



Deep Roots
Greater Heights

District of Maple Ridge

TO: His Worship Mayor Ernie Daykin and Members of Council
FROM: Chief Administrative Officer
SUBJECT: 2012-2016 Financial Plan Overview

DATE: December 12, 2011
ATTN: Workshop/Business Planning

EXECUTIVE SUMMARY:

The Business Planning process in Maple Ridge is a very well established, policy-driven approach which has been formalized and revised over the past two decades. Financial planning is an integral part of that process. The Council approved budget guidelines used by staff to prepare the 2012-2016 Business and Financial Plans are attached as an appendix to this report.

The purpose of this report is to provide Council with a financial overview based on financial performance to date, departmental business plans, and recommended priorities. The final outcome will be a Financial Plan Bylaw for Council's consideration. Council approval of the financial plan prior to the new year is beneficial, in particular because it allows an early start to capital program implementation. Certain factors influencing the proposed financial plan, such as growth in the property tax revenue base, are not known at this early stage, so the process allows for an amended financial plan in April/May.

RECOMMENDATION(S):

- A. That staff be directed to prepare a 2012-2016 Financial Plan incorporating the Business Plans and including the following:
1. Property Tax increase of 3% per year for general purposes.
 2. Property Tax increase of 1% per year for infrastructure sustainability.
 3. The continued implementation of the Fire Department Master Plan and associated levy, with 2012 being the last year of the full implementation costs, 2013 the increase is half the 2012 increase and 2014 and beyond any fire department cost increases will be included as part of the regular business planning guidelines.
 4. Assumption of Growth in property tax revenue from all property classes combined of 1.70% in 2012 then returning to the targeted 2.35% per year for the balance of the financial plan.
 5. Parks, Recreation, and Culture Levy increase of one-half of one percent of property taxes per year for eight years beginning in 2013.
 6. Storm Water Levy increase of \$5 per parcel or 0.3% of property taxes per year for five years beginning in 2013.
 7. Water Utility rate increase of 9% per year; Sewer Utility rate increase of 5% per year, as discussed on page 15.
 8. Recycling rate increases of 6% in 2012 and 3% per year thereafter, as discussed on page 16.
 9. Growth Costs, as detailed in Figure 5 on page 9, in accordance with Financial Sustainability Policy 5.52-2.0.
 10. Items to be funded from General Revenue Surplus as detailed in Figure 6 on page 9.

11. Capital Works Program totalling \$20 million for 2012, \$27 million for 2013, \$26 million for 2014, \$19 million for 2015, and \$38 million in 2016 as summarized in Figure 9 on page 11 and Figure 10 on page 11, with project listing on page 33.
 12. The borrowing of \$9.2 million, as outlined in Figure 15 on page 18 and in accordance with Financial Sustainability Policy 5.52-8.0.
 13. Allocation of infrastructure sustainability funds to various business areas in the amounts of \$2.4 million for 2012, \$2.9 million for 2013, \$3.6 million for 2014, \$4.3 million for 2015 and \$5.1 million for 2016, as outlined in Figure 20 on page 28 and in accordance with Financial Sustainability Policy 5.52-7.0 and 7.1.
 14. Cost and revenue adjustments which are included in the base budget as itemized in the reconciliation of General Revenue Surplus in Figure 12 on page 13.
 15. Incremental costs as listed in Figure 13 on page 15.
- B. That the recommendations concerning Gaming Revenue and Funding for Strategic Initiatives outlined on pages 21 and 22 and be implemented.**
- C. That staff be directed to seek elector approval to enable the District to obtain debt financing.**

DISCUSSION:

This report contains information that will assist in providing a high level overview of the proposed 2012-2016 Financial Plan. Specifically, details are provided on:

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1. 2011 Financial Outlook

In order to set some context leading into the 2012–2016 Financial Plan discussions it is useful to review the current year's financial performance in the General Revenue Fund. While we typically talk about financial results on a consolidated basis and consider the organization as a whole, during business planning we tend to focus more on the General Revenue Fund, as this is where Council has the most discretion. In addition, property tax rates are driven by transactions within this fund.

For a number of years Maple Ridge enjoyed a brisk pace of development that resulted in building permit revenues often exceeding financial plan targets. Since the economic downturn in 2008, building permit revenues have fluctuated from year-to-year. Revenues were down in 2009, and then rebounded in 2010; this year revenues are down again and we expect to see a shortfall of approximately \$300,000. Our financial sustainability policies, conservative budgeting, and our practice of planning for the bad times during the good mean that we're able to manage this shortfall in the short-term.

The District will receive a full year of gaming revenues from the local gaming facility this year. To date we have received instalments for the first two quarters of 2011 totalling \$376,000 against a financial plan target of \$400,000 for 2011. Monies received from this source will be allocated in line with Council's policy.

The following information is based on September results that indicate we will see a General Revenue surplus at year-end. Factors contributing to this include positive investment revenues and a continued focus on cost containment and vacancy management throughout the organization.

Revenues:

- Investment income in the General Revenue Fund will exceed budget targets by over \$1,000,000 as a result of positive returns and a larger than expected investment portfolio.
- Permit revenue will miss financial plan targets by approximately \$300,000. Council has a Building Permit Reserve account with a balance of about \$2 million and depending on our overall financial results, we may have to draw upon this reserve.

The financial plan also provided for revenues from the School District for their share of purchasing joint school/park sites. While those revenues haven't been realized, the related expenditures haven't been made as the acquisitions have been deferred. After allowing for adjustments for items, such as the revenues from the School District we expect overall revenues to exceed targets.

Expenses:

Overall, expenses are expected to come in under budget as a result of continued cost containment efforts. The following highlights some significant cost centres:

- The RCMP contract cost will likely come in under budget though we have been advised by RCMP Headquarters that there may be a retroactive pay adjustment awarded in the coming months. We will establish a provision for this retroactive adjustment before we finalize our year end results, and may have to draw upon the Protective Services Reserve for funding.
- Overall Fire Department costs will be very close to budget targets again this year. The ongoing implementation of the Fire Department Master Plan and increased call volumes continue to present cost pressures.
- Recreation costs are currently within financial plan targets.
- Interest costs for debt will come in under budget, as borrowing authorized for capital projects has not been accessed to date. Any associated transfers from reserves to cover the costs will also not occur.
- There will be some savings from staff vacancies and delayed or rescheduled projects. Some of these savings will be transferred to reserves at year-end to allow work to proceed in 2012. Savings could also be offset by snow and ice control costs if predictions for a colder and wetter than normal winter are correct, as these costs are already slightly over budget.

- General Revenue transfers for capital will come in under budget due to timing differences between planned and actual expenditures. The majority of this variance will be transferred to reserves at year-end as work on the related projects will continue in 2012.

The above summary, based on results to the end of September, points to a General Revenue surplus for 2011.

2011 Capital Projects

The budget for the Capital Works Program in 2011 is \$106 million. This number is higher than the number in subsequent years because the first year of the Capital Program includes projects approved in prior years that are not yet complete, but are still a priority.

The budget for projects that have been started is \$66 million. Of these projects, \$28 million are complete or nearly complete, \$14 million are well under way, and \$24 million are in the early stages of design and tendering.

The budget of projects not yet started, is approximately \$40 million. The reasons for these project delays are summarized as follows:

Agreements Not Signed (School portion of School/Parks sites)	\$15.6M
Grant Funding Not Secured (Dykes \$8M, River Road \$3M)	\$13.0M
Reliant on other capital work	\$1.4M
Land Acquisition Delays	\$1.6M
Other	\$1.1M
Staffing, Strategic & Technical Delays	\$7.3M

Projects that do not finalize in 2011 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 2012 budget.

2. Where the Money Comes From/Where It Is Allocated

This section provides a look at what the District can expect in additional revenue each year over and above the amount budgeted in the year prior. Growth in the property tax base and property tax increases provide the bulk of new revenue, which amounts to \$3,950,000 in 2012.

Historically, annual growth revenue has exceeded 3% and budgeting for a growth level of 2.35% is conservative. In 2011 however, growth revenue was \$800,000 or 1.68%. Our previous financial plan estimated 2012 growth at 2.35% and we recommend that this be reduced to 1.70%. This change has resulted in reductions in the growth revenue allocated to each area.

- Community Development Parks & Recreation Services
- Corporate & Financial Services
- Public Works & Development Services

There is great variability in annual growth and this is one of the reasons that it is important to have sound long term financial planning policies and practices and to build financial resiliency. In the last 10 years we've seen growth exceed 3% twice and it has been less than 2% in three years including the last two. The District is fortunate in that it does not rely heavily on any one industry or sector and property taxes are a relatively stable source of revenue.

2.1. New Revenue

Figure 1: Conceptual Overview of New Revenue

Item	2012	2013	2014	2015	2016
Previous Year's Taxation	51,575,000	54,550,000	64,600,000	69,300,000	74,325,000
Growth Rate	1.70%	2.35%	2.35%	2.35%	2.35%
Growth Revenue	875,000	1,275,000	1,525,000	1,625,000	1,750,000
Previous Year's Taxation + Growth	52,450,000	55,825,000	66,125,000	70,925,000	76,075,000
Tax Increase					
General Purpose	3.00%	3.00%	3.00%	3.00%	3.00%
Infrastructure	1.00%	1.00%	1.00%	1.00%	1.00%
Parks & Recreation	0.00%	0.50%	0.50%	0.50%	0.50%
Drainage Improvements	0.00%	0.30%	0.30%	0.30%	0.30%
Tax Increase	2,100,000	2,675,000	3,175,000	3,400,000	3,650,000
Property Taxes	54,550,000	58,500,000	69,300,000	74,325,000	79,725,000
Fire Levy - Previous Year	4,825,000	5,625,000	Included in Base amount above		
Growth	100,000	125,000			
Fire Levy Increase	700,000	350,000			
Fire Levy	5,625,000	6,100,000			
Total Increase + Growth	3,775,000	4,425,000	4,700,000	5,025,000	5,400,000
Next Year's Taxation Base	60,175,000	64,600,000	69,300,000	74,325,000	79,725,000
Gaming Revenue	Addressed Separately in Section 5, Further Items				
Increases in other revenue:	450,000	300,000	300,000	250,000	250,000
Increase in General Revenue	4,225,000	4,725,000	5,000,000	5,275,000	5,650,000

The property tax increase consists of increases for general purposes, dedicated infrastructure replacement in each of the years, Fire Department Master Plan funding in 2012 and to a lesser extent in 2013, a drainage increase to fund the replacement of drainage infrastructure starting in 2013 and also starting in 2013 an increase to implement the Parks and Recreation Master Plan.

In 2012, other revenues are projected to increase by \$450,000 over the amount previously budgeted. The increase includes changes in Parks & Leisure Services cost share recoveries, recycling fees and grants. The grants include a Grant-In-Lieu of property taxes for the corrections facilities which is estimated to increase by at least \$100,000. In some cases, these revenues are offset by related increased expenditures. **Figure 2** and **Figure 3** show the demands against this revenue¹.

¹ Items with offsetting entries within general revenue have been removed for simplicity.

2.2. Transfers

The District has committed to making transfers to certain reserves in order to provide long term financial stability. These transfers reduce the revenues that are available to cover other expenditures.

Approximations of such transfers are shown in **Figure 2**. The amounts reflect the change from one year to the next, rather than gross amounts to be transferred, to highlight the draw against each year's additional revenue.

Figure 2: Conceptual Overview of Changes to Transfers

Item	2012	2013	2014	2015	2016
Increase in General Revenue	4,225,000	4,725,000	5,000,000	5,275,000	5,650,000
Transfers to Reserves:					
Infrastructure Sustainability	-525,000	-550,000	-650,000	-700,000	-750,000
Equipment Replacement - Technology	100,000				
Equipment Replacement - Public Works	-100,000	-50,000	-50,000	-50,000	-50,000
Fire Dept. Capital Acquisition Reserve	-50,000	-100,000	-125,000	-125,000	-125,000
Police Services Reserve	75,000	-250,000	-175,000	-125,000	0
Capital Works Reserve	25,000	-125,000	25,000	-150,000	25,000
Other Transfers	-75,000	-125,000	-50,000	-50,000	-50,000
Available after transfers	3,675,000	3,525,000	3,975,000	4,075,000	4,700,000

A discussion of our Reserves follows in **Section 8** on **page 26** but one noteworthy item on the table is Infrastructure Sustainability: in 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The remaining new revenue for 2012, after the reserve commitments, is about \$3.675 million.

2.3. Expenditures

Beyond the transfers noted above, a number of adjustments to expenditures are required. We experienced cost increases in a number of areas that must be provided for. The impacts of these expenditure adjustments are captured in **Figure 3** below and a discussion follows. In addition, growth-related enhancements have been addressed and are detailed in **Figure 5**.

Figure 3: Conceptual Overview of Expenditure Changes

Item	2012	2013	2014	2015	2016
Available after transfers	3,675,000	3,525,000	3,975,000	4,075,000	4,700,000
Increase in expenditures:					
Labour (excluding Fire Dept)	-1,025,000	-950,000	-1,075,000	-950,000	-950,000
Fire Department	-850,000	-550,000	-450,000	-475,000	-500,000
Parks & Recreation Master Plan		-275,000	-325,000	-350,000	-375,000
Drainage Capital		-175,000	-200,000	-200,000	-225,000
Policing (RCMP, ITEAMS, ECOMM)	-1,100,000	-800,000	-875,000	-775,000	-1,100,000
Fraser Valley Regional Library	-125,000	-125,000	-125,000	-125,000	-125,000
Inflation Allowance	-100,000	-200,000	-200,000	-200,000	-200,000
Growth Costs	0	-275,000	-350,000	-350,000	-350,000
Capital Funded from General Revenue	-125,000	-150,000	-175,000	-175,000	-175,000
Fuel	-200,000	-25,000	-25,000	-25,000	-25,000
Software Mtce	-150,000	-25,000			
Contracts & Other	-50,000	0	-100,000	-75,000	-100,000
Available after expenditures	-50,000	-25,000	75,000	375,000	575,000
Surplus from prior year and rounding	80,279	32,238	-67,443	10,111	371,886
General Revenue Surplus	30,279	7,238	7,557	385,111	946,886

It is important to keep in mind that the numbers in the preceding three tables represent a change from one year to the next. For example, in **Figure 3** above, the labour amount means that 2012 costs are forecasted to be about \$1 million higher than 2011, so will require \$1 million of the new revenue for 2012.

We have little discretion in funding these items as they reflect the costs associated with existing contracts (such as labour, RCMP contract, library, recycling), or in the case of the Fire Department Master Plan, related to a change in the fire service delivery model.

These next few points provide further detail about items in **Figure 3**:

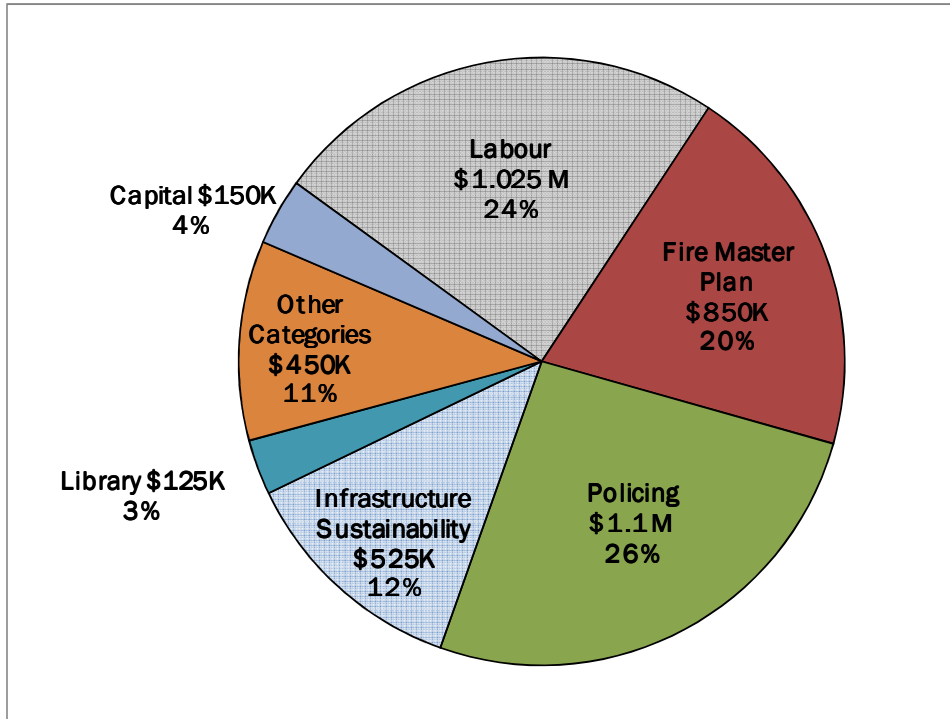
- **Labour:** This line reflects the financial impact of wage and benefit cost increases. The CUPE contract expires March 31, 2012. Once contract costs have been resolved they may be updated in the Financial Plan Bylaw amendment process.
- **Fire Department:** Implementation of the Fire Department Master Plan is reflected in these cost increases and includes additional staff as well as increased costs associated with operating a facility more than doubled in size. The balance of the increase is the cost of existing positions, including wage and benefit costs.
- **Policing:** This line includes the cost for contracts associated with Police Services including RCMP, community police officers, centralized dispatch services, and regional initiatives such as an Integrated Homicide Team and an Emergency Response Team, Forensic Identification, a Dog Unit and a Traffic Reconstruction Unit. The budget includes two or three additional members each year. Funding from the Police Services Reserve is used to manage the impact to General Revenue.

Police Dispatch: The delivery of this service was reviewed with the intention of reducing costs while maintaining service levels. In our review, we had considered a change in service providers however the current contractor reduced our costs, guaranteed no cost increase for 5 years and formalized these understandings through a Service Agreement. Savings of about \$200,000 per year were realized.

