



City of Pitt Meadows

2018 Financial Plan Workshop
Special Council – October 24, 2017



2018 Financial Plan Workshop

Agenda

- Purpose of Today's Workshop
- Financial Planning Process
- Budget Facts & Figures
- 2018 Capital Budget
- 2018 Operating Budget
- Financial Opportunities and Challenges
- Next Steps
- Opportunity for Questions & Comments



2018 Financial Plan Workshop

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



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Financial Planning Process



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Financial Planning Process

- Guidelines Set & Budget Packages Distributed – Jun 2017
- Capital & Operating Budgets Drafted by Departments – Jul/Aug 2017
- Finance Department Budget Review – Sept 2017
- Corporate Leadership Team Review – Sept/Oct 2017
- **Budget Workshop – Oct 24, 2017**
- **2017 8-Month Budget Review – Oct 24, 2017**
- Business Plan Presentations & Public Input – Dec 11 & 13, 2017
- Budget Deliberation by Council & Public Input – Jan 10/11, 2018
- Final Presentation to Council & Public Input – Feb 6, 2018
- Financial Plan Bylaw – Three Readings – Mar 6, 2018
- Financial Plan Bylaw – Adoption – Mar 20, 2018

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 - Complete
5. Asset Condition Assessments – Underway



Financial Planning Process



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Financial Planning Process

- **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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Financial Planning Process

- **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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Financial Planning Process



Provision of Services → Budget Driver

- **Essential Services:**

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

- **Priority Services:**

- Parks, Recreation, Library, Bylaw Enforcement, Licensing, Culture, Planning, Garbage/Recycling, Environmental Stewardship

- **Support Services:**

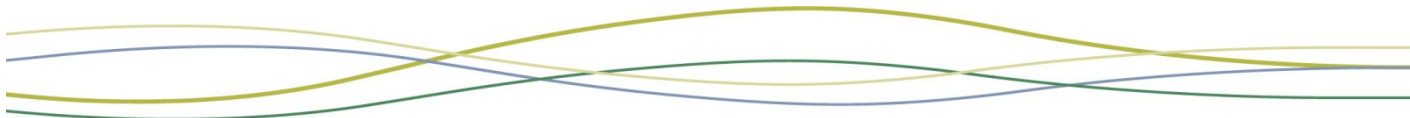
- Communications, Human Resources, Payroll, Finance, Administration, Legislative Services, Information Technology, Facilities



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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, 2018
 - 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



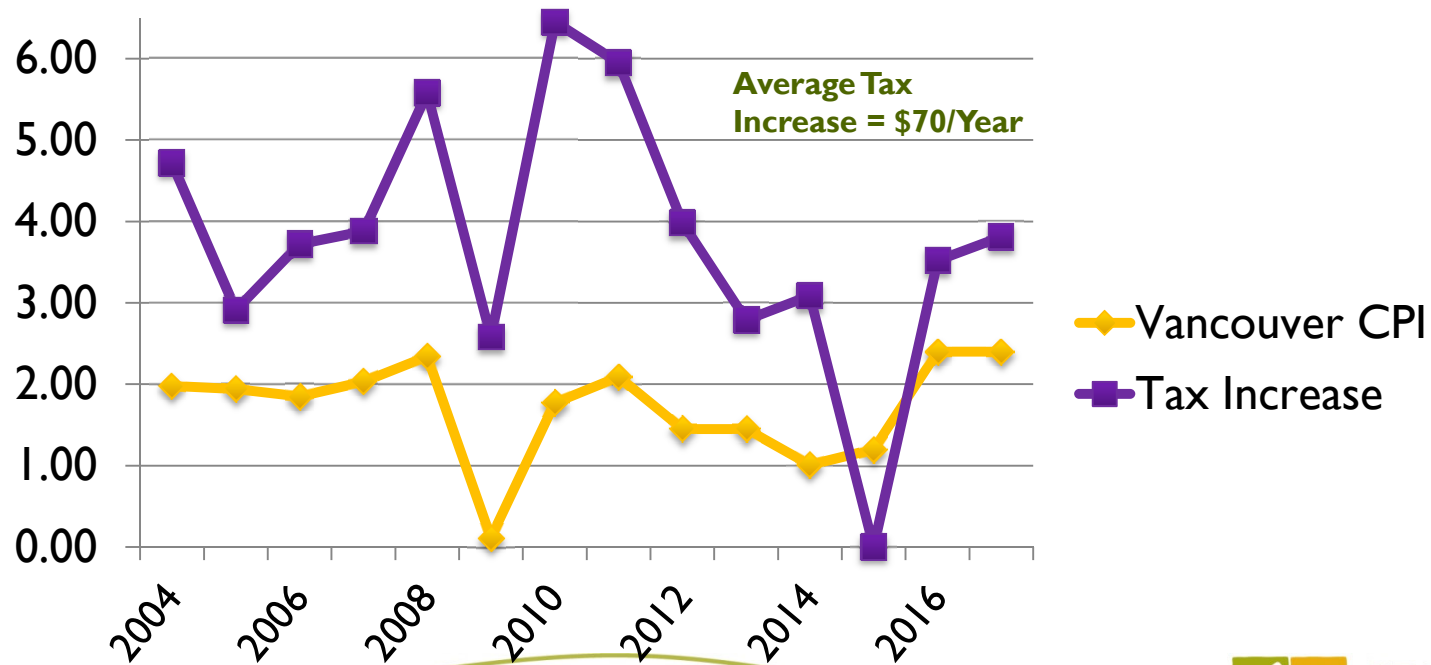
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Budget Facts & Figures



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Budget Facts & Figures – Tax Increases 2004 - 2017



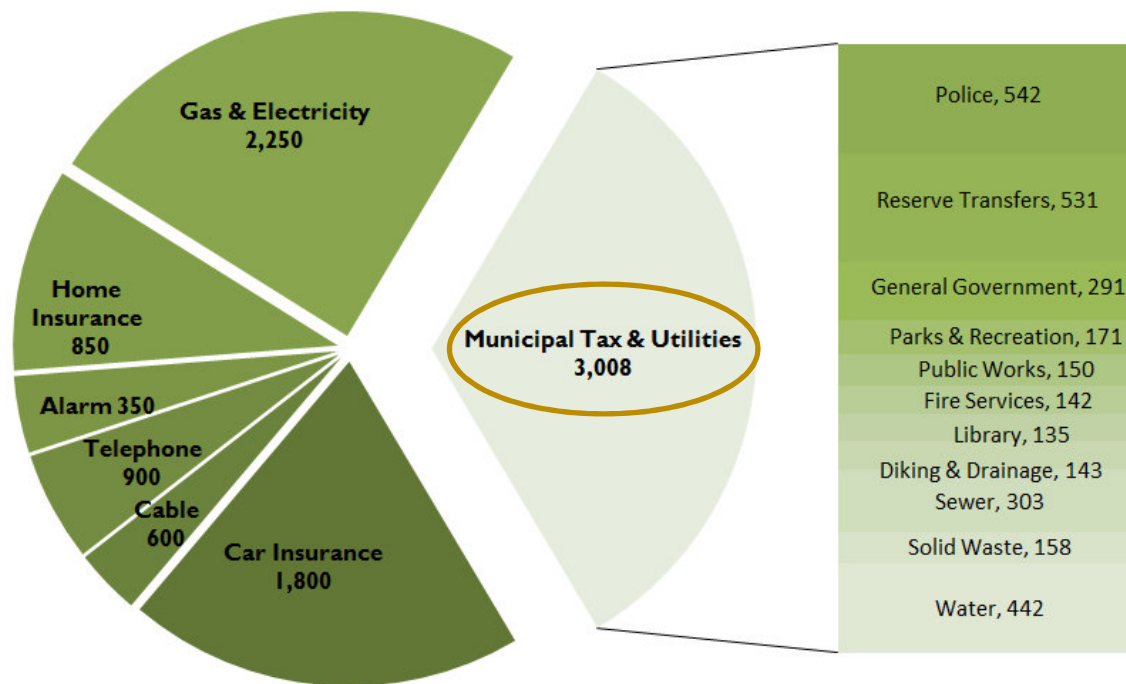
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Budget Facts & Figures – New / Improved Services Since 2004

Department	New / Improved Services		
Parks & Recreation	<ul style="list-style-type: none"> •Independent service model •S. Bonson comm. 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) •In-House Graphic Designer
Cultural Services	<ul style="list-style-type: none"> •Senior & Film Co-ordinators; In-House Arts Programming; 	<ul style="list-style-type: none"> •Enhanced Special Events •Art Galleries 	<ul style="list-style-type: none"> •Artist in Parks; Volunteer Program •Library
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 •Training ground
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"> •Emergency preparedness coordinator-emergency mgmt program, in-house ESS •Works yard expansion •Open Government Citizens Committee •Invasive weed control 	<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 (2017)



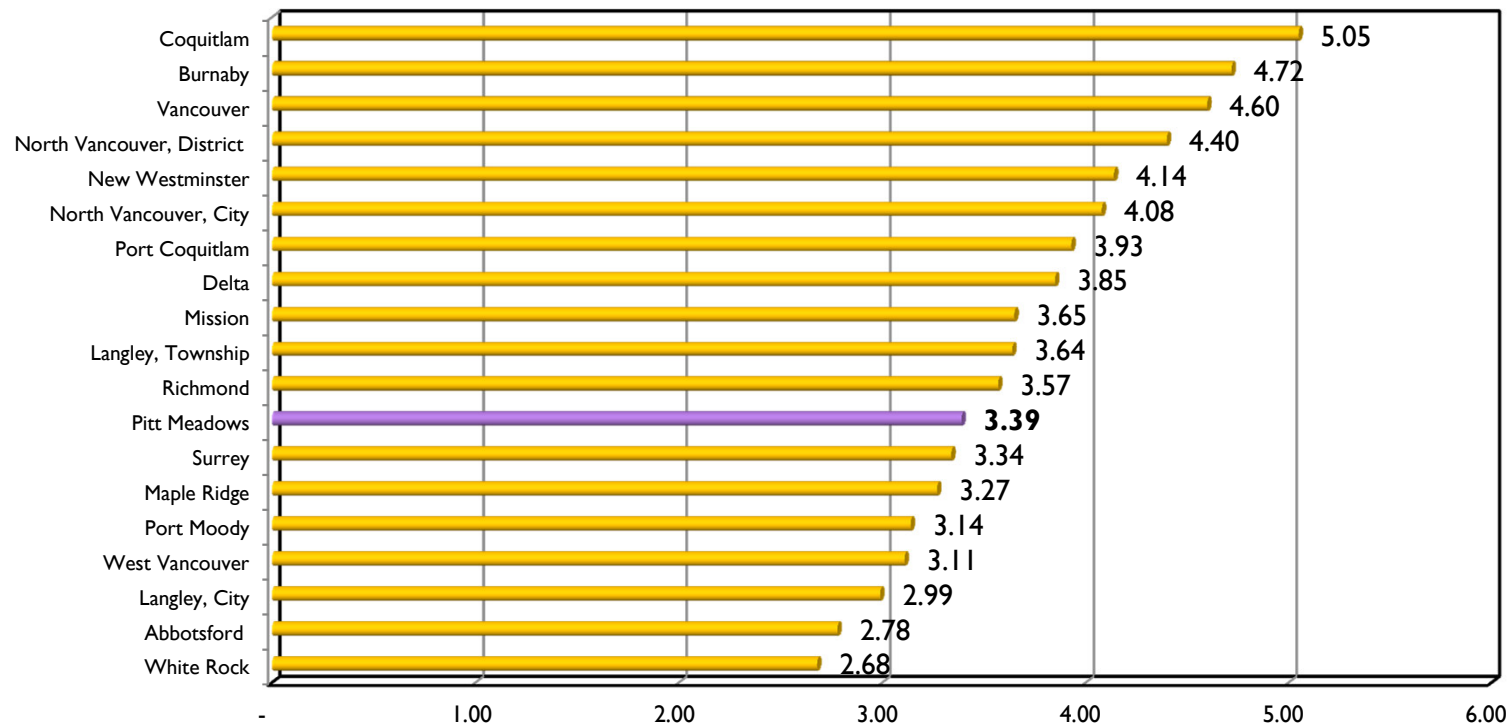
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Budget Facts & Figures –2017 SF Residential Tax Comparison

Municipality	Taxes	Utilities	Total Charges
West Vancouver	4,561	1,811	6,372
White Rock	3,589	1,585	5,174
New Westminster	3,066	1,386	4,452
North Vancouver District	2,801	1,557	4,358
Port Moody	3,268	1,072	4,340
Vancouver	2,993	1,167	4,160
North Vancouver City	2,757	1,166	3,923
Burnaby	2,617	1,195	3,812
Coquitlam	2,587	1,194	3,781
Richmond	2,621	1,061	3,682
Maple Ridge	2,309	1,007	3,316
Port Coquitlam	2,368	937	3,305
Surrey	2,053	1,233	3,286
Delta	2,375	911	3,286
Langley Township	2,042	1,214	3,256
Langley City	2,066	987	3,053
Pitt Meadows	2,041	967	3,008

