

FILE: 05-1700-01/20

REPORT DATE: November 09, 2020 MEETING DATE: November 23, 2020

TO: Mayor and Council

FROM: Mark Roberts, Chief Administrative Officer
Cheryl Harding, Director of Financial Services

SUBJECT: 2021 Financial Overview

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S): THAT Council:

- A. Receive for information the 2021 Financial Overview and Staff Report as presented at the November 23, 2020 meeting of Council;
OR
- B. Other.

MESSAGE FROM THE CAO – Priorities & Challenges

The proposed 2021 budget maintains all current levels of service, as well as providing for a responsible number of initiatives designed to improve the quality of Pitt Meadows residents' lives and the sustainability of the City's infrastructure. It also accounts for the continuing impact of COVID-19 on municipal operations and incorporates savings in a number of areas.

The proposed 2021 budget is very much in line with what Council approved in 2020 as part of the five-year budget, with some key changes that reflect the changed environment we have encountered in 2020. This has been a challenging year but one where we have worked together as an organization to identify solutions in service of our community. The 2021 budget reflects that work.

Development of the draft financial plan began with assessments of the internal and external operating environments which provided context for the resulting budgets. The internal review began with Council's Strategic Plan with a focus of developing Business, Work and Financial

Plans to support Council's Strategic initiatives. The external review assessed the economic climate and the COVID-19 pandemic business impacts.

COVID-19 Implications

Like many residents, businesses and other cities, the City has seen several financial impacts due to the pandemic. Our fee related revenues such as registration fees and rentals have been reduced due to limited capacity in our community recreation facilities and programs in order to comply with Public Health recommendations on physical distancing and mass gatherings. Also, in order to maintain public health and safety in civic facilities, there continues to be increased expenses incurred in response to the pandemic, such as more frequent cleaning.

There is still uncertainty around how long-term measures such as physical distancing and mass gatherings will be in effect, and the extent of the adverse revenue impact. The draft financial plan is based on the City's current re-opening framework and the related phase-in of programs and services, which assumes the City will not resume full recreation and cultural services until 2022. Added to this uncertainty is continued budget pressures of contractual increases related to the delivery of City services.

The City has taken a variety of actions to mitigate the financial impacts while continuing to deliver services under alternate operating models. The City's long-range financial policies have built a foundation for financial resiliency during these uncertain times. There is always a delicate balance between mitigating tax increases while ensuring the long-term sustainability of City services. Therefore, to relieve the pressure on increasing property taxes, the draft 2021 financial plan proposes to fund temporary financial impacts related to the pandemic from reserves.

Additionally, budgets were developed through a process of reviewing historical spending patterns and making reductions where possible and, when feasible, applying a zero percent inflation factor to non-salary accounts.

Key Organizational Challenges

- **Aging Infrastructure.** Continued long range infrastructure planning and full-life cycle accounting is required to provide for the replacement of aging and deteriorating infrastructure, capacity for growth, and changing regulatory requirements. Infrastructure is deteriorating faster than the current rate of replacement and the historic lack of funding for sufficient repair and maintenance of City assets continues to create funding challenges.
- **Paid-On-Call (POC) High Turnover.** Approximately 60% of our Paid-on-Call members have less than 3 years' experience and 35% of the Fire Department staff are trained to drive all of the apparatus. Due to the high turnover rate with resignations to join career departments and retirements, this lack of experience results in significant concern for public safety, officer/fire fighter safety, burn-out/fatigue and adverse impacts to response times
- **Meeting Housing Needs.** Community demographics are changing, particularly regarding housing options while wishing to preserve neighbourhood character and charm. Affordable housing for single persons and low income seniors and families has been identified as underserved markets.

- **Social Media.** The evolution and number of people using social media requires facilitation of quick responses as well as just-in-time moderation. With an increased number of engaged social media followers, there is a need for increased monitoring for adherence to our policy. There is also little or no means of correcting misinformation discussed in closed groups. As social media evolves, it is also challenging to ensure policies and guidelines stay current.
- **Land Availability.** There is limited land for growth and development and the remaining land available is interspersed within existing built up lands.
- **Volunteer Recruitment.** A lack of volunteers in the community is a growing trend which makes it difficult to adequately resource community activities and events. Staff continue to network with community groups and other municipalities to share ideas on ways to attract more volunteers, including those for the Emergency Support Services (ESS) program.
- **Succession Planning for Key Positions.** Particularly for positions where the incumbent is anticipated to retire in the near term (i.e. Deputy Fire Chief of Prevention and Manager Operations).
- **Financial Reporting Changes.** Increasing financial and accounting regulations designed to increase the usefulness of the financial statements to users creates an ongoing impact on existing resources to respond to and incorporate these changes. These changes include: ongoing Public Sector Accounting Standards, Asset Reporting Obligation Standards requiring the recording of a liability-related to future costs of legal obligations associated with City assets.
- **Recruitment and Retention.** Skills shortages have resulted in low numbers of qualified applicants, particularly in management positions where professional credentials are required. A strategic focus on HR planning, recruitment and retention initiatives is needed to maintain or increase the City's retention rate, mitigate risk, and ensure sound stewardship of services.

The proposed 2021-2025 Financial Plan demonstrates our commitment to fiscal responsibility while still providing the policies, programs and services to support the changing needs of our community during these challenging pandemic times.

BUDGET OVERVIEW

The City's draft financial plan includes three parts:

- The General Operating Plan which includes funding for ongoing municipal services and activities;
- The Utilities Operating Plan which funds the City's drainage, sanitary sewer, solid waste and water services and is a self-balancing plan;
- The Capital Plan which funds the cost of new and replacement infrastructure and assets.

In 2021, the City will see continued support from senior levels of government. Provincial traffic fine revenues are forecasted at the three year average of \$212,000. Gas Tax revenue from the federal government is expected to continue in the amount of \$115,000 for infrastructure funding.

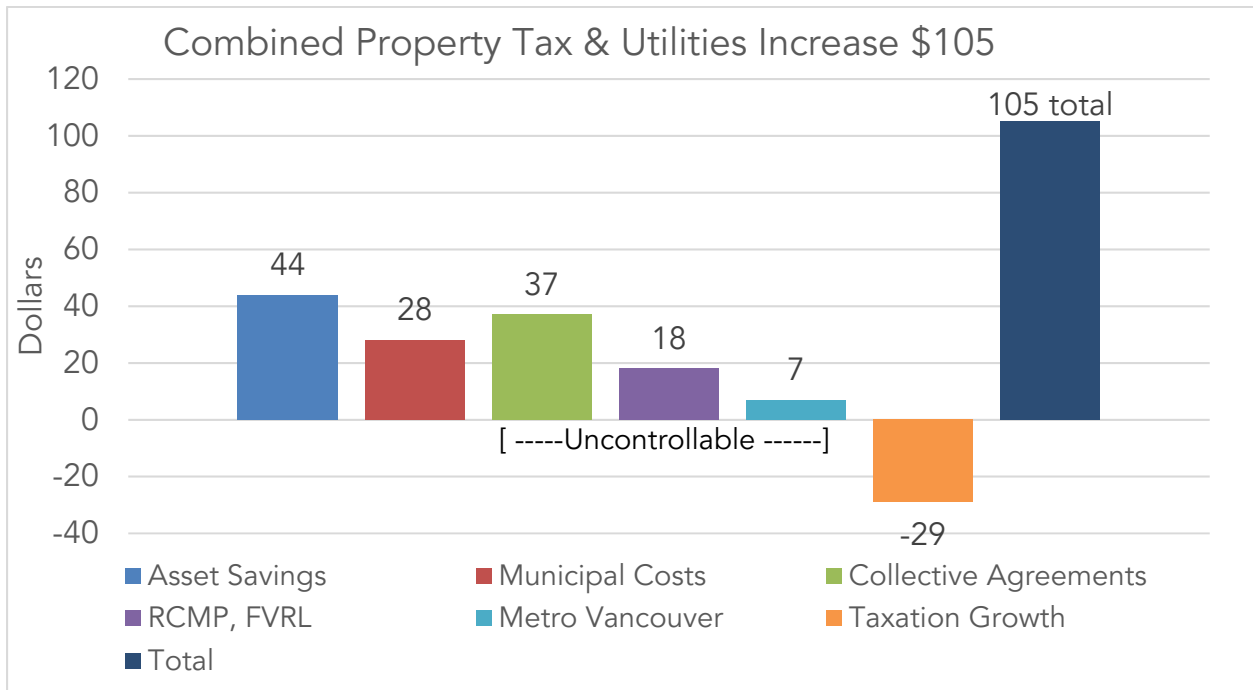
As always, the challenge facing Pitt Meadows Council is to balance current financial resources to meet the needs of the community and its capacity and willingness for increased taxes as well as considering the following factors:

- As the City is a service provider, one of the main cost drivers is related to labour costs, the increase for which has been included in the budget in accordance with the collective agreements.
- A combined 1.83% increase in property tax and utility fees towards asset replacement has been included in the budget to continue to narrow the asset replacement funding gap.
- Population growth creates increased demand for services and translates into the requirement for new roads, streetlights, parks, sidewalks, water mains, sewers, community facilities, recreation programs. Taxation from growth is allocated to fund operational costs of servicing growth, funding growth related projects and funding long-term strategies as well as increased service levels.
- Sustainable development revenues are anticipated to decrease to \$100,000 commencing in 2026 which is the estimated sustainable revenue target. Surplus revenues forecasted up to 2025 are set aside in the Development Revenue Stabilization Reserve which are planned to be used in the years revenues drop off in order to smooth out the taxation impact.
- Taxes continue to be favourable compared to other municipalities in the region. Using the average assessed value approach the City had the lowest property taxes for the average single family property in 2020.
- COVID-19 temporary financial impacts of reduced fee related revenues and increased costs such as more frequent cleaning are proposed to be funded from reserve in the net amount of \$233,300.

Highlights of the 2021 budget include the following:

The first year of the 2021-2025 Financial Plan incorporates an overall increase in taxes and utilities of 3.17% which is allocated in the budget as follows (values for the average single family home):

	\$	%
Taxation		
Asset Management Savings	29	1.38
Contracted Services – RCMP, FVRL	18	0.85
Contractual Costs – Collective Agreements	37	1.77
Municipal Costs	18	0.86
Taxation Growth	(29)	(1.38)
Property Tax Increase	73	3.48
Utilities		
Asset Management Savings	15	0.45
Metro Vancouver Sewer & Water	7	0.21
Municipal Costs	10	1.98
Utility Fee Increase	32	2.64
Total Collection for City Services	105	3.17



Average Property Tax Impact

Single family and multi-family homes that receive centralized green waste collection services represent 80% of the total residential properties. Based on the proposed budget, they will receive a combined property tax and utility increase of \$105 per single family dwelling (or \$73 multi-family).

Average Single Family Dwelling Assessed at \$763,290

Description	2020 Budget	2021 Proposed	Variance \$	User Fee/Tax Impact
RCMP Police Services	486	502	16	0.76%
Reserve Savings	453	482	29	1.38%
General Government	332	337	5	0.23%
Engineering & Operations	280	286	6	0.30%
Parks, Recreation, Culture	230	234	4	0.22%
Fire Services	163	174	11	0.50%
Library - FVRL	91	93	2	0.09%
Planning & Development	68	68	0	0.00%
Property Tax Subtotal	2,103	2,176	73	3.48%
Diking	20	20	-	-
Drainage	50	51	1	2.00%
Sanitary Sewer	349	352	3	0.86%
Solid Waste	203	205	2	0.99%
Water	505	530	25	4.95%
Drainage (mill rate)	83	84	1	1.20%
Utilities Subtotal	1,210	1,242	32	2.64%
Total Property Charges	3,313	3,418	105	3.17%

Note: Values represent the City's portion of tax and utilities. The property tax bill will also include regional and provincial taxes.

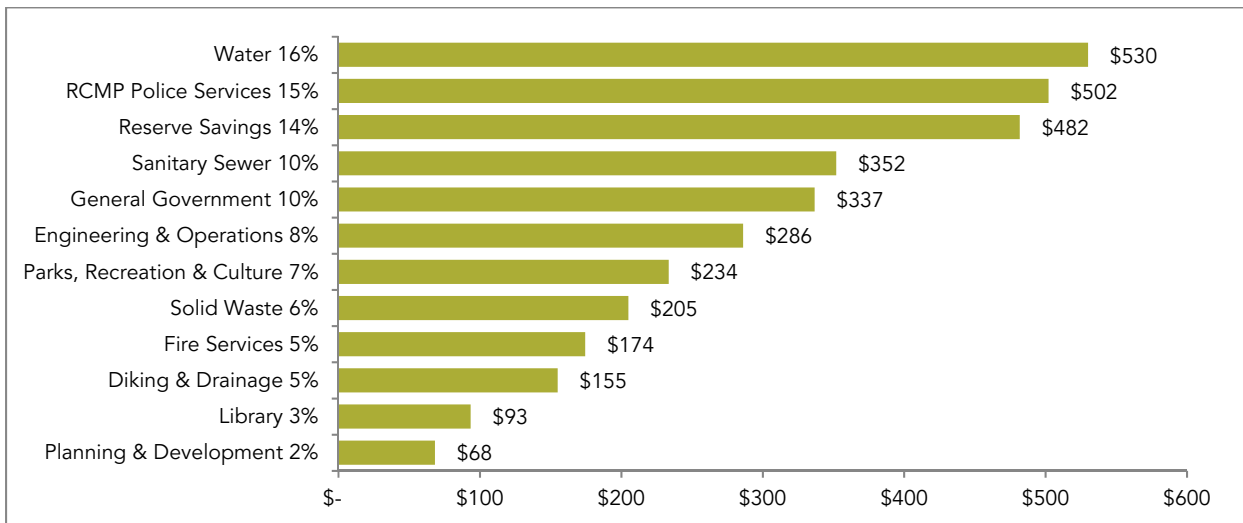
Average Multi- Family Dwelling Assessed at \$499,100

