

The City of Pitt Meadows

Proposed 2012 - 2016 Financial Plan

Overview

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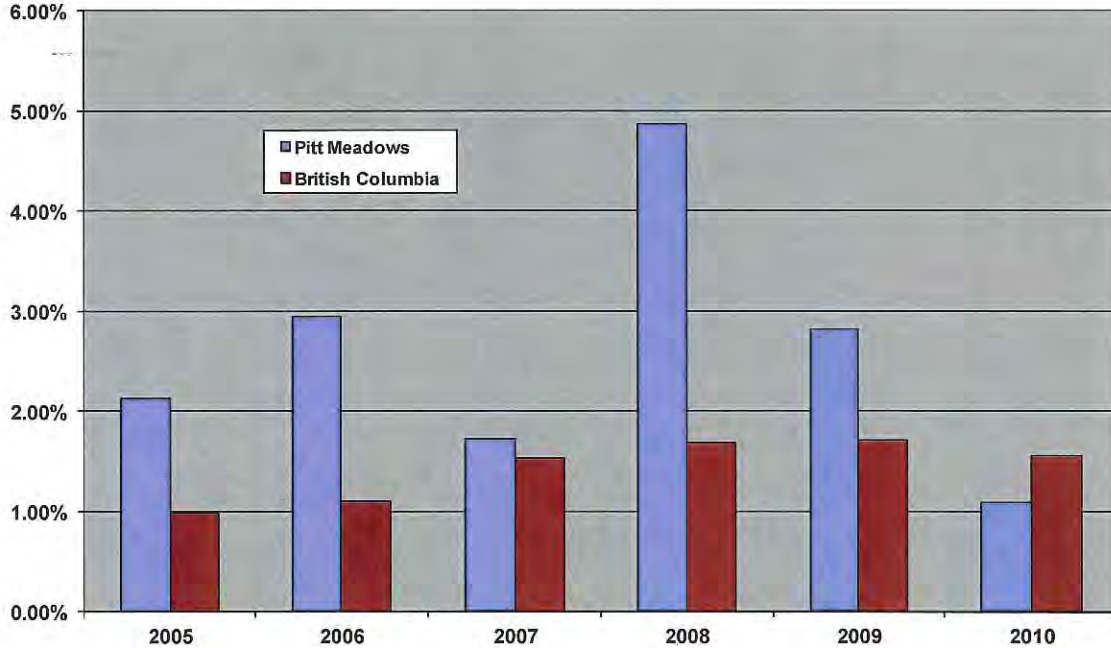
Introduction

The preparation and presentation of the Financial Plan and the accompanying Business Plans is the result of significant effort from all parts of the organization. The 2012 – 2016 Financial Plan and the incremental decision packages for Council consideration have been prepared with the goal of providing exceptional municipal services to the residents and businesses located in the City while taking into consideration the local and global economic conditions facing the community.

Community Growth

The growth the City is experiencing can be characterized through both population and development. With the exception of 2010, over the past five years, the population growth of the City has generally surpassed that of the province as illustrated in the chart shown below:

Population Growth



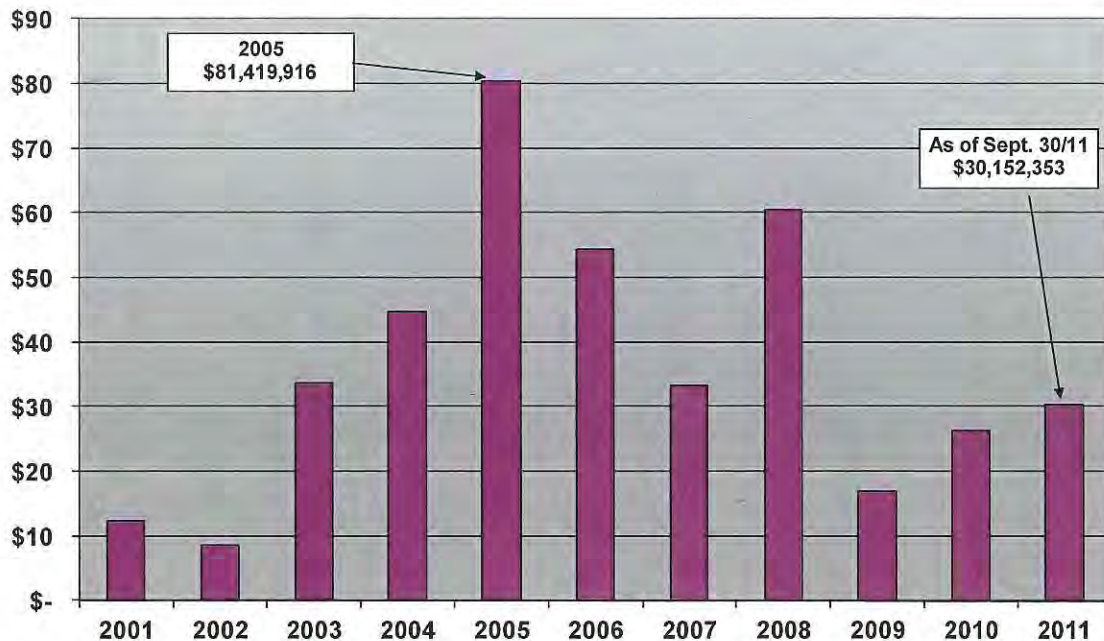
Source: BC Stats

With respect to development in the community, building permit construction value is represented in the chart below. This illustrates growth in the community and its impact on the organization, in terms of both work load and growth revenue and how it can fluctuate significantly from year to year. The type of development over the past few years has been skewed towards residential. As of September 30th, building permit construction value for 2011 was just over \$30 million. Of this, only about \$5.9M was for commercial development.

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Building Permit Construction Value (\$M)



The City recognizes the benefits of a balanced tax base and the need to continue to focus on non residential development. Currently, there are several commercial and industrial park properties in the City that are in various stages of preparation for development that will commence in the next few years providing much needed expansion of the non-residential tax base.

Seeking Efficiencies and Savings

The City of Pitt Meadows continues to operate as a lean organization and is always seeking efficiencies and improvements in the provision of services. Wherever possible the City takes advantage of partnerships with other communities and local groups for the provision of cost effective services.

