



City of Pitt Meadows

2017 Financial Plan Workshop
Special Council – October 25, 2016



2017 Financial Plan Workshop

Agenda

- Purpose of Today's Workshop
- Financial Planning Process
- Budget Facts & Figures
- 2017 Capital Budget
- 2017 Operating Budget
- Financial Opportunities and Challenges
- Next Steps
- Opportunity for Questions & Comments



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Purpose of Today's Workshop

- To provide:
 - Context for Council Budget Deliberations
 - Information for decision making purposes during the budget finalization meetings in January
- No decisions are required



Financial Planning Process



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Financial Planning Process

- Guidelines Set & Budget Packages Distributed – Jun 2016
- Capital & Operating Budgets Drafted by Departments – Jul/Aug 2016
- Finance Department Budget Review – Sep 2016
- Corporate Leadership Team Review – Oct 2016
- **Budget Workshop – Oct 25, 2016**
- **2016 8-Month Budget Review – Oct 25, 2016**
- Business Plan Presentations & Public Input – Dec 7 & 12, 2016
- Budget Deliberation by Council & Public Input – Jan 11/12, 2017
- Final Presentation to Council & Public Input – Feb 2, 2017
- Financial Plan Bylaw – Three Readings – Mar 7, 2017
- Financial Plan Bylaw – Adoption – Mar 21, 2017

Note - All presentations are advertised and are open for public attendance



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Financial Planning Process

1. Budget Guideline Document
2. Budget Executive Summary
3. Excel Budget Documents
4. Asset Management Plans – Underway
5. Asset Condition Assessments – Underway



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- **Budget Guideline Principles:**

1. Business Plans must align with Corporate Strategic Plan
2. Base budgets were prepared to match existing services levels
3. Cost increases in excess of inflation will be highlighted to Council
4. New or enhanced service levels require a Decision Package
5. Capital plans balance replacement needs, funding constraints & reserves` long-term health



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- **Budget Guideline Principles – (cont'd):**
 6. Increased annual provisions to reserves will continue
 7. Only conservative & sustainable revenues will be incorporated
 8. Taxation from new construction (growth) allocation method
 9. Debt used as a last option



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Financial Planning Process



- Budget Approach:
 - Approach: Zero-based budgeting (from the ‘ground-up’)
 - Review: Contemplate spent versus budget amount for last 3 years
 - Involve: Staff at all levels



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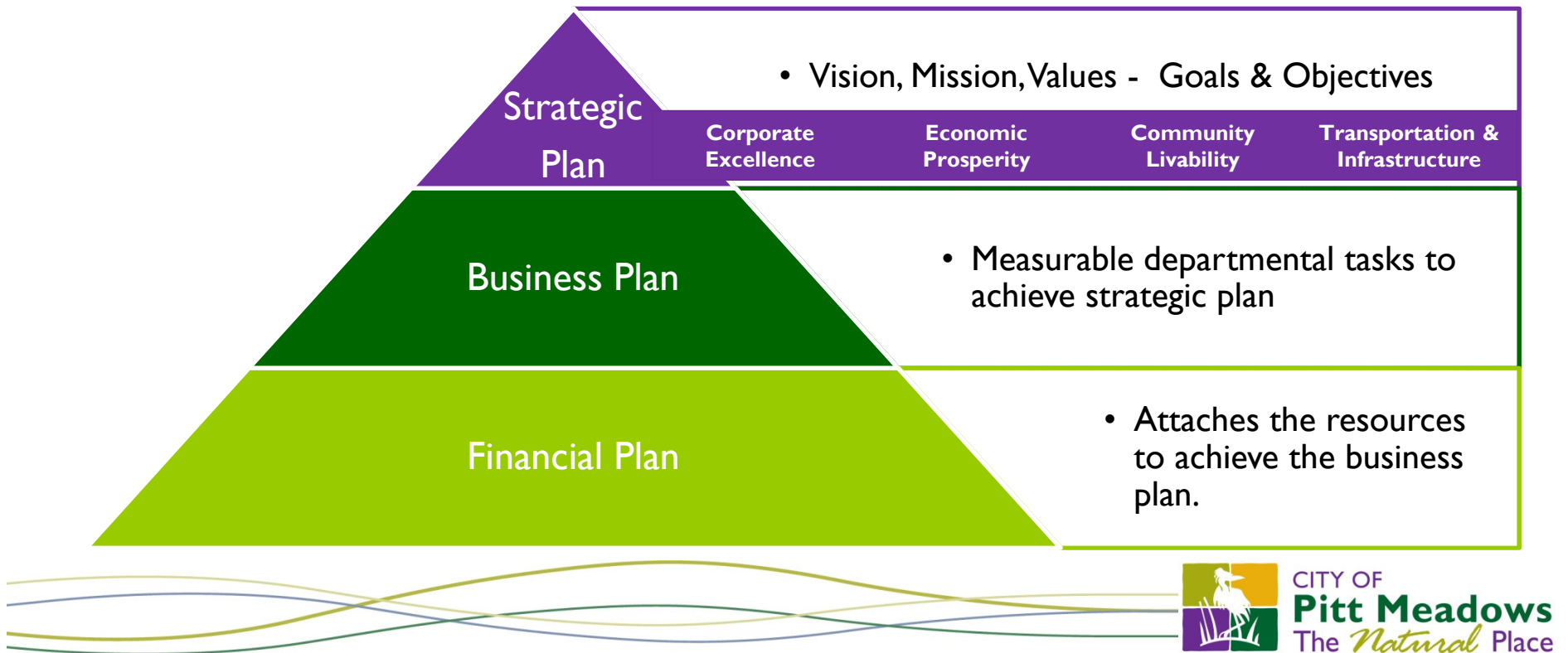
- **Budget Approach:**

- Ask: Is this the best way of doing business? Is this process still required?
- Ask: Would it be more economical to hire someone or pay a contract fee?
- Ask: Would a multi-year contract be more economical than buying when needed?
- Ask: Would two departments benefit by working together?
- Ask: Could this service be shared with another municipality or agency?
- Ask: Are fees competitive and/or reasonable?
- Ask: Are cost recovery fees high enough to recover all costs?
- Ask: Is this a new or enhanced service level?



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Financial Planning Process



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Provision of Services → Budget Driver

- **Essential Services:**

- Police, Fire, Water, Sewer, Drainage, Diking, Roads

- **Priority Services:**

- Parks, Recreation, Library, Bylaw Enforcement, Licensing, Arts, Culture, Heritage, Planning, Garbage/Recycling, Environmental/Sustainability Management

- **Support Services:**

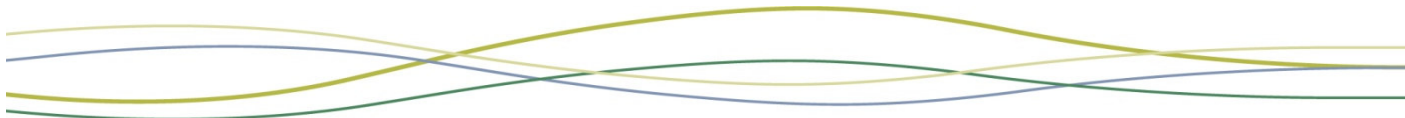
- Communications, Human Resources, Payroll, Finance, Administration, Legislative Services, Information Technology, Facilities



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Financial Planning Process – Governed by a Legislated Process

- **Municipal Purpose (Community Charter, Section 7)**
 - Provide good government
 - Provide services, laws and other matters for community benefit
 - Provide stewardship of public assets
 - Foster economic, social and environmental well-being of community
- **Financial Plan (Community Charter, Section 165)**
 - Adopt a 5-Year Plan (can be amended anytime during the year)
- **Annual Property Tax Bylaw (Community Charter, Section 197)**
 - Tax rates adopted by bylaw before May 15, 2017
 - Authority to levy taxes on properties to allocate funding for services
- **Public Consultation Process (Community Charter, Section 166)**
 - Ensures the public have the opportunity to comment





Questions, Comments, Suggestions

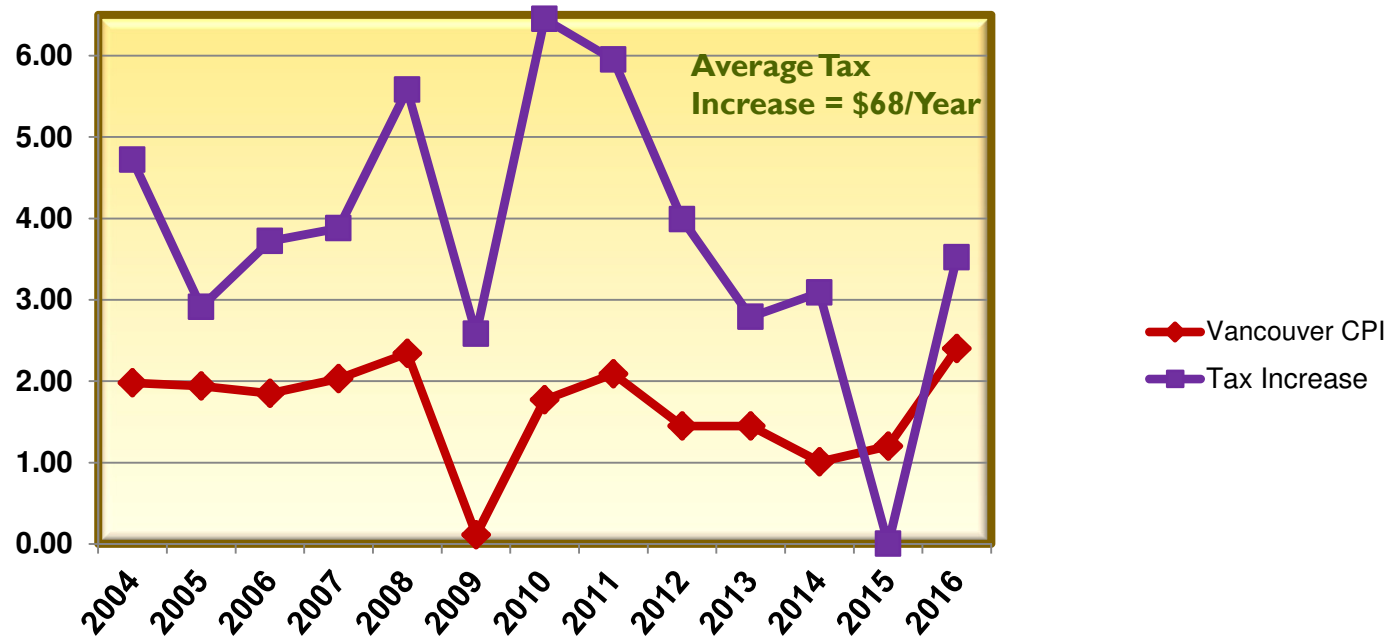


Budget Facts & Figures



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Budget Facts & Figures – Tax Increases 2004 - 2016