- **Library:** We are part of a regional library system and so our costs are impacted 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 borne and shared by the entire system. The cost of the contracted service with the Fraser Valley Regional Library increases by about 6.6% in 2012, and then 5% per year thereafter.
- **Inflation Allowance:** A very small contingency exists. Future cost pressures will need to be managed to ensure that funds for increased costs are sufficient. 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. A general increase is captured in fiscal services to cover inflationary increases.
- **Debt:** Debt payments were previously included for several projects approved in prior Financial Plans. While some of this borrowing is yet to occur, to be conservative, debt payments have been included based on the earliest date that borrowing is likely to occur. Debt is discussed in more detail under **Section 4**, called “Borrowing” starting on **page 16**.
- **Growth:** Growth projections and increases to revenues as a result of growth are built in. In order to recognize the costs associated with growth and the demand it places on the new revenues, a number of growth increments are included in alignment with Financial Sustainability Policy 5.52-2.0. Some growth increments are directed towards general areas rather than specific programs. The growth funding and allocations are noted in **Figure 5** and **Figure 6**. The amount for 2012 has been eliminated to address the anticipated shortfall of new property tax revenue associated with new construction or growth.
- **Other:** This line captures numerous minor adjustments to other accounts such as materials, utilities, training, supplies, and maintenance.

Of the \$ 4.225 million available in new revenue, the demand from the labour category including police and fire is over 44%. The Fire Master Plan implementation costs are matched by a special tax levy to support it. Following is a chart illustrating the distribution of new revenues for the 2012 year.

Figure 4: Conceptual Overview of Distribution of New Revenue - \$4,225,000 in 2012



The preceding section provides a brief overview of increases in revenues, and where that money goes. It illustrates those items that have an impact on general revenue. The rate of cost increases in certain areas (i.e. Police and Labour) is beyond the rate of the general tax increase, leaving minimal room for enhancements unless reductions are considered in other areas or new revenue sources, such as grants, are found.

2.4. Budget Allocations for Growth

The previous discussion touched on growth amounts allocated to budget areas, but only to the extent that they drew upon general revenue. A number of growth increments are included in alignment with Financial Sustainability Policy 5.52-2.0. The following table captures all growth allocations in the financial plan. Some are directed towards general areas rather than specific programs. As we approach later years and the community’s needs are more certain, these packages will be allocated more specifically. As has been noted previously, no growth funding has been allocated in 2012 to address the anticipated shortfall in taxation revenue.

Figure 5: Growth Packages in Financial Plan (figures represent total budget, not year over year change)

Source	Allocated to:	2012	2013	2014	2015	2016
General Rev	Transfer to Fire Department Capital Reserve	0	50,000	100,000	150,000	200,000
	Operations	0	65,000	130,000	195,000	260,000
	Parks Maintenance	0	65,000	130,000	195,000	260,000
	Software Maintenance	0	20,000	40,000	60,000	80,000
	Public Works & Development (PW&D)	0	45,000	110,000	175,000	240,000
	Corporate & Financial Services (C&FS)	0	45,000	110,000	175,000	240,000
	Community Dev, Parks & Rec (CDPR)	0	45,000	110,000	175,000	240,000
General Revenue Subtotal		0	335,000	730,000	1,125,000	1,520,000
Water Rev	Water Maintenance	15,000	30,000	45,000	60,000	75,000
Sewer Rev	Sewer Maintenance	10,000	20,000	30,000	40,000	50,000

Total change in each year's growth amount is different than the growth amount in **Figure 3** by \$50,000 due to the fact that the Fire Department Capital is not included as an expense but a transfer to a reserve and is included in **Figure 2**.

2.5. Surplus as a Source of Funds

Several projects were unable to be funded from increases in revenues. The District's accumulated surplus had been targeted to provide funding for the following projects:

Figure 6: Items to be Funded from Surplus

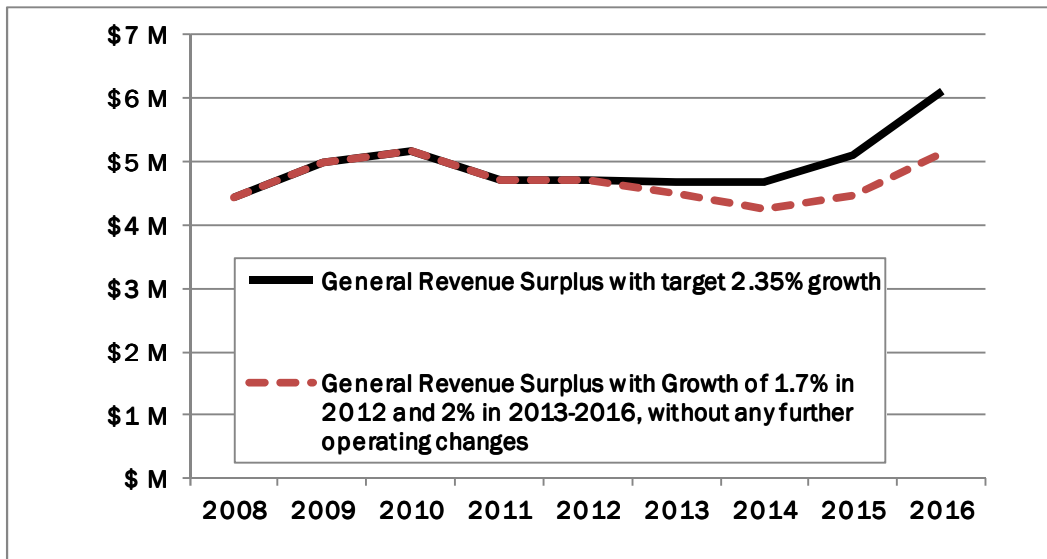
Item	2012	2013	2014	2015	2016
Operating items approved in prior financial plans:					
BIA Facade Improvements	25,000	25,000			
Operating items:					
Zoning Amenities Report	25,000				
Commercial/Industrial Study	75,000				
Capital Items: None					
	125,000	25,000	0	0	0

The BIA Facade Improvements is a three year program committed to in 2011 and the additional operating items are discussed under Section 2.8 Incremental Adjustments on **page 15**.

The additional property tax revenue due to new construction, often referred to as real growth, is budgeted at 1.7% for 2012. Construction is increasing but may not yet be generating the real growth rate we have historically had. A conservative approach is taken, budgeting for less growth in 2012 and not committing to fund growth related costs until the growth revenues are certain.

If the growth remains below average levels and expenditures are not adjusted then the annual surpluses shown in **Figure 3** would be reduced accordingly, and the broken line, in **Figure 7**, would be the projected accumulated surplus.

Figure 7: General Revenue Accumulated Surplus



Succession Planning was initially funded in 2007, from surplus. The funds are most frequently used to provide a number of months of overlap for key employees in critical positions (retiree and replacement on the job at the same time). The period of overlap allows the replacement to get training and knowledge transfer so they have the best chance possible to hit the ground running. With the economic downturn we have seen some delay in timing of the anticipated costs. The balance of the previously approved funding has been committed as follows:

Figure 8: Succession Planning Implementation

Succession Planning	2012	2013	2014	2015	2016
Opening Balance	383,536	128,536	0	0	0
Allocation					
Operations Centre	-220,000	-95,000			
Other	-35,000	-33,536			
Closing Balance	128,536	0	0	0	0

2.6. Capital Program

The five-year Capital Works Program is \$129 million; 2012 planned capital projects are \$20 million, exclusive of projects that may 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 project list is included in **Appendix B** beginning on **page 33**. Projects carried forward from previous years will be included in a Financial Plan amendment in the spring of 2012.

Figure 9: Proposed Capital Spending by Category (in thousands)

Category	2012	2013	2014	2015	2016	Total
Drainage	679	1,243	1,404	1,645	1,996	6,965
Government Services	858	850	4,850	172	350	7,080
Highways	7,047	11,720	9,907	8,717	26,669	64,061
Park Acquisition	3,016	600	200	3,044	3,197	10,057
Park Improvement	461	1,550	3,331	965	819	7,126
Protective Services	1,320	1,604	350	250	1,750	5,274
Recreation Services	36	0	0	130	0	166
Sewage	1,257	1,975	2,583	886	1,006	7,705
Technology	1,423	949	536	941	1,217	5,067
Water	3,972	5,628	2,486	2,038	1,845	15,969
Total Capital Program	20,069	26,119	25,647	18,788	38,848	129,471

The following table illustrates the sources of funding for these projects. The proposed Capital Program is relatively large in some years due to projected funding from other sources including TransLink and grants from provincial and federal governments.

Figure 10: Proposed Capital Funding Sources (in thousands)

Funding Source	2012	2013	2014	2015	2016	Total
Development Cost Charges	6,290	9,656	6,885	7,155	10,830	40,815
General Revenue	2,672	2,004	2,802	3,054	2,880	13,412
Capital Works Reserve	1,135	400	500	0	0	2,035
Infrastructure Sustainability Reserve	1,396	1,994	2,755	3,590	4,587	14,322
Fire Dept Capital Reserve	70	950	350	250	1,750	3,370
Equip Replacement Reserves	2,580	2,079	1,095	1,256	1,435	8,444
Parkland Acquisition Reserve	200	200	200	200	200	1,000
Sewer Capital	676	1,626	1,242	739	819	5,102
Water Capital	2,091	2,570	1,682	1,267	1,215	8,825
Grants, LAS, 3rd Parties	2,295	4,250	3,846	1,213	14,843	26,446
Recycling Reserve	325	390	40	65	290	1,110
Gaming Reserve	200	0	0	0	0	200
Land Reserve	0	0	4,250	0	0	4,250
Police Services Reserve	139	0	0	0	0	139
Total Capital Program	20,069	26,119	25,647	18,788	38,848	129,471

Debt Financing has been a strategy used over the last few years to advance capital projects. Borrowing has been approved for a variety of projects and is discussed in detail in **Section 4 Borrowing**, with **Figure 15** listing the debt funded projects. The projects currently proposed to be funded from Development Cost Charges (DCC) Reserve funds may require reprioritization and/or the use of financing may be required if DCC collections do not match the planned capital expenditures. The DCC Reserve also services debt payments which are discussed in more detail in **Section 4**. Given that DCC collections fluctuate, cash flows are monitored closely.

Reserves are a key funding source for capital as they allow for strategic financial planning, and can temper rate increases to taxpayers. The reserve balances and projections for key reserves are shown in **Section 8 Reserves on page 26**. The Infrastructure Sustainability Reserve is used for major rehabilitation and replacement of the District's infrastructure. The Fire Department Capital Reserve is used for the acquisition of new growth-related facilities and equipment. Within the Equipment Replacement Reserve, the Fire Department, public works operations and technology all have dedicated equipment replacement funds. Other Funding Sources noted on **Figure 11** reference sources such as reserve accounts for specific purposes.

The percentage of the 2012 planned projects funded by General Revenue is 13%. There are other reserves that receive inflows from General Revenue but the use of these reserves is for specific purposes.

The Capital Program includes over \$26 million of funding from others as itemized in **Figure 11**. The majority of this funding has not yet been secured; projects will be re-evaluated and reprioritized if funding is not secured.

Figure 11: Capital Funded by Others (in thousands)

Projects Funded by Others	2012	2013	2014	2015	2016	Total
Abernethy Way	0	2,502	0	0	8,418	10,920
Abernethy (216-500M E Blackstock)	0	0	750	0	0	750
Bikeway Program	50	50	50	50	50	250
Drainage	0	200	0	0	0	200
Local improvement projects	1,000	1,000	1,000	1,000	1,000	5,000
122nd Reconstruction & Road Enhancement	156	0	0	0	0	156
132nd Multi-Use Pathway	0	0	0	0	2,000	2,000
Whonnock Lake Canoe Facility	0	0	1,980	0	0	1,980
River Road Sidewalks, Curbs and Gutters	0	0	0	0	3,000	3,000
Lougheed Hwy Cycle Track: Laity to 216	500	0	0	0	0	500
Retaining Wall 23000 Blk Abernethy	300	0	0	0	0	300
Other	289	498	66	163	375	1,390
Total Project Funded by Others	2,295	4,250	3,846	1,213	14,843	26,446

2.7. Operating Budget Changes

The discussion so far has focused on the additional revenues that come into the municipality and the demands upon them. This next section outlines how this information applies to the financial plan that Council will be considering. In May 2011, Council approved a financial plan for 2011 through 2015. This is used as a basis to create a 2012-2016 Financial Plan. The following table reconciles the changes to the previously adopted financial plan.

Figure 12: Reconciliation of 2011-2015 Financial Plan to 2012-2016 Proposed Financial Plan

General Revenue Fund (GRF) (rounded to thousands)	2012	2013	2014	2015
GRF Surplus in May 2011 Adopted Financial Plan Bylaw	79,000	89,000	86,000	183,000
Gaming Revenue Adjustments (no net impact)				
Gaming Revenue	500,000			
Gaming Revenue Allocation (as per Council Policy):				
Emerging Issues (Admin)	-40,000			
Neighbourhood Change (CDPR)	-75,000			
Downtown Security (CDPR)	-50,000			
Upkeep in Town Centre (CDPR)	-50,000			
Family Friendly Events in Memorial Peace Park (CDPR)	-10,000			
Capital	-275,000			
Growth Adjustments (no net impact)				
Property Tax Revenue: 2012 Real Growth to 1.70%	-322,000	-322,000	-322,000	-322,000
Claw back of Growth Funding to offset revenue shortfall				
Parks Maintenance	65,000	65,000	65,000	65,000
Pitt Meadows cost share - Parks Mtce	-13,000	-13,000	-13,000	-13,000
Fire Department Capital Replacement	50,000	50,000	50,000	50,000
Operations - Asset Maintenance	65,000	65,000	65,000	65,000
Software Maintenance	20,000	20,000	20,000	20,000
Divisional - Indirect Growth Costs	135,000	135,000	135,000	135,000
GRF Surplus after Gaming and Growth Adjustments	79,000	89,000	86,000	183,000
Corporate Wide Adjustments				
Fuel - Equipment	-55,000	-60,000	-66,000	-71,000
Salary & Benefit Assumptions	-9,000	2,000	-54,000	-61,000
Grant In Lieu of Property Taxes	58,000	55,000	65,000	75,000
Transfer to Reserves - Carbon Tax Refund	-43,000	-52,000	-52,000	-52,000
Grant Revenue: Carbon Tax Refund Increase	32,000	41,000	41,000	41,000
Transfers and Other Revenue Adjustments	-16,000	-15,000	-14,000	-14,000
Training	-4,000	-3,000	-3,000	-3,000
Inflation Contingency Reduction	38,000	40,000	42,000	44,000
GRF Surplus After Corporate Wide Adjustments	80,000	97,000	45,000	142,000

Figure 12: Reconciliation of 2011-2015 Financial Plan to 2012-2016 Proposed Financial Plan (cont.)

General Revenue Fund (GRF) (rounded to thousands)	2012	2013	2014	2015
GRF Surplus After Corporate Wide Adjustments	80,000	97,000	45,000	142,000
Corporate & Financial Services (C&FS) Adjustments				
Insurance Costs Reduction	32,000	32,000	32,000	32,000
Property Rental Revenue Reduction	-12,000	-12,000	-12,000	-12,000
Investment Revenue	10,000	20,000	40,000	40,000
Fire Department Operating Costs Increases covered by Fire Department Property Tax Levy				
Software Maintenance	-144,000	-164,000	-164,000	-164,000
Software Mtce Recovery Charge to Utilities	50,000	50,000	50,000	50,000
Adjust Capital Works Reserve Transfer to Balance 2014			60,000	-60,000
Transfer To Equipment Replacement for Info. Serv.	107,000	107,000	107,000	107,000
RCMP Contract	-227,000	-302,000	-119,000	437,000
Police Services Reserve	227,000	302,000	119,000	0
Pitt Meadows Cost Share	-19,000	-19,000	-19,000	-19,000
GRF Surplus after C&FS Adjustments	104,000	111,000	139,000	553,000
Community Development, Parks & Recreation (CDPR) Adjustments				
CDPR Adjustments and Growth Funding Distribution	-3,000	-9,000	-16,000	-2,000
Library Contract	-38,000	-40,000	-42,000	-44,000
GRF Surplus after CDPR Adjustments	63,000	62,000	81,000	507,000
Public Works & Development Services (PW&D) Adjustments				
Operations Maintenance - Labour & Equipment	-17,000	-17,000	-14,000	-21,000
Cottonwood Landfill Monitoring Costs	-25,000	-25,000	-25,000	-25,000
GRF Surplus After PW&D Adjustments	21,000	20,000	42,000	461,000
Other Adjustments & Rounding	9,279	-12,762	-34,443	-75,889
GRF Surplus after PW&D Adjustments	30,279	7,238	7,557	385,111

The preceding table reconciles the changes to the previously adopted financial plan. It demonstrates that even with projected growth of 1.7% and an annual 4% (including 1% for infrastructure) tax increase, there is little room for additional discretionary spending and not all areas requiring support can be accommodated.

2.8. Incremental Adjustments

In view of the tough economic times, staff were directed to only bring forward requests for incremental funding where it was critical to operations and/or represented health or life safety risks. As a result, incremental requests are at a minimum. There are however two major pieces of work directed by Council that must be provided for: The Commercial/Industrial Strategy and consideration of a provision for amenities in our Zoning Bylaw. While staff will do much of the work, the services of external professionals will also be required. We recommend that \$100,000 be set aside from Accumulated Surplus for these items.

Figure 13: Incremental Adjustments

	2012	2013	2014	2015	2016
General Revenue Surplus (from Fig. 12)	30,279	7,238	7,557	385,111	946,886
Zoning Amenities Report	25,000				
Commercial/Industrial Study	75,000				
Funding from Accumulated Surplus	-100,000				
General Revenue Operating Surplus	30,279	7,238	7,557	385,111	946,886

The District of Maple Ridge has rigorous business planning practices that have served us well in this economic slowdown. These practices include a framework for considering what areas of business we should be in, reconsidering vacant positions prior to rehiring and considering what each business area would look like if there was substantially less funding. The District also has reserves that could be drawn down if revenues softened. It is important to realize the impact that the slowing economy has on the local economy and that potentially, when jobs are scarce, the cost of capital projects could come down. Having said this, taking on additional costs should be done with caution in an economy that is in the early stages of what is projected to be a slow and drawn out recovery.

While there are considerable downsides to a slowing economy, it may also represent some opportunities. For instance, we enjoyed some increased competition and softening in construction costs although construction costs seem to be recovering. As well, senior governments implemented infrastructure improvement assistance programs to stimulate the economy, of which we secured some significant funding. This is why it is important for us to have a multi-year financial plan in place as early as possible and set ourselves up for having funds available to leverage grants and be able to take advantage of opportunities when they present themselves.