Over the past several years as revenue from development activity has declined and the global economic climate has placed pressure on all households, the City has made reductions in many budget areas, such as the use of consultants, and has made prudent investments in projects that have reduced operating costs.

Recent examples of efficiencies undertaken or pursued include:

Police Services

- Review of Carwash position resulted in annual costs going from \$42,000 for inside/outside work down to \$11,000
- The ECOMM dispatch contract was negotiated by Maple Ridge saving the detachment approximately \$200,000 a year for the next 5 years
- Management of vacancy opportunities with both RCMP and Municipal budgets

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Finance and Facilities

- Automated outstanding cheque list from the bank for more effective cash management
- With IT, implemented payroll services for 30 plus paid on call firefighters without the need for additional staff resources
- Implementation of CityWide software for accounting for the City's tangible capital assets saving time from spreadsheet updates and increasing accuracy

HR and Communications

- Ongoing review of processes such as hiring, orientation and termination for effective actions compliant with required standards

Fire and Rescue Services

- Implementation of the Platoon System for Medical Call response - savings of approximately \$10,000 for 6 month period of March - Sept over previous year with old volunteer model

Corporate Services

- Composting now diverting 500 litres of organics saving on disposal costs
- Implementation of virtual servers which reduce replacement costs
- Reduced help desk hours (from 28/wk to 17.5/wk)
- When renewing technology, acquired tablets rather than laptops for Fire and Rescue Services saving about \$9,000
- Partnered with School District for election costs

Operations and Development Services

- Meter upgrades to improve meter reading efficiency
- Commenced a review of integrated business processes, starting with the parking ticket enforcement process, to identify ways to improve efficiencies and effective collections

Parks and Leisure Services

- Reviewed Manager Portfolios and addressed service gaps by:
 - Locating a Parks and Recreation Manager in Pitt Meadows City Hall
 - Reassigning arena operating agreements
 - Increasing Management's focus on business systems and efficiency reviews
- Reduced scheduled staff hours at the Leisure Centre and Pitt Meadows Family Recreation Centre to shift resources to assist with supervision at South Bonson Community Centre while ensuring that Customer / Reception Service remains on budget.
- Adjusted staff schedule to accommodate an expanded youth mentorship program in Pitt Meadows.
- Reduced printing costs of Arts & Recreation guide by \$10,000 in 2011 by researching a new printing process and service provider. Savings will be used to enhance promotions.

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- Planned a number of building operation efficiencies into South Bonson Community Centre such as: Efficient heating and cooling, solar hot water heating, heat recovery, advanced insulation, reuse rain water, sensor lights, natural light and natural cooling
- Secured competitive quotes for private sector janitorial services and allocated remaining funds to expand supervision of the South Bonson facility
- Planned a number of efficiencies into Pitt Meadows Arena facility operations:
 - Private sector operator with extensive experience in operating arenas
 - Insulation upgrades – roof, walls, windows and some lights
 - Efficient upgraded heating and cooling equipment

With respect to staffing, due to the City's partnership arrangements, the organization has significantly fewer direct employees than other similar sized municipalities. The City has not increased the cost for wages and benefits other than for contractual or inflationary adjustments. The City of Pitt Meadows is a small, cooperative organization and wherever possible internal resources are shared and reallocated to where they are most needed.

2012 General Fund Summary

The General Fund accommodates the provision of "public type" services such as parks and leisure services, public safety, transportation and general government. Also included within the General Fund are debt servicing costs for capital projects as well as annual reserve provisions for infrastructure replacement and capital projects.

In preparing the 2012 budget figures, staff have best estimated the costs to continue to provide existing services levels. Although inflationary adjustments of approximately 2% have been applied to most budgets, total CPI is currently at approximately 2.9%, and the Municipal CPI as compiled by the City of Calgary is 3.7%. Budget adjustments have been included where changes are known. Staff have reviewed costs for program delivery and reduced where possible any items that would not have an impact on services.

Costs for any proposed programs or increased service levels are identified on the list of incremental decision packages.

Attachment "A" provides a five year budget summary for the general fund.

Some of the key drivers impacting the general fund budget in 2012 are as follows:

Revenues

Property Taxation

➤ **For 2012**

The 2012 budget as prepared by staff includes a preliminary general tax rate increase of 3.75% for the continued provision of current service levels plus an additional 1% to prepare for Strategic Capital initiatives which was initiated by Council in the 2011 budget.

Key drivers within the tax increase for current service levels are set out as follows as an *equivalent Tax Rate Increase*:

- Increases in funding for infrastructure reserves – 1.5%
- Reduce the Tax Rate Stabilization Subsidy – 1.0%

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- Parks & Leisure Services – 1.0%
- Policing – 1.1%
- New Library – 1.5%

Obviously with these drivers exceeding the tax rate increase, the General Fund budget is balanced with the growth taxation revenue and minor increases in non-taxation revenue.

Growth tax revenue from Non-Market Change (NMC), preliminarily estimated at approximately \$365,000 for 2012, is subject to risk as the change comes from reclassifications of land or construction of improvements which are generally susceptible to assessment appeals. Any appeals, if successful, may result in supplementary rolls throughout the year which reduce taxation revenue. Staff expects the reliability of the assessment information to be clarified through the budget process, however, it will not be certain until the completion of the revised roll in March of 2012.

The NMC currently estimated in the assessment base comes 28% from residential sources and 72% from non-residential sources. Therefore the portion of taxation revenue from non residential sources has increased to approximately 38.6% (2011 – 37.3%) of total taxation revenue.

Incremental decisions to be made by Council for service adjustments in the general fund operating budget with potential taxation impacts total \$26,990. **These are summarized in attachment “B”.**

➤ For 2013 to 2016

It is difficult to anticipate revenue from growth beyond 2012 as it is dependent upon development and factors largely beyond the control of the City. The draft financial plan includes estimates for revenue from growth ranging from 1.5% to 4% from 2013 to 2016, generally emulating forecasted growth in GDP. While the general condition of the global economy does impact Pitt Meadows, the effect on the City’s fiscal situation is difficult to accurately estimate. A single, substantial project, particularly a commercial one, can have a significant effect on the City’s fiscal position.

