

City of Maple Ridge  
**AUDIT AND FINANCE COMMITTEE  
AGENDA**

Tuesday , April 16, 2019 4:00 pm  
Blaney Room, Maple Ridge City Hall

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1. **CALL TO ORDER**
2. **APPROVAL OF THE AGENDA**
3. **ADOPTION OF MINUTES – February 19, 2019**
4. **UNFINISHED BUSINESS**
  - 4.1. **Terms of Reference as amended**  
No resolution. For information only.
  - 4.2. **2018 Year-End Update**  
No resolution. For information only.
  - 4.3. **Investment Report 2018**  
No resolution. For information only.
  - 4.4. **2019-2023 Financial Plan Amending Bylaw**  
That the report titled “2019-2023 Financial Plan Amending Bylaw” be forwarded to the next Council Meeting.
  - 4.5. **2019 Property Tax Rates Bylaw**  
That the report titled “2019 Property Tax Rates Bylaw” be forwarded to the next Council Meeting.
  - 4.6. **Sewer Rate Bylaw Amendment**  
That the report titled "Sewer Rate Bylaw Amendment" be forwarded to the next Council Meeting
5. **ADJOURNMENT**

Checked by: 

Date: Apr 12/19

City of Maple Ridge

**AUDIT AND FINANCE COMMITTEE MEETING MINUTES**

The Minutes of the Audit and Finance Committee Meeting held in the Blaney Room of the Municipal Hall, 11995 Haney Place, Maple Ridge, BC on February 19, 2019 at 2:33 pm.

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**PRESENT**

**Committee Members**

Councillor J. Dueck, Chair  
Mayor M. Morden  
Councillor K. Duncan  
Councillor C. Meadus  
Councillor R. Svendsen  
Councillor A. Yousef

**Appointed Staff**

K. Swift, Acting Chief Administrative Officer  
F. Quinn, General Manager Public Works and Development Services  
C. Nolan, Corporate Controller  
T. Thompson, Chief Financial Officer  
L. Benson, Director of Corporate Administration  
A. Allen, Committee Clerk

**ABSENT**

Councillor G. Robson

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Note: These Minutes are also posted on the City's Website at [www.mapleridge.ca](http://www.mapleridge.ca)

The meeting was live streamed and recorded by the City of Maple Ridge.

Mayor Morden chaired the meeting as the presiding member.

1. **INTRODUCTIONS**
2. **APPOINTMENT OF CHAIRPERSON**

R/2019-001

It was moved and seconded

That Councillor Judy Dueck be elected Chair of the Audit and Finance Committee.

CARRIED

Note: Councillor Dueck assumed the Chair.

3. **APPROVAL OF THE AGENDA**

R/2019-002

It was moved and seconded

That the agenda for the February 19, 2019 Audit & Finance Committee meeting be approved as circulated.

CARRIED

4. *ADOPTION OF MINUTES*

R/2019-003

It was moved and seconded

That the minutes of the Audit & Finance Committee dated July 3, 2018 be adopted as circulated.

CARRIED

5. *ROLE OF THE AUDIT AND FINANCE COMMITTEE*

The Corporate Controller reviewed the role and responsibilities of the committee.

6. *ADOPT TERMS OF REFERENCE*

The Corporate Controller summarized the terms of reference. There was discussion on including additional terms in order to allow the Committee latitude to review aspects of the previous financial plan, current strategic plan, and metrics of the organization as well as including the Chair in setting the Committee agenda.

R/2019-004

It was moved and seconded

That the Audit and Finance Committee Terms of Reference be adopted as amended:

- The Committee Chair is to be included in the agenda setting process;
- To review the Business Planning framework;
- To review organizational metrics.

CARRIED

7. *2018 AUDIT UPDATE*

- Bill Cox, FCPA, FCA, Partner, BDO Canada LLP

Bill Cox, presented the audit service plan for the audit of the financial statements of the City of Maple Ridge for the year ended December 31, 2018. Mr. Cox reviewed high level aspects of the audit strategy and suggested the practice of including a closed notice on each Audit and Finance Committee agenda.

8. **NOTICE OF CLOSED COMMITTEE MEETING**

R/2019-005

It was moved and seconded

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

- 1) Section 90(1)(l) discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report].

CARRIED

9. **ADJOURNMENT** – 3:22 pm

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Councillor Judy Dueck, Chair

## **Audit and Finance Committee Terms of Reference**

### **Composition**

- The Audit and Finance Committee will consist of all members of Council
- Quorum for the committee will be a majority of members.
- The Committee Chair will be elected by the Committee Members.
- The Chief Administrative Officer, or designate, and the Chief Financial Officer will attend meetings to provide input and answer questions.

### **Authority**

- The Committee has the authority to investigate any activity of the Municipality.
- The Committee may retain persons having special expertise to assist it in fulfilling its responsibilities.

### **Meetings**

- The Committee meets at least twice per year. The meetings are scheduled to permit timely review of the annual financial statements and reports. Additional meetings may be held as deemed necessary by the Chair of the Committee or as requested by the external auditors.
- The Chair of the Committee will constitute a meeting as per the requirements of the Community Charter.
- The Committee Chair will be included in the agenda setting process.
- The person designated by the Committee to act as Secretary will prepare minutes for all meetings.

### **Reporting**

- Minutes of the meetings of the Committee will be signed by the Chair, submitted to Council and open for public inspection.
- Supporting schedules and information reviewed by the Committee will be available for examination by any Council member.

### **Responsibilities**

- To meet with the external auditors appointed by Council and with the Finance Department Staff to satisfy itself, on behalf of the Council, that:
  - The Municipality has implemented appropriate systems to identify, monitor and mitigate significant business risks;
  - The Municipality has implemented appropriate systems of internal control to ensure compliance with legal, ethical and regulatory requirements and that these systems are operating effectively;
  - The Municipality has implemented appropriate systems of internal control to ensure compliance with its policies and procedures and these systems are operating effectively;
  - The Municipality has implemented appropriate systems of internal control over financial reporting and that these systems are operating effectively;
  - The Municipality's annual financial statements are fully presented in all material respects in accordance with generally accepted accounting principles, the selection

**Audit and Finance Committee  
Terms of Reference cont'd**

of accounting policies is appropriate and the annual financial statements should be approved by Council;

- The information contained in the Municipality's annual report and other disclosures is accurate, complete and fairly presents the financial position and the risks of the organization; and
- The external audit function has been effectively carried out and any matter that the external auditors wish to bring to the attention of Council has been given adequate attention.
- To review interim financial reports as deemed appropriate by the Chair of the Committee.
- To recommend to Council the reappointment or appointment of external auditors.
- To review the Business Planning framework
- To review organizational metrics
- To inquire into any matters referred to it by Council.

