

# Financial Overview Report

## Financial Plan

### 2014-2018

*Updated  
December 2014  
to include 2019*



MAPLE RIDGE

British Columbia

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# FINANCIAL PLANNING IN THE BUDGET

## Summary of Update

Each year, City Council receives a Financial Overview Report which provides a synopsis of its five year financial plan. The last report was provided in December 2013 and covered the financial planning period from 2014-2018. In April 2014, City Council reviewed the revenue requirements for 2015 and lowered the tax increase. This was done to allow the incoming Council to focus on its strategic direction as a priority. The Financial Overview Report for 2014-2018 has now been updated to reflect the changes authorized by Council and to incorporate other information received in recent months. The notable changes are:

- additional staff in Public Works & Development Services to improve processing time for development, the related fee increases to support the additional costs and the temporary funding to allow the phasing in of the fee increases;
- extension of the Town Centre Investment Incentive Program, the Employment Land Investment Incentive Program and extension of the Façade Improvement funding;
- the reduction in the estimate for 2015 growth revenue due to new construction and the cost reductions to offset the reduction in revenue;
- the property tax increases, as approved last May;
- the Capital Improvement Program as approved last October.

The 2014 information remains in this report as it provides relevant context. The discussion on the key cost drivers, “What would a zero tax increase look like?” and the section “Cost Reduction/Containment/Revenue Enhancement Initiatives in Recent Years” remain in their original form. While the cost increases differ year to year, the underlying cost drivers remain the same.

The 2015-2019 budgets will be updated in April once the finalized property assessment information is received from BC Assessment. At that time Council will receive the 2015-2019 Financial Plan Bylaw as well as the 2015 Property Tax Rates Bylaw.

## Introduction

Budgeting is a balancing act between what the City would like to do and what it can afford. Budget decisions affect the funding for the programs and services we depend on for our quality of life every day.

The budget outlines City priorities. Each budget takes into account long-term goals, immediate needs, changing economic conditions and affordability for our citizens. This is why the City budget is called a Financial Plan; it is a financial planning and policy document not only for today, but for the future.



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*Council  
Welcomes Your  
Input!*

### Rolling 5-Year Financial Plan

The Financial Plan bylaw covers five years, the year it is enacted and the following four years.

Council and staff undertake a Business Planning review process that scrutinizes priorities and the allocation of funding. With the rigour put into developing the plan, and taking the long view, there should be few changes to the Financial Plan each time it is refreshed.

The 5-year Financial Plan is prepared based upon Council direction. It is adopted by bylaw and can only be changed by bylaw. Once the Financial Plan is adopted, it is published and is available on the website [www.mapleridge.ca](http://www.mapleridge.ca).

### Balanced Budget—Can't Run Deficits

The 5-year Financial Plan contains both operating and capital expenditures.

Local Government in British Columbia cannot run a deficit in their operating accounts. Each year, the budget must be balanced. This is why there is a need for a 5-year Financial Plan – no surprises!

The plan also shows proposed sources of funds and their application to capital projects such as building construction, road repairs, infrastructure upgrades, land and equipment purchases.

### Open and Transparent Budget Deliberations

Council and City staff welcome input on developing the budget and Financial Plan from all our stakeholders. There are several opportunities for formal input including a live question and answer session. There are informal opportunities as well; Council and staff are always available to listen to your ideas.

## PROPERTY TAX INCREASES

In the 2013-2017 budget, Council was able to reduce the property tax increases and hoped to make further reductions in future budgets.

**This is exactly what happened!**

Property Tax Increases	2012	2013	2014	2015	2016	2017	2018
2012 - 2016 Adopted Budget (2012 Actual)	<b>4.89%</b>	5.17%	4.80%	4.80%	4.80%	n/a	n/a
2013 - 2017 Adopted Budget (2013 Actual)		<b>3.50%</b>	4.05%	4.55%	4.55%	4.55%	n/a
2014 - 2018 Council Adopted Guidelines			3.30%	3.65%	3.65%	3.85%	3.85%
2014 - 2018 Budget Adopted January 2014			3.25%	3.25%	3.25%	3.25%	3.25%
2014 - 2018 Adopted Budget- May (2014 Actual)			<b>2.95%</b>	2.97%	3.25%	3.25%	3.25%

*Council Wanted to Reduce the Property Tax Increase.*

*As You Can See By This Chart, This is Exactly What They Did!*

The property tax increases noted on page 4 can be broken down as follows. As you can see, the amount of the tax increase is a lot less than it has been in prior years.

	<b>General Purpose</b>	<b>Infra-structure</b>	<b>Drainage</b>	<b>Parks &amp; Rec.</b>	<b>Fire Levy</b>	<b>Town Centre</b>	<b>Total Increase</b>
<b>2018</b>	2.00%	0.70%	0.30%	0.25%			3.25%
<b>2017</b>	2.00%	0.70%	0.30%	0.25%			3.25%
<b>2016</b>	2.20%	0.50%	0.30%	0.25%			3.25%
<b>2015</b>	1.92%	0.50%	0.30%	0.25%			2.97%
<b>2014</b>	1.90%	0.50%	0.30%	0.25%	Inc. in GP		2.95%
<b>2013</b>	2.25%	0.50%	0.30%	0.13%	300,000		3.50%
<b>2012</b>	3.00%	1.00%			600,000		4.88%
<b>2011</b>	3.00%	1.00%			600,000		4.99%
<b>2010</b>	3.00%	1.00%			600,000		5.13%
<b>2009</b>	3.00%	1.00%			600,000		5.18%
<b>2008</b>	3.00%	1.00%			600,000		5.31%
<b>2007</b>	3.75%				600,000	1.00%	6.18%
<b>2006</b>	3.75%				600,000	1.00%	6.37%
<b>2005</b>	3.00%				600,000	1.00%	5.77%
<b>2004</b>	3.00%					1.00%	4.00%
<b>2003</b>	3.00%					1.00%	4.00%

**General Purpose**—The General Purpose component of the increase is what is used to cover cost increases of existing services as well as any minor incremental adjustments.

**Infrastructure Sustainability**—Is discussed in more detail on page 30. Dedicated funding was implemented in 2008.

**Drainage and Parks & Recreation**—New for 2013 was a drainage tax increase to fund drainage infrastructure improvements and an increase to implement the Parks, Recreation and Culture Master Plan.

**Fire Levy**—Before 2005, we had no full time paid firefighters and the Council of the day felt this had to change to meet the safety needs of a growing community. Funding to do this was phased-in starting in 2005. Ongoing cost increases, after 2013, are funded through growth and the General Purpose increase.

**Town Centre**—Up until 2007 a dedicated 1% tax increase was required for our obligation to the Town Centre project. This is the project that brought us the Library, Youth Centre, Arts Centre, expanded Leisure Centre, Office Tower, downtown park and underground parking.

# WHERE DOES THE MONEY COME FROM AND WHERE DOES IT GO?

## Conceptual Overview

This section provides a conceptual overview of what the City can expect in additional revenue year over year. Growth in the property tax base as a result of new construction and property tax increases provide the bulk of new revenue, which amounts to just over \$3.0M in 2014. Due to lower growth in 2015, revenue expectations have been reduced and planned expenditures have also been reduced to compensate.

## New Revenue

The property tax increase consists of increases for general purposes, dedicated infrastructure renewal and replacement, phased implementation of the Parks, Recreation and Culture Master Plan and drainage improvements.

The following table illustrates growth rate assumptions and tax increases and the associated revenues that have been included in the Financial Plan. Key line items are explained on the following page.

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

**Conceptual Overview of New Revenue**

Item (\$ in thousands)	2014	2015	2016	2017	2018	2019
<i>Previous Year's Taxation</i>	63,105	66,180	68,695	72,370	76,425	80,475
Growth Rate	2.05%	1.00%	2.00%	2.00%	2.00%	2.00%
Growth Rate (Incentive Program to Infrastructure)			0.23%	0.46%	0.15%	
<b>Growth Revenue</b>	<b>1,295</b>	<b>660</b>	<b>1,530</b>	<b>1,780</b>	<b>1,645</b>	<b>1,610</b>
<i>Previous Year's Taxation + Growth</i>	64,400	66,840	70,225	74,150	78,070	82,085
Property Tax Increases:						
<i>General Purpose</i>	1.90%	1.92%	2.20%	2.00%	2.00%	2.00%
<i>Infrastructure Replacement</i>	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%
<i>Parks &amp; Recreation Improvements</i>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
<i>Drainage Improvements</i>	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase</b>	<b>2.95%</b>	<b>2.97%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.25%</b>
<b>Property Tax Increase</b>	<b>1,900</b>	<b>1,985</b>	<b>2,275</b>	<b>2,405</b>	<b>2,535</b>	<b>2,670</b>
<b>Reduce Major Industry Rate</b>	<b>(70)</b>	<b>(70)</b>	<b>(70)</b>	<b>(70)</b>	<b>(70)</b>	<b>(60)</b>
<b>Supplementary Adj. Contingency &amp; Other</b>	<b>(50)</b>	<b>(60)</b>	<b>(60)</b>	<b>(60)</b>	<b>(60)</b>	<b>(60)</b>
<b>Additional Property Taxes vs. Prior Year</b>	<b>3,075</b>	<b>2,515</b>	<b>3,675</b>	<b>4,055</b>	<b>4,050</b>	<b>4,220</b>
<i>Total Property Taxation</i>	66,180	68,695	72,370	76,425	80,475	84,695
<b>Gaming Revenue Increase</b>	<b>550</b>					
<b>Rev Impact PW&amp;D - Staffing cost increase</b>				<b>75</b>	<b>75</b>	<b>75</b>
<b>Increases in Other Revenue</b>	<b>175</b>	<b>210</b>	<b>240</b>	<b>220</b>	<b>205</b>	<b>210</b>
<b>Increase in General Revenue</b>	<b>3,800</b>	<b>2,725</b>	<b>3,910</b>	<b>4,355</b>	<b>4,325</b>	<b>4,495</b>

Growth refers to the new property tax revenue received from new construction or “non-market change” in property assessed values. Due to its nature, being tied to new development, there is some volatility in the revenue with higher additional revenues in years of strong economic growth. This is one of the reasons why 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 2% or less in the last six years. In some respects, the City is fortunate in that it does not rely heavily on any one industry for its revenues.

In 2014, gaming revenues were projected to increase by \$550,000 and other revenues were projected to increase by \$175,000 over the amount previously budgeted. The increase in other revenues includes changes in Parks & Leisure Services cost share recoveries, recycling fees and grants. In some cases, these revenues are offset by related increased expenditures. Page 8 shows the demands against this revenue.

### Transfers

The City 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 the following table. 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.

#### Conceptual Overview of Changes to Transfers

The remaining new revenue for 2014, after the reserve commitments, is about \$3.9 million.

Item (\$ in thousands)	2014	2015	2016	2017	2018	2019
<b>Additional General Revenue available</b>	<b>3,800</b>	<b>2,725</b>	<b>3,910</b>	<b>4,355</b>	<b>4,325</b>	<b>4,495</b>
Transfers to Reserves:						
Capital Works Reserve	(100)	(25)	(35)	(40)	(40)	(40)
Fire Department Capital	(50)	(40)	(60)	(100)	(105)	(105)
Equipment Replacement Reserve		(10)	(50)	(50)	(50)	(50)
Capital Works Reserve Adjustment	500	(150)	(250)	200	(50)	
Salary & Other Recoveries		130	130	135	135	135
General Revenue Funded Capital (net CWR tfrs)	(275)	(100)	(140)	(160)	(160)	(160)
<b>Available after transfers</b>	<b>3,875</b>	<b>2,530</b>	<b>3,505</b>	<b>4,340</b>	<b>4,055</b>	<b>4,275</b>

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

## Expenditures

Beyond the Transfers noted on the previous page, 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 the table below and a discussion follows.

The numbers in the preceding two tables and the following table represent a change from one year to the next. For example, the Policing amount means that 2014 costs are forecasted to be about \$925,000 higher than 2013, so will require \$925,000 of the new revenue for 2014.

We have little discretion in funding many of these items as they reflect the costs associated with existing contracts (such as Labour, RCMP, Library and Recycling).