3. Water, Sewer and Recycling Rates

Water Utility Rates

The Water Utility covers costs associated with water purchases, maintenance, and both regional and local capital infrastructure. The Regional District is planning an increase in water rates of 5.9% in 2012, 18.6% in 2013, 6.5% in 2014, 6.0% in 2015 and 4.5% in 2016. The regional rate increase was 14% in 2011.

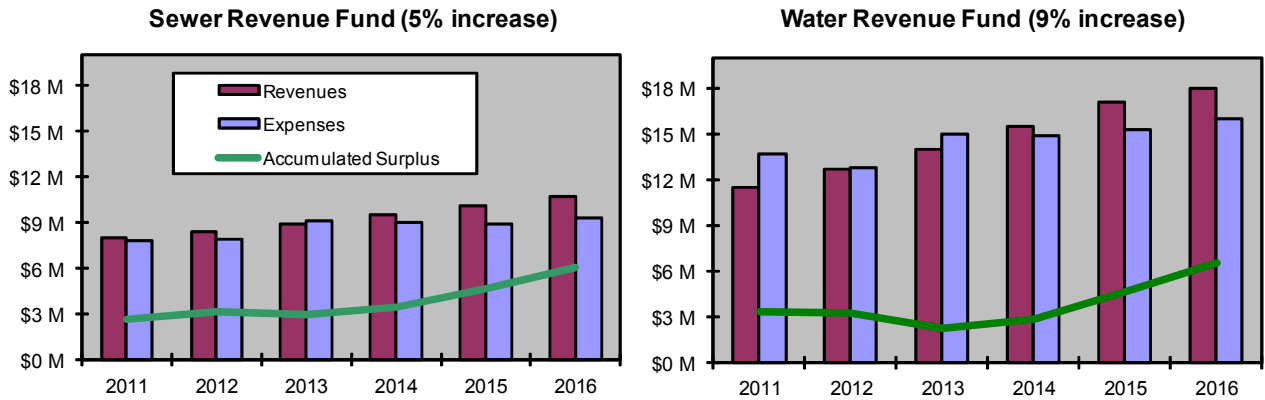
In addition, the Regional District is making significant capital expenditures including a pump station and new water main that will benefit Maple Ridge. Maple Ridge pays a portion of the costs with some contributions being as high as 41%. Maple Ridge's portion of the projects is approximately \$9 million. The bills for these projects have been paid for the last few years with additional payments expected over the next few years as the projects are completed. We plan to cover 80% of the costs with Development Cost Charges and the balance funded through the Water Utility. Interest costs associated with borrowing for this project may also need to be funded by the Water Utility. The current accumulated surplus in the District's Water Revenue Fund is approximately \$3.6 million. We have the capacity to pay for the upcoming projects over the five year planning horizon and will have to closely monitor our water rates to ensure they are adequate.

We recommend that we continue to use accumulated surplus to stabilize water fee increases to our citizens. It is recommended that the water rates be increased by 9% per year, which is consistent with last year's financial plan.

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. A sewer rate increase of 5% per year is required to graduate rate increases over the long-run and is the same increase as last year. Any cost impact that new waste-water regulations have on capital investment requirements will be addressed at the regional level with member municipalities paying their respective portions.

Figure 14: Sewer and Water Revenue Fund Projections



Recycling Rates

The Ridge Meadows Recycling Society (RMRS) is a charitable non-profit organization that provides a range of recycling services. Recycling fee increases of 3% are planned in 2013 through 2016. The increase for 2012 is 6% due to increased fuel and vehicle costs and increased labour-related contract costs associated with expanding the collection area.

4. Borrowing

The financial plan incorporates debt proceeds into the overall funding strategy. At Council's direction, the 2008-2012 Financial Plan called for debt to fund a portion of the capital works program. The projects that were identified to be funded from debt are discussed under Previously Approved Borrowing. The additional borrowing included in the 2012-2016 Financial Plan is identified in **Figure 15**.

Development Cost Charges (DCC) Funded Debt

The 2007-2011 Financial Plan called for borrowing in 2007, with the intention of having the Development Cost Charges (DCCs) cover the interest costs. Through discussions with the Ministry of Community and Rural Development, it was communicated that interest costs could not be included until the DCC Reserves were depleted. Hence the DCC Reserve was used to fund projects for which we had anticipated borrowing funds.

Acquiring parkland prior to development may result in better value for our DCC Reserve. Based on the legislation, and confirmed in conversations with the Ministry, the use of DCCs to pay for interest payments associated with borrowing for parks is not permitted. The cost of borrowing, if necessary, will require the interest component to be funded from another source such as general revenue or the Capital Works Reserve.

Internal vs. External Borrowing

The need for borrowed funds assumes that all prior approved capital works have been carried out and funded. However, a large component of the Capital Program remains incomplete creating an availability of funds that may allow us to delay external borrowing. With rates being as low as they are, we will need to consider if borrowing externally makes more sense. The 2012-2016 Financial Plan includes debt payments on the previously approved debt. However, if the Municipality can delay external borrowing the linkage between the borrowing and the work that was approved for borrowing becomes less clear. This will be discussed with the Ministry to ensure that by trying to serve the public by reducing interest costs we are still able to act on the approved borrowing a year or more after the completion of the project.

Previously Approved Borrowing

The District of Maple Ridge is now authorized to borrow for several projects. The authority to externally borrow expires in 2013 and 2014, five years after the borrowing is approved. The cash flow to service this debt has already been provided for in the financial plan. The projects are:

- 240 Street Bridge over Kanaka Creek (\$4,680,000)

In 2008, borrowing was approved for the bridge over Kanaka Creek on 240 Street. This was constructed in 2010, and was funded through existing DCC funds. External borrowing would only occur if DCC funds near depletion. It is expected that external borrowing for this project will not be necessary.

- Fire Hall #4 Construction (\$6,000,000)

With the renovation of Fire Hall #1 complete and costs finalized, attention can now be turned to the construction of Fire Hall #4. The design work is underway and construction is expected soon. The debt servicing costs will be funded through the Fire Department Capital Acquisition Reserve. This reserve has the capacity to make the debt payments. The remaining balance in the reserve is sufficient to address other capital requirements. This reserve is discussed in more detail beginning on **page 29**.

- Park/School Site Acquisition (\$10,671,185)

Land values tend to rise as an area becomes more developed. Therefore, acquiring parkland prior to development may result in better value. Further, there are synergies in having parkland and school sites in close proximity. The 2009-2013 Financial Plan provided for the municipality to purchase larger properties to accommodate both a park and a school site and offset the increased costs through contributions from School District 42. As avenues to offset the additional cost are still being explored, the financial plan is unchanged for 2012.

- Cemetery Expansion (\$3,320,000)

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

- River Road Drainage Work (\$2,675,000)

Major drainage work on River Road was approved. The annual payments are to be funded through the Capital Works Reserve. The Capital Works Reserve is discussed in more detail in the "Reserves" section of the report, which starts on **page 27**. This work is complete and external borrowing has been initiated.

- Animal Shelter (\$900,000)

The construction of this building is complete. This is a joint effort with the SPCA and the Municipality. The municipal portion of the costs have been covered with \$300,000 which was committed several years ago, the contribution of land, and the increase in dog licence fees which will service the debt. The approved borrowing of up to \$900,000 was authorized over a term of 25 years. Due to dog license fees being increased several years ago, less borrowing is needed and the term has been shortened significantly. The borrowing that has been initiated is \$625,000 to be paid back over 15 years.

Borrowing Considerations 2012-2016

The following table summarizes additional debt contemplated in the 2012-2016 Financial Plan.

Figure 15: Capital Projects Proposed for Debt Financing

Project	Years	Borrow	Term	Main Fund	Annual Payments	Issue Costs	Total Interest	Total Cost
Regional Water Supply								
Pump Station	2010 - 2012	2,900,000	20	DCC/WCF	215,000	21,750	1,400,000	4,321,750
West Main	2010 - 2014	6,300,000	20	DCC/WCF	465,000	47,250	3,000,000	9,347,250
		<u>9,200,000</u>			<u>680,000</u>	<u>69,000</u>	<u>4,400,000</u>	<u>13,669,000</u>

The timing of the borrowing is dependent on DCC collections and capital expenditures. Depending on DCC collections, borrowing may significantly impact the ability to fund future Water projects. The costs are funded approximately 80% through DCCs and 20% through the Water Utility.

Metro Vancouver was contacted to see if they would borrow on our behalf as they are constructing the capital works, however, they do not provide such a service. The District will need to go through the borrowing process to seek borrowing approval to ensure that the authority to externally borrow exists. This project will be internally financed through other DCC funds (roads, drainage, parks) unless those funds are also depleted. If external borrowing is required, the interest component of the debt payments cannot be funded through DCCs, unless permission is granted by the Ministry. If external borrowing is required and the Ministry does not allow interest charges to be covered through DCCs then the Water Utility would fund the interest costs.

Borrowing Capacity

Under Community Charter legislation², the maximum amount of borrowing the District 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 2010 Annual Report the available debt servicing capacity is about \$14.9 million.

Ministry and Elector Approval

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

- Short-term (five-year) borrowing can be exempt from elector approval^{3,4} but the amount proposed in the Capital Program exceeds the maximum amount.
- 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 District’s costs exceed this figure, and therefore this provision would not exempt the District 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. This latter option was used for the borrowing related to the town centre project.

² B.C. Reg. 254/2004, Municipal Liabilities Regulation, Community Charter.

³ Community Charter, Division 3, section 178. Short Term Capital Borrowing.

⁴ B.C. Reg. 368/2003, Municipal Liabilities Regulation, Community Charter.

Outstanding Issues

In order to utilize DCC funds for debt payments, additional approval from the Inspector of Municipalities is required. Legislation on using DCCs for interest payments is very stringent, primarily allowing the practice only where the construction of specific infrastructure projects, in advance of sufficient DCCs collections, is required in order to trigger investment in development. If these projects do not receive approval, capacity to fund the interest from an alternate source would need to be identified.

5. Further Items

Town Centre Incentive Program

A strong and vibrant Town Centre is a key component of the vision for our community. Council's Strategic Plan, the award-winning Smart Growth on the Ground plan, and the Town Centre Area Plan all support this vision. In November 2010, Council approved the framework for an incentive program to encourage accelerated private sector investment in residential and commercial projects in the town centre to help achieve Council's vision.

The Town Centre Investment Incentive Program is a three-year program, providing qualifying applications with access to priority processing, upfront fee reductions, partnering agreements, revitalization tax exemptions, façade improvement grants, reduced parking requirements, and incentives for green building and renewable energy projects. The program will run until December 30, 2013, with the total funding available through partnering agreements capped at \$500,000. While the program will reduce Municipal revenues in the short-term, the community benefit and future tax revenues from new construction outweigh this over a longer-term horizon.

The partnering agreement cap was established to recognize funding capacity limitations when the program was launched. At that time, potentially eligible development projects at various stages of application would consume this amount, leaving no funding for future projects. Following an evaluation of financial capacity as we finalize our year end results, Council may wish to consider raising the funding cap by an additional \$200,000 to support the incentive program beyond the existing capacity.

As of mid November, the District has received almost 100 inquiries about the program. We have received sixteen projects for processing with combined construction values in excess of \$22 million. Thirteen of these have progressed to the building permit stage and we expect a fourteenth project to be at this stage very soon. The fourteen projects have an estimated construction value in excess of \$14.6 million.

The following provides details about the projects and associated incentives:

Location	Development	Construction Value (est.)	Incentives Provided	
22347 Lougheed Hwy	Renovation	\$50,000	Fee Reduction	\$489
			Annual Tax Exemption*	\$675
22780 Lougheed Hwy	Renovation	\$25,000	Fee Reduction	\$349
			Annual Tax Exemption*	\$335
11566-224 St	4 Storey Apartments	\$4,000,000	Fee Reduction	\$20,841
			Partnership Agreement	\$31,094
			Annual Tax Exemption*	\$20,000
22856 Lougheed Hwy	Renovation	\$113,000	Fee Reduction	\$964
			Annual Tax Exemption*	\$1,500
11796 Fraser St	Renovation	\$180,000	Fee Reduction	\$1,452
			Annual Tax Exemption*	\$2,500
22286 Dewdney Trunk	Renovation	\$80,000	Fee Reduction	\$726
			Annual Tax Exemption*	\$1,100
11900 Haney Place	Renovation	\$1,998,000	Fee Reduction	\$6,206
			Annual Tax Exemption*	\$28,750
11771-225 St	Renovation	\$20,000	Fee Reduction	\$112
			Annual Tax Exemption*	\$265
22550 Dewdney Trunk	Renovation	\$20,000	Fee Reduction	\$214
			Annual Tax Exemption*	\$265
22624 Lougheed Hwy	Renovation	\$36,500	Fee Reduction	\$186
			Annual Tax Exemption*	\$485
22320 Lougheed Hwy	Renovation	\$30,000	Fee Reduction	\$296
			Annual Tax Exemption*	\$400
22766 Lougheed Hwy	Renovation	\$150,000	Fee Reduction	\$1,213
			Annual Tax Exemption*	\$2,000
11990 Haney Place	Renovation	\$1,900,000	Fee Reduction	\$7,199
			Annual Tax Exemption*	\$27,000

* Annual tax exemption numbers are estimates only and will apply for three years. Final amounts will depend on assessed values of the improvements at the time of completion as determined by BC Assessment and property tax rates.

The project nearing building permit stage is for the construction of a six storey building (43 units residential over commercial) at 22308 Lougheed Highway with an estimated construction value of \$6,000,000. Council has approved a partnering agreement for this project in the amount of \$41,076; eligible fee reductions will be calculated when the permit is issued. Annual tax exemptions are estimated at \$35,000.

The following summarizes the total incentives listed above:

Incentive	Total	Year 2 & 3
Fee Reductions	40,247	
Partnership Agreements (capped at \$500,000)	72,170	
Estimated Annual Tax Exemptions	120,275	240,550

Funding for Strategic Initiatives that have emerged

For the past several years, the budget guidelines have included the following:

1. A General Purpose Tax Increase of 3% annually
2. A further 1% tax increase to be set aside for Infrastructure
3. The continued implementation of the Fire Department Master Plan.

In 2011 and 2012, the aggregate impact of the above three items on the general purpose tax increase to the average home is 5.0% and 4.9%. In 2013, this drops to 4.5% as the annual rate of increase in the Fire Service Improvement levy starts to come down as we approach the end of the implementation of the Fire Services master plan. This allows for the phased implementation of the following initiatives that we have been working on over the past few years, while still keeping tax increases within the Council approved budget guidelines.

Storm Water Utility Levy: Implementing a \$5 levy beginning in 2013 and increasing it by \$5 annually for a period of five years would equate to an impact on property taxes of about 0.3% each year. This would generate \$170,000 in the first year.

Parks & Leisure Services Levy: Setting aside ½% of property taxes beginning in 2013 for a period of eight years would generate \$280,000 in the first year. Once a funding envelope is established, the requirements of the Parks & Leisure Services Master Plan may have to be reprioritized.

To reiterate, the recommendations surrounding the storm water levy and the parks and leisure service tax are being implemented using the tax room created by the reduction in the Fire Service Improvement Levy.

These levies do not generate funding until 2013. As there are some pressing needs in these areas, Council approved the following transitional funding in the last financial plan. Our drainage rehabilitation and maintenance program is underfunded. The drainage levy, that is to begin in 2013, will generate \$170,000 in the first year. In the last financial Plan \$150,000 was set aside in each of 2011 and 2012 to assist in early implementation of the enhanced drainage program. Similar to the drainage levy, funding for the Parks and Leisure Services Master Plan is not expected to begin until 2013. There are some urgent needs within this area and \$90,000 has been set aside in each of 2011 and 2012 to assist with the implementation of the highest priority items.

Financial Support for Agriculture

In 2011, Municipal Council directed that where a rural land use is converted to a non-residential use, 10% of the increase in municipal taxes from the land value be set aside to support agriculture. We have been advised by BC Assessment that there were no such conversions in 2011.

Ridge Meadows Youth & Advocacy Association

This organization appeared at the Council workshop on August 29, 2011 and spoke about their financial pressures. They have an annual budget of about \$95,000 and the municipalities of Maple Ridge and Pitt Meadows contribute \$26,500. The association cited several examples of municipalities that provide far greater funding than we do. The group also spoke about the value that they add to the community and the savings that accrue to the police budget as a result of the work that they do.

By way of background, this program began over 15 years ago. One of its aims was to have a more efficient and effective way of dealing with young people that are in difficulty with the law. A key benefit would be reduced court costs. The municipality was approached for seed money to get the program going until permanent funding from other sources could be secured. We provided the seed money and have not been able to absolve ourselves of that commitment due to the difficulties that the group has had in securing other funding.

It should be noted that the value of the work of Ridge Meadows Youth & Advocacy Association is not in question. The services that they provide are important to our community. The question is around who should pay. According to the submission from the association, the largest portion of the work results in savings to the judicial system. The judicial system is the responsibility of the Provincial government. There are some savings in police costs and this is one of the main reasons we have continued funding about 30% of the program costs. To increase the municipal contribution would be the acceptance of senior government downloading.

The nature of policing is such that they respond when other systems break down. Most of these systems are the responsibility of senior government and Council should urge them to fulfill their responsibilities.

It should be noted that the Provincial Government is reviewing its handling of gaming revenues and Council may wish to advocate for the use of that provincial revenue for programs such as this.

Gaming Revenue

With the opening of the community gaming centre, the municipality has been receiving additional revenues. The Host Financial Assistance Agreement between the District of Maple Ridge and the Province of British Columbia requires the municipality to use funds received under the agreement for public benefit. The allocation of funds should be in alignment with Council's Vision for the community. These funds should not be viewed as a long term source of revenue to support ongoing programs. Rather, and respecting the nature of the revenue stream, it should be used to fund non-recurring items, particularly those of a capital nature. There may be instances where certain programs are more directly related to the revenue stream (ex: security). Consideration may be given to funding these items from the Gaming Revenue stream, as long as it is understood that reductions in the revenue stream will require an offsetting reduction in the program.

