

Committee of Council Agenda

Tuesday, May 12, 2020

2:00 p.m.

Council Chambers

3rd Floor City Hall, 2580 Shaughnessy Street, Port Coquitlam, BC

Pages

1. CALL TO ORDER

2. ADOPTION OF THE AGENDA

2.1 Adoption of the Agenda

Recommendation:

That the Tuesday, May 12, 2020, Committee of Council Meeting Agenda be adopted as circulated.

3. CONFIRMATION OF MINUTES

None.

4. REPORTS

4.1 2019 Year End Operating Variance

1

Recommendation:

None.

4.2 2019 Audited Financial Statement

17

Recommendation:

That Committee of Council recommend that:

1. *Council accept the 2019 Audited Consolidated Financial Statements;
and*
2. *That the 2020 financial plan be amended to include a transfer of
\$395,000 from accumulated surplus to the Sewer Long Term Reserve
Fund.*

4.3 Official Community Plan Scoping Report

64

Recommendation:

That Committee of Council approve the Official Community Plan scope including:

1. *topic areas; and*
2. *timeline for the update.*

as outlined in the Report entitled "Official Community Plan Update Scoping Report" dated May 12, 2020.

4.4 Development Permit - Coach House Application - 3771 Somerset Street

72

Recommendation:

That Committee of Council approve Development Permit DP000422 to regulate a coach house development at 3771 Somerset Street.

5. COUNCILLORS' UPDATE

6. MAYOR'S UPDATE

7. CAO UPDATE

8. RESOLUTION TO CLOSE

8.1 Resolution to Close

Recommendation:

That the Committee of Council Meeting of Tuesday, May 12, 2020, be closed to the public pursuant to the following subsections(s) of Section 90(1) of the Community Charter:

Item 5.1

k. negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

Item 5.2

c. labour relations or other employee relations.

Item 5.3

c. labour relations or other employee relations.

Item 5.4

i. the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose;

I. discussions with municipal officers and employees respecting municipal objectives, measures and progress reports for the purposes of preparing an annual report under section 98 [annual municipal report].

9. ADJOURNMENT

9.1 Adjournment of the Meeting

Recommendation:

That the Tuesday, May 12, 2020, Committee of Council Meeting be adjourned.

10. MEETING NOTES

2019 Year-end Operating Variance Report

RECOMMENDATION:

None

PREVIOUS COUNCIL/COMMITTEE ACTION

September 17, 2019 - Committee of Council

Staff presented the Q1/Q2 2019 Variance Report to Committee of Council. The report included a projected positive operating revenue variance of \$3,952,000 and a projected negative operating expense variance of \$751,000 which resulted in a projected net positive result of \$3,201,000 compared to budget.

November 26, 2019- Committee of Council

Staff presented the Q3 2019 Variance Report to Committee of Council. The report included a projected positive operating revenue variance of \$5,507,000 and a projected negative operating expense variance of \$356,000 which resulted in a projected net positive result of \$5,151,000 compared to budget.

Council amended the 2019-2023 financial plan with an increase of \$579,000 in revenues and expenses.

REPORT SUMMARY

This report provides financial information about the City's operating activities until the end of 2019 and compares actual results to the 2019 amended budget and the Q3 forecast. In previous years, the information included in this report, along with capital results, was presented as part of the Audited Financial Statements Report. For the 2019 financial year, the operating and one-time budget variance information is being presented separately from the Audited Financial Statements Report to align with the format and presentation of the variance reports that are presented to Committee of Council throughout the year.

The year-end ongoing operating variance results include a positive revenue variance of \$5,354,000 from budget to actual and a negative expense variance of \$925,000 from budget to actual. The year-end net result of revenues after expenses is \$27 million (\$4,428,000 more than the budget and \$511,000 less than the Q3 forecast).

The year-end one-time operating variance results include a positive variance of \$1,120,000 from budget to actual.

2019 Year-end Operating Variance Report

BACKGROUND

Over the past number of years, the City has taken efforts to minimize the annual tax burden; specifically, by not over-taxing for amounts that are not required to fund operations. In part, this has been accomplished by reducing the gap between budgeted revenues/expenditures and actual results, resulting in lower annual surpluses. To accomplish this, a number of initiatives were implemented, including:

- Establishing a \$300,000 offset against the expense budget (\$200,000 in labour and \$100,000 in contract services) to reflect the reality that staffing levels are lower than 100% (i.e. the City usually has some vacancies). This offset sits as a placeholder in Common Services at the beginning of the year and then has historically been applied against specific departmental budgets later in the year once vacancy information is confirmed. In the current year, this offset has been maintained in Common Services and labour and contracted service variances have not allowed for the application of the offset.
- Increasing revenue projections to better reflect anticipated actual revenues earned.
- Only adding payroll, materials and internal charge operating costs for capital assets to the budget once the need has been demonstrated (i.e. budgets are added in the year after costs have been incurred).
- Decreasing the cost share percentage applied to the RCMP budget and increasing the amount of operating funding from the RCMP operating reserve (funded from prior year RCMP surpluses) to account for anticipated vacancies.

Over time, these initiatives have resulted in a decreasing gap between budget and actuals for many functions within the City.

As the gap between budget and actuals narrows, variance reporting has become a critical tool for ensuring that the City is on track financially. At Q2, the City was forecasting a net favourable variance of \$3,201,000, made up of \$3,952,000 of excess revenue, offset by an unfavourable variance in expenses of \$751,000. At Q3, this was amended to forecast a net favourable variance of \$5,151,000, made up of \$5,507,000 of excess revenue, offset by an unfavourable variance in expenses of \$356,000.

Under the *Community Charter*, a municipality can only make expenditures that are within the financial plan. So, while on a net basis the City was forecasting a \$5,151,000 surplus position as of Q3, the expense forecast may have resulted in expenditures exceeding the authorized budget. Because of this, the 2019-2023 financial plan was amended with an increase of \$579,000 in revenues and expenses following the 2019 Q3 variance presentation. Following the amendment, the City was forecasting a net favourable budget variance of \$5,151,000 made up of \$4,928,000 of excess revenue over budget and a favourable variance in expenses of \$223,000. Departments

2019 Year-end Operating Variance Report

continue to refine and assess forecasting models to ensure anticipated revenues and expenses largely align with actual results.

DISCUSSION

The revenue budget to actual positive variance increased by \$426,000 to \$5,354,000 (from \$4,928,000) from the Q3 forecast largely due to a change in accounting for metered water billing, offset by less investment income compared to forecast. The expense budget to actual variance changed by \$1,148,000 to an unfavourable variance of \$925,000 (from a favourable amended variance of \$223,000). The increase in expenses in excess of forecast was due to additional costs realized in a number of departments and primarily relates to payroll and contracted services.

	2019 Budget	2019 Actual Results	Annual Budget Variance	Results as % of Budget	2019 Annual Forecast	Annual Forecast Variance from Actual %
Operating Revenues	\$107,533,420	\$112,887,299	\$5,353,879	104.98%	\$112,273,473	0.54%
Operating Expenses	84,961,590	85,886,990	(925,400)	101.09%	84,762,353	1.31%
Difference between revenue and expenses¹	\$22,571,830	\$27,000,309	\$4,428,479	119.62%	\$ 27,511,120	-1.89%

As noted in the background section above, under the Community Charter, a municipality can only make expenditures that are within the financial plan. While the ongoing operating expenses analyzed above and in this report exceed budget by \$925,000, the financial plan also includes budget for one time operating expenses. There is a favourable budget to actual expenditure variance of \$1,120,000 for 2019 one time operating expenses. As a result, the City overall ended 2019 within its total operating expenditure budget for the year.

The following sections of this report break down the results into revenue and expenditure components.

Revenues by Source

Total operating revenues for 2019 are \$112.9 million and result in a \$5.4 million or 4.98% positive variance at year-end. Of this favourable variance, the majority is attributable to higher than expected investment income (\$2,043,000) due to better interest rates obtained compared to plan, other revenues (\$1,158,000) due to unbudgeted reserve contributions for watercourse

¹ Difference between revenues and expenses relates to funds collected to transfer to reserves, and funds collected to pay off debt principle.

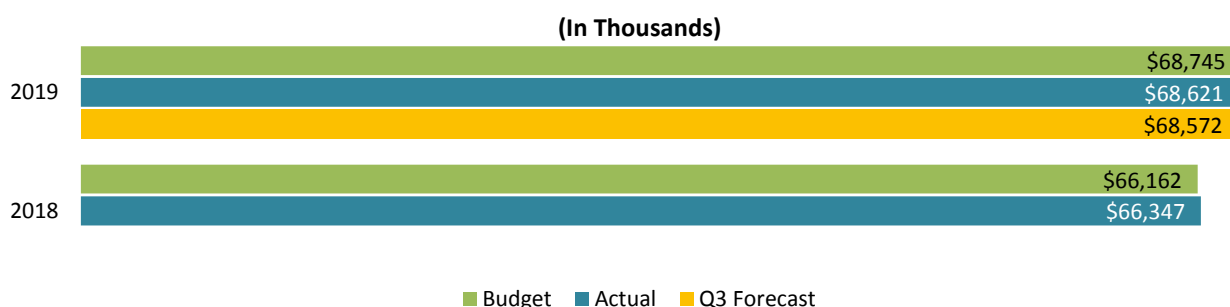
2019 Year-end Operating Variance Report

compensation, parking, cemetery expansion and bonus density and utility charges (\$917,000) due to an accounting treatment revision of metered water billing.

Explanations for any significant variances have been provided in the summaries below. These summaries also include supporting graphs which show 2019 budget and actuals, 2018 budget and actuals and 2019 Q3 forecasts for comparative purposes.

	2019 Budget	2019 Actual Results	Annual Budget Variance	Results as % of Budget	2019 Q3 Forecast	Annual Forecast Variance from Actual %
Taxation and Other Levies	\$ 68,745,220	\$ 68,621,269	\$(123,951)	99.82%	\$68,572,368	0.07%
Utility Charges	24,206,700	25,123,398	916,698	103.79%	24,275,478	3.38%
Sale of Services	6,920,800	7,249,797	328,997	104.75%	7,066,711	2.53%
Contributions	2,234,700	2,418,511	183,811	108.23%	2,288,443	5.38%
Permits and Licenses	2,752,600	3,459,467	706,867	125.68%	3,487,647	-0.81%
Investment Income	2,039,900	4,082,587	2,042,687	200.14%	4,725,101	-15.74%
Penalties and Fines	429,500	570,351	140,851	132.79%	553,965	2.87%
Other Revenue	204,000	1,361,919	1,157,919	667.61%	1,303,760	4.27%
Total Operating Revenue	\$107,533,420	\$112,887,299	\$5,353,879	104.98%	\$112,273,473	0.54%

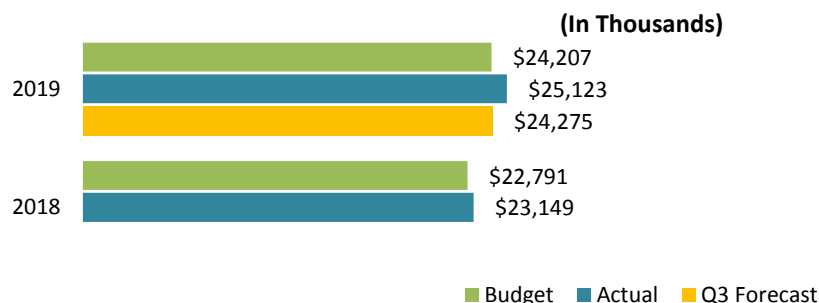
Taxation and Other Levies



Minor unfavourable variance of \$124,000 due to assessment appeals resulting in downwards revision to assessment values and corresponding property taxes. In 2019 a number of appeals were successful in relation to affordable housing assessments. There are still a number of outstanding appeals for Metro Vancouver owned properties, which may potentially decrease assessment values and property taxes for 2020. The 2020 budget has been revised accordingly.

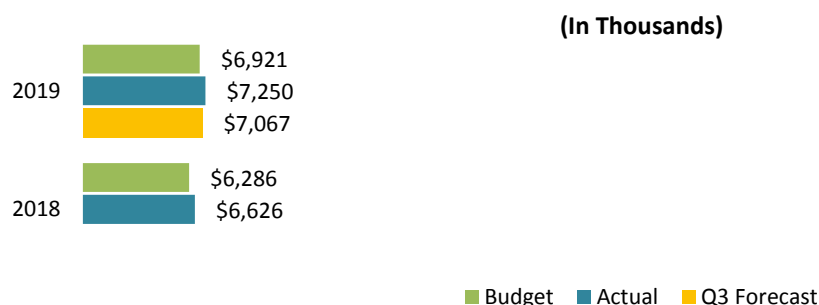
2019 Year-end Operating Variance Report

Utility Charges



Positive variance of \$917,000 is due to an accounting treatment revision of quarterly metered water revenue recognition. In prior years the last quarter of metered water revenue was included in the next year's revenue. In 2019 this was adjusted to match the quarter the water was used.

Sales of Services



Favourable variance of \$329,000 primarily due to increased revenue from cost recovery work completed in 2019 as well as some additional Recreation admissions revenue.

Contributions



Favourable variance primarily due to an increase in TransLink Major Road Network funding (\$221,000) as a result of the addition of Kingsway Avenue to the funding formula, which is included in the 2020 budget.

2019 Year-end Operating Variance Report

Permits and Licenses



Favourable variance of \$707,000 due to higher than anticipated building and other development revenues (\$580,000) and business licence revenue (\$124,000), which is partially offset by minor variances in other areas.

Investment Income



Favourable variance of \$2,043,000 due to higher than anticipated investment rates which have offset a decreasing investment balance as the City continues to fund a large capital program. Since much of this investment income is earned on reserve funds, more than \$1,000,000 of this variance has been transferred to the corresponding reserves (i.e. it does not contribute to the available cash surplus at the end of the year). This variance is not expected to continue in 2020 as interest rates have decreased and the financial plan outlines a \$23 million draw down of the City's reserves meaning less interest will be generated.

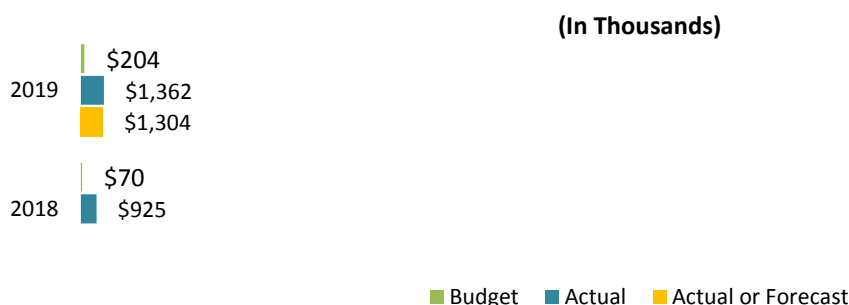
2019 Year-end Operating Variance Report

Penalties and Fines



Favourable variance of \$141,000 is due to higher than budgeted revenues from penalties on late property tax payments. Penalty revenues vary from year to year therefore adjustments to the budget are only made where a trend has continued for a number of consecutive years.

Other Revenue



Favourable variance of \$1,158,000 is due to unbudgeted reserve contributions for watercourse compensation, parking, cemetery expansion and bonus density. These contributions are difficult to anticipate for budgeting purposes and therefore are not budgeted for.

2019 Year-end Operating Variance Report

Expenses by Function

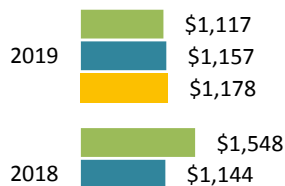
Explanations for any significant variances have been provided in the department summaries below. These summaries also include supporting graphs which show 2019 budget and actuals, 2018 budget and actuals and 2019 Q3 forecasts for comparative purposes.

	2019 Budget	2019 Actual Results	Annual Budget Variance	Results as % of Budget	2019 Q3 Forecast	Annual Forecast Variance from Actual %
Common Services	\$1,116,950	\$1,157,009	(\$40,059)	103.59%	\$1,177,550	1.78%
Office of the CAO	313,100	324,284	(11,184)	103.57%	330,000	1.76%
Corporate Support	3,846,100	4,021,475	(175,375)	104.56%	3,889,488	-3.28%
Finance	2,238,400	2,158,915	79,485	96.45%	2,200,678	1.93%
Human Resources	1,041,800	1,698,779	(656,979)	163.06%	1,460,906	-14.00%
Engineering & Public Works	10,271,213	10,491,515	(220,302)	102.14%	10,463,409	-0.27%
Recreation	13,373,392	13,514,967	(141,575)	101.06%	13,253,400	-1.94%
Police Services	15,628,635	15,470,250	158,385	98.99%	15,575,883	0.68%
Fire & Emergency Services	12,633,200	12,836,686	(203,486)	101.61%	12,631,677	-1.60%
Development Services	3,533,600	3,454,500	79,100	97.76%	3,351,334	-2.99%
Solid Waste Operations	4,139,000	4,053,473	85,527	97.93%	3,893,249	-3.95%
Water Operations	9,278,800	9,319,063	(40,263)	100.43%	9,191,730	-1.37%
Sanitary Sewer Operations	7,547,400	7,386,074	161,326	97.86%	7,343,050	-0.58%
Total Operating Expenses	\$84,961,590	85,886,990	(925,400)	101.09%	84,762,354	1.31%

2019 Year-end Operating Variance Report

Common Services

(In Thousands)

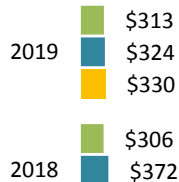


■ Budget ■ Actual ■ Forecast Q3

There is an unfavourable variance of \$40,000 due to a majority of the vacancy offset budget being maintained within Common Services rather than being allocated out to departments. \$106,000 of the \$300,000 vacancy offset budget was allocated to Development Services based on vacancies in Planning and Development Engineering, but there were no further vacancy savings to offset, therefore the balance remained in Common Services. The negative variance was offset by lower postage costs (\$40,000) and savings on the photocopier lease (\$105,000). The budget for the photocopier lease was adjusted for 2020.