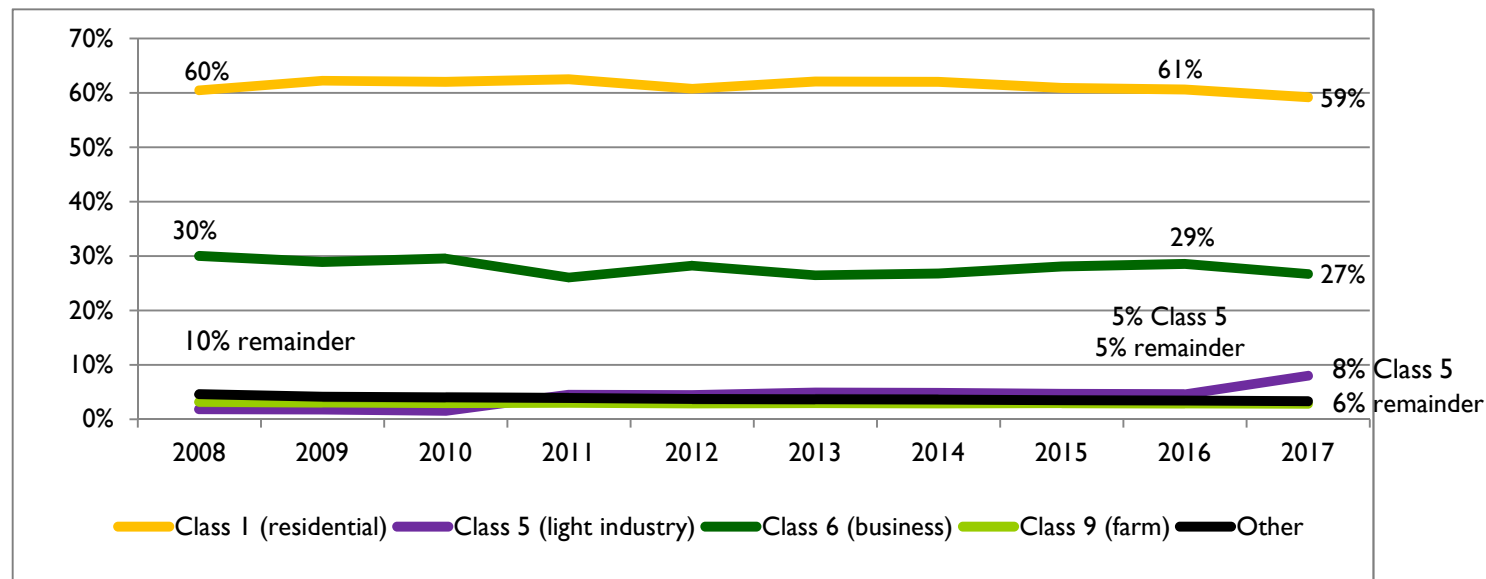
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Budget Facts & Figures — 2017 Business to Residential Tax Ratio



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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 (\$)
2006	(Census) 15,623	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) 17,736	0.37%	132,900	48,600
2012	18,495	3.51%	146,500	514,700
2013	18,690	0.84%	150,700	-126,300
2014	18,758	1.51%	156,000	235,700
2015	19,009	2.99%	167,000	500,000
2016	(Census) 18,573	2.06%	168,000	346,800
2017	(estimate) 18,700	3.08%	177,000	546,000
2018	(estimate) 18,800	1.04%	192,000	200,000

\$ 357,000 12-Year Average

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Budget Facts & Figures – Reserve Balances 2007-2016

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
2016	3,437,000	21,344,000	75,000	9,441,000		34,297,000
Average	2,633,300	13,655,800	296,400	5,544,700		22,130,200

Historical Value of City Assets = \$249 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	20.3	4.3	23.4	12.0	11.1	51.3	122.4	50.2	172.6
Original Value	34.4	11.5	45.2	12.0	15.7	51.3	170.1	79.1	249.2
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	0.7	1.3	0.0	0.6	n/a	3.8	1.4	5.2
FUNDING GAP (millions):									
Annual Replacement	2.7	1.3	2.6	n/a	0.8		7.4	3.5	10.9
Annual Asset Funding - 2017	1	0.7	1.6	0	0.7		4	2.4	6.4
Annual Infrastructure Funding Gap	1.7	0.6	1	n/a	0.1		3.4	1.1	4.5

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Budget Facts & Figures – Tax Classes - 2017

Class Description	Tax Class	#	Tax Rate Per \$1,000	Net Taxable Values (\$)	Revenue (\$)	(%)	Ratio
Residential	1	7,272	2.9108	3,859,512,725	11,234,270	59.18	1.00
Utilities	2	41	34.88	7,097,675	247,567	1.30	11.98
Major Industry	4	2	33.5804	4,070,700	136,696	0.72	11.54
Light Industry	5	40	13.475	112,523,300	1,516,251	7.99	4.63
Business & Other	6	221	9.8554	514,764,378	5,073,209	26.73	3.40
Recreation/Non Profit	8	54	9.4557	25,724,800	243,246	1.28	3.25
Farm	9	464	30.0361	17,675,881	530,915	2.80	10.32
TOTALS				4,541,369,459	18,982,153	100%	





Questions, Comments, Suggestions



2018 Capital Budget



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Capital Budget – Equipment Replacement Reserve

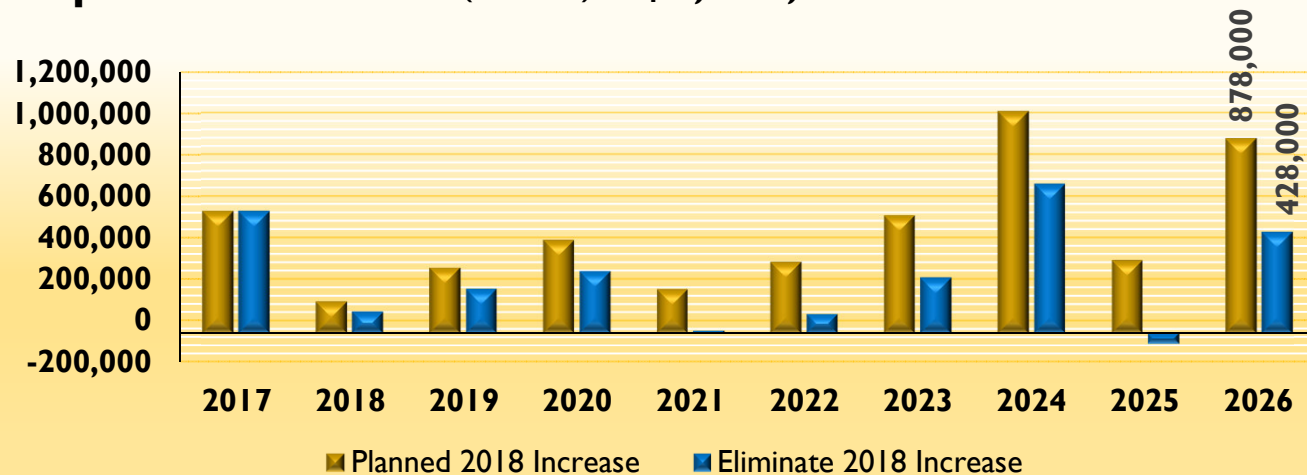
Description	Amount
What We Are Saving (2018 increase = \$50 K or 0.26%); AMP Target \$831,000	\$460,000
Interest Savings – Yes (estimate)	5,000
What We are Saving For:	
Significant Project – Recreation Equipment (2018-2022)	-457,000
Significant Project – Server / Storage Area Network Refresh (2022)	-291,600
Significant Project – Self Contained Breathing Apparatus (2018)	-305,000
Significant Project – PC Replacement (2018-2019, 2021-2022)	-192,000
Significant Project – Computer Infrastructure (2018-2022)	-156,000
Significant Project – Power Over Ethernet Switches (2020-2022)	-129,500
Balance – Minimum 5-Year Plan (2018)	93,000
Balance – Maximum 5-Year Plan (2020)	389,000
Purpose – To provide annual funds for the replacement of machinery and equipment at the end of their useful life	

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Capital Budget – Equipment Replacement Reserve Balance

Planned 2018 Tax Increase = \$50,000 or 0.26%; 2026 Balance > \$450,000

Replacement Value (estimate) = \$6,740,000

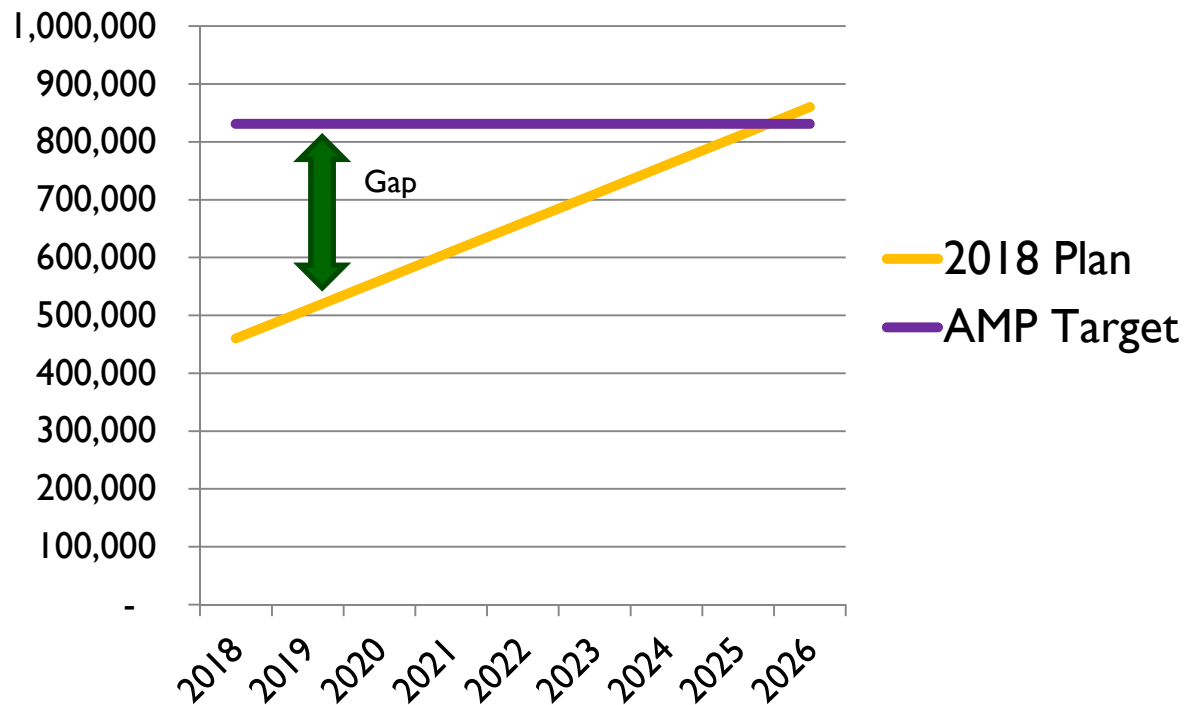


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Capital Budget – Equipment Replacement Reserve

Annual Reserve Savings



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Capital Budget – Vehicle Replacement Reserve

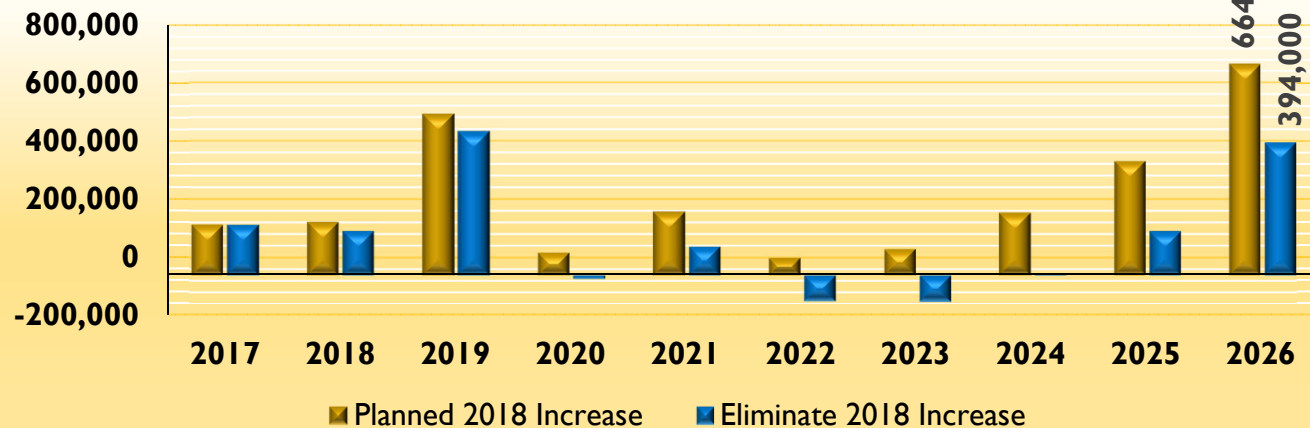
	Amount
What We Are Saving (2018 increase = \$30 K or 0.16%); AMP Target \$471,000	\$360,000
Interest Savings – Yes (estimate)	1,000
What We are Saving For:	
Significant Project – Hub Mack Engine (2020)	-900,000
Significant Project – Hub FL80 Rescue (2021)	-350,000
Significant Project – Dump Truck Tandem Axle (2018)	-295,000
Significant Project – Tractor (2022)	-275,000
Significant Project – Bobcat (2021)	-145,000
Significant Project – Service Van (2022)	-145,000
Balance – Minimum 5-Year Plan (2022)	0
Balance – Maximum 5-Year Plan (2019)	493,000
Purpose – To provide annual funds for the replacement of vehicles at the end of their useful life	

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Capital Budget – Vehicle Replacement Reserve Balance

