

TO: Her Worship Mayor Nicole Read
and Members of Council
FROM: Chief Administrative Officer
SUBJECT: 2018-2022 Business & Financial Planning Guidelines

MEETING DATE: May 29, 2017
FILE NO:
MEETING: Audit & Finance Committee

EXECUTIVE SUMMARY:

Over the coming months, staff will be preparing the 2018-2022 Business & Financial Plans for Council's consideration in December. Business & Financial Planning Guidelines serve as direction to staff. They also provide the community with an early indication of forecasted property tax and fee increases.

The purpose of this report is to have Council review and endorse the guidelines so that work on the 2018-2022 Business & Financial Plans can begin.

RECOMMENDATION(S):

That the Business & Financial Planning Guidelines attached as Appendix A be approved.

Background and Discussion:

The proposed Business & Financial Planning Guidelines for 2018-2022 are attached and there are a number of reasons for early consideration of these:

- Provide an open and transparent overview of the key assumptions used in the development of the Financial Plan.
- Provide the community with an early indication of proposed property and fee increases.
- Allow for a lengthy public input period, before Council receives the formal Financial Plan that will incorporate these guidelines.
- Provide guidance to staff so that the Financial Plan that is presented to Council in December meets with Council's expectations.

A summary of what our tax property tax and user fee increases have been over the past period of time is included as Appendix B to this report. Staff recommend that the proposed increases for 2021 be extended to 2022, which is the new year to be included in the next Financial Plan.

The rationale for the tax increases is covered in detail in the 2017-2021 Financial Overview report that was provided to Council last December and is available on our website at www.mapleridge.ca.

It should be noted that these guidelines do not include the financial implications of the Community Facilities Investment conversations that are currently in progress. That will be done, once direction is received from Council.

CONCLUSION:

A significant amount of work on Business Planning will be done over the coming months and into the fall. The guidelines attached to this report will allow staff to develop a plan, aligned with Council direction.

“Original signed by Trevor Thompson”

Prepared by: Trevor Thompson, Manager of Financial Planning

“Original signed by Kelly Swift”

Approved by: Kelly Swift, GM: Parks, Recreation & Culture

“Original signed by Frank Quinn”

Approved by: Frank Quinn, GM: Public Works & Development Services

“Original signed by Paul Gill”

Approved by: Paul Gill, GM: Corporate & Financial Services

“Original signed by Ted Swabey”

Concurrence: E.C. (Ted) Swabey, Chief Administrative Officer

Appendix A – Business & Financial Planning Guidelines 2018-2022

Appendix B – History of Property Tax and User Fee Increases

Appendix A – Business & Financial Planning Guidelines 2018-2022

1. Guidelines for Financial Planning:

- 1.1. General Purposes Property Tax Increase – 1.90% in 2018, and 2.0% in 2019, 2020, 2021 and 2022.
- 1.2. Infrastructure Sustainability Property Tax Increase – 0.70% per year.
- 1.3. Parks, Recreation and Culture Property Tax Increase – 0.25% per year.
- 1.4. Storm Water Property Tax Increase – 0.30% per year.
- 1.5. Water Levy Increase – 4.50% per year.
- 1.6. Sewer Levy Increase – 3.60% per year.
- 1.7. Recycling Levy Increase – 1.67% in 2018 and 2.75% per year in 2019 through 2022.
- 1.8. Growth in Property Tax Revenue Assumption – 2.00% per year.
- 1.9. Provision for costs associated with growth, subject to available funding.
- 1.10. Allocation of growth revenue from incentive programs to fund Infrastructure Sustainability.
- 1.11. The Financial Plan will include a funding strategy to deliver on Council-identified priority community infrastructure. Various funding methods will be considered: debt financing, borrowing from internal reserves, amenity contributions, and other revenue sources.
- 1.12. Budgets include operating and capital components for a five-year period.
- 1.13. The Financial Plan must be in accordance with Council's strategic Financial Sustainability Plan policies approved in October 2004.
- 1.14. Collective Agreements – the financial plan needs to include sufficient financial capacity to address collective agreement settlements or the emerging patterns.
- 1.15. Grants – Targeted grant funding sources should be reflected in the financial plan, along with the associated project costs.
- 1.16. Community Amenity Charges should be forecasted in the financial plan, along with the associated capital project costs.

