



Business Plan 2020

City of Pitt Meadows



Executive Summary



1. PURPOSE

Each fall, the City of Pitt Meadows carefully deliberates on community programming, services goals, and allocation of resources for the coming year. This process of prudently weighing the needs and requests of the community, and ensuring service levels fit within the budget, results in the **City’s Proposed Corporate Business Plan**. This Plan is presented to Council for their review and deliberation, and represents Staff’s best recommendations for key initiatives, respective budgets by department, and the five-year financial plan for the City.

The annual planning process allows the City to ensure that its work is continually aligned with Council’s strategic priorities, achievable within the annual budget, and responsive to the needs of its citizens. The Plan also operates as a guide to ensure the City stays on track and within budget, and as a reporting and communication tool between the City and its citizens, fostering transparency and fiscal accountability.

When deliberating business plans and budgets, Council must constantly weigh different community needs, recognizing that increases in service levels must be matched by corresponding revenues. The City strives to strike an appropriate balance between responding to requests for service, minimizing tax increases, and providing for sustainable long-term investment in our infrastructure. The ultimate goal of this process is always to be cognizant of the longterm viability of the community, to spend tax dollars wisely, and to maintain the quality of life for all of our citizens.

2. STRATEGIC PLANNING

The Pitt Meadows 2019 – 2022 Strategic Plan is goal-oriented and includes the City’s vision, mission, values and strategic goals. This plan is the foundation for all other long-range planning for Pitt Meadows. The Strategic Plan includes the following components:

VISION

Pitt Meadows Proud.

MISSION

To maintain a friendly, safe and healthy community that values people, honours heritage — where all citizens are welcomed and growth is balanced with the protection of our natural place and quality of life.

GOVERNANCE VALUES

- Trust
- Community pride and spirit
- Environmental stewardship
- Respectful and accountable leadership
- Excellence in service
- Courage



STRATEGIC PRIORITIES

Pitt Meadows has identified five key priorities to support its vision:

1. Principled Governance
2. Balanced Economic Prosperity
3. Community Spirit and Wellbeing
4. Transportation and Infrastructure Initiatives
5. Corporate Excellence

3. COMMUNITY PROFILE

The following data provide some context and illustrate the unique characteristics of our City that are taken into consideration during the business planning process:

Population

The City of Pitt Meadows provides core services, facilities, safety, and infrastructure to a population of approximately 19,772 citizens.

Population Growth

The City's population grew by 4.7% in the last five years (2011-2016). This is down from the previous five year census period (2006 to 2011) when the growth rate was 13.5%. The regional average (Metro Vancouver) growth rate was 6.5% from 2011 to 2016.*

Household Composition

When compared with the regional data, Pitt Meadows has a larger share of one family households (67%) than the regional average (57%) and lower share of single person households (23%) than the regional average (29%).*

Housing

There has been a 7.1% increase in homes from 2011 to 2016, for a total of 7,194 homes. We have a population density of 214.7 persons per km², compared to the regional average (Metro Vancouver) of 854.6 persons per km².*

Age Demographics

17% of the population is under the age of 15; 67% is working age (15-64); and 16% is over the age of 65. The over-65 population share is increasing (up from 12% in 2011), indicating a need for planning amenities, resources, housing stock, and transportation for an aging population.*

Agricultural Land

78% of Pitt Meadows land falls within the Agricultural Land Reserve. Agriculture remains the predominant land use within our community.

Floodplain

Over 95% of Pitt Meadows land base lies within the floodplain for the Fraser River and, to a smaller degree, the Pitt River.

Katzie First Nation

The City of Pitt Meadows acknowledges their presence on the traditional territory of Katzie First Nation.

Land Area

Pitt Meadows has a land area of 85.38 square kilometres.*

*2016 Statistics Canada Census



4. PROPOSED CORPORATE BUSINESS PLAN

The Proposed Corporate Business Plan is organized by City department. This allows you to see how the budget and priorities align with various aspects of the organization and specific services and programs. Within each department's business plan is the following information:

SERVICES OVERVIEW

High level description of departments, divisions, and services/programming provided.

STAFFING COMPLEMENT

Organizational chart outlining the positions within the department, including total FTE (full time equivalents).

2019 ACHIEVEMENTS

2019 achievements for all departments have been centralized under Tab 2 and aligned with the City's Strategic Plan.

DEFERRED PROJECTS

2019 Business Plan initiatives that were deferred due to a revision of strategic priorities mid-year or other reasons as noted.

KEY CHALLENGES FOR 2020

Key Challenges for 2020 are listed in the Office of the CAO section for all departments with the exception of the RCMP and the Library.

KEY INITIATIVES FOR 2020

Short description of priority initiatives for 2020, with a forecasted date of completion by fiscal quarter.

BUDGET

Proposed 2020 operating and capital budgets for that department.

DECISION PACKAGES

Decision packages accompany any business plan involving a service level increase that requires additional funding in any year of the five-year financial plan, providing Council with the necessary information to make an informed decision.





Executive Budget Summary

2020 PROPOSED BUDGET AT A GLANCE

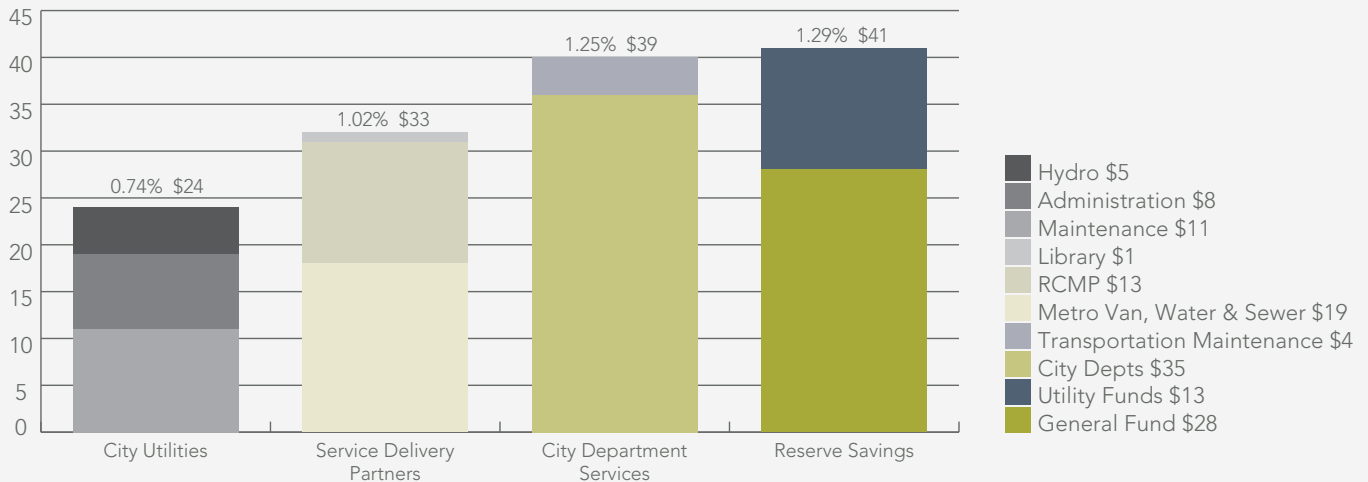
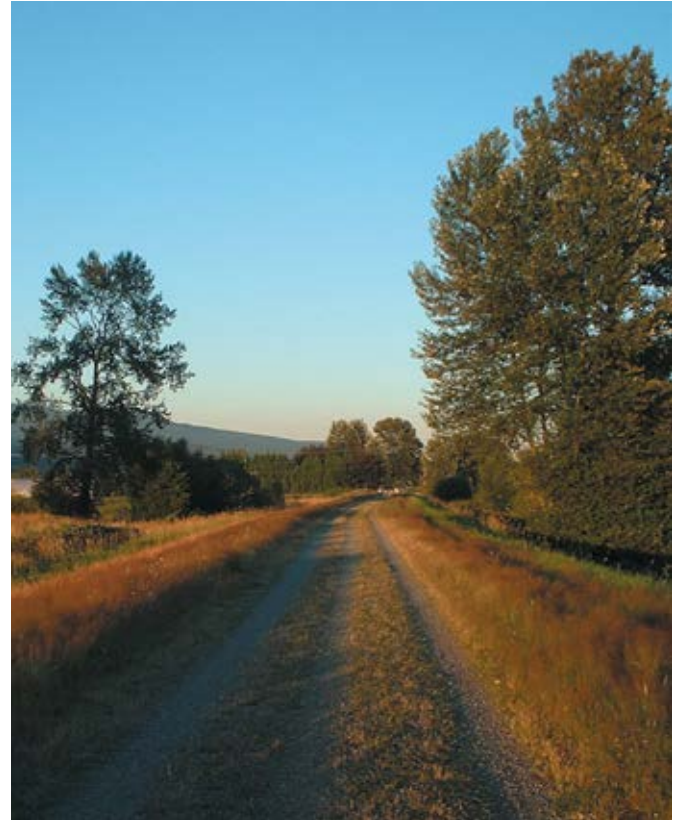
The City of Pitt Meadows 2020 budget looks to balance competing priorities while continuing to provide the high-quality services our citizens have come to expect.

Council's 2019-2022 Strategic Plan guides City priorities and identifies the actions to achieve these over four years. The budget allocates funding for the priorities set out by Council in the Strategic Plan.

The 2020 proposed budget consists of capital and operating costs of approximately \$57 million, comprised of:

- \$30 million for general operations
- \$10.8 million for utility operations; and
- \$16.1 million for capital projects

