

Considered at the April 22, 2025, Regular Council meeting

146



City of Port Moody Report/Recommendation to Council

Date: April 22, 2025

Submitted by: Finance and Technology Department – Financial Services Division

Subject: 2025-2029 Five-Year Financial Plan – Bylaw No. 3508

Purpose

To present the proposed 2025-2029 Five-Year Financial Plan Bylaw for consideration as directed by Council.

Recommended Resolution(s)

THAT City of Port Moody Financial Plan Bylaw, 2025, No. 3508 be read a first, second, and third time as recommended in the report dated April 22, 2025, from the Finance and Technology Department – Financial Services Division regarding 2025-2029 Five-Year Financial Plan – Bylaw No. 3508.

Executive Summary

The Finance Committee has deliberated over the 2025 Financial Plan covering the years 2025 to 2029 and has directed staff to bring forward the related Bylaw for Council's consideration. Included for Council's consideration as **Attachment 1** is draft City of Port Moody Financial Plan Bylaw, 2025, No. 3508, which sets out expenditures, funding sources, and fund and reserve transfers as required under section 165 of the *Community Charter*.

At the December 17, 2024, Finance Committee meeting, Council passed the following resolution:

FC24/082

THAT the Provisional 2025-2029 Five Year Financial Plan be approved with a \$3,336,900 increase over the 2024-2028 Five Year Financial Plan as recommended in the memo dated December 17, 2024, from the Finance and Technology Department - Financial Services Division regarding Provisional 2025-2029 Five Year Financial Plan;

AND that the 2025-2029 Five Year Financial Plan Bylaw and Corresponding 2025 Tax Rates Bylaw be brought forward to Council in April 2025.

Considered at the April 22, 2025, Regular Council meeting

147

At the April 15, 2025, Finance Committee meeting, Council passed the following resolution:

FC25/029

THAT the 2025-2029 Five-Year Financial Plan Bylaw and the corresponding 2025 Tax Rates Bylaw be brought forward to the next Regular Council meeting for consideration of first, second, and third readings as recommended in the memo dated April 15, 2025, from the Finance and Technology Department – Financial Services Division regarding 2025-2029 Five-Year Financial Plan.

The draft Financial Plan Bylaw represents a \$3.5 million increase over 2024, represented by a \$3,318,000 tax increase and \$171,000 in Non-Market Change revenue (growth). Residential properties (Class 1) are projected to experience an approximate 5.7% tax increase (excluding storm drainage) based on data from the revised roll provided by BC Assessment. The net increase is comprised of the following budget changes:

- Salary, wage, and benefit increases of \$2,253,000;
- Operating expense increase of \$568,000;
- Revenue increases of \$2,651,000;
- Accumulated Surplus Funding of \$695,000;
- Net reserve transfer increase of \$1,300,000;
- New service impacts of \$561,000; and
- Net increase for Port Moody Police of \$1,459,000.

To continue to fund the replacement of critical municipal infrastructure, the City is increasing the Asset Renewal Levy (the Levy) by \$584,000, which is in line with the City's historic practice of increasing the asset levy by the equivalent of a 1% tax increase annually.

The net new service impacts to alleviate operational pressures amount to \$561,000. This figure includes various needs, such as resources for two additional Firefighter positions with July 1st start dates, an IT Specialist for Port Moody Police, staff to support inclusionary requirements, additional supports in Cultural Services and Parks, and other operating expenses like the migration of Office 365 to M365 and the operating impact for a new multi-use mini sweeper.

The total provisional Capital budget, approved by the Finance Committee meeting on December 17, 2024 (FC24/087), is \$26.4 million for 2025 (\$56.7 million over the Five-Year Financial Plan).

Background

Section 165 of the *Community Charter* requires municipalities to annually prepare and adopt a balanced Financial Plan that encompasses the City's operating and capital requirements for a period of five years, beginning with the current year.

Embracing strategic planning not only instills confidence within the community but also ensures that decisions are sustainable in the long run. The Council 2023-2026 Strategic Plan outlines the goals and objectives for the term of office, underlining the commitment to financial sustainability. Recognizing that these goals must be both sustainable and balanced with fiscal

Considered at the April 22, 2025, Regular Council meeting

148

responsibility, the Council remains steadfast in its pursuit of ensuring the community's wellbeing and future prosperity.

Financial sustainability is not only ensuring that the delivery of services is affordable now but also being mindful of the financial well-being of future generations. To be financially sustainable, an entity must look to diversify and reduce its reliance on any one source of revenue as much as possible. The City diversifies its revenue base between property tax, utility fees, development levies, program fees, permits and licence fees, investment income, and fines and penalties. Municipalities must have autonomy to set revenues and have unrestricted access over a certain portion of those revenues. Reliance on other levels of governments and agencies reduces the City's ability to achieve financial sustainability.