**TO:** Audit & Finance Committee                                   **MEETING DATE:** 16-April-2019  
**FROM:** Corporate Controller   **MEETING:** Audit & Finance  
**SUBJECT:** 2018 Year-End Update

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**EXECUTIVE SUMMARY:**

The City's 2018 Consolidated Financial Statements are in the final stages of being audited and are scheduled to be presented to the Audit & Finance Committee on April 23. The purpose of this report is to provide an update on 2018 results in the General Revenue Fund.

At the end of 2017 the General Revenue Fund had an accumulated surplus balance of \$10 million. The Financial Plan adopted in May 2018 included a planned reduction to this balance of \$1.3 million. Results for 2018 are shown on Appendix 1 with revenues of \$157.8 million, expenses and net transfers of \$156.7 million, resulting in a General Revenue annual surplus of \$1.1 million. Details are discussed in the body of this report.

**RECOMMENDATION:**

For information only.

**DISCUSSION:**

When looking at the financial reporting the City produces it's important to keep in mind the fundamental differences between two of the statutory financial documents the City produces each year: the **Financial Plan Bylaw** (budget) and the **Financial Statements**.

The Financial Plan Bylaw is a prospective document that sets out all the planned uses of funds in a year and identifies the sources of those funds. Planned uses include expenditures for our day-to-day operating activities, transfers to reserves and investments in the infrastructure we use to deliver services to the community. Planned sources include property taxes, revenues from user fees, grants from other levels of government, investment income and transfers from reserves. The Community Charter requires that the total of proposed expenditures and transfers to reserves must not exceed the total of proposed revenues and transfers from reserves. The result is a "balanced budget" where planned inflows of funding are equal to the planned outflows. In simple terms, the financial plan bylaw looks forward to the next five years and answers the question: "what are we going to do and how are we going to pay for it?"

The Financial Statements, in contrast, are retrospective. They look at the year just ended and compare our actual financial performance to the planned activities set out in the financial plan during the year and provide a snapshot of the City's financial condition on December 31 of each year. The Community Charter requires our financial statements to be prepared in accordance with generally accepted accounting principals for local governments. In Canada, those principals are set by the Public Sector Accounting Board (PSAB). The goal of the Financial Statements is to look back at the year just ended and answer the question: "what was our financial condition at the end of the year?"

The different objectives of the Financial Plan and the Financial Statements can easily result in confusion when trying to compare the two documents. For example, the Financial Plan treats transfers to and from reserves as transactions, while the Financial Statements, at the consolidated level, ignore transfers as they take place within the corporate entity. It's important to keep these differences in mind as we begin to look at financial results for 2018.

### General Revenue Update

From a financial reporting perspective, the City of Maple Ridge is comprised of a number of different components: the General Revenue Fund, the Sewer and Water utilities, the Reserves, and the Capital funds. The focus of this report is the General Revenue component.

The majority of our day-to-day operations fall under the General Revenue umbrella and are extremely diverse. The services the City provides range from recreation services, to snow and ice control, to police and fire protection, to the development of plans to guide the community's future, to maintaining infrastructure such as roads and facilities, to the live streaming of Council meetings. All of our business streams have different resource demands. Some are supported by day-to-day operations while others require long-term planning to ensure we are positioned to meet the needs of a growing community. For example, building the financial capacity needed to maintain an ever growing infrastructure inventory is facilitated through the use of reserves and incremental increases to the funding dedicated to infrastructure sustainability.

Preliminary General Revenue results for 2018 are shown on Appendix 1. Revenues for the year were \$157.8 million, expenses and net transfers were \$156.7 million, resulting in a General Revenue annual surplus of \$1.1 million. The General Revenue Accumulated Surplus balance has increased to \$11.1 million.

The following highlights some key items included in preliminary 2018 results:

- Investment revenues exceeded targets by \$1.6 million before transfers to reserves. This is driven in part by timing differences in planned and actual spending on the capital program, and in part by returns exceeding our benchmark.
- Gaming revenues exceeded Financial Plan estimates by \$380,000. As per Council's policy, this has been transferred to reserves to support the capital program.
- On the expense side, overall costs were below budget. As in previous years some of this, approximately \$4.6 million, is related to various studies and projects underway that were not complete at the end of the year. The monies associated with these works are transferred to reserves as part of our year-end process so work can continue in 2019. As a result, any savings do not flow to the bottom line. Included in this are Planning studies and projects (\$780,000); provisions for succession planning and recruitment (\$365,000); General Government projects and initiatives (\$390,000); Parks, Recreation & Culture initiatives (\$780,000); Transportation studies & projects (\$700,000); Administrative studies and projects (\$650,000) and various Fire Department initiatives (\$310,000).
- The Financial Plan provided for principal and interest payments on debt authorized in prior years for Fire Hall #4, the cemetery expansion and for Park & Rec facilities that has not yet been borrowed so the expenditures were not incurred. (\$1.5 million)
- Savings from salaries were realized for a number of reasons such as vacancies throughout the organization, due in part to recruitment challenges experienced in 2018. (\$3 million)



- Savings of \$1.9 million from the RCMP contract were transferred to reserves in order to provide for pending contract items and to start building some capacity for future capital requirements for the RCMP facility.
- During Council's strategic planning session, a community safety plan was identified as a high priority item. While details of what this will involve and cost are in progress, it is important to ensure there is some funding set aside to support the plan. \$1.6 million has been set aside in a reserve to facilitate this.
- In order to provide some capacity to address unplanned capital costs, such as inflationary costs or land acquisitions, the City has a practice of maintaining a minimum balance of 10% of prior year's taxation in the Capital Works Reserve. For the past number of years this balance has been under pressure as a result of internal financing of projects such as the leisure centre renovation and is projected to fall below this minimum in the short term. While the intent is to direct monies from the Lifecycle Reserve to pay back the Capital Works Reserve over time, the Lifecycle Reserve is also experiencing pressure and it is likely that paying back the Capital Works Reserve will result in deferring maintenance on City facilities. To alleviate this pressure, \$2.3 million was transferred to the Capital Works Reserve as part of the year-end process.