Description	2020 Budget	2021 Proposed	Variance \$	User Fee/Tax Impact
RCMP Police Services	318	328	10	0.76%
Reserve Savings	296	315	19	1.38%
General Government	216	220	4	0.23%
Engineering & Operations	183	187	4	0.30%
Parks, Recreation, Culture	150	153	3	0.22%
Fire Services	107	114	7	0.50%
Library - FVRL	60	61	1	0.09%
Planning & Development	45	45	0	0.00%
Property Tax Subtotal	1,375	1,423	48	3.48%
Diking	20	20	-	-
Drainage	21	22	1	4.76%
Sanitary Sewer	349	352	3	0.86%
Solid Waste	20	21	1	5.00%
Water	384	403	19	4.95%
Drainage (mill rate)	54	55	1	1.85%
Utilities Subtotal	848	873	25	2.95%
Total Property Charges	2,223	2,296	73	3.28%

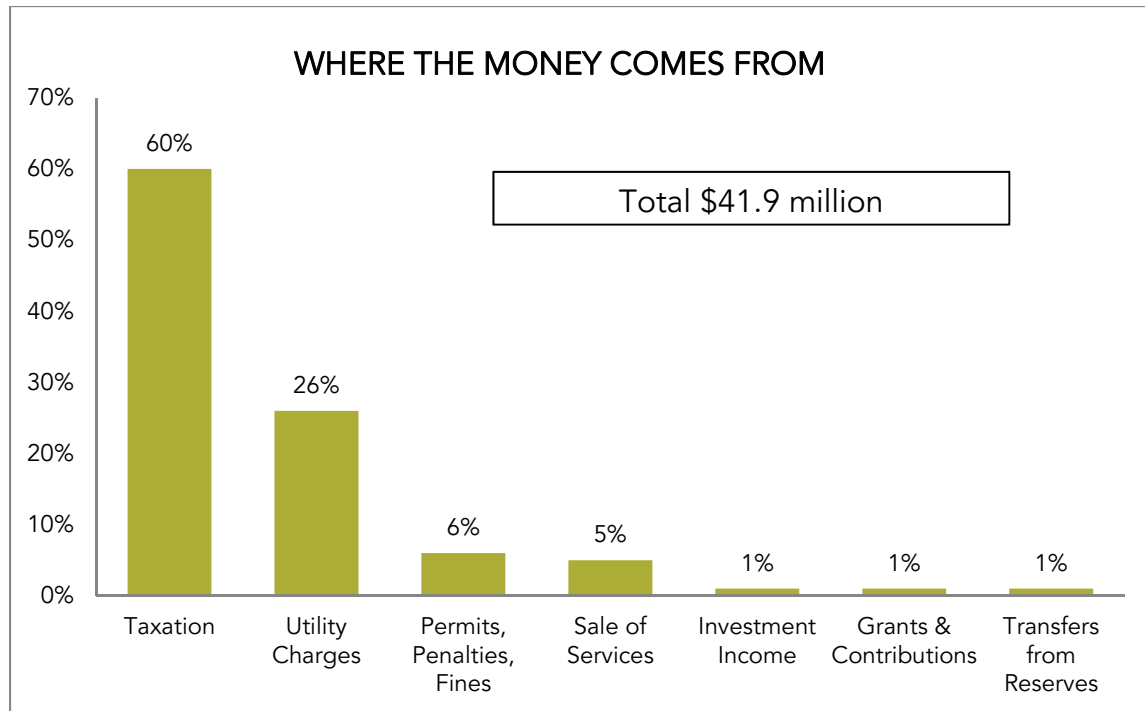
Note: Values represent the City's portion of tax and utilities. The property tax bill will also include regional and provincial taxes.

How Your Tax Dollars Work

Proposed annual costs of \$3,418 per average single family household in 2021 are based on the average 2020 assessment of approximately \$763,290.



OPERATING BUDGET



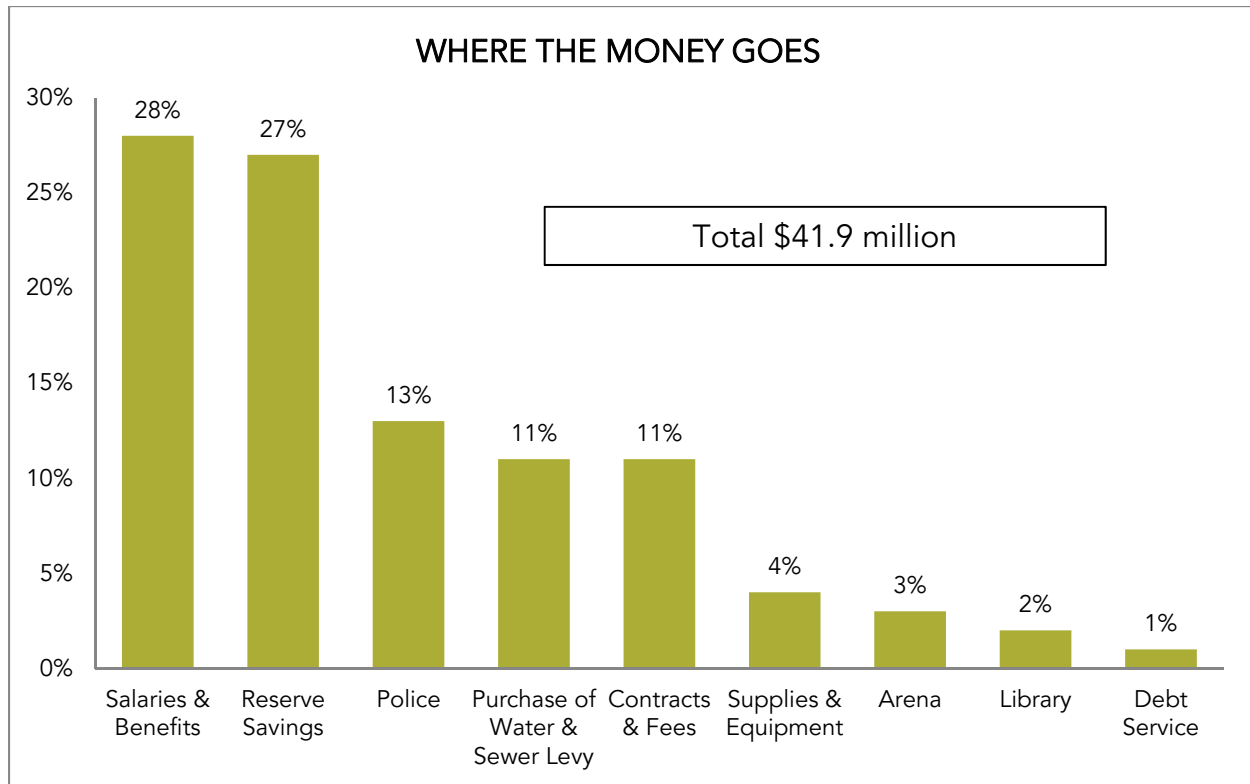
Revenues

The primary funding source for City services in the 2021-2025 Financial Plan is taxation, at \$25 million or 60% of the total revenues. This includes a property tax levy increase of \$822,300 to provide for inflation, after including a conservative estimate of approximately \$325,000 from new assessment growth, for an average property tax increase of \$73 per household.

Utility charges are the second significant source of revenue consisting of water, sewer, drainage diking, and solid waste user rates. Utility rates are set for each utility based on a combination of the blending of the Metro Vancouver Regional District rate increases and the City's inflationary costs and result in a \$32 increase per single family home.

Property Taxation and Utility Charges continue to be the most stable sources of revenue for the City. The proposed budget will be balanced through a \$105 combined property tax and utility increase to the average single family home.

Expenses & Reserve Savings



General Operating Budget Highlights:

The Executive Summary schedule in Attachment D provides further information on the budget adjustments by department for the General Operating Fund with further details being included in each department's section of the business plan. Key budget drivers of the \$822,300 additional tax revenue needed to balance the budget are represented by the following items:

Operating Revenues

- \$325,000 increase in property tax new construction revenues
- (\$130,500) decrease in volume and other revenue adjustments

Operating Expenditures

- \$417,600 increase in contractual agreement labour costs
- \$355,000 increase in asset replacement savings
- \$179,600 increase in RCMP contract
- \$43,900 net increase in other municipal costs
- \$20,700 increase in FVRL levy

Utility Budget Highlights:

The City operates four self-balancing utility services, three of which are funded entirely by user fees (sanitary sewer, solid waste, water) and one by a combination of taxation on assessed

property values and user fee (drainage). The revenues collected pay for the City's operating and capital infrastructure costs as well as Metro Vancouver Regional District (MVRD) cost for the supply of regional services. The proposed budget equates to a \$32 increase to the average single family home in order to generate the \$290,300 needed to balance the budget. Key budget drivers are:

- \$130,800 increase in asset replacement savings
- \$97,900 increase in maintenance, collection and other net costs
- \$61,600 increase in MVRD Sewer and Drainage District levy and Water Purchase costs

Drainage - The rate increase for 2021 is \$2 for the user fee and taxation mill rate. The rate increase is driven particularly by the \$40,000 increase in reserve savings needed for aging infrastructure as well as \$18,000 for hydro costs in running the pump stations and \$12,700 in net administration, maintenance and other costs. This results in a \$2 increase to the average single family taxpayer and average multi-family home.

Sanitary Sewer - Due to rising costs of \$21,200 from the Greater Vancouver Sewage and Drainage District (GVS&DD) and with the GVS&DD charge making up 62% of the City's sanitary sewer utility budget, the City has increased sanitary sewer utility rates by \$3 to \$352. Increased capital reserve savings of \$20,000 for infrastructure replacement and \$23,500 for administration, maintenance and other costs round out the \$64,700 increase to sanitary sewer utility rates.

Solid Waste - The garbage and green waste collection contract with Waste Management is estimated to increase \$18,800 related to adjustments in the CPI and the number of service units. The rate for processing green waste will increase by inflation but volume adjustments are expected to offset the rate increase resulting in no increase to the green waste processing budget. Net remaining operating costs increased by \$6,300 for administration and other costs. The sum total of these budget adjustments result in an increase of \$2 to \$205 for single family homes and \$1 to the \$20 rate for multi-family homes.

Water Utility - The GVWD provides safe, reliable, high-quality drinking water to Pitt Meadows and is responsible for acquiring and maintaining the water supply which makes up 56% of the water utility budget. The GVWD's blended rate rose by 4% to 81 cents per cubic meter with key cost drivers being attributed to increasing capital costs, debt service and capital savings to support infrastructure investments needed to meet service requirements, growth demands and resilience upgrades. An increase of \$60,000 in annual asset replacement savings and \$27,700 in administration and other costs make up the balance of the increase to the water utility. The 2021 budget reflects an increase of \$25 to \$530 for the single family flat fee, \$19 to \$403 for the multi-family flat fee, and for the metered volume based customers \$6 to \$309 for the connection charge and \$.03 to 81 cents per cubic meter of water volume purchased.

Consolidated Financial Schedule – All Funds

	2021 Proposed Budget	2022 Proposed Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget
Revenues					
Taxation Revenue	\$ 25,050,200	\$ 25,808,800	\$ 26,698,500	\$ 27,561,200	\$ 28,422,500
Utility Charges	11,032,000	11,381,900	11,841,400	12,540,800	13,379,800
Sale of Services	1,425,600	1,683,500	1,799,700	1,836,000	1,873,400
Licenses, Permits, Penalties, Fines	2,338,500	1,559,700	1,576,100	1,513,900	1,492,500
Investment Income	455,900	434,400	445,600	451,100	413,100
Government Transfers	568,000	809,000	792,500	556,000	552,000
Contributions	5,111,100	3,984,400	1,828,700	33,700	831,100
Other Revenue	483,600	620,600	638,900	641,700	644,400
Total Revenues	46,464,900	46,282,300	45,621,400	45,134,400	47,608,800
Expenses					
Operating Expenditures	30,349,800	31,204,400	31,962,700	33,003,600	34,167,400
Debt Interest	175,500	163,200	150,500	137,400	90,100
Amortization	5,260,500	5,260,500	5,260,500	5,260,500	5,260,500
Total Operating Expenses	35,785,800	36,628,100	37,373,700	38,401,500	39,518,000
Net Revenues	10,679,100	9,654,200	8,247,700	6,732,900	8,090,800
Allocations					
Net Reserve Transfers	3,732,500	(1,584,900)	2,615,400	4,730,400	71,600
Capital Expenditures	11,796,800	16,079,200	10,461,900	6,821,100	12,792,600
Unfunded Amortization	(5,260,500)	(5,260,500)	(5,260,500)	(5,260,500)	(5,260,500)
External Debt Principle Repayment	410,300	420,400	430,900	441,900	487,100
Total Allocations	10,679,100	9,654,200	8,247,700	6,732,900	8,090,800
Balanced Budget	\$ -	\$ -	\$ -	\$ -	\$ -

Future Years – Average Single Family Dwelling Assessed at \$763,290

The next table provides the proposed 2021 tax and utility increase for the average single-family home as well as estimates for the years 2022 to 2025. The 2022 values will be finalized next year.

Year	TAXATION				USER FEES					Total Change
	Capital Reserves*	City Depts.	Service Delivery Partners	Tax Subtotal	Drainage	Sewer	Solid Waste	Water	Utilities Subtotal	
2021	\$29	\$26	\$18	\$73	\$2	\$3	\$2	\$25	\$32	\$105
2022	\$27	\$38	\$7	\$72	\$3	\$19	\$2	\$14	\$38	\$110
2023	\$34	\$24	\$17	\$75	\$4	\$28	\$2	\$15	\$49	\$124
2024	\$34	\$26	\$13	\$73	\$4	\$36	\$2	\$15	\$57	\$130
2025	\$35	\$24	\$11	\$70	\$4	\$43	\$2	\$16	\$65	\$135
Avg.	\$32	\$28	\$13	\$73	\$3	\$26	\$2	\$17	\$48	\$121

* Corporate Finance Reserve Savings

Note: The Sewer and Water values are primarily driven by the forecasted Metro Vancouver increases in sewer treatment and water supply costs.

CAPITAL PLAN

Definition of Capital Assets

Capital assets provide a benefit to the community beyond one year. Such items typically require operating and maintenance expenditures, and may need to be replaced in the future. Examples include infrastructure such as buildings, roads, bridges, water, sewer and drainage facilities, vehicles, computer equipment and furniture. The City's policy is to plan for major capital expenditures in five-year cycles with annual reviews and updates. The 2021-2025 Capital Plan includes projects that are consistent with corporate objectives and long-range plans.

