

**Finance Committee Meeting
January 8, 2019**

On-Table Item(s)

Item Type	Date	Item No.	Item Name	Reason For On-Table Distribution
Presentation	January 8, 2019	4.5	Draft 2019-2023 Five-Year Financial Plan	Received after agenda distribution

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City of Port Moody

DRAFT 2019 - 2023 Financial Plan

Finance Committee
Tuesday, January 8th, 2019

EDMS#454742 prepared by Financial Services Division

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DRAFT 2019 – 2023 Financial Plan

Agenda

1. **Budget Timeline**
2. **Introduce Proposed Operating Budget**
 - Summary
 - 2019 Operating Drivers
 - Prior Year Approved New Services
 - Imposed increases from Senior levels of Government
 - Proposed New Service Requests
3. **Dollar impact (averages)**
4. **Introduce Proposed Capital Budget**
5. **Proposed Next Steps**

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Purpose Today

- Provide an overview of the staff PROPOSED DRAFT budget, and present budget challenges
- Obtain Committee approval to take the staff PROPOSED DRAFT budget to the public consultation
- Typically, the proposed tax increase is higher for the public consultation as Council is seeking public input before making changes
- Following the public consultation, the Committee will begin budget deliberations, consider existing service levels, and evaluate proposed new services

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Timeline

- **Budget guidelines approved** – July
- **Budget packages distributed to departments** – August
- **Budgets prepared by departments** – August/September
- **Staff budget reviews (Finance w/ Departments)** – October/November/December
- **Library Board Budget Presentation** – October 23 Council Meeting
- **Utility Budget/Rates Approved** – October 16 Finance Committee
- **Police Board Budget Presentation** – November 27 Council Meeting
- **Introduce Draft 2018 Financial Plan** – January 8th Finance Committee
- **Budget Public Consultation** – January 29

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Timeline

- Budget Deliberations – FC January 15, 2019
- Budget Public Consultation – Special Committee of the Whole January 29, 2019
- Budget Deliberations – FC February 5, 2019
- Budget Deliberations – FC February 19, 2019
- Public Consultation Results – FC March 5, 2019
- Budget Deliberations – FC March 19, 2019
- Budget Deliberations/Approval (Final) – FC April 2, 2019
- Financial Plan & Tax Rates Bylaws First 3 Readings – Council April 23, 2019
- Financial Plan & Tax Rates Bylaws Adoption – Council May 7, 2019

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Budget Process & Principles – LTSFF & AMIP

- Long Term Strategic Financial Framework
 - established in 2014
 - manage the financial health of the City over the long term
 - plan to live within our means
 - don't create a financial burden for future generations
 - framework to move the City towards financial sustainability
- Asset Management Plan (AMIP)
 - established in 2014
 - how much will it cost to replace our infrastructure
 - when will it likely need to be replaced
 - annual investment needed to sustain our infrastructure over the long-term



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Budget Preparation

- Developed by Management based on 2018 service levels
- Budget guidelines proposed a 5.70% total City tax increase:
 - 2.00% Operating (City & Police)
 - 1.00% Asset Levy
 - 1.27% 2018 services approved with temporary funding
 - 1.43% Downloaded costs from Senior Government
- As City budgets are mostly salary (range from 2.0% - 2.5%), management had a challenge adhering to the 2% Operating target (currently proposed at 2.22%)
- At this stage of the process, staff felt it was more prudent to elicit community feedback before making changes

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Operating Budget – Total Target Tax Increase

As per the 2019 Financial Plan Guidelines

	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
General Government	1.47%	1.47%	1.47%	1.47%	1.47%
Port Moody Police	0.53%	0.53%	0.53%	0.53%	0.53%
Subtotal - Operations	2.00%	2.00%	2.00%	2.00%	2.00%
Asset Renewal Levy - Capital	1.00%	1.00%	1.00%	1.00%	1.00%
Prior Year Approved New Services	1.27%	-	-	-	-
Imposed Increases from Sr. Gov't	1.43%	-	-	-	-
Total Tax Increase	5.70%	3.00%	3.00%	3.00%	3.00%

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Operating Budget – Current Proposed Tax Increase