Earlier this year, Municipal Council considered the matter of gaming revenue and adopted a policy around how this funding is to be allocated. A summary of the allocation follows:

Of the first \$500,000 (the "base"):

Minor Capital Improvements in the Town Centre Area	20%	Any annual funds remaining at year-end will be transferred to the Capital Improvement Fund
Minor Capital Improvements , District-wide	20%	
Downtown Security Presence	10%	
Neighbourhood Initiatives/Social Capital	15%	
Increased maintenance and upkeep in Town Centre Area	10%	
Memorial Peace Park Events	2%	
Emerging Priorities	8%	
Capital Improvement Fund	15%	

Of the revenue exceeding the base:

Capital Improvement Fund	<i>Revenue exceeding the base will flow to Capital Improvement Fund, a General Revenue reserve account to be used for Capital Improvements approved by Council.</i>
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Over the past few months, the role of the Community Network Coordinator became uncertain as it is funded from non-municipal resources. The function is integral to the community services that we help coordinate. As a result, staff have allocated \$25,000 from the Neighbourhood Initiatives / Social Capital envelope to make sure that this role can continue.

Proceeds from Disposition of Assets

In all likelihood, the District will realize unique revenues or proceeds from several areas within the term of this financial plan. This potential revenue is not included in this financial plan. The risk in budgeting for ongoing cost commitments from these revenue sources is considerable. It would be prudent to consider the allocation of these proceeds in a policy framework, respecting the District's Financial Sustainability Policies.

- a) Silver Valley Lands - District policy for the sale of municipal lands is to transfer 75% to the Capital Works Reserve and 25% to the Land Reserve. The District may want to dedicate a larger percentage into the Land Reserve. District resources in Silver Valley are a significant community asset and considerable care must be taken to ensure the community gets maximum value out of this one-time resource.
- b) The District owns significant gravel resources. The minimum guaranteed revenues under the current contract are included in the financial plan. The contract expires in 2013 and the use of such revenues should be considered in a policy framework, recognizing that resource extraction-related revenues are non-renewable.

Expenditures (not listed in any particular order)

Funding for the following items is not included in this financial plan.

- a) Infrastructure Rehabilitation and Replacement is an area that remains underfunded. The Financial Sustainability Plan, Policy 5.52 calls for a maintenance/replacement program to be fully funded by 2015. Even with the 1% annual tax increase that began in 2008, this target will not be met. As new revenues materialize, we should consider directing some of that money to this program. We will continue to take advantage of every opportunity to secure funding from senior levels of government.
- b) The proposed financial plan includes an aggressive Capital Program with significant capital and operating cost implications. The program relies upon significant funding sources that are outside the control of the municipality. As well, once the assets are acquired, it will be important to establish a proper maintenance and replacement program.
- c) "Green" Initiatives and Carbon Neutrality - Council has made several policy-level commitments to sustainability, including:
 - 1. Sustainability Action Plan - Developed and endorsed by Council in 2007, this plan identifies opportunities for the District to operate in a more sustainable manner. Establishing a reserve to fund sustainable initiatives was among 20 actions identified in the plan; however, no dedicated funding stream has been identified.
 - 2. Corporate Strategic Plan - This plan envisions a sustainable community working toward carbon neutrality. Numerous projects have moved the organization in the right direction, and grant funding continues to be aggressively pursued to continue on this path.
 - 3. Climate Action Charter - The District has signed BC's Climate Action Charter, making a voluntary, non-binding commitment to becoming carbon neutral with respect to corporate operations by 2012. We are working toward reducing corporate greenhouse gas (GHG) emissions, which come from sources such as municipal vehicles, from electricity and natural gas use in buildings. Purchasing offsets to achieve carbon neutrality is not recommended at this time as it would result in taxpayer money flowing to outside organizations, and this would be an annual requirement in order to remain carbon neutral. Keeping the funds here and investing in projects that will reduce the corporate carbon footprint will result in permanent cost savings. Therefore, the recommended approach is to reduce our GHG emissions as much as possible and only purchase offsets for the remaining emissions which we cannot offset through reductions. Offsetting corporate GHG emissions would cost \$65,000 annually, as a minimum.

On the funding side, the BC Carbon Tax was introduced in 2008. Municipal signatories to the Climate Action Charter are eligible for a rebate associated with carbon taxes paid. The rebate generates about \$33,000 annually, and there is currently \$103,000 in reserve. The District has held these funds for initiatives that will permanently reduce corporate greenhouse gas emissions.

d) Other issues that are not addressed within the plan include the following:

- Albion Sports Complex Expansion and Development, \$20 million
- Museum, \$10 million
- Additional Community Centre(s)
- Fraser Riverfront Land Acquisition, \$4 million
- CP Rail Overpass at Albion, \$15 million
- Albion Park Master Plan Implementation, \$1 million
- Downtown Improvements beyond what is currently included
- Extending the Fibre Optic Network

6. Impact to the “Average Home”

The assessed value of the “average home” for the 2011 taxation year was approximately \$410,000. The calculation includes all residential properties comprising both single family homes and multi-family units such as townhouses and apartments.

The following table demonstrates the impact to a taxpayer based on this “average home” with the following services:

- flat rate water fee, flat rate sewer fee and single-home curb side recycling pickup

The 4% general purpose tax increase is comprised of 3% for general purposes and 1% for infrastructure sustainability. The overall increase for the municipal controlled levies is about 5.6%.

Figure 16: "Average Home" Tax Increase

	2011	2012	Increase	%
Municipal Property Taxes				
General Purpose	\$ 1,461.00	\$ 1,519.44	\$ 58.44	4.00%
Fire Service Improvement Levy	136.21	155.67	19.46	14.29%
	\$ 1,597.21	\$ 1,675.11	\$ 77.90	4.88%
Fees				
Recycling	\$ 64.30	\$ 68.16	\$ 3.86	6.00%
Water	413.65	450.90	37.25	9.01%
Sewer	284.90	297.40	12.50	4.39%
Municipal, Recycling, Utilities & Fire	\$ 2,360.06	\$ 2,491.56	\$ 131.50	5.57%

While the aggregate impact to the average home is \$131.50 or 5.57%, it is important to emphasize its components:

Increase:	\$131.50
Fire Service Improvement Levy	-19.46
Water & Sewer (Largely determined by GVRD)	-49.75
Infrastructure Sustainability	-14.61
Net Change, after allowing for above	<u>\$ 47.68</u>

Within this change of \$47.68, several large increases have been accommodated, including an 8% increase in our policing costs.

We regularly review the tax charges to the Residential Class. The 2011 residential house survey which compares single family homes is attached as **Appendix D**. It shows that our taxes remain among the lowest in the region and when the taxes are combined with annual utility rates, Maple Ridge is tied with Langley-Township as being the lowest among the municipalities surveyed. The amounts are slightly different than we use for the "Average Home," shown above, due to the fact that "Average Home" includes strata properties as well.

7. Property Taxation Policy

Property tax revenue is the District's primary revenue source and while we try to maximize other revenue sources, the majority of municipal services are paid for through taxation. Further, our Commercial/Industrial tax base is limited as about 92% of our assessment base is comprised of Residential Class properties. As a result, 77% of the taxes that we collect come from home owners.

In spring of 2011, Council adopted the Business Planning & Budget Guidelines that were used to develop the 2012-2016 Financial Plan. These guidelines called for a property tax increases of 3% for general purposes, 1% for capital and infrastructure, an increase of \$700,000 in the Fire Service Improvement Levy in 2012 and \$350,000 in 2013, an annual increase of 0.5% starting in 2013 for a Parks and Recreation Improvements, an annual increase of 0.3% starting in 2013 for Storm Sewer (drainage) Improvements and a review of utility rates with a view towards continued use of rate stabilization practices.

Each year we adjust our tax rates for market value assessment fluctuations. This means that in a market in which property values are increasing, our rates will be adjusted down; the opposite will occur in a market with decreasing property values. Not all jurisdictions and taxing authorities follow this practice.

The municipality collects property taxes on behalf of several other jurisdictions. In 2011, while the tax for municipal portion was about \$1,600 the total bill including utilities was \$2,800. The municipal portion, excluding water, sewer, and recycling charges amounted to about 57% of the total bill.

Council regularly reviews the taxes under its control to ensure fairness. In May of 2007, Council was presented with information about taxation for the business and light industry classes, indicating that rates in Maple Ridge were competitive with other lower mainland municipalities. Prior to 1997, Council had adopted a policy of shifting a small percentage of taxation from the Light Industry Class to the Residential Class in order to align the Business & Light Industry tax rates; in 2007, this alignment was achieved so no further shifts have been required.

Our review of the tax rates charged to the Major Industry class indicated that rates were relatively high and Council took steps to address this inequity by reducing the tax bill by 5% in both 2009 and 2010. Improvement has been made as a result of this and while further improvements are likely required, we suggest that this matter be reviewed in 2013 as our financial capacity is tight. Having said this, the

Provincial Government increased the reduction in provincial school taxes for Light Industrial and Major Industrial class properties in 2011 from 50% to 60% offering some relief.

In June of 2011, Council received three reports on property taxation addressing different classes of properties, residential, business, and major industrial. Taxation rates need to stay competitive and we continue to track our increases over time as well as how we compare to other municipalities. There are many different measures of property taxation: tax rates, rate multiples, tax bill comparisons for comparable businesses, average home comparisons and average annual property class increases. It is important to consider all facets of taxation including how changes in market value assessments impact the rates and not focus too heavily on any one measure. Copies of the 2011 property taxation reports are attached as appendices to this report.

8. Reserves

The District has substantial financial resources held in reserves. These balances provide the base for the financial plan projected transactions for the coming years, as amounts are transferred in and out for various purposes. They also serve to stabilize taxes, fees, and charges by providing funds during tight years and receiving those funds back during better years, thus shielding our customers and taxpayers from sharp rate increases.

Figure 17: Reserve Balances Dec. 31, 2010

<u>Accumulated Surplus</u>		<u>Reserve Accounts</u>	
General Revenue	5,156,074	<u>General Revenue:</u>	
Sewer Revenue	2,515,823	Specific Projects - Capital	4,064,496
Water Revenue	3,638,446	Specific Projects - Operating	3,189,906
Total Accumulated Surplus	11,310,343	Self Insurance	956,241
		Police Services	2,521,930
Reserve Fund Balances		Core Development	592,016
Local Improvement	2,196,846	Recycling	1,583,709
Equipment Replacement	7,459,146	Community Development	1,252
Capital Works	8,362,412	Building Inspections	1,810,750
Fire Department Capital	1,473,146	Gravel Extraction	563,875
Sanitary Sewer	1,552,189	Neighbourhood Improvements	50,523
Land	231,528	Snow Removal	700,000
Net Reserve Funds	21,275,267	Facility Maintenance	317,512
		Cemetery Maintenance	189,608
Restricted Revenue Balances		Infrastructure Sustainability	1,600,456
Development Cost Charges	32,211,726	Critical Building Infrastructure	196,759
Parkland (ESA) Acquisition	162,355	Infrastructure Grant Contribution	271,979
		Gaming Revenues	125,600
Other Restricted Revenues	4,802,418	<i>General Revenue Reserve Account</i>	<i>18,736,612</i>
Total Restricted Revenues	37,176,499	Sewer Reserve Accounts	3,211,788
		Water Reserve Accounts	2,284,305
		Total Reserve Accounts	24,232,705

Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$57 million

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

These are financial reserves only. Other assets, such as gravel resources are not shown, nor are they represented in our financial statements.

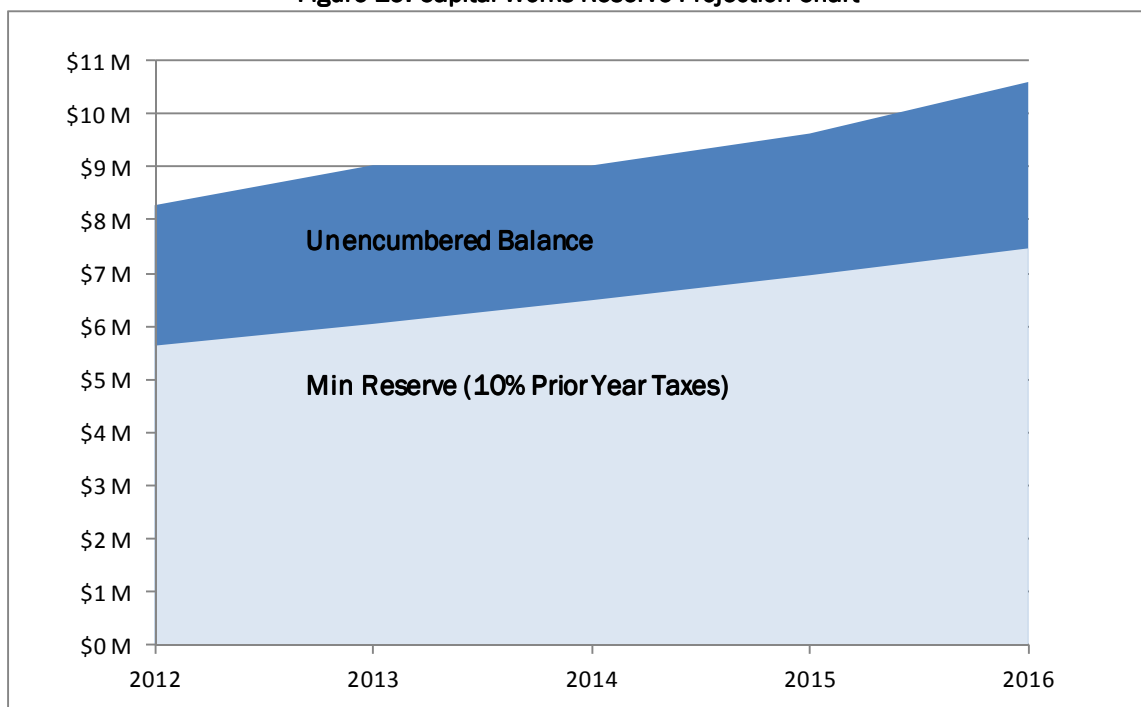
8.1. Capital Works Reserve

Following is a brief synopsis of the Capital Works Reserve, which provides for future capital expenditures. Each year 1% of general taxation is added to this account along with a portion of the proceeds from land sales and other fixed amounts. A forecast is provided that combines all the “deposits” to the reserve, and both operating and capital “withdrawals,” providing forecasted reserve balances. Generally, this reserve builds funds for large projects and is then drawn down. We have been in a “drawing down” phase and are planning to have drawn the balance down to the point that financing was needed to pay for the drainage works on River Road. The balance is anticipated to grow in future years to build some capacity to address future larger capital projects. The projections are conservative and assume no other inflows, such as land sales. Council policy is to ensure a minimum reserve balance of 10% of the prior year’s property taxes to address unforeseen or uninsurable events. This reserve is also used to finance the initial outlay for certain projects that produce future savings. The reserve is repaid from future savings. This reserve may also be used to internally finance projects that are approved for external borrowing.

Figure 18: Capital Works Reserve Projection

	2012	2013	2014	2015	2016
Opening Balance	8,624,133	8,279,008	9,029,854	9,024,686	9,625,224
Inflows					
Taxation, General Revenue & Other Inflows	971,103	1,004,824	1,040,718	1,078,925	1,119,594
Communication Tower Rent Revenue	40,000	40,000	40,000	40,000	40,000
Repayment of Energy Retrofit	65,000	65,000	65,000	65,000	65,000
Balance of General Revenue Funding for GCF	-90,000	0	-60,000	60,000	0
Outflows					
Planned Capital Expenditures	-1,135,000	-400,000	-500,000		
Balance of GCF funded Capital	-115,193	668,650	36,742	-15,759	372,295
Debt (River Road Drainage 2.65M)	-81,035	-627,628	-627,628	-627,628	-627,628
Estimated Ending Balance	8,279,008	9,029,854	9,024,686	9,625,224	10,594,485
Min Reserve (10% Prior Year Taxes)	5,626,176	6,035,236	6,479,903	6,948,525	7,451,183
Unencumbered Balance	2,652,832	2,994,619	2,544,783	2,676,699	3,143,302

Figure 19: Capital Works Reserve Projection Chart



8.2. Infrastructure Sustainability

Beginning in 2008, Council directed 1% of the annual tax increase to go towards infrastructure sustainability. This helps with major rehabilitation and replacement of the District's assets which currently have a replacement value estimated in excess of \$1.3 billion. 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 project.

If we look only at the roads component of our infrastructure, the historic annual amount spent on repaving roads is only a small fraction of what is required to maintain the condition and, as a result, our roads were deteriorating. This deferred maintenance translates into a larger future expenditure to resurface or perhaps even reconstruct roads. As we are several years into this funding model, the amounts dedicated are making an impact, however, we are still a very long way away from dedicating the estimated \$40 million needed each year to fund the replacement of our infrastructure.

Figure 20: Infrastructure Sustainability Allocation of Funding

	2012	2013	2014	2015	2016
Inflows:					
Property Tax Increase Infrastructure 1%	2,360,030	2,920,218	3,583,436	4,294,618	5,057,247
Core Reserve Surplus	450,000	450,000	450,000	450,000	450,000
Gravel Sales	140,000	140,000	140,000	140,000	140,000
Drainage Levy 0.3% Tax Increase	0	168,056	367,021	580,375	809,164
Allocation:					
Core Building Replacement Fund	-450,000	-450,000	-450,000	-450,000	-450,000
Dyke Mtce	-10,000	-10,000	-10,000	-10,000	-10,000
Drainage Mtce (overhead brushing)	-40,000	-40,000	-40,000	-40,000	-40,000
Enviromental Support	-30,000	-30,000	-30,000	-30,000	-30,000
Bio Filtration Pond Mtce	-60,000	-60,000	-60,000	-60,000	-60,000
Building Infrastructure Planned	-715,000	-886,750	-960,000	-1,020,000	-1,100,000
Fire Dept. - Equipment Replacement	-123,395	-153,000	-175,000	-200,000	-225,000
Highways Capital Planned	-1,189,419	-1,493,524	-1,955,457	-2,439,993	-2,971,411
Drainage ISR Capital Planned	-287,216	-331,944	-432,979	-569,625	-690,836
Drainage Levy Capital Planned	0	-168,056	-367,021	-580,375	-809,164
Major Equipment/Systems Reserve	-45,000	-55,000	-60,000	-65,000	-70,000
Ending Balance	0	0	0	0	0

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 in **Appendix A** Infrastructure Sustainability highlight the impact that the 1% tax increase has on the infrastructure deficit.