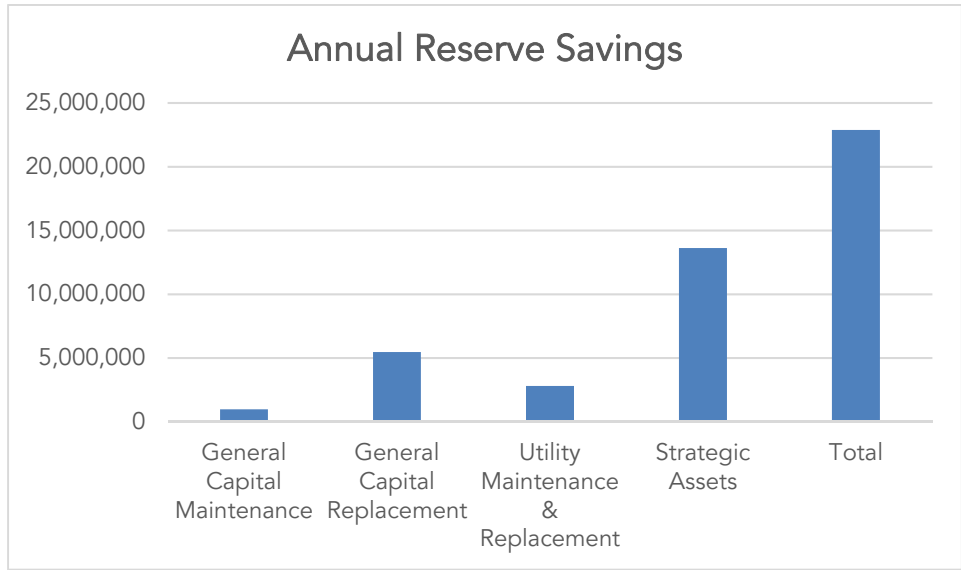
Operating Cost Impact of Capital Projects

The business plan guidelines require that adequate provision be made for the incremental increases to the operating expenses for changes in the capital base. This approach is in line with GFOA best practices which contribute to the long-term financial sustainability of City services. An additional \$5,000 is required for the maintenance of new infrastructure, for which Decision Packages have been submitted for Council consideration. This is not yet included in the 2021-2025 Financial Plan.

What We are Saving

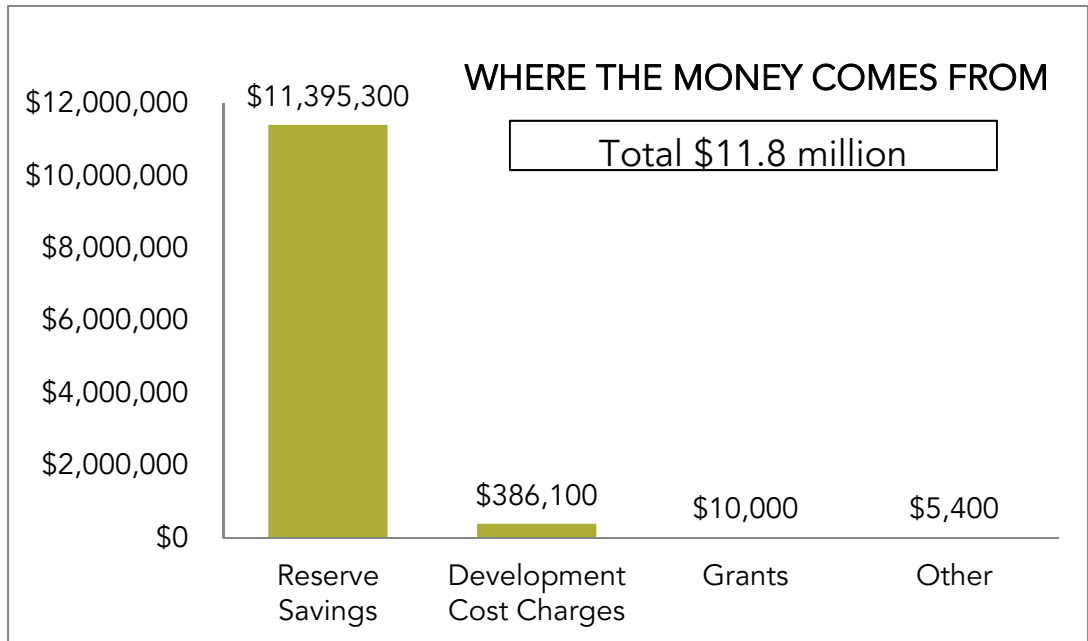
Consistent with the Strategic Plan goal of proactively planning for replacement of our infrastructure the general fund is increasing reserve savings from taxation by \$355,000 and the utilities are increasing savings by \$120,000 for a total increase funded by taxation and utilities of \$475,000.

RESERVE SAVINGS	2021 ANNUAL FUNDING	2021 TAX INCREASE
General Capital: Maintenance	\$ 978,000	\$ 15,000
General Capital: Replacement	5,466,000	340,000
Utility Capital: Maintenance & Replacement	2,813,000	120,000
Strategic Assets	13,620,800	-
Total	\$ 22,877,800	\$ 475,000



Where the Money Comes From

Funding for capital expenditures comes from a number of sources including general tax revenues, reserves, grants, contributions from developers, and borrowed funds. The capital portion of the 2021-2025 Financial Plan is funded from the following sources in the graphic below.

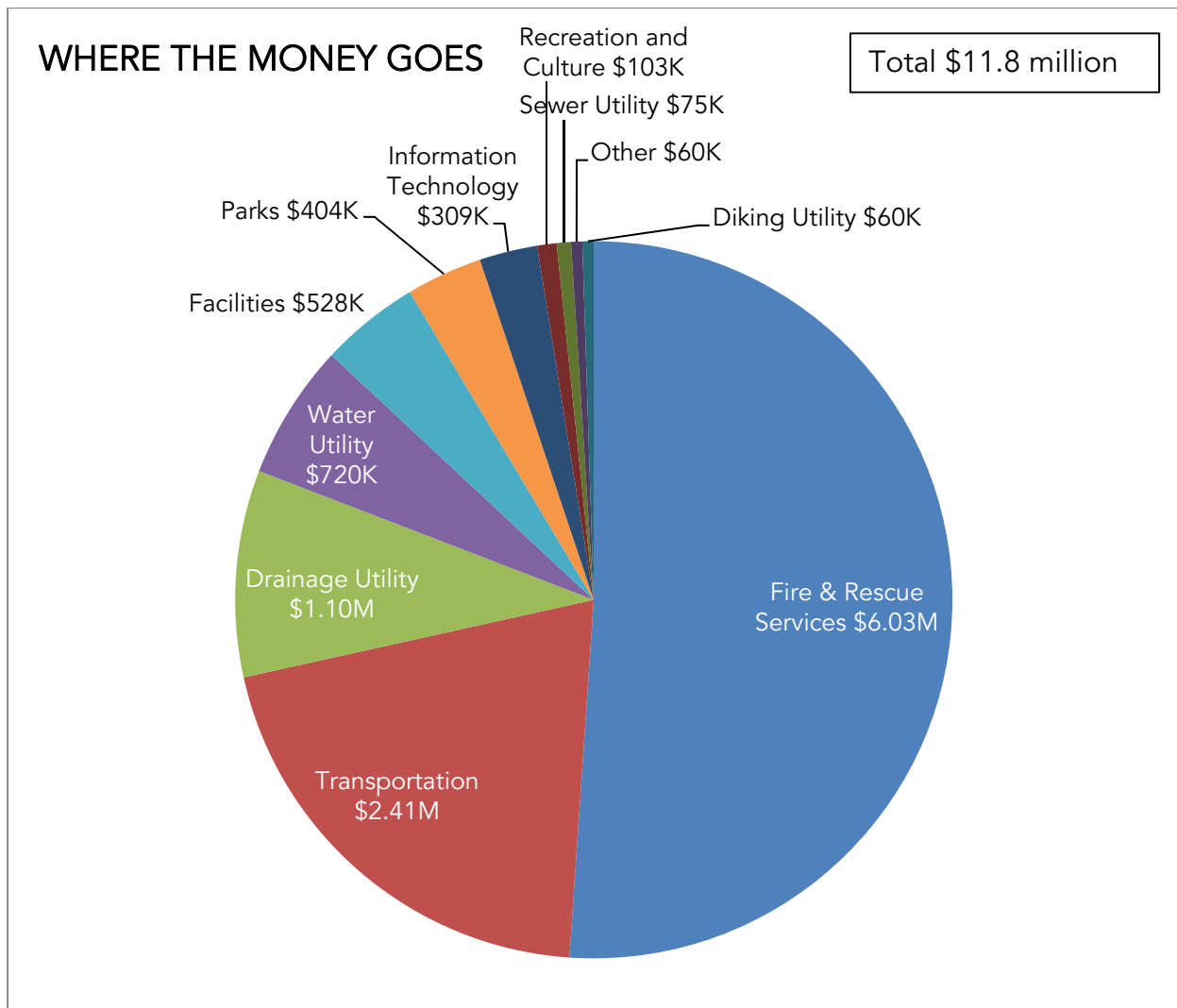


Where the Money Goes

The 2021-2025 capital expenditure program presented to Council for approval includes approximately \$58 million to be expended on a number of projects.

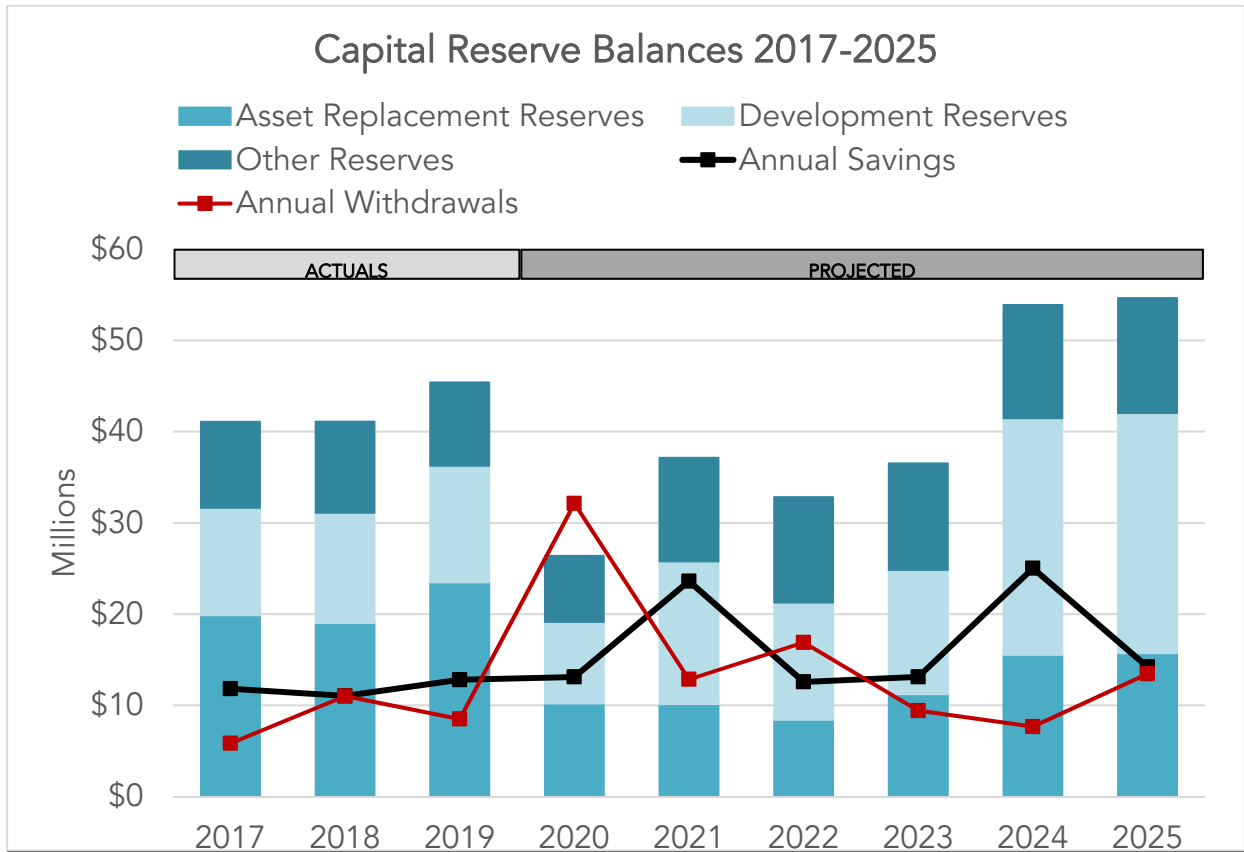
Some of the more significant projects proposed for the \$11.8 million 2021 year include:

- Main Firehall Replacement – Year 2 of 3 \$5.3 million
- McKechnie Rd – Dewdney to Connecting Rd - \$1.2 million
- Fenton Drainage Pump Replacement – \$450,000
- Replace Fire Hub Rescue vehicles – \$400,000
- Watermain Replacement 117 Avenue - \$380,000



Capital Reserve Funding 2021-2025

The following chart summarizes the capital reserve activity and indicates a healthy growth in reserve balance totals displaying the City's commitment to saving for asset replacement.



2021 and 2024 annual reserve savings reflect temporary increases in developer contributions and road use levies otherwise annual reserve savings continue the trend of increasing overall.

How Much Money is in Savings: Reserve Balances

The City maintains various reserves (including deferred revenue). Generally capital projects are funded by these reserves to reduce volatility in taxation levels. Following is a further breakdown of the above chart for the reserve and deferred revenue balance projections from the 2021 – 2025 financial plan.