### Conceptual Overview of Expenditure Changes

Item (\$ in thousands)	2014	2015	2016	2017	2018	2019
<b>Available after transfers</b>	<b>3,875</b>	<b>2,530</b>	<b>3,505</b>	<b>4,340</b>	<b>4,055</b>	<b>4,275</b>
Increase in expenditures:						
Labour (excluding Fire Dept.)	(625)	(1,045)	(870)	(825)	(775)	(780)
Transfer - Building Reserve - PW&D Staff		135	125	(260)		
Allocation of Growth Funds PW&D -PW&D Staff		85		65		
Use of Surplus (2017, 2018) - PW&D Staff				125	(50)	(75)
Fire Department	(400)	(400)	(510)	(400)	(415)	(415)
Parks & Recreation Master Plan	(150)	(165)	(175)	(185)	(195)	(205)
Policing (RCMP, ITEAMS, ECOMM)	(925)	(625)	(430)	(880)	(765)	(815)
Fraser Valley Regional Library	(25)	(25)	(80)	(80)	(85)	(85)
Inflation Allowance	(100)	100	(205)	(215)	(230)	(230)
Infrastructure Replacement - (Town Centre Growth)			(155)	(335)	(115)	
Infrastructure Replacement - (Gaming)	(550)					
Infrastructure Replacement - (Tax Increase)	(325)	(335)	(350)	(520)	(545)	(575)
Drainage Levy Related Projects	(200)	(200)	(210)	(220)	(235)	(245)
Growth Costs	(409)		(395)	(395)	(395)	(395)
Other Items	(100)	(150)	(190)	(245)	(165)	(200)
Arenas (CPI and Subsidized Ice)	(100)					(90)
Actuarial Accrual, Service Severance & Sick Liab.	150					
Cottonwood Landfill Closure (15 years)	(200)					
<b>Available after expenditures</b>	<b>(84)</b>	<b>(95)</b>	<b>60</b>	<b>(30)</b>	<b>85</b>	<b>165</b>
Surplus from prior year	68	78	20	40	16	103
Other Adjustments & Rounding	94	37	(40)	6	2	(13)
<b>General Revenue Surplus</b>	<b>78</b>	<b>20</b>	<b>40</b>	<b>16</b>	<b>103</b>	<b>255</b>

These next points provide further detail about items in the Conceptual Overview of Expenditure Changes:

- **Labour:** This line reflects the financial impact of wage and benefit cost increases. The additional staff authorized by Council in the Public Works & Development Service Division are budgeted in 2015 and 2016.

- **Fire Department:** Implementation of the Fire Department Master Plan is reflected in these costs. Fifty-one full-time firefighters have been hired since the phased implementation of the Fire Department Master Plan. Costs are increasing even though no additional firefighters are provided for. Operating costs for Fire Hall #4 are included in 2016.

- **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, an Emergency Response Team, Forensic Identification, a Dog Unit and a Traffic Reconstruction Unit. The budget includes an average of 1.5 members being added each year.

- **Library:** We are part of a regional library system and so our costs are affected by a number of factors, including changes in relative service levels. For instance, if one member opens up a new library, some of the costs are direct costs to the member while other costs are shared by the entire system. The cost of the contracted service with the Fraser Valley Regional Library is expected to increase by about \$25,000. This is a much lower increase than previously anticipated as a result of a change in the funding formula.

- **Infrastructure Replacement:** In 2008, Council approved a 1% tax increase to help maintain our existing infrastructure. The 2013 increase was 0.5% for an annual contribution totaling

\$3,075,000. The 2014-2018 budget includes an increase for infrastructure of between 0.5% - 0.7% annually. This amount is supplemented by committing the additional gaming revenues and growth in property taxes due to the Town Centre Incentive Program to infrastructure replacement. Additional discussion on infrastructure replacement is included on page 30.

- **Inflation Allowance:** The inflation allowance covers over 1,000 items, amounting to almost \$10 million in materials and services, for which increases are not specifically built into departmental budgets. An allowance of about 1% for 2014 and 2% a year for 2015-2018 is included in fiscal services to cover inflationary cost increases. The inflationary allowance has been removed for 2015 due to lower growth revenue. Increased costs in 2015 that are not already built in will need to be internalized by the departments.

- **Debt:** Debt payments were previously included for several projects approved in prior Financial Plans. While some of this borrowing is yet to occur, debt payments have been included based on the earliest date that borrowing is likely to occur. Debt is discussed in more detail under "Borrowing" starting on page 33.

- **Growth:** Growth projections and increases to revenues as a result of growth are built in. This line recognizes the costs associated with growth and the demand it places on new revenues. If growth revenue falls short of projections, growth related costs will be cut. Growth funding and allocations are shown on page 10.

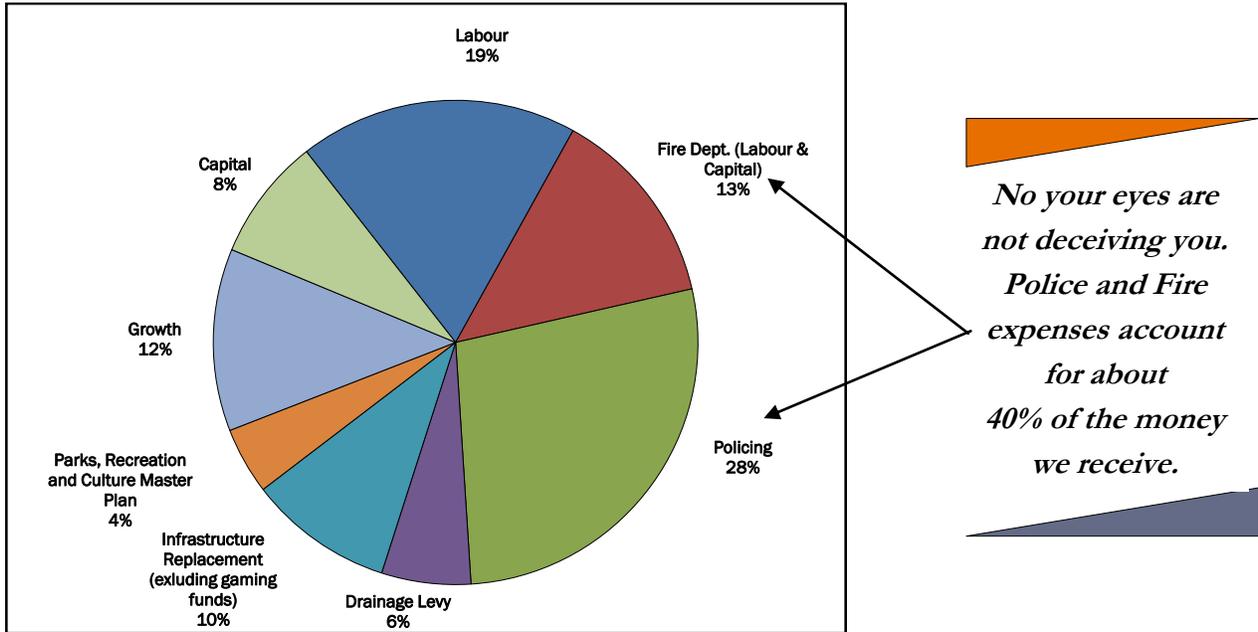
- **Other:** This line captures numerous minor adjustments to other accounts such as materials, utilities, training, supplies and maintenance.



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

### Conceptual Overview of Distribution of New Revenue

Of the \$3.8 million available in new revenue, the demand from the labour category including Police and Fire is about \$2 million. Following is a chart illustrating the distribution of new revenues for 2014.



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) exceeds the rate of the general tax increase. In other areas, revenues are not increasing at the same rate as costs. This leaves minimal room for enhancements to services unless reductions are considered in other areas or new revenue sources, such as grants, are found.

### 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. 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. Growth funding allocated in 2013 had to be reduced to compensate for the lower than anticipated growth revenues. In 2012 all growth funding was removed, creating funding pressure in areas that incur direct costs to maintain additional inventory. The 2015 growth expense budgets have been removed due to lower growth revenue.

Item (\$ in thousands)	2014	2015	2016	2017	2018	2019
<b>General Revenue Fund</b>						
Transfer to Fire Dept. Capital Reserve	50	-	50	50	50	50
Operations	65	-	65	65	65	65
Parks Maintenance	79	-	65	65	65	65
Software Maintenance	20	-	20	20	20	20
Public Works & Development (PWDS)	65	-	65	65	65	65
Corporate & Financial Services (CFS)	65	-	65	65	65	65
Community Dev, Parks & Rec (CDPR)	65	-	65	65	65	65
<b>General Revenue Total</b>	<b>409</b>	<b>0</b>	<b>395</b>	<b>395</b>	<b>395</b>	<b>395</b>
<b>Water Revenue Fund - Maintenance</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Sewer Revenue Fund - Maintenance</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>

## Incremental Adjustments

In view of the tough economic times, staff was 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.

Item (\$ in thousands)	2014	2015	2016	2017	2018	2019
<b>General Revenue Surplus</b>	<b>78</b>	<b>20</b>	<b>40</b>	<b>16</b>	<b>103</b>	<b>255</b>
<b>Incremental Adjustments and Capital to be funded from Accumulated Surplus</b>						
<b>Recent Items Approved By Council (in Resolutions)</b>						
Employment Land Investment Incentive Program		(1,000)				
Façade Improvement Program (BIA)		(25)	(25)			
Fund from Reserves (RCP/Surplus)		1,025	25			
Additional Development Staff		(268)	(391)	(398)	(411)	(421)
Increased Development Fees (3% in 2017, 2018 & 2019)				74	150	229
Growth Funding Distributed PW&D		84	84	149	149	149
Fund from Reserves (Building Permits)		134	257			
Water & Sewer Salary Recovery		50	50	50	50	50
Transfer from (to) Accumulated Surplus				125	62	(7)
<b>Items Previously Approved By Council (in previous Financial Plan Bylaws)</b>						
Doc. Management Implementation (2 yrs.)	(150)					
Façade Improvement Program	(25)					
<u>Operating Items</u>						
Treat noxious weeds on municipal property (5 yrs.)	(250)					
Planning - Hammond Area Plan	(130)					
Information Technology Security Audit	(20)					
Parks & Rec. - Joint Leisure Services Review	(15)					
<u>Capital Items</u>						
Drainage - Flood Study N. Alouette	(150)					
Drainage - ISMP Watershed Review	(350)					
128 Ave (210 - 216)		(300)				
Selkirk Ave (225 - 227)		(145)				
256 St @ DTR Intersection Upgrade (Design)		(50)				
Gravel Study		(100)				
Downtown Improv. - Lougheed Hwy (224 - 226)			(2,400)			
Transfer from Accumulated Surplus	1,090	595	2,400			
<b>General Revenue Surplus</b>	<b>78</b>	<b>20</b>	<b>40</b>	<b>16</b>	<b>103</b>	<b>255</b>

## Items Recently Approved by Council Resolution

- Employment Land Incentive Program & Town Centre Investment Program**—The incentive programs were presented to Council in October 2014. Council approved a recommendation to set aside \$1,000,000 to fund the Employment Land Incentive Program and an additional \$50,000 to fund a Town Centre façade improvement program over 2015-2016, in partnership with the Downtown Business Improvement Area.
- Development Services Resources**—Recently Council approved additional staff in development processing. The cost of these staff will be covered in the long run through increased fees, salary recovery from the Water & Sewer Utilities and the commitment of General Revenue allocation of growth funding. In the short term, until the user fees are phased in, the Building Reserve and Surplus will be relied on.

## Items Included in Previous Financial Plan Bylaws

The following incremental adjustments were approved by Council in previous Financial Plans.

1. **Cottonwood Landfill Remediation**—Remediation works are required at the Cottonwood Landfill site, the annual costs of which are estimated at \$200,000. This amount has been included in the Financial Plan reconciliation that appears on pages 24-26.
2. **Implementation of Document Management**—In 2013, Council approved the implementation of a Document Management System. Capital costs and the majority of the ongoing costs for the system were included in the previous Financial Plan. The \$75,000 per year for two years for start-up costs that were identified in the staff report have been included in the Financial Plan, and are being funded from Surplus.
3. **Façade Improvement Program**—2014 was the last year of the program offered in partnership with the Business Improvement Association. Council approved an extension for 2015 and 2016.
4. **Treat Noxious Weeds on City Property**—A budget of \$50,000 per year for 5 years has been provided to engage contractors who have personnel trained in the application of pesticides. The objective is to implement a weed control strategy on areas identified as the highest priority to reduce the spread of these weeds and protect habitat areas. \$250,000 of surplus has been allocated.
5. **Hammond Area Plan**—Council has expressed a strong interest in undertaking an Area Plan for the Hammond Neighbourhood. \$130,000 of surplus has been allocated to provide the Planning Department with temporary resources for this project.
6. **Information Technology Security Audit**—This security audit is critical to ensure the City is being rigorous in its security practices and procedures and minimizing the risk of a security breach. Recommendations coming out of this security audit may result in changes in security practices and procedures. \$20,000 of surplus has been allocated.
7. **Joint Leisure Services Agreement Review**—The City of Maple Ridge established a Joint Leisure Services Agreement with the City of Pitt Meadows in 1993. Council has stated its interest in conducting a review of this agreement to ensure good value for taxpayer dollars and the efficient and effective delivery of parks, recreation and cultural services to citizens. \$15,000 of surplus has been allocated for the review that was done in 2014.
8. **Capital Items Funded from Surplus**—The Drainage levy will take time to build and two important projects were advanced to 2014. As well, other capital works including improvements are to be funded from Surplus. The largest draw planned is for the Lougheed Highway between the Gaming Centre and 224 Street.

