



Committee of the Whole Agenda

The agenda for the **Freestanding Committee of the Whole (Corporate Administration and Finance Committee- Budget)** meeting to be held in the **Council Chambers** of the Municipal Hall, 8645 Stave Lake Street, Mission, British Columbia on **Monday, May 16, 2016**, commencing at 10:00 a.m.

1. CALL TO ORDER

2. ADOPTION OF AGENDA

3. CORPORATE ADMINISTRATION AND FINANCE

(a) Proposed 2017 Budget Schedule

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Recommendations: Council consider and resolve:

That the proposed 2017 budget schedule be approved, as attached as Appendix A to the report dated May 16, 2016 from the Deputy Treasurer/Collector, to allow for the adoption of the District's 2017-2021 Financial Plan Bylaw by the end of 2016.

(b) Preliminary 2017 Budget Status

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This report is to provide Council with any known budget impacts and areas of potential budget impacts, including any department challenges that might influence the 2017 budget discussions. No staff recommendation accompanies this report. Council is requested to provide any guidelines on any tax/budget increase for 2017.

(c) Financial Plan Statement of Objectives and Policies

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This report introduces the financial plan's objectives and policies for Council's review and eventual inclusion into the 2017-2021 Financial Plan Bylaw. No staff recommendation accompanies this report and Council action is not required at this time.

• RESOLUTION TO EXCLUDE PUBLIC

That, pursuant to Sections 90 and 92 of the *Community Charter*, this Corporate Administration and Finance Committee Meeting be closed to the public as the subject matter being considered relates to the following:

- Section 90(1)(c) of the *Community Charter* – labour relations or other employee relations;
- Section 90(1)(g) of the *Community Charter* – litigation or potential litigation affecting the municipality;
- Section 90(1)(i) of the *Community Charter* – the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose;
- Section 90(1)(k) of the *Community Charter* – negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public;

- 4. RECESS TO CLOSED COMMITTEE MEETING**
- 5. RECONVENE TO OPEN COMMITTEE MEETING**
- 6. ADJOURNMENT**



Finance Department
Staff Report to Council

File: 05-1700-02

DATE: May 16, 2016
TO: Mayor and Council
FROM: Kerri Onken, Deputy Treasurer/Collector
SUBJECT: **Proposed 2017 Budget Schedule**
ATTACHMENT(S): Appendix A – 2017 Proposed Budget Schedule

RECOMMENDATION(S): Council consider and resolve:

That the proposed 2017 budget schedule be approved, as attached as Appendix A to the report dated May 16, 2016 from the Deputy Treasurer/Collector, to allow for the adoption of the District's 2017-2021 Financial Plan/Budget by the end of 2016.

PURPOSE:

The purpose of this report is to seek Council's approval for the proposed 2017 budget schedule.

BACKGROUND:

Planning and scheduling of staff's time to review and update the budget, as well as scheduling meetings for Council to discuss the budget and to allow for public consultation, is required for the annual 2017 operating and capital budgets to be ready for Council's approval in mid-December 2016.

DISCUSSION AND ANALYSIS:

The proposed 2017 budget schedule shows budget discussions with Council to commence in September 2016. The attached Appendix A shows a summary of the meetings and dates with expected outcomes. Department Heads and/or Managers will be scheduled to attend the budget discussion meetings with Council, to be available to clarify or provide additional information where required.

Staff have listed the proposed Council Meeting schedule for consideration and discussion below. These meetings will be Free Standing Committee of the Whole – Corporate Administration and Finance - Budget (CAFB) and will be held on Wednesday afternoons except where otherwise noted.

- September 7: budget overview and capital budget discussions
- September 14: provisional operating and forestry operations budget discussions
- October 5: municipal utilities budget discussions
- October 19: provisional operating budget discussions
- November 7: Public Budget Consultation meeting (Regular Council meeting, starting at 7 pm)
- November 16: final 2017 budget discussions
- December 19: first three readings of the 2017-2021 Financial Plan bylaw, Regular Council
- December 21 (special meeting): final adoption of the 2017-2021 Financial Plan bylaw

FINANCIAL IMPLICATIONS:

There are no financial implications associated with this report.

