OVERVIEW REPORT

## 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 2019 sewer fees are approximately \$380 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. The regional cost for sewer is expected to increase approximately 11% in 2019. By using the reserves that we have built up over the years, the increase that our residents pay can be held to 3.6%, but this is not sustainable. The region has recently updated the five year rate projections with an average annual increase of 11.5%. This will required the proposed municipal rates increases to be revisited for 2020 and beyond.



## 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 Recycle BC (previously Multi-Materials BC) contract, recycling fees remained unchanged between 2013 and 2017. A rate increase of 1.67% was implemented for 2018 followed by 2.75% annually in 2019 through 2023; however rates will continue to be reviewed annually. The Recycle BC contract has recently been renewed for a term of five years and will be updated in the next budget amendment. The increased revenues received Recycle BC will exceed the incremental costs from RMRS and future rate increases may be less than previously planned.

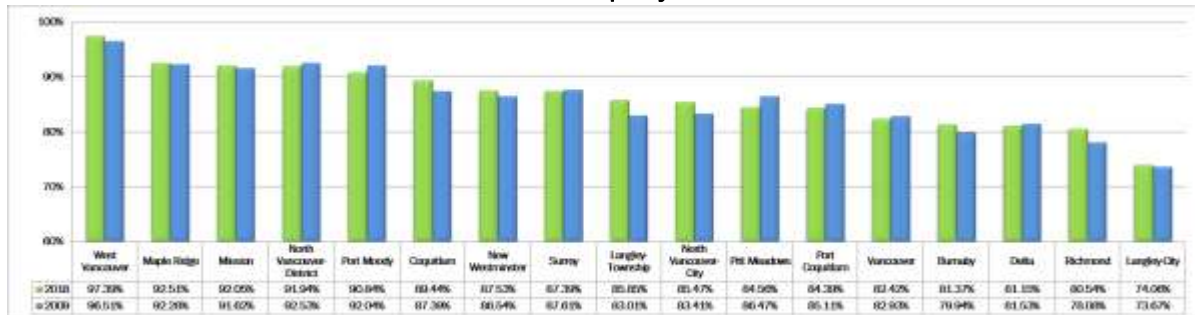
# FINANCIAL OVERVIEW REPORT

## 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.

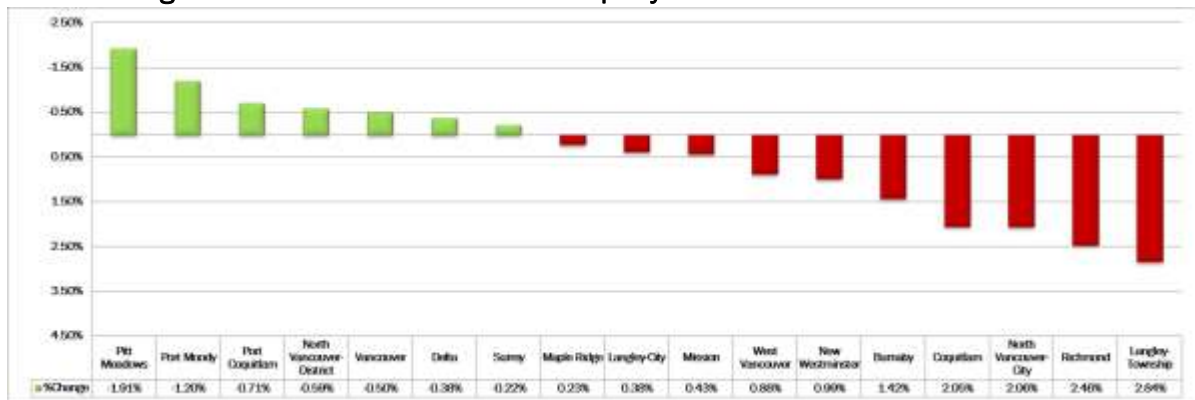
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 74.06% in the City of Langley to a high of 97.39% in the City of West Vancouver. The chart also shows how this percentage has changed between 2009 and 2018.

