City of Pitt Meadows

2019 Financial Plan Workshop

Special Council – November 27, 2018

2019 Financial Plan Workshop

Agenda

- Purpose of Today's Workshop
- Financial Planning Process
- Budget Facts & Figures
- 2019 Capital Budget (excludes Utility Charges)
- 2019 Operating Budget (excludes Utility Charges)
- Financial Opportunities and Challenges
- Next Steps
- Opportunity for Questions & Comments

2019 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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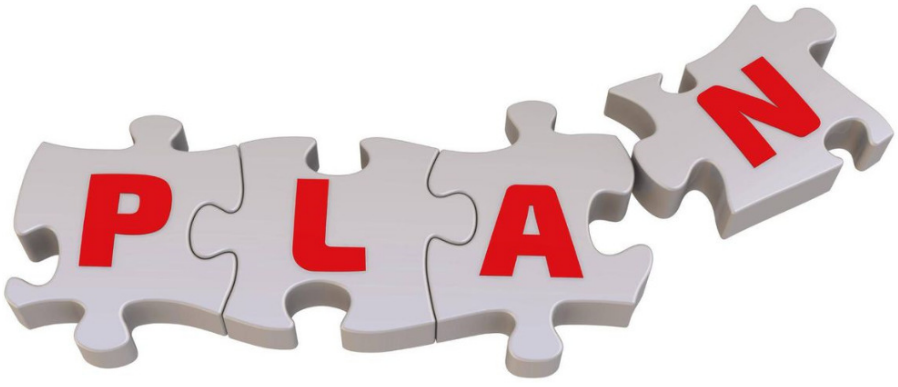
Financial Planning Process



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Financial Planning Process

- Guidelines Set & Budget Packages Distributed – Jun 2018
- Capital & Operating Budgets Drafted by Departments – Jul/Aug 2018
- Finance Department Budget Review – Sept 2018
- Corporate Leadership Team Review – Sept/Oct 2018
- 2018 8-Month Budget Review – Nov 13, 2018
- Budget Preview to Council – Nov 13, 2018
- Budget Workshop – Nov 27, 2018
- Business Plan Presentations & Public Input – Dec 10 & 12, 2018
- Budget Deliberation by Council & Public Input – Jan 23/24, 2019
- Final Presentation to Council & Public Input – Feb 5 2019
- Financial Plan Bylaw – Three Readings – Mar 12, 2019
- Financial Plan Bylaw – Adoption – Mar 19, 2019

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 & Policy

5. Asset Condition Assessments – Underway

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Financial Planning Process

- 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 - Decision Package
  5. Activity or resource re-alignment – Business Case

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Financial Planning Process

- Budget Guideline Principles – (cont'd):
  6. Capital plans balance replacement needs, funding constraints & reserves` long-term health
  7. Increased annual provisions to reserves will continue
  8. Only conservative & sustainable revenues will be incorporated
  9. Taxation from new construction (growth) allocation method
  10. 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, Solid Waste/Green Waste, 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 May15, 2019
  - 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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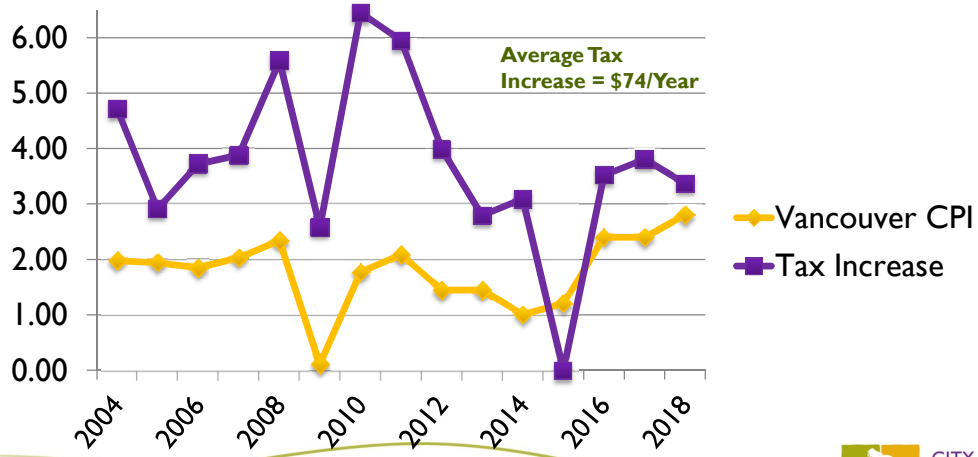
Budget Facts & Figures – Tax Increases 2004 - 2018



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Budget Facts & Figures – New / Improved Services Since 2004

Department	New / Improved Services		
Parks & Recreation	•Independent service model •S. Bonson comm. centre •Arena •Senior centre	•Rehabilitated Harris pool •Harris skateboard park •Artificial turf field •Community gardens	•Spirit Square •New parks (McLean / Waterfront Parks) •Recreation centre expansion •Recreation centre underground parkade
Transportation	•Built Airport Way	•Replaced Harris Rd North Alouette Bridge •Replaced Kennedy Rd Katzie Slough Bridge	•Active transportation (bike lanes, trails, crosswalks, sidewalks)
Communications	•Civic Engagement & Communications Manager	•Outreach events (townhalls, home show) •Community engagement	•Digital media (web-site, twitter, facebook) •In-House Graphic Designer
Cultural Services	•Senior & Film Co-ordinators; In-House Arts Progamming;	•Enhanced Special Events •Art Gallery	•Artist in Parks; Volunteer Program •Library Summer Sunday Openings
Fire	•Paid-on-call services	•2 career full-time members •2 Assistant Chiefs	•Fire Hall renovation and addition •Training ground
Police	•City reached 15,000 people - costs went to 90% from 70%		•New community police office
Other	•Bylaw officer •Hazardous spill response •Environmental Stewardship Officer-enforcement, inspections, awareness	•Emergency preparedness coordinator-emergency mgmt program, in-house ESS •Works yard expansion •Open Government Citizens Committee •Invasive weed control	•City hall renovation (Meadows Room) •On-line access (home owner grant, payments) •Health & safety coordinator •Snow & Ice Service Levels

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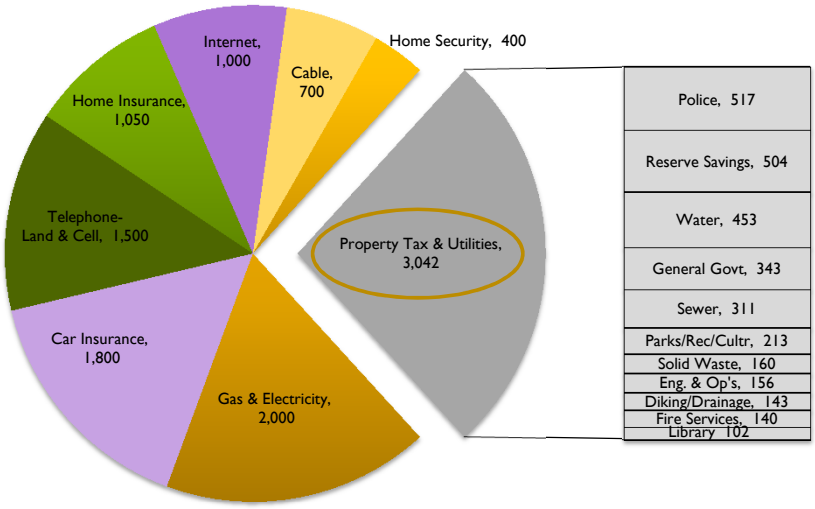
Budget Facts & Figures – Service Value (2018)



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Budget Facts & Figures –2018 SF Residential Tax Comparison

