



Committee of Council Agenda

Tuesday, May 9, 2023

12:30 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 9, 2023, Committee of Council Meeting Agenda be adopted as circulated.

3. CONFIRMATION OF MINUTES

None.

4. REPORTS

4.1 RCMP First Quarter 2023 Report

4

Recommendation:

None.

4.2 2022 General Local Election Review

16

Recommendation:

None.

4.3 Housing Needs Report Implementation Strategy

22

Recommendation:

That Committee of Council endorse the implementation strategy for the Housing Needs Report presented in this report.

4.4 2022 Q4 Financial Variance Report 46

Recommendation:

None.

4.5 2022 Audited Financial Statement Report 63

Recommendation:

That Committee of Council:

1. *Accept the 2022 Audited Consolidated Financial Statements; and*
2. *Direct staff to amend the 2023 financial plan to include a transfer of \$434,661 from accumulated surplus to the Sewer Long Term Reserve Fund; and*
3. *Direct staff to amend the 2023 financial plan to include a transfer of \$465,779 from accumulated surplus to the RCMP Reserve*

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 9, 2023, be closed to the public pursuant to the following subsections(s) of Section 90(1) of the Community Charter:

Item 5.1

l. 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].

Item 5.2

j. information that is prohibited, or information that if it were presented in a document would be prohibited, from disclosure under section 21 of the Freedom of Information and Protection of Privacy Act.

Item 5.3

e. the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality;

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;

l. 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].

Item 5.4

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.

9. ADJOURNMENT

9.1 Adjournment of the Meeting

Recommendation:

That the Tuesday, May 9, 2023, Committee of Council Meeting be adjourned.

RECOMMENDATION:

None

REPORT SUMMARY

The purpose of this report is to provide an update on the Detachment's 2023 first quarter crime statistics and proactive traffic enforcement data.

BACKGROUND

The objective of the 2023 First Quarter Report is to provide Council with information on the progress made by RCMP civilian employees, members, and volunteers in support of the priorities, goals, and objectives laid out in the Coquitlam RCMP 2023-2026 Strategic Plan.

DISCUSSION

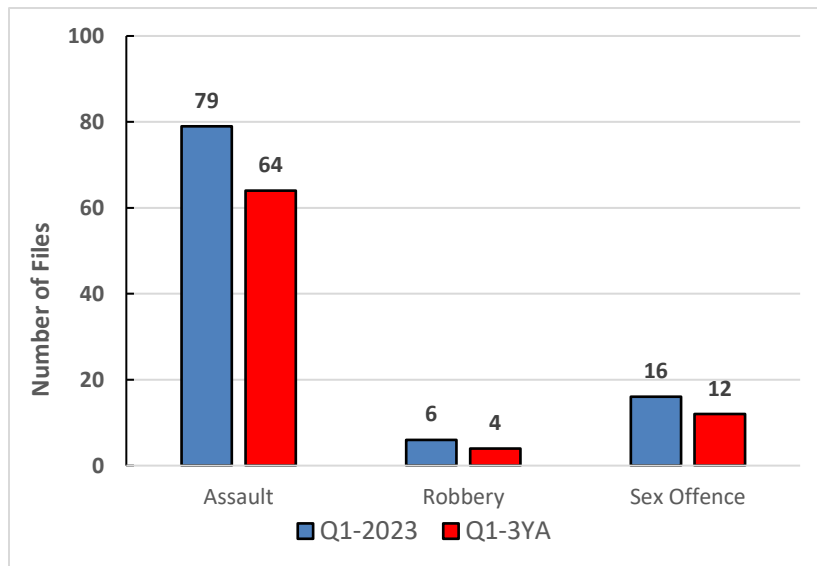
First Quarter 2023:

Attachment #1 provides crime statistics and traffic enforcement data for the 2023-Q1 reporting period. The following observations were made for the City of Port Coquitlam:

Figure 1: Persons Crime, Port Coquitlam, Quarter 1 2023

Persons Crimes:

Looking to key metrics collected by the Crime Analyst Unit, the number of persons crimes have increased by approximately 22% in Q1-2023 compared to the three-year average. This represents an additional 31 files (see Figure 1), the majority of which are assault files (+15). Since a large proportion of these files occur between persons known to one another, it is



difficult to provide explanations for changes in frequency from year to year. That said, an analysis of assault files shows multiple occurrences at a liquor licensed establishment, Port Coquitlam Community Centre, and a Secondary School. With this information in mind, the Detachment will continue to conduct proactive patrols at these locations to deter future instances of violence. It should also be noted that, despite this rise in persons crimes, the Detachment's response parameters remain extremely high.

Of the nearly 7,500 9-1-1 calls received in Q1, 98.5% were answered in 15 seconds or less. Within these calls, priority 1 and priority 2 calls are dispatched within 1m24s and 2m57 seconds, respectively. Even when it comes to the 9,400 non-emergency calls the Detachment received in Q1, the average answer delay was only 32 seconds.

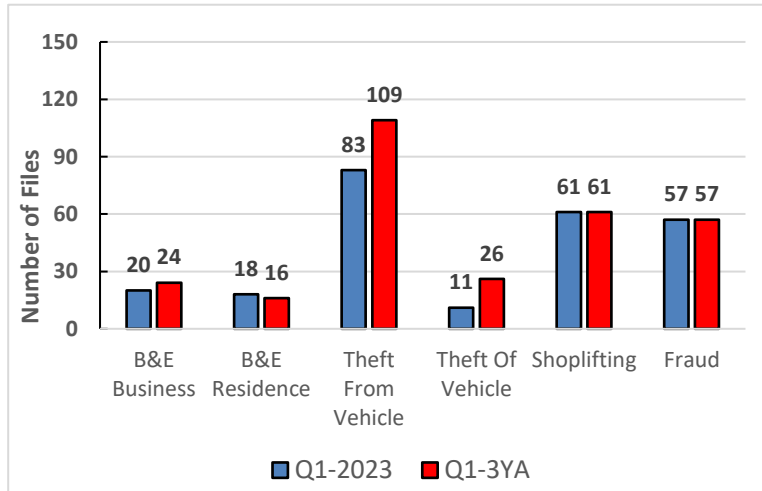
Property Crimes:

In terms of property crime, the Detachment saw a slight decrease in the number of files in Q1-2023 (-4%) compared to the three-year average. Of these crime types, theft from vehicle remains the most common (see Figure 2).

In Q2, the Detachment will be launching its public-facing, interactive property crime dashboard. The goals of this project are (1) to bring the Coquitlam

Detachment into alignment with other policing agencies/communities and to (2) promote crime prevention and improve safety for Port Coquitlam residents.

Figure 2: Property Crime, Port Coquitlam, Quarter 1 2023

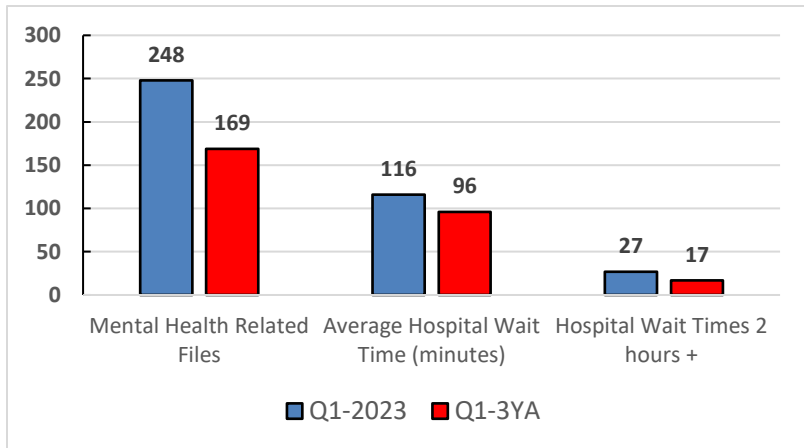


Mental Health:

Mental health related calls for service saw a significant increase in Q1-2023 compared to the three-year average. Files are up 47% compared to the three-year average, which represents an additional 26 files per month (see Figure 3). One potential explanation for this increase is because of behaviour change at the Detachment, wherein members

are flagging more files as being related to mental health. This is a correction which reflects the truer number of mental health related calls for service coming into the Detachment. In addition, the Mental Health Unit has begun tracking referrals made to community organizations, which the Detachment will be reporting out on as part of the new strategic plan.

Figure 3: Mental Health Calls for Service, Port Coquitlam, Quarter 1 2023



In this same period, the average hospital wait time for members dealing with mental health files increased by 20 minutes, as did the number of files where hospital wait times were greater than 2 hours. The Detachment has developed procedural guidelines for members, in consultation with RCH, to expedite mental health files being attended by members; however, if RCH is experiencing a high call volume, members cannot leave until a physician assesses their client.

Traffic:

With fewer vacancies and a more strategic approach to traffic enforcement in Port Coquitlam, traffic enforcement for Q1-2023 increased significantly across multiple categories compared to the three-year average. The Detachment's General Duty members have been participating in e-ticketing and setting ticketing targets to ensure traffic enforcement levels lead to long-term behaviour change. This is a particularly crucial component of High Accident Zone Enforcement ("HAZE") and High Visibility Enforcement ("HVE"). For the City to experience and benefit from long term behaviour change, traffic enforcement needs to be consistent and expected over a longer period of time, and that is what the Detachment's traffic strategy aims to do. This also explains why the Detachment regularly publishes its enforcement schedule on social media—to elicit proactive behaviour change rather than simply being reactive with ticketing. As a result of this triangulated approach and the level of traffic enforcement along Highway 7B / Mary Hill Bypass and on Lougheed Highway, seatbelt infractions were up 100%, distracted driving tickets were up 71%, and speed related infractions were up 42% in Q1-2023.

Community Engagement:

Recognizing the community's desire for more police engagement, RCMP members and Port Coquitlam volunteers have been increasing their activity in the community. In Quarter 1, Community Policing and detachment staff participated in 11 events, including touring youth at the Detachment, talking with seniors about fraud, delivering a distracted driving presentation, conducting cell watch campaigns, attending breakfast programs at elementary schools, and hosting a community safety public education session. The Detachment also held a volunteer recruitment campaign and thanked volunteers for their efforts and time at an appreciation dinner. Relatedly, members have been stepping up their presence in the community through proactive patrols. Members conducted nearly 400-foot patrols and 1,300 police cruiser patrols in Q1, totaling 800 hours of proactive activity.

FINANCIAL IMPLICATIONS

There are no financial implications for this report.

ATTACHMENTS

Attachment 1 - RCMP 2023 First Quarter Report: City of Port Coquitlam

Lead author(s): Ian Waters, Strategic Analyst

Reviewed By: John Hill, Police Communications Manager; Kim Singh, Manager Police Services



RCMP 2023 First Quarter Report City of Port Coquitlam





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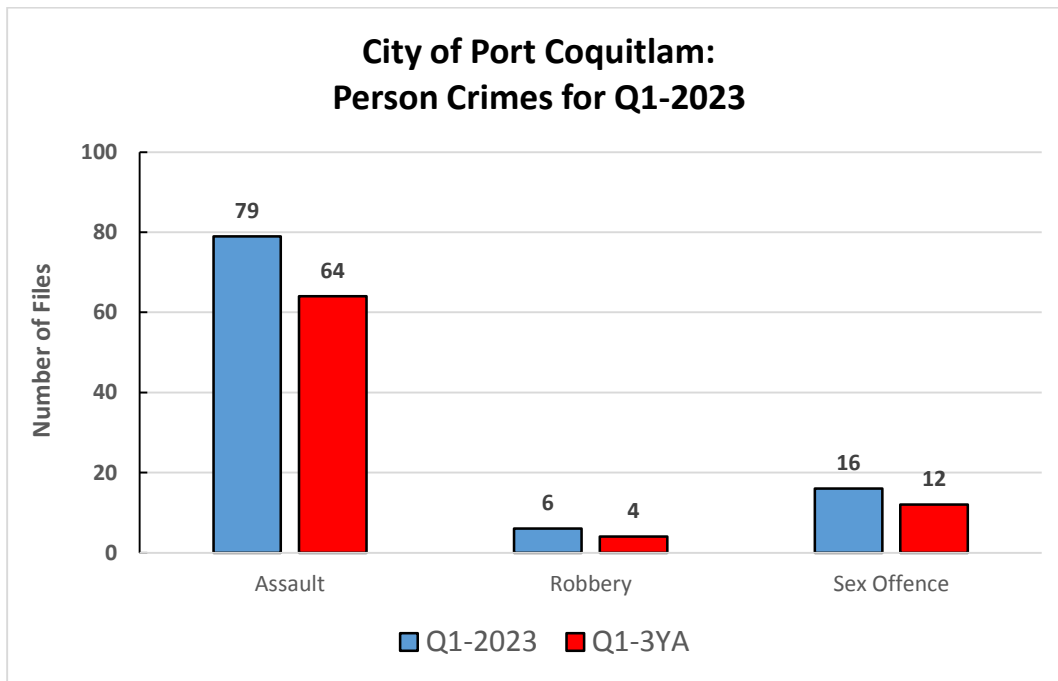


SUMMARY

The Crime Statistics Report for Quarter 1 - 2023 shows that while persons crimes increased in comparison to the three-year average, property crime decreased. There was an increase in mental health related files in 2023-Q1, while 3 categories of traffic violation observed increases as well compared to the three-year average. Two categories of traffic violation decreased however— intersection infractions decreased as did impaired drug/alcohol infractions

2023-Q1: PERSONS CRIMES – PORT COQUITLAM

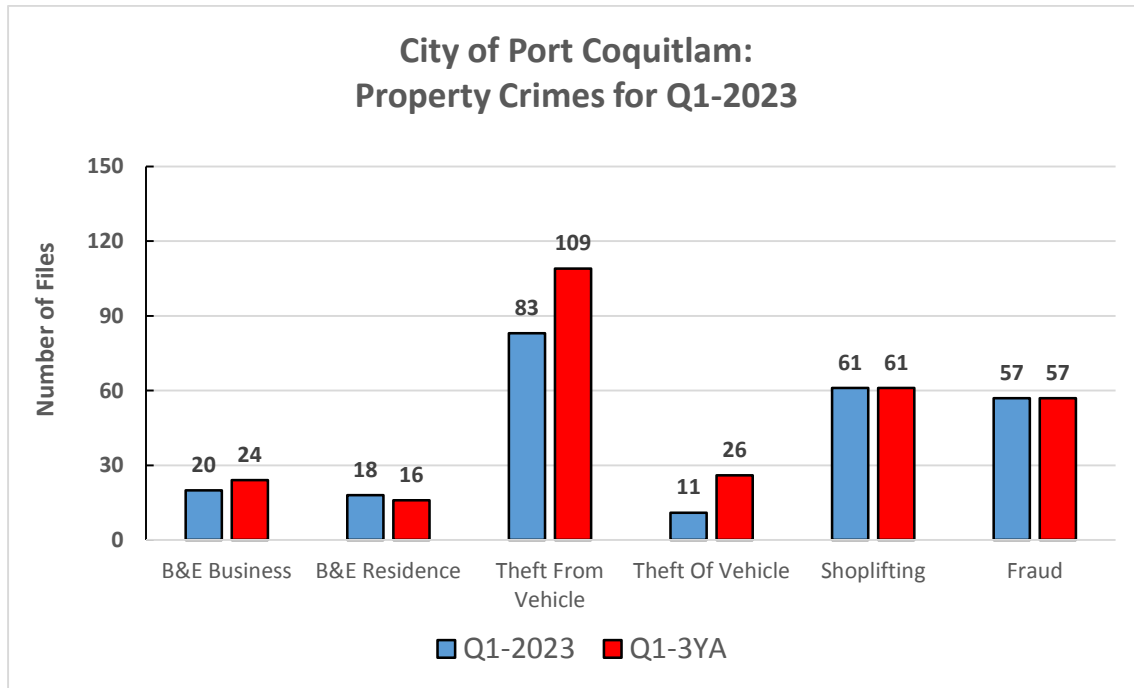
Chart 1: Person crimes increased by 22% in 2023-Q1 compared to the three-year average. While assaults continue to represent the largest proportion of total person crime files, Port Coquitlam experienced an increase in robberies (i.e., +2) and an increase in sex offences (i.e., +4) when compared to their 3-year averages.





