



City of Pitt Meadows Financial Plan Workshop 2020 Council Meeting - Nov 26, 2019



2020 Financial Plan Workshop

Agenda

- Purpose of Today's Workshop
- Financial Planning Process
- Budget Facts & Figures
- 2020 General Fund Capital Budget (excludes Utility Charges)
- 2020 General Fund Operating Budget (excludes Utility Charges)
- Financial Opportunities and Challenges
- Next Steps
- Opportunity for Questions & Comments



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Purpose of Today's Workshop

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



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Financial Planning Process



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Financial Planning Process

- Guidelines Set & Budget Packages Distributed – Jun 2019
- Capital & Operating Budgets Drafted by Departments – Jul/Aug
- Finance Department Budget Review – Sept 2019
- Corporate Leadership Team Review – Sept/Oct 2019
- 2019 8-Month Budget Review – Oct 29, 2019
- **Budget Workshop – Nov 26, 2019**
- Business Plan Presentations & Public Input – Dec 9 & 11, 2019
- Budget Deliberation by Council & Public Input – Jan 15/16, 2020
- Final Presentation to Council & Public Input – Feb 4, 2020
- Financial Plan Bylaw – Three Readings – Mar 11, 2020
- Financial Plan Bylaw – Adoption – Mar 18, 2020

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



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Financial Planning Process

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



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Financial Planning Process

- **Budget Guideline Principles:**

1. Business Plans must align with Corporate Strategic Plan
2. Base budgets were prepared to match existing services levels
3. Cost increases in excess of inflation will be highlighted to Council
4. New or enhanced service levels - Decision Package
5. Activity or resource re-alignment – Business Case



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Financial Planning Process

- **Budget Guideline Principles – (cont'd):**

6. Capital plans balance replacement needs, funding constraints & reserves` long-term health
7. Increased annual provisions to reserves will continue
8. Only conservative & sustainable revenues will be incorporated
9. Taxation from new construction (growth) allocation method
10. Debt used as a last option



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Financial Planning Process

- **Budget Approach:**

- Approach: Zero-based budgeting / Activity-based budgeting
- Review: Contemplate spent versus budget amount for last 3 years
- Involve: Staff at all levels



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Financial Planning Process

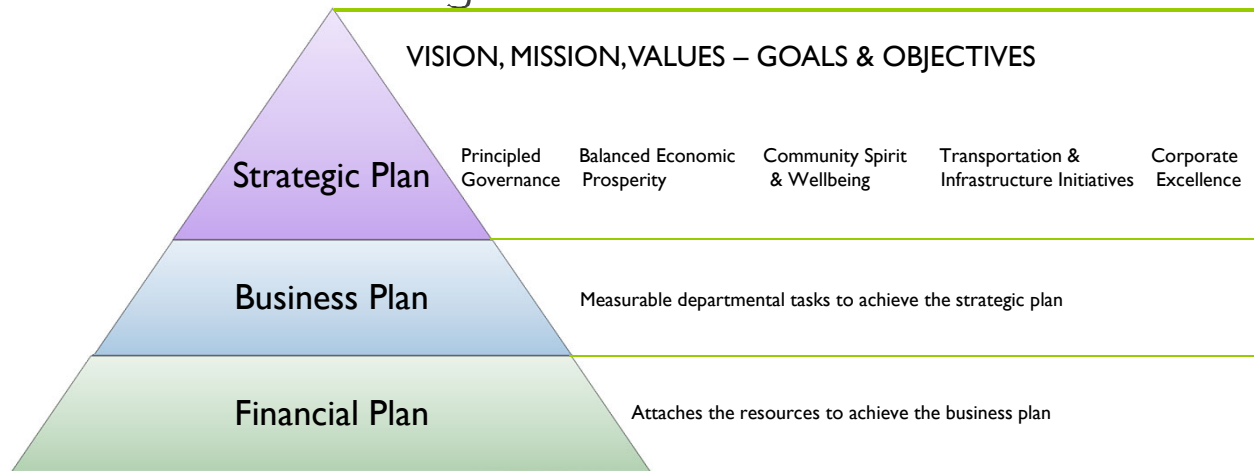
- **Budget Approach:**

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



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Financial Planning Process



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Financial Planning Process

Provision of Services → Budget Driver

- **Essential Services:**

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

- **Priority Services:**

- Parks, Recreation, Library, Bylaw Enforcement, Licensing, Arts, Culture, Planning, Solid Waste/Green Waste, Environmental Stewardship

- **Support Services:**

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



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Financial Planning Process – Governed by a Legislated Process

- **Municipal Purpose (Community Charter, Section 7)**
 - Provide good government
 - Provide services, laws and other matters for community benefit
 - Provide stewardship of public assets
 - Foster economic, social and environmental well-being of community
- **Financial Plan (Community Charter, Section 165)**
 - Adopt a 5-Year Plan (can be amended anytime during the year)
- **Annual Property Tax Bylaw (Community Charter, Section 197)**
 - Tax rates adopted by bylaw before May 15, 2020
 - Authority to levy taxes on properties to allocate funding for services
- **Public Consultation Process (Community Charter, Section 166)**
 - Ensures the public have the opportunity to comment

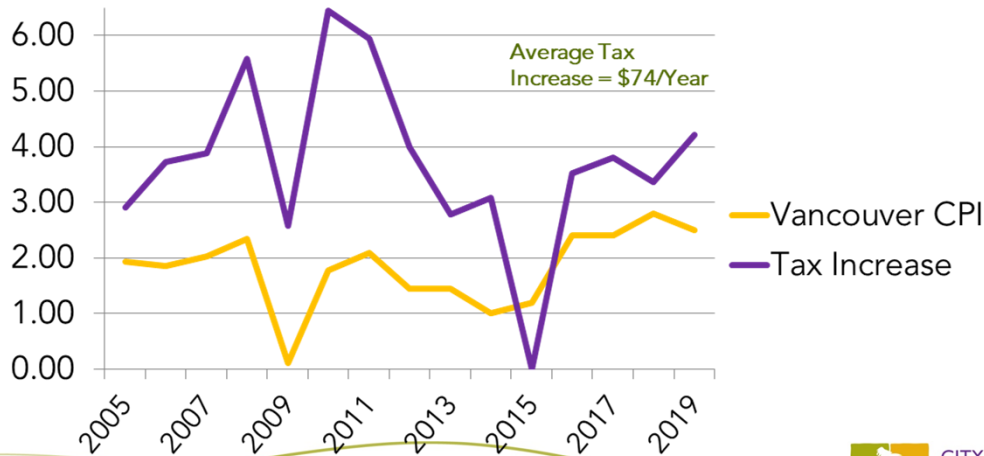


Budget Facts & Figures



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Budget Facts & Figures – Tax Increases 2005 - 2020



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Budget Facts & Figures – New/Improved Services in Recent Years

Arts, Recreation, Culture

• Art Gallery • Enhanced Special Events • Volunteer Program • Youth Council • Children/Youth Programming • Library Summer Sunday Openings • Fitness Centre Equipment Repl. • Senior Services

Parks

• Invasive Species Plant Management • Field Maintenance • Harris Rd Park Washhouse • MacLean Park Play Equipment • Harris Rd Spray Park Replacement • Cottonwood Park Septic Replacement

Planning & Development

• OCP Update • Cannabis Regulations • North Lougheed Study Area • Housing Infill Regulations • Community Amenity Policy • Land Acquisition Policy • Good Neighbour Policy • Filming Policy

Protective Services

• Chest Pain & Ambulance Delay Calls • Fire Hall Replacement • Fire Training Ground • Police Services Review • Bylaw Enforcement Expanded Hours • BC Ambulance Rest & Ready • Emergency Management Co-Ordinator • Emergency Support Services

Transportation & Operations

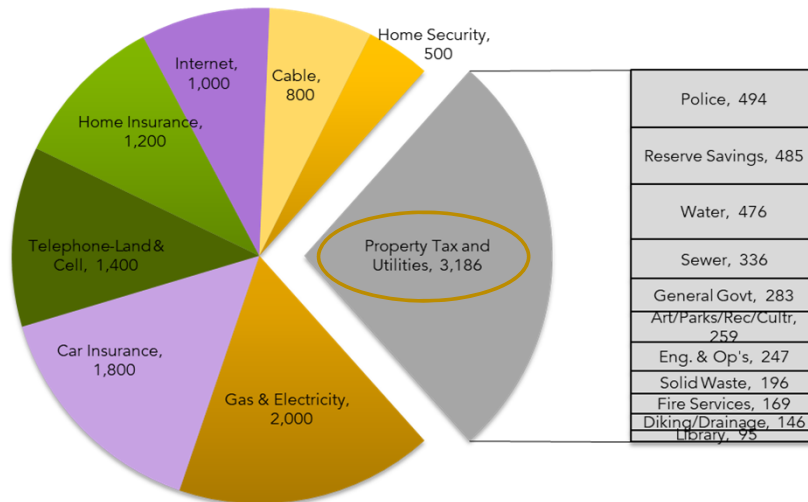
• Active Transportation (Bike Lanes, Crosswalks, Sidewalks) • S. Alouette Bridge Rehabilitation • Ladner Rd Bridge Replacement • Hammond Rd Lift Station Replacement • CP Underpass/Overpass Engagement • Area 4 Pump Station Replacement