Planned 2018 Tax Increase = \$30,000 or 0.16%; 2026 Balance > \$270,000

Replacement Value (estimate) = \$5,400,000

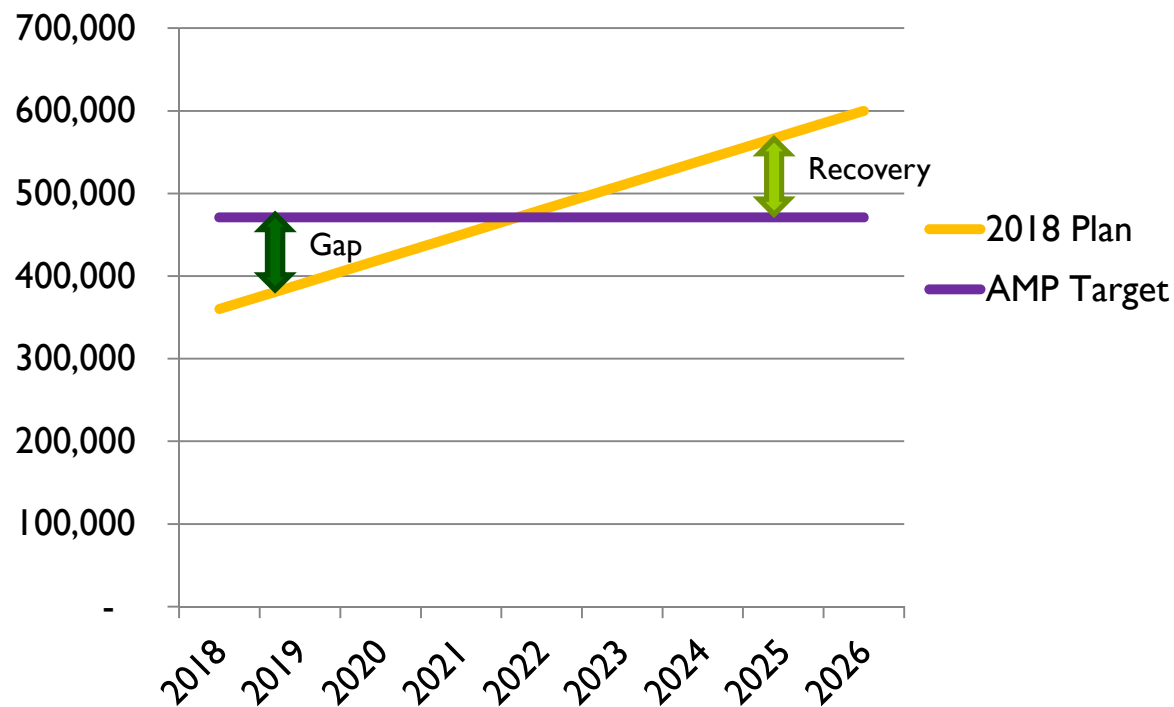


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Capital Budget – Vehicle Replacement Reserve

Annual Reserve Savings



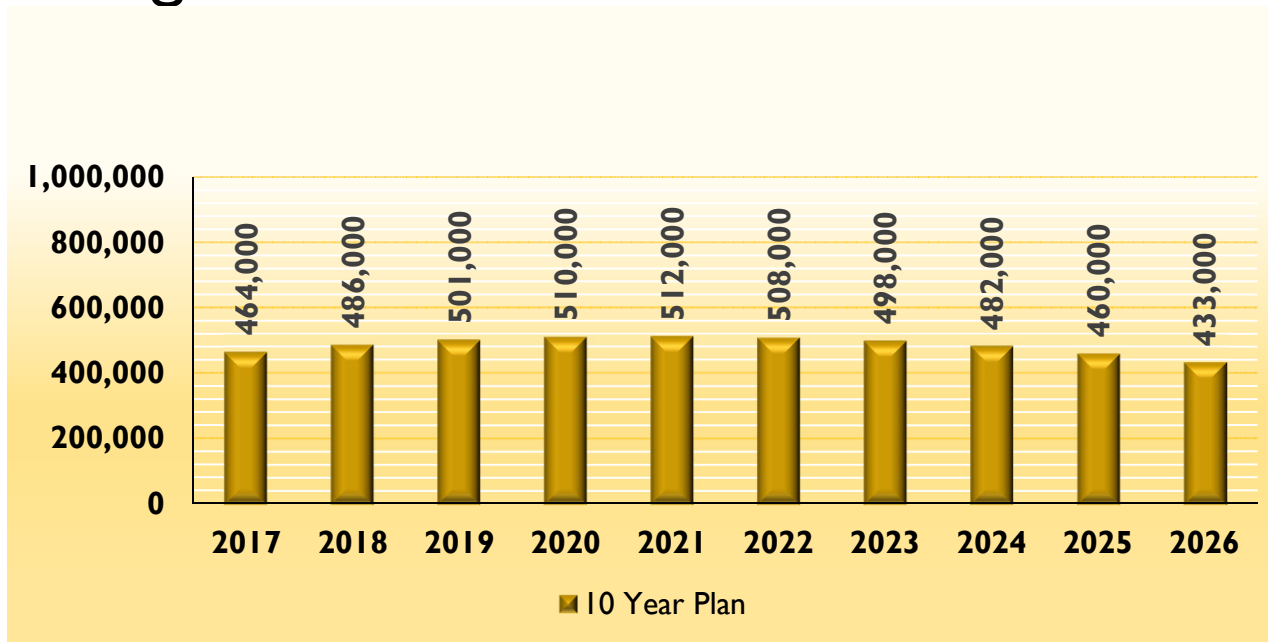
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Capital Budget – Arena Reserve

Description	Amount
What We Are Saving (2018 increase = \$0K or 0.00%)	\$80,000
Arena Operations	91,200
Arena Operating Results	30,400
Interest Savings – Yes (estimate)	5,000
What We are Saving For:	
Significant Project – Upgrade Dasher Boards (2018 – 2022)	100,000
Significant Project – Facility Painting (2018 – 2022)	100,000
Significant Project – Arena Flooring (2018 – 2020)	80,000
Significant Project – Auto Door Replacement (2021)	55,000
Balance – Minimum 5-Year Plan (2018)	486,000
Balance – Maximum 5-Year Plan (2021)	512,000
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



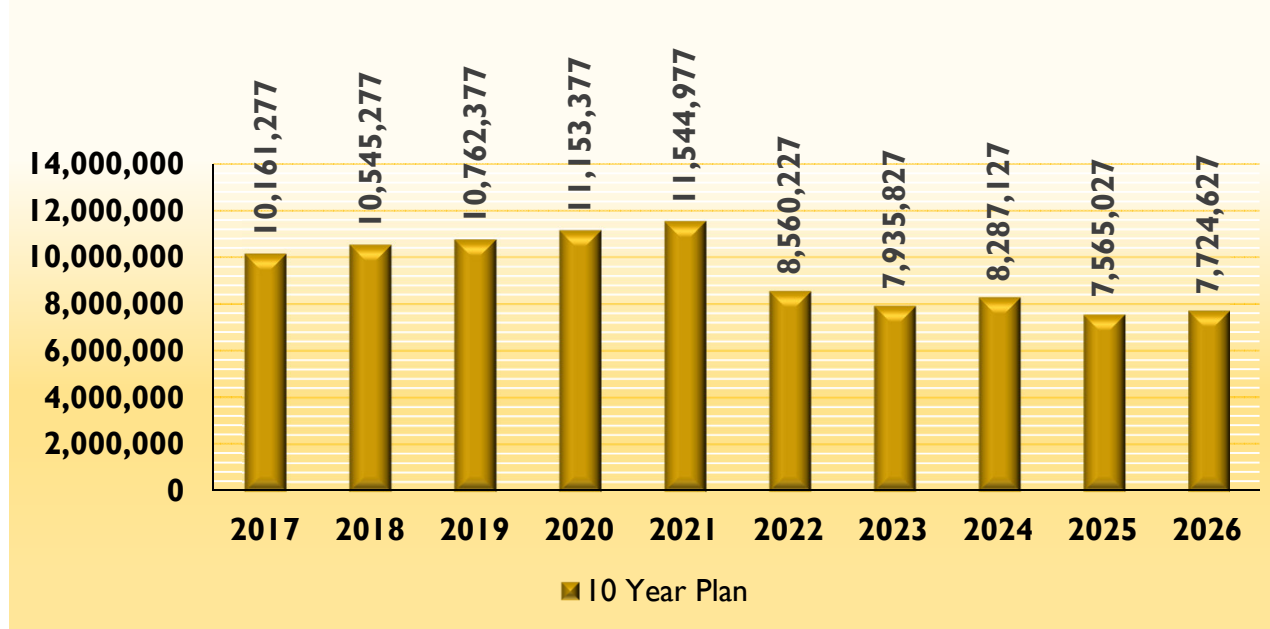
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Capital Budget – Development Cost Charges

Description	Amount
What We Are Saving DCC's (Estimate for Drainage, Roads, Parks)	\$290,000
Interest Savings – Yes (estimate)	99,000
What We are Saving For:	
Significant Project – Parks: Land Acquisition & Improvements (2022)	-3,032,300
Significant Project – Parks: Additional Community Garden (2019)	-168,500
Significant Project – Minor Roads: Fraser Way Upgrade (2022)	-351,450
Balance – Minimum 5-Year Plan (2022)	8,560,000
Balance – Maximum 5-Year Plan (2021)	11,545,000
Purpose – To provide funding for new infrastructure resulting from growth.	

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Capital Budget – Development Cost Charges Balance



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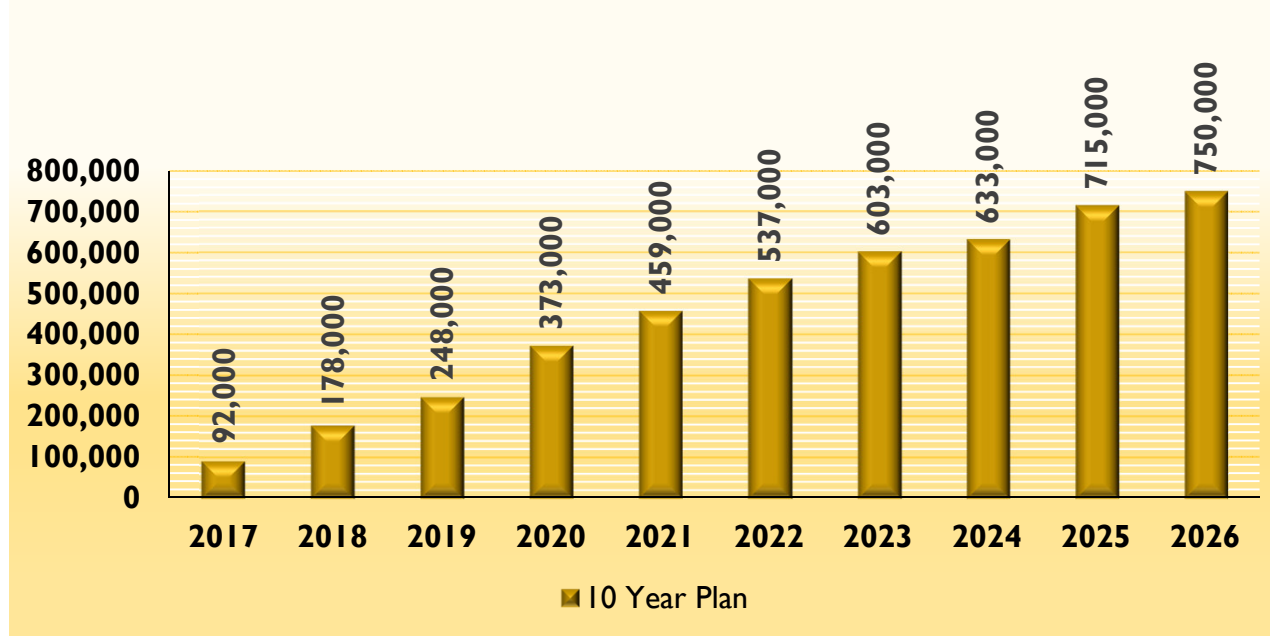
Capital Budget – Art in Public Spaces Reserve

Description	Amount
What We Are Saving (Transfer from Future Capital Reserve)	\$101,000
Interest Savings – Yes (estimate)	900
What We are Saving For:	
Community Art Projects (2018,2020,2022)	-30,000
Maintenance to Existing Art Projects (2018-2022)	-30,000
Balance – Minimum 5-Year Plan (2018)	178,000
Balance – Maximum 5-Year Plan (2022)	537,000
Purpose – To provide funds for Art in Public Spaces	



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Capital Budget – Art in Public Spaces Reserve Balance