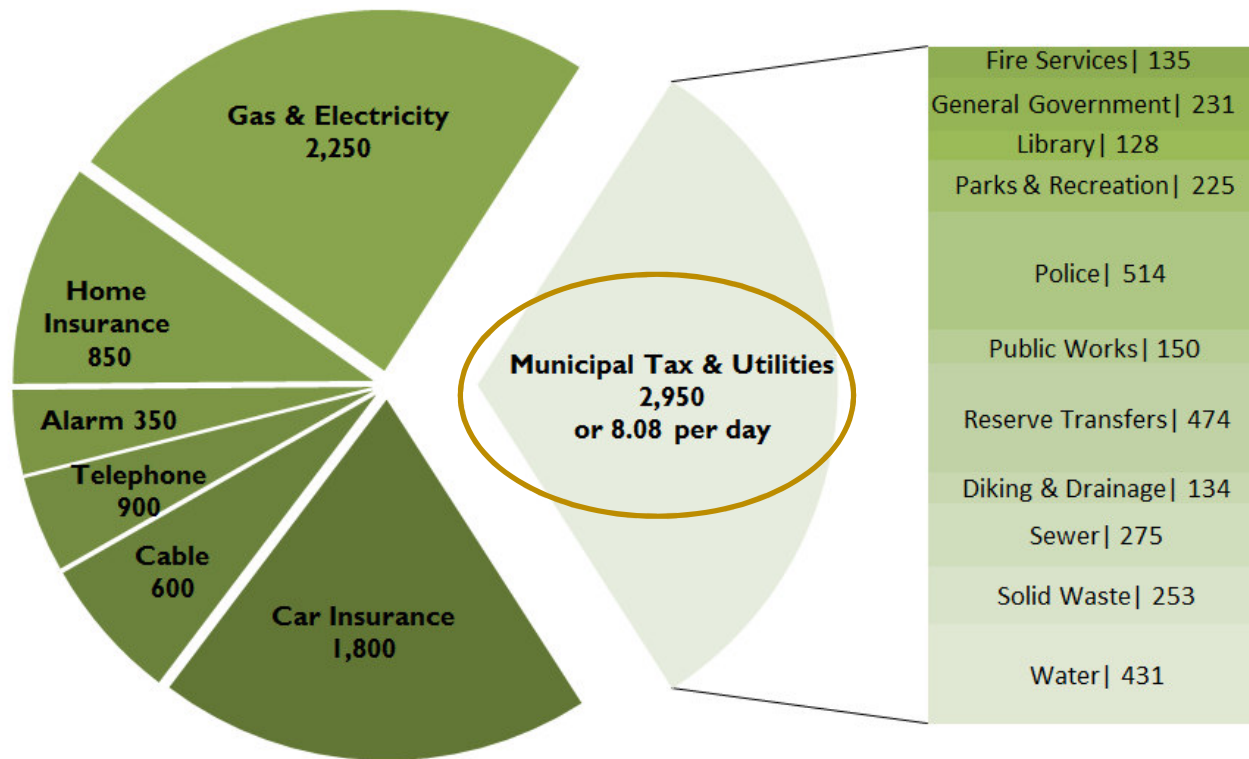
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Budget Facts & Figures – New / Improved Services Since 2004

Department	New / Improved Services		
Parks & Recreation	<ul style="list-style-type: none"> •Independent Service Model •Sth Bonson Cmnty Centre •Arena •Senior centre 	<ul style="list-style-type: none"> •Rehabilitated Harris pool •Harris skateboard park •Artificial turf field •Community gardens 	<ul style="list-style-type: none"> •Spirit Square •New parks (McLean / Waterfront Parks) •Recreation centre expansion •Recreation centre underground parkade
Transportation	<ul style="list-style-type: none"> •Built Airport Way 	<ul style="list-style-type: none"> •Replaced Harris Rd North Alouette Bridge •Replaced Kennedy Rd Katzie Slough Bridge 	<ul style="list-style-type: none"> •Active transportation (bike lanes, trails, crosswalks, sidewalks)
Communications	<ul style="list-style-type: none"> •Civic Engagement & Communications Manager 	<ul style="list-style-type: none"> •Outreach events (townhalls, home show) •Community engagement 	<ul style="list-style-type: none"> •Digital media (web-site, twitter, facebook)
Arts & Culture	<ul style="list-style-type: none"> •Library 	<ul style="list-style-type: none"> • Arts, Heritage & Culture Co-ordinator 	
Fire	<ul style="list-style-type: none"> •Paid-on-call services 	<ul style="list-style-type: none"> •2 career full-time members •1 Assistant Chief 	<ul style="list-style-type: none"> •Fire Hall renovation and addition
Police	<ul style="list-style-type: none"> •City reached 15,000 people - costs went to 90% from 70% 		<ul style="list-style-type: none"> •New community police office
Other	<ul style="list-style-type: none"> •Bylaw officer •Hazardous spill response •Environmental Stewardship Officer-enforcement, inspections, awareness 	<ul style="list-style-type: none"> •Invasive weed control •Emergency preparedness coordinator •Works yard expansion •Open Government Citizens Committee 	<ul style="list-style-type: none"> •City hall renovation (Meadows Room) •On-line access (home owner grant, payments) •Health & safety coordinator

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Budget Facts & Figures – Service Value (2016)



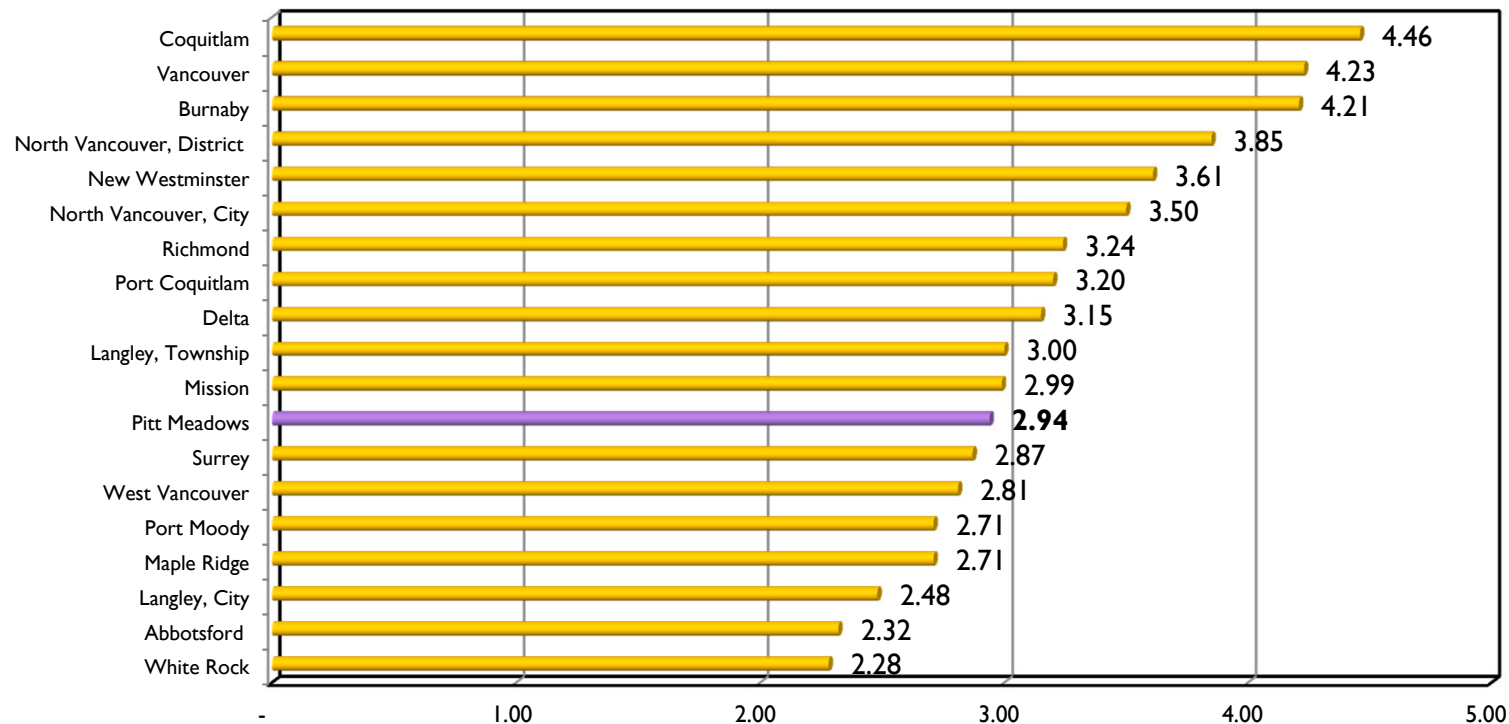
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Budget Facts & Figures –2016 SF Residential Tax Comparison

Municipality	Taxes	Utilities	Total Charges
West Vancouver	4,288	1,721	6,009
North Vancouver District	2,687	1,542	4,229
New Westminster	2,835	1,319	4,154
White Rock	3,248	833	4,081
Port Moody	3,015	1,037	4,052
Vancouver	2,830	1,198	4,028
North Vancouver City	2,556	1,128	3,684
Burnaby	2,447	1,184	3,631
Coquitlam	2,460	1,165	3,625
Richmond	2,383	1,077	3,460
Maple Ridge	2,205	970	3,175
Port Coquitlam	2,253	915	3,168
Delta	2,279	864	3,143
Langley Township	1,942	1,184	3,126
Surrey	1,891	1,195	3,086
Langley City	1,959	922	2,881
Pitt Meadows	1,857	1,020	2,877

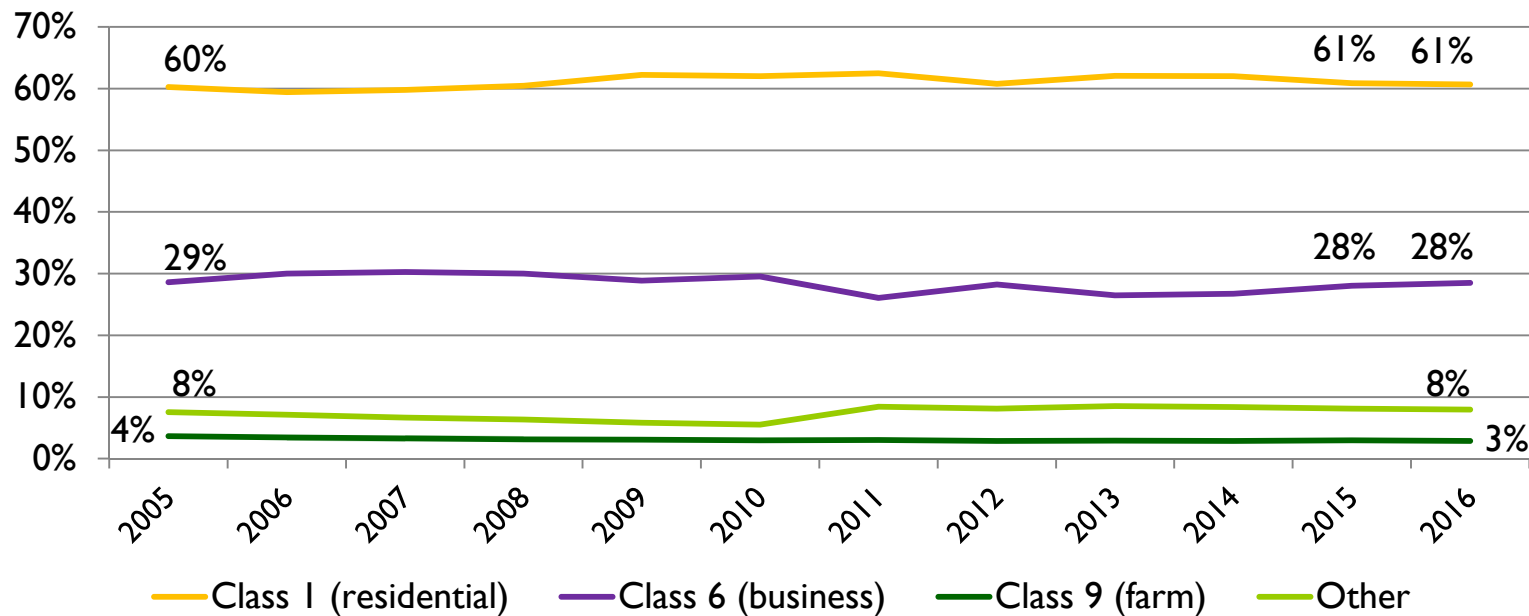
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Budget Facts & Figures — 2016 Business to Residential Tax Ratio