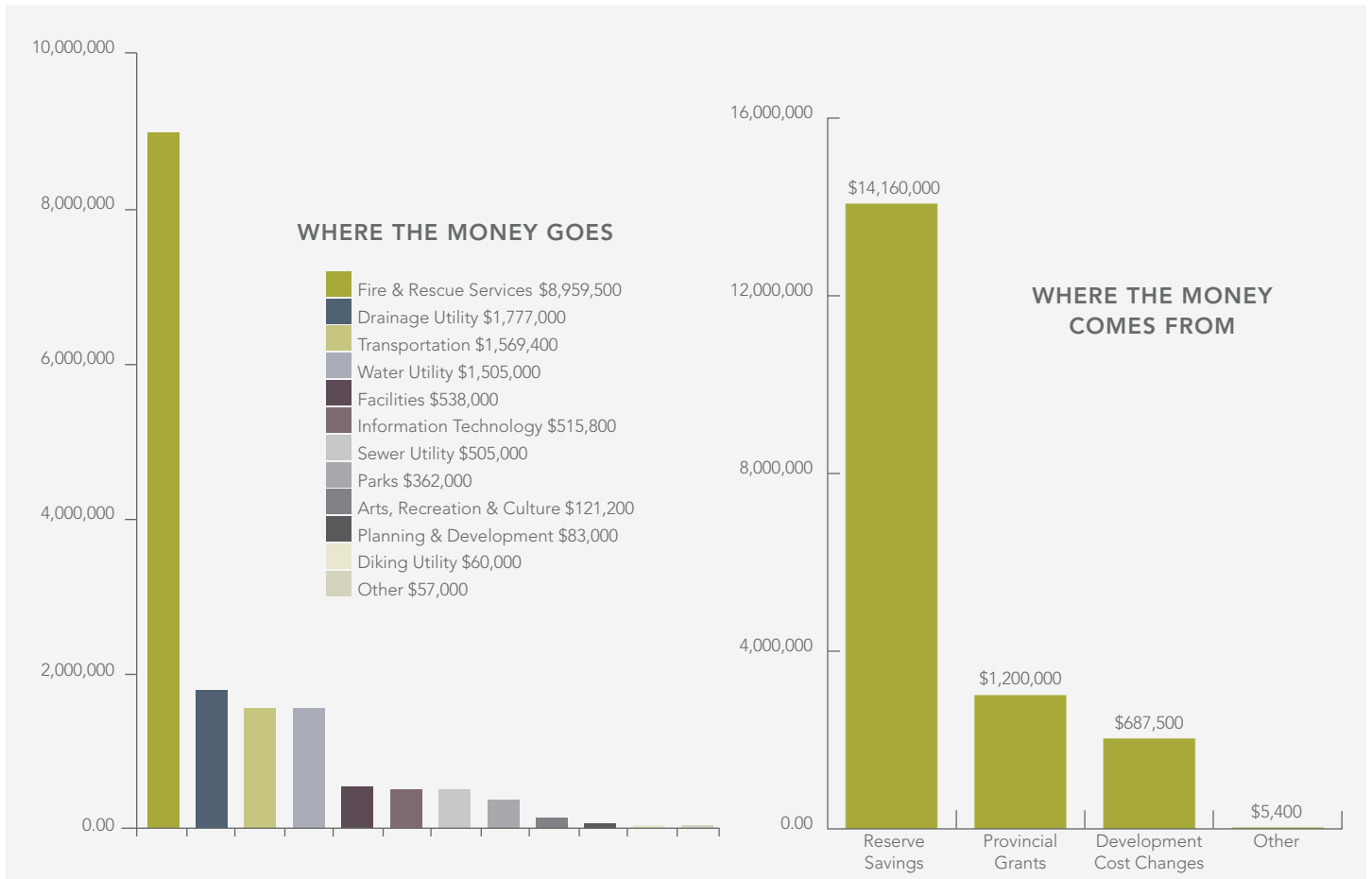
The proposed combined property tax and utilities increase of 4.30% or \$137 for the average single family property is comprised of the following key budget drivers:



The annual property tax notice includes collections for federal and provincial agencies. These values are excluded in the above table since their availability is in the spring of each year.

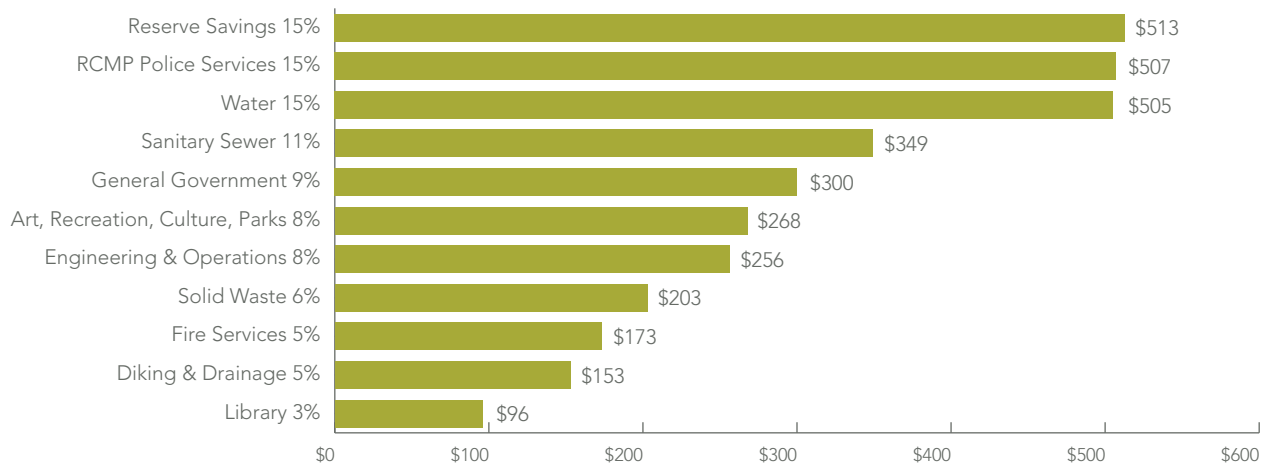


2020 CAPITAL PLAN SUMMARY – \$16.1 MILLION



**YOUR PROPERTY TAXES AT WORK
SERVICES PROVIDED**

Wondering where your money goes when you pay your property taxes? From water and sewer to saving for future upgrades and replacement of infrastructure, your money goes toward providing a variety of services and amenities for a livable community. The following graphic shows how every dollar of municipal property tax collected by the City of Pitt Meadows is allocated to the various services the City provides:



Proposed annual costs of \$3,323 per average single-family household in 2020 are based on the average 2019 assessment of approximately \$802,139.



About the City Budget

The City's budget is a financial plan that describes how much money the City will bring in and spend. It determines the level of service provided to Pitt Meadows residents and guides decisions on what City infrastructure – roads, buildings and utility – will be purchased, built and repaired.

OPERATING BUDGET

The operating budget includes daily or regular expenses to keep things running smoothly. This includes garbage collection, clean water and the maintenance of facilities like the recreation centre. The operating budget is the largest portion of the City's budget and is determined based on what it will cost to continue existing City services and programs at service levels set by Council.

CAPITAL BUDGET

Capital expenses are one-time purchases or upgrades as an investment for the future – things like road improvements, park upgrades or equipment needed to maintain roads or respond to emergencies. The capital budget includes large capital projects such as bridge, pump station and water main replacements. Other factors include:

- Safety considerations (eg. traffic calming and cross walks)
- Replacement costs
- Age and condition of current City assets
- Maintenance history
- Risk assessment (what are the possible risks if this asset was to fail)
- Coordination with other capital projects (a stormwater main replacement might trigger updated curbs and sidewalks so that a road is only dug up once), and
- Future capacity needs.

When creating new assets, staff and Council will also consider what the annual operating and maintenance costs will be.

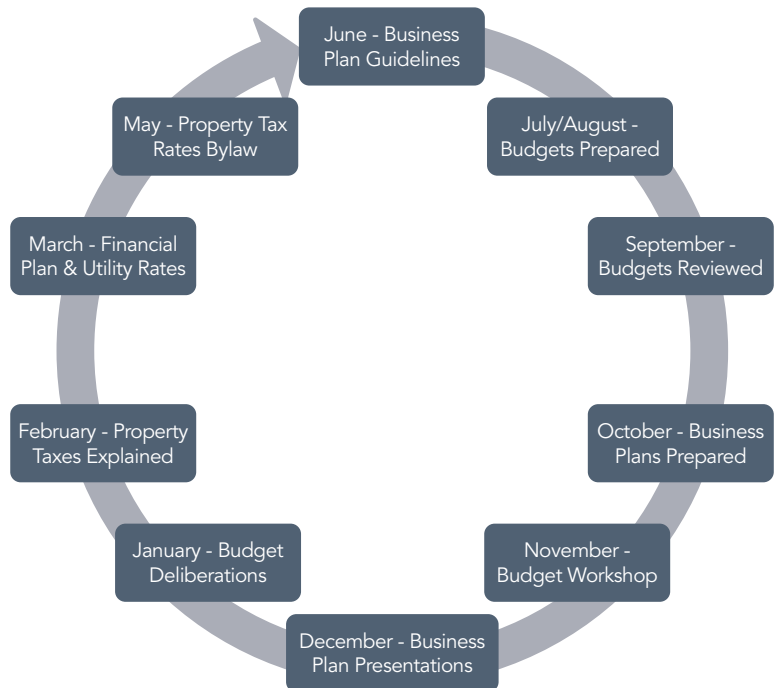
If a capital project that is underway is not completed in a given year, it is automatically rolled over into the work plan for the following year.

CITY BUDGET APPROVAL PROCESS

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 departmental 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 business, 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.

TIMELINES FOR THE 2020 BUDGET





2020 PROPOSED BUDGET SUMMARY

The annual budget is determined based on what it will cost to continue existing City services and programs at service levels set by Council.

Each year, the City strives to balance the needs of the municipality while mitigating the impact on the tax levy. This is achieved by examining expenditures for sustainable savings and identifying opportunities to enhance other sources of revenue, such as assessment increases from growth, fees and charges, reserves, and provincial and federal funding. These other types of funding are applied first, leaving the remainder of funding required from property taxes to balance the budget. The City has five separate funds – a General Fund and four Utility Funds (Water, Sewer, Solid Waste and Storm Drainage) – that contain operating and capital budgets needed to deliver various services to the community.

GENERAL FUND

The General Fund covers expenses for general government related to the day-to-day operations of the City including:

- Essential services such as police, fire, water, roads, and emergency planning,
- Priority services such as parks, recreation, library, bylaw enforcement, licensing, culture, planning, and environmental stewardship, and
- Support services such as communications, human resources, payroll, finance, administration, legislative services, information technology, and facilities.

The General Fund also provides annual reserve savings for the maintenance, upgrade, and replacement of the City's roads, facilities, and other infrastructure needed to deliver these services.

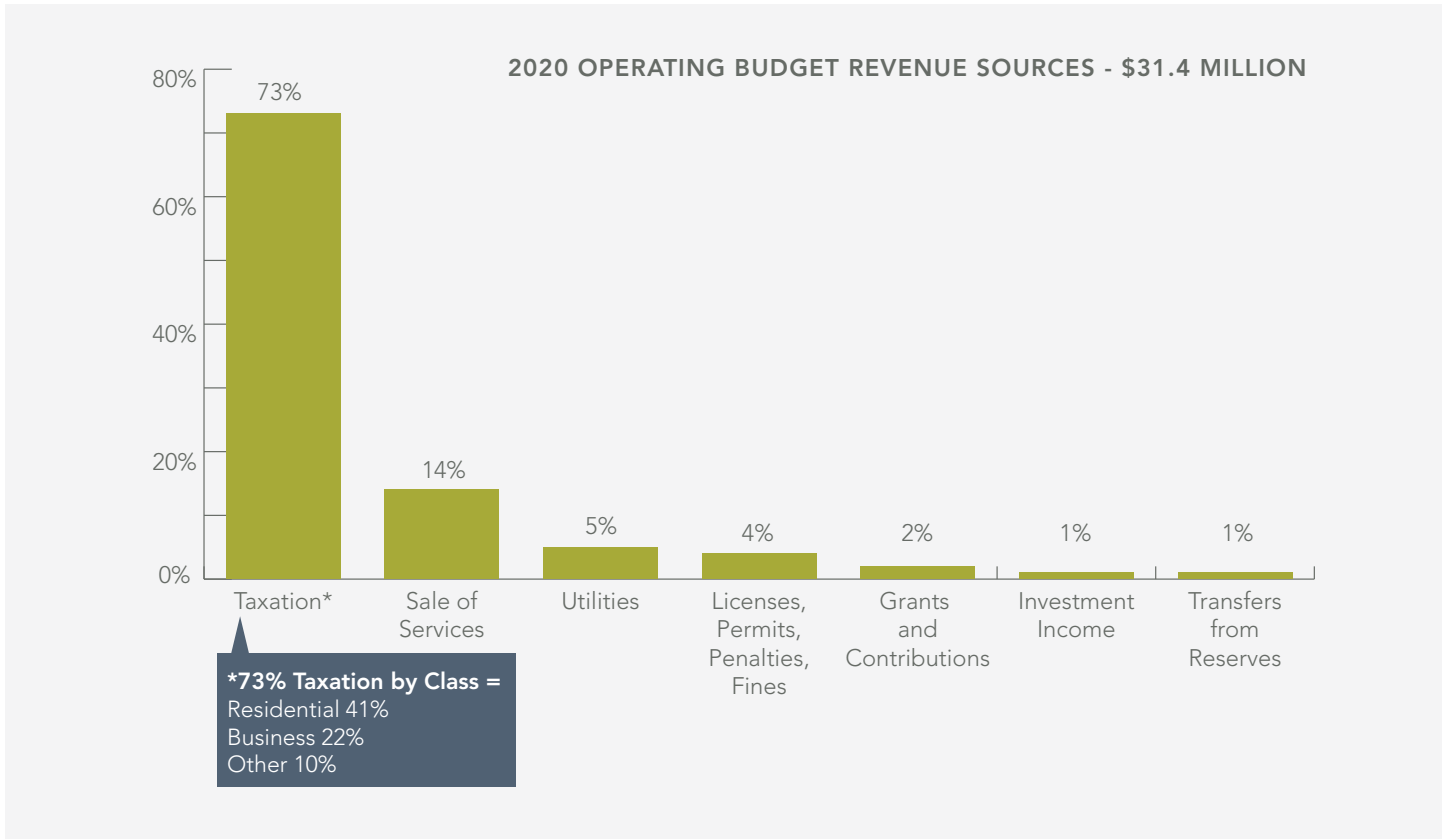
UTILITY FUNDS (WATER, SEWER, SOLID WASTE & STORM DRAINAGE)