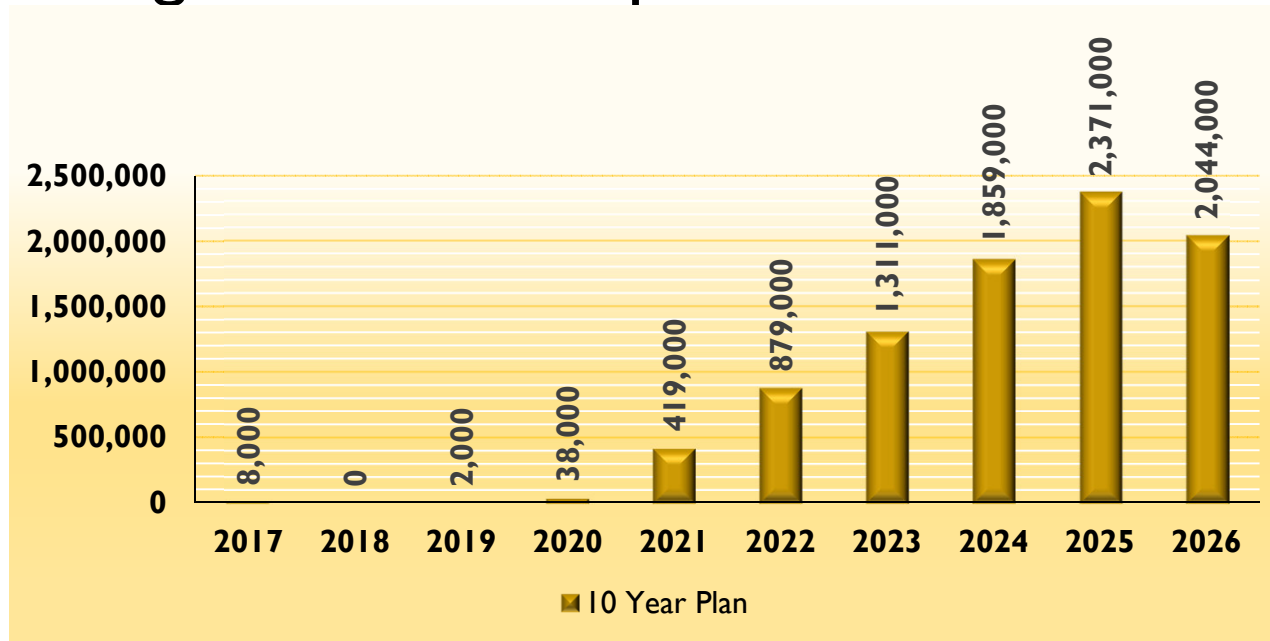
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Capital Budget – Future Capital Reserve

Description	Amount
What We Are Saving (2018 increase = \$0K or 0.00%)	\$575,000
Interest Savings – Yes (estimate)	0
What We are Saving For:	
Transfer to Art in Public Spaces Reserve (2018 to 2022)	-491,000
Significant Project – SBCC Fibre Connectivity – Decision Package (2018)	-125,000
Significant Project – Harris Skate Park Shade Structure (2021)	-70,000
Significant Project – Parks and Recreation Startup Capital (2018)	-50,000
Significant Project – Parks Irrigation Upgrades (2018)	-50,000
What We are Borrowing Internally (Repayments to Sewer Fund in 2018-2020)	-975,000
Balance – Minimum 5-Year Plan (2018)	400
Balance – Maximum 5-Year Plan (2022)	989,000
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**

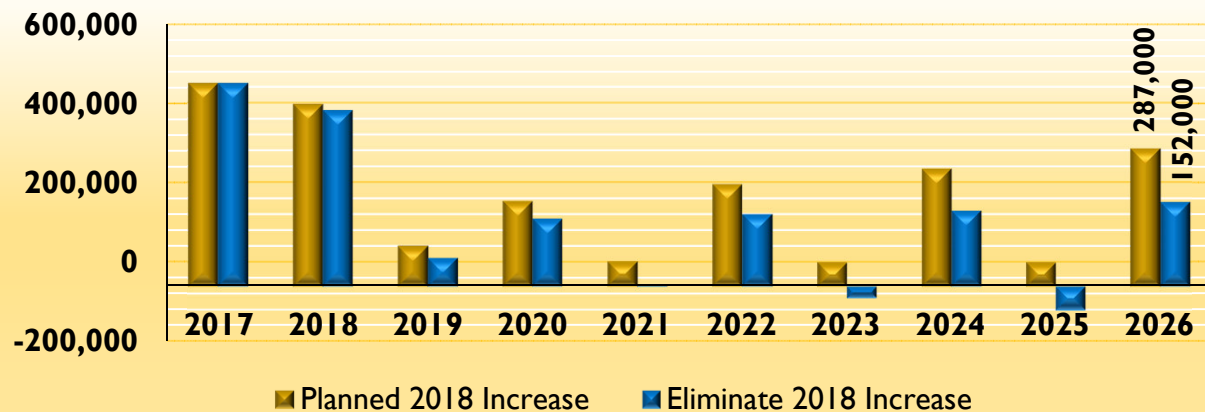
Description	Amount
What We Are Saving (2018 increase = \$15K or 0.08%); AMP Target \$744,000	\$681,000
Facility Lease Revenue (Struthers, Akasaka, Daycare)	31,500
Interest Savings – Yes (estimate)	5,000
What We are Saving For:	
Significant Project – Maintenance: Recreation Facilities annually (2018-2022)	-170,000
Significant Project – Maintenance: Municipal Bldgs annually (W/Yard, Fire Hall, Munic. Hall, CPO, Arena) (2018-2022)	-110,000
Significant Project – Maintenance: Parks Infrastructure annually (2018-2022)	-150,000
Significant Project – Pitt Meadows Athletic Sports Field Renovation (2019)	-390,000
Significant Project – Harris Park S. Sports Field Renovation (2021)	-390,000
Significant Project – Playground Upgrades and Replacements (2019,2021)	-205,000
Balance – Minimum 5-Year Plan (2021)	3,000
Balance – Maximum 5-Year Plan (2018)	398,000
Purpose – Annual funds for facility asset maintenance , repair & replacement	

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

Planned 2018 Tax Increase = \$15,000 or 0.08%; 2026 Balance > \$135,000

Replacement Value (estimate; no buildings) = \$19,000,000

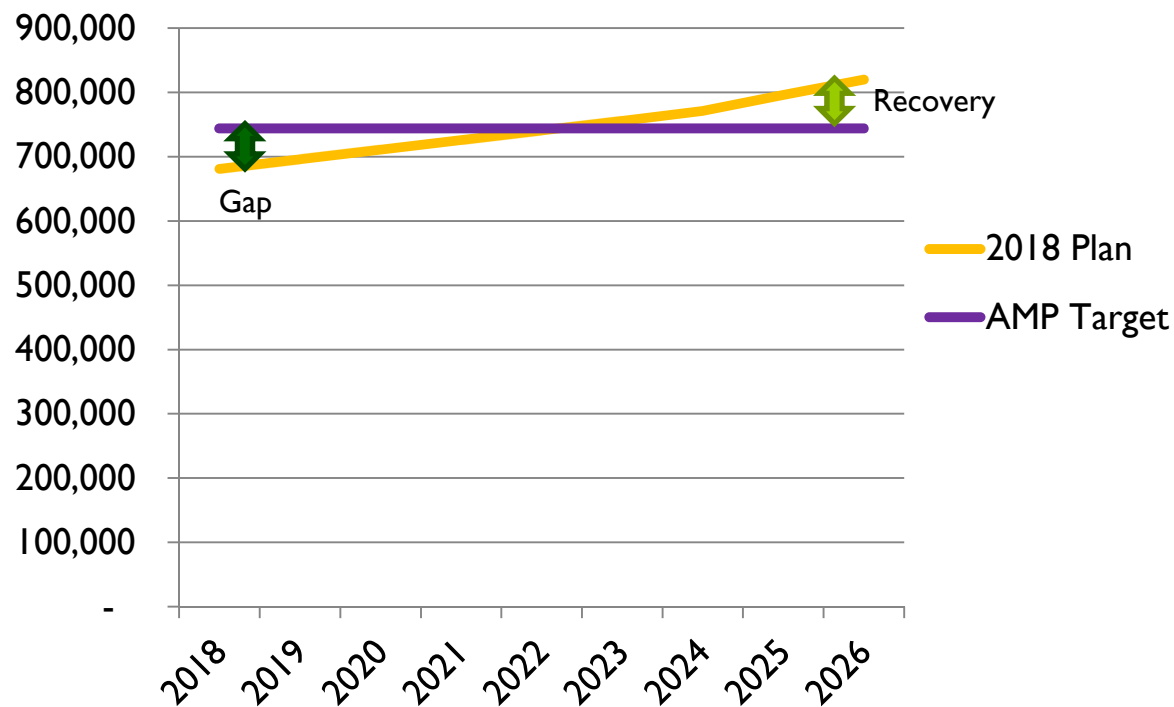


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Capital Budget – Lifecycle Reserve - General

Annual Reserve Savings



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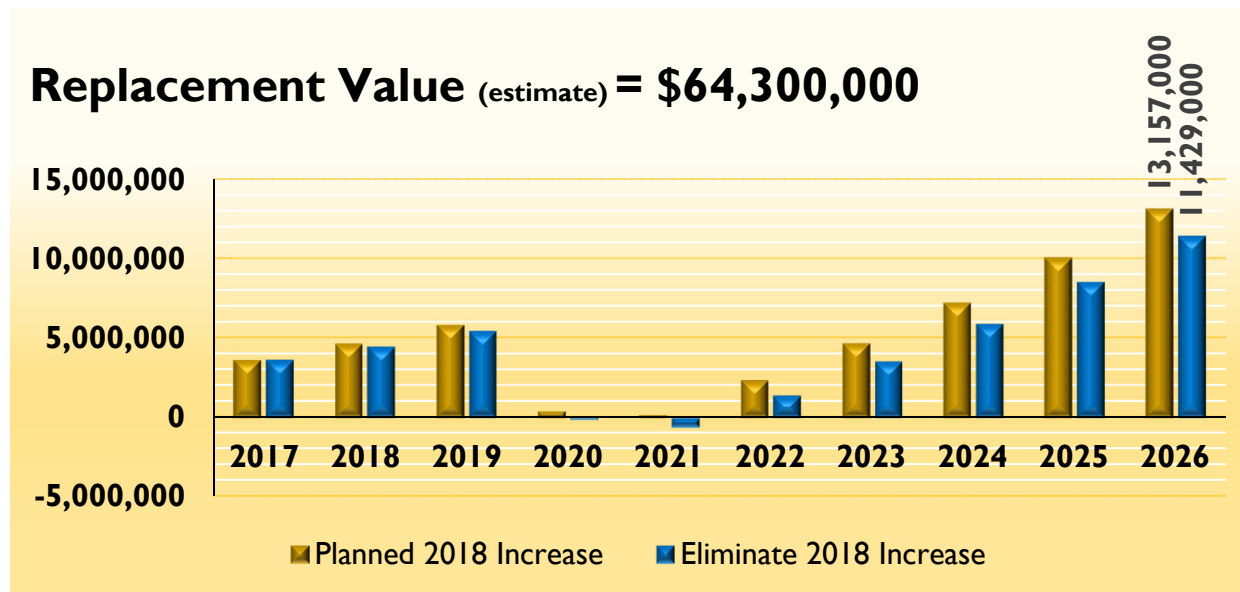
Capital Budget – Life Cycle Reserve: **Buildings**

Description	Amount
What We Are Saving (2018 increase = \$192K or 1 %); AMP Target \$\$2.2 million	\$1,336,000
Interest Savings – Yes (estimate)	36,000
What We are Saving For:	
Significant Project – Main Fire Hall Replacement (2017 to 2021)	-10,000,000
Significant Project – Harris Road Park Washroom (2022)	-250,000
Balance – Minimum 5-Year Plan (2021)	137,000
Balance – Maximum 5-Year Plan (2019)	5,837,000
Purpose – Annual funds for building replacement only	

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

Planned 2018 Tax Increase = \$192,000 or 1%; 2026 Balance > \$1.73 million

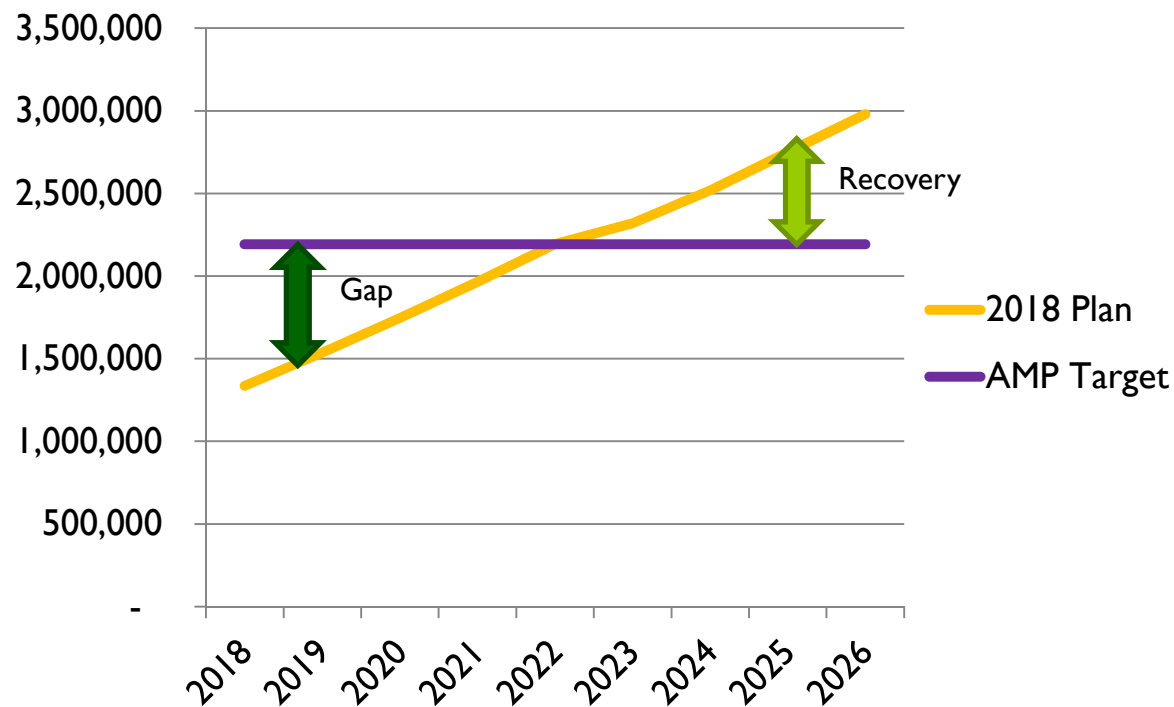


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Capital Budget – Lifecycle Reserve - Buildings