2023-Q1: PROPERTY CRIMES – PORT COQUITLAM

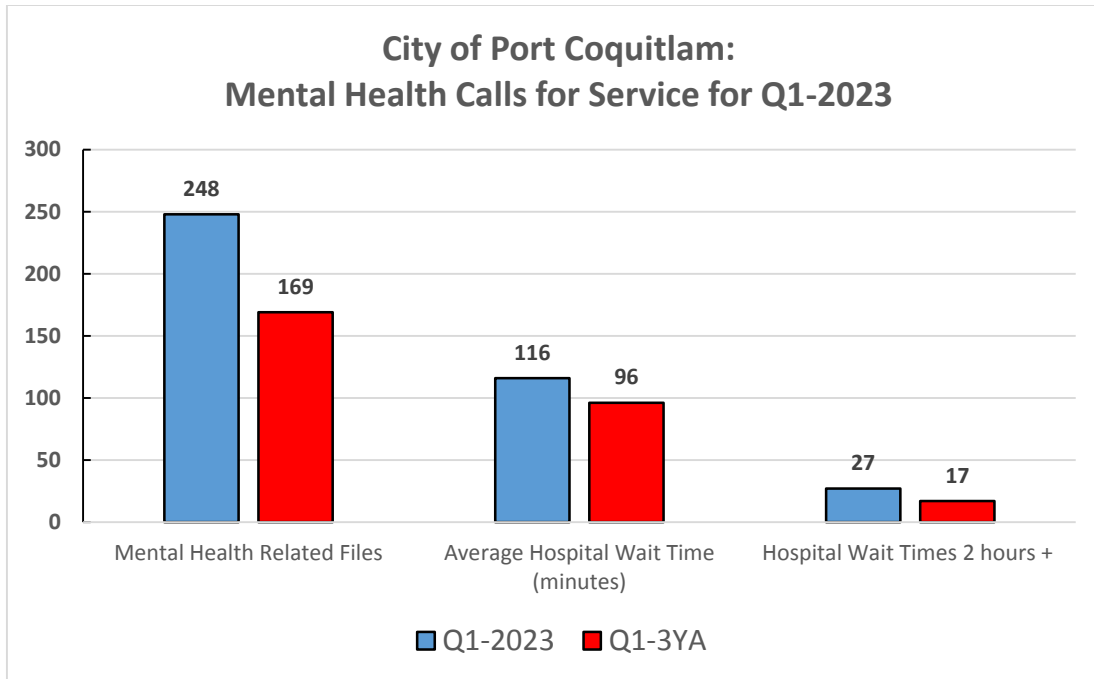
Chart 2: Property crimes decreased by 4% in 2023-Q1 in comparison to the three-year average. Decreases were observed in Theft of Vehicle (-58%), Theft from Vehicle (-24%), B&E Business (-16%), Shoplifting (-1%), and Fraud (-1%), while Break and Enter (B&E) Residence increased by +13%.





2023-Q1: MENTAL HEALTH-RELATED POLICE FILES – PORT COQUITLAM

Chart 3: There was a 47% increase in mental health related files in 2023-Q1 compared to the three-year average. The average hospital waiting time is also up (+21%), as are hospital wait times greater than 2 hours (+62%) compared to the Q1 three-year average.





2023-Q1: VIOLATION TICKETS – PORT COQUITLAM

Chart 4: There were significant increases in multiple violation ticket categories in Q1. Seatbelt infractions were up 100%, distracted driving tickets were up 71%, and speed related infractions were up +42%. That said, intersection infractions decreased 28%, as did impaired drug/alcohol infractions (-16%) in Quarter 1 compared to their three-year averages.

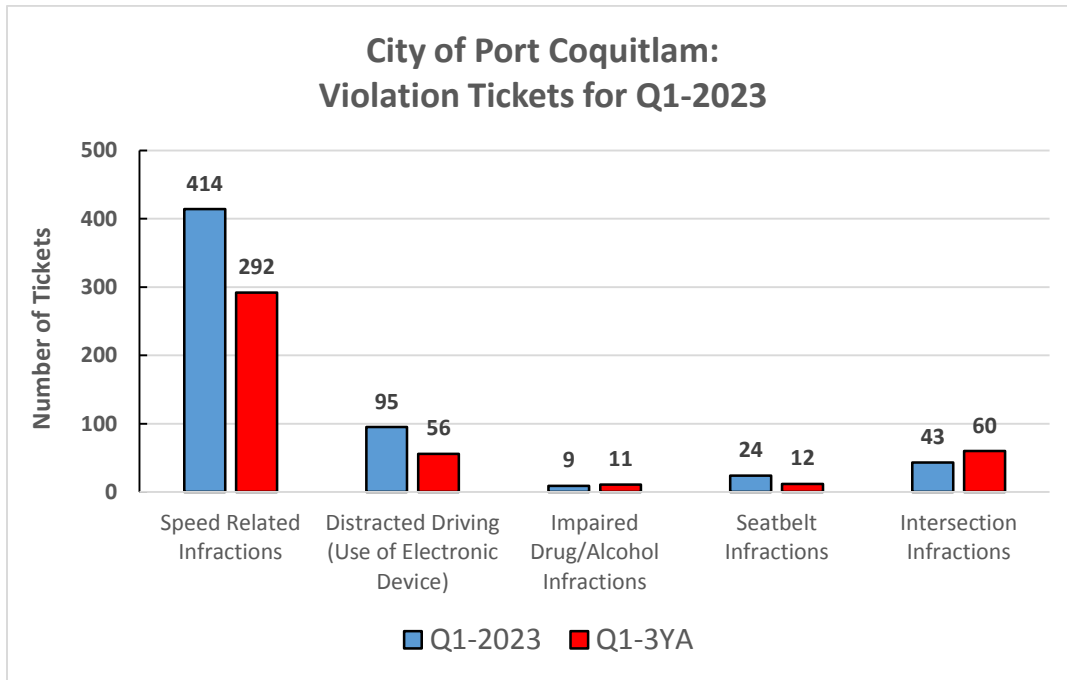




Table 1: Crime Statistics – Port Coquitlam

CRIME STATISTICS REPORT - PORT COQUITLAM - 2023 - Q1 Report				
		Q1	3-year Q1 Average	% change
PERSONS	Assault	79	64	24%
	Robbery	6	4	39%
	Sex Offence	16	12	37%
	All Persons Crimes	173	142	22%
PROPERTY	B&E Business	20	24	-16%
	B&E Residence	18	16	13%
	Theft From Vehicle	83	109	-24%
	Theft Of Vehicle	11	26	-58%
	Shoplifting	61	61	-1%
	Fraud	57	57	-1%
	All Property Crimes	446	464	-4%



Table 2: Mental Health Calls for Service – Port Coquitlam

CRIME STATISTICS REPORT - PORT COQUITLAM - 2023 - Q1 Report			
	Q1	3-year Q1 Average	% change
Mental Health Related Files	248	169	47%
Average Hospital Wait Time (minutes)	116	96	21%
Hospital Wait Times 2 hours +	27	17	62%



Table 3: Traffic Statistics – Port Coquitlam

CRIME STATISTICS REPORT - PORT COQUITLAM - 2023 - Q1 Report			
	Q1	3-year Q1 Average	% change
Speed Related Infractions	414	292	42%
Distracted Driving (Use of Electronic Device)	95	56	71%
Impaired Drug/Alcohol Infractions	9	11	-16%
Seatbelt Infractions	24	12	100%
Intersection Infractions	43	60	-28%

Table 4: Police Activities – Port Coquitlam and Coquitlam

Police Activities	Q1	% total in Q1
Port Coquitlam	3430	31.5%
Coquitlam	7460	68.5%

RECOMMENDATION:

None.

PREVIOUS COUNCIL/COMMITTEE ACTION

None.

REPORT SUMMARY

This report provides a review of the 2022 Port Coquitlam General Local Election and presents intended enhancements for future general local and by-elections.

BACKGROUND

In British Columbia general local and school elections (hereafter referred to as “local election(s)”) for the offices of mayor, councillors and school trustees take place every four years. Local elections are regulated by the *Local Government Act*, the *Local Elections Campaign Financing Act*, and the City’s Election Procedures and Election Signs Bylaws. Elections are administered through the Legislative Services and Corporate Initiatives Division, with the Corporate Officer typically appointed to the role of Chief Election Officer. The role of Deputy Chief Election Officer is filled on a short-term contract basis.

General Voting Day for the 2022 local election was Saturday, October 15, 2022. A number of other voting opportunities (advance voting and mail ballot voting) were also provided, as detailed in the “Discussion” section below. As the positions of Mayor and School Trustees were both acclaimed, an election was only required for the six Council seats, with a total of eighteen candidates running to fill these seats.

The Official Declaration of Election Results was confirmed by the Chief Election Officer on Monday, October 17, 2022.

DISCUSSION

Voter Turnout

During the 2022 local election 8,129 eligible electors cast their ballot to vote for six councillor positions, equating to a 18.24% voter turn out (down from the 28% turn out in 2018). The regional percentage point decline for 2022 was approximately 7% (data source - local media). The lower voter turnout may be attributed in part to the offices of “Mayor” and “School Trustee” both being acclaimed. Additionally, the fact that the 2022 local government election(s) followed closely on the heels of both a provincial and federal election can lead to voter burnout, or apathy.

2022 General Local Election Review

Voting Opportunities

The City employs a “vote anywhere” approach which enables voters to cast their ballot at any of the voting locations offered throughout the City on General Voting Day. Voters were also offered the opportunity to vote at one of the City’s advance polls or via a mail-in ballot. The following voting opportunities were offered for the 2022 local election:

Voting Opportunity	Date
Advance Voting Opportunity #1	October 5
Advance Voting Opportunity #2	October 8
General Voting Day	October 15
Mail Ballot Voting	Received by 8pm October 15

Voting Places

The following voting places, which included a mix of schools and City facilities were utilized for the 2022 local election:

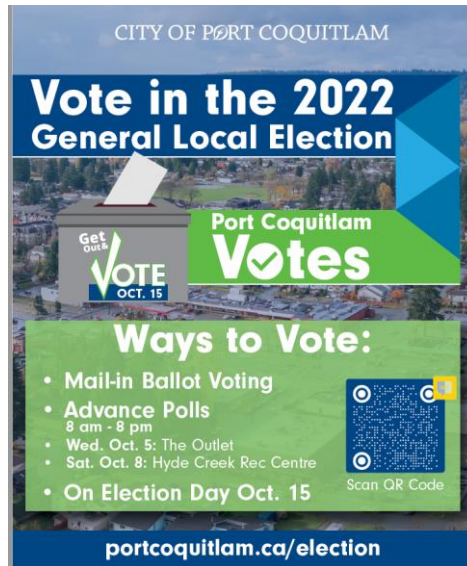
Voting Place	# Votes Cast
Blakeburn Elem.	4414
Castle Park Elem.	6417
Cedar Drive Elem.	4414
Central Elem.	3787
Hyde Creek Rec Centre	4274
Kilmer Elem.	3348
Kwayquitlam Elem.	3082
The Outlet	3042
Westwood Elem.*	1343
Advance Polls – The Outlet & Hyde Creek Rec Centre	6526
Mail-in – City Hall	683
TOTAL	41,330

*Traditionally the voter turnout at Westwood Elementary is low and that was the same experience in 2022. Less staff and equipment are assigned to this voting place each election year due to the low turnout; however, this is the only voting place for the northeast quadrant of the community. Planned development in the Westwood/Woodland Triangle area, including Mosaic’s planned development of 556 residential apartment and townhouse units on Westwood Street and Woodland Drive, will undoubtedly increase voter turnout at this location in future elections.

Candidate and Voter Engagement

A variety of methods were used to inform electors of their opportunity to vote, including:

- Voter information cards (mailed)
- Newspaper advertisements
- Election page on City website
- Banners at civic facilities
- Transit shelter advertising
- Public service announcements
- Social media



Mail-In Ballots

In 2021 the Province, by way of the *Municipal Affairs Statutes Amendment Act* (Bill 10), expanded the eligibility criteria for mail ballot voting for local elections. The amendments remove the previous limitations for mail-ballot voting which restricted this type of voting to electors who would be absent from the municipality for the advance voting and general voting opportunities, or who would be unable to attend a voting place due to illness, injury or disability. The amendments now allow mail ballot voting for *all* registered electors, so long as it is authorized by bylaw.

The City's Election Procedures Bylaw was subsequently amended in May 2022, to allow for at-large mail ballot voting. A total of 135 mail-in-ballots were received by the deadline, and processed through the voting machine on October 15th – representing 0.02% of the total number of ballots cast.

Overall, the mail-in voting process was administered without any issues, aside from a few complaints that the return envelopes did not include pre-paid postage. 2023 Canada Post rates for an 8 ½ x 11-inch envelope to be mailed within Canada costs \$1.94 per envelope. Based on the number of 2022 mail-in ballot packages sent back to the Election Office through the mail (70 in total), the additional cost of including a postage paid envelope would have been minimal - \$135.80 (the City wouldn't be charged unless the elector uses the envelope and it is scanned by Canada Post). As such, staff intend to include the costs of postage paid return envelopes in future election budgets so that electors are not required to pay the postage fee. A jurisdictional scan of other lower mainland municipalities' approach with respect to providing postage paid return envelopes is included as Attachment A.

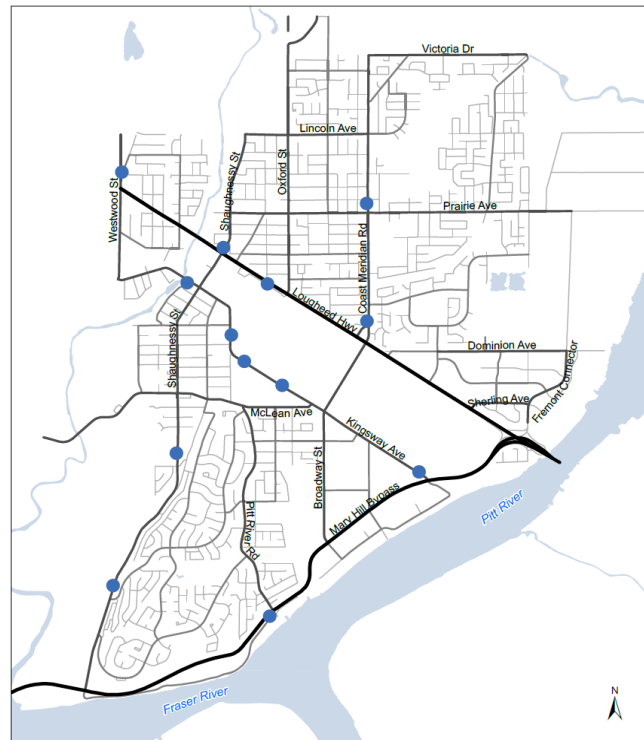
Staffing

Over 100 temporary election staff (election officials) were hired and trained to work at the City's advance and general voting day opportunities. Staff are required to work 12-15 hour shifts and paid a daily rate plus a training allowance. The rates were aligned with other Metro Vancouver municipalities in order to attract qualified and experienced staff to carry out election responsibilities. Prior to each local election the remuneration for election officials is reviewed and sometimes adjusted in order to remain competitive with other municipalities (election staff will choose to work in other municipalities should they provide a higher rate). This information will be brought forward to Council as part of the planning for the next General Local Election.