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Budget Facts & Figures – Allocation of Tax Burden Over Time



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Budget Facts & Figures – Growth

Year	Population	Growth %	1% Tax Equates to	Growth (\$)
2005	15,812	8.27%	87,000	719,800
2006	(Census) 16,302	6.09%	95,200	579,700
2007	16,557	4.23%	102,400	433,300
2008	17,387	6.04%	113,100	682,900
2009	17,875	2.02%	119,900	242,000
2010	18,054	2.26%	124,800	282,200
2011	(Census) 18,282	0.37%	132,900	48,600
2012	18,457	3.51%	146,500	514,700
2013	18,640	0.84%	150,700	-126,300
2014	18,673	1.51%	156,000	235,700
2015	19,652	2.99%	167,000	500,000
2016	(estimate) 20,000	2.06%	168,000	346,800
2017	(estimate) 20,000	1.69%	177,000	300,000

\$ 532,000 5-Year Average

\$ 251,000 5-Year Average

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Budget Facts & Figures – Reserve Balances 2007-2015

Year	Operating	Capital	Current Year Surplus	Development Cost Charges		Total
2007	3,252,000	12,795,000	273,000	6,714,000		23,034,000
2008	2,280,000	12,590,000	731,000	4,502,000		20,103,000
2009	2,988,000	11,418,000	908,000	2,876,000		18,190,000
2010	1,984,000	11,089,000	72,000	3,464,000		16,609,000
2011	1,938,000	9,680,000	485,000	4,029,000		16,132,000
2012	1,958,000	13,339,000	207,000	4,581,000		20,085,000
2013	2,898,000	13,285,000	14,000	5,544,000		21,741,000
2014	2,572,000	14,166,000	63,000	6,558,000		23,359,000
2015	3,026,000	16,852,000	136,000	7,738,000		27,752,000
Average	2,544,000	12,802,000	321,000	5,112,000		20,778,000

Historical Value of City Assets = \$246 Million



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Budget Facts & Figures – Assets

Description	Buildings	Vehicles & Equip	Roads	Diking	Other	Land	Subtotal	Utilities	Total
STATS (millions):									
Depreciated or Net Remaining Value	21.3	4.1	23.9	12.0	11.5	51.3	124.1	50.1	174.2
Original Value	34.2	10.6	44.8	12.0	15.8	51.3	168.7	77.8	246.5
Replacement Value	64.2	12.2	74.5	n/a	19.0	n/a	169.9	209.0	378.9
Annual Usage (Depreciation)	1.2	0.8	1.3	0.0	0.5	n/a	3.8	1.4	5.2
FUNDING GAP (millions):									
Annual Replacement	2.2	1.3	2.6	n/a	0.7		6.8	3.5	10.3
Annual Asset Funding - 2016	1	0.7	1.2	0	0.7		3.6	2.2	5.8
Annual Infrastructure Funding Gap	1.2	0.6	1.4	n/a	0		3.2	1.3	4.5

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Budget Facts & Figures – Tax Classes - 2016

Class Description	Tax Class	#	Tax Rate Per \$1,000	Net Taxable Values (\$)	Revenue (\$)	(%)	Ratio
Residential	1	7,260	3.6446	2,956,680,802	10,775,919	60.68	1.00
Utilities	2	41	35.7334	6,673,480	238,466	1.34	9.80
Major Industry	4	2	36.9154	3,567,000	131,677	0.74	10.13
Light Industry	5	37	15.5998	51,933,700	810,155	4.56	4.28
Business & Other	6	226	10.6909	473,447,378	5,061,579	28.50	2.93
Recreation/Non Profit	8	54	9.9139	23,634,500	234,310	1.32	2.72
Farm	9	467	29.4343	17,236,417	507,342	2.86	8.08
TOTALS				3,533,173,277	17,759,448	100%	



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Questions, Comments, Suggestions



2017 Capital Budget



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Capital Budget – Equipment Replacement Reserve

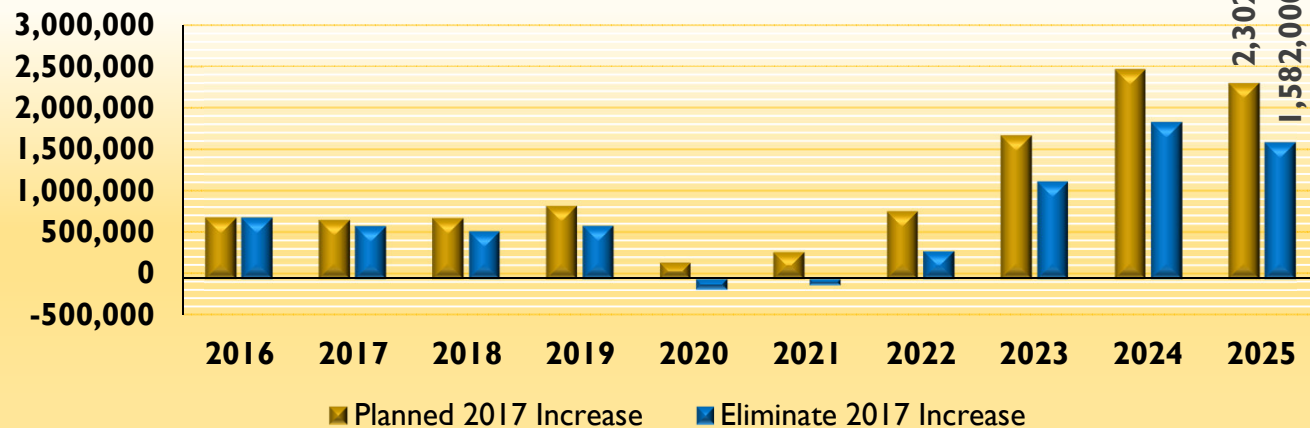
Description	Amount
What We Are Saving (2017 increase = \$80.7 K or 0.46%)	\$740,000
Interest Savings – Yes (estimate)	7,000
What We are Saving For:	
Significant Project – Fire Hub Mack Engine (2020)	-725,000
Significant Project – Fire Hub FL80 Rescue (2019)	-350,000
Significant Project – Recreation Facilities Equipment (2017 to 2021)	-326,000
Significant Project – SCBA Equipment (2018)	-305,000
Significant Project – Library Self Check-in Unit Replacement (2019)	-240,000
Significant Project – Website Refresh (2017)	-125,000
Balance – Minimum 5-Year Plan (2020)	135,000
Balance – Maximum 5-Year Plan (2019)	723,000
Purpose – To provide annual funds for the replacement of machinery, equipment and vehicles at the end of their useful life	

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Capital Budget – Equipment Replacement Reserve Balance

Planned 2017 Tax Increase = \$80,700 or 0.46%; 2025 Balance > \$720,000

Replacement Value (estimate) = \$12,000,000



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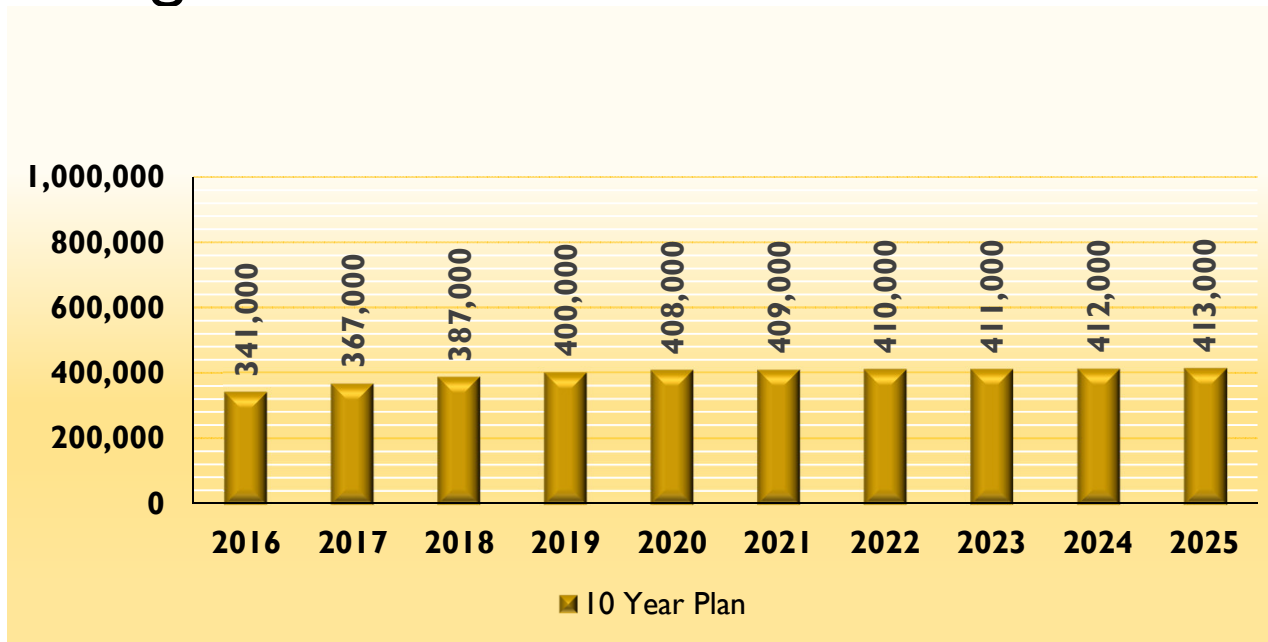
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Capital Budget – Arena Reserve

Description	Amount
What We Are Saving (2017 increase = \$0K or 0.00%)	\$80,000
Arena Operations	88,500
Arena Operating Results	29,500
Interest Savings – Yes (estimate)	3,000
What We are Saving For:	
Significant Project – Upgrade Dasher Boards (2017, 2020, 2021)	-320,000
Significant Project – Ice Resurfacer Replacement (2019)	-115,000
Significant Project – Facility Painting (2017, 2018, 2019, 2020)	-74,500
Significant Project – Installation of Tiles on Shower Walls (2017, 2018)	-60,000
Balance – Minimum 5-Year Plan (2017)	367,000
Balance – Maximum 5-Year Plan (2021)	409,000
Purpose – To provide annual funds for the maintenance and repair of the arena facility, as well as equipment replacement	

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Capital Budget – Arena Reserve Balance



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Capital Budget – Development Cost Charges

Description	Amount
What We Are Saving DCC's (Estimate for Drainage, Roads, Parks)	\$180,000
Interest Savings – Yes (estimate)	81,000
What We are Saving For:	
Significant Project – Drainage: Meadow Gardens Storm Sewer (2020)	-110,200
Significant Project – Minor Roads: Fraser Way Upgrade (2019)	-445,500
Significant Project – Minor Roads: Bonson Rd (North) Asphalt Lift (2017)	-233,500
Significant Project – Parks: Water Play Park – Recreation Centre (2021)	-198,000
Significant Project – Parks: Additional Community Garden (2019)	-148,500
Significant Project – Parks: Land Acquisition & Improvements (2021)	-2,212,800
Balance – Minimum 5-Year Plan (2021)	5,781,000
Balance – Maximum 5-Year Plan (2018)	8,127,000
Purpose – To provide funding for new infrastructure resulting from growth.	