Annual Reserve Savings



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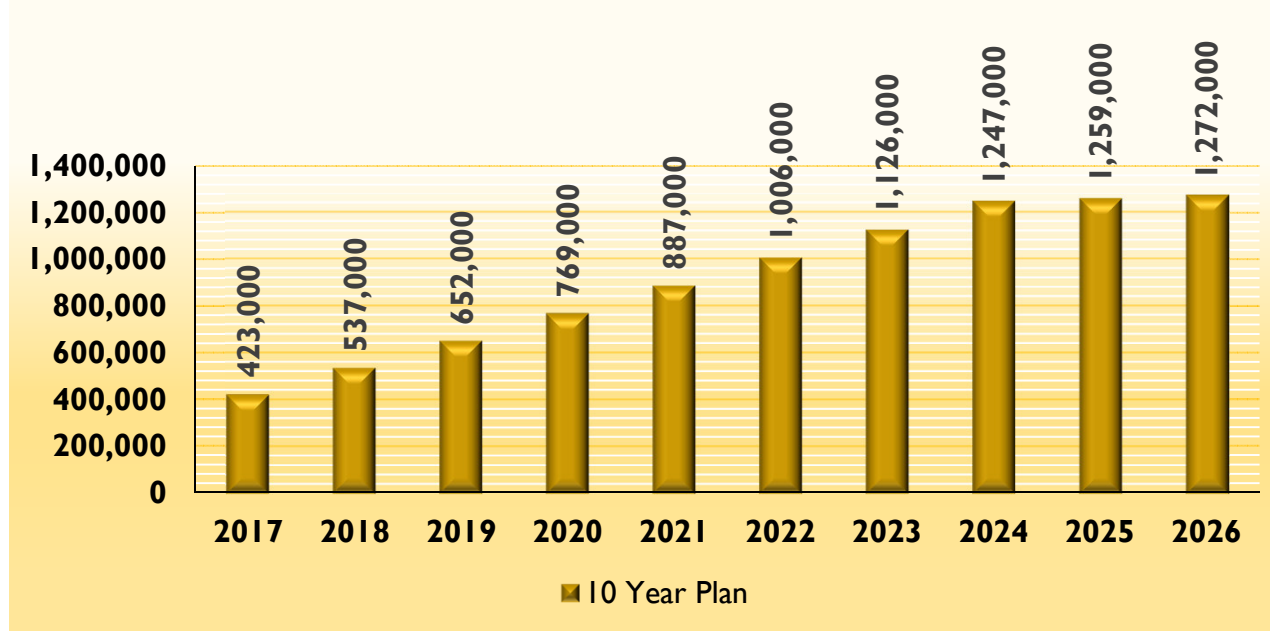
Capital Budget – Life Cycle Reserve: **Gas Tax**

Description	Amount
What We Are Saving (Community Works Fund Agreement)	\$110,000
Interest Savings – Yes (estimate)	4,000
What We are Saving For:	
Significant Project – (direction for use needed from Council)	0
Balance – Minimum 5-Year Plan (2018)	537,000
Balance – Maximum 5-Year Plan (2022)	1,006,000
Purpose - Funding for planning and revitalizing tangible capital assets.	



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



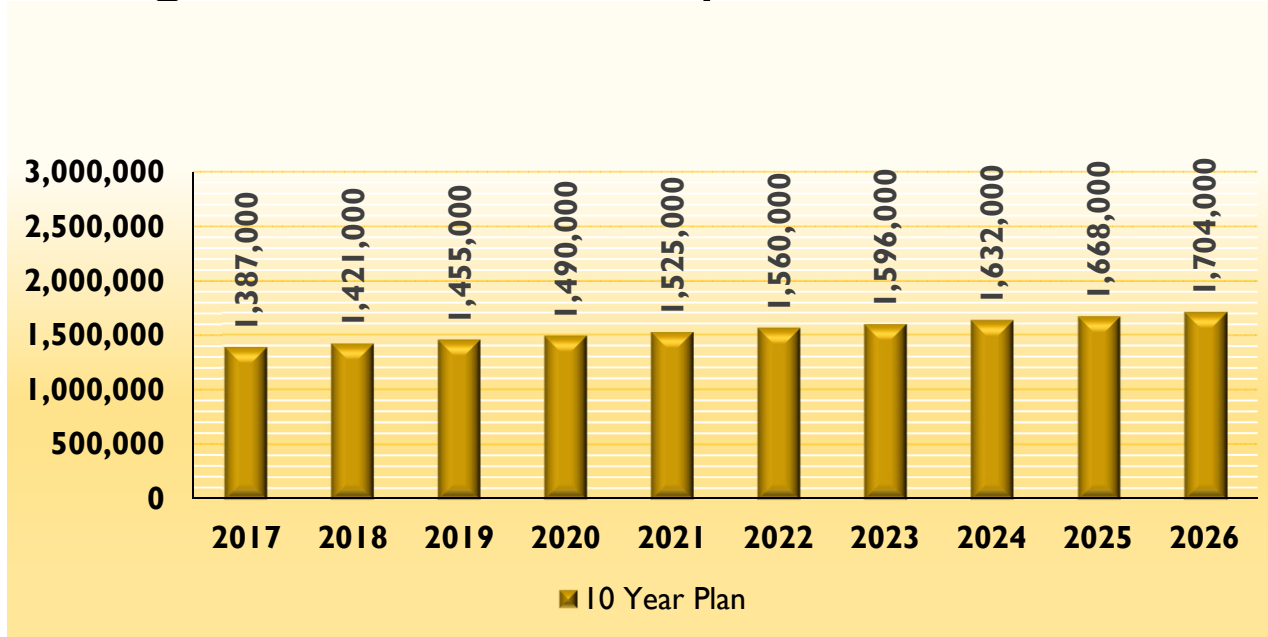
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Capital Budget – Parkland Acquisition Reserve

Description	Amount
What We Are Saving (Development Fees - 5% cash-in-lieu of park dedication)	\$20,000
Interest Savings – Yes (estimate)	14,000
What We are Saving For:	
Significant Project – None Identified	0
Balance – Minimum 5-Year Plan (2018)	1,421,000
Balance – Maximum 5-Year Plan (2022)	1,560,000
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 (2018 increase = \$20K or 0.1%); AMP Target \$2.6M incl RULs	\$1,170,000
Interest Savings – Yes (estimate)	17,000
What We are Saving For:	
Significant Project – Harris Road Paving - Urban Area (2021)	-825,000
Significant Project – Wildwood Crescent Repave – Hammond to Bonson (2019-2020)	-695,000
Significant Project – Katzie Slough Bridge at Harris Road (2018)	-665,000
Significant Project – Ladner Road Bridge (2018-2019)	-562,500
Significant Project – Thompson Road Repave (2018)	-500,000
Significant Project – Hale Rd Repave, Cranberry to Dike; Middleton Rd Repave (2020, 2022)	-500,000
Significant Project – McKechnie Road Repave – ODT to Connecting (2019)	-500,000
Balance – Minimum 5-Year Plan (2021)	128,000
Balance – Maximum 5-Year Plan (2022)	889,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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Capital Budget – Transportation: Road Use Levies

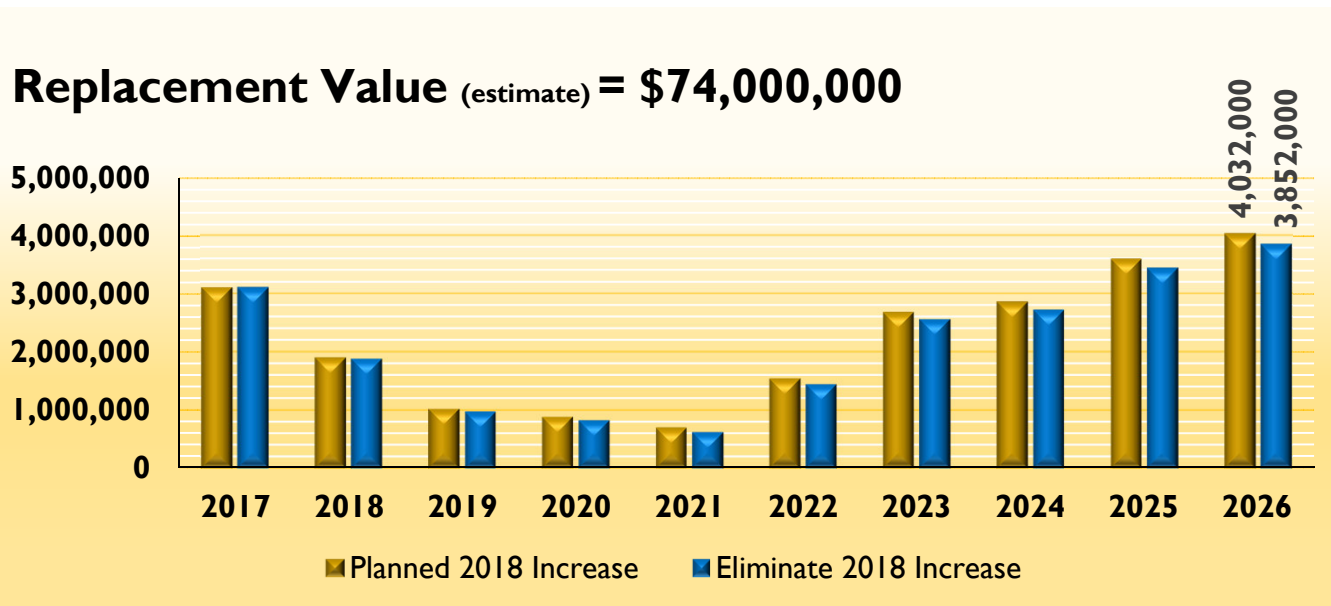
Description	Amount
What We Are Saving (Levies - Estimate)	\$425,000
Interest Savings – Yes (estimate)	15,000
What We are Saving For:	
Significant Project – Neaves Rd Bike Lanes (2020,2022)	-700,000
Significant Project – Katzie Slough Bridge at Harris Road (2018)	-665,000
Significant Project – Ladner Rd Bridge (2018,2019); Ladner Rd Repave Rannie to Middleton (2019)	-997,500
Significant Project – Neaves Road Pavement Repair (2020)	-440,000
Balance – Minimum 5-Year Plan (2020)	328,000
Balance – Maximum 5-Year Plan (2018)	1,184,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	



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Capital Budget – Transportation Reserve & RUL Balance

Planned 2018 Tax Increase = \$20k or 0.1%; 2026 Balance > \$180k

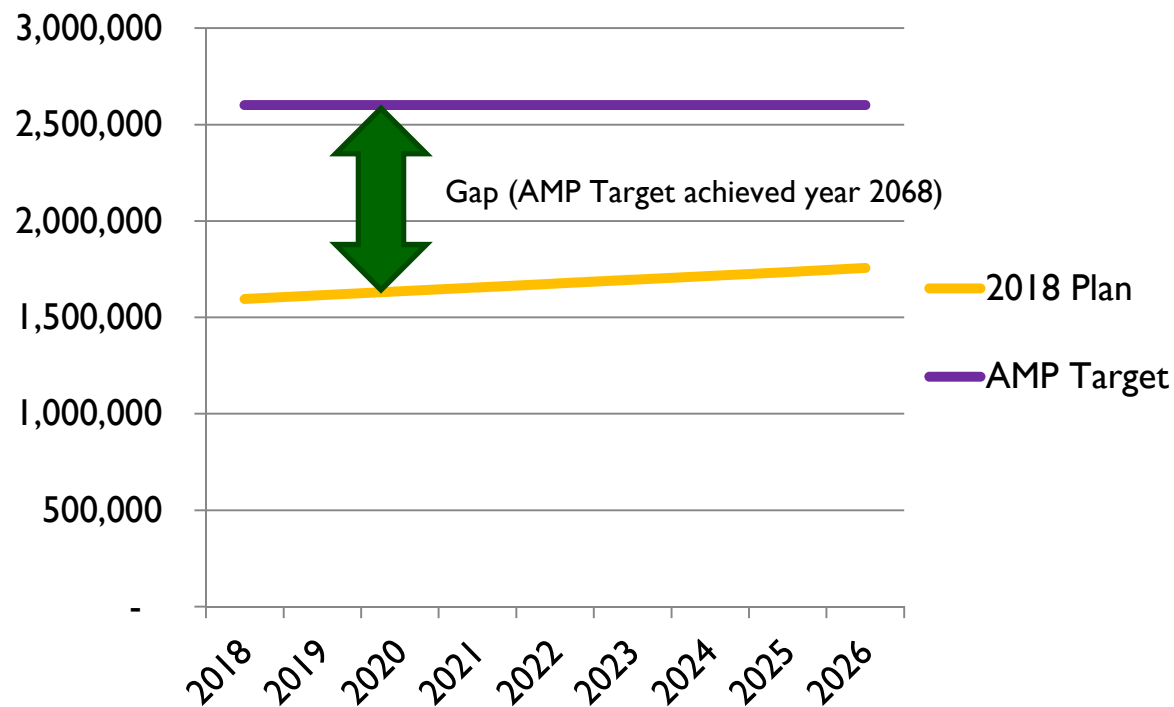


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Capital Budget – Transportation Reserve & RULs