COMMUNICATION:

Initial public consultation on the 2017 budget will begin prior to the end of May. Staff are launching a budget consultation website within mission.ca that will provide a high-level overview of the budget, and seek general input on citizen's level of satisfaction with municipal services. The title "It's Your Business" will be extending the effectiveness of the previous campaign with the additional communication tools available through the new website and strengthened online communication channels. A report summarizing the results will be brought to the first budget meeting.

The Community Budget Consultation document will be available prior to the community budget consultation meeting in order to inform stakeholders about the proposed budget in advance of the public consultation process.

The Freestanding Committee of the Whole – Corporate Administration and Finance - Budget meetings would be held on Wednesdays in the Council Chambers, are open to the public and will be webcast for those interested parties to view. These budget meetings will be advertised on the City Page, as well as on the District's website.

SUMMARY AND CONCLUSION:

Staff are seeking Council's approval for the proposed 2017 budget schedule. This schedule will allow for planning and scheduling of staff's time to review and update the budget, have discussions with Council and to provide for public consultation in order to prepare and approve the 2017-2021 Financial Plan in December 2016. Appendix A shows a summary of these meetings along with expected outcomes.

SIGN-OFFS:


Kerri Onken, Deputy Treasurer/Collector



Reviewed by:
Kris Boland, Director of Finance

Comment from Chief Administrative Officer:
Reviewed.

APPENDIX A
2017 Proposed Budget Timeline

EVENT/TASK	DATES	EXPECTED OUTCOMES	COMMENTS
Introduction of the 2017 budget including budget timeline, known budget impacts, update on local economy, budget policies, and other issues facing the community.	Committee of the Whole Council Meeting (CAFB) Monday, May 16, 2016 10:00 – 11:30 am	Introduction to Council on budget process, where are we at with known drivers before we start the budget process.	An opportunity for Council to set the tone and direction for the budget.
Budget process overview plus Capital plans (1 st meeting).	Committee of the Whole Council Meeting (CAFB) Wednesday, September 7, 2016 1:00 – 5:00 pm	Provide overview of budget process and detailed discussion on the Capital plans. Review and provide direction on the unfunded capital list.	Department should be on hand to answer questions on unfunded capital.
Council discussion of General Operating budget. (2 nd meeting).	Committee of the Whole Council Meeting (CAFB) Wednesday, September 14, 2016 1:00 – 5:00 pm	Introduction of the general operating budget, review and provide direction on spending packages.	Department should be on hand to answer questions on budget or spending packages.
Council discussion of Utility Funds budget. (3 rd meeting).	Committee of the Whole Council Meeting (CAFB) Wednesday, October 5, 2016 1:00 – 5:00 pm	Introduction of Utility Fund operating and capital budgets. Provide direction on any rate increases.	Length of meeting to be determined.
Council discussion of Provisional Budget. (4 th meeting).	Committee of the Whole Council Meeting (CAFB) Wednesday, October 19 2016 1:00 – 5:00 pm	Follow-up and refine the budget to meet Council's goals. Report on the list of unknowns.	Last meeting before Public Consultation. Proposed utility and tax rates will be discussed.
Community Budget Consultation.	Regular Council Monday, November 7, 2016	To inform the public about the District's provisional operating and capital budgets and to receive feedback.	Regular Council meeting, first item at the evening session.
Council discussion of District' Financial Plan. (Final meeting).	Committee of the Whole Council Meeting (CAFB) Wednesday, November 16, 2016 1:00 – 5:00 pm	Discussion of input from public consultation. Refine the budget to meet Council's goals. Updates on unknowns.	Length of meeting to be determined.
First three readings of 2017 – 2021 Financial Plan Bylaw.	Regular Council Meeting December 19, 2016	First three readings given to Financial Plan Bylaw.	
Adoption of 2017 – 2021 Financial Plan Bylaw.	Special Council Meeting December 21, 2016	Financial Plan Bylaw adopted.	