# WHAT WOULD A ZERO TAX INCREASE LOOK LIKE?

This section looks at the revenue increases that we expect and then looks at the major cost drivers.

Tax Revenue from New Construction (2.05%)	\$1,295,000	<i><b>This is the New Revenue That We Expect for 2014</b></i>
Projected Tax Increases (2.95%)	1,900,000	
Adjust Major Industrial Tax Rate	< 70,000>	
Other Adjustments	<u>&lt; 50,000&gt;</u>	
Total	\$3,075,000	

What this means is that the new construction as well as the projected tax increase is going to generate an additional \$3,075,000; the tax increase itself generates \$1,900,000. Why is this tax increase necessary and what are our options? Let's have a look.

## RCMP Costs

	2013	2014	Increase
RCMP Contract	\$15,025,000	\$15,950,000	\$925,000

Comments: The RCMP contract increased by \$925,000. The largest changes are due to increases in Pension Costs and RCMP Overhead, items that the City has no discretion with. There was one additional police officer included in the 2014 budget and Council could have decided not to add this position. This would have resulted in a cost reduction of \$145,000 and was not recommended as we have tried to provide gradual increases to our RCMP complement to keep up with the workloads associated with a growing community. A departure from this practice would defer costs to the future and compromise service delivery. To bring the RCMP contract budget in at a zero increase, we would have to release 6.5 police officers or about 7.5 percent of our detachment resources. Council needed to consider the effects of this on public safety.

## Infrastructure Maintenance & Renewal

	2013	2014	Increase
Annual Contribution	\$3,075,000	\$3,950,000	\$875,000

Comments: We have a huge infrastructure renewal/maintenance deficit that we are starting to address. We do not have to do this and could continue to defer this item. It should also be noted that deferral of important infrastructure maintenance and repairs will lead to large and unpredictable cost increases in the future.



*Pay me now —  
Pay me later!*



## Fire Department

	2013	2014	Increase
Annual Costs	\$8,925,000	\$9,325,000	\$400,000

Comments: The largest portion of the increases in the Fire Department are related to the wages and benefits of the full time firefighters that are determined under a collective agreement. No additional personnel are included in the budget. For the department to hold the line in its increase, it would have to take one truck out of service which would reduce costs by \$400,000. This was not recommended as our response times to calls for service will increase. Further, the composite model that we have spent some time developing may be compromised.

### Parks & Leisure Services

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Master Plan Funding	\$75,000	\$225,000	\$150,000

Comments: The Parks, Recreation and Culture Master Plan was adopted in 2010. The Plan identifies both short and long-term service needs defined through community consultation. The first year of funding occurred in 2013 and was allocated to park planning. In 2014 the Plan was projected to receive an additional \$150,000. There are a number of priorities in the Plan that this funding could be allocated toward, the specifics of which will be determined by Council. We could push back the phased-in funding which would delay planning and implementation of those priorities.

### Drainage Improvements

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Annual Levy	\$150,000	\$350,000	\$200,000

Comments: Parts of the community have high potential for flooding and we have been trying to systematically make improvements to our drainage system. An increase of \$200,000 was planned for 2014, but we do not have to do this.

### Contribution to Reserves

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Fire Department	\$1,325,000	\$1,375,000	\$ 50,000
Capital Works	850,000	950,000	100,000
Equipment Replacement	1,950,000	1,950,000	—

Comments: The City relies on Reserve Funds to manage large expenditures and the above-noted increases in contributions were planned for 2014. These systematic increases allowed us to deal with large capital items without having to pass large tax increases on to our citizens. As Council is aware, detailed analysis on all of our reserves is done to make sure that the balance is adequate. We do not have to set aside this additional money into reserves, but reserves help us smooth the impact of larger costs over time and remove volatility in fees and charges.

### General Inflation, including Labour

	<u>2013</u>	<u>2014</u>	<u>Increase</u>
Operating Costs	\$29,050,000	\$29,675,000	\$625,000

Comments: As Council is aware, most line items in the budget are held to no increase. This practice, applied in times of inflation over multiple years, results in a reduction in real spending. A contingency is provided in our Financial Plan reflecting labour negotiation patterns in the region. We do not have to provide for this, but failing to do so will have some undesirable consequences such as potential labour disruption or core service cuts as a result of layoffs.

## Service Level Reductions (not recommended)

Council may wish to consider the following service level reductions in order to reduce costs:

1. **Library**—Eliminate Sunday openings — Closing our library on Sundays could save \$38,000 annually. It may take some time for the full financial benefit to be realized due to contractual commitments.
2. **Community Grants**—Eliminate — Council has set aside \$60,800 on an annual basis to support a range of community grants. This program could be reduced and/or eliminated over a period of time.
3. **Port-a-Potties in Parks**—Eliminate port-a-potties in City and community level parks and on the dyke trail system — This could save \$24,000, but result in lowered satisfaction by park and trail patrons who expect this level of service.
4. **Ice Funding for Minor Sports**—Eliminate final year of phased-in plan to increase equitable access to ice by local minor sports — This could save \$36,000, but result in dissatisfaction from ice user associations who have been anticipating this increase. Financial accessibility for ice for local minor sports will remain further behind what other communities provide.
5. **Core Security**—Eliminate on-site daily supervision and security services in Memorial Peace Park and surrounding buildings — This could save \$60,000, but result in risk of increased negative behaviours in the area and corresponding impact on RCMP resources.
6. **Accessibility to Recreation Services**—Eliminate some of the oversight to programs that increase access to parks and recreation services for citizens with unique needs or challenges including a disability, financial limitations or other barrier. This will reduce costs by \$34,000 and will result in reduced support for individuals and families dealing with situations that may limit or exclude their access to recreation services. There is some potential for reduced participation from this sector and elimination of support to the Municipal Advisory Committee on Accessibility.
7. **Brushing and Chipping Program**—Eliminate — This could save \$72,654. This program was implemented many years ago when an outdoor burning ban was placed in the urban area. The intent was to offer citizens an alternative to burning branches or having to take such debris to the transfer station.
8. **Mosquito Control Program**—Eliminate — This could save \$12,000. This program is offered by the GVRD and there are municipalities that choose not to participate.
9. **Contract with ARMS/KEEPS**—Eliminate — This could save \$40,000. These are valuable community groups that receive assistance from us and Council may wish to reconsider this assistance.

On occasion, the question of how a lower tax increase, or perhaps even no tax increase, could be achieved is raised. The answer to this question begins with an understanding of our approach to business and Financial Planning.

Our business planning methodology results in us looking at all that we do to make sure that it is being done in the best way possible. Our business plans that accompany this report as well as the next section of this report highlight just some of the improvements that have been made over the past few years. These changes have improved the efficiency and effectiveness of our services and resulted in significant savings for our citizens. Also, if you go through the departmental budgets that are included with our business plans, you will see that most line items do not increase at all year over year. This, coupled with close monitoring of expenses, is what allows us to keep our tax increases to a minimum.

In identifying ways to minimize the tax increase, we have focused on our cost drivers. There are other practices that could also be used to reduce tax increases and staff strongly recommend against them. These include:

1. **Defer infrastructure renewal and maintenance** - Some municipalities reduce expenditures in this area. From our perspective, this is short sighted and can prove to be far more costly in the longer term. The old Fram Oil Filter commercial and its “Pay me now or pay me later” slogan holds so true. The saying could actually be changed to “Pay me now or pay me much more later.”
2. **Use savings to cushion tax increases in the short run** - This approach has also been used by some municipalities and there is nothing wrong with it, providing there is a plan to reduce the reliance on savings and a plan to replenish them. The question to ask is “what will you do when the savings run out?”
3. **Use unstable revenue sources to fund core expenditures** - There is general agreement in the municipal field that certain revenues such as revenue from gaming can be quite volatile and that such revenue should not be used to fund core expenditures. That is because revenues can drop off with little advanced warning, creating difficulty in funding the associated costs. Our own policy on gaming revenue warns against this, though some municipalities have used this approach to keep tax increases down.

4. **Defer capital projects** - A critical look at capital projects and their associated operating costs is important. Capital projects such as key improvements in the water, sewer, drainage and road systems are important to the services that citizens require and these improvements have to be done in a timely manner.
5. **Amend Financial Plan assumptions to achieve a balanced budget** - As Council is aware, the Financial Plan includes realistic assumptions around revenue growth, growth in the tax base and cost increases. By altering these assumptions, tax increases could be reduced. While the budget may be balanced, this may result in savings having to be used when projected results don't materialize. For this reason, this approach is not recommended.

So to answer the question “Is a lower tax increase or zero tax increase possible?” The answer is “yes it is.” It is important however, that it be done properly, by focusing on cost drivers or service level reductions, rather than through the practices mentioned above.

## COST REDUCTION/CONTAINMENT/ REVENUE ENHANCEMENT INITIATIVES IN RECENT YEARS

Council and staff are constantly looking for opportunities to improve service delivery and save money. In this quest, there are many areas where improvements have been achieved, or initiatives are underway that are expected to lead to improvements. Below is a selection of notable efficiency and effectiveness efforts over the last while.

### Shared Services

1. Mutual Aid Agreements with Pitt Meadows, Mission and Langley for emergency fire services – a move to a more demand-based staffing approach, anticipated to save on costs of staff coverage during peak loads.
2. Fire Department - arrangements with Justice Institute Safety training centre.
3. Invest North Fraser Economic Partnership – cost sharing on regional investment attraction initiatives and strategic partnerships like the BC Jobs Plan Pilot.
4. Communications Partnership – Rogers Communications designed and funded a rebuild of an abandoned sewer line for communication services under the Haney Bypass for our mutual use, at a cost of approximately \$75,000.
5. RCMP Regional Forensic Investigation Unit – relocated to Maple Ridge.
6. Operations Fueling – centralized fueling of City fleet vehicles, as well as Fire Department and RCMP vehicles, resulted in cost savings of \$86,632 in 2012 over retail pricing on 646,483 litres of fuel. Presently, our price is about 0.15¢ per litre cheaper than retail.

### Business Process Efficiency

1. Fire Department – introduction of software for computer-aided dispatch and truck allocation has increased efficiency in reduced wait times for information.
2. Bylaw Adjudication System – pilot project anticipated for 2015 as a new way of ‘serving’ infractions which is expected to save \$40,000 per year in Bylaw Officer time.
3. Vacant Positions – vacant staffing positions subjected to reviews to ensure need and efficiency.

4. Efficiency Improvements in Equipment Use - Operations adapts dump trucks for snowplow use and Parks licences certain lawnmowers for more efficient transportation between locations.

### Service Delivery Improvements

1. ePayments – online payments for certain City services is being widely embraced. For taxes, about 20,000 accounts took advantage of epayment options for a total value of \$38M in 2013. New credit card payment service for property taxes was introduced for 2013 and it raised close to \$400,000 from 166 accounts.
2. Human Resources Initiative – WorkSafeBC recognized our Health and Safety program with a rebate of \$44,000 on our annual assessment.
3. Volunteerism – utilization of volunteers for festivals and events (28,982 hrs), Parks and Leisure Services (6,728 hrs) and support for RCMP programs (10,500 hrs) to augment objectives and contain staffing costs.
4. Civilianization of RCMP Roles – three police roles have been converted to civilian roles in the last few years at substantial savings.
5. Community Safety Officers – three positions were created for public safety roles that do not require regular RCMP members, resulting in a savings of approx. \$60,000 per year.
6. Bylaws/Permits Laptops in Vehicles – pilot project underway on in-field access to digital case files in vehicle laptops. Expected to yield significant efficiency and time savings when fully operational.
7. Customer Service – 2013 review of standards and expectations to be “Fair, Friendly and Helpful.”
8. Service Automation - enhanced irrigation system for hanging basket fertilization reducing manpower costs.

### Contract Arrangements

1. E-Comm Contract – entered a contract in 2011 for police dispatch services with E-Comm that reduced our costs by \$1 million over 5 years.
2. Audit Services – renegotiated the agreement for a 5% reduction in our costs with improved services.

3. Gravel Extraction – current contract provides for significant cash flow to the City.
4. Library – favourable change in cost-sharing formula.
5. Hammond Stadium Upgrade – internalized project management to potentially save up to \$400,000 compared to the low bid for the project.