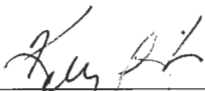
**CONCLUSIONS:**

The City's 2018 Consolidated Financial Statements are in the final stages of being audited and are scheduled to be presented to the Committee on April 23. In the interim, this update provides an overview of results in the General Revenue Fund, indicating that the Accumulated Surplus balance will increase by \$1.1 million to \$11.1 million.



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Prepared by: Catherine Nolan, CPA, CGA  
Corporate Controller



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Concurrence: Kelly Swift, MBA  
Acting Chief Administrative Officer

## General Revenue Fund Analysis

For the year ended December 31, 2018

		Prelim to Dec 31, 2018
<b>Revenues</b>		
Taxes and grants in lieu	-	84,577,578
Fees & Other Charges	-	14,568,150
Investment income	-	3,208,659
Proceeds and Gains	-	1,583,828
Government Transfers	-	2,490,693
Gaming revenues	-	1,781,613
Equipment	-	3,536,293
DCC & Other Contributed Revenue	-	787,894
Collections for others	-	45,281,222
<b>Total Revenue</b>	-	<b>157,815,930</b>
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<b>Expenses (excluding amortization)</b>		
General Government		13,594,294
Protective Services		36,390,867
Transportation		9,657,964
Planning; Public Health & Other		6,727,616
Recreation		17,077,293
Principal Payments		2,451,076
Remittances to others		45,281,222
<b>Total Expenses</b>		<b>131,180,332</b>
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<b>Transfers</b>		
Transfers to/from own reserves	-	15,179,633
		29,244,271
Transfers to reserve funds		8,930,134
Transfers to GCF (fund inventory change)	-	8,317
Transfers to Capital (Capital Program)		2,055,279
Interest transferred to reserve accounts		494,292
Transfers to revenue funds		
<b>Net Transfers</b>		<b>25,536,025</b>
<b>General Revenue Annual Surplus (Preliminary)</b>	-	<b>1,099,573</b>
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General Revenue Accumulated Surplus - beginning of year	-	10,011,883
<b>General Revenue Accumulated Surplus - end of year</b>	-	<b>11,111,456</b>



## City of Maple Ridge

TO: Audit and Finance Committee                      MEETING DATE: April 16, 2019  
FROM: Chief Financial Officer                              MEETING: Audit and Finance Committee  
SUBJECT: Investment Report 2018

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### EXECUTIVE SUMMARY:

Money held by the City, that is not immediately required, is invested and prudently managed in order to achieve the objectives of safety, liquidity and return. The Investment Policy outlines the parameters to manage the investments. It also calls for regular updates to the Audit and Finance Committee summarizing the investments and any deviations from policy.

Return on Investments (ROI) in 2018 was 2.35%, well in excess of the benchmarks. An Investment Portfolio Summary is also attached which shows that the holdings are within the parameters set in the Investment Policy.

### RECOMMENDATION(S):

None. For information only.

### DISCUSSION:

a) **Background Context:**

One of the categories of investments that municipalities are, under the Community Charter, permitted to purchase is debt that is guaranteed by a chartered Canadian bank. Canadian banks continue to be very strong. However, as a result of the Financial Crisis of nearly a decade ago, banking regulations have and continue to be introduced and/or strengthened.

Investment returns generate a significant amount of revenue for the City, over \$5 million in 2018, and more importantly they are invested in a way to protect the public funds ensuring that they are safe and available when needed. Council last revised the Investment Policy in June of 2011. There is currently no need to amend the policy.

The calculated ROI includes unrealized gains or losses due to market price fluctuations. Including these price fluctuations is appropriate, as it more accurately reflects the value one could receive if the investments were sold. It reflects the investment decisions with respect to the timing of when different investment terms are entered into. The benchmarks also include market value changes so the comparison is relevant.

As mentioned, the market value of the bonds held in our investment portfolio fluctuates. It is important to note that all our investments will mature at par at which point they will have no gains or losses. Market gains or losses are only realized if the bond is sold.

**b) Business Plan/Financial Implications:**

A significant portion of the funds invested are from Reserve Funds, Reserve Accounts, Development Cost Charges (DCCs) and Water and Sewer Utility Funds. The interest earned helps address inflationary costs. The budgets for capital projects planned are not increased each year due to inflation. The budgets are increased, with Council approval, at the time of tender award when the costs are more certain.

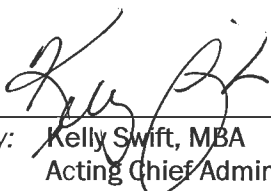
The General Revenue Fund relies on returns from investments. These returns are conservatively budgeted. The budget for Investment revenue was increased slightly in recent years. A more aggressive reliance on investment earnings in the Financial Plan is not advised.

**CONCLUSIONS:**

The schedules attached highlight the return on investments and how the holdings compare to the parameters set out in the Investment Policy. There are currently no deviations from policy. The return on investments of 2.35% exceeded the benchmark return of 1.65%.

It is important to understand what is driving the returns as not to draw any incorrect conclusions. The primary focus of our investments is safety and being able to meet our cash flow requirements. Active management by staff, as well as insight and advice from our investment contacts ensure that funds are invested appropriately and continue to produce returns that beat the benchmark.