Other

• Living Wage Employer • Asset Management • Environmental Stewardship Inspections, Awareness • Community Service Awards • Online Payment Processing • Manager of Communications • New Website • Online Engagement Portal • Graphic Designer • Engagement & Priorities Committee

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Budget Facts & Figures – Service Value (2019)



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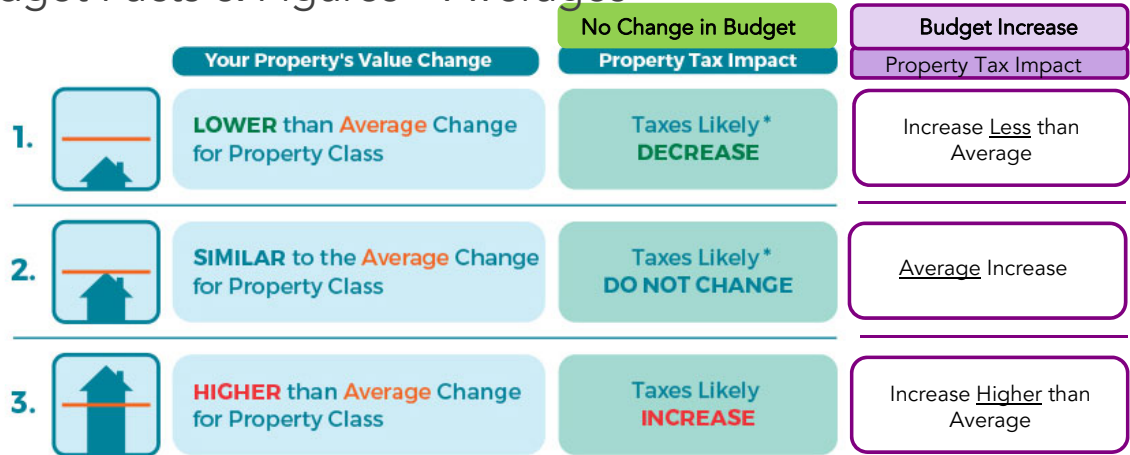
Budget Facts & Figures – 2019 SF Residential Tax Comparison

Municipality	Assessed Values	# of Occurrences	Average Assessed Value	Taxes *	Utilities (SFD Rates)	Total Taxes & Utilities
West Vancouver	48,111,166,630	11,958	4,023,346	10,037.04	1,916.87	11,953.91
Vancouver	185,163,522,906	81,127	2,282,391	5,845.58	1,328.00	7,173.58
White Rock	5,753,083,600	3,804	1,512,377	5,659.50	1,687.48	7,346.98
Port Moody	6,843,109,700	4,905	1,395,129	5,315.30	1,170.00	6,485.30
North Van., Distr.	35,275,611,901	20,191	1,747,096	5,113.58	1,677.65	6,791.23
Richmond	47,789,880,500	28,565	1,673,022	4,862.02	1,116.81	5,978.83
New Westminster	9,040,849,900	7,510	1,203,842	4,731.60	1,582.60	6,314.20
North Van., City	8,945,114,100	5,522	1,619,905	4,662.64	1,236.66	5,899.30
Burnaby	51,155,461,100	32,111	1,593,082	4,526.11	1,213.40	5,739.51
Coquitlam	34,218,508,800	26,313	1,300,441	4,412.27	1,281.00	5,693.27
Delta	26,776,358,200	25,615	1,045,339	3,941.66	877.00	4,818.66
Surrey	100,979,537,550	86,962	1,161,192	3,809.92	1,349.16	5,159.08
Port Coquitlam	10,834,581,200	10,936	990,726	3,735.73	996.37	4,732.10
Maple Ridge	19,264,986,726	23,072	834,994	3,683.08	1,103.21	4,786.29
Langley, Twtnshp	27,634,465,700	27,218	1,015,301	3,635.90	1,344.12	4,980.02
Langley, City	2,989,074,300	3,337	895,737	3,411.77	1,094.46	4,506.23
Pitt Meadows	3,010,427,500	3,753	802,139	3,379.57	1,074.91	4,454.48
Average	36,693,278,842	23,700	1,476,239	4,750.78	1,297.04	6,047.82

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

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Budget Facts & Figures – Averages



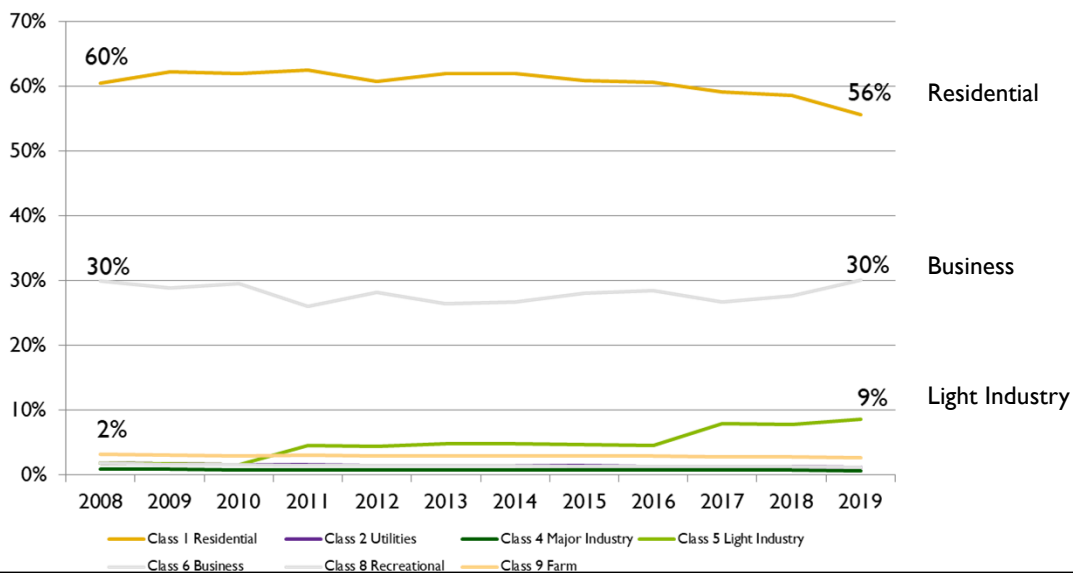
* The diagram assumes there are no changes in the distribution of budget funding between property classes.

Source: BC Assessment



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Budget Facts & Figures – Allocation of Tax Burden Over Time



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Budget Facts & Figures – Growth

Year	Population	Growth %	1% Tax Equates to	Growth (\$)
2007	16,557	4.23%	102,400	433,300
2008	17,387	6.04%	113,100	682,900
2009	17,875	2.02%	119,900	242,000
2010	18,054	2.26%	124,800	282,200
2011	(Census) 17,736	0.37%	132,900	48,600
2012	18,503	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	19,635	3.08%	177,000	546,000
2018	19,772	1.52%	192,000	292,000
2019	(estimate) 19,900	3.53%	208,000	735,000
2020	(estimate) 20,000	0.87%	218,000	189,000

\$ 333,000 12-Year Average

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Budget Facts & Figures – Reserve Balances 2009-2018

Year	Operating	Capital	Current Year Surplus	Development Cost Charges	Total
2009	2,988,000	11,418,000	908,000	2,876,000	18,190,000
2010	1,984,000	11,089,000	72,000	3,464,000	16,609,000
2011	1,938,000	9,680,000	485,000	4,029,000	16,132,000
2012	1,958,000	13,339,000	207,000	4,581,000	20,085,000
2013	2,898,000	13,285,000	14,000	5,544,000	21,741,000
2014	2,572,000	14,166,000	63,000	6,558,000	23,359,000
2015	3,026,000	16,852,000	136,000	7,738,000	27,752,000
2016	3,437,000	21,344,000	75,000	9,441,000	34,297,000
2017	3,686,000	25,198,000	30,000	11,780,000	40,694,000
2018	3,919,000	24,071,000	357,000	12,073,000	40,420,000
Average					25,928,000