8.3. Fire Department Capital Acquisition Reserve

Each year 2% of general taxation is transferred to the reserve to build the financial capacity required to respond to increasing the fire protection capacity needed as the community grows. The balance in this reserve was drawn down over the past few years to fund the construction and renovation of Fire Hall #1.

Figure 21: Fire Department Capital Acquisition Reserve Projection

\$ rounded to the nearest thousand	2012	2013	2014	2015	2016
Opening Balance	722,000	1,799,000	1,439,000	1,793,000	2,382,000
Interest Earnings	16,000	40,000	32,000	40,000	54,000
Inflow: Taxation/General Revenue	1,233,000	1,350,000	1,472,000	1,599,000	1,730,000
	0	0	0	0	0
Planned Capital Expenditures	-70,000	-950,000	-350,000	-250,000	-1,750,000
Fire Hall #4 Debt Payments	-102,000	-800,000	-800,000	-800,000	-800,000
Unencumbered Balance	1,799,000	1,439,000	1,793,000	2,382,000	1,616,000

The planned capital expenditures outlined in Figure 21 are detailed in the following table.

Figure 22: Fire Department Capital Funded by Fire Department Capital Acquisition Reserve

\$ rounded to the nearest thousand	2012	2013	2014	2015	2016
1 Ton Van	70,000				
Fire Hall #4 Engine		625,000			
Fire Hall #4 Rescue 4		325,000			
Fire Hall #5 Land Acquisition			350,000		
Fire Hall #5 Construction Phase 1				250,000	
Fire Hall #5 Construction Phase 2					1,750,000
Total	70,000	950,000	350,000	250,000	1,750,000

8.4. 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.

Figure 23: Fire Department Equipment Replacement Reserve Projection

\$ rounded to the nearest thousand	2012	2013	2014	2015	2016
Opening Balance	1,264,000	651,000	501,000	1,045,000	1,650,000
Interest Earnings	28,000	15,000	11,000	24,000	37,000
General Revenue	316,000	336,000	358,000	381,000	405,000
Sustainability Funding	123,000	153,000	175,000	200,000	225,000
Less: Planned Capital Expenditures					
Engine 2-2 Replacement	-705,000				
Rescue 2 Replacement	-375,000				
SCBA Replacement		-654,000			
Ending Balance	651,000	501,000	1,045,000	1,650,000	2,317,000

9. Town Centre Commercial Operation

This section isolates the effect the commercial portion of the Town Centre Project has on District finances. The table below isolates the commercial operations. The table shows commercial earnings, so principle payments and the funding received through taxation are not included. The earnings noted below will contribute to principle payments and transfers to the Infrastructure Sustainability Reserve.

Figure 24: Commercial Operation

	2012	2013	2014	2015	2016
Lease Revenues (net of allowances)	1,203,160	1,203,160	1,203,160	1,203,160	1,203,160
Parking Revenues	157,384	157,384	157,384	157,384	157,384
Recoveries and Other Revenue	363,743	363,743	363,743	363,743	363,743
Operating Expenses	-478,074	-478,074	-478,074	-478,074	-478,074
Interest - Commercial Space	-689,158	-662,294	-634,356	-605,300	-575,082
Closing Balance	557,055	583,919	611,857	640,913	671,131

In summary, the Town Centre Project cash flows have been managed within the parameters established by Council. The annual cash flows of the entire core model are positive and a balance exists in the Core Reserve which provides some cushion if vacancies persist and allows funding to be put towards the infrastructure replacement to address maintenance costs as the buildings age.

10. Conclusions

The District can expect \$4.2 million in new general revenue in 2012, primarily from growth in the tax base and a 4% tax increase. \$3 million goes to labour costs including RCMP and Fire services. Infrastructure sustainability issues receive \$525,000 of the new revenue. The balance is required to deal with inflationary pressures. This leaves minimal room for enhancements. Items that are not certain at this time, such as the amount of growth in property tax revenue and the increase in labour costs, can be revisited in future Financial Plan Bylaw amendments.

Despite the current funding capacity limitations, our financial reserves approach \$57 million, and another \$37 million sits in restricted revenues. Other non-financial assets, such as Silver Valley lands and gravel resources, strengthen our long-term position. A significant portion of these reserves and restricted revenues, about \$41 million, is planned to be drawn down in 2011 largely to fund the current Capital Program.

Where there are new revenues or proceeds, an opportunity exists to set some policy around where this funding is applied. This may include needs and strategic initiatives that Council has identified that continue to be difficult to fund, such as green initiatives, the replacement of our existing aging infrastructure and new large capital investments noted earlier.

Beginning in 2008, funding has been directed toward infrastructure sustainability to help address a funding “deficit” that exists for most Canadian municipalities. The District is following the Federation of Canadian Municipalities recommendations by putting a long-term plan in place to address the situation, with a targeted tax increase as part of the strategy.

In summary, this financial plan allows the community to move forward, while respecting the economic times in which we find ourselves.

Prepared by: Trevor Thompson, BBA, CGA
Manager of Financial Planning

Approved by: Paul Gill, BBA, CGA
General Manager, Corporate & Financial Services

Concurrence: J.L. (Jim) Rule
Chief Administrative Officer

From a staff report on infrastructure sustainability

The District has an investment in assets including infrastructure with an estimated replacement cost of \$1.3 billion. These assets are all aging at different rates, and will eventually have to be replaced. In order to properly fund rehabilitation and replacement, we estimate that we should be spending in excess of \$40 million annually. Our actual expenditures are about \$7 million, which means that annually, we are spending \$33 million less than we should be. If this gap is not addressed, it will continue to accumulate, creating a liability for future taxpayers. In addition, we continue to add assets as the community grows and this is compounding the asset replacement problem. Most Canadian municipalities are facing the same issue, but because we have relatively newer infrastructure, we have an opportunity to get ahead of the curve.

The Federation of Canadian Municipalities (FCM) strongly encourages local governments to take action and demonstrate their ability to address the issue. They have provided a series of recommendations, a critical one being that “municipal governments must evaluate how they plan growth, price their services, and generate revenues. A long-term plan, with targets and milestones, must be put in place to help phase in these changes over the next 20 years.”⁵

We can start to address this problem by contributing 1% of taxation each year toward meeting the sustainability objective. This could start in 2008 when taxation is no longer required for the town centre project. The models below illustrate the funding gap. Chart 1 illustrates the gap under the current funding pattern. The bottom area indicates our current infrastructure renewal spending pattern, and the top area represents the shortfall or deficit in spending. Chart 2 shows the impact of an annual 1% tax contribution. If we continue on this path for 12 years, we will be able to nearly double the contribution to rehabilitation and replacement; in 25 years, the contribution has tripled and the deficit is cut in half. In addition to directing District funds to deal with the deficit, plans for maintenance programs and construction projects continually look for ways to extend lifecycles and minimize maintenance requirements. While a gap will still remain, we will be well on the road to addressing a problem that today seems insurmountable.

Chart 1

Infrastructure Deficit

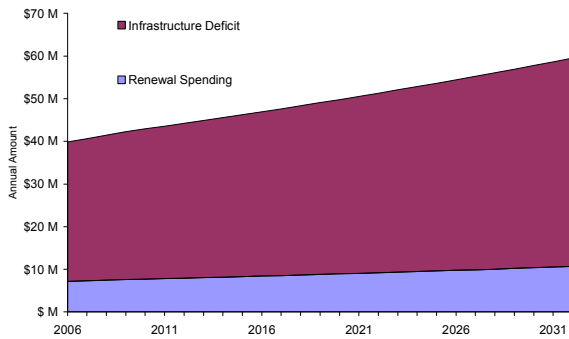
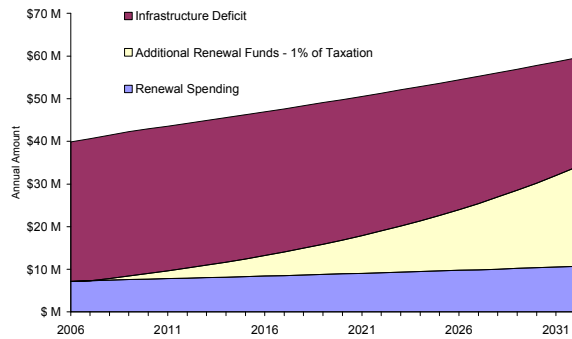


Chart 2

Infrastructure Deficit with 1% Tax



⁵ “Building Prosperity from the Ground Up: Restoring Municipal Fiscal Balance”; Federation of Canadian Municipalities, June 2006.

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Drainage	637	1,200	1,360	1,600	1,950
288 St (Storm Main @ Watkins Sawmill)	-	250	-	-	-
Culvert Replacement Program	200	200	-	200	-
Drainage Upgrade Program	122	335	835	985	1,535
ISMP Stormwater Basin Review	-	-	-	-	100
Local Area Service - Drain	250	250	250	250	250
Sediment Trap At N Alouette	-	100	-	100	-
Selkirk Ave (226 - 227)	-	-	210	-	-
Video & Spot Repairs Storm Sewer	65	65	65	65	65
Drainage-Priv	42	43	44	45	46
Ditch Enclosures	20	20	21	21	22
Storm Sewer Connections	22	22	23	23	24
Govt Svcs	858	850	4,850	172	350
Aquifer Signage	8	-	-	-	-
Equip: Emerg Prog	10	-	-	-	-
Equip: Recycling - Dual Tipper	-	-	-	-	250
Equip: Vehicle For L, P&B	37	-	-	-	-
Maple Ridge Library Signage	-	-	-	27	-
Minor Cap Improv - District - Lougheed Cycle Laity -216	100	-	-	-	-
Minor Cap Improv - Town Centre	100	-	-	-	-
Misc Capital Engineering	15	15	15	15	15
Misc Capital Gen Govt	15	15	15	15	15
Misc Capital Gen Rec	30	30	30	30	30
Public Library Cameras	-	-	-	20	-
Recycling - Bin Tippers	-	30	-	-	-
Recycling - Collection Bluebox/Bag	40	-	-	-	40
Recycling - Collection Equipment	30	-	-	-	-
Recycling - Collection Equipment (Apt)	55	-	-	-	-
Recycling - Collection Truck Upgrade	200	-	-	-	-
Recycling - Conveyor Belt (D.O. L6202)	-	-	-	65	-
Recycling - Dual Tipper Repl Truck Upg	-	60	-	-	-
Recycling - Dual Tipper Truck Upgrade	-	50	-	-	-
Recycling - Hydraulic Coll. Truck (Apt)	-	250	-	-	-
Recycling - Tipper Cages X10	-	-	40	-	-
Strategic Land Purchases	-	-	4,250	-	-
Works Yard Office Space Conversion	200	-	-	-	-
Works Yard Office Upgrade	-	400	500	-	-
Works Yard Rear Yard Gate Motorized	19	-	-	-	-

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Highways	6,982	11,655	9,841	8,650	26,601
116 Ave (Lougheed - 232)	-	-	-	-	105
122nd Reconstruction & Road Enhancement (supplement)	900	-	-	-	-
132nd Multi-Use Pathway	-	-	-	-	2,000
136 Ave (224 - 400M E 224)	-	-	1,891	-	-
203 St (123 - Powell) Design	-	-	-	250	-
203 St (123 - Powell) V2	-	-	-	992	-
203 St (DTR - 123)	-	-	-	2,542	-
203 St (Lougheed - DTR)	-	-	-	532	-
216 St (124 - 128)	-	-	-	-	82
224 St @ 121 Ave Ped Signal & Intersection Improvements	220	-	-	-	-
224 St @ 132 Ave (N Alouette Bridge)	-	-	-	-	3,073
224th St General Improvements	28	-	-	-	-
232 St Bridge (N Alouette River) Phase 1	1,367	-	-	-	-
232 St Bridge (N Alouette River) Phase 2	-	3,189	-	-	-
238 St (Old 112 Ave-200M N Old 112 Ave)	-	-	-	-	204
240 St - Hill Pedestrian Signal	150	-	-	-	-
240 St (Kanaka Creek Bridge S - Mcclure)	-	-	2,751	-	-
240 St @ 112 Ave (Traffic Signal)	-	-	-	-	246
240 St Signal R Turn To E Bound	-	-	50	-	-
Abernethy (216-500M E Blackstock) Widen	-	-	1,500	-	-
Abernethy Phase 3	-	5,030	-	-	-
Abernethy Phase 4	-	-	-	-	13,243
Audible Signals	5	5	5	5	5
Bikeway Program	100	100	100	100	100
Bridge Repairs & Struct Upgrade	162	160	-	160	-
Cycling Transportation Signage	20	-	20	-	20
Dewdney Trunk @ Kanaka Cr Bridge Phase 1	-	-	-	-	350
Dunn Ave @ Maple Meadows Way	-	279	-	-	-
Emergency Traffic Pre-Empt	50	50	50	50	50
Equip: Fleet	940	865	865	865	865
Equip: Trench Paving Machine	45	-	-	-	-
Equip: Upg S/A To T/A Dump Unit, Sander	-	100	-	-	-
Fern Crescent (236 - 240)	-	-	99	-	-
Fern Crescent (236 - 244) Phase 1	-	-	-	-	100
Illuminated Street Signs Program	10	10	10	10	10
Laity St @ 128 Ave Traffic Signal	-	-	-	-	277
Lane E 207 (Camwood - 100M N Camwood)	5	-	-	-	-
Local Area Service - Road	250	250	250	250	250
Lougheed Hwy Cycle Track: Laity to 216 Supplement	700	-	-	-	-

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Highways (cont)					
Ped Safety/Access Improv	90	90	90	90	90
River Road Sidewalks, Curbs And Gutters	-	-	-	-	3,000
Road Rehabilitation Program	636	914	1,725	2,050	2,071
Safer School Travel Program	50	50	50	50	50
Sidewalk Replacement	90	90	90	90	90
Streetlight Pole Replace Program	50	50	50	50	50
Neighbourhood Traffic Calming Program	500	100	125	150	175
Traffic Signal Replacements	90	90	90	90	90
Traffic Signal Upg & Alterations	-	30	30	325	-
Owens (200M N Camwood - Lougheed)	14	-	-	-	-
Mcfarlane Ave (Graves-209)	23	-	-	-	-
121 Ave @ 214 St	9	-	-	-	-
241A St (100M S 102 - 102)	100	-	-	-	-
244 St (50M S 104 - 104)	50	-	-	-	-
245 St (104 - 220M N 104)	26	-	-	-	-
201A St (113B - 100M North 113B)	3	-	-	-	-
Royal Cres @ 100M S Lougheed	-	25	-	-	-
112 Ave (60M W 236 - 236)	-	25	-	-	-
Dewdney Trunk @ Lougheed	-	154	-	-	-
228 St (12100 Block)	-	-	-	-	6
Retaining Wall 23000 Blk Abernethy MRN	300	-	-	-	-
Highways-Priv	64	65	66	67	68
Access Culverts	28	28	29	30	30
Private Driveway Crossings	37	37	37	38	38
Park Acq	3,016	600	200	3,044	3,197
Core Park (222/121)	-	-	-	-	2,997
Greenbelt Acquisition	200	200	200	200	200
Park (221/119) Lot 4	-	400	-	-	-
Silver Valley Neigh Park Acq A	506	-	-	-	-
Silver Valley Neigh Park Acq B	627	-	-	-	-
Silver Valley Neigh Park Phase 1	-	-	-	1,683	-
Silver Valley Neigh Park Phase 2	1,683	-	-	-	-
Whispering Falls Park (264/126)	-	-	-	1,161	-

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Park Improv	461	1,550	3,331	965	819
Albion Park (Washroom Facility)	-	-	-	304	-
Albion Sport Complex - Lighting	-	-	-	-	200
Concrete Outhouses (X3)	40	-	-	-	-
Equip: Parks/Rec Vehicle	25	-	30	40	-
Multiuse Trail Maple Ridge / PM	40	-	-	-	-
Park Development (231/137)	-	-	310	-	-
Park Development (232/132)	-	-	-	310	-
Park Development (237/133)	311	-	-	-	-
Park Development (241/104)	-	-	311	-	-
Park Development (241/112)	-	-	-	310	-
Raymond Park Development	-	-	380	-	-
Thomas Haney - Parking Lot Paving	-	40	-	-	-
Trail Improvement	30	-	30	-	30
Volker Park - Water Service	15	-	-	-	-
Whonnock Lake Phase 1 Entrance Road	-	235	-	-	-
Whonnock Lake Phase 2 Parking	-	-	290	-	-
Whonnock Lake Phase 3 Path/Light	-	297	-	-	-
Whonnock Lake Phase 4 Beach/General	-	356	-	-	-
Whonnock Lake Phase 5 Washroom Facility	-	622	-	-	-
Whonnock Lake Phase 6 Canoe Facility	-	-	1,980	-	-
Youth Action Park Albion	-	-	-	-	589
Rec Svcs	36	-	-	130	-
Bouldering Rock Wall	-	-	-	30	-
Energy Saving Window Blinds	12	-	-	-	-
Equip: Mobile Stage	-	-	-	100	-
Winter Club - Security Gates	10	-	-	-	-
Leisure Centre - Design Implement	14	-	-	-	-
Prot Svcs-Fire	1,150	1,604	350	250	1,750
Fire Equipment Engine 2-2 Replacement	705	-	-	-	-
Fire Hall #4 Engine New	-	625	-	-	-
Fire Hall #4 Rescue 4	-	325	-	-	-
Fire Hall #5 Construction Phase 1	-	-	-	250	-
Fire Hall #5 Construction Phase 2	-	-	-	-	1,750
Fire Hall #5 Land Acquisition	-	-	350	-	-
Rescue 2 Replacement	375	-	-	-	-
Equip: SCBA Upgrade	-	654	-	-	-
Equip: 1 Tonne Van	70	-	-	-	-