Lower Mainland Municipalities  
% of Residential Class Property Assessment Values



Seven municipalities have seen a reduction in the proportion of the assessment base that is represented by Residential properties; 10, including Maple Ridge have shown an increase.

Lower Mainland Municipalities  
% Change in % of Residential Portion of Property Assessment Values from 2009–2018



One should be careful with conclusions that are reached by looking at this data. For instance, the changes could be simply the result of market value fluctuations rather than new construction. It is just one piece of information that should be kept in mind in Council's deliberations.

Source: BC Assessment, 2009 and 2018 Revised Rolls

## Capital Program

### Status of 2018 Capital Projects

The budget for the 2018 Capital Works Program is just over \$181 million, with funding coming from multiple sources, including approximately \$43 million from Development Cost Charges. The budget in the first year of a financial plan is usually higher than 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 \$143 million and consists of projects that are in various stages as follows:

- Complete or nearly complete \$19.0M
- Well underway 67.3M
- Early stages of design and tendering 36.2M
- Early stages of review 20.5M

The budget for projects not yet started is approximately \$38 million with delays due to a host of factors including reliance on other capital work, land acquisition and strategic or technical delays

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
  - Albion Community Centre
  - Silver Valley Neighbourhood Gathering Places
  - Hammond Community Centre
- Road & Drainage Works:
  - 232 St. (132 Ave – Silver Valley Rd.)
  - Lougheed Hwy. (224 St. – 226 St.)
  - 240 St. (Lougheed Hwy. – Dewdney Trunk Rd.)
- Water Reservoirs Works:
  - 270A St. Reservoir
  - 263 St. Pump Station
  - 236 St. Pump Station
  - Albion Reservoir Expansion

Projects that are not complete at the end of 2018 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 2019 - 2023 Financial Plan Bylaw 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

## 2019 – 2023 Capital Plan

The five-year Capital Works Program is \$149 million; 2019 planned capital projects are \$ 53 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>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Government	1,570	472	960	370	1,010
Technology	1,861	1,950	1,768	1,433	1,401
Protective Fire	225	-	-	-	-
Protective Police	40	8	150	-	-
Parks	26,890	3,815	2,575	1,365	305
Highways	6,900	11,637	10,719	7,886	9,185
Drainage	3,237	2,859	2,682	3,753	3,773
Sewage	5,706	2,641	1,141	1,502	2,692
Water	6,513	5,195	6,295	3,725	2,795
<b>Grand Total</b>	<b>52,941</b>	<b>28,577</b>	<b>26,290</b>	<b>20,035</b>	<b>21,161</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 Debt, Development Cost Charges and Reserves.

**Proposed Capital Funding Sources**

<i>Fund Group \$ in thousands</i>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>General Revenue</b>	<b>3,458</b>	<b>3,592</b>	<b>3,264</b>	<b>1,919</b>	<b>2,713</b>
<b>Debt</b>	<b>19,000</b>	-	-	-	-
Capital Works Reserve	150	150	150	150	150
Community Amenity Reserve	1,000	-	-	-	-
Development Cost Charges	5,966	7,155	5,262	2,238	565
Drainage Improvement Levy	1,924	1,705	2,410	2,300	2,800
Equip Replacement Reserve	2,334	1,395	1,963	2,183	1,815
Gaming	315	200	190	200	190
Grants, LAS, 3rd Parties	1,081	1,085	1,030	1,000	1,000
Infrastructure Sustainability Reserve	4,011	5,932	5,864	6,349	7,176
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	37	11	125	-	-
Recycling Reserve	390	60	380	80	130
Reserve for Committed Projects	2,000	-	-	-	-
Sewer Capital	4,213	1,942	935	1,020	1,993
Surplus	500	500	-	-	-
Translink	-	-	260	-	-
Water Capital	4,798	4,573	4,238	2,394	2,429
Park & Rec Master Plan	1,565	75	20	-	-
<b>Total Capital Program</b>	<b>52,941</b>	<b>28,577</b>	<b>26,290</b>	<b>20,035</b>	<b>21,161</b>



A discussion of some of the key funding sources follows:

## General Revenue

This represents funding contributed by general tax levies. If the planned project is larger or less than dedicated proportion of General Revenue funding the residual is transferred to or from the Capital Works Reserve.