	2021	2022	2023	2024	2025
Asset Replacement Reserves					
Arena	906,000	857,000	807,000	753,000	693,000
Diking	\$581,000	\$683,000	\$786,000	\$889,000	\$990,000
Drainage	348,000	229,000	185,000	216,000	186,000
Equipment Replacement	\$365,000	\$273,000	\$111,000	\$257,000	\$484,000
Lifecycle Buildings	0	1,000	1,767,000	4,840,000	7,447,000
Lifecycle Gas Tax	\$871,000	\$941,000	\$108,000	\$170,000	\$232,000
Lifecycle General	718,000	494,000	349,000	152,000	264,000
Minor Capital	605,000	653,000	213,000	257,000	301,000
Sanitary Sewer	2,402,000	1,172,000	1,723,000	3,146,000	3,044,000
Translink Major Road Network Grant	162,000	75,000	237,000	401,000	565,000
Transportation	531,000	356,000	1,050,000	393,000	187,000
Transportation Road Use Levies	1,544,000	2,153,000	3,736,000	3,046,000	914,000
Water	1,110,000	536,000	156,000	1,026,000	421,000
	10,143,000	8,423,000	11,228,000	15,546,000	15,728,000
Development Reserves					
Development Cost Charges	15,649,000	12,849,000	13,620,000	25,931,000	26,305,000
Other Reserves					
Art In Public Spaces	289,000	289,000	289,000	289,000	289,000
Carbon Neutral & Sustainability	55,000	63,000	72,000	81,000	89,000
Community Amenity	6,663,000	6,749,000	6,436,000	6,521,000	6,155,000
Future Capital	302,000	534,000	852,000	1,411,000	1,970,000
Parkland Acquisition	242,000	250,000	258,000	265,000	272,000
South Bonson Amenity	308,000	274,000	243,000	214,000	188,000
Accumulated Surplus Reserve	789,000	666,000	698,000	733,000	710,000
Other Surplus Reserves	2,693,000	2,717,000	2,816,000	2,877,000	2,919,000
	11,341,000	11,542,000	11,664,000	12,391,000	12,592,000
Total Reserve Balances	\$37,133,000	\$32,814,000	\$36,512,000	\$53,868,000	\$54,625,000

INFRASTRUCTURE SUSTAINABILITY – ASSET MANAGEMENT

The City owns infrastructure with a historic cost of \$270 million which in today's dollars, is estimated at \$427 million. The performance of these assets is vital to the health, safety and quality of life of residents which require monitoring, maintenance and replacement to support the community. Asset management plans for the City's assets were developed between 2016 and 2018 which provide information on the optimal savings targets needed to ensure sufficient funds exist to sustain existing infrastructure in the long-term. Optimal savings targets are refreshed annually reflecting annual updates to the replacement values as well as updates to the asset condition ratings by incorporating condition assessment results as they are completed.

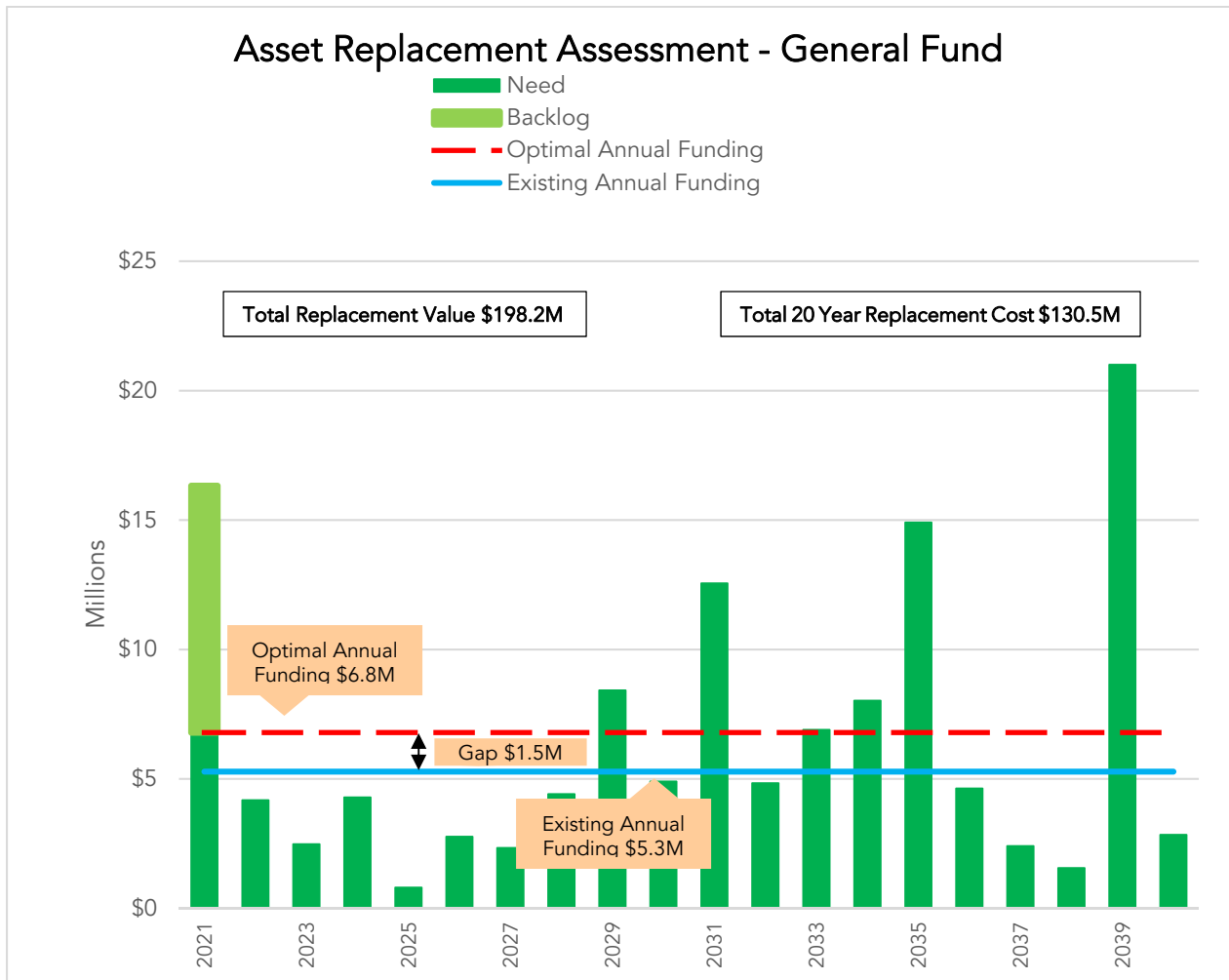
Fortunately, Council has made investments in the continued improvement of asset replacement information and endorsed sound financial policies that provide funding mechanisms for future asset replacement needs and long-term sustainability.

Asset Replacement – General Fund

Based on the overall asset replacement assessment for the next 20 years, the gap between the average annual asset replacement optimal funding level and existing annual funding for the assets housed in the General Fund is calculated at \$1.5 million and is mainly attributed to Roads (\$1.1M) and Equipment & Furnishings (\$300k). Continuing along the path of increasing annual reserve savings will narrow this funding gap seeing achievement of reaching targeted savings levels for vehicles and major buildings reserves within the 5 year plan. The remaining reserves will reach targeted savings levels in the years 2029 (Equipment), 2036 (Transportation) and 2044 (Lifecycle).

The funding backlog is estimated at \$9.5 million which is essentially those assets that are beyond their initially estimated useful lives. This is determined from a combination of age-based and condition-based data. As conditions are updated and remaining useful life is adjusted to match condition ratings this backlog becomes better quantified. The funding backlog is addressed through a combination of postponing asset replacement, attaining grants or incurring debt. There is no additional external debt in the 2021-2025 Financial Plan.

Formulated by the Asset Management Plan, it is anticipated that a total of \$130.5 million will be required over the next 20 years for the replacement and renewal of the existing capital assets to ensure that the city can rely on these assets well into the future. The replacement cost is mainly attributed to transportation infrastructure, civic buildings, fire equipment, parks and recreation infrastructure and equipment.



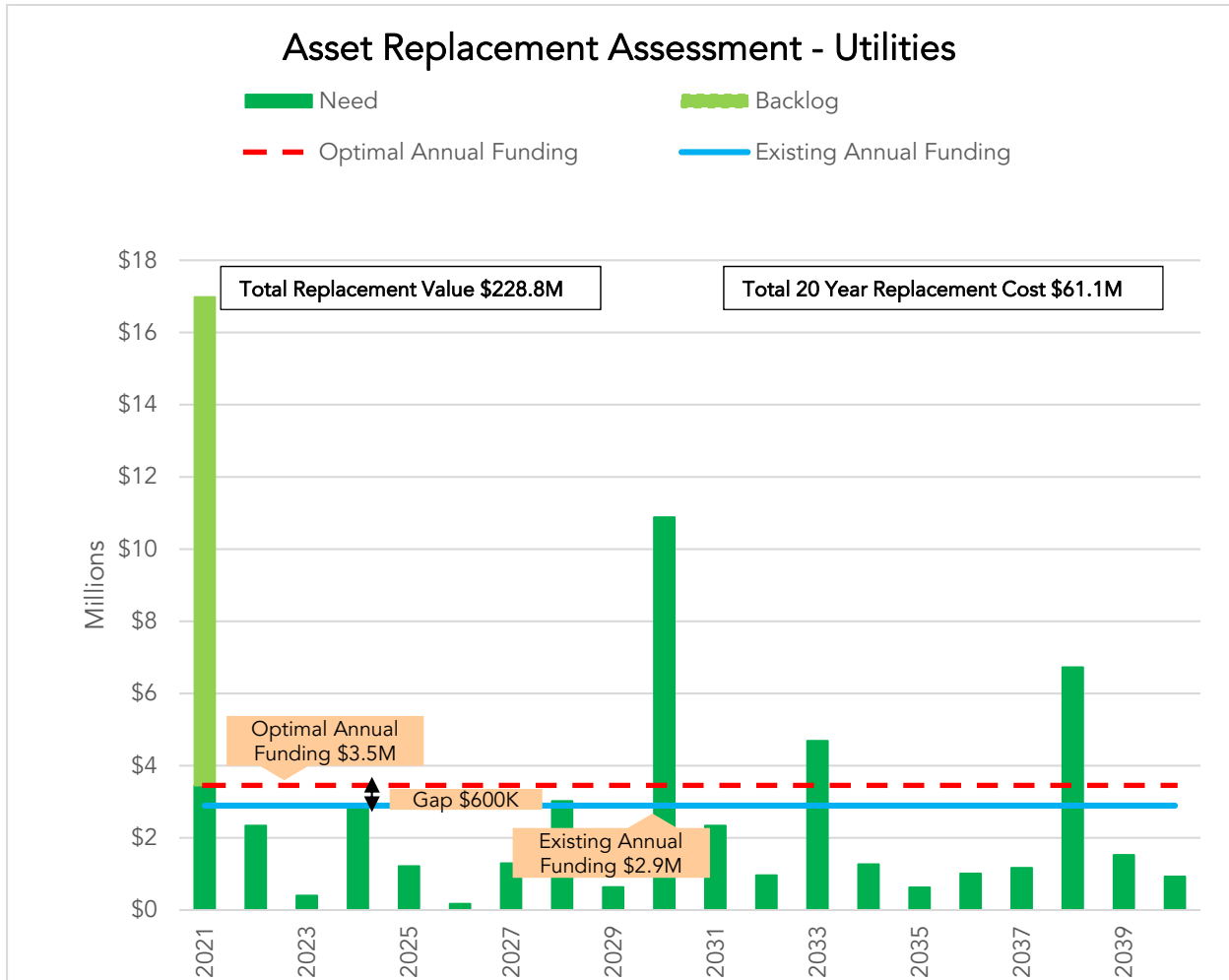
Asset Replacement – Utility Funds

Based on the overall asset replacement assessment for the utility funds, the gap between the average annual asset replacement optimal funding level and existing annual funding is calculated at \$600k and is mainly attributed to Drainage (\$440k) and Water (\$120k). Continuing along the path of increasing annual reserve savings will narrow this funding gap seeing achievement of reaching targeted savings levels for the water reserve within the 5 year plan. The sewer reserve is forecasted to reach its targeted savings level in 2026 and in the year 2029 for the drainage reserve.

The funding backlog is estimated at \$13.5 million and is essentially those assets that are beyond their initially estimated useful lives which is determined from a combination of age-based and condition-based data. As conditions are updated and remaining useful life is adjusted to match condition ratings this backlog becomes better quantified. The funding backlog is addressed through a combination of postponing asset replacement, attaining grants or incurring debt. Water condition assessment ratings recently developed will be used to update the data in 2021 and drainage condition assessment ratings will be developed as grant funding is received.

Formulated by the Asset Management Plan, it is anticipated that a total of \$61.1 million will be required over the next 20 years for the replacement and renewal of the existing drainage, sewer

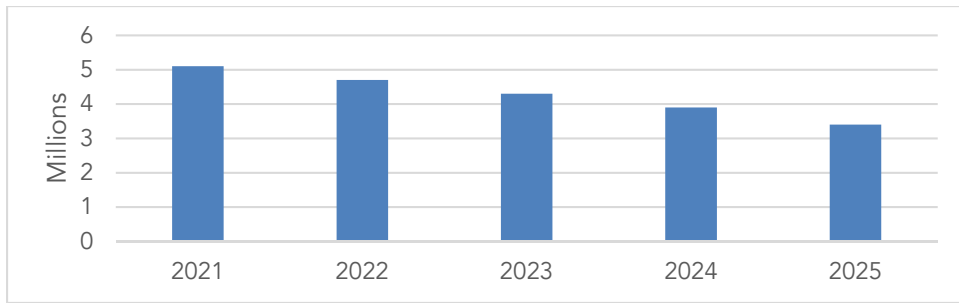
and water capital assets to ensure that the city can rely on these assets well into the future. The bulk of the \$11 million replacement cost in 2030 is attributed to water assets comprised primarily of service connections and fire hydrants. These values are currently based on the age of the water assets. Condition assessment data will be used to better inform and refresh the replacement values next year.



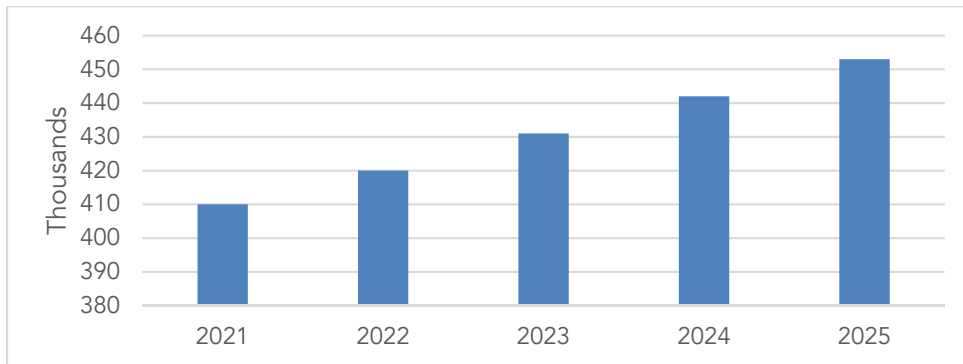
DEBT

There is no additional external debt within the 2021-2025 Five Year Financial Plan. The following charts provide the projected debt levels, principal & debt interest payments on the City’s existing debt. Existing debt was incurred to fund infrastructure projects being the Civic Centre Parkade, Arena Renovation and Community Centre. All debt is related to the General Fund. There is no debt in the other funds.