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Prot Svcs-Police	170	-	-	-	-
RCMP - 24/7 GD Chairs	20	-	-	-	-
RCMP - CCVE Upgrade	125	-	-	-	-
RCMP - Furniture Replacement	10	-	-	-	-
RCMP - Works Yard Storage	15	-	-	-	-
Sewage	1,167	1,883	2,489	789	907
101A Ave @ 243A St	-	-	2	-	-
225 St Pump Station Upgrade Phase 2	-	-	1,218	-	-
225 St Pump Station Upgrade Phase 3	-	200	-	-	-
225Th St Sewer P/S Overflow	-	400	-	-	-
241 St (230M S 112 - 112)	-	-	-	-	44
245 St (104 - 105)	-	77	-	-	-
Brown Ave (Fraser - 227)	-	-	372	-	-
Cottonwood Dr (115 - 116)	-	-	-	61	-
Equip: 3 Ton Flatdeck W/Snow Removal	-	96	-	-	-
Local Area Service - Sewer	250	250	250	250	250
Lougheed (227 - 228)	-	231	-	-	-
Sanitary Network Subcatchment A Study	-	-	125	-	-
Sanitary Network Subcatchment A To GIS	-	-	35	-	-
Sanitary Network Subcatchment J Study	-	150	-	-	-
Sanitary Sewer Modelling Update	-	-	9	-	9
SCADA Replacement Program	66	66	66	66	66
Sewage System Rehabilitation	250	288	288	288	288
Sewer P/S Electrical Upgrade	125	125	125	125	125
Sewer P/S Upgrade (S Slope Int/ReEval)	-	-	-	-	125
Two Generators Riverbend / Cottonwood	96	-	-	-	-
River at 236 (LTC 6152 extension)	380	-	-	-	-
SRF-Connect	90	92	94	96	99
Private Sewer Connections	90	92	94	96	99

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Technology	1,423	949	536	941	1,217
Air Conditioner Upg – IS Server Room	20	-	-	-	-
Amanda Licensing	-	25	-	-	-
Amanda Mobile	35	-	-	-	-
Cheque Scribe	10	-	-	-	-
Document Management	450	-	-	-	-
Equip: Info Serv	560	560	230	391	570
Equip: Wireless Data System	-	-	22	-	-
Fibre Optic Network - Fire Hall #4 Ph 4	-	-	50	-	-
Fibre Optic Network - Transit Exchange	-	71	-	-	-
Financials New Version - Phase 1	-	-	-	500	-
Financials New Version - Phase 2	-	-	-	-	500
GIS Infrastructure Package	-	75	75	-	-
Infrastructure Growth	50	50	50	50	50
In-House Training For ArcGIS	15	-	-	-	-
IT Disaster Recovery Infrastructure	-	-	-	-	97
IT Fibre GVRD Wm Reclam Study	-	40	-	-	-
Large Format Plotter Purchase	-	20	-	-	-
Lookup Migration To ArcGIS Server	10	-	-	-	-
Management Reporting Software Phase 2	-	-	40	-	-
Migrate Oracle To SQL	85	-	-	-	-
Production Legacy Replacements	-	25	-	-	-
SDE Geodatasbase Oracle To SQL server	10	-	-	-	-
See-It Improvements	15	15	-	-	-
Server Room Upgrade - Racks	26	-	-	-	-
Upg/Buy Fme ArcGIS Extension Licenses	14	-	-	-	-
Video Production / Conferencing	-	43	-	-	-
Voting Software	-	-	69	-	-
Website Home Page Rebuild	25	-	-	-	-
Website Improvements	20	-	-	-	-
Website Payments	54	-	-	-	-
Wireless Infrastructure For DMR	25	25	-	-	-

Appendix B: Capital Works Program Project Listing

Section > Project	2012	2013	2014	2015	2016
Water	3,793	5,445	2,299	1,848	1,650
108 Ave (248 - 249)	-	-	51	-	-
110 Ave (240 - 243)	-	139	-	-	-
112 Ave (244 - 246)	-	376	-	-	-
113 Ave (246 - 248)	-	-	-	224	-
124 Ave (246 - 248)	260	-	-	-	-
124 Ave @ 232 St PRV	-	-	50	-	-
128 Ave (235 - 238)	-	221	-	-	-
136 Ave (236 - 240)	-	778	-	-	-
136 Ave @ 24200 Rockridge Res. Phase 2	-	150	441	-	-
141 Ave @ 232 St PRV	-	-	100	-	-
216 St (124 - 128)	-	-	-	674	-
224 St (124 - Abernethy)	-	343	-	-	-
224 St (North - 119) [F]	-	-	231	-	-
248 St (108 - 112)	-	-	-	-	636
248 St (108 Ave - 220M N 108 Ave)	-	-	-	-	59
270A St @ 123 Ave P/S Phase 2	-	-	-	250	-
Abernethy @ 240 St GVRD Connection	-	-	80	-	-
Ansell St (124 - 125)	-	-	230	-	-
Brown Ave (Fraser - 228)	-	-	401	-	-
Bulk Fill Water Station (272Nd St)	-	90	-	-	-
DTR (216 - 222) Phase 1	400	-	-	-	-
DTR (216 - 222) Phase 2	-	880	-	-	-
Equip: 1 Tonne Pickup W/Service Box	60	-	-	-	-
Equip: Hybrid Vehicle (Technologist)	60	-	-	-	-
Local Area Service - Water	250	250	250	250	250
Maple Ridge Main West	2,005	1,605	-	-	-
McNutt Rd (1050) Reservoir Phase 2	-	-	-	-	210
River Road At 236	100	-	-	-	-
Seismic Upgrade Program	150	150	150	150	150
Tamarack Lane (23400 Block)	-	-	-	-	44
Water Security Improvement	128	128	-	-	-
Watermain Replacement Program	300	300	300	300	300
WM Repl (216 - Blackstock)	80	-	-	-	-
Equip: Enclosed Trailer	-	-	14	-	-
Equip: Leak Detectors	-	35	-	-	-
WRF-Connect	179	183	187	191	195
Private Water Connections	179	183	187	191	195
Grand Total	20,069	26,119	25,647	18,788	38,848

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Deep Roots
Greater Heights

District of Maple Ridge

TO: His Worship Mayor Ernie Daykin and Members of Council **DATE:** June 13, 2011
FROM: Chief Administrative Officer **ATTN:** Council Workshop
SUBJECT: 2011 Residential Class Property Taxation

EXECUTIVE SUMMARY:

Throughout the year, the Finance Department provides a series of financial reports. These reports provide Council with information to assist in their decision making. In early January, a detailed analysis of 2011 property assessments was presented. Recently, Council received information on our 2010 year-end financial statements and a detailed report and presentation on our financial reserves.

The purpose of this report is to provide Council with information on municipal taxes assessed to Class 1-Residential. This is important as most of the District's assessment base is represented by properties in this class. It is also important to keep in mind that this report focuses on the municipal portion of property taxes because the levies by other jurisdictions are beyond Council's control. In our analysis, we have looked at three indicators:

1. Residential Class Tax Rates Comparison

We have looked at the tax rate the District charges to the Residential Class to see how it has changed from last year, and to see how it compares to others in the region. Our tax rate decreased 0.4% from 2010. This is because, overall, market based assessments were higher in 2011 than in 2010, and the tax rate was adjusted to generate the funding required in the financial plan. Of the surveyed municipalities, all saw decreases in their tax rates, except for Mission where the rate increased slightly, 0.4%. Decreases ranged from a high of 10.6% in Richmond to a low of 0.3% in Pitt Meadows.

2. Assessment and Taxation Changes on Sample Properties

We have been tracking the change in assessments and taxation on eight properties for several years, and a spreadsheet showing this information is included in this report.

Municipal Property Taxes and Utilities Assessed Against the 'Average' Single Family Dwelling Survey
We conducted a survey of the municipal property taxes and utilities assessed against the 'average' single family dwelling. The data allows us to see how the taxes and utilities assessed in Maple Ridge compare to others in the region. It is interesting to note that our taxes remain amongst the lowest in the region and when the taxes are combined with annual utility rates, Maple Ridge is tied with Langley-Township as being the lowest among the municipalities surveyed.

RECOMMENDATION(S):

Receive for information.

DISCUSSION:

For 2011 assessed values, BC Assessment continued with their regular practice of assessing properties (land and buildings) based on market value as of July 1 of the previous year. This means that for 2011, properties are assessed at what their market value would have been on July 1, 2010. When compared to 2010 Residential Class 1 assessed values, 2011 Residential Class 1 assessed values in Maple Ridge increased approximately 7.4%.

For 2011, Council authorized a 3.0% increase for general taxes, a 1.0% increase for infrastructure sustainability, and an additional \$600,000 plus growth for the Fire Services Improvement Levy. Taking into consideration the increase to assessed values and the authorized increase to revenues, the end result is an overall decrease to the Residential Property Class 1 tax rate of approximately 0.4%. These changes amount to a tax increase of approximately \$74 or 5.0% to the 'average home'. In addition, there were increases to sewer, water, and recycling rates. The aggregate impact of all these changes is about \$124 or 5.6%.

1. Residential Tax Rates Comparison:

Figure 1 shows the Residential Class 1 municipal tax rates for surveyed municipalities. Utility charges are not included in this analysis. Caution should be exercised in considering this data, as focusing on tax rates alone does not account for the differences in assessed values.

Figure 1: Residential Class 1 Municipal Property Tax Rates

Municipality	Percentage		
	2011	Change	2010
West Vancouver	2.07900	-10.3%	2.31820
Vancouver	2.12815	-1.0%	2.14861
Richmond	2.16085	-10.6%	2.41731
Burnaby	2.37710	-8.1%	2.58670
Surrey	2.37807	-3.3%	2.46040
North Vancouver City	2.38906	-4.0%	2.48982
North Vancouver District	2.47291	-4.9%	2.60146
Coquitlam	3.04860	-5.0%	3.20770
Langley Township	3.12939	-2.3%	3.20283
Port Moody	3.21450	-2.4%	3.29200
Delta ¹	3.47645	-5.5%	3.67932
Pitt Meadows	3.58140	-0.3%	3.59340
New Westminster	3.61310	-5.5%	3.82410
Port Coquitlam ²	3.66900	-4.9%	3.85670
Maple Ridge	3.89780	-0.4%	3.91240
Mission	4.77970	0.4%	4.76185

Notes:

1-The Tax Rate has been averaged. The General Rate depends on the benefitting area of the property. Drainage is also area dependent, and only applicable to land. The Drainage Rate has been averaged and multiplied by .70 (per Delta staff). Last year's rate has been adjusted to reflect this.

2-Rate has been adjusted from last year's reported rate of 3.83430

Appendix D: 2011 Residential Class Property Taxation

In the surveyed municipalities, all municipalities saw decreases in their tax rates, except for Mission where the rate increased slightly, 0.4%. Decreases ranged from a high of 10.6% in Richmond to a low of 0.3% in Pitt Meadows. Earlier in this report, it is noted that there was an increase of 5.0% to the 'average home', and that the total Residential property class experienced an increase in market value of 7.4%. The tax rate is adjusted to neutralize this impact, and as a result, Council was able to approve a tax rate for 2011 which is 0.4% lower than the 2010 tax rate.

The District's 0.4% decrease includes the impact of the Fire Service Improvement Levy, representing a fundamental shift in service levels. Our rate actually decreased 1.3% excluding the change in the Fire Levy.

2. Assessment and Taxation Changes on Sample Properties:

Figure 2 shows the taxes assessed against eight properties in the community, and we have been tracking this data for several years. This analysis shows the variability in taxes and assessment changes across the municipality. In 2011, sample property assessed values increased as much as 13.7%, with the exception of Area #7, Lower Hammond, where the sample property assessment decreased 2.3%. The taxes for the sample properties increased ranging from 1.3% to 12.1%, except for the Area #7 property where taxes decreased 3.7%. It is important to note that while some properties may experience the same percentage tax increase, the actual dollars paid will vary and depend on the assessed value.

Figure 2: Sample Properties History of Assessed Values and Property Taxation

Assessed Values

Location	2004	2005	2006	2007	2008	2009	2010	2011
1 Silver Valley	334,000	437,000	493,000	742,000	722,000	703,000	656,000	746,000
2 Albion/Kanaka	309,000	371,000	393,000	449,000	516,000	516,000	489,000	544,000
3 Whonnock	292,200	355,700	380,000	423,000	532,000	532,000	487,000	518,000
4 Central MR	237,100	295,000	289,100	340,000	387,000	387,000	384,000	418,000
5 Central MR- strata	147,700	171,000	210,800	234,200	262,600	262,600	236,500	243,000
6 West MR	349,000	427,000	425,000	476,000	562,000	562,000	579,000	610,000
7 Lower Hammond	162,400	190,600	182,300	201,100	239,600	239,600	224,300	219,100
8 Upper Hammond	232,900	284,000	293,000	375,000	460,000	460,000	425,000	450,000
Total	2,064,300	2,531,300	2,666,200	3,240,300	3,681,200	3,662,200	3,480,800	3,748,100

Change in Assessed Values

Location	2004	2005	2006	2007	2008	2009	2010	2011
1 Silver Valley	11.7%	30.8%	12.8%	50.5%	-2.7%	-2.6%	-6.7%	13.7%
2 Albion/Kanaka	8.4%	20.1%	5.9%	14.2%	14.9%	0.0%	-5.2%	11.2%
3 Whonnock	21.4%	21.7%	6.8%	11.3%	25.8%	0.0%	-8.5%	6.4%
4 Central MR	7.2%	24.4%	-2.0%	17.6%	13.8%	0.0%	-0.8%	8.9%
5 Central MR- strata	3.6%	15.8%	23.3%	11.1%	12.1%	0.0%	-9.9%	2.7%
6 West MR	2.0%	22.3%	-0.5%	12.0%	18.1%	0.0%	3.0%	5.4%
7 Lower Hammond	22.6%	17.4%	-4.4%	10.3%	19.1%	0.0%	-6.4%	-2.3%
8 Upper Hammond	13.1%	21.9%	3.2%	28.0%	22.7%	0.0%	-7.6%	5.9%
Total	10.5%	22.6%	5.3%	21.5%	13.6%	-0.5%	-5.0%	7.7%

Appendix D: 2011 Residential Class Property Taxation

Taxation (Municipal General/Debt/Library)

Location	2004	2005	2006	2007	2008	2009	2010	2011
1 Silver Valley	1,516	1,738	1,925	2,576	2,303	2,342	2,370	2,656
2 Albion/Kanaka	1,402	1,475	1,534	1,559	1,646	1,719	1,767	1,937
3 Whonnock	1,326	1,414	1,483	1,469	1,697	1,772	1,759	1,844
4 Central MR	1,076	1,173	1,129	1,181	1,235	1,289	1,387	1,488
5 Central MR- strata	670	680	823	813	838	875	854	865
6 West MR	1,584	1,698	1,659	1,653	1,793	1,872	2,092	2,172
7 Lower Hammond	737	758	712	698	764	798	810	780
8 Upper Hammond	1,057	1,129	1,144	1,302	1,467	1,532	1,535	1,602
Total	9,368	10,065	10,409	11,251	11,743	12,199	12,574	13,344

Change in Taxation (Municipal General/Debt/Library)

Location	2004	2005	2006	2007	2008	2009	2010	2011
1 Silver Valley	5.6%	14.6%	10.8%	33.8%	-10.6%	1.7%	1.2%	12.1%
2 Albion/Kanaka	2.5%	5.2%	4.0%	1.6%	5.6%	4.4%	2.8%	9.6%
3 Whonnock	14.8%	6.6%	4.9%	-0.9%	15.5%	4.4%	-0.7%	4.8%
4 Central MR	1.3%	9.0%	-3.8%	4.6%	4.6%	4.4%	7.6%	7.3%
5 Central MR- strata	-2.0%	1.5%	21.0%	-1.2%	3.1%	4.4%	-2.4%	1.3%
6 West MR	-3.5%	7.2%	-2.3%	-0.4%	8.5%	4.4%	11.8%	3.8%
7 Lower Hammond	15.9%	2.8%	-6.1%	-2.0%	9.5%	4.5%	1.5%	-3.7%
8 Upper Hammond	6.9%	6.8%	1.3%	13.8%	12.7%	4.4%	0.2%	4.4%
Total	4.4%	7.4%	3.4%	8.1%	4.4%	3.9%	3.1%	6.1%

3. Municipal Property Taxes and Utilities Assessed Against the 'Average' Single Family Dwelling Survey:

Looking at the taxes assessed against the 'average' single family dwelling is challenging on many fronts. The methodology used to calculate the value of an 'average' single family dwelling uses information from BC Assessment. The difficulty using this methodology is that an 'average' single family dwelling in West Vancouver may be physically much different than an 'average' single family dwelling in Maple Ridge, and this has not been taken into account. Additionally, municipalities provide different services at different levels and this has also not been taken into account. Nonetheless, this is a commonly used method and it does serve as one indicator of relative tax burden.

The data compiled is shown on Figure 3. It shows that the municipal portion of residential property taxes in Maple Ridge at \$1,797 is amongst the lowest of those municipalities surveyed. When municipal taxes are combined with property utilities for a total of \$2,560, Maple Ridge's ranking ties with Langley-Township's as being the lowest.

Figure 3: Summary of Survey Results – 2011 ‘Average’ Single Family Dwelling

Municipality	Average Assessed Value*	Municipal Taxes	Rank (highest to lowest)	Total Utilities	Municipal Taxes & Utilities	Rank (highest to lowest)	Notes
Maple Ridge	460,945	1,797	13	763	2,560	15	
Langley-Township	501,347	1,569	15	991	2,560	15	
Pitt Meadows	450,407	1,613	14	953	2,566	14	
Port Coquitlam	510,628	1,873	10	824	2,698	13	
North Vancouver-City	814,484	1,946	8	805	2,751	12	(5)
Burnaby	798,114	1,897	9	892	2,789	11	(1)
Delta	568,717	1,986	6	860	2,846	10	(2)
Surrey	576,645	1,532	16	1,331	2,863	9	
Mission	392,273	1,797	12	1,072	2,869	8	(3)
Richmond	832,719	1,799	11	1,193	2,993	7	
Coquitlam	639,772	1,950	7	1,094	3,044	6	
Vancouver	1,028,000	2,188	5	944	3,132	5	(9)
Port Moody	705,389	2,267	2	933	3,200	4	(6)
New Westminister	620,991	2,244	4	1,014	3,257	3	(4)
North Vancouver-District	913,877	2,260	3	1,177	3,437	2	
West Vancouver	1,673,943	3,480	1	1,277	4,757	1	(8)
Average	718,016	2,012		1,008	3,020		
Median	630,382	1,922		972	2,866		
Highest	1,673,943	3,480		1,331	4,757		
Lowest	392,273	1,532		763	2,560		

Notes:

- All values have been rounded.
- * Average Assessed Value was determined by using BC Assessment's 2011 Revised Roll Totals, General Net Taxable Value Totals for the Residential Single Family Property Class divided by Occurrences.