## Debt

This represents a portion of the borrowing of \$49.5 million recently approved for Parks and Recreation improvements. These projects and the loan authorization approval process are discussed later in this section of the report under the heading borrowing.

## Capital Works Reserve

This reserve fund, established by bylaw, is designed to fund 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 internal financing of the Leisure Centre renovation.

## Community Amenity Reserve

This reserve, established by bylaw, is funded through amenity contributions paid by development. The funds are used to provide community amenities which are not able to be funded Development Cost Charges.

## 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.

## 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



## 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. 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 minimum reserve balance may temporarily be unavailable in 2019 as we use this reserve to internally finance the Leisure Centre Renovations.

Here is our analysis of the Capital Works Reserve.

### Capital Works Reserve Projection

<i>\$ in thousands</i>	2018	2019	2020	2021	2022	2023
<b>Opening Balance</b>	11,287	2,002	4,379	8,134	10,035	13,510
2017 Approved Capital (in progress)	(9,857)					
<b>Inflows</b>						
GRF Annual Transfer	676	703	749	813	863	914
Contribution Timing Adjustment	350	(350)	-	-	-	-
Land Sales Proceeds	1,582	1,500	2,500	-	-	-
Repayment Pool Reno (Delayed)		870	870	870	870	870
<b>Total Inflows</b>	2,608	2,723	4,119	1,683	1,733	1,784
<b>Outflows</b>						
Planned Capital Expenditures	(1,831)	(150)	(150)	(150)	(150)	(150)
Balance of GCF funded capital	(205)	(197)	(214)	369	1,892	1,306
<b>Total Outflows</b>	(2,036)	(347)	(364)	219	1,742	1,156
<b>Estimated Ending Balance</b>	2,002	4,379	8,134	10,035	13,510	16,451
Min Reserve (10% PY Taxes)	7,218	7,628	8,025	8,457	8,918	9,399
<b>Unencumbered Balance</b>	(5,216)	(3,250)	109	1,578	4,592	7,051

# 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 pay a portion of the costs directly as well as 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	2023
<b>Opening Balance</b>	9,849	(112)	1,603	2,655	3,850	5,192
2017 Approved Capital (in progress)	(2,308)					
<b>Inflows</b>						
Growth Funding	230	205	255	305	355	405
GRF Annual Transfer	1,433	1,510	1,597	1,690	1,787	1,890
<b>Outflows</b>						
Planned Capital Expenditures	(9,316)	-	-	-	-	-
Debt Repayments (Firehall 4 Delayed)	-	-	(800)	(800)	(800)	(800)
<b>Estimated Ending Balance</b>	(112)	1,603	2,655	3,850	5,192	6,687

## 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 trucks are often kept for 20 years and this reserve will build over time to address the scheduled replacements, there are no replacements scheduled in the next five years.

**Fire Department Equipment Replacement Reserve Projection**

<i>\$ in thousands</i>	2018	2019	2020	2021	2022	2023
<b>Opening Balance</b>	4,393	503	1,123	2,059	3,117	4,301
2017 Approved Capital (in progress)	(3,758)					
<b>Inflows</b>						
GRF Annual Transfer	773	823	936	1,058	1,183	1,313
<b>Outflows</b>						
Planned Capital Expenditures	(905)	(203)	-	-	-	-
<b>Estimated Ending Balance</b>	503	1,123	2,059	3,117	4,300	5,613

# 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. An increase of 0.70% is planned for 2019 through 2021 and 0.90% for 2022 and 2023. 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. The average condition of our assets will continue to worsen until we build the funding up to \$30 million.