The annual budget process begins with specific Budget Guidelines that are approved by Council to guide staff to prepare a sustainable Financial Plan, which considers the following:

- the services and level of service residents expect;
- revenue including the relative level of taxation for residents;
- businesses and diversification options;
- the level of taxation subsidies for programs; and
- the level of funding for assets critical to deliver the services.

At the December 17, 2024, Finance Committee meeting, Council provisionally approved the 2025-2029 Financial Plan, incorporating adjustments based on public feedback gathered during the consultation period from October 28 to November 17, 2024, on engage.portmoody.ca, the City's online engagement hub. Residents used this platform to learn about City initiatives, share ideas, and voice concerns—particularly regarding tax impacts. In response, the City reduced the provisional budget by utilizing one-time funding from the Accumulated Surplus, postponing or removing less essential new service requests, and adopting more aggressive revenue estimates. These adjustments were made to help mitigate the financial impact on taxpayers while maintaining essential services.

The draft budget presented for public consultation proposed a \$4.98 million (8.52%) increase and was shared with the community as part of the consultation process required under section 166 of the *Community Charter*. This process underscores the City's commitment to balancing essential services with responsible financial management, ensuring that property taxes and user fees remain aligned with community needs while meeting legislative requirements. Public input plays a vital role in helping City Council assess the effectiveness of financial decisions and ensure resources are allocated efficiently to serve Port Moody residents.

Discussion

The provisional 2025 Five-Year Financial Plan comes with its share of challenges. Although inflation has eased from its 2023 peak and stabilized in 2025, cost pressures persist—particularly in transportation, insurance, construction, contracted services, and software maintenance. Additionally, uncertainty surrounding the recent U.S. tariffs introduced by the Trump administration has added another layer of complexity. Since this development was not anticipated during the initial planning process, it presents potential risks, particularly if it contributes to renewed inflationary pressures.

Considered at the April 22, 2025, Regular Council meeting

149

At the same time, the growing impacts of climate change underscore the need for continued investment in the Climate Action Implementation Reserve. Strengthening this reserve will help the City implement projects that reduce greenhouse gas (GHG) emissions and enhance resilience against climate-related challenges.

Budget considerations have become increasingly complex as local governments navigate growing community health and social challenges. With declining support from senior governments for critical initiatives such as affordable housing, childcare, mental health, and homelessness, municipalities are increasingly left to shoulder these costs.

At the same time, the rising frequency and severity of extreme weather events—including atmospheric rivers, heat domes, and prolonged respiratory illness seasons—have placed significant strain on municipal services. These evolving pressures require cities to adapt while continuing to meet shifting community needs and expectations. As a result, financial planning must strike a careful balance—ensuring essential services are maintained, urgent challenges are addressed, and limited resources are allocated responsibly.

Port Moody has emerged as a sought-after regional destination, thanks to its diverse offerings, including the Shoreline Trail, Rocky Point Park, Old Orchard Park, Sasamat Lake, Brewers Row, and more. As the city attracts more visitors, it is faced with the challenge of managing regional growth and transportation demand. Despite this growth, Port Moody is not generating sufficient revenues to keep pace with the increased pressures on its services. Moreover, the City is faced with a reciprocity challenge, as it is providing services to users from other growing municipalities, while also trying to match service levels with neighbouring cities such as Burnaby and Coquitlam.

Additionally, there is an unlevel regional playing field, as Port Moody is disadvantaged in terms of provincial policies and agreements regarding casino revenue sharing. All these factors present ongoing challenges for Port Moody as we strive to maintain our status as a regional destination while balancing the needs of its residents and visitors.

In accordance with the Budget Guidelines, which mandate the use of zero-based budgeting strategies, the financial plan was created with the goal of maintaining the 2024 service level as a baseline. Staff have proposed some adjustments to the baseline service level, which are deemed necessary to move the City forward.

The City launched public consultation before the provisional budget approval to provide Council valuable insights into residents' priorities. Between October 28 and November 17, 2024, participants could access the annual budget survey, review budget resources and FAQs, and submit questions and comments to staff. The City received 260 survey responses, with 97% (252 respondents) identifying as Port Moody residents and 8% (20 respondents) as local business owners or operators. While participation in the 2025 budget consultation declined by 36% from the record-high 409 responses in 2024, the feedback gathered remains valuable as one tool in informing the City's financial priorities. The results of the 2025 budget consultation were presented to the Finance Committee on November 19, 2024.

Considered at the April 22, 2025, Regular Council meeting

150

- 65% of survey respondents indicated that they received good (55%) or excellent (10%) value in relation to the taxes and utility fees that they pay.
- 52% of respondents did not want a 2025 tax increase. 34% preferred to reduce service levels to keep the tax rate the same as last year, and 18% wanted an even further reduction in services to reduce the tax rate below 2024 levels.
- 47% of survey respondents wanted to maintain current service levels (31%) or enhance service levels (16%) through a 2025 tax increase.
- 50% of respondents said to leave subsidies and user fees the way they are (no change), while 35% wanted decreased subsidies so users pay more than they do now, 11% wanted subsidies removed entirely, and 2% wanted to increase subsidies so users pay less than they do now.

The table below is a breakdown of the 2025 Operating budget drivers, with each line explained further with the matching row number.

Budget Driver		Amount (\$)	Est. Tax Increase (%)
1-6	Sub Total – City	885,000	1.52%
7	Sub Total – Police	1,459,000	2.50%
8	Sub Total – City and Police	2,344,000	4.01 %
9	Capital Asset Levy	584,000	1.00%
10	Sub Total	2,928,000	5.01%
11-13	Response to Growth Driven Service Requirements	181,000	0.31%
14	Response to Statutory and Legislative Requirements	113,000	0.19%
15-17	Response to Mitigate Risk and Provide Efficiency Gains	209,000	0.36%
18-19	Response to Council Direction	58,000	0.10%
	2025 Financial Plan	3,489,000	5.97%
20	Growth – Non-Market Change	-171,000	-0.29%
	2025 Estimated Property Tax Increase	3,318,000	5.68%

Operating Financial Plan

1. Net Revenues – Development and construction related application and permit revenues, grant revenues, and program and user fees are projected to increase by \$2,651,100 (4.54%). A significant portion of these increases are offset with reserve transfers noted in line #4 below.
2. Salaries, wages, and benefits have increased by \$2,253,000 (3.86%), reflecting estimated collective agreement adjustments for all bargaining units and management. This includes related overhead and benefit costs such as WorkSafeBC premiums, extended health benefits, employer contributions to the Canada Pension Plan (CPP), Employment Insurance (EI), and the Employer Health Tax.

Considered at the April 22, 2025, Regular Council meeting

151

Salaries, wages, and benefits, with no tax impact, have increased by \$2,025,000. This amount is fully funded through Development Reserves, external grants, and capital projects, therefore, does not affect property taxes.

3. Operating expenses are increasing by \$568,000 (0.97%). This represents inflationary increases for operating expenses such as E-Comm charges, insurance, equipment, contracted services, utilities, legal services, professional services, supplies, and materials, etc.
4. Transfers to (and from) reserves are increasing by \$1,410,000 (2.41%), primarily related to the increase in development-related revenues mentioned earlier (#1).
5. Funding from the City's Accumulated Surplus, resulting in a reduction in the 2025 tax increase, is \$695,000 (1.19%).
6. The 2025 increase for City services is \$885,000 (1.52%).
7. The Port Moody Police Department's provisional budget submission is anticipated to represent an increase of \$1,459,000 (2.50%) including the year-two phase-in position (Training Sergeant) approved in 2024.
8. The subtotal for operations, including City and Police, has an increase of \$2,344,000 (4.0%).
9. As noted in the 2025 Financial Plan Guidelines, the Capital Asset Levy has increased by an estimated 1% or \$584,000. This is consistent with past practice and ensures that the Asset Reserve and associate capital envelopes have sufficient funds to renew and replace critical city infrastructure.
10. The total 2025 budget increase, before the City's response to service impacts, is \$2,928,000 (5.0%).

Service Impacts – Response to Growth Driven Service Requirements

11. Cultural Services – \$25,000 – Additional Staff Hours (Theatre Coordinator and Events Coordinator).
12. Parks – \$29,000 – additional hours for Parks Maintenance (TFT Labour) due to increased demand on Parks and open spaces.
13. Fire Rescue – \$126,800 – Two new firefighter positions for Port Moody Fire Rescue with phased in start dates in 2025.

Service Impacts – Response to Statutory and Legislative Requirements

14. Recreation – \$113,000 (Staff to support ongoing inclusionary efforts within Recreation).

Service Impacts – Response to Mitigate Risk and Provide Efficiency Gains

15. Information Services – \$74,000 – Migration of Office 365 to M365. Annual cost for migrating Office 365 to the M365 platform, improving organizational efficiency.

Considered at the April 22, 2025, Regular Council meeting

152

16. Police – \$80,000 – IT Specialist. Full-time IT Specialist to support the Port Moody Police Department's technology needs.

17. Police – \$55,000 – ICARS Integrated Team. To join the ICARS team (Integrated Collision Analysis and Reconstruction Service).

Service Impacts – Response to Council Direction

18. Cultural Services – \$18,000 – Civic Functions

19. Operating Impact for New Vehicle – Multi-use Mini-Sweeper (FL25107) \$40,000. Annual operating expenses related to regular maintenance and repairs, fuel expenses, and insurance premiums.

The 2025 Service Impacts total \$561,000 (0.96%)

New Revenue

20. Growth or Non-Market Change (NMC) refers to increases in taxable property values that are not driven by market fluctuations, as determined by BC Assessment. The 2025 NMC has been calculated at \$134,000 based on the revised roll received from BC Assessment at the end of March 2025. This is a significant reduction from preliminary estimates of \$584,000 used during preliminary budget discussions.

While this growth does not directly impact the total tax revenue, it is expected to help ease the tax burden on property owners by spreading the cost of services over a larger tax base.

2025-2029 Capital Financial Plan

Port Moody, like other cities across Canada, also continues to be challenged with the capital funding required for the maintenance, repair, and replacement of its critical assets and infrastructure. The national capital infrastructure funding deficit continues to consume tax capacity that has been traditionally directed towards operations as cities try to close the identified infrastructure funding gap. Cities are having to substitute taxation as a capital funding source as traditional capital funding sources, such as federal and provincial grants and land sales, continue to be uncertain.

Port Moody City Council has been very proactive and progressive in addressing this problem by implementing the Capital Asset Levy as a reliable and sustainable capital funding source and has historically increased the Asset Levy annually to address the capital funding gap. The asset levy will increase in 2025 and is proposed to increase annually throughout the Five-Year Financial Plan to advance funding stability for ongoing renewal and replacement of critical municipal infrastructure.

Considered at the April 22, 2025, Regular Council meeting

153

The following table summarizes the proposed projects by department across the five years of the Financial Plan.

Department	Total Project Count	2025	2026	2027	2028	2029
City Administration	1	125,000	125,000	150,000	125,000	125,000
Community Development	14	495,300	86,300	64,300	5,000	5,000
Community Services	196	10,746,500	5,485,500	4,765,500	3,648,000	2,688,000
Corporate Services	1	35,000				
Engineering & Operations	109	5,190,300	5,522,200	6,827,000	3,129,400	4,312,600
Finance & Technology	14	470,000	251,000	20,000	555,000	220,000
Fire Rescue	1		30,000			
Police	32	567,000	869,200	231,700	290,100	818,800
Utilities	28	8,725,600	5,568,200	3,072,300	4,865,900	2,887,800
	396	26,354,700	17,937,400	15,130,800	12,618,400	11,057,200

The Five-Year Financial Plan contains over \$83.1 million in proposed projects for years 2025 through 2029. 2025 has a total of \$26.4 million project submissions from nearly all departments. Funding for the proposed projects comes from multiple City reserves and other external funding sources. Most City reserves are balanced for the Five-Year Financial Plan, although many have significant opening balance deficits and are not balanced until the later portion of the Five-Year Financial Plan (2028/2029).

The list of 2025 projects are diverse and includes the following areas:

- **City Facilities and Infrastructure Upgrades**
Upgrades, repairs, and replacements for various City facilities like civic centers, pools, firehalls, and public spaces.
 - Exterior upgrades of Civic Complex, Inlet Theatre improvements, parking lot repainting, building envelope assessments, HVAC replacements.
- **Parks, Recreation, and Public Spaces**
Projects aimed at maintaining or upgrading parks, playgrounds, recreation centers, and other public spaces.
 - Playground rehabilitation, urban forestry programs, pathway repairs, fencing replacement, and installation of outdoor fitness equipment.
- **Climate Action and Environmental Initiatives**
Focuses on climate action plans, ecological restoration, stormwater management, and sustainability improvements.
 - Ecological restoration projects, bat habitat enhancement, erosion control audits, and invasive species management.
- **Asset and Equipment Replacement**
Replacement and purchase of vehicles, fitness equipment, and other city assets.
 - Spin bike replacement, vehicle replacement, replacement of sewer maintenance vehicles, solid waste resources.
- **Roads, Transportation, and Traffic Management**
Improvements and maintenance of road networks, traffic signals, and pedestrian safety.
 - Traffic signal asset management, local road reconstruction, transit infrastructure, neighborhood traffic calming.

Considered at the April 22, 2025, Regular Council meeting

154

The following table highlights the top ten projects for 2025 by budget (dollars).

Port Moody Capital Plan Top 10 Projects (by dollar)					
Project ID	Project Name	Climate Action Plan	Priority	2025	Percentage of Total Projects
PK25145	Implementation of Old Orchard Park Master Plan	Natural Environment	3. High	3,364,000	13%
WT25023	Water Network Infrastructure Asset Renewal Program (Non-Linear)	Infrastructure	3. High	1,680,000	6%
SD25010	Sewer Capital Infrastructure Program (Linear and Non-Linear)	Infrastructure	3. High	1,400,000	5%
DR25007	Storm Drainage Capital Infrastructure Program (Linear and Non-Linear)	Infrastructure	3. High	1,335,000	5%
WT25009	Water Network Infrastructure Asset Renewal Program	Infrastructure	3. High	1,295,000	5%
DR25009	Storm Drainage Improvements - Moody Centre	Infrastructure	3. High	1,210,000	5%
EN25006	Local Road Network (LRN) Road Reconstruction Program	Not Applicable	3. High	750,000	3%
EN25044	Moray Street Traffic Calming	Not Applicable	3. High	720,000	3%
SO25006	OP083 - Replace 2017 Mack Garbage Truck LR	Not Applicable	1. Pre-Approved	656,600	2%
FC25246	Inlet Centre Firehall - Replace Building Heat Pump System	Buildings	3. High	550,000	2%
Total - Top 10 Projects (by dollar)				\$ 12,960,600	49%

Total Property Charges

The 2025 Financial Plan presented for Council's approval results in an estimated total residential (Class 1) property tax charge increase of 5.7% for the average household assessed at \$1.29 million for 2025, or \$168 for the year (\$3.23 per week). The total blended property charge, which includes property tax and utility levies, is estimated at approximately \$3,235 for the average household, an increase of 6.3% from 2024.

Tax Policies

Municipalities are required by the Province to include municipal taxation objectives and revenue policies in their five-year financial plan to enhance the City's accountability and transparency in reporting to the public regarding the following:

- the proportion of total revenue that comes from each of the funding sources described in section 165(7) of the *Community Charter*;
- the distribution of property taxes among the property classes; and
- the use of permissive tax exemptions including revitalization tax exemptions.

The City's policies were reviewed with the Finance Committee at its January 21, 2025, meeting. Schedule B of the attached draft Bylaw states the City's current Revenue Policy Disclosure – Policies and Objectives.

The Province's continued use of tax capping, specifically in relation to the *Ports Property Tax Act* (PPTA), results in the Council approved tax increase not being applied to specific port properties. Council's longstanding tax policy has been to keep the proportional increase within

Considered at the April 22, 2025, Regular Council meeting

155

the tax class, resulting in other class 4 (heavy industry) properties absorbing an additional tax burden.

Asset Management

In 2014, Council formulated a set of financial principles into the development of the City's Long-Term Strategic Financial Framework (LTSFF) that was intended to move the City towards financial sustainability. The financial principles approved as part of the LTSFF are referenced during budget deliberations to ensure consistency year-over-year in the formulation of the City's annual capital and operating plans.

In addition, City Council also adopted the first phases of its Asset Management Investment Plan (AMIP) that identified the annual funding requirement for the maintenance and replacement of the City's critical assets. As a result of this analysis, the City was able to quantify its annual infrastructure funding gap and develop a strategy to close the gap over the long term. The AMIP is used by Council as the guiding document to prioritize capital projects for development of the City's five-year capital plans for existing assets.

Other Option(s)

1. THAT the 2025-2029 Five Year Financial Plan be referred back to staff and/or the Finance Committee for further deliberations, acknowledging that the Financial Plan Bylaw and Tax Rates Bylaw must be adopted before May 14, 2025, in accordance with the *Community Charter*.
2. THAT the 2025 Financial Plan be amended, recognizing that the mill rates in the Tax Rates Bylaw will need to be recalculated by Finance staff prior to presentation for first three readings.

Financial Implications

Financial implications are as detailed and set out above.

Communications and Civic Engagement Initiatives

Notification of Council's consideration of the 2025-2029 Financial Plan Bylaw was provided in accordance with City of Port Moody Public Notice Bylaw, 2023, No. 3430. Budget deliberations have been open to the public and information posted and updated on the website.

The 2025 Budget Consultation was facilitated through engage.portmoody.ca, the City's online engagement hub where participants register to learn about the City's financial plans and projects, share ideas, and provide feedback. Between October 28 and November 17, 2024, participants had access to the annual budget survey, budget resource information, FAQs, and could pose questions and comments to staff. 260 individuals completed the online survey, and 183 (70.4%) of survey the respondents provided feedback or comments for Council members. The results from the public consultation undertaken for the 2025-2029 Five-Year Financial Plan were presented to the Finance Committee on November 19, 2024.

Considered at the April 22, 2025, Regular Council meeting

156

Council Strategic Plan Objectives

The City has a three-step planning process that starts with the development of Council's Strategic Plan goals and objectives, followed by the development of a staff Work Plan that identifies the tasks needed to achieve the goals and objectives. The Financial Plan supports these plans by aligning financial resources to the strategic priority areas of Sustainable Core Service, Healthy Community Development, Resilient Natural Environment, and a Vibrant and Prosperous Community.

The recommendations in this report align with the following Council Strategic Plan Goal(s):

- Strategic Goal 1.1 – Prioritize Core Services; and
- Strategic Goal 1.2 – Ensure Financial Sustainability.

Attachment(s)

1. Draft City of Port Moody Financial Plan Bylaw, 2025, No.3508.

Report Author

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Manager of Financial Planning

Considered at the April 22, 2025, Regular Council meeting

157

Report Approval Details

Document Title:	2025-2029 Five-Year Financial Plan – Bylaw No. 3508.docx
Attachments:	- Attachment 1 - Draft City of Port Moody Financial Plan Bylaw, 2025, No. 3508.pdf
Final Approval Date:	Apr 14, 2025

This report and all of its attachments were approved and signed as outlined below:

Tyson Ganske, Deputy Chief Financial Officer - Apr 9, 2025

Tracey Takahashi, Deputy Corporate Officer - Apr 10, 2025

Paul Rockwood, General Manager of Finance and Technology - Apr 10, 2025

Stephanie Lam, City Clerk and Manager of Legislative Services - Apr 11, 2025

Lindsay Todd, Manager of Communications and Engagement - Apr 13, 2025

Kate Zanon, Deputy City Manager - Apr 14, 2025

Anna Mathewson, City Manager - Apr 14, 2025

Considered at the April 22, 2025, Regular Council meeting

158

Attachment 1



City of Port Moody

Bylaw No. 3508

A Bylaw to establish the budget for the 2025-2029 Five-Year Financial Plan.

The Council of the City of Port Moody enacts as follows:

1. Citation

- 1.1 This Bylaw may be cited as “City of Port Moody Financial Plan Bylaw, 2025, No. 3508”.

2. Repeal

- 2.1 City of Port Moody Financial Plan Bylaw, 2024, No. 3452 and all amendments thereto are hereby repealed.

3. Attachments and Schedules

- 3.1 The following schedules are attached to and form part of this Bylaw:
- Schedule A – Financial Plan, 2025; and
 - Schedule B – 2025 Revenue Policy Disclosure – Policies and Objectives.

4. Severability

- 4.1 If a portion of this Bylaw is found invalid by a court, it will be severed, and the remainder of the Bylaw will remain in effect.

Read a first time this _____ day of _____, 2025.

Read a second time this _____ day of _____, 2025.

Read a third time this _____ day of _____, 2025.

Adopted this ____ day of _____, 2025.

M. Lahti
Mayor

S. Lam
Corporate Officer

Considered at the April 22, 2025, Regular Council meeting

159

I hereby certify that the above is a true copy of Bylaw No. 3508 of the City of Port Moody.

S. Lam
Corporate Officer

DRAFT

Considered at the April 22, 2025, Regular Council meeting

160

Attachment 1

Schedule A to Bylaw No. 3508 Financial Plan, 2025

	2025	2026	2027	2028	2029
REVENUES					
Taxation	\$ 63,329,708	\$ 68,400,964	\$ 72,021,173	\$ 75,590,358	\$ 79,085,276
Sales, Fees and User Charges	\$ 29,895,790	\$ 31,402,004	\$ 32,899,292	\$ 34,566,543	\$ 36,166,272
Other Revenue	\$ 15,248,870	\$ 12,551,898	\$ 14,887,735	\$ 12,459,344	\$ 12,501,022
Development Levies	\$ 5,464,996	\$ 0	\$ 0	\$ 0	\$ 0
	\$ 113,939,365	\$ 112,354,865	\$ 119,808,200	\$ 122,616,244	\$ 127,752,570
EXPENSES					
Operating Expenses	(115,592,080)	(110,463,624)	(114,530,288)	(118,961,447)	(123,497,102)
SURPLUS/(DEFICIT)	(1,652,715)	\$ 1,891,242	\$ 5,277,911	\$ 3,654,797	\$ 4,255,468
NON-CASH ITEMS					
Amortization	\$ 12,826,620	\$ 14,109,282	\$ 15,520,210	\$ 17,072,231	\$ 18,779,454
	\$ 12,826,620	\$ 14,109,282	\$ 15,520,210	\$ 17,072,231	\$ 18,779,454
Cash Items					
Capital Expenditures	(74,051,782)	(15,624,500)	(12,900,500)	(10,525,400)	(9,097,700)
Debt principle repayment	(1,081,381)	(1,074,386)	(975,500)	(1,023,100)	(1,043,869)
	(75,133,163)	(16,698,886)	(13,876,000)	(11,548,500)	(10,141,569)
TRANSFERS FROM					
Accumulated Surplus	\$ 695,100	\$ 0	\$ 0	\$ 0	\$ 0
Equip. Replace. Reserve Fund	\$ 4,400,753	\$ 3,866,264	\$ 1,910,214	\$ 1,543,918	\$ 3,069,481
Land Sales Reserve Fund	\$ 347,342	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Off Road Parking Fund	\$ 19,315	\$ 0	\$ 0	\$ 0	\$ 0
Reserves/Funds	\$ 82,965,138	\$ 21,837,603	\$ 18,691,072	\$ 18,350,557	\$ 15,317,651
	\$ 88,427,648	\$ 25,953,867	\$ 20,851,285	\$ 20,144,475	\$ 18,637,132
TRANSFERS TO					
Equip. Replace. Reserve Fund	(2,040,923)	(2,257,014)	(2,399,974)	(2,506,991)	(2,592,556)
Reserves/Funds	(22,427,467)	(22,998,491)	(25,373,433)	(26,816,012)	(28,937,929)
	(24,468,389)	(25,255,505)	(27,773,407)	(29,323,003)	(31,530,485)
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Considered at the April 22, 2025, Regular Council meeting

161

Attachment 1

Schedule B to Bylaw No. 3508

2025 Revenue Policy Disclosure – Policies and Objectives

Requirement: The proportion of total revenue proposed to come from each funding source

The City receives revenue from various funding sources. The greatest proportion of revenue generated by the City is from property taxes. Property taxes are a stable and consistent revenue source for many services, including protective, community, and transportation services that would be complicated to fund on a user-pay basis. For this reason, property taxation will continue to be the City's major source of revenue.

The second largest revenue source is user fees and charges. User fees are applied to City services such as water, sewer, garbage, and recycling as a means of fairly apportioning the value of that service to those who use the service.

Council has been committed to developing a sustainable infrastructure replacement plan by moving towards a pay-as-you-go strategy for infrastructure replacement. This is put into practice through the process of transferring a portion of tax revenues to the Asset Reserve. These funds are then set aside for use as capital funding in recognition that other more historical capital revenue sources, such as land sales, are finite capital funding sources and are not as available in the future.

Policy:

Council is committed to reducing taxation in favour of the following practices:

- fees and charges are reviewed annually to maximize the revenues from services and also to ensure that they are in line with the market rates for similar services or programs;
- costs for services can be recovered from general taxation or charged specifically to the users of the services. Council has recognized that costs of some services could be more fairly recovered from user fees than property taxes, and has, where feasible and fair, shifted the financial burden of municipal services from property taxes to user fees. However, with respect to user fees, Council is also concerned that the overall interests of the community may not always be best served by these shifts. Savings transferred from taxpayers by shifting costs to users also shift a financial burden to some service users that cannot absorb the shifts which, in turn, reduces universal access to services;
- senior government and other agency grant opportunities are applied for and leveraged wherever possible as an external source of revenue to supplement scarce capital and operating property taxation revenues. However, Council has been careful when pursuing federal and provincial funds and other grant opportunities, taking into consideration the full-cost implications. The City's Long-Term Strategic Financial Framework, a document designed to steer the City towards financial sustainability, states that the City will not rely on grant funding and will only pursue grants that align with established community priorities;

Considered at the April 22, 2025, Regular Council meeting

162

Attachment 1

- when certain and applicable City land parcels have been identified for development, leasing opportunities rather than straight land sales are a consideration as ownership of City land inventories can be retained while still generating ongoing and sustainable lease, tax, and utility revenue streams, thereby reducing property taxation. Alternatively, the City could maintain those City land inventories through land swaps or land sales and repurchase of other strategic land parcels, when contemplating land development opportunities of City lands; and
- wherever possible, the City maximizes land values by leveraging development opportunities to provide community amenities. Also, new developments generally should fund new increased infrastructure requirements.

Objective:

The 2025 Financial Plan includes the following distribution of revenue:

Table 1: Proportions of Total Revenue

Revenue Source	% Total Revenue
Municipal Taxation	55.6%
Fees and Charges	30.6%
External Grants	2.6%
Government Contributions	2.3%
Investment Revenue	0.8%
Payment in Lieu of Taxes	1.4%
Other	6.7%
TOTAL	100.0%

Requirement: The distribution of property taxes among the property classes

The City has delineated six property tax classes within the City, with separate rates levying taxes to six different types of property. Class 4 Major Industry has three rates, two of which are set by the Province to cap certain port properties to encourage new investments in those properties. The City's tax rate ratios are relatively consistent over the years except for classes where external forces, such as provincial capping and assessment calculation practices, are mandated by the Province.

Table 2 provides the distribution of property tax revenue among the property classes. Table 3 provides the comparison of the mill rates among the property taxes.

Considered at the April 22, 2025, Regular Council meeting

163

Attachment 1

Table 2: Distribution of property tax revenue among the property classes (2025)

Property Class	% Property Tax
Residential (1)	67.44%
Utilities (2)	0.32%
Supportive Housing (3)	0.00%
Major Industry – Other (4)	12.78%
Major Industry – Ports (4)	2.28%
Major Industry – Ports (New Investments) (4)	0.98%
Light Industry (5)	1.63%
Business (6)	14.36%
Managed Forest Land (7)	0.00%
Recreation (8)	0.21%
Farm (9)	0.00%
TOTAL	100.00%

Table 3: Distribution of property tax mill rates (2025)

Property Class	Ratio
Residential (1)	1:1
Utilities (2)	14.67:1
Major Industry – Other (4)	14.64:1
Major Industry – Ports (4)	10.98:1
Major Industry – Ports (New Investments) (4)	8.98:1
Light Industry (5)	3.91:1
Business (6)	1.92:1
Recreation (8)	0.85:1

Policy:

Taxation versus Services Consumed

Property taxation is an *ad valorem* tax system, which means that taxes are based on the assessed value of real property (land and improvements). Therefore, the City does not relate the amount of the tax levied on each individual property with the amount of service the City provides each property. Similarly, the City does not levy its taxes based on the number of occupants in a household using services as taxes are not user fees. Further to this, Council commits to ongoing reviews with the objective of establishing a tax policy that best distributes property taxes among the property classes.

Tax Class Capping

Council is concerned with the distribution of property taxes for classes where provincial capping has been legislated. Provincial tax rate capping can affect the equity of the allocation due to the capping being only applied to certain properties within the class:

- the *Ports Property Tax Act* – 2004 restricts the municipal tax rates to \$27.50 per \$1,000 of assessment value. Eligible new construction relating to port properties is taxed at \$22.50 per \$1,000 of assessment value. The Province provides an annual grant to the City to assist in offsetting the cap, but since the grant is indexed to inflation and the tax increase may be higher, other taxpayers within the class are allocated the variance;

Considered at the April 22, 2025, Regular Council meeting

164

Attachment 1

- Class 2 Utilities with respect to the *Local Government Act* 329/96 is capped at the greater of \$40 or 3.28 times Class 6 Business/Other; and
- Bill 42 (Bill 42 – *2018 Assessment Amendment Act*, 2018) has a significant impact on the City's autonomy over property taxation. The introduction of Bill 42 held a certain property valuation to current use rather than the highest and best use as is the case for all other properties. The restriction on this property resulted in all other properties paying more tax to compensate for this reduction in property value.

Allocating the Tax Burden

After the provincial restrictions or capping of tax rates are met, the tax rates for the remaining classes are established by adding the Council approved tax increase to distribute the tax burden as equitably as possible across all tax classes, using a fixed share approach. Port Moody reviews its tax rates and the revenue derived from the different property tax classes periodically, and strives to keep the tax rates comparable to neighbouring jurisdictions. As mentioned, Council's policy is to allocate the tax increase equitably to each of the different tax classes recognizing that all tax classes have their own financial challenges.

The impact to tax rates can appear inequitable in some classes even though the tax dollars paid rise more equitably. The reason some tax rates rise more while other tax rates remain more constant is due to the fact that the assessed values, on which the tax rates are based to generate the required revenues, can move in different directions by class as well. When assessed values move in opposite directions for certain classes, the tax rates also need to move in step to keep the tax dollars paid equitable. Over time, tax rates moving in opposite directions to adjust for assessed values moving in opposite directions create significant variances in the tax rates between the classes. The only equity Council can achieve, without purposely directing tax shifts, is to try to keep the percentage increases to the tax dollars paid as equitable as possible.

Objective:

The 2025 Financial Plan includes minor changes in the distribution of property taxes among the property classes. Council's informal policy is to spread the tax burden equitably to each taxpayer in each class.

Requirement: The use of permissive and revitalization tax exemptions

Section 224 of the *Community Charter* provides Council with the authority to grant permissive property tax exemptions on land or improvements.

In 2024, Council approved the list of permissive tax exemptions granted for the 2025 taxation year and the estimated amount of tax revenue foregone. The list demonstrates the policy of Council that permissive exemptions are granted to not-for-profit institutions, including religious, historical, and cultural institutions that form a valuable part of our community.

Considered at the April 22, 2025, Regular Council meeting

165

Attachment 1

The City provided 2025 permissive tax exemptions to:

- Mennonite Church;
- Catholic Church;
- United Church;
- Anglican Church;
- Port Moody Ecological Society;
- Port Moody Heritage Society;
- Port Moody Arts Centre Society;
- Community Ventures Society;
- City of Port Moody;
- Association of Neighbourhood Houses of BC DBA Sasamat Outdoor Centre;
- Port Moody (Pacific #119) Branch of the Royal Canadian Legion;
- Catalyst Community Developments Society
- The Trustees of Inlet United Church,
- The Owners, Strata plan EPS9182
- St. Andrews Port Moody Housing Society
- Kinsight; and
- House of Omeed.

In accordance with the *Community Charter*, notice to adopt the bylaws must be published, and the bylaws adopted by October 31st of each year.

Civic tax revenue foregone as a result of the permissive tax exemptions for charitable organizations is estimated to be \$207,078 for 2025. Per section 227 of the *Community Charter*, notice of this exemption was given to the public. Per section 98(2) of the *Community Charter*, this amount of foregone revenue will be disclosed in the City of Port Moody 2025 Annual Report.

Policy:

Permissive Tax Exemptions

Council is committed to the continued support of local organizations for permissive tax exemptions since the organizations provide value to the community that, in Council's view, should be supported by taxpayers.

Revitalization Tax Exemptions

Section 226 of the *Community Charter* provides Council with the authority to grant revitalization property tax exemptions on land or improvements to encourage revitalizations within the municipality. The City has not entered into any Heritage Revitalization agreements that pertain to the 2025 taxation year.

Objective:

Each year, Council will examine its permissive tax exemption policy to determine if it should be expanded.