



Speaking Notes Mayor Richard Stewart

Event: 2023 Budget – Opening Remarks
Date: Monday, Feb. 13, 2023 – 7 p.m.
Location: Council Chambers, Coquitlam City Hall

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Introduction and Context

Good evening.

I would like to start with an acknowledgement that I live, work, play, and learn on the traditional territories of the kwikwə'əłəm First Nation, people who have become friends of mine and people who share the land with us.

Our task tonight is to consider the 2023-2027 Financial Plan and the City Budget for 2023. In essence, the Financial Plan addresses everything the City does and everything we are responsible for, including all of our infrastructure and assets and the delivery of our programs and services.

The budget is one of Council's most important jobs each year, and you'll be hearing the perspectives of the rest of Council after I wrap up.

Just to set the stage a bit, I want to say that we recognize everyone is feeling the pressures of the rising cost of living and, for some people, it's causing real hardship.

The City is being impacted by rising costs as well, along with supply chain issues and labour shortages. But no matter what is happening around us, we can't set aside our obligation to provide the many services our community relies on, while also continuing to plan and prepare for the future. At all times, cities have to keep in mind not only today's residents, but future generations as well.

That said, Coquitlam has an established track record of fiscal responsibility, initiated by past Councils, that includes robust business planning, well thought-out decision-making, and careful stewardship and use of our reserve accounts to enhance and support our community.

At a time when there's often a surprise around every corner, we're committed to building predictability into our finances and our service-delivery.

This means providing reliable municipal services that reflect community priorities while having the resilience to withstand economic ups and downs, to allow for flexibility in responding to unforeseen and emerging needs, and to provide a degree of certainty to taxpayers now and in the future.

So, as you can imagine, budgeting is a complex and painstaking process. It's also a collaborative one, involving input from the public, the involvement of every member of Council, and an enormous amount of work from our Finance staff and people throughout the organization.

Thank you to everyone who played a role in getting us to this point.

To the nearly 600 people who took our online budget survey, your input is critical. This was our biggest budget survey response to date, and a majority of you told us that you were in favour of keeping City funding at current levels to maintain current services.

This lines up with what we heard in our latest Citizen Satisfaction Survey, conducted by Ipsos, which showed very high support for City services, and a belief that Coquitlam provides good value for tax dollars.

Now let's dig into the budget. My remarks will be a little briefer than in past years to avoid covering the same ground as my inaugural remarks in November.

Budget Context

Let's start with some context. You could say the overall theme of our 2023 budget is resiliency – which in essence means making sure the City is ready to handle anything that comes our way. A secondary theme is fiscal responsibility, one of the building blocks of resiliency.

I've already talked about some of the challenges that have come on the heels of the pandemic – like inflation, supply and labour issues. These problems are also creating some uncertainty about development activity, which provides much-needed housing, jobs and investment in the City. Typically more than 95% of new development in Coquitlam includes new housing.

We're also facing a number of costs that are beyond our control, including an inflation rate of about 4% on all City expenditures, and the continuing impact of the federally-negotiated RCMP wage settlement that accounts for almost one-fifth of this year's proposed tax increase.

While we navigate these uncertain times, we know that it's important that we keep investing in community safety and other services to maintain a high quality-of-life for our residents.

As with every budget, we worked to achieve a balance between meeting both the current and future needs of our community. If you have a financial adviser, they probably encourage you to keep saving for your retirement even when your day-to-day finances get tight. And if you live in a strata, some of your monthly strata fees are put away for the eventual replacement of common assets.

In much the same way, the City contributes to reserve accounts each year as an investment in the community's future. This responsible, intentional approach will help provide a dedicated and reliable funding source for the amenities and infrastructure the Coquitlam residents of tomorrow will need. Much as today's residents benefit from the actions of past Councils.

This includes not only new infrastructure, but the replacement of existing assets as they reach the end of their life span. We know these costs are coming, and as the public stewards of the City's assets, we need to prepare for these financial impacts.

Like other local governments, we've identified a gap between these eventual costs and how much we're saving for them. Our new Sustainable Infrastructure and Asset Renewal Funding Strategy will provide us with options to fill that gap, including phased annual funding. We plan to start by contributing \$900,000 this year, the equivalent of a tenth of the proposed tax increase.

Although development fees pay for all new growth-related infrastructure, we often need to begin planning and building before those fees are collected. The good news is we can leverage Coquitlam's low overall debt levels to borrow and bridge that timing gap – with any interest to be covered through the development fees, and not through taxes. We'll be considering a Loan Authorization Bylaw tonight for the Northeast Community Centre and adjacent park and plaza to allow for this.

It's important to note that all of our budget decisions are guided by comprehensive planning processes that include long-term financial and capital planning, numerous master plans, our Corporate Strategic Plan and annual business plans. These plans give us a long-term view of where we need to be heading, and help us to prepare in advance by phasing-in upcoming known costs.

Our toolkit also includes a Financial Policy Framework that helps the City respond to emerging issues while providing long-term financial sustainability and tax stability. Coquitlam is continually looking to a variety of revenue sources to reduce the burden on taxpayers, ensuring that development pays for growth, seeking out grant funding wherever possible, and continuing to gradually set aside funds in our reserve accounts.