Finance Department Staff Report to Council

File: 05-1715-20-17

DATE: May 16, 2016
TO: Mayor and Council
FROM: Kerri Onken, Deputy Treasurer/Collector
SUBJECT: **Preliminary 2017 Budget Status**
ATTACHMENT(S): Appendix A – 2017 Preliminary General Operating Fund Budget Summary
 Appendix B – 2017 Unknown with Potential Core Budget Impacts

This report is to provide Council with any known budget impacts and areas of potential budget impacts, including any department challenges that might influence the 2017 budget discussions. No staff recommendation accompanies this report. Council is requested to provide any guidelines on any tax/budget increase for 2017

PURPOSE:

The purpose of this report is to advise Council of any known budget impacts and areas of potential budget impacts, along with any department challenges that might influence the 2017 budget discussions. This will provide Council an opportunity to indicate guidelines on any tax / budget increase.

BACKGROUND:

Staff will begin working on their 2017 budgets as of June 1, 2016 and are requesting Council to provide direction and set priorities in order for staff to be prepared for budget discussions commencing September, 2016.

DISCUSSION AND ANALYSIS:

General Operating Fund

The 2017 budget cycle will be getting under way shortly and currently we are aware of a number of issues that will impact the 2017 budget. For example, the 2.5% increase in the IAFF contract for the Firefighters has an impact on the 2017 budget of \$61,304 and the one new RCMP member that was approved in a 2015 spending package has an impact of \$135,000. Appendix A summarizes known budget impacts to date totaling \$112,595 which represents an estimated 0.39% increase in property taxes.

There are some positive impacts for 2017. The final 2016 new construction revenue was \$120,000 over the 2016 estimate and is being applied to reduce the overall 2017 budget increase. Rental income has increased with the additional rental property and the standard annual increases for existing rentals.

For the most part, departments are not noticing any major shifts or issues on the horizon. Building development remains strong in 2016 with development activities up in the first four months over the same period in 2015. Depending on when these development and building projects commence, this may impact the new construction revenue for 2017.

Departments have noted that residents are requesting services offered in other lower mainland communities that we currently do not offer. Departments are assessing these requests to determine if they have the resources to set up and maintain, and the value of these new services to the community.

There are still many unknown potential budget impacts staff are watching. Appendix B lists the potential issues that could have an impact on the 2017 budget.

For the 2017 budget, a 1% increase will generate approximately \$285,670 in property tax revenue. Based on the average home value in Mission for 2016 of \$414,500, a 1% increase in property taxes will increase the 2017 tax notice by approximately \$18.00. The Vancouver CPI from March 2015 to March 2016 is estimated at 2.1%.

Since this is still very early in the budget cycle, Council has an opportunity to provide guidelines on any tax / budget increase.

Capital Fund

The capital fund has several large projects coming up. Staff will be reviewing capital reserve balances and determine if an increase in the annual transfer is required.

Water Fund

The water fund is currently looking at a 1% increase to maintain existing service levels. A report is coming to Council on the water meter pilot project study later this year along with a review of the water meter consumption charge.

Sewer Fund

The sewer fund is currently looking at a 4% increase over the next few years to facilitate additional costs related to major infrastructure at the JAMES facility.

Waste Management Fund

Results of discussions with MMBC and the Province could provide additional revenue or lower costs to the recycling program. With the adoption of a revised Design Operations and Closure plan, the landfill will have an extended life span of 20 years which will lower some costs to the fund. Staff will be reviewing the impact of these costs on the current rate structure for garbage and recycling.

Drainage Fund

The drainage fund is currently funding the ongoing operations from the drainage levy, however the capital reserves are extremely low. Staff will be reviewing the reserve fund levels to see if a rate increase is required in 2017.

Equipment Fund

Projections for the equipment fund for 2017 appear to be on track. Capital acquisitions are on schedule and the equipment reserve fund is maintaining a healthy balance.

Forestry Enterprise

Projections from the forestry department for 2017 appear to be similar to 2016. While there may be some negative issues, these are offset by positive ones. Overall, a surplus is expected for 2017.

FINANCIAL IMPLICATIONS:

There are no financial implications directly associated with this report. Reports prepared for budget discussions in September will provide detailed information of any financial implications.

COMMUNICATION:

Initial consultation on the 2017 budget will begin prior to the end of May. Staff are launching a budget consultation website within mission.ca that will provide a high-level overview of the budget, and seek general input on citizen's level of satisfaction with municipal services.

Staff are currently preparing the site and will be engaging with Department heads to review the questions and ensure they are appropriate and align with operations and with Council's goals and objectives.