Election Signs

The Election Signs Bylaw governs all signs related to federal, provincial, municipal, and school trustee elections, including assent voting, and regulates the type, size, placement, timing and duration of election signs.

In 2022 there were 13 approved election sign locations throughout the City (City property). Most areas of the City have sufficient coverage for exposure to candidate signage, except for perhaps the Northeast sector / Fremont area, as shown on the map below.



Election Sign Locations - City Property

● Election Signs - Permitted Locations



2022 General Local Election Review

Inaugural Council Meeting

The Inaugural Council Meeting took place on November 8, 2022 at Mabbett Hall (Port Coquitlam Community Centre) where members took their Oath of Office, marking the first meeting of the new Council.


NEXT LOCAL ELECTION

The next Local General Election will be held in October 2026, with General Voting Day set for Saturday, October 17th.

FINANCIAL IMPLICATIONS

Local elections are funded from the City's Election Reserve. The budget for the 2022 Local Government Election was \$170,000 and the total actual cost was \$152,122.76.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	That Committee of Council receive the report for information.
	2	That Committee of Council provide direction to staff regarding future election planning and administration.

ATTACHMENTS

Attachment 1: Jurisdictional Scan – Postage Paid Return Envelopes

Lead author(s): Carolyn Deakin

Contributing author(s): Kerri Wells

**2022 GENERAL LOCAL ELECTION
 JURISDICTIONAL SCAN – MAIL BALLOT VOTING
 POSTAGE PAID ENVELOPES PROVIDED**

The table below shows which municipalities provided/did not provide postage-paid envelopes for mail-in ballot return packages in 2022:

Pre-paid Postage on Return Envelopes - provided	Pre-paid Postage on Return Envelopes - NOT provided
City of Burnaby	City of Pitt Meadows
City of Delta	City of Port Moody
City of Maple Ridge	City of White Rock
City of New Westminster	Resort Municipality of Whistler
City of North Vancouver	Town of Gibsons
City of Richmond	
City of Surrey	
City of Vancouver	

** The City of Coquitlam did not allow for mail-in ballots for the 2022 Local Election.*

RECOMMENDATION:

That Committee of Council endorse the implementation strategy for the Housing Needs Report presented in this report.

PREVIOUS COUNCIL/COMMITTEE ACTION

At its regular meeting on February 8, 2022, Committee of Council received the Port Coquitlam Housing Needs Report.

REPORT SUMMARY

This report brings forward a strategy for implementing the recommended actions of the Housing Needs Report. The Housing Needs Report identified current and anticipated housing needs, as well as areas of local need within the community, with key recommendations for further action. This report assesses the recommended actions, identifies those which are on-going or in progress, and recommends how the remaining actions could be implemented, including where additional budget or staff resources would be necessary. On-going monitoring and progress reporting will ensure the City stays on track to implement the recommended actions within the Housing Needs Report to address the existing and future housing gaps over the next 5 to 10 years.

BACKGROUND

On February 8th, Committee of Council endorsed the City of Port Coquitlam's Housing Needs Report. The report, completed by consultant Urban Matters, included an assessment to better understand existing housing stock and needs, analyze statistical information on the City's current and projected demographics, identify vulnerable priority groups, and highlight housing gaps; specifying the amount, type, size and tenure of new dwellings required to meet the need over the next 5 to 10 years. Some of the key findings from the assessment included:

- 1) Affordability is the biggest housing issue in Port Coquitlam, with the greatest need in deeply affordable and below market rental units.
- 2) To meet the needs of our population, an additional 5,500 dwellings (550 a year) are needed in Port Coquitlam over the next ten years. Of these new dwellings: one third should be rental, two thirds should be group oriented and one third should be family oriented (with 3 bedrooms).
- 3) Priority groups for new housing should include: seniors, lone-parent families, one-person households, Indigenous community members, families (rental and ownership), persons with disabilities and individuals facing homelessness.

The report recommended a number of actions that Port Coquitlam can take to address identified housing gaps in order to work towards a more balanced housing continuum that meets the needs of

all people within the community. A balanced housing continuum means people have options to find appropriate housing at all stages of life, and as their needs change over time; this includes emergency housing, rental housing, and ownership. An executive summary detailing the findings of the Report with the associated recommendations is attached to this report. The full Housing Needs Report can be found on the City's webpage.

Staff have reviewed each of the recommendations identified by the consultant to assess implementation feasibility and timing against current work programs in order to inform decision making and prioritize actions.

DISCUSSION

The recommended implementation strategy is detailed below and confirms actions that are in-progress or on-going, and actions that are achievable as part of staff's established work program with anticipated timeframes of completion. An enhanced work program has also been detailed to confirm what actions would require additional financial and staff resources that are currently outside of what is achievable.

On-going or in progress actions: The following actions identified in the Housing Needs Report are in progress or are being monitored on an on-going basis to determine if change is required.

- **Increase the ratio of required family-friendly housing in multi-family developments:** The City currently requires development with 10 or more units to provide a minimum of 25% family-friendly units. Staff note this ratio is being monitored for effectiveness; an increase is not recommended at this time. *On-going*
- **Explore opportunities for an additional homeless shelter within the TriCities to meet unmet need:** The City participates in the TriCities Homelessness and Housing Task Group and will continue to consider opportunities within the TriCities for an appropriate location. A more targeted approach is not recommended at this time. *On-going*
- **Identify opportunities to work in partnerships to develop lands for supportive and affordable housing.** The City supports applicants, land owners, non-profit, institutional organizations and other levels of government (Metro Vancouver, BC Housing) in developing lands for supportive and affordable housing and facilitates strategic partnerships. This approach builds on the municipal role as an approval authority to achieve housing objectives and encourages senior levels of government, private developers and the non-profit sector to supply housing. *On-going*
- **Review and update the Density Bonus policy and inclusionary housing requirements:** This work is already underway and will also include recommendations for a revised allocation of density bonus funds to the Community Amenities Reserve Fund and Special Needs Housing Reserve Fund with updated disbursement criteria. *Anticipated to be completed by Q1 2024.*

- **Implementing a Standards of Maintenance Bylaw:** Staff are working on drafting a Standards of Maintenance Bylaw to help ensure basic property maintenance standards for rental residential premises. It is anticipated this bylaw would be brought forward along with other rental support policies and regulations including rental replacement policy, residential rental tenure zoning, strata conversion policy and revised secure rental parking requirements. *Anticipated to be completed by Q1 2024.*
- **Update to the Subdivision Servicing and DCC bylaws:** A comprehensive update to the City's Subdivision Servicing and the Development Cost Charges bylaws is under review. *Anticipated to be completed in 2023.*

An additional ongoing action includes updating the City's Housing Website to provide additional information on special needs and below market rental housing and social services resources. Staff will continue to monitor the website to identify opportunities to enhance the range of resources and information provided to the public.

Established work program items: The following recommended actions are in keeping with existing workplans and would be undertaken without the need for additional staff, financial resources, or a significant change in service levels. There will be some level of public consultation and collaboration with various community stakeholders. These actions are expected to help address the current and future need for new purpose-built rental housing within the community, while protecting the existing aging rental stock. Increasing options for residential support services will also allow seniors the opportunity to age in place. *Anticipated implementation would be throughout 2023 and 2024.*

Rental Housing Review

- **Establishing a Strata Conversion Policy:** The report recommends the City establish a framework for when the City would consider giving approval for a previously occupied rental building to convert to strata ownership as a mechanism to prioritize and preserve older multi-family rental buildings. Staff note this policy could also consider establishing the conditions upon which the City may support older multi-family strata developments dissolving to accommodate redevelopment to higher intensity uses.
- **Establishing a Rental Replacement Policy:** The report recommends establishing a rental replacement policy to set a minimum ratio(s) of rental unit replacement when a purpose-built rental building is being redeveloped.
- **Establishing tenure ratio requirements.** The report recommends establishing tenure ratio requirements in Frequent Transit Development areas to ensure a set percentage of rental and below market rental units are provided through redevelopment. Staff would recommend this ratio expectation be investigated for other multi-family growth areas of the City as well (downtown, northside).
- **Expanding rental tenure zoning:** The report recommends identifying existing and new rental housing developments that would be appropriate for rental tenure zoning as a mechanism to protect existing rental apartments.

- **Exploring a Rental Incentive Program:** The report recommends establishing an incentive program for investment and re-investment into rental buildings and secondary rental market units (secondary suites and coach houses) to help encourage the development and prevent disrepair of the units. Several options could be considered: reduced parking requirements, reduced or waived utility fees for secondary suites and amending application processes to expediting rental development proposals.

Support for Seniors

- **Increasing opportunities for assisted living in residential zones:** The City permits Provincially licensed Community Care facilities within residential zones (limited to 10 persons); the report recommends expanding this provision to also allow licensed Assisted Living facilities. Staff would also recommend opportunities for an accessory senior day care and respite care use.

Reduced Parking Rates Near Major Transit Areas

- **Reductions in parking requirements near major transit areas.** This has recently been considered on a site-specific basis through a rezoning application within the Frequent Transit Development area; based on this work, staff would bring forward recommendations for inclusion in the Parking and Development Management Bylaw to reflect market trends. Staff note the intent to include Downtown and areas adjacent to rapid bus in this assessment.

Enhanced work program items: The following recommended actions are anticipated to require additional staff and financial resources to undertake. A significant level of public consultation and collaboration with various community stakeholders will be required, in addition to technical evaluations such as capacity analysis and servicing requirements for areas of expanded density and design regulations for new forms of development. These actions are anticipated to have a significant impact on the overall housing supply, demand and type within the community. Staff recommend these actions be completed as part of the Official Community Plan review. Timing of review is dependent on resource decisions made through the proposed budget process.

Staff also note the BC Provincial Government has recently announced their intention to introduce legislation intended to increase the supply and affordability of housing to allow small-scale, multi-unit homes on single residential lots. Staff expect more details to be available this fall and may adjust work programs accordingly to address.

Expansion of Infill Development

- **Expand opportunities for rowhouse, townhouse, and small lot development; and identify areas to intensify with diverse and varied housing development; identify opportunities for the development of larger sites.** Staff would be initiating a review of all single and multi-family residential designated areas to identify opportunities for increased density based on existing lot pattern and size, age of dwellings, proximity to services and

Housing Needs Report Implementation Strategy

transit and amenities. It is anticipated this would include expanded opportunities for all forms of intense residential development including small residential lots, townhouse, rowhouse, low and high-rise apartment development.

- **Consider pre-zoning parcels for higher density in strategic locations.** Staff would recommend this be considered in the longer term an implementation item after the OCP has been finalized. Consideration may be given to expanding the pre-zoning for Small Lot Residential designated lands, as well as multi-family areas.

Housing Choice Review

- **Consider opportunities to allow additional forms of ground-oriented housing in single residential neighbourhoods (including smaller single residential lots, triplexes, fourplexes, secondary suites in duplexes).** Staff note that this work would include identifying appropriate OCP and zoning land use designations for new forms of ground-oriented housing, establishing policies to guide rezoning (or establishing them as-of right within a zone), determining parking requirements that will facilitate their development, establishing zoning criteria, design guidelines and confirming the required services and amenities to support increased growth. This work would also consider lock-off suites in townhouses and a higher density townhouse zone.


Pursue Strategic Partnerships

- **Pursue strategic partnerships:** The City could take a strong and proactive approach to securing new affordable housing, including actively engaging with non-profits and senior levels of governments to create greater opportunities for affordable housing projects. This additional service level for the community would require staff with specialized expertise and consideration of funding and land strategies.

FINANCIAL IMPLICATIONS

A number of these actions may have financial implications, and will be brought forward as the staff work through each of the action items.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	Endorse the actions proposed in this report.
	2	Recommend that certain proposals be changed and/or that further information be brought forward.
	3	Recommend that the Housing Needs Implementation Strategy not be implemented at this time.

ATTACHMENTS

Attachment 1 – Housing Needs Report Executive Summary

Lead author(s): Graeme Muir

Contributing author(s): Jennifer Little

EXECUTIVE SUMMARY

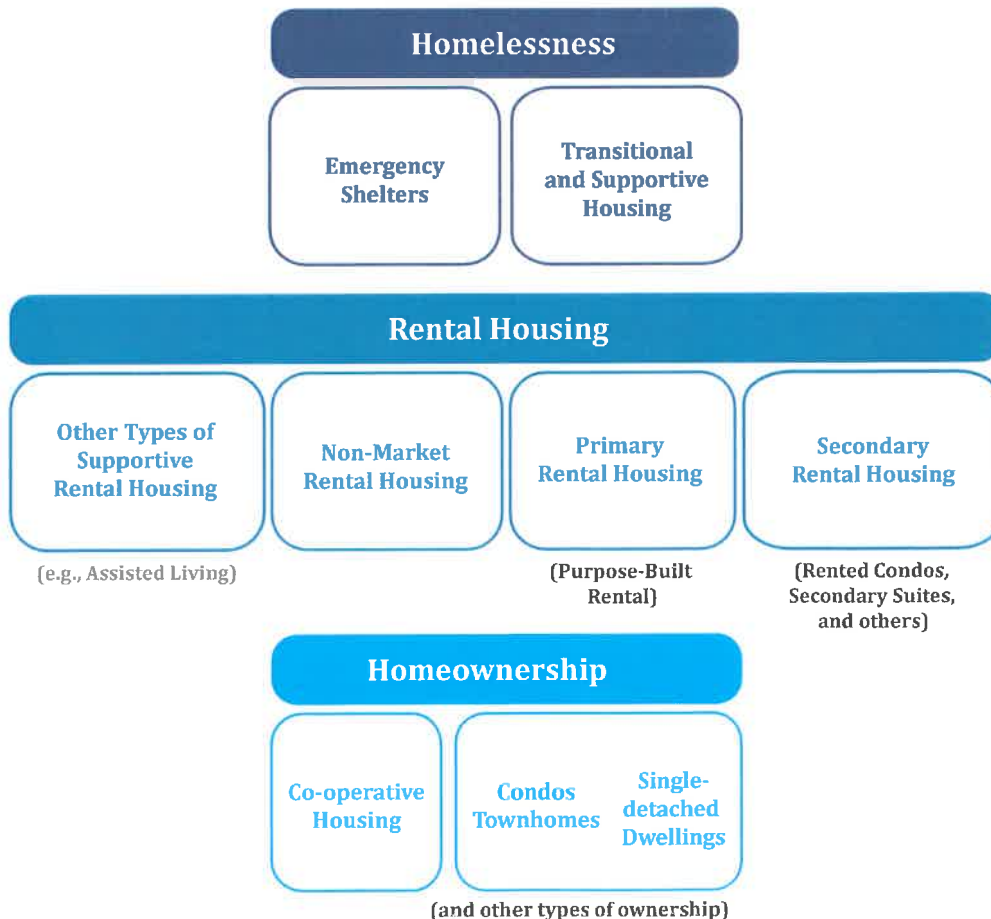
OVERVIEW

This Executive Summary provides highlights from the Port Coquitlam Housing Needs Report, including the number of housing units needed, key findings about Port Coquitlam’s demographic and housing trends, and housing needs of specific population groups.

Port Coquitlam, along with many communities in Metro Vancouver, is experiencing significant housing pressures with accelerating home sale prices and rising rents. The Port Coquitlam Housing Needs Report was prepared to help the City of Port Coquitlam, its residents, and local organizations better understand trends and needs across the housing continuum. This report will be used to support the City’s policies, strategies, and goals for housing.