Annual Reserve Savings



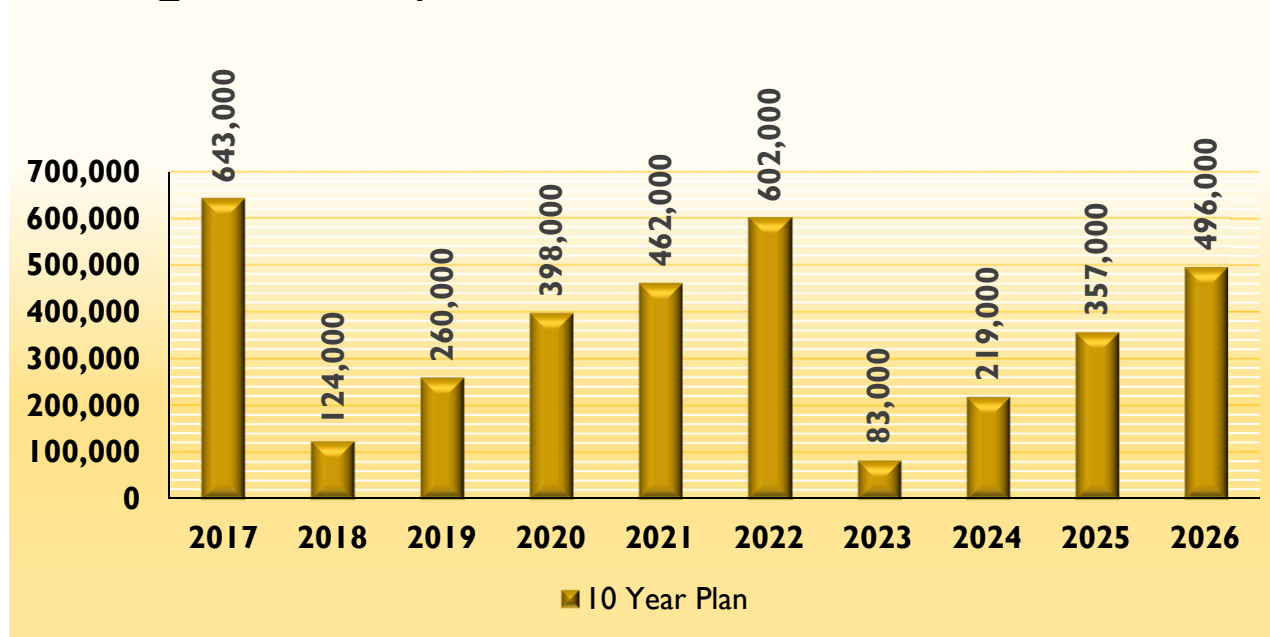
2018 Financial Plan Workshop

Capital Budget – Major Road Network Grant

Description	Amount
What We Are Saving (TransLink Grant)	\$135,000
Interest Savings – Yes (estimate)	6,000
What We are Saving For:	
Significant Project – Hale Rd to McKechnie Old DTR (2018)	-660,000
Balance – Minimum 5-Year Plan (2018)	124,000
Balance – Maximum 5-Year Plan (2022)	602,000
Purpose – To provide funding for repair of major road networks	

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Capital Budget – Major Road Network Grant Balance



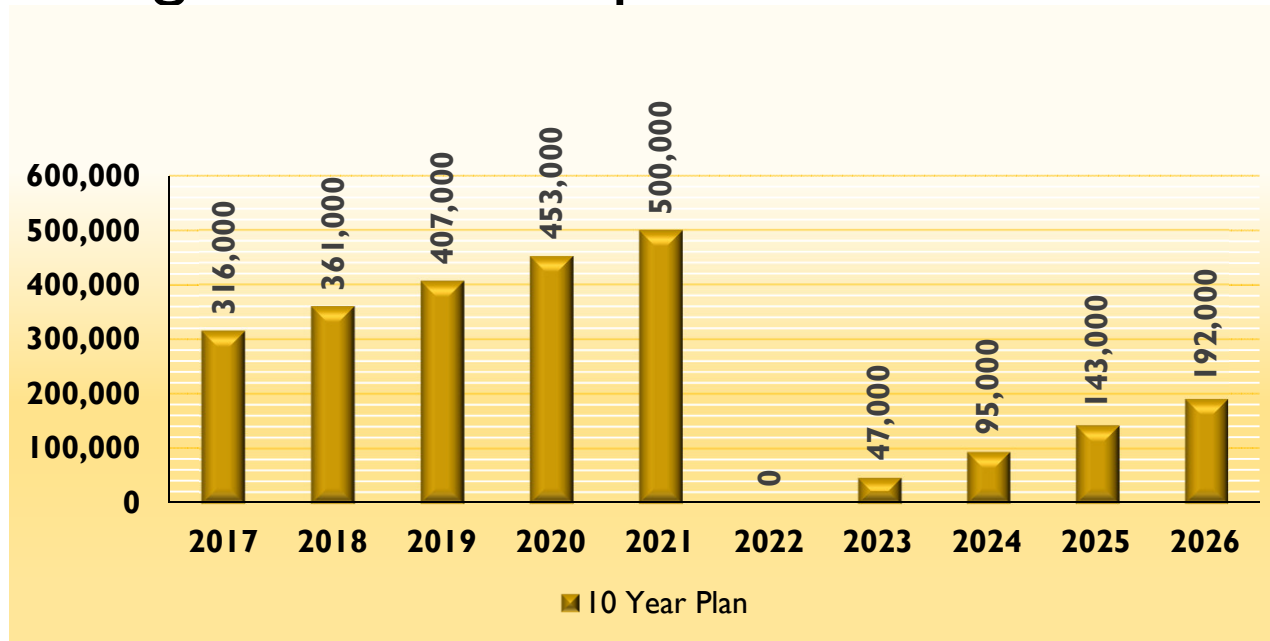
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Capital Budget – Minor Capital Reserve

Description	Amount
What We Are Saving (Artificial Field User Fee)	\$42,000
Interest Savings – Yes (estimate)	3,000
What We are Saving For:	
Significant Project – PMSS Turf Field Surface Replacement (2022)	-600,000
Balance – Minimum 5-Year Plan (2022)	0
Balance – Maximum 5-Year Plan (2021)	500,000
Purpose – To provide funding for repair or replacement of outdoor sport facility infrastructure	

2018 Financial Plan Workshop

Capital Budget – Minor Capital Reserve Balance



2018 Financial Plan Workshop

Capital Budget - Summary

- General Comments:

- Determined optimum funding levels for asset maintenance and replacements
 - Asset Management Plans Developed: Sewer/Buildings completed (2015); Remaining Assets (2017)
 - Condition Assessments – Facilities, Roads, Liftstations, Water, Drainage (2017-2020)
 - Implement new software system to provide historic data and analytics (2017)
- Arena Reserve
 - Acknowledged to fund annual maintenance NOT major components or building replacements
 - Profit forecast of Arena operations permits continued reserve contributions from Nustadia
- Development Cost Charges
 - Parks DCC Bylaw updated (2015)
 - Remaining DCC Bylaws (2017)
 - Funds may be used for community park- sports field land acquisition



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Capital Budget - Summary

- General Comments:
 - Art in Public Places Reserve
 - Existing public art signage, repairs and maintenance
 - New public art and community art pieces and installations
 - Equipment Replacement Reserve
 - Separated into two components – Vehicles vs Equipment
 - Creates better information for management & tracking



2018 Financial Plan Workshop

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 – 2026)



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Capital Budget - Summary

- General Comments:
 - Life Cycle Reserve
 - Contains three designations: General Maintenance; Building Replacements; Gas Tax
 - Building replacement reserve working as intended, able to replace main firehall by 2021
 - 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
 - General Maintenance AMP target of \$744,000 achieved in 2022
 - Building Replacement AMP target of \$2.2 million achieved in 2022



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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
 - City has high lane kilometers so pavement funding won't go far
 - Data from Asset Management Plans (AMP) and Condition Assessments needs to be incorporated into the Capital Plan to create better projections
 - AMP target of \$2.6 million achieved outside of 10 year horizon

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Capital Budget – Key Messages

1. Building Replacement Asset Levy –important to continue
2. Deposit remaining South Bonson land sales proceeds (\$874K) to:
 - Life Cycle Reserve to fund eventual building replacement or
 - Provide funding for sports field amenities in South Bonson
3. Complete asset condition assessments
 - Necessary to properly calculate reserve contribution levels
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

2018 Operating Budget



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Operating Budget – Summary



Description	Amount	Tax \$	Tax %	Comment
Taxes from New Development - Growth	(\$200,000)	(\$20.44)	-1.04%	2018 Estimate
Pending Property Tax Appeals	15,700	1.60	0.08%	BC Assessment Authority Supplemental Appeals (estimate)
Corporate Finance Revenue & Expense Changes	27,600	2.83	0.14%	Port PILT; Utilities Admin Charge; Other
Building Replacement Reserve	192,000	19.62	1.00%	Funds existing buildings: Planned increase \$1.144M to \$1.336M
Other Capital Reserve Changes	115,000	11.75	0.60%	1% Building Replacement; Equipment Repl.; Lifecycle; Transport'n
Corporate Finances Subtotal	150,300	15.36	0.78%	
Council Approved Initiatives	75,500	7.72	0.40%	Art Gallery, Senior Centre Agreement, Community Partnerships
Department Revenue Changes	(85,700)	(8.75)	-0.44%	Business Licenses, Dog Licenses, Billboard Advertising
Salaries & Benefits	260,000	26.57	1.35%	Cost of Living; Steps
Other Expenses	148,700	15.18	0.77%	Arts Programs, Parks Snow Clearing, POC Incidents/Training
City Departments Subtotal	398,500	40.72	2.08%	
Library	19,400	1.98	0.10%	
Police - RCMP	80,300	8.21	0.42%	
Service Delivery Partners Subtotal	99,700	10.19	0.52%	Contractual commitments
Total	\$648,500	\$66.27	3.38%	

2018 Financial Plan Workshop

Operating Budget – Corporate Finance Drivers



Description	Amount	Tax \$	Tax %	Comment
GROWTH:				
Taxes from New Development	(\$200,000)	(\$20.44)	-1.04%	2018 (estimate)
Taxes from New Development	15,700	1.60	0.08%	BC Assessment Authority supplemental appeals (estimate)
Subtotal	(\$184,300)	(\$18.84)	-0.96%	
REVENUE, EXPENSES, OPERATING RESERVE:				
Admin Allocation to Utilities	(8,300)	(0.85)	-0.04%	Reflects appropriate salary & non-salary allocation to utilities
Traffic Fines and Small Community Grant	15,000	1.53	0.08%	Reduced traffic fine activity, grant reduces as population increases
Operating Reserve	32,000	3.27	0.17%	2017 art programming
Other	(11,100)	(1.12)	-0.07%	% Utility, PILT, Fees, Other
Subtotal	\$27,600	\$2.83	0.14%	
CAPITAL RESERVES:				
Building Replacement	192,000	19.62	1.00%	Funds existing buildings: Planned increase \$1.144M to \$1.336M
Lifecycle	15,000	1.53	0.08%	Maintain & minor upgrades of existing buildings: \$651K to \$666K
Equipment Replacement	80,000	8.18	0.42%	Maintain & replace existing vehicles & equip.: \$659.3K to \$740K
Transportation	20,000	2.04	0.10%	Restore & replace major road infrastructure: \$150K to \$170K
Subtotal	\$307,000	\$31.37	1.60%	
TOTAL CORPORATE FINANCE	\$150,300	\$15.36	0.78%	

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Operating Budget – City Departments Drivers



Description	Amount	Tax \$	Tax %	Comment
DEPARTMENT REVENUES				
Business & Dog Licenses, Film Permits	(\$43,000)	(\$4.39)	-0.22%	Increased to match sustainable levels
Billboard Advertising	(42,700)	(4.36)	-0.22%	Increase in revenues
Subtotal	(\$85,700)	(\$8.75)	-0.44%	
COUNCIL APPROVED INITIATIVES				
Community Investment Partnership Program	25,000	2.55	0.13%	Dec 6, 2016 Council meeting - cultural community support
Art Gallery	15,000	1.53	0.08%	July 25, 2017 Council meeting - incremental operating costs
Senior Society Agreement	30,000	3.07	0.16%	March 28, 2017 Council meeting - increase agreement funding
Other	5,500	0.57	0.03%	Mar 21 & Sept 12 Cncl mtgs - \$2.5K PM Day, \$3K CAO eval'n
Subtotal	\$75,500	\$7.72	0.40%	



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Operating Budget – City Departments Drivers (Cont'd)



Description	Amount	Tax \$	Tax %	Comment
OTHER EXPENSES:				
Salary & Benefits	\$260,000	\$26.57	1.35%	Other Depts. CUPE, IAFF & exempt contractual agreements
Emergency Social Services (ESS) Contract	(26,300)	(2.68)	-0.14%	Contract cancellation to create in-house ESS model
Emergency Social Services (ESS) In house	24,500	2.51	0.13%	Emergency co-ordinator salary, supplies, volunteer appreciation
Hydro	19,600	2.00	0.10%	Estimated rate increases (3%)
Museum	13,600	1.39	0.07%	Fee for service contract
Parks Inclement Weather Maintenance	35,000	3.58	0.18%	Snow clearing of park sidewalks and pathways
POC Incidents & Training	33,000	3.37	0.17%	Increased activity and 4 additional members
Repairs and Maintenance - Buildings & Grounds	21,000	2.15	0.11%	Maintenance of City buildings and parks
Other	28,300	2.87	0.15%	
Subtotal	408,700	\$41.76	2.12%	
TOTAL-CITY DEPARTMENTS	\$398,500	\$40.72	2.08%	