As consistent with prior years, modeling of general tax rate increases beyond 2012 projects an average of approximately 4.0% per year but is dependent on decisions on services and service levels and the need for resources to deliver them as well as growth in the tax base due to development in the community.

Issues potentially impacting general tax rate increases in the coming years include:

- Debt service costs related to the South Bonson Community Centre and the Arena as the projects complete and debentures are issued. With the pending South Bonson land sale there is an opportunity to reduce the overall borrowing before locking in repayments, therefore reducing the impact on taxation.
- The approach to financial preparation for Strategic Community projects, whether continuing with the incremental approach commenced by Council in 2011 or something more aggressive.

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While the City has scratched the surface of long term financial planning, comprehensively analyzing long term revenues and expenses will provide a clearer picture of the approach and policies required to maintain long term financial sustainability.

Non-Taxation Revenues

As with most municipalities, the City budgets non-taxation revenues conservatively as they are recognized as being a non-stable source of funding. For 2012, there have been just minor adjustments in non-taxation revenue to reflect changes in fees/rates and increased activity such as bylaw enforcement.

Although projected building permit revenue has not been increased for 2012, increases are expected in the next few years as there are a number of significant commercial projects contemplated within the community.

Transfers from Reserves

The cost increases in the RCMP contract due to the population change continue to be phased in through the use of the Tax Rate Stabilization reserve. The budgeted amount to be transferred from the reserve for 2012 is \$142,000. This transfer is a subsidy and is keeping taxation in the community artificially low. ***The 2012 budgeted transfer of \$142,000 equates to an additional 0.98% tax increase if the transfer was not in place.*** This subsidy is expected to be phased out next year as an ongoing transfer from the Tax Rate Stabilization reserve is not sustainable.

With the anticipated sale of the South Bonson lands, the proceeds of which may be used to pay down interim borrowing particularly for the arena, an additional draw of \$168,000 has been budgeted for 2012 to draw from the operating reserve fund to offset the additional 2012 debt servicing costs as a bridge to the completion of the land sale which may take up to 18 months.

Also, as in 2011, an additional \$200,000 has been budgeted to accommodate the significant reduction in building permit revenue. This is expected to be short term as the economy recovers and development projects proceed.

Other amounts are drawn in from the Operating Reserve Fund for various projects and programs that are of a one-time nature or have been carried forward from a prior year.

Expenditures

The year over year comparison of general fund expenditures shows an increase of 6.3% for 2012. Of this 3.75% relates to increased reserve transfers, debt servicing, and the new library, for a real growth in expenditures of 2.55%. Expenditure budgets for individual business units are detailed in the individual business plans.

When projecting wage and benefit costs for the internal operating departments, allowances have been made for potential vacancies throughout the year based on historical patterns. These allowances have been reflected in the overall City budget.

Comments on some of the key changes in expenditures in the General Fund are as follows:

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General Government

General Government consists of the municipal hall functions that provide the government and support operations for the City such as Mayor and Council, Office of the CAO, the Office of the Clerk, Finance, Human Resources, IT and Customer Service as well as the City funding for the Economic Development Corporation. The overall increase over 2011 of about 3.1% relates to inflationary adjustments in ongoing activities, software and record management application upgrades and the Citizens Satisfaction Survey, offset by reductions wherever possible.

Development Services

Development Services consists of Planning, Engineering, Animal Control and Bylaw Enforcement. As with General Government, the overall increase over 2011 of 2.7% relates to inflationary adjustments for ongoing services as well as the first full year of the additional bylaw officer. Note that bylaw charge related revenue has been increased based on increased bylaw enforcement activities, providing an offset for these costs.

Library

The new library space in the Solaris development will be available for occupation and opening in the first quarter of 2012. With that there will be increased costs for the Fraser Valley Regional Library Levy and lease costs for the space. This accounts for most of the 22.6% increase in Library costs over 2011.

Parks and Leisure Services

Parks and Leisure Services consists of the costs related to the joint recreation contract operating facilities, sports fields, parks and recreation programs in both Pitt Meadows and Maple Ridge. The increase over 2011 is primarily due to an increase in wage and benefits as well as adjustments to the management team including the establishment of the Pitt Meadows Senior Recreation Manager position.

Fire, Rescue and Emergency Services

The Fire and Rescue Services department has essentially no change in its overall budget for 2012. In 2011 the service delivery format of Fire and Rescue Services changed to a Paid on Call model. An allowance for increased costs was made in the 2011 budget and has been readjusted for 2012 using data based on the actual experience. It should be noted that due to the nature of the services, increased call volumes may result in costs above budget. These potential overages would be addressed through transfers from the Operating Reserve Fund, similar to the way that overspends are handled for costs related to snow removal.

Police Services

The total cost to provide police services has again increased above average for the 2012 budget, approximately \$159,000 or 3.8% over the 2011 budget. One of the key challenges in this area continues to be the allocation of divisional overhead costs where extraordinary increases have been seen for RCMP pension costs and covering the cost of CPP contributions for RCMP members.

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As in the past, the budget allows for potential temporary vacancies at the detachment level based on historical patterns.

Transportation and Public Works

The operating budget for general public works has increased by slightly over 1% over 2011. While this area is subject to the same general inflationary adjustments as other areas, the budget has been reduced for decreased minor operating costs.

Transfer to Reserves

Council strategy has been to properly fund reserves for known asset and infrastructure replacement and avoid debt funding for this purpose wherever possible. In keeping with the philosophy that the consumption of fixed assets and infrastructure represents an ongoing cost, the City has over the past few years focused on providing consistent, structured annual funding to infrastructure replacement reserves (Equipment Replacement Reserve Fund - ERRF and the Life Cycle Reserve Fund - LCRF) to bring them up to primarily sustainable levels.

As noted in the 2011 Financial Plan Overview, due to budget challenges, transfers to the Transportation Infrastructure Reserve Fund (TIRF) and the ERRF and LCRF were reduced by approximately \$160,000. This did not impact the functionality of these reserves in the short term, however the funding pattern needed to be re-established to ensure that there are no financial restrictions on optimal asset replacement. To that end, for 2012, an additional \$224,500 (the approximate equivalent of a 1.5% tax rate increase has been set aside for allocation to the TIRF and the LCRF to maintain long term stability.