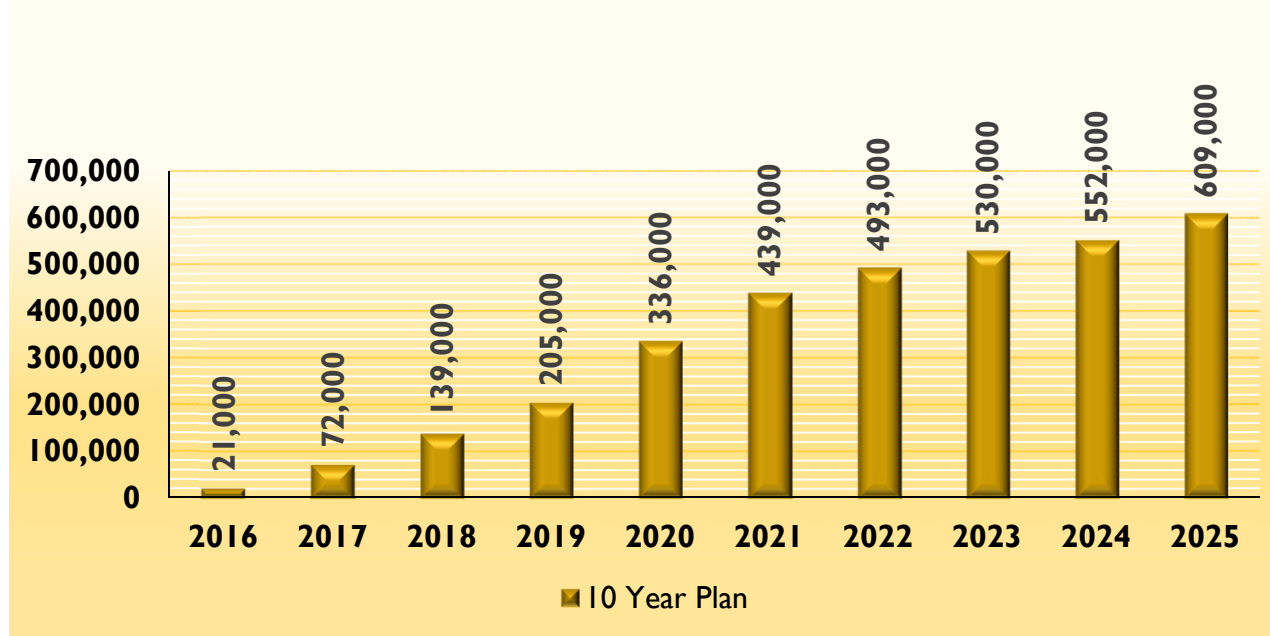
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Capital Budget – Art in Public Spaces Reserve

Description	Amount
What We Are Saving (Transfer from Future Capital Reserve)	\$70,000
Interest Savings – Yes (estimate)	400
What We are Saving For:	
Arts and Culture Plan (2017)	-20,000
Balance – Minimum 5-Year Plan (2017)	72,000
Balance – Maximum 5-Year Plan (2021)	439,000
Purpose – To provide funds for Art in Public Spaces	

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Capital Budget – Art in Public Spaces Reserve Balance



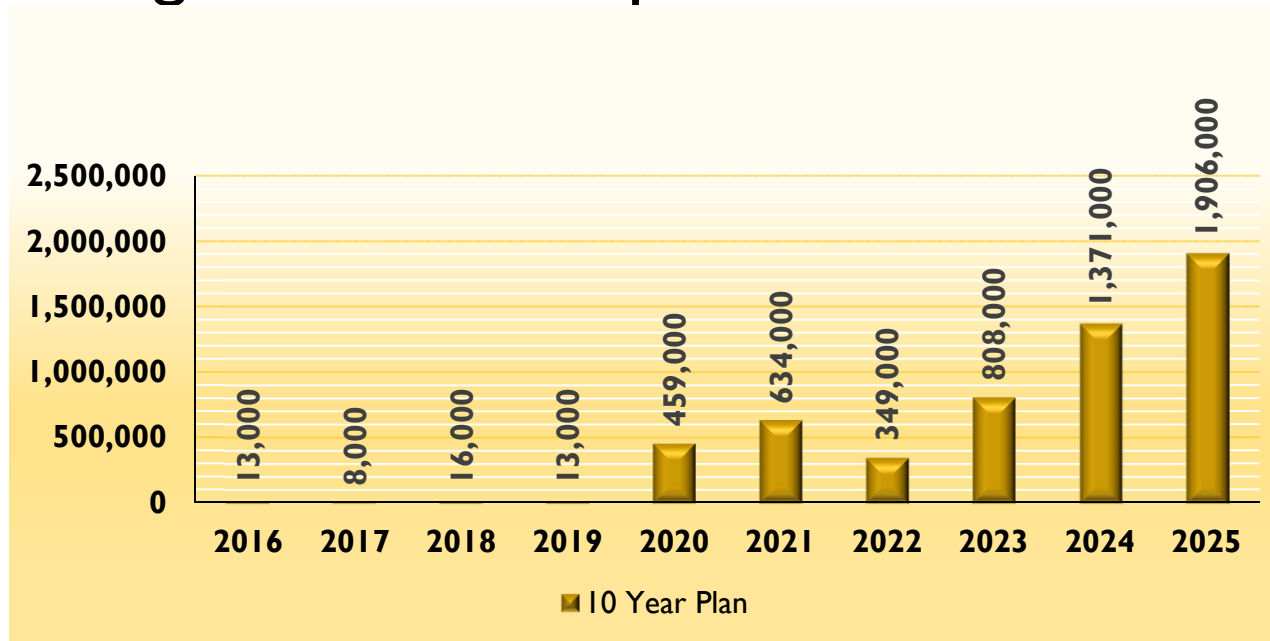
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Capital Budget – Future Capital Reserve

Description	Amount
What We Are Saving (2017 increase = \$0K or 0.00%)	\$575,000
Interest Savings – Yes (estimate)	0
What We are Saving For:	
Transfer to Art in Public Spaces Reserve (2017 to 2021)	-436,000
Significant Project – Works Yard Office Expansion (2017) Decision Package	-340,000
Significant Project – Parks Equipment Storage (2017) Decision Package	-100,000
Significant Project – BPLiTS Billing, Permitting, Licencing, Tax Software (2017) balance of 3 year project	-70,000
Significant Project – Water Play Park-Rec Centre (2021)	-202,000
Significant Project – Pickleball Courts (2017) Decision Package	-50,000
What We are Borrowing Internally (Sewer Reserve 2016, 2017; repay in 2018, 2019)	1,010,000
Balance – Minimum 5-Year Plan (2017)	8,000
Balance – Maximum 5-Year Plan (2021)	634,000
Purpose – To provide funds for capital expenditures, primarily emergency or strategic in nature.	

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Capital Budget – Future Capital Reserve Balance



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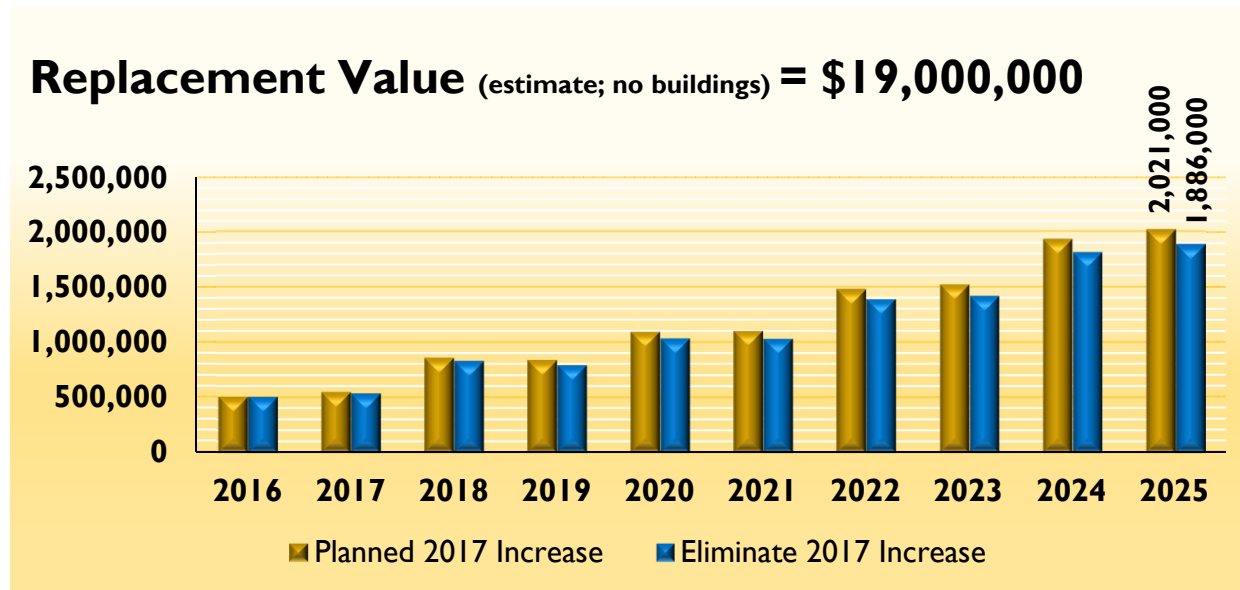
Capital Budget – Life Cycle Reserve: **General**

Description	Amount
What We Are Saving (2017 increase = \$15K or 0.08%)	\$666,000
Facility Lease Revenue (Struthers, Akasaka, Daycare)	28,000
Interest Savings – Yes (estimate)	5,000
What We are Saving For:	
Significant Project – Maintenance: Recreation Facilities annually (2017-2021)	-160,000
Significant Project – Maintenance: Municipal Bldgs annually (W/Yard, Fire Hall, Munic. Hall, CPO, Arena) (2017-2021)	-100,000
Significant Project – Maintenance: Parks Infrastructure annually (2017-2021)	-145,000
Significant Project – Harris Road Water Play Park (2017)	-225,000
Significant Project – Pitt Meadows Athletic Sports Field Renovation (2019)	-350,000
Significant Project – Harris Park S. Sports Field Renovation (2021)	-350,000
Balance – Minimum 5-Year Plan (2017)	550,000
Balance – Maximum 5-Year Plan (2021)	1,106,000
Purpose – Annual funds for facility asset maintenance , repair & replacement	

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Capital Budget – Life Cycle Reserve Balance – **General**