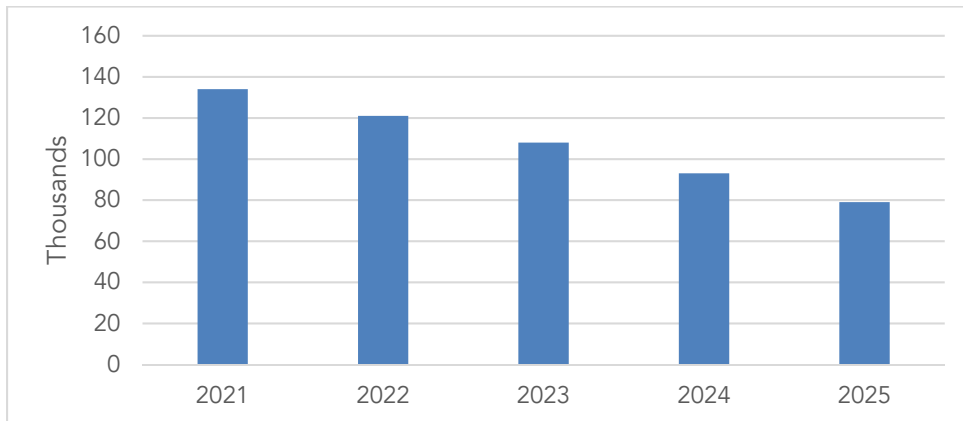
Projected Debt Levels 2021-2025



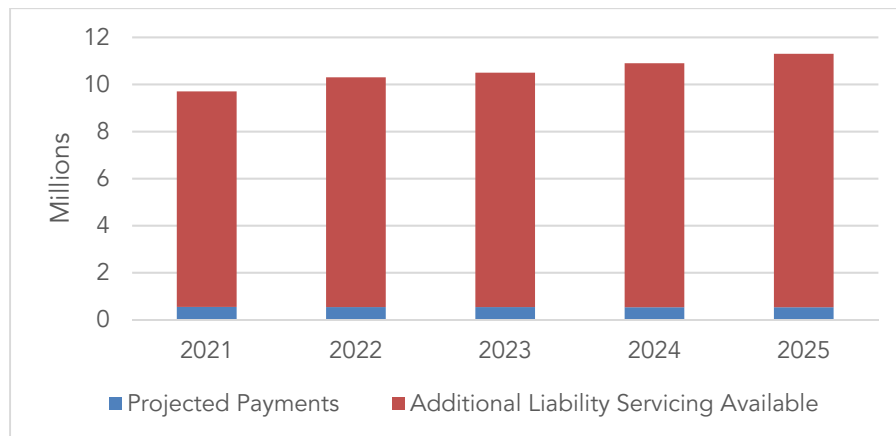
Projected Debt Principal Payments 2021-2025



Projected Debt Interest Payments 2021-2025



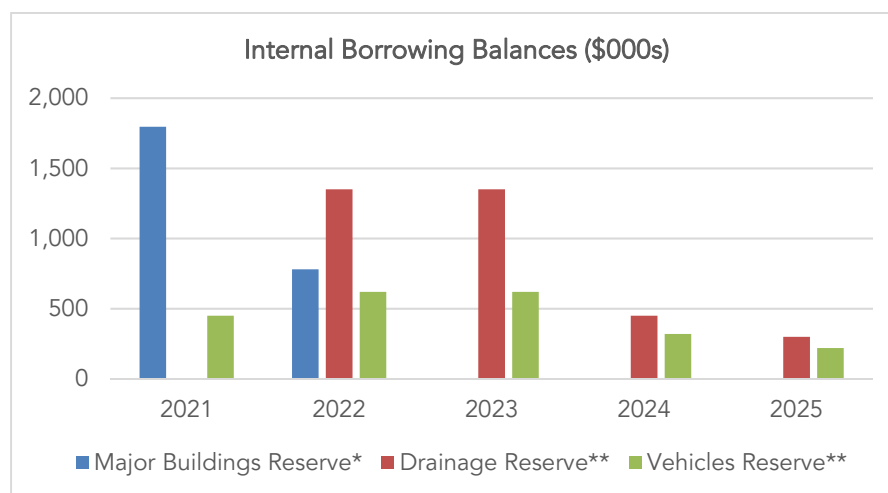
Liability Servicing Limits 2021-2025



The liability servicing (also known as debt principle and interest payments) limit is set by the Community Charter and is defined as 25% of a municipalities controllable and sustainable revenues for the previous year. For the City of Pitt Meadows, this liability servicing limit was \$9.7 million in 2020. The budgeted cost of principle and interest debt payments range from \$532,000 to \$545,000 in the 2021-2025 financial planning period, which is well below the allowable limit.

Internal Borrowing 2021-2025

The Community Charter and the Debt Management Policy provide the option of borrowing internally from reserves. This is permitted if the funds being borrowed are not needed by the lending reserve and must be repaid with interest. The City uses the internal investment rate of return which is estimated at 1.5% for 2020. Due to the gap in annual reserve savings values compared to the reserve savings targets established by the City's Asset Management Plan, as well as the historic funding backlog, there is a need for internal borrowing as displayed in the following table. Until we reach our target savings values there will continue to be a need for internal borrowing.

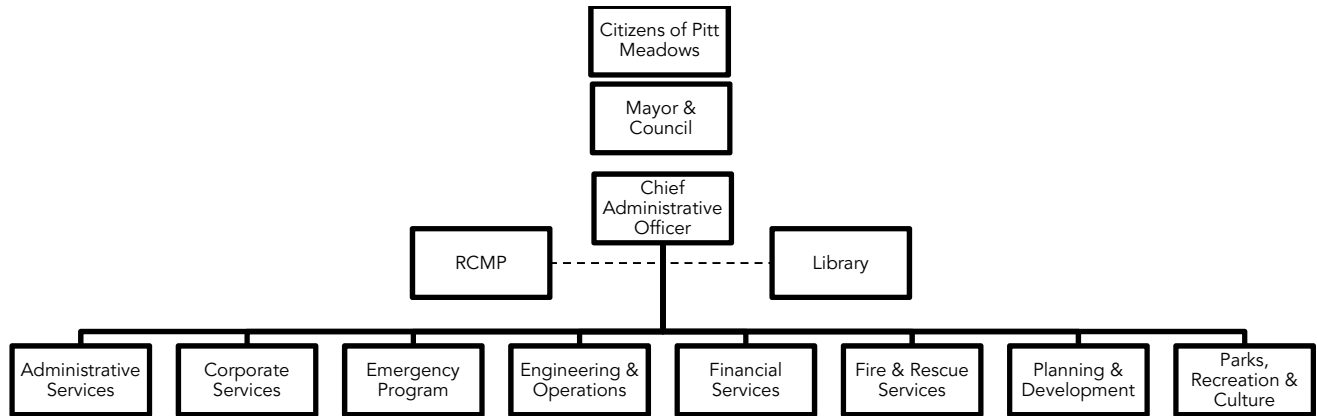


* Major Buildings Reserve debt owed to Road Use Levies Reserve – fully repaid in 2023

** Drainage Reserve and Vehicles Reserve debt owed to Sewer Reserve – fully repaid in 2026 & 2027

FINANCIAL STRUCTURE, POLICY & PROCESS

Organization Chart



Employee Base – Full-Time Equivalent (FTE) Analysis

The City's staff complement is calculated by full-time equivalents (FTEs). Included in the City's 2021 Financial Plan is 113.28 FTEs that represent full-time and part-time staff.

Number of FTEs	2021 Proposed Budget
Office of the CAO	1
Administrative Services	6
Corporate Services - Communications	3.5
Corporate Services – Human Resources	5.27
Corporate Services - IT	5
Emergency Program	1
Engineering & Operations - Engineering	6.63
Engineering & Operations - Facilities	2.57
Engineering & Operations - Operations	21.19
Financial Services	7
Fire & Rescue Services*	8
Library Services	7.2
PRC - Parks	6.2
PRC – Recreation & Culture	19.72
Planning & Development	13
	113.28

* Excludes Volunteer/Paid on Call Firefighters (approx. 31)

FUND DESCRIPTIONS AND FUND STRUCTURE

The resources and operations of the City are segregated into five separate funds: a General Fund and four Utility Funds (Water, Sewer, Solid Waste and Storm Drainage). Each fund consists of operating and capital budgets needed to deliver various services to the community.

General Fund

The General Fund is the primary fund for most municipal services and departments. This fund has a number of revenue sources – the largest of which is property taxation. This fund includes all of the operating departments that provide a number of services to the community.

Sanitary Sewer Fund

The sanitary sewer utility is debt free and financially self-sustained. The sanitary sewer utility provides for infrastructure replacement and enhancement, sanitary treatment provided by Metro Vancouver and ongoing operation and maintenance of the City's sewer system. The services in this fund are provided by the Engineering and Operations Services department.

Solid Waste

The Solid Waste Utility is a self-funded entity that supports the garbage and green waste collection services provided to the residents of the City of Pitt Meadows. Garbage rates include the cost of transfer and waste disposal of solid waste and composting of the material collected. The services in this utility are provided by the Engineering and Operations Services department as well as collection services contracted with Waste Management.

Storm Drainage Fund

The Storm Drainage utility is debt-free and self-funded by a variety of sources, but primarily from a levy established by bylaw and a separate charge (mill rate) based on assessed value. This utility collects and conveys storm water to reduce the risk of property damage due to flooding. Key costs in the utility include ditch cleaning, maintenance of culverts, storm sewers and pumps, hydro costs, and capital reserve provisions for replacement of infrastructure, in particular pumps and pump stations. The services in this fund are provided by the Engineering and Operations Services department.

Water Fund

The Water Utility is debt-free and a self-funded entity that delivers water to residential, commercial and industrial premises in Pitt Meadows for domestic use, irrigation, and cooling and fire suppression. This Utility is a member of the Metro Vancouver Water District (MVWD) which operates and maintains regional systems of supply works, transmission mains, reservoirs and treatment facilities.

The key issues facing the water utility are the volume of water used and the equity in the rate mix between flat rate and volume based charges. To create equity within the system, the City has adopted the approach of charging metered users:

- A basic per connection fee which covers costs of billing, maintenance of meters, waterlines, pressure reducing value (PRV) stations and saving for the future capital replacement (these costs exist even if the customer uses no water); and
- A consumption charge for the amount of water used at the blended rate the City pays the Greater Vancouver Water District.

Currently the City relies solely on the GVWD transmission water meters and is charged based on volume-in versus volume-out of Pitt Meadows. As the City retrofits the PRV stations (the point where water is drawn from the GVWD transmission line) with new meter installations the accuracy of the GVWD water billings can be better verified.

The flat fee incorporates the components of both the connection fee and the estimated consumption charge. The services in this fund are provided by the Engineering and Operations Services department.

Reserve Funds

Reserves are established pursuant to section 188 of the Community Charter allowing funds to be set aside for a specific purpose.

The City's Operating Reserve Funds will be used to fund ongoing projects and potential liabilities such as tax appeals and insurance claims. Capital reserves, along with Development Cost Charges, will be used to finance capital projects. In conformance with reporting standards of the Public Sector Accounting and Auditing board of the Canadian Institute of Chartered Accountants, reserve transactions are identified separately from expenditures and revenues in portions of the 2021 budget document.

FINANCIAL POLICIES

Governing Policy and Regulatory Requirements

The Community Charter requires that a Five-Year Financial Plan for both the operating and capital expenditures be adopted by May 15 of the first year of the plan. In addition, the Community Charter directs that the public must be consulted prior to adoption of the Financial Plan.

Balanced Budget

In compliance with Section 165 of the Community Charter, the City's Five-Year Financial Plan must be balanced. The total of proposed expenditures and transfers to other funds for a year must not exceed the total of proposed funding sources and transfers from other funds for the year.

Financial Policies

In support of Council's key strategic plan goals of Corporate Excellence through responsible financial management, the City has a series of financial policies ensuring municipal services and infrastructure continue to be provided for future generations. The financial policies adopted by City Council include:

- **Surplus Policy**
 The City's General Fund Accumulated Surplus establishes a targeted minimum balance of 5% of regular general fund net operating expenditures to protect against reducing service levels or raising taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenditures.
- **Debt Management Policy**
 The City's policy is to minimize external debt borrowings and, if required, use existing reserves as a means to internally finance required capital expenditures. As well, the City adheres to the Debt Limit and Liability Servicing Limit requirements as outlined in the *Community Charter*.
- **Investment Policy**
 The City will invest funds in a manner that will provide the optimal blend of investment security and return while meeting the daily cash flow demands of the City and complying with the statutory requirements of the *Community Charter*.
- **Purchasing and Procurement Policy**
 The City will purchase goods and services on behalf of Pitt Meadows residents in accordance with evolving best practices in procurement for local governments, as generally supported by the Auditor General for Local Government (AGLG) document titled "Improving Local Government Procurement".
- **Revenue and Taxation Policy**
 The City sets out the objectives and policies regarding the proportion of total revenue to come from each funding sources, the distribution of property taxes among the property classes and the use of permissive tax exemptions. The City regularly reviews user fees, development cost charges and the property tax ratio in comparison with other municipalities in Metro Vancouver.
- **Asset Management Policy**
 The City shall adopt and apply asset management practices in support of delivering quality, cost-effective services to the community. The City will adopt a sustainable approach to asset management, ensuring that the asset base is not increased without considering the impact on the ability of the City to fund future maintenance and rehabilitation.

FINANCIAL PLANNING PROCESS

The City develops its Five-Year Financial Plan consistent with generally accepted accounting principles. The City uses the accrual method of accounting in which revenues and expenses are recognized at the time they are incurred.