This report looks at housing needs and gaps along the housing continuum. A balanced housing continuum means people have options to find appropriate housing at all stages of life, and as their needs change over time.

Port Coquitlam’s Housing Continuum

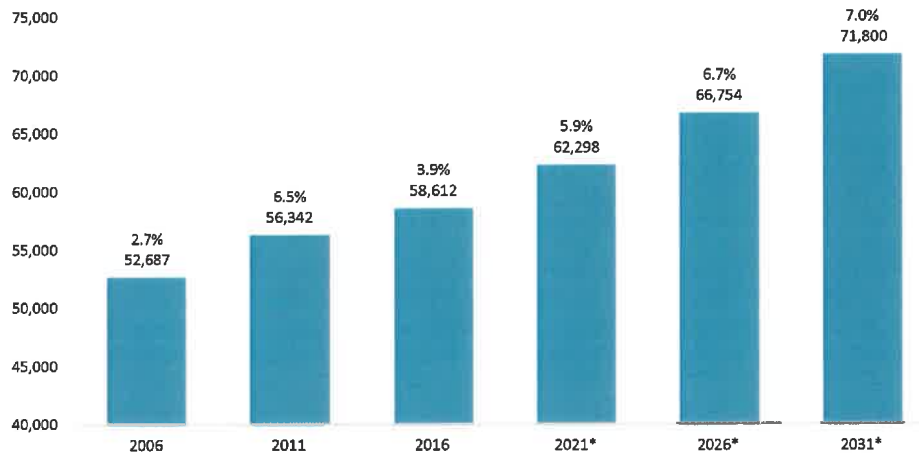


COMMUNITY PROFILE

Population

Port Coquitlam grew by 11% from 52,687 in 2006 to 58,612 in 2016, adding an additional 5,925 residents over this period. Projections indicate that Port Coquitlam’s population grew to 62,298 in 2021 and will increase to 71,800 by 2031.

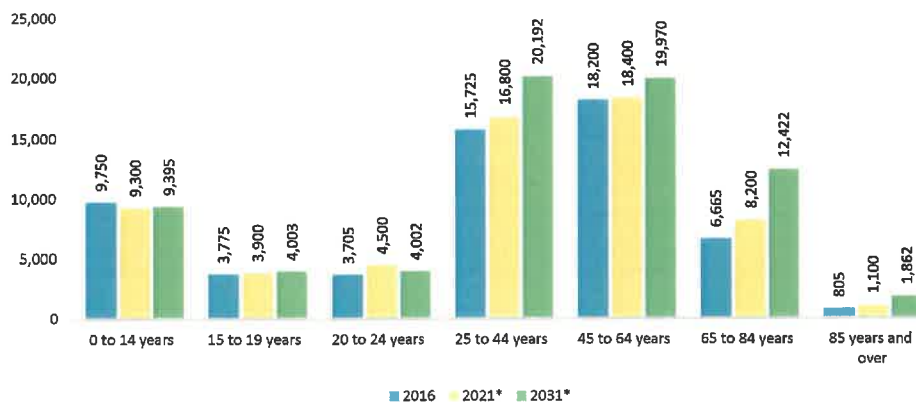
Historic & Anticipated Population & Growth Rate, Port Coquitlam, 2006 to 2031



Age

The median age of Port Coquitlam residents is rising, in line with national aging trends, increasing from 37.5 in 2006 to 40.7 in 2016. Projections indicate that Port Coquitlam’s age distribution will continue to see a slight decrease in children and youth, while the number of seniors will grow significantly by 2031.

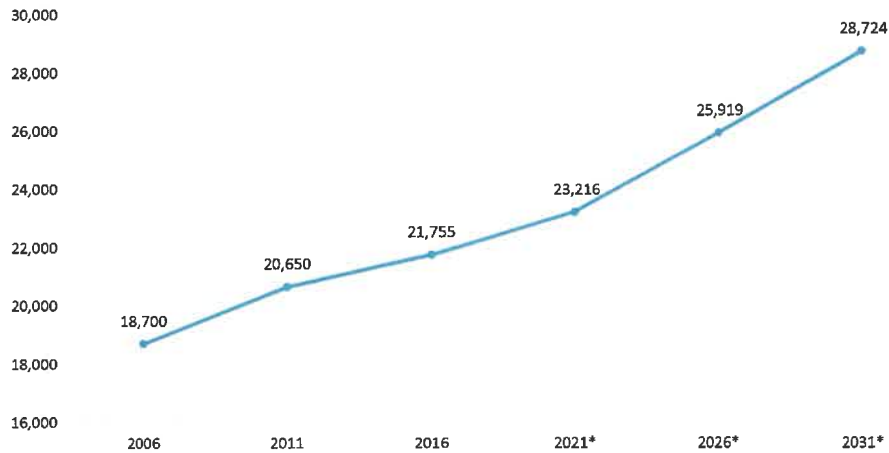
Historic & Anticipated Population by Age Distribution, 2011 to 2031



Household Size and Composition

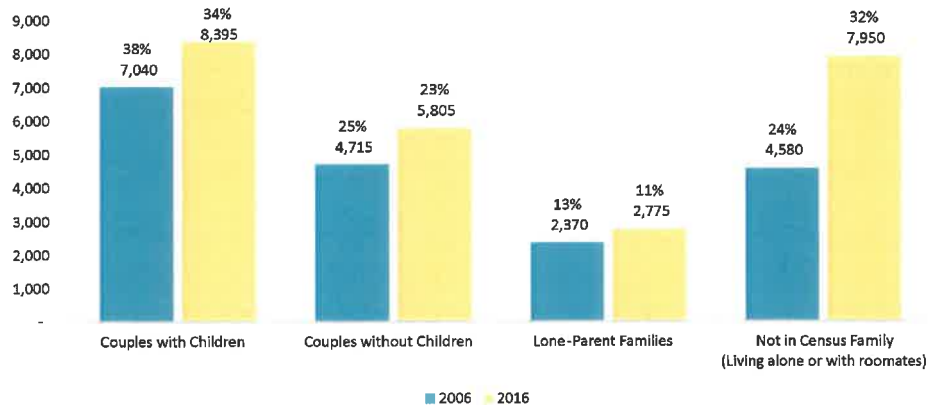
Port Coquitlam grew from 20,650 households in 2006 to 21,755 in 2016, a growth rate of 5% adding an additional 1,105 households. Projections indicate Port Coquitlam’s number of households grew to 23,216 in 2021 and will increase to 28,724 by 2031.

Historic & Anticipated Number of Households, Port Coquitlam, 2006 to 2031



Port Coquitlam has larger households (in 2016, the average household size was 2.7) than Metro Vancouver overall (2.5), reflecting the high proportion of families in the community. While couples with children continue to be the most common household type, between 2006 and 2016, non-census family households (individuals living alone or with roommates) grew the fastest among all household types (by 74%). This may be reflective of a number of trends, including an aging population with more seniors living alone and young adults staying single longer.

Households by Family Type, Port Coquitlam, 2006 to 2016





In 2016, Port Coquitlam's overall household median income was

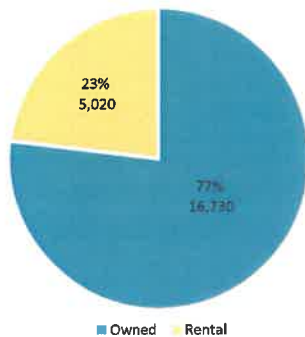
\$84,096

Household Income

In 2016, Port Coquitlam's overall household median income was \$84,096. Owner median household incomes (\$95,752) are almost twice that of renter median household incomes (\$49,432).

Tenure

Households by Tenure, Port Coquitlam, 2016



In 2016, 77% of households in Port Coquitlam owned their home, a decrease from 80% in 2006. This is a much higher rate of homeownership than Metro Vancouver as a whole (64%), but similar to neighbouring communities of Maple Ridge and Pitt Meadows

Renter households are growing faster than owner households. Between 2006 and 2016, the number of renter households increased by 1,215, a growth rate of 32%. Owner households increased by 1,835 over this period, a growth rate of 12%.

Between 2006 and 2016, homeownership decreased by

3%

Between 2006 and 2016, Rental households increased

32%

HOUSING PROFILE

Housing Structure Types

Port Coquitlam has a high proportion of ground-oriented housing. In 2016, 74% of dwellings were ground-oriented structures, including single-detached houses (47%), as well as row houses, duplexes, or semi-detached dwellings (27%).

Port Coquitlam has seen a significant increase in apartment and row house/townhouse dwellings. Between 2006 and 2016, the number of dwellings in apartment buildings less than five storeys grew by 42% and row house/townhouse dwellings grew by 23%. The number of single-detached dwellings remained constant with an increase of only 1%.

Rental Housing

The cost of renting in Port Coquitlam is increasing, and the vacancy rate is very low. Historically, the supply of purpose-built rental in Port Coquitlam has been very low. As of 2016, only 11% of renter households were served by purpose-built rental, meaning most renters in Port Coquitlam are in the secondary market, including rented houses, rented condominiums, or secondary suites. While the secondary market is an extremely important source of housing, it is often less secure over the long-term than purpose-built rental.

- ▶ The primary rental market is largely composed of one- and two-bedroom units (96% in 2020), with very few three or more-bedroom units for families.
- ▶ Between 2011 and 2020, the overall median rent for primary rental units in Port Coquitlam increased by 70%, from \$825 in 2011 to \$1,400 in 2020. The table below compares median rents in Port Coquitlam to local renter incomes.

Affordability Analysis - Median Rents and Household Incomes (2020)

Household Type	Median Income in Port Coquitlam	What's affordable	Port Coquitlam
Lone Parent Family	\$37,962	\$949	2 bedrooms: \$1,846
Individual Living Alone	\$29,611	\$740	Bachelor: \$988

- ▶ The primary market rental vacancy rate was 0.7% in 2020 and has been low for a number of years. A healthy vacancy rate is generally considered to be between 3% and 5%; a low vacancy rate puts significant pressure on tenants as it leads to rising rental rates and limited choice in the rental market.



- ▶ Existing stock of purpose-built rental is ageing and may be vulnerable to redevelopment or loss for a number of reasons, such as ageing stock, strata conversion, and redevelopment to higher density forms. Because of the level of affordability offered by older rental housing, there is a risk of losing affordability in the community and pushing renters out of the community.

Demand for non-market rental housing has increased significantly

- ▶ As of 2021, 292 individuals and families in Port Coquitlam were on the BC Housing waitlist for non-market housing units, an 87% increase since 2013.
- ▶ Currently, 464 units of non-market are at various stages of development which will help ease demand once they are ready for occupancy.

Homeownership

Average home sales prices have risen dramatically. Most median-earning households do not earn enough to be able to afford average home sale prices.

Between 2010 and 2020, average housing sale prices grew by 60% for a single family dwelling, by 71% for rowhouses and townhouses, and by 68% for apartments/condominiums.

Between 2013 and 2018, home sales affordable to households earning the median household income declined from 46% of homes for sale to only 18%.

Affordability Analysis – Sample Homeownership Costs and Homeowner Incomes (2020)

Household Type	Median Income in Port Coquitlam	What's affordable	Estimated Monthly Cost for Average Sales Price in Port Coquitlam
Couple with Children	\$147,496	\$3,687	Single Family Dwelling: \$4,492 per month
Lone Parent Family	\$73,533	\$1,838	Row housing: \$3,658 per month
Individual Living Alone	\$57,359	\$1,434	Condominium: \$2,383 per month

Homelessness

In 2020, 86 people were identified as homeless in the Tri-Cities areas as per the Point-in-Time Count (PiT), including 24 that were unsheltered homeless. However, the PiT Count is typically considered an undercount. There are an estimated 300 hidden homelessness in the Tri-Cities, in addition to the 86 individuals counted in the PiT Count.

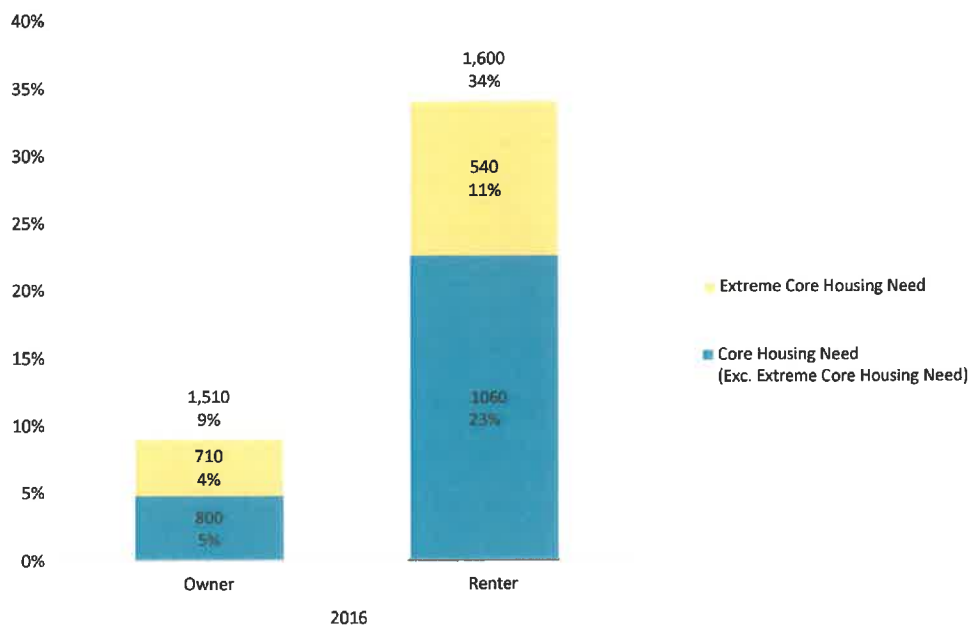
There are typically 140 shelter mats, beds, and rooms available for people experiencing homelessness in the Tri-Cities area, but this has been reduced to 105 spaces to accommodate COVID-19 social distancing measures.

Core Housing Need

CMHC defines core housing need as a household whose housing falls below at least one of the adequacy, affordability, or suitability standards and who would have to spend 30% or more of its before-tax income to afford the median rent of an alternative unit that is acceptable. Those in extreme core housing need meet the definition of core housing need and spend 50% or more of their income on housing. Households in core housing need are facing at least one housing issue AND cannot afford to move in the same community.

In 2016, 15% of all Port Coquitlam households were in core housing need. Renter households are much more likely to be in core housing need than owner households. In 2016, 40% of renter households were spending more than 30% of their household incomes on shelter.

Core Housing Need by Tenure, 2016



CORE HOUSING NEED

53%

of renter households led by a senior (65+) are in core housing need (395)

49%

of renter households who are recent immigrants are in core housing need (95)

47%

of renter households identifying as indigenous are in core housing need (210)

47%

of lone-parent renter households are in core housing need (435)

47%

of one-person renter households are in core housing need (755)

40%

of renter households have at least one person with an activity limitation (physical, mental, or other health condition) and are in core housing need (1,100)

35%

of renter households with at least one child (<18) are in core housing need (515)

IMMEDIATE AND ANTICIPATED HOUSING NEED

The number of housing units needed by tenure was estimated based on immediate gaps as of 2021, as well as anticipated population growth over the next ten years. As of 2021, Port Coquitlam has an immediate housing need for 1,887 rental housing units. In addition, over the next ten years, Port Coquitlam will need 3,740 new homeownership units and 1,760 new rental units.

Immediate housing need is based on the estimated number of individuals experiencing hidden and visible homelessness (97), and the number of renter households in core housing need as of 2021 (1,790). Not all households in core housing need require a new unit. Many could be supported through rental subsidies.