Planned 2017 Tax Increase = \$15,000 or 0.08%; 2025 Balance > \$135,000



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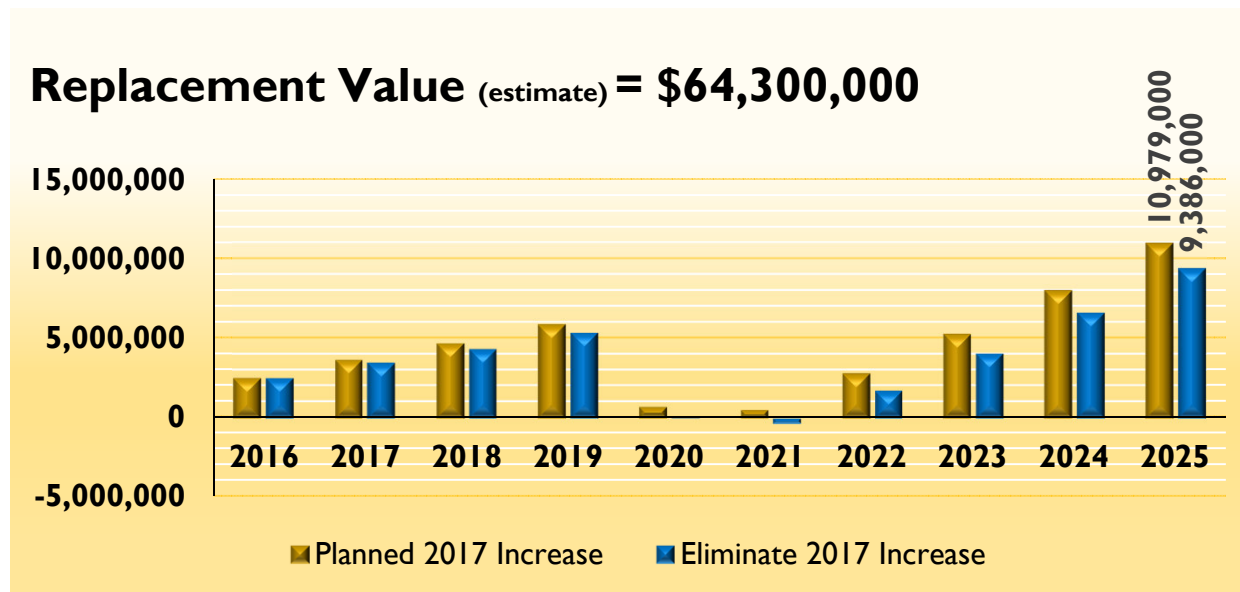
Capital Budget – Life Cycle Reserve: **Buildings**

Description	Amount
What We Are Saving (2017 increase = \$177K or 1%)	\$1,144,000
Interest Savings – Yes (estimate)	37,000
What We are Saving For:	
Significant Project – Main Fire Hall Replacement (2017 to 2021) Decision Package	-10,000,000
Balance – Minimum 5-Year Plan (2021)	501,000
Balance – Maximum 5-Year Plan (2019)	5,868,000
Purpose – Annual funds for building replacement only	

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Capital Budget – Life Cycle Reserve Balance – **Buildings**

Planned 2017 Tax Increase = \$177,000 or 1%; 2025 Balance > \$1.6 million



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Capital Budget – Life Cycle Reserve: **Gas Tax**

Description	Amount
What We Are Saving (Community Works Fund Agreement)	\$105,000
Interest Savings – Yes (estimate)	3,000
What We are Saving For:	
Significant Project – (direction for use needed from Council)	0
Balance – Minimum 5-Year Plan (2017)	421,000
Balance – Maximum 5-Year Plan (2021)	885,000
Purpose - Funding for planning and revitalizing tangible capital assets.	



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Capital Budget – Life Cycle Reserve Balance – **Gas Tax**



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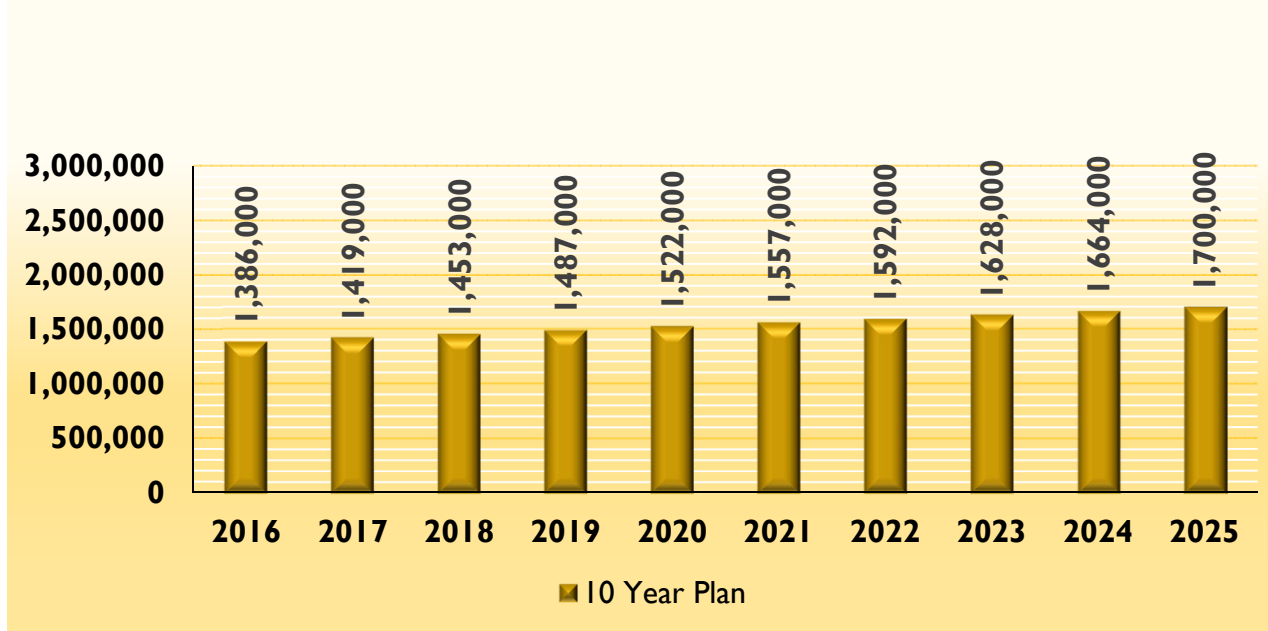
Capital Budget – Parkland Acquisition Reserve

Description	Amount
What We Are Saving (Development Fees - 5% cash-in-lieu of park dedication)	\$20,000
Interest Savings – Yes (estimate)	13,000
What We are Saving For:	
Significant Project – None Identified	0
Balance – Minimum 5-Year Plan (2017)	1,419,000
Balance – Maximum 5-Year Plan (2021)	1,557,000
Purpose – To provide funding for parkland acquisitions.	



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Capital Budget – Parkland Acquisition Reserve Balance



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Capital Budget – Transportation Reserve

Description	Amount
What We Are Saving (2017 increase = \$0K or 0.11%)	\$1,150,000
Interest Savings – Yes (estimate)	22,000
What We are Saving For:	
Significant Project – Hammond Rd Overlay Bonson to Katzie; Arena Parking Lot Repave (2017,2018)	-540,000
Significant Project – Katzie Slough Bridge – Harris Rd (2017,2018)	-850,000
Significant Project – McKechnie Rd Repave, ODT to Connecting; Ford Rd, Woolridge to W/End Repave (2018,2019)	-748,000
Significant Project – Ladner Rd Bridge (2018,2019)	-712,500
Significant Project – Rannie Road Repave; Thompson Road Repave (2017,2018)	-925,000
Significant Project – Hale Rd Repave, Cranberry to Dike; Middleton Rd Repave (2020)	-550,000
Significant Project – Park Road Repave (2021)	-450,000
Balance – Minimum 5-Year Plan (2019)	684,000
Balance – Maximum 5-Year Plan (2017)	1,641,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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Capital Budget – Transportation: Road Use Levies

Description	Amount
What We Are Saving (Levies - Estimate)	\$425,000
Interest Savings – Yes (estimate)	10,000
What We are Saving For:	
Significant Project – Neaves Rd Pavement Repair (2020)	-400,000
Significant Project – Ladner Rd Bridge (2018,2019); Ladner Rd Repave Rannie to Middleton (2019)	-537,500
Significant Project – Neaves Rd Bike Lanes (2017,2018)	-450,000
Balance – Minimum 5-Year Plan (2017)	932,000
Balance – Maximum 5-Year Plan (2021)	1,516,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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Capital Budget – Transportation Reserve & RUL Balance

Planned 2017 Tax Increase = \$0k or 0.0%

Replacement Value (estimate) = \$74,000,000



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Capital Budget - Summary

- **General Comments:**
 - Ascertain optimum funding levels for asset maintenance and replacements
 - Develop Asset Management Plans: Sewer/Buildings completed (2015); Remaining Plans (2016)
 - Prepare Condition Assessment (2016/2017)
 - Implement new software system to provide historic data and analytics
 - Arena Reserve
 - Acknowledged to fund annual maintenance NOT major components or building replacements
 - Profit forecast of Arena operations permits removal of further tax increases
 - Development Cost Charges
 - Parks DCC Bylaw updated (2015)
 - Remaining DCC Bylaws (2017)



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Capital Budget - Summary

- **General Comments:**
 - Future Capital Reserve
 - Funding challenges in early years – internal borrowing from the Sewer Reserve
 - Internal borrowing is permitted by legislation with conditions:
 - Funds are not needed by “Lending” Reserve for which the funds were collected
 - Lending Reserve is repaid with interest
 - Provided there is a recovery plan for the “Borrowing” Reserve
 - Annual taxation funding not increasing (\$575K)
 - Funds from later years – consider reallocation for building replacements (\$2million – 2025)



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Capital Budget - Summary

- General Comments:

- Life Cycle Reserve

- Contains three designations: General Maintenance; Building Replacements; Gas Tax
 - 1% asset levy very important – manages building replacements (replacement value \$64M)
 - Main Firehall replacement (\$10M 2017-2021)
 - Small balances begin to build slowly over 10 year plan (\$9.4M-2025)
 - Reserve not sufficient to meet projected building maintenance, upgrade & replacement needs
 - Significant demand on reserve will continue to increase as infrastructure ages
 - Supplemental funding sources are possible – debt financing, provincial/federal grants
 - Council direction needed for use of Gas Tax funds



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Capital Budget - Summary

- General Comments:

- Parkland Acquisition Reserve

- According to 2010 Parks Master Plan & 2015 Parks DCC Bylaw Update;
 - Sufficient Quantity : Neighbourhood & Municipal Parks
 - **Deficient:** Quantity: Community Parks
 - Funds can be used for Community Parks – Example: sports field land acquisition
 - Reserve can augment DCC's collected from developers

- Transportation Reserve

- Builds to what 'appears' to be a large # (\$8.7 million) in 2025
 - However, City has high lane kilometers so pavement funding won't go far
 - Data from Asset Management Plans, Condition Assessments and 40-Year Transportation Plan needs to be incorporated into the Capital Plan to create better projections



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Capital Budget – Key Messages