The budget is organized by type of operation (i.e. general fund and utility funds), with each operation considered a separate budgeting and accounting entity. Funds are budgeted and reported along departmental lines, with accountability and authority for budgetary approval and amendments resting with Council. Council delegates the authority for actual disbursement and implementation of the Five-Year Financial Plan to the Chief Administrative Officer.

Although the Community Charter imposes annual budget deadlines, the City's budget process is a continuous cycle. The budget is prepared, reviewed, debated, changed and approved by the department managers, senior leadership team, and City Council.

Each year City staff put forward a preliminary budget. The Mayor and City Council, with input from Pitt Meadows residents and businesses, then make decisions about the City's services, programs and infrastructure and approve the City's final budget. All budget workshops, presentations and deliberations are open to the public.

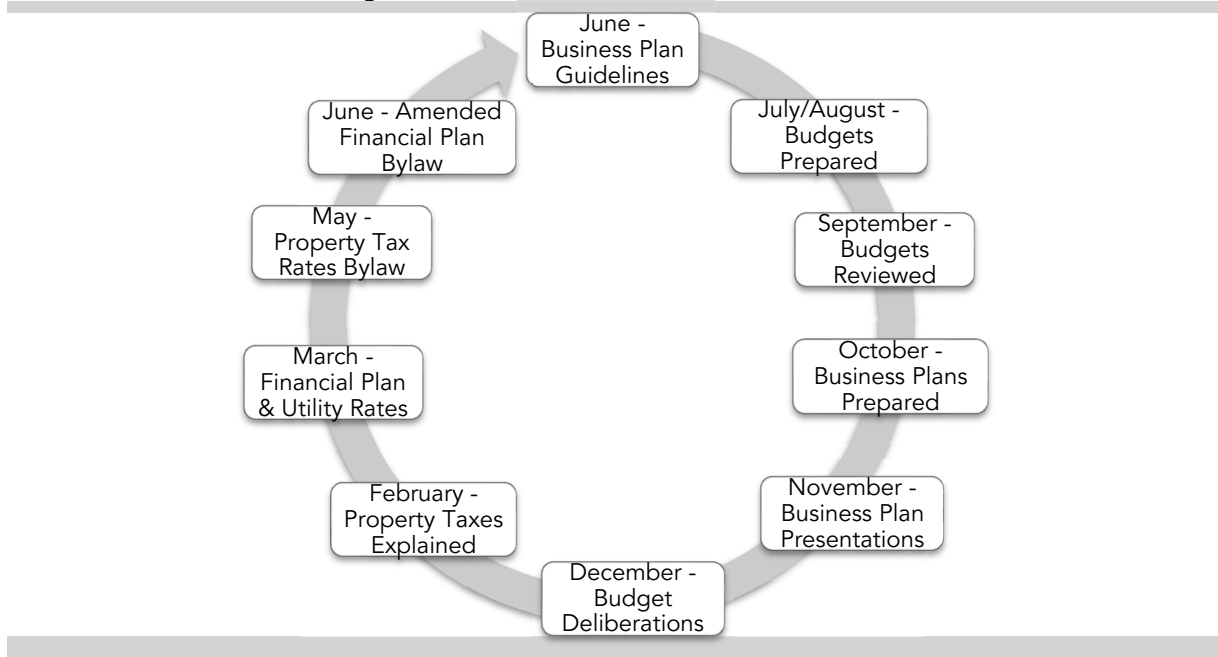
As outlined in the Community Charter, the Five-Year Financial Plan is to be adopted by May 15 of the first year of the plan. At any time, subsequent to the original adoption, an amended financial plan bylaw can be adopted by Council for that year. Amendments to the financial plan which result from unplanned financial activities identified during financial reviews and the yearend process are incorporated into an amended financial plan bylaw each spring after the completion of the yearend audit.

The Corporate Strategic Plan 2019-2022 serves as a guiding framework for policies, budgets and decision making over the 4 year period. The Corporate Strategic Plan sets the high level goals and objectives for the community which, in turn, sets desired service levels. Departmental business plans and budgets are developed to ensure programs and services align with and aim to achieve the goals outlined in the Corporate Strategic Plan.

Business Plan Guidelines are developed and approved by Council outlining budget objectives, principles, approach, and service levels. Taxation from population growth is used to fund related operational costs, projects and long-term strategies including increased service levels. New for this year, the business plan process was reviewed and updated resulting in a more efficient streamlined process along with an improved business plan reporting and presentation package.

The Tax Rate Bylaw is to be adopted by May 15 as outlined in the Community Charter.

Timelines for the 2021 Budget



SERVICE LEVEL CHANGES

Each year the Corporate Leadership Team undertakes an internal review process to ensure services are in alignment with staff's interpretation of Council's strategic goals and objectives. As a result of this review, a number of incremental changes in service delivery or new capital infrastructure are provided as Decision Packages for the first year of the financial plan and are provided in the table below. Decision Package details are included within each department's business plan.

Rank	Department	Description	Onetime Budget	Ongoing Budget	Single Family %	Single Family \$
1	Parks, Recreation & Culture	Amenity Land Security/Maintenance (Operating Reserve)	13,300	-	-	-
2	Engineering & Operations	Ground Water Study Lower Hammond Area (Drainage Reserve)	80,000	-		
3	Parks, Recreation & Culture	Shoreline Park – Aesthetic Improvements (Future Capital Reserve)	25,000/yr for 10 years	-	-	-
4	Engineering & Operations	Streetlight Christmas Decorations – Hammond/Osprey/Harris (Future Capital/ Equipment Repl. Reserves)	61,800	2,500	.01	0.21

PUBLIC PARTICIPATION

Inform Consult Involve Collaborate Empower

KATZIE FIRST NATION CONSIDERATIONS

Referral Yes No

Collaboration and coordination will occur on a variety of City initiatives that are determined to be of significance and interest to Katzie First Nation as part of the regular work plan.

SIGN-OFFS

Written by:

Mark Roberts, Chief Administrative Officer
Cheryl Harding, Director of Financial Services

ATTACHMENT(S):

- A. Operating and Capital Budget Tables
- B. Statistics
- C. Executive Summary - Utilities
- D. Executive Summary – General Fund

OPERATING AND CAPITAL BUDGET TABLES

Major Fund Statements

The level of fund balances is an indicator of the long-term sustainability and financial strength of the City. Strong fund balances afford Council the ongoing ability to maintain taxation stability and to provide capital funding for City projects without incurring debt on the external markets. The change in Reserve Funds and Reserves is mainly due to operating activities, annual savings, external contributions and capital expenditures.

Fund Balances – Consolidated

	2019 Actuals	2020 Annual Plan	2021 Proposed Budget
Revenues			
Taxation Revenue	\$22,583,934	\$24,039,300	\$25,050,200
Utility Charges	9,961,974	10,730,400	11,032,000
Sale of Services	2,431,642	2,243,100	1,425,600
Licenses, Permits, Penalties, Fines	2,041,368	2,448,900	2,338,500
Investment Income	672,942	465,000	455,900
Government Transfers	3,989,491	3,633,600	568,000
Contributions	454,104	4,600,300	5,111,100
Other Revenue	560,838	594,200	483,600
Total Revenues	42,696,293	48,754,800	46,464,900
Expenses			
General Government Services	5,057,471	6,292,900	5,602,400
Protective Services	7,808,810	8,323,800	8,474,300
Transportation Services	3,430,401	3,654,900	3,799,800
Solid Waste Services	964,252	1,039,500	1,064,600
Water Services	4,044,382	4,165,400	4,232,800
Sewer Services	2,328,150	2,390,900	2,413,800
Drainage Services	1,922,582	1,918,200	1,964,000
Diking Services	255,687	184,800	183,700
Development Services	891,190	842,300	844,700
Parks, Recreation and Cultural Services	8,273,877	7,963,300	7,205,700
Total Operating Expenses	34,976,802	36,776,000	35,785,800
Net Change	7,719,491	11,978,800	10,679,100
Opening Balance	199,094,717	206,814,208	218,793,008
Closing Balance	206,814,208	218,793,008	229,472,108
Net Change			
Investment in Tangible Capital Assets	4,299,335	26,917,000	6,946,600
Asset Replacement Reserves			
Arena	152,950	6,500	(40,600)
Diking	106,973	(47,200)	103,300
Drainage	702,973	(1,023,800)	181,800
Equipment Replacement	177,637	(968,000)	(340,100)
Lifecycle Buildings	1,392,925	(6,643,200)	(1,796,100)
Lifecycle Gas Tax	194,157	64,300	68,200

	2019 Actuals	2020 Annual Plan	2021 Proposed Budget
Lifecycle General	130,444	(552,800)	100,700
Minor Capital	44,565	46,500	50,500
Sanitary Sewer	212,317	(377,700)	432,800
Transportation	55,102	(934,300)	(313,600)
Transportation Road Use Levies	1,075,836	(598,400)	646,100
Water	27,474	(1,202,900)	674,500
	4,273,353	(12,231,000)	(232,500)
Other Reserves			
Art In Public Spaces	104,407	(7,500)	-
Carbon Neutral & Sustainability	12,775	(59,900)	8,700
Community Amenity	393,500	20,000	4,749,200
Future Capital	(1,610,603)	(1,848,100)	153,500
Parkland Acquisition	25,739	(1,190,800)	8,600
South Bonson Amenity	(168,274)	(49,700)	(35,300)
Surplus (General Fund)	389,258	428,800	(919,700)
	(853,198)	(2,707,200)	3,965,000
Reserves Total Net Change	3,420,156	(14,938,200)	3,732,500
Net Change	\$7,719,491	\$11,978,800	\$10,679,100

Certain comparative information has been reclassified to allow for greater comparability between prior years and the current year. Reserve values represent the net change in operating activities, external contributions, annual savings and capital expenditures.

Statement of Activities by Fund and Fund Balances

2021 Proposed Plan					
	General Fund	Drainage Utility	Sewer Utility	Solid Waste	Water Utility
Revenues					
Taxation Revenue	\$25,050,200	\$ -	\$ -	\$ -	\$ -
Utility Charges	-	2,350,600	2,673,600	1,050,300	4,957,500
Sale of Services	1,410,300	-	-	14,300	1,000
Licenses, Permits, Penalties, Fines	2,308,500	-	-	-	30,000
Investment Income	455,900	-	-	-	-
Government Transfers	568,000	-	-	-	-
Contributions	4,816,900	294,200	-	-	-
Other Revenue	483,600	-	-	-	-
Total Revenues	35,093,400	2,644,800	2,673,600	1,064,600	4,988,500
Expenses					
General Government Services	5,602,400	-	-	-	-
Protective Services	8,474,300	-	-	-	-
Transportation Services	3,799,800	-	-	-	-
Solid Waste Services	-	-	-	1,064,600	-
Water Services	-	-	-	-	4,232,800
Sewer Services	-	-	2,413,800	-	-
Drainage Services	-	1,964,000	-	-	-
Diking Services	183,700	-	-	-	-
Development Services	844,700	-	-	-	-
Parks, Recreation and Cultural Services	7,205,700	-	-	-	-

2021 Proposed Plan					
	General Fund	Drainage Utility	Sewer Utility	Solid Waste	Water Utility
Total Operating Expenses	26,110,600	1,964,000	2,413,800	1,064,600	4,232,800
Net Change	8,982,800	680,800	259,800	-	755,700
Opening Balance	149,163,000	31,342,000	12,911,000	109,000	25,269,000
Closing Balance	158,145,800	32,022,800	13,170,800	109,000	26,024,700
Net Change					
Investment in Tangible Capital Assets	6,544,800	484,300	(153,200)	-	70,700
Asset Replacement Reserves					
Arena	(40,600)	-	-	-	-
Diking	103,300	-	-	-	-
Drainage	(14,700)	196,500	-	-	-
Equipment Replacement	(340,100)	-	-	-	-
Lifecycle Buildings	(1,796,100)	-	-	-	-
Lifecycle Gas Tax	68,200	-	-	-	-
Lifecycle General	100,700	-	-	-	-
Minor Capital	50,500	-	-	-	-
Sanitary Sewer	19,800	-	413,000	-	-
Transportation	(313,600)	-	-	-	-
Transportation Road Use Levies	646,100	-	-	-	-
Water	(10,500)	-	-	-	685,000
	(1,527,000)	196,500	413,000	-	685,000
Other Reserves					
Carbon Neutral & Sustainability	8,700	-	-	-	-
Community Amenity	4,749,200	-	-	-	-
Future Capital	153,500	-	-	-	-
Parkland Acquisition	8,600	-	-	-	-
South Bonson Amenity	(35,300)	-	-	-	-
Surplus (General Fund)	(919,700)	-	-	-	-
	3,965,000	-	-	-	-
Reserves Total Net Change	2,438,000	196,500	413,000	-	685,000
Net Change	\$8,982,800	\$680,800	\$259,800	-	\$755,700

Reserve values represent the net change in operating activities, external contributions, annual savings and capital expenditures

CORPORATE FINANCE

Revenue and expense budgets belonging to Corporate Finance are not directly attributed to any one department. Rather, all or most departments will benefit by them or share in incurring the cost. The majority of budget items in the Corporate Finance area are budgets for reserve transfers, debt servicing costs, and taxation revenue which include taxes from new development or growth. Various aspects of the cost drivers of the \$292,900 or 1.24% tax increase for Corporate Finance have been provided throughout the budget document and are summarized below.