- Recycling/Garbage included in municipal taxes. Water & Sewer Rates reflect a 5% discount.
- Municipal taxes are averaged. The municipal tax rate is dependent on the benefitting area of the property, and for this analysis the Annacis area has been excluded; according to Delta staff, there are only 3 homes in this area. Drainage, included in municipal taxes, is also area dependent and only applicable to land - the Annacis area has also been excluded. For our purposes the drainage rate has been averaged and multiplied by .70 (per Delta staff).
- Drainage Levy Rate/Amount excluded from this analysis. According to Mission staff, only approximately 30 homes are charged this levy.
- Recycling/Garbage, Water and Sewer Rates reflect a 5% discount.
- Water and Sewer Rates reflect a 10% discount.
- Recycling/Garbage, Water and Sewer Rates reflect a 5% discount.
- Recycling/Garbage, Water, Sewer, Drainage Utility and Dyking Utility Rates reflect a 10% discount.
- Water & Sewer utility rates taken from anticipated "median" user bills less 10% for payments rec'd by due date. Garbage/Recycling reflect a 10% discount for payment received by due date.
- Land Assessment Averaging for eligible properties; redistribution of 1% tax levy from non-residential to residential property classes.

FINANCIAL IMPLICATIONS

For 2011, Council authorized a 3.0% increase for general taxes, a 1.0% increase for infrastructure sustainability, and an additional \$600,000 plus growth for the Fire Services Improvement Levy. The information in this report allows Council to see how our taxes compare to our neighbours.

We have received information from the Provincial Government regarding the following changes to property taxation for 2011 as follows:

- The Home Owner Grant threshold has been increased to \$1,150,000. What this means is that for Residential Class 1 properties, the Regular Home Owner Grant of \$570 is reduced by \$5 for each \$1,000 of assessed value over \$1,150,000, and it is eliminated entirely on homes that are assessed at \$1,264,000. For those that qualify, individuals aged sixty-five and older and certain veterans and persons with disabilities, there is an Additional Grant that can reduce property taxes by a further \$275, for a total of up to \$845. This grant would be eliminated for homes that are assessed at \$1,319,000 and higher.
- A new Farm Land Tax Credit has been implemented for 2011. Owners of Farm Class 9 properties are entitled to a credit equal to 50% of the school taxes levied to the property. This is similar to the property tax credit given to properties classed as Major Industry Class 4 and Light Industry Class 5.
- In 2011, the Industrial Tax Credit for Major Industry Class 4 and Light Industry Class 5 properties has been increased from 50% to 60% of the school taxes levied to those properties.

CONCLUSIONS:

The Finance Department provides Council with a series of reports to assist in their decisions. The purpose of this report is to provide information on the municipal taxes assessed against residential properties. We have looked at three indicators, and can conclude that the taxes assessed in Maple Ridge are well positioned when compared to our neighbours.

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Approved by: Paul Gill, BBA, CGA
General Manager: Corporate & Financial Services

Concurrence: **J.L. (Jim) Rule**
Chief Administrative Officer

:jgbb



Deep Roots
Greater Heights

District of Maple Ridge

TO: His Worship Mayor Ernie Daykin
and Members of Council

DATE: June 13, 2011

FILE NO:

FROM: Chief Administrative Officer

ATTN: Council Workshop

SUBJECT: 2011 Major Industry Class Property Taxation

EXECUTIVE SUMMARY:

The Finance Department provides Council with regular reports on property assessments and taxation. This information allows Council to see how our tax policies compare to those of other municipalities in our area. The reports concluded that, overall, the rates that we charge against these classes are quite reasonable.

In 2008, Council was presented with an overview of the Major Industry Class 4 property class which indicated that the property tax burden against this class was quite high. Council decided to take steps to deal with this inequity by transferring some of the tax burden to the Residential Class. In 2009 and in 2010, Council directed that the Major Industry tax rate be reduced by 5%. This has resulted in a slightly more equitable distribution of the tax burden, and while further improvement may be required, we suggest that this be reviewed in 2012 as our financial capacity in 2011 is limited.

The purpose of this report is to see how our current Major Industry tax rate compares to other municipalities in our area, and to monitor whether a further shift in 2012 may be required.

RECOMMENDATION:

Receive for information.

DISCUSSION:

In Maple Ridge, there are two properties (folio numbers) classed as Major Industry Class 4, and they are owned by International Forest Products Ltd (Interfor). Figure 1 illustrates the year to year changes in assessed values, municipal tax rates, and municipal tax rate multiples for this class in Maple Ridge.

The District's taxation policy ensures that changes in assessed values due to market changes do not give rise to changes in tax levies within property classes. For example if assessed values in one class go up 15%, the municipal tax rate for that class is reduced by 15%, making the market change revenue-neutral. Not all taxing jurisdictions apply this policy.

As is shown in Figure 1, in 2011, assessed values for the Major Industry Property Class decreased approximately 1.4% from 2010 assessed values. The municipal tax rate was increased to counterbalance the market value decrease and the increase in the Provincial Industrial Property Tax Credit. Overall though, the Major Industry property owner will realize a savings of approximately \$12,000 on their total tax bill. The municipal tax rate multiple has now increased to 8.8.

Figure 1: Maple Ridge Major Industry Class 4 Year to Year Comparison

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assessed Value	\$17,829,000	\$18,076,000	\$16,923,000	\$16,923,000	\$10,852,000
Municipal Tax Rate	34.27340	32.20030	36.20440	38.10990	56.55520
Municipal Tax Rate Multiple	8.8	8.2	10.1	11.3	15.6

As in previous years, we will look at two indicators to determine whether the District's Major Industry Class 4 municipal tax rate is reasonable when compared to other lower mainland municipalities.

Municipal Tax Rate Comparison to Other Municipalities:

This indicator looks at the municipal tax rate in our municipality and compares it to the municipal tax rate for the same class in other municipalities. While this indicator is fairly easy to obtain, it is problematic in that similar properties in one community may be valued very differently in other communities.

As is shown in Figure 2, below, in 2011, the District's Major Industry Class 4 municipal tax rate is \$34.27 per \$1,000 of assessed value. Amongst the fourteen surveyed municipalities, our tax rate ranks as sixth highest, while in 2010, 2009 and 2008 it ranked as fifth highest. In 2007, the District's tax rate in this class, \$56.56 per \$1,000 of assessed value, ranked as second highest amongst the surveyed municipalities.

Figure 2: Major Industry, Class 4 Municipal Property Tax Rates

Municipality	2011 Major Industry Municipal Tax Rate	Rank	2010 Major Industry Municipal Tax Rate	2009 Major Industry Municipal Tax Rate	2008 Major Industry Municipal Tax Rate	2007 Major Industry Municipal Tax Rate
Langley, Township	9.48120	14	9.07520	10.09650	9.51640	11.64290
Surrey ²	11.68848	13	11.36379	11.79970	11.24650	13.47610
Richmond	12.96510	12	10.15272	10.14490	8.43530	9.00670
West Vancouver	13.21930	11	13.07550	13.07550	12.70080	12.33360
North Vancouver, City ¹	27.50000	10	27.50000	27.50000	27.50000	27.50000
New Westminster	29.45880	9	28.25280	27.94670	24.30150	30.33480
Vancouver	31.46583	8	30.64936	30.28940	28.28630	30.25420
Delta ³	31.83175	7	31.61645	28.88280	26.90410	27.78320
Maple Ridge	34.27340	6	32.20030	36.20440	38.10990	56.55520
Pitt Meadows	35.10470	5	31.98620	30.97950	29.76100	35.77070
North Vancouver, District	42.48617	4	44.39072	47.61590	45.85600	49.85970
Burnaby	43.72650	3	44.48440	44.32280	41.45650	47.27470
Coquitlam	49.86610	2	60.50650	57.92530	54.32760	57.47600
Port Moody	57.45210	1	48.48230	50.16970	46.81200	53.13380

Notes:

1-w/Provincial Cap

2-rate + \$161 Drainage

3-The Tax Rate has been averaged. The General Rate depends on the benefitting area of the property. Drainage is also area dependent, and only applicable to land. The Drainage Rate has been averaged and multiplied by .62. Last year's rate has been adjusted to reflect this.

Appendix E: Industrial Class Tax Rates

It is important to remember that not all assessed values are comparable across the lower mainland. The City of North Vancouver may have a lower tax rate, but the assessed values for a waterfront property similar to those owned by Interfor in Maple Ridge would likely be much higher. Also, notable is that the major industrial properties in the City of North Vancouver are located along the waterfront and are operated as ports. Ports have a regulated Provincial Cap tax rate of \$27.50 per \$1,000 of assessed value. For this reason, we should also look at another indicator such as the municipal tax rate multiple.

Municipal Tax Rate Multiple Comparison to Other Municipalities:

This indicator looks at the relative tax rate on one class, as a ratio of the tax rate charged to another class. The “other” class used in this analysis is the Residential Class. As outlined in previous reports to Council, the main weakness of this indicator is that it is greatly affected by varying market value fluctuations between the classes.

As is shown in Figure 3, in 2011, the District’s Major Industry Class 4 municipal tax rate multiple of 8.8 ranks as ninth highest amongst the fourteen surveyed municipalities, as it ranked in 2010. In 2011, our tax rate multiple is below the average tax rate multiple of 10.9 for the surveyed municipalities. This year, all municipalities, except one – Coquitlam, saw increases in their multiples from 2010. Since 2007, our multiple for this class has dropped from 15.6 to 8.8, making it the most significantly improved of the surveyed municipalities.

Figure 3: Major Industry, Class 4 Municipal Property Tax Rate Multiples

Municipality	2011 Major Industry Municipal Tax Rate	2011 Major Industry Multiple	Rank	2010 Major Industry Multiple	2009 Major Industry Multiple	2008 Major Industry Multiple	2007 Major Industry Multiple
Langley, Township	9.48120	3.0	14	2.8	3.5	3.5	4.0
Surrey ²	11.68848	4.9	13	4.6	5.2	5.3	5.9
Richmond	12.96510	6.0	12	4.2	4.3	3.7	3.7
West Vancouver	13.21930	6.4	11	5.6	6.2	6.2	5.5
New Westminster	29.45880	8.2	10	7.4	7.7	7.0	8.1
Maple Ridge	34.27340	8.8	9	8.2	10.1	11.3	15.6
Delta ³	31.83175	9.2	8	8.6	9.5	8.8	8.7
Pitt Meadows	35.10470	9.8	7	8.9	9.3	9.5	10.7
North Vancouver, City ¹	27.50000	11.5	6	11.0	11.9	12.5	11.3
Vancouver	31.46583	14.8	5	14.3	14.2	13.3	12.5
Coquitlam	49.86610	16.4	4	18.9	19.8	19.9	20.1
North Vancouver, District	42.48617	17.2	3	17.1	19.4	19.5	19.6
Port Moody	57.45210	17.9	2	14.7	16.7	16.3	17.2
Burnaby	43.72650	18.4	1	17.2	17.9	17.5	19.1

Notes:

1-w/Provincial Cap

2-rate + \$161 Drainage

3-The Tax Rate has been averaged. The General Rate depends on the benefiting area of the property. Drainage is also area dependent, and only applicable to land. The Drainage Rate has been averaged and multiplied by .62. Last year's rate has been adjusted to reflect this.

CONCLUSION:

The District's position in terms of Major Industry Class 4 municipal property tax rates and multiples has improved as a direct result of direction from Council. Maple Ridge now seems to be well placed when compared to other municipalities in the lower mainland. Our Class 4 municipal tax rate is ranked as sixth highest when compared to the fourteen surveyed municipalities, and our Class 4 municipal tax rate multiple ranks as ninth highest, below the average municipal tax rate multiple of the fourteen surveyed municipalities.

It appears that the tax burden against Class 4 properties has become more equitable. As in past years, we will look at our overall financial capacity at business planning time to see if further improvements can be achieved. Additionally, we will continue to review the tax burden against our other property classifications to make sure we remain well positioned.

Prepared by: Jacquie Bergmann
Research Technician

Approved by: Paul Gill, BBA, CGA
General Manager: Corporate & Financial Services

Concurrence: **J.L. (Jim) Rule**
Chief Administrative Officer

:jgbb



*Deep Roots
Greater Heights*

District of Maple Ridge

TO: His Worship Mayor Ernie Daykin and Members of Council **DATE:** June 13, 2011
FILE NO:

FROM: Chief Administrative Officer **ATTN:** Council Workshop

SUBJECT: 2011 Business Class Property Taxation

EXECUTIVE SUMMARY:

It has been the practice of this municipality to review our tax rates to make sure that they are reasonable in relation to other municipalities in the lower mainland. This report examines the tax rate assessed to Business Class 6 properties.

RECOMMENDATION:

Receive for information.

DISCUSSION:

There are a number of ways of looking at the taxes assessed against properties:

- Review the municipal tax rates to see where the District ranks in comparison to other municipalities. While this type of analysis is straightforward to accomplish, it does not account for the difference in assessed property values from jurisdiction to jurisdiction.
- Review the municipal tax rate assessed against one class, as compared to another class. In this case, the Business Class 6 municipal tax rate is compared to the Residential Class 1 municipal tax rate using a ratio that is referred to as the tax “multiple”. While this method looks at the relative tax burden amongst classes, it does not account for variable assessment value changes amongst property classes.
- Review similar businesses in different municipalities and compare the actual municipal tax burden.

This report looks at the District’s Business Class 6 municipal tax rate from these three perspectives.

Municipal Tax Rate Comparison

All things being equal, one would expect municipalities with high property values to have the lowest tax rates and municipalities with lower assessed values would have higher tax rates. This is confirmed with West Vancouver, which has the lowest Business Class 6 municipal tax rate, and Mission which has the highest municipal tax rate. There are some anomalies, such as Vancouver, which has a tax rate that is close to the tax rate in Maple Ridge even though property values are much higher in Vancouver. This may be one of the reasons why Vancouver has transferred some of the commercial tax burden to the Residential Class.

In 2011, the District’s Business Class 6 tax rate of \$12.10 per \$1,000 of assessed value ranks as being seventh highest of the nineteen lower mainland municipalities that were surveyed. Of the surveyed municipalities, the Business Class 6 tax rates range from a low of \$4.94 per \$1,000 in West Vancouver,

Appendix F: Business Class Property Taxation

to a high of \$15.59 per \$1,000 in Mission. All municipalities, except for Richmond and Coquitlam, saw increases to their Business Class 6 tax rates in 2011. Staff at the City of Coquitlam advise that because their current Class 6 tax rate is quite high, especially when compared to other municipalities in the lower mainland, they are slowly normalizing those rates by shifting some of the tax burden from that class to the Residential Class. Staff at the City of Richmond advise that because the 2011 property assessments in Richmond increased quite substantially, (overall there was an almost 16% increase in value from 2010 to the City of Richmond's 2011 Revised Assessment Roll), the tax rate was lowered in almost all of their property classes to make the market change revenue neutral.

Figure 1: Business Class 6 - Municipal Tax Rates

Municipality	2011		2010	2009	2008
	Business Municipal Tax Rate	Rank	Business Municipal Tax Rate	Business Municipal Tax Rate‡	Business Municipal Tax Rate‡
West Vancouver	4.94390	19	4.83530	4.91000	4.70000
Surrey ⁴	7.41846	18	7.37976	8.15000	6.80000
Richmond	8.03836	17	8.36391	8.25000	7.90000
North Vancouver, District	8.83668	16	8.63395	9.02000	8.60000
Langley, City	8.87270	15	8.53380	9.10000	7.90000
Vancouver	9.19882	14	9.78076	10.35000	10.80000
North Vancouver, City	9.56623	13	9.79800	9.78000	9.10000
Langley, Township	9.62380	12	9.12880	9.09000	6.30000
Port Moody	9.82960	11	9.83430	9.99000	9.60000
Chilliwack ³	9.90312	10	9.63174	10.36000	10.00000
Burnaby	10.03070	9	10.02960	9.92000	9.40000
Delta ²	11.04091	8	11.12795	11.86000	10.30000
Maple Ridge	12.10450	7	11.74030	11.75000	11.10000
Pitt Meadows	12.67130	6	12.07500	12.06000	11.50000
Port Coquitlam	13.43770	5	12.42790	13.71000	11.60000
New Westminster	14.12260	4	14.27050	13.96000	13.80000
Coquitlam	14.78250	3	15.03180	14.58000	13.20000
Abbotsford ¹	15.07560	2	13.57371	16.82000	11.70000
Mission ¹	15.58720	1	14.94560	16.00000	13.50000

Notes:

1-The Tax Rate has been averaged; The Tax Rate is dependent on the location of the property.

2-The Tax Rate has been averaged. The General Rate depends on the benefitting area of the property. Drainage is also area dependent, and only applicable to land. The Drainage Rate has been averaged and multiplied by .61. Last year's rate has been adjusted to reflect this.

3-The Tax Rate has been blended. Land and Improvements are taxed at different rates. The assessment ratio is 59% Land and 41% Improvements. Last year's rate has been adjusted to reflect this.

4-rate + \$161 drainage charge

‡rates rounded and as reported in previous reports to Council

Tax Multiple Comparison

The tax multiple looks at the relative tax burden against Business Class 6 as compared to Residential Class 1. The term "multiple" is often used to represent the ratio of the property tax rate for a particular class or type of property where the property tax rate for the Residential Class is considered 1.0. Therefore, the "Business Class multiple" would represent the ratio of the tax rate for the Business Class to the Residential Class. The calculation is done by taking the Business Class rate and dividing it by the Residential Class rate. A Business Class multiple of 3.0 would mean the rate applied to the Business

Appendix F: Business Class Property Taxation

Class is 3.0 times more than the Residential Class rate. This has also been referred to as the “property tax gap”. The main weakness of this indicator is that it is greatly affected by varying market value fluctuations between the classes.

In 2011, the assessed values for residential properties in Maple Ridge increased about 7.4%. As a result, the District’s Residential tax rate went down to \$3.90 per \$1,000 of assessed value, a decrease of about 0.4%. 2011 assessed values for commercial properties increased slightly, about 2.7%. The Business Class tax rate increased to \$12.10. This does not mean that we have given the residential class fairer treatment, just that we adjusted the rate for market value fluctuations.