1. 1% Building Replacement Asset Levy – very important
2. Deposit remaining South Bonson land sales proceeds (\$3.2M) to:
 - Life Cycle Reserve to fund eventual building replacement or
 - Utilize to fund the Pitt Polder pump station if a grant does not materialize or
 - Provide funding for sports field amenities in South Bonson
3. Need Council to undertake a building replacement prioritization process
 - Following completion of condition assessments and replacement of Firehall
4. Building reserves is a good thing because they:
 - Reduce long-term costs
 - Allow for proper asset management and
 - Ensure sustainable City services
5. Leverage land whenever possible; avoid selling to:
 - Benefit by an appreciating asset
 - Provide increased flexibility for new/enhanced service level opportunities
6. Seek opportunities to purchase land to provide enhanced service opportunities



*Questions, Comments, Suggestions and
Short Intermission*



2017 Operating Budget



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2017 Operating Budget

Proposed Tax Increase 2.76%

– Operational	1.08%
– Reserve Savings	0.68%
– Asset Replacement	<u>1.00%</u>
– Total	2.76%



2017 Financial Plan Workshop

Operating Budget – Summary



Description	Amount	Tax \$	Tax %	Comment
Taxes from New Development - Growth	(\$356,800)	(\$37.17)	-2.01%	2017 (\$300K - estimate); Additional 2016 (\$56.8K - actual)
Pending Property Tax Appeals	32,000	3.33	0.18%	BC Assessment Authority Supplemental Appeals (estimate)
Corporate Revenue & Expense Changes	33,300	3.47	0.19%	Port PILT; Utilities Admin Charge; Other
Operating Reserve Changes	25,000	2.60	0.14%	Development Revenue Subsidy
Capital Reserve Changes	272,700	28.41	1.54%	Building Repl. (Asset Mgmt); Equipment Repl.; Lifecycle
Corporate Finances Subtotal	6,200	0.65	0.04%	
Parks & Recreation	79,000	8.23	0.45%	Planned Increase-Cost of Living; Steps; Utilities, Supplies, Svcs
Department Revenue Changes	(73,800)	(7.69)	-0.42%	Development Revenues; Billboard Advertising; Fees
Operating Reserve Changes	130,100	13.55	0.74%	Dev Revenue Stabilization; Business Analyst; MRN
Salaries & Benefits	134,000	13.96	0.75%	Cost of Living; Steps (excl Parks & Recreation)
Other Expenses	50,100	5.22	0.28%	Fire Radio Tower; POC 8 add'l members; Legal
City Departments Subtotal	319,400	33.27	1.80%	
Library	58,800	6.12	0.33%	
Police - RCMP	104,500	10.89	0.59%	
Service Delivery Partners Subtotal	163,300	17.01	0.92%	Contractual commitments
Total	\$488,900	\$50.93	2.76%	

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Operating Budget – Corporate Finance Drivers



Description	Amount	Tax \$	Tax %	Comment
GROWTH:				
Taxes from New Development	(\$300,000)	(\$31.25)	-1.69%	2017 (estimate)
Taxes from New Development	(56,800)	(5.92)	-0.32%	2016 - additional (actual)
Taxes from New Development	32,000	3.33	0.18%	BC Assessment Authority supplemental appeals (estimate)
Subtotal	(\$324,800)	(\$33.83)	-1.83%	
REVENUE & EXPENSES:				
Admin Allocation to Utilities	(12,000)	(1.25)	-0.07%	Analysis reflects appropriate salary & non-salary allocation to utilities
Position Vacancy Savings	40,000	4.17	0.23%	Reduce reliance on not filling vacant positions (160K to 120K))
Other	5,300	0.55	0.03%	% Utility, PILT, Fees, Other
Subtotal	\$33,300	\$3.47	0.19%	
OPERATING RESERVES:				
Development Revenue Subsidy	\$25,000	\$2.60	0.14%	Phase out Operating Reserve Funding (\$25K to \$0)
CAPITAL RESERVES:				
Building Replacement	177,000	18.44	1.00%	Funds existing buildings: Planned increase \$967K to \$1.144M
Lifecycle	15,000	1.56	0.08%	Maintain & minor upgrades of existing buildings: Planned increase \$651K to \$666K
Equipment Replacement	80,700	8.41	0.46%	Maintain & replace existing vehicles & equipment: \$659.3K to \$740K
Subtotal	\$272,700	\$28.41	1.54%	
TOTAL CORPORATE FINANCE	\$6,200	\$0.65	0.04%	

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Operating Budget – City Departments Drivers



Description	Amount	Tax \$	Tax %	Comment
DEPARTMENT REVENUES				
Development Revenues	(31,000)	(3.23)	-0.18%	Onetime surplus revenues to be transferred to Dev Revenue Stabilization Reserve
Billboard Advertising	(35,000)	(3.65)	-0.20%	Increase in revenues
Fees and Permits	(7,800)	(0.81)	-0.04%	Increased slightly to match sustainable levels
Subtotal	(73,800)	(7.69)	-0.42%	
OPERATING RESERVES				
Development Revenue Stabilization	45,000	4.69	0.25%	Phase in declining development revenues (net impact \$14K ie \$45K-\$31K)
Operating Reserve	45,000	4.69	0.25%	Business Analyst year 3 of 3 funding phase in from reserve (from 25% to 0%)
Operating Reserve	43,000	4.48	0.24%	MRN operating budget correction (from \$43K to \$0K)
Operating Reserve	(15,000)	(1.56)	0%	Radio tower emergency repair contingency
Other	12,100	1.26	0.07%	
Subtotal	130,100	13.55	0.74%	



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Operating Budget – City Departments Drivers (Cont'd)



Description	Amount	Tax \$	Tax %	Comment
SALARIES:				
Parks & Rec Salary & Benefits *	54,600	5.69	0.31%	Parks & Recreation CUPE & exempt contractual agreements
Salary & Benefits	134,000	13.96	0.76%	Other Departments CUPE, IAFF & exempt contractual agreements
Subtotal	188,600	19.65	1.07%	
OTHER EXPENSES:				
Parks & Recreation *	24,400	2.54	0.14%	Utilities, supplies, contracted services
Fire Radio System	21,200	2.21	0.12%	Hydro service to the repeater site including \$15,000 emergency repair contingency
POC Incidents & Training	32,500	3.39	0.18%	Increased activity and 8 additional members
Legal Fees	10,000	1.04	0.06%	Reflects actual activity
Equipment & Fleet	(11,800)	(1.23)	-0.07%	Fuel, insurance, maintenance
Fleet & Admin chargeout to Utilities	(20,200)	(2.10)	-0.11%	Analysis reflects appropriate allocation to utilities
Other	18,400	1.92	0.10%	
Subtotal	74,500	7.76	0.42%	
TOTAL-CITY DEPARTMENTS	\$319,400	\$33.27	1.80%	

* Parks & Recreation total increase \$79,000 (\$54,600 + \$24,400) as planned; achieving total budget of \$2.5M

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Operating Budget – Service Delivery Partners



Description	Amount	Tax \$	Tax %	Comment
LIBRARY:				
Fraser Valley Regional Library Levy	39,300	4.09	0.22%	Member assessment for salaries, benefits, materials
Lease	18,500	1.93	0.10%	Per agreement - lease ends 2022
Other	1,000	0.10	0.01%	Repairs & maintenance, hydro , gas
Subtotal	58,800	6.12	0.33%	
POLICE:				
Personnel	76,300	7.95	0.43%	Members regular pay, overtime, pension costs
DNA Analysis	10,000	1.04	0.06%	New federal cost allocation based on actual usage
Housing & Support	29,300	3.05	0.17%	Office administration, records management, facility rent
Capital Reserve	(20,800)	(2.17)	-0.12%	Fund capital vehicle costs from reserve
Integrated Teams	9,700	1.01	0.05%	Cost sharing formula based on population and crime statistics
Subtotal	104,500	10.89	0.59%	
TOTAL	\$163,300	\$17.01	0.92%	



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Operating Budget - Parks & Recreation



Description	Amount
Budget Target	
2016 Joint Leisure Services	2,298,900
Planned 2017 increase	79,000
2016 Independent Service Model Funding	84,000
Tourism Fee for Service Reduction	35,000
Target	2,496,900

Description	Amount
Budget	
Parks	910,300
Recreation	1,236,600
Corporate support:	372,000
- Communications 0.70 FTE	
- Procurement 0.60 FTE	
- Payroll 0.60 FTE	
- Facilities 0.60 FTE	
- Finance 0.60 FTE	
- Banking fees, IT Fibre, other	
Budget Subtotal	2,518,900
Allocate Portion of Internal Position Savings	(22,000)
Target Achieved	2,496,900

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Operating Budget – Internal Restructure Savings

Savings

- \$167,000

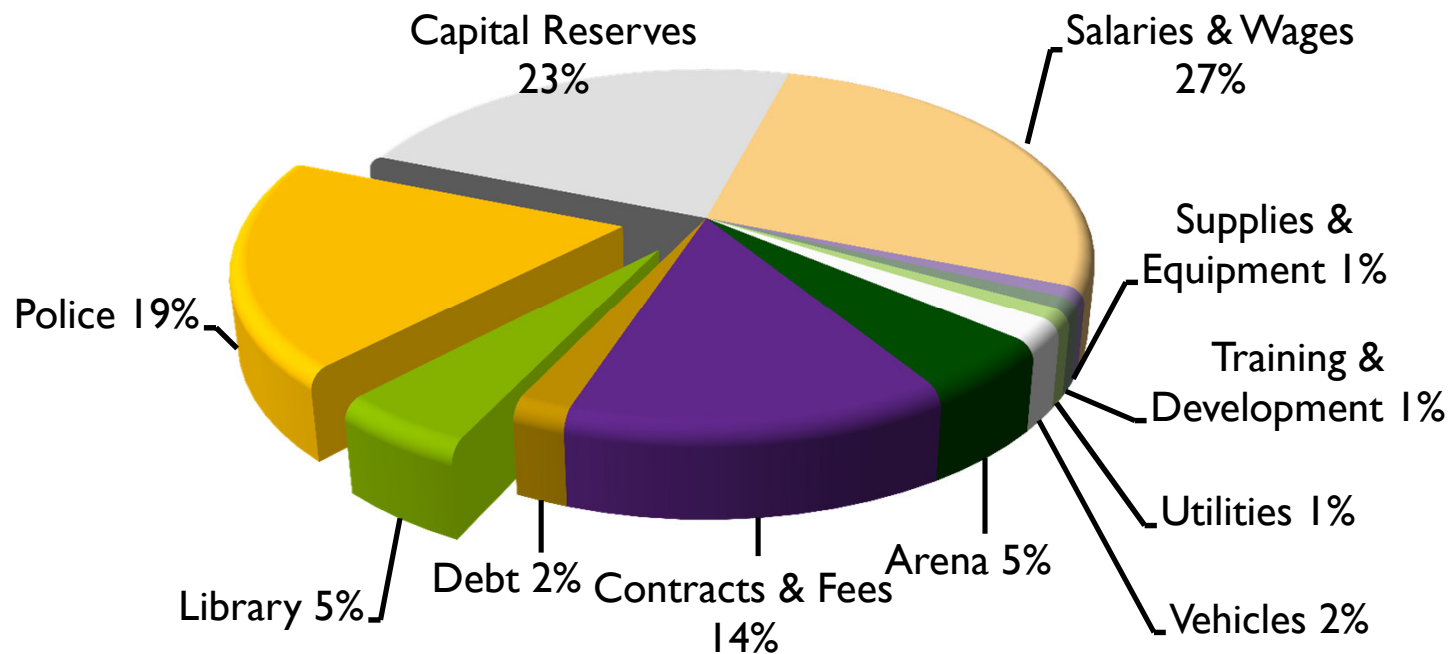
Enhancements:

- Civic Engagement & Communications
- Arts, Heritage & Culture
- Human Resources



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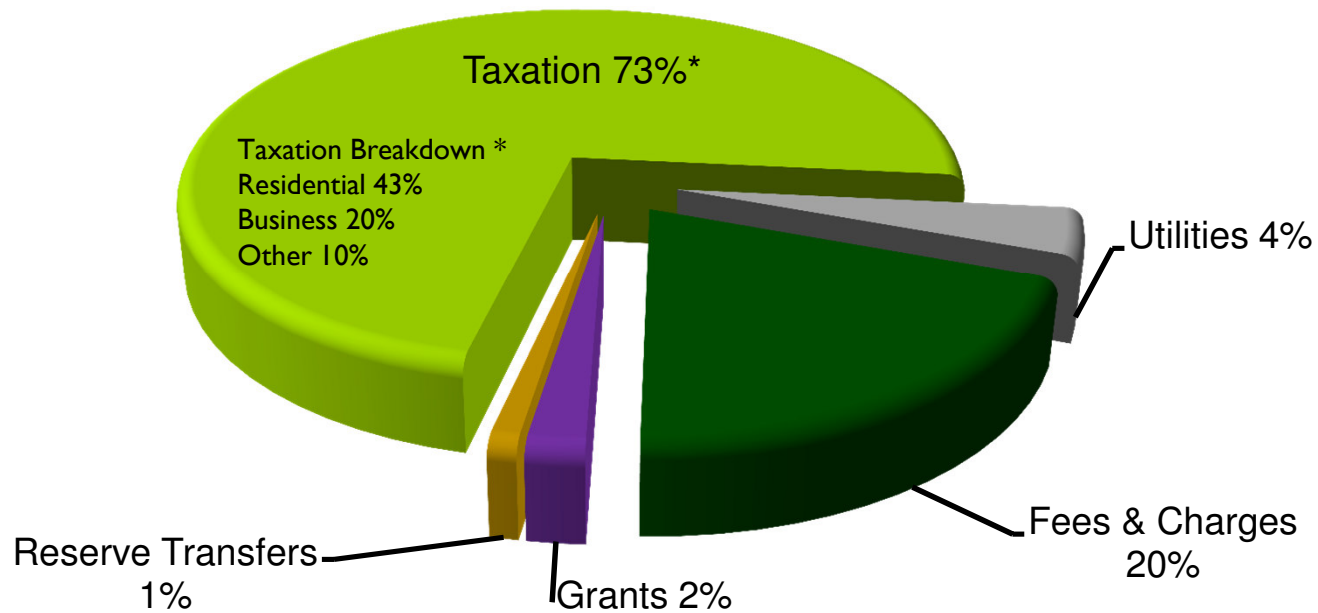
Operating Budget – Where Does the Money Go?



Expenses \$25.9 million

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Operating Budget – Where Does the Money Come From?

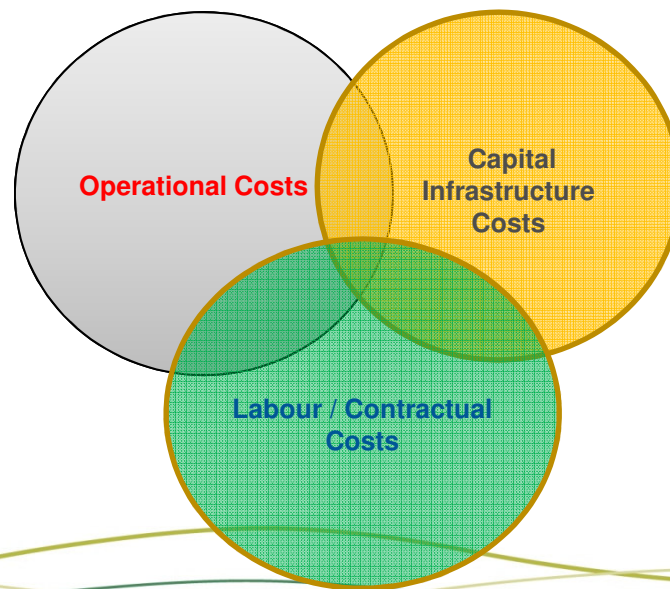


Revenues \$25.9 million

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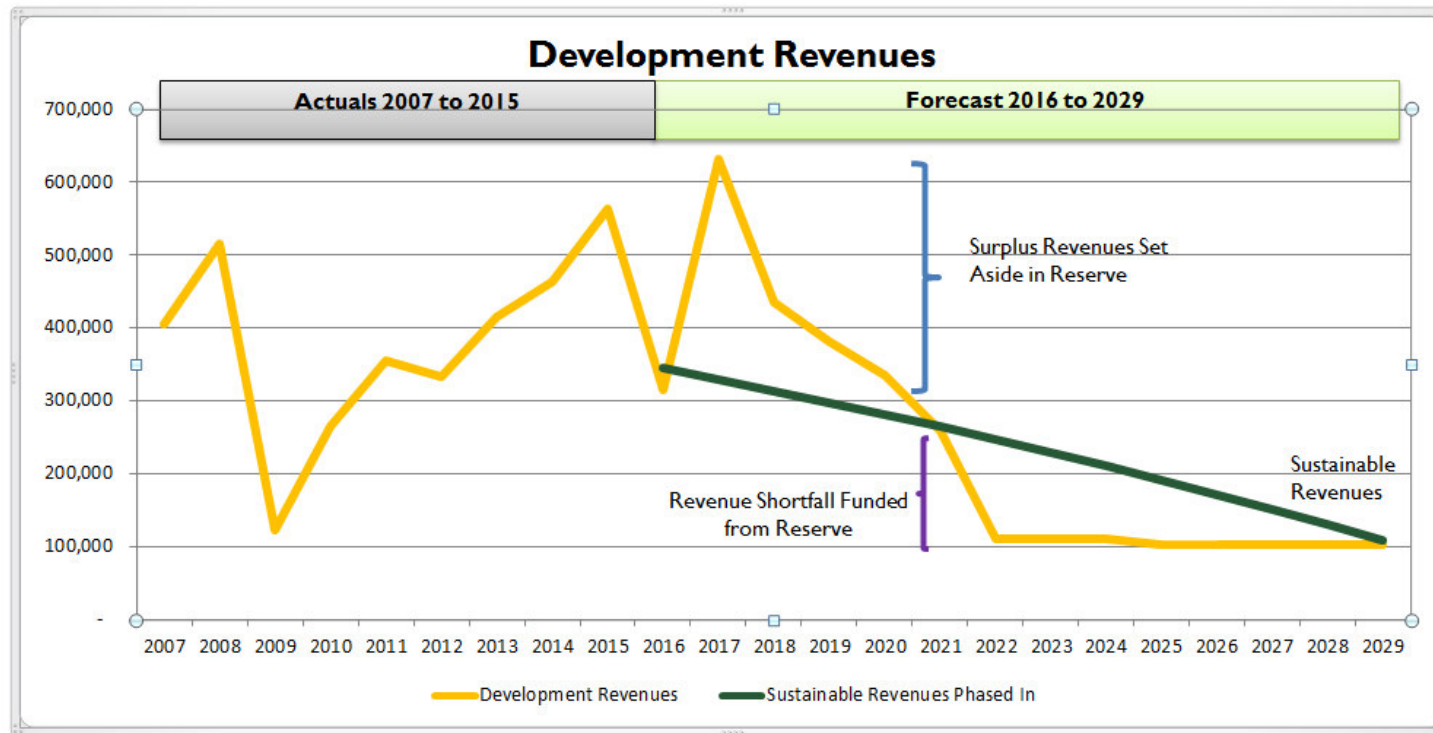
Operating Budget – New Service Costs

Every time a Municipal Service is requested, the cost to taxpayers to deliver the service must also be considered and budgeted for.



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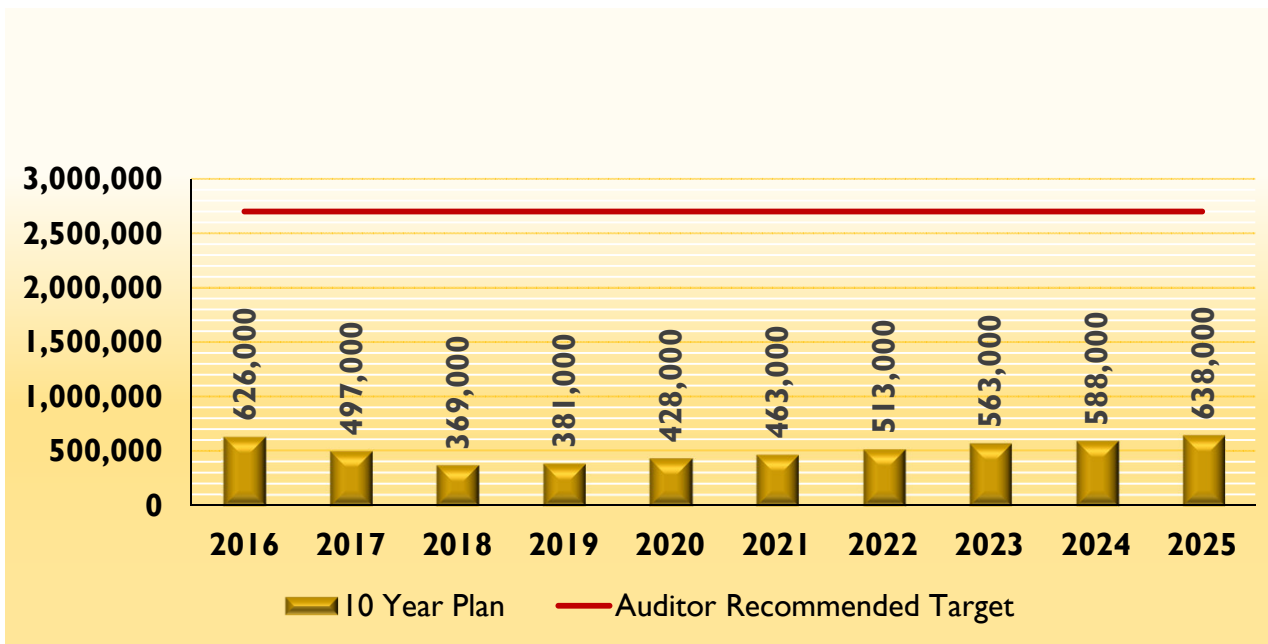
Operating Budget – Operating Reserve (Undesignated)

Description	Amount
Interest Allocation – No	0
Funding – Estimated Surplus (2017)	50,000
Significant Activity – Official Community Plan Update (2017, 2018)	-85,000
Significant Activity – Parks & Recreation Master Plan (2017, 2018)	-80,000
Balance – Minimum 5-Year Plan (2018)	369,000
Balance – Maximum 5-Year Plan (2020)	497,000
Purpose – To provide funding for emergencies, one-time extraordinary costs, efficiency initiatives, cost spikes and revenue shortfalls.	



