

# Coquitlam

# For Council

February 19, 2019

Our File: 05-1705-01/000/2019-1

Doc #: 3220994.v3

To: City Manager

From: General Manager Finance and Technology

Subject: **2019 Five-Year Financial Plan Bylaw**

For: **Council**

**Recommendation:**

That Council:

1. Give first, second and third readings to *2019 Five-Year Financial Plan Bylaw No. 4952, 2019*; and
2. Approve the capital reserve policies included in Attachment 2 of the report of the General Manager Finance and Technology dated February 19, 2019 and entitled "2019 Five-Year Financial Plan Bylaw".

**Report Purpose:**

This report presents for Council consideration the 2019 Five-Year Financial Plan and updated capital reserve policies.

**Strategic Goal:**

The 2019 Five-Year Financial Plan Bylaw supports the City's Strategic Plan by providing the financial resources to build and sustain the City's infrastructure and fund all the programs and services provided by the City.

**Executive Summary:**

Section 165 of the *Community Charter* requires that the City annually adopt a Five-Year Financial Plan. The City has completed the 2019 Financial Plan for Council consideration which includes the proposed spending, funding and transfers between funds which will provide the financial resources to support the vast number of municipal services that are provided to Coquitlam residents and the general public. The City is currently operating within the 2019 budget approved as part of the 2018 Five Year Financial Plan as permitted under the *Community Charter*.



The 2019 Five-Year Financial Plan includes funding to sustain the quality of life for residents and implement new programs and services in areas such as public safety and parks and recreation. It also includes the resources to meet the demands associated with the City's ongoing development activity and growing population. This spending is offset by higher operating revenues that are a result of increased volume of activity across a number of City departments as well as higher investment income and new tax revenue from the City's growth and development over the past year.

The 2019 Five-Year Financial Plan incorporates the following average property tax increase:

Municipal Cost Increases	2.05%
Employer Health Tax (net impact)	0.51%
TOTAL	2.56%

The portion of the tax increase related to Council decisions about municipal programs and services is 2.05%. Additionally, to cover the incremental ongoing cost of the new provincial Employer Health Tax that will replace the Medical Service Plan premiums paid by the City, a further 0.51% tax increase is required.

The budget also includes one-time or temporary funding from reserves which minimizes fluctuations and escalation in property taxes. For instance, based on the principle that "*development should pay for growth*", Council previously approved funding from the density bonus reserve to fund a Transit-Oriented Development Application Team to support activity in the planning and development department. An additional resource for this team has been added this year as well as funding to support the community planning capital program. Council continues to support housing affordability and the plan includes funding from the Affordable Housing Reserve Fund for the ongoing support of a Housing Affordability Facilitator.

The Five-Year Financial Plan includes the 2019-2023 approved Capital Programs with a total spending of \$457M over the five year period to be funded from a combination of Development Cost Charges (DCCs), development related revenues such as Density Bonus and Community Amenity Contributions, General and Utilities Revenue, Reserves and Grants. Attachment 2 includes updated capital reserve policies that guide the allocation of capital reserves.

For many years, the City has been shifting the tax burden between non-business and business property classes in recognition that Coquitlam's business tax rates have been relatively higher in comparison to other jurisdictions while residential rates have been lower. The financial plan continues the tax shift policy of 1.0% to further support businesses in Coquitlam. The result of this shift is the following average tax rate increases:

Average Residential Tax Rate Increase	2.90%
Average Non-Residential Tax Rate Increase	1.90%

Based on these increases, the average residential home in Coquitlam will see a municipal property tax increase of approximately of \$57.

**Background:**

Section 165 of the *Community Charter* requires that the City annually adopt a Five-Year Financial Plan. The legislation also requires that the City undertake a public consultation process prior to adoption. During 2018, the City solicited input from the community using a number of different consultation methods, including a statistically-valid telephone survey through Ipsos Reid, an online budget survey, and a Town Hall meeting. Once again, transportation, public safety and parks are the top priorities for residents, which are reflected in the spending included in the City's Five-Year Financial Plan.

Council approved the Capital and Utility plans in December 2018 in order to facilitate the ongoing delivery of capital programs and to ensure utility billing could continue as scheduled. Departmental presentations to the Finance Standing Committee meetings on January 21 and 22, 2019 provided an overview of the Financial Plan and each departmental budget and included the proposed budget and new funding requests.

The *Community Charter* requires that the Financial Plan set out its policies and objectives related to revenues, the proportion of each source of funding in the Financial Plan, the distribution of property taxes among property classes, and the use of permissive tax exemptions. These policies have been included in "Schedule B" of the *2019 Five-Year Financial Plan Bylaw No. 4952, 2019*.

**Discussion/Analysis:**

The following provides the highlights of the 2019 Five Year Financial Plan.

**Revenues**

In 2019, the City will see increased operating revenues of approximately \$4.2M consisting of \$2.9M from taxation related to new construction and property assessment growth, \$300,000 in increased investment earnings in the general fund and \$1M in higher volume of user fees and other income which is offset by decreases in various revenue sources such as property tax penalties and interest. The net increase in revenues will assist in offsetting the impact of inflation on City expenditures and provide funding to support the necessary services for a vibrant and growing community.

The Financial Plan incorporates an average increase in property taxes of 2.05% over 2018 as a result of contractual inflation for both City and RCMP labour, as well as additional funding for priority service areas. In addition, the budget includes a 0.51% tax increase to cover the incremental cost of the province's move from collecting Medical Service Plan premiums to levying an Employer Health Tax.

**Expenditures**

As part of prudent financial management, this budget incorporates a reallocation of spending of \$2.6M to improve operating efficiencies and support new initiatives. The plan includes spending in the General and Utility Funds totaling \$270M as follows:

<b>By Department</b>	<b>2019 (in millions)</b>	<b>2019 (%)</b>
Police Services	\$ 38.6	14%
City Administration & Capital Financing	36.3	13%
Parks, Recreation & Culture Services (PRC)	29.1	11%
Fire Services	28.9	11%
Engineering & Public Works (EPW)	25.8	9%
Strategic Initiatives (SI)	12.1	4%
Finance & Technology	10.2	4%
Planning & Development	10.0	4%
Deputy City Manager	9.7	4%

By Department	2019 (in millions)	2019 (%)
Cultural Organizations' Grants	8.2	3%
<b>Total General Fund Expenses</b>	<b>\$ 208.9</b>	<b>77%</b>
Sewer and Drainage	34.7	13%
Water	26.5	10%
<b>Base Operating Expenses</b>	<b>\$ 270.1</b>	<b>100%</b>

These amounts include new funding for the following priority areas:

<ul style="list-style-type: none"> <li>• <b>Parks, Recreation and Cultural Services including:</b> \$660,300               <ul style="list-style-type: none"> <li>Recreation &amp; Culture Facility Planning Manager</li> <li>Community Recreation Manager</li> <li>Community Services Manager</li> <li>Coordinator Plans &amp; Policy</li> <li>Recreation Leader for Pinetree Community Centre</li> <li>Additional staffing for Dogwood &amp; Glen Pine Pavilions</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Planning &amp; Development Services including:</b> \$404,000               <ul style="list-style-type: none"> <li>Development Technologist</li> <li>Planning Assistant</li> <li>Planner 1</li> <li>Planner 2</li> <li>Customer Service Clerk</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Engineering &amp; Public Works Services including</b> \$246,000               <ul style="list-style-type: none"> <li>Fleet requests including new Trades Mechanic</li> <li>Customer Service Clerk</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>RCMP including:</b> \$714,800               <ul style="list-style-type: none"> <li>4 RCMP Officers</li> <li>Digital Extraction Technician</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>Administrative Services including:</b> \$413,400               <ul style="list-style-type: none"> <li>Human Resources Advisor</li> <li>Senior Accountant</li> <li>Online Community Engagement Solution</li> <li>City Banner Program</li> <li>Information Clerk</li> <li>Assistant Archivist</li> </ul> </li> </ul>

Every year the Cultural Organizations receive an inflationary increase to the grants that support their operations. In addition, this year the plan includes the following additional funding:

• <b>Coquitlam Public Library</b> for costs related to employee benefits and employer health tax and website upgrade	\$163,950
• <b>Place Maillardville Society</b> for capital costs related to telephone system, computer replacement and new website	\$38,700
• <b>Place des Arts</b> for a new marketing position	\$44,429
• <b>Evergreen Cultural Centre</b> for capital costs related to new chairs, stage upgrades and for technical operations support	\$62,000
• <b>Coquitlam Heritage Society</b> for employee benefit costs, increased artifact storage and interpretive materials	\$48,826

The financial plan includes the following new funding from City Reserves which has no impact on property taxes:

• <b>Casino Funding</b> for the Tourism Program	\$200,900
• <b>Infrastructure Reserve</b> for one-time expenditures related to: Fleet Enhancements Digital Asset Management Riverview Artifacts Visioning/Conservation Work Marketing Coordinator (Coquitlam Partners Program) Cultural Summit	\$196,500
• <b>Density Bonus</b> to support the City's growth and development including funding for: Neighbourhood Planning (2 year funding) TODAT Planner 2 (Parks)	\$248,300
• <b>Affordable Housing Reserve Fund</b> to support the implementation of the Housing Affordability Strategy through a Housing Affordability Facilitator	\$100,000

### **Provincial Employer Health Tax**

In 2018, the province introduced an Employer Health Tax to replace the Medical Services Plan premiums. The introduction of this new tax has resulted in an additional cost to the City of approximately \$700,000 annually resulting in an increase of 0.51% for 2019. Through the financial planning process, Council has expressed a desire to inform residents of the impact of this tax. As such, staff will highlight this information through changes to the 2019 property tax notice and provide details in the property tax insert as well

distribute information through the City's other communication channels such as media bulletins and social media.

### **Tax Policy**

Section 165 of the *Community Charter* requires that the Financial Plan set out the policies of the City related to the distribution of property taxes among property classes as well as the use of permissive tax exemptions. These policies have been included in "Schedule B" of the *2019 Five-Year Financial Plan Bylaw No. 4952, 2019*.

The 2019-2023 Financial Plan incorporates the following average property tax increase:

Municipal Cost Increases	2.05%
Employer Health Tax	0.51%
TOTAL	2.56%

For many years, the City has been shifting the tax burden between non-business and business property classes in recognition that Coquitlam's commercial tax rates were relatively high in comparison to other jurisdictions while residential rates were more comparable. Since 2012, the tax shift has been set at 1% and for 2019, a tax shift of 1.0% has been included in the budget in order to further support businesses in Coquitlam.

The *Community Charter* requires that tax rates be approved by Bylaw by May 15<sup>th</sup> of each year. When final property assessment information is received from the BC Assessment related to the City's assessment roll, the Tax Rates Bylaw will be presented to Council for adoption.

### **Capital Reserve Policies**

As part of the development of the 2019-2023 Capital Plan, policies related to capital reserves were reviewed and updated in order to support Council priorities and past practice. They are included in Attachment 2 for Council approval and the policy changes are summarized below:


- **Infrastructure Reserve** – the Infrastructure Reserve is a result of the City's Surplus Policy. Staff recommends creation of a new capital reserve policy to clarify the purpose of this reserve which in practice is related to providing short-term/immediate benefits to residents from one-time capital projects or temporary operating activities.

- **Density Bonus Reserve(s)** – the OCP includes policy language related to the calculation and collection of Density Bonus revenues, as well as a general indication of what the funds will be used for, however this new financial policy is intended to clarify the purpose of this reserve for future allocation. The policy includes utilizing the reserve for amenities that offer short term benefits to residents living in multi-family residences or impacted by density and development, as well as addressing long-term amenity needs related to overall population growth. It is consistent with past allocation practices and Council direction.
- **Community Amenity Contributions (CACs) Reserve** – Council has adopted policies related to calculating and collecting CACs with the intent to supplement funding for amenities identified in the Council approved Parks, Recreation & Culture Master Plan. This new financial policy clarifies the purpose of this reserve fund for future allocation.
- **Land Sales Reserve (LSR)** – the LSR policy has been updated to reflect the following main objectives: 1) to fund strategic land investment, including land purchase and land development; 2) to provide interim borrowing for municipal capital projects; and 3) to provide funding for the municipal portion of major transportation projects, primarily land, that is allocated from land sales revenue related to selling road Right of Ways.
- **Land Sales Reserve Investment Fund (LSRIF)** – the policy update distinguishes the LSRIF from the LSR policy and clarifies the purpose of this reserve which is related to providing short-term/immediate benefits to residents with respect to new assets, amenity enhancements, and infrastructure replacement as well as supplementing asset management resources

**Conclusion:**

The 2019-2023 Five Year Financial Plan has been completed and includes funding for the City's operating and capital budgets. Staff recommend that Council give first three readings of *2019 Five-Year Financial Plan Bylaw No. 4952, 2019*.





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Michelle Hunt, CPA, CMA

**Attachments:**

Attachment 1: *2019 Five-Year Financial Plan Bylaw No. 4952, 2019*

Attachment 2: Capital Reserve Policies

This report was prepared by Michelle Hunt and Rhonda Anderson, Acting Financial Planning Manager.

**BYLAW NO. 4952, 2019**

A Bylaw to adopt the 2019 Five-Year Financial Plan

WHEREAS:

- A. section 165 of the *Community Charter*, S.B.C. 2003, c.26 requires that every municipality must have a five-year financial plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted;
- B. section 165 of the *Community Charter*, S.B.C. 2003, c.26 requires that the financial plan must set out the objectives and policies of the municipality for the planning period in relation to the funding sources, the proportion of total revenue from the funding sources, the distribution of property value taxes among property classes and the use of permissive tax exemptions;
- C. section 166 of the *Community Charter*, S.B.C. 2003, c.26 requires that, before adopting a bylaw under section 165, a council must undertake a process of public consultation regarding the proposed financial plan;
- D. Council for the City of Coquitlam (the "City") has complied with section 166 of the *Community Charter*, S.B.C. 2003, c.26;

NOW, THEREFORE, Council for the City in Open Meeting assembled, HEREBY ENACTS AS FOLLOWS:

**1. 2019 Five-Year Financial Plan Bylaw No. 4952, 2019**

This Bylaw may be cited for all purposes as "2019 Five-Year Financial Plan Bylaw No. 4952, 2019".

**2. Adoption of Financial Plan**

In accordance with the requirements of section 165 of the *Community Charter*, S.B.C. 2003, c.26, the Financial Plan set out in Schedules "A" and "B" to this Bylaw is hereby adopted as the Financial Plan for the City for the period commencing January 1, 2019 and ending December 31, 2023.

**3. Full Force & Effect**

This Bylaw has full force and effect from January 1, 2019 until amended, repealed or replaced.

READ A FIRST TIME this (xx) day of February, 2019.

READ A SECOND TIME this (xx) day of February, 2019.

READ A THIRD TIME this (xx) day of February, 2019.

GIVEN FOURTH AND FINAL READING and the Seal of the Corporation affixed this day of 2019.

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MAYOR

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CITY CLERK

Schedule "A"

City of Coquitlam  
2019 Five-Year Financial Plan Bylaw No. 4952, 2019

Consolidated Summary of Revenues & Expenditures

	2019	2020	2021	2022	2023
<b>Revenues:</b>					
Taxation, net	(171,923,975)	(178,646,286)	(185,763,758)	(193,111,567)	(200,701,315)
Fees and Service Charges	(74,995,845)	(76,978,633)	(79,399,048)	(81,035,232)	(84,035,495)
Municipal Land Sales	(35,000,000)	(40,000,000)	(40,000,000)	(40,000,000)	(40,000,000)
Developers' Contributions	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)	(20,000,000)
Grants & Contributions from Others	(13,084,040)	(17,324,919)	(11,991,805)	(12,148,669)	(11,980,069)
Other	(10,164,495)	(10,308,074)	(10,334,292)	(10,383,412)	(10,453,428)
<b>Transfers:</b>					
Collections for Other Governments	(93,637,833)	(93,658,333)	(93,681,293)	(93,707,008)	(93,735,809)
Transfer from Reserves	(93,341,606)	(100,738,717)	(41,973,892)	(36,493,290)	(39,789,323)
Transfer from DCC's	(19,987,080)	(32,855,899)	(24,371,837)	(20,105,385)	(13,389,665)
	<b>(532,134,874)</b>	<b>(570,510,861)</b>	<b>(507,515,925)</b>	<b>(506,984,563)</b>	<b>(514,085,104)</b>
<b>Expenditures:</b>					
Other Municipal Purposes	283,528,819	291,856,617	301,073,165	311,577,133	322,535,747
Debt Payments	2,990,344	3,005,818	2,815,887	2,679,335	2,582,404
Capital Expenditures (Note 1)	120,125,482	145,078,390	72,779,831	61,490,079	57,367,631
<b>Transfers:</b>					
Transfer to Other Governments	93,637,833	93,658,333	93,681,293	93,707,008	93,735,809
Transfer to Land Sale Reserve	39,814,345	44,818,278	44,816,950	44,826,835	44,838,375
Developer Contributed Assets	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Transfer to Reserves	7,791,551	8,046,925	8,402,299	8,757,673	9,113,047
Transfer to Statutory Reserve	1,046,500	1,046,500	1,046,500	1,046,500	1,012,091
Non-Cash Expenditure of Depreciation	(36,800,000)	(37,000,000)	(37,100,000)	(37,100,000)	(37,100,000)
	<b>532,134,874</b>	<b>570,510,861</b>	<b>507,515,925</b>	<b>506,984,563</b>	<b>514,085,104</b>

Note 1: Excludes work-in-progress expenditures in previous budgets estimated at \$156M

**2019 Five-Year Financial Plan Bylaw No. 4952, 2019  
Revenue Plan Objectives and Policies**

As per Section 165 of the *Community Charter*, this schedule outlines the objectives and policies related to the proposed funding sources, proportion of revenues collected from them, the distribution of property value taxes among the property classes, and the City's use of permissive tax exemptions.

**1. Sources of Revenue**

The financial planning principles, objectives and policies as they relate to the City's revenue sources are as follows:

**Property Tax Equity** – Coquitlam treats property owners in a fair and consistent manner. The tax calculation methodology is consistent, transparent, understandable and comparable to neighbouring jurisdictions. See Section 3 of this Schedule for more information on property taxes.

**Sewer Parcel Tax** – The City has adopted a sewer parcel tax to fund construction and operation of the City's sewer infrastructure and services. This Sewer Parcel Tax is a single rate that is applied to all properties.

**Fees, Rates and Service Charges** – It is the City's policy to charge a user fee for services that are identifiable to specific users instead of levying a general tax to all property owners. The City charges a variety of fees and charges for activities related to parks, recreation and culture programs and services, planning and development services, engineering and public works services and a variety of other administrative services. These fees and charges are annually set in the Fees and Charges Bylaw. The City also receives a share of gaming revenues under the casino host agreement and these revenues are managed in accordance with the Casino Revenue Policy which allocates this funding to municipal infrastructure and community grants.

**Municipal Land Sales** – The City receives revenue through the disposal of land assets. In 2010, Council set a vision to create and maintain sustainable land based resources for the benefit of the community now and in the future. This includes maintaining a balance between both land inventory and land sale reserve funds. The Land Sale Reserve policy reflects the following main objectives: 1) to fund strategic land investment (including land purchase and land development); 2) to provide interim borrowing for capital projects; and 3) to provide funding for the municipal portion of major transportation projects that is allocated from land sales revenue related to selling road Right of Ways. The revenue from land sale reserves fluctuates from year to year depending on the City's land management strategy and market conditions.

**Developer's Contributions** – The City receives contributed assets through the development process. This source of revenue is based on the pace and intensity of development in the community and therefore will fluctuate from year to year.

**Other Revenues:**

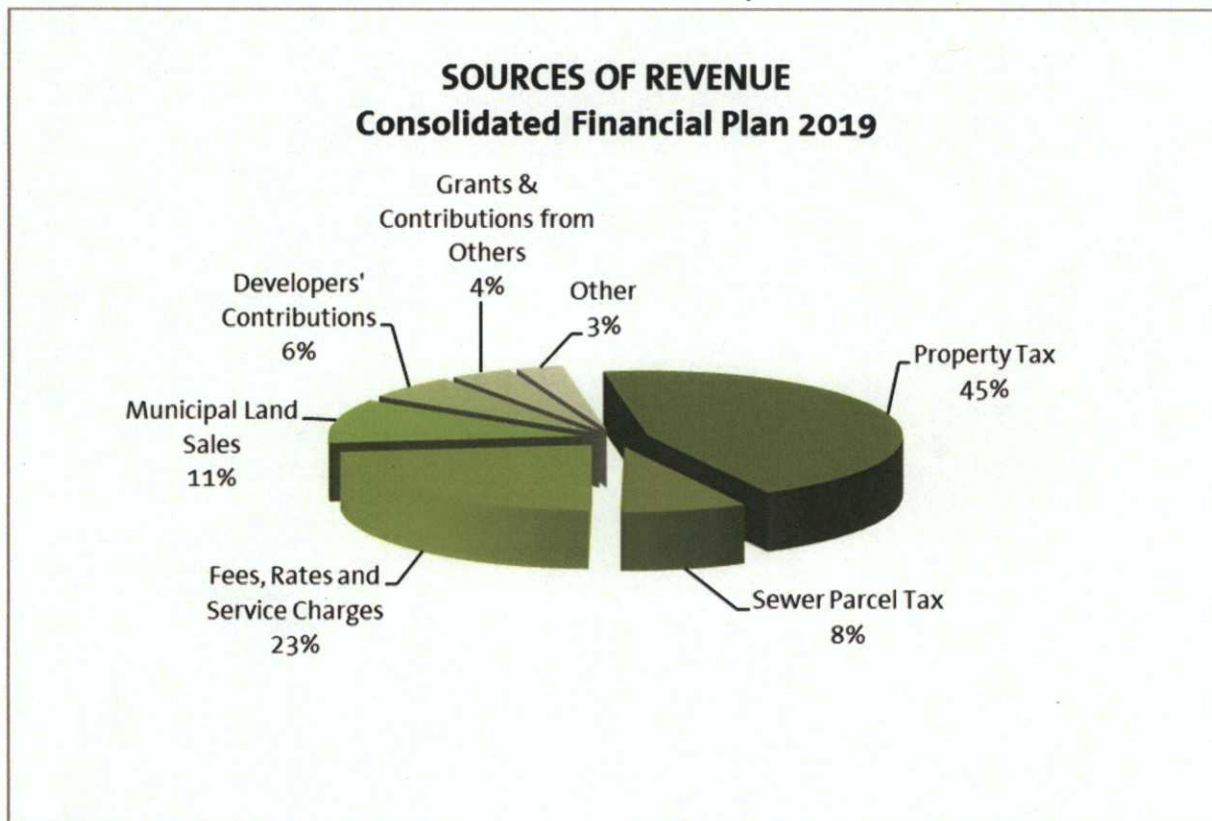
Development Revenues – It is the City's policy that development should substantially pay for the new infrastructure required to service the growth. In this regard, the City has established through policies and bylaws a variety of development revenue sources such as those from Development Cost Charges, Density Bonus and Community Amenity Contributions. These revenues fund the assets and infrastructure required to support the growing community.

Grants & Contributions from Others – The City receives provincial and federal grants to support policing initiatives, transportation initiatives, capital and infrastructure projects.

Investment Income – The City has an investment policy that guides investment decisions with respect to management of the investment portfolio.

**2. Proportion of Revenue**

The chart below depicts the proportionate share of revenue to be received from the various funding sources in 2019.



### 3. Property Tax Revenue % by Class

Property taxes are generated to support city services that are not covered by fees, charges, grants or parcel taxes. These taxes are determined based on property assessment by property class as determined by BC Assessment. The types of services that these revenues support include Police and Fire Services, Parks, Recreation and Culture, Planning and Development, and Engineering and Public Works Services (excluding Utilities), along with administrative services such as Facilities, Legislative Services, Finance, Technology and Human Resources. Property taxes currently account for 45% of consolidated revenues collected.

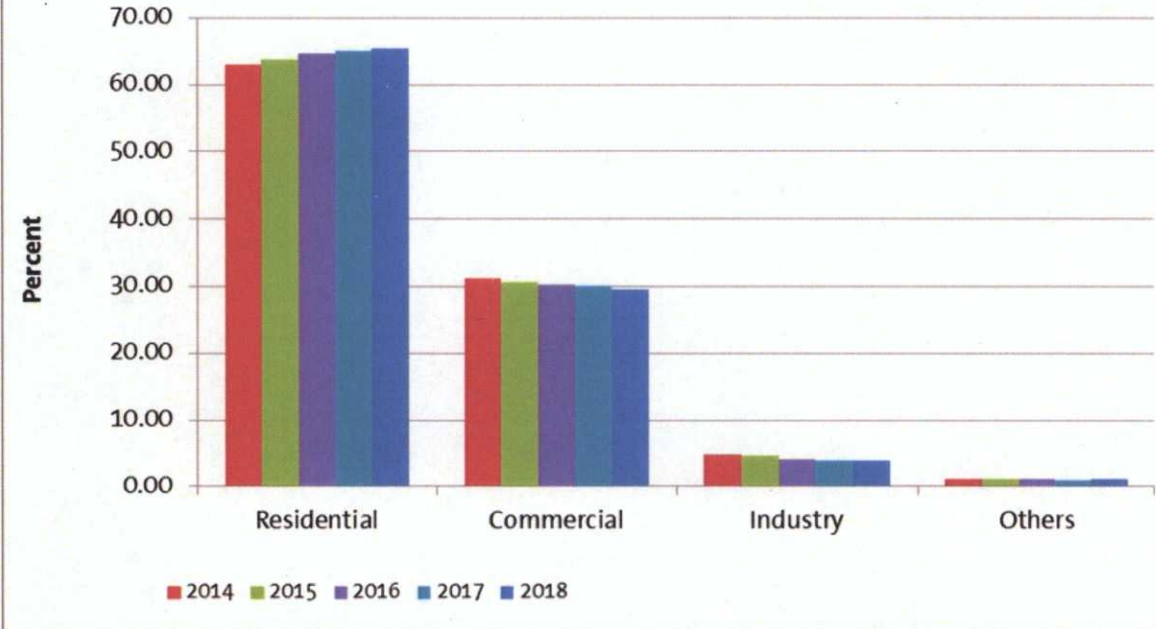
Coquitlam has a policy of collecting the same amount of taxes each year from each property class after the property class has been adjusted for non-market activity and before a Council approved rate increase is applied. As non-market activity can fluctuate between property classes, the distribution between property classes can vary from one year to the next. The proportion for each class is calculated when the final assessment roll becomes available from BC Assessment and reflects the year's non-market activity.

Since it is Council's desire to attract commercial and industrial development to ensure the City of Coquitlam's economic and employment base can keep pace with population growth, the financial plan includes a Tax Policy to support commercial and industrial development in conjunction with residential growth.

Coquitlam residents have historically benefited from low-to-mid level residential property taxes in comparison to other municipalities in the Metro Vancouver region, while the City's business class rates have been relatively higher. In an effort to address this historical inequity in tax distribution between residential and business classes, Coquitlam has been attempting to lessen the impact of tax increases on business classes by shifting the tax burden each year to other classes, primarily residential. In 2019, Coquitlam continues the tax shift policy of 1.0% to further support business in Coquitlam.

The impact of this policy in 2019 is a reduced increase to the business tax rate from the average of 2.56% (which includes the net impact of the new provincial Employer Health Tax of 0.51%) to 1.90% and an increased rate for residential property uses of 2.90%. This policy has been in place for the past 23 years with a cumulative impact of a 22% shift in the tax burden from business properties to residential properties. The impact of this policy can be seen in the following graph which shows a gradual increase in proportion of the property tax revenue coming from the residential property uses and a decreasing percentage coming from commercial property uses.

**DISTRIBUTION OF PROPERTY TAX REVENUE % BY CLASS**  
**2014 - 2018**  
**(Source: City of Coquitlam Financial Services Department)**





## **Permissive Property Taxation Exemption Policy**

Pursuant to Sections 224-227 of the *Community Charter*, the City of Coquitlam has a policy to provide permissive tax exemptions for certain categories of land or improvements that are permitted by the legislation, and which are understood to provide some general public benefit or good to the community.

The Permissive Tax Exemption Policy considers the following criteria in relation to applications for permissive exemptions:

- Exemptions are only provided to not-for-profit or charitable organizations;
- The type of programs and services that the organization provides to the community;
- Whether the organization benefits primarily Coquitlam residents;
- Whether the organization's programs and services are readily accessible to residents;
- Whether the organization is operating consistently within City policies and bylaws; and
- The impact of the exemption on the City's tax revenue and resulting ability to provide services to Coquitlam residents

The most recent Permissive Tax Exemption Bylaw provides exemptions to 47 properties with an approximate value of \$1.17 million or a 0.83% tax impact (based on 2018 assessment). These properties fit into four different groups as follows:

- 30 Places of Worship
- 6 Residential Care Facilities
- 6 Non-Profit Organizations
- 5 Recreational Lands

On an annual basis, organizations receiving a permissive tax exemption are asked to confirm their eligibility. In particular they are asked to report if they are anticipating any changes to their property which might impact their ability to meet the conditions for exemption.

The City accepts applications for new permissive exemptions until July 30<sup>th</sup> each year.



# City of Coquitlam Policy & Procedure Manual

**Name of Policy:** Infrastructure Reserve Funding

**Chapter:** Financial Policies

**Council Adoption Date:**

**Revision Date:**

## **POLICY STATEMENT:**

As per the Surplus Policy, the City's Accumulated Surplus is maintained at a constant percentage of the annual tax collection and any additional surplus earned in any year is transferred to the Infrastructure Reserve. The Infrastructure Reserve is intended to support the City's overall capital program and since the funding in this reserve is a result of one-time surpluses in general fund operations, the funding from this Reserve will support one-time spending on capital or operating projects in the short-term.

## **PURPOSE:**

The purpose of this policy is to provide guidelines regarding the allocation of the Infrastructure Reserve.

## **POLICY:**

1. The Infrastructure Reserve will provide funding for capital projects that will be completed in the short-term in order to benefit the residents that contributed to the reserve.
2. The Infrastructure Reserve will provide funding to support one-time needs in the City's financial plan, primarily capital needs but potentially one-time operating activities or projects as well. It will not be used to fund ongoing operating costs.
3. The Infrastructure Reserve may fund new capital assets or enhancements or rehabilitation to existing assets and may supplement asset replacement funding.
4. Eligible projects will generally have a value of no more than \$1 million.
5. City Council will normally approve the allocation of this funding as part of the annual capital planning process.

## **REFERENCES:**

- Report to Council April 12, 2016 entitled "Financial Policies" (CEDMS #2075315)

**Name of Policy:** Density Bonus Reserve Policy

**Chapter:** Financial Policies

**Council Adoption Date:**

**Revision Date:**

## **POLICY STATEMENT:**

Density Bonus funds are a contribution paid by developers who are seeking additional density for their development during the rezoning process. These funds are placed in a Density Bonus Reserve. Density Bonus revenues are intended to provide funding towards the capital cost of a wide range of infrastructure and amenities that are aligned with the City's strategic and business plans. The allocation of these funds will be balanced between the City's obligations to deliver amenities in the short-term that benefit current residents while also ensuring there is available capital funding to address amenity needs in the long-term due to overall population growth.

## **PURPOSE:**

The purpose of this policy is to provide guidelines regarding the allocation of collected Density Bonus funds from the respective reserves to eligible capital projects.

## **POLICY:**

1. Density Bonus revenues will provide funding for public amenities and infrastructure deemed by the City to provide public benefit.
2. Density Bonus funds will generally be allocated to capital projects delivered in the area where the funds are collected or projects deemed to be beneficial to the community at large.
3. Funding will be balanced between projects that provide short-term benefits to residents with those related to addressing major needs related to overall population growth.
4. Funds will be allocated to the cost of major capital projects that build new assets as well as those projects that enhance service levels. Major capital projects will typically be valued over \$3 million.
5. Eligible capital projects will include transportation related projects (e.g. transit-oriented infrastructure, street improvements, walkways and greenways); parks, recreation and culture amenities (e.g. community facilities, park improvements, urban plazas and public art); civic facilities (e.g. fire halls, police stations, and public works' yards); and other community benefits.
6. Density Bonus funds are not intended to cover general operational costs such as labour unless these costs are either associated with generating these revenues through the processing of

development applications or the costs are part of delivering capital projects benefitting from this funding.

7. City Council will normally approve the allocation of this funding as part of the annual capital planning process.

## **REFERENCES:**

City of Coquitlam Official Community Plan as follows:

**City Centre Area Plan – CC3:** *An additional gross floor area above the maximum base gross floor area specified in the C-4 City Centre Commercial zone in the City of Coquitlam Zoning Bylaw, may be offered in exchange for a specified share of the land value of the additional residential density. The specified share will be applied towards the provision of amenities deemed by the City to have public benefit. Examples of these amenities include: transit-oriented infrastructure and street enhancements, community facilities such as parks, plazas, public art and public buildings and affordable housing. The specific amenities for which the density bonus contributions will be allocated will be determined by Council policy.*

**Burquitlam-Lougheed Neighbourhood Plan – 4.1 b:** *A density bonus above the maximum base gross floor area, as specified in the Zoning Bylaw, may be offered in exchange for the provision of amenities or a specified financial share of the land value of the additional density to be applied towards the provision of amenities deemed by the City to have public benefit. Examples of these amenities include: community facilities, park improvements, plazas, streetscape improvements, transit infrastructure, daycares, walkways, greenways, affordable housing, and public art. Density bonus contributions will be allocated towards specific amenities as determined by Council.*

**Austin Heights Neighbourhood Plan – 3.1.3 g):** *A density bonus above the maximum base gross floor area, as specified in the Zoning Bylaw, may be offered in exchange for the provision of amenities or a specified financial share of the land value of the additional density to be applied towards the provision of amenities deemed by the City to have public benefit. Examples of these amenities include: affordable housing, community facilities such as parks, urban plazas, pedestrian corridors, public art and a bridge on King Albert Avenue over Como Creek for pedestrians and cyclists. Density bonus contributions will be allocated towards specific amenities as determined by Council.*

**Name of Policy:** Community Amenity Contribution Reserves Policy

**Chapter:** Financial Policies

**Council Adoption Date:**

**Revision Date:**

### **POLICY STATEMENT:**

The Community Amenity Contributions (CACs) is a voluntary program where applicants offer funds to help offset the burden of their rezoning. CAC revenues collected from new development are placed in a reserve and intended to provide funding towards the capital cost of new community parks, recreation, arts and cultural facilities or amenities as identified in the Parks, Recreation and Culture Master Plan.

### **PURPOSE:**

The purpose of this policy is to provide guidelines regarding the allocation of collected CAC funds from the respective reserves to eligible capital projects.

### **POLICY:**

1. CAC revenue collected from new development will be used to help fund the capital cost of new parks, recreation, arts and culture facilities and amenities needed in Coquitlam to keep pace with population growth.
2. CAC funds will generally be allocated to a new amenity in the area of the City where the CACs are collected or projects deemed to be beneficial to the community at large.
3. Funds will be allocated to the capital cost of major projects that are identified in the Parks, Recreation and Culture Master Plan and are not eligible for DCC funding (e.g. public facilities such as a recreation or community centre). Major capital projects will typically be valued over \$3 million.
4. City Council will normally approve the allocation of this funding as part of the annual capital planning process.

### **REFERENCES:**

Report to Council "Proposed Community Amenity Contribution Collection Policy and Procedure" (CEDMS #2618178)

Community Amenity Contribution (CAC) Collection Procedure Policy (CEDMS # 2413330)

**Name of Policy:** Land Management and Land Sale Reserve Fund Policy

**Chapter:** Financial Policies

**Council Adoption Date:** April 10, 2017

**Revision Date:**

## **POLICY STATEMENT:**

The City of Coquitlam is fortunate to have significant land assets that provide a long-term benefit to residents. The land portfolio is made up of two components: land holdings and cash held in the City's Land Sale Reserve Fund. The City holds and manages land for development and civic purposes with the intent of shaping the community. The mix of land assets and cash will shift over time in accordance with strategic land investments (land purchases and development costs) and lands sold (land sale proceeds).

## **PURPOSE:**

The purpose of this policy is to ensure that the wealth of Coquitlam residents is maintained over successive generations. This is consistent with the vision for the City's Land Based Resources adopted by Council in 2010:

*The City strives to create and maintain sustainable land based resources, both land inventory and land reserve funds, for the benefit of the community now and in the future.*

Land is an appreciating asset and a limited resource. Setting aside land sale proceeds to offset the decrease in land inventory, provides a balanced approach which allows the City's land portfolio to appreciate while enabling the City to make strategic investments in both land and infrastructure.

## **POLICY:**

1. The City's land management practice considers all land to have value and as such, recognizes the value of City land in all land development and civic construction decisions. Land required for civic purposes is typically retained by the City in perpetuity and will continue to appreciate in value well beyond the lifecycle of civic buildings. Over the life of a City, the location of civic amenities may change to reflect the changing needs of the community, resulting in land once held for civic purposes becoming developable land and vice versa. As a result, the actual cost of City owned land will be accounted for as part of the City's land portfolio, rather than as part of the cost of any specific civic project.

2. The City's land management practice is to utilize the Land Sale Reserve Fund for strategic land investment, including new strategic land purchases and land development, that ensures maximum benefit to the community.
3. Up to a maximum of 50% of cumulative land sales revenues can be used for internal financing of City projects with repayment of principle and interest to the Land Sale Reserve over a term that reflects the life of the asset.
4. An annual dividend equivalent to the interest earned on the Land Sale Reserve Fund cash balance and 5% of the Land Sales benefiting from the City's land development activity will be contributed to a Land Sale Reserve Investment Fund. These amounts will provide an immediate return to Coquitlam residents and will be allocated annually to projects in the community as part of the capital planning process and in accordance with the Land Sale Reserve Investment Fund Policy.
5. Funds held in the Land Sale Reserve that were a result of the major sale of a road Right-of-Ways (over \$3 million) may be invested in the City's share of new major transportation infrastructure noting that the first priority is to fund land for roads.

**REFERENCES:**

Land Management and Land Sale Reserve Fund Policy (CEDMS # 2534620)  
Land Sale Reserve Investment Fund Policy (CEDMS #3036948)  
City Land Management Strategies – 2010 (CEDMS #896135)

**Name of Policy:** Land Sale Reserve Investment Fund

**Chapter:** Financial Policies

**Council Adoption Date:** October 2016

**Revision Date:**

**POLICY STATEMENT:**

The City is realizing significant value from its land holdings in Northeast Coquitlam which are bringing unprecedented cash flows into the City's Land Sale Reserve Fund. The Land Sale Reserve Investment Fund is intended to provide capital funding for community amenities and infrastructure projects that will deliver immediate/short-term benefits to residents since these profits are being realized from the sale of their land holdings.

**PURPOSE:**

The Land Sale Reserve Investment Fund is funded by:

- An annual dividend of 5% of the gross land sales which have benefitted from land development activity and is determined to be a proxy for the profit; and
- An annual dividend in the amount of the interest earned on the City's Land Sale Reserve cash balance.

**POLICY:**

1. Funds allocated to the Land Sale Reserve Investment Fund will be used to fund both capital projects related to building new assets and amenities as well as those projects which enhance or rehabilitate existing assets; the fund will supplement asset replacement reserves.
2. Eligible projects will typically have a value between \$500,000 – \$3,000,000.
3. Funds will be allocated to projects that provide short-term benefits to residents since the funding is a result of current land sale activities.
4. The allocation of funding from the Land Sale Reserve Investment Fund will normally be completed as part of the annual capital planning process.

**REFERENCES:**

Land Sale Reserve Investment Fund Policy (CEDMS # 2419624)