



CITY OF  
**Pitt Meadows**  
The *Natural* Place

## Staff Report to Council

Financial Services

FILE: 05-1700-01/18

**DATE:** November 06, 2018

**Date of Meeting –** November 13, 2018

**TO:** Mayor and Council

**FROM:** Cheryl Harding, Director of Financial Services

**SUBJECT:** 2019 Proposed Budget Summary

**RECOMMENDATION(S):** THAT Council:

- A. Receive the 2019 Proposed Budget Summary report for information; OR
- B. Other.

**CHIEF ADMINISTRATIVE OFFICER COMMENT/RECOMMENDATION:**

### **PURPOSE**

To provide a summary overview of the 2019 proposed budget supporting delivery of existing service levels as a preview to the budget workshops and departmental business plan presentations coming forward in the next few weeks.

☒ Information Report

☐ Direction Report

☐ Decision Report

### **DISCUSSION**

#### **Background:**

The 2019 proposed budget has been prepared in accordance with the 2019 Business Plan Guidelines approved by Council on June 19, 2018. The budget looks to balance competing priorities while continuing to provide the high-quality services our citizens have come to expect. Council's 2015 – 2018 Strategic Plan guides City priorities and identifies the actions to be achieved. The proposed budget does not include any Council budget deliberations.

**Relevant Policy, Bylaw or Legislation:**

The Community Charter Section 165 requires municipalities to adopt a 5 year financial plan bylaw before the annual property tax rate bylaw is adopted. Community Charter Section 197 requires the property tax rate bylaw to be adopted before May 15. Therefore the financial plan bylaw is to be adopted before May 15.

**Analysis:**

The proposed combined property tax and utilities increase is 5.75% or \$175 for the average single family property which is comprised of the following key budget drivers:

Key Budget Drivers	Amount	Share of Total % Increase
<ul style="list-style-type: none"> <li>City Department Services                             <ul style="list-style-type: none"> <li>Departments \$25</li> <li>Utility system maintenance \$7</li> <li>Increased PM Day Funding \$4</li> </ul> </li> </ul>	\$36	1.18%
<ul style="list-style-type: none"> <li>Saving for the Future – Asset Replacement</li> </ul>	45	1.48%
<ul style="list-style-type: none"> <li>Contracted Services &amp; Provincial Legislation                             <ul style="list-style-type: none"> <li>Metro Vancouver Water Purchases and Sewage Treatment driven primarily by increased water consumption costs and capital reserve savings to reduce the future impact of debt servicing costs on ratepayers - \$45</li> <li>Organics Waste Processing Fees due to increased regulations and reduced competition in the market - \$21</li> <li>Provincial Employer Health Tax \$13</li> <li>RCMP Police Services - \$12</li> <li>FVRL Library Services - \$3</li> </ul> </li> </ul>	94	3.09%
<b>TOTAL</b>	<b>\$175</b>	<b>5.75%</b>

Approximately 54% or \$94 of the proposed \$175 increase falls outside of the City's control:

- Metro Vancouver water and sewage treatment increases will apply to other municipalities in the region,
- Organic waste processing fee increases are related to market changes. In response to a large number of public odour complaints, Metro Vancouver issued air quality and odour reduction requirements to organics processing service providers which increased their costs. Subsequent

to that change, the City's service provider went out of business causing the City to conduct a competitive bid process for the next lowest bidder. The net result is the \$21 increase noted.

- The Provincial Employer Health Tax is a legislated change affecting all employers with an annual payroll of over \$500,000,
- RCMP Police Services budget is set by the Federal Government after the number of RCMP members are established by the City, and
- The Library budget is governed by the Fraser Valley Regional Library board.

Achieving the proposed combined \$175 property tax and utilities increase in 2019 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 first draft of the budget produced a possible increase of approximately 6.75% but further closer scrutiny by staff has resulted in the 5.75% budget proposed at this time.

The proposed increase is needed to maintain the same services as in 2018 and to continue planning for the future through increased savings for the City's eventual asset replacement.

Metro Vancouver water purchases and sewer treatment charges represent 42% of the utilities budget and are the most significant factor in the utilities increase in the amount of \$45 to the average single family dwelling.

Full details on the budget will be provided during the November 27<sup>th</sup> budget workshop and December 10<sup>th</sup> and 12<sup>th</sup> business plan presentations. All presentations will also be made available on the City website.

**Summary breakdown of charges to the Average Single Family Dwelling Assessed at \$747,685**

Description	2018 Budget	2019 Proposed	Variance \$	User Fee/Tax Impact
Property Tax	\$ 1,975	\$ 2,063	\$ 88	4.47%
Storm Drainage (mill rate)	77	79	2	2.60%
User Fees (Diking, Drainage, Solid Waste, Water, Sewer)	990	1,075	85	8.59%
<b>Total Property Charges</b>	<b>\$ 3,042</b>	<b>\$ 3,217</b>	<b>\$ 175</b>	<b>5.75%</b>

The 2019 proposed budget consists of capital and operating costs of approximately \$53.7 million, comprised of:

- \$28.7 million for general operations
- \$10.2 million for utility operations
- \$14.8 million for capital projects

The proposed capital program of approximately \$14.8 million includes approximately \$7.3 million related to maintenance and replacement of transportation & utility infrastructure, and \$6.5 million related to facilities, parks & recreation.

Some of the more significant projects proposed for 2019 include:

- Ladner Road Bridge Replacement \$2,250,000
- Area 4 Pump Station Replacement final phase \$1,418,000
- Loughheed PRV Replacement \$400,000
- Watermain Replacement 188<sup>th</sup> Avenue (Advent South) \$360,000
- Watermain Extension Fraser Dyke Road \$365,000

**COUNCIL STRATEGIC PLAN ALIGNMENT**

- ☒ Corporate Excellence      ☐ Economic Prosperity      ☐ Community Livability
- ☐ Transportation & Infrastructure      ☐ Not Applicable

One of the foundations of responsible financial management is the preparation of a fiscally prudent budget which is the basis of the 2019 proposed budget.

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**FINANCIAL IMPLICATIONS**

- ☐ None      ☐ Budget Previously Approved
- ☒ Other      ☐ Referral to Business Planning

As described within the report.

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**PUBLIC PARTICIPATION**

- ☒ Inform      ☐ Consult      ☐ Involve      ☐ Collaborate      ☐ Empower

Comment(s):

All Council meetings and budget presentations are advertised in the newspaper, City website and Facebook and Twitter accounts which provide opportunities for public questions and comments.

A press release will be issued summarizing the proposed 2019 budget.

**KATZIE FIRST NATION CONSIDERATIONS**

Referral    ☐ Yes    ☒ No

None identified.

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**SIGN-OFFS**

Written by:

Cheryl Harding, Director of Financial Services

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