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	2019	2020	2021	2022	2023
<b>Inflows</b>					
Property Taxes Prior Year	4,706	4,706	4,705	4,705	4,706
Property Tax Increase	572	1,175	1,811	2,672	3,578
Gaming Funds	550	550	550	550	550
Town Centre Incentive	584	584	584	584	584
<b>Total Inflows</b>	<b>6,412</b>	<b>7,015</b>	<b>7,650</b>	<b>8,511</b>	<b>9,418</b>
<b>Allocations</b>					
Building Infrastructure Planned	1,140	1,215	1,290	1,365	1,440
Fire Dept - Equipment Replacement	375	450	525	600	675
Highways ISR Capital Planned	3,826	4,163	4,526	5,114	5,751
Drainage Capital Planned	990	1,100	1,215	1,330	1,445
Major Equipment/Systems Reserve	81	87	94	102	107
<b>Total Allocations</b>	<b>6,412</b>	<b>7,015</b>	<b>7,650</b>	<b>8,511</b>	<b>9,418</b>
<b>Estimated Ending Balance</b>	-	-	-	-	-

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

# FINANCIAL OVERVIEW REPORT

## 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 is typically recovered over 15 years as a separate charge included on the property tax bills of benefiting properties. In addition, \$0.5 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%	2019	2020	2021
118 Ave (230 - 231) +	10%	-	152	-
232 St (116 - Slager) Construction +	4%	-	1,601	-
232 St (116 - Slager) Design +	4%	250	-	-
Abernethy (227 - 232) Construction +	26%	-	-	1,000
AV upgrades FH1 Training Room and EOC +	10%	225	-	-
Dewdney Trunk at 238B St Intersection Improvements +	20%	200	-	-
Front Counter Kiosk Expansion +	20%	-	-	150
RCMP - Chair Replacement - Hilton Haider +	20%	40	-	-
RCMP - Main Building Renovation (Interview Room) +	20%	-	8	-
	<b>13%</b>	<b>715</b>	<b>1,761</b>	<b>1,150</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 2017 Annual Report the unused liability servicing capacity at the end of 2017 was \$26.47 million. This capacity will be reduced in 2018 as a result of the recently approved debt for Parks & Recreation Facilities.

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 2019 – 2023 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 recently awarded and the balance of the construction costs is funded from the Fire Department Capital Acquisition Reserve.

### 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 occurred.

### Parks & Recreation Improvements (\$49.5 million)

Leisure Centre Renovation	\$3.5 million
Telosky Synthetic Fields	7.0 million
Albion Community Centre	8.5 million
Silver Valley Gathering Place	1.0 million
Hammond Community Centre Renovation	2.5 million
Whonnock Lake Canoe & Kayak	1.0 million
Maple Ridge Secondary School	
Track Facility Upgrades	2.5 million
Additional Ice Sheet	23.5 million

The Business Planning Guidelines include an additional 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. The actual property tax increase in 2018 was slightly less. The planned increase will be revisited as these projects are completed and cost as well as alternate funding sources, such as grants and Community Amenity Contributions are more certain.

The key elements when considering debt funding are that the debt payments are being funded by a secure funding source, the borrowing capacity exists and the appropriate public consultation and approval processes are undertaken.

Public approval has been obtained for the projects noted above. The above noted amounts are the portion of the project approved for borrowing not the total project budget; many of the projects also include other funding sources.

### **Potential Future Borrowing**

Metro Vancouver 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 Development Cost Charges (roads, drainage parks). If external borrowing is required, a Loan Authorization Bylaw will be prepared and public approval for the borrowing will be sought.

# FINANCIAL OVERVIEW REPORT

## 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 2018 taxation year was approximately \$679,197.

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.

Within the General Purpose change of about 1.9%, 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 Employer Payroll (health) Tax added a significant cost in 2019, especially considering the elimination of the MSP premiums, which partially offset the increase, were not fully eliminated until 2020.