### Technological Innovation

1. Leisure Centre Retrofit – the use of solar power, dehumidification and heat recovery system water heating since 2011 has resulted in the recovery of the cost of the retrofit and a 60% decrease in natural gas consumption for water heating.
2. Hybrid Vehicles – the fleet of 19 Ford Escape hybrids saves the City \$27,000 in fuel every year. Similarly, the nine Toyota Prius hybrids save the City \$5,600 in fuel every year.
3. Electric Vehicles – the City deployed three fully electric vehicles in 2013 with projected savings of \$3,000 annually.
4. RCMP Roof Replacement Project – completed in 2013, this project saw the installation of a white roof which is expected to save significantly on air conditioning costs over the course of the lifetime of the roof.
5. RCMP Asset Tagging Initiative – using radio frequency tagging of assets since 2011, the RCMP have realized efficiencies in staff time valued at about \$12,000 annually.
6. Replaced Workstations with Thin Clients – replaced 200 PC's with cheaper 'thin clients' saving about \$500 per device. Further significant savings in power consumption and IT support, also received an efficiency award for power savings.
7. Reduced Number of Hardware Servers – 'virtualization' has allowed the City to host 80 'virtual servers' on six physical machines saving about \$5,000 per device.
8. LED Streetlights – Operations staff are testing LED streetlights for deployment in a new subdivision to determine the possible energy consumption savings.

### Asset Management

1. Adaptive Reuse of Old Infrastructure – the City has reused over 3,000 metres of abandoned underground pipes for our fibre optic network. Resulted in off-setting costs of about \$500,000 than if built from scratch.
2. City Lands – leveraged City land to get a new SPCA building built at substantial savings. As well, utilized City lands at the top of Grant Hill to locate our own telecommunications tower at significant construction savings.
3. Top Soil Reuse – construction of the Mountain Bike Skills Course at Albion Park was made possible through the relocation of organic soil from the Albion Park playfield project.
4. Excavation Reuse – re-contoured berms onsite during playfield construction to accommodate excavated material thereby saving on hauling costs.
5. Equipment Improvements – replaced single-use heavy backhoe with lighter multi-use tractor and attachments for use in cemetery, sports fields and for park maintenance.

### Alternative Revenues

1. City Radio Tower – Grant Hill radio tower has off-set operating costs of renting space elsewhere, and has also resulted in secondary revenue of over \$50,000 per year in leasing excess space.
2. Grants – recent grants received include Climate Action rebate of \$50,000, BC Hydro Energy Manager grant of \$275,000 over four years and Workplace Conservation grant of \$5,000.
3. Alternative Funding Sources – a few examples of recent improvements in alternative funding sources include having Abernethy Way designated a major regional road thereby leveraging funding from senior agencies, Gaming Revenue and recent bylaw amendments promoting amenity contributions from development.

### Conclusion

These are just some of the initiatives that have been implemented over the recent past to reduce/contain our costs or to generate additional revenue.

# UTILITIES & RECYCLING

## Utility Rates and Rates Stabilization

### Water Utility Rates

The majority of the Water Utility revenue is from the flat rate water levy and charges for metered water assessed to individual properties. In addition, development revenues provide a financial contribution. These revenues cover the costs associated with water purchases, maintenance and both regional and local capital infrastructure.

The 2014 flat rate charged for residential properties is planned at about \$502, of which \$302 is required to purchase water from the region, \$2 is required to service debt associated with regional capital, \$114 is required for local operating expenses, leaving \$84 to fund local capital projects or to smooth regional rate changes.

When setting water rates, we need to consider not only our own planned expenses and infrastructure requirements, but also those planned by the region. During last year's planning cycle, the Regional District had projected rate increases of 18.6% for 2013. Since that time they have deferred projects and water rates increased only 1.2%. Additionally, in order to have the financial capacity to meet future requirements we need to consider the downstream impact of regional projects that were deferred. A rate increase of 5.5% is manageable, but may need to be revisited depending on how quickly the region proceeds with projects that have been deferred.

### Sewer Utility Rates

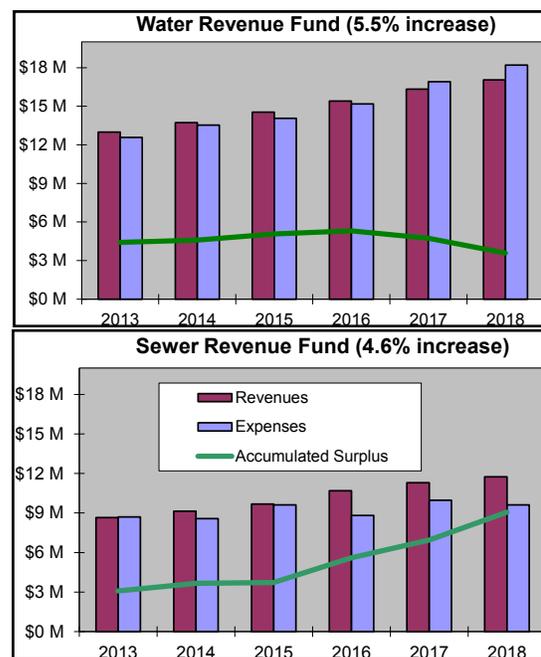
The Sewer Utility pays for regional capital expenditures through an allocation model that essentially spreads rate increases over time to utility ratepayers. Additionally, the utility pays for our local sewer infrastructure and maintenance requirements.

The 2014 flat rate charged for residential properties is about \$322, of which two thirds or \$206 is paid to the region to treat the wastewater, \$69 is used locally to cover operating expenses, leaving \$47 to fund local capital or smooth regional rate changes.

Any cost impact that new wastewater regulations have on capital investment requirements will be addressed at the regional level with member municipalities paying their respective portions. Implementation of changes to the regional cost allocation formula may be a significant factor in future rate increases. The regional cost for sewer

increased only marginally in 2014 and a lower annual rate increase in sewer user fees of 4.6% is manageable.

Accumulated Surplus projections, illustrated below, are largely influenced by regional costs and the amount of planned capital. Water rate projections from the region change greatly from year to year. Utility rate increases were reduced in 2013 and, depending on regional cost increases over the next few years, further adjustments may be made.



## Recycling Rates

The Ridge Meadows Recycling Society (RMRS) is a charitable non-profit organization that provides a range of recycling services. They also provide employment for adults with disabilities.

Recycling fee increases of 2.75% are planned in 2014 through 2018 to cover the anticipated increase in contract costs and equipment rates. Provincial regulations shifted recycling responsibilities to producers. The 2015 recycling rates and operational impacts will be reviewed to reflect any agreements with Multi-Material BC (MMBC).

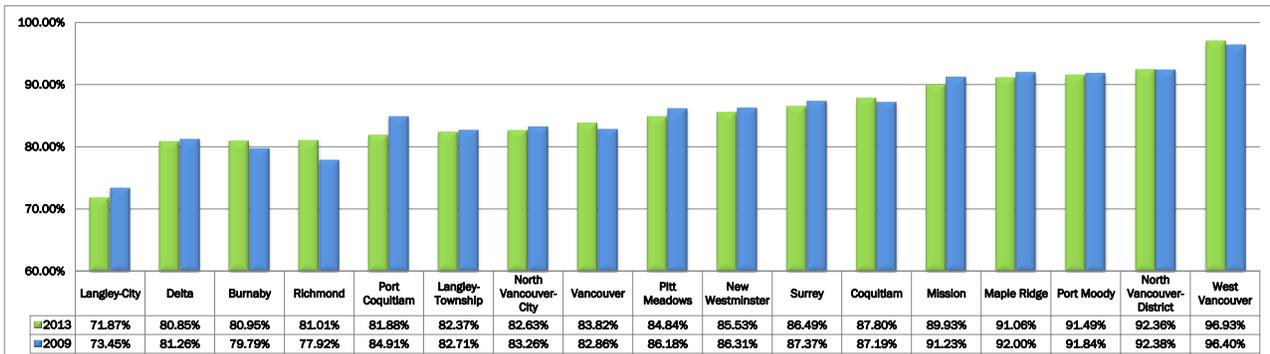
\* As a result of the MMBC contract, recycling fees have remained unchanged for 2014 and 2015. Annual rate increases of 2.75% are planned for 2016 through 2019, however they will be reviewed annually.

# COMPOSITION OF PROPERTY ASSESSMENT BASE

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

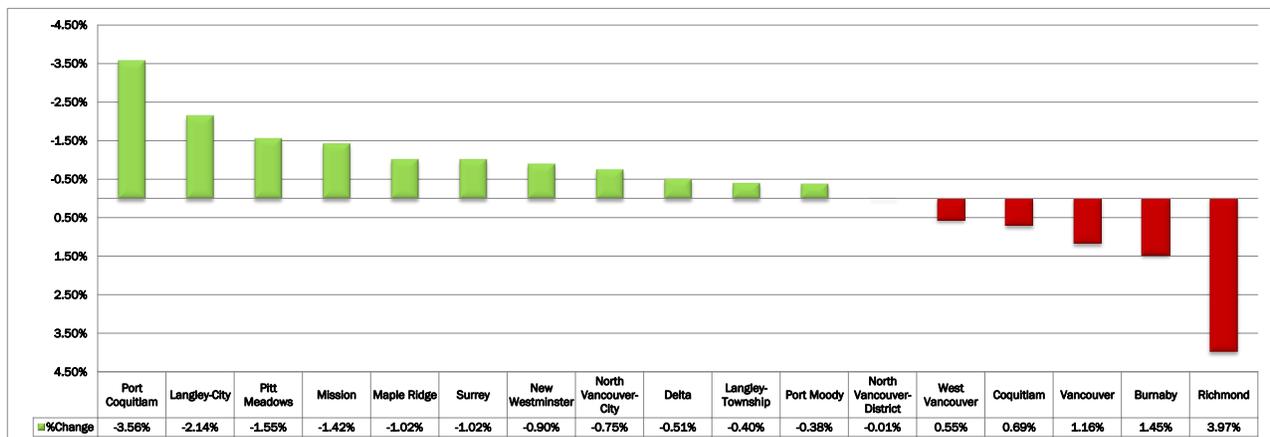
The following chart shows the residential proportion of the assessment base in area municipalities. The range is from a low of 71.87% in the City of Langley to a high of 96.93% in West Vancouver. If you exclude the two municipalities that are on the high and low end of this range, the remainder are in a relatively narrow range. The chart also shows how this percentage has changed between 2009 and 2013.

**Lower Mainland Municipalities  
% of Residential Class Property Assessment Values**



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

**Lower Mainland Municipalities  
% Change in % of Residential Portion of Property Assessment Values from 2009–2013**



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

Source: BC Assessment, 2009 and 2013 Revised Rolls

# STAFFING

## 2015 Update

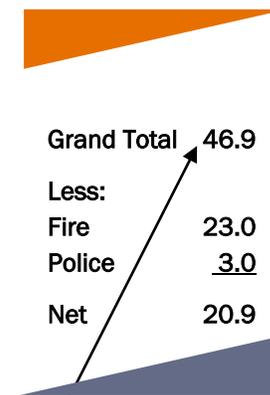
Positions were added in Public Works & Development Services, three in 2015 and one in 2016, to reduce the time it takes to process development applications. The funding for these additions is explained in more detail on page 11. For 2015, no additional funding for staff exists as there is no growth funding and no incremental service level funding. The implementation of the Parks, Recreation and Culture Master Plan, depending on which aspects are implemented first, may result in additional staff.

This chart shows the change in City staffing levels over the past 4 years. While there have been reallocations of staff, the overall complement has increased by 46.9 positions or 12% since 2009.

Of this total increase, 23 positions were added to the Fire Department as a result of the phased implementation of the Fire Department Master Plan. In addition, the civilianization of certain functions previously carried out by RCMP officers resulted in an increase in 3 City staff in Police Services. After deducting these increases (26), the net increase in staff is 20.9 over 4 years.

While the exempt staff pool grew by 4 positions over this same period, 2 were reclassifications from non-exempt staff. The remaining 2 additions are comprised of 3 new positions and 1 deletion. This **net increase of 2 exempt positions** is included in the 46.9 total and the 20.9 net increase.

Division	Department	2013	Δ 09-13	
CAO	1. CAO Admin	6.4	(0.6)	
	2. SEI	4.0	0.5	
	3. Human Resources	6.5	1.0	
		<b>16.9</b>	<b>0.9</b>	6%
CDPR	1. CDPR Admin	2.0	(1.0)	
	2. Community	12.5	2.5	
	3. Parks & Facilities	45.5	18.2	
	4. Recreation	43.2	(14.2)	
		<b>103.2</b>	<b>5.5</b>	6%
CFS	1. CFS Admin	3.0	1.0	
	2. Clerks	9.4	2.1	
	3. Finance	17.6	1.0	
	4. IT	15.0	1.0	
	5. Fire Department	60.0	23.0	
	6. Police Services	44.5	3.0	
		<b>149.5</b>	<b>31.1</b>	26%
PWDS	1. PWD Admin	2.0	-	
	2. Engineering	28.0	-	
	3. Lic, Perm & Bylaw	30.5	2.5	
	4. Operations	74.9	4.9	
	5. Planning	17.0	2.0	
		<b>152.4</b>	<b>9.4</b>	7%
Grand Total		422.0	<b>46.9</b>	12%



*The net increase of 20.9 staff works out to an increase of 5.6% over 4 years, or about 1.4% per year. This is less than the growth rate that has been experienced in the community.*

# HOW HAVE WE BEEN DOING IN RELATION TO OUR BUDGET THIS YEAR?

## 2014 Financial Outlook

As we begin to look forward to the 2015-2019 Financial Plan, it is useful to take a look at how the current year is shaping up to provide some context to the upcoming discussions. The focus of this discussion is the General Revenue Fund, as this is where Council has the most discretion and the transactions in this fund drive property tax rates.