During 2011 a reserve fund was set up by bylaw to capture funds for life cycle replacement for the arena. This draws \$75,000 annually from the arena operations with Nustadia but due to the magnitude of the arena operations will also require regular funding from the general fund to keep operations at an acceptable standard. To accommodate this, a \$50,000 annual provision has been redirected from the ERRF to the Arena Capital Reserve Fund to prepare for life cycle replacements at the facility. The sufficiency of this amount will have to be evaluated in future years.

To that end, total budgeted transfers to general infrastructure reserves for 2012, including allocation of investment income is about \$2.4 million, up from \$2.2 million budgeted for 2011.

Note also that transfers to utility infrastructure reserves (detailed in the summaries below) total another \$1.38 million for 2012.

Regarding reserves preparing for growth, the practice in recent years and as per the Business Planning Guidelines, wherever possible a portion of growth revenue has been allocated to the Future Capital Reserve Fund to fund new asset, infrastructure, and equipment additions in future years. For 2012 this provision remains at \$625,000 annually, with no change from the previous year.

With respect to Strategic Capital, the budget includes an additional a 1% tax rate increase (approximately \$144,000) for transfer to the Strategic Capital Reserve Fund per the approach approved by Council in 2011. This funding would be earmarked for significant projects that have been identified in the Parks & Leisure Services and Fire & Rescue Services Master Plans as well

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as the long term vision of the Civic Centre. Potential projects contemplated for utilizing this funding include:

- An aquatic facility in the Civic Centre
- Fire Hall facilities and apparatuses to equip them
- Upgrades to the Heritage Hall and an expanded Youth Centre
- Construction of a new Riverfront Wharf

Other projects that necessitate mention and consideration given their magnitude include:

- North Lougheed Connector – This road has an estimated cost of \$11.2 million but is expected to be paid for by development in the North Lougheed corridor.
- Harris/Lougheed Interchange – The estimated cost is approximately \$22 million and the completion of which would obviously depend on funding availability with senior governments.
- Public Works Yard – The current placement of the public works yard will soon be awkwardly within a key commercial corridor occupying some of the most valuable property in the community. The space within the building as well as the space in the yard will need to be rationalized and a course set for its future sometime over the next 10 to 15 years.
- Redevelopment of the existing Library site – There are several proposed short term uses for the site, however, the age and condition of the existing structure dictate that the cost and benefits reinvestment must be weighed against that for redeveloping the site.

Attachment “C” is a summary of projected total reserves over the next ten years.

These balances reflect the best estimates given the planned capital projects, the use of the reserves and the annual funding provided by the City from the General and Utility Funds. The overall balance projects the lowest in 2012 and 2013 as the tax rate stabilization transfer is fully phased out and subsequently starts to build again as ongoing growth funding programs gain strength and also partly due to the uncertainty of the longer time frame. Usage of growth reserve funds for the significant projects noted above would obviously impact and reduce the balances shown.

Debt Servicing

Anticipated debt servicing costs include borrowing for the City’s portion of the construction of the Civic Centre and the Parkade, the cost of the acquisition of the arena facility and its revitalization, and the construction of the South Bonson Community Centre. The City’s approach is to use temporary borrowing until the projects are complete and then issue debentures at one of the Municipal Finance Authority’s semi-annual issue dates for long term repayment.

The increased costs for debt servicing for 2012 reflect the anticipated locking in of the SBCC borrowing with the Green Municipal Fund and additional interest costs on the interim borrowing for the arena renovation. As the City awaits the South Bonson land sale, the incremental debt servicing costs for 2012 have been funded through a transfer from the operating reserve to bridge until the sale completes. The future years projections assume that a portion of the proceeds from the land sale will be used to reduce amounts borrowed prior to locking into long term payments.

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Risks

With the preparation of the budget each year there are risks with respect to the estimates made and the assumptions. Some of the more significant risks included in the 2012 budget are as follows:

- No allowance for assessment appeals has been built into the budget for this year. Actual assessment appeals vary significantly from year to year and allowances within the budget have typically ranged between \$50,000 and \$75,000.
 - Risk – Successful assessment appeals may erode taxation revenue throughout the year, risking a potential deficit
- Vacancy allowances have been made for RCMP staffing based on historical strength numbers that the City has been billed. These are short term vacancies for reasons such as maternity/paternity time and medical leave.
 - Risk – These vacancies may not materialize as in the past causing potential for overspends
- Allowances have also been made in internal wage and benefit costs for potential staffing vacancies based on past patterns
 - Risk – These vacancies may not materialize
- Completion of the Bonson land sale is key to reducing overall debt levels and debt servicing costs which have been held to 2011 levels with a transfer from the Operating Reserve Fund (ORF). It is assumed that this will be completed within the next 18 months for impact in 2013.
 - Risk – The land sale process may take longer than anticipated requiring additional ORF transfers or taxation.

Tax Rate Multipliers

Prior to 2008, the City of Pitt Meadows applied the same rate increase to the mill rate for all property classes. The City, along with some other local governments, such as the City of Vancouver, have recently made adjustments to their mill rates to shift the tax burden further to the residential class which generally is acknowledged to generate less revenue than expenditures, resulting in a subsidy from the other property classes.

Much focus is placed on the multiplier between the commercial and residential classes. The main factor impacting mill rates over the last couple of years has been the significant market increases which are eliminated from the mill rate, on a class by class basis, prior to applying a tax rate increase.

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

For 2012, a 1% tax rate increase yields approximately \$44,000 from Class 6 whereas a 1% tax rate increase yields \$88,700 for class 1. Because of the difference in the mill rate between the classes, reducing the tax rate increase by 1% in Class 6, say from 4% to 3%, would require and increase in the Class 1 rate from 4% to 4.5% in order to maintain equivalent taxation revenue.

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What this means is that for every 1% reduction to the Class 6 mill rate will require a further 0.5% increase to Class 1 in order to produce the same revenue.

The Community Charter requires local governments to formulate a policy around taxation revenue and disclose this as part of the financial plan bylaw. With the adoption of the policy in the prior year, the City undertook to reduce the multiplier between Class 1 and Class 6 to 3.5:1 over a five year period. For 2011 the multiplier was 3.53:1. The biggest impact on the yearly change in the multiplier is the difference in the market adjustment between classes. These are not currently known for 2012, however the multiplier is expected to remain between 3.3:1 and 3.5:1.