Historical Value of City Assets = \$262 Million

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Budget Facts & Figures – Tax Classes - 2019

Class Description	Tax Class	#	Tax Rate per \$1,000	Net Taxable Values (\$)	NTV (%)	Revenue (\$)	Revenue(%)	Tax Rate Ratio
Residential	1	7,232	2.5328	4,797,466,851	82.77	12,151,024	55.62	1.00
Utilities	2	40	40.0000	6,420,725	0.11	256,829	1.18	15.79
Major Industry	4	2	22.3208	6,596,900	0.11	147,248	0.67	8.81
Light Industry	5	43	12.5513	149,545,900	2.58	1,876,995	8.59	4.96
Business & Other	6	228	8.2827	794,668,978	13.71	6,582,005	30.13	3.27
Recreation/Non-Profit	8	53	11.0624	23,688,700	0.41	262,054	1.20	4.37
Farm	9	461	31.8291	17,871,265	0.31	568,826	2.60	12.57
Total				5,796,259,319		21,844,981		



Questions, Comments, Suggestions



2020 Capital Budget



2020 Financial Plan Workshop Capital Budget – Equipment Replacement Reserve

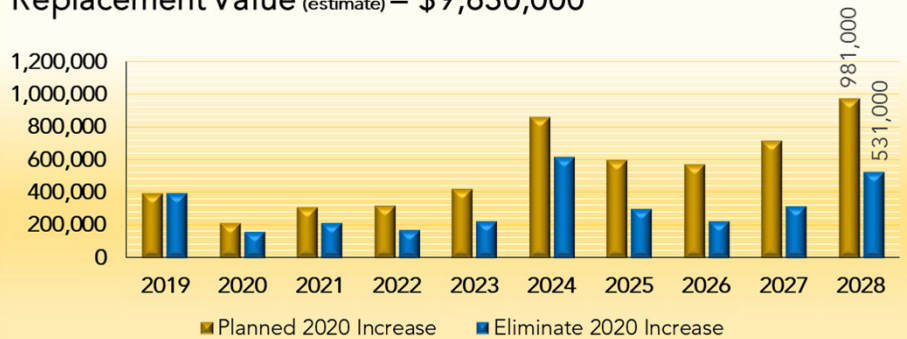
Description	Amount
What We Are Saving (2020 increase = \$50 K or 0.23%); AMP Target \$968,000	\$560,000
Interest Savings – Yes (estimate)	7,000
What We are Saving For:	
Significant Project – Recreation Equipment (2020-2024)	-481,000
Significant Project – Server / Storage Area Network Refresh (2021-2024)	-314,000
Significant Project – PC Replacement (2020)	-176,000
Significant Project – Computer Infrastructure (2020-2024)	-167,000
Significant Project – Printer & Peripheral Replacement (2022-2024)	-155,000
Significant Project – Network Upgrade – Power Over Ethernet Switches (2020-2021)	-145,000
Balance – Minimum 5-Year Plan (2020)	216,000
Balance – Maximum 5-Year Plan (2024)	868,000
Purpose – To provide annual funds for the replacement of machinery and equipment at the end of their useful life	

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Capital Budget – Equipment Replacement Reserve Balance

Planned 2020 Tax Increase = \$50,000 or 0.24%; 2028 Balance > \$981,000

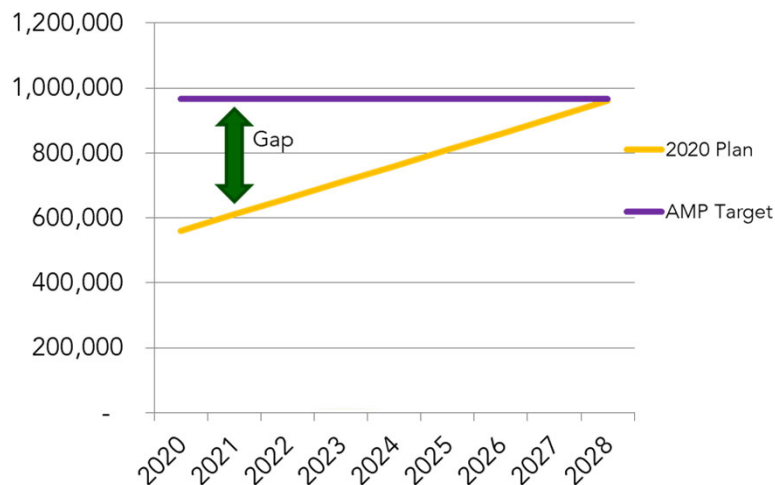
Replacement Value (estimate) = \$9,630,000



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Capital Budget – Equipment Replacement Reserve

Annual Reserve Savings



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Capital Budget – Vehicle Replacement Reserve

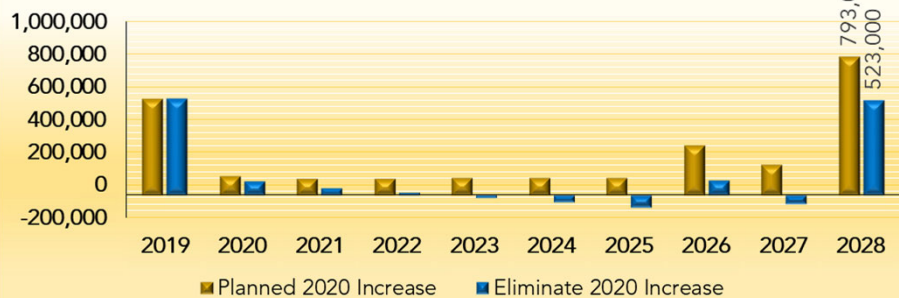
Description	Amount
What We Are Saving (2020 increase = \$30 K or 0.14%); AMP Target \$532,000	\$420,000
Interest Savings – Yes (estimate)	10,000
What We are Saving For:	
Significant Project – Hub Mack Engine (2020)	-900,000
Significant Project – Hub FL80 Rescue (2021)	-350,000
Significant Project – Tractor (2022)	-280,000
Significant Project – Tandem Dump Truck (2023)	-225,000
Significant Project – Backhoe (2024)	-180,000
What We are Borrowing Internally (from Sewer Reserve 2021-2022,2024)	415,000
Balance – Minimum 5-Year Plan (2021)	47,000
Balance – Maximum 5-Year Plan (2020)	61,000
Purpose – To provide annual funds for the replacement of vehicles at the end of their useful life	

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Capital Budget – Vehicle Replacement Reserve Balance

Planned 2020 Tax Increase = \$30,000 or 0.14%; 2028 Balance > \$793,000

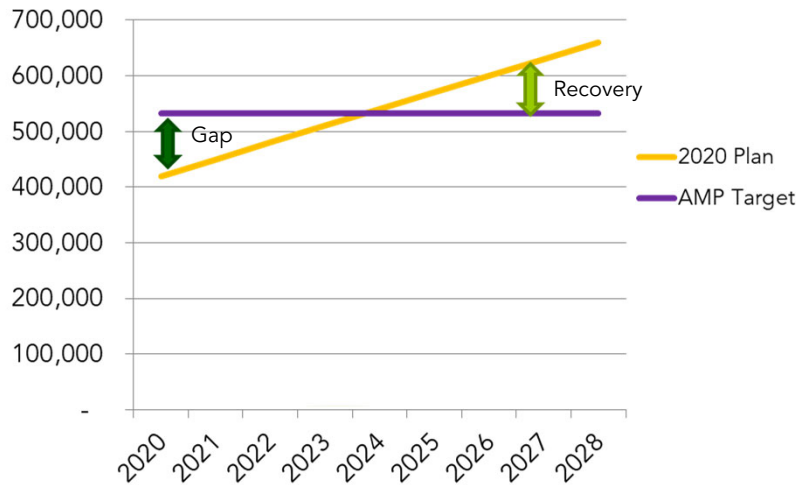
Replacement Value (estimate) = \$6,500,000



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Capital Budget – Vehicle Replacement Reserve

Annual Reserve Savings



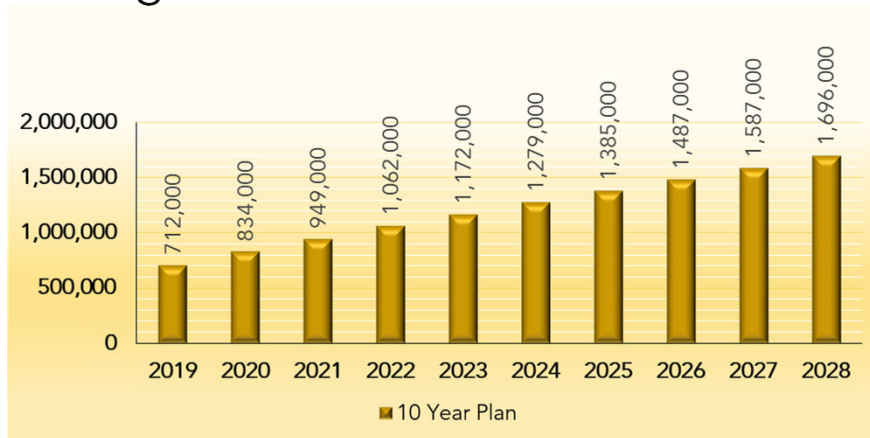
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Capital Budget – Arena Reserve

Description	Amount
What We Are Saving (2020 increase = \$0K or 0.00%)	\$80,000
Arena Operations	233,000
Interest Savings – Yes (estimate)	13,000
What We are Saving For:	
Significant Project – Engineering Study for Ice Pad (2020-2024)	-260,000
Significant Project – Zamboni Replacement (2022)	-125,000
Significant Project – Repair of Rink Sand Base (2020)	-100,000
Significant Project – Overhead Door Replacement (2023)	-60,000
Balance – Minimum 5-Year Plan (2020)	834,000
Balance – Maximum 5-Year Plan (2024)	1,279,000
Purpose – To provide annual funds for the maintenance and repair of the arena facility, as well as equipment replacement	

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Capital Budget – Arena Reserve Balance



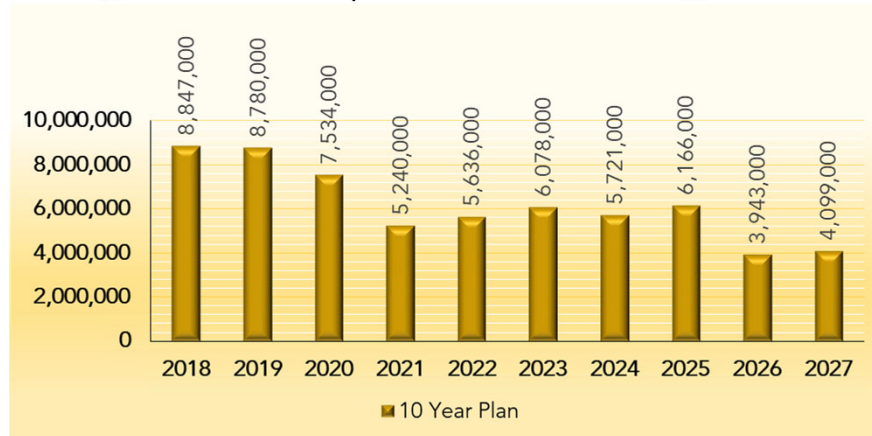
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Capital Budget – Development Cost Charges

Description	Amount
What We Are Saving DCC's (Estimate for Roads, Parks, Drainage, Sewer, Water)	\$456,000
Interest Savings – Yes (estimate)	165,000
What We are Saving For:	
Significant Project – Major Roads: Harris Road Hammond to Airport (2020,2023)	-1,782,000
Significant Project – Major Roads: Fraser Dike Road Extension (2021)	-1,556,000
Significant Project – Minor Roads: Fraser Way Pedestrian and Parking (2022)	-1,068,000
Significant Project – Drainage: Baynes Pump Station Upgrade (2022)	-333,000
Balance – Minimum 5-Year Plan (2022)	5,240,000
Balance – Maximum 5-Year Plan (2020)	8,780,000
Purpose – To provide funding for new infrastructure resulting from growth.	

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Capital Budget – Development Cost Charges Balance



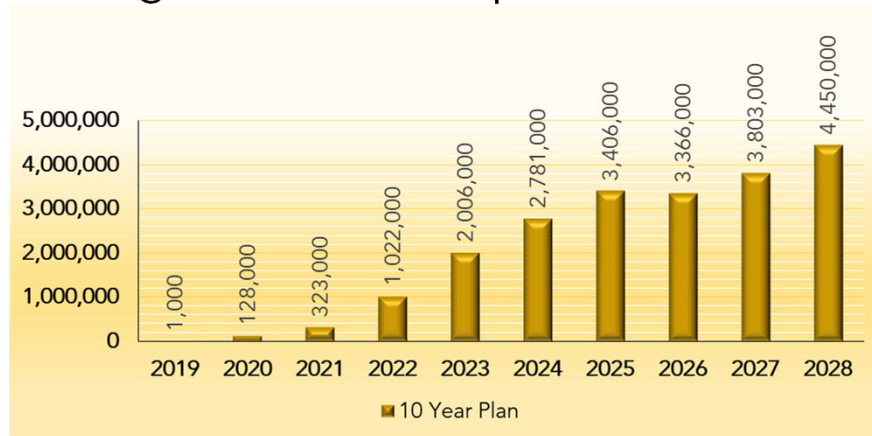
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Capital Budget – Future Capital Reserve

Description	Amount
What We Are Saving (2020 increase = \$0K or 0.00%)	\$575,000
Interest Savings – Yes (estimate)	0
What We are Saving For:	
Significant Project – Harris Park Power Upgrade (2021)	-70,000
What We are Borrowing Internally (Repayment to Sewer Reserve 2020)	55,000
What We are Lending Internally (to Life Cycle Major Buildings Reserve 2020-2021)	-670,000
Balance – Minimum 5-Year Plan (2020)	128,000
Balance – Maximum 5-Year Plan (2024)	2,780,000
Purpose – To provide funds for capital expenditures, primarily emergency or strategic in nature.	

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Capital Budget – Future Capital Reserve Balance



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Capital Budget – Life Cycle Reserve: General

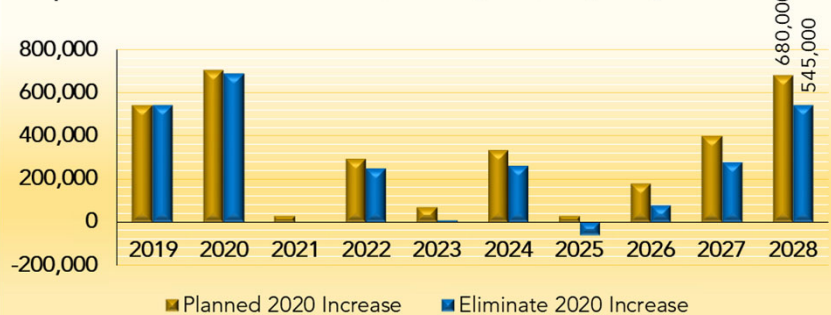
Description	Amount
What We Are Saving (2020 increase = \$15K or 0.07%); AMP Target \$841,000	\$711,000
Facility Lease Revenue (Struthers, Akasaka)	31,000
Interest Savings – Yes (estimate)	10,000
What We are Saving For:	
Significant Project – Maintenance: Recreation Facilities average annual (2020-2024)	-145,000
Significant Project – Maintenance: Mun. Bldgs average annual (W/Yard, Fire Hall, Mun. Hall, CPO, Arena) (2020-2024)	-137,000
Significant Project – Maintenance: Parks Infrastructure annually (2020-2024)	-152,000
Significant Project – Pitt Meadows Athletic Sports Field Renovation (2020-2021)	-500,000
Significant Project – Harris Park S. Sports Field Renovation (2021)	-450,000
Significant Project – N. Bonson Park Sports Field Renovation (2023)	-410,000
What We are Borrowing Internally (from Sewer Reserve 2021)	21,000
Balance – Minimum 5-Year Plan (2021)	30,000
Balance – Maximum 5-Year Plan (2020)	705,000
Purpose – Annual funds for facility asset maintenance , repair & replacement	

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Capital Budget – Life Cycle Reserve Balance – General

Planned 2020 Tax Increase = \$15,000 or 0.07%; 2028 Balance > \$680,000

Replacement Value (estimate; no buildings) = \$23,300,000

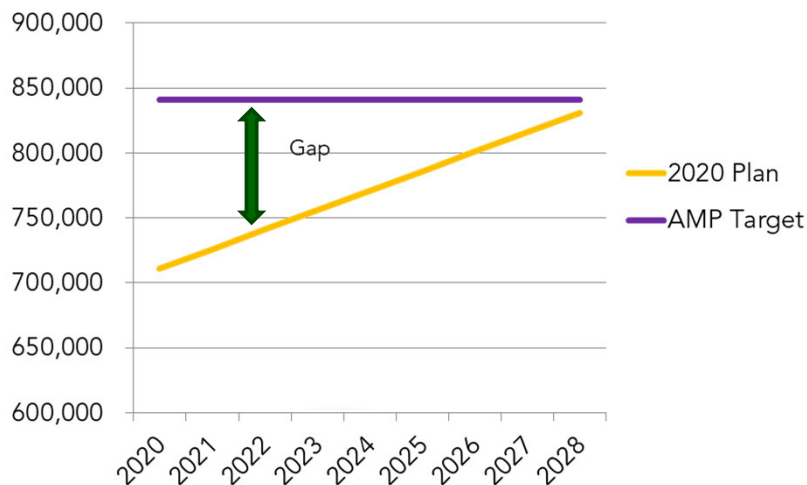


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Capital Budget – Lifecycle Reserve - General

Annual Reserve Savings



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Capital Budget – Life Cycle Reserve: Buildings

Description	Amount
What We Are Saving (2020 increase = \$218K or 1%); AMP Target \$1.84 million	\$1,763,000
Interest Savings – Yes (estimate)	110,000
What We are Saving For:	
Significant Project – Main Fire Hall Replacement (2020 to 2021)	-14,199,000
What We are Borrowing Internally (2020-2021, repaying 2022-2024) (from Future Capital, Road Use Levies, Water, Sewer)	4,670,000
Balance – Minimum 5-Year Plan (2023)	78,000
Balance – Maximum 5-Year Plan (2024)	2,505,000
Purpose – Annual funds for building replacement only	

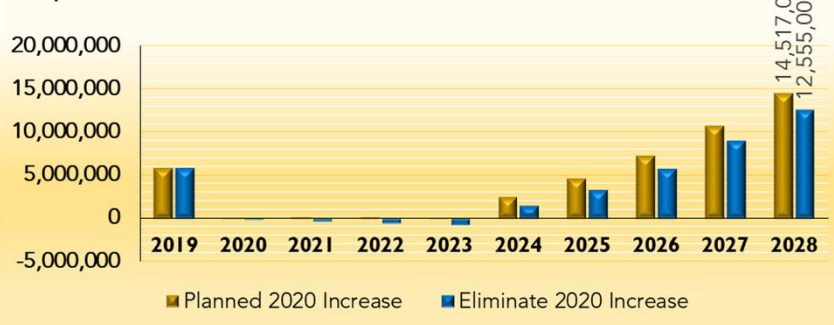


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Capital Budget – Life Cycle Reserve Balance – Buildings

Planned 2020 Tax Increase = \$218,000 or 1.00%; 2028 Balance > \$14.5 million

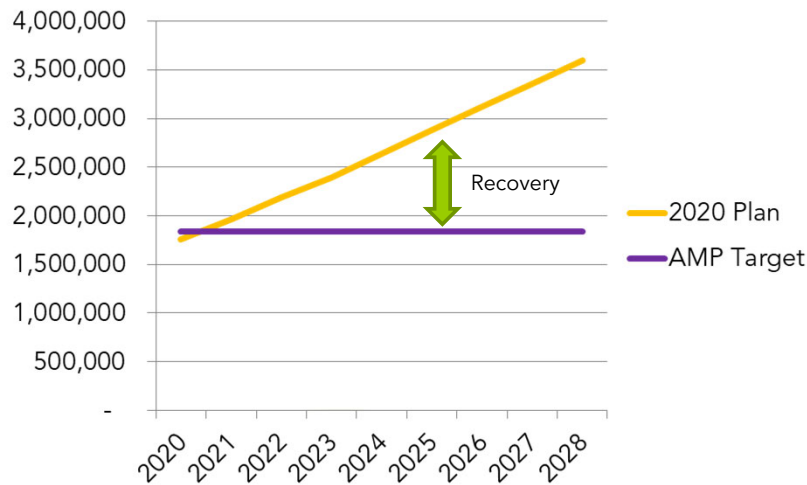
Replacement Value (estimate) = \$63,400,000



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Capital Budget – Lifecycle Reserve - Buildings

Annual Reserve Savings



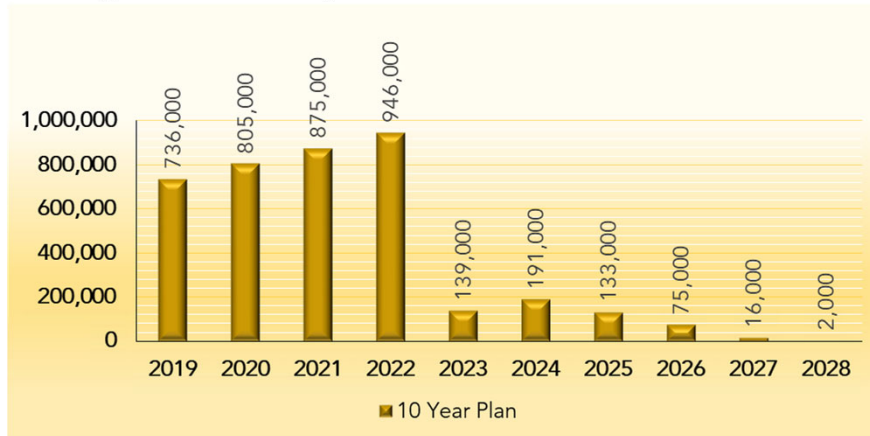
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Capital Budget – Life Cycle Reserve: Gas Tax

Description	Amount
What We Are Saving (Community Works Fund Agreement)	\$110,000
Interest Savings – Yes (estimate)	14,000
What We are Saving For:	
Significant Project – Recreation Centre Roof Replacement (2023)	-875,000
Significant Project – Facilities Electrical and Mechanical Equipment Replacement (2020-2024)	-210,000
Significant Project – Active Transportation (2020-2024)	-75,000
Balance – Minimum 5-Year Plan (2022)	946,000
Balance – Maximum 5-Year Plan (2023)	139,000
Purpose - Funding for planning and revitalizing tangible capital assets.	

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Capital Budget – Life Cycle Reserve Balance – Gas Tax



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Capital Budget – Transportation Reserve

Description	Amount
What We Are Saving (2020 increase = \$20K or 0.09%); AMP Target \$2.3M	\$1,210,000
Interest Savings – Yes (estimate)	2,000
What We are Saving For:	
Significant Project – McKechnie Road Repave – ODT to Connecting (2021)	-900,000
Significant Project – Harris Road Paving - Urban Area (2024)	-887,000
Significant Project – Hammond Road Paving - Harris to Blakely (2021)	-443,000
Significant Project – Active Transportation (2020-2024)	-425,000
What We are Borrowing Internally (Borrowing from Sewer Reserve 2024)	18,000
Balance – Minimum 5-Year Plan (2024)	1,000
Balance – Maximum 5-Year Plan (2023)	1,023,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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Capital Budget – Transportation: Road Use Levies

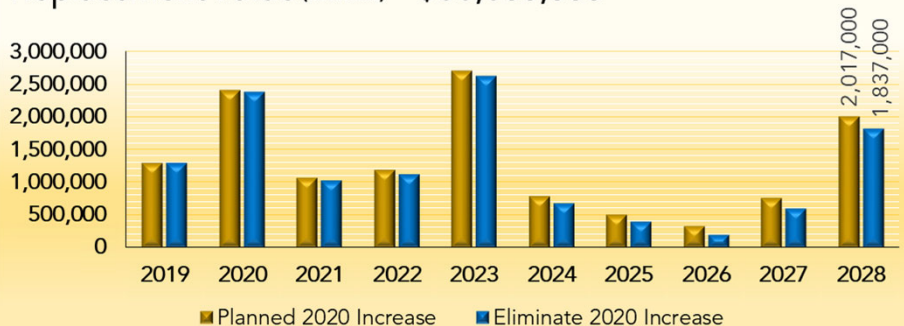
Description	Amount
What We Are Saving (Levies - Estimate)	\$425,000
Interest Savings – Yes (estimate)	20,000
What We are Saving For:	
Significant Project – Neaves Road Pavement Repair (2020,2022,2024)	-945,000
Significant Project – Woolridge Pavement Rehab (2024)	-800,000
Significant Project – Neaves Rd Bike Lanes (2022,2024)	-700,000
Significant Project – Airport Way at Baynes Road Intersection Reconstruction (2023)	-103,000
What We are Lending Internally (to Lifecycle Major Buildings Reserve 2021)	-1,000,000
Balance – Minimum 5-Year Plan (2022)	362,000
Balance – Maximum 5-Year Plan (2023)	1,689,000
Purpose – To provide funding primarily to repave & rehabilitate local road network.	

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Capital Budget – Transportation Reserve & RUL Balance

Planned 2020 Tax Increase = \$20k or 0.09%; 2028 Balance > \$2M

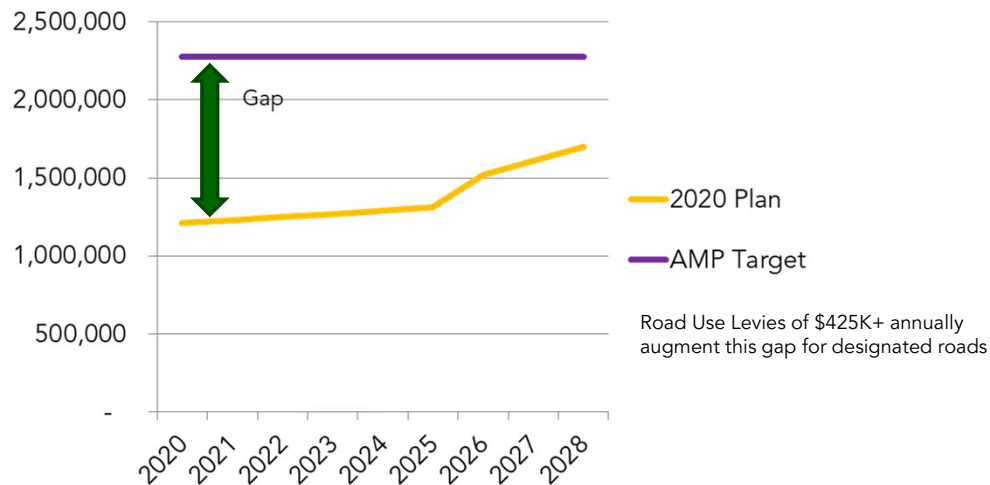
Replacement Value (estimate) = \$86,800,000



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Capital Budget – Transportation Reserve

Annual Reserve Savings



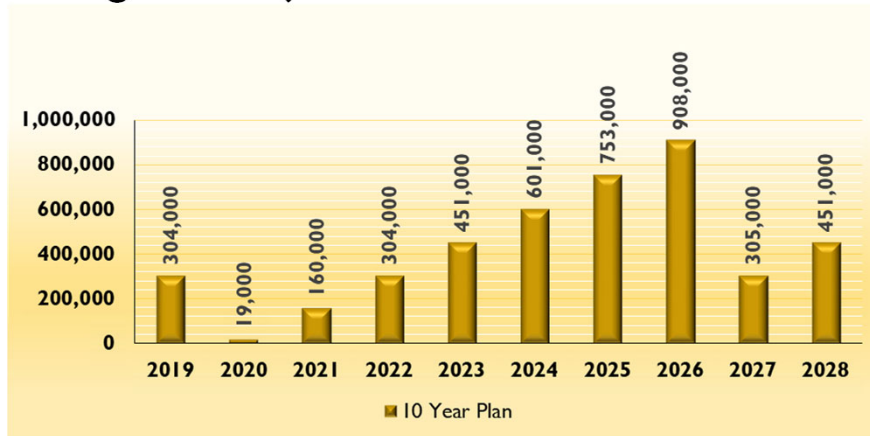
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Capital Budget – Major Road Network Grant

Description	Amount
What We Are Saving (TransLink Grant)	\$135,000
Interest Savings – Yes (estimate)	5,000
What We are Saving For:	
Significant Project – Repave Old Dewdney Trunk Rd – Sharpe to Neaves (2020)	-350,000
Significant Project – Harris Road Between Old Dewdney Trunk Rd (2020)	-75,000
Balance – Minimum 5-Year Plan (2020)	19,000
Balance – Maximum 5-Year Plan (2024)	601,000
Purpose – To provide funding for repair of major road networks	

2020 Financial Plan Workshop

Capital Budget – Major Road Network Grant Balance



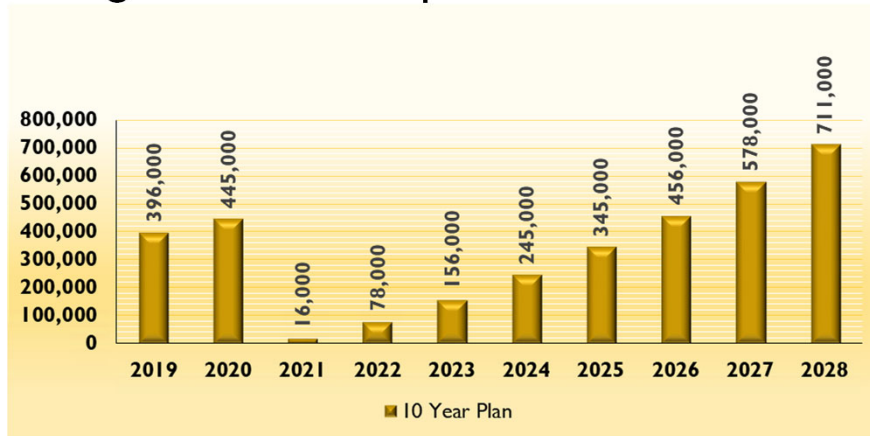
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Capital Budget – Minor Capital Reserve

Description	Amount
What We Are Saving (Artificial Field User Fee)	\$42,000
Interest Savings – Yes (estimate)	7,000
What We are Saving For:	
Significant Project – PMSS Turf Field Surface Replacement (2021)	-610,000
Balance – Minimum 5-Year Plan (2021)	16,000
Balance – Maximum 5-Year Plan (2020)	445,000
Purpose – To provide funding for repair or replacement of outdoor sport facility infrastructure	

2020 Financial Plan Workshop

Capital Budget – Minor Capital Reserve Balance



2020 Financial Plan Workshop

Internal Borrowing

- Debt Management Policy C095
- Community Charter Section 189(4)
 - Provides for borrowing between Reserves and DCCs
 - Permitted if funds are not currently required by the Lending Reserve
 - Repay with Interest
- Flexibility in payback amounts and loan duration

Borrow / (Repay) Principal Amounts (000's)									
Borrowing Reserve	Lending Reserve	2019	2020	2021	2022	2023	2024	2025+	Total
Vehicle Repl.	Sewer	-	-	290	105	(60)	20	(355)	-
Future Capital	Sewer	55	(55)	-	-	-	-	-	-
Major Bldgs. Repl.	Future Capital	370	300	(130)	(380)	(160)	-	-	-
Major Bldgs. Repl.	Sewer	-	-	2,000	(1,000)	(1,000)	-	-	-
Major Bldgs. Repl.	Road Use Levies	-	-	1,000	-	(1,000)	-	-	-
Major Bldgs. Repl.	Water	-	-	1,000	(1,000)	-	-	-	-
Lifecycle General	Sewer	-	-	21	(21)	-	-	-	-

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Asset Management – Reserve, Surplus and Deferred Revenue Summary

	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 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 ODOT Grant	19,000	160,000	304,000	451,000	601,000
Transportation	857,000	91,000	837,000	1,023,000	1,000
Transp. 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

Infrastructure Funding
Gap
(Assets past their
service life)
\$93M

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Asset Management – Infrastructure Funding Gap

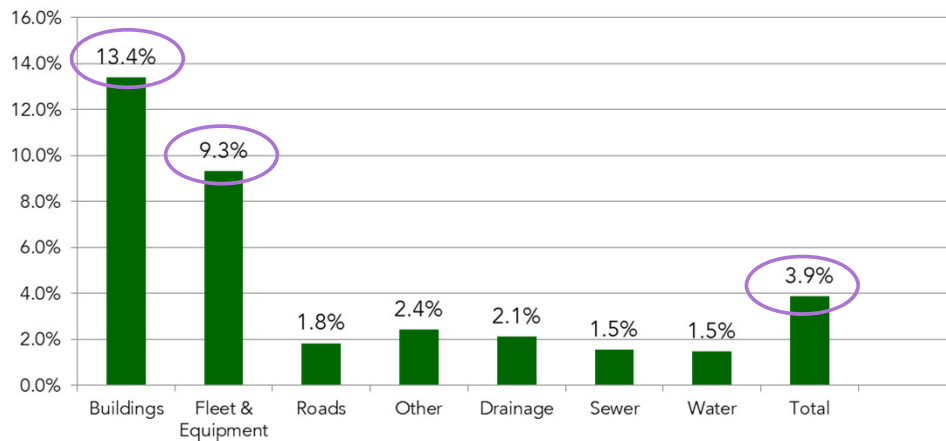
Description	Build-ings	Fleet & Equip	Roads	Dikes	Other	Land	Drain-age	Sewer	Water	Total
STATS (millions)										
Depreciated or Net Remaining Value	18.3	5.6	22.7	12.0	15.1	51.3	20.6	9.2	21.6	176.4
Original Value	34.7	13.5	46.6	12.0	20.9	51.3	32.5	14.9	35.5	261.9
Replacement Value	63.4	16.1	86.8	n/a	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 2020	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

2020 Financial Plan Workshop

Asset Management – Infrastructure Sustainability

2020 Capital Budget vs Asset Values: Target 2 to 4% Total



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Capital Budget - Summary

- General Comments:

- Determined optimum funding levels for asset maintenance and replacements
 - Asset Management Plans Developed: Sewer/Buildings completed (2015); Remaining Assets (2017)
 - Condition Assessments – Facilities, Roads, Liftstations, (2017-2019) Water, Drainage (2020-2021)
 - Software system to provide historic data and analytics (2017)
- Arena Reserve
 - Acknowledged to fund annual maintenance NOT major components or building replacements
 - Profit forecast of Arena operations permits continued reserve contributions from Nustadia
- Development Cost Charges
 - Parks DCC Bylaw updated (2015)
 - Remaining DCCs Bylaw updated (2018)

2019 Financial Plan Workshop

Capital Budget - Summary

- **General Comments:**

- Future Capital Reserve

- Funding challenges in early years – internal borrowing from the Sewer Reserve
 - Internal borrowing is permitted by legislation with conditions:
 - Funds are not needed by “Lending” Reserve for which the funds were collected
 - Lending Reserve is repaid with interest
 - Provided there is a recovery plan for the “Borrowing “ Reserve
 - Annual taxation funding not increasing (\$575K)
 - Funds from later years – consider reallocation for building replacements or transportation infrastructure (\$4 million – 2028)



2019 Financial Plan Workshop

Capital Budget - Summary

- **General Comments:**

- Life Cycle Reserve

- Contains three designations: General Maintenance; Building Replacements; Gas Tax
 - Building replacement reserve working as intended, able to replace main firehall by 2022
 - Significant demand on reserve will continue to increase as infrastructure ages
 - Supplemental funding sources are possible – debt financing, provincial/federal grants
 - Gas Tax funds used for Rec Centre Roof and HVAC Replacement
 - General Maintenance AMP target of \$841,000 achieved in 2028
 - Building Replacement AMP target of \$1.84 million achieved in 2021



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Capital Budget - Summary

- **General Comments:**

- Parkland Acquisition Reserve
 - According to 2010 Parks Master Plan & 2015 Parks DCC Bylaw Update;
 - Sufficient Quantity : Neighbourhood & Municipal Parks
 - **Deficient:** Quantity: Community Parks
 - Funds can be used for Community Parks
 - Reserve can augment DCC's collected from developers
- Transportation Reserve
 - City has high lane kilometers so pavement funding won't go far
 - Data from Condition Assessments has been incorporated into the Capital Plan to create better projections
 - AMP target of \$2.3 million achieved outside of 10 year horizon



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Capital Budget – Key Messages

1. **Building Replacement Asset Levy –important to continue**
2. **Complete asset condition assessments**
 - Necessary to properly calculate reserve contribution levels
3. **Building reserves is a good thing because they:**
 - Reduce long-term costs
 - Allow for proper asset management and
 - Ensure sustainable City services
4. **Leverage land whenever possible; avoid selling to:**
 - Benefit by an appreciating asset
 - Provide increased flexibility for new/enhanced service level opportunities
5. **Seek opportunities to purchase land to provide enhanced service opportunities**



Questions, Comments, Suggestions

2020 Operating Budget



2020 Financial Plan Workshop

Operating Budget – Summary



Description	Amount	Tax \$	Tax %
Department Submissions	\$ 410,100	\$ 39	1.88%
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%

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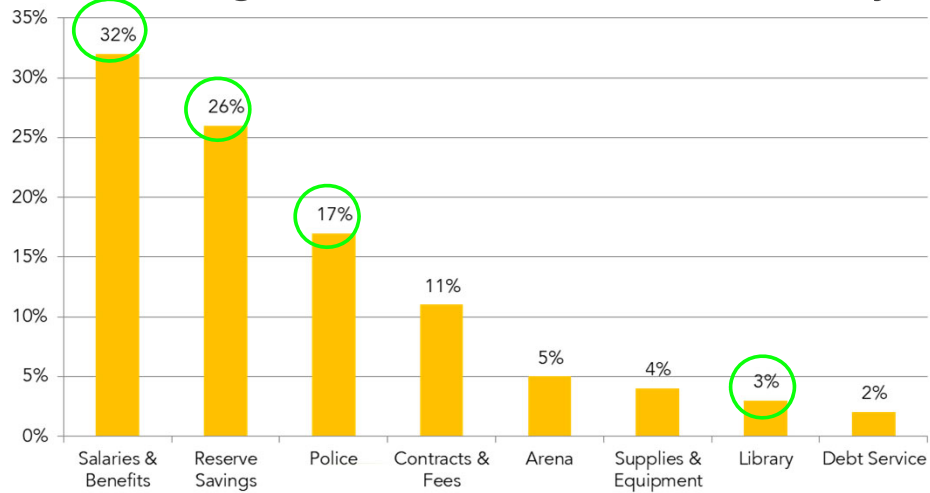
Operating Budget – Department Submissions



Description	Amount	Tax \$	Tax %	Comment
Taxes from new development	(\$189,000)	(\$18)	(0.87%)	Estimate
Pending property tax appeals	30,000	3	0.14%	BC Assessment Authority supplemental appeals
Corporate Finance other revenue	6,000	1	0.07%	Small community grant
Department revenue changes	(68,800)	(6)	(0.32%)	Licenses, fines, fire protection, cell tower lease
Salaries & benefits	469,300	44	2.15%	CUPE, IAFF, Council, Exempt Cost of living, steps
Paid on Call incidents & training	40,000	4	0.18%	Incident increase, turnover training costs
Transportation maintenance	41,100	4	0.19%	Street lights & amenities, road maint.-signs, marking
Other expenses	81,500	7	0.34%	Fleet, equip., support systems, repairs & maintenance
Department Total	410,100	39	1.88%	

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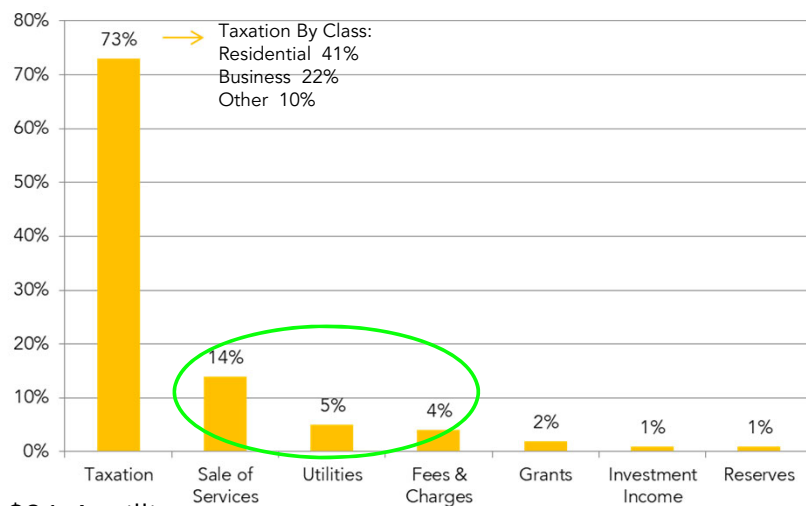
Operating Budget – Where Does the Money Go?



Expenses \$31.4 million

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Operating Budget – Where Does the Money Come From?