For the past number of years building permit revenues have been quite variable, exceeding Financial Plan targets one year and missing them the next year. To manage this variability, the City uses its financial sustainability policies, conservative budgeting and a practice of planning for the bad times during the good. Temporary shortfalls in revenue can be managed through the Building Inspection Reserve; the current balance in the reserve is \$1.6 million. For 2014, we expect annual building permit revenues to exceed our Financial Plan target of \$1.7 million. The following table shows building permit revenues for the past 5 years.

Historical Building Permit Revenue

2009	2010	2011	2012	2013	2014 (as at Sept)
\$1,418,061	\$1,945,951	\$1,470,115	\$1,285,502	\$1,761,604	\$1,804,960

*As you can see it is hard to predict revenue.*

*We don't lock ourselves into expenditures at a high level.*

Starting in 2010, the City began receiving revenues from the local gaming facility. In 2013 we received \$896,000, up from \$819,000 received in 2012. We have recorded \$784,000 in gaming revenues to date in 2014 and expect annual revenues to meet our Financial Plan target of \$1,050,000. Monies received from this source are allocated in line with Council's policy.

The following information is based on September results and indicates we will see a General Revenue surplus at year-end. Contributing factors include positive investment revenues and overall cost containment. Some departments will be under budget at the end of the year due to timing issues related to ongoing projects; these amounts will be transferred to reserves as part of our year-end processes to allow work to proceed in 2015.

### Revenues:

- Investment income in the General Revenue Fund will exceed budget targets in 2014 as a result of positive returns and a larger investment portfolio due to capital project expenditure delays. At the end of September, investment income is \$1,000,000 against a Financial Plan target of \$1,135,000.
- Gravel revenues will miss Financial Plan targets due to the timing of renewing our agreement with North Fraser Developments.
- The Financial Plan included revenues of \$1.6 million from the commercial section of the tower. Current projections indicate that revenues will miss this target by 10% due to vacancies. This shortfall can be addressed through the reserve established for this purpose.

## Expenses:

Overall, expenses are expected to come in within 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 Financial Plan targets. In line with Council practice, all or a portion of any savings will be transferred to the Police Services Reserve. In 2011, we were advised of a potential retroactive pay adjustment for RCMP members. We had anticipated this issue would be resolved in 2012, but to date, it has not been. We may need to draw on the Police Services Reserve for funding pending the final outcome of the issue.
- Fire Department costs will be within the annual budget envelope as a result of cost containment.
- Recreation costs are within Financial Plan targets with the expectation that the division will be under budget at the end of the year.
- General government costs are expected to be under budget at the end of the year. Much of this relates to the timing of various studies and projects, such as studies anticipated for the Albion Flats area and work related to the implementation of new accounting standards, as well as payments related to the Town Centre Investment Incentive Program. These savings will be transferred to reserves at the end of the year so that the funds are available when required.
- 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 2015.

The above summary is based on results to the end of September and points to a General Revenue surplus for 2014.

## 2014 Capital Projects

The budget for the Capital Works Program in 2014 is just over \$72 million. This is higher than the budget in subsequent years because it includes projects approved in prior years that are not yet complete, but are still a priority.

Projects may take several years to deliver and their progress is often dependent on many factors.

What is important, is that when the projects are ready to proceed, they are in the approved budget with funding in place. The budget for projects that have been started is \$52 million and consists of:

- Complete or nearly complete \$ 15M
- Well underway 21M
- Early stages of design and tendering 16M

The budget for projects not yet started is approximately \$20 million and consists of:

- Grant Funding Not Secured 0.4M
- Reliant on Other Capital Work 6.0M
- Land Acquisition Delays 8.7M
- Other 2.3M
- Strategic, Staffing & Technical Delays 2.6M

The source of funding for capital projects also have constraints or conditions. For example, debt is approved for specific projects such as the construction of Fire Hall No. 4 and the cemetery expansion. This debt cannot be transferred to other projects. Similarly, projects funded by Development Cost Charges (DCC) (\$27M for 2014) must fit certain criteria and must also be identified in a separate bylaw. DCCs cannot be used to fund projects that do not meet this criteria and have not been included in the DCC Bylaw

The following is a list of the larger projects approved previously which are in the early stages:

- Road & Drainage Works 240 Street (Lougheed Highway – 104 Avenue) \$ 5.2M
- 232 Street Bridge (N. Alouette River) 4.9M
- Park Acquisitions (various locations) 11.7M
- Whonnock Lake Improvements 1.2M
- Fire Hall No. 4 Construction and Equipment 7.8M

Projects that do not finalize in 2014 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 2015 when the Financial Plan is amended. A full listing of the 2014 capital projects is available on the City website.

*What is important, is that when the projects are ready to proceed, they are in the approved budget and funding is in place.*

# CHANGES TO PREVIOUS 5-YEAR FINANCIAL PLAN

## Operating Budget Changes

The next section outlines how this information applies to the Financial Plan that Council will be considering. In May 2013, Council approved an amended Financial Plan for 2013 through 2017. This is used as a basis to create the 2014-2018 Financial Plan. The following table reconciles the changes to the previously adopted Financial Plan.

### General Revenue Fund (GRF) Reconciliation of 2014-2018 Financial Plan

\$ in thousands	2014	2015	2016	2017
<b>GRF Annual Surplus in 2013-2017 Adopted Budget</b>	<b>68</b>	<b>46</b>	<b>75</b>	<b>98</b>
<b>Property Tax Adjustments (see page 2 for history of rate increases)</b>				
Reduce: Park & Rec Property Tax Increase	(161)	(333)	(518)	(718)
Reduce: Infrastructure Replacement Property Tax Increase	(321)	(665)	(1,037)	(1,286)
Reduce: General Purpose Property Tax Increase	(34)	(424)	(860)	(1,491)
Reduce: Class 4 (Major Indus.) Property Tax Rate	(70)	(140)	(210)	(280)
Add: Impact of Assessment Appeals		(40)	(97)	(128)
Add: Real Growth Increase due to Town Centre Incentive Program (TCIP)			69	435
<b>GRF Annual Surplus Subtotal</b>	<b>(517)</b>	<b>(1,556)</b>	<b>(2,578)</b>	<b>(3,370)</b>
<b>Spending Directly Related to Property Tax Adjustments</b>				
Reduce: Park & Rec. Master Plan Spending	161	333	518	718
Reduce: Infrastructure Replacement Spending	321	665	1,037	1,286
Increase Infrastructure Replacement Spending (TCIP Growth Revenue)			(69)	(435)
Reduce: Fire Capital: Tfr to Reserve Funds - FDCA (2% taxes)	1	14	34	50
Reduce: Fire Capital: Tfr to Reserve Funds - ERR-FD (0.6% taxes)	-	4	10	15
<b>GRF Annual Surplus Subtotal</b>	<b>(35)</b>	<b>(558)</b>	<b>(1,092)</b>	<b>(1,800)</b>
<b>Corporate Wide Assumptions</b>				
Adjust: Labour Costs & Contingency (wages, benefits, pension, etc.)	16	85	214	196
Reduce: 2014 Inflation Contingency	103	103	105	107
<b>GRF Annual Surplus Subtotal</b>	<b>85</b>	<b>(351)</b>	<b>(729)</b>	<b>(1,431)</b>

*Most of the changes on this page have to do with the  
reduction in the tax increases.*

*Spending has been reduced to offset the reduced revenue.*

## General Revenue Fund (GRF) Reconciliation of 2014-2018 Financial Plan (cont'd)

\$ in thousands	2014	2015	2016	2017
<b>GRF Annual Surplus Subtotal</b>	<b>85</b>	<b>(351)</b>	<b>(729)</b>	<b>(1,431)</b>
<b>Adjustments with Offsetting Adjustments</b>				
Remove: Debt Costs - School Sites	(2,504)	(2,504)	(2,504)	(2,504)
Remove: Debt Funding - School District	2,504	2,504	2,504	2,504
Delay: Property Sales - Timing of Sale to 2015	(4,250)	4,250		
Delay: Transfer to Reserve Funds - Land Reserve	4,250	(4,250)		
Increase: Gaming Revenue	(550)	(550)	(550)	(550)
Increase: Gaming Revenue Committed to Infrastructure Replacement	550	550	550	550
Add: Assistant Property / Risk Manager	(101)			
Add: Transfer from Committed Proj. Reserve- Succession Planning	101			
Reduce: Parcel & User Fees Recycling (updated units & projections)	(64)	(89)	(118)	(148)
Reduce: Expenses & Transfer to Recycling Reserve	64	89	118	148
SPCA Contract - Spay Neuter Subsidy Prog.	(35)			
Transfer from Reserve for Committed Projects (SPCA)	35			
Lic. Permits & Bylaws - Vehicle Charges (2)	18	18	18	18
PW&D Administration Allocation of Growth Funding	(18)	(18)	(18)	(18)
Add: Document Management Implementation Salaries	(75)	(75)		
Add: Transfer from Accumulated Surplus	75	75		
Add: Façade Improvement Program	(25)			
Add: Transfer from Accumulated Surplus	25			
<b>Corporate &amp; Financial Services</b>				
Reduce: RCMP Contract (net Police Reserve transfer)	137	416	1,071	1,368
Reduce: Property Rental Revenue (Rent net Mtce & Taxes)	(13)	(12)	(11)	(11)
Remove: Emergency Program Grant Revenue (JEPP Grant)	(5)	(5)	(5)	(5)
Increase: Insurance Costs	(15)	(16)	(17)	(18)
Increase: IT - Software Mtce Costs - Doc. Mgt	-	(27)	(28)	(29)
Increase: IT - Software Mtce Costs - Other	(7)	(14)	(21)	(28)
Increase: Police Serv. - False Alarm Fines	42	42	42	42
Decrease: Cost Recovery Pitt Meadows Policing Cost Share	(7)	(5)	(5)	(2)
Increase: Grant In Lieu of Property Taxes (1% Utility Revenue)	16	16	16	16
Increase: Fire Protection Costs	(16)	(18)	(16)	(19)
Increase: Transfers to Capital Works Reserve	(205)	(118)	(326)	(93)
Reduce: Actuarial Estimate Sick and Service Severance Liability	143	163	183	203
<b>Community Development Parks &amp; Recreation</b>				
Increase: Municipal Parks - Additional Mtce on New Inventory	(14)	(14)	(14)	(14)
Increase: Facility Mtce - Building Mtce Costs	-	(30)	(50)	(50)
Add: Whonnock Centre -Revenues	85	85	85	85
Add: Whonnock Centre -Expenses	(100)	(100)	(100)	(100)
Reduce: Library Contract	101	237	288	343
<b>Public Works &amp; Development Services</b>				
Increase: Business Licence Revenue	35	35	35	35
Reduce: Dog Licences Rev. (Senior Discount Impact)	(10)	(10)	(10)	(10)
Add: Cottonwood Landfill Closure Costs	(200)	(200)	(200)	(200)
Other Minor Amendments	23	23	23	23
<b>GRF Annual Surplus Subtotal</b>	<b>78</b>	<b>99</b>	<b>212</b>	<b>107</b>

The preceding table demonstrates that even with the projected growth and annual tax increases, there was almost no room for additional discretionary spending and not all areas requiring support can be accommodated.