While we do our best to maximize non-tax revenue like grants and development fees, ultimately a portion of the budget is always paid by taxpayers. That's true of all cities, based on the provincial legislation that governs municipal finances.

We understand the burden on taxpayers is greater some years than others, and we strive for budgets that meet the community's needs and priorities without putting undue pressure on those who foot the bill.

In general, we tend to be in the middle of the pack across Metro Vancouver when it comes to our tax and utility increases, while comparing very favourably in terms of financial sustainability. As a result of past Council decisions, we rank very high for our financial and capital assets, revenues, investments and reserve levels, while having among the lowest debt and liabilities per capita in the region.

2023 Tax Rates

I know everyone's waiting to hear about this year's proposed tax rate, so let's get into it. I do want to mention first that we're only dealing with property taxes tonight. We adopted our 2023 utilities bylaw in December as usual, but extended our budget deliberations into the New Year to give the newly-elected Council appropriate time for input and consideration. This is our typical budgeting practice following elections.

Our proposed 2023 operating budget of \$398 million will maintain core services and make important investments in our community now and in the future. It includes an average proposed property tax increase of 5.48%, which would mean a \$123 increase for the average homeowner.

Let's break that down a bit. Although the cost of living has risen by 4%, our base operating budget is going up by less than 2%. This covers increased costs associated with inflation, labour contracts and new facilities that have come on stream. In addition, a little more than 1% of the proposed increase is for the significant federal RCMP wage increase I mentioned earlier.

The rest of the increase would represent important services and actions to meet community needs. This includes our usual investment in long-term infrastructure, as well as our asset renewal strategy. The draft budget also invests in community safety with five new RCMP officers, while addressing other emerging and new priorities that I'll talk about shortly.

The 2023 budget also includes \$128 million in capital funding for a wide variety of projects. Capital investments are funded through a mix of sources, including reserves, development revenues and grants, and are planned in a systematic way through five-year and longer-term plans. Some of these capital projects have implications on our operating budget as well, such as staffing at a new recreation facility, or expanded parks and trails that need to be maintained.

2023 Direction

Let's take a closer look now at some of the principles behind our proposed budget expenditures in 2023. As we've often discussed, our budget and work are guided by our Corporate Strategic Plan and associated annual business plans.

Later this evening Council will be considering the City's Business Plan for the coming year and I wanted to talk a bit more about the four overarching themes proposed for that plan.

One of these is balanced growth and livability, and that is reflected in how we maintain existing service levels even as costs rise, how we plan for ongoing community growth, and how we ensure we have the capacity to accommodate increasing development volumes that bring much-needed housing to Coquitlam and the region.

This work includes supporting attainable housing through our Housing Affordability Strategy and expanded housing options, such as duplexes, townhomes and apartments. It also includes our investment in five new RCMP officers I mentioned earlier, and making sure we have adequate staffing to provide the services that affect our residents' quality of life every day.

Another theme is resiliency, which means ensuring we have the capacity and flexibility to adapt to changes – as we did during the pandemic – while also having adequate reserves to deal with known costs coming our way.

A third theme, reconciliation, is reflected in the time, effort and resources we dedicate to enhancing our relationship with local First Nations.

Last but not least is the theme of equity, diversity and inclusion, which focuses on removing barriers to building a more equitable and inclusive community. We're dedicating effort and resources to ensure our organization and city are safe, welcoming and open to everyone.

All of our work and budget expenditures in 2023 will touch back to one or more of these themes.

Approved Capital Plan

In terms of capital expenditures, our five-year capital plan totals \$631 million. I'm going to focus on the first two years, when nearly 60% of those funds will be spent.

About \$365 million in capital projects will be taking place over 2023 and 2024. These include:

- The Cedar Drive Upgrade Project
- The Spani Pool renewal
- The renovation and repurposing of Town Centre Park Community Centre, formerly known as the Innovation Centre
- New parks, including a joint school/park on Burke Mountain, and the new track surface at Percy Perry stadium
- Transportation improvements across the community such as LED street lights, traffic signals, multi-use paths and others
- A variety of streetscape enhancements and sewer infrastructure improvements
- Water infrastructure improvement including the Foster Pump Station and
- Various technology upgrades for efficiency and better service

We'll keep you updated on these projects as they get underway and progress.

Conclusion

I'll wrap up now and invite members of Council to offer remarks.

But first I want to reiterate that Council and staff worked very hard to present a budget with a balanced approach – one that is sensitive to the impact inflation is having on the community, while still ensuring we deliver on community priorities, provide the core services our residents expect, and prepare for the future.

We must weigh many competing interests as we work within finite resources.

But ultimately, the nine people around the Council table each have the best interests of the community in mind as they make their decisions.

Everyone here is committed to ensuring Coquitlam remains a great place to live, raise a family, start a business, invest, and enjoy work/life balance, now and into the future.

Thank you. Merci. c̣-iθamə cən (*Thank you all.*)