Corporate Finance Financial Summary

	2020 Adopted Budget	2021 Proposed Budget	Proposed Changes for 2021		2022 Proposed Budget	2023 Proposed Budget	2024 Proposed Budget	2025 Proposed Budget
Revenue								
Taxation	\$ (23,368,500)	\$ (23,244,300)	\$ 124,200	0.5%	\$ (24,241,600)	\$ (25,100,200)	\$ (25,989,900)	\$ (26,877,600)
Taxation - Growth	incl	(325,000)	(325,000)	0.0%	(100,000)	(100,000)	(100,000)	(100,000)
Grants	(466,000)	(466,000)	-	0.0%	(467,000)	(463,000)	(464,000)	(460,000)
Other Revenue	(1,258,600)	(1,317,100)	(58,500)	-4.6%	(1,407,500)	(1,339,900)	(1,351,600)	(1,363,400)
	<u>(25,093,100)</u>	<u>(25,352,400)</u>	<u>(259,300)</u>	<u>-1.0%</u>	<u>(26,216,100)</u>	<u>(27,003,100)</u>	<u>(27,905,500)</u>	<u>(28,801,000)</u>
Expenses & Transfers								
Expenses & Transfers	1,229,200	1,456,400	227,200	18.5%	1,596,800	1,839,600	2,088,200	2,338,000
	<u>1,229,200</u>	<u>1,456,400</u>	<u>227,200</u>	<u>18.5%</u>	<u>1,596,800</u>	<u>1,839,600</u>	<u>2,088,200</u>	<u>2,338,000</u>
Reserve Savings - Capital Maintenance								
Insurance & Liability Reserve	10,000	-	(10,000)	-100.0%	-	-	-	-
General Facilities Reserve	711,000	726,000	15,000	2.1%	741,000	756,000	771,000	786,000
South Bonson Amenity Reserve	10,000	10,000	-	0.0%	10,000	10,000	10,000	10,000
Arena Capital Reserve	80,000	80,000	-	0.0%	80,000	80,000	80,000	80,000
	<u>811,000</u>	<u>816,000</u>	<u>5,000</u>	<u>0.6%</u>	<u>831,000</u>	<u>846,000</u>	<u>861,000</u>	<u>876,000</u>
Reserve Savings - Capital Replacement								
Major Buildings Reserve	1,763,000	2,003,000	240,000	13.6%	2,263,000	2,543,000	2,843,000	3,163,000
Equipment Replacement Reserve	560,000	610,000	50,000	8.9%	660,000	710,000	760,000	810,000
Transportation Reserve	1,210,000	1,240,000	30,000	2.5%	1,260,000	1,280,000	1,300,000	1,320,000
	<u>3,533,000</u>	<u>3,853,000</u>	<u>320,000</u>	<u>9.1%</u>	<u>4,183,000</u>	<u>4,533,000</u>	<u>4,903,000</u>	<u>5,293,000</u>
Reserve Savings - Strategic Asset Reserves								
Future Capital Reserve	575,000	575,000	-	0.0%	575,000	575,000	575,000	575,000
Gas Tax Reserve	111,000	111,000	-	0.0%	116,000	116,000	121,000	121,000
	<u>686,000</u>	<u>686,000</u>	<u>-</u>	<u>0.0%</u>	<u>691,000</u>	<u>691,000</u>	<u>696,000</u>	<u>696,000</u>
Net Revenue	\$ (18,833,900)	\$ (18,541,000)	\$ 292,900	-1.6%	\$ (18,914,300)	\$ (19,093,500)	\$ (19,357,300)	\$ (19,598,000)
Key Budget Changes for 2021:								
Taxation revenue from new development			\$ (325,000)					
Risk to Roll - BC Assessment			89,000					
1% Utility Tax			2,900					
Port Payment in Lieu of Taxes			2,000					
Administration and Fleet Charges to Utilities			(59,200)					
Salary and Benefits			258,300					
Equipment Replacement Reserve Savings			50,000					
Building Replacement Reserve Savings			240,000					
Other Reserve Savings			35,000					
Other			(100)					
Change in Net Operating Expenses			\$ 292,900					

Financial Plan Summaries by Fund 2021 - 2025

General Fund	2020 Budget	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Revenues (000s)	30,820	31,270	32,216	33,070	33,982	34,847
% Change		1.5%	3.0%	2.7%	2.8%	2.5%
Expenses (000s)	23,632	23,793	24,382	24,829	25,309	25,767
% Change		0.7%	2.5%	1.8%	1.9%	1.8%
Reserve Savings (000s)	7,189	7,477	7,834	8,242	8,673	9,079
% Change		4.0%	4.8%	5.2%	5.2%	4.7%
Average Single Family \$		73	72	75	73	70
% Tax Increase		3.48%	3.33%	3.33%	3.11%	2.91%

Certain comparative information has been reclassified to allow for greater comparability between prior years and the current year

Drainage Utility	2020 Budget	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Revenues (000s)	2,269	2,351	2,411	2,471	2,532	2,593
% Change		3.6%	2.6%	2.5%	2.5%	2.4%
Expenses (000s)	1,318	1,349	1,358	1,368	1,377	1,388
% Change		2.4%	0.7%	0.7%	0.7%	0.8%
Reserve Savings (000s)	951	1,002	1,053	1,104	1,155	1,205
% Change		5.4%	5.1%	4.8%	4.6%	4.3%
User Fee /Mill Rate-SF \$	133	135	138	142	146	150
% Change		1.5%	2.2%	2.9%	2.8%	2.7%

Sanitary Sewer Utility	2020 Budget	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Revenues (000s)	2,609	2,674	2,817	3,031	3,305	3,631
% Change		2.5%	5.3%	7.6%	9.0%	9.9%
Expenses (000s)	2,141	2,186	2,309	2,503	2,757	3,063
% Change		2.1%	5.6%	8.4%	10.1%	11.1%
Reserve Savings (000s)	468	488	508	528	548	568
% Change		4.3%	4.1%	3.9%	3.8%	3.6%
User Fee – SF \$	349	352	371	399	435	478
% Change		0.86%	5.4%	7.5%	9.0%	9.9%

Solid Waste Utility	2020 Budget	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Revenues (000s)	1,040	1,065	1,076	1,087	1,098	1,109
% Change		2.4%	1.0%	1.0%	1.0%	1.0%
Expenses (000s)	1,040	1,065	1,076	1,087	1,098	1,109
% Change		2.4%	1.0%	1.0%	1.0%	1.0%
User Fee – SF \$	203	205	207	209	211	213
% Change		0.99%	1.0%	1.0%	1.0%	1.0%

Water Utility	2020 Budget	2021 Proposed	2022 Proposed	2023 Proposed	2024 Proposed	2025 Proposed
Revenues (000s)	4,860	4,989	5,124	5,297	5,652	6,092
% Change		2.7%	2.7%	3.4%	6.7%	7.8%
Expenses (000s)	3,515	3,584	3,659	3,772	4,067	4,447
% Change		1.2%	2.1%	3.1%	7.8%	9.3%
Reserve Savings (000s)	1,345	1,405	1,465	1,525	1,585	1,645
% Change		4.5%	4.3%	4.1%	3.9%	3.8%
User Fee – SF \$	505	530	544	559	574	590
% Change		4.95%	2.6%	2.8%	2.7%	2.8%
Metered Connection \$	303	309	315	320	326	332
% Change		2.0%	1.9%	1.6%	1.9%	1.8%
Metered Rate/m3 \$	0.78	0.81	0.83	0.86	0.94	1.05
% Change		3.8%	2.5%	3.6%	9.3%	11.7%

Metered customer rates:

Average Annual Consumption per Capita per Statistics Canada website = 170 cubic metres

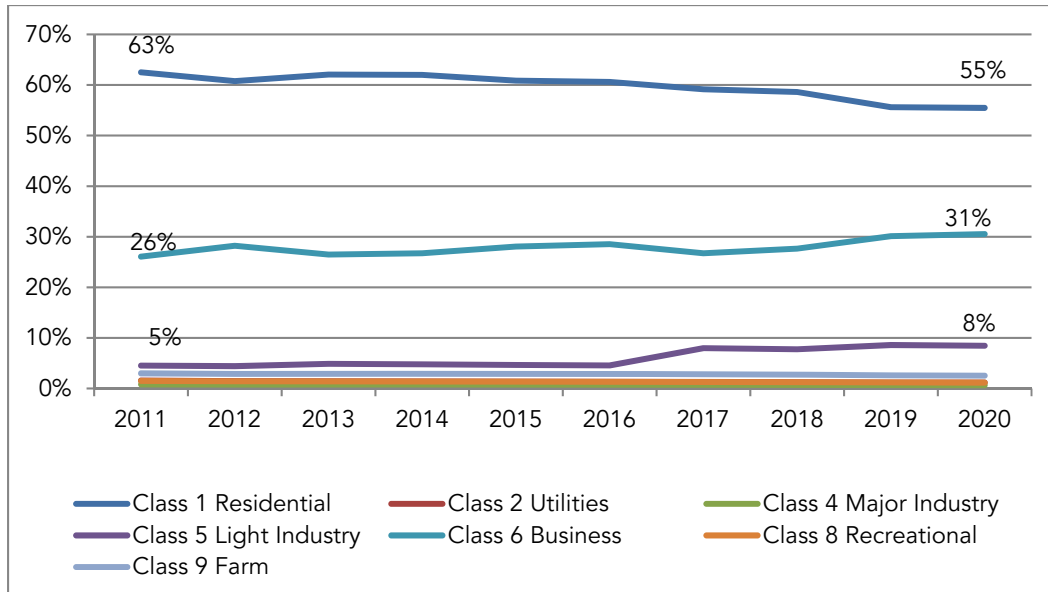
170 cubic metres x 1.6 persons x \$.81 per cubic metre + \$309 connection charge = \$530 equivalent annual flat fee

Capital Expenditure Program by Service Area 2021-2025 (\$58 million)

	2021	2022	2023	2024	2025	Total
Transportation	\$2,411,900	\$7,273,800	\$3,050,000	\$3,944,300	\$5,527,000	\$22,207,000
Fire & Rescue Services	6,025,800	2,075,500	135,000	100,000	61,000	8,397,300
Water Utility	720,000	2,033,000	1,893,400	698,000	2,238,400	7,582,800
Drainage Utility	1,099,700	2,515,000	1,472,000	215,000	1,075,000	6,376,700
Facilities	528,000	555,000	1,463,000	580,000	1,383,000	4,509,000
Parks	404,300	877,000	1,530,000	668,000	791,000	4,270,300
Sewer Utility	75,000	225,000	180,000	325,000	1,153,800	1,958,800
Information Technology	308,800	321,500	532,000	85,000	306,700	1,554,000
Recreation and Culture	103,300	106,400	109,500	113,600	116,700	549,500
Diking Utility	60,000	60,000	60,000	60,000	60,000	300,000
Environmental Stewardship	15,000	15,000	15,000	15,000	15,000	75,000
Communications	10,000	10,000	10,000	17,200	10,000	57,200
Financial Services	-	-	-	-	55,000	55,000
Solid Waste	12,000	12,000	12,000	-	-	36,000
Human Resources	10,000	-	-	-	-	10,000
Planning & Development	10,000	-	-	-	-	10,000
Bylaw Enforcement	3,000	-	-	-	-	3,000
Total	\$11,796,800	\$16,079,200	\$10,461,900	\$6,821,100	\$12,792,600	\$57,951,600

Allocation of Tax Burden 2011-2020

The percentage breakdown of tax revenue collected by property class over the past 10 years is provided in the following chart. The distribution remained fairly constant until 2017 when additional properties began to be added to the Business and Light Industry Classes.



Single Family Residential Tax Comparison

The following table compares the total cost of each City’s municipal services on an average basis. This method provides the regionally accepted best practice for comparison of what the average household in each city pays for the city services used. Using 2020 values, the average residential property in Pitt Meadows pays less taxes than the average residential property in other cities within the region, however, it’s important to be mindful this table compares the dollar costs but does not compare service levels.

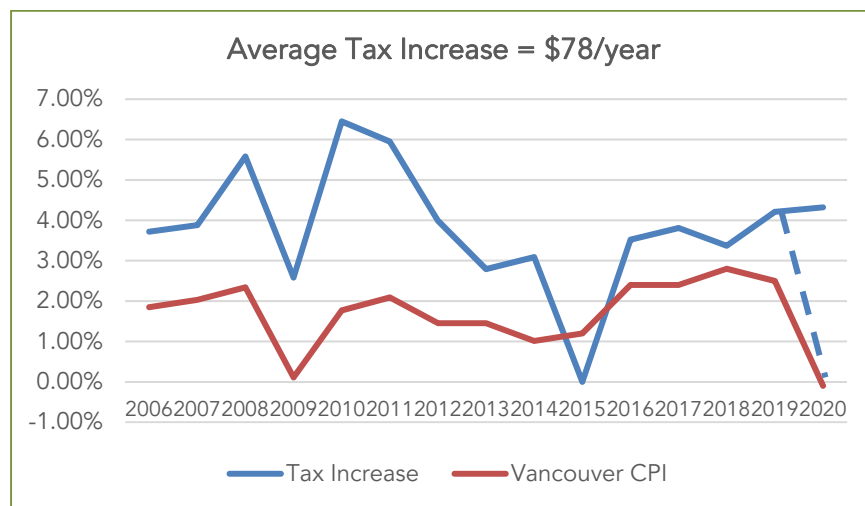
	Assessed Values	# of Properties	Average Assessed Value	Taxes	Utilities (SFD Rates) (1)	Total Taxes & Utilities	Total Taxes & Utilities Rank
West Vancouver	34,056,840,500	11,975	2,843,995	8,326.64	2,097.87	10,424.51	17
White Rock	5,251,173,600	3,813	1,377,176	5,705.78	1,758.78	7,464.56	16
Vancouver	163,916,281,152	81,150	2,019,917	5,909.62	1,452.00	7,361.62	15
North Van., District of	32,103,081,000	20,121	1,595,501	5,197.09	1,754.35	6,951.44	14
New Westminster	8,338,012,000	7,534	1,106,718	4,848.52	1,704.47	6,552.99	13
Port Moody	6,181,201,700	4,883	1,265,861	5,339.02	1,207.00	6,546.02	12
Richmond	42,033,528,100	28,736	1,462,748	4,852.91	1,207.15	6,060.06	11
North Van., City of	8,071,584,700	5,528	1,460,127	4,639.39	1,277.89	5,917.28	10
Coquitlam	30,628,334,800	26,337	1,162,939	4,472.07	1,379.00	5,851.07	9
Burnaby	46,356,554,801	32,169	1,441,032	4,583.06	1,230.17 (2)	5,813.23	8
Surrey	97,494,052,050	87,905	1,109,084	3,933.69	1,363.42	5,297.11	7
Maple Ridge, District of	18,193,512,359	21,391	850,522	4,125.63	1,164.46	5,290.09	6
Langley, Township of	26,452,766,800	27,304	968,824	3,740.19	1,375.50	5,115.69	5
Delta	24,684,328,700	25,717	959,845	4,004.47	909.43	4,913.90	4
Port Coquitlam	9,810,018,000	10,930	897,531	3,766.67	1,022.83	4,789.50	3
Langley, City	2,851,074,900	3,323	857,982	3,507.69	1,134.78	4,642.47	2
Pitt Meadows	2,865,389,325	3,754	763,290	3,504.19	1,126.84	4,631.03	1
Average	32,899,278,499	23,681	1,389,293	4,732.74	1,362.70	6,095.45	

(1) Utilities include Water, Sewer Levy & Garbage/Recycling. Sewer includes average parcel tax.

