
Meeting Access Information

Due to the COVID-19 pandemic we will be holding the Audit & Finance Committee (AFC) meeting in a hybrid format. Members of the AFC and the public can join the meeting in-person in the Blaney room at Maple Ridge City Hall or remotely using the following access information:

Join the meeting from your computer, tablet or smartphone

<https://mapleridge-ca.zoom.us/j/89098333323?pwd=WFg5TlZ2dVIOWWxDU1pwZ29hREgxUT09>

Or join the meeting using your phone

Dial: 1-778-907-2071 Meeting ID: 890 9833 3323 Passcode: 509448

1. **CALL TO ORDER**
2. **APPROVAL OF THE AGENDA**
3. **ADOPTION OF MINUTES – June 27, 2022**
4. **DELEGATIONS – NIL**
5. **NEW AND UNFINISHED BUSINESS**
 - 5.1 Financial Modeling – Tools & Recommendations
 - 5.2 Development Cost Charges Imposition Amending Bylaw Update
6. **QUESTION PERIOD FOR THE PUBLIC**
7. **NOTICE OF CLOSED MEETING – NIL**
8. **ADJOURNMENT**

Next Meeting: To be announced

Agenda Submission Deadline: To be announced

QUESTION PERIOD

Question Period provides the public with the opportunity to ask questions or make comments on subjects that are of concern to them. Each person will be given 2 minutes to speak.

Up to ten minutes in total is allotted for Question Period.

The Minutes of the Regular Meeting of the Audit & Finance Committee
held virtually and in the Blaney Room, City Hall on June 27, 2022 at 1:00 pm

COMMITTEE MEMBERS PRESENT

Mayor Morden, Chair
Councillor Gordy Robson
Councillor Judy Dueck

STAFF MEMBERS PRESENT

Scott Hartman	Chief Administrative Officer
Catherine Nolan	Deputy Director of Finance
Trevor Thompson	Director of Finance
Christine Carter*	General Manager Planning & Development Services
David Pollock	General Manager Engineering Services
Forrest Smith*	Director of Engineering
Christina Crabtree	General Manager Corporate Services
Arsh Dhillon	Committee Clerk

*Participated remotely due to the COVID-19 pandemic.

1. **CALL TO ORDER – 1:03 pm**
2. **APPROVAL OF THE AGENDA**

R/2022-AFC-009

It was moved and seconded

That the agenda for the June 27, 2022 Audit & Finance Committee Meeting be approved as circulated.

CARRIED UNANIMOUSLY

3. **ADOPTION OF MINUTES**

R/2022-AFC-010

It was moved and seconded

That the minutes of the June 13, 2022 Audit & Finance Committee Meeting be adopted as circulated.

CARRIED UNANIMOUSLY

4. **DELEGATIONS – NIL**
5. **NEW AND UNFINISHED BUSINESS**

Note: David Pollock joined at 1:05pm.

5.1. Development Cost Charges Update

The Director of Finance, provided an overview of Development Cost Charges (DCCs) and a proposed DCC Imposition Amending Bylaw. The Committee provided feedback on the proposed

bylaw and referred the matter back to staff for further discussion at the next Audit and Finance Committee Meeting on July 4, 2022.

6. **QUESTION PERIOD – NIL**
7. **ADJOURNMENT at 2:18pm**

Mayor Mike Morden, Chair

TO: His Worship Mayor Michael Morden
and Members of Council

MEETING DATE: 4-July-2022
FILE NO: 05-1880-20

FROM: Chief Administrative Officer

MEETING: Audit & Finance

SUBJECT: Financial Modeling – Tools & Recommendations

EXECUTIVE SUMMARY:

This Audit & Finance Committee meeting builds on the previous two meetings held on June 13 and June 27. The first provided information on the policy framework guiding business planning and the allocation of funds, and an overview of the City's Reserves and the relative flexibility offered by each. The second provided an overview of the City's Development Cost Charges and bylaw amendment currently underway. The focus of this meeting is to undertake a modeling exercise to begin framing financial strategies that could be employed to deliver on the master plans currently under development.

This report is intended to be a supporting resource, outlining the various tools that are currently available to local governments and how they apply to the delivery of master plans; to outline some potential strategies that could be explored to either introduce new revenue streams or partnering opportunities; recommend policy changes; and outline the potential for Council advocacy,

RECOMMENDATION:

This report is submitted for information only.

DISCUSSION:

a) Background Context:

The City has a number of strategic plans under development and it is anticipated that each will identify significant gaps between the infrastructure, facilities and services we have today and those that will be needed to realize Council's vision for the community. To provide context, the following is a list of plans or related implementation strategies currently under development:

1. Connected Community Strategy
2. Economic Development Strategy
3. Fire Master Plan
4. Integrated Stormwater Management Plan
5. Park & Recreation Master Plan
6. RCMP Deintegration Plan
7. Strategic Transportation Plan

In addition to the above-mentioned strategies and plans are current work plan items such as the development of the Green Infrastructure Plan and the update of a number of significant technology systems in the City that involve staff and resources from across the organization.

Council is intent on ensuring the City not only has the plans in place to address the needs of our rapidly growing community, but that it also has the financial strategies in place to deliver on those plans with the least impact on property taxes.

The focus of this report is to provide information on the tools currently available to facilitate this work, and some information on strategies that may be an option over the longer term as it is likely there will be a need to phase in the implementation of the various plans.

The following information relates to those tools that are available today. They are listed in alphabetical order.

1. Amenity Charges:

Amenity charges are fees paid by the development community to advance the provision of amenities in the community. They can be linked to a density bonus framework or to a voluntary per unit contribution. The City has employed both methodologies, with a density bonusing framework in the Albion Area and a voluntary per unit contribution model throughout the community. At this time, funds collected in specific areas are directed to the provision of affordable or special needs housing. At the June 14 Council Workshop meeting, the Planning Department reviewed a framework to extend this type of charge to modest density increases in certain single-family residential neighbourhoods.

By collecting this fee from developers, the City is able to realize monies early in the development process for the provision of facilities and other amenities, and to shift the cost burden for these items from the property tax payer to the developer.

Council Policy No. 6.31, most recently amended on May 10, 2022, outlines the potential uses of amenity charges as follows:

- Civic facilities;
- Public art;
- Acquisition of land for the provision of:
 - Affordable or special needs housing;
 - Parks;
 - Trails;
 - Significant ecological features
- Park or trail construction and/or maintenance;
- Affordable or special needs housing units;
- Heritage conservation; or
- Conservation of significant ecological features.

2. Cash in Lieu (Parking)

The City's Off-Street Parking and Loading Bylaw sets out requirements for the provision of parking throughout the Community. It also includes a provision to allow developers to reduce the required parking spaces in return for the provision of a cash-in-lieu payment to the City if their development meets certain conditions. This fee is currently set at \$20,000 per parking space.

Monies collected from this source are set aside in the City's Parking Reserve to be used for the provision of parking in the community.

3. Cash in Lieu (Parkland)

Under the Local Government Act, the owner of land being subdivided must provide either land for parks or a cash payment that does not exceed 5% of the land being proposed for subdivision.

Monies collected from this source are set aside in the City's Parkland Acquisition Reserve and have historically been used for the purchase of lands for conservation or watercourse protection.

4. Debt:

The City has access to favourable interest rates through the Municipal Finance Authority making financing the construction of infrastructure or facilities a potentially favourable option. Borrowing to advance the timing of construction is a strategy that has merit for a couple of reasons. Borrowing to advance certain projects that have been deferred due to fiscal constraints may provide an opportunity to deliver projects of strategic importance sooner.

The City has two debt issues that will be repaid in 2026 and 2027 respectively. When this happens, the City will have approximately \$3 million, a portion of which will likely be directed to maintain the related facilities. Any residual could be redirected to funding debt for the construction of infrastructure and facilities identified in Master Plans.

While the amount of debt the City can hold is not legislated, the annual amount that can be dedicated to principal and interest payments, referred to as the debt servicing capacity, is legislated and is set at a maximum of 25% of certain revenues. As at the end of 2021, the City had \$30.6 million in unused debt servicing capacity. While this may appear to be an attractive opportunity to provide needed facilities and infrastructure it is important to keep in mind that a reliable and predictable funding source must be identified for any debt payments and that is likely to mean a tax increase.

5. Development Cost Charges:

Development Cost Charges (DCCs) are fees imposed on the development community for the provision of roads, drainage, sanitary sewer, water, parks and certain park improvements required as a result of growth. They have been leveraged in the community for over 40 years and fund a significant portion of our capital program. DCCs are tightly guided by legislation, with ministry approval required for the rates we charge and specific guidelines for the types of projects that can be funded by DCCs.

As Council has noted, particularly with the acquisition of land for parks, there may be advantages to acquiring land in advance of development taking place, as it is likely the City would be able to acquire it at a more favourable price. Due to the timing of DCC collections, it can be challenging to accumulate the requisite funds in advance of development. It may make sense to borrow in order to acquire land earlier in the development process and then use subsequent DCC collections to make the principal payments on that debt.

6. Grants

The City has a standing practice of attempting to leverage funding from other levels of government as funding programs become available. This practice allows us to deliver certain projects with up to 2/3 of the funding provided by others. The disadvantage associated with this practice is the uncertainty of when related funding programs will be available and the success of applications to those programs. Council has expressed a level of frustration with the potential of delays in delivery of certain strategic projects where a dependency on grant funding is incorporated into the financial plan and development cost charges.

A potential shift in strategy would be to identify a municipal funding source for the full cost of strategic projects and adjust retroactively if the City is able to secure grant funding. This shift could allow the City to advance projects sooner, assuming adequate funding is available. Continuing to have a number of projects with detailed design plans ready would be prudent, as City would be in a position to leverage grant funding as programs became available.

7. Latecomer Agreements:

In some instances, the City will require a developer to install infrastructure in excess of what is needed to service just their development. This may occur when infrastructure must pass by lots with future development potential and it is likely that there will be additional connections made to the infrastructure over time. When this happens, the City enters into an agreement with the developer that provides a 15-year window to allow them to recoup their upfront costs plus interest. The City acts as the trustee to the agreement and is responsible to collect fees as additional connections are made and then remit them to the original developer.

Latecomer agreements allow the City to ensure the infrastructure needed to support both current and future growth is installed and paid for by the developer.

8. Local Area Service Agreements:

Local Area Services (formerly referred to as Local Improvement Projects) are very localized projects that are typically fully paid for by the benefitting properties. In certain circumstances the City will fund a portion of the project costs.

Most commonly, residents in an area will approach the City to start a formal petition process for a particular project. If, through this process, the owners of at least 50% of the parcels that equate to at least 50% of the assessed value the lands and improvements are in favour of proceeding the project can advance.

While the most common process is for residents to approach the City, legislation does provide an opportunity for the City to undertake a Local Area Service under its own initiative, subject to the assent of the electors in the area. This approach would likely have limited application, but it is a tool that is available to Council.

9. Municipal Development Works Agreements:

A Development Works Agreement, is an agreement, made by bylaw between a municipality and a developer setting out who will provide, construct, alter or expand infrastructure related to a development. Agreements provide for infrastructure such as sewage, water, drainage, highway facilities (other than parking) and parkland improvements and must outline how the costs will be allocated to property owners. Such agreements require elector approval.

An example of such an agreement is referred to as a Front-End Agreement. This is a type of arrangement that has been used by the City of Surrey to enter into an agreement with a developer for the provision of infrastructure with compensation occurring over time as the related fees are collected.

10. Subdivision Servicing Bylaws:

The City regulates the subdivision and development servicing of land through a Bylaw that sets out the requirements for the works and services that are needed as part of the subdivision of land. Where master plans define the standards for this work and services, they can be incorporated into the Bylaw. This provides a level of transparency to the development community on the City's expectations.

As the various master plans progress to completion, if different standards are envisioned that are currently in place, updating this Bylaw would serve to advance the delivery of the applicable plans.

OTHER STRATEGIES

1. Land Development:

Council has expressed an interest in exploring opportunities to leverage some of our strategic land holdings to generate a new income stream for the City. This approach has been used successfully in the City of Surrey through the creation of a Land Development Corporation (Corporation). This venture required an investment by the City, with some subsequent investments following its establishment. After approximately seven years the Corporation was operating at a profit and able to return annual dividends to the City of Surrey of approximately \$4.5 million. This is a strategy, that if feasible in the City at this time, would require a longer horizon to produce an alternative income stream. Given the differences between Surrey and Maple Ridge, we would need to analyze what level of annual income stream Maple Ridge could expect to achieve through such a venture.

2. Public Private Partnership:

Public Private Partnerships (3Ps) are arrangements between government and the private sector to provide infrastructure, facilities and related services. Agreements provide for the sharing of risks, responsibilities and rewards and can be an innovative way to deliver services in a community.

Agreements can vary widely and should be supported by a strong business case before proceeding. The City could look to 3Ps if there are strategic opportunities to advance items identified once the various Master Plans under development are completed.

OTHER CONSIDERATIONS

1. Policy Considerations

At the June 13 AFC meeting, the Committee reviewed policies that guide the business planning process and the allocation of funds within the City. This policy framework has not been refreshed in some time and staff identified some policy statements that need to be updated. In addition to this, the Committee expressed an interest in refreshing the policy framework with a focus on planning for the future. Staff are recommending that a refreshed policy framework be brought back to the Committee for review.

2. Council Advocacy

In addition to ensuring the City has a strong policy framework and sound financial strategies in place to deliver the infrastructure and services needed by the Community, one of the key ways Council can contribute is through advocacy to senior levels of government, both for ongoing funding and legislative changes. Both the Union of BC Municipalities (UBCM) and the Federation of Canadian Municipalities (FCM) provide venues for Council to advocate for new, permanent funding streams and legislative changes.

Over the past period of time, the City has had to assume a role in matters that were never intended to be funded through property taxation. A prime example being addressing the challenges that an increasing homeless population brings.

Another example where advocacy may prove useful is instances where legislated restriction around the use of certain funds have not kept pace with changing standards and expectations. It was noted at the June 13 AFC meeting that the installation of artificial turf fields is not eligible for DCC funding, yet there is a growing expectation that such amenities be considered standard. This is an issue that has been raised with UBCM in the past without success. Perhaps continued advocacy would have an impact.

CONCLUSION:

As noted at the outset of this report, the City has a number of Master Plans currently under development that are likely to identify a need for significant investment in facilities and infrastructure over the next period of time.

Council has expressed a desire to find ways to advance those plans with the least impact possible on property taxes. Essentially, this means finding ways to shift the cost impact for the provision of this infrastructure to the development community and there are number of existing tools that Council could consider leveraging to achieve this, as described herein.

In addition to leveraging the tools as described there are longer-term strategies that could be explored that may provide alternative revenue streams or potential cost savings. Both UBCM and FCM offer powerful venues for Council advocacy with senior levels of government to influence potential funding streams and legislative changes that would assist the City.



Prepared by: **Catherine Nolan, CPA, CGA**
Deputy Director of Finance



Reviewed by: **Trevor Thompson, BBA, CPA, CGA**
Director of Finance



Approved by: **Christina Crabtree**
General Manager, Corporate Services



Concurrence: **Scott Hartman**
Chief Administrative Officer

TO: His Worship Mayor Michael Morden
and Members of Council

MEETING DATE: July 4, 2022
FILE NO: 05-1825-02

FROM: Chief Administrative Officer

MEETING: Audit & Finance

SUBJECT: Development Cost Charges Imposition Amending Bylaw Update

EXECUTIVE SUMMARY:

At the June 27, 2022 Council reviewed the Development Cost Charges Imposition Amending Bylaw. Council referred the report back to staff with the request that the Development Cost Charge Imposition Amending Bylaw be updated to exclude the capital project for the Abernethy Corridor Extension from 240 Street to 256 Street.

Future work will include funding options for servicing the 256 Street Industrial Lands with the intent of ensuring that the increase in land prices contributes to funding the servicing costs for this area. This better aligns with benefiter paying compared to having the entire development community paying for the servicing requirements.

RECOMMENDATION:

That the Development Cost Charge Imposition Amending Bylaw be brought to Council for First Reading.

CONCLUSION:

The Development Cost Charge Imposition Amending Bylaw has updated to exclude the capital project for the Abernethy Corridor Extension from 240 Street to 256 Street. The updated bylaw rates are shown in Appendix A.


Prepared by: Trevor Thompson, BBA, CPA, CGA
Director of Finance & Chief Financial Officer


Approved by: Christina Crabtree
General Manager, Corporate Services


Concurrence: Scott Hartman
Chief Administrative Officer

Attachments:

Appendix A: Development Cost Charge Comparison

Current vs. Proposed DCC Rates

Revised Rates - Excluding Abernethy Extension 240 St. -256 St.

Development Type	Existing DCC	New DCC (1% AF)	Increase	Increase %	Unit Basis
Single Family Residential / Duplex	\$22,465	\$41,012	\$18,547	83%	Dwelling Unit
Townhouse	\$134	\$241	\$107	80%	Sq. m. of BA
Townhouse Street	\$122	\$217	\$95	78%	Sq. m. of BA
Apt. - Low to Med. Density	\$132	\$236	\$104	78%	Sq. m. of BA
Apt- High Density	\$109	\$192	\$83	77%	Sq. m. of BA
Apt - Affordable Below Market	\$120	\$213	\$93	78%	Sq. m. of BA
Apt. - Social/Affordable Senior & Sig. Below Mkt.	\$49	\$90	\$42	86%	Sq. m. of BA
Commercial	\$45	\$90	\$45	99%	Sq. m. of BA
Industrial	\$23	\$49	\$26	113%	Sq. m. of BA
Institution - Non-municipal	\$72,890	\$159,228	\$86,338	118%	Ha. of GSA

Previous Rates - Including Abernethy Extension 240 St. -256 St.

Development Type	Existing DCC	New DCC (1% AF)	Increase	Increase %	Unit Basis
Single Family Residential / Duplex	\$22,465	\$50,686	\$28,221	126%	Dwelling Unit
Townhouse	\$134	\$297	\$163	121%	Sq. m. of BA
Townhouse Street	\$122	\$262	\$140	115%	Sq. m. of BA
Apt. - Low to Med. Density	\$132	\$288	\$155	117%	Sq. m. of BA
Apt- High Density	\$109	\$231	\$122	112%	Sq. m. of BA
Apt - Affordable Below Market	\$120	\$252	\$132	110%	Sq. m. of BA
Apt. - Social/Affordable Senior & Sig. Below Mkt.	\$49	\$100	\$51	105%	Sq. m. of BA
Commercial	\$45	\$119	\$74	163%	Sq. m. of BA
Industrial	\$23	\$58	\$36	156%	Sq. m. of BA
Institution - Non-municipal	\$72,890	\$185,832	\$112,942	155%	Ha. of GSA