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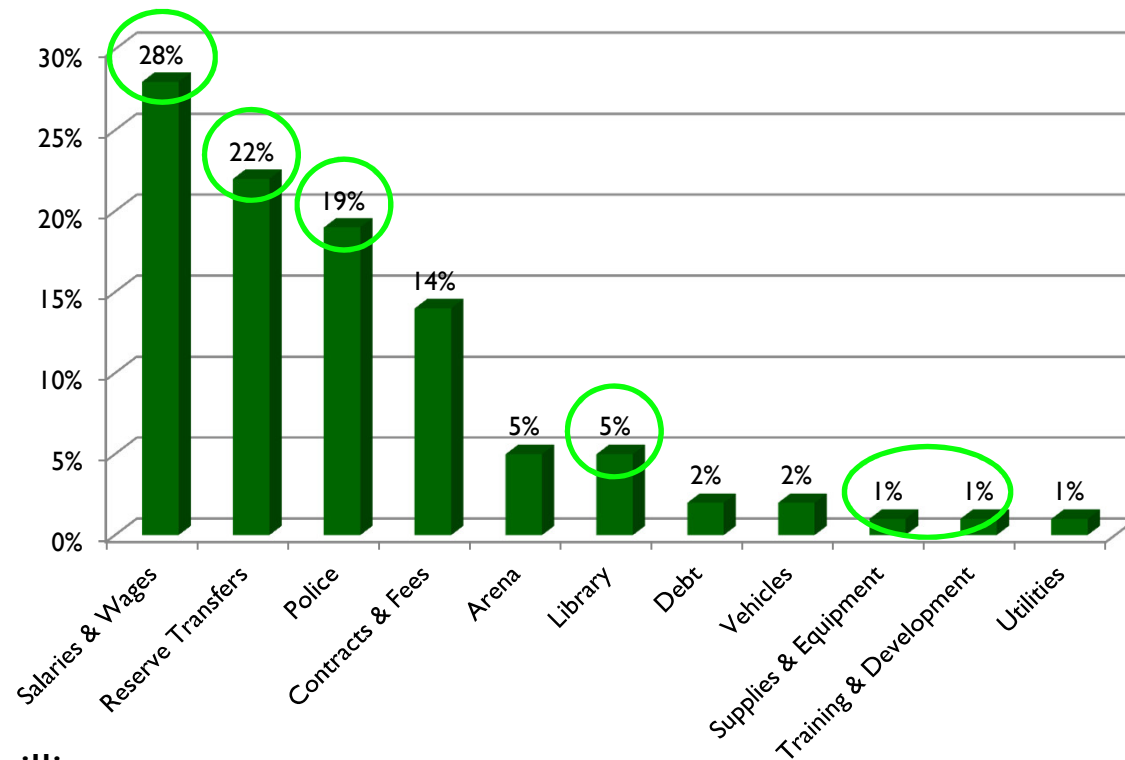
Operating Budget – Service Delivery Partners



Description	Amount	Tax \$	Tax %	Comment
LIBRARY:				
Fraser Valley Regional Library Levy	12,400	1.27	0.06%	Member assessment for salaries, benefits, materials
Lease	7,200	0.74	0.04%	Per agreement - lease ends 2022
Other	(200)	(0.03)	0.00%	Repairs & maintenance, hydro , gas
Subtotal	19,400	1.98	0.10%	
POLICE:				
Personnel	25,600	2.62	0.13%	Members regular pay, overtime, pension costs
Housing & Support	22,600	2.31	0.12%	Office administration, records management, facility rent
Integrated Teams	32,100	3.28	0.17%	Cost sharing formula based on population and crime statistics
Subtotal	80,300	8.21	0.42%	
TOTAL	\$99,700	10.19	0.52%	

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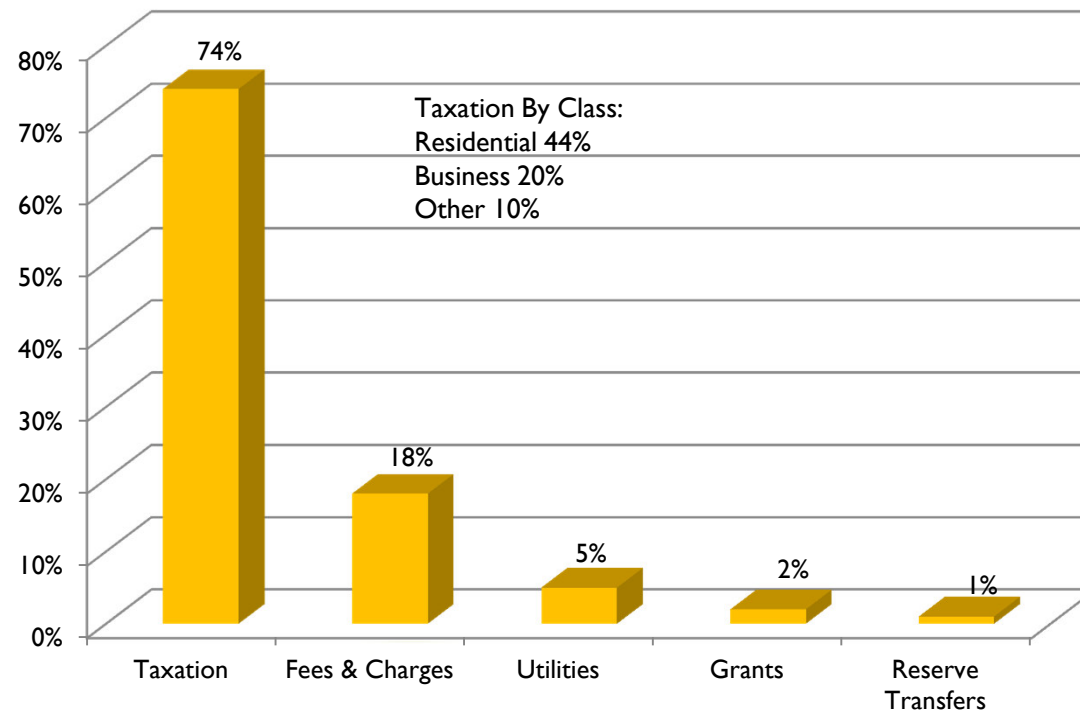
Operating Budget – Where Does the Money Go?



Expenses \$27.7 million

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Operating Budget – Where Does the Money Come From?

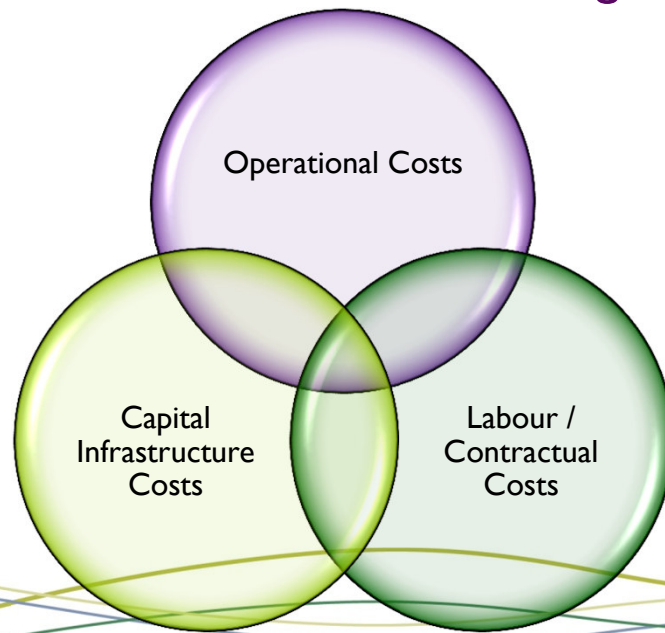


Revenues \$27.7 million

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Operating Budget – New Service Costs

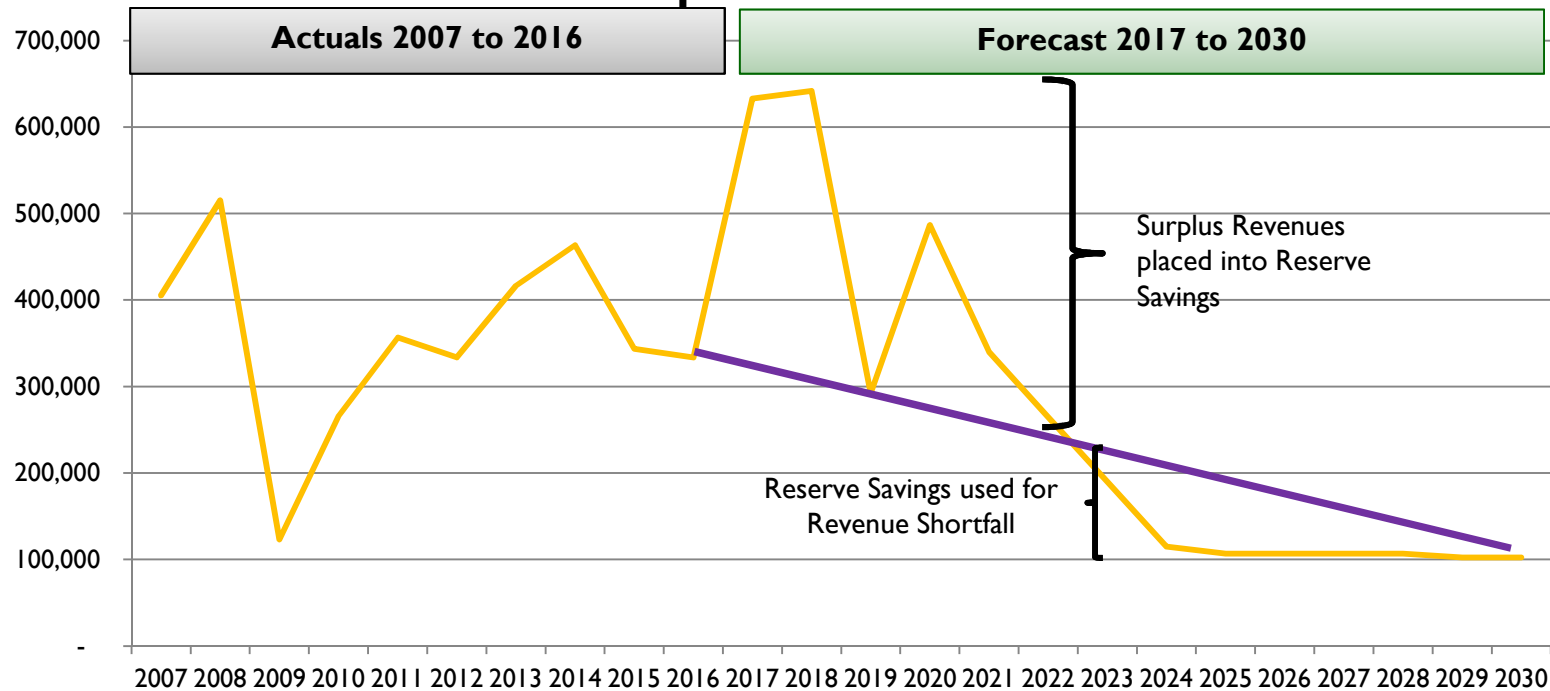
Every time a Municipal Service is requested, the cost to taxpayers to deliver the service must also be considered and budgeted for.