Office of the CAO

(In Thousands)

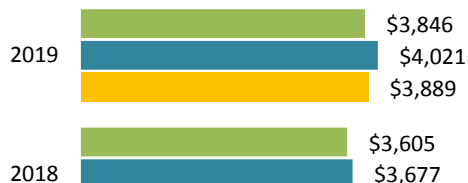


■ Budget ■ Actual ■ Forecast Q3

No significant variances noted.

Corporate Support

(In Thousands)

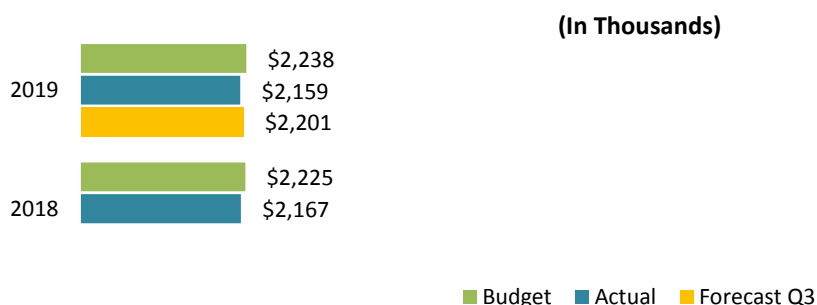


■ Budget ■ Actual ■ Forecast Q3

2019 Year-end Operating Variance Report

Unfavourable variance of \$175,000 is due primarily to Corporate Office (\$170,000) additional clerical support requirements (\$60,000), document management and web streaming projects (\$50,000) and legal expenses (\$41,000) and as well as Bylaw Services (\$63,000) homelessness and animal control contracted services offset by positive variances in Information Services (\$64,000) as a result of lower repair and equipment replacement needs compared to budget.

Finance



No significant variances.

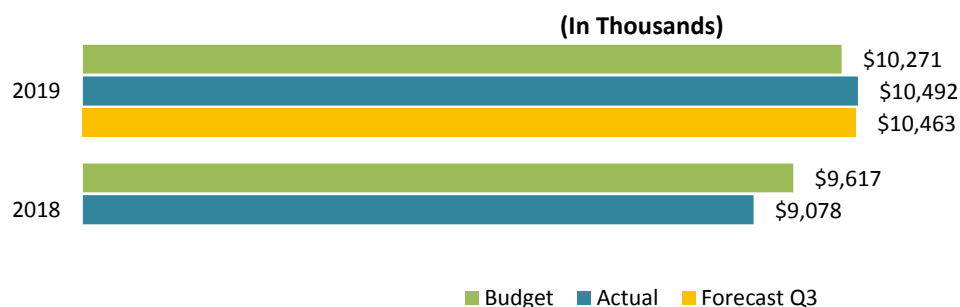
Human Resources



Unfavourable variance of \$657,000 is due to higher than budgeted legal costs (\$636,000) due to arbitrations, (\$83,000) due to sick time and maternity coverage as well as greater than budget benefits costs and (\$43,000) due to the Recover at Work program which was a new program that will offset WorkSafeBC premium costs in the future due to less time loss associated with soft tissue injury claims. Increased costs are partially offset by lower other personnel costs for training and development (\$103,000) as the city wide BCIT and Supervisory skills programs were not delivered in 2019 due to instructor scheduling challenges and other operational conflicts.

2019 Year-end Operating Variance Report

Engineering and Public Works



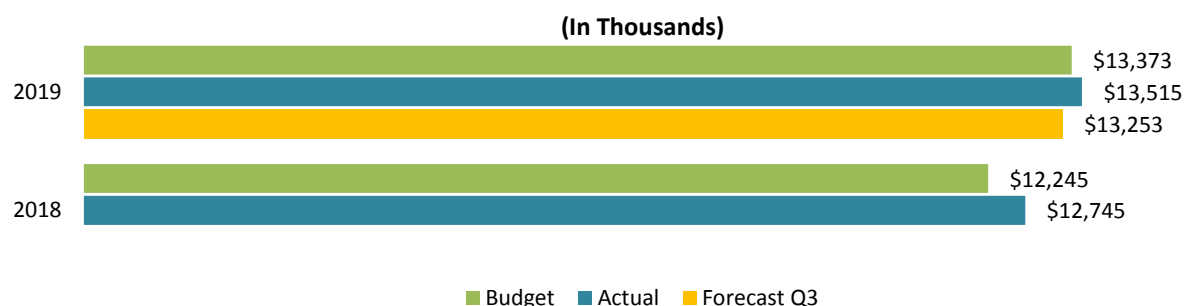
An unfavourable variance of \$220,000 can be broken down in to the following elements:

- Increased costs in excess of budget of \$399,000 for fleet operating costs is a result of additional contracted services expenditures incurred in the year. These additional costs were primarily due to reactive maintenance for four solid waste collection trucks, and repairs to the pump/rescue truck and a backhoe. The reactive maintenance and repair work also required additional equipment rentals to ensure service levels were maintained.
- Increased snow removal costs of \$185,000 due to extended weather conditions early in the year. Year-to-year anomalies in the snow and ice budget are managed through a separate operating reserve (and therefore do not directly impact the accumulated surplus). In 2019, \$113,000 (the remaining balance of the reserve) was transferred from the Snow and Ice Removal Reserve to offset the negative variance.
- Increased vegetation and parks maintenance costs of \$287,000 as a result of a significantly longer growing season. This area will be monitored to determine if the longer season represents an anomaly or a new trend.
- Increased tree watering and management costs of \$122,000 as a result of additional trees in inventory, the significantly longer growing season, and successive years of drought conditions. Although the 2020 budget was adjusted by \$31,000 to reflect the increased cost of this service level, this will be further reviewed as part of the annual service level review scheduled for later this spring.

These unfavourable variances are offset mainly by the 2019 capitalization of cost recovery work expenses as certain projects once complete were determined to be capital rather than operating expenditures (for example water and sewer connections to new development). Additionally, there was a favourable Drainage Utilities variance of \$268,000 due to fewer than anticipated repair activities as a result of CCTV video monitoring initiated in 2018.

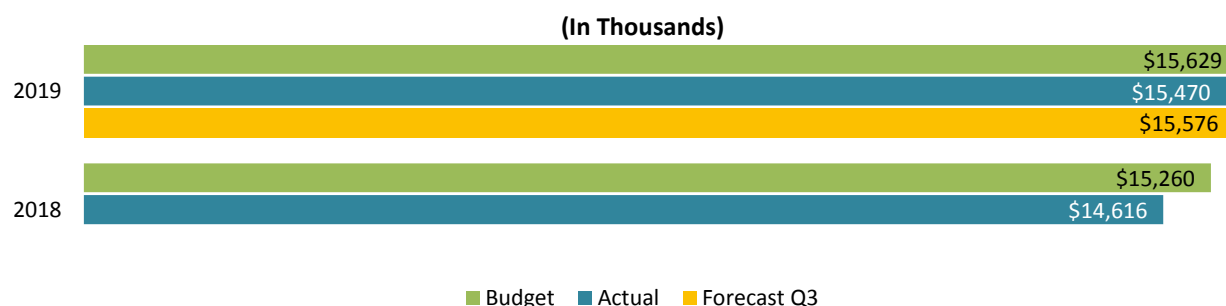
2019 Year-end Operating Variance Report

Recreation



The Recreation Department variance of \$142,000 is driven from the Arts and Culture division (\$106,000) as a result of increased special events activities and additional event contractor costs (fireworks and traffic management among others). A full review of the City's events budgets and service delivery will be conducted later this spring. Additionally, the Recreation division had an unfavourable variance of \$163,000 as a result of the costs associated with increased participation generating activity in fitness, aquatics, and school programs, and the opening and ramp up of the Port Coquitlam Community Centre (PCCC). These variances were partially offset by increased recreation revenues in admissions and favourable variances within Recreation Administration (\$97,000) as a result of absences, as well as lower operating costs for the Library (\$39,000) compared to budget. As previously discussed with Council, no additional operating costs for the PCCC were included in the 2019 budget, with any shortfalls planned to come from accumulated surplus. Since overall the City was within budget in 2019, no transfers from surplus are proposed.

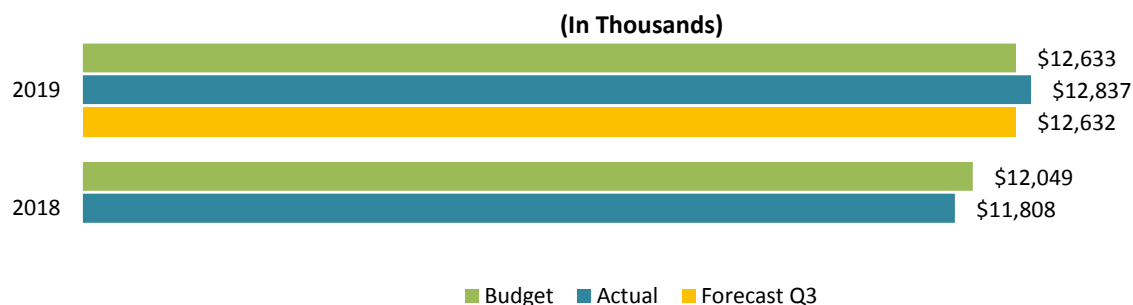
Police Services



Favourable variance of \$158,000 due to vacancies in the public safety building (\$205,000) and RCMP staffing (\$225,000) which are offset by an unfavourable variance (\$377,000) as a result of a difference in the cost share percentage between budgeted (31.22%) and actual (32.07%) due to a higher proportion of police activities occurring in Port Coquitlam than budgeted. The 2019 budget included a \$600,000 transfer from the RCMP Reserve, however only \$400,000 was required to be transferred from the reserve.

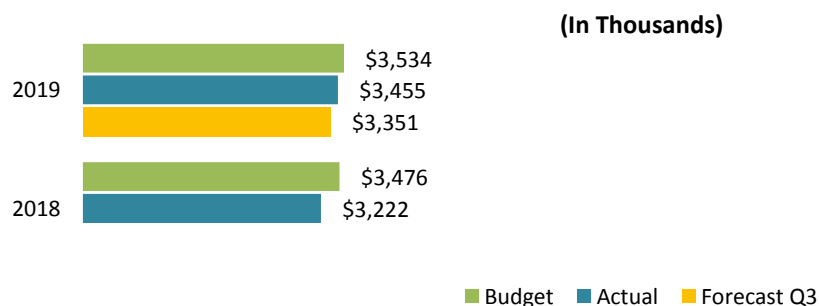
2019 Year-end Operating Variance Report

Fire & Emergency Services



Unfavourable variance of \$203,000 due to the additional Early Retirement Program use in the year greater than budget, training and course work undertaken to maintain required safety services levels, and employee payroll costs associated with WorkSafeBC leaves.

Development Services

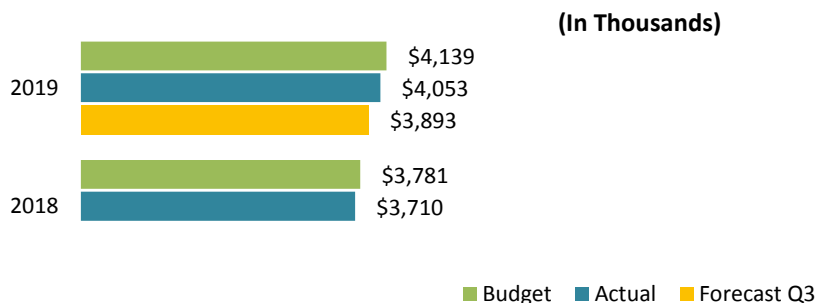


Favourable variance of \$79,000 due to less contracted services work required (land surveys) than anticipated in the Development Engineering area.

Note - A portion (\$106,000) of the City's offset for payroll vacancies has been allocated against the Development Services budget.

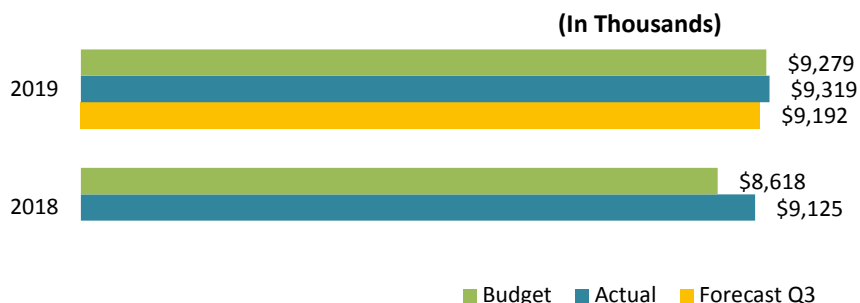
2019 Year-end Operating Variance Report

Solid Waste Operations



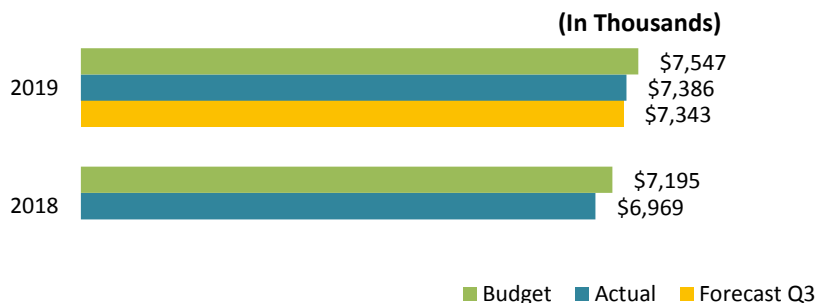
Favourable variance of \$86,000 due to lower actual than expected green waste tonnage collected in the year and staffing vacancies, offset by increased recycling and garbage tonnage collected.

Water Operations



Minor unfavourable variance of \$40,000 is due to higher than anticipated Metro Vancouver water consumption costs.

Sewer Operations



2019 Year-end Operating Variance Report


Favourable variance of \$161,000 due mainly to lower sewer main repair costs (\$158,000) as some previously contracted service work was completed with internal resources in 2019 and less reactive emergency repairs of the sanitary lift stations than anticipated (\$86,000). This favourable variance is offset by increased sewer connection repairs of \$40,000.

One-Time Operating

The 2019 One-Time Variance Summary (attachment 1) details the 2019 actual one time project expenses compared to the 2019 budgeted amounts. A number of projects were completed in 2019, including the Council Chamber Improvements, the Coquitlam River Watershed Roundtable, the McAllister Streetscape conceptual design, the Wilson Temporary Recreation Centre Parking Lot and the Seasonal Lighting. A number of additional projects are in progress as of the date of this report, including the Fraud Risk Assessment, the Child Care Action Plan and the Community Sharing Garden.

The Asset Management Program continues and is on track to inform budgeting for 2022 and for total completion in the early part of 2021. The Microfilm Record Digitization is expected to be complete by the end of 2021. Organizational support has been provided consistent with budget to the Event Society, the Heritage Society and the Port Coquitlam Senior Citizens' Housing Society.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	This report is provided for information only and no action is required.