(2) Garbage is included with General Levy

Tax Increases 2006 – 2020

There is often a misconception that tax increases should be close to the Consumer Price Index (CPI) however cities do not purchase the same basket of goods that CPI is based on. Examples of the major difference are the cost of food being included in CPI but are not a component for cities and conversely city high construction cost components as well as collective agreements covering labour settlements that do not necessarily follow CPI. The average tax increase over the past fifteen years in today's dollars has been \$78/year to the average household. In 2020, a one-time COVID-19 Financial Relief grant was created which resulted in a \$0 increase to the average residential property owner as shown by the dotted line in the following chart.



--- 2020 COVID Financial Relief Grant = \$0 increase for 2020

New and Improved Services in Recent Years

While the average dollar increase has been approximately \$78/year, along with the increase comes more services and higher levels of service. The following is a sampling of some of those service improvements in recent years.

Parks, Recreation, Culture

- Art Gallery
- Volunteer Program
- Children/Youth Programming
- Fitness Centre Equipment
- Invasive Species Plant Management
- Harris Rd Park Washhouse
- Harris Rd Spray Park Replacement
- BC Hydro Box Beautification
- Enhanced Special Events
- Katzie First Nation Language on Signs
- Library Summer Sunday Openings
- Senior Services
- Field Maintenance
- MacLean Park Play Equipment
- Cottonwood Park Septic Repl.

Planning & Development

- OCP Update
- North Lougheed Study Area
- Community Amenity Policy
- Good Neighbour Policy
- Cannabis Regulations
- Housing Infill Regulations
- Online Burn Permits
- Development Applications Process

Protective Services

- Chest Pain/Ambulance Delay Calls
- Fire Training Ground
- Bylaw Enforcement Expanded Hours
- Emergency Program Manager
- Fire Hall Replacement
- Police Services Review
- BC Ambulance Rest & Ready
- Emergency Support Services

Transportation & Operations

- Active Transportation
- Ladner Rd Bridge Replacement
- CP Underpass/Overpass Engagement
- Lougheed PRV Replacement
- S. Alouette and Katzie Slough Bridge Rehab.
- Hammond Rd Lift Station Repl.
- Area 4 Pump Station Replacement

Other

- Living Wage Employer
- Environmental Stewardship Focus
- Online Payment Processing
- New Website
- Marketing of City Initiatives
- Economic Resiliency Task Force (March-Sept.)
- Council-Committee Integration Resource
- Asset Management Plans
- Community Service Awards
- New Civic & Parks' Signage
- Enhanced Communications & Engagement
- Engagement & Priorities Committee
- Community Check-in Task Force (March-Sept.)

Property Taxation from Development Growth 2012-2021

Property taxes increased by approximately \$15 million between 2012 and 2021. Of this increase, a cumulative total of \$4.1 million is from development growth in the community which is equivalent to approximately 25% property tax increase during the same period. The balance of \$10.9 million in property taxation revenue has been a result of property tax increases approved by Council.

Conservative growth numbers are used in the preparation of the initial budget due to the unpredictability of the timing of construction and of property valuations. This approach avoids over-reliance on uncertain revenues which would artificially reduce the current year tax increase. Any surplus growth from taxation is incorporated into the following budget year.

Year	Population	Growth %	1% Tax Equates to	Growth (\$)
2012	18,503	3.51%	146,500	514,700
2013	18,646	0.84%	150,700	-126,300
2014	18,782	1.51%	156,000	235,700
2015	19,110	2.99%	167,000	500,000
2016	(Census) 18,573	2.06%	168,000	346,800
2017	19,741	3.08%	177,000	546,000
2018	19,891	1.52%	192,000	292,000
2019	19,728	3.53%	208,000	735,000
2020	(estimate) 20,000	3.46%	218,000	753,800
2021	(estimate) 20,000	1.38%	236,000	325,000

UTILITIES EXECUTIVE SUMMARY - 2021		Solid Waste 02-1-4000-4440	Drainage 04-1-4500-4470 & 4480	Water 06-1-4100-4400 & 4410	Sewer 08-1-4300-4430	TOTAL
2020 Approved Budget - Flat Fees (and Drainage Mill Rates and Metered Water)		1,023,200	2,069,900	4,828,900	2,586,700	10,508,700
2021 Budget - Submitted		1,050,300	2,140,600	4,957,500	2,650,600	10,799,000
\$\$ Variance over Previous Year		27,100	70,700	128,600	63,900	290,300
% Variance over Previous Year		2.65%	3.42%	2.66%	2.47%	2.76%
Budget Drivers (favourable)/unfavourable:						
1	Revenue Changes					
1.01	Garbage ticket sales (\$14,000 to \$12,000)	2,000				2,000
1.02	Miscellaneous (\$1,500 to \$1,000)			500		500
1.03	Maple Ridge Drainage Levy - Area 3 - from \$128,300 to \$128,000		300			300
1.04	Maple Ridge Capital Contribution to Reserve \$49,535 established in 2018 plus annual increases for 15 years to a target established through the AMP approach of \$201,219 (2021 total is 82,000		-10,800			-10,800
1.05	Katzie Sewer Levy - 66 connections x rate change from \$336 to \$349				-800	-800
	Revenue subtotal	2,000	-10,500	500	-800	-8,800
2	Reserve/Liability Changes					
2.01	Drainage Reserve provision from \$880,000 to \$920,000 (started at 2014 \$500,000, increasing annually) = AMP Target is \$1.4M		40,000			40,000
2.02	Maple Ridge Capital Contribution transferred to Reserve - offsets 2.04		10,800			10,800
2.03	Water Reserve provision from \$1,345,000 to \$1,405,000 - AMP target is 1.523M			60,000		60,000
2.04	Sewer Reserve provision increased from \$468,000 to \$488,000 as per Asset Mgmt Plan to reach a target of \$575,000 over 10 yrs starting 2016				20,000	20,000
	Reserve subtotal	0	50,800	60,000	20,000	130,800
3	Other					
A	Administrative Allocation from General Fund	6,500	18,800	26,900	19,500	71,700
B	Utility & miscellaneous operating costs	-200	18,000	0	1,800	19,600
C	Solid Waste Collection	8,900	0	0	0	8,900
D	Green Waste Collection & Tipping Fees	9,900	0	0	0	9,900
E	Drainage Maintenance	0	-6,400	0	0	-6,400
F	Water Maintenance	0	0	800	0	800
G	Sewer Maintenance	0	0	0	2,200	2,200
H	Metro Vancouver -GWVD & GVS&DD	0	0	40,400	21,200	61,600
\$\$ Variance over Previous Year (Net Budget Increase (Decrease))		27,100	70,700	128,600	63,900	290,300
% Variance over Previous Year		2.65%	3.42%	2.66%	2.47%	2.76%

City of Pitt Meadows
2021 Executive Summary

Budget Drivers - 2021 Proposed

COUNCIL - Nov 23, 2020

Estimated \$ amount for every 1% tax increase																									AVERAGE SF PROPERTY		TAX INCR			
\$236,000																									\$		%			
		Council	OFFICE OF THE CAO			CORPORATE SERVICES			FIRE	FINANCE	ENGINEERING & OPERATIONS					DEVELOPMENT SERVICES			PARKS, RECREATION, CULTURE			CITY	CORPORATE FINANCE	LIBRARY	POLICE	TAX INCR	AVERAGE SF PROPERTY	TAX INCR		
			CAO	Admin. Services	Emerg Program	HR	COMM	IT	Rescue		Eng'g	Ops Admin & Equip Maint	Transp.	Diking Mtce	Facilities	Bylaw Enforc.	Comm Dev	Env Stewards hip	Parks	Arts, Rec'n, Culture	Arena Service Partner	SUBTOTAL				\$	\$	%		
2020 Budget - Approved		423,000	268,400	865,200	137,300	677,200	359,400	776,200	1,820,300	677,100	529,000	314,500	988,600	192,400	1,085,300	-725,300	1,361,400	120,300	1,052,800	1,491,300	0	12,414,400	-18,833,900	1,018,300	5,401,200	0	0.00	0.00%		
2021 Budget - Submitted		423,000	270,700	875,200	137,300	682,400	372,600	827,100	1,939,100	681,400	547,300	319,400	1,032,100	192,400	1,088,900	-649,500	1,293,700	114,600	1,057,900	1,537,900	0	12,743,500	-18,541,000	1,039,000	5,580,800	822,300				
\$\$ Variance over Previous Year		0	2,300	10,000	0	5,200	13,200	50,900	118,800	4,300	18,300	4,900	43,500	0	3,600	75,800	-67,700	-5,700	5,100	46,600	0	329,100	292,900	20,700	179,600	822,300	73.29	3.48%		
% Variance over Previous Year		0.00%	0.86%	1.16%	0.00%	0.77%	3.67%	6.56%	6.53%	0.64%	3.46%	1.56%	4.40%	0.00%	0.33%	-10.45%	-4.97%	-4.74%	0.48%	3.12%		2.65%	1.56%	2.03%	3.33%					
Drivers (favourable)/unfavourable:																														
1	Revenue Changes																													
1.1	Taxation revenue from new development (estimate)																													
1.2	2021 Risk to Roll-BC Assessment (estimated)																													
1.3	1% utility payment in lieu of taxes (BC Hydro, Telus, Shaw, Fortis)																													
1.4	Port payment in lieu of taxes																													
1.5	Highway use permits, Soil deposit permits, Fire hydrant permits & other revenues										10,600											10,600								
1.6	Cell Tower Lease								26,000													26,000								
1.7	Arena programs, rentals, advertising - revenue offset by expenses and reserve savings																				586,900	586,900								
1.8	Development processing revenues - net 6.7K tax after offset by reserve transfer														81,000	2,300						83,300								
2	Reserve/Liability Changes																													
2.1	Equipment Replacement - Vehicles (420K to 450K)								3,000			23,000										30,000								
2.2	Equipment Replacement - Equipment (560K to 610K)																					0								
2.3	Building replacement 1% Asset Levy per Asset Management Plan (1.763M to 2.003M)																					0								
2.4	Lifecycle reserve (711K to 726K)																					0								
2.5	Transportation reserve (\$1.21K to \$1.23K)																					0								
2.6	Arena reserve (\$233.2K to \$80K) (offset by revenues and expenses)																					-153,200								
2.7	Development processing revenues - net 6.7K tax after offset by reserve transfer																					-76,600								
3	Salary Adjustments																													
3.1	Salary and benefits		2,300	4,900		5,700	11,200	-100	89,800	4,300	5,800	-14,500			-1,800	-1,600	6,600	500	2,100	44,100		159,300	258,300				417,600	37.21	1.77%	
4	COVID Adjustments																													
4.1	Revenues - Programs, Rentals, Film Permits																					363,300								
4.2	Expenses - Fees for service, auxiliary staff, advertising, program supplies																					-210,000								
4.3	COVID-19 reserve funding																					-153,300	-80,000							
5	Other																													
5.1	RCMP members																					0								
5.2	RCMP Integrated Teams - cost sharing formula based on population and crime																					0								
5.3	RCMP office admin, records mgmt, facility rent - using last year's 2021 values for now (1,211K to 1,268.4K)																					0								
5.4	FVRL levy - preliminary estimate of 2%; draft budget available Sept 30 (1,018.3K to 1,039K)																					0			20,700					
5.5	Hydro & natural gas																					-5,500								
5.6	Licensing - GIS, remote meetings, budget system																					48,200								
5.7	Insurance - liability			5,800																		5,800								
5.8	Rotational photo renewal - Council Chambers/Reception						2,000															2,000								
5.9	Internet services - primarily Heritage Hall keyscan, Skate Park Camera																					2,800								
5.10	Winter roads - salt volume and rate increases																					38,000								
5.11	Street lights, street amenities, road maintenance - signs, marking, painting																					5,500								
5.12	Equipment & fleet (mtc, fuel, insurance, lease)																					-3,400								
5.13	Fee for service - senior centre, museum																					5,200								
5.14	Harris Road Pool service provider																					11,000								
5.15	Administration & fleet charges to utilities																					0								
5.16	Environmental services consulting & contracted services																					-4,100								
5.17	Arena operating costs - offset by revenues and reserve savings																					-353,700								
5.18	Other adjustments			-700		-500					1,900	-200			-1,300	-200						400								
\$\$ Variance over Previous Year		0	2,300	10,000	0	5,200	13,200	50,900	118,800	4,300	18,300	4,900	43,500	0	3,600	75,800	-67,700	-5,700	5,100	46,600	0	329,100	292,900	20,700	179,600	822,300	73.28	3.48%		
% Variance over Previous Year		0.00%	0.86%	1.16%	0.00%	0.77%	3.67%	6.56%	6.53%	0.64%	3.46%	1.56%	4.40%	0.00%	0.33%	-10.45%	-4.97%	-4.74%	0.48%	3.12%	#DIV/0!	2.65%	-1.56%	2.03%	3.33%					
Estimated \$ For Average Single Family Property		0.00	0.20	0.89	0.00	0.46	1.18	4.54	10.59	0.38	1.63	0.44	3.88	0.00	0.32	6.75	(6.03)	(0.51)	0.45	4.15	0.00	29.33	26.10	1.84	16.00			73.28		
% Estimated Tax Increase		0.00%	0.01%	0.04%	0.00%	0.02%	0.06%	0.22%	0.50%	0.02%	0.08%	0.02%	0.18%	0.00%	0.02%	0.32%	-0.29%	-0.02%	0.02%	0.20%	0.00%	1.39%	1.24%	0.09%	0.76%			3.48%		
Estimated \$ For Average Multi Family Property		0.00	0.13	0.58	0.00	0.30	0.77	2.97	6.92	0.25	1.07	0.29	2.53	0.00	0.21	4.42	(3.94)	(0.33)	0.30	2.72	0.00	19.17	17.07	1.21	10.46			47.91		