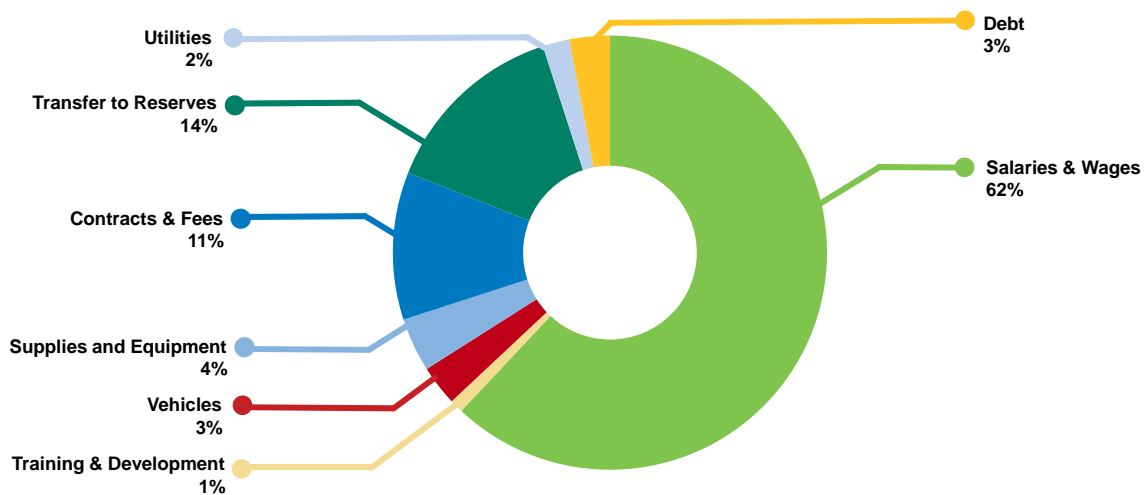
As per the 2019 Financial Plan Guidelines - To maintain 2018 service levels

	2019 Budget	2020 Budget	2021 Budget	2022 Budget	2023 Budget
General Government	1.45%	1.47%	1.47%	1.47%	1.47%
Port Moody Police	0.77%	0.53%	0.53%	0.53%	0.53%
Subtotal - Operations	2.22%	2.00%	2.00%	2.00%	2.00%
Asset Renewal Levy - Capital	1.00%	1.00%	1.00%	1.00%	1.00%
Prior Year Approved New Services	1.39%	-	-	-	-
Imposed Increases from Sr. Gov't	1.62%	-	-	-	-
Total Tax Increase*	6.23%	3.00%	3.00%	3.00%	3.00%

*Before Staff PROPOSED New Services

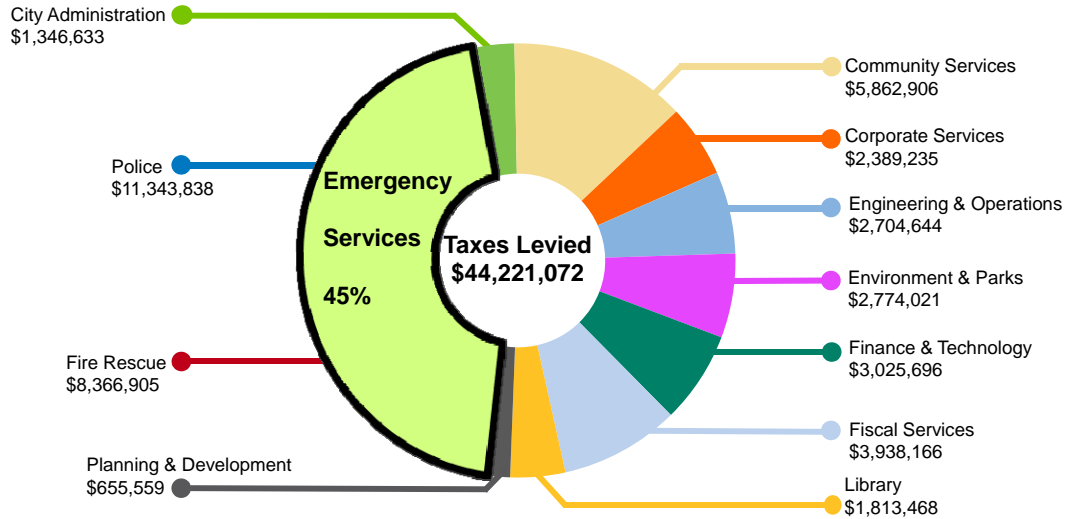
Budget Planning

Service Costs – Service Industry



What's in the Budget Proposal?