Residence Valued at \$679,197	2017	2018	2019	2020	2021	2022	2023
<b>Average Home Municipal Levies:</b>							
General Purpose (Gen. & ISR)	\$ 1,931.51	\$ 1,975.58	\$ 2,028.49	\$ 2,085.35	\$ 2,144.27	\$ 2,209.82	\$ 2,277.74
Drainage	25.18	31.11	37.21	43.53	50.08	52.34	54.68
Parks & Recreation	19.36	28.25	40.46	53.10	66.19	79.75	93.80
<b>Subtotal Property Taxes</b>	<b>\$ 1,976.05</b>	<b>\$ 2,034.94</b>	<b>\$ 2,106.16</b>	<b>\$ 2,181.98</b>	<b>\$ 2,260.54</b>	<b>\$ 2,341.91</b>	<b>\$ 2,426.22</b>
<b>User Fees</b>							
Recycling (fixed rate)	\$ 71.37	\$ 72.57	\$ 74.56	\$ 76.61	\$ 78.72	\$ 80.88	\$ 83.10
Water (fixed rate)	578.20	604.20	631.40	659.80	689.50	720.55	752.95
Sewer (fixed rate)	357.25	368.85	380.85	393.30	406.20	419.55	433.40
<b>Total Property Taxes and User Fees*</b>	<b>\$ 2,982.87</b>	<b>\$ 3,080.56</b>	<b>\$ 3,192.97</b>	<b>\$ 3,311.69</b>	<b>\$ 3,434.96</b>	<b>\$ 3,562.89</b>	<b>\$ 3,695.67</b>
* Does not include collections for others (School, BCAA, GVTA, GVRD, MFA)							
	2017	2018	2019	2020	2021	2022	2023
<b>Average Home Municipal Levies Increases:</b>							
General Purpose	1.90%	1.53%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.70%	0.70%	0.90%	0.90%
Parks & Recreation	0.25%	0.45%	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.30%	0.30%	0.10%	0.10%
<b>Total Property Tax Increase %</b>	<b>3.15%</b>	<b>2.98%</b>	<b>3.50%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>
Recycling Increase %	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%	2.75%
Water Increase %	4.50%	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%	3.30%
<b>Total Property Taxes and User Fees Increase</b>	<b>3.39%</b>	<b>3.27%</b>	<b>3.65%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.72%</b>	<b>3.73%</b>

*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. The table below compares the taxes assessed against the average single family dwelling across surveyed municipalities. Maple Ridge ranked as the sixth lowest. It should be noted that the dwelling value used in this table is slightly different than the one used on page 30 because the value on page 30 is based on an average assessment that includes multifamily residential properties such as townhouses and apartments.

**Survey of 2018 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	747,685	2,053	2	990	3,042	1	
Langley-Township	942,948	2,050	1	1,214	3,264	2	
Port Coquitlam	960,237	2,343	5	953	3,296	3	
Mission	667,876	2,152	4	1,208	3,360	4	(3)
Surrey	1,118,577	2,120	3	1,277	3,397	5	(6)
<b>Maple Ridge</b>	<b>787,088</b>	<b>2,358</b>	<b>6</b>	<b>1,047</b>	<b>3,405</b>	<b>6</b>	<b>(7)</b>
Delta	1,033,862	2,508	8	1,060	3,568	7	(2)
Burnaby	1,650,008	2,485	7	1,195	3,680	8	(1)
Coquitlam	1,270,465	2,569	9	1,227	3,796	9	
Richmond	1,700,155	2,576	10	1,264	3,840	10	(5,6)
North Vancouver-City	1,656,356	2,788	11	1,189	3,977	11	(4)
Vancouver	2,433,751	3,027	14	1,261	4,288	12	
Port Moody	1,328,240	3,285	15	1,124	4,409	13	(1)
New Westminster	1,174,660	2,974	13	1,470	4,443	14	(1)
North Vancouver-District	1,796,428	2,861	12	1,617	4,477	15	
West Vancouver	4,364,260	5,469	16	1,790	7,259	16	(5,6)
Average	1,477,037	2,726		1,243	3,969		
Median	1,222,562	2,538		1,211	3,738		
Highest	4,364,260	5,469		1,790	7,259		
Lowest	667,876	2,050		953	3,042		

**Notes:**

Values are rounded.

\* Average Assessed Value determined by using BC Assessment's 2018 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.