**General Revenue Fund (GRF) Reconciliation of 2014-2018 Financial Plan (cont.)**

\$ in thousands	2014	2015	2016	2017	2018
<b>GRF Surplus in 2014-2018 Adopted Budget (Jan. 2014)</b>	<b>78</b>	<b>99</b>	<b>212</b>	<b>107</b>	<b>115</b>
Property Taxes (updated actual growth, increases reduced)	26	(125)	(130)	(134)	(138)
Grants in Lieu (BCBC, Power)	(34)	35	90	143	190
Other Adjustments (power costs, inflation, actuarial estimates)	(44)	34	(51)	(90)	(127)
Reduce Facility Lifecycle Spending			870	870	870
Transfer to Capital Works Reserve (repay pool reno. loan)			(870)	(870)	(870)
<b>GRF Surplus in 2014-2018 Adopted Budget (Oct. 2014)</b>	<b>26</b>	<b>43</b>	<b>121</b>	<b>26</b>	<b>40</b>
Reduce Growth Revenue (Property Taxes) from 2.0% to 1.0%		(625)	(650)	(675)	(700)
Reduce Growth Costs					
Corporate & Financial Services		65	65	65	65
Fire Dept. Capital Reserves		50	50	50	50
IT - Software Licences		20	20	20	20
Community Development, Parks & Recreation		65	65	65	65
Parks Maintenance (\$65K net PM Cost Share)		52	52	52	52
Operations Department		65	65	65	65
Public Works & Development Services		65	65	65	65
Reduce Inflation Contingency		205	210	225	225
Gravel Licence Fee (Contract Renewed)		(122)	(122)	(122)	(122)
Reduce Capital Works Reserve Transfer		122	122	122	122
Development Services Positions (+3 in '15 and +1 in '16)		(268)	(391)	(399)	(411)
Increased Development Fees (3%/annually in 2017 - 2019)		-	-	74	150
Building Reserve		134	257		
Water & Sewer Salary Recovery		50	50	50	50
Allocation of Growth Funds		84	84	149	149
Accumulated Surplus		-	-	126	62
Employment Attraction Incentive Program		(1,000)			
Façade Improvement Program (BIA)		(25)	(25)		
Reserves/Surplus		1,025	25		
Other Adjustments:					
Contracts, FH#4 facility mtce. Costs delay, other		15	(23)	59	156
<b>GRF Annual Surplus (Budget as of Dec. 2014)</b>		<b>20</b>	<b>40</b>	<b>17</b>	<b>103</b>

In January of 2014, Council adopted the 2014-2018 Financial Plan Bylaw and subsequently amended it in May and again in October. Since the last adoption, Council has made decisions with budget implications. The budget has been updated to reflect these changes and includes new information. The 2019 year has also been added to the Financial Plan with a planned General Revenue Surplus of \$255,000. This amount may seem large, however even the slightest adjustment to growth assumptions would eliminate this surplus very quickly.

The City has rigorous business planning practices that have served the community 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 City also has reserves that could be drawn down if revenues soften. It is important to realize the impact that the slowing economy has on a local level 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.

# CAPITAL PROGRAM

The five-year Capital Works Program is \$175 million; 2014 planned capital projects are \$72 million, including projects carried forward from previous years. It should be noted that developers will contribute millions in subdivision infrastructure to our community and these contributions are not included in our capital plan. A detailed list of the projects in the five-year Capital Works Program is attached to the Capital Works Program Business Plan.

## Proposed Capital Spending by Category

\$ in thousands	2014	2015	2016	2017	2018
Drainage	2,554	1,360	1,317	1,410	1,275
Government Services	3,792	4,755	440	270	270
Highways	28,491	15,111	13,271	9,383	8,809
Park Acquisition	11,709	2,483	650	1,361	2,450
Park Improvement	3,376	1,171	980	1,469	425
Recreation Services	98	5,530	-	75	-
Protective Fire	10,082	1,944	1,500	110	1,000
Protective Police	754	30	25	20	190
Technology	4,608	676	979	1,035	1,525
Sewer	3,609	1,197	1,064	799	1,370
Water	3,159	4,755	2,987	3,170	4,279
<b>Total Capital Program</b>	<b>72,232</b>	<b>39,012</b>	<b>23,213</b>	<b>19,103</b>	<b>21,593</b>

The following table illustrates the sources of funding for these projects. The proposed Capital Program is relatively large in some years due to projects funded through Development Cost Charges and Reserves.

## Proposed Capital Funding Sources

\$ in thousands	2014	2015	2016	2017	2018
Debt	7,095	-	-	-	-
Development Cost Charges	27,122	13,596	5,363	7,075	5,631
General Revenue	2,550	3,228	2,685	2,989	2,891
Capital Works Reserve	4,240	3,792	-	-	-
Core Development	-	300	-	-	-
Critical Infrastructure Reserve	-	208	-	-	-
Drainage Improvement Levy	340	730	933	220	170
Equip Replacement Reserves	5,619	2,722	3,092	1,184	3,474
Facility Maintenance	185	1,000	-	-	-
Fire Department Capital Reserve	1,425	1,494	-	-	-
Gaming	1,157	200	200	200	200
Grants, LAS, 3rd Parties	5,702	1,809	1,282	1,353	1,038
Infrastructure Sustainability Reserve	3,094	2,324	2,794	3,930	4,151
Land Reserve	-	4,250	-	-	-
Parkland Acquisition Reserve	200	200	200	200	200
Police Services Reserve	283	24	19	16	152
Recycling Reserve	1,382	255	290	40	40
Sewer Capital	730	657	1,315	627	1,223
Surplus	67	495	2,400	-	-
Translink	-	300	1,300	-	-
Water Capital	1,540	1,429	1,340	1,270	2,422
Reserve for Committed Projects	5,763	-	-	-	-
Reserve for Sewer Committed Projects	2,429	-	-	-	-
Reserve for Water Committed Projects	1,308	-	-	-	-
Cemetery Reserve	-	-	-	-	-
<b>Total Capital Program</b>	<b>72,232</b>	<b>39,012</b>	<b>23,213</b>	<b>19,103</b>	<b>21,593</b>

## Debt

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 the Borrowing section, along with a listing of the debt-funded projects.

## Development Cost Charges

Given that DCC collections fluctuate, cash flows are monitored closely. 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 are not sufficient to cover the planned capital expenditures.

## General Revenue

The percentage of new 2014 planned projects funded directly 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.

## Reserves

The City has financial resources held in reserves. These reserves serve to stabilize taxes, fees and charges by providing funds during tight years and receiving those funds back during better years. Reserves shield our customers and taxpayers from sharp rate increases. Some of our major reserves are discussed in the next few pages.

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 below. The Infrastructure Sustainability Reserve is used for major rehabilitation and replacement of the City'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 reference sources such as reserve accounts for specific purposes.

### Reserve Balances December 31, 2013

Accumulated Surplus		Reserve Accounts	
General Revenue	6,895	<u>General Revenue:</u>	
Sewer Revenue	3,184	Specific Projects - Capital	5,021
Water Revenue	5,802	Specific Projects - Operating	8,471
<b>Total Accumulated Surplus</b>	<b>15,881</b>	Self-Insurance	1,057
		Police Services	4,150
		Core Development	1,358
<b>Reserve Fund Balances</b>		Recycling	1,310
Local Improvement	2,527	Community Development	1
Equipment Replacement	11,249	Building Inspections	1,622
Capital Works	11,483	Gravel Extraction	619
Fire Department Capital	5,060	Facility Maintenance	582
Sanitary Sewer	1,566	Snow Removal	686
Land	268	Cemetery Maintenance	191
<b>Reserve Funds</b>	<b>32,152</b>	Infrastructure Sustainability	1,273
		Drainage Improvements	150
<b>Restricted Revenue Balances</b>		Critical Building Infrastructure	205
Development Cost Charges	38,774	Infrastructure Grant Contribution	4
Parkland (ESA) Acquisition	764	Gaming Revenues	1,235
Other Restricted Revenues	5,612	<i>Gen. Revenue Reserve Accounts</i>	27,935
<b>Total Restricted Revenues</b>	<b>45,150</b>	Sewer Reserve Accounts	3,028
		Water Reserve Accounts	2,003
		<b>Total Reserve Accounts</b>	<b>32,967</b>

*Total Reserves: Accumulated Surplus, Reserve Funds and Reserve Accounts – \$81 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.**

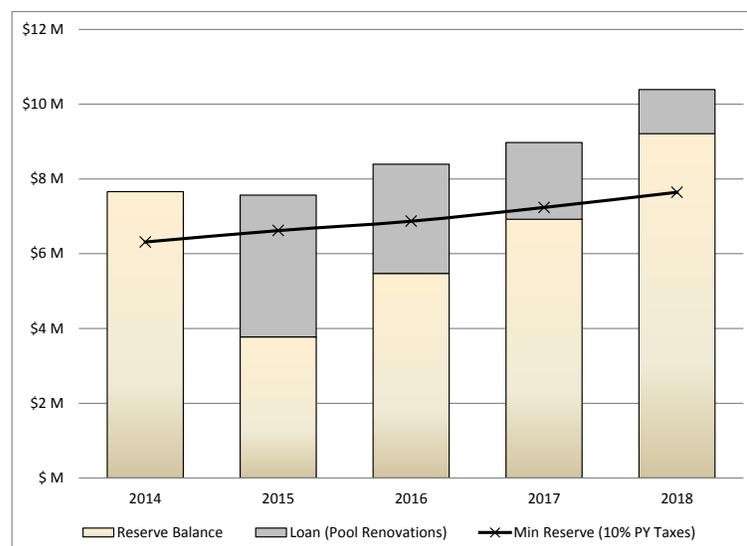
## Capital Works Reserve

The Capital Works Reserve Fund is intended to assist with funding capital projects, especially those that cannot be funded from development revenues. Generally, this reserve builds funds for large projects and is then drawn down. Each year, general taxation and gravel revenue is added to this account along with a portion of the proceeds from land sales and other fixed amounts. Projections of the demands on this account are also prepared. It has been Council's policy to keep a minimum reserve balance of 10% of the prior year's property taxes in this account, to assist with unforeseen and uninsurable events. This account has also been used to finance the initial outlay for certain projects that produce future savings, with the reserve repaid from future savings. This minimum reserve balance is temporarily used to internally finance the pool renovations.

### Capital Works Reserve Projection

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	11,483	7,659	3,774	5,473	6,919
2013 Approved Capital (in progress)	(2,585)				
<b>Inflows</b>					
GRF Annual Transfer	308	360	644	483	573
Communication Tower Rent	49	49	49	49	49
Repayment of Energy Retrofit	65	65	65	65	65
Repayment of Pool Renovations	-	-	870	870	870
Gravel Revenue	500	500	500	500	500
<b>Total Inflows</b>	922	975	2,128	1,968	2,057
<b>Outflows</b>					
Planned Capital Expenditures	(1,600)	-	-	-	-
Loan - Pool renovations	-	(3,792)	-	-	-
Balance of GCF funded capital	(12)	(519)	120	27	234
Debt	(549)	(549)	(549)	(549)	-
<b>Total Outflows</b>	(2,161)	(4,860)	(429)	(521)	234
<b>Estimated Ending Balance</b>	7,659	3,774	5,473	6,919	9,210
Min Reserve (10% PY Taxes)	6,313	6,618	6,869	7,237	7,643
<b>Unencumbered Balance</b>	1,346	(2,844)	(1,396)	(318)	1,567

### Capital Works Reserve Projection



## Infrastructure Sustainability

Beginning in 2008, Council directed an annual tax increase of 1% to go toward infrastructure sustainability. This helps with major rehabilitation and replacement of the City's assets which currently have a replacement value estimated in excess of \$1.4 billion. Last year, for the years 2013 through 2018, the amount of the increase was reduced. 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 are 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 \$30 million needed each year to fund the replacement of our infrastructure.

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

### Infrastructure Sustainability Allocation of Funding

(\$ in thousands)	2014	2015	2016	2017	2018
<b>Inflows</b>					
Property Taxes Prior Year	2,634	2,955	3,293	3,649	4,178
Property Tax Increase	321	337	356	529	560
Gaming Revenue	550	550	550	550	550
Growth Revenue Town Centre Incentives			67	421	553
Core Reserve Surplus	450	450	450	450	450
<b>Total Inflows</b>	<b>3,955</b>	<b>4,292</b>	<b>4,716</b>	<b>5,599</b>	<b>6,291</b>
<b>Outflows</b>					
Core Building Replacement Fund	(450)	(450)	(450)	(450)	(450)
Building Infrastructure	(715)	(715)	(715)	(715)	(715)
Building Infrastructure - new in 2014	(475)	(475)	(475)	(475)	(475)
Fire Dept. - Equipment Replacement	(150)	(175)	(200)	(275)	(325)
Road Infrastructure Replacement/Rehab.	(1,705)	(1,962)	(2,281)	(2,939)	(3,461)
Drainage Replacement	(400)	(450)	(520)	(660)	(775)
Major Equipment/Systems Reserve	(60)	(65)	(75)	(85)	(90)
<b>Total Outflows</b>	<b>(3,955)</b>	<b>(4,292)</b>	<b>(4,716)</b>	<b>(5,599)</b>	<b>(6,291)</b>
<b>Projected Ending Balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

## 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 No. 1. The planned capital expenditures are detailed in the following table:

**Fire Department Capital Acquisition Reserve Projection**

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	5,060	5,032	4,199	4,957	5,843
2013 Approved Capital (in progress)	(952)				
<b>Inflows</b>					
GRF Annual Transfer	1,432	1,462	1,558	1,686	1,815
<b>Outflows</b>					
Planned Capital Expenditures	(408)	(1,494)	-	-	-
Debt Repayments	(100)	(800)	(800)	(800)	(800)
<b>Estimated Ending Balance</b>	<u>5,032</u>	<u>4,199</u>	<u>4,957</u>	<u>5,843</u>	<u>6,858</u>

This projection takes into account the repayment of debt related to Fire Hall No. 4 building construction.