2019 Operating Budget – Net Service Costs by Department



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2019 Executive Summary (1% = \$407,000)

Item	Amount (\$)	Tax (%)	Comment
2019 Growth (new construction)	-375,000	-0.92%	New Construction
Revenue Changes	-1,292,000	-3.17%	Development, Permits, Sale of Services
Salaries and Wages	940,000	2.31%	2% CUPE, 2.5% IAFF, 2.5% Police
Operating Expenses	409,000	1.00%	Equipment, Contracted Services, Hydro, Professional Services
Utility Shift	-109,000	-0.27%	Year 5 of 5 year phase in
Reserve Changes	1,016,000	2.50%	Primarily Development Process Reserve
Sub Total - City	589,000	1.45%	
Police	313,000	0.77%	Submitted by the Port Moody Police Board - Adjusted for growth
Sub Total - Operations	902,000	2.22%	Budget Guidelines mandates 2.00%

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Prior Year Approved Services

Prior Year Approved New Services:		Division	Amount (\$)	Tax (%)
1	New Position - Librarian (remaining 1/2 position)	Library	41,900	0.10%
2	New Position - Comms. Assist. (remaining 1/2 position)	Communications	22,900	0.06%
3	New Position - Port Moody Police Member	PMPD	125,282	0.31%
4	Economic Development Office	City Manager	120,000	0.29%
5	Festival and Special Events	Cultural Services	63,250	0.16%
6	Canada Day Celebration	Cultural Services	41,000	0.10%
7	Port Moody Heritage Society	Cultural Services	105,000	0.26%
8	Agenda Management - Annual Licence & Support	Legislative Services	18,000	0.04%
9	Port Moody Arts Centre Agreement	Cultural Services	30,000	0.07%
			567,332	1.39%

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Downloaded Costs from Senior Levels of Government

Imposed increases from Senior levels of Government		Division	Amount (\$)	Tax (%)
1	Employer Health Tax	Fiscal Services	611,400	1.50%
2	Elected Officials Remuneration	Mayor and Council	50,000	0.12%
			661,400	1.63%

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New Service Proposals

Port Moody Proposed New Services:		Division	Amount (\$)	Tax (%)
1	Software Maintenance - Recruitment Software	Human Resources	15,000	0.04%
2	New Position: Additional Auxiliary Hours	Facilities	100,000	0.25%
3	New Position: Assistant Manager of Recreation (1/2 Position)	Recreation	45,000	0.11%
4	New Position: Administrative Support	Policy Planning	32,000	0.08%
5	Development Process Reserve Funding	Offset	-32,000	-0.08%
6	New Position: Additional Auxiliary Hours	Dev Planning	114,000	0.28%
7	Development Process Reserve Funding	Offset	-114,000	-0.28%
8	Engineering Vehicle	Engineering	14,000	0.03%
9	Capital/Project Funding	Offset	-14,000	-0.03%
10	New Position: Roads and Drainage Eng Tech	Operations	92,000	0.23%
11	Software Maintenance - Vehicle GPS	Operations	20,000	0.05%
12	Hazardous tree removal/mitigation	Parks	16,000	0.04%
13	Hazardous materials program - equipment replacements	Fire Rescue	5,000	0.01%
14	New Position: Payroll Advisor (0.6 FTE)	Finance	51,000	0.13%
15	Cloud DR Backup	Information Services	110,000	0.27%
16	Patch Management	Information Services	6,500	0.02%
			460,500	1.13%

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2019 Executive Summary (1% = \$407,000)