Municipality	Assessed Values	# of Occurrences	Average Assessed Value	Taxes	Utilities (SFD Rates)	Total Taxes & Utilities
West Vancouver	52,061,252,030	11,929	4,364,260	10,139.92	1,790.00	11,929.92
White Rock	6,046,114,500	3,824	1,581,097	5,887.23	1,649.19	7,536.42
Vancouver	197,009,748,343	80,949	2,433,751	6,007.13	1,261.00	7,268.13
North Van., District of	36,198,016,101	20,150	1,796,428	5,128.21	1,616.50	6,744.71
Port Moody	6,552,210,000	4,933	1,328,240	5,189.57	1,124.00	6,313.57
New Westminster	8,845,190,500	7,530	1,174,660	4,766.16	1,469.85	6,236.01
Richmond	48,581,919,500	28,575	1,700,155	4,892.23	1,209.73	6,101.96
North Van., City of	9,202,712,600	5,556	1,656,356	4,750.01	1,188.89	5,938.90
Burnaby	52,975,170,300	32,106	1,650,008	4,685.21	1,194.59	5,879.80
Coquitlam	33,329,376,100	26,234	1,270,465	4,387.92	1,227.00	5,614.92
Surrey	97,273,688,750	86,962	1,118,577	3,750.83	1,277.28	5,028.11
Maple Ridge, District of	17,376,293,323	20,961	828,982	3,838.10	1,046.65	4,884.75
Langley, Township of	25,568,041,000	27,115	942,948	3,499.08	1,232.31	4,731.39
Delta	26,442,049,600	25,576	1,033,862	3,872.95	852.00	4,724.95
Port Coquitlam	10,508,830,000	10,944	960,237	3,718.42	953.08	4,671.50
Langley, City	2,792,127,500	3,373	827,788	3,333.09	1,038.94	4,372.03
Pitt Meadows	2,804,568,000	3,751	747,685	**3,275.01**	989.54	**4,264.55**
Average	37,268,665,185	23,557	1,495,029	4,771.83	1,242.39	6,014.21

**Includes Municipal Taxes Plus Other Taxing Authorities – School Taxes, TransLink, BC Assessment, GVRD, MFA*

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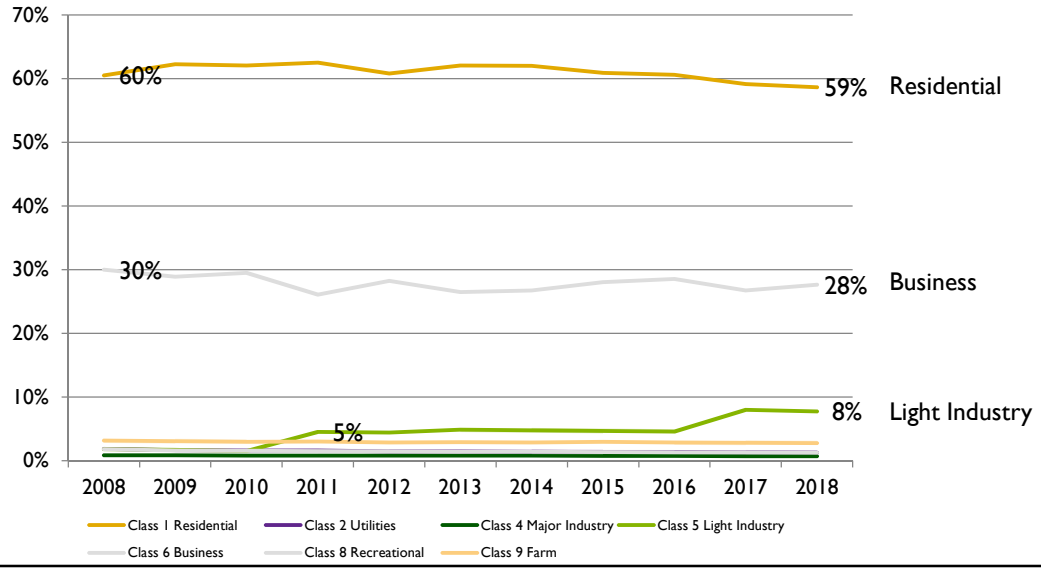
Budget Facts & Figures – Allocation of Tax Burden Over Time



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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	19,580	3.08%	177,000	546,000
2018	(estimate)19,580	1.52%	192,000	292,000
2019	(estimate)19,580	0.96%	200,000	192,000

$ 357,000 12-Year Average

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Budget Facts & Figures – Reserve Balances 2008-2017

Year	Operating	Capital	Current Year Surplus	Development Cost Charges	Total
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**
2017	3,686,000	25,198,000	30,000	11,780,000	**40,694,000**
Average					**23,896,000**

Historical Value of City Assets = $253 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	19.3	5.1	24	12.0	10.5	51.3	**122.2**	49.8	**172.0**
Original Value	34.5	12.5	46.7	12.0	15.8	51.3	**172.8**	80	**252.8**
Replacement Value	64.2	11.8	73.3	n/a	19.3	n/a	**168.6**	207.7	**376.3**
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 - 2018	1.3	0.8	1.6	0	0.7		**4.4**	2.4	**6.8**
Annual Infrastructure Funding Gap	**1.4**	**0.5**	**1**	**n/a**	**0.1**		**3**	1.1	**4.1**

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Budget Facts & Figures – Tax Classes - 2018

Class Description	Tax Class	#	Tax Rate per $1,000	Net Taxable Values ($)	(%)	Revenue ($)	(%)	Tax Rate Ratio
Residential	1	7,272	2.6419	4,431,635,625	84.76	11,707,938	58.62	1.00
Utilities	2	40	34.8868	7,264,525	0.14	253,436	1.27	13.21
Major Industry	4	2	28.3503	4,984,200	0.09	141,304	0.71	10.73
Light Industry	5	40	12.3212	125,518,600	2.40	1,546,540	7.74	4.66
Business & Other	6	223	8.9782	615,280,778	11.77	5,524,114	27.66	3.40
Recreation/Non-Profit	8	54	9.6537	26,051,200	0.50	251,490	1.26	3.65
Farm	9	464	30.9616	17,711,022	0.34	548,362	2.74	11.72
Total				**5,228,445,950**		**19,973,184**		

Questions, Comments, Suggestions

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2019 Capital Budget

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Capital Budget – Equipment Replacement Reserve

Description	Amount
What We Are Saving (2019 increase = $50 K or 0.25%); AMP Target $831,000	$510,000
Interest Savings – Yes (estimate)	3,000
What We are Saving For:	
Significant Project – Recreation Equipment (2019-2023)	-468,000
Significant Project – Server / Storage Area Network Refresh (2021-2023)	-308,000
Significant Project – PC Replacement (2020)	-174,000
Significant Project – Document Management System Replacement (2021)	-160,000
Significant Project – Computer Infrastructure (2019-2023)	-142,000
Significant Project – Cultural Services Equipment (2019-2023)	-140,000
Balance – Minimum 5-Year Plan (2021)	6,000
Balance – Maximum 5-Year Plan (2023)	438,000
Purpose – To provide annual funds for the replacement of machinery and equipment at the end of their useful life	

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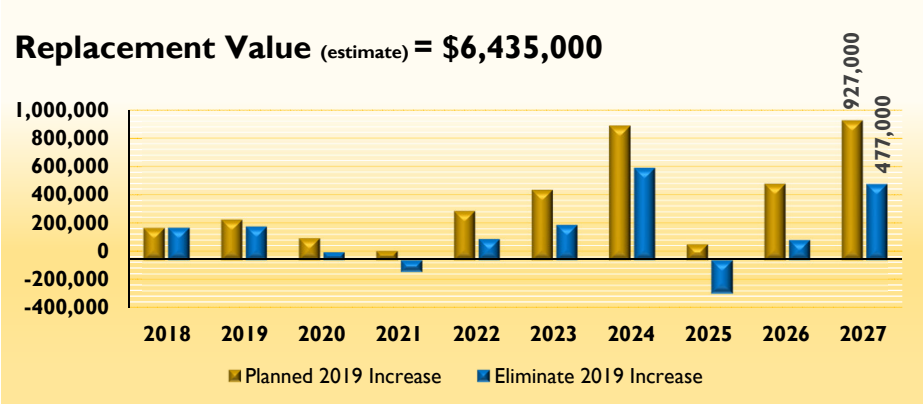
Capital Budget – Equipment Replacement Reserve Balance

Planned 2019 Tax Increase = $50,000 or 0.25%; 2027 Balance > $927,000



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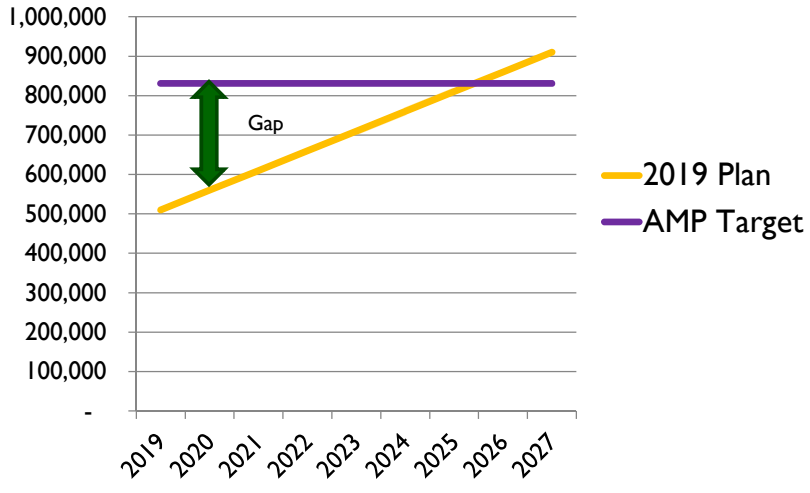
Capital Budget – Equipment Replacement Reserve

Annual Reserve Savings



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Capital Budget – Vehicle Replacement Reserve

	Amount
What We Are Saving (2019 increase = $30 K or 0.15%); AMP Target $471,000	$390,000
Interest Savings – Yes (estimate)	3,000
What We are Saving For:	
Significant Project – Hub Mack Engine (2020)	-900,000
Significant Project – Hub FL80 Rescue (2021)	-350,000
Significant Project – Tractor (2022)	-280,000
Significant Project – Tandem Dump Truck (2023)	-225,000
Significant Project – Bobcat (2021)	-150,000
Significant Project – Service Van (2022)	-150,000
Balance – Minimum 5-Year Plan (2023)	3000
Balance – Maximum 5-Year Plan (2019)	491,000
Purpose – To provide annual funds for the replacement of vehicles at the end of their useful life	

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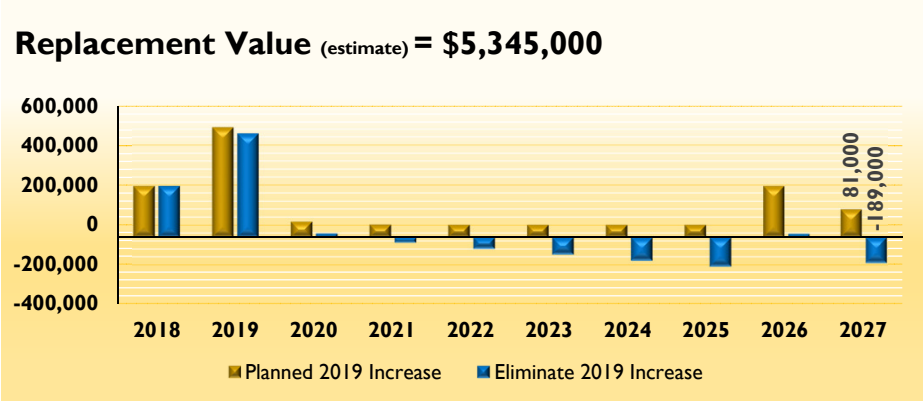
Capital Budget – Vehicle Replacement Reserve Balance

Planned 2019 Tax Increase = $30,000 or 0.15%; 2027 Balance > $81,000



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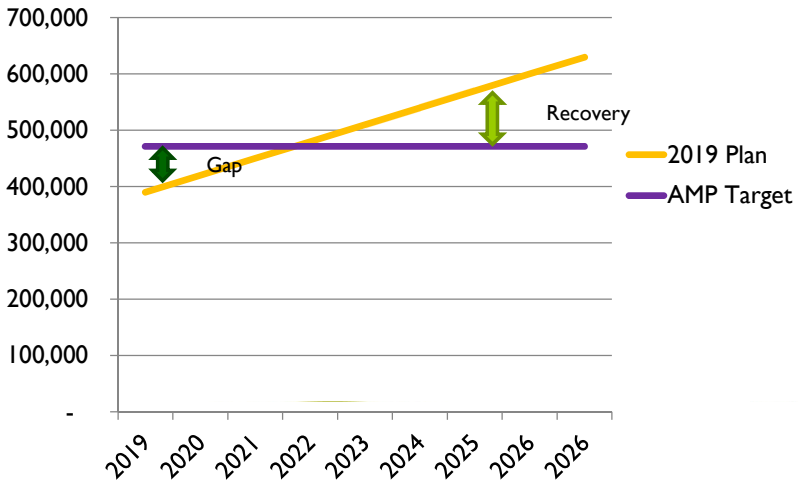
Capital Budget – Vehicle Replacement Reserve

Annual Reserve Savings



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Capital Budget – Arena Reserve

Description	Amount
What We Are Saving (2019 increase = $0K or 0.00%)	$80,000
Arena Operations	93,900
Arena Operating Results	31,300
Interest Savings – Yes (estimate)	10,000
What We are Saving For:	
Significant Project – Zamboni Replacement (2019)	-120,000
Significant Project – Upgrade Dasher Boards (2019 – 2023)	-100,000
Significant Project – Facility Painting (2019 – 2023)	-100,000
Significant Project – Arena Flooring (2019 – 2020)	-60,000
Balance – Minimum 5-Year Plan (2019)	594,000
Balance – Maximum 5-Year Plan (2022)	615,000
Purpose – To provide annual funds for the maintenance and repair of the arena facility, as well as equipment replacement	

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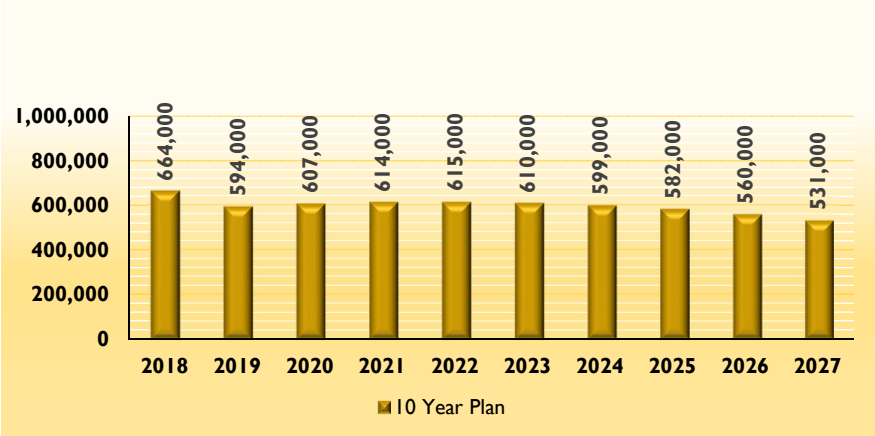
Capital Budget – Arena Reserve Balance



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Capital Budget – Development Cost Charges

Description	Amount
What We Are Saving DCC's (Estimate for Roads, Parks, Drainage, Sewer, Water)	$480,000
Interest Savings – Yes (estimate)	194,000
What We are Saving For:	
Significant Project – Major Roads: Harris Road Hammond to Airport (2023)	-1,832,000
Significant Project – Major Roads: Fraser Dike Road Extension (2020)	-1,259,000
Significant Project – Minor Roads: Fraser Way Pedestrian and Parking (2022)	-1,068,000
Significant Project – Parks: GEBP 3 & 4 Land/Amenity Contribution (2019)	-3,500,000
Balance – Minimum 5-Year Plan (2023)	5,944,000
Balance – Maximum 5-Year Plan (2019)	9,090,000
Purpose – To provide funding for new infrastructure resulting from growth.	

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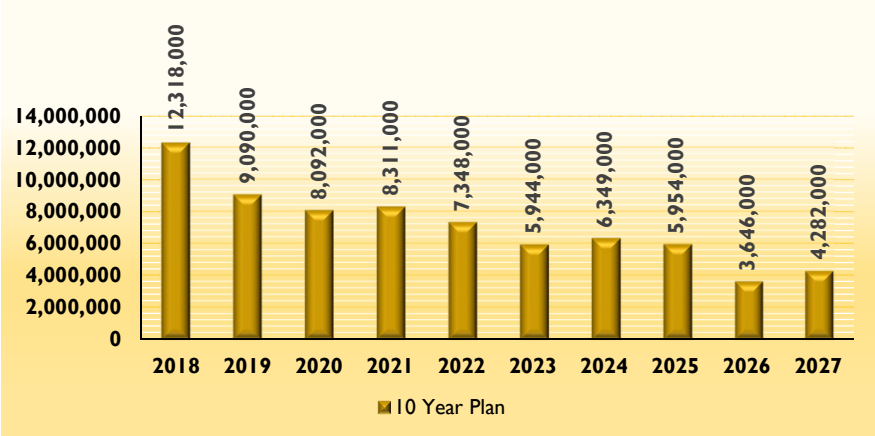
Capital Budget – Development Cost Charges Balance



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Capital Budget – Art in Public Spaces Reserve

Description	Amount
What We Are Saving (Transfer from Future Capital Reserve)	$74,000
Interest Savings – Yes (estimate)	2,000
What We are Saving For:	
Community Art Projects (2020,2022)	-20,000
Maintenance to Existing Art Projects (2019-2023)	-37,500
Balance – Minimum 5-Year Plan (2019)	206,000
Balance – Maximum 5-Year Plan (2023)	546,000
Purpose – To provide funds for Art in Public Spaces	

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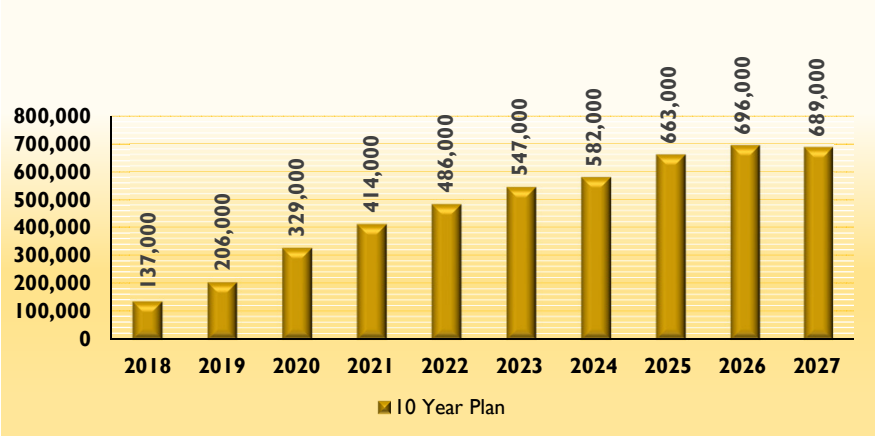
Capital Budget – Art in Public Spaces Reserve Balance



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Capital Budget – Future Capital Reserve

Description	Amount
What We Are Saving (2019 increase = $0K or 0.00%)	$575,000
Interest Savings – Yes (estimate)	0
What We are Saving For:	
Transfer to Art in Public Spaces Reserve (2019 to 2023)	-449,000
Significant Project – Harris Skate Park Shade Structure (2021)	-70,000
Significant Project – Harris Park Power Upgrade (2021)	-35,000
What We are Borrowing Internally (Repayments to Sewer Fund in 2019-2020)	-630,000
Balance – Minimum 5-Year Plan (2019)	43,000
Balance – Maximum 5-Year Plan (2023)	1,738,000
Purpose – To provide funds for capital expenditures, primarily emergency or strategic in nature.	

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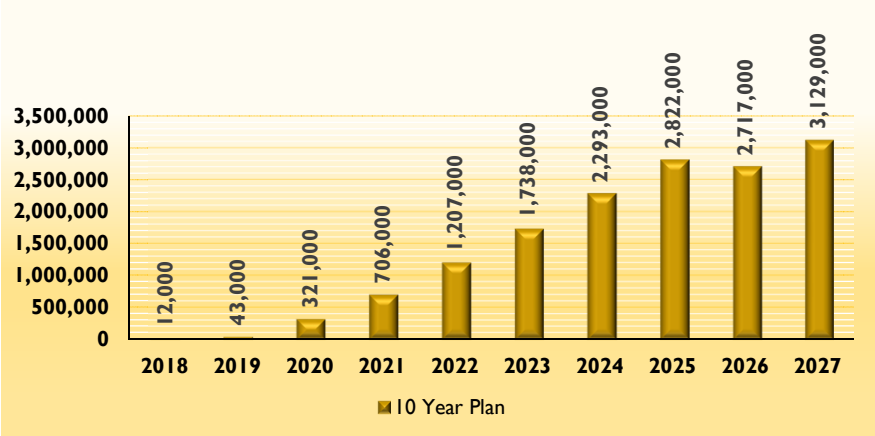
Capital Budget – Future Capital Reserve Balance



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

Description	Amount
What We Are Saving (2019 increase = $15K or 0.08%); AMP Target $744,000	$696,000
Facility Lease Revenue (Struthers, Akasaka, Daycare)	31,000
Interest Savings – Yes (estimate)	11,000
What We are Saving For:	
Significant Project – Maintenance: Recreation Facilities average annual (2019-2023)	-181,000
Significant Project – Maintenance: Mun. Bldgs average annual (W/Yard, Fire Hall, Mun. Hall, CPO, Arena) (2019-2023)	-137,000
Significant Project – Maintenance: Parks Infrastructure annually (2019-2023)	-156,000
Significant Project – Pitt Meadows Athletic Sports Field Renovation (2020)	-450,000
Significant Project – Harris Park S. Sports Field Renovation (2021)	-450,000
Significant Project – N. Bonson Park Sports Field Renovation (2023)	-410,000
Significant Project – Playground Upgrades and Replacements (2019,2021)	-205,000
Balance – Minimum 5-Year Plan (2021)	47,000
Balance – Maximum 5-Year Plan (2019)	431,000
Purpose – Annual funds for facility asset maintenance , repair & replacement	

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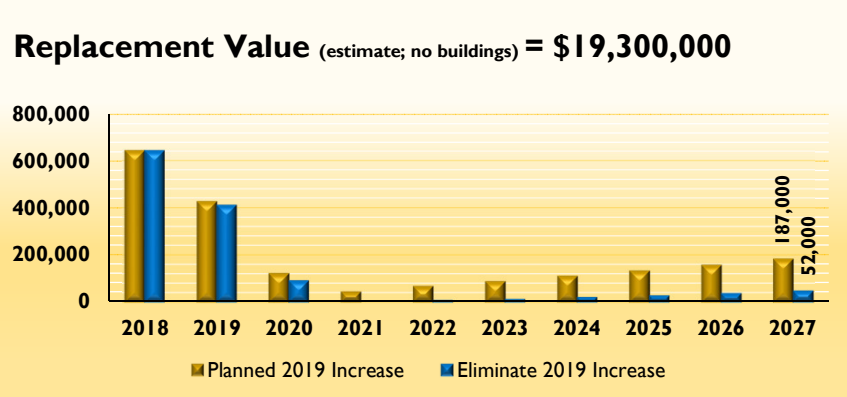
Capital Budget – Life Cycle Reserve Balance – **General**

Planned 2019 Tax Increase = $15,000 or 0.08%; 2027 Balance > $187,000



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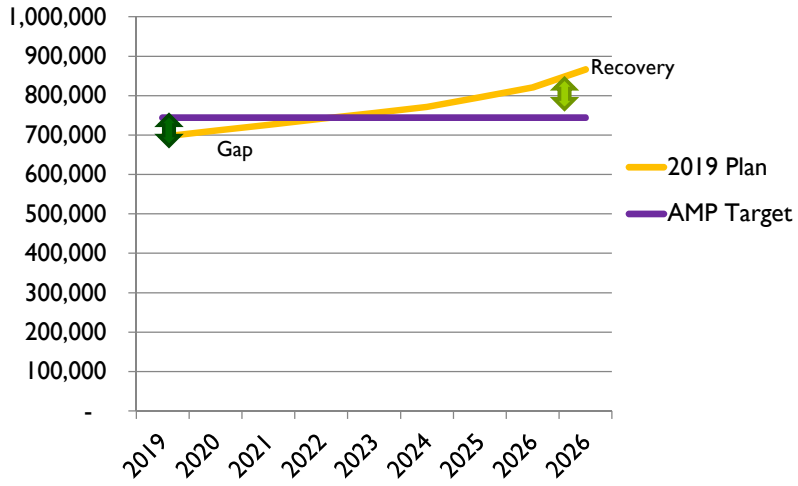
Capital Budget – Lifecycle Reserve - **General**

Annual Reserve Savings



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

Description	Amount
What We Are Saving (2019 increase = $200K or 1.01 %); AMP Target $2.2 million	$1,536,000
Interest Savings – Yes (estimate)	76,000
What We are Saving For:	
Significant Project – Main Fire Hall Replacement (2019 to 2021)	-9,625,000
Significant Project – Heritage Hall Roof and Wall (2023)	-450,000
Significant Project – Harris Road Park Washroom (2019)	-440,000
Significant Project – City Hall Wall Restoration (2022)	-341,000
Significant Project – City Hall Roof Replacement (2022)	-154,800
Balance – Minimum 5-Year Plan (2021)	46,000
Balance – Maximum 5-Year Plan (2019)	5,464,000
Purpose – Annual funds for building replacement only	

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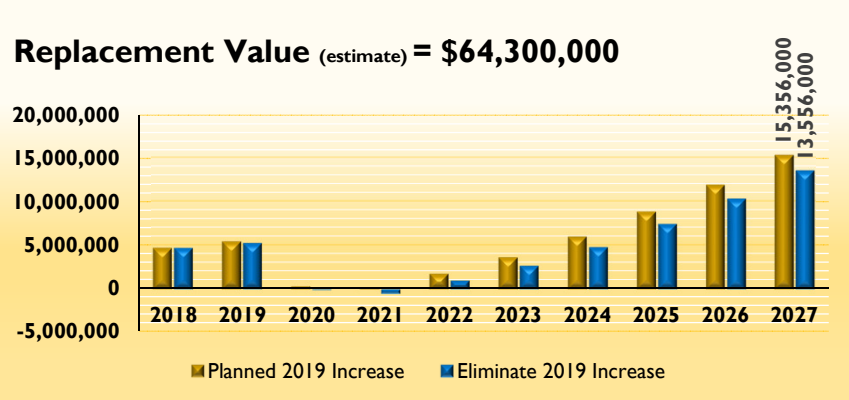
Capital Budget – Life Cycle Reserve Balance – **Buildings**

Planned 2019 Tax Increase = $200,000 or 1.00%; 2027 Balance > $15.4 million



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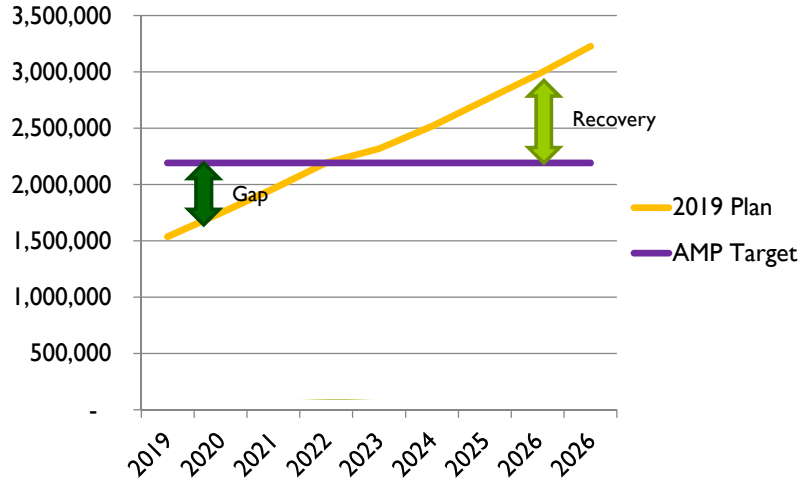
Capital Budget – Lifecycle Reserve - **Buildings**

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)	9,000
What We are Saving For:	
Significant Project – Recreation Centre Roof Replacement (2022-2023)	-875,000
Significant Project – Recreation Centre HVAC Replacement (2019-2023)	-221,000
Balance – Minimum 5-Year Plan (2023)	45,000
Balance – Maximum 5-Year Plan (2021)	778,000
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)	22,000
What We are Saving For:	
GEBP 3 & 4 Land/Improvement Amenity	-1,200,000
Balance – Minimum 5-Year Plan (2019)	260,000
Balance – Maximum 5-Year Plan (2023)	360,000
Purpose – To provide funding for parkland acquisitions.	

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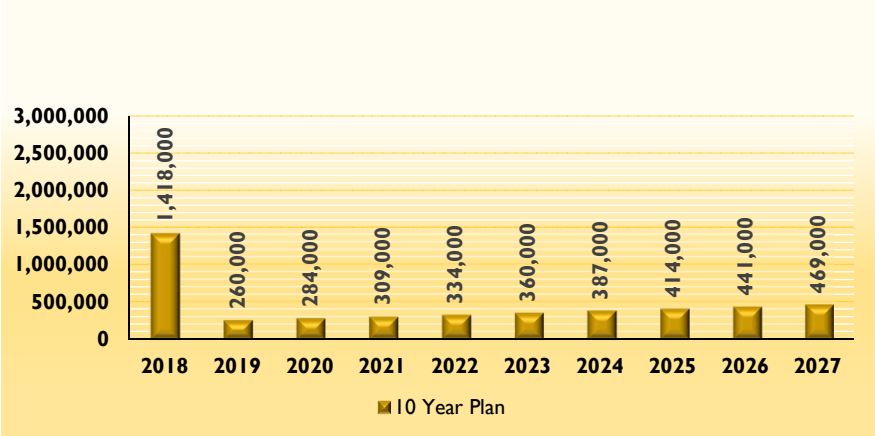
Capital Budget – Parkland Acquisition Reserve Balance



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Capital Budget – Transportation Reserve

Description	Amount
What We Are Saving (2019 increase = $20K or 0.1%); *AMP Target $2.6M incl RULs*	$1,190,000
Interest Savings – Yes (estimate)	7,000
What We are Saving For:	
Significant Project – McKechnie Road Repave – ODT to Connecting (2023)	-918,000
Significant Project – Ladner Road Bridge (2019)	-900,000
Significant Project – Harris Road Paving - Urban Area (2021)	-887,000
Significant Project – Active Transportation (2019-2023)	-500,000
Significant Project – Hammond Road Paving - Harris to Blakely (2020)	-395,000
Significant Project – Hammond Road Overlay – Bonson to Katzie (2023)	-370,000
Significant Project – Park Road Repave (2022)	-363,000
Balance – Minimum 5-Year Plan (2019)	0,000
Balance – Maximum 5-Year Plan (2022)	600,000
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 – Ladner Rd Bridge (2019)	-1,350,000
Significant Project – Neaves Road Pavement Repair (2022)	-720,000
Significant Project – Neaves Rd Bike Lanes (2020,2022)	-700,000
Significant Project – Airport Way at Baynes Road Intersection Reconstruction (2021)	-103,000
Balance – Minimum 5-Year Plan (2022)	291,000
Balance – Maximum 5-Year Plan (2021)	922,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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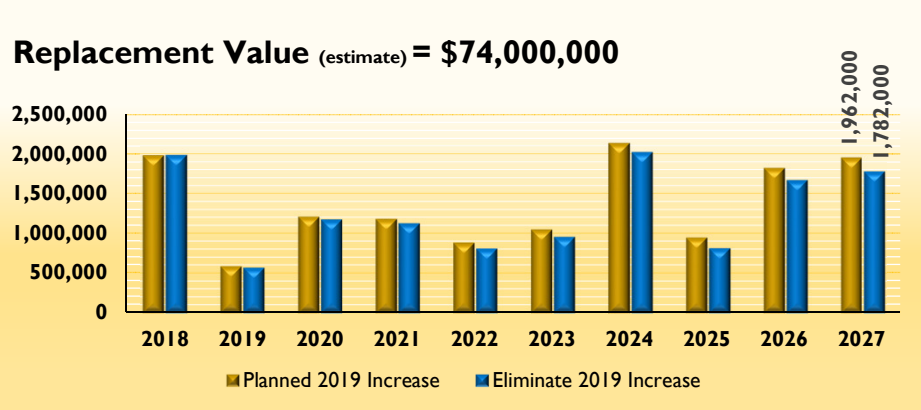
Capital Budget – Transportation Reserve & RUL Balance

Planned 2019 Tax Increase = $20k or 0.1%; 2027 Balance > $2.8m



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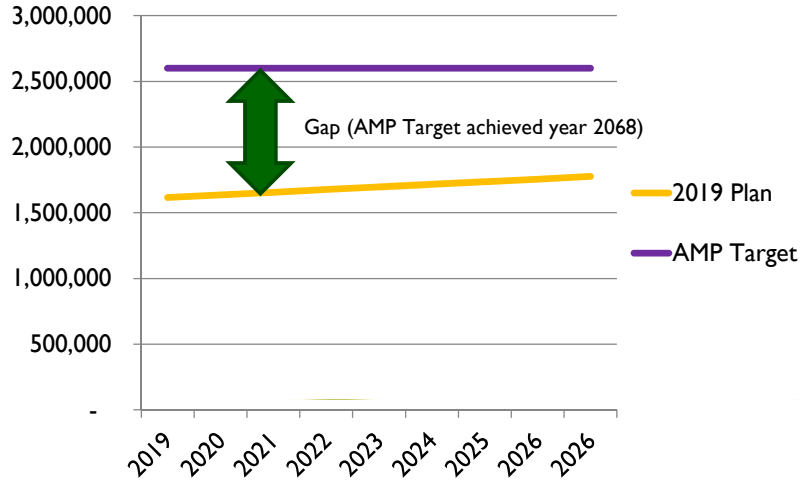
Capital Budget – Transportation Reserve & RULs

Annual Reserve Savings



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Capital Budget – Major Road Network Grant

Description	Amount
What We Are Saving (TransLink Grant)	$135,000
Interest Savings – Yes (estimate)	2,000
What We are Saving For:	
Significant Project – Harris Road Between Old Dewdney Trunk Rd (2021)	-75,000
Balance – Minimum 5-Year Plan (2019)	295,000
Balance – Maximum 5-Year Plan (2023)	771,000
Purpose – To provide funding for repair of major road networks	

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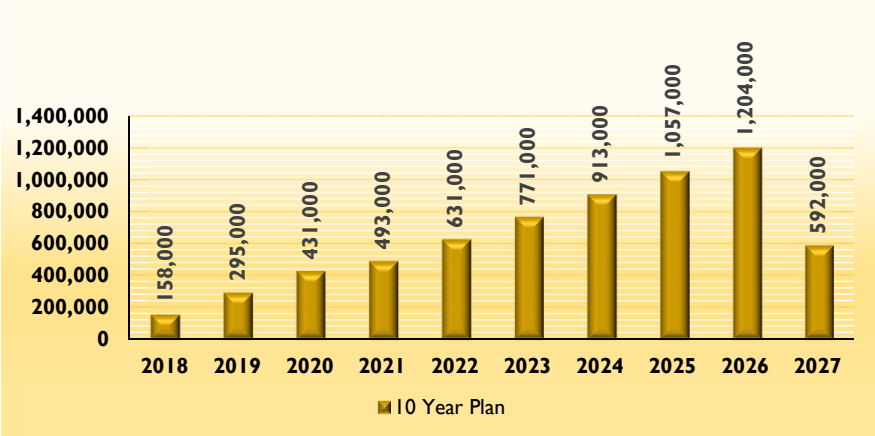
Capital Budget – Major Road Network Grant Balance



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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)	6,000
What We are Saving For:	
Significant Project – PMSS Turf Field Surface Replacement (2022)	-600,000
Balance – Minimum 5-Year Plan (2022)	14,000
Balance – Maximum 5-Year Plan (2021)	510,000
Purpose – To provide funding for repair or replacement of outdoor sport facility infrastructure	

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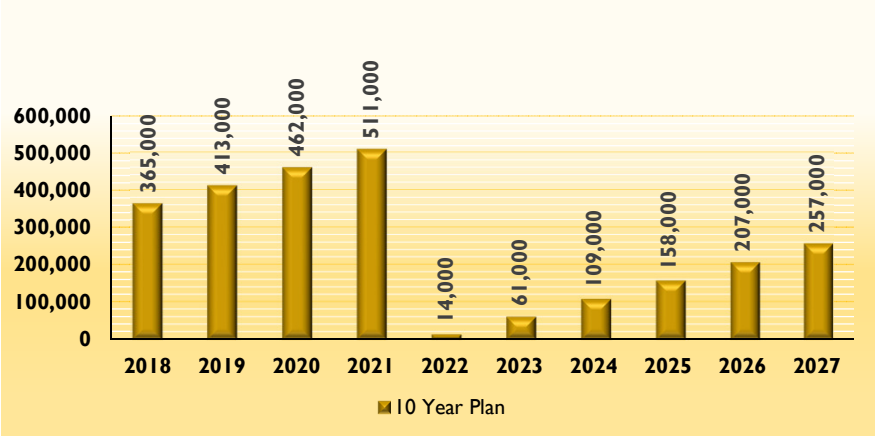
Capital Budget – Minor Capital Reserve Balance



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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 (2017-2019)
    - 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 DCCs Bylaw updated (2018)
    - Funds may be used for community park- sports field land acquisition

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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 ($3million – 2027)

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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
    - Gas Tax funds used for Rec Centre Roof and HVAC Replacement
    - 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 Condition Assessments need 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. Complete asset condition assessments
   - Necessary to properly calculate reserve contribution levels
3. Building reserves is a good thing because they:
   - Reduce long-term costs
   - Allow for proper asset management and
   - Ensure sustainable City services
4. Leverage land whenever possible; avoid selling to:
   - Benefit by an appreciating asset
   - Provide increased flexibility for new/enhanced service level opportunities
5. Seek opportunities to purchase land to provide enhanced service opportunities

Questions, Comments, Suggestions

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2019 Operating Budget

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2019 Financial Plan Workshop

Operating Budget – Summary

November 13, 2018 Preview – Average Single Family

$88 Property Tax + $87 Utilities = $175

Key Budget Drivers	Amount
Contracted Services & Provincial Legislation • Metro Vancouver water purchases and sewage treatment costs. This is driven by increased water consumption costs and capital reserve savings to reduce future impact of debt servicing costs on rate payers - $45 • Organics processing fees due to increased regulations and reduced competition in the market- $21 • Municipal Government Health Tax - $13 • RCMP Police Services to maintain services -$12 • FVRL Library Services to maintain services - $3	$94
City Department Services • City Departments - $25 • Utility system maintenance - $7 • Increased Pitt Meadows Day funding - $4	$36
Asset Replacement Saving for future infrastructure replacement (planned asset management) $31 Property Tax + $14 Utilities	$45
Total	**$175**

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Operating Budget – Summary

Description	Amount	Tax $	Tax %
Provincial Employer Health Tax	$ 135,000	$ 13	0.68%
Service Delivery Partners:			
- **Police – RCMP** (members, integrated teams, office administration)	120,400	12	0.60%
- **Library** (1.3% FVRL levy increase, materials)	32,600	3	0.16%
Corporate Finance Reserve Savings (buildings, vehicles, equip., transp., lifecycle)	315,000	31	1.58%
Council Approved Initiative - Pitt Meadows Day Funding	39,000	4	0.20%
Subtotal	**642,000**	**63**	**3.22%**
Department Submissions	$ 251,700	$25	1.25%
Total	**$ 893,700**	**$88**	**4.47%**

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Operating Budget – Department Submissions

Description	Amount	Tax $	Tax %	Comment
Taxes from new development	($192,000)	($19)	(0.96%)	Estimate
Pending property tax appeals	10,000	1	0.05%	BC Assessment Authority supplemental appeals
Corporate Finance other revenue	13,000	1	0.07%	Small community grant & traffic fine revenue
Department revenue changes	(7,100)	(1)	(0.03%)	Billboard advertising, license, fines, BC Ambulance
Salaries & benefits	318,700	31	1.59%	CUPE, IAFF, Exempt Cost of living, steps
Paid on Call incidents & training	(20,000)	(2)	(0.10%)	Reduced incident costs offset by increased training
Equipment & fleet	20,600	2	0.10%	Maintenance, fuel, insurance
Internet services/graphic design	18,900	2	0.09%	Community engagement, annual report, business plans
Other expenses	89,600	10	0.44%	Fleet, equip., support systems, comm. engagement
Department Total	**251,700**	**25**	**1.25%**	

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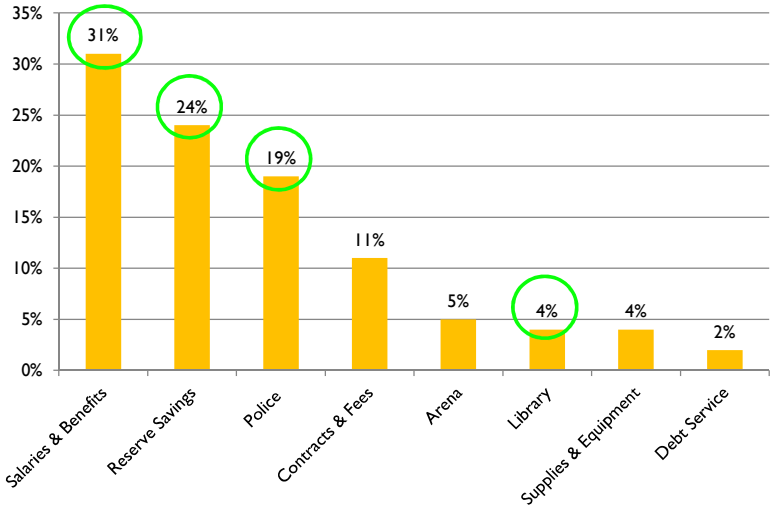
Operating Budget – Where Does the Money Go?



Expenses $28.7 million

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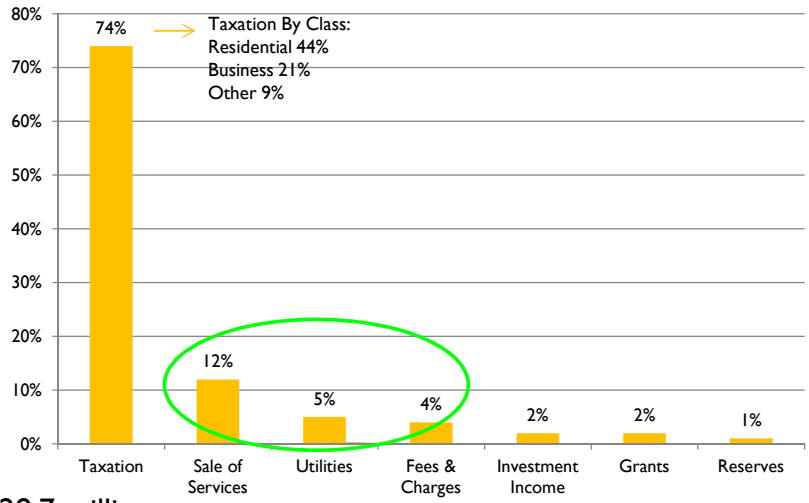
Operating Budget – Where Does the Money Come From?



Revenues $28.7 million

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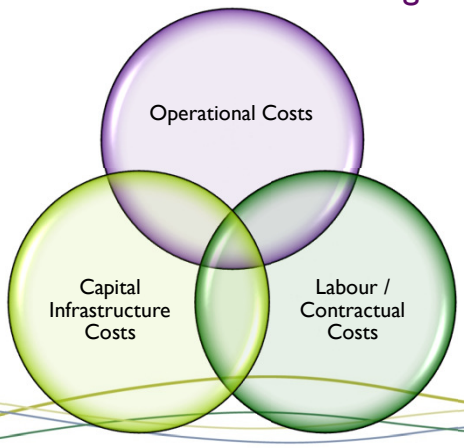
Operating Budget – New Service Costs

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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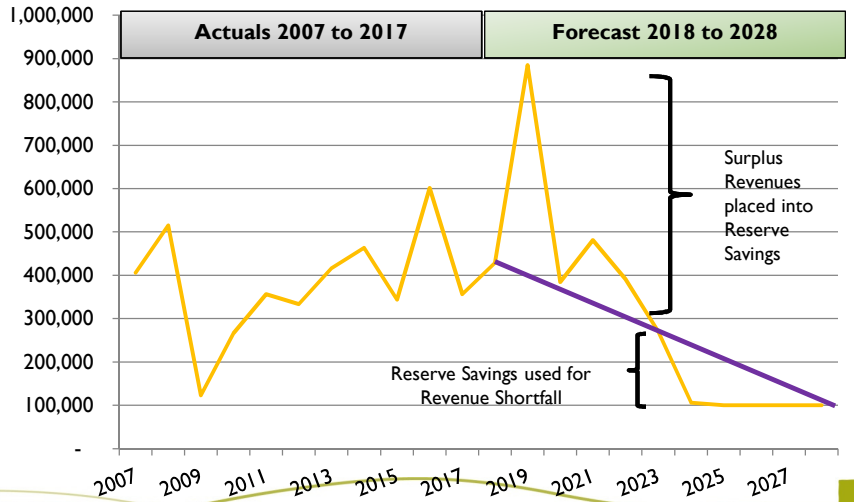
Development Revenues



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Operating Budget – General Fund Accumulated Surplus

Description	Amount
Interest Allocation – No	0
Funding – Estimated Surplus (2018)	582,700
Significant Activity – Communications & Community Engagement – year 2 of 2 (2019)	-50,000
Significant Activity – Official Community Plan Update – year 2 of 2 (2019)	-20,000
Significant Activity – Cannabis Implementation (2019)	-50,000
Balance – Minimum 5-Year Plan (2019)	705,000
Balance – Maximum 5-Year Plan (2023)	869,000
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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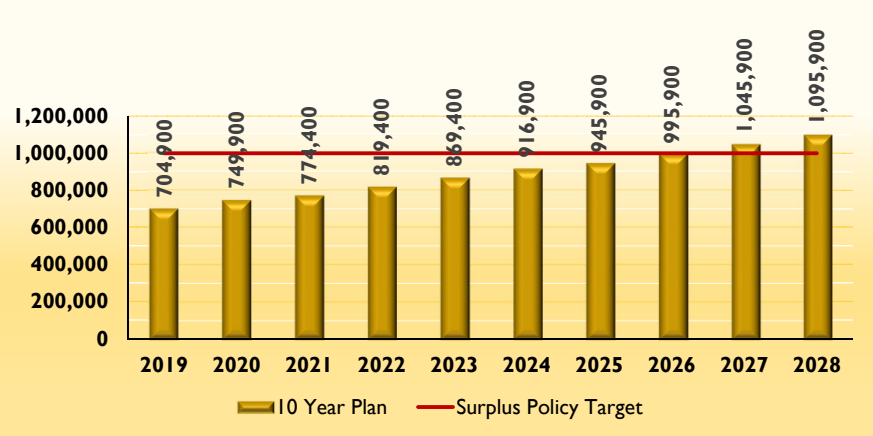
Operating Budget – General Fund Accumulated Surplus



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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 2019 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 2019; creates increased pressure on taxation
7. Forthcoming decision packages are not included in the property tax increase
8. The total proposed property tax increase of 4.47% equates to about $88 for the average assessed single family home (excludes proposed 2019 utilities increase of $87)

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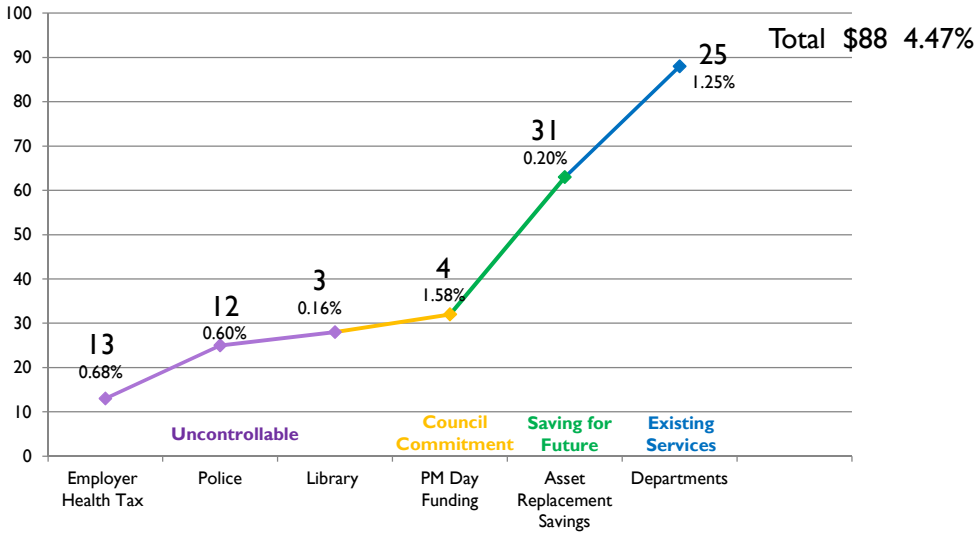
Operating Budget – Key Messages



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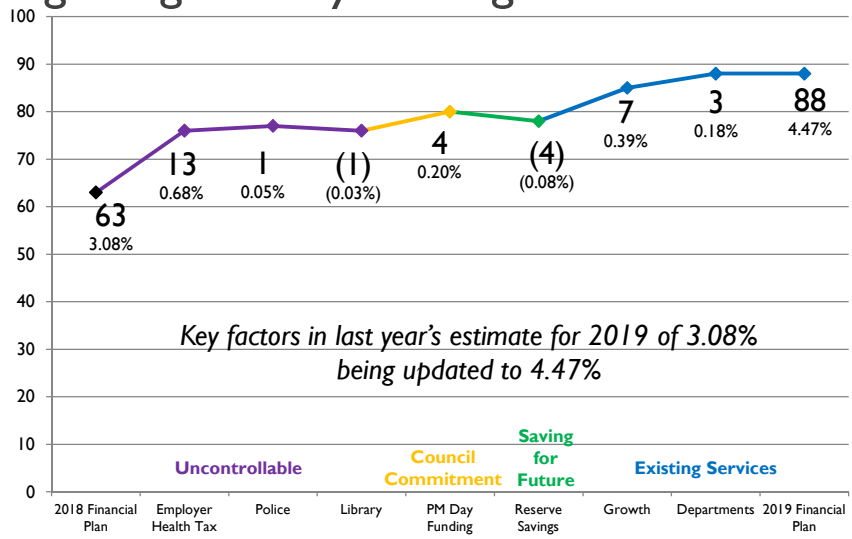
Operating Budget – Key Messages: 2018 vs. 2019 Financial Plan



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Budget Facts & Figures –2018 SF Residential Tax Comparison

Municipality	Assessed Values	# of Occurrences	Average Assessed Value	Taxes	Utilities (SFD Rates)	Total Taxes & Utilities
West Vancouver	52,061,252,030	11,929	4,364,260	10,139.92	1,790.00	11,929.92
White Rock	6,046,114,500	3,824	1,581,097	5,887.23	1,649.19	7,536.42
Vancouver	197,009,748,343	80,949	2,433,751	6,007.13	1,261.00	7,268.13
North Van., District of	36,198,016,101	20,150	1,796,428	5,128.21	1,616.50	6,744.71
Port Moody	6,552,210,000	4,933	1,328,240	5,189.57	1,124.00	6,313.57
New Westminster	8,845,190,500	7,530	1,174,660	4,766.16	1,469.85	6,236.01
Richmond	48,581,919,500	28,575	1,700,155	4,892.23	1,209.73	6,101.96
North Van., City of	9,202,712,600	5,556	1,656,356	4,750.01	1,188.89	5,938.90
Burnaby	52,975,170,300	32,106	1,650,008	4,685.21	1,194.59	5,879.80
Coquitlam	33,329,376,100	26,234	1,270,465	4,387.92	1,227.00	5,614.92
Surrey	97,273,688,750	86,962	1,118,577	3,750.83	1,277.28	5,028.11
Maple Ridge	17,376,293,323	20,961	828,982	3,838.10	1,046.65	4,884.75
Langley, Township of	25,568,041,000	27,115	942,948	3,499.08	1,232.31	4,731.39
Delta	26,442,049,600	25,576	1,033,862	3,872.95	852.00	4,724.95
Port Coquitlam	10,508,830,000	10,944	960,237	3,718.42	953.08	4,671.50
Langley, City	2,792,127,500	3,373	827,788	3,333.09	1,038.94	4,372.03
Pitt Meadows 2018	2,804,568,000	3,751	747,685	**3,275.01**	989.54	**4,264.55**
Average	37,268,665,185	23,557	1,495,029	4,771.83	1,242.39	6,014.21

2019 Proposed Budget

**Includes Municipal Taxes Plus Other Taxing Authorities – School Taxes, TransLink, BC Assessment, GVRD, MFA*

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
- **Fees and Charges**
  - Market review

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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**
  - Uncertainty of meeting budget because staff backfill is needed when positions become vacant
  - Trade-off between holding positions vacant to meet budget versus meeting the work-plan
- **Operating Reserve (i.e. Accumulated Surplus)**
  - 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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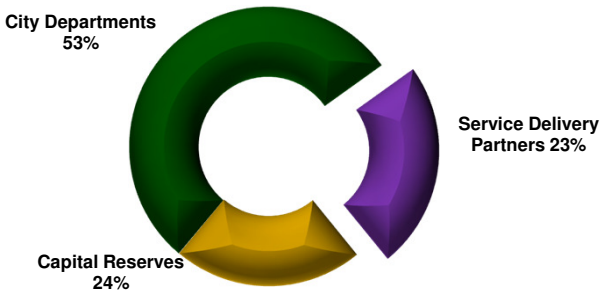
Financial Challenges

- **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 10th	5:30 pm to 8:00 pm	Business Plan Presentations Utility Plan
December 12th	9:00 am to 3:30 pm	Business Plan Presentations
January 23rd	5:30 pm to 9:00 pm	Budget Deliberations
January 24th	5:30 pm to 9:00 pm	Budget Deliberations
February 5th	7:00pm (Council)	BC Assessment & Property Tax Calculation Presentations
March 12th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Three Readings
March 19th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Adoption
April 30th	7:00pm (Council)	Tax Rate Bylaw – Three Readings
May 7th	7:00pm (Council)	Tax Rate Bylaw – Adoption

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Questions, Comments, Suggestions

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