Utility Funds cover expenses related to essential and priority services. These include: the provision of safe drinking water, sewage collection, solid waste/ green waste collection, and storm drainage; each of which contains operating and capital costs to achieve sustainable service delivery models.





General Fund Summary



REVENUES

The most important driver of City revenue is economic activity which affects the number of taxable properties, influences construction activity-related fees and charges, and impacts demands for City services.

PROPERTY TAXATION

Property taxation comprises a significant portion (73%) of the City’s operating revenues.

Property taxes are calculated in two steps. The BC Assessment Authority determines the total assessed value of properties within the City, and the City calculates a factor called the mill rate which is applied to the assessed values in order to generate enough revenues to balance the budget.

The amount the City needs to collect in taxes doesn’t change if housing values go up or down. As values rise, the mill rate will go down to compensate (and vice versa). What does affect a property’s tax increase is how the change in assessed value compares to the average change across the City. The average change across the City becomes available when the BC Assessment Revised Property Roll is issued in the spring. For 2020, a 1% property tax increase (for all classes) raises approximately \$218,000.

Growth in property tax revenue from new development (referred to as non-market change) in 2020 is preliminarily estimated at \$165,000. This is a conservative general estimate with more certain information available in January for subsequent budget deliberations and a final amount known by early April 2020.



The outcome of pending property assessment appeals with the BC Assessment Authority is outside of the City's control. Any appeals, if successful, may result in supplementary rolls throughout the year which could reduce future taxation revenue. There are outstanding appeals in 2020 that may adversely affect the \$165,000 estimate for growth in property tax revenue from new development, depending on the outcome and the timing of when the appeals are finalized.

The 2020 budget includes a proposed general tax increase of 3.98% or \$81 to the average assessed single-family home.

TAXATION BREAKDOWN

The City collects from taxpayers on behalf of outside agencies, including: the Province for the School Board, Metro Vancouver, Municipal Finance Authority, BC Assessment Authority, and TransLink – the Regional Transportation Authority.

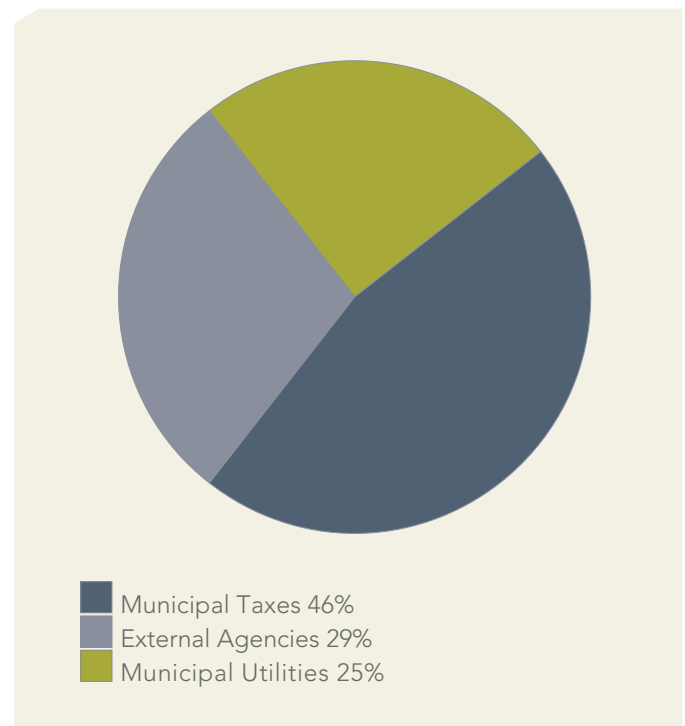
NON-TAXATION REVENUE

Eighteen percent (18%) of the City's operating revenue is generated from sale of services and fees & charges, largely associated with arena operating revenues and development activity. As with most municipalities, the City budgets development-related revenues conservatively as they are recognized as being an unstable source of funding.

Forecasted development revenues beyond 2020 are anticipated to drop off to a sustainable level of approximately \$100,000 commencing in 2025. In order to smooth out the impact that future lower revenues will have on taxation, the Development Revenue Stabilization Reserve was created in 2016. Surplus revenues forecasted for 2020 to 2024 are proposed to be transferred to the reserve. In the years where development activity drops off, transfers from the reserve would be used to smooth out the impact to taxation. This approach will avoid future tax spikes and will permit the phase-in of taxation to ultimately replace development revenues over a seven-year period.

EXPENSES

The General Fund operating budget deals with recurring and ongoing costs of providing services. These services include road maintenance, snow removal operations, fire and emergency response services, park maintenance, recreation programming and facility operations, development approvals, subdivision control, bylaw enforcement and library services. This also includes financial planning measures such as debt



and annual reserve savings for general infrastructure replacement and capital projects.

As a result of adopting a combined zero-based budget and activity-based budget approach (analyzing historical expenditures, adjusting for financial patterns, inflation, projected revenue estimates, savings opportunities and any Council-directed budget adjustments), City departments have limited their total net budget request to a combined 1.36% tax increase or \$28 to the average assessed single family home.

Council-approved initiatives related to increased funding for the museum, Arts Council, Community Service Awards and the Council Remuneration Citizen Task Force recommendations resulted in an increase of 0.52% or \$11 to the average assessed single family home.

The City's two service delivery partners - Fraser Valley Regional Library and Police - have requested a combined increase of 0.71% or \$14 to the average assessed single family home.

In summary, to help the City pay for its operating and capital investments, the 2020 proposed budget is delivering a 3.98% property tax increase: 2.46% to pay

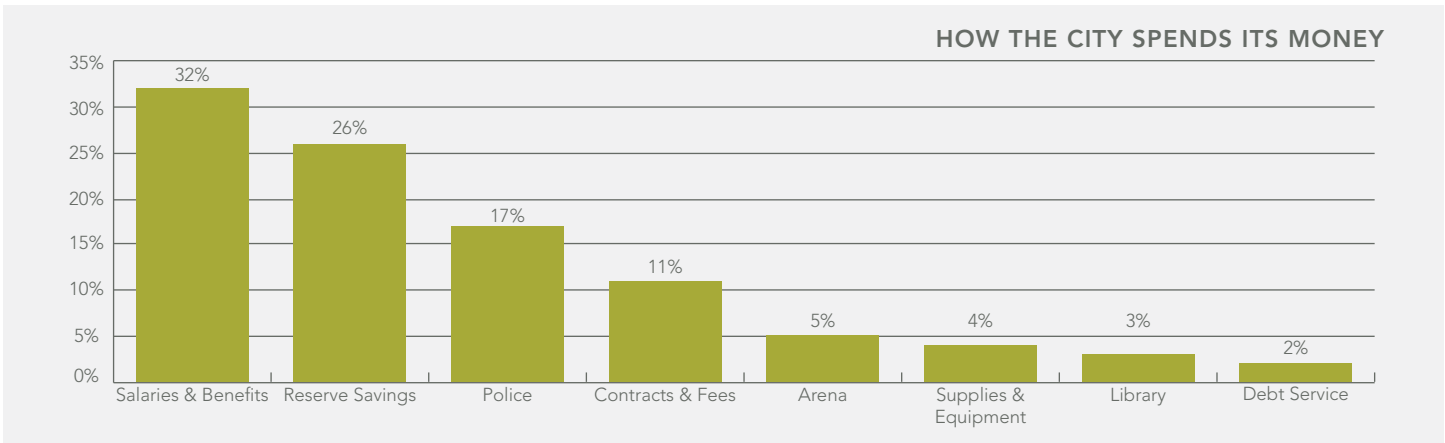


for ongoing operational costs in the provision of services; 0.13% to pay for Council approved initiatives, 1% for major building replacement savings; and 0.39% for reserve savings to take care of existing infrastructure.

A homeowner with a single-family detached home with a market value assessment of \$802,139 (based on 2019 assessments) will see an increase in municipal property taxes of approximately \$81 annually.

The year over year comparison shows an overall increase of \$868,300 or 3.98% in base budget expenditures. The drivers of the 3.98% tax increase are summarized below:

Description	Amount	Tax \$	Tax %
Department Submissions	\$296,700	\$28	1.36%
Council Approved Initiatives	113,400	11	0.52%
Corporate Finance Reserve Savings	303,000	28	1.39%
Subtotal	\$713,100	\$67	3.27%
Library	14,600	1	0.07%
Police – RCMP	140,600	13	0.64%
Service Delivery Partners Subtotal	155,200	14	0.71%
Total	\$868,300	\$81	3.98%



DEPARTMENT EXPENSES

Combined, City departments have an additional tax fund request of \$296,700 which equates to a 1.36% or \$28 increase to the average assessed single family home. All departments went through a very rigorous budget review process and reduced expenses or increased revenues in a variety of areas to offset inflationary and contractual increases. Expenditure details have been provided in each Department Business Plan.

SERVICE DELIVERY PARTNERS

LIBRARY

The Library has been operating in its current location in the Solaris development since February 2012. Since that

time, there has been growth in usage including circulation of materials, number and variety of programs offered, attendance at those programs and expansion of community partnerships. Library cost increases are related to Collective Agreement rate adjustments, information systems, human resources, and materials.

The total requested increase in 2020 is \$14,600 equating to a 0.07% or \$1 property tax increase to the average assessed single-family home.

Expenditure details have been provided in the Library Services Business Plan.



POLICE

The budget for Police Services, including the RCMP Contract and Housing and Support Services provided by the City of Maple Ridge, has increased for 2020 by \$140,600 to a 0.64% or \$13 property tax increase.