  
\_\_\_\_\_  
Prepared by: Trevor Thompson, BBA, CPA, CGA  
Chief Financial Officer

  
\_\_\_\_\_  
Approved by: Kelly Swift, MBA  
Acting Chief Administrative Officer

**City of Maple Ridge**  
**Investment Portfolio Return on Investment (ROI)**  
For 2018

Term	Investments (avg.)	Return	ROI	Benchmark
Long	\$ 61,998,987	\$1,465,883	2.36%	1.40%
Mid.	101,454,568	2,457,184	2.42%	1.76%
Short	60,239,102	1,334,770	2.22%	1.74%
<b>Total</b>	<b>\$ 223,692,658</b>	<b>\$5,257,837</b>	<b>2.35%</b>	<b>1.65%</b>

Term means the term to maturity from the purchase date, not the term remaining to maturity. For example, a 7 year investment bought in 2013 would always be classified as Long Term even when it has less than a year to maturity. Short Term is a year or less, Mid. Term is over a year and less than 3 years and Long Term is anything over three years.

Investment (avg.) is the average daily balance for the period.

Return or earnings are calculated differently than current accounting standards, as unrealized capital gains (losses) are included. By taking the market price fluctuations into account, the management of the investments are better measured. Benchmarks are calculated on the same basis allowing for a more relevant comparison.

ROI is the annualized return on investment.

Benchmark used is the Municipal Finance Authority (MFA) Money Market Fund, MFA Intermediate Fund and MFA Bond Fund & benchmarks MFA reports against.

## City of Maple Ridge Investment Portfolio Summary

As of December 31, 2018

Term to Maturity	Holdings	% Holdings	Policy Max.	Within Policy
Long Term (>3 Years)	\$ 47,001,774	21%	35%	Yes
Mid. Term (>1 year to 3 yrs.)	71,416,563	32%	40%	Yes
Short Term	105,412,867	47%	none	Yes
	<u>\$223,831,203</u>			

Issuer	Holdings	% Holdings	Policy Max.	Within Policy
<u>Banks</u>				
BMO	\$ 23,000,000	10%	25%	Yes
BNS	2,000,000	1%	25%	Yes
CIBC	24,999,985	11%	25%	Yes
National	17,001,774	8%	25%	Yes
TD	12,048,216	5%	25%	Yes
<u>Credit Unions</u>				
			None, Prov. Guarantee	
Blue Shore	39,000,000	17%		Yes
Coast Capital	10,138,562	5%	*	Yes
Envision	40,039,519	18%		Yes
VanCity	33,235,647	15%		Yes
Westminster	15,367,500	7%		Yes
<u>Government</u>				
Fed.	-		None	Yes
Prov.	7,000,000	3%	BC None, others 25%	Yes
Muni/Reg. District	-		25%	Yes
Municipal Finance Authority	-		25%	Yes
Total	<u>\$223,831,203</u>			

\* The Province of BC has guaranteed deposits of BC Credit Unions. With this guarantee regular policy limits of \$10,000,000 per credit union can be exceeded. Coast Capital has nationalized and existing investments have been grandfathered into the guarantee.



## City of Maple Ridge

**mapleridge.ca**

**TO:** His Worship Mayor Michael Morden and Members of Council  
**MEETING DATE:** April 16, 2019

**FROM:** Chief Administrative Officer  
**MEETING:** Audit & Finance Committee

**SUBJECT:** 2019-2023 Financial Plan Amending Bylaw

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### EXECUTIVE SUMMARY:

Prior to setting the 2019 property tax rates, it is desirable to update the 2019-2023 Financial Plan to reflect information received since the plan's adoption last July. The changes to the plan, as summarized in this report, have been incorporated into the amended Financial Plan Bylaw that is attached.

### RECOMMENDATION:

That Maple Ridge 2019-2023 Financial Plan Amending Bylaw No. 7544-2019 be given first, second and third readings.

### DISCUSSION:

a) **Background Context:**

The existing 2019-2023 Financial Plan was adopted last July. The property tax increases remain unchanged at 3.50% for 2019 and consists of increases for:

1. General Purposes, to cover cost increases for existing service levels, of 1.90%.
2. Infrastructure Sustainability, to replace and maintain existing assets, of 0.70%
3. Parks & Recreation, to fund the Parks & Rec. Master plan and new assets, of 0.60%
4. Drainage Improvements, of 0.30%.

The 2019-2023 Financial Plan Overview Report, a 39 page document, provides much of the background around the existing financial plan and can be found on our website.

The following changes have been incorporated into this financial plan amendment:

1. Capital and operating projects that were approved in prior years and are still underway along with the associated funding sources;
2. Growth in property tax revenue based on actual property assessments;
3. Grants in lieu of taxes, both assessment and revenue based;
4. Continued cost savings on dental and medical benefits;
5. Actuarial estimate cost reduction for sick and service severance accruals;
6. Updates to interest on property tax prepayments, arrears and penalties;

7. Water and sewer costs from the region and sewer revenues;
8. Major Road Network (MRN) revenues and road maintenance costs;
9. Corporate inflation contingency reduced;
10. Recycling revenues from RecycleBC and Ridge Meadows Recycling Society contract;
11. Contract costs updated: library, RCMP, janitorial, dispatch and golf course lease;
12. Community Safety Plan development; and
13. Façade improvement program continuation for the next three years.

The transfer to General Revenue Accumulated Surplus in 2019 is \$67,000. To put this figure in perspective the operating costs for 2019 are in excess of \$120 million.

**CONCLUSION:**

It is desirable to amend the Financial Plan Bylaw before setting the property tax rates. While Council can amend the Financial Plan at any time, the budget in place prior to the property tax rates being set is used in our Annual Report.

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*T. Thompson*  
*Prepared by:* Trevor Thompson, BBA, CPA, CGA  
Chief Financial Officer

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*K. Swift*  
*Concurrence:* Kelly Swift, MBA  
Acting Chief Administrative Officer



CITY OF MAPLE RIDGE

BYLAW NO. 7544-2019

A bylaw to amend Maple Ridge 2019-2023 Financial Plan Bylaw No7452-2018

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WHEREAS, a process of public consultation was undertaken in adopting the previous financial plan;

AND WHEREAS, the public will have the opportunity to provide comments or suggestions with respect to the amendment to the financial plan;

AND WHEREAS, Council deems this to be a process of public consultation under Section 166 of the Community Charter;

NOW THEREFORE, the Council for the City of Maple Ridge enacts as follows:

1. This Bylaw may be cited as “Maple Ridge 2019-2023 Financial Plan Amending Bylaw No. 7544-2019”.
2. Statement 1, Statement 2 and Statement 3 attached to and forming part of Maple Ridge 2019-2023 Financial Plan Bylaw 7452-2018 are deleted in their entirety and replaced by Statement 1, Statement 2 and Statement 3 attached and forming part of Maple Ridge 2019-2023 Financial Plan Amending Bylaw No. 7544-2019.