2012 Water Summary

The key issues facing the water utility are the usage of water and the equity in the rate mix between flat and volume based charges. To improve equity within the system, in 2011 the City adopted the approach of flowing through the Greater Vancouver Water District (GVWD) rate for water to the metered users and charging a flat amount per connection to recover the City's costs to deliver the water.

The charge for water supply from the GVWD will increase by 5.9% in 2012. Past increases to the rates have been more significant than this, and the City has been taking a "normalizing" approach to its own rate adjustments so as to minimize the fluctuations to the residents. Water supply costs from the GVWD, make up almost 80% of the water operating budget (before reserve provisions), therefore it is the primary driver of rate increases in this fund. Per the GVWD, the key drivers impacting the water rate include the debt and operating costs related to the new filtration facility and reduced water consumption.

To provide for future capital replacement of water infrastructure, the contribution to the Water Capital Reserve Fund in 2012 is approximately \$711,000. Reserve contributions reflect a consumption cost that provide for the timely replacement of water utility infrastructure when it must be replaced.

The proposed 2011 budget reflects a 3.5% increase for flat rate users and the per connection charge for metered customers. Volume usage by metered customers will be charged the GVWD rate. The dollar impact of this increase on a single family household is approximately \$14 annually.

Attachment "D" provides a five year budget summary for the water utility.

2012 Sewer Summary

The Greater Vancouver Sewage and Drainage District (GVSD) charge for sewer treatment makes up over 75% of the City's sewage operating budget (before reserve provisions), thus it is the primary cost driver for the sewer utility. The increase in per unit sewer charges from the GVSD is 3.5% for 2012.

The GVSD estimates that the liquid waste levy will continue to increase by about 5% a year on average over the next five years. The key cost drivers include the planning for secondary treatment upgrades and increased investment in asset management initiatives.

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The budget includes a contribution to the Sewer Capital Reserve Fund (SCRF) in 2012 of approximately \$333,500.

The proposed increase in the Sewer charge for 2012 is 3.5%. The dollar impact of this increase on a single family household is approximately \$11 annually. Rate increases in the years 2013 to 2016 are expected to range between 4.5% and 5.0%.

Attachment "E" provides a five year budget summary for the sewer utility.

2012 Solid Waste Summary

The cost of garbage and recycling services in Pitt Meadows is primarily determined by two factors: the cost of disposal at Metro Vancouver transfer stations, and the contract cost of garbage collection services.

The tipping fee for garbage which is charged by the GVRD is scheduled to increase from \$97/tonne to \$107 per tonne in 2012, an increase of just over 10.3%. Per the GVRD, this increase is driven by the cost of operating the transfer stations as garbage volumes drop, the impending closure of the Cache Creek landfill and the cost of building new waste to energy facilities to manage our waste, increasing cost of enforcement and other financial impacts associated with the implementation of the region's new Solid Waste Management Plan. It is projected to increase to \$205 per tonne by 2016, an increase of 92% over the 2012 rate.

Pitt Meadows continues to be challenged to increase the amount of waste diverted from the garbage to the recycling stream, in particular food scraps. Currently the target for regional implementation of single family residential organics pick up, including food scraps and yard trimmings is 2012. The financial impact of these services to comply with this initiative is very significant. While there could be a potential saving from the diversion of waste from the garbage stream to the organics stream, the cost for collection of organics at the curb is currently estimated at \$325,000 for the City. This could result in an increase of between 25% to 30% in solid waste service charges, over and above the regional tipping fee charges. A decision package for the curbside collection of organics, starting in 2012 has been included for consideration in the Operations and Development Services Business Plan.

The projected rate increase for 2012, assuming status quo service levels is 5.7%, and would result in an additional cost of \$14 annually for the average single family home.

Attachment "F" provides a five year budget summary for the solid waste utility based on a status quo approach.

2012 Drainage Summary

The drainage utility is funded by a variety of sources, but primarily from a levy established by bylaw and a separate charge based on assessed value. In previous years, drainage activities were funded through a transfer from the general fund, where the main revenues are property value taxes.

Key costs in the utility include ditch cleaning, pump/barscreen maintenance and reserve provisions for replacement of infrastructure, in particular pumps and pump stations.

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The proposed rate increase for 2012 is 3.5%, particularly to address the rising costs of maintenance activities. This results in an impact of about \$4 on the average residential taxpayer.

Attachment “G” provides a five year budget summary for the drainage utility.

Capital Program

With the completion of the SBCC, the Youth Action Park, and substantial completion of the Arena Renovations, the capital program for 2012 is substantially smaller than the previous year in overall dollar value but still has some significant, key projects.

The capital program for 2012 has a proposed budget of \$9.2 million. Some of the more significant projects include:

- Improvements to the McKechnie drainage area
- Redeployment of the existing Library building
- Caretaker House at Pitt Meadows Athletic Park
- McMyn Park Development
- Harris Park Sports Field Reno
- Replace 114B Sewer Lift Station
- Harris Road repave – McDonald to Alouette
- Kennedy Road repave – Lougheed to Ferry Slip
- Thompson Road Bridge replacement
- Ford Road Water Main replacement
- Continuation of the Water Meter program

The capital program is funded primarily from City Reserves, Development Cost Charges, Grants, Third Party Contributions and Borrowing.

Further details of the capital program can be found in the Capital Assets Business Plan.

Taxpayer Impact

For 2012, a 1% municipal property tax increase (for all classes) raises approximately \$144,000 in general taxation revenue, and increases the taxes on the average residential home by about \$14. The following chart illustrates the impact of the proposed tax rate increase on the average (combined single family and multi-family – assessed value of \$381,400) home as well as the anticipated rate changes for the utilities noted above:

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Estimated Charges and Changes				
Charge Type	2011 Total Charges	Rate Change %	Rate Change \$	2012 Total Charges
Municipal Property Taxes	\$ 1,307	3.75%	\$ 49	\$ 1,356
Strategic Capital	14	1.00%	14	28
Drainage Mill Rate	45	3.50%	2	47
Drainage Flat Rate	31	3.50%	2	33
Solid Waste Charge	235	5.70%	14	249
Sewer Charge	289	3.50%	11	300
Water Charge	394	3.50%	14	408
Total Municipal Charges	2,315	4.58%	106	2,421
Other Governments (estimated)	950	3.00%	28	978
Total Property Taxes	3,265	4.10%	134	3,399
Less: Home Owners Grant	570			570
Net Property Taxes Payable	\$ 2,695			2,829

A homeowner's municipal property taxes will increase by the proposed percentage assuming that the home assessment changes at the same rate as the average rate of change for the entire residential class. If the assessed value increases by more, then the increase in municipal property taxes will be more and vice versa. The mill rate is adjusted for market change in property assessments by class, and then is adjusted by any tax rate increase agreed to by Council during the budget process. The mill rates are finally set in April, once the final assessment roll is available.