Based on an existing complement of 23 members, the RCMP's projected increase is driven significantly by member contractual pay increases, pension rate increases, costs of new training requirements, and housing and support services.

The RCMP is a federal organization and budgets are based on an April to March fiscal year. Municipalities must adjust these cost estimates to align with the January to December fiscal year used by local governments.

In adjusting the base RCMP costs to the City budget, adjustments have been made to allow for member vacancies based on historical averages. This is a budget risk as these vacancy patterns may not occur to the same extent in a given year. The Police reserve established in 2013, which receives 50% of Police Services annual operating surpluses, will mitigate the risk that vacancies do not materialize and provide funding for one-time operating and capital costs.

Depending on the Police Reserve and the City's General Fund Accumulated Surplus balances and competing funding priorities year-to-year, unallocated amounts may be transferred to the General Fund Accumulated Surplus in order to contribute to building the target balance established by the Surplus Policy which is 5% of net expenditures or approximately \$1.1 million. This process will occur at the discretion of the Chief Financial Officer.

Expenditure details have been provided in the Police Services Business Plan.

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.

The cost drivers of the \$158,900 or 0.73% tax increase for Corporate Finance are summarized below:

Description	Amount	Tax \$	Tax %
Revenues and Expenses			
Taxes from New Development	(\$165,000)	(\$15)	-0.76%
2019 Additional Taxation from New Development	(24,000)	(2)	-0.11%
Pending Property Tax Appeals	30,000	3	0.14%
1% Utility Tax on Telephonic Service Revenue	(8,000)	(1)	-0.04%
Small Community Grant	6,000	1	0.03%
Other	16,900	2	0.08%
Subtotal	(\$144,100)	(\$12)	-0.66%
Reserve Savings			
Lifecycle General	15,000	1	0.07%
Equipment Replacement	50,000	4	0.23%
Building Replacement	218,000	20	1.00%
Transportation	20,000	2	0.09%
Capital Replacement Reserve Savings	303,000	27	1.39%
Net Corporate Finance	\$158,900	\$15	0.73%

The City's strategy has been to properly fund reserves for existing assets and infrastructure replacement and to avoid debt funding for this purpose wherever possible. In keeping with the philosophy that consumption of fixed assets and infrastructure represents an ongoing cost, the City has focused on providing consistent, structured, annual funding to infrastructure replacement and maintenance reserves.



PROPOSED CORPORATE FINANCE OPERATING BUDGET

	2019 ADOPTED BUDGET	2020 PROPOSED BUDGET	PROPOSED CHANGES FOR 2020		2021 PROPOSED BUDGET	2022 PROPOSED BUDGET	2023 PROPOSED BUDGET	2024 PROPOSED BUDGET
Revenue								
Taxation	\$(20,924,300)	\$(21,599,500)	\$(675,200)	-3.2%	\$(22,626,800)	\$(23,598,900)	\$(24,456,900)	\$(25,371,000)
Taxation - Growth	(848,400)	(189,000)	659,400	77.7%	(150,000)	(150,000)	(150,000)	(150,000)
Grants	(472,000)	(466,000)	6,000	1.3%	(463,000)	(465,000)	(462,000)	(464,000)
Other Revenue	(864,500)	(1,055,800)	(191,300)	-22.1%	(1,065,800)	(1,076,100)	(1,086,400)	(1,096,900)
	\$(23,109,200)	\$(23,310,300)	\$(201,100)	-0.9%	\$(24,305,600)	\$(25,290,000)	\$(26,155,300)	\$(27,081,900)
Expenses								
Expenses	433,000	490,000	57,000	13.2%	527,700	565,400	603,100	640,800
	\$433,000	\$490,000	\$57,000	13.2%	\$527,700	\$565,400	\$603,100	\$640,800
Reserve Savings – Capital Maint.								
Insurance & Liability	10,000	10,000	-	0.0%	10,000	10,000	10,000	10,000
General Facilities	696,000	711,000	15,000	2.2%	726,000	741,000	756,000	771,000
South Bonson Amenity	10,000	10,000	-	0.0%	10,000	10,000	10,000	10,000
Arena Capital	80,000	80,000	-	0.0%	80,000	80,000	80,000	80,000
	\$796,000	\$811,000	\$15,000	1.9%	\$826,000	\$841,000	\$856,000	\$871,000
Reserve Savings - Capital Repl.								
Major Buildings	1,545,000	1,763,000	218,000	14.1%	1,991,000	2,230,000	2,478,000	2,735,000
Equipment Repl.	510,000	560,000	50,000	9.8%	610,000	660,000	740,000	760,000
Transportation	1,190,000	1,210,000	20,000	1.7%	1,230,000	1,250,000	1,270,000	1,290,000
	\$3,245,000	\$3,533,000	\$288,000	8.9%	\$3,831,000	\$4,140,000	\$4,488,000	\$4,785,000
Reserve Savings - Strategic Asset Reserves								
Future Capital	575,000	575,000	-	0.0%	575,000	575,000	575,000	575,000
Gas Tax	111,000	111,000	-	0.0%	111,000	116,000	116,000	121,000
	\$686,000	\$686,000	-	0.0%	\$686,000	\$691,000	\$691,000	\$696,000
Net Revenue	\$(17,949,200)	\$(17,790,300)	\$158,900	-0.9%	\$(18,434,900)	\$(19,052,600)	\$(19,517,200)	\$(20,089,100)
Key Budget Changes for 2020:								
Taxation Revenue from New Development			\$(189,000)					
Risk to Roll - BC Assessment			30,000					
1% Utility Tax			(8,000)					
Small Community Grant			6,000					
Equipment Repl. Reserve Savings			50,000					
Building Repl. Reserve Savings			218,000					
Other Reserve Savings			35,000					
Other			16,900					
Change in Net Operating Expenses			\$158,900					





FIVE YEAR BUDGET SUMMARY GENERAL OPERATING FUND BY TYPE

	2019 ADOPTED BUDGET	2020 PROPOSED BUDGET	PROPOSED CHANGES FOR 2020		2021 PROPOSED BUDGET	2022 PROPOSED BUDGET	2023 PROPOSED BUDGET	2024 PROPOSED BUDGET
Revenue								
Taxation	(\$22,078,700)	(\$22,102,500)	(\$23,800)	0.1%	(\$23,090,800)	(\$24,062,900)	(\$24,920,900)	(\$25,835,000)
Sale of Services	(3,779,800)	(4,424,400)	(644,600)	17.1%	(4,458,200)	(4,533,900)	(4,605,300)	(4,668,400)
Licenses, Permits, Penalties, Fines	(1,108,600)	(1,408,600)	(300,000)	27.1%	(846,800)	(758,800)	(508,800)	(357,800)
Investment Income	(465,000)	(465,000)	-	0.0%	(465,000)	(465,000)	(465,000)	(465,000)
Grants and Contributions	(553,500)	(539,900)	13,600	-2.5%	(538,600)	(542,300)	(541,000)	(544,700)
Transfers from Utilities	(1,326,900)	(1,443,200)	(116,300)	8.8%	(1,478,000)	(1,513,100)	(1,549,100)	(1,585,400)
Transfers from Reserves	(406,100)	(191,400)	214,700	-52.9%	(85,500)	(168,300)	(75,700)	(219,800)
	\$(29,718,600)	\$(30,575,000)	\$(856,400)	2.9%	\$(30,962,900)	\$(32,044,300)	\$(32,665,800)	\$(33,676,100)
Expenses								
Salaries & Benefits	10,033,200	10,115,900	82,700	0.8%	10,373,000	10,672,600	10,920,300	11,178,500
Contracted Services	3,513,900	3,581,300	67,400	1.9%	3,643,100	3,778,300	3,789,700	3,861,400
Supplies & Equipment	1,169,500	1,181,000	11,500	1.0%	1,216,500	1,253,800	1,263,000	1,279,800
Debt Service	587,200	588,800	1,600	0.3%	586,700	584,600	582,400	580,300
	\$15,303,800	\$15,467,000	\$163,200	1.1%	\$15,819,300	\$16,289,300	\$16,555,400	\$16,900,000
Service Delivery Partners								
Arena	1,342,400	1,414,100	71,700	5.3%	1,435,300	1,478,400	1,522,800	1,568,500
Library	1,003,700	1,018,300	14,600	1.5%	1,047,000	1,076,500	1,106,900	1,138,000
Police Services	5,265,700	5,401,200	135,500	2.6%	5,578,800	5,716,900	5,895,300	6,041,700
	7,611,800	7,833,600	221,800	2.9%	8,061,100	8,271,800	8,525,300	8,748,200
Reserve Provisions	6,803,000	8,142,700	1,339,700	19.7%	7,934,600	8,221,200	8,379,500	8,734,000
Proposed Budget Increase		\$868,300	\$868,300		\$852,100	\$738,000	\$794,100	\$706,100
% Tax Increase		3.98%			3.74%	3.10%	3.21%	2.76%
\$ per Average Single Family		\$81			\$79	\$68	\$73	\$64
\$ per Average Multi Family		\$52			\$50	\$43	\$46	\$41


FIVE YEAR BUDGET SUMMARY GENERAL OPERATING FUND BY DEPARTMENT

	2019 ADOPTED BUDGET	2020 PROPOSED BUDGET	PROPOSED CHANGES FOR 2020		2021 PROPOSED BUDGET	2022 PROPOSED BUDGET	2023 PROPOSED BUDGET	2024 PROPOSED BUDGET
Net Revenues & Expenses								
Council	\$330,200	\$434,000	\$103,800	31.4%	\$442,000	\$451,000	\$458,500	\$466,800
Office of the CAO	249,300	273,100	23,800	9.5%	278,600	284,000	289,500	295,200
Administrative Services	750,800	793,500	42,700	5.7%	813,100	829,200	845,400	861,900
Emergency Planning	129,300	139,300	10,000	7.7%	142,300	145,500	148,600	151,900
Corporate Finance								
Taxation	(21,772,700)	(21,788,500)	(15,800)	0.1%	(22,776,800)	(23,748,900)	(24,606,900)	(25,521,000)
Corporate Finance	3,823,500	3,998,200	174,700	4.6%	4,341,900	4,696,300	5,089,700	5,431,900
Financial Services	660,400	690,600	30,200	4.6%	718,800	732,100	748,900	765,800
Corporate Services								
Human Resources	630,900	664,300	33,400	5.3%	680,300	695,200	709,900	725,100
Communications	352,700	363,300	10,600	3.0%	376,500	389,300	395,100	402,700
Information Technology	756,100	785,200	29,100	3.8%	821,000	835,800	849,400	859,400
Fire & Rescue Services	1,799,000	1,842,900	43,900	2.4%	1,919,200	1,973,400	2,027,200	2,082,900
Engineering & Operations								
Engineering	362,100	397,000	34,900	9.6%	407,300	418,900	426,300	435,500
Facilities	1,087,100	1,102,200	15,100	1.4%	1,136,200	1,155,500	1,171,200	1,191,100
Operations & Equipment	272,100	262,300	(9,800)	-3.6%	282,100	300,400	319,000	337,200
Transportation	916,900	968,200	51,300	5.6%	980,800	993,600	1,006,500	1,021,500
Diking	196,100	196,800	700	0.4%	198,800	200,900	203,100	205,300
Parks	1,049,800	1,065,000	15,200	1.4%	1,088,200	1,112,600	1,136,900	1,160,700
Community Services								
Bylaw Enforcement	155,400	166,700	11,300	7.3%	180,400	194,000	202,800	209,200
Development Services	467,000	490,000	23,000	4.9%	518,100	546,400	575,200	603,100
Environmental Stewardship	117,400	121,400	4,000	3.4%	123,200	125,000	126,800	128,700
Arts, Recreation, Culture	1,402,300	1,483,300	81,000	5.8%	1,554,300	1,614,400	1,668,800	1,711,500
Library	1,003,700	1,018,300	14,600	1.5%	1,047,000	1,076,500	1,106,900	1,138,000
Police Services	5,260,600	5,401,200	140,600	2.7%	5,578,800	5,716,900	5,895,300	6,041,700
Proposed Budget Increase		\$868,300	\$868,300	-	\$852,100	\$738,000	\$794,100	\$706,100
% Tax Increase		3.98%			3.74%	3.10%	3.21%	2.76%
\$ per Average Single Family		\$81			\$79	\$68	\$73	\$64
\$ per Average Multi Family		\$52			\$50	\$43	\$46	\$41



BUDGET RISKS

With the preparation of the budget each year, there are risks with respect to estimates and assumptions made. Some of the more significant risks included in the 2020 budget are as follows:

POSITION VACANCY

Allowances have been made for RCMP and internal staff based on historical patterns. With respect to vacancies, these are short term for reasons such as maternity/parental time and medical leave. The 2020 budget includes the internal position vacancy budget of \$160,000.