In 2011, District’s municipal tax rate multiple is 3.1, tied for twelfth highest with three municipalities, Port Moody, Langley Township, and Surrey, in the nineteen municipalities surveyed. Our multiple is below the average multiple of 3.4 of the surveyed municipalities.

Figure 2: Business Class 6 - Multiples, based on General Municipal Rates

Municipality	2011			2010 Business Multiple	2009 Business Multiple‡	2008 Business Multiple‡
	Business Municipal Tax Rate	2011 Business Multiple	Rank			
Chilliwack ³	9.90312	2.2	19	2.2	2.5	2.5
West Vancouver	4.94390	2.4	17	2.1	2.3	2.4
Langley, City	8.87270	2.4	17	2.2	2.5	2.3
Abbotsford ¹	15.07560	2.8	16	2.8	2.7	2.9
Port Moody	9.82960	3.1	12	3.0	3.3	3.4
Langley, Township	9.62380	3.1	12	2.9	3.1	3.1
Maple Ridge	12.10450	3.1	12	3.0	3.3	3.3
Surrey ⁴	7.41846	3.1	12	3.0	3.6	3.2
Delta ²	11.04091	3.2	11	3.0	3.3	3.2
Mission ¹	15.58720	3.3	10	3.2	3.9	3.5
Pitt Meadows	12.67130	3.5	9	3.4	3.6	3.7
North Vancouver, District	8.83668	3.6	8	3.3	3.7	3.6
Port Coquitlam	13.43770	3.7	6	3.2	4.0	3.6
Richmond	8.03836	3.7	6	3.5	3.5	3.4
New Westminster	14.12260	3.9	5	3.7	3.8	3.8
North Vancouver, City	9.56623	4.0	4	3.9	4.1	4.1
Burnaby	10.03070	4.2	3	3.9	4.0	4.0
Vancouver	9.19882	4.3	2	4.6	4.8	5.1
Coquitlam	14.78250	4.8	1	4.7	5.0	5.0

Notes:

1-The Tax Rate has been averaged; The Tax Rate is dependent on the location of the property.

2-The Tax Rate has been averaged. The General Rate depends on the benefitting area of the property. Drainage is also area dependent, and only applicable to land. The Drainage Rate has been averaged and multiplied by .61. Last year’s rate has been adjusted to reflect this.

3-The Tax Rate has been blended. Land and Improvements are taxed at different rates. The assessment ratio is 59% Land and 41% Improvements. Last year’s rate has been adjusted to reflect this.

4-rate + \$161 drainage charge

‡rates rounded and as reported in previous reports to Council

Business Class 6 Municipal Portion of Property Taxes Comparison

Finally, the municipal portion of the dollar impact on a Business Class 6 taxpayer is examined. The main difficulty with this comparison is that it is difficult to determine comparable businesses from jurisdiction to jurisdiction. The values used in this analysis are from BC Assessment. They use a number of factors in determining assessed values for commercial properties, including applied market rent, income, and other factors and a significant amount of variability can follow.

We looked at three different business types from a selection of seven municipalities, including Maple Ridge, as follows:

1. Food Store: a typical well-located large format grocery store occupying space as a primary anchor tenant in a strip retail centre.
2. Commercial Retail Unit (CRU) Retail Unit: a retail unit located in a strip retail centre, such as a video store, dollar store, clothing retailer, and other general household retailers.
3. CRU Retail/Restaurant Unit: a restaurant unit located in a strip retail centre, such as Starbucks, bagel shops, Subway, etc.

Because these are not actual properties and the current appraiser who is asked for this data may be different than the appraiser from the previous year, interpretation of the data may not be exactly the same from year to year. In our case, this year there was a new appraiser for the North Vancouver, City data as well as a new appraiser for the Burnaby and Coquitlam data. We've asked these appraisers to have another look at the information for 2010, so we can see how the changes from last year relate to this year by a similar interpretation. These changes are reflected in Figures 3, 4 and 5.

As shown in Figure 3, below, in 2011, the municipal portion of the District's tax bill for the Food Store is ranked as fourth highest, as it did in 2010, while from 2007 to 2009 and in 2005 it ranked as being third highest.

Figure 3: Food Store - Municipal Property Taxes

	2011	2010	2009	2008	2005
Coquitlam	148,361	150,863	123,467	111,899	115,599
Mission	129,272	126,561	121,456	113,338	102,997
Burnaby	113,255	113,242	87,245	82,871	84,705
Maple Ridge	107,559	106,519	92,421	87,460	87,076
Langley	98,234	95,143	79,826	75,687	76,716
N Van, City	87,239	82,970	76,451	70,842	66,775
Surrey	74,615	72,268	71,612	59,644	58,501
Average	108,362	106,795	93,211	85,963	84,624
Median	107,559	106,519	87,245	82,871	84,705
MR Ranking	4	4	3	3	3

As shown in Figure 4, below, in 2011, the municipal portion of the District's tax bill for the CRU Retail Unit ranked as fourth highest, while in 2010, it dropped to being third highest from second highest in 2009 and 2008, and in 2005 it was ranked as being third highest.

Figure 4: CRU Retail - Municipal Property Taxes

	2011	2010	2009	2008	2005
Coquitlam	7,115	7,235	7,288	6,605	6,823
Mission	7,006	6,718	5,207	4,859	3,680
Burnaby	5,230	4,828	4,959	4,710	4,815
Maple Ridge	5,150	4,995	5,455	5,162	5,354
N Van, City	4,981	4,897	5,200	4,818	5,515
Langley	4,810	4,563	4,740	4,494	4,361
Surrey	3,866	3,686	2,899	2,414	2,497
Average	5,451	5,275	5,107	4,723	4,721
Median	5,150	4,897	5,200	4,818	4,815
MR Ranking	4	3	2	2	3

As shown in Figure 5, below, in 2011, the municipal portion of the District's tax bill for the CRU Retail/Restaurant ranks as second highest, while in 2010 it dropped to being third highest from second highest 2009, 2008 and in 2005.

Figure 5: CRU Retail/Restaurant - Municipal Property Taxes

	2011	2010	2009	2008	2005
Coquitlam	7,115	7,235	7,895	7,156	7,392
Maple Ridge	6,555	6,357	6,365	6,023	6,425
N Van, City	6,459	6,407	5,616	5,204	5,956
Mission	5,839	5,598	5,786	5,399	4,416
Langley	5,612	5,323	5,469	5,186	5,451
Burnaby	5,230	4,828	5,372	5,103	5,216
Surrey	4,671	4,481	4,774	3,976	3,085
Average	5,926	5,747	5,897	5,435	5,420
Median	5,839	5,598	5,616	5,204	5,451
MR Ranking	2	3	2	2	2

CONCLUSION:

It is important for the District of Maple Ridge to review our municipal tax rates to make sure that they are reasonable in relation to other municipalities. This is not a simple task and each indicator has its own strengths and weaknesses, and this is why we look at a variety of indicators over a period of time.

The District's Business Class 6 municipal tax rate in 2011 is seventh highest of the nineteen surveyed municipalities. This is not unexpected as most municipalities in the survey group have higher property assessment values. It is noteworthy that tax rates in Coquitlam, Port Coquitlam and New Westminster are higher than the District's, even though those communities likely have assessed values higher than those in Maple Ridge. The District's Business Class 6 multiple continues to rank lower than average. In 2011, assessed values for residential properties went up and the tax rates decreased, while the assessed values of commercial properties increased and the tax rates increased slightly.

With respect to actual municipal taxes payable, Maple Ridge is at or a little above the median when compared to neighbouring communities. In 2011, when compared to a selection of municipalities, the District ranks as fourth highest for grocery chain units and for retail units, and for retail-type restaurant units, the District ranks as having the second highest municipal taxes payable.

Overall, our data indicates that the District's Business Class 6 tax rates are comparable with other lower mainland municipalities.

Prepared by: Jacquie Bergmann
Research Technician

Approved by: Paul Gill, BBA, CGA
General Manager: Corporate & Financial Services

Concurrence: **J.L. (Jim) Rule**
Chief Administrative Officer

:jgbb

1. Tax increase for general purposes – 3% each year for 2012 – 2016.
2. Tax increase for capital works and infrastructure – 1% per year.
3. Property tax rates to be reviewed annually to ensure we are competitive with other lower mainland municipalities.
4. Utility Charges to be reviewed annually with a view towards using rate stabilization practices to smooth out large fluctuations in rates.
5. Fire Service Improvement Levy to generate an additional \$700,000 additional funding in 2012; Rate of increase to be reduced by 50% in 2013 and inflationary increases beginning in 2014.
6. Storm Water Levy of \$5 per parcel to begin in 2013, increasing by \$5 annually for a period of five years.
7. Parks, Recreation and Culture Levy of one-half of one percent beginning in 2013 for a period of eight years.
8. Budgets include operating and capital components for a five-year period.
9. Public Consultation Plan developed and operationalized.
10. Increase revenue from existing sources by about 5%.
11. Identify potential new revenue sources (i.e. be creative).
12. Evaluation of services to ensure alignment with Council direction.
13. Identify and measure outputs/outcomes. Identify key processes to undergo process improvement reviews.
14. Council-raised issues are to be considered in developing workplans, respecting the criteria for establishing priorities that are outlined in *Municipal Council's Criteria for Evaluating and Establishing Priorities*, and recognizing that capacity is needed for opportunities or issues that might be discovered throughout the year. For 2012, issues to be addressed are to include:
 - Incremental municipal taxes from land-use conversion to support agriculture
 - Consideration of funding envelope for Town Centre Investment Incentive Program
 - Gaming revenue allocation in accordance with Council's Gaming Revenue policy (in development at mid-May 2011).
15. Reduction packages should be at -10% (limit small packages and multiples to get to -10%). What would you recommend be kept if you had only 90% of your budget? This should not be interpreted to mean that we are looking to reduce our budget by 10%. Rather, this is an opportunity for us to explain what the ramifications of such reductions would be. In addition, it is a chance for us to look at what we are doing to see if there are ways to improve.
16. Incremental packages must include a business case to support new programs/projects/staff.

17. Organizational/structural change – is the current organization adequate to deliver the service? Are there better options? Contract for services, or bring services in-house, where and when it makes sense organizationally and financially.
18. Succession planning – review organization charts in relation to service delivery with a view to long-term planning. What positions do you see as potentially becoming vacant by retirement and what organizational options may be available as a result?
19. Vacant position review and management – all positions that become vacant are subject to a detailed review prior to being refilled.
20. Contracting/Consulting review – all consulting work should undergo a review at not only budget time, but also when services are being contracted to determine the best way to acquire services. This will involve potentially contracting out where it makes sense and contracting in where there are available staff resources.
21. Quarterly performance reports are to be presented to Council at open Council meetings. Performance measures will be published in the Annual Report and on See-It.
22. Progress in relation to our strategic direction is to be evaluated every six months.
23. The Financial Plan must be in accordance with Council’s strategic Financial Sustainability Plan policies approved in October 2004.
24. Technology – review business applications and technology tools to identify upgrade or obsolescence issues. Ensure workplans, budgets, and Information Services workplans/projects reflect the resources necessary to support the changes if required.
25. Workplans will identify short-term, medium, and longer-term action items that Council can consider, as we work towards carbon neutrality.



Deep Roots
Greater Heights

POLICY STATEMENT

District of Maple Ridge

<p>Title: Financial Sustainability Plan</p>	<p>Policy No : 5.52</p> <p>Supersedes: NEW</p>
<p>Authority: <u>Council</u></p> <p>Approval: <u>October 26, 2004</u></p>	<p>Effective Date:</p> <p><u>October 27, 2004</u></p>
<p>Policy Statement:</p> <p>The District's financial planning will be guided by the attached Financial Sustainability Plan policy guidelines.</p>	
<p>Purpose:</p> <p>A proactive strategy is required that will lay the groundwork for the continuance of high quality services and provide a legacy for future generations. It will position the Municipality to meet financial obligations and take advantage of opportunities that arise; it will also mean that residents can look forward to equitable and affordable taxation.</p> <p>The policies should be designed and structured to develop principles that guide, support and respect the direction of the community.</p>	
<p>Definitions:</p>	



Policy Guidelines

Purpose:

A proactive strategy is required that will lay the groundwork for the continuance of high quality services and provide a legacy for future generations. It will position the Municipality to meet financial obligations and take advantage of opportunities that arise; it will also mean that residents can look forward to equitable and affordable taxation.

The policies should be designed and structured to develop principles that guide, support and respect the direction of the community.

Policy Guidelines:

1. Growth in Tax Base:

Discussion: Maple Ridge is a growing community and all indications are that this will continue. Growth brings in new tax revenue which must be estimated using the best available data.

Policy 1.0

Real growth will be set based on the experience of the previous planning period and the projections for the ensuing period, using information provided by the BC Assessment Authority, the Planning Department, and the Finance Department.

2. Service demands created by a growing community:

Discussion: Growth creates demands for service. Often, the additional tax revenue is not sufficient to pay for the costs of providing the services necessary to keep with established standards. It is important that the demands created by growth be recognized and efforts be made to maintain existing standards.

Policy 2.0

Business Plans should provide details of the demands for service created by growth and should include options as to how the demands can be met and existing standards maintained.

3. Tax Increase:

Discussion: Rising costs of existing services must be recognized and we must resist the temptation to reduce non-renewable reserves to fund operating expenses.

Policy 3.0

Each Spring, Municipal Council will consider the tax increase required for the ensuing planning period by first covering the projected cost increase for existing services and then considering other enhancements (Please also see Policy 4.)

4. New Services and Major Enhancements to Existing Services:

Discussion: The tax increase established in Policy 3 essentially allows us to provide the same level of service to the existing tax base. It is not designed to provide for new services or major enhancements to existing services.

Policy 4.0

New Services or Enhancements to Existing Services will be funded by a combination of:

- 1. Reduction in the cost of existing services. This may include a reallocation of resources from one area to another.**
- 2. Increase in other revenues.**
- 3. A further increase in taxes.**

5. Efficiencies, Demand Management & Service Level Reductions:

Discussion: The continuous search for efficiencies is a sound business practice that we have embedded in the way we do business. Also, we do not have the resources to meet all of the demands that are made of us. Demand must be managed to make sure that expectations reflect our fiscal realities and the need to contain expenditures. Areas where service level reductions may be possible must be identified and brought forward for Council's consideration.

Policy 5.0

Business Plans will identify demand management strategies and will include options for Service Level reductions.

6. Alternative Revenues & External Funding:

Discussion: The District should strive to produce non-traditional revenues and diversify its tax base.

Policy 6.0

All departments will make every effort to access external funding opportunities from other levels of government & the private sector. All departments will endeavor to develop partnerships, strategic alliances and co-shared project funding to assist in the reduction of expenditures to the District. An expansion of the tax base, beyond existing ratios, can be used to reduce the general tax rate, increase service levels and/or provide new services.

7. Infrastructure Maintenance & Replacement:

Discussion: The District has in excess of \$1 billion invested in its infrastructure. This includes our direct investments and investments made by the development community that are turned over to the municipality to operate and maintain. As our community grows, this investment increases. We need to develop a plan to keep the infrastructure in a proper state of repair to avoid costly failures.

Policy 7.0

The District will establish an inventory of its infrastructure and will keep it up to date. A maintenance/replacement program will be established using best practices. By 2015, this program must be fully funded and the current 5 year financial plan should start to address this on a phased basis. The required tax increase will be beyond that set out in Policy 3.

Policy 7.1

Annual Operating & Maintenance budgets will be adjusted to accommodate growth.

8. Debt Management:

Discussion: The maximum amount that the District can borrow from external sources is set by the Community Charter. Every effort should be made to keep debt levels at a minimum however there may be instances where borrowing money is appropriate i.e. financing major infrastructure projects. Borrowing in such instances allows the costs of the project to be spread out over the useful life of the asset. This results in the costs being paid by future beneficiaries and not just by current taxpayers.

Policy 8.0

Projects that are to be funded by external debt should be submitted to Council with a business case, including recommendations on how the debt will be serviced.

9. Fees and Charges:

Discussion: Fees & Charges are a significant portion of our revenues. They will be reviewed on a regular basis to avoid major changes and to provide the public with adequate notice of those changes. The review will include an analysis of our costs as well as what is charged by other municipalities.

Policy 9.0

Fees & Charges will be reviewed and adjusted annually. The public will be provided no less than 3 months notice of those changes.

10. Accumulated Surplus:

Discussion: Accumulated Surplus represents non-renewable accumulated savings and should not be used for operating purposes or for normal capital purposes.

Policy 10.0

Accumulated surplus will be considered as a funding source for extraordinary one-time expenditures.

11. Reserve Funds and Reserve Accounts:

Discussion: The District has a series of reserve funds and reserve accounts that are established for various purposes. They can help us deal with unexpected variations from normal operations, which could include natural, environmental, or economic events. As well, they can assist in funding opportunities that arise.

Policy 11.0

Each Reserve Account and Reserve Fund will be governed by policy that outlines its purpose, the types of expenditures permitted, and the desired level of the reserve. Strategies for achieving the desired level of the reserve will be included in the Business Plans.

12. Capital Projects:

Discussion: Many capital projects have funding sources other than General Revenue. For instance, a substantial amount of infrastructure is funded by Development Cost Charges. Once the project is completed, its operating costs, and replacement are usually provided for by General Revenue. These ongoing costs must be clearly understood, before a capital project is approved.

Policy 12.0

Each Capital Project submitted for consideration must clearly spell out the full initial cost as well as future costs, including operating & life cycle cost, and demonstrate the source of sustainable funding for such costs.

13. Carry Forward Projects:

Discussion: From time to time, funding is allocated for a project (capital or operating) but the project is not completed in the year that it was budgeted for. An example of a capital project of this nature is the land required to complete Firefighters Park. An example of an operating project would be the work to be done on the Official Community Plan. Many times, the reason for the delay is due to factors beyond the control of the municipality. For instance, some projects are delayed while we try to secure funding from other partners. Projects can also be delayed if we are not able to negotiate what we believe to be a fair price. In such instances, funding is “carried forward” in recognition of the fact that project is still required and we want to be in a position to complete the transaction, once other approvals are obtained. Nonetheless, there is a need to review carry forward projects, in light of other priorities that might have emerged.

Policy 13.0

Corporate Management will complete a detailed review of Carry forward Projects, in light of other priorities that might have emerged.