	Units to Own***	Units to Rent	Total
Immediate Housing Need (As of 2021)*	--	1,887*	1,887
Anticipated Housing Need (2021 to 2031)**	3,740	1,760	5,500

*Immediate housing need is based on the estimated number of individuals experiencing hidden and visible homelessness (97), and the number of renter households in core housing need as of 2021 (1,790). Not all households in core housing need require a new unit. Many could be supported through rental subsidies.

**Based on Scenario 2 projections which estimate that the proportion of owner and renter households will continue to change based on recent trends.

***Immediate need is not calculated for owning households. While homeownership is a significant source of housing and an important way of achieving stability for many households, homeownership is subject to significant market pressures making it difficult to capture "need" in the same way as rental units.

RENTAL AFFORDABILITY

Immediate Need as of 2021

To address the needs of those experiencing homelessness, a range of supports are needed, including permanent and temporary transitional housing units at or near the shelter rate are needed, as well as subsidies in the private rental market. Some individuals may be accommodated through independent social housing or subsidies in the private rental market. Those with physical or other disabilities may require supportive housing.

Core housing need indicates households are experiencing housing challenges but can't afford the median rent in the community (\$1,400 as of 2020), meaning they can't afford to find better housing in Port Coquitlam. To address these needs, more supports are needed to bring housing costs below this level, including non-market units and greater subsidies in the private rental market.

BC Housing offers subsidies through the Rental Assistance Program for families and through the Shelter Aid for Elderly Renters Program for seniors. However, these programs cap incomes at \$40,000 for families, \$33,000 for senior couples, and \$30,600 for senior singles, and the level of assistance is modest in relation to the cost of housing in Port Coquitlam and the wider Metro Vancouver community. This leaves many households behind.

Future Need: 2021-2031

As the community grows, so will the need for housing at a range of affordability levels. The table breaks down the rental units needed over the next ten years by affordability level. It assumes that the income distribution in the community will stay the same as it was in 2016. While incomes grow over time and the thresholds for each income level should be updated at regular intervals, the distribution of incomes changes slowly.

Affordability Levels (Annual Income Range)	Non-Market Rental Housing		Near Market Rental Housing	Market Rental Housing		Total
	Under \$875 per month (less than \$35,000)	\$875 to \$1,500 per month (\$35,000 to \$59,999)	\$1,500 to \$2,125 per month (\$60,000 to \$84,999)	\$2,125 to \$2,875 per month (\$85,000 to \$114,999)	\$2,875 and up per month (\$115,000 and over)	
2021-2026	305	215	155	95	105	875
2026-2031	320	230	165	100	110	925

*Totals do not add up exactly to previous table due to rounding.

SUMMARY OF AREAS OF NEED

🕒 Rental

Port Coquitlam is experiencing significant pressures in the rental market, with a 0.7% vacancy rate in 2020 and rapid increase in median rents over the past ten years. As of 2016, purpose-built rental only served 11% of Port Coquitlam renter households. Most renter households live in secondary suites or rented condominiums, townhomes, or single-family homes. Secondary market rental is a crucial source of housing; however, it can be less secure over the long-term than purpose-built rental, as the owner may wish to sell or occupy at any time. More rental housing is needed across a range of affordability levels and sizes to accommodate households with low incomes and a range of household types and sizes. Port Coquitlam needs an estimated 1,887 affordable rental units or rental subsidies to address immediate housing need, as well as an additional 1,760 rental units over the next ten years across a range of affordability levels to meet population growth demands.

While the renter population grows, the existing stock of purpose-built rental may be vulnerable to redevelopment or loss for a number of reasons, such as ageing stock, strata conversion, and redevelopment to higher density forms. Because of the level of affordability offered by older rental housing, there is a risk of losing affordability in the community and pushing renters out of the community. Although rental demolitions have not been happening on a large scale in Port Coquitlam to date, developing policies in advance of redevelopment pressures increasing would allow the City to be prepared. Policy considerations could include adopting strata conversion policy, a reinvestment incentive program, a rental replacement policy, or careful use of residential rental tenure zoning.

🕒 Non-Market Rental

applying for housing through BC Housing’s Housing Registry is at historic highs, reflecting the growing need for more affordable options. While those with the very lowest incomes (e.g., on Income Assistance and Persons with Disabilities) have often been the focus of non-market housing, the incomes of working households are also not keeping up with housing costs and pushing many to look for non-market housing options. For example, 34% of renter households are in core housing need, meaning they are facing housing issues and cannot afford to find appropriate housing in the private rental market. Based on income distribution in the community, it is estimated that 1,070 non-market units are needed over the next ten years, 59% of anticipated rental need.

Finding solutions to the challenge of affordability requires the involvement of the non-profit housing sector. This includes partnering with non-profit housing providers and offering incentives for developments that offer more affordable housing options, including for those with extremely low incomes and housing with mental health supports. It also means advocating to provincial and federal governments for funding for non-market affordable housing development.

Homeownership

Homeownership continues to be an important aspiration for many households and has historically been a key driver in creating stability and generating wealth for families. With the cost of homeownership at historic highs and continuing to increase, many households in Port Coquitlam and across Metro Vancouver are feeling that homeownership is out of reach for them. It is estimated that 3,740 units to own are needed over the next ten years, across a range of affordability levels. The City can facilitate more affordable options by regulating size, density, and location of new developments, as well as exploring and piloting potentially more affordable homeownership options, such as through BC Housing's Affordable Home Ownership Program (AHOP) or rent-to-own.

People Experiencing Homelessness

In the Tri-Cities area, an estimated 386 are experiencing hidden and visible homelessness, including 86 individuals counted as part of the 2020 Point-in-Time Homeless Count. As of 2021, there are 23 applicants on the BC Housing Registry waiting for supportive housing units in Port Coquitlam, reflecting the need for more supportive housing in the community. Additional supportive services in the community are also needed to help people find and maintain housing, or access other types of supports required to help people move out of homelessness.

Homelessness response in the Tri-Cities is a collaboration between the Cities of Port Coquitlam, Coquitlam, and Port Moody. This collaboration should continue to track and respond to local needs. More options for independent and supportive housing are needed to address homelessness, a gap that exists throughout Metro Vancouver.

Families with Children

Port Coquitlam has a high proportion of families with children. Families needing larger units are facing affordability pressures in the homeownership market, and there are very few purpose-built units with three or more-bedroom units. Secondary rental units, which make up most of rental housing in Port Coquitlam, are more likely to be small secondary suites and condominiums. Families with very low incomes, especially those supported by a single parent, face significant barriers in the housing market and may need additional supports through non-market housing options. 35% of all renter households with children and 47% of lone-parent families who rent are in core housing need.

Seniors

The community is aging with the population of adults between the ages of 65 and 84 growing faster than other age groups, followed by adults ages 45 to 64. Many seniors aspire to age in place, close to their families and their communities. For some, this includes in-home care supports which may be delivered through other agencies. For others looking to downsize or move into units that provide assisted living or other supports for seniors, it requires having those options in the community. Seniors on fixed income who rent face significant risks if they lose their housing. Many have been in their home for years and would be unable to pay market rents in the community. 53% of renter households led by a senior 65 or over are in core housing need. More downsizing options and supportive housing in the community would provide greater options for seniors.

🕒 People with Intellectual or Physical Disabilities

People with disabilities often face significant barriers finding appropriate housing, especially those who rent. 40% of households with at least one person with a disability are in core housing need, significantly higher than the general population. Many older units were not designed to accommodate wheelchairs and older buildings may not have elevators. Local governments can require a certain portion of units be built to adaptable housing standards and incentivize fully accessible units to increase housing choice for people with physical disabilities.

For people with intellectual disabilities or who require supports for mental health challenges, housing options with supports that are integrated in the community are needed. Local government can support this through the incentives they offer and being supportive of this type of housing as it goes through the approvals process. Partnerships with organizations that serve those with intellectual or physical disabilities are an important way to address these needs.

🕒 Indigenous Households

47% of renter households who identified as Indigenous were in core housing need. Individuals may be experiencing trauma, discrimination, extremely low incomes, and other barriers that prevent them from finding appropriate housing. Supporting the needs of Indigenous residents who are struggling with housing requires working to understand their needs and working with Indigenous partners to respond in ways that are adequate and offer cultural supports where needed.

🕒 Recent Immigrant Households

While the proportion of recent immigrants in Port Coquitlam may be lower than other communities, many of these households may struggle to find and maintain stable housing in their first few years in Canada. 49% of renter households who are recent immigrants were in core housing need. These families may require non-market housing options, housing subsidies, and/or cultural supports.

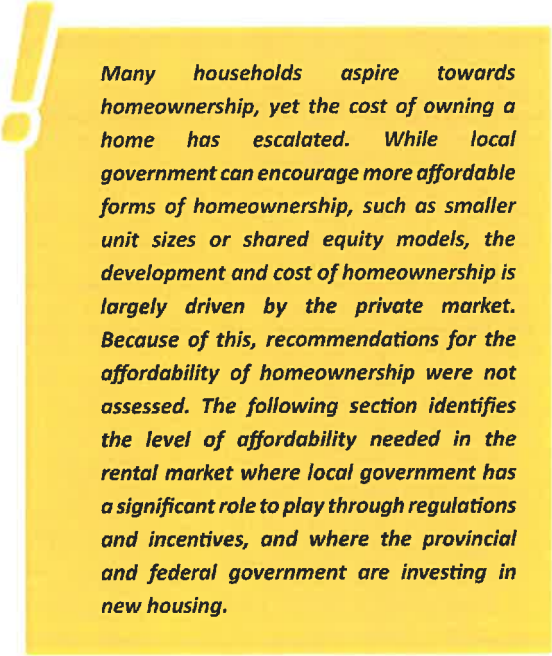
🕒 Individuals Living Alone

29% of households in Port Coquitlam are one-person households. Non-census families (predominantly individuals living alone) have far lower household incomes than other household types. In 2016, the median household income for non-census families was \$45,108, much lower than the overall median household income of \$84,096. Individual renters with low incomes face significantly higher rates of housing challenges and risks than other households and higher income earners. 28% of all one-person households were in core housing need in 2016. This number jumps when focused on renters: 47% of one-person households who rent were in core housing need. An aging population and demographic changes are leading more people to live alone. Without the support of an additional income, these households may face significant challenges as housing costs continue to increase.

TAKING ACTION ON HOUSING

Through this process, City staff and stakeholders were engaged in conversations to identify ideas for taking action on housing. This section summarizes the ways that the City can act to improve housing outcomes in the community. It is organized along the housing continuum, recognizing that adequate supports at all levels are required to offer housing choice to Port Coquitlam residents and address housing challenges. Local government can play a number of roles in supporting housing affordability and choice:

- ▶ Facilitating development through planning initiatives
- ▶ Regulating through zoning and bylaws
- ▶ Offering incentives for needed forms of housing and affordability levels
- ▶ Creating partnerships with other levels of government and the housing sector



Many households aspire towards homeownership, yet the cost of owning a home has escalated. While local government can encourage more affordable forms of homeownership, such as smaller unit sizes or shared equity models, the development and cost of homeownership is largely driven by the private market. Because of this, recommendations for the affordability of homeownership were not assessed. The following section identifies the level of affordability needed in the rental market where local government has a significant role to play through regulations and incentives, and where the provincial and federal government are investing in new housing.

The following pages outline the types of measures the City of Port Coquitlam can take to address the needs identified in this report.

Considerations for Action on Housing Needs



Homelessness

Continuum

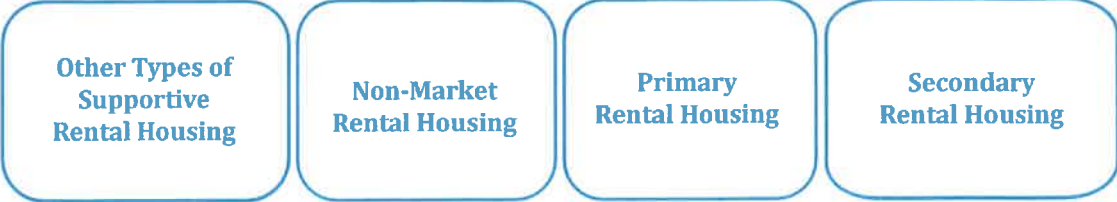
1. Explore opportunities for an additional shelter location, possibly at the Tri-Cities level, to meet unmet need. Finding the right location can be challenging, and careful consideration of how to mitigate real or perceived neighbourhood impacts would be needed.

Supportive and Special Needs Housing

Continuum

1. Review zoning regulations for how assisted living facilities are treated and consider allowing this use in single family homes. The Zoning Bylaw currently allows for community care facilities in homes, but not assisted living facilities. These latter facilities are regulated and inspected by the province and permitting them in single residential homes could help address some of the unmet need for assisted living options

Rental Housing



(e.g., Assisted Living)

(Purpose-Built Rental)

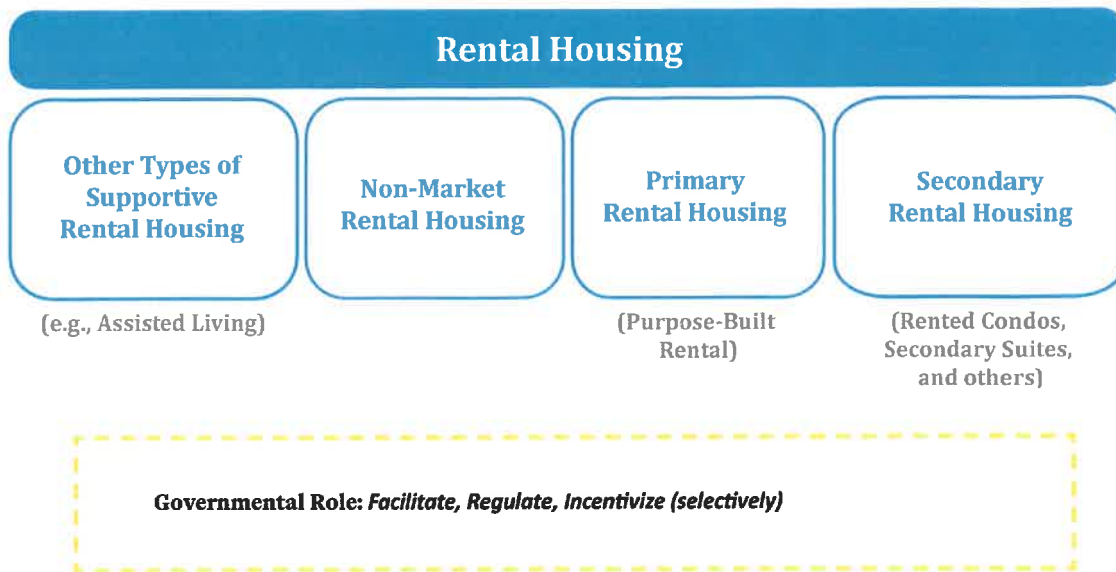
(Rented Condos, Secondary Suites, and others)

Governmental Role: Facilitate , Regulate, Incentive, Partner

Non-Market Rental Housing

Continuum

1. Review zoning regulations and incentivize development of large sites identified through the land capacity analysis.
2. Work in partnership with large institutional landowners who may look to redevelop in the future (ex. Church sites or local school district).
3. Increase family-oriented housing: consider revisiting the family-oriented dwelling minimum requirement, and review whether an increase in two and three+ bedroom units would be achievable, to help meet the need.
4. Review application processing times for efficiencies (i.e., incentivize rental/affordable housing with faster application review).