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General Fund Summary

	2011 Projected Actual	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Revenues:							
Taxation	\$ 14,553,012	\$ 14,572,525	\$ 15,555,263	\$ 16,666,820	\$ 17,696,029	\$ 18,565,626	\$ 19,306,966
Grants	614,138	365,000	365,000	360,000	355,000	350,000	345,000
Fees, Licences, Charges & Permits	1,223,600	905,940	971,608	975,779	980,034	984,375	988,802
Transfers from Utilities	349,600	349,600	356,592	363,724	370,998	378,418	385,987
Transfers from Reserves	559,131	587,837	651,106	519,558	305,000	260,000	230,000
Other	1,460,365	1,486,466	1,513,614	1,521,715	1,539,865	1,553,618	1,576,119
	18,759,846	18,267,368	19,413,183	20,407,596	21,246,927	22,092,037	22,832,874
Expenditures:							
General Government	3,173,420	3,151,855	3,249,956	3,327,016	3,413,763	3,500,502	3,513,287
Development Services	1,289,400	1,359,727	1,395,994	1,435,837	1,459,639	1,483,913	1,508,683
Library	646,300	696,824	854,555	973,646	993,119	1,012,981	1,033,241
Parks and Leisure Services	2,085,697	1,925,010	2,073,133	2,147,050	2,240,892	2,301,836	2,369,122
Fire, Rescue and Emergency Services	1,147,210	1,269,410	1,269,478	1,310,006	1,336,011	1,362,528	1,389,859
Police Services	4,056,175	4,239,156	4,398,587	4,514,656	4,756,505	4,987,786	5,179,986
Transportation and Public Works	1,692,900	1,730,583	1,748,571	1,789,889	1,824,688	1,860,181	1,896,386
Transfer to Reserves	3,701,039	3,448,050	3,807,550	4,167,550	4,527,550	4,887,550	5,247,550
Debt Service	446,753	446,753	615,359	741,947	694,759	694,759	694,759
	18,238,894	18,267,368	19,413,183	20,407,597	21,246,926	22,092,036	22,832,873
Balanced	\$ 520,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in General Fund Expenditures			6.3%	5.1%	4.1%	4.0%	3.4%
Modelled Average Rate Adjustment				4.0%	4.0%	4.0%	4.0%
2012 Proposed Rate Adjustment			4.75%				
Impact on Residential Taxpayer			\$63				

City of Pitt Meadows

Summary of Operating Budget Incremental Decision Packages

Business Plan	Project	Estimated Costs	Notes
PMEDC	Communities in Bloom	\$ 10,000	<i>Recommeneded by PMEDC</i>
PMEDC	Conference Centre Feasibility Study (Define, Engage, Consult)	10,100	<i>Recommeneded by PMEDC, another \$50K to \$70K to hire consultant subsequent</i>
PLS	Support for Farmers Market	6,890	
		<u>\$ 26,990</u>	

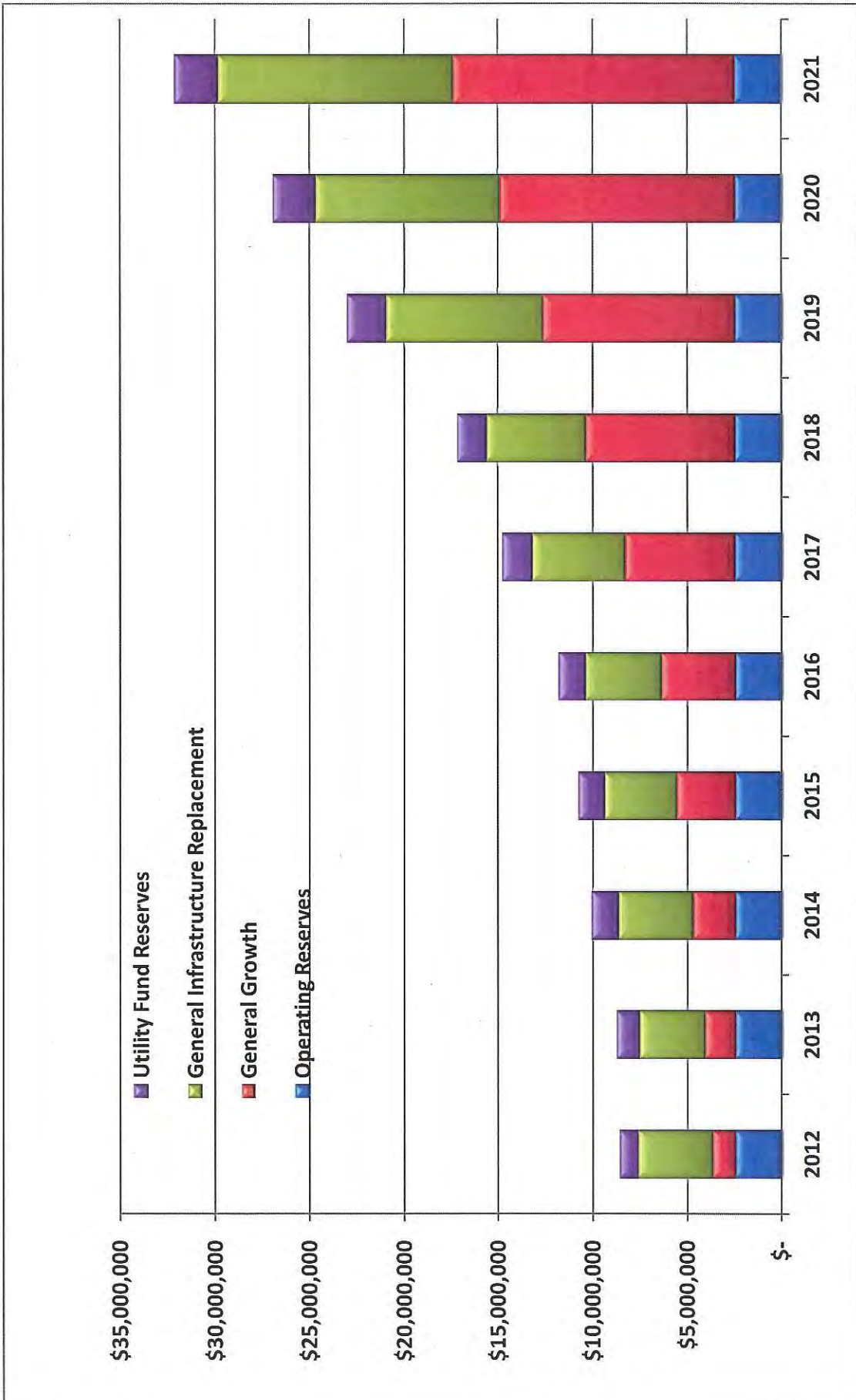
Funding Sources:

Taxation	<u>\$ 26,990</u>	<i>Tax rate impact is a further 0.12%</i>
	<u>\$ 26,990</u>	

CITY OF PITT MEADOWS

Reserve Projections

Attachment "C"



CITY OF PITT MEADOWS

Water Utility Fund

	2011 Projected Actual	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Revenue:							
Flat	\$ 2,436,843	\$ 2,446,000	\$ 2,537,612	\$ 2,793,392	\$ 3,004,526	\$ 3,216,472	\$ 3,394,702
Metered	966,500	986,500	1,033,746	1,238,283	1,331,960	1,425,996	1,505,067
Katzie	15,000	15,000	15,375	15,759	16,153	16,557	16,971
Other	23,035	42,100	42,100	42,100	42,100	42,100	42,100
	3,441,377	3,489,600	3,628,833	4,089,534	4,394,739	4,701,125	4,958,840
Expenditures:							
Administration	278,000	278,000	291,840	297,677	303,630	309,703	315,897
Insurance	1,321	1,224	1,350	1,377	1,405	1,433	1,461
Telephone	308	612	624	637	649	662	676
Hydro	6,242	7,344	7,491	7,641	7,794	7,949	8,108
Contract Work	-	29,144	29,727	30,321	30,928	31,546	32,177
PRV Station Maintenance	66,000	61,670	71,760	73,195	74,659	76,152	77,675
Water Line Maintenance	175,400	175,400	176,560	180,091	183,693	187,367	191,114
Meters - Reading & Maintenance	37,640	47,640	47,640	48,593	49,565	50,556	51,567
Hydrant Maintenance	38,810	41,810	41,810	42,646	43,499	44,369	45,256
GVWD Water Purchase	2,173,598	2,223,598	2,249,035	2,694,029	2,926,524	3,133,136	3,306,869
	2,777,319	2,866,442	2,917,837	3,376,207	3,622,345	3,842,874	4,030,802
Reserve Provisions	623,162	623,158	710,996	713,327	772,393	858,251	928,039
Total Expenditures	3,400,481	3,489,600	3,628,833	4,089,534	4,394,738	4,701,125	4,958,841
Balanced	\$ 40,897	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Total Budgeted Expenditures			4.0%	12.7%	7.5%	7.0%	5.5%
GVWD Target Adjustments				18.6%	6.5%	6.0%	4.5%
Target Flat Rate Adjustment				9.0%	6.5%	6.0%	4.5%
2012 Proposed Flat Rate Adjustment			3.5%				
Impact on Residential Ratepayer			\$14				
2012 Proposed Metered Rate Adjustment (Same as GVWD)			5.9%				

CITY OF PITT MEADOWS

Sewer Utility Fund

	2011 Projected Actual	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Revenues:							
Levy	\$ 1,917,761	\$ 1,886,467	\$ 1,990,355	\$ 2,110,622	\$ 2,249,537	\$ 2,397,601	\$ 2,555,414
Katzie	20,234	20,234	20,841	21,988	23,087	24,241	25,453
Other	30,000	30,000	30,000	30,000	30,000	30,000	30,000
	1,967,995	1,936,701	2,041,196	2,162,610	2,302,624	2,451,842	2,610,868
Expenditures:							
Administration	173,500	173,500	181,340	184,967	188,666	192,439	196,288
Insurance	3,432	3,060	3,121	3,184	3,247	3,312	3,378
Hydro	14,280	16,800	17,136	17,479	17,828	18,185	18,549
Contract Work	-	5,000	5,100	5,202	5,306	5,412	5,520
Sewer Lift Station Maintenance	116,928	122,130	137,940	140,699	143,513	146,383	149,311
Sewer Lines Maintenance	88,860	88,860	88,860	90,637	92,450	94,299	96,185
GVSDD Treatment Charge	1,228,399	1,228,399	1,274,180	1,357,702	1,454,099	1,557,340	1,667,912
	1,625,399	1,637,749	1,707,677	1,799,870	1,905,110	2,017,371	2,137,143
Reserve Provisions	298,952	298,952	333,519	362,740	397,514	434,470	473,724
Total Expenditures	1,924,351	1,936,701	2,041,196	2,162,610	2,302,624	2,451,841	2,610,867
Balanced	\$ 43,644	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Total Budgeted Expenditures			5.4%	5.9%	6.5%	6.5%	6.5%
GVSDD Target Adjustments				5.5%	5.0%	5.0%	5.0%
Target Rate Adjustment				5.0%	4.5%	4.5%	4.5%
2012 Proposed Rate Adjustment			3.5%				
Impact on Residential Ratepayer			\$11				