The feedback from this round of initial consultation is intended to provide Council with a broad picture of citizen's expectations and satisfaction with services, and to support consideration of the 2017 budget and spending packages.

The online consultation will be promoted through our website, social media, the Mission City Record, and through promo-cards at busy locations in Mission.

For consultation on the 2017 budget staff will again use the title "It's Your Business" and will be extending the effectiveness of the previous campaign with the additional communication tools available through the new website and strengthened online communication channels.

SUMMARY AND CONCLUSION:

Staff will begin working on their 2017 budgets June 1, 2016 in order to be prepared for budget discussions commencing September, 2016. We are aware of a number of issues that will impact the 2017 budget for the general operating fund. Appendix A summarizes known impacts to date totaling \$112,595 which represents an estimated 0.39% increase in property taxes. Appendix B lists the potential issues that could have an impact on the 2017 budget. For the most part, departments are not noticing any major shifts or issues on the horizon.

For the 2017 budget, a 1% increase will generate approximately \$285,670 in property tax revenue. Based on the average home value in Mission for 2016 of \$414,500, a 1% increase in property taxes will increase the 2017 tax notice by approximately \$18.00. The Vancouver CPI from March 2015 to March 2016 is estimated at 2.1%.

Since this is still very early in the budget cycle, Council has an opportunity to provide guidelines on any tax / budget increase.

SIGN-OFFS:



Kerri Onken, Deputy Treasurer/Collector



Reviewed by:
Kris Boland, Director of Finance

Comment from Chief Administrative Officer:

Reviewed

APPENDIX A

2017 Preliminary General Operating Fund Budget Summary

	Budget Dollars	Potential Tax Impact	
Revenue Increases (-) or Decreases (+)			
Various fees, charges and revenues	-13,871	-0.05%	<i>Before Fees and Charges review</i>
New Construction (estimate)	-250,000	-0.88%	<i>Base Amount</i>
New Construction , prior year	-120,000	-0.42%	<i>2016 New Construction was \$120,000 over estimate</i>
Mortgage interest revenue	415	0.00%	<i>Chamber of Commerce</i>
Total Revenue Increases over Prior Year	\$ -383,456	-1.34%	
Expenditure/Transfer to Reserve Changes			
RCMP contract and integrated police services	254,000	0.89%	<i>Revised estimate to come in September</i>
Reclasses of staff	3,140	0.01%	<i>Known to date</i>
Career Firefighters	61,304	0.21%	<i>Increase per the IAFF collective agreement</i>
Council indemnity	6,998	0.02%	<i>Per policy C-ADM.06</i>
One new RCMP Officer	135,000	0.47%	<i>Highlighted in approved 2015 spending package</i>
Incremental increase to Information Systems Reserve Fund	2,687	0.01%	
Westcoast Express Train services	25,000	0.09%	<i>Estimated CPI increase</i>
Recreation Leisure Centre	6,300	0.02%	<i>Licence fee for Leisure Centre Music</i>
Visitor Centre maintenance costs	13,550	0.05%	
Various reductions in expenses	-11,928	-0.04%	
Total Expenditure Increases from Prior Year	\$ 496,051	1.74%	
Net Proposed Changes to General Operating Fund Budget	\$ 112,595	0.39%	(A)

Vancouver CPI Estimate = 2.1% (March/15 to March/16)

Estimated \$ Impact on Average Tax Notice - using average home value of \$414,500 (2016)

To Maintain Existing Services \$ 112,595 **\$7.02** (A)

1% Increase will generate \$285,669 in budget revenue
 1% increase will impact the average home by \$18.00

APPENDIX B

2017 Unknowns with Potential Core Budget Impacts

- ? Increase in Paid on Call rate for Volunteer Firefighters under Policy FIR.6
- ? Increased/decreased costs due to equipment replacements
- ? Spending Packages (*to be presented in September*)
- ? Review by departments of Council's strategic plan
- ? Continuation of Spring Ice Pilot Project (*if successful*)
- ? Insurance premiums
- ? Operating costs/revenues of new capital projects, i.e. artificial turf field
- ? Retirement accrual - evaluated every 4 years, new accrual numbers available for 2017
- ? Return on investments
- ? Transit costs, BC Transit and West Coast Express Train Bus
- ? Increase in fire/rescue services
- ? Increase transfer to capital reserves
- ? Job evaluations
- ? Wage increases due to CUPE union negotiations and other wage related contracts
- ? Departmental review of budgets at the detail level
- ? Fees and charges review