Market Rental Housing

Continuum

1. Develop a rental incentives program: reducing minimum parking requirements for rental housing, at least in transit-oriented locations, presents a major opportunity, especially as regional studies have shown that renters have lower car ownership rates than owners. In the context of a community where density allowances are not often maximized, and parking often drives the ultimate density of development, reviewing parking requirements could provide a real incentive.
2. Strengthening the policy that looks for a mix of tenures in the Frequent Transit Development land use designation, to require a particular percent of secured rental tenure in these areas. Rental tenure zoning could then be used through the redevelopment and rezoning process.
3. Increase family-oriented housing: Consider revisiting the family-oriented dwelling minimum requirement, and review whether an increase in two and three+ bedroom units would be achievable, to help meet the need.
4. Review and update density bonusing and inclusionary zoning policies.
5. Explore opportunities for pre-zoning parcels for higher density.
6. Review application processing times for efficiencies (i.e., incentivize rental/affordable housing with faster application review).
7. Consider mandating secondary suites (specifically two-bedroom suites) in all new single-family dwellings.
8. Consider incentivizing secondary rental by waiving utility fees if secondary suite is rented.
9. Consider inclusion of and incentivizing lock-off suites in townhouses.
10. Consider allowing secondary suites in duplexes.

Homeownership



(and other types of ownership)

Governmental Role: Facilitate , Regulate

Ownership

Continuum

1. Increase family-oriented housing:
 - 1.1 Consider revisiting the family-oriented dwelling minimum requirement and reviewing whether an increase in two- and three or more- bedroom units would be achievable to help meet the need.
 - 1.2. Consider expanding areas designated for townhouse (currently only approximately 5% of the land base).
 - 1.3 Explore permitting tri- and quadplexes in appropriate locations.
 - 1.4 Explore allowing for rowhouses in more areas, including outside of the Apartment land use designation, such as in an infill form in the Small Lot Residential land use designation or on shallow Townhouse-designated lands
2. Review and update density bonusing and inclusionary zoning policies.
3. Explore opportunities for pre-zoning parcels for higher density. Review application processing times for efficiencies (i.e., incentivize rental/affordable housing with faster application review).
4. Update Subdivision Servicing and DCC bylaws.
5. Incentivize development to private owners with land capacity, including working with owners to develop new Comprehensive Development (CD) zones. CD zones are “one of a kind” zones, typically large sites with multiple uses. The development of a CD zone is an opportunity to consider different types of housing options that may not fit within a regular zone.
6. Review small residential lot zoning for further efficiencies (i.e., allowing lots smaller in size).
7. Consider fee simple rowhouse design in single family dwelling areas.

2022 Q4 Financial Variance Report

RECOMMENDATION:

None.

REPORT SUMMARY

This report provides financial information regarding the City's operating activities to the end of 2022 and compares actual results to the 2022 amended budget and the Q3 forecast.

The year-end ongoing operating results include a positive revenue variance of \$1,573,000 from budget to actual and a positive expense variance of \$24,000 from budget to actual. The year-end net result of operating revenues after expenses is \$23,877,000 which is \$1,597,000 more than budget. At Q3, the forecasted net result was \$24,204,000 in operating revenues after expenses or \$1,924,000 greater than budgeted.

BACKGROUND

In order to provide Committee of Council an overview of the ongoing financial activities of the City, staff measure budget to actual revenue and expense performance while also forecasting expected annual operating results. This activity helps provide staff and Committee of Council appropriate oversight of the approved financial plan throughout a given time period.

The issues surrounding COVID-19 that have been prominent around the world since early 2020 had significantly less impact on the City's financial situation in 2022 as most public health measures have been lifted and activities largely returned to normal. There were some effects on the Recreation Department's revenues and expenses as staffing difficulties delayed the full activation of programs and services at the Port Coquitlam Community Centre during the first year of operation as well as the recovery to pre-pandemic service levels throughout the Recreation Department.

DISCUSSION

For 2022, budgeted operating revenues, less expenditures, were expected to generate \$22,280,000 in funds for transferring to reserve accounts and to repay long term debt principle. At year-end, there was a decrease in recreation sale of service revenue, offset by higher investment income due to increasing rates of return in 2022, higher penalty and fines collections and utility charges.

There were favourable budget to expenses reported in Recreation, Finance, Development Services and Police departments partially offset by higher than anticipated costs in the Engineering and Public Works.

2022 Q4 Financial Variance Report

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Operating Revenues	\$119,223,900	\$120,796,804	\$1,572,904	1.32%	\$120,717,836	1.25%
Operating Expenses	\$96,944,100	\$96,919,634	\$24,466	0.03%	\$96,513,653	0.44%
Surplus / (Deficit)	\$22,279,800	\$23,877,170	\$1,597,370	7.17%	\$24,204,183	8.64%

Revenues by Source

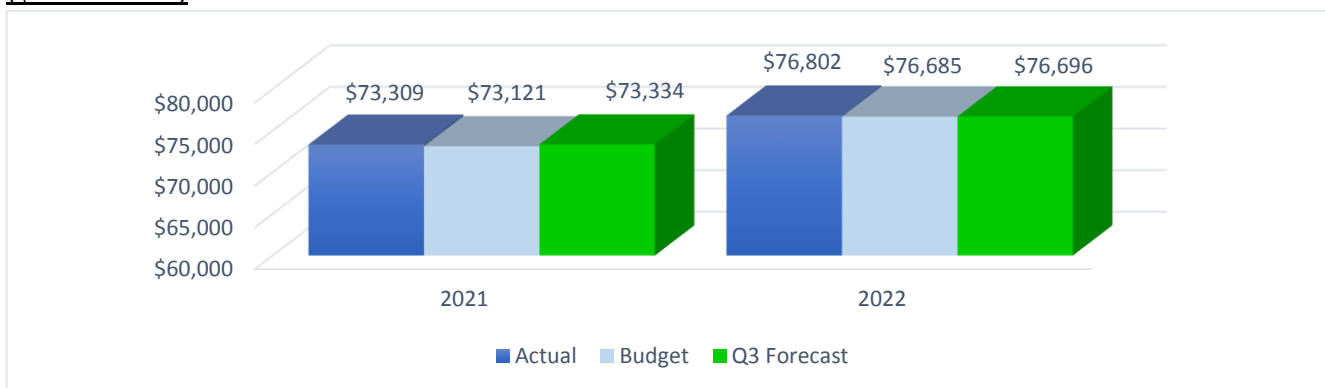
Total operating revenues for 2022 are \$120,797,000 and result in a \$1,573,000 or a 1.32% favourable variance from budget. Despite Recreation sale of services revenue being lower than budget, increased rates of return on the City's investments partially offset the decline. Penalties and fines revenue were greater than planned as Bylaw Services enforcement has been very strong throughout 2022. Higher than anticipated government grants and utility charges also contributed to the positive revenue variance.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show the both the 2021 and 2022 budgets, actuals and Q3 forecasts.

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Taxation and Other Levies	\$76,685,380	\$76,801,883	\$116,503	0.15%	\$76,695,834	0.01%
Utility Charges	26,043,000	27,517,583	1,474,583	5.66%	27,138,668	4.21%
Sale of Services	7,929,450	6,905,378	(1,024,072)	(12.91%)	7,069,157	(10.85%)
Contributions	2,057,100	2,357,333	300,233	14.59%	2,183,901	6.16%
Permits and Licenses	3,011,070	2,822,119	(188,951)	(6.28%)	3,132,876	4.05%
Investment Income	2,435,537	2,856,676	421,139	17.29%	2,999,130	23.14%
Penalties and Fines	494,000	898,871	404,871	81.96%	885,590	79.27%
Other Revenue	568,363	636,961	68,598	12.07%	612,680	7.80%
Total Operating Revenue	\$119,223,900	\$120,796,804	\$1,572,904	1.32%	\$120,717,836	1.25%

Taxation and Other Levies

(\$Thousands)

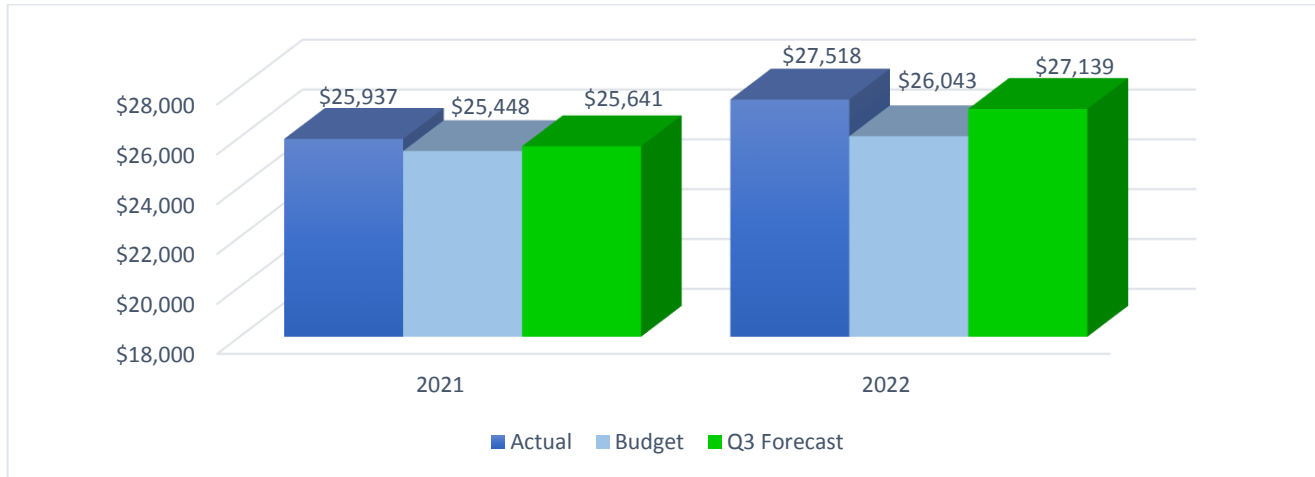


2022 Q4 Financial Variance Report

No significant variances.

Utility Charges

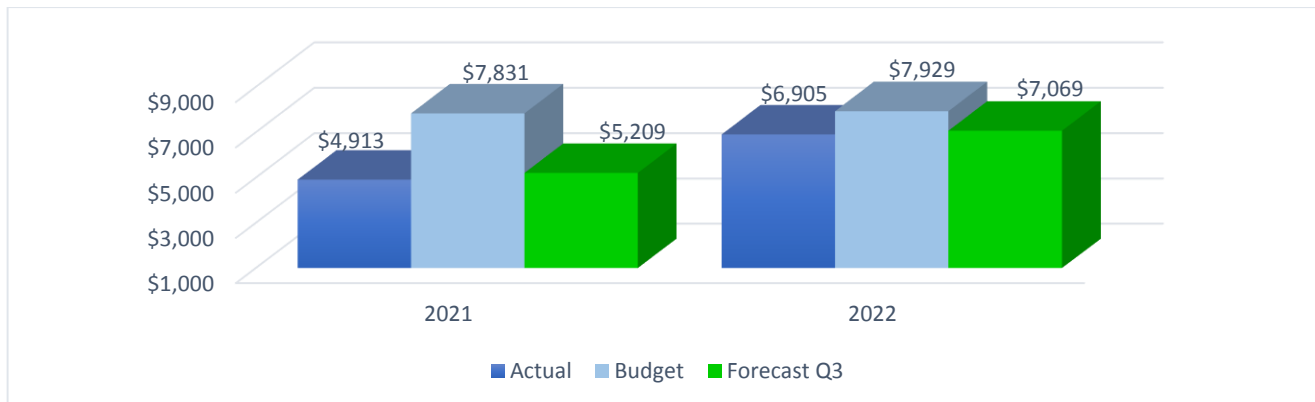
(\$Thousands)



Due to the addition of a significant commercial water and sewer customer, higher than anticipated water and sewer consumption has produced a \$1,475,000 positive variance in utility charges. This variance is partially offset with increased water and sewer expenses.

Sale of Services

(\$Thousands)

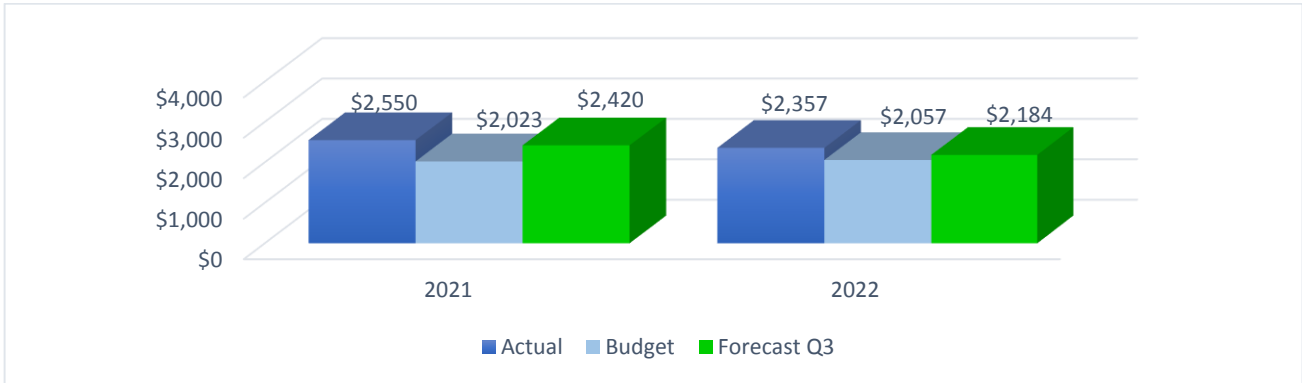


The unfavourable variance is primarily due to the Recreation Department continuing to experience reduced programming and admissions as operations recover from the COVID-19 pandemic. The department is expanding programs at the Port Coquitlam Community Centre and through 2022 has

2022 Q4 Financial Variance Report

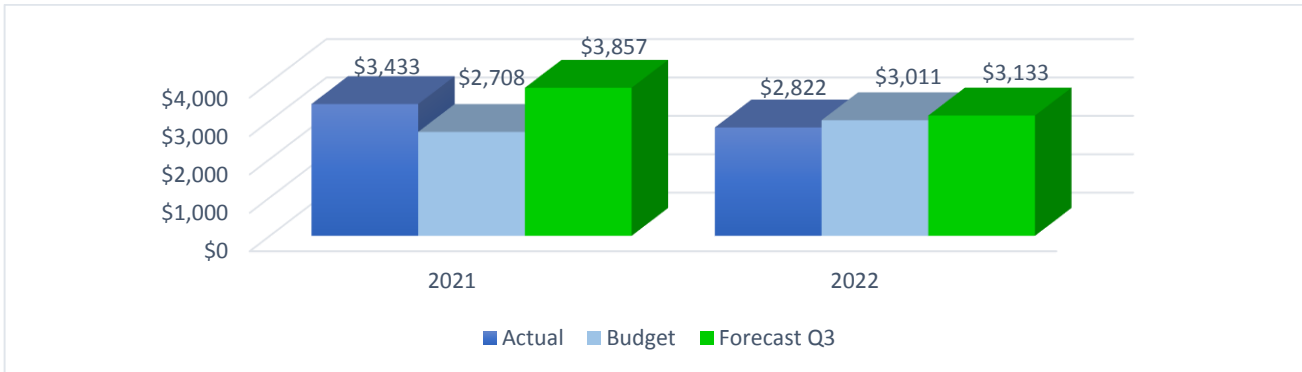
been gradually returning to pre-pandemic service levels. The 2022 Recreation sale of service revenue budget is \$5,126,000 and actual revenue for 2022 is \$4,147,000.

Contributions (\$Thousands)



Government grants were higher than budget as a result of the \$245,000 Local Government Climate Action Plan grant replacing the discontinued \$64,000 Climate Action Incentive Program grant.