## FINANCIAL OVERVIEW REPORT

In the 2018 survey on Residential taxes, we also looked at the tax increases over the past three years across surveyed municipalities. Tax increases in 2018 ranged from a low of -5.0% in Burnaby to a high of 20% in West Vancouver. The tax increase to the average single family dwelling in Maple Ridge was 2.1%; note the 2-year change of 6.9% in Maple Ridge was below the average of 7.9% of all cities surveyed. This comparison is far from perfect as it looks at only the single family home whereas the property tax rate is set for all residential properties.

Municipality	2016	2017		2018		2 year Change
	Municipal Taxes	Change	Municipal Taxes	Change	Municipal Taxes	
Langley Township	1,929	4.7%	2,021	1.4%	2,050	6.3%
Pitt Meadows	1,931	5.7%	2,041	0.6%	2,053	6.3%
Surrey	1,891	8.6%	2,053	3.3%	2,120	12.1%
Mission	1,980	5.4%	2,087	3.1%	2,152	8.7%
Port Coquitlam	2,253	5.1%	2,368	-1.1%	2,343	4.0%
<b>Maple Ridge</b>	<b>2,205</b>	<b>4.7%</b>	<b>2,309</b>	<b>2.1%</b>	<b>2,358</b>	<b>6.9%</b>
Burnaby	2,447	6.9%	2,617	-5.0%	2,485	1.6%
Delta	2,388	3.7%	2,478	1.2%	2,508	5.0%
Coquitlam	2,460	5.1%	2,587	-0.7%	2,569	4.4%
Richmond	2,383	10.0%	2,621	-1.7%	2,576	8.1%
North Vancouver City	2,674	3.1%	2,757	1.1%	2,788	4.3%
North Vancouver District	2,708	4.1%	2,820	1.5%	2,861	5.7%
New Westminster	2,835	8.1%	3,066	-3.0%	2,974	4.9%
Vancouver	2,896	7.3%	3,107	-2.6%	3,027	4.5%
Port Moody	3,015	8.4%	3,268	0.5%	3,285	9.0%
West Vancouver	4,071	12.0%	4,561	19.9%	5,469	34.3%

### Commercial Taxes

In 2018, we surveyed taxes assessed against the Business Class 6. 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 2018, our tax multiple was 3.29 (9.8429 Business Class 6 rate divided by 2.9961 Residential Class rate). A lower tax multiple is preferred by businesses. The increased multiple in 2017 not a result of different tax increases but of residential properties increasing in value more than commercial properties.

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
2018	9.8429	2.9961	3.29

## FINANCIAL OVERVIEW REPORT

This chart shows how our tax multiple compares to surveyed municipalities. Our multiple is seventh 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 an 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	2016	2017	Business Rate	2018	
	Multiple	Multiple		Multiple	Rank
Chilliwack	2.0	2.3	8.63109	2.4	1
West Vancouver	3.0	3.1	3.41020	2.7	2
Port Moody	2.7	3.1	6.92540	2.8	3
Abbotsford	2.3	3.1	10.05117	3.0	4
Langley, City	2.6	3.0	7.67750	3.1	5
Richmond	3.2	3.6	4.83440	3.2	6
<b>Maple Ridge</b>	<b>2.7</b>	<b>3.3</b>	<b>9.84290</b>	<b>3.3</b>	<b>7</b>
Surrey	2.9	3.3	5.95322	3.3	8
Delta	3.1	3.8	8.21750	3.4	9
Pitt Meadows	2.9	3.4	9.32940	3.4	10
North Vancouver, District	3.9	4.4	5.59916	3.5	11
Langley, Township	3.0	3.5	8.15020	3.7	12
Port Coquitlam	3.2	3.9	9.16300	3.8	13
Mission	3.0	3.6	12.90257	3.8	14
North Vancouver, City	3.5	4.1	6.47852	3.8	15
Vancouver	4.2	4.6	5.03190	4.0	16
New Westminster	3.6	4.1	10.52908	4.2	17
Burnaby	4.2	4.7	6.31090	4.2	18
Coquitlam	4.5	5.0	8.86630	4.4	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 2015 and 2016 as 2017 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.