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Operating Budget – Operating Reserve Balance



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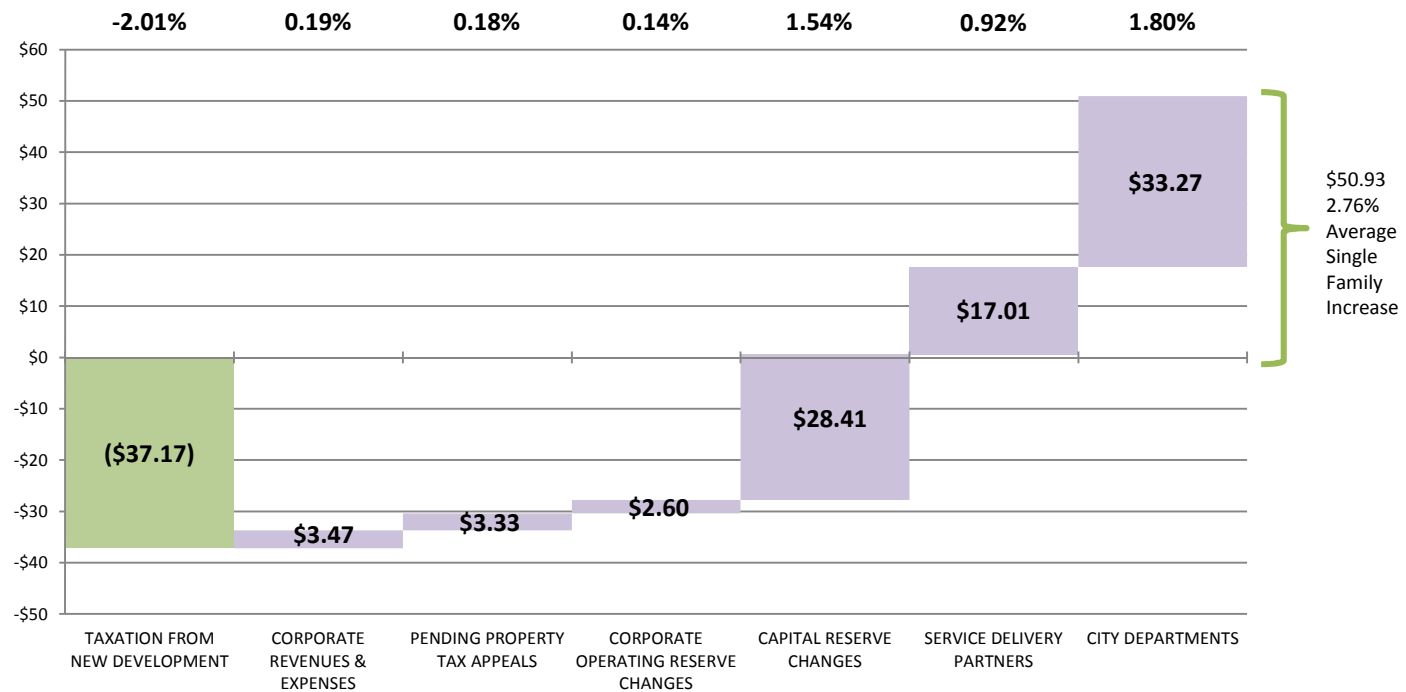
Operating Budget – Key Messages

1. Taxes are favourable compared to other municipalities in the region – Lowest
2. Over the years, City department budgets have been used to offset contractual commitments to service delivery partners (RCMP & Library)
3. City departments have experienced multi-year budget tightening and cannot sustain further adjustments without impacting service levels
4. Re-organized departments and positions to enhance Civic Engagement, Arts Culture & Heritage, and Human Resources without impacting the tax increase
5. Asset management plans and condition assessments are key to establishing adequate reserve funding levels
6. Development revenues are anticipated to decline within 5 years – need to plan now
7. Forthcoming decision packages are not included in the property tax increase
8. The total proposed tax increase of 2.76% equates to about \$51 for the average assessed single family home



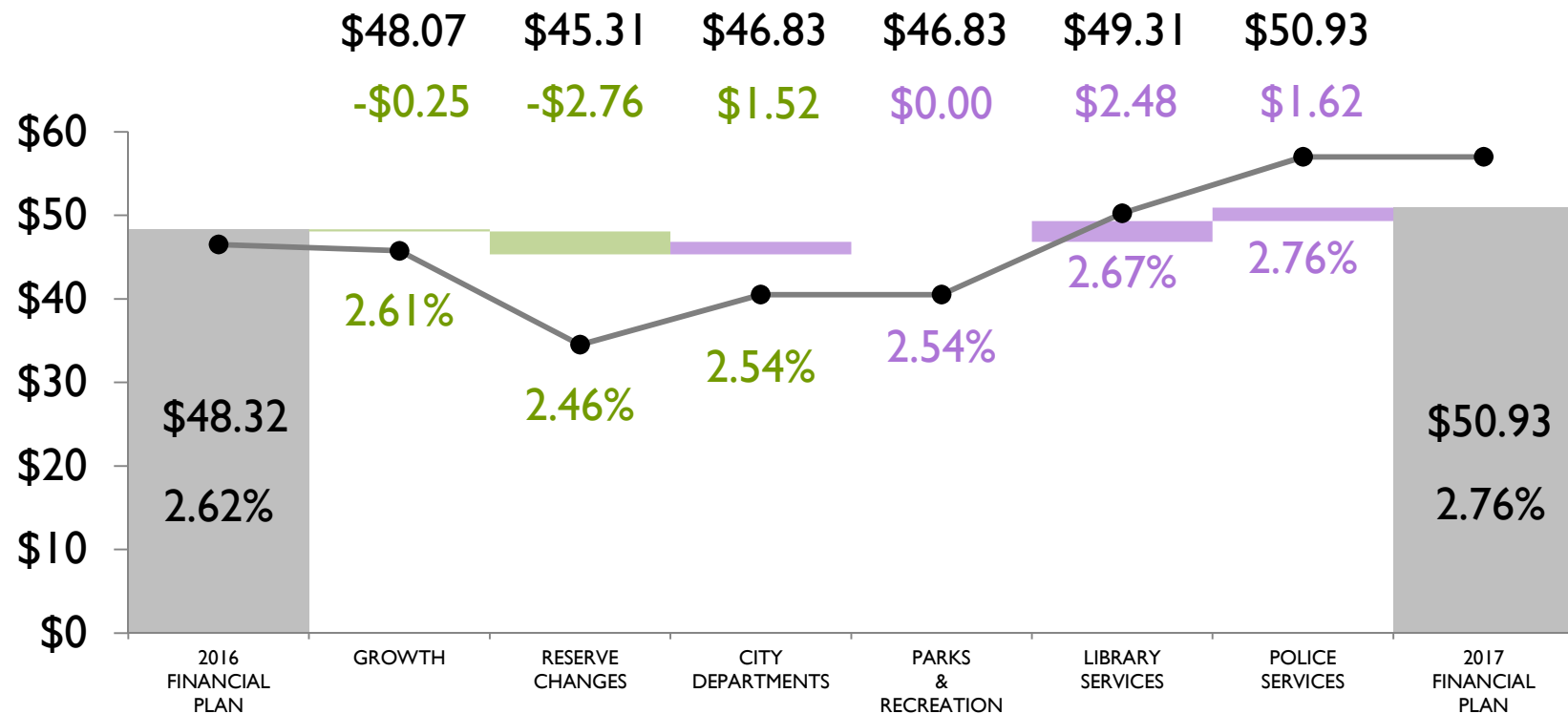
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Operating Budget – Key Messages



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Operating Budget – Key Messages: 2016 vs. 2017 Financial Plan



Financial Opportunities & Challenges



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Financial Opportunities

- **Debt**
 - City's debt capacity is favourable
 - Debt allows the allocation of the capital cost to be spread over several generations
 - Internal borrowing
- **Leverage Technology**
 - Will provide opportunity for implementation of efficient processes
 - Will provide improved public access to better information and provides self-service options
- **Future Commercial Development**
 - Lower reliance on City services than residential development
- **Grant Applications**
 - Advocate MLAs and MPs



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Financial Challenges

- **Finite Land Inventories**
 - City will not be able to sell land to finance capital – finite funding source
- **Replacement & Renewal of Critical & Existing Assets**
 - Assets are being used up and need more funding to eventually replace
- **Work Force (aging, skills shortage, knowledge gap)**
 - The City will need to compete for talent and skilled labour
 - Succession planning and alternative work force strategies (retirees)
- **Debt Servicing Rates**
 - Interest rates will go up making borrowing more expensive
- **Development Revenues**
 - Not sustainable



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Financial Challenges

- **Assessment Appeals**
 - Not always known before the Tax Notices are mailed – not able to balance budget and collect sufficient taxes
- **Position Vacancy Accounting Practice**
 - Difficult to meet budget because staff backfill is needed when positions become vacant
- **Operating Reserve (i.e. Accumulated Surplus)**
 - Balance insufficient for emergency use
 - Auditor recommended guideline – 15% of taxation or approx. \$2.7 Million
 - Need to lessen reliance on reserve to fund projects in order for surplus to grow to acceptable level

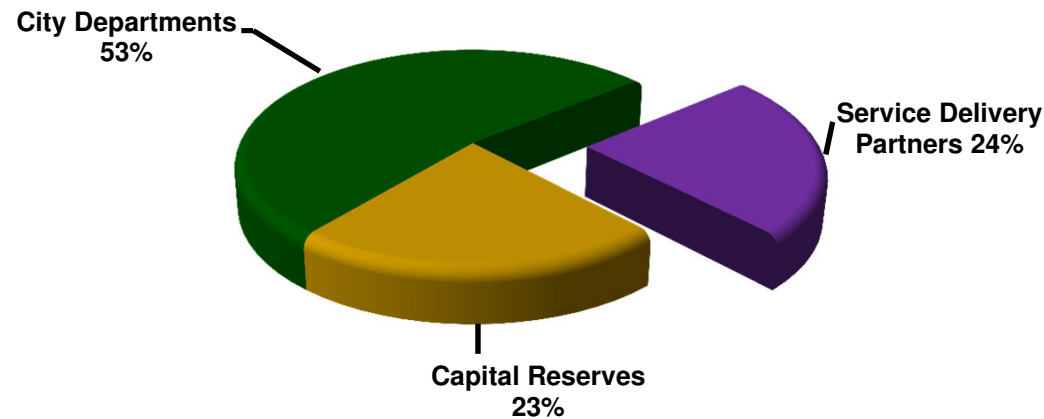


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Financial Challenges

- **Limited Discretionary Spending**

- Significant costs are based on agreements with Service Delivery Partners (RCMP, Library)
- Lean organization for services provided



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Next Steps

Date	Time	Topic
December 7th	5:30 pm to 8:30 pm	Business Plan Presentations
December 12th	9:00 am to 5:00 pm	Business Plan Presentations Utility Plan
January 11th	5:30 pm to 9:00 pm	Budget Deliberations
January 12th	5:30 pm to 9:00 pm	Budget Deliberations
February 2nd	6:00 pm to 9:00 pm	Budget Town Hall Meeting
March 7th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Three Readings
March 21st	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Adoption
May 2nd (tentative)	7:00pm (Council)	Tax Rate Bylaw – Three Readings
May 9th (tentative)	7:00pm (Council)	Tax Rate Bylaw – Adoption

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Public Engagement

- **February 2016 Taxation 101 Survey Results**





Questions, Comments, Suggestions