CITY OF PITT MEADOWS

Solid Waste - Based on Status Quo Scenario

	2011 Projected Actual	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Revenues:							
User Fees	\$ 1,117,951	\$ 1,122,829	\$ 1,187,003	\$ 1,236,491	\$ 1,531,318	\$ 1,601,366	\$ 1,662,814
Garbage Tickets	15,615	15,000	15,450	15,759	16,074	16,396	16,724
Commodity Split	53,706	45,000	46,350	47,277	48,223	49,187	50,171
	1,187,640	1,182,829	1,248,803	1,299,527	1,595,615	1,666,949	1,729,708
Expenditures:							
Administration	18,332	18,332	18,666	19,039	19,420	19,809	20,205
Recycling Curbside	396,011	399,080	424,810	433,306	441,972	450,812	459,828
Garbage	644,233	701,317	736,107	776,577	756,678	811,233	856,879
Organics	52,152	54,000	57,600	58,752	365,455	372,764	380,219
Education	8,300	8,300	9,820	10,016	10,217	10,421	10,629
Miscellaneous	1,800	1,800	1,800	1,836	1,873	1,910	1,948
	1,120,828	1,182,829	1,248,803	1,299,527	1,595,615	1,666,948	1,729,709
Balanced	\$ 66,812	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Total Budgeted Expenditures			5.6%	4.1%	22.8%	4.5%	3.8%
GVSDD Target Adjustments				12.6%	26.4%	18.9%	12.6%
Potential Rate Adjustment			5.7%	4.2%	23.8%	4.6%	3.8%
Impact on Residential Ratepayer			\$14				

CITY OF PITT MEADOWS

Drainage Utility Fund

	2011 Projected Actual	2011 Budget	2012 Budget	2013 Budget	2014 Budget	2015 Budget	2016 Budget
Revenues:							
Drainage Levies	\$ 784,835	\$ 787,244	\$ 813,678	\$ 850,578	\$ 897,743	\$ 947,523	\$ 1,000,063
Drainage Mill Rate	467,265	471,399	488,455	510,607	544,256	580,122	618,352
Maple Ridge for Area 3	95,481	95,481	98,823	102,282	106,884	111,694	116,720
	1,347,580	1,354,124	1,400,956	1,463,467	1,548,883	1,639,339	1,735,136
Expenditures:							
Administration	214,800	214,790	219,086	223,468	227,937	232,496	237,146
Insurance	21,004	18,360	21,040	21,461	21,890	22,328	22,774
Telephone	765	765	765	780	796	812	828
Hydro	149,819	138,500	146,000	148,920	151,898	154,936	158,035
Ditch Cleaning	322,080	322,080	327,430	333,979	340,658	347,471	354,421
Culvert Maintenance	65,930	65,930	65,930	67,249	68,594	69,965	71,365
Drainage Maintenance	68,080	68,080	68,080	69,442	70,830	72,247	73,692
Pumps/ Barscreens	169,120	169,120	184,860	188,557	192,328	196,175	200,098
Debt Servicing	15,245	31,500	32,605	60,475	222,635	345,000	345,000
	1,026,843	1,029,125	1,065,796	1,114,330	1,297,567	1,441,430	1,463,359
Reserve Provisions	320,738	325,000	335,160	349,137	251,316	197,908	271,776
Total Expenditures	1,347,581	1,354,125	1,400,956	1,463,467	1,548,883	1,639,338	1,735,135
Balanced	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Total Budgeted Expenditures			3.5%	4.5%	5.8%	5.8%	5.8%
Target Rate Adjustment				3.5%	4.5%	4.5%	4.5%
2012 Proposed Rate Adjustment			3.5%				
Impact on Residential Ratepayer			\$4				

CITY OF PITT MEADOWS

Draft Capital Plan

2012 to 2016

<u>Category</u>	2012	2013	2014	2015	2016
Drainage System	\$ 2,148,500	\$ 3,215,000	\$ 615,000	\$ 638,000	\$ 2,566,000
Dyking System	35,000	30,000	35,000	30,000	35,000
Fire and Emergency Services	55,000	-	-	-	300,000
Information Technology	301,500	312,500	207,000	852,500	260,000
Municipal Buildings	883,000	602,000	343,500	85,000	130,000
Municipal Fleet and Equipment	240,000	232,000	240,000	278,000	265,000
Parks	1,295,000	440,000	690,000	390,000	640,000
Recreation Equipment	32,000	26,000	24,000	30,000	38,000
Recreation Facilities	281,000	595,500	302,500	189,500	1,031,500
Sanitary Sewer System	875,000	500,000	690,000	65,000	549,500
Transportation	1,685,000	2,365,000	1,408,000	1,810,500	1,385,000
Water System	1,393,000	1,030,000	1,255,000	1,104,000	480,000
	<u>\$ 9,224,000</u>	<u>\$ 9,348,000</u>	<u>\$ 5,810,000</u>	<u>\$ 5,472,500</u>	<u>\$ 7,680,000</u>

<u>Funding Source</u>	2012	2013	2014	2015	2016
Arena Capital Reserve Fund	\$ 81,000	\$ 166,500	\$ 182,500	\$ 169,500	\$ 88,500
DCC's	275,000	905,000	1,050,000	560,500	634,500
Debt	1,860,500	1,133,334	300,000	-	613,000
Drainage Reserve Fund	88,000	315,000	315,000	517,000	527,000
Dyking Reserve Fund	35,000	30,000	35,000	30,000	35,000
Equipment Replacement Reserve Fund	384,500	440,500	382,000	560,000	853,000
Facilities & Fixtures Life Cycle Reserve Fund	1,138,000	752,000	638,500	385,000	775,000
Future Capital Reserve Fund	759,000	220,000	281,000	662,500	-
Grants	400,000	1,826,666	20,000	20,000	1,426,000
Parkland Acquisition Reserve Fund	330,000	-	350,000	-	-
Sanitary Sewer Reserve Fund	885,000	440,000	365,000	65,000	365,000
South Bonson Amenity Reserve Fund	10,000	5,000	3,000	3,000	5,000
Strategic Capital	-	419,000	-	-	943,000
Transportation Infrastructure Reserve Fund	1,585,000	2,265,000	1,233,000	1,660,000	935,000
Waterworks Capital Reserve Fund	1,393,000	430,000	655,000	840,000	480,000
	<u>\$ 9,224,000</u>	<u>\$ 9,348,000</u>	<u>\$ 5,810,000</u>	<u>\$ 5,472,500</u>	<u>\$ 7,680,000</u>