	Percentage of Liability Servicing Limit Used		Debt Per Capita		Debt Servicing as a Percentage of Tax Revenue	
	2016	2015	2016	2015	2016	2015
			\$	\$		
Abbotsford	15%	13%	\$ 438	\$ 470	6%	5%
Burnaby	0%	0%	-	-	0%	0%
Chilliwack	4%	4%	49	63	1%	2%
Coquitlam	4%	8%	138	151	1%	3%
Delta	2%	3%	34	44	1%	1%
Langley (City)	0%	0%	-	-	0%	0%
Langley (Township)	14%	12%	631	657	6%	5%
<b>Maple Ridge</b>	<b>15%</b>	<b>15%</b>	<b>365</b>	<b>420</b>	<b>6%</b>	<b>6%</b>
Mission	5%	6%	142	161	2%	3%
New Westminster	30%	4%	742	909	18%	3%
North Vancouver (City)	1%	1%	24	27	0%	0%
North Vancouver (District)	12%	7%	495	545	6%	3%
Pitt Meadows	7%	10%	356	364	3%	4%
Port Coquitlam	6%	6%	351	366	2%	3%
Port Moody	6%	10%	351	363	2%	4%
Richmond	6%	6%	198	224	3%	3%
Surrey	23%	16%	413	433	10%	7%
Vancouver	12%	16%	1,643	1,524	6%	8%
West Vancouver	4%	3%	725	175	2%	2%
White Rock	137%	1%	1,069	735	68%	0%
<b>Average*</b>	<b>15%</b>	<b>7%</b>	<b>408</b>	<b>380</b>	<b>7%</b>	<b>3%</b>

The data shown is for 2016 vs 2015 as 2017 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 2016.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2016	2015	2016	2015	2016	2015
Abbotsford	9.09	9.35	1.76	1.57	0.07	0.06
Burnaby	16.19	17.38	5.71	5.68	0.03	0.04
Chilliwack	9.70	12.06	2.10	2.30	0.07	0.07
Coquitlam	14.33	14.86	2.95	2.57	0.04	0.05
Delta	11.48	10.97	2.50	2.35	0.01	0.01
Langley (City)	11.39	10.48	2.25	2.15	0.20	0.18
Langley (Township)	8.04	7.65	1.41	1.22	0.02	0.03
<b>Maple Ridge</b>	<b>10.10</b>	<b>9.12</b>	<b>1.74</b>	<b>1.58</b>	<b>0.02</b>	<b>0.03</b>
Mission	15.41	16.63	2.57	2.64	0.04	0.04
New Westminster	6.35	5.85	1.39	1.38	0.05	0.05
North Vancouver (City)	6.46	6.44	2.32	2.44	0.07	0.03
North Vancouver (District)	5.78	5.76	1.63	1.72	0.04	0.07
Pitt Meadows	8.70	9.31	1.67	1.52	0.02	0.02
Port Coquitlam	9.34	9.86	2.11	2.00	0.02	0.02
Port Moody	19.19	19.92	1.76	1.78	0.04	0.05
Richmond	8.17	8.73	2.68	2.88	0.05	0.05
Surrey	10.09	10.75	1.06	1.04	0.02	0.03
Vancouver	4.30	4.40	1.04	1.04	0.02	0.02
West Vancouver	4.97	6.31	1.20	1.21	0.11	0.11
White Rock	3.91	4.29	1.75	1.85	0.01	0.02
<b>Average*</b>	<b>9.65</b>	<b>10.05</b>	<b>2.08</b>	<b>2.07</b>	<b>0.05</b>	<b>0.05</b>

The data shown is for 2016 vs 2015 as 2017 information is not yet available.

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## 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.

	Expenditures Per Capita		Tax Revenue Per Capita		Tax Revenue Per Capita as a Percentage of Expenditures Per Capita	
	2016	2015	2016	2015	2016	2015
Abbotsford	\$ 1,466	\$ 1,512	\$ 931	\$ 904	64%	60%
Burnaby	1,893	1,786	1,130	1,094	60%	61%
Chilliwack	1,422	1,496	821	827	58%	55%
Coquitlam	1,820	1,786	1,050	1,037	58%	58%
Delta	2,433	2,232	1,330	1,281	55%	57%
Langley (City)	1,851	1,841	936	872	51%	47%
Langley (Township)	2,100	1,972	983	972	47%	49%
<b>Maple Ridge</b>	<b>1,939</b>	<b>1,858</b>	<b>914</b>	<b>923</b>	<b>47%</b>	<b>50%</b>
Mission	1,812	1,541	812	806	45%	52%
New Westminster	2,790	2,455	986	970	35%	40%
North Vancouver (City)	2,440	3,129	1,101	1,019	45%	33%
North Vancouver (District)	2,462	2,469	1,090	1,056	44%	43%
Pitt Meadows	1,460	1,409	963	877	66%	62%
Port Coquitlam	1,433	1,342	999	974	70%	73%
Port Moody	1,840	1,662	1,119	1,053	61%	63%
Richmond	2,278	2,242	1,000	983	44%	44%
Surrey	1,635	1,524	679	662	42%	43%
Vancouver	2,679	2,228	1,104	1,079	41%	48%
West Vancouver	3,687	3,594	1,597	1,419	43%	39%
White Rock	2,122	2,465	1,103	1,125	52%	46%
<b>Average*</b>	<b>2,078</b>	<b>2,036</b>	<b>1,032</b>	<b>1,001</b>	<b>51%</b>	<b>51%</b>

The data shown is for 2016 vs 2015 as 2017 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 2019, the City expects approximately \$4.5 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 are in the process of improving our Parks and Recreation service levels through investments in facilities and infrastructure. The last major investment in Parks, Recreation and Culture was almost 20 years ago. The investments being made have been a focus of community discussion for quite some time. The funding of these projects rely on Amenity Contributions that were relatively recently introduced by Council and are provided by development. The cost to property taxes for these projects is planned to be phased in over seven years.

The improvements to service levels, taking care of our existing infrastructure and addressing the cost of existing services has all been managed with the property tax increases that is below regional averages.

We continue to face pressures in delivering services to a community that is growing at a brisk pace.

Maple Ridge's Business Planning culture 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.

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 & Recreation improvements. Funding strategies have been developed to advance investments in Parks & 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.**



# FINANCIAL OVERVIEW REPORT

## Recommendations for 2019 – 2023 Financial Plan

The Audit & Finance Committee reviewed and endorsed the 2019 – 2023 Financial Plan bylaw report at the July 3, 2018 meeting and recommended that it be forwarded to Council for approval. On July 24, 2018 Council adopted Bylaw 7454-2018 to establish the five-year Financial Plan for the years 2019 – 2023. The approved bylaw shows a General Purpose tax increase of 1.90% which remains the lowest increase in years. The key financial implications of this budget include:

1. General Purpose Property Tax Increase; 1.90% in 2019 and 2.00% per year in 2020 through 2023.
2. Infrastructure Sustainability Property Tax Increase; 0.70% per year in 2019 through 2021 and 0.90% per year in 2022 & 2023.
3. Parks, Recreation & Culture Property Tax Increase; 0.25% per year.
4. Parks and Recreation Facilities Tax Increase; 0.35% per year.
5. Storm Water Property Tax Increase; 0.30% in 2019 through 2021 and 0.10% per year in 2022 & 2023.
6. Water Levy Increase; 4.50% per year.
7. Sewer Levy Increase; 3.60% per year.
8. Recycling Levy Increase; 2.75% per year in 2019 through 2023.
9. Growth in Property Tax Revenue Assumptions of 1.75% to 1.90% per year.
10. Incremental Adjustments; None
11. Provision for costs associated with growth as outlined on page 10, subject to available funding.
12. Capital Works Program totaling \$52.9 million in 2019, \$28.6 million in 2020, \$26.3 million in 2021, \$20.0 million in 2022 and \$12.2 million in 2023.

## 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 when Council formally considers the proposed Financial Plan. Public engagement can be difficult on the budget. However citizen or user input is often sought more directly on the individual services the City provides which inform the Departmental Business Plans and form the 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, Chief Financial Officer  
City of Maple Ridge  
11995 Haney Place  
Maple Ridge, BC V2X 6A9

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