READ a first time the            day of            .

READ a second time the        day of            .

READ a third time the         day of            .

PUBLIC CONSULTATION completed on the            day of            .

ADOPTED the            day of            .

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PRESIDING MEMBER

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CORPORATE OFFICER

ATTACHMENT: Statement 1, Statement 2 and Statement 3

## Statement 1

### Consolidated Financial Plan 2019-2023 (in \$ thousands)

	2019	2020	2021	2022	2023
<b>REVENUES</b>					
Revenues					
Development Fees					
Developer Contributed Assets	20,000	20,000	20,000	20,000	20,000
Developer Cost Charges	42,283	7,901	5,999	2,977	1,304
Developer Projects & Amenity Contributions	3,875	-	-	-	-
Parkland Acquisition	1,520	200	200	200	200
Contribution from Others	2,400	1,405	1,357	1,334	1,341
Development Fees Total	70,078	29,506	27,556	24,511	22,845
Property Taxes	86,850	91,456	96,270	101,299	106,600
Parcel Charges	3,235	3,337	3,442	3,552	3,665
Fees & Charges	44,173	46,354	48,708	51,250	53,996
Interest	2,248	2,413	2,428	2,443	2,458
Grants	16,694	4,931	5,191	4,931	4,931
Property Sales	1,500	2,500	-	-	-
Total Revenues	224,778	180,497	183,595	187,986	194,495
<b>EXPENDITURES</b>					
Operating Expenditures					
Debt & Interest Payments	2,752	3,029	3,549	3,373	3,201
Amortization	21,330	21,330	21,330	21,330	21,330
Other Expenditures	120,681	117,679	122,599	128,755	134,417
Total Expenditures	144,763	142,038	147,478	153,458	158,948
<b>ANNUAL SURPLUS</b>	80,015	38,459	36,117	34,528	35,547
Add Back: Amortization Expense (Surplus)	21,330	21,330	21,330	21,330	21,330
Less: Capital Expenditures	196,965	27,778	25,631	19,754	20,097
Less: Developer Contributed Capital	20,000	20,000	20,000	20,000	20,000
<b>CHANGE IN FINANCIAL POSITION</b>	(115,620)	12,011	11,816	16,104	16,780
<b>OTHER REVENUES</b>					
Add: Borrowing Proceeds	56,537	-	-	-	-
<b>OTHER EXPENDITURES</b>					
Less: Principal Payments on Debt	3,786	3,871	5,064	5,192	5,324
<b>TOTAL REVENUES LESS EXPENSES</b>	<b>(62,869)</b>	<b>8,140</b>	<b>6,752</b>	<b>10,912</b>	<b>11,456</b>
<b>INTERNAL TRANSFERS</b>					
Transfer From Reserve Funds					
Capital Works Reserve	4,270	150	150	150	150
Equipment Replacement Reserve	7,623	1,395	1,963	2,183	1,815
Fire Department Capital Reserve	11,697	-	-	-	-
Sanitary Sewer Reserve	1,492	-	-	-	-
Total Transfer From Reserve Funds	25,082	1,545	2,113	2,333	1,965
Less :Transfer To Reserve Funds					
Capital Works Reserve	2,625	4,007	2,153	3,726	3,192
Equipment Replacement Reserve	3,107	3,348	3,523	3,776	3,960
Fire Department Capital Reserve	911	873	1,016	1,163	1,315
Land Reserve	5	5	5	5	5
Total Transfer To Reserve Funds	6,648	8,233	6,697	8,670	8,472
Transfer From (To) Own Reserves	41,422	(595)	638	(438)	(1,576)
Transfer From (To) Surplus	3,013	(857)	(2,806)	(4,137)	(3,373)
Transfer From (To) Surplus & Own Reserves	44,435	(1,452)	(2,168)	(4,575)	(4,949)
<b>TOTAL INTERNAL TRANSFERS</b>	<b>62,869</b>	<b>(8,140)</b>	<b>(6,752)</b>	<b>(10,912)</b>	<b>(11,456)</b>
<b>BALANCED BUDGET</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Statement 2

### Revenue and Property Tax Policy Disclosure

#### REVENUE DISCLOSURE

Revenue Proportions	2019		2020		2021		2022		2023	
	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%	\$ ('000s)	%
<b>Revenues</b>										
Property Taxes	86,850	30.9	91,456	50.7	96,270	52.4	101,299	53.9	106,600	54.8
Parcel Charges	3,235	1.1	3,337	1.8	3,442	1.9	3,552	1.9	3,665	1.9
Fees & Charges	44,173	15.7	46,354	25.7	48,708	26.5	51,250	27.3	53,996	27.8
Borrowing Proceeds	56,537	20.1	-	-	-	-	-	-	-	-
Other Sources	90,520	32.2	39,350	21.8	35,175	19.2	31,885	17.0	30,234	15.5
<b>Total Revenues</b>	<b>281,315</b>	<b>100</b>	<b>180,497</b>	<b>100</b>	<b>183,595</b>	<b>100</b>	<b>187,986</b>	<b>100</b>	<b>194,495</b>	<b>100</b>

#### Other Sources include:

Development Fees Total	70,078	24.9	29,506	16.3	27,556	15.0	24,511	13.0	22,845	11.7
Interest	2,248	0.8	2,413	1.3	2,428	1.3	2,443	1.3	2,458	1.3
Grants (Other Govts)	16,694	5.9	4,931	2.7	5,191	2.8	4,931	2.6	4,931	2.5
Property Sales	1,500	0.5	2,500	1.4	-	-	-	-	-	-
	90,520	32.2	39,350	21.8	35,175	19.2	31,885	17.0	30,234	15.5

#### OBJECTIVES & POLICIES

##### Property Tax Revenue

Property tax revenue is the City's primary revenue source, and one which is heavily reliant on the residential class. Diversification of the tax base and generation of non-tax revenue are ongoing objectives, outlined in Financial Sustainability Policy 5.52 section 6.