Finance Department Staff Report to Council

File: 05-1700-17

DATE: May 16, 2016
TO: Mayor and Council
FROM: Kerri Onken, Deputy Treasurer/Collector
SUBJECT: **Financial Plan Objectives and Policies**

This report introduces the financial plan's objectives and policies for Council's review and eventual inclusion into the 2017-2021 Financial Plan Bylaw. No staff recommendation accompanies this report and Council action is not required at this time.

PURPOSE:

The purpose of this report is to bring forth the financial plan objectives and policies for Council's review as required under Section 165(3.1) of the *Community Charter* and to provide Council time to consider these objectives and policies for inclusion into the 2017-2021 Financial Plan Bylaw by the beginning of December.

BACKGROUND:

Under Section 165(3.1) of the *Community Charter*, when preparing a financial plan, local governments must set out the objectives and policies of the municipality for the planning period in relation to the following:

- (a) for each of the **funding sources** described in subsection (7)*, the proportion of total revenue that is proposed to come from that funding source;
- (b) the **distribution of property value taxes** among the property classes that may be subject to the taxes;
- (c) the **use of permissive tax exemptions**.

* *The five funding sources in subsection (7) are:*

- *revenue from property value taxes;*
- *revenue from parcel taxes;*
- *revenue from fees;*
- *revenue from other sources;*
- *proceeds from borrowing, other than borrowing under section 177 [revenue anticipation borrowing].*

DISCUSSION AND ANALYSIS:

Over the following three pages, the objectives and policies that were included within the 2016-2020 Financial Plan Bylaw are reproduced to open discussions with Council.

1. Funding Sources

Council's objectives and policies in regards to operating and capital revenue sources are provided below. Table 1 highlights the various operating and capital revenue sources, including the percentage from each source, reflected in the District's Five-Year Financial Plan (2016 - 2020). Over the five years about 49% of operating revenues will come from property taxes with user fees making up the other significant portion at around 43%. The majority of capital funding is intended to come from the District's internal reserves and from development cost charges (DCCs).

Operating Revenue Sources

Objective:

Over the five-year financial plan timeframe, it is Council's goal to diversify and expand its revenue base as much as possible with the goal of becoming less reliant on property taxes.

Policy:

Council recognizes that the District of Mission is reliant on property taxes to fund the majority of its services/programs. Council is committed, on an annual basis, to formally reviewing and adjusting, where possible, existing user fees and to examining and implementing new user fees where feasible, in order to minimize overall property tax increases. Council also recognizes that raising user fees beyond a certain point will actually result in less usage or demand and ultimately less revenue and that various services like recreation need to be subsidized to a certain level so that all citizens can partake. The District of Mission, like other local governments in B.C., also needs access to other sources of revenue to meet growing service demands and to stabilize property taxes.

Capital Revenue Sources

Objective:

Over the five-year financial plan timeframe, it is Council's goal to build up its reserves to provide for greater internal capital funding/financing opportunities.

Policy:

Council sees the need to increase its internal capital funding capacity by building up its own reserves, to minimize future external debt/interest costs and to provide internal borrowing opportunities. Internal debt financing for capital projects should be utilized to the extent possible before resorting to external debt with the proviso that internal debt repayments need to take place as scheduled; however, external debt financing may be required for larger, high priority capital projects if sufficient reserves are not in place.