Permits and Licenses (\$Thousands)

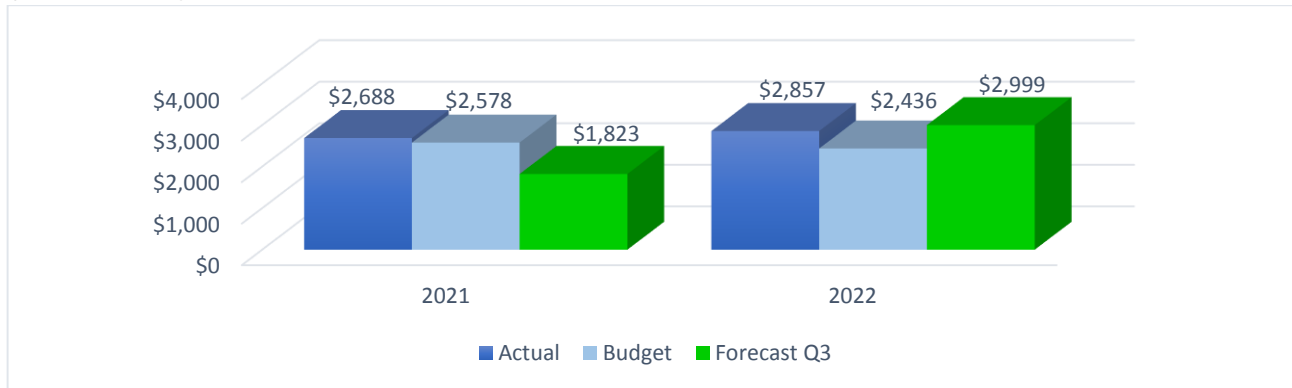


In 2022, there was \$340,000 less than anticipated building and plumbing permit activity, offset by an \$107,000 positive variance in business licenses.

2022 Q4 Financial Variance Report

Investment Income

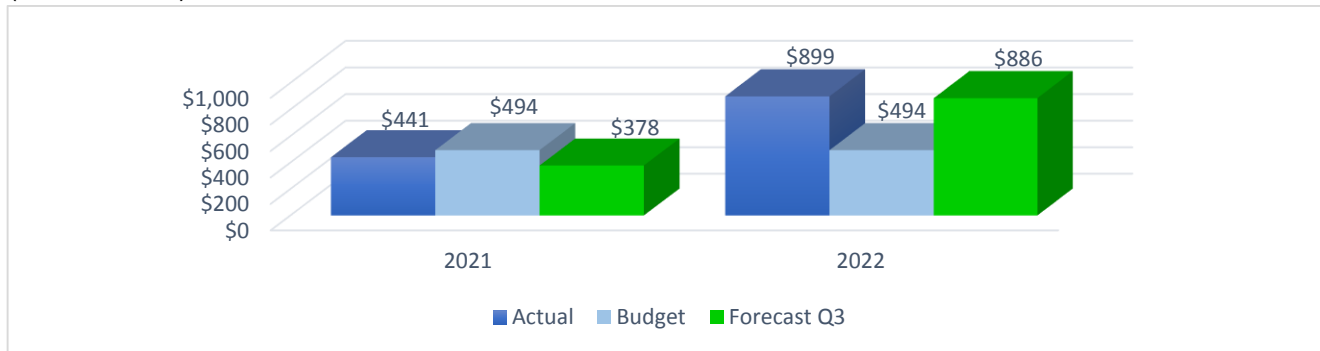
(\$Thousands)



The favourable variance results from the increase in rates of return on the City’s investments as the Bank of Canada continued to raise interest rates in 2022. A higher investment rate of return also increases interest allocated to reserve and DCC funds. Interest rates are expected to stabilize and return to lower levels in late-2023.

Penalties and Fines

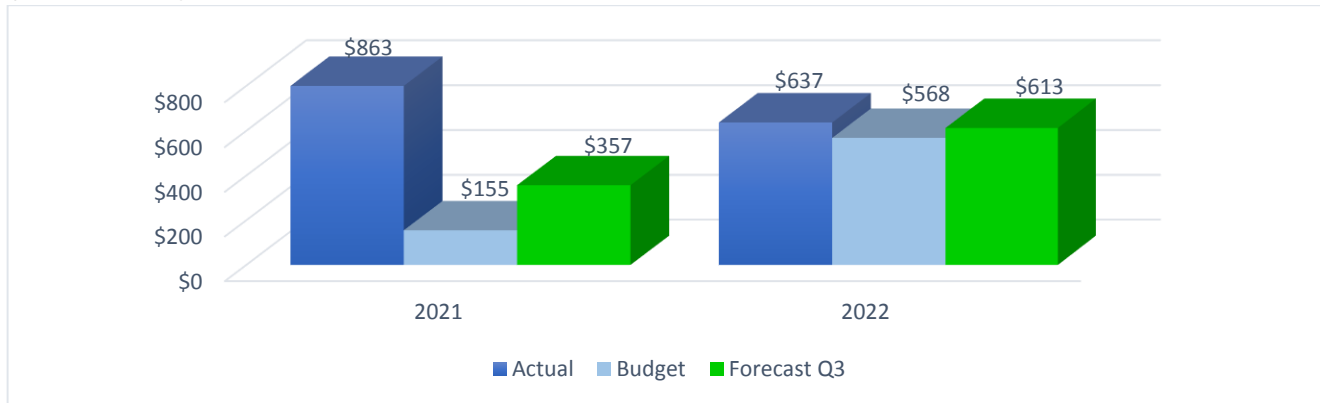
(\$Thousands)



Bylaw Services revenue was strong throughout 2022 due to increased enforcement and efforts to ensure payment of fines. This accounts for a \$217,000 positive variance to budget. Additionally, a \$159,000 positive variance resulted from the Revenue Services Division collecting several large late payment penalties for property taxes and utilities.

2022 Q4 Financial Variance Report

Other Revenue (\$Thousands)



No significant variances.

Expenses by Function

Overall, operating expenses are forecasted to be \$24,000 less than budget for the year. The primary drivers of the favourable variance are lower than expected RCMP contract costs for 2022, positive budget to actual expense results in the Finance, and Development Services departments. Common Services, Sewer and Solid Waste also have positive variances. The expense reductions are partially offset by higher than budgeted costs in the Engineering and Public Works Department, Fire Department and Water Operations.

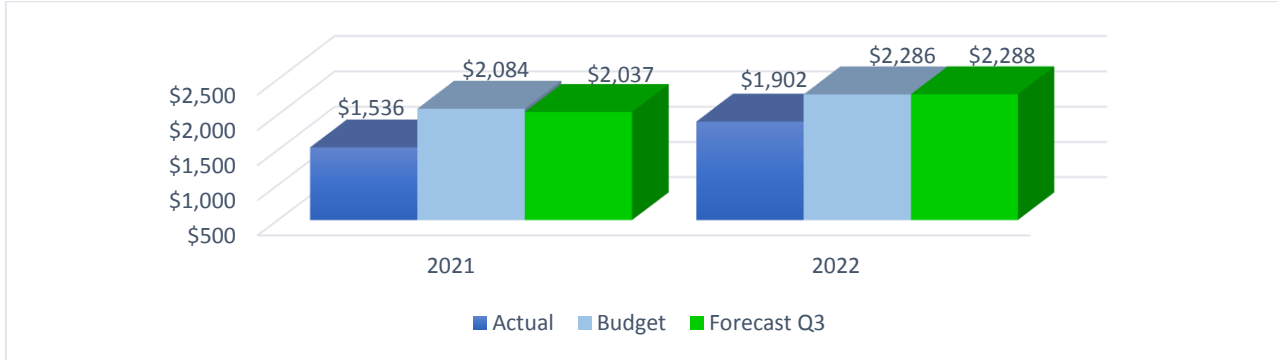
Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show the both the 2021 and 2022 budgets, actuals and Q3 forecasts.

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Common Services	\$2,286,300	\$1,902,060	\$384,240	16.81%	\$2,288,367	(0.09%)
Office of the CAO	326,000	389,650	(63,650)	(19.52%)	359,100	(10.15%)
Corporate Support	4,853,000	4,751,640	101,360	2.09%	4,704,386	3.06%
Finance	2,468,400	2,292,749	175,651	7.12%	2,241,913	9.18%
Human Resources	1,215,300	1,205,780	9,520	0.78%	1,216,070	(0.06%)
Engineering & Public Works	10,670,900	11,120,538	(449,638)	(4.21%)	11,418,880	(7.01%)
Recreation	16,903,600	16,902,433	1,167	0.01%	16,437,495	2.76%
Police Services	17,340,000	16,784,140	555,860	3.21%	16,696,900	3.71%
Fire & Emergency Services	13,934,300	14,290,085	(355,785)	(2.55%)	13,699,465	1.69%
Development Services	3,943,700	3,628,970	314,730	7.98%	3,605,928	8.56%
Solid Waste Operations	4,532,000	4,363,016	168,984	3.73%	4,466,670	1.44%
Water Operations	10,279,000	11,334,493	(1,055,493)	(10.27%)	11,055,679	(7.56%)
Sanitary Sewer Operations	8,191,600	7,954,080	237,520	2.90%	8,322,800	(1.60%)
Total Operating Expenses	\$96,944,100	\$96,919,634	\$24,466	0.03%	\$96,513,653	0.44%

2022 Q4 Financial Variance Report

Common Services

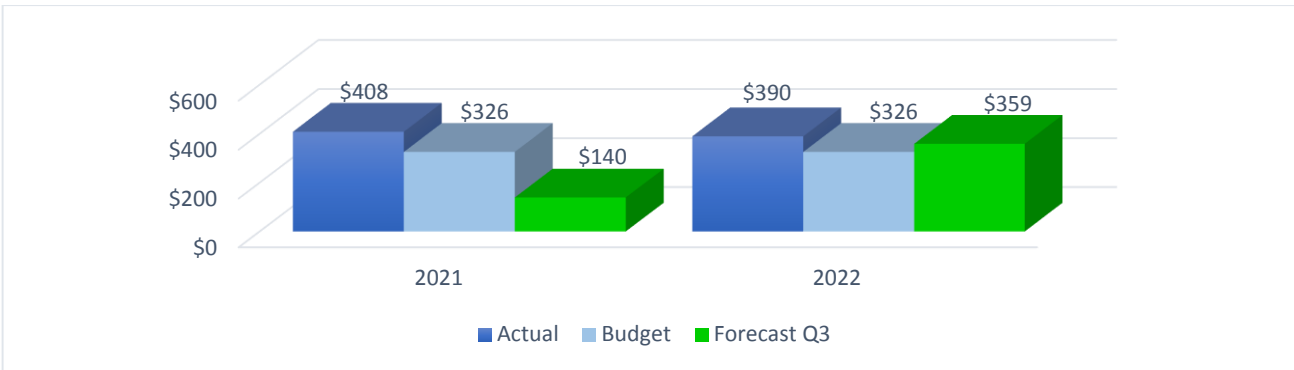
(\$Thousands)



The favourable variance of \$384,000 is largely due to reduced debt servicing costs in 2022 due to better than anticipated MFA investment performance. The City carries long term debt for the Coast Meridian Overpass and the Port Coquitlam Community Centre. The reduced total debt interest costs were \$349,000.

Office of the CAO

(\$Thousands)

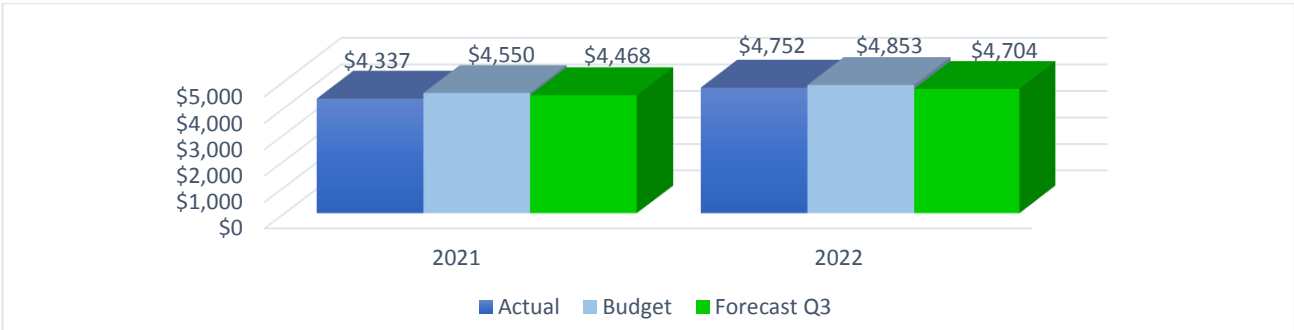


The \$64,000 unfavorable variance is due to the addition of a dedicated Deputy CAO position.

2022 Q4 Financial Variance Report

Community Safety & Corporate Support

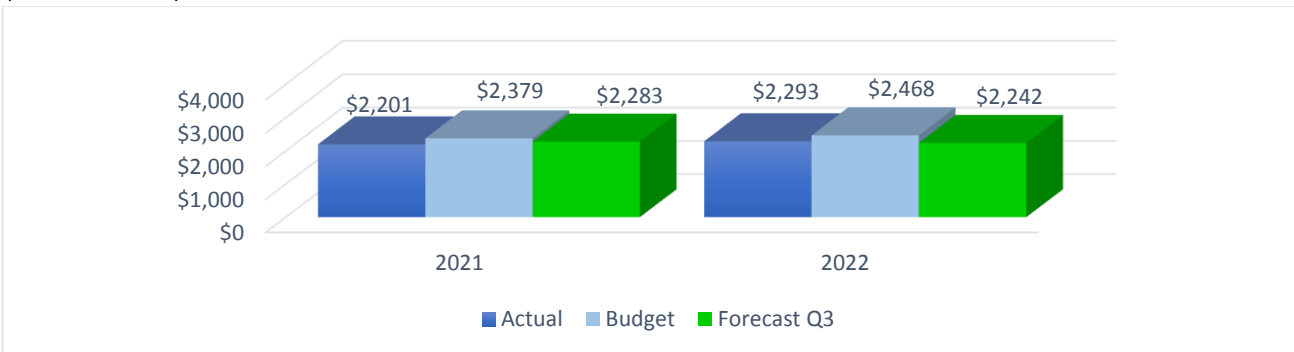
(\$Thousands)



No significant variances.

Finance

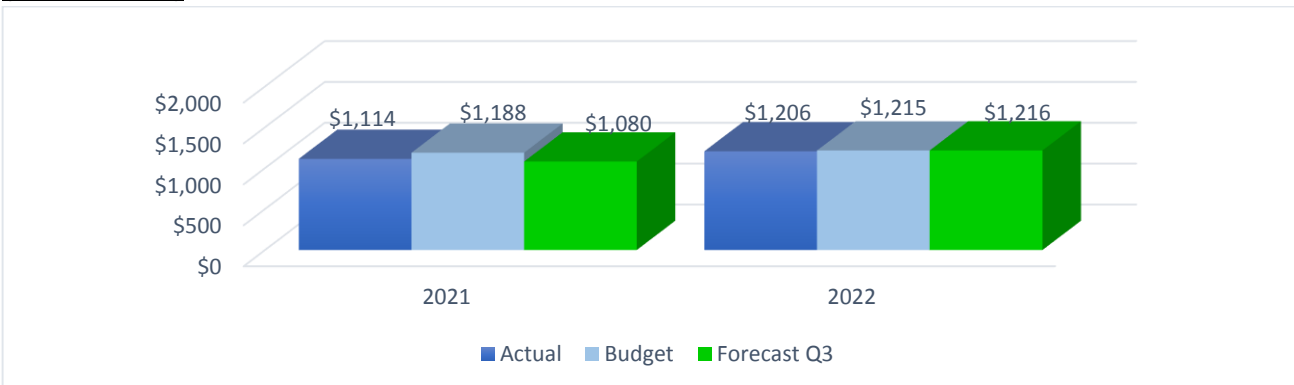
(\$Thousands)



The Finance department experienced several staffing vacancies leading to a favorable variance of \$176,000. The Department has now filled key positions throughout the department.