The Financial Plan includes property tax increases that are as listed below:

	2019	2020	2021	2022	2023
General Purpose	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.70%	0.70%	0.70%	0.90%	0.90%
Parks & Recreation	0.60%	0.60%	0.60%	0.60%	0.60%
Drainage	0.30%	0.30%	0.30%	0.10%	0.10%
<b>Total Property Tax Increase</b>	<b>3.50%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>	<b>3.60%</b>

Additional information on the tax increases and the cost drivers can be found in the most recent Financial Plan Overview Report. Specific policies discussing the tax increases are included in the Financial Sustainability Plan and related policies.

Property tax revenue includes property taxes as well as grants in lieu of property taxes.

##### Parcel Charges

Parcel charges are comprised of a recycling charge, a sewer charge and on some properties, a local area service or improvement charge. Parcel charges are a useful tool to charge all or a subset of properties for a fixed or variable amount to support services. Unlike property taxation the variable amount does not need to be related to property assessment value, but can be something that more accurately reflects the cost of the service.

## Statement 3

### Capital Expenditure Disclosure

#### Fees & Charges

Fees should be reviewed annually and updated if needed. Past fee amendments include recreation fees, development application fees, business license fees and cemetery fees. A major amendment to the Development Costs Charges (DCC) was approved in 2018. Some fees are used to offset the costs of providing specific services. The utility fees are reviewed annually with a view towards using rate stabilization practices to smooth out large fluctuations in rates, as set out in the Business Planning Guidelines.

#### Borrowing Proceeds

Debt is used when it makes sense, and with caution as it commits future cash flows to debt payments, restricting the ability to use these funds to provide other services. The source of the debt payments needs to be considered as does the justification for advancing the project. More information on previously approved borrowing can be found in the most recent Financial Plan Overview report and our website for information on the new parks and recreation infrastructure.

#### Other Sources

This will vary greatly year to year as it includes:

- Development fees which fund capital projects from the DCC Reserve
- Contribution from others in relation to capital
- Grants which are sought from various agencies and may be leveraged with City funds

## PROPERTY TAX DISCLOSURE

### Property Tax Revenue Distribution

Property Class	Taxation Revenue		Assessed Value		Tax Rate	Multiple
	('000s)		('000s)		(\$/1000)	(Rate/Res.Rate)
1 Residential	66,349	78.4%	23,423,181	92.4%	2.8326	1.0
2 Utility	731	0.9%	18,278	0.1%	40.0000	14.1
4 Major Industry	653	0.8%	31,591	0.1%	20.6674	7.3
5 Light Industry	3,275	3.9%	366,459	1.5%	8.9367	3.2
6 Business/Other	13,409	15.8%	1,500,444	5.9%	8.9367	3.2
8 Rec./ Non-Profit	63	0.1%	5,263	0.0%	12.0643	4.3
9 Farm	164	0.2%	4,657	0.0%	35.2285	12.4
Total	84,644	100%	25,349,873	100%		

## Statement 3

### Capital Expenditure Disclosure

#### Objectives & Policies

Property taxes are the City's largest source of revenue and are contained by efficient business practices. Annual business planning practices are the mechanism for resource allocation decisions.

The City's Financial Sustainability Policy section 6 discusses the necessity of diversifying the tax base. Development of employment-related properties is one method of diversification; therefore a key performance measurement in Strategic Economic Initiatives tracks the increased investment and development of non-residential properties.

A policy in the Financial Sustainability Plan that calls for stable tax increases and the adoption of the annual increase early in the prior year in the Business Planning Guidelines provides citizens with a more stable and predictable set of cost increases. In some cases costs are phased in over multiple years to stay within the set tax increases.

#### Property Tax Rates

It is policy to adjust property tax rates annually to negate the impact of fluctuations in the market values of properties. Property tax increases are then applied at the same relative increase for all classes, unless legislation restricts the rates, as with Class 2, Utility.

The Business Class and Light Industry Class properties have the same tax rate and are treated as a composite class when setting the tax rates, as the types of businesses in each class are similar. In 2016, the increase was reduced from 3.15% to 1.85% to reduce the relative property tax burden for these properties.

A review was done on the Major Industry Class rates and the recommendation from the Audit and Finance Committee and Council was a 5% property tax reduction in both 2009 and 2010 to support additional investments in the subject property and to keep rates competitive. In 2014 and 2015, property taxes charged to major industrial class properties were reduced by \$70,000 in each year.

In reviewing tax rates to ensure competitiveness, absolute rates, tax multiples and overall tax burden are considered. The impact that assessed values have when comparing to other geographical areas must be considered in a comparison of tax rates.

#### Permissive Tax Exemptions

Council has set policies around the use of permissive tax exemptions. These are Council Policies 5.19 through 5.24. These policies discuss Churches, Community Halls, Heritage Sites, Homes for the Care of Children and the Relief of the Aged, the Poor, the Disabled and the Infirm, Municipal Recreational Services, Private Hospitals and Daycares, Private School and Youth Recreation Groups.

#### Revitalization Tax Exemptions

Revitalization Tax Exemptions have been leveraged as a tool to provide incentives for the attainment of strategic goals related to land development and the attraction of high-value jobs. The Town Centre Investment Incentive Program was established to attract private investment in the fulfillment of the Town Centre Area Plan. Similarly, the Employment Land investment Incentive Program was designed to encourage job creation by supporting investment in buildings and infrastructure on identified "employment lands".

### Statement 3

#### Capital Expenditure Disclosure

The sole purpose of this statement is to meet legislative requirements and highlight the value of the DCC program; no other conclusions should be drawn from the figures as the information could be misconstrued. This disclosure is required under the Local Government Act s. 560 (2); capital costs attributable to projects to be partially funded by Development Cost Charges (DCC) must be included in the financial plan. The DCC program includes projects as far out as 2038 so the capital expenditures must be extended to match. Certain types of projects are not planned past the five year time horizon of the financial plan. Much less scrutiny is given to projects that are planned in years 2024 through 2038. Projects in these years typically exceed likely funding available.

#### Capital Works Program for 2024 - 2038

(in \$ thousands)

Capital Works Program	350,802
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#### Source of Funding

##### Development Fees

Development Cost Charges	158,922
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Parkland Acquisition Reserve	-
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Contribution from Others	3,224
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162,146

##### Borrowing Proceeds

-

Grants	39,512
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Transfer from Reserve Funds	19,175
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Revenue Funds	129,969
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188,656

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350,802



## City of Maple Ridge

**mapleridge.ca**

**TO:** His Worship Mayor Michael Morden  
and Members of Council

**FROM:** Chief Administrative Officer

**SUBJECT:** 2019 Property Tax Rates Bylaw

**MEETING DATE:** April 16, 2019

**FILE NO:**

**MEETING:** Audit & Finance Committee

---

### EXECUTIVE SUMMARY:

The Property Tax Rates Bylaw is required to be adopted prior to May 15 of each year. The property tax increases were included in the Financial Plan adopted by the previous Council last July.

The updated assessment roll was received from BC Assessment at the beginning of April and the property tax rates can now be set. This bylaw will go to the next two regular Council meetings with anticipated adoption on May 14.

Typically, in the spring, Council adopts Business Planning Guidelines which include the property-tax increases expected for the next years, almost a full year before they are levied. This provides staff with the time required to align the next year's business plans to Council's direction.

### RECOMMENDATION:

That 2019 Property Tax Rates Bylaw No. 7545-2019 be given first, second and third readings.

### DISCUSSION:

#### a) Background Context:

Property tax rates are adjusted for two key factors each year:

1. The average market value change for each property class and
2. The increased revenue requirements, as outlined in the Financial Plan.

The Revised Roll was received at the beginning of April and is what the property tax rates are calculated against. The property tax rates are adjusted to negate the impact of market value changes. Property tax increases are then applied, at the same relative increase to all classes, unless otherwise directed by Council or restricted by legislation, as with Class 2, Utility.

The average market value increase in 2019 for the Residential Class was about 9.5%, though there is variation around this average. While the tax rate for the Residential Class has been reduced to 2.8326 from 2.9961, the actual increase or decrease in property taxes for each property will vary, depending on the relative change in assessed value for that property.

The average market value increase for the Light Industry and Business Classes was about 15%. The tax rate for these classes is reduced to 8.9389 from 9.8429.

The property tax notice that we issue includes levies from others (Provincial Government, BC Assessment, Translink etc.) and we have no control over these levies.

b) Citizen/Customer Implications:

For illustrative purposes, the property tax levies estimated for a home valued at \$744,363 is shown in the attached appendix. This average value is a composite value for single family homes, townhouses and apartments. As noted earlier, the increase experienced by individual properties will vary, depending on the relative change in the assessed value of that property.

**CONCLUSION:**

This bylaw sets the property tax rates which generates the majority of the City's revenue. A property tax rate bylaw must be adopted each year prior to May 15.

  
\_\_\_\_\_  
Prepared by: Trevor Thompson, BBA, CPA, CGA  
Chief Financial Officer

  
\_\_\_\_\_  
Concurrence: Kelly Swift, MBA  
Acting Chief Administrative Officer

**Attachments:**

(A) Appendix A - Illustrative Residential Property Tax Comparison



**Appendix A – Illustrative Residential Property Tax Comparison**

Property Taxes on Residence assessed at \$744,363

	2018	2018	Increase	
Assessed Value	\$679,692	\$744,363	\$64,671	9.51%
 <b>Municipal Property Taxes:</b>				
General & Infrastructure	\$1,977.02	\$2,031.81	\$54.79	
Drainage Improvement	31.13	36.70	5.57	
Parks & Recreation Improvements	28.28	39.97	11.69	
<b>Subtotal Property Taxes</b>	<b>\$2,036.43</b>	<b>\$2,108.48</b>	<b>\$72.05</b>	<b>3.54%</b>
 <b>User Fees:</b>				
Water	\$604.20	\$631.40	\$27.20	4.50%
Sewer	368.85	397.25	28.40	7.70%
Recycling	72.57	74.57	2.00	2.75%
<b>Municipal Subtotal</b>	<b>\$3,082.05</b>	<b>\$3,211.70</b>	<b>\$129.65</b>	<b>4.21%</b>



City of Maple Ridge  
**Schedule 'A' to Bylaw No. 7545 - 2019**

Tax Rates (dollars of tax per \$1,000 taxable value)

	1	2	4	5	6	8	9
	Residential	Utility	Major Industry	Light Industry	Business/ Other	Rec/ Non-profit	Farm
A General Municipal	2.7296	38.5454	19.9159	8.6117	8.6117	11.6256	33.9474
B Drainage Improvements Levy	0.0493	0.6960	0.3596	0.1555	0.1555	0.2099	0.6130
C Park & Recreation Improvements Levy	0.0537	0.7586	0.3919	0.1695	0.1695	0.2288	0.6681
<b>Total</b>	<b>2.8326</b>	<b>40.0000</b>	<b>20.6674</b>	<b>8.9367</b>	<b>8.9367</b>	<b>12.0643</b>	<b>35.2285</b>

City of Maple Ridge  
**Schedule 'B' to Bylaw No. 7545 - 2019**

Tax Rates (dollars of tax per \$1,000 taxable value)

	1	2	4	5	6	8	9
	Residential	Utility	Major Industry	Light Industry	Business/ Other	Rec/ Non-profit	Farm
A Metro Vancouver Regional District	0.0436	0.1526	0.1482	0.1482	0.1068	0.0436	0.0436



## City of Maple Ridge

[mapleridge.ca](http://mapleridge.ca)

**TO:** His Worship Mayor Michael Morden  
and Members of Council

**FROM:** Chief Administrative Officer

**SUBJECT:** Sewer Rate Bylaw Amendment

**MEETING DATE:** April 16, 2019

**FILE NO:**

**MEETING:** Audit & Finance Committee

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### EXECUTIVE SUMMARY:

The majority of the sewer costs are driven by the region based on its cost to treat wastewater. The City is responsible for our local infrastructure and the associated operating and capital costs.

The significant capital investments at the regional level have resulted in the regional levy increasing 13.6% in 2019 followed by annual increases of 9.3%, 12.8%, 13.0% and 8.7%. These increases are smoothed and moderated to Maple Ridge's ratepayers, with a proposed annual sewer rate increase of 8.5%. The City is able to achieve this lower increase as our own sewer costs increases are more moderate and additional revenue is generated by new residential units.

The region's forecasts will be reviewed annually and future rate increases may be revised.

### RECOMMENDATION:

That Sewer Rate Amending Bylaw No. 7546-2019 be given first, second and third readings.

### DISCUSSION:

- a) **Background Context:**  
The 2019-2023 Financial Plan included annual sewer rate increases of 3.6%. Maple Ridge sewer rates need to be adjusted to cover the regional cost increases, which average 11.5%.
- b) **Desired Outcome:**  
Sewer rates that generate sufficient revenue to cover the cost to provide the service.
- c) **Strategic Alignment:**  
The region is improving wastewater treatment thus reducing the impact to the environment.
- d) **Citizen/Customer Implications:**  
The flat rate sewer rate increase of 8.5% equates to an increase of \$28.40 for 2019. The sewer parcel charge remains unchanged at \$35, resulting in a total increase of 7.7% for single family dwelling units.


e) Business Plan/Financial Implications:

The rate increases from the region and to our own ratepayers have been updated in the Financial Plan amendment currently before Council. The rate schedule is for five years, as is the budget horizon for both the region and Maple Ridge. The rate increases will be reviewed annually.

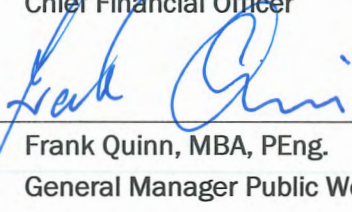
CONCLUSION:

The region is making significant investment in wastewater treatment resulting in increased costs being allocated to the municipalities served. The rate changes in this bylaw amendment are needed to cover Maple Ridge's portion of the regional costs.

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Prepared by:   
Trevor Thompson, BBA, CPA, CGA  
Chief Financial Officer

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Reviewed by:   
Frank Quinn, MBA, PEng.  
General Manager Public Works & Development Services

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Concurrence:   
Kelly Swift, MBA  
Acting Chief Administrative Officer

CITY OF MAPLE RIDGE

BYLAW NO. 7546 - 2019

A Bylaw to further amend Maple Ridge Sewer Rate Bylaw No. 718-1964

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WHEREAS the Council has by bylaw imposed charges against the owners of real property for the provision and maintenance of the sanitary sewer system and wishes to amend those charges for all uses;

AND WHEREAS it is deemed expedient to further amend Maple Ridge Sewer Rate Bylaw No. 718-1964;

NOW THEREFORE, the Council of the City of Maple Ridge enacts as follows:

1. This Bylaw shall be cited for all purposes as "Maple Ridge Sewer Rate Amending Bylaw No. 7546 - 2019".
2. That Schedule "A" of Maple Ridge Sewer Rate Bylaw No. 718-1964, be deleted in its entirety and replaced with the attached Schedule "A".

READ a first time the day of , 2019.

READ a second time the day of , 2019.

READ a third time the day of , 2019.

ADOPTED the day of , 2019.

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PRESIDING MEMBER

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CORPORATE OFFICER

Attachment: Schedule "A"

City of Maple Ridge  
Maple Ridge Sewer Rate Bylaw No. 718-1964

**SCHEDULE "A"**  
**Flat Rate & Metered Charges**

USE

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>A. Residential</b>					
(1) Per Single Family Dwelling Unit	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(2) Per Additional Dwelling Unit located within the structure of a Single Family Dwelling Unit	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(3) Per Additional Dwelling Unit or Detached Garden Suite located on the same parcel as the Single Family Dwelling Unit	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(4) Per Dwelling Unit for Duplex, Triplex, Apartment, Townhouse or Mobile Home	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(5) (a) Per Boarding House or Rest Home, plus	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(b) Per Boarder or Roomer in excess of two (2) for each Boarding House or Rest Home	\$ 94.35	\$ 102.35	\$ 111.05	\$ 120.50	\$ 130.75
<b>B. Commercial and Institutional</b>					
(1) Per Unit (Hall, Theatre, Church, Store, Office, Shop, Barber Shop, Beauty Shop)	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(2) (a) Per Restaurant, plus	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(b) Per Seat in excess of 10 seats for each Restaurant	\$ 37.30	\$ 40.45	\$ 43.90	\$ 47.65	\$ 51.70
(3) Per Classroom in each School	\$ 262.15	\$ 284.45	\$ 308.65	\$ 334.90	\$ 363.35
(4) Per Bed in each Hospital	\$ 262.15	\$ 284.45	\$ 308.65	\$ 334.90	\$ 363.35
(5) (a) Per Motel or Hotel, plus	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(b) Per Room in excess of one (1) room	\$ 95.15	\$ 103.25	\$ 112.05	\$ 121.55	\$ 131.90
(6) (a) Per Beverage Room, plus	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(b) Per Seat in excess of 10 seats for each Beverage Room	\$ 37.30	\$ 40.45	\$ 43.90	\$ 47.65	\$ 51.70
(7) Per Laundry	\$ 596.75	\$ 647.45	\$ 702.50	\$ 762.20	\$ 827.00
(8) Per Dry Cleaner	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(9) (a) Per Laundromat, plus	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05
(b) Per Machine	\$ 95.15	\$ 103.25	\$ 112.05	\$ 121.55	\$ 131.90
<b>C. Industrial</b>					
(1) Where parcels are subject to Metered Water Rate applied to metered water charge each quarter	57.37%	59.57%	61.85%	64.21%	66.68%
(2) Where parcels are subject to Flat Rate Charges as established for the subject parcel by Maple Ridge Water Service Bylaw No. 6002-2001 (as amended)					
Per Industrial Unit	\$ 362.25	\$ 393.05	\$ 426.45	\$ 462.70	\$ 502.05