2. Guidelines for Business Planning:

- 2.1. Council-raised issues are to be considered in developing work plans, respecting the criteria for establishing priorities and recognizing that capacity is needed for opportunities or issues that might be discovered throughout the year.
- 2.2. Property tax rates will be reviewed annually to ensure we are competitive with other lower mainland municipalities.
- 2.3. Utility Charges will be reviewed annually with a view towards using rate stabilization practices to smooth out large fluctuations in rates.
- 2.4. Public Consultation Plan developed and operationalized. Public consultation to gauge community support for major capital investments merits special consideration.
- 2.5. Evaluation of services to ensure alignment with Council direction.
- 2.6. Identify and measure outputs/outcomes. Performance measures will be published in the Annual Report and on the website.
- 2.7. Performance reports are to be presented to Council at open Council meetings, both in relation to Council priorities and departmental commitments.
- 2.8. Identify key processes to undergo formal process improvement reviews.
- 2.9. Identify potential new revenue sources (i.e. be creative). Increase revenue from existing sources by about 5.00%.
- 2.10. Reduction packages should reflect significant changes to an area's operation. The requirement is less about meeting a specific target reduction, and not about trimming costs around the edges, but rather should result in a fundamental shift in what or how services are delivered. Given the degree of cross-functional projects and service delivery, departments should consider collaborative reduction packages in partnership with other departments.
- 2.11. Incremental packages must include a business case to support new programs/projects/staff.
- 2.12. Organizational/structural change – is the current organization adequate to deliver the service? Are there better options? Contract for services, or bring services in-house, where and when it makes sense organizationally and financially.
- 2.13. Succession planning – review organization charts in relation to service delivery with a view to long-term planning. What positions do you see as potentially becoming vacant by retirement and what organizational options may be available as a result?
- 2.14. Vacant position review and management – all positions that become vacant are subject to a detailed review prior to being refilled.
- 2.15. Contracting/Consulting review – all consulting work should undergo a review at not only budget time, but also when services are being contracted to determine the best way to acquire services. This will involve potentially contracting out where it makes sense and contracting in where there are available staff resources.
- 2.16. Technology – review business applications and technology tools to identify upgrade or obsolescence issues. Ensure work plans, budgets and Information Services work plans/projects reflect the resources necessary to support the changes if required.

Work plans will identify short-term, medium and longer-term action items that Council may consider, as we work towards carbon neutrality.

Appendix B – Property Tax Increases – History & Proposed

Property Tax Increases	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
2012 - 2016 Adopted Budget May (2012 Actual)	4.89%	5.17%	4.80%	4.80%	4.80%						
2013 - 2017 Adopted Budget May (2013 Actual)		3.51%	4.05%	4.55%	4.55%	4.55%					
2014 - 2018 Council Adopted Guidelines			3.30%	3.65%	3.65%	3.85%	3.85%				
2014 - 2018 Adopted Budget January			3.25%	3.25%	3.25%	3.25%	3.25%				
2014 - 2018 Adopted Budget May (2014 Actual)			2.95%	2.97%	3.25%	3.25%	3.25%				
2015 - 2019 Adopted Budget May (2015 Actual)				2.97%	3.25%	3.25%	3.25%	3.25%			
2016 - 2020 Adopted Budget May (2016 Actual)*					3.15%	3.15%	3.15%	3.25%	3.25%		
2017 - 2021 Adopted Budget May (2017 Actual)						3.15%	3.15%	3.25%	3.25%	3.25%	
2018 - 2022 Proposed Guidelines							3.15%	3.25%	3.25%	3.25%	3.25%

* In 2016, the Commercial and Business property tax increase was reduced to an increase of 1.85%

Municipal Property Tax & User Fee Increases	Actual						Proposed				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Property Tax Increases:											
General Purpose	3.00%	2.25%	1.90%	1.92%	2.10%	1.90%	1.90%	2.00%	2.00%	2.00%	2.00%
Infrastructure Replacement	1.00%	0.50%	0.50%	0.50%	0.50%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%
Fire Service Improvement	0.89%	0.33%	-	-	-	-	-	-	-	-	-
Parks & Recreation	-	0.13%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Drainage	-	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Total Property Tax Increase	4.89%	3.51%	2.95%	2.97%	3.15%	3.15%	3.15%	3.25%	3.25%	3.25%	3.25%
User Fee Increases:											
Recycling	6.00%	3.00%	0.00%	0.00%	0.00%	1.67%	1.67%	2.75%	2.75%	2.75%	2.75%
Water	9.00%	5.50%	5.50%	5.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Sewer***	4.39%	4.05%	4.07%	4.10%	3.22%	3.24%	3.25%	3.25%	3.27%	3.28%	3.29%
Total Property Tax and User Fee Increases **	5.57%	3.91%	3.46%	3.49%	3.33%	3.39%	3.39%	3.48%	3.49%	3.49%	3.50%

** On an average home assessed at \$592,666 in 2017

*** This percentage increase is less than the user fee increases in the Financial Plan Guidelines due to a \$35 sewer parcel charge that remains unchanged.