RISK

These vacancies and under spends may not materialize resulting in potential for over spends. Often, position vacancies must be backfilled in order to maintain service levels and to avoid unmanageable staff work load.

OPERATING RESERVE

Annual surpluses are deposited to the Operating Reserve each year. The primary purpose of the Operating Reserve is to fund emergency events should they arise. A healthy reserve balance also provides funds for working capital purposes (i.e. provides for operating expenditures before property taxes and/or user fees are collected). The Surplus Policy has set the targeted reserve balance at 5% of net general expenditures or approximately \$1.1 million, which is forecasted to be achieved by 2024.

RISK

Once the projected balance reaches the recommended balance it will be important to sustain it for funding should a major emergency event occur. Otherwise, alternate funding sources would need to be reassigned for this purpose, which would displace other capital priorities.

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 any of the five years of the financial plan and are provided in the table below.

RANK	DEPARTMENT	DESCRIPTION	ONETIME BUDGET	ONGOING BUDGET	SF %	SF \$
Operating						
1	Engineering & Operations	Part-time Maintenance Mechanic (0.50 FTE) (Operating Reserve)	\$3,000	\$52,900	0.24	4.93
2	Corporate Services	Payroll & Benefits Assistant (0.40 FTE)		\$21,000	0.10	1.25
Capital Projects						
1	Engineering & Operations	Street Light LED Program - Annual Capital Project (Transportation Reserve)		\$60,000		
2	Community Development	Environmental Inventory Management Strategy (Operating Reserve)	\$30,000			
3	Engineering & Operations	193 St. Multi-use Path - Commence 2021 Dependent on Grants (1,662,500 Grants, 237.5K Transportation Reserve)	\$1,900,000	\$4,000	0.01	0.10



TAX RATE MULTIPLIERS

Much focus is placed on the multiplier between Class 6 (business) and Class 1 (residential) tax rates. The main factor impacting mill rates over the last few years has been the significant increase in market values, which the City adjusts for, on a class-by-class basis, prior to applying a tax rate increase. It is Council's prerogative to shift property taxation between classes by adjusting the mill rates, permitting relativity of taxes paid, subject to provincial municipal taxation rate caps.

Annual market adjustments in assessments, which vary between the classes, have the biggest impact on multipliers year-over-year.

Because of the difference in the mill rate and the difference in the number of folios in each class, adjusting the tax rate by 1% in Class 6 (business), for example, will not generate the same tax dollars as a 1% adjustment to Class 1 (residential).

The Community Charter requires local government to formulate a policy around taxation revenue and disclose this as part of the financial plan bylaw each year. The City will regularly review growth in the respective classes of the tax base and compare the City's tax ratio between residential property owners and business owners relative to other municipalities in Metro Vancouver. For 2019, the multiplier is 3.27 to 1. The 2020 multiplier will be determined when the tax rates are set in May 2020 after the assessment roll is issued by BC Assessment.

INFLATION

Municipal governments are under considerable pressure to relate their spending and taxation levels to the cost of inflation, yet each municipal government's experience with inflation can differ greatly from the national average. The most widely used measure of inflation in Canada is the CPI.

The CPI measures the price changes for common household purchases, such as food, shelter, clothing, household operations, and furnishings. These are items a municipal government typically does not purchase to provide programs and services to its citizens. Extending the use of CPI into discussions on an appropriate level of property tax or fee increases for a municipal government is problematic because the basket of goods that is consumed by a municipality as compared to an individual or household is different. The largest expenditures for government are labour, construction materials, and contractual services, which are factors not found in the CPI. As such, municipalities have their own spending patterns and cost profiles that differ from other economic sectors.

To better understand and communicate the true inflationary pressures on municipal budgets, the Vancouver 2019 Second Quarter Non-Residential Building Construction Price Index provided by Statistics Canada of 5.1% is more relevant.

Additionally, municipal costs, like many private company costs, will often increase by steps rather than gradual increases. For example, when the City reached 15,000 residents in 2010, the City became responsible for 90% of its policing costs rather than 70%, resulting in a sharp increase in costs in one year that did not correlate to CPI as compared to a gradual increase over many years.



Utility Budget Summaries

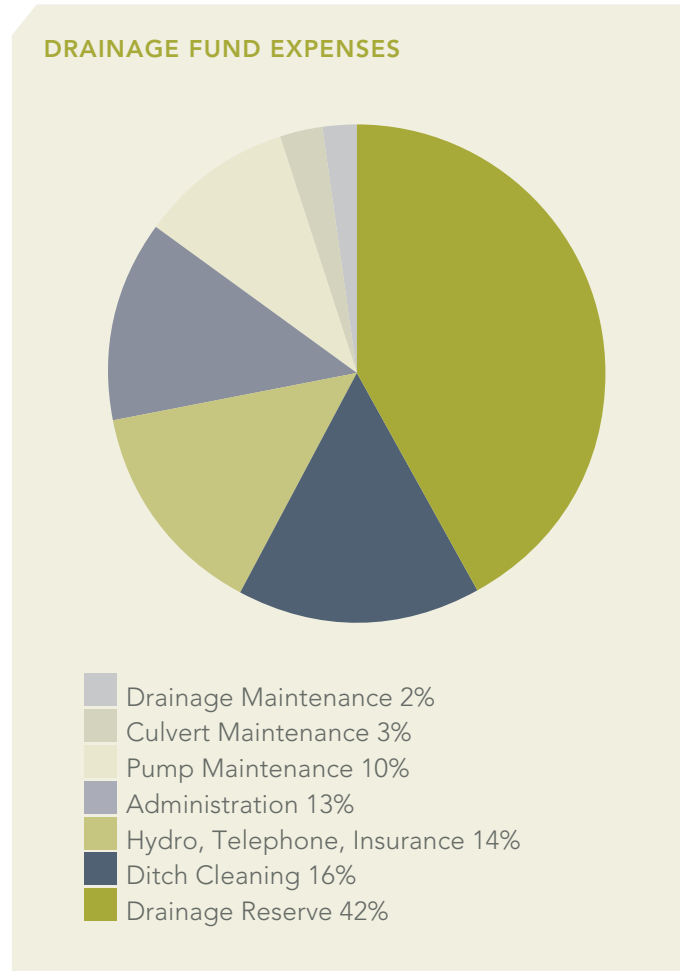
This section describes the major opportunities, challenges and benefits associated with the City's utilities delivery - Drainage, Sanitary Sewer, Solid Waste and Water.

DRAINAGE UTILITY

The drainage utility is funded by a variety of sources, but primarily from a levy established by bylaw and a separate charge (mill rate) based on assessed value.

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 drainage utility budget includes Drainage Capital Reserve savings in 2020 of \$880,000, a \$40,000 increase over 2019. The City's Asset Management Plan has identified an estimated annual replacement savings target of \$1.4 million. Although this is substantially higher than the annual funding, the reserve has already seen substantial improvement since its inception in 2009. The five year financial plan continues to increase the drainage reserve savings by \$40,000 each year to attain the replacement value target in a reasonable time frame. Condition assessments for drainage assets will be conducted in 2021 in order to refine the targeted annual replacement savings after grant funding has been secured. Maple Ridge's contribution to the annual capital reserve



savings is increasing by \$10,800 to \$71,200. This is tied to their proportionate share of Drainage Area 3 capital replacement savings.

The drainage utility has an increased allocation of \$35,200 for administration support costs regarding time and materials spent for this utility. Hydro costs have increased by \$45,900 due to increasing rates and usage.

The rate increase for 2020 is 6% for the levy and mill rate. The rate increase is driven particularly by the reserve savings needed for aging infrastructure as well as hydro costs in running the pump stations. This results in a \$7 increase to the average single family taxpayer or \$4 on the average multi-family home.



FIVE-YEAR BUDGET SUMMARY DRAINAGE UTILITY OPERATING FUND

	2019 BUDGET	2020 PROPOSED	2021 PROPOSED	2022 PROPOSED	2023 PROPOSED	2024 PROPOSED
Revenues						
Drainage Levies	\$1,166,000	\$1,244,900	\$1,279,800	\$1,317,800	\$1,355,900	\$1,394,300
Drainage Mill Rate	742,100	825,000	853,200	878,600	903,900	929,600
Maple Ridge for Area 3	176,100	199,500	212,900	226,300	239,800	253,200
	\$2,084,200	\$2,269,400	\$2,345,900	\$2,422,700	\$2,499,600	\$2,577,100
Expenses						
Administration	256,100	291,300	295,100	298,800	302,400	306,300
Insurance	30,600	27,600	27,700	27,800	27,900	28,500
Telephone	800	400	400	400	400	200
Hydro	248,100	294,000	301,900	309,800	317,700	325,600
Ditch Cleaning	350,500	374,400	382,700	391,000	399,300	407,700
Culvert Maintenance	57,200	62,900	64,000	65,100	66,300	67,500
Drainage Maintenance	48,100	51,800	52,400	53,000	53,600	54,200
Pumps/Barscreens	192,400	215,800	219,700	224,000	228,300	232,600
	\$1,183,800	\$1,318,200	\$1,343,900	\$1,369,900	\$1,395,900	\$1,422,600
Reserve Savings	900,400	951,200	1,002,000	1,052,800	1,103,700	1,154,500
Total Expenditures & Reserves	\$2,084,200	\$2,269,400	\$2,345,900	\$2,422,700	\$2,499,600	\$2,577,100
Balance	-	-	-	-	-	-
Increase in Budgeted Expenditures		8.9%	3.4%	3.3%	3.2%	3.1%
Residential Single Family Rate Adjustment	Levy	\$3	\$1	\$2	\$2	\$2
	Mill Rate	\$4	\$3	\$3	\$3	\$3
	Total	\$7	\$4	\$5	\$5	\$5



SANITARY SEWER UTILITY

The Greater Vancouver Sewer and Drainage District (GVS&DD) charge for sewer treatment makes up 62% of the City’s sewage operating budget (including reserve savings). Therefore it is the primary cost driver for the sewer utility. Additionally, the GVS&DD cost is forecasted to increase at an average annual rate of 12.8% over the next four years.