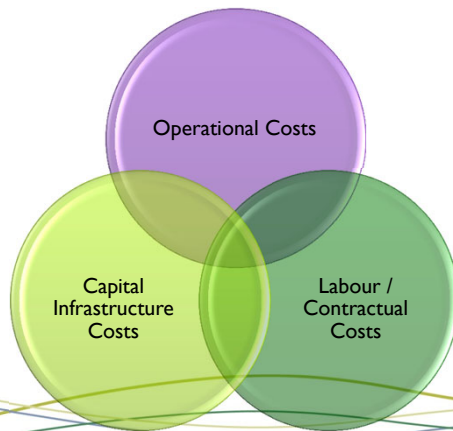


Revenues \$31.4 million

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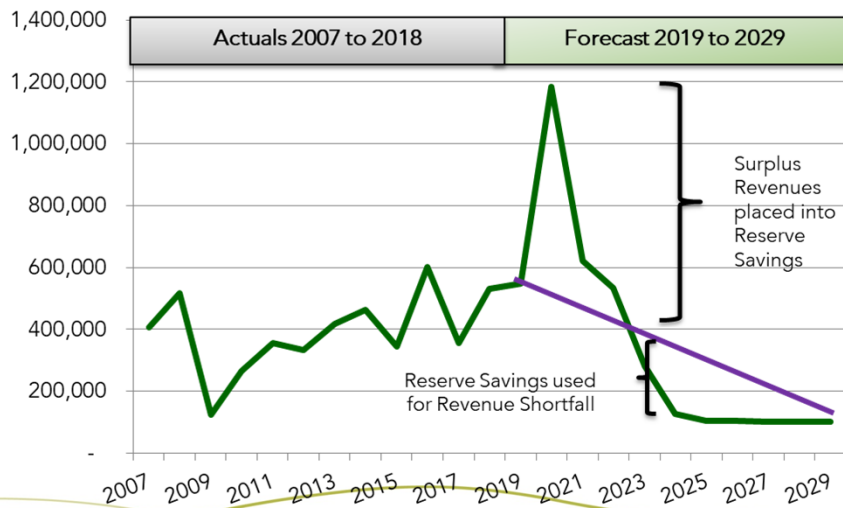
Operating Budget – New Service Costs

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



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Development Revenues



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Operating Budget – General Fund Accumulated Surplus

Description	Amount
Interest Allocation – No	0
Funding – Estimated Surplus (2019)	208,000
Significant Activity – N Lougheed Study Area – year 2 of 2 (2020)	-45,000
Significant Activity – Parks & Recreation Master Plan – year 2 of 2 (2020)	-30,000
Significant Activity – Invasive Species Management Plan (2020)	-30,000
Balance – Minimum 5-Year Plan (2020)	1,013,000
Balance – Maximum 5-Year Plan (2024)	1,130,000
Purpose – To provide funding for emergencies, one-time extraordinary costs, efficiency initiatives, cost spikes and revenue shortfalls.	
Surplus Policy Target – 5% of General Fund Net Expenditures = approximately \$1.1 million	



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Operating Budget – General Fund Accumulated Surplus



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Operating Budget – Key Messages

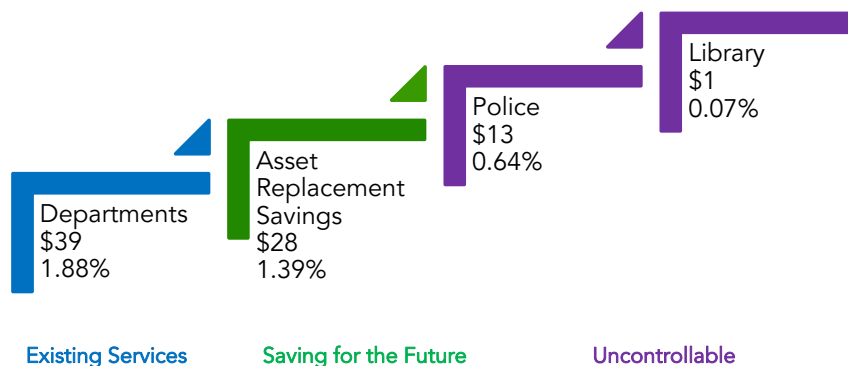
1. Taxes are favourable compared to other municipalities in the region – Lowest single family
2. City departments have undertaken a zero based budget approach and incorporated reductions to achieve the 2020 results
3. Asset management plans and condition assessments are key to establishing adequate reserve funding levels
4. Development revenues are anticipated to decline within 5 years – need to plan now
5. Revenue from new development (growth) is substantially lower in 2020; creates increased pressure on taxation
6. Forthcoming decision packages are not included in the property tax increase
7. The total proposed property tax increase of 3.98% equates to about \$81 for the average assessed single family home



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Operating Budget – Key Messages

Average Single Family \$81 or 3.98%



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Budget Facts & Figures –2019 SF Residential Tax Comparison

Municipality	Assessed Values	# of Occurrences	Average Assessed Value	Taxes *	Utilities (SFD Rates)	Total Taxes & Utilities
West Vancouver	48,111,166,630	11,958	4,023,346	10,037.04	1,916.87	11,953.91
Vancouver	185,163,522,906	81,127	2,282,391	5,845.58	1,328.00	7,173.58
White Rock	5,753,083,600	3,804	1,512,377	5,659.50	1,687.48	7,346.98
Port Moody	6,843,109,700	4,905	1,395,129	5,315.30	1,170.00	6,485.30
North Van., Distr.	35,275,611,901	20,191	1,747,096	5,113.58	1,677.65	6,791.23
Richmond	47,789,880,500	28,565	1,673,022	4,862.02	1,116.81	5,978.83
New Westminster	9,040,849,900	7,510	1,203,842	4,731.60	1,582.60	6,314.20
North Van., City	8,945,114,100	5,522	1,619,905	4,662.64	1,236.66	5,899.30
Burnaby	51,155,461,100	32,111	1,593,082	4,526.11	1,213.40	5,739.51
Coquitlam	34,218,508,800	26,313	1,300,441	4,412.27	1,281.00	5,693.27
Delta	26,776,358,200	25,615	1,045,339	3,941.66	877.00	4,818.66
Surrey	100,979,537,550	86,962	1,161,192	3,809.92	1,349.16	5,159.08
Port Coquitlam	10,834,581,200	10,936	990,726	3,735.73	996.37	4,732.10
Maple Ridge	19,264,986,726	23,072	834,994	3,683.08	1,103.21	4,786.29
Langley, Twnshp	27,634,465,700	27,218	1,015,301	3,635.90	1,344.12	4,980.02
Langley, City	2,989,074,300	3,337	895,737	3,411.77	1,094.46	4,506.23
Pitt Meadows	3,010,427,500	3,753	802,139	3,379.57	1,074.91	4,454.48
Average	36,693,278,842	23,700	1,476,239	4,750.78	1,297.04	6,047.82

2020
Proposed
Budget

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

Financial Opportunities & Challenges



2020 Financial Plan Workshop

Financial Opportunities

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



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Financial Challenges

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



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Financial Challenges

- **Assessment Appeals**

- Not always known before the Tax Notices are mailed – not able to balance budget and collect sufficient taxes

- **Position Vacancy Accounting Practice**

- Uncertainty of meeting budget because staff backfill is needed when positions become vacant
- Trade-off between holding positions vacant to meet budget versus meeting the work-plan

- **Operating Reserve (i.e. Accumulated Surplus)**

- For emergency use
- Surplus policy target – 5% of net operating expenditures or approx. \$1.1 Million
- Need to lessen reliance on reserve to fund projects in order for surplus to grow to acceptable level

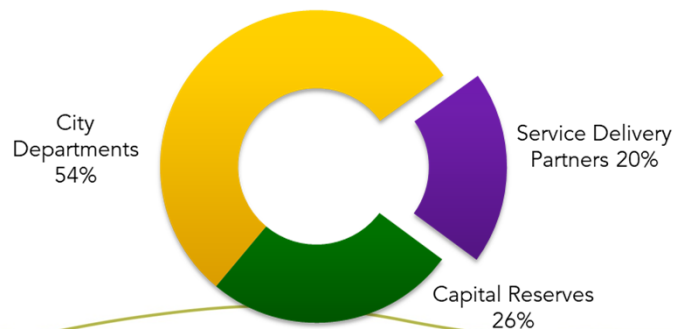


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Financial Challenges

- **Limited Discretionary Spending**

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



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Next Steps

Date	Time	Topic
December 9th	5:30 pm to 7:30 pm	Business Plan Presentations Utility Plan
December 11th	9:00 am to 2:00 pm	Business Plan Presentations
January 15th	5:30 pm to 9:00 pm	Budget Deliberations
January 16th	5:30 pm to 9:00 pm	Budget Deliberations
February 4th	7:00pm (Council)	BC Assessment & Property Tax Calculation Presentations
March 31th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Three Readings
April 7th	7:00pm (Council)	Financial Plan Bylaw/Utility Rates – Adoption
April 28th	7:00pm (Council)	Tax Rate Bylaw – Three Readings
May 5th	7:00pm (Council)	Tax Rate Bylaw – Adoption



Questions, Comments, Suggestions



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