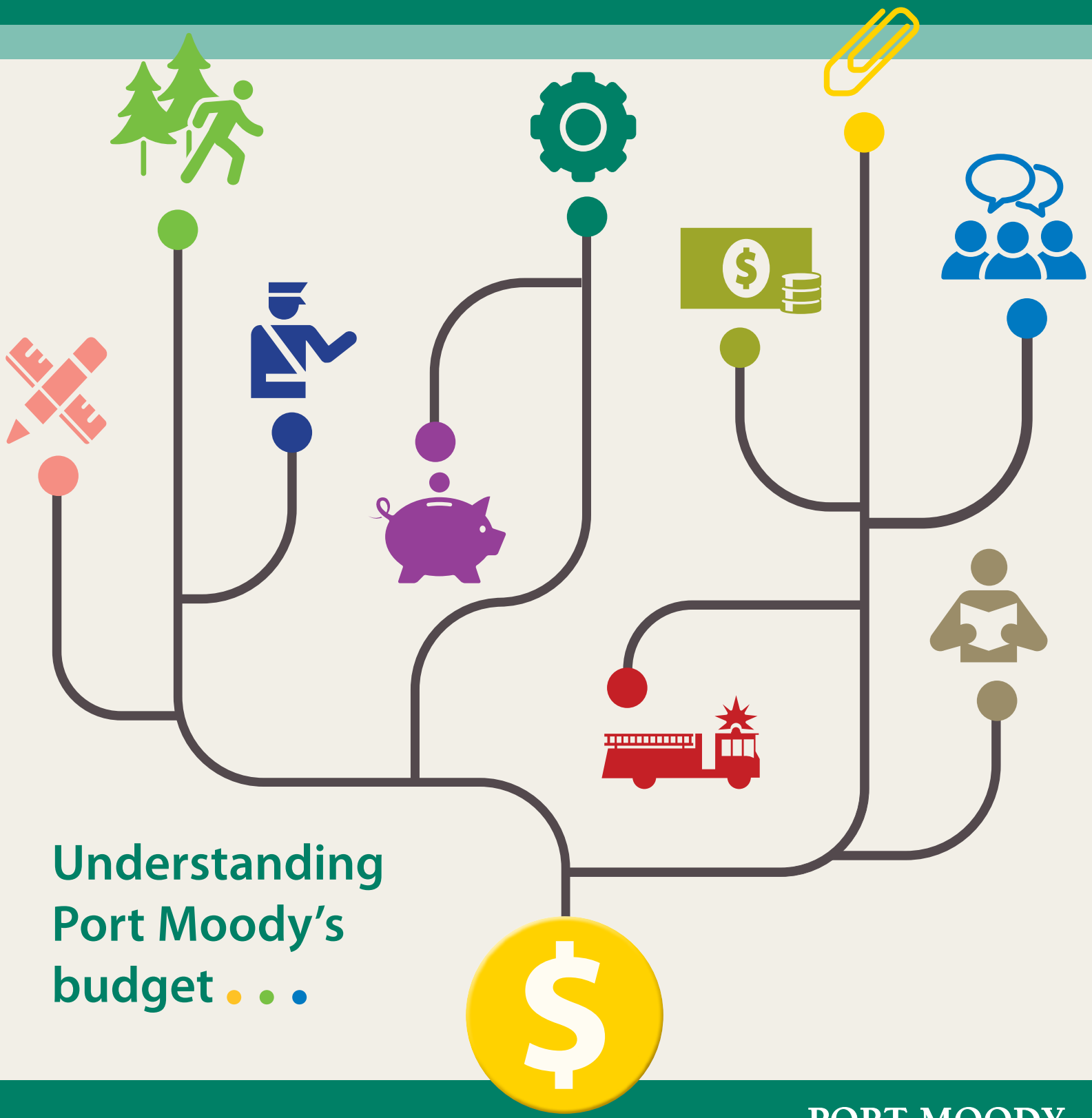
2026 City of Port Moody Budget Guide

Let's Talk Taxes



Understanding Port Moody's budget . . .

PORT MOODY
CITY OF THE ARTS

Why a budget guide?

The guide is a reference document that provides some fundamental information about the operations of the City and its budget principles and processes, as well as some informative budget facts. We feel strongly that informed residents will be more engaged and more likely to participate in the planning process.

Local governments are the closest level of government to the public, which makes them the most accountable when it comes to balancing community service needs with financial realities. At the same time, municipal elections attract the lowest voter turnout. Some might think this means residents are satisfied with services. However, that assumption about the silent majority does not help Council determine community needs and priorities. Continuous and meaningful public input is needed to help us identify changing priorities and set service delivery levels.

We hope this guide will be useful for residents during discussions about why the City conducts its business in a particular way, the type and level of services delivered, and how the City manages and determines its budget.

Do you need more information?

604.469.4500
finance@portmoody.ca
portmoody.ca/budget

This guide was developed to help residents understand how the City of Port Moody operates and manages its finances, so they can provide informed input to Council on long-term financial planning and service delivery.

Creating a unique, safe, and vibrant community

Like other cities, Port Moody is governed by provincial legislation called the *Community Charter* and the *Local Government Act*. This legislation directs city councils to provide services, laws, and other matters for community benefit. They also require city councils to promote the economic, social, and environmental well-being of the community.

City councils often interpret that legislation in similar ways for some basic services, but in very different ways for economic, social, and environmental services. Balancing the delivery of services with property taxes and user fees to meet community needs is the essence of the budget process required under the legislation. City councils rely on feedback from residents to tell them when they are hitting the mark.

Community services

Port Moody City Council interprets the *Community Charter* mandate to provide services, laws, and other matters for the benefit of the community, in the following ways:

1 Essential services	2 Priority services	3 Support services
Service, facility, or activity of local government that is, or will be, at any time necessary for the safety, security, health, and mobility of the community	Service, facility, or activity of local government that is, or will be, at any time provided to enhance the prosperity and quality of life of the community.	Service, facility, or activity of local government that is, or will be, at any time provided to support the essential and priority services.
• Police • Fire • Water • Sewer • Garbage and Recycling • Roads	• Parks • Recreation • Library • Bylaw Enforcement • Licensing & Permitting • Arts, Culture, Heritage • Planning • Environment	• Administration • Finance • Human Resources • Payroll • Legislative Services • Information Technology • Tax Collection/Billing • Clerical • Communications

Economic, social, and environmental well-being

The City meets its *Community Charter* requirement to foster the economic, social, and environmental well-being of the community by developing and following the **Council Strategic Plan**. The Strategic Plan is developed early in the mandate of a new council after each election. We report on goals and progress for the previous year in our annual report, which is published each June. In addition, Council creates, as required, a number of committees, commissions, and task forces to coordinate and address specific needs of the community and make recommendations to Council. The Council Strategic Plan is used to develop staff Business Plans, to carry out the goals of the Strategic Plan, and meet the needs of the community.

Our Financial Plan, better known as the budget, is the process of estimating the resources (funds, labour, materials, supplies, contractors) needed to complete the Business Plan within a given year, over a five-year planning horizon.

Service impacts

For each service, Council has to consider the capital costs of any equipment, infrastructure, or facility that is needed to deliver the service. In addition to those capital start-up costs, Council must consider the ongoing operational and labour costs of providing that service, as well as the asset and infrastructure renewal and maintenance costs.

Regardless of the service, Council will hear from residents who support the service, those who feel we can do without it, and others who think that we should deliver the service at a lower or a higher level. So, the decision is not simply whether or not the City should deliver the service, but also what level of service is appropriate and sustainable.

What's driving the budget?

All city councils today face challenges to broaden and increase levels of services. The level, scope, and breadth of the services requested by taxpayers are the main budget cost drivers. These include:

Population growth requires more assets in the form of equipment, facilities, materials, supplies, and infrastructure, and more staff resources using those assets to deliver the services.

Population diversity means looking at a wider scope of services than traditionally provided.

Increased activity means there are more people of all ages active in the community.

Service cost challenges

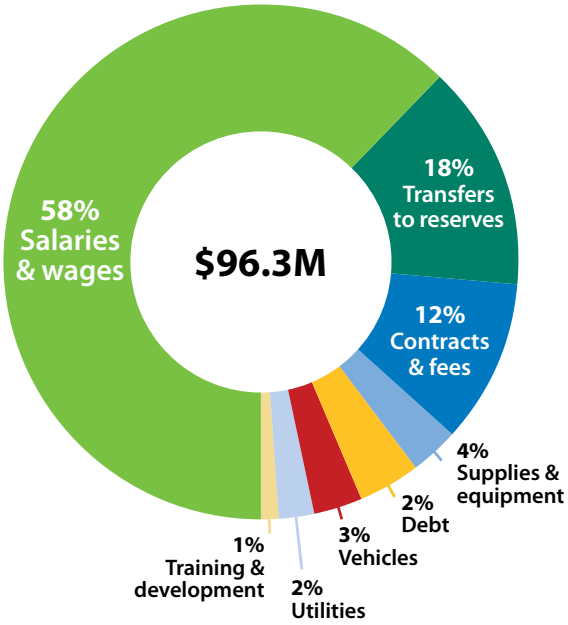
Cities are also being challenged by rising costs from activities and events such as:

Higher labour costs and payroll deductions for EI, CPP, and Pension Plan	Downloading from federal and provincial governments	Reduced federal/ provincial grants/ funding
Cost of construction, supplies, and materials	Stricter federal and provincial legislation requiring more stewardship and reporting	Increased demand for information due to internet/social media trends
Security concerns - guards, cameras, monitoring software, insurance, cyber threats	Provincially-mandated tax caps on port and other industries	Asset/infrastructure renewal costs

Your city is a service industry

We incur capital costs to build or purchase assets (equipment, infrastructure, facilities) and incur operating costs (labour, materials, supplies) to operate and maintain the assets to deliver services. Increases in operating costs are what typically drive tax increases, but capital funds, which traditionally came from other governments or other funds (e.g. reserves), are now coming more and more from taxation.

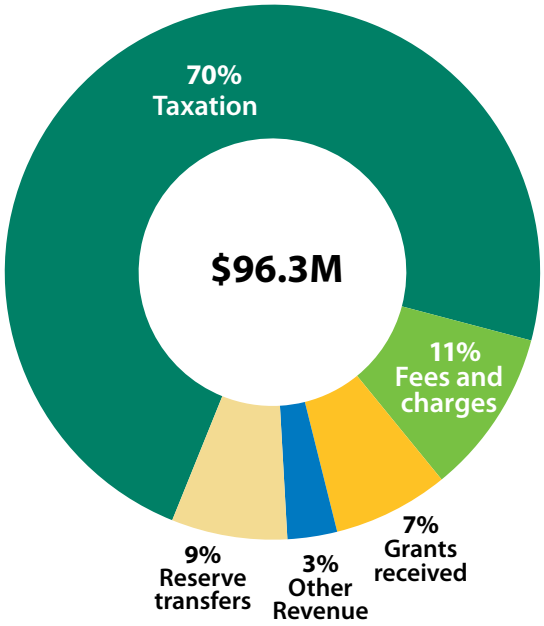
We often hear that the bulk of a city's costs are related to staff. That is as true for cities as it is for all service industries. When you deliver services, the bulk of your costs are the people costs. In a city there are police officers, firefighters, bylaw officers, librarians, parks workers, fitness instructors, lifeguards, skating instructors, road crews, and sewer and water crews. Staff costs make up 58% of total operating costs.



How does the City fund services?

The *Community Charter* gives the City the authority to levy taxes, user fees, and other revenues to generate enough revenues for funding the provision of services and community improvement programs.

Running a city is not cheap. Each year, Council debates long and hard on how much to raise taxes and user fees to cover increases in service costs. Taxation accounts for approximately 70% of our total revenues. Therefore, these property charges are an important annual Council consideration.

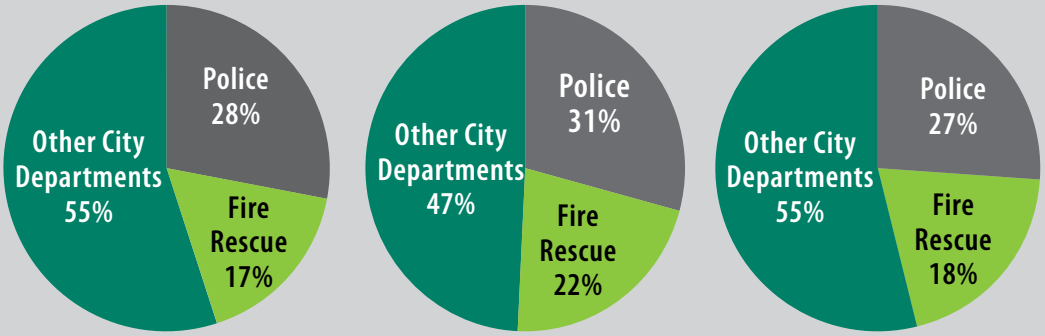


What does it cost to run the City?

In 2025, the City's net operating expenses (after non-tax revenues) totaled $61,864,000. That's the amount of tax we needed to balance the budget.The following table shows the costs of various departments for the average household, where the average was based on a property assessed at $1,291,000. Fiscal Services refers to all corporate revenues and costs, including interest revenue, banking charges, debt payments, and transfers to/from reserves.

	2025 Approved Net Budget	Annual cost per average household
City Administration	$1,592,500	$80
Community Development	$663,900	$33
Community Services	$13,485,500	$677
Corporate Services	$3,605,200	$181
Engineering & Operations	$2,976,100	$149
Finance & Technology	$4,675,300	$235
Fire Rescue	$12,029,100	$603
Fiscal Services	$3,951,900	$198
Library	$2,412,100	$121
Police	$16,472,800	$826
Total	**$61,864,400**	**$3,103**

Previously, in response to public feedback concerning public safety, the City opened a second fire hall and increased police presence. The charts below show protective services increasing from 45% of the total budget in 2003 to 53% in 2010, stabilizing back to 45% in 2025 as other costs caught up.



2003 | 2010 | 2025

Service value

If residents want and need the services we're currently providing, we'd like to know if you think you're getting good value. A good measuring stick is the private sector. For example, we've compared the City's budget to some basic private services on the next page. You can easily see how the cost of each City service compares to other services that homeowners purchase.

When looking at the cost comparisons, keep in mind that unlike most service providers, many City services are open 24/7/365, ready to respond to you in all kinds of weather conditions and emergencies. This level of response does not come without costs over and above the average entity. Here are some sample costs of running your city:

- The cost to fuel all City vehicles for one year - **$692,595**
- The cost of one first class constable - **$169,686**
- The cost for insurance (property, vehicle, liability) - **$1,196,467**
- The cost of one block of sidewalk (one side) - **$83,000**
- The cost to repave one km of road (2 lanes) - **$425,000**

Total City services: **$294/month**	
General government	**Emergency services**
$68	**$130**
Library	**Storm drainage**
$11	**$12**
Parks, culture, and recreation	**Roads**
$60	**$13**

VS

Private household services: **$772/month**	
Hydro	**Natural gas**
$105	**$112**
Auto insurance	**Mobile phone**
$150	**$85**
Internet and entertainment	**Home insurance**
$170	**$150**

*Note: these figures are rounded and are based on a 2025 average residential assessed value of $1,291,000

Where do my property charges go?

The City has two types of budget expenses: Operating and Capital:

Operating budget

Our operating budget covers spending related to the day-to-day operations of departments.

These daily expenses help to keep our streets and homes safe, and help to ensure that we have clean water running through the taps, sewage flowing to treatment facilities, garbage and recycling trucks out on their routes, and recreational and cultural facilities open for the public.

Typical examples of operating expenses are:

- employee salaries and wages
- supplies, material, and equipment
- property, liability, and vehicle insurance
- maintaining vehicles, landscaping, sewer/water pipes

The City must be able to deliver ongoing programs and services. Although some assets are idle at times, the City must have the capacity and resources to respond in emergency situations and accommodate peak user times to protect residents, businesses, and City assets.

Capital budget

Our capital budget funds larger projects of a longer-term nature, mostly related to maintaining, upgrading, and replacing the City's infrastructure and facilities.

It's important to make long-term plans for scheduled maintenance and replacement of these valuable, tangible capital assets (TCAs) to ensure they are in place to deliver life-sustaining and life-enhancing services.

We currently invest approximately $10.20 million per year in TCAs. These funds come from a variety of sources; historically, funding sources have included land sales, development levies, and government grants. However:

- Land sales can be a finite funding source as the City uses up its land inventory. However, the City has established a Heritage Reserve Fund to leverage the sale of existing lands to purchase new lands.
- Developers only fund the asset initially, as part of a development proposal. They do not typically fund the replacement of the asset when it is at the end of its useful life; and
- Government grants are not as prevalent as in the past. They are also in high demand as cities across the province and country face infrastructure funding deficits and compete for scarce funding.

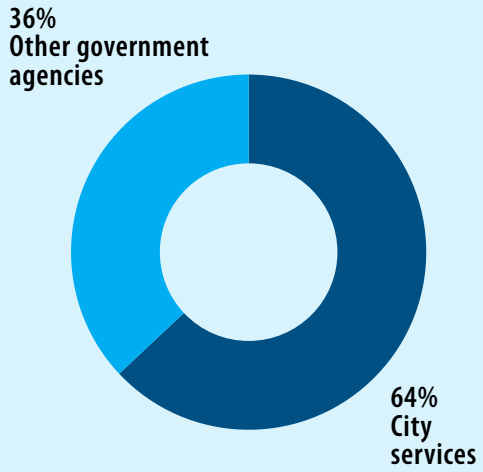
In light of the above funding challenges, the City has needed to take on debt to meet the capital reserve funding shortfall. The City is building a steady and sustainable capital funding source into the tax base with the Asset Renewal Levy. We know that the levy alone will not be enough to meet our infrastructure funding requirements, but it will assist us in addressing the shortfall in capital funding.

In addition, the City has adopted two documents that help Port Moody achieve its goal of financial sustainability: the Long-Term Strategic Financial Framework and the Asset Management Investment Plan. These two documents will be prevalent in future budget and other financial decisions of Council.

Your tax bill

Taxes are calculated by multiplying the assessed value of your property (determined by BC Assessment) by the current tax rate (set by the City) for your property class. In 2025, a Port Moody homeowner with an average-priced home ($1,290,000 in 2025 based on the BC Assessment revised roll) saw a $191 tax increase (including Drainage). Your taxes will be higher or lower depending on the assessed value of your home. If your home value is higher than the average-priced home ($1,290,000), then your tax increase will be higher, and vice versa.

When you review the charges on your Port Moody property tax notice, keep in mind that not all the charges are within the City's control. The provincial government and other regional and provincial agencies also levy property taxes and fees (noted in the yellow box below). The City collects those taxes on behalf of the other agencies.



▶ This chart shows the tax split between other government agencies and municipal services for residential households.

2025 PROPERTY TAX NOTICE — DUE DATE: **WEDNESDAY, JULY 2, 2025**

PORT MOODY
CITY OF THE ARTS

100 Newport Drive, Port Moody, B.C. V3H 5C3
Tel: 604.469.4503 • portmoody.ca/taxes
Office hours: Monday–Friday, 8:30am–5pm

FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2025
A 5% penalty will be added to unpaid taxes after July 2, 2025.
An additional 5% penalty applies to unpaid taxes after September 15, 2025.

LEGAL DESCRIPTION

TOTAL NET ASSESSED VALUES FOR TAXATION PURPOSES			
CLASS	GENERAL	SCHOOL	HOSPITAL
1 - Res	1,270,000	1,270,000	1,270,000

JURISDICTION	
ROLL / FOLIO #	ACCESS
PROPERTY ADDRESS	
PID	

		RATES	COLUMN A NO GRANT	COLUMN B BASIC GRANT	COLUMN C ADDITIONAL GRANT
School Taxes Collected on Behalf of Province of BC					
School	1-888-355-2700	1.02300	1,299.21	1,299.21	1,299.21
Less: Home Owner Grant			0.00	-570.00	-845.00
Net School Taxes			**1,299.21**	**729.21**	**454.21**
Levies Collected on Behalf of Other Agencies					
British Columbia Assessment	1-866-825-8322	0.03570	45.34	45.34	45.34
TransLink	604-953-3333	0.31410	398.91	398.91	398.91
Metro Vancouver	604-432-6200	0.06005	76.26	76.26	76.26
Municipal Finance Authority	250-383-1181	0.00020	0.25	0.25	0.25
Total Other Levies			**520.76**	**520.76**	**520.76**
Taxes Levied by City of Port Moody					
City Services		1.51031	1,918.09	1,918.09	1,918.09
Police Services		0.64000	812.80	812.80	812.80
Asset Renewal Levy		0.21739	276.09	276.09	276.09
Master Transportation Levy		0.01500	19.05	19.05	19.05
Firehall Replacement Levy		0.02086	26.49	26.49	26.49
Storm Drainage		0.10239	130.04	130.04	130.04
Net Municipal Levies			**3,182.56**	**3,182.56**	**3,182.56**
Total New Tax Levies			**5,002.53**	**4,432.53**	**4,157.53**
Tax Prepayments/Adjustments			0.00	0.00	0.00
Total Outstanding Taxes			**5,002.53**	**4,432.53**	**4,157.53**

Tax FAQs

Who determines the value of my property?

BC Assessment determines the assessed value of every property in BC (not city council). The value is a market value based on recent sales of similar homes in your area. For more information, visit **www.bcassessment.ca**.

If the value of my property increases, does the City automatically get extra tax revenue?

No. The same amount of tax revenue is still needed to balance the budget, regardless of changes to assessed values. When assessed values change, the tax rate is adjusted to generate the same amount of tax to pay for the approved services. Council determines the tax increase, not BC Assessment.

Why is my property tax increase more than the tax increase approved by City Council?

The approved tax increase is based on the average assessed value increase in the City. Individual properties could see their tax rise more if their assessed value increased more than the average, and vice versa. **Watch a short video on how the tax calculation process works.**

Distribution of taxes

According to Statistics Canada, of the total taxes collected by all levels of government, cities' share has decreased from 15.5% in 1961 to approximately 8% to 10% today. While the federal and provincial governments' share of taxes has grown, cities have maintained a steady tax percentage of 3.5% to 3.6% of gross domestic product. Today, as you can see from the last column in the matrix below, 68% of our tax revenue comes from residential properties.

Class description	Tax class	Folio count	Total Mill Rates (exclud. Drng)	Net Taxable Values ($)	Revenue ($)	Percentage (%)
Residential	Class 1	13,440	2.4036	$17,358,180,018	$41,721,427	67.4
Utility	Class 2	35	35.2516	5,605,475	197,602	0.3
Major Industry	Class 4	7	35.1496	224,794,700	7,901,448	12.8
Major Port	Class 4a	1	26.3764	54,962,089	1,449,700	2.3
Major Port Growth	Class 4b	1	21.5807	26,545,911	572,879	0.9
Light Industry	Class 5	29	9.3916	107,382,800	1,008,496	1.6
Business	Class 6	475	4.6088	1,927,283,004	8,882,385	14.4
Recreational	Class 8	125	2.0397	63,970,600	130,483	0.2
				$19,768,724,597	**$61,864,421**	**100.0**

20 years ago, Port Moody residents were paying only 54% of the total property tax bill, with businesses and major industry paying a larger share. One reason for this shift is the growth in residential properties. However, other tax classes have also changed, due to relocations (e.g. Andrés Wines) or changes to operations (e.g. refineries not refining and therefore taxed as storage facilities only).

Financial health

Our reserves

So what's the City's financial capacity with respect to reserves? City revenues are accumulated from land sales, development levies, and our operating surpluses. We then set these aside in reserve accounts to fund a number of capital, operating, and emergency costs.

The City has used its reserves over the last number of years to renovate and replace aging infrastructure.

While we do have adequate reserves, the majority are already designated and unavailable for discretionary spending.

When assessing our financial health, in addition to looking at cash, reserves, and liabilities, we must consider the condition of our tangible capital assets: our buildings, equipment, and infrastructure. The condition of these assets also dictates future funding requirements.

	2024
Reserves for operating	$15,063,629
Reserves for capital	$56,447,722
Statutory reserve funds	$15,735,316
Development levies	$23,392,762
Surpluses from operations	$3,506,488
Total	**$114,147,941**

Audited by BDO Canada LLP as of December 31, 2024

Our debt

In addition to our cash, reserves, and the age and condition of our assets, a financial health analysis must consider our debt levels and debt capacity.

Local governments rarely amass the cash surpluses required to pay the significant cost of major capital projects and must periodically use debt markets to finance the infrastructure needed to continue to deliver critical services to the community. Debt is a recognized and accepted financing strategy, and an effective way of smoothing infrastructure costs over time so that all benefiting generations share costs equitably. Using debt to finance large capital projects allows those projects to proceed sooner, often allowing the local government to leverage the borrowed dollars against federal or provincial grant programs. Being a debt-free municipality is a lofty goal but, as good as it sounds, it is not good when viewed in the context of deteriorating infrastructure.

In BC, all long-term capital financing is required to be financed through the Municipal Finance Authority (MFA). The MFA was created in 1970 by the Province to pool the borrowing needs of all local governments in BC to provide the most competitive rates possible. The MFA's continued triple AAA credit rating means it is able to offer lending rates the private banking establishment has not been able to match. While the City continues to access debt to supplement its capital financing needs, the City retains a healthy debt capacity and debt-per-capita ratio.

The City was virtually debt-free in 2004 and, in 2005, took on debt to expand and renovate the aging Recreation Complex. Again in 2006, the City needed to borrow to replace the Police Building which had reached the end of its useful life. ▶

Financial health – our debt (continued)

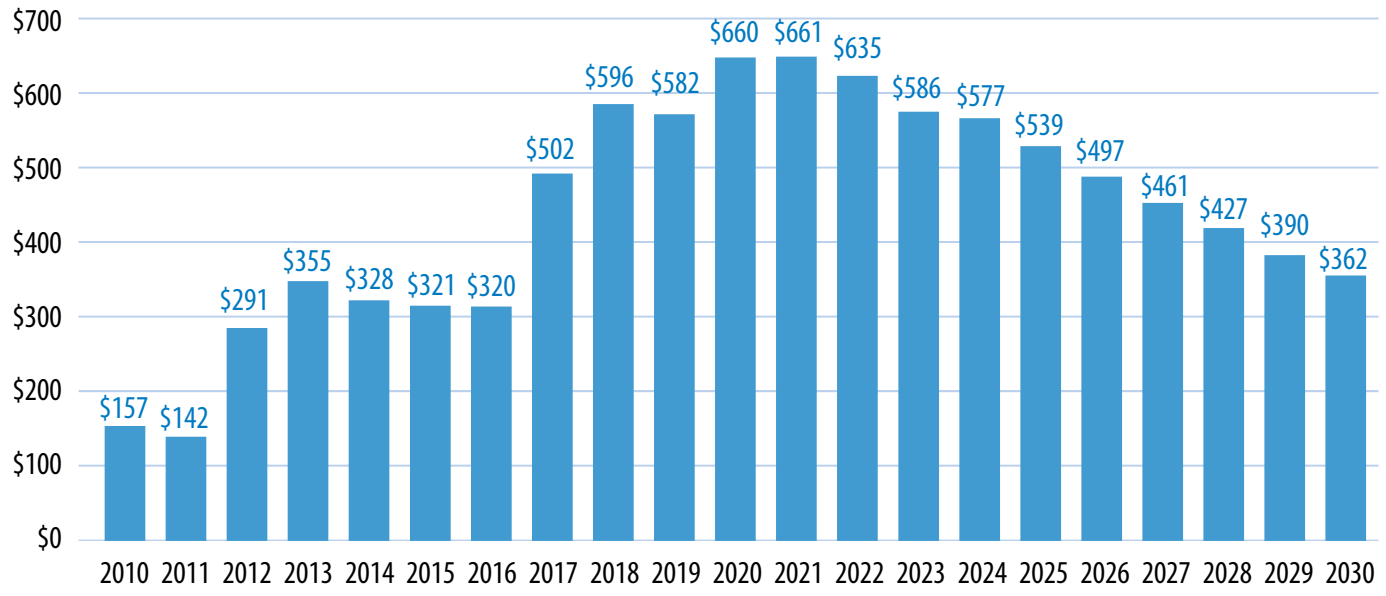
In the April 16, 2011 referendum, the public approved borrowing up to $16 million to replace another aging building, Fire Hall #1. Borrowing to replace the fire hall was not a decision made lightly. Replacing a fire hall is considered a safety priority. To minimize the impact to taxpayers, Council capped the project at $11 million and the borrowing at $9 million and established a Fire Hall Replacement Levy to pay the debt. The City borrowed $6 million in 2012 and $3 million in 2013. The resulting debt rose to approximately $291 per capita in 2012, and increased to $355 per capita in 2013.

In 2015, the debt taken on in 2005 to renovate and expand the Recreation Complex was fully paid off. In 2016, the City repurposed the funding used to finance the 2005 debt to fund $10.5 million in debt for emergency and backlogged repairs to some critical City assets (e.g. City Hall, Recreation Complex, Port Moody Arts Centre). The repairs were identified by consultants and architects through facility condition assessments. By repurposing the 2005 debt funding, the City was able to avoid a tax increase to finance the debt (2017 and 2018).

Most recently, the City has used debt to finance the replacement of critical Fire Rescue apparatus. The City's Ladder Truck and a Fire Engine were replaced in 2020, a Fire Engine was replaced in 2022, and a Fire Rescue truck was replaced in 2023.

Under *Community Charter* section 174, municipalities may incur debt, to a maximum Liability Servicing Limit, calculated as 25% of annual municipal revenues that are considered controllable and sustainable (taxes, fees, and unconditional grants) less net taxation revenue from Class 4 properties (i.e. where Class 4 revenues are higher than the provincial average). In 2024, the City of Port Moody had a liability servicing limit of $30.4 million. For the 2025 financial planning period, the budgeted cost for principal and interest debt payments, including equipment financing in the general operating fund, is $2.4 million. This amount remains well below the allowable limit.

Debt per capita 2010–2030



Budget options

Essentially, cities have three ways to control a tax increase:

1 Generate non-tax revenues

Explore other revenues

Revenue opportunities are limited by the *Community Charter*, and may require capital investments.

Implement sensitive revenues (e.g. casinos, pay parking)

Other cities use these types of revenues to fund capital and operating needs.

Leverage developer contributions (e.g. density bonuses, community amenity contributions)

Share revenues from increased densities with developers, or require developers to provide amenity contributions as part of development.

Leverage assets (e.g. land leases, profit sharing from businesses on City land)

The City has leased land instead of selling it (e.g. Inlet Centre Residences), and negotiated revenue sharing agreements (e.g. Boathouse Restaurant) on City land to generate revenue. The City also has a 25-year revenue sharing agreement with Pattison Outdoor Advertising for two digital billboards.

Increase user fees (i.e. reduce or eliminate subsidies)

Most programs are subsidized to some extent. With subsidies, higher taxed properties support lower taxed properties, based on a wealth (not income) redistribution model. We could reduce or eliminate subsidies from taxation. This strategy needs careful consideration as it could impact the ability of some individuals and families to participate in City services.

Special levies (e.g. debt)

Special levies can address specific needs, and be discontinued once the initiative is complete or funding met.

2 Control expenditures

Economies of scale

The City pools its volumes with other cities in a regional purchasing consortium to leverage volume buying power.

Value

The City uses value instead of cost alone when considering purchases as cost alone may result in higher maintenance, shorter useful life, or poor service.

Alternative service providers (e.g. contract out)

Some services can be contracted out successfully, but we need to keep others in house to avoid compromising service. Critical public services (e.g. water, sewer) should not be run on the bottom line.

Partnerships (e.g. public/private partnerships called P3s)

Partnerships transfer or broaden the financial risk to other entities that are more financially able to absorb costs/losses.

3 Adjust services or service levels

Service level expectations

Residents are used to a certain level of service and usually want it maintained.

Service adjustments

Which services does the City adjust? This is an ongoing debate. Not everyone will agree on the same level for every service.

Services and service levels in neighbouring cities

Our residents generally expect the same services and service levels available in neighbouring communities.

Sustainable service

What is a reasonable or sustainable level of service? What level do you actually need versus the level that you want? These are ongoing Council debates during the annual budget deliberations.

Shared services (e.g. dog control)

As an example, the City currently pays the City of Coquitlam for dog compounding services. Are there other services we could share?

Understanding the budget process

Municipalities must annually prepare a five-year financial plan and adopt tax rates in accordance with the *Community Charter*. The five-year requirement encourages city councils to consider the long-term impact of current decisions. For example, for a proposed new service, councils must consider the impact of providing the service for years to come. When undertaking a capital project, they must consider the annual operating and maintenance costs and not only the initial capital cost.

City staff work on the budget year round, either drafting it, presenting it, amending it, or monitoring and reporting on it. The City does have a formal budget process that it follows, scheduling the different phases from the drafting of the budget, through deliberations by the Finance Committee, to public input, to approval by City Council, up to the setting of the tax rates to the final phase of billing and collecting the taxes.

Here are the key phases of the annual financial planning process:

Define
- Budget guidelines approval
- Packages distributed to departments

Compile
- Departments prepare Operating and Capital budgets
- Financial Planning staff review budgets with departments once submitted

Review
- Senior management team reviews department budgets in a full-day workshop

Present
- Department budget deliberations presented to Finance Committee in two full-day workshops

Evaluate
- Council considers public feedback

Adopt
- Provisional approval for Utility, Operating & Capital Budget
- Council adopts Financial Plan and Tax Rates Bylaw prior to May 15

Why a five-year plan?

You may be wondering how the City can operate well into the current year without having an adopted budget until as late as May. That is because each year we adopt a Five-Year Plan, and therefore have five years of budget approval under which to operate if necessary.

The City simply operates under the Five-Year Plan it adopted the previous year until Council adopts the new plan. Council considers pre-approval for any projects that need to go ahead before they adopt a new plan to avoid delaying these projects. Pre-approval requires preparing a business case and presenting it to Council.

Budget Tidbits

- A tax increase of 1% = $29 increase to the 2025 average $1,291,000 household (a higher-valued household will have a higher increase).
- A tax increase of 1% generates $584,000 annually in tax revenue
- 2025 approved tax increase of 5.97% generated approximately $3,489,081 in new tax dollars.
- 2025 approved tax increase resulted in a $168 increase (5.70%) to the average household (approximately $14.0/month or $3.23/week).
- 2025 utility increase of 14.6% resulted in an $245 increase to the average single residential household (approximately $20.4/month or $4.71/week).
- 2025 combined tax and utility increase of 8.9% resulted in a $412 increase to the average single-residential household (approximately $34.3/month or $7.92/week).

Impact of development and construction growth

As the city grows and more residents move into new developments, the new developments are taxed accordingly. However, while the developments generate additional revenues from tax and user fees, they also bring a demand for more services. It is important that the new development tax revenues closely offset the increased demand/cost for more services (i.e. growth pays for growth). If they don't, tax increases or service adjustments are needed to accommodate the new growth. Community amenity contributions are often negotiated with developers to provide new facilities and assets needed to continue delivering services.

Raising taxes by the consumer price index (CPI)

Raising taxes by the CPI is often suggested, and while it sounds reasonable, keep in mind that the CPI does not reflect the City's spending needs and patterns. The CPI is an indication of the rising costs of the goods and services, such as food, housing, furniture, clothing/footwear, and fuel, bought by the average household. While the City purchases some of these items, municipalities are essentially in the construction business, building and maintaining roads, infrastructure, facilities, parks, sidewalks, and bridges. This means the direct or indirect costs of building materials like steel, cement, pavement, and lumber have a bigger impact on the City's budget. We need to remember that the construction price index can be quite different from the consumer price index.

Labour costs

Municipalities employ a wide variety of skilled workers, mostly certified professionals or tradespeople covered under collective bargaining agreements. It is critical that the City recruit and retain highly-skilled workers to deliver a variety of services, including many that have an impact on life safety. The professional nature of the workforce, along with the union environment, is not comparable to the labour costs of businesses operating with mostly unskilled or uncertified workers in non-union environments. In addition, some municipal wage agreements can be regional in nature, often aligned with what has been negotiated in other parts of the region, and are not within the control of Port Moody Council.

Asset Renewal Levy

The City levies a charge for replacing and upgrading its infrastructure, amenities, and facilities (called tangible capital assets or TCAs on the Financial Statement's Balance Sheet). You'll see this charge on your tax bill as an Asset Renewal Levy. This strategy recognizes that traditional sources of capital funding like land sales, government grants, and developer levies are not reliable sources of funding, and that a steady and sustainable source of capital funding needs to be built into the tax base to provide a portion of that declining capital funding. Many municipalities do not levy this charge, choosing to keep taxes lower. However, all cities face a shortfall in capital financing (reported in the media as the National Infrastructure Deficit), and will need to address it sooner or later. Port Moody has chosen to be proactive in this regard. The Asset Renewal Levy has added tax increases in Port Moody that other jurisdictions may not have included yet. The amount of tax dollars raised through this levy for 2025 will be $5.6 million.

Climate Action Levy

Port Moody's Climate Action Plan is a comprehensive initiative aimed at helping the City and its residents adapt to climate change and reduce greenhouse gas emissions (GHGs) that contribute to global warming. The Plan emphasizes both mitigation—reducing or preventing GHG emissions—and adaptation, recognizing that even with significant emission cuts, the effects of climate change will persist for future generations. The plan includes measures to help the community adjust to new realities and reduce vulnerability to climate impacts.

In order to achieve the ambitious targets for GHG reduction, dedicated climate action funding was established in the 2024 Financial Plan. On an annual basis the City will endeavor to increase this contribution to the Climate Action Implementation Reserve by 1%, ensuring ongoing funding for these climate action initiatives.

Long Term Strategic Financial Framework

On October 28, 2014, Port Moody City Council took a progressive step towards financial sustainability by adopting the **Long Term Strategic Financial Framework** (LTSFF), formally documenting the financial principles Council considers important when making financial decisions over the long term. Adhering to these principles is the first and biggest step towards financial sustainability, which Council defined as:

> In Port Moody, sustainability means we are working to allow future generations to reach their potential by defining how we live today.

The City of Port Moody's current finances are on solid ground and have been for many years, and the City would like future generations to enjoy the same level of financial stability and prosperity as its current residents. Financial stability is fundamental to the health of any community – only with stable and sufficient revenues, and careful planning of expenditures, is the City in a position to provide the important services that its residents need and enjoy.

For the average household, financial sustainability is thought of in the context of whether we can sustain our current day-to-day lifestyle (e.g. rent, food, entertainment, clothing, travel, medical). For those who own homes or businesses, the thinking can be more long-term, and the planning more in the range of 20 to 25 years when mortgages are paid off, or businesses sold to finance retirements.

Local governments need to think long-term as well, as the investments in infrastructure are significant and longer-term in nature (25 to 100 years). While individuals come and go, local governments need to continue in perpetuity to acquire and manage a stock of financial and physical assets that are critical for the provision of services to current and future generations.

Historically, City Council financial performance and stewardship has focused on the following three elements:

1. The growth/size of a city's revenues, expenditures, and debt levels.
2. Is the city's budget balanced (cash basis – enough cash to meet the expenditures)?
3. Reasonableness of the annual tax increase.

While these three elements need to be considered, they are short-term in nature and do not evaluate the long-term financial health of the community. They do not contemplate:

- the financial burden being passed on to future generations;
- sustainability of revenues being utilized today;
- sustainability of service levels;
- the state or condition of physical assets;
- the size of the capital asset/ infrastructure funding deficit;
- whether users of services are paying a fair share of the cost of a service; and,
- whether debt levels are sustainable.

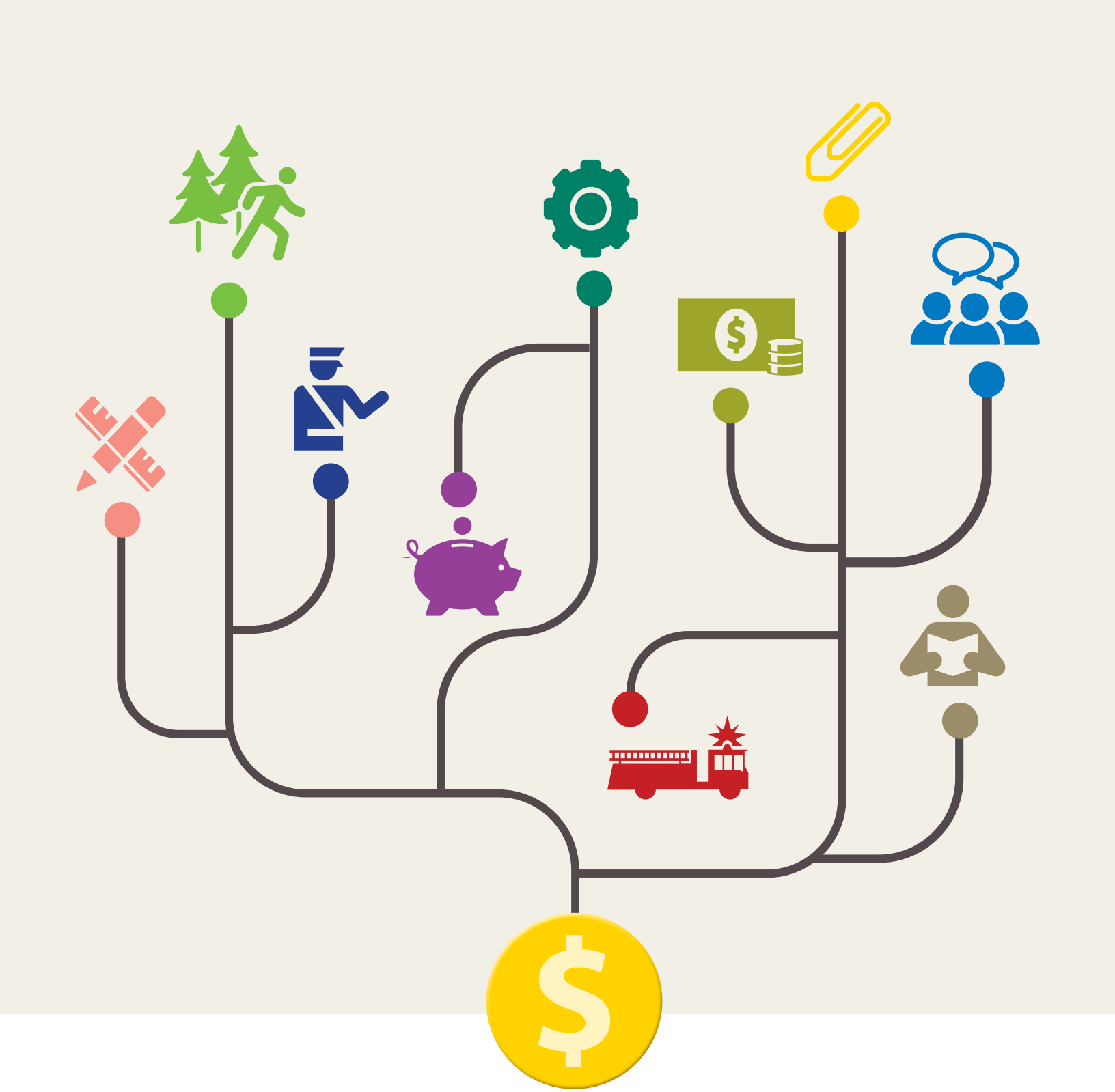
Communities across Canada, are struggling with aging infrastructure and, according to the Canadian Infrastructure Report Card, have collectively accumulated a significant infrastructure backlog (infrastructure in fair to very poor condition). Relative to the average city in Canada, Port Moody is doing better which can be partly attributed to its relatively newer developments and infrastructure. It is important to note that, due to gaps in funding, some level of backlog will have to be accepted. The City monitors its backlog, determining the risks and impacts it will have on service delivery.

Asset Management Investment Plan

Managing infrastructure assets is a key part of becoming a sustainable community. In this regard, stewardship of City-owned infrastructure assets has been identified as a foundational element for the City in achieving its vision to be financially sustainable. It requires careful planning, proper investment, and appropriate maintenance. The City has been maintaining an asset management program, and the **Asset Management Investment Plan** (AMIP) serves to bring together the best current knowledge on all of the City's infrastructure assets to answer the important questions listed below:

How much will it cost to replace the City's infrastructure?	When will the City likely need to replace it?
How much should the City be investing annually to sustain its infrastructure over the long term?	What risks or opportunities should be considered when making decisions about service levels or infrastructure investments?

In recognition of the need to improve infrastructure investment decision-making, in the near and long term, with an emphasis on cost-effectiveness and affordability, City Council has outlined a set of asset management goals and initiatives. The City's AMIP summarizes the estimated 20-year costs associated with infrastructure replacement and renewal, modeled on the best available information on the City's assets. It is common for communities across Canada to find that the estimated cost of infrastructure renewal is higher than available funding levels. Therefore, the AMIP is accompanied by a 20-year funding plan that assesses revenue generation opportunities over the long term and evaluates scenarios for meeting capital, operational, and maintenance costs for the City. Together, these plans will help the City to identify appropriate revenue levels, allocate budgets, build and manage reserves, and identify and manage debt when required to supplement capital financing.



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