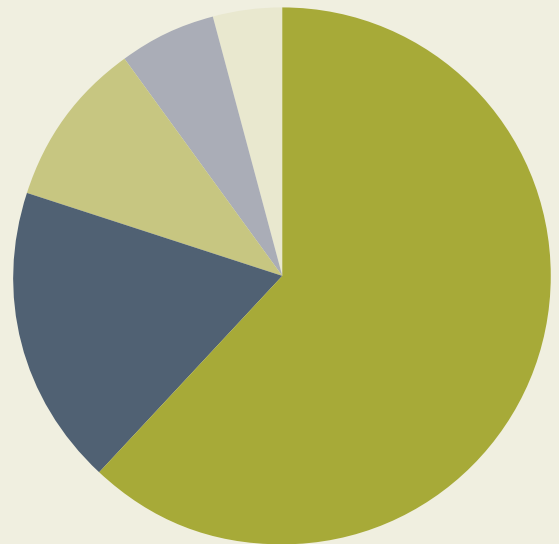
The GVS&DD has adopted an approach of increasing the annual capital reserve savings to reduce the future impact of debt servicing costs on ratepayers. The key GVS&DD cost drivers are:

- Increased debt servicing costs from the accelerating capital program,
- Increased annual capital reserve savings to support infrastructure investments required to meet service requirements and growth demands, and
- Waste water treatment plant design, expansion, and/or construction in Langley, the North Shore and Annacis Island.

The GVS&DD increase amounts to \$73,300.



SEWER FUND EXPENSES



- Sewer Line Maintenance 4%
- Pump Station Maintenance 6%
- Administration & Utilities 10%
- Sewer Reserve Savings 18%
- Metro Vancouver Sewage Treatment 62%

The sewer utility budget includes Sewer Capital Reserve savings of \$468,000 in 2020 which represents a \$20,000 increase over 2019. The City’s comprehensive Sewer Asset Management Plan recommends an estimated annual replacement value of \$575,000 as the target amount to provide sufficient funding for replacement of the City’s sewer assets. As reported in the Asset Management Report, this is proposed to be achieved by increasing the savings contributions by \$20,000 each year over a ten year period, commencing in 2016.

Net remaining operating costs increased overall by \$38,900, attributed primarily to lift station maintenance.

The 2020 budget reflects an increase in the single-family and multi-family annual fee from \$336 to \$349.



FIVE YEAR BUDGET SUMMARY SEWER UTILITY OPERATING FUND

	2019 BUDGET	2020 PROPOSED	2021 PROPOSED	2022 PROPOSED	2023 PROPOSED	2024 PROPOSED
Revenues						
Levy	\$2,454,500	\$2,586,700	\$2,842,300	\$3,161,200	\$3,478,000	\$3,704,500
Katzie	20,000	22,200	22,200	22,200	22,200	22,200
	\$2,474,500	\$2,608,900	\$2,864,500	\$3,183,400	\$3,500,200	\$3,726,700
Expenditures						
Administration	227,900	239,800	243,700	247,600	251,600	255,600
Insurance	4,400	4,500	4,600	4,700	4,800	4,900
Hydro	18,400	20,200	20,600	21,000	21,400	21,800
Sewer Lift Station Maintenance	118,600	144,200	147,000	149,800	152,600	155,400
Sewer Lines Maintenance	101,400	103,100	105,100	107,300	109,400	111,500
GVS&DD Treatment Charge	1,555,800	1,629,100	1,855,500	2,145,000	2,432,400	2,629,500
	\$2,026,500	\$2,140,900	\$2,376,500	\$2,675,400	\$2,972,200	\$3,178,700
Reserve Savings	448,000	468,000	488,000	508,000	528,000	548,000
Total Expenditures & Reserves	\$2,474,500	\$2,608,900	\$2,864,500	\$3,183,400	\$3,500,200	\$3,726,700
Balance	-	-	-	-	-	-
Increase in Budgeted Expenditures		5.4%	9.8%	11.1%	10.0%	6.5%
Rate Adjustment						
Single-Family Flat Rate		\$13	\$34	\$43	\$43	\$31
Multi-Family Flat Rate		\$13	\$34	\$43	\$43	\$31

SOLID WASTE UTILITY

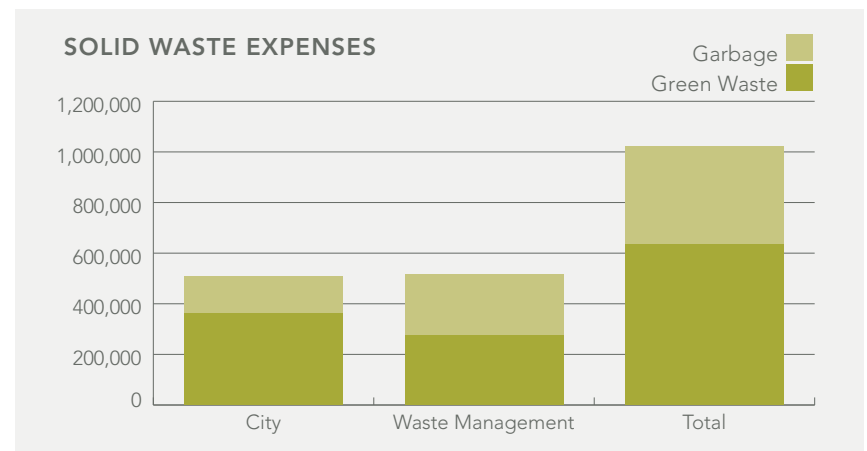
The cost of garbage and green waste services in Pitt Meadows is primarily determined by two factors: the contract cost of garbage and green waste collection services and the garbage and green waste tipping fees. The garbage and green waste collection contract accounts for 50% of the solid waste budget.

The garbage and green waste collection contract with Waste Management is estimated to increase \$20,100 related to adjustments in the CPI and the number of service units.

Inflation and number of service units are the factors also contributing to an increase of \$20,300 in the cost of processing green waste.

Net remaining operating costs increased by \$4,100 for administration and other costs. When taken together, all of these budget adjustments result in an increase to the single family and multi-family homes as follows:

- Single family increased from \$196 to \$203
- Multi-family with centralized green waste collection remains unchanged at \$20





FIVE YEAR BUDGET SUMMARY - SOLID WASTE OPERATING

	2019 BUDGET	2020 PROPOSED	2021 PROPOSED	2022 PROPOSED	2023 PROPOSED	2024 PROPOSED
Revenues						
User Fees	\$978,700	\$1,023,200	\$1,036,300	\$1,050,500	\$1,064,700	\$1,078,800
Garbage Tickets	14,000	14,000	14,000	14,000	14,000	14,000
Miscellaneous	2,000	2,300	2,300	2,300	2,300	2,300
	\$994,700	\$1,039,500	\$1,052,600	\$1,066,800	\$1,081,000	\$1,095,100
Expenditures						
Administration	45,100	53,000	54,000	55,000	56,000	57,000
Garbage Curbside	232,400	239,300	241,300	243,300	245,300	247,300
Garbage Tipping Fees	125,400	124,300	125,500	128,000	130,400	132,000
Garbage Supplies and Materials	10,000	10,100	10,200	10,300	10,400	10,500
Green Waste Curbside	265,500	276,000	278,000	280,000	282,000	284,000
Green Waste Tipping Fees	312,500	332,800	339,500	346,000	352,600	360,000
Advertising	3,800	4,000	4,100	4,200	4,300	4,300
	\$994,700	\$1,039,500	\$1,052,600	\$1,066,800	\$1,081,000	\$1,095,100
Balance	-	-	-	-	-	-
Increase in Budgeted Expenditures		4.5%	1.3%	1.3%	1.3%	1.3%

Rate Adjustments:						
Single-Family Garbage and Green Waste	\$7	\$3	\$3	\$3	\$3	\$3
Multi-Family Curbside Garbage and Green Waste	\$7	\$3	\$3	\$3	\$3	\$3
Multi-Family Curbside Green Waste	\$5	\$2	\$2	\$2	\$2	\$2
Multi-Family Central Collection Green Waste	\$0	\$0	\$0	\$0	\$0	\$0
Multi-Family Curbside Garbage, Central Green Waste	\$2	\$1	\$1	\$1	\$1	\$1
Mobile Home Park	\$5	\$2	\$2	\$2	\$2	\$2

WATER UTILITY

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 as follows:

- A basic per connection fee covers costs of billing, maintenance of meters, waterlines, pressure reducing valve (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 (GVWD).

The flat fee incorporates the components of both the connection fee and the estimated consumption charge.

Metro Vancouver's drinking water blended rate rose by 5.4% from 74 cents per cubic meter to 78 cents per cubic meter, which has been reflected in the 2020 metered revenue budget.



In 2020, the City is increasing the 2019 single-family and multi-family water flat fees in order to provide savings for future capital replacement of water infrastructure. The Water Capital Reserve savings increased by \$60,000, from \$1.285 million to \$1.345 million. The increased reserve savings are intended to move towards narrowing the annual funding gap for water utility infrastructure in order to provide sufficient funding for the timely replacement of these City assets. Implementing the recommendation from the Asset Management Plan to acquire condition assessment data moves the City closer towards addressing the funding gap. Condition assessments for water assets are underway with completion expected in 2020. This data will be used to further refine the targeted annual replacement savings which is currently identified as \$1.5 million with a recommendation of achieving the target over a 15-year period that commenced in 2018.