Table 1: Sources of Revenue

	2016	2017	2018	2019	2020
Operating Revenue Sources					
<i>Property value taxation</i>	48%	49%	49%	49%	49%
<i>Parcel tax</i>	0.1%	0.1%	0.1%	0.1%	0.1%
<i>User fees and charges</i>	43%	43%	41%	42%	42%
<i>Other revenue</i>	9%	9%	9%	9%	9%
<i>Proceeds from borrowing</i>	0%	0%	0%	0%	0%
Totals	100%	100%	100%	100%	100%
Capital Revenue sources					
<i>Other sources - Reserves</i>	68%	66%	46%	58%	53%
<i>Other sources - DCCs and developer contributions</i>	31%	34%	54%	42%	47%
<i>Other sources - Grants</i>	0%	0%	0%	0%	0%
<i>Proceeds from borrowing</i>	0%	0%	0%	0%	0%
Totals	100%	100%	100%	100%	100%

2. Distribution of Property Taxes

Council's objective and policy in regards to the distribution of property taxes are provided below. Table 2 highlights the estimated municipal property tax dollars and the respective percentages to be collected from each of the tax classes in 2016. The District collects approximately 75% of its property taxes from the residential class and approximately 20% from the business/other class with the other classes making up the balance. This is reflective of the fact that about 90% of Mission's assessment base is residential and about 8.5% is business/other.

Objective:

Over the five-year financial plan timeframe, it is Council's goal to diversify and expand its tax base so that all taxpayers are in a more favourable position.

Policy:

Council recognizes the need to rationalize its property tax distribution among the various tax classes; however, more importantly Council recognizes the need to diversify and expand its assessment/tax base. Council is committed to aggressively pursuing business/commercial economic development opportunities to achieve this. Council is also committed to comparing its assessment mix, property tax levels and property tax distribution with other B.C. communities on an annual basis. Council understands that the level of property taxation for each of the tax classes does not necessarily correlate with the amount of services provided; however, quantifying and costing the services provided to each tax class is difficult and subjective at the very

least. It should also be recognized that many businesses in the community have employees that benefit from and use many District services, facilities and amenities, and that additional services and amenities benefit all of the tax classes, both directly and indirectly.

Table 2: Approximate Distribution of 2016 Municipal Property Taxes

Property Class	2016 Property Tax Dollars Raised	% of Total Property Taxation	Ratio
(1) Residential	\$ 22,210,780	74.6%	1.0
(2) Utility	225,872	0.8%	8.1
(3) Social Housing	-	0.0%	1.0
(4) Major Industry	-	0.0%	2.8
(5) Light Industrial	982,996	3.3%	2.8
(6) Business/Other	6,152,647	20.7%	2.9
(7) Municipal Forest	1,142	<0.1%	2.9
(8) Recreation/Non Profit	134,451	0.5%	2.2
(9) Farm	62,161	0.2%	4.1
	\$ 29,770,049	100.00%	

3. Permissive Tax Exemptions (including Revitalization Tax Exemptions)

Council's objective and policy in regards to permissive tax exemptions (including revitalization tax exemptions) are provided below.

Objective:

Over the five-year financial plan timeframe, Council will continue supporting worthy charitable/non-profit organizations that provide valuable services to the community and will determine how it can use its expanded powers in terms of revitalization tax exemptions to benefit the community as a whole.

Policy:

Council chooses to support charitable/non-profit organizations (churches, social, recreational, health and housing organizations) that provide valuable services to the community through permissive tax exemptions as allowed for by legislation. Council is committed to continuing with these tax exemptions and to treating all organizations with similar mandates equally when it comes to property tax exemptions.

A Mission Downtown Development Incentive Program offering a 10-year revitalization tax exemption is available within the defined Downtown Planning area and provides a financial incentive to encourage development in the downtown area. The revitalization tax exemption program will accept applications up to December 31, 2016 and is outlined under Bylaw #5391-2013 Downtown Revitalization Tax Exemption.

FINANCIAL IMPLICATIONS:

There are no financial implications directly associated with this report.

COMMUNICATION:

No communication action is required at this time.

SUMMARY AND CONCLUSION:

Under Section 165(3.1) of the *Community Charter*, when preparing a financial plan, local governments must set out the objectives and policies of the municipality for the planning period in relation to, the **funding sources** for the operating and capital budgets, the **distribution of property value taxes** among the property classes that may be subject to the taxes, and the **use of permissive tax exemptions**. Included in this report are the objectives and policies that were included within the 2016-2020 Financial Plan Bylaw for Council discussion.

SIGN-OFFS:

Kerri Onken, Deputy Treasurer/Collector



Reviewed by:
Kris Boland, Director of Finance

Comment from Chief Administrative Officer:

Reviewed