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Development Revenues



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Operating Budget – General Fund Accumulated Surplus

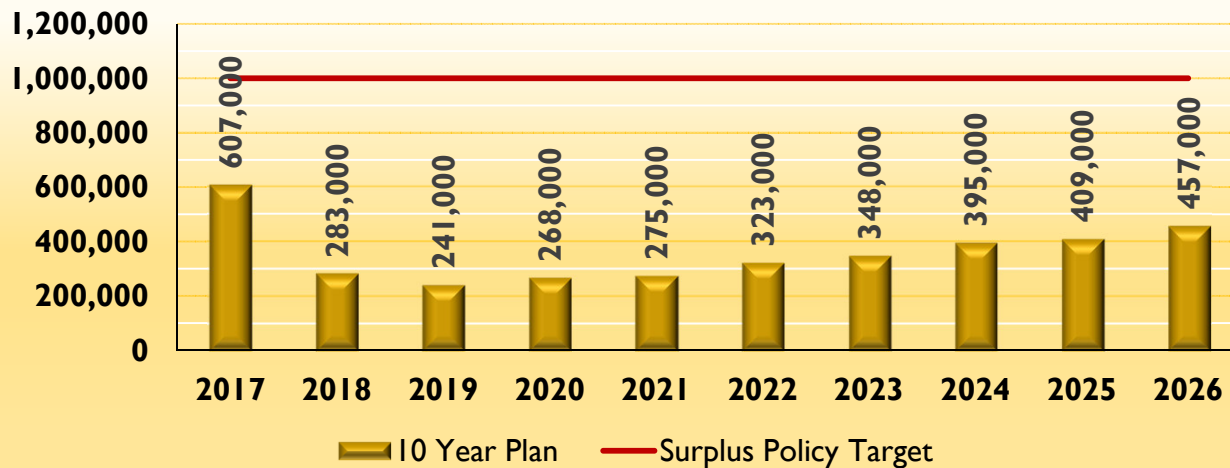
Description	Amount
Interest Allocation – No	0
Funding – Estimated Surplus (2017)	50,000
Significant Activity – Communications & Community Engagement (2018-2019)	-125,000
Significant Activity – Official Community Plan Update (2018-2021)	-95,000
Significant Activity – Parks & Recreation Master Plan (2018)	-65,000
Balance – Minimum 5-Year Plan (2019)	240,000
Balance – Maximum 5-Year Plan (2020)	323,000
Purpose – To provide funding for emergencies, one-time extraordinary costs, efficiency initiatives, cost spikes and revenue shortfalls.	
Surplus Policy Target – 5% of General Fund Net Expenditures = approximately \$1 million	



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Operating Budget – General Fund Accumulated Surplus



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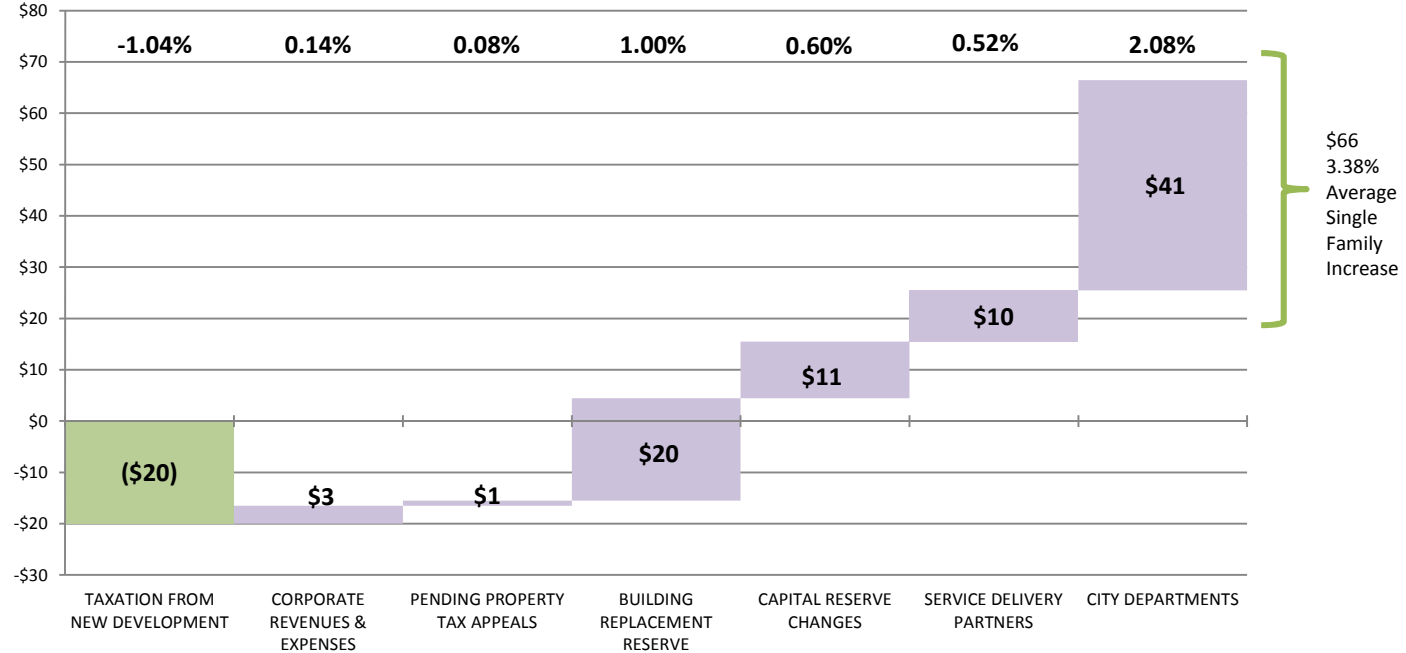
Operating Budget – Key Messages

1. Taxes are favourable compared to other municipalities in the region – Lowest single family
2. City departments have undertaken a zero based budget approach and incorporated reductions to achieve the 2018 results
3. Asset management plans and condition assessments are key to establishing adequate reserve funding levels
4. Snow & ice surface maintenance levels need to be monitored in 2018 to better assess cost impacts & service levels
5. Development revenues are anticipated to decline within 5 years – need to plan now
6. Revenue from new development (growth) is substantially lower in 2018; creates increased pressure on taxation
7. Forthcoming decision packages are not included in the property tax increase
8. The total proposed tax increase of 3.38% equates to about \$66 for the average assessed single family home



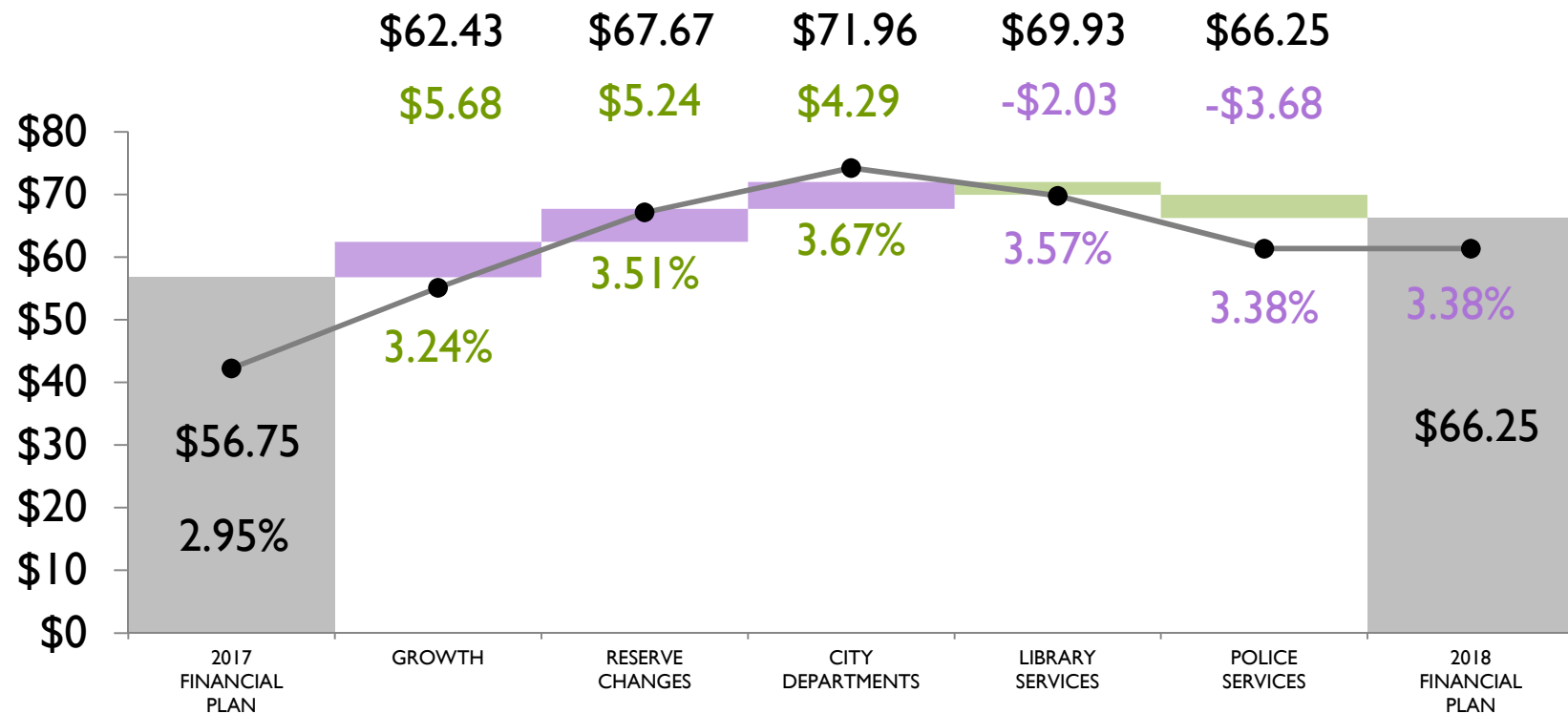
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Operating Budget – Key Messages



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Operating Budget – Key Messages: 2017 vs. 2018 Financial Plan



2018 Operating Budget Summary

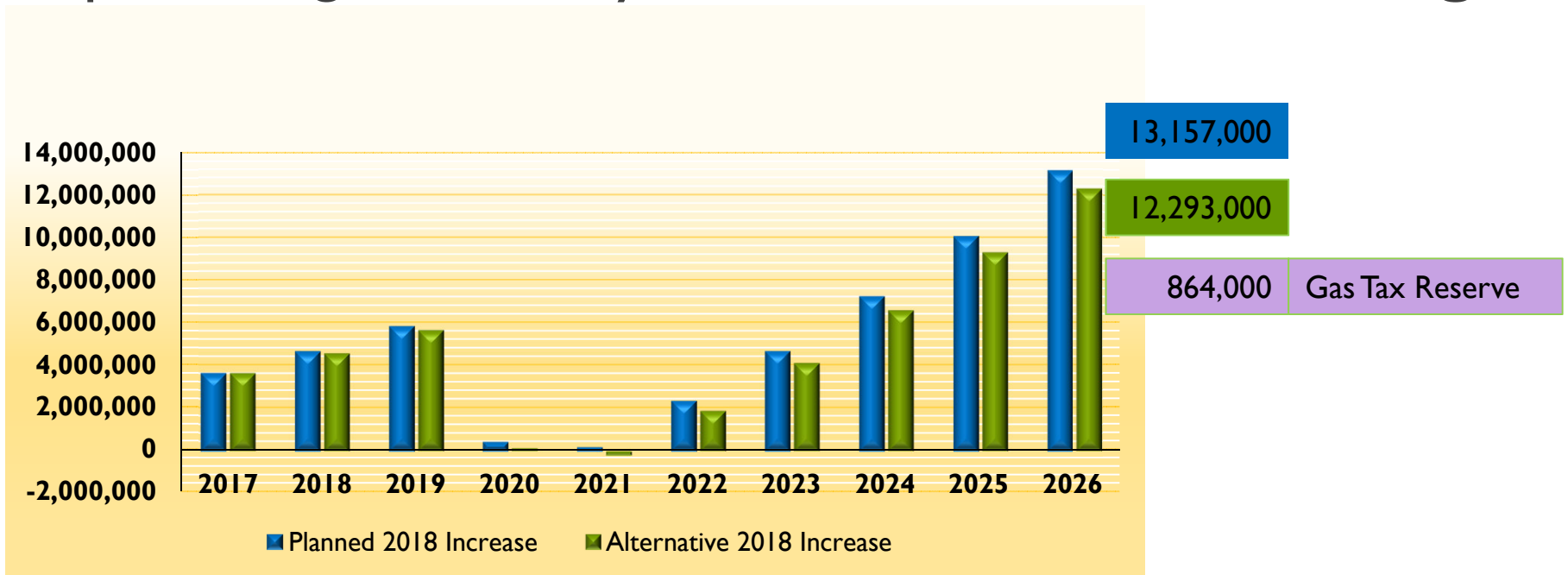
Tax Increase Summary

	Proposed	Alternative
– Operational	1.38%	1.38%
– Council Approved Initiatives	0.40%	0.40%
– Reserve Savings	0.60%	0.60%
– Building Replacement	<u>1.00%</u>	<u>0.50%</u>
– Total	3.38%	2.88%



2018 Financial Plan Workshop

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



Financial Opportunities & Challenges



2018 Financial Plan Workshop

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



2018 Financial Plan Workshop

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
 - Surplus policy target – 5% of net operating expenditures or approx. \$1 Million
 - Need to lessen reliance on reserve to fund projects in order for surplus to grow to acceptable level

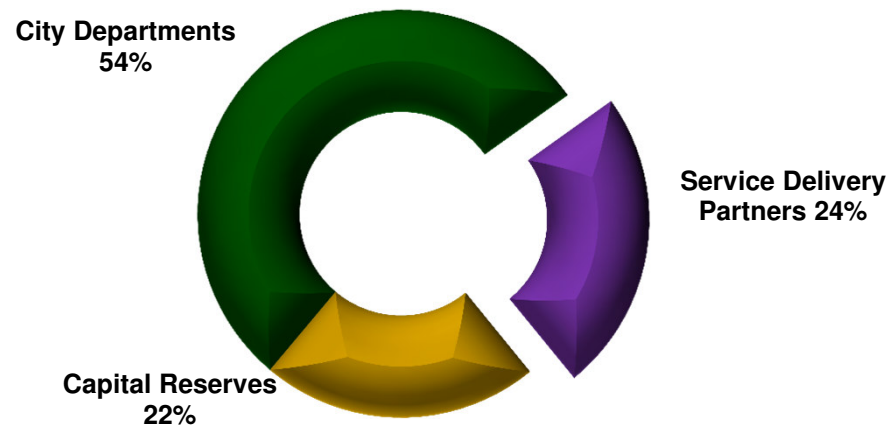


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Financial Challenges

- **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 11th	5:30 pm to 8:00 pm	Business Plan Presentations Utility Plan
December 13th	9:00 am to 2:30 pm	Business Plan Presentations
January 10th	5:30 pm to 9:00 pm	Budget Deliberations
January 11th	5:30 pm to 9:00 pm	Budget Deliberations
February 6th	7:00pm (Council)	BC Assessment & Property Tax Calculation Presentations
March 6th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Three Readings
March 20th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Adoption
May 1st	7:00pm (Council)	Tax Rate Bylaw – Three Readings
May 8th	7:00pm (Council)	Tax Rate Bylaw – Adoption





Questions, Comments, Suggestions