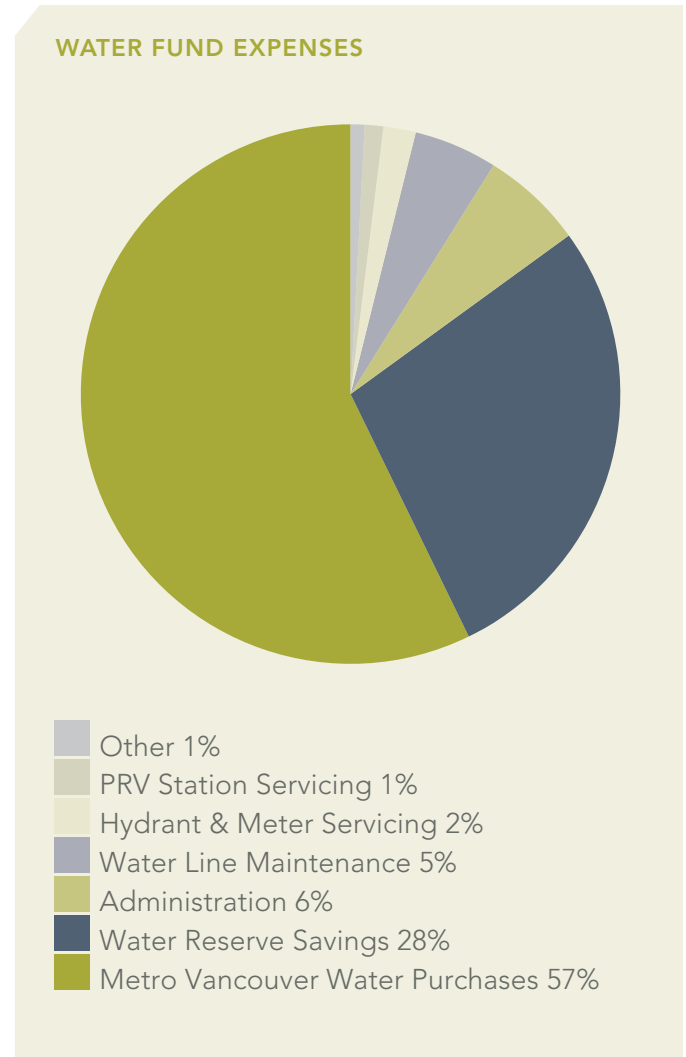
Water supply costs make up 57% of the water operating budget (including reserve savings) and results in increasing the 2020 budget by \$113,200. Therefore, it is the primary driver of the costs associated with this fund. Additionally, the GVWD cost is forecasted to increase at an average annual rate of approximately 9% over the next four years. The GVWD collects drinking water from three protected mountain watersheds to serve the Metro Vancouver member municipalities including the City of Pitt Meadows. The system consists of six mountain storage lakes, five dams, two major water treatment facilities, over 500 km of large diameter transmission mains, 26 storage reservoirs, 19 pump stations, and eight rechlorination stations. The system treats and distributes an average of 1 billion litres of water per day.

The key GVWD cost drivers are attributed to increasing capital costs, debt service and capital savings to support infrastructure investments required to meet service requirements, growth demands and resilience upgrades.

Currently the City relies solely on Metro Vancouver’s transmission water meters and is charged based on Volume-In versus Volume-Out of Pitt Meadows. As the City retrofits our pressure reducing valve stations (the point where water is drawn from the Metro Vancouver transmission line) new water meters are installed. These water meters will assist with verifying the accuracy of Metro Vancouver’s water billings in the future.

The 2020 budget reflects an increase in the single-family flat fee from \$476 to \$505, the multi-family flat fee from \$362 to

\$384, and the connection charge for metered customers from \$287 to \$303. Volume usage by metered customers will be charged the GVWD blended rate of 78 cents per cubic meter.





FIVE YEAR BUDGET SUMMARY - WATER UTILITY OPERATING FUND

	2019 BUDGET	2020 PROPOSED	2021 PROPOSED	2022 PROPOSED	2023 PROPOSED	2024 PROPOSED
Revenue						
Flat	\$3,048,000	\$3,275,700	\$3,352,800	\$3,536,500	\$3,742,500	\$3,972,000
Metered	1,558,800	1,553,200	1,876,400	2,041,500	2,243,600	2,470,200
Other	25,400	31,500	31,500	31,500	31,500	31,500
	\$4,632,200	\$4,860,400	\$5,260,700	\$5,609,500	\$6,017,600	\$6,473,700
Expenditures						
Administration	343,400	368,200	374,200	380,300	386,400	392,600
Insurance	1,700	1,800	1,800	1,800	1,800	1,800
Hydro	7,100	7,300	7,400	7,500	7,600	7,700
PRV Servicing	74,400	66,800	67,900	69,000	70,100	71,200
Water Line Servicing	190,400	227,100	231,000	234,900	238,900	242,900
Meter Servicing	31,200	29,100	29,400	29,700	30,000	30,300
Hydrant Maintenance	45,700	48,600	49,400	50,200	51,000	51,800
GVWD Water Purchase	2,653,300	2,766,500	3,094,600	3,371,100	3,706,800	4,090,400
	\$3,347,200	\$3,515,400	\$3,855,700	\$4,144,500	\$4,492,600	\$4,888,700
Reserve Savings	1,285,000	1,345,000	1,405,000	1,465,000	1,525,000	1,585,000
Total Expenditures & Reserves	\$4,632,200	\$4,860,400	\$5,260,700	\$5,609,500	\$6,017,600	\$6,473,700
Balanced	-	-	-	-	-	-
Increase in Budgeted Expenditures		4.9%	8.2%	6.6%	7.3%	7.6%
Rate Adjustment						
Single Family Flat Rate		\$29	\$42	\$36	\$43	\$48
Multi-Family Flat Rate		\$22	\$32	\$28	\$32	\$36
Metered Base Rate		\$16	\$10	\$10	\$10	\$10
Metered Rate (Same as GVWD)		\$0.0400	\$0.0476	\$0.0728	\$0.0891	\$0.0999





Asset Management

Infrastructure remains a significant issue and investment is required to refurbish and renew aged roads, water and sewer pipes, facilities and other assets. Asset management planning is an on-going process that requires continuous review and improvement.

The City's Asset Management Plan identifies targeted annual replacement savings. In 2019 asset condition assessments were completed for road pavement and facilities which assists in further refining the target replacement savings values. As ongoing asset condition assessments are completed for the City's asset groups, the savings targets will continue to be updated.

INFRASTRUCTURE DEFICIT

Infrastructure deficit is a measure of the amount of infrastructure that has passed its theoretical service life but is still providing service to the community. The current estimate is \$93 million worth of assets that have passed their service life and will require field investigation to determine if the asset needs to be replaced or not. The asset management team continues to work on refining this review process.

ASSET INFRASTRUCTURE FUNDING GAP

The estimated total original cost of the City's assets/ infrastructure is \$262 million. The asset management annual replacement savings target has been updated to \$9.9 million after incorporating condition assessment values for pavement and building categories which, when compared to the proposed 2020 annual funding of \$6.8 million, leaves an annual funding shortfall of \$3.1 million. This represents a significant infrastructure funding deficit, although the City has made progress each year in moving towards the savings target and continues to move in that direction by proposing an increase in asset replacement savings of \$438,000 for 2020.

The funding gap will continue to accumulate until such time as the annual reserve savings matches the annual replacement cost savings target and the funding level is sufficient to fund the past accumulated deficit.

Mitigating steps towards addressing the funding gap are:

- Consider re-directing the remaining funds and annual levy of \$575,000 to fund the external replacement of existing infrastructure, after the Future Capital Reserve balance recovers in 2022.
- Since the Future Capital Reserve is primarily used to fund strategic new infrastructure, the priority to fund existing infrastructure replacement likely has higher priority given the current funding gap.
- Continue to seek grant funding from senior levels of government.
- Debt funding - used strategically within best practices for responsible borrowing the City's debt capacity provides an option to renew our infrastructure. The City's debt capacity is currently \$25 million asset free or \$159 million referendum.





INFRASTRUCTURE FUNDING GAP BY ASSET CATEGORY

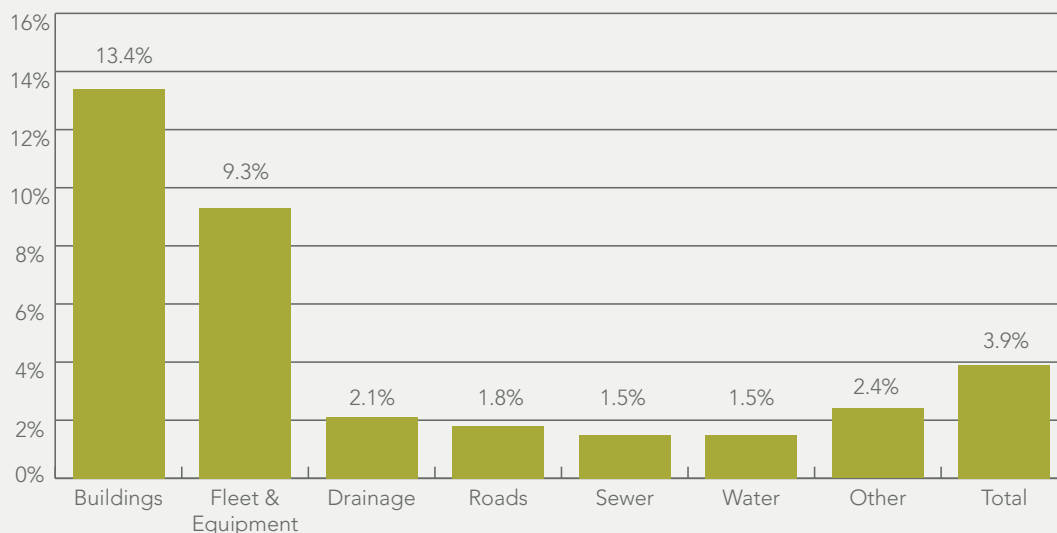
DESCRIPTION	BUILDINGS	FLEET & EQUIP	ROADS	DIKES	OTHER	LAND	DRAINAGE	SEWER	WATER	TOTAL
STATS (MILLIONS)										
Depreciated or Net Remaining Value	\$18.3	\$5.6	\$22.7	\$12.0	\$15.1	\$51.3	\$20.6	\$9.2	\$21.6	\$176.4
Original Value	34.7	13.5	46.6	12.0	20.9	51.3	32.5	14.9	35.5	261.9
Replacement Value	63.4	16.1	86.8	n/a	28.6	n/a	84.7	32.3	101.6	413.5
Capital Plan	8.5	1.5	1.6	n/a	0.7	n/a	1.8	0.5	1.5	16.1
Annual Usage (Depreciation)	1.2	0.7	1.3	n/a	0.7	n/a	0.6	0.2	0.6	5.3
FUNDING GAP (MILLIONS)										
Annual Replacements	1.9	1.5	2.3	n/a	0.8	n/a	1.4	0.5	1.5	9.9
Annual Asset Funding	1.8	1.0	1.2*	n/a	0.1	n/a	0.9	0.5	1.3	6.8
Annual Infrastructure Funding Gap	0.1	0.5	1.1	n/a	0.7	n/a	0.5	0	0.2	3.1

*Road use levies augment funding for designated roads only, 425K 2020 funding excluded from table.

INFRASTRUCTURE SUSTAINABILITY

- Asset management best practices suggest that 2% to 4% of the total value of an asset should be spent annually on capital expenditures to ensure sustainability of infrastructure assets. This percentage will fluctuate depending on the significance of a given project in proportion to the total.
- The City's 2020 plan in total is in line with these best practices with buildings being higher due to the replacement of the Fire Hall and fleet and equipment being higher due to the replacement of the Fire Services hub engine as depicted in the following table.

2020 CAPITAL BUDGET VS ASSET VALUES





RESERVE, SURPLUS AND DEFERRED REVENUE SUMMARY

The City of Pitt Meadows maintains various reserves (including deferred revenue). Generally capital projects are funded by these reserves to reduce volatility in taxation levels. Below is a summary of reserve and deferred revenue balance projections that result from the 2020 – 2024 financial plan.

	2020	2021	2022	2023	2024
Arena	\$834,000	\$949,000	\$1,062,000	\$1,172,000	\$1,279,000
Art in Public Spaces	212,000	212,000	212,000	212,000	212,000
Community Amenity	5,170,000	5,184,000	5,279,000	5,374,000	5,469,000
Development Cost Charges	8,780,000	7,534,000	5,240,000	5,636,000	6,078,000
Diking	468,000	577,000	688,000	801,000	916,000
Drainage	1,000	433,000	-	1,000	233,000
Equipment Replacement	216,000	315,000	327,000	427,000	868,000
Future Capital	128,000	323,000	1,022,000	2,006,000	2,781,000
Lifecycle Buildings	80,000	95,000	107,000	78,000	2,505,000
Lifecycle General	705,000	30,000	295,000	71,000	335,000
Lifecycle Gas Tax	805,000	875,000	946,000	139,000	192,000
Minor Capital	445,000	16,000	78,000	156,000	245,000
Parkland Acquisition	265,000	290,000	315,000	341,000	368,000
Sanitary Sewer	2,667,000	850,000	1,893,000	3,245,000	3,463,000
South Bonson Amenity	342,000	307,000	275,000	245,000	218,000
Surplus (General Fund)	855,000	877,000	872,000	922,000	972,000
TransLink Major Road Network Grant	19,000	160,000	304,000	451,000	601,000
Transportation	857,000	91,000	837,000	1,023,000	1,000
Transportation Road Use Levies	1,559,000	993,000	362,000	1,689,000	794,000
Vehicle Replacement	61,000	47,000	47,000	48,000	49,000
Water	756,000	432,000	849,000	-	880,000
Total	\$25,225,000	\$20,590,000	\$21,010,000	\$24,037,000	\$28,459,000





Capital Budget

WHAT ARE WE SAVING?

The following table summarizes the proposed savings, or allocation to reserves, consistent with the Strategic Plan goal to proactively plan for replacement of our infrastructure. ▼

RESERVE SAVINGS	2020 ANNUAL FUNDING	2020 TAX INCREASE
General Capital: Maintenance		
Arena	\$80,000	-
Diking	162,000	-
Lifecycle - General	711,000	15,000
South Bonson Amenity	10,000	-
Total Maintenance	\$963,000	\$15,000
General Capital: Replacement		
Equipment Replacement	560,000	50,000
Vehicle Replacement	420,000	30,000
Lifecycle - Major Buildings	1,763,000	218,000
Minor Capital (Turf User Fee)	56,000	-
Road Use Levies (Estimate)	425,000	-
Translink Major Road Network	155,000	-
Transportation	1,210,000	20,000
Subtotal	\$4,589,000	\$318,000
Utility Capital: Replacement		
Drainage	880,000	40,000
Sewer	468,000	20,000
Water	1,345,000	60,000
Subtotal	\$2,693,000	\$120,000
Total Replacement	\$7,282,000	\$438,000
Strategic Assets		
Development Cost Charges (DCCs - Estimate)	471,000	-
Future Capital	575,000	-
Gas Tax (Grant)	111,000	-
Total Strategic Assets	\$1,157,000	-
Total	\$9,402,000	\$453,000

WHAT ARE WE SAVING FOR?

2020 – 2024 CAPITAL PROGRAM: ALL FUNDS ►

The capital budget deals with the non-recurring costs of projects and construction, as well as the purchase or construction of tangible capital assets. These include: purchase of fleet and equipment, information technology, the repair and construction of roads, bridges, sewer and water lines; and the construction of parks.

The City is continuing to develop funding plans for major infrastructure projects, not only resulting from growth, but also for maintenance and replacement due to aging. The proposed capital program for 2020 has a budget of approximately \$16 million of which approximately \$5.4 million relates to maintenance and replacement of transportation and utility infrastructure; and \$10.6 million relates to facilities, equipment, fleet, parks, recreation and culture.

These values exclude potential 2019 approved projects that may be carried forward to 2020 in order to continue and complete the work, such as the Area 4 Pump Station replacement and the Fire Hall replacement projects.

2020 KEY PROJECTS

Some of the more significant projects proposed for 2020 include:

- Fire Hall Replacement - Year 2 of 3 \$8 million.
- Fire Hub Mack Engine Replacement \$900,000.
- Area 4 Pump Station Replacement - Final phase \$730,000.
- Fenton Area 2 Drainage Pump replacement - Phase 1 \$750,000.
- Harris Rd Pavement Rehabilitation (Hammond to Airport) \$589,500.
- Old Dewdney Trunk Rd Pavement Rehab (Sharpe to Neaves) \$350,000.
- Water Main Replacement - Bonson Rd North \$425,000.
- Water Main Replacement - 192A, 192B, 116B \$430,000; and
- PC Desktop Replacements \$176,000.



FIVE-YEAR CAPITAL PLAN

	2020	2021	2022	2023	2024
DEPARTMENT					
CAO Office	-	\$55,000	\$47,000	-	-
Community Services					
Arts, Recreation & Culture	\$121,200	124,300	128,400	132,500	136,600
Community Development	83,000	10,000	-	-	-
Environmental Stewardship	50,000	15,000	65,000	15,000	15,000
Corporate Services					
Communications	7,000	50,000	-	-	57,200
Information Technology	515,800	180,000	315,000	351,500	94,000
Engineering & Operations					
Facilities	538,000	563,000	560,000	1,455,000	595,000
Fleet & Equipment	-	340,000	430,000	450,000	430,000
Parks	362,000	1,931,000	381,000	726,000	210,000
Transportation	1,569,400	5,222,900	3,754,000	1,151,000	3,618,300
Utility - Diking	60,000	60,000	60,000	60,000	60,000
Utility - Drainage	1,777,000	843,700	1,900,000	1,292,000	905,000
Utility - Sanitary Sewer	505,000	25,000	325,000	65,000	325,000
Utility - Water	1,505,000	710,000	2,023,000	2,413,400	610,000
Fire & Rescue Services	\$8,959,500	\$6,648,300	\$221,000	\$130,500	\$190,500
TOTAL	\$16,052,900	\$16,778,200	\$10,209,400	\$8,241,900	\$7,246,600
FUNDING SOURCE					
Arena Capital Reserve Fund	205,000	215,000	225,000	235,000	245,000
Carbon Neutrality Reserve Fund	25,000	15,000	15,000	15,000	15,000
Community Amenity Reserve Fund	-	90,000	-	-	-
Development Cost Charges	687,500	1,872,300	2,772,100	44,800	5,000
Diking Reserve Fund	74,600	54,600	54,600	54,600	54,600
Drainage Reserve Fund	1,012,000	549,500	1,562,400	1,284,600	900,000
Equipment Replacement Reserve Fund	1,565,500	1,179,800	1,141,400	1,064,500	885,300
Future Capital Reserve Fund	3,000	70,000	6,500	-	-
Grants	1,200,000	285,000	-	-	-
Lifecycle Reserve Fund	8,626,000	7,698,800	520,000	1,930,000	577,000
Minor Capital Reserve Fund	17,000	629,000	19,000	19,000	21,000
Operating Reserve Fund	163,000	23,000	55,000	-	-
Sanitary Sewer Reserve Fund	505,000	25,000	325,000	65,000	325,000
South Bonson Amenity Reserve Fund	12,000	12,000	12,000	12,000	12,000
Third Party Contributions	5,400	1,430,400	5,400	5,400	5,400
Transportation Reserve Fund	446,900	1,918,800	1,473,000	1,098,600	3,591,300
Waterworks Reserve Fund	1,505,000	710,000	2,023,000	2,413,400	610,000
TOTAL	\$16,052,900	\$16,778,200	\$10,209,400	\$8,241,900	\$7,246,600

**OVERALL TAXPAYER IMPACT**

The following table summarizes the 2020 property tax and utility fee increase for the average assessed single-family home. The budget includes an \$81 increase for property tax and \$56 for utilities based on the average 2019 assessment of approximately \$802,139.

The “proposed” combined \$137 property tax and utilities increase resulted from a diligent budget process that evaluated each expense for savings, a thorough review of revenues to find enhancements, and process reviews to maximize efficiencies where possible.

The proposed increase is needed to maintain the same services as in 2019 and to continue to increase funding for the City’s eventual asset replacement. The provision of savings for the maintenance and replacement of the City’s infrastructure is a significant factor in the \$56 increase for utilities since it represents 23% or \$13 of the utilities increases. Metro Vancouver water purchases and sewer treatment charges represent the most significant factor in the utilities increase at 33% or \$19.

AVERAGE SINGLE-FAMILY DWELLING ASSESSED AT \$802,139

DESCRIPTION	2019 BUDGET	2020 PROPOSED	VARIANCE \$	USER FEE/ TAX IMPACT
Department Submissions	\$958	\$997	\$39	1.88%
Corporate Finance Reserve Savings	485	513	28	1.39%
Subtotal	\$1,443	\$1,510	\$67	3.27%
Library	95	96	1	0.07%
Police - RCMP	494	507	13	0.64%
Service Delivery Partners	\$589	\$603	\$14	0.71%
Property Tax Subtotal	\$2,032	\$2,113	\$81	3.98%
Storm Drainage (mill rate)	79	83	4	5.06%
User Fees (Diking, Drainage, Solid Waste, Water, Sewer)	1,075	1,127	52	4.84%
Total Property Charges	\$3,186	\$3,323	\$137	4.30%

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



AVERAGE MULTI-FAMILY DWELLING ASSESSED AT \$510,744

The next table summarizes the 2020 property tax and utility fee increase for the average assessed multi-family home of approximately \$510,744 that receives centralized green waste collection. The “proposed” combined property tax and utilities increase would be \$91.

DESCRIPTION	2019 BUDGET	2020 PROPOSED	VARIANCE \$	USER FEE/ TAX IMPACT
Department Submissions	\$623	\$648	\$25	1.88%
Corporate Finance Reserve Savings	309	327	18	1.39%
Subtotal	\$932	\$975	\$43	3.27%
Library	60	61	1	0.07%
Police - RCMP	301	309	8	0.64%
Service Delivery Partners	\$361	\$370	\$9	0.71%
Property Tax Subtotal	\$1,293	\$1,345	\$52	3.98%
Storm Drainage (Mill Rate)	50	53	3	6.00%
User Fees (Diking, Drainage, Solid Waste, Water, Sewer)	758	794	36	4.75%
Total Property Charges	\$2,101	\$2,192	\$91	4.33%

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

Single-family homes and multi-family homes that receive central 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 4.30% or 4.33% respectively.

FUTURE YEARS - AVERAGE SINGLE-FAMILY DWELLING ASSESSED AT \$802,139

The next table provides the proposed 2020 tax and utility increase for the average assessed single-family home as well as estimates for the years 2021 to 2024. The 2021 values will be finalized next year.

YEAR	TAXATION				USER FEE UTILITIES					
	CAPITAL RESERVES*	CITY DEPTS	SERVICE DELIVERY PARTNERS	SUBTOTAL TAX	STORM DRAINAGE	SEWER	WATER	SOLID WASTE	SUBTOTAL UTILITIES	TOTAL
2020	\$28	\$39	\$14	\$81	\$7	\$13	\$29	\$7	\$56	\$37
2021	\$28	\$36	\$15	\$79	\$4	\$34	\$42	\$3	\$83	\$162
2022	\$28	\$28	\$12	\$68	\$5	\$43	\$36	\$3	\$87	\$155
2023	\$27	\$30	\$16	\$73	\$5	\$43	\$43	\$3	\$94	\$167
2024	\$26	\$25	\$13	\$64	\$5	\$31	\$48	\$3	\$87	\$151
AVG	\$27	\$32	\$14	\$73	\$5	\$33	\$39	\$4	\$81	\$154

*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.