## Fire Department Equipment Replacement Reserve

The recognition of an appropriate level of funding to provide for growth would not be complete without a discussion around how we intend to replace those assets. Replacement of fire equipment is funded through this reserve. Beginning in 2009, infrastructure sustainability funds have been allocated to this reserve.

**Fire Department Equipment Replacement Reserve Projection**

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	2,979	1,460	1,568	667	1,237
2013 Approved Capital (in progress)	(2,061)				
<b>Inflows</b>					
GRF Annual Transfer	542	558	599	680	765
<b>Outflows</b>					
Planned Capital Expenditures	-	(450)	(1,500)	(110)	(1,000)
<b>Estimated Ending Balance</b>	<u>1,460</u>	<u>1,568</u>	<u>667</u>	<u>1,237</u>	<u>1,003</u>

## Recycling Reserve

The recycling reserve is used to smooth both operating result fluctuations and the impact of new capital purchases required to support the recycling operations.

\$ in thousands	2014	2015	2016	2017	2018
Opening Balance	1,310	187	371	544	993
2013 Approved Capital (in progress)	(1,222)				
<b>Inflows</b>					
Operating Results	154	349	373	399	427
GRF Annual Transfer	90	90	90	90	90
<b>Outflows</b>					
Planned Capital Expenditures	(145)	(255)	(290)	(40)	(40)
<b>Estimated Ending Balance</b>	<b>187</b>	<b>371</b>	<b>544</b>	<b>993</b>	<b>1,470</b>

## Capital Funded by Others

The Capital Program includes \$1 million of funding each year as a place holder for Local Area Services that property owners may petition the City to construct. The cost of these local improvements are typically recovered over 15 years as a separate charge included on the property tax bills of benefiting properties. In addition, \$2.6 million of grants or other external funding is planned over the next five years. Projects will be re-evaluated if funding is not secured.

\$ in thousands	2014	2015	2016	2017	2018
128 - 216 Intersection Improvement Ph.1	100	-	-	-	-
128 - 216 Intersection Improvement Ph.2	-	100	-	-	-
128 Ave (210 - 216)	-	300	-	-	-
128 Ave (216 - Abernethy)	-	-	300	-	-
288 St (Storm Main @ Watkins Sawmill)	-	-	200	-	-
Abernethy (216 500M E Blackstock) Widen	-	-	-	750	-
Abernethy Way Multi Use Path Ph 3	450	-	-	-	-
Dewdney Trunk @ Burnett Traffic Signal	-	-	-	138	-
Fern Crescent (236 - 240)	49	-	-	-	-
Local Area Service - Drain	250	250	250	250	250
Local Area Service - Road	250	250	250	250	250
Local Area Service - Sewer	250	250	250	250	250
Local Area Service - Water	250	250	250	250	250
Traffic Signal Upgrade Alterations	-	163	-	-	-
Miscellaneous	27	18	36	11	-
<b>Total Capital Funded By Others</b>	<b>1,626</b>	<b>1,581</b>	<b>1,536</b>	<b>1,899</b>	<b>1,000</b>

## Borrowing

The Financial Plan incorporates debt proceeds into the overall funding strategy. The 2014-2018 Financial Plan includes debt payments on the previously approved debt.

### Previously Approved Borrowing

The City is now authorized to borrow for several projects:

- 240 Street Bridge over Kanaka Creek (\$4,680,000)  
In 2009, borrowing was approved for the bridge over Kanaka Creek on 240 Street. The bridge was constructed in 2010 and the work was funded through existing DCC funds. External borrowing for this project will not be necessary. The authority to borrow will expire in 2014.
- Fire Hall #4 Construction (\$6,000,000)  
The design work is underway and the borrowing authority was renewed earlier this year. 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.
- Park/School Site Acquisition (\$10,671,185) Expired  
The 2009-2013 Financial Plan provided for the City to purchase larger properties to accommodate both a park and a school site and offset the increased costs of acquiring future school sites through contributions from School District 42. The authority to borrow expired in July of 2013.
- Cemetery Expansion (\$3,320,000)  
Debt payments associated with the land purchases for cemetery expansion are funded through increased cemetery fees. Two of the three properties have been purchased and \$2.22 million of external borrowing has been arranged.
- River Road Drainage Work (\$2,675,000)  
Major drainage work on River Road is complete and the related external debt has been arranged. The annual debt payments are to be funded through the Capital Works Reserve.
- Animal Shelter (\$900,000)  
The construction of this building is complete. This was a joint effort with the SPCA and the City. The City's portion of the upfront costs have been covered through reserves and the contribution of land. The increase in dog licence fees will service the debt. At the outset borrowing of up to \$900,000 was authorized over a term of 25 years. Due to dog licence fees being increased several years ago, less borrowing was needed and the term has been shortened significantly. External borrowing of \$625,000 will be paid back over 15 years.

### Borrowing Considerations

#### 2014-2018

The following table summarizes the additional debt included in the Financial Plan. The Loan Authorization Bylaw will be prepared in early 2014.

Regional Water Supply - Pump Station & New Water Main (\$ in thousands)								
Years	Borrow	Term	Main Fund	Annual Payments	Issue Costs	Total Interest	Total Cost	
2010 - 2014	11,400	20	DCC / WRF	843	86	5,460	16,946	

This debt relates to the new pump station and watermain being constructed by the GVRD. The costs are to be funded approximately 80% through DCCs and 20% through the water utility.

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.

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 City 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 legislation, the maximum amount of borrowing the City can undertake is such that the annual cost to service the debt does not exceed 25% of revenues as defined in the legislation. As noted in our 2012 Annual Report the unused liability servicing capacity at the end of 2012 was \$19.3 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, but the proposed amount to be borrowed exceeds the maximum amount and the proposed term is 20 years.
- An “approval-free liability zone” exists to allow borrowing without elector approval as long as current and proposed servicing costs do not exceed 5% of the municipal revenue defined in the legislation. The City’s costs exceed this figure and therefore this provision would not exempt the City from obtaining elector approval.

Elector approval can be sought in one of two ways. One option is to receive the approval of electors by holding a referendum. The second and less-expensive method is to hold an “alternative approval process.” If more than 10% of the electors express an opinion that a referendum should be held, by signing an Elector Response Form within 30 days of a second advertising notice, then Council would need to consider whether to proceed with the planned borrowing and, if so, a referendum must be held.

## IMPACT TO THE AVERAGE HOME

The assessed value of the “average home” for the 2014 taxation year was approximately \$400,000.

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.” Service fees include flat rate water, flat rate sewer, recycling and single-home bluebox pickup.

**"Average Home" Tax Increase**

	2014	2015	2016	2017	2018	2019
<b>Average Home Municipal Levies:</b>						
General Purpose (Gen. & Infrastructure)	1,775.33	1,818.71	1,868.54	1,919.99	1,973.12	2,027.97
Drainage Improvements	9.84	15.22	20.76	26.48	32.38	38.47
Parks & Recreation Improvements	7.27	11.75	16.36	21.12	26.04	31.12
<b>Subtotal Property Taxes</b>	<b>1,792.44</b>	<b>1,845.68</b>	<b>1,905.66</b>	<b>1,967.59</b>	<b>2,031.54</b>	<b>2,097.56</b>
<b>User Fees</b>						
Recycling (fixed rate)	70.20	70.20	72.15	74.15	76.20	78.30
Water (fixed rate)	501.85	529.45	558.55	589.25	621.65	655.85
Sewer (fixed rate)	322.05	335.25	349.05	363.50	378.60	394.40
<b>Total Property Taxes and User Fees</b>	<b>2,686.54</b>	<b>2,780.58</b>	<b>2,885.41</b>	<b>2,994.49</b>	<b>3,107.99</b>	<b>3,226.11</b>
<b>Average Home Municipal Levies Increases:</b>						
General Purpose	1.90%	1.92%	2.20%	2.00%	2.00%	2.00%
Infrastructure Replacement	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%
Parks & Recreation Improvements	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage Improvements	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
<b>Total Property Tax Increase %</b>	<b>2.95%</b>	<b>2.97%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.25%</b>	<b>3.25%</b>
Recycling Increase %	0.00%	0.00%	2.78%	2.77%	2.76%	2.76%
Water Increase %	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
Sewer Increase %	4.07%	4.10%	4.12%	4.14%	4.15%	4.17%
<b>Total Property Taxes and User Fees Increase</b>	<b>3.51%</b>	<b>3.50%</b>	<b>3.77%</b>	<b>3.78%</b>	<b>3.79%</b>	<b>3.80%</b>

Within the General Purpose 2015 change of about 2%, existing service levels have been maintained and several significant cost increases have been accommodated, including increases in the policing contract, labour costs and fire department costs.

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

## SO HOW DO OUR TAXES COMPARE TO THOSE AROUND US?

We regularly review the taxes charged to see how we compare to other municipalities. The 2014 residential house survey data which compares single family homes follows. It shows that our taxes remain among the lowest in the region and when the taxes are combined with annual utility rates, Maple Ridge ranks as fifth lowest among the municipalities surveyed. The amounts are slightly different than we use for the “Average Home,” shown on page 35, due to the fact that “Average Home” includes strata properties as well.

### Survey of 2014 Residential Taxes on Average Single Family Dwelling

Municipality	Average Assessed Value*	Municipal Taxes	Rank (lowest to highest)	Total Utilities	Municipal Taxes & Utilities	Rank (lowest to highest)	Notes
Pitt Meadows	457,596	1,835	3	1,012	2,847	1	
Surrey	647,927	1,802	2	1,051	2,853	2	
Langley-Township	524,021	1,754	1	1,126	2,880	3	
Maple Ridge	457,302	2,041	5	894	2,935	4	-10
Port Coquitlam	527,408	2,048	6	909	2,957	5	
Mission	379,673	1,842	4	1,131	2,973	6	-3
Delta	603,054	2,168	8	960	3,128	7	-2
Richmond	939,311	2,113	7	1,064	3,177	8	-7
North Vancouver-City	902,181	2,252	11	954	3,205	9	-6
Burnaby	931,527	2,184	9	1,129	3,313	10	-1
Coquitlam	700,656	2,244	10	1,093	3,337	11	
Port Moody	759,343	2,674	15	964	3,638	12	-5
Vancouver	1,375,500	2,541	14	1,099	3,640	13	-9
New Westminster	675,166	2,534	13	1,196	3,731	14	-4
North Vancouver-District	1,018,047	2,485	12	1,473	3,958	15	
West Vancouver	2,121,146	3,761	16	1,429	5,190	16	-8
Average	813,741	2,267		1,093	3,360		
Median	687,911	2,176		1,079	3,191		
Highest	2,121,146	3,761		1,473	5,190		
Lowest	379,673	1,754		894	2,847		

**Notes:**

Values are rounded.

\* Average Assessed Value determined by using BC Assessment’s 2014 Revised Roll Totals, Property Class Residential Single Family, divided by number of occurrences. Value has not been adjusted for new construction or supplementary changes.

-1 Garbage, Water and Sewer Rates reflect a 5% discount.

-2 Municipal taxes are averaged.

-3 Drainage Levy Rate/Amount excluded from analysis. According to Mission staff, only approximately 30 homes are charged this levy - not representative of an average home in Mission.

(4,5) Recycling/Garbage, Water and Sewer Rates reflect a 5% discount.

-6 Water and Sewer Rates reflect a 5% discount.

(7,8) Utility rates reflect a 10% discount.

-9 Land Assessment Averaging.

-10 Utility rates include Water, Sewer and Recycling.

We also monitor our Business Class 6 tax rates to ensure they are competitive. This past October, Council received a detailed staff report which included the chart that follows. The chart shows that our Business Class 6 municipal tax rate in 2014 is 15<sup>th</sup> lowest of the 19 surveyed municipalities. This is not unexpected as most municipalities in the survey group have higher property assessment values.

The staff report also looked at the Business Class 6 multiple and noted that our multiple continues to rank lower than the average. The Business Class 6 multiple is calculated by taking the Business Class rate and dividing by the Residential Class rate.

Overall, our data indicates that the City's Business Class 6 tax rate is reasonable when compared to other Lower Mainland municipalities.