Lead author: Chris Adams-Brush

Contributing author: Farouk Zaba

Attachment 1: Year End 2019 One-Time Operating Variance Summary

		2019 ACTUAL				
	REVISED	EXPENSES at	Actual /	VARIANCE FROM		
PROJECT	BUDGET	December 31,	Projected	ORIGINAL	%Variance	COMMENTS ON VARIANCE
		2019	Completion	BUDGET		
Infrastructure						
Fraud Risk Assessment	95,000	-	Q4 2020	95,000	100.0%	Project currently underway with certain processes completed in draft
North Side Development	49,998	-	2021/2022	49,998	100.0%	Project start date deferred
Land and Development Facilitator Contract	155,714	38,648	2021	117,065	75.2%	This is only a portion of the costs incurred that do not relate to specific land parcels.
Underground Utilities in Greater Downtown	50,000	-	Q4 2020	50,000	100.0%	Project not yet started
Downtown Wayfinding Strategy and Implementation	22,000	3,500	Q3 2020	18,500	84.1%	Project in progress
Child Care Action Plan	-	5,894	Q2 2020	(5,894)	NA	2019 costs funded with grant from UBCM
Coquitlam River Watershed Roundtable	15,000	15,000	2019	-	0.0%	Project completed in 2019
PoCo Senior Citizens' Housing Society Dogwood Mews 3155 Seymour Street	41,000	-	Q2 2020	41,000	100.0%	Funding provided in 2020
Microfilm Record Digitization	60,000	26,295	2021	33,705	56.2%	Project in progress
OCP Review 2014	34,381	-	2021	34,381	100.0%	Project in progress
Development Engineering - Subdivision Bylaw	39,998	-	Q4 2020	39,998	100.0%	Project not yet started
Emergency Programs - UBCM CEPF Crisis Communications Project	-	29,476	Q1 2020	(29,476)	NA	2019 costs funded with grant from UBCM
Tri-Cities Homelessness & Housing Task Group	4,100	4,100	Q2 2020	-	0.0%	Project expenses consistent with budget for 2019
Organizational Support - Heritage Society	35,000	35,000	2019	-	0.0%	Funding provided in 2019
Organizational Support - Festival Development	38,752	4,093	Q4 2020	34,659	89.4%	Project in progress
Organizational Support - Event Society Funding	120,000	120,000	2019	-	0.0%	Funding provided in 2019
Community Programs - Arts and Culture - Mural Program	8,344	-	Q4 2020	8,344	100.0%	Project in progress
Community Programs - Arts and Culture - PoCo Sports Hall of Fame	15,231	-	Q4 2020	15,231	100.0%	Project in progress
Community Programs - Active Living - Grand Prix	206,900	188,004	2019	18,897	9.1%	2019 Grand Prix completed, 2020 Grand Prix cancelled
Terry Fox Library - Building Maintenance Contingency	17,695	-	NA	17,695	100.0%	Funding not required, remains in reserve.
Leigh Square - Public Art Repairs	15,399	-	Q4 2020	15,399	100.0%	Project in progress
Terry Fox Library - Recreation Programming Contingency	62,979	-	NA	62,979	100.0%	Funding not required, remains in reserve.
Bldg Mtce - PoCo Rec Complex - Green Arena Roof Maintenance	45,998	-	NA	45,998	100.0%	Funding not required, remains in reserve.
Multiple Buildings SO - Energy Manager Projects	15,927	-	Q4 2020	15,927	100.0%	Project in progress
Asset Management - General	100,000	17,907	2021	82,093	82.1%	Project in progress with data collection and management underway
Asset Management - Water	154,062	27,133	2021	126,929	82.4%	Project in progress with data collection and management underway
Asset Management - Sewer	75,000	6,205	2021	68,795	91.7%	Project in progress with data collection and management underway
Non-Capital Project - McAllister Streetscape/Donald Path	45,605	45,605	2019	-	0.0%	Project completed in 2019
Non-Capital Project - Wilson Temporary Rec Centre Parking Lot	20,000	18,299	2019	1,701	8.5%	Project completed in 2019 underbudget
Non-Capital Project - CC Business Case	50,000	-	TBD	50,000	100.0%	Project deferred
Cemetery - One-Time Projects (Chafer Beetle Control)	61,672	11,768	Q3 2020	49,904	80.9%	Project in progress
Non-Capital Project - Seasonal Lighting	46,688	42,813	2019	3,875	8.3%	Project completed in 2019 underbudget
Non-Capital Project - Field Needs Assessment	25,000	7,246	Q2 2020	17,754	71.0%	Project in progress
Non-Capital Project - Community Sharing Garden	32,600	17,213	Q2 2020	15,387	47.2%	Project in progress
	1,760,043	664,199		1,095,845	62.3%	

RECOMMENDATION:

That Committee of Council recommend that:

1. Council accept the 2019 Audited Consolidated Financial Statements; and
2. That the 2020 financial plan be amended to include a transfer of \$395,000 from accumulated surplus to the Sewer Long Term Reserve Fund.

REPORT SUMMARY

This report provides a review and analysis of the 2019 consolidated financial statements audited by the City auditors, KPMG LLP. This report presents the overall financial results of the City for 2019, including the impacts of operating and capital revenue and expense transactions. In previous years, this report was the only annual summary of the financial activities of the City. For the 2019 financial year, the operating variance information is being presented separately to align with the format and presentation of the variance reports that are presented to Committee of Council throughout the year. This report focuses on the annual impact of the revenues and expenses on the City's accumulated surplus and the 2019 ending position of City's various reserves and funds.

In 2019, the city recorded an annual surplus of \$11.88 million consisting of both cash and non-cash items including restricted and non-restricted reserves and equity in tangible capital assets. The \$11.88 million surplus is derived from a \$35.37 million increase in capital equity less a \$22.35 million decrease in restricted reserves, and a \$1.14 million decrease in non-restricted reserves. There is no "cash" surplus in 2019.

BACKGROUND

The consolidated financial statements (attachment 1) are intended to report on the City's financial condition as at December 31, 2019 and consist of four required statements (consolidated statement of financial position, consolidated statement of operations, consolidated statement of change in net financial assets and consolidated statement of cash flows) as well as additional notes and supporting schedules. KPMG LLP have audited the 2019 consolidated financial statements and provided an independent auditors report and audit findings report (attachment 2 and 3).

The Public Sector Accounting Board standards require the City's audited consolidated financial statements to include a comparison of the annual actual financial results to the approved original budget which is presented in the consolidated statement of operations. The City approved the 2019 Financial Plan Bylaw on May 14, 2019 which established the City's expense authority for the year. It should be noted that Committee of Council approved a number of financial plan amendments throughout the year, which are included in the operating variance report, but as per accounting rules are not included in the financial statement original budget.

The following summary information provides insight and discussion on the 2019 consolidated financial statements revenues and expenses as well as the City's accumulated surplus for 2019.

DISCUSSION

Revenues and Expenses

Actual revenues were greater than budget due to greater investment returns in the year as a result of higher interest rates in the later part of the year compared to plan, a watercourse cash in lieu contribution received in the year, an update to the accounting recognition of metered water utility revenues and more significant developer non-cash contributions received in the year. Actual expenses were more than budget due primarily to the disposal and accounting write down of the previous recreation complex with the opening of the first phase of the Port Coquitlam Community Centre in 2019.

Table 1 presents the overall revenue and expenses compared to budget for 2019.

Table 1- 2019 Consolidated Revenues and Expenses

	2019 Budget	2019 Actual Results	Annual Budget Variance	Results as % of Budget	2018 Actual Results
Revenues	\$ 109,036,300	\$ 115,545,054	\$ 6,508,754	105.97%	\$ 120,228,896
Expenses	85,984,300	86,811,952	(827,652)	100.96%	80,337,121
Amortization	12,000,000	12,394,810	(394,810)	103.29%	11,194,146
Loss on disposal of assets	-	4,456,874	(4,456,874)	NA	596,419
Difference between revenue and expenses¹	\$ 11,052,000	\$ 11,881,418	\$ 829,418	107.50%	\$ 28,101,210

Actual revenues in 2019 were lower than in 2018 due to the recognition of the Build Canada Grant for the partial funding of the Port Coquitlam Community Centre in 2018. Actual expenses were higher in 2019 compared to 2018 due to the previously mentioned disposal and accounting write down of the previous recreation complex in 2019, as well as budgeted increases in Recreation, Police Services and Fire and Emergency Services.

Additional detailed analysis of the 2019 ongoing operating revenues and expenses can be found within the 2019 Year-end Operating Variance Report.

Annual Surplus

Of the \$11.88 million in annual surplus, the largest component relates to the 2019 addition of capital assets (\$35.37 million increase) with corresponding decreases in the restricted reserve funds (\$22.35 million) and the General Fund (\$2.13 million).

¹ Difference between revenues and expenses includes funds collected to transfer to reserves and funds collected to pay off debt principle.

2019 Audited Financial Statements Report

Table 2 presents the components of the annual surplus.

Table 2- Components of Annual Surplus

	2019 Budget	2019 Actuals	Difference	Financial Statement Reference
Capital Equity	\$ 53,799,685	\$ 35,369,688	\$ (18,429,997)	Note 15
Reserve Funds	(38,855,879)	(22,352,860)	16,503,019	Note 14
General Fund	(3,672,744)	(2,132,205)	1,540,539	Note 13
Water Fund	(144,062)	496,150	640,212	Note 13
Sewer Fund	(75,000)	500,645	575,645	Note 13
Annual Surplus	\$ 11,052,000	\$ 11,881,418	\$ 829,418	

Accumulated Surplus

Accumulated surplus is the cumulative amount of annual surpluses from all prior years up to the current year. The City's accumulated surplus increased to \$797.23 million of which \$704.91 million is Equity in Tangible Capital Assets (Note 15).

The audited consolidated financial statements outline in Note 13 additional supplemental information on the composition of the accumulated surplus balance. The 2019 accumulated surplus consists of Unrestricted Reserves or Funds (General, Water, and Sewer), Restricted Reserves, Equity in Tangible Capital Assets as well as Equity in Inventory and Prepaid Expenses and the Port Coquitlam Community Foundation (Table 3).

Table 3 presents the 2019 opening and ending accumulated surplus balances.

Table 3- 2019 Accumulated Surplus Details

	2019 Opening	Annual Surplus	2019 Closing	Notes
Unrestricted General Reserve	\$ 11,312,451	\$ (2,177,371)	\$ 9,135,080	Unrestricted
Unrestricted Water Reserve	1,059,499	496,150	1,555,649	Unrestricted
Unrestricted Sewer Reserve	1,480,379	500,645	1,981,024	Unrestricted
Subtotal- Unrestricted Reserves	\$ 13,852,329	\$ (1,180,576)	\$ 12,671,753	
Restricted Reserves	100,710,091	(22,352,860)	78,357,231	Restricted
Equity in Tangible Capital Assets	669,541,186	35,369,688	704,910,874	Non-cash
Equity in Inventory and Prepaids	606,418	16,290	622,708	Non-cash
Equity in Port Coquitlam Community Foundation	643,028	28,876	671,904	Foundation
Total Accumulated Surplus	\$ 785,353,052	\$ 11,881,418	\$ 797,234,470	

2019 Audited Financial Statements Report

Of the \$12.67 million of total unrestricted reserves at year end and taking into account the minimum balance requirements, future commitments and transfers, there is a remaining balance in the general fund of \$3.57 million. Factors contributing to this balance are higher revenues in investment income, permits and licenses, sales of services and other revenues. Offsetting these higher revenues are greater expense balances mainly due to personnel and contracted service costs. Equity in Tangible Capital Assets increased by \$35.37 million largely as a result of the capital work in progress on the Community Centre and Neighborhood Rehabilitation projects. As a result of capital work completed in 2019, Restricted Reserves decreased by \$22.35 million after accounting for annual contributions and transfers of \$22.79 million, project allocations of \$47.57 million and an annual interest allocation of \$2.43 million (Note 14).

Table 4 outlines the minimum balances for the general, water and sewer funds, and well as the amounts available to fund future projects.

Table 4- 2019 General, Water and Sewer Fund Accumulated Surplus Balances

	General Fund	Water Fund	Sewer Fund
2019 ending balance	\$ 9,135,080	\$ 1,555,649	\$ 1,981,024
Add:			
Ventana Prepayment	\$ 5,000,000	-	-
Less:			
2019 Carry Forward	1,079,790	124,429	70,090
2020 Financial Plan	1,252,900	-	-
Balance after Commitments and Transfers	\$ 11,802,390	\$ 1,431,220	\$ 1,910,934
Minimum Balance Required	(8,234,554)	(1,535,607)	(1,120,865)
Balance Available for Future Projects	\$ 3,567,836	\$ (104,387)	\$ 790,069

*Ventana prepayment was temporarily withdrawn from accumulated surplus. This amount will be repaid near the end of the community centre project.

The Annual Surplus Allocation Policy sets out the guidelines for the fiduciary management of any year-end operating surplus in the general fund. Based on the policy, accumulated surplus should be maintained at a minimum of 12% of the prior year's general property taxation revenue. Once the minimum balance is achieved, a minimum of 50% of the remaining current annual general fund surplus will be transferred to the Long Term Replacement Infrastructure Reserve ("LTR"). While not specifically mentioned in the policy, water and sewer funds have historically been treated the same way.

2019 Audited Financial Statements Report

General Fund: After accounting for the 2019 Carry forwards and 2020 Financial Plan Commitments, and maintaining the minimum balance required, the general fund reports \$3.57 million available to fund future projects. No LTR transfers are contemplated as there is not an annual general fund surplus per Table 2.

Water Fund: 2019 Carry forwards are reported at \$124 thousand. As the minimum balance has not yet been achieved, there are no funds available for future projects or transfer to LTR.


Sewer Fund: 2019 Carry forwards are reported at \$70 thousand. There is \$790 thousand available for future projects after accounting for the minimum balance required. An amount of \$395 thousand is recommended to be transferred to the Sewer LTR reserve, as per the policy noted above.

CONCLUSION

The 2019 consolidated financial statements result in an annual surplus of \$11.88 million and an ending accumulated surplus of \$797.23 million. The annual surplus result is due to greater revenues than budget offset by expenses greater than budget, mostly as a result of the disposal and accounting write down of the previous recreation complex.

The accumulated surplus is made up of a number of different unrestricted and restricted funds. The capital fund continues to increase as a result of capital asset expenditure relating to the new community centre and the neighbourhood rehabilitation program. The restricted funds balances have decreased consistent with the prior year as certain restricted reserves are used to fund capital expenditures.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	Council accept the 2019 consolidated financial statements and the amendment to the financial plan for a transfer to the sewer LTR.
	2	Council accept the 2019 consolidated financial statements.
	3	Council provide further direction to staff.

Lead author: Chris Adams-Brush

Contributing author: Farouk Zaba

Attachment 1: 2019 Consolidated Financial Statements

Attachment 2: KPMG Independent Auditors Report

Attachment 3: 2019 KPMG Audit Findings Report

THE CORPORATION OF THE CITY OF PORT COQUITLAM
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 30,474,536	\$ 4,439,646
Investments (Note 3)	180,343,107	171,847,539
Accounts and other receivables (Note 4)	9,178,069	24,556,289
Due from other governments (Note 5)	875,592	704,233
	220,871,304	201,547,707
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	18,351,981	22,261,073
Deferred revenue (Note 7)	16,588,378	15,326,759
Deposits (Note 8)	8,784,720	9,962,499
Development cost charges (Note 9)	38,768,715	35,978,928
Post-employment future benefits and compensated absences (Note 10)	2,875,000	2,813,000
Debt (Note 11)	71,987,937	20,465,325
	157,356,731	106,807,584
NET FINANCIAL ASSETS	63,514,573	94,740,123
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	733,097,189	690,006,511
Inventories	371,731	372,431
Prepaid expenses	250,977	233,987
	733,719,897	690,612,929
ACCUMULATED SURPLUS (Note 13)	\$ 797,234,470	\$ 785,353,052

Commitments and contingencies (Note 17)

Subsequent event (Note 25)

See accompanying notes to consolidated financial statements

KRISTEN DIXON
Chief Administrative Officer

KAREN GROMMADA
Director of Finance

THE CORPORATION OF THE CITY OF PORT COQUITLAM
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31

	2019 Budget (Notes 2(c) and 22)	2019	2018
REVENUE			
Taxation (Note 20)	\$ 68,731,200	\$ 68,621,282	\$ 66,347,197
Utility charges	24,206,700	25,123,398	23,148,835
Sale of services	6,596,600	7,224,919	6,864,438
Contributions (Note 21)	4,157,300	5,042,085	15,508,028
Permits and licenses	2,812,600	3,485,762	3,219,649
Investment income	2,039,900	4,033,773	3,618,483
Penalties and fines	429,500	570,351	473,984
Other revenue	62,500	1,443,484	1,048,282
	\$ 109,036,300	\$ 115,545,054	\$ 120,228,896
EXPENSES			
General government	\$ 9,168,130	\$ 10,093,502	\$ 9,042,904
Engineering and public works	17,440,835	18,947,983	17,401,245
Recreation	15,001,410	19,336,276	13,104,051
Police services	15,692,374	15,483,411	14,680,603
Fire and emergency services	13,105,042	13,023,686	12,226,040
Development services	4,050,285	3,479,995	3,201,571
Solid waste operations	4,139,000	4,050,963	3,710,344
Water operations	10,901,445	10,934,231	10,837,877
Sanitary sewer operations	8,485,779	8,313,589	7,923,051
	\$ 97,984,300	\$ 103,663,636	\$ 92,127,686
ANNUAL SURPLUS	\$ 11,052,000	\$ 11,881,418	\$ 28,101,210
ACCUMULATED SURPLUS, beginning of year	785,353,052	785,353,052	757,251,842
ACCUMULATED SURPLUS, end of year	\$ 796,405,052	\$ 797,234,470	\$ 785,353,052

See accompanying notes to consolidated financial statements

THE CORPORATION OF THE CITY OF PORT COQUITLAM
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31

	2019 Budget (Notes 2(c) and 22)	2019	2018
Annual surplus	\$ 11,052,000	\$ 11,881,418	\$ 28,101,210
Acquisition of tangible capital assets	(79,130,900)	(58,005,947)	(55,692,870)
Developer contributions of tangible capital assets	(1,000,000)	(2,009,256)	(1,412,331)
Amortization of tangible capital assets	12,000,000	12,394,810	11,194,146
Loss on disposals of tangible capital assets	-	4,456,874	596,419
Proceeds on disposals of tangible capital assets	-	72,841	411,921
Use (increase) of inventories	-	700	(77,960)
Increase of prepaid expenses	-	(16,990)	(76,431)
Change in net financial assets	(57,078,900)	(31,225,550)	(16,955,896)
NET FINANCIAL ASSETS, beginning of year	94,740,123	94,740,123	111,696,019
NET FINANCIAL ASSETS, end of year	\$ 37,661,223	\$ 63,514,573	\$ 94,740,123

See accompanying notes to consolidated financial statements

THE CORPORATION OF THE CITY OF PORT COQUITLAM
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31

	2019	2018
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Annual surplus	\$ 11,881,418	\$ 28,101,210
Items not involving cash:		
Developer contributions of tangible capital assets	(2,009,256)	(1,412,331)
Amortization of tangible capital assets	12,394,810	11,194,146
Loss on disposal of tangible capital assets	4,456,874	596,419
Change in non-cash operating assets and liabilities:		
Accounts and other receivables	15,378,220	(1,004,582)
Due from other governments	(171,359)	(77,762)
Accounts payable and accrued liabilities	(3,909,092)	9,957,076
Deferred revenue	1,261,619	3,551,343
Deposits	(1,177,779)	232,352
Development cost charges	2,789,787	3,094,324
Post employment future benefits and compensated absences	62,000	70,000
Inventories	700	(77,960)
Prepaid expenses	(16,990)	(76,431)
Cash provided by operating activities	40,940,952	54,147,804
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	52,000,000	-
Debt repayment	(477,388)	(615,325)
Cash provided by (used in) financing activities	51,522,612	(615,325)
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(58,005,947)	(55,692,870)
Proceeds on disposals of tangible capital assets	72,841	411,921
Cash used in capital activities	(57,933,106)	(55,280,949)
INVESTING ACTIVITIES		
Purchase of investments	(107,665,000)	(159,000,000)
Redemption of investments	99,169,432	161,299,067
Cash provided by (used in) investing activities	(8,495,568)	2,299,067
INCREASE IN CASH AND CASH EQUIVALENTS	26,034,890	550,597
CASH AND CASH EQUIVALENTS, beginning of year	4,439,646	3,889,049
CASH AND CASH EQUIVALENTS, end of year	\$ 30,474,536	\$ 4,439,646

See accompanying notes to consolidated financial statements

THE CORPORATION OF THE CITY OF PORT COQUITLAM
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

1 OPERATIONS

The Corporation of the City of Port Coquitlam (the "City") is incorporated under the Local Government Act of British Columbia. The City's principal activities include the provision of local government services to residents of the incorporated area. These include administrative, protective, transportation, environmental, recreational, water and sanitary sewer services.