Item	Amount (\$)	Tax (%)	Comment
Sub Total - City	589,000	1.45%	
Police	313,000	0.77%	Submitted by the Port Moody Police Board - Adjusted for growth
Sub Total - Operations	902,000	2.22%	Budget Guidelines mandates 2.00%
Asset Renewal Levy	407,000	1.00%	As per the Budget Guidelines
Prior Year Approved New Services	567,000	1.39%	Items approved as part of 2018 Financial Plan
Imposed increases from Senior Government	661,000	1.62%	Employer health tax, tax free Council allowance
Sub Total	2,537,000	6.23%	Budget Guidelines mandates 4.00%
Proposed New Services	460,500	1.13%	Subject to Council Review and Approval - See attached list
Grand Total (2019)	2,997,500	7.36%	

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Budgeted Growth – NEW Construction

Year	1% tax increase generates	Growth \$	Growth %
2008	218,000	690,000	3.17%
2009	230,000	1,107,000	4.82%
2010	248,000	350,000	1.43%
2011	258,000	19,000	0.07%
2012	273,500	67,000	0.24%
2013	285,500	15,000	0.05%
2014	309,000	313,000	1.01%
2015	321,000	218,000	0.68%
2016	334,000	300,000	0.90%
2017	354,000	1,090,000	3.08%
2018	386,000	370,000	0.96%
2019*	407,000	500,000	1.23%

Offset with loss of BC Hydro Grant

* Estimated and subject to change

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Tax Base

2018 Municipal Tax Revenues

Class Description	Tax Class	Property Folio Count	Net Taxable Values (NTV) \$	Percentage (NTV) %	Total Revenue \$	Total Revenue Percentage %
Residential	Class 1	11,974	\$11,096,828,822	90.93%	\$27,441,351	65.14%
Utility	Class 2	33	3,734,140	0.03%	128,030	0.30%
Major Industry	Class 4	9	81,995,800	0.67%	5,793,266	13.75%
Major Industry - Ports	Class 4	1	46,038,436	0.38%	1,266,057	3.01%
Major Industry - Ports (New Investment)	Class 4	1	33,702,564	0.28%	758,308	1.80%
Light Industry	Class 5	28	49,101,400	0.40%	696,533	1.65%
Business/Other	Class 6	425	864,615,706	7.08%	5,987,896	14.21%
Recreation/Non-Profit	Class 8	123	27,782,500	0.23%	58,788	0.14%
		12,594	12,203,799,368	100.00%	42,130,229	100.00%

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Estimated Total Charges by Property Type

	Average Assessed values*		
	\$600,000	\$1,000,000	\$1,400,000
General Government	947	1,578	2,210
Port Moody Police	355	591	828
Asset Renewal Levy	93	155	217
MTP Levy - Capital	13	21	29
Fire Hall #1 Replacement Levy	15	25	35
Property Tax & Levies Total	\$ 1,423	\$ 2,370	\$ 3,319
Storm Drainage	45	75	104
User Fee Utilities	1,194	1,194	1,194
Total Property Charges	\$ 2,662	\$ 3,639	\$ 4,617

2019
Monthly:
\$222

2019
Monthly:
\$303

2019
Monthly:
\$385

*Based on 2019 BC Assessment Completed Roll

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Capital Budget – Summary

DRAFT 2019-2023 Five Year Financial Plan

Capital Budget	2019	2020	2021	2022	2023
City Administration	150,000	125,000	125,000	125,000	125,000
Community Services	2,307,023	1,508,340	828,200	1,537,550	1,474,411
Corporate Services	66,000	41,000	36,000	41,000	-
Planning & Development	50,000	-	-	-	-
Environment & Parks	9,726,900	748,200	1,078,400	832,500	132,000
Engineering & Operations	4,629,200	2,720,200	6,570,500	2,607,500	2,452,800
Finance & Technology	363,000	160,000	143,000	20,000	28,000
Fire Rescue	2,707,550	100,600	47,800	7,500	-
Library	-	-	-	-	-
Police	734,000	387,300	140,240	303,700	151,300
Water	2,373,500	623,500	1,698,500	1,798,500	838,500
Sewer & Drainage	2,515,500	4,930,500	5,725,500	3,050,500	3,400,500
Solid Waste	300,500	628,700	123,563	126,689	129,881
Total	25,923,173	11,973,340	16,516,703	10,450,439	8,732,392