### Survey of 2014 Business Class 6 - Municipal Tax Rates

Municipality	2012	2013	2014	
	Business Rate	Business Rate	Business Rate	Rank
West Vancouver	4.75440	4.23400	4.24510	1
Surrey	7.07036	6.98799	7.01681	2
Richmond	7.53569	7.62851	7.28682	3
Vancouver	8.78096	8.20424	7.88427	4
North Vancouver, District	8.53774	8.60129	8.47875	5
North Vancouver, City	9.14484	8.61408	8.57249	6
Langley, City	8.60500	8.78440	8.88270	7
Burnaby	10.10000	9.46120	9.35700	8
Langley, Township	9.48130	9.82990	9.94960	9
Port Moody	9.84060	10.04190	10.19280	10
Chilliwack	9.93148	10.13818	10.26719	11
Delta	11.14928	11.02225	10.81870	12
Port Coquitlam	11.79410	11.86070	11.74160	13
Pitt Meadows	11.85360	12.11050	12.48220	14
<b>Maple Ridge</b>	<b>11.75100</b>	<b>12.23070</b>	<b>12.73140</b>	<b>15</b>
Abbotsford	11.86947	13.28373	13.02217	16
New Westminster	13.55380	13.01990	13.22830	17
Coquitlam	14.11730	13.75540	13.81270	18
Mission	14.62160	14.88790	14.55490	19

# FINANCIAL INDICATORS

## Financial Indicators

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

The data for the indicators shown comes from the Province's Local Government Statistics section and is compiled from reports that each municipality is required to submit to the Province. The municipalities shown are all GVRD members (the smaller villages have been excluded), with the addition of the neighbouring municipalities of Mission, Abbotsford and Chilliwack.

The following provides information about the ratios presented in the tables:

### Percentage of liability servicing limit used

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

### Debt per capita

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

### Debt servicing as a percentage of tax revenue

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

### Total assets to liabilities

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

### Financial assets to liabilities

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

### Government transfers to revenues

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

### Expenditures per capita

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

### Tax revenues per capita

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

### Taxes per capita as a percentage of expenditures per capita

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

While looking at the percentage of a municipality's liability servicing limit that has already been used provides useful information it can be impacted by decisions, such as to refinance debt. For example in 2012 Pitt Meadows shows 146% of the liability servicing limit already in use, but then this drops to 51% in 2013. The 2012 number was impacted by a decision to pay out short-term debt and turn it into long-term debt.

	Percentage of Liability Servicing Limit Used				Debt Servicing as a Percentage of Tax Revenue	
	2013		2012		2013	2012
			Debt Per Capita	Debt Per Capita		
Abbotsford	25%	16%	\$ 559	\$ 625	10%	6%
Burnaby	0%	0%	-	-	0%	0%
Chilliwack	3%	10%	92	101	1%	4%
Coquitlam	18%	21%	267	210	7%	8%
Delta	6%	6%	68	99	2%	2%
Langley (City)	0%	0%	-	-	0%	0%
Langley (Township)	11%	19%	588	406	5%	8%
Maple Ridge	17%	16%	506	539	7%	7%
Mission	24%	14%	366	431	11%	7%
New Westminister	5%	11%	947	616	3%	7%
North Vancouver (City)	1%	0%	35	39	0%	0%
North Vancouver (District)	6%	12%	235	211	3%	6%
Pitt Meadows	51%	146%	432	399	22%	63%
Port Coquitlam	7%	7%	395	403	3%	3%
Port Moody	11%	9%	423	344	4%	4%
Richmond	3%	7%	6	18	1%	3%
Surrey	7%	6%	509	364	3%	3%
Vancouver	69%	70%	1,471	1,591	35%	36%
West Vancouver	4%	4%	194	207	2%	2%
White Rock	2%	1%	13	20	1%	0%
<b>Average*</b>	<b>13%</b>	<b>19%</b>	<b>347</b>	<b>320</b>	<b>6%</b>	<b>9%</b>

\* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

A comparison of assets to liabilities in any given year will be affected by business decisions made during the year that do not necessarily reflect a decline in the fiscal health of a municipality. For example, a decision to borrow money will increase liabilities and reduce these ratios, as seen with Coquitlam and New Westminster in 2013.

	Total Assets to Liabilities		Financial Assets to Liabilities		Gov't Transfers to Revenue	
	2013	2012	2013	2012	2013	2012
Abbotsford	8.38	8.05	1.05	0.94	0.06	0.06
Burnaby	12.90	14.78	3.65	3.98	0.04	0.06
Chilliwack	11.84	12.32	1.90	1.75	0.06	0.05
Coquitlam	12.93	14.30	2.22	2.20	0.06	0.10
Delta	10.27	10.76	2.32	2.30	0.02	0.04
Langley (City)	10.44	10.53	2.44	2.45	0.18	0.17
Langley (Township)	7.90	9.27	1.09	1.19	0.04	0.03
Maple Ridge	8.14	7.72	1.33	1.25	0.03	0.04
Mission	11.48	11.34	1.68	1.48	0.06	0.04
New Westminster	5.49	6.47	1.11	1.24	0.17	0.15
North Vancouver (City)	5.96	5.48	2.55	2.67	0.05	0.06
North Vancouver (District)	6.56	6.97	1.85	1.79	0.02	0.02
Pitt Meadows	9.33	10.34	1.29	1.41	0.01	0.02
Port Coquitlam	10.72	10.65	1.76	1.59	0.02	0.01
Port Moody	16.93	19.13	1.53	1.66	0.05	0.04
Richmond	10.38	11.50	3.12	3.14	0.05	0.06
Surrey	10.36	11.10	1.08	1.21	0.07	0.08
Vancouver	4.32	4.23	0.89	0.85	0.02	0.02
West Vancouver	5.84	5.86	0.96	0.99	0.12	0.12
White Rock	6.90	7.11	2.93	2.83	0.01	0.02
<b>Average*</b>	<b>9.42</b>	<b>10.01</b>	<b>1.86</b>	<b>1.88</b>	<b>0.06</b>	<b>0.06</b>

\* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

Expenditures per capita are affected by annual variations in spending, particularly capital spending. In years where a greater amount of tangible capital assets are acquired, expenditures per capita will be higher than in years where a lesser amount is acquired. For example, in 2012 we recorded \$31.7 million for acquisition of tangible capital assets; in 2013 we recorded \$58.5 million.

	Expenditures Per Capita		Tax Revenue Per Capita		Tax Revenue Per Capita as a Percentage of Expenditures Per Capita	
	2013	2012	2013	2012	2013	2012
	Abbotsford	\$ 1,473	\$ 1,576	\$ 897	\$ 893	61%
Burnaby	1,799	1,725	1,238	1,186	69%	69%
Chilliwack	1,270	1,237	831	791	65%	64%
Coquitlam	1,927	1,929	1,062	1,009	55%	52%
Delta	2,056	1,873	1,183	1,149	58%	61%
Langley (City)	1,663	1,388	867	828	52%	60%
Langley (Township)	1,986	1,802	953	887	48%	49%
Maple Ridge	1,905	1,521	884	843	46%	55%
Mission	1,442	1,461	787	757	55%	52%
New Westminster	2,847	2,656	935	880	33%	33%
North Vancouver (City)	2,607	1,851	982	939	38%	51%
North Vancouver (District)	1,764	1,667	946	907	54%	54%
Pitt Meadows	1,713	1,589	857	843	50%	53%
Port Coquitlam	1,398	1,500	962	916	69%	61%
Port Moody	1,721	1,556	974	929	57%	60%
Richmond	1,871	1,735	954	898	51%	52%
Surrey	1,807	1,687	615	574	34%	34%
Vancouver	2,137	1,940	983	964	46%	50%
West Vancouver	2,951	2,926	1,255	1,245	43%	43%
White Rock	1,570	1,483	1,093	1,039	70%	70%
<b>Average*</b>	<b>1,895</b>	<b>1,767</b>	<b>967</b>	<b>928</b>	<b>53%</b>	<b>54%</b>

\* in calculating the average, the Maple Ridge numbers were not included to allow us to see how we compare to the average of other reported municipalities.

## OTHER ITEMS

### Gaming Policy

With the opening of the Community Gaming Centre, the City has been receiving additional revenues. The Host Financial Assistance Agreement between the City and the Province of British Columbia requires that the City 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.

2014 was the first full year of the operation of the new and expanded Gaming Centre. The \$550,000 projected increase in revenue has been channeled towards Infrastructure Renewal to reduce the tax increase required for that purpose.

### Maple Ridge Business Centre Commercial Operation

This section isolates the effect the commercial portion of the Maple Ridge Business Centre has on City finances. 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.

#### Maple Ridge Business Centre Commercial Operation

\$ in thousands	2014	2015	2016	2017	2018
Lease Revenues (net of allowances)	1,491	1,491	1,491	1,491	1,491
Parking Revenues	144	144	144	144	144
Operating Expenses	(478)	(478)	(478)	(478)	(478)
Interest - Commercial Space	(634)	(605)	(575)	(544)	(515)
<b>Net Income</b>	<b>523</b>	<b>552</b>	<b>582</b>	<b>613</b>	<b>642</b>

In summary, the Maple Ridge Business Centre 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 infrastructure replacement to address maintenance costs as the buildings age.

# CONCLUSION

## **Conclusion**

The City can expect \$3.8 million in new general revenue in 2014, primarily from growth in the property tax base and a property tax increase. \$2 million goes to labour costs including RCMP and Fire services. Infrastructure sustainability issues receive \$875,000 of the new revenue. The balance is required to deal with inflationary pressures. This leaves minimal room for enhancements to service levels.

The 2014 property tax and utility rate increases were endorsed by Council in spring of this year. That direction included reductions in property tax increases as compared to the previous plan. It was also implied that we should try to lower the increases further if possible. We are pleased to report that this has been achieved.

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

## APPENDIX A

### Recommendations for 2014-2018 Financial Plan that was Adopted in January 2014

That staff be directed to prepare a 2014-2018 Financial Plan Bylaw, incorporating the Business Plans presented to City Council on December 9 and 10, 2013 and including the following:

1. Property Tax increase for General Purposes of 2.20% per year for 2014, 2015 and 2016 and 2.00% per year for 2017 and 2018. \*
2. Property Tax Increase for Infrastructure Sustainability of 0.50% per year for 2014, 2015 and 2016 and 0.70% for 2017 and 2018.
3. Growth in property tax revenue from all property classes to be budgeted at 1.65% in 2014 and 2.00% per year for the years 2015 through to 2018. \*\*
4. Parks & Recreation Improvements Levy increase of 0.25% per year for each year in the Financial Plan.
5. Drainage Improvements increase of 0.30% per year for each year in the Financial Plan.
6. Water Utility rate increase of 5.50% per year; Sewer Utility rate increase of 4.60% per year.
7. Recycling Rate increase of 2.75% per year for each year in the Financial Plan. \*\*\*
8. Growth costs as detailed on page 10 of the Financial Overview Report.
9. Incremental Adjustments as outlined on page 11 of the Financial Overview Report.
10. Capital Works Program totaling \$18.2 million in 2014, \$30.1 million in 2015, \$27.2 million 2016, \$20.7 million in 2017 and \$21.3 million in 2018. \*\*\*\*
11. Cost and revenue adjustments from pages 24-26 of the Financial Overview Report, which reconciles the 2013-2017 Financial Plan with the 2014-2018 Financial Plan.

\* Property Tax increases for General Purposes have been amended to 1.90% for 2014 and 1.92% for 2015 as noted on page 5.

\*\* Growth in property taxes was 2.05% in 2014 and the expected growth for 2015 has been amended to 1.00% as discussed on page 6.

\*\*\* Recycling rates have been held constant for 2014 and 2015 due to the Multi-Materials BC contract as noted on page 19.

\*\*\*\* The Capital Program has been updated and is discussed on pages 27-34.

## GENERAL INFORMATION

### Public Input

Each year we invite citizens and stakeholders to provide comment on the Financial Plan. The first opportunity comes in the spring, when Council adopts guidelines that will direct staff in the preparation of the Financial Plan. The second opportunity is in November/December, when Council formally considers the proposed Financial Plan. The last several years have included the live streaming of overview information followed by a Q&A period.

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

- e-mail, addressed to: [budget@mapleridge.ca](mailto:budget@mapleridge.ca)
- voice mail, Budget Hotline: 604-467-7484
- in writing, addressed to:  
Paul Gill, Chief Financial Officer  
City of Maple Ridge  
11995 Haney Place  
Maple Ridge, BC V2X 6A9

### Adoption Procedure

The Community Charter requires that Council adopt a Five-Year Financial Plan (or budget) each year prior to adopting the annual property tax bylaw. The purpose of the Five-Year Financial Plan is to provide a budgetary framework for the City to plan and manage its resources, revenues and expenditures in order to best serve the community. The first year of the Plan is the City's current year, while the following years provide a guideline, incorporating the City's various long-term plans and strategies.

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