Human Resources

(\$Thousands)

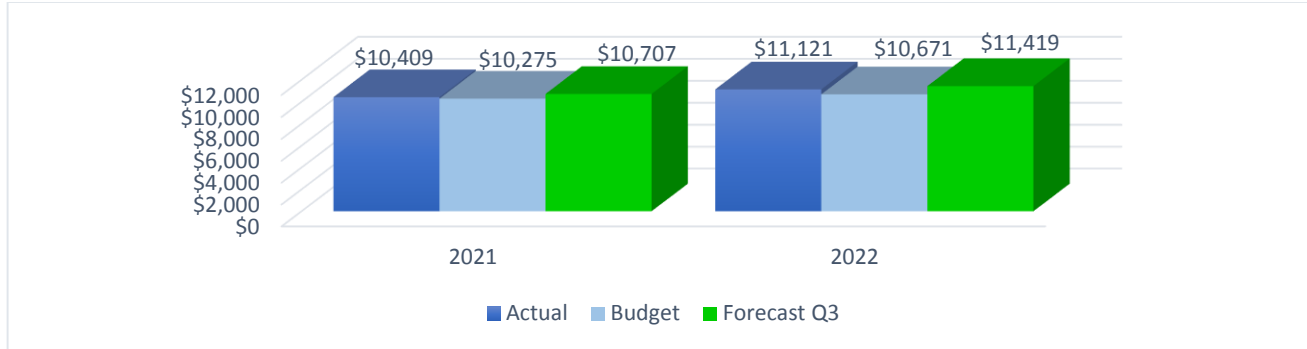


2022 Q4 Financial Variance Report

No significant variances.

Engineering and Public Works

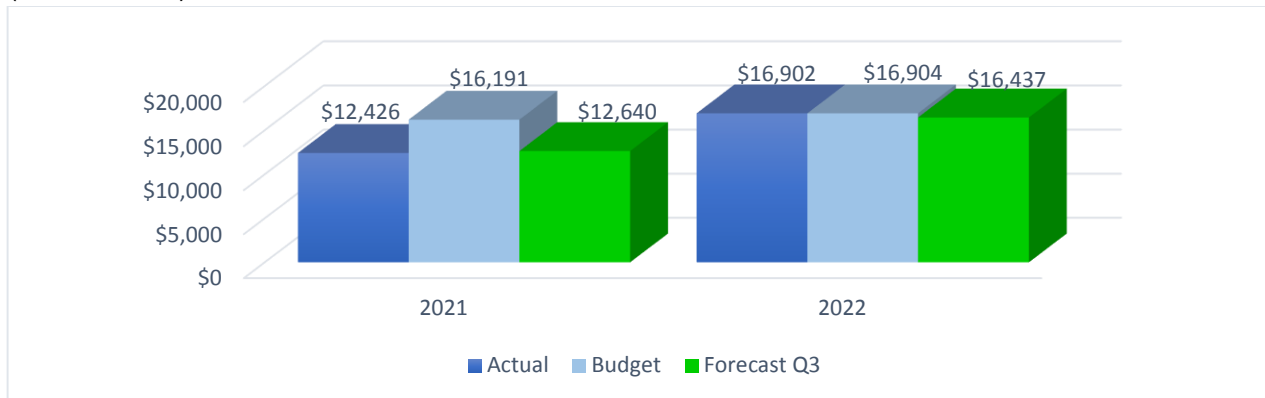
(\$Thousands)



The unfavourable variance is due to inflationary pressures on services and supplies and several other factors. Parks actuals were greater than budget due to increased parks maintenance, cleaning related to usage and a longer 2022 summer weather season (\$58,000), additional and enhanced holiday decorations in the community (\$64,000), and activities such as tree pruning, gardening work and sports field maintenance (\$55,000). Additionally, streets maintenance such as snow removal, salting, sanding and pot hole repairs were \$467,000 higher than budget. This was partially offset by fewer costs for private jobs than expected of \$202,000.

Recreation

(\$Thousands)

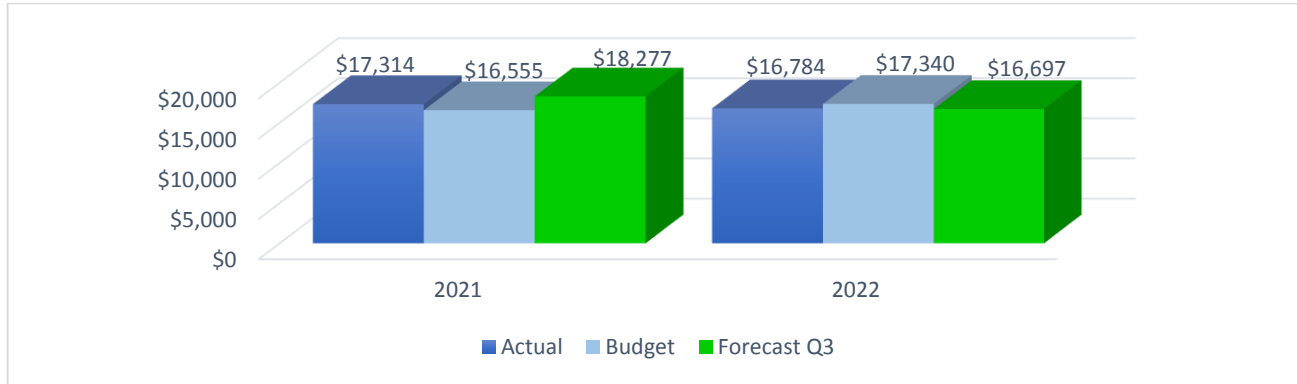


No significant variances.

2022 Q4 Financial Variance Report

Police Services

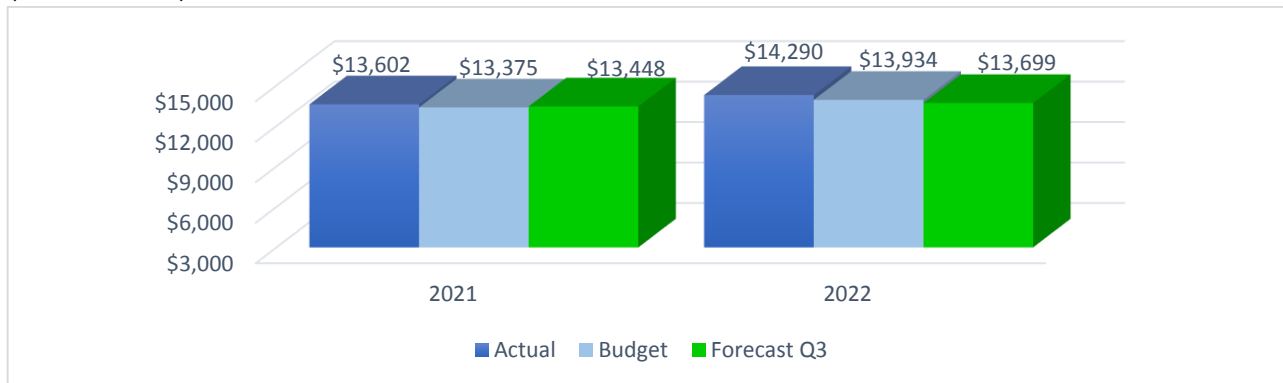
(\$Thousands)



RCMP contract costs for 2022 are \$556,000 less than budgeted. This is due to a decrease in the cost share percentage (31.8% budgeted and 30.2% actual) and higher than anticipated vacancies within the detachment.

Fire & Emergency Services

(\$Thousands)

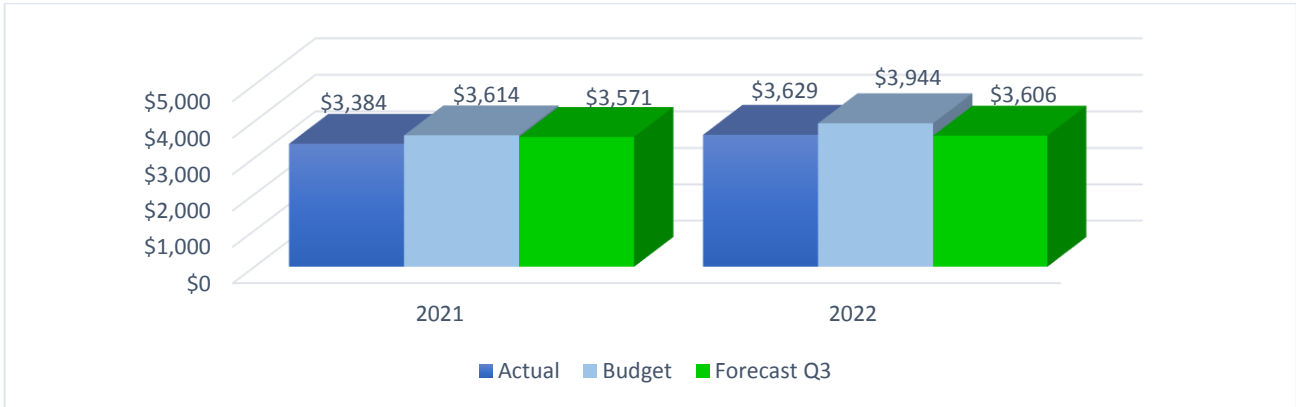


Fire & Emergency services experienced an unfavorable variance in 2022 due to the addition of Employment Standards additional 5 employer paid sick days (\$110,000), additional accrual of expected costs related to the 2022 portion of the expected collective agreement (\$116,000) and additional statutory holidays unforeseen in 2022 (\$107,000) for IAFF members.

2022 Q4 Financial Variance Report

Development Services

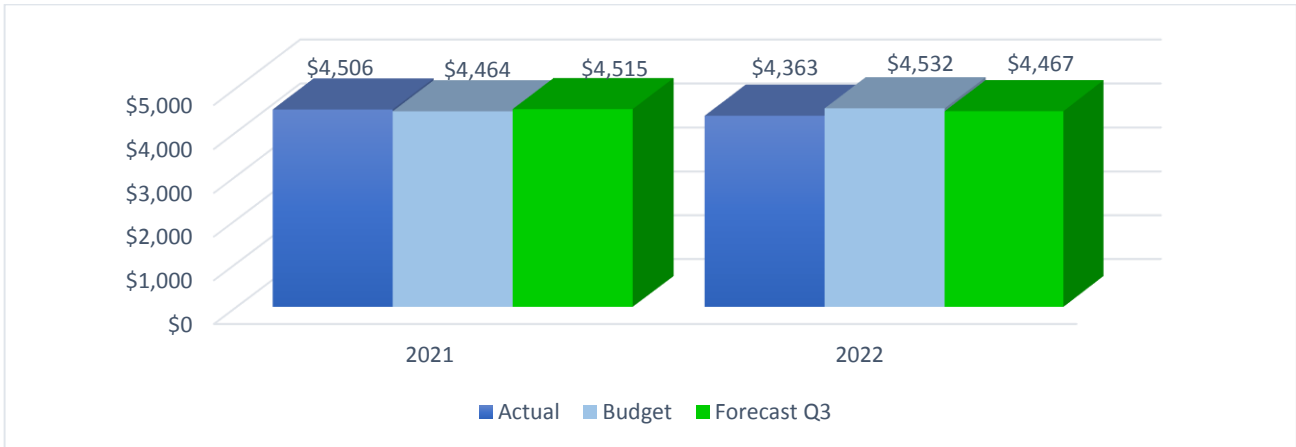
(\$Thousands)



The Development Services department experienced several staffing vacancies leading to a favorable variance of \$315,000. The Department has now filled several key positions throughout the department and is in active recruitment for the remaining.

Solid Waste Operations

(\$Thousands)

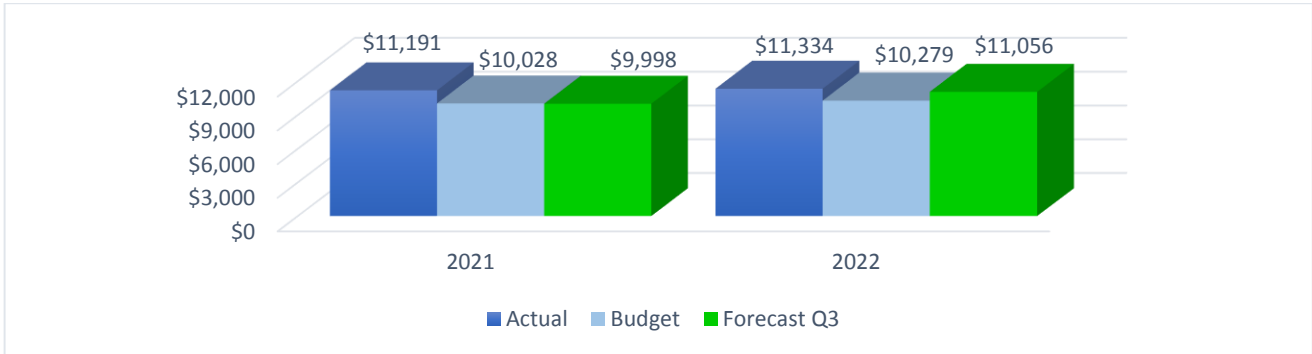


No significant variances.

2022 Q4 Financial Variance Report

Water Operations

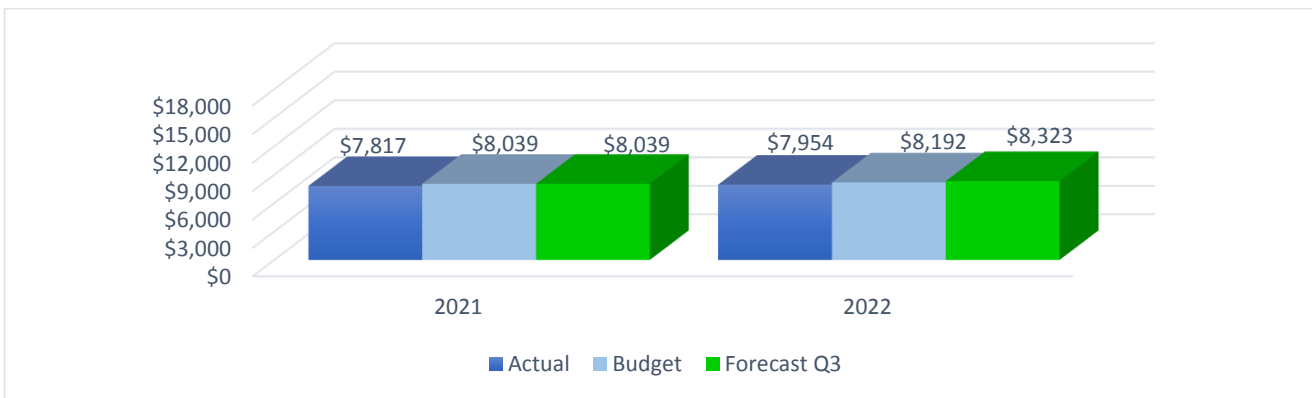
(\$Thousands)



The expected \$1,055,000 unfavorable variance to budget is due to a larger than expected volume of service and repair requests, repairs to water meters and greater than anticipated water usage due to several summer heat waves and the addition of a significant commercial water customer. This additