



Speaking Notes

Mayor Richard Stewart

Event: 2024 Budget – Opening Remarks

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Introduction

Good evening.

I would like to start by acknowledging that I live, work, play, and learn on the traditional territories of the kwikwə'łəm First Nation, people who have become friends of ours and who share the land with us.

Tonight we'll be considering the proposed 2024 City Budget and the 2024-2028 Financial Plan, which outlines how we intend to finance all of the City's work, services, programs, infrastructure and other assets for the coming year, with consideration also to the following four years.

Since the pandemic began, the word "unprecedented" has lost its impact – it's essentially become the new normal for how we live and do business now. As we prepared this draft budget, we once again faced – quote unquote – unprecedented economic pressures both at the City, and in the lives and work of our residents and businesses.

But this year we've also seen some unprecedented and sweeping changes by the Provincial government in how cities do business. Changes that will present enormous challenges and unparalleled levels of uncertainty and disruption. And the majority of these changes came about over the past three weeks – in the dying days of the fall Legislative sitting – so we're truly still determining some of the significant impacts on our operations. As well, with new costs downloaded, and with some significant authorities usurped by the Province, budgeting this year is incredibly difficult and fraught with uncertainty.

While each year we present a five-year financial plan that helps to support certainty and financial stability, I will say that I have less certainty this year given the tremendous turbulence and turmoil that every city in BC now faces due to the provincial legislative changes. Some of which are not yet finalized and will require months of analysis. So,

Coquitlam, like the other cities in BC will likely will need to revisit many elements of its 2024 budget over the coming months.

Usually I discuss the proposed tax increase at the end of my budget remarks, but I'm going to talk about it now.

If you follow the news, you may have heard our starting point for the 2024 budget was a complex set of budget pressures pushing us to a tax increase of nearly 11%. More than two-thirds of this, almost 8%, was needed just to cover off inflation and contract obligations. The remaining amount was for new requests needed to support our community's growth. And that was before November's sweeping legislative changes.

Ultimately, we managed to whittle that number down to 8.92%. Utilities will also go up 5% each for water and sewer and 2% for solid waste. In total, this amounts to about \$273 more for the average home, or about \$23 per month.

The proposed tax increase is a big number compared to recent years. Higher than I would have liked. Higher than any of us would have liked. And we did not come to it easily or lightly. As with all budgets, there was intense scrutiny as we considered short-term and long-term priorities and needs, the economy, and, also importantly, the impact on taxpayers.

The result is a budget that maintains core services and covers some newly-downloaded costs, while making critical investments focused on our community's highest priorities and needs, including housing and public safety.

Keeping the taxpayer in mind, funding for the 2024 budget is based on a balanced approach that includes maximizing non-tax revenue and strategically using our reserves to reduce the tax impact. As I will explain in more detail later, as a result of proposed provincial legislation, those options may no longer be available to us in future years.

I thank everyone on Council for their diligence and cooperation in this painstaking work, and the many staff who supported us along the way. I also thank our residents, whose input through our budget engagement, Community Satisfaction survey and other avenues served as our guiding light.

So now you know the numbers. Let's talk a bit about why we are seeing these increases.

Budget Context

As one of the longer-serving elected officials in Metro Vancouver, I can tell you I've never seen the degree of pressure that is facing local governments today. Municipalities are reeling with a combination of skyrocketing costs, expanded or newly-downloaded responsibilities and growing demands for service. And this is being compounded by the recent provincial decisions that will significantly affect municipal resources and funding.

To begin with there's municipal inflation of about 7.7% for 2024, as well as one of the highest labour cost increases we've ever had due to contract negotiations.

Added to that are the financial impacts of several provincial initiatives. Before I go further, I want to clarify that these initiatives address important issues, but they also result in significant costs that municipalities and their taxpayers will be forced to absorb.

Housing is just one example. As I mentioned earlier, in an attempt to address the housing crisis, new provincial legislation is imposing requirements on municipalities without providing funding, while also reducing local decision-making authority, and hindering our ability to utilize development revenue to fund the amenities and infrastructure needed to support our community.

About 30 years ago, the Harcourt government put in place a new tool to fund needed infrastructure and amenities. Municipalities have used this process – called Bonus Density – to incentivize developers to build rental housing (including non-market and below-market housing), childcare facilities, and other amenities to support our residents. All without provincial subsidies or funding. In fact, even though the Province is responsible for housing, our Bonus Density program has produced more rental and below-market rental housing than the province, and without provincial subsidies. Unfortunately and ironically, changes announced a couple of weeks ago may decimate our ability to achieve these results in future.

Here in Coquitlam, we already take housing seriously. In addition to being acknowledged by the provincial government as a leader in this area, we have won awards for our program of providing incentives for new rental housing and streamlining our approvals processes. This year alone we had some of the highest housing starts per-capita in Metro Vancouver, with more than 4,400 units, mostly multi-family. That's triple what we had a decade earlier.

We'll continue to meet our housing responsibilities, as we have demonstrated. But with that growth comes the need for resources to support the increased development activity, expanded infrastructure, new amenities like recreation centres, and the operating costs associated with them.

Let's move on to the provincial facilities in our community, such as the Red Fish Healing Centre and supportive housing at 3030 Gordon, for those needing mental health and housing supports. I want to reiterate that these facilities are doing necessary, important work, and the Provincial government needs to provide more facilities and treatment options for those suffering from mental illness and addictions. But the way a facility operates can have impacts on the community in which it's located. For example, in the case of these provincial facilities, the related emergency calls also affect our policing, fire and bylaw staffing costs, which are ultimately paid by Coquitlam taxpayers, and which take front-line workers away from other duties.

We're also feeling the financial impacts of provincial accessibility legislation. Again, this legislation brings much-needed support for people facing accessibility challenges, but it also comes with new municipal responsibilities that we need to budget and pay for, and will add very significant cost increases to housing and civic facilities built under the new provincial measures.

There are a number of additional cost drivers that are affecting our budget.

More resources are needed for community safety, which remains a high priority for our residents and for the City.

We also need to continue making our facilities, amenities and programs inclusive and accessible to everyone. And we need to address climate change with critical investments in infrastructure and services, everything from facility generators to cooling and cleaner air shelters.

Of course, all municipalities are facing similar pressures, and each has its own way of dealing with them.

I can't speak to what's happening elsewhere, but I can assure Coquitlam taxpayers that whatever challenges our city faces, this Council and our staff approach them head-on with sound financial management, long-term planning, and thoughtful decisions that consider what our community needs both now and in the future.

We don't shy away from our responsibilities. This includes everything from planning in advance and budgeting for the operating costs of new facilities, to taking good care of the \$4-plus billion in public-owned assets that are essential to delivering City services, including roads, utilities, buildings, machinery, vehicles, equipment and technology.

The good news is that due to our diligent approach, Coquitlam's financial house is very much in order. An example is having reserves that we can use strategically to help offset one-time costs. We also have the benefit of past development revenues that we use to support the delivery of infrastructure and amenities for our growing community.

For those who compare Coquitlam to other municipalities, we rank exceedingly well, particularly if you look beyond the number on the tax bill. I'm proud that we work hard to ensure our financial and capital assets, revenues, investments and reserves can support the reliable, high-quality services expected by the community, and that Coquitlam continues to have among the lowest debt and liabilities per capita in the region.

About the Budget

Now let's talk about the budget itself. As in other years, our budget decisions have been guided by our various plans, including our Corporate Strategic Plan and annual Business Plan. Along with our five-year capital plan and major facilities roadmap, they provide an

important long-term perspective that helps us prepare not only for coming year but what's ahead.

These planning processes are reflected in our 2024 operating budget of \$437 million, which invests in key priorities such as community safety, housing affordability and supply, accessibility and inclusion, reconciliation, and protecting our infrastructure and other public assets.

Let's start with community safety. The City recently completed a reorganization that brings together the various public safety functions in a new Community Safety Department that includes Fire/Rescue, Police Services, Bylaws and Emergency Operations.

Coquitlam is making significant investments to strengthen the services provided by this new department. The budget includes funding for 10 new firefighters, nine new RCMP members, two Bylaw Inspectors and an Emergency Management coordinator. The new fire and RCMP staff are being phased in over two years to spread out the financial impact.

There are also resources for key policing enhancements like digital forensics, vehicle replacements and communications technology upgrades.

Turning now to other City work in 2024, we'll be adding inclusion supports to our recreation programs and summer camps so that we can give children with diverse abilities the best possible experiences. As well, an Accessibility and Inclusion Coordinator will work on our city's multi-year accessibility plan – another requirement newly imposed by the Province.

Reconciliation remains an ongoing focus, as we continue to build strong government-to-government relationships with local First Nations as part of the way we do business, and to work with and support the *kʷikwə́łəm* in a variety of areas. In 2024 we will continue to build that bond and develop our partnership, making use of reserve funds to advance these activities.

Housing is another prime concern for the City and our residents. Our 2024 budget supports both new housing and services for our growing community. However, I want to again emphasize that decisions being made at the provincial level are expected to hamper our efforts in this area. Nonetheless, until we learn more about the impacts of the Province's Bill 45, we are moving forward with the program that we know is delivering results and much-needed rental and non-market housing in Coquitlam.

We'll be adding a housing planner to continue to advance our Housing Affordability Strategy, as well as resources to process the increase in new housing applications as quickly and efficiently as possible. The majority of these costs will be offset by increased development revenue.

As well, we'll be adding staffing resources to take care of our critical infrastructure, deliver or upgrade parks and amenities, provide cultural programming, and operate the expanded Spani Pool and new Town Centre Park Community Centre. The budget also includes operating funding for our cultural partners such as Coquitlam Library, Evergreen Cultural Centre and Coquitlam Heritage Society.

And as mentioned earlier, we'll also continue to protect Coquitlam's public assets.

Following our Sustainable Infrastructure Renewal Funding Strategy, we'll make targeted contributions to reserves to ensure the assets we require to serve the public continue to operate safely and reliably, now and in the future. As any homeowner knows, a proactive approach is less costly in the long run than deferring necessary maintenance or replacement. It also ensures that our public infrastructure and amenities are maintained at a level that contributes to the high quality of life Coquitlam residents enjoy.

As in past years, we have done our best to maximize non-tax revenue like grants and development fees to reduce the burden on taxpayers. As a result, many of the new costs for 2024 have been offset by new revenues, such as increased development fees due to a higher volume of applications, new property taxes from development growth, and higher investment income.

Where possible, we've also made strategic use of reserve accounts that we've developed to provide tax stability for property owners. For example, we've offset some of the operating costs related to new capital projects, like the expanded Spani Pool and the new Town Centre Park Community Centre, by utilizing our Development Stabilization Reserve. This reserve fund was created specifically for these types of growth-driven needs.

Capital Investments

On to the capital side of the budget, which will dedicate \$138 million in 2024 for parks and trails, transportation, facilities, utilities and other assets. This is part of a \$769-million capital investment over the next five years, funded through various sources including Development Cost Charges and other development revenues, general utilities revenues, reserves and grants. And once again, I point out these plans are long-term, with planning for both capital costs and funding, so abrupt changes imposed by Victoria can be really problematic.

Highlights for 2024 include work on:

- Design of the Northeast Community Centre;
- Park investments including development of the Burke Village Park and Plaza and the Burke Mountain Joint School Park, and new sportsfields at Town Centre Park North and Mackin Park;
- Completion of Spani Pool renewal and Town Centre Park Community Centre;
- A variety of facility upgrades including recreation centres and fire stations;

- Transportation improvements across the community such as road rehabilitation, street lights, and enhancements to sidewalks, pedestrian safety and cycling/micromobility facilities; and
- Various utility projects including sewer main and watermain replacement and upgrades in southwest Austin Heights.

So as you have heard, there is a lot coming up in 2024 for Coquitlam both in terms of operations and capital works.

The City has a very ambitious 2024 Business Plan that includes work in a variety of areas to support our residents. That said, this plan will continue to evolve, particularly as we learn more about the impact of recent provincial announcements.

We will keep the public updated along the way to ensure you are aware of the issues affecting Coquitlam, and the City's ongoing efforts to advocate for our community and minimize negative impacts on our residents and local businesses.

Closing Remarks

I'll wrap up my remarks now and invite the other members of Council to have their say.

Before I do, I'd like to emphasize again that as Council deliberated over the 2024 budget, we fully appreciated the impact our decisions would have on taxpayers at a time when so many people are struggling financially. In recent years we've been able to keep the tax increase below inflation, though this year many costs were taken out of our hands.

Top-of-mind was our responsibility, as stewards for our community, to do what is best for Coquitlam over the long term. The decisions we make today will determine whether the residents of tomorrow will have access to housing they can afford, to green spaces and community centres, to shopping and transit, to a livable and sustainable community.

As always it's a balancing act, and we will continue to look for solutions that ensure Coquitlam is not only a great place today, but a great place for our kids to raise their kids.

Thank you. Merci. ċ·iθamə cən (*thank you all*).