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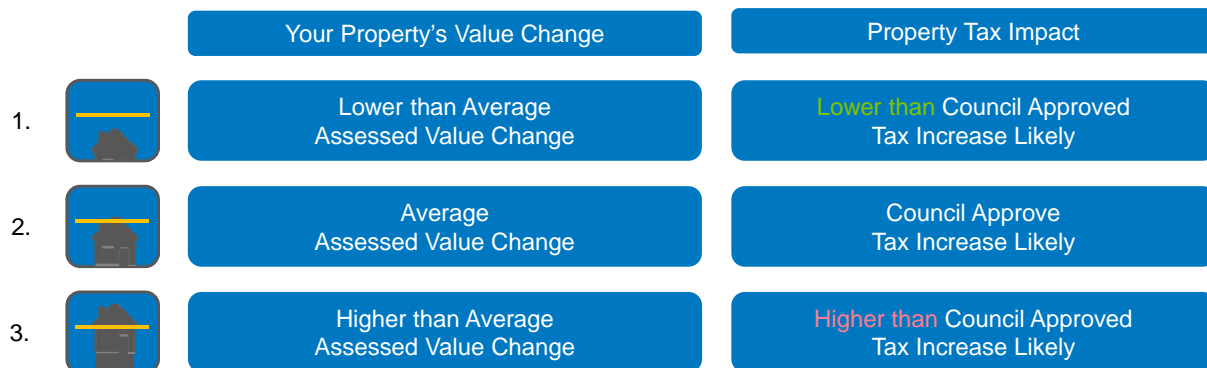
Capital Budget – Reserves

DRAFT 2019-2023 Five Year Financial Plan	
City Reserves	2019 Funding
Art Works Reserve	67,000
Asset Reserve - All Envelopes	6,587,780
Council Strategic Priorities Reserve*	582,823
Debt	2,531,250
Development Process Reserve	40,000
Engineering – Development Process Reserve	15,000
Equipment Replacement Reserve Fund	2,180,100
Fire Capital	30,000
Future Operating	180,000
Gas Tax Reserve	444,000
Grants	6,177,220
Master Transportation Plan	1,125,000
MRN General Rehab Reserve	180,000
MRN Pavement Rehab Reserve	700,000
Sanitation Utility Reserve	42,000
Sewer Capital Reserve	2,567,000
Water Capital Reserve	2,474,000

- Council Strategic Priorities Reserve over subscribed across the 5 Year Capital Plan
- All other reserves are balanced over the five-year financial plan
- Reserves continue to be pressured to meet demand of capital requirements
- Potential grants for 2019 related to Inlet Centre Field redevelopment are significant part of 2019 capital funding

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BC Assessment – How assessed value changes affect your property tax



If you don't agree BC Assessment's determination of your property value, or if you would like more information on how to challenge the evaluation, please visit the [BC assessment website](#)

DEADLINE TO APPEAL January 31, 2019

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General Fund Summary

- Significant growth projections for 2019 (estimated at \$500,000)
- Labour and benefits are two of the biggest drivers in the budget
- 1% annual increase to Asset Renewal Levy continued to address the capital infrastructure funding gap
- 2018 New Services with temporary funding sources have been built into the 2019 base budget total **\$567,000 (1.39%)** tax increase
- Imposed increases from senior levels of government total **\$661,000 (1.62%)** tax increase
- Port Moody staff proposed new services total **\$460,500 (1.13%)** tax increase
- Total proposed 2019 budgetary increase of **\$2,997,500** (including staff proposed new services) would result estimated as a tax rate increase of **7.36%**

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Next Steps

1. **Budget Deliberations/ Capital Review** – FC January 15, 2019
2. **Budget Public Consultation** – Special Committee of the Whole January 29, 2019
3. **Budget Deliberations** – FC February 5, 2019
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5. **Public Consultation Results** – FC March 5, 2019
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8. **Financial Plan & Tax Rates Bylaws First 3 Readings** – Council April 23, 2019
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Recommended Resolution

THAT a draft proposed budget increase of \$2,997,500 (estimated as a tax rate increase of 7.36%) be used for the Public Budget Consultation on January 29, 2019 as recommended in the report dated December 20, 2018 from the Finance and Technology Department - Financial Services Division regarding Draft 2019-2023 Five-Year Financial Plan.

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Council discussions

Questions, concerns, clarifications of staff