2 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the City are prepared in accordance with Canadian Public Sector Accounting Standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(a) Basis of Presentation

The consolidated financial statements comprise the City's General, Capital, Water, Sewer and Reserve funds and the Port Coquitlam Community Foundation. All inter-fund and inter-entity balances and transactions have been eliminated on consolidation.

Under the Community Charter, City Council may, by bylaw, establish reserve funds for specified purposes:

(i) Internally restricted reserves are in accordance with City policy and with bylaws adopted by City Council pursuant to the Community Charter. The policy and bylaws define the funding source for each reserve and their usage.

(ii) Statutorily restricted reserves are reserves restricted by the provincial government in accordance with the Community Charter. The legislation defines the funding source for each reserve and their usage.

Trust funds are those that are administered for certain beneficiaries. In accordance with PSAB recommendations, trust funds are not included in the City's consolidated financial statements. Trust funds administered by the City are presented in Note 19.

(b) Basis of Accounting

The City follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Budget Information

The budget information reported in the consolidated statement of operations and the consolidated statement of change in net financial assets reflects the 2019 Financial Plan Bylaw adopted by City Council on May 14, 2019.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, highly liquid money market investments, and investments with maturities of less than 90 days at acquisition.

(e) Investments

Investments have maturity dates of more than 90 days at acquisition and are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(f) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, they are authorized and the taxable event occurs. Levies imposed by other taxing authorities are not included as taxes for municipal purposes. British Columbia Assessment Authority's appeal process may adjust taxes by way of supplementary roll adjustments. These adjustments are recognized in the year they are adjusted.

2 SIGNIFICANT ACCOUNTING POLICIES - Continued

(g) Deferred Revenue

The City defers a portion of the revenue collected from permits, licenses and recreation and other fees and recognizes this revenue in the year in which related services are performed or other related expenditures are incurred. The City also defers prepaid property taxes which are recognized in the taxation year to which they relate.

(h) Deposits

Deposits represent cash collected by the City as security against work performed by property developers. The security is returned to the developer upon satisfactory completion of the work, or recognized into revenue if the work is not performed in accordance with the applicable bylaws.

(i) Development Cost Charges

Development cost charges, collected to pay for capital projects due to be developed, are deferred upon receipt and are recognized as revenue when the capital costs for which they were collected are incurred.

(j) Post-employment Future Benefits and Compensated Absences

The City and its employees make contributions to the Municipal Pension Plan. As this plan is a multi-employer plan, contributions are expensed as incurred.

Post-employment future benefits and compensated absences also accrue to City employees. Liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. Liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(k) Debt

Debt is recorded in the consolidated financial statements net of sinking fund credits.

(l) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the ordinary course of operations.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, is amortized on a straight line basis over the asset's useful life as follows:

Major Asset Category	Useful Life
Land	Not amortized
Parks infrastructure	3 to 100 years
Vehicles, machinery and equipment	5 to 25 years
Transportation infrastructure	10 to 100 years
Buildings	20 to 70 years
Drainage	25 to 100 years
Land improvements	45 to 100 years
Water	25 to 80 years
Sanitary sewer	25 to 100 years

Amortization begins once the asset is in use and ends when the asset is disposed or decommissioned. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

2 SIGNIFICANT ACCOUNTING POLICIES - Continued

(l) Non-Financial Assets-Continued

Leases, which transfer substantially all of the benefits and risks incidental to ownership of property, are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Natural resources, works of art and historic assets are not recorded as assets in these consolidated financial statements.

Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(m) Government Transfers

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred and eligibility terms are met or the stipulations in the related agreement are met. Unrestricted transfers are recognized as revenue when received or if the amount to be received can be reasonably estimated and collection is reasonably assured.

(n) Liabilities for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. Liabilities are recorded net of any expected recoveries.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standards;
- (iii) The City is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance, and monitoring that are an integral part of the remediation strategy for a contaminated site.

(o) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of post-employment future benefits and compensated absences, allowance for doubtful accounts receivable, provision for contingencies and liability for contaminated sites, valuation of contributed tangible capital assets, and useful lives of tangible capital assets. Actual results may differ from management's estimates as additional information becomes available. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different.

(p) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. Financial information is presented in segmented format in Note 23.

3 INVESTMENTS

	2019	2018
Deposits (a)	\$ 173,277,745	\$ 165,591,240
Municipal Finance Authority Intermediate Fund (b)	6,400,345	6,256,299
Portfolio Investments (c)	665,017	-
	<u>\$ 180,343,107</u>	<u>\$ 171,847,539</u>

(a) Deposits include term deposits in credit unions guaranteed by the Province of British Columbia with varying maturity dates from January, 2020 to June, 2021 and have rates of return ranging from 2.25% to 4.00% (2018 - 2.10% to 4.00%).

(b) The carrying value of the Municipal Finance Authority Intermediate Fund at December 31, 2019 was \$6,400,345 (2018 - \$6,256,299) and the market value at December 31, 2019 was \$6,199,884 (2018 - \$6,060,859).

(c) The Port Coquitlam Community Foundation's portfolio investments are comprised of fixed income and equity securities. The fixed income securities have varying maturity dates from February, 2020 to November, 2023 and have rates of return ranging from 1.92% to 3.87%.

4 ACCOUNTS AND OTHER RECEIVABLES

	2019	2018
Land sale receivable (a)	\$ 2,150,000	\$ 8,150,000
Accounts receivable	2,584,312	12,246,850
Property tax and utility receivable	3,198,375	2,501,061
Development cost charges receivable	272,886	1,289,180
Other	972,496	369,198
	<u>\$ 9,178,069</u>	<u>\$ 24,556,289</u>

(a) Land sale receivable

In 2017, the City sold land to a developer for \$17,275,000. The City also entered into an agreement with a contractor to construct the community centre situated on adjacent land. As per the land purchase and sale agreement, the payments remitted by the developer for the land sale are to be offset against progress payments payable by the City to the contractor for the community centre construction. As of December 31, 2019, the City has received a total of \$15,125,000 (2018 - \$9,125,000) of land sale proceeds in the form of cash of \$1,125,000 (2018 - \$1,125,000) and offsets against progress payments on a construction contract of \$14,000,000 (2018 - \$8,000,000). The remaining land sale receivable of \$2,150,000 is due by July 29, 2020 and will be offset by progress payments. The land sale receivable is non-interest bearing.

5 DUE FROM OTHER GOVERNMENTS

	2019	2018
Government of Canada	\$ 810,266	\$ 643,383
Province of British Columbia	65,326	60,850
	<u>\$ 875,592</u>	<u>\$ 704,233</u>

6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable and accrued liabilities	\$ 13,729,654	\$ 14,152,507
Wages and benefits payable	1,715,445	2,161,195
Statutory holdbacks	2,903,130	5,935,513
Due to other governments	3,752	11,858
	<u>\$ 18,351,981</u>	<u>\$ 22,261,073</u>

7 DEFERRED REVENUE

	December 31, 2018	Additions	Revenue earned	December 31, 2019
Property taxes and utilities prepayments	\$ 8,455,559	\$ 15,717,770	\$ (15,013,474)	\$ 9,159,855
Programs and services	2,185,671	2,875,478	(3,149,073)	1,912,076
Other	4,685,529	3,012,220	(2,181,302)	5,516,447
	<u>\$ 15,326,759</u>	<u>\$ 21,605,468</u>	<u>\$ (20,343,849)</u>	<u>\$ 16,588,378</u>

8 DEPOSITS

Deposits represent cash collected as security for highway use, subdivision servicing, soil removal and other development activities.

9 DEVELOPMENT COST CHARGES

	December 31, 2018	Third Party Contributions	Interest Allocation	Capital Expenditures	December 31, 2019
<u>Area 1</u>					
Drainage	\$ 4,550,934	\$ 224,830	\$ 128,195	\$ -	\$ 4,903,959
Transportation	10,728,810	747,479	305,211	-	11,781,500
Parks	4,749,650	477,667	134,306	(205,710)	5,155,913
Water	4,803,957	107,028	133,444	(6,365)	5,038,064
Sanitary	1,596,802	38,344	44,423	-	1,679,569
<u>Area 2</u>					
Drainage	329,407	184,092	11,586	-	525,085
Transportation	4,653,567	212,939	130,853	-	4,997,359
Parks	1,167,802	18,262	32,354	-	1,218,418
Water	1,500,469	39,970	41,797	-	1,582,236
Sanitary	908,519	10,544	25,120	-	944,183
Parks Interest	989,011	-	26,188	(72,770)	942,429
	<u>\$ 35,978,928</u>	<u>\$ 2,061,155</u>	<u>\$ 1,013,477</u>	<u>\$ (284,845)</u>	<u>\$ 38,768,715</u>

10 POST-EMPLOYMENT FUTURE BENEFITS AND COMPENSATED ABSENCES

The City provides sick leave and retirement benefits to its employees. Eligible employees accumulate sick leave entitlement on a monthly basis and can only use this entitlement for paid time off under certain circumstances. Retirement benefits represent the City's share of the cost to provide eligible employees with severance pay upon retirement.

The amount recorded for these benefits is based on an actuarial valuation done by an independent firm of actuaries using a projected benefit actuarial valuation method pro-rated on services. The most recent actuarial valuation of the City's future benefits was completed as at December 31, 2017 with results extrapolated to December 31, 2019.

Information regarding the City's obligations for these benefits is as follows:

	Non-Vested Sick			2018
	Leave	Severance	2019	
Accrued benefit obligation, beginning of year	\$ 661,000	\$ 2,529,000	\$ 3,190,000	\$ 3,432,000
Service cost	48,000	140,000	188,000	190,000
Interest cost	22,000	81,000	103,000	98,000
Benefit payments	(67,000)	(226,000)	(293,000)	(307,000)
Amortization of net actuarial loss	32,000	48,000	80,000	(223,000)
Accrued benefit obligation, end of year	696,000	2,572,000	3,268,000	3,190,000
Unamortized actuarial loss	(264,000)	(129,000)	(393,000)	(377,000)
Accrued benefit liability	\$ 432,000	\$ 2,443,000	\$ 2,875,000	\$ 2,813,000

The unamortized actuarial loss is amortized over a period equal to the employees' average remaining service lifetime. The significant actuarial assumptions adopted in measuring the City's accrued benefit obligation are as follows:

	2019	2018
Discount rate	2.70%	3.20%
Expected future inflation rate	2.50%	2.50%
Expected compensation increase	2.58% - 4.63%	2.58% - 4.63%
Expected average remaining service lifetime	10 years	10 years

11 DEBT

The City incurs debt through the Municipal Finance Authority ("MFA") in accordance with the Community Charter to finance certain capital expenditures. Sinking fund credits managed by the MFA are netted against related debt. The gross amount of debt and the amount of sinking fund credits available to retire the debt are as follows:

	2019				2018
	Sinking Fund				Net Debt
	Gross Debt	Credits	Interest Accrual	Net Debt	
Coast Meridian Overpass, Bylaw 3611, 2.25% due 2039	\$ 25,000,000	(\$ 5,397,959)	\$ 121,747	\$ 19,723,788	\$ 20,465,325
Port Coquitlam Community Centre, Bylaw 4004, 2.24% due 2049	\$ 52,000,000	\$ -	\$ 264,149	\$ 52,264,149	-
Total	\$ 77,000,000	(\$ 5,397,959)	\$ 385,896	\$ 71,987,937	\$ 20,465,325

Future payments on net outstanding debt over the next five years and thereafter are paid from the General Fund and are as follows:

2020	3,266,054
2021	3,266,054
2022	3,266,054
2023	3,266,054
2024	3,266,054
Thereafter	71,568,824
Principal and interest payments	87,899,094
Amount representing interest	15,911,157
Debt principal repayments	\$ 71,987,937

The City paid \$1,185,398, net of earnings on the debt reserve deposit, in interest on debt during the year (2018 - \$862,928).

The City has available a revolving facility up to a maximum of \$5,000,000 which bears interest at an annual rate of bank prime per annum. The City provided security for the facility by way of a general security agreement. No amounts are outstanding under the banking facility.

12 TANGIBLE CAPITAL ASSETS

- (a) Assets Under Construction: Assets under construction with a value of \$59,301,539 (2018 - \$71,055,436) have not been amortized. Amortization of these assets will commence when the assets are put into service.
- (b) Contributed Tangible Capital Assets: Contributed tangible capital assets (including transportation infrastructure, drainage, water and sanitary sewer assets) have been recognized at fair value at the date of contribution. The value of contributed assets received during the year is \$2,009,256 (2018 - \$1,412,331).
- (c) Works of art and historical treasures: The City manages and controls some works of art and non-operational historical assets located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.
- (d) Write-down of tangible capital assets: The write-down of tangible capital assets during the year was nil (2018 - nil).

As at December 31, 2019

	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction ("AUC")	2019 Total
COST											
Opening Balance	\$ 226,153,739	\$ 20,335,024	\$ 27,027,789	\$ 271,763,895	\$ 37,909,022	\$ 89,205,126	\$ 20,593,001	\$ 78,944,334	\$ 59,476,112	\$ 71,055,436	\$ 902,463,478
Add: Additions	5,854,217	714,288	2,126,120	513,944	579,079	137,339	40,335	422,775	314,357	49,312,749	60,015,203
Add/(Deduct): Transfers from AUC	-	2,731,028	2,569,912	4,970,544	40,348,849	7,202,542	(25,563)	2,341,975	882,033	(61,021,320)	-
Less: Disposals	113,903	(42,641)	(1,009,133)	(790,013)	(9,926,510)	(211,480)	-	(212,398)	(84,238)	(45,326)	(12,207,836)
Closing Balance	232,121,859	23,737,699	30,714,688	276,458,370	68,910,440	96,333,527	20,607,773	81,496,686	60,588,264	59,301,539	950,270,845
ACCUMULATED AMORTIZATION											
Opening Balance	-	11,959,496	16,058,498	66,297,058	20,153,577	33,118,077	6,559,677	35,506,671	22,803,913	-	212,456,967
Add: Amortization	-	829,049	1,708,463	4,537,348	1,107,596	1,418,672	288,689	1,601,036	903,957	-	12,394,810
Less: Disposals	-	(42,641)	(965,234)	(422,529)	(5,907,733)	(144,006)	-	(141,266)	(54,712)	-	(7,678,121)
Closing Balance	-	12,745,904	16,801,727	70,411,877	15,353,440	34,392,743	6,848,366	36,966,441	23,653,158	-	217,173,656
Net Book Value as at December 31, 2019	\$ 232,121,859	\$ 10,991,795	\$ 13,912,961	\$ 206,046,493	\$ 53,557,000	\$ 61,940,784	\$ 13,759,407	\$ 44,530,245	\$ 36,935,106	\$ 59,301,539	\$ 733,097,189

As at December 31, 2018

	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction (AUC)	2018 Total
COST											
Opening Balance	\$ 224,772,948	\$ 20,322,845	\$ 25,268,899	\$ 264,076,475	\$ 37,821,683	\$ 89,130,189	\$ 20,567,438	\$ 77,511,397	\$ 59,396,054	\$ 28,658,444	\$ 847,526,372
Add: Additions	1,340,635	12,179	2,509,864	1,347,127	87,339	245,503	-	710,139	87,209	50,765,206	57,105,201
Add/(Deduct): Transfers from AUC	60,239	-	-	6,788,737	-	-	25,563	931,281	-	(7,805,820)	-
Less: Disposals	(20,083)	-	(750,974)	(448,444)	-	(170,566)	-	(208,483)	(7,151)	(562,394)	(2,168,095)
Closing Balance	226,153,739	20,335,024	27,027,789	271,763,895	37,909,022	89,205,126	20,593,001	78,944,334	59,476,112	71,055,436	902,463,478
ACCUMULATED AMORTIZATION											
Opening Balance	-	11,244,298	15,460,921	62,239,773	19,358,403	31,896,420	6,268,768	34,041,086	21,912,907	-	202,422,576
Add: Amortization	-	715,198	1,200,994	4,383,151	795,174	1,335,166	290,909	1,580,138	893,416	-	11,194,146
Less: Disposals	-	-	(603,417)	(325,866)	-	(113,509)	-	(114,553)	(2,410)	-	(1,159,755)
Closing Balance	-	11,959,496	16,058,498	66,297,058	20,153,577	33,118,077	6,559,677	35,506,671	22,803,913	-	212,456,967
Net Book Value as at December 31, 2018	\$ 226,153,739	\$ 8,375,528	\$ 10,969,291	\$ 205,466,837	\$ 17,755,445	\$ 56,087,049	\$ 14,033,324	\$ 43,437,663	\$ 36,672,199	\$ 71,055,436	\$ 690,006,511

13 ACCUMULATED SURPLUS

	2019	2018
Unrestricted Reserves		
General	\$ 9,135,080	\$ 11,312,451
Water	1,555,649	1,059,499
Sewer	1,981,024	1,480,379
Port Coquitlam Community Foundation	671,904	643,028
	13,343,657	14,495,357
Restricted reserves (Note 14)	78,357,231	100,710,091
Investment in tangible capital assets (Note 15)	704,910,874	669,541,186
Investment in inventories and prepaids	622,708	606,418
	705,533,582	670,147,604
	<u>\$ 797,234,470</u>	<u>\$ 785,353,052</u>

14 RESTRICTED RESERVES

	December 31, 2018	Contributions / Transfers	Interest Allocation	Use of Reserves	December 31, 2019
Building maintenance	\$ 662,475	\$ -	\$ 13,700	\$ (324,988)	\$ 351,187
Cemetery expansion	175,002	47,202	4,721	(40,335)	186,590
Community amenities	401,803	17,187	11,282	-	430,272
Community centre	12,786,070	4,867,250	177,767	(17,506,212)	324,875
Environmental	500,575	-	13,761	-	514,336
Equipment	11,893,407	920,002	311,911	(2,014,143)	11,111,177
Gas tax	53,329	462,561	7,824	-	523,714
General capital	10,265,826	10,137,984	260,343	(11,781,283)	8,882,870
Land sale	23,269,628	74,099	469,737	(12,438,223)	11,375,241
Long term infrastructure	11,114,188	839,000	316,783	(20,216)	12,249,755
Operating	3,128,957	426,428	87,677	(338,556)	3,304,506
Parking	3,365,261	94,884	93,564	(18,299)	3,535,410
Parks and recreation	762,744	-	20,337	(45,863)	737,218
Parkland acquisition	2,380,467	-	65,439	-	2,445,906
Public safety building	174,709	-	3,762	(75,694)	102,777
Public works special capital	24,703	(24,703)	-	-	-
RCMP	2,220,961	-	55,553	(400,219)	1,876,295
Roads and drainage infrastructure	2,668,674	671,613	78,069	(542,022)	2,876,334
Sewer	5,068,098	2,574,008	160,258	(837,881)	6,964,483
Social housing	475,686	17,188	13,313	-	506,187
Water	9,317,528	1,663,900	262,634	(1,185,964)	10,058,098
	<u>\$ 100,710,091</u>	<u>\$ 22,788,603</u>	<u>\$ 2,428,435</u>	<u>\$ (47,569,898)</u>	<u>\$ 78,357,231</u>

15 INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2019	2018
Cost of tangible capital assets (Note 12)	\$ 950,270,845	\$ 902,463,478
Accumulated amortization (Note 12)	(217,173,656)	(212,456,967)
Debt incurred to purchase tangible capital assets (Note 11)	(71,987,937)	(20,465,325)
Unspent proceeds from debt for future community centre construction costs	43,801,622	-
	<u>\$ 704,910,874</u>	<u>\$ 669,541,186</u>

16 PENSION PLAN

The City and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 205,000 active members and approximately 101,000 retired members. Active members include approximately 40,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$3,112,807 (2018 - \$2,951,515) for employer contributions while employees contributed \$2,548,230 (2018 - \$2,393,133) to the plan in 2019.

The next valuation will be as at December 31, 2021, with results available in 2022.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

17 COMMITMENTS AND CONTINGENCIES

- (a) The loan agreements with the Metro Vancouver Regional District and the Municipal Finance Authority provide that, if at any time the scheduled payments provided for in the agreements are not sufficient to meet the authorities' obligations in respect of such borrowing, the resulting deficiency becomes a joint and several liability of the City and the other participants.
- (b) A number of legal claims have been initiated against the City in varying or unspecified amounts. The outcome of these claims cannot reasonably be determined at this time. The amount of loss, if any, arising from these claims will be recorded in the period in which the loss is assessed as being likely to occur and the amount can be reasonably estimated. Liability insurance is carried by the City, subject to a deductible of \$250,000. The City self insures claims under \$250,000.

17 COMMITMENTS AND CONTINGENCIES - Continued

- (c) The City is a shareholder and member of E-Comm Emergency Communications for British Columbia Incorporated ("E-Comm") whose services provided include: regional 9-1-1 call centre for the Greater Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has 1 Class A share and 2 Class B shares (of a total of 34 Class A and 20 Class B shares issued and outstanding as at December 31, 2019).
As a Class A shareholder, the City shares in both funding the future operations and capital obligations of E-Comm (in accordance with a cost sharing formula), including any lease obligations committed to by E-Comm up to the shareholder's withdrawal date.
- (d) The City provides a share of both the ongoing operations and any additional costs relating to tangible capital assets (in accordance with a negotiated agreement) for the RCMP building located at 2986 Guildford Way, Coquitlam, BC.
- (e) The City has entered into an agreement for construction of a community centre for \$122,552,850 with a term of 5 years. The City will offset a further \$2,150,000 of progress payments against the proceeds from a related land sale in 2020 (Note 4(a)).

18 CONTRACTUAL RIGHTS

The City's contractual rights arise from rights to receive payments from rentals, grants and advertising. The City is scheduled to receive the following amounts in the next five years and thereafter:

2020	\$	722,478
2021		644,041
2022		642,753
2023		644,507
2024		342,394
Thereafter		812,935
Total	\$	<u>3,809,108</u>

The City receives certain payments under grant and cost sharing agreements, however the timing and revenue from these agreements can vary depending on development activity. As a result, the revenue from these agreements has not been included in the above amounts.

19 TRUST FUNDS

Certain assets have been conveyed or assigned to the City to be administered as directed by an agreement or statute. The City holds the assets for the benefit of, and stands in a fiduciary relationship, to the beneficiary. The following trust funds are excluded from the City's consolidated financial statements.

	2019	2018
Cemetery Perpetual Care Fund		
Cash balance, beginning of the year	\$ 1,685,521	\$ 1,584,487
Net contributions received	70,182	67,056
Interest earned	47,300	33,978
Cash balance, end of the year	<u>\$ 1,803,003</u>	<u>\$ 1,685,521</u>
Campaign Funds Held in Trust		
Cash balance, beginning of the year	\$ -	\$ -
Net contributions received	55,099	-
Interest earned	1,515	-
Cash balance, end of the year	<u>\$ 56,614</u>	<u>\$ -</u>

20 TAXATION AND OTHER LEVIES

In addition to levying and collecting real property tax for municipal purposes, the City is required to levy and collect taxes on behalf of other jurisdictions as noted below. The amounts are reflected on a net basis within the Consolidated Statement of Operations:

	2019	2018
Gross taxes levied on property	\$ 108,745,617	\$ 104,052,389
Taxes levied and collected on behalf of other jurisdictions		
Province of British Columbia - School Taxes	31,357,602	29,672,279
Metro Vancouver Regional District	1,091,492	1,010,407
BC Assessment Authority	1,015,671	975,298
South Coast British Columbia Transportation Authority	6,654,461	6,042,632
Municipal Finance Authority	5,109	4,576
	40,124,335	37,705,192
Taxation	<u>\$ 68,621,282</u>	<u>\$ 66,347,197</u>

21 GOVERNMENT TRANSFERS

Included in contributions are the following government transfers:

	2019	2018
Federal	\$ 358,804	\$ 10,758,607
Provincial & Regional	2,496,228	2,956,645
	<u>\$ 2,855,032</u>	<u>\$ 13,715,252</u>

22 BUDGET INFORMATION

The budget information presented in these consolidated financial statements is based upon the 2019 Financial Plan Bylaw approved by City Council on May 14, 2019. The chart below reconciles the approved budget to the budget figure reported in these consolidated financial statements.

	Budget Amount
Revenue	109,036,300
Expenses	(97,984,300)
Annual surplus per consolidated statement of operations	11,052,000
Add:	
Amortization	12,000,000
Transfers from reserves	41,524,700
Cash from external borrowing	16,000,000
Less:	
Capital expenditures	(79,130,900)
Capital contributed by developers	(1,000,000)
Debt principal repayments	(445,800)
Approved budget	<u>\$ -</u>

23 OPERATIONS BY SEGMENT

The City provides a wide range of municipal services to its residents, businesses, industries, farms and other properties within its boundaries. The City's operations and activities are organized and reported by segments broadly based on departmental business units. The departments disclosed in the segmented information, along with the services they provide, are as follows:

General government:

General: Includes activities that are attributable to multiple segments.

Corporate support: These support services include: communications and administrative services, corporate office, bylaw services and information services.

Finance: Provides financial services to citizens, City departments and City Council including financial planning and systems, accounting services, revenue and collections, payroll, purchasing and risk management.

Human resources: Provides specialized advice and assistance in all facets of people management including recruitment, labour relations, occupational health and safety, staff training and development, benefit administration, wage and salary administration.

Office of the CAO: Oversees the implementation of the vision, plans and priorities by ensuring effective policies are in place and adhered to and by providing leadership that enables an engaged and productive municipal workforce.

Engineering and public works: Provides and maintains a number of essential municipal services and infrastructure including transportation, parks, trails, athletic fields, roads and drainage, environmental protection, management of the City's fleet and related engineering services.

Recreation: Delivery of recreation, sport, community and cultural programs, events and services, and the operation of recreation facilities.

Police services: Is a shared service with the City of Coquitlam that protects the community from criminal activity and ensures public safety.

Fire and emergency services: Protects life, property and the environment through the provision of emergency response, inspections, code enforcement and public education.

Development services: Ensures orderly and safe development within the City, including Planning, Building and Development Engineering services.

Solid waste operations: Includes curbside garbage, recycling and organics collection and glass collection from depot locations across the City.

Water operations: The water utility is an essential service delivered by the City to its residents and businesses for the supply of high quality, potable water at flows and pressures suitable for fire protection.

Sanitary sewer operations: The sanitary sewer utility is an essential service provided by the City to its residents and businesses for the collection and disposal of liquid wastes.

	General government														
	General	Corporate support	Finance	Human resources	Office of the CAO	Engineering and public works	Recreation	Police services	Fire and emergency services	Development services	Solid waste operations	Water operations	Sanitary sewer operations	2019	2018
REVENUE															
Taxation	\$ 68,457,065	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,217	\$ -	\$ -	\$ -	\$ 68,621,282	\$ 66,347,197
Utility charges	(119,888)	-	-	-	-	-	-	-	-	-	3,106,022	12,796,725	9,340,539	25,123,398	23,148,835
Sale of services	657,019	8,853	206,697	-	-	1,579,727	3,730,560	35,054	58,624	316,384	632,001	-	-	7,224,919	6,864,438
Contributions	556,564	1,445	-	-	-	1,721,626	67,347	644,448	35,783	1,950,941	-	56,431	7,500	5,042,085	15,508,028
Permits and licenses	17,814	199,260	34,261	-	-	57,380	-	-	1,390	3,137,876	-	18,125	19,656	3,485,762	3,219,649
Investment income	4,033,773	-	-	-	-	-	-	-	-	-	-	-	-	4,033,773	3,618,483
Penalties and fines	360,084	61,843	-	-	-	-	-	-	-	-	-	86,495	61,929	570,351	473,984
Other revenue	1,010,476	297	115,333	-	-	231,772	5,432	22,295	42,855	12,924	1,000	1,100	-	1,443,484	1,048,282
	\$ 74,972,907	\$ 271,698	\$ 356,291	\$ -	\$ -	\$ 3,590,505	\$ 3,803,339	\$ 701,797	\$ 138,652	\$ 5,582,342	\$ 3,739,023	\$ 12,958,876	\$ 9,429,624	\$ 115,545,054	\$ 120,228,896
EXPENSES															
Personnel	\$ 13,096	\$ 3,233,152	\$ 2,326,017	\$ 960,479	\$ 323,362	\$ 7,997,464	\$ 8,397,998	\$ -	\$ 11,965,811	\$ 3,118,646	\$ 1,113,519	\$ 686,768	\$ 315,281	\$ 40,451,593	\$ 37,173,192
Contracted and other services	81,887	1,304,903	73,730	728,570	-	2,498,337	3,777,294	15,417,291	99,427	262,025	1,488,797	7,126,396	5,658,858	38,517,515	35,822,171
Telephone, utilities and rent	55,334	28,351	238	396	-	644,216	805,519	-	60,383	122	1,621	27,197	80,623	1,704,000	1,675,566
Materials and supplies	89,946	87,855	10,023	8,272	922	2,224,925	810,061	284	192,772	17,196	(53,257)	180,873	75,824	3,645,696	3,352,555
Internal charges (recoveries)	(765,671)	(520,158)	(249,290)	1,063	-	(2,761,142)	(63,100)	-	217,927	53,439	1,500,278	1,324,962	1,261,692	-	-
Insurance and claims	630,952	-	-	-	-	226,688	1,942	-	-	-	-	-	-	859,582	953,780
Interest and bank charges	1,029,141	16,156	461	-	-	3,364	157,092	-	-	13,567	5	-	-	1,219,786	1,063,247
Grants and financial assistance	71,330	4,100	-	-	-	-	323,350	-	-	15,000	-	-	-	413,780	296,610
Amortization	93,401	532,859	-	-	-	7,694,339	1,112,322	65,836	487,366	-	-	1,516,902	891,785	12,394,810	11,194,146
Loss on disposals of tangible capital assets	4,979	(82,354)	-	-	-	419,792	4,013,798	-	-	-	-	71,133	29,526	4,456,874	596,419
	\$ 1,304,395	\$ 4,604,864	\$ 2,161,179	\$ 1,698,780	\$ 324,284	\$ 18,947,983	\$ 19,336,276	\$ 15,483,411	\$ 13,023,686	\$ 3,479,995	\$ 4,050,963	\$ 10,934,231	\$ 8,313,589	\$ 103,663,636	\$ 92,127,686
ANNUAL SURPLUS (DEFICIT)	\$ 73,668,512	\$ (4,333,166)	\$ (1,804,888)	\$ (1,698,780)	\$ (324,284)	\$ (15,357,478)	\$ (15,532,937)	\$ (14,781,614)	\$ (12,885,034)	\$ 2,102,347	\$ (311,940)	\$ 2,024,645	\$ 1,116,035	\$ 11,881,418	\$ 28,101,210

24 COMPARATIVE FIGURES

Certain prior year figures have been reclassified for comparative purposes to conform with the current year presentation.

25 SUBSEQUENT EVENT

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Controlling the spread of COVID-19 is causing unprecedented social and economic disruption across the country. As the situation is dynamic and the ultimate duration and magnitude of the impact on the economy are not known, an estimate of the financial effect on the City is not practicable at this time. Although there may be some unforeseen impacts to the city's cash flow, revenues and expenses, measures have been put in place to mitigate the effect on the City's operations.



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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Corporation of the City of Port Coquitlam

Opinion

We have audited the consolidated financial statements of the Corporation of the City of Port Coquitlam (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. KPMG Canada provides services to KPMG LLP.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the City's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the City or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the City's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities with the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants

Vancouver, Canada

[Date]



Corporation of the City of Port Coquitlam

Audit Findings Report for the year
ended December 31, 2019

KPMG LLP

May 7, 2020, for presentation on May 12, 2020

kpmg.ca/audit



Table of contents

Summary of audit findings	1
Areas of audit focus and results	4
Audit risks	7
Significant accounting policies and practices	8
Control observations	9
Current developments	10
Appendices	12



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At KPMG, we are **passionate** about earning your **trust**. We take deep **personal accountability**, individually and as a team, to deliver **exceptional service and value** in all our dealings with you.

At the end of the day, we measure our success from the **only perspective that matters – yours**.

This Audit Findings Report should not be used for any other purpose or by anyone other than Council. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Summary of audit findings



Purpose of this report

The purpose of this Audit Findings Report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements (“financial statements”) of the Corporation of the City of Port Coquitlam (the “City”) as at and for the year ended December 31, 2019.

This Audit Findings Report builds on the Audit Plan we presented to Council dated January 6, 2020.



Changes from the Audit Plan

Due to the COVID-19 pandemic and related physical distancing protocols implemented by both KPMG and the City, the year-end audit work was performed remotely, with all information required to complete the audit provided in electronic format by management. There were no delays in the audit schedule and all audit procedures were completed as planned. Further, there was no change to our initial risk assessment as a result of COVID-19. See page 4 for our considerations related to COVID-19 as a subsequent event.

Aside from conducting the audit remotely, there were no other significant changes regarding our audit from the Audit Planning Report previously presented to you.



Finalizing the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Completing our discussions with Council;
- Obtaining the signed management representation letter;
- Obtaining evidence of Council’s acceptance of the financial statements; and,
- Completing subsequent event review procedures up to the date of Council’s acceptance of the financial statements.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditors’ report will be dated upon the completion of any remaining procedures.

Summary of audit findings



Areas of audit focus

Our audit is risk-focused. We have not identified any significant risks. However, as part of our audit, we identified areas of audit focus which include:

- Subsequent event – COVID-19;
- Community Center capital project;
- Taxation and utility charges revenue;
- Development cost charges; and
- Tangible capital assets.

See pages 4 to 6 for the audit findings related to these areas of audit focus.



Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

We identified two uncorrected differences that were communicated to management. Professional standards require that we request of management and Council that all identified adjustments or differences be corrected. We have already made this request of management. Based on both qualitative and quantitative considerations, management has decided not to correct the differences, and represented to us that the uncorrected differences are, individually and in the aggregate, in their judgment, not material to the financial statements. We concur with management’s representation and accordingly, the differences have no effect on our auditors’ report.

There were no corrected adjustments noted in the audit.

See pages 5, 6 and Appendix 2 for further details.

Summary of audit findings



Significant accounting policies and practices

There was no financial reporting impact from the new accounting standard PS 3430 *Restructuring transactions* effective for the City's 2019 fiscal year-end. There have been no other initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

The presentation and disclosure of the financial statements are, in all material respects, in accordance with Canadian public sector accounting standards. Misstatements, including omissions, if any, related to disclosure or presentation items are in the management representation letter.

See page 8 for further details.



Control and other observations

We did not identify any control deficiencies that we determined to be significant deficiencies in internal controls over financial reporting.

We conducted a Lean in Audit workshop with City staff as part of our audit walkthroughs. See page 9 for further details.



Independence

We confirm that we are independent with respect to the City within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation from January 1, 2019 up to the date of this report.



Current developments

There have been no significant updates to the current developments included in our Audit Plan previously provided to Council. See pages 10 and 11 for audit and industry information, and COVID-19 resources that may be of interest to you.

Areas of audit focus and results

Area of audit focus	Our response and significant findings
Subsequent event – COVID-19	<p>Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial market and social impact. As such enhanced subsequent events procedures were performed.</p> <ul style="list-style-type: none"> – As the COVID-19 outbreak occurred subsequent to December 31, 2019, we discussed with management the impact and the subsequent event disclosure. Note 25 of the financial statements describes the nature of the event and also discloses that an estimate of the impact of the outbreak cannot be made at this time. – Actions undertaken by the City as of the date of this report and potential future financial implications are as follows: <ul style="list-style-type: none"> ▪ Closure of community facilities to the public from March 16, 2020 based on public health recommendations to slow the transmission of the virus; ▪ Implementation of work from home arrangements to facilitate employees working remotely; and, ▪ Potential future decreases in revenue, additional utilization of reserves, and potential revenue anticipation borrowing. <p>See page 11 for further details on COVID-19 resources.</p>
Community Center capital project	<ul style="list-style-type: none"> – We inquired with management about changes to the terms and conditions of the agreements for the Community Center capital project. There were none noted. – We updated our understanding of the process activities and controls over management's monitoring of the Community Center capital project. – We selected the monthly contractor invoices and agreed the amount recorded in tangible capital assets and holdbacks payable to the invoice. We also verified that each invoice had an accompanying report from the third party consultant used by the City to verify the progress payment. – We ensured that amortization of the completed phases of the Community Center capital project was appropriately recorded once the assets were put into service. – We reviewed the receivables related to the Community Center project to ensure that they are appropriately recorded. – We tested that the holdback was appropriately released to the contractor from accounts payable and accrued liabilities at the completion of the first phase. – We reviewed the accounting treatment that was applied to the Building Canada Fund grant. We agreed the funding received in 2019 to cash receipts. We noted that \$1,034,100 of funding, relating to a 10% holdback, is due from the Government of Canada and will be released upon completion of construction. This revenue was previously recognized by the City in 2018 when it incurred eligible project expenditures and met the eligibility criteria for funding. – There were no issues noted in our testing.

Areas of audit focus and results (continued)

Area of audit focus	Our response and significant findings
Taxation and utility charges revenue	<ul style="list-style-type: none"> – We updated our understanding of the process activities and controls over taxation and utility charges revenue. – We analyzed the change in taxation and utility charges revenue relative to the prior year based on changes to Council-approved rates and the tax base. – In 2019, management reviewed its water and sewer revenue process and made the decision to recognize revenue consistent with the year in which the water and sewer consumption occurred. This resulted in five quarters of metered revenue being recognized in 2019, or \$742,075 that should have been adjusted as revenue in a prior period. The adjustment was not corrected in the financial statements since it is not considered material to the financial statements. – Except for the adjustment noted, there were no issues noted in our testing.
Development cost charges (“DCC”)	<ul style="list-style-type: none"> – We updated our understanding of the process activities and controls over DCC. – We selected a sample of DCC charges, recalculated the total amount, agreed each factor in the calculation to supporting documentation (e.g. Council-approved rates) and agreed the amount recorded to cash receipts or letters of credit. – We selected a sample of permits approved in 2019 and tested that the corresponding DCC was appropriately calculated and recorded. – There were no issues noted in our testing.

Areas of audit focus and results (continued)

Area of audit focus	Our response and significant findings
Tangible capital assets ("TCA")	<ul style="list-style-type: none">– We updated our understanding of the process activities and controls over TCA.– We selected a sample of TCA additions and agreed the amount recorded to supporting documentation. We ensured each item was recorded in the appropriate TCA category and were appropriate to capitalize.– In 2019, management recognized the unamortized book value of the old Community Centre that was demolished as an expense. We reviewed the accounting treatment and amount recorded.– In 2019, management reviewed prior land sales and recorded an adjustment for the correct net book values. This resulted in an adjustment of \$844,956 that should have been reflected in a prior period, but was adjusted for in 2019 and not corrected in the prior period comparatives since it is not considered material to the financial statements. A related 2018 audit adjustment of \$958,860 was corrected for in the current year, resulting in a net impact of \$113,904.– We performed analytical procedures on amortization expense to assess whether the change in the balance from prior year is reasonable.– Other than the adjustments noted, there were no issues noted in our testing.

Audit risks

Professional requirements

Fraud risk from management override of controls.

Why is it significant?

This is a presumed fraud risk. We have not identified any specific additional risks of management override relating to this audit.

Our response and significant findings

Our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- Testing of journal entries and other adjustments;
- Performing a retrospective review of significant estimates; and
- Evaluating the business rationale of significant unusual transactions.

There were no issues noted in our testing.



Significant accounting policies and practices

The following items relate to the qualitative aspects of accounting practices of the City:



Significant accounting policies

- There were no changes to the critical accounting policies and practices.
- There were no changes in significant accounting policies.
- Section 3431 *Restructuring transactions* is effective for the City's 2019 fiscal year. There was no impact on the financial statements from the adoption of the new accounting standard.
- There were no significant accounting policies in controversial or emerging areas.
- There were no issues noted with the timing of the City's transactions in relation to the period in which they are recorded.
- There were no issues noted with the extent to which the financial statements are affected by a significant unusual transaction and extent of disclosure of such transactions.
- There were no issues noted with the extent to which the financial statements are affected by non-recurring amounts recognized during the period and extent of disclosure of such transactions.



Significant accounting estimates

- There were no issues noted with management's identification of accounting estimates.
- There were no issues noted with management's process for making accounting estimates.
- There were no indicators of possible management bias.
- There were no significant factors affecting the City's asset and liability carrying values.



Significant disclosures

- There were no issues noted with the judgments made, in formulating particularly sensitive financial statement disclosures.
- There were no issues noted with the overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- There were no significant potential effects on the financial statements of significant risks, exposures and uncertainties.
- A subsequent event note disclosure about the impact of COVID-19 was included in the financial statements. There were no issues noted with the subsequent event note disclosure.

Control observations



As your auditors, we are required to obtain an understanding of internal control over financial reporting (“ICFR”) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described in the preceding paragraph and was not designed to identify all control deficiencies that might be significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing and extent of audit procedures performed, as well as other factors.

In accordance with professional standards, we are required to communicate to Council any control deficiencies that we identified during the audit and have determined to be material weaknesses or significant deficiencies in internal control over financial reporting. No significant deficiencies in ICFR have been identified.

Lean in Audit™ Workshop

Our award-winning Lean in Audit™ (“LiA”) approach involves deepening our understanding of your operations through the application of Lean Six Sigma process analysis techniques. In most organizations, there is a gap between how processes are designed and how they actually operate, leading to inefficiency, waste and unnecessary cost. In a LiA workshop, our audit team gains an understanding of how your processes really work. The result is a more focused, high-quality audit that also identifies opportunities for improving operational efficiency and productivity.

On December 4, 2019, KPMG met with personnel from the Finance department with the objective of understanding the payroll processing process as part of an audit walkthrough using the LiA approach. No significant deficiencies in internal control over financial reporting were identified during the workshop.

Opportunities identified for improving operational efficiency and productivity were categorized by City staff into four areas – Prioritise, Action, Consider, and Eliminate/Park – based on the expected benefit to the City and the level of effort to implement. Management has incorporated the opportunities identified in the LiA session into their work plan for 2020.

Current developments

Our discussions with you, our audit opinion, and what KPMG is seeing in the marketplace - both from an audit and industry perspective - indicate the following is specific information that will be of particular interest to you. We would, of course, be happy to further discuss this information with you at your convenience.

Thought Leadership	Overview	Links
2019 Audit Quality and Transparency Report	Learn about KPMG's ongoing commitment to continuous audit quality improvement. We are investing in new innovative technologies and building strategic alliances with leading technology companies that will have a transformative impact on the auditing process and profession. How do we seek to make an impact on society through the work that we do?	Link to report
Put your data to work to gain competitive advantage	There is no "digital economy". The economy is digital and "digits" refer to data. Data is the lifeblood of every organization on this planet and organizations that embrace this notion are well positioned to grow as industries continue to evolve and disrupt at an ever increasing pace.	Link to report
Predictive analytics, it works	CEOs recognize the value that predictive analytics delivers to their decision-making process.	Link to report
Creating the workforce of the future	You can't transform the organization without also transforming the workforce. It may be time to rethink the people strategy.	Link to report
Accelerate	Introducing the new 2019/2020 Accelerate report, a KPMG report and video series offering insight into the key issues driving the Audit Committee agenda, including: <ul style="list-style-type: none"> – Digital disruption of the finance function – Digital business brings increased cyber risk – Taking the lead on data privacy – Boards bracing for climate change – Future-proofing your ERM 	Link to report

Current developments – Response to COVID-19 pandemic

Resources	Summary	Links
Resources for management, Mayor and Council members	<p>Please visit our COVID-19 website for resources regarding the topics below. This site is being <u>updated daily</u> based on information being released by federal, provincial and municipal news releases.</p> <ul style="list-style-type: none"> – Business continuity guide – Immediate actions to take – Medium to long-term actions – Tax considerations and a summary of federal and provincial programs – Legal considerations – Financial reporting and audit considerations – Global perspectives 	COVID-19 Alerts (Live Link)
Strategies for managing your finances through COVID-19 webinar	<p>KPMG in Vancouver hosted a webinar on April 24, 2020 looking at some of the key financial challenges facing municipalities across British Columbia as a result of the pandemic. Topics covered include:</p> <ul style="list-style-type: none"> – Managing cash flows in the current environment – Cash flow measures and short-term borrowing – Infrastructure stimulus funding 	Replay Link

Appendices



Appendix 1: Required communications



Appendix 2: Management representation letter

Appendix 1: Required communications



In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit.

These include:



Auditors' Report

The conclusion of our audit is set out in our draft auditors' report attached to the draft financial statements.



Management representation letter

In accordance with professional standards, a copy of the management representation letter is provided to Council in Appendix 2.



Independence

In accordance with professional standards, we have confirmed our independence.

Appendix 2: Management representation letter

MANAGEMENT REPRESENTATION LETTER

KPMG LLP
777 Dunsmuir Street
P.O. Box 10426
Vancouver, B.C. V7Y 1K3

Date of Council's Acceptance of the Consolidated Financial Statements

Ladies and Gentlemen:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of the Corporation of the City of Port Coquitlam (the "City") as at and for the period ended December 31, 2019.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated October 5, 2016, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of Council and committees of Council that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.
 - d) providing you with complete responses to all enquiries made by you during the engagement.
 - e) providing you with additional information that you may request from us for the purpose of the engagement.
 - f) providing you with unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others
 where such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements, whose effects should be considered when preparing financial statements.
 - e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the City's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

- 8) Measurement methods and significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Going concern:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the City's ability to continue as a going concern.

Misstatements:

- 11) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Other information:

- 12) We confirm that the final version of the 2019 Annual Report will be provided to you when available, and prior to issuance by the City, to enable you to complete your audit procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the City is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the City will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Kristen Dixon, Chief Administrative Officer

Karen Grommada, Director of Finance

Chris Adams-Brush, Manager of Accounting Services

cc: Council

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedules

Summary of Corrected Audit Misstatements

There were no corrected audit misstatements noted.

Summary of Uncorrected Audit Misstatements

Increase (decrease)

#	Description	Assets	Liabilities	Annual Surplus	Opening Accumulated Surplus
1	Dr. Utility charges revenue Cr. Accumulated surplus - opening <i>To recognize the prior period impact of recording an additional quarter's utility charges revenue in 2019.</i>			(742,075)	742,075
2	Dr. Gain on disposal of tangible capital assets Cr. Accumulated surplus – opening <i>To recognize the current period impact of recognizing a gain on the sale of land that occurred in a prior period.</i>			(844,956)	844,956
	Total	-	-	1,587,031	(1,587,031)

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RECOMMENDATION:

That Committee of Council approve the Official Community Plan scope including:

- 1. topic areas; and*
- 2. timeline for the update.*

as outlined in the Report entitled “Official Community Plan Update Scoping Report” dated May 12, 2020.

PREVIOUS COUNCIL/COMMITTEE ACTION

On September 26, 2016, the Smart Growth Committee received the report titled “Official Community Plan Update” for information.

Council’s priorities “Key Focus Areas 2020-2022” identify updating the Official Community as project under the Planning for the Future category.

REPORT SUMMARY

The Official Community Plan update is a Council priority for 2020-2022 under the “Planning for our Future” category with the goal of meeting future community needs and support the quality of life of our community members. Staff identified policy areas that require updating and a strategy to address this project work. The update will be topic specific and includes updates to housing, development permit areas, environment, general updates and the regional context statement. Three separate bylaw amendments are proposed to implement development permit areas and housing policies early in the process while the final OCP bylaw amendment addresses the remaining topic areas.

BACKGROUND

What is an Official Community Plan?

An Official Community Plan (OCP) is a statement of Port Coquitlam’s objectives and policies that guide decisions on planning and land use management to help decision makers, community members and potential investors. It is a future looking plan that identifies vision and values for the community.

An OCP is required by the *Local Government Act* to include statements that identify land use designations to meet anticipated housing needs. Altogether, these identify the approximate location, amount, type and density of residential development to meet the City’s needs over a period of 5 years.

Moreover, an OCP is required to define the approximate location, amount and type of commercial, industrial, institutional, agricultural, recreational and public utilities. The plan may also include

policy statements of goals and objectives addressing social needs and well-being, preservation, protection and enhancement of both the natural environment and biological diversity.

All bylaws adopted by the City must be in alignment with the OCP. The OCP must consider solid waste management and the five year financial plan to ensure the orderly and planned development of the City.

Current Official Community Plan and Vision

The current OCP was adopted in 2005, dubbed the “PocoPlan”, and updated in 2013. The plan’s vision is:

“Port Coquitlam is a happy, vibrant, safe community of healthy engaged residents and thriving businesses supported by sustainable resources and services.”

The OCP guides the growth and development of the City within a sustainable framework. It designates permitted land uses to ensure change occurs appropriately within this framework and informs property owners and residents of permitted land uses.

The OCP is based on the smart growth principles: the fundamental direction for Port Coquitlam is that it will be a sustainable community meeting economic, social and environmental goals. To achieve this direction, the key land use policies and designations set by the OCP include the following:

- The downtown is to be strengthened as the heart of the community. Plan policies promote a vibrant, walkable area with a mix of shops, services and civic facilities that have “small town charm”. Its accessibility is to be enhanced by good transit services, pedestrian connections and parking availability. Land use designations support this direction and prescribe storefront retail spaces with upper storey apartment units focused on Shaughnessy Street as a “High Street”, a strong civic presence, and surrounding the core with higher density apartment buildings.
- The plan defines a hierarchy of commercial districts. The Northside is intended to meet that area’s needs for community retail and personal services while commercial properties along Lougheed Highway and in the Dominion Triangle are intended to serve a larger regional population with an automobile orientation.
- The Plan includes robust policies and land use designations that protect industrial and agricultural lands from higher value uses. It supports changes within these areas only where it can be determined that a change would be in keeping with the area’s intended purpose.
- The City no longer has new areas (“greenfield”) to accommodate the projected population of 76,000 by 2031. The OCP projects future housing needs to be met by increasing the variety of housing choices in areas close to transit, amenities and services. To achieve this, the Plan’s policies and land use designations allow for:

- transitioning to apartment and townhouses surrounding the Northside Center
 - townhouses close to the commercial and industrial uses of the Dominion Triangle area, and
 - smaller single residential lots in neighbourhoods where a character of smaller lots has been established.
- To meet residents' special needs, the Plan allows for Council to give site-specific consideration of proposals such as for seniors' housing or rental housing.

Previous Official Community Plan Updates

The OCP has been revised a number of times over the past decade. These include a substantial revision in 2013 to include a new Regional Context Statement that would comply with the requirements of Metro Vancouver's Regional Growth Strategy and a number of changes to the plan's policies to reflect the direction of adopted strategic plans and updates of maps, statistics and demographic information.

In 2016, staff began a comprehensive OCP update process and undertook community outreach on specific policy areas through the "Let's Talk" series. However, work on this project has been slow to complete due to changing priorities including a focus on downtown redevelopment, a response to the housing crisis by undertaking a Housing Affordability Review and addressing renovictions, response to federal legalization of Cannabis, high application volumes and the impact of staff vacancies.

A significant amount of work has been completed since the 2016 project was initiated, including:

- a) **Agricultural Lands:** The Agricultural Policy and Regulatory Review identified updated policies to support agricultural lands and activities and provided some early dialogue with the community pertaining to the retention or deletion of the Special Study Area following a decision of the Fremont alignment (a clear direction on this matter was not identified). The current special study area will be reviewed and may form part of Metro's update to the Regional Growth Strategy.
- b) **Housing:** After consultation with the community, the OCP was updated to include policies to permit coach houses, encourage additional duplexes and facilitate small lot residential development. The Housing Affordability Review identified additional policies and direction to support the development of family friendly and affordable housing units in the City.
- c) **Commercial and Industrial:** In 2015 the *Commercial and Industrial Study* was endorsed by Council. The study identified opportunities to strengthen economic policies and direction in the Plan, including protection of industrial lands and the need to need to consider expanding opportunities for retail and personal services in areas that are transitioning to higher residential densities or well served by transit.

- d) Frequent Transit Areas: In 2017, policies and designations for frequent transit development area and transportation corridors were endorsed for inclusion in the comprehensive update to the Plan. Early in 2020, the Plan was amended to create the Frequent Transit Development land use designation, include the Westwood/Woodland Triangle in this designation and establish policies to guide development in this area.
- e) Downtown Action Plan: The recommendations for a Downtown Action Plan were endorsed by Council in September of 2017, providing a framework for short-term and long-term actions to be taken to support the downtown by attracting developers and businesses, guiding purchasing and selling of lands to facilitate development, creating opportunities for future development and offering incentives to promote growth. This work is now in the implementation stage.
- f) Environmental: The comprehensive review of the Tree Bylaw identified a number of policies to support retention of our urban forest and options to establish a tree canopy target. In 2018 the Electric Vehicle review identified the need to include policies to encourage EV use and infrastructure in the Plan. In 2019, policies to support energy conservation in new construction were identified when the City undertook early adoption of the BC Energy Stepcode.

DISCUSSION

The current OCP vision and values seeks to create a sustainable future, sense of community, a strong economy, and strategic service delivery utilizing a smart growth and sustainable land use framework. The OCP update project does not propose to revisit the values and vision. However, if this is added to the OCP update, staff will re-scope the project. Since 2013, planning staff have been undertaking focused consultation and engagement around topic specific policy updates with the community; the current OCP vision and values continue to be expressed by the community.

The suggested approach for the OCP update is to continue to target specific topic areas (as described below) and work to improve the formatting and user friendliness of the document. To guide the update the following principles will apply:

- Engage with the community, city departments and outside agencies on specific topic areas;
- Improve design guidelines to provide greater clarity;
- Improve the user-friendliness of the document; and
- Reflect a 'back to basics' and 'one city' approach to relevant policy section.

Each completed topic area will be presented to Council for endorsement, and then a final OCP amendment will be prepared at the completion of the project. However, two exceptions are proposed in order to expedite the process, including bylaw amendments to implement updated development permit area guidelines and housing policy updates. Significant work has been

completed on these topic areas. Staff endeavours to implement the two policy areas completed earlier in the process rather than delaying to the end of the project.

Topic Areas

- a) **Development Permit Area Guideline Update:** The OCP's design guidelines which define the intended form and character of intensive residential, industrial and commercial development will be streamlined and revised. This includes user-friendly language and graphics to better portray the intended character of development.
- b) **Housing Review:** A significant amount of work has been completed to address small lot residential uses, coach houses and the implementation of the Housing Affordability Review. As part of the OCP update, staff propose to focus on completing both the Housing Needs Assessment (as required by the *Local Government Act*), a review of rental housing options, and a review of townhouse designated areas to revisit feasibility of redevelopment; opportunities to allow additional forms of housing such as apartment, rowhouses, duplex, and tri-plex/four-plex forms of housing and to expand permissions for coach houses. This includes strengthening affordable housing policies and strategies to grow the affordable housing reserve.
- c) **Environmental Policy Review:** The Environmental Conservation Objectives and Guidelines will be updated to ensure they promote energy and water conservation as well as reductions in greenhouse gas emissions, and harmonization with the Energy Step Code. A tree canopy target and supportive policies will be identified. A new GHG Emission reduction target will be established and the Plan will be updated to identify mechanism to achieve that target.
- d) **General Policy and Land Use Designation Map Update:** As part of the OCP update, staff will review all OCP policies and bring forward minor amendments to reflect current conditions. Additionally, staff will update statistics, remove policies no longer needed and improve the overall layout of the plan. This same lens will be applied to the land use designation map.
- e) **Regional Context Statement Update:** Metro Vancouver is currently updating the Regional Growth Strategy (RGS). The RGS is a regional vision that seeks to promote settlement that is socially, economically and environmentally healthy. The RGS is endorsed by each member municipality who are required by the *Local Government Act* to adopt a Regional Context Statement that demonstrates how their OCP is consistent with the RGS or will be amended to comply with the RGS. It is anticipated that the RGS may address the existing special study area. If this is the case, the City will evaluate our Special Study Area designation.

Official Community Plan Scoping Report

- f) **Pandemic Lens:** Under the current circumstances there is an unknown element, as the community and the city grapple with the COVID-19 pandemic. The uncertainty that is brought by the pandemic will add a new lens to the update. During the duration of the OCP update process, staff will consider short and long term implications on physical space, social interaction and isolation, economic recovery and opportunities for resiliency.

Timeline

Q2 2020 Scoping Report	Q3 2020 - Q3 2021 Development Permit Areas	Q2 2020- Q 2 2021 Housing Review*	Q2 2020 - Q3 2021 Environment Section	Q4 2021 General Updates	Q2 2022 Regional Context Statement *
<ul style="list-style-type: none">• Policy Monitoring Review	<ul style="list-style-type: none">• Downtown• Northside Centre• Intensive Residential• Commercial• Industrial• Watercourse Protection• Natural Hazards	<ul style="list-style-type: none">• Housing Needs Assessment• Multi-family Housing Review• Affordable Rental Housing Policies	<ul style="list-style-type: none">• Greenhouse Gas Emissions• Tree Canopy Policies	<ul style="list-style-type: none">• Land Use Designation Map• Document Structure• Minor Policy Amendments	<ul style="list-style-type: none">• Incorporate Regional Growth Strategy policies into the OCP• Special Study Area

**timeline could be impacted if outside agency delays project or project funding*

The above timeline (attachment A) identifies the topic specific areas and the proposed timeframe based on current staff resources, the approved budget and anticipated grant funding (Housing Needs Assessment). As mentioned earlier in the discussion section, staff will bring forward bylaw amendments for new development permit areas and housing policy to ensure early implementation.

The proposed timeline may shift if the pandemic continues for a significant period of time and social distancing requirements continue, and gatherings are prohibited.

Engagement

The “let’s talk” series will be utilized for the OCP update. This has been successful in the past and is completed in-house. The “let’s talk” series capitalizes on city events and gatherings to connect with the community, open houses, the City’s website and social media platforms. Each main topic area will be part of the series and will have backgrounders and/or discussion papers as needed. During the pandemic, engagement will utilize online and social media tools. Staff will explore creative ways to engage with the community that allow two-way dialogue and maintain social distancing. This will be an evolving process as the Province responds to the pandemic and may change restrictions.


Official Community Plan Scoping Report

FINANCIAL IMPLICATIONS

Currently, a \$35,000 budget is included in the 2020 - 2024 Financial Plan for the OCP update: \$25,000 for engagement/direct mail-out to each household; and, \$10,000 for the formatting and restructuring of the OCP. Staff submitted a grant application to UBCM to receive an additional \$50,000 to complete the Housing Needs Assessment. Should the City be successful in its application, the study will begin in Q3 of 2020.

If the scope of the OCP is expanded (which would require further engagement and technical reports), additional budget may be required from accumulated surplus.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	Endorse the Official Community Plan scope as presented.
	2	Request additional information from staff and a revised project scope.
	3	Add additional content to the OCP project.

ATTACHMENTS

A: Timeline

Lead author(s): Lisa Grant, Director of Development Services

Contributing author(s): Jennifer Little, Manager of Planning

Attachment A - Timeline of major milestones for the OCP Update

Q2 2020 Scoping Report	Q3 2020 - Q3 2021 Development Permit Areas	Q2 2020- Q 2 2021 Housing Review*	Q2 2020 - Q3 2021 Environment Section	Q4 2021 General Updates	Q2 2022 Regional Context Statement *
<ul style="list-style-type: none"> •Policy Monitoring Review 	<ul style="list-style-type: none"> •Downtown •Northside Centre •Intensive Residential •Commercial •Industrial •Watercourse Protection •Natural Hazards 	<ul style="list-style-type: none"> •Housing Needs Assessment •Multi-family Housing Review •Affordable Rental Housing Policies 	<ul style="list-style-type: none"> •Greenhouse Gas Emissions •Tree Canopy Policies 	<ul style="list-style-type: none"> •Land Use Designation Map •Document Structure •Minor Policy Amendments 	<ul style="list-style-type: none"> •Incorporate Regional Growth Strategy policies into the OCP •Special Study Area

**timeline could be impacted if outside agency delays project or project funding*

Coach House Development Permit Application – 3771 Somerset Street

RECOMMENDATION:

That Committee of Council approve Development Permit DP000422 to regulate a coach house development at 3771 Somerset Street.

REPORT SUMMARY

This report describes a proposed coach house to be located at 3771 Somerset Street. The application complies with the City's guidelines and regulations and is recommended for approval.

BACKGROUND

A two-bedroom, two-storey coach house is proposed to be developed on a large lot with an existing single residential house in a predominately single residential neighbourhood. The coach house is located at the rear of the lot and is accessed via the rear lane. Parking for the coach house will be provided within the two car garage on the first floor of the building.

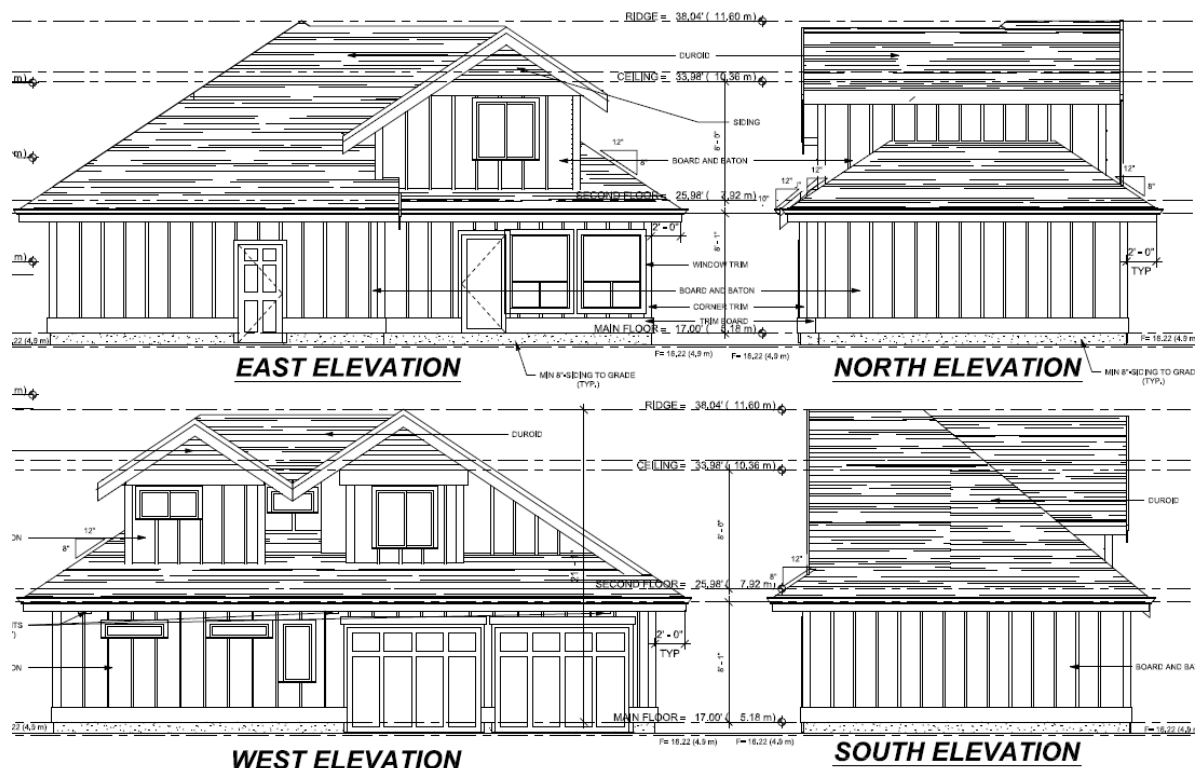


The attached summary sheet describes and illustrates how the application conforms to Zoning Bylaw regulations and Official Community Plan design landscaping, and environmental conservation guidelines.

DISCUSSION

The floor area of the second storey is integrated within a sloping roof and articulated with three dormers. Several windows on the east (lane) and west (interior yard) elevations promotes more natural light to the living areas within the coach house. Parking for the coach house is provided inside the double car garage that forms part of the first floor of the building. A third uncovered parking stall is located to the side of the coach house.

The existing principal dwelling is a 1970's single storey rancher home, while the proposed coach house design is proposed in a more modern architectural style. The owners advise that the existing house will soon be demolished and a permit will be applied for to build a new house. The design of the new house and the coach house are proposed to be coordinated in terms of design, materials (Hardi board and vinyl), and colour coordinated (main colour of linen (off white) with black accent colours).



Proposed landscaping includes two existing cedar trees to be retained and two additional paper birch trees will be planted on site between the house and the coach house. The coach house is further separated from the adjacent property to the north and south by a 6' high cedar fence.

The proposal conforms to Zoning Bylaw regulations and meets Development Permit guidelines; staff recommend approval.

FINANCIAL IMPLICATIONS


None.

PUBLIC CONSULTATION

A development sign was posted on site at the time of application, and the owners/residents of adjoining properties have been notified of their opportunity to comment on the application at the Committee of Council meeting.

The applicants advise that, prior to applying for the Development Permit, they consulted with their immediate neighbours and no concerns were raised regarding their proposed coach house development. To date, staff have not received any feedback from surrounding residents.

OPTIONS

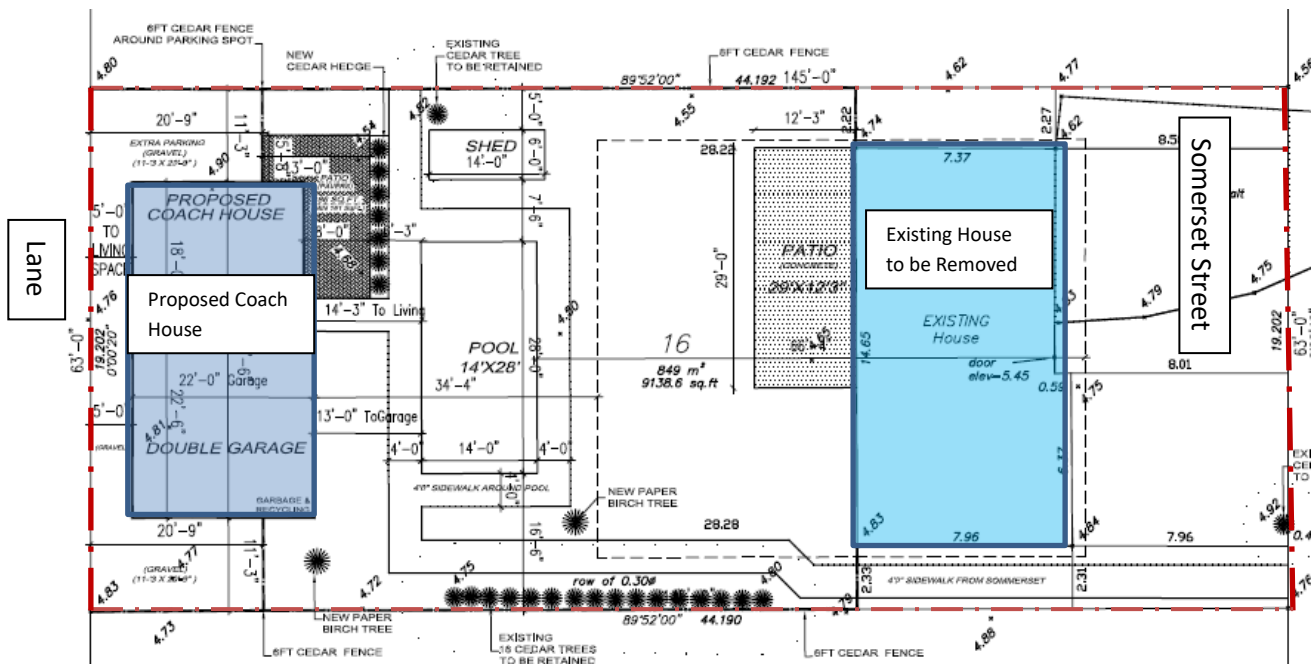
#	Description
1 	Approve issuance of Development Permit DP000422
2	Request amendments to the application or additional information prior to a decision
3	Refuse to approve Development Permit DP000422, if Committee is of the opinion that the proposal does not comply with the OCP objectives and design guidelines. Pursuant to the Delegation Bylaw, the applicant may appeal the decision to Council

ATTACHMENTS

Attachment #1: Coach House Summary Sheet

Attachment #2: Draft Development Permit with Drawings Appended and Schedule A

Coach House Summary Sheet – 3771 Somerset Street



Summary of Compliance with OCP Objectives & Guidelines

Guideline ¹	Evaluation
Scale secondary or accessory to principal dwelling	The coach house and garage are smaller than the future principal dwelling proposed for the site.
Design compatibility with principal dwelling	The coach house will be fully coordinated with the new principal dwelling in terms of design and materials and colours.
Design promotes natural lighting and visual privacy between adjoining properties	Large windows in the living area are screened by the placement of a 6 foot cedar fence and cedar shrubs planted between the coach house and the principal dwelling.
Landscaped path to connect to street	Path connects from the coach house to the street
There are at least two trees on the lot	There are two existing trees on the site as well as cedar shrubs located throughout the property. An additional two trees will be planted in the rear yard between the coach house and the existing house.
Garbage/recycling space is provided	Enclosed within the garage
Environmental conservation components	High efficiency appliances, low-flow toilets, Energy Star rated windows, and drought tolerant landscaping

Summary of Compliance with Zoning Bylaw Regulations

	Regulation ²	Proposed ³	Comments/Variations
Maximum coach house size	70m ² (753.5ft ²)	70m ² (753ft ²)	The lot is sufficiently large to allow for a conforming coach house.
Minimum lot size for secondary suite and coach house	740m ² (7965.3 ft ²)	849m ² (9139 ft ²)	No suite is proposed but could be accommodated within the future principal dwelling.
Building height	Up to 8.5 m	6.5 m (21.3ft)	
Coach house siting:			
Distance between coach house and principal dwelling	6 m	10.36 m 19.8 m	Distance to proposed new house. Distance to existing house.
Setback from rear	1.2 m	1.52 m	
Setback from interior property line (south)	1.8 m	3.35 m	
Setback from interior property line (north)	1.8 m	3.35 m	
Private open space area	15m ²	17.2m ² (186ft ²)	Patio provided outside of main entry to coach house
Lot coverage	40%	22%	Using Existing House
Impervious surface area	65%	49%	Includes proposed pool
On-site parking	1 space	2 spaces in double car garage (attached) + 1 uncovered	The garage under the coach house provides 2 parking stalls plus 1 uncovered stall beside the coach house.

¹ Please refer to the Official Community Plan for complete objectives and guidelines applicable to coach houses.

² Please refer to the Zoning Bylaw for complete regulations applicable to a coach house in the RS1 Zone.

³ Information provided by the applicant; this information would be confirmed in issuance of a building permit.

THE CORPORATION OF THE CITY OF PORT COQUITLAM

“DEVELOPMENT PROCEDURES BYLAW, 2013, NO. 3849”

DEVELOPMENT PERMIT

NO. DP000422

Issued to: BRADEN SMITH and KAYLA VANTRIET and BYRON VANTRIET
(Owner as defined in the Local Government Act,
hereinafter referred to as the Permittee)

Address: 3771 Somerset Street, Port Coquitlam BC V3B 3G1

1. This Development Permit is issued subject to compliance with all of the Bylaws of the Municipality applicable thereto, except as specifically varied by this Permit.
2. This Development Permit applies to and only to those lands within the Municipality described below, and any and all buildings, structures and other development thereon:

Address: 3771 Somerset Street, Port Coquitlam, BC V3B 3G1
Legal Description: LOT 16, SECTION 7, TOWNSHIP 40, NEW
WESTMINSTER DISTRICT, PLAN 20776
P.I.D.: 000-929-701

3. The above property has been designated as a Development Permit Area under Section 9.0 – Development Permit Area in the “Official Community Plan Bylaw, 2013, No. 3838”.
4. “Port Coquitlam Zoning Bylaw, 2008, No. 3630” is varied or supplemented as follows:
 - a. The form and character of the coach house building, including the siting, height and general design, and landscaping shall be as shown on drawings numbered DP000422(1) to DP000422(3) which are attached hereto and form part of this permit.
 - b. The building and landscaping shall provide the energy conservation, water conservation and GHG emission reduction elements as shown on Schedule A to the drawings which are attached hereto and form part of this permit.
5. The following standards for landscaping are imposed:

- (a) All landscaping works and planting materials shall be provided in accordance with the landscaping plan and specifications thereon, which forms part of this permit and is attached hereto as Drawing Number DP000422(1).

6. Landscape Security

- (a) As a condition of the issuance of this permit, the security set out below is held by the Municipality prior to the issuance of a building permit to ensure satisfactory provision of landscaping in accordance with the terms and conditions as set forth in Clause 5 above. There is filed accordingly an irrevocable Letter of Credit or cash security in the amount \$2,500.00 for the purpose of landscaping.
- (b) Should any interest be earned upon the security, it shall accrue to the Permittee and be paid to the Permittee if the security is returned. A condition of the posing of the security is that should the Permittee fail to carry out the works or services as hereinabove stated, according to the terms and conditions of this permit within the time provided, the Municipality may use the security to complete these works or services by its servants, agents or contractors, and any surplus shall be paid over to the Permittee.
- (c) The Permittee shall complete the landscaping works required by this permit within six months of the final inspection for the coach house. Within the six month period, the required landscaping must be installed by the Permittee, and inspected and approved by the Municipality.

If the landscaping is not approved within the six month period, the Municipality has the option of continuing to hold the security until the required landscaping is completed or has the option of drawing the security and using the funds to complete the required landscaping. In such a case, the Municipality or its agents have the irrevocable right to enter into the property to undertake the required landscaping for which the security was submitted.

- (d) Should the Permittee carry out the works and services permitted by this permit within the time set out above, the security shall be returned to the Permittee. Should the Permittee fail to remedy any aspect of the landscaping not in accordance with the approved plan, the Municipality may deduct the cost of remedying the defect from the said deposit and recoup additional costs from the Permittee if necessary.
- 7. The land described herein shall be developed strictly in accordance with the terms and conditions and provisions of this permit and any plans and specifications attached to this permit, which shall form a part hereof.
 - 8. This permit shall lapse if the Permittee does not substantially commence the construction permitted by this permit within two years of the (issuance) date of this permit.

9. The terms of this permit or any amendment to it, are binding on all persons who acquire an interest in the land affected by this permit.
10. This permit is not a building permit.

ISSUED BY THE COMMITTEE OF COUNCIL THE ____ DAY OF _____, 2020.

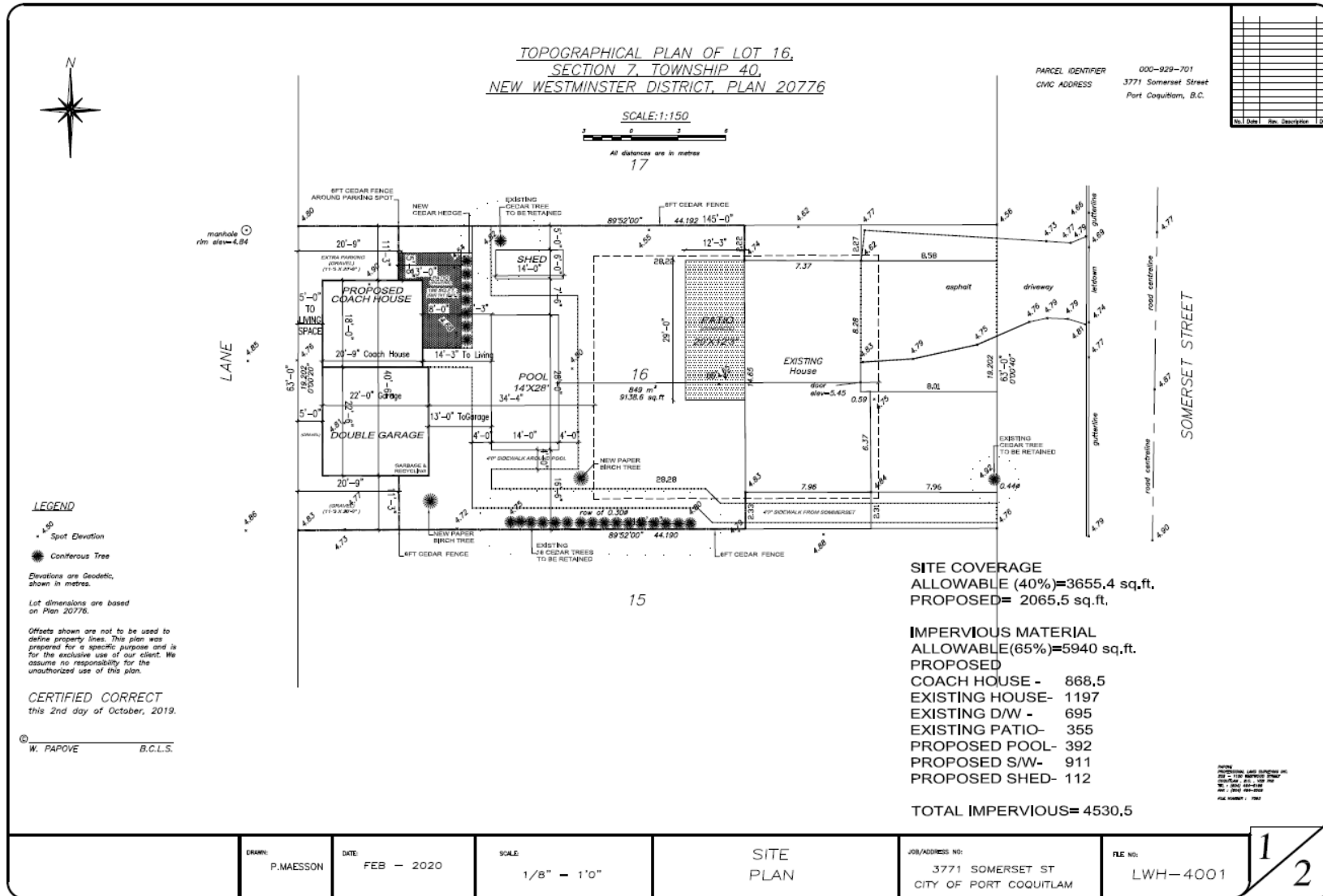
SIGNED THIS ____ DAY _____, 2020.

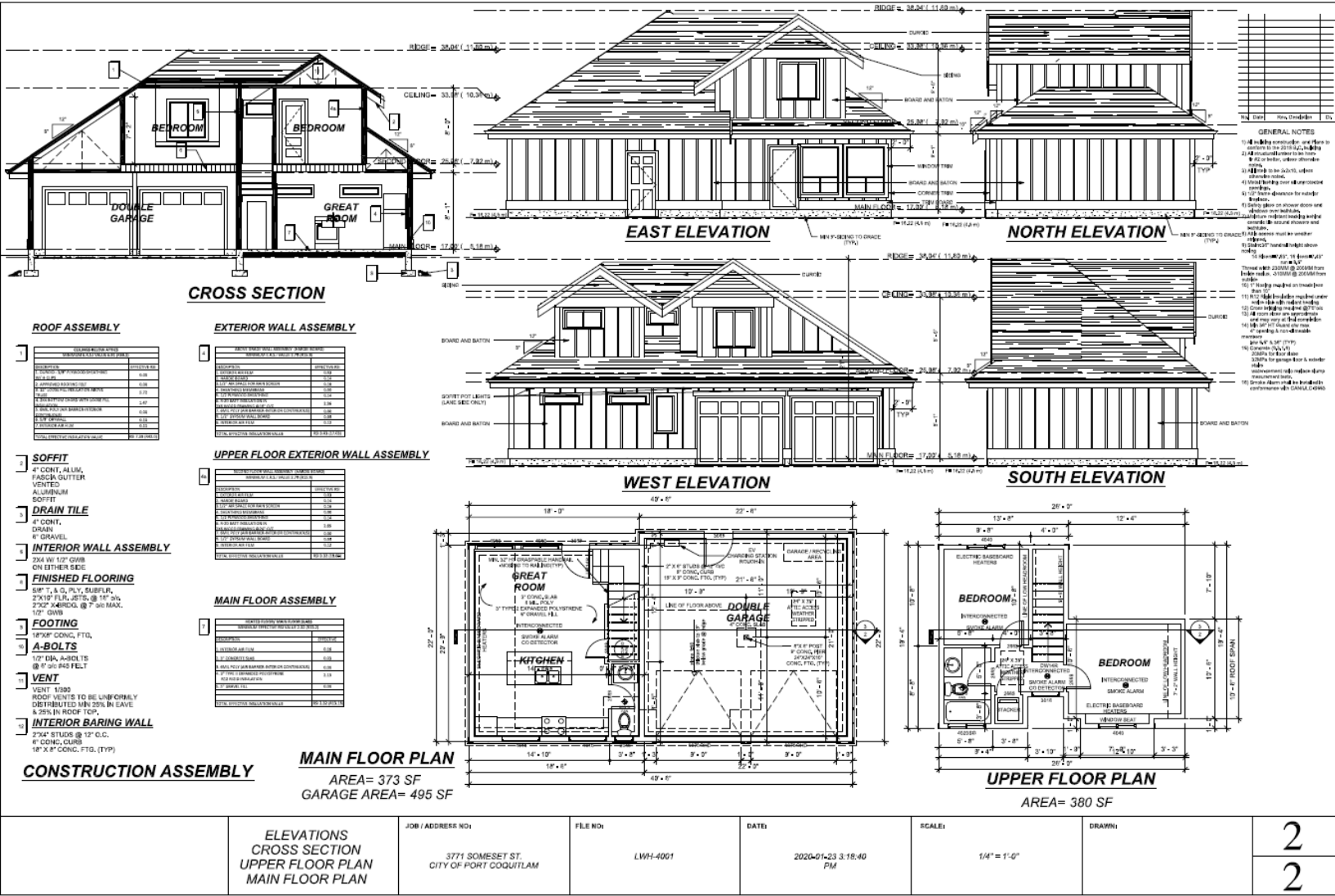
Mayor

Corporate Officer

I ACKNOWLEDGE THAT I HAVE READ AND UNDERSTAND THE TERMS AND CONDITIONS UPON WHICH THIS PERMIT IS ISSUED.

Applicant (or Authorized Agent or Representative of Applicant)





EXTERIOR FINISH SCHEDULE - 3771 SOMERSET ST. COACH HOUSE DEVELOPMENT PERMIT		
Description	Material	Colour
Board & Baton	Vinyl Siding	Linen
Siding	Hardie Board	Linen
Trim (Doors, Windows, Corners, Fascia, etc.)	Comb Faced Wood	Linen
Window Frames	Vinyl	Black
Gutters & Downspouts	Aluminum	Black
Roofing	Duroid	Black
Garage Overhead Door	Insulated Steel	White

DP000422(3)

Schedule A

Energy Conservation:

Conservation Measure	Verification Method
Installation of high efficiency furnace	BP stage; written confirmation by applicant along with staff review of BP submission
Use of LED light fixtures	BP stage; written confirmation by applicant along with staff review of BP submission
Installation of solar panels for heating the proposed pool	BP stage; written confirmation by applicant along with staff review of BP submission

Water conservation:

Conservation Measure	Verification Method
Drought resistant planting including the minimization of high water use lawn	DP and BP stage; staff review of building plans

GHG Reduction:

Conservation Measure	Verification Method
Use of locally sourced materials such as wood and concrete for building materials	BP stage; written confirmation by applicant along with staff review of BP submission

per OCP Sec. 9.11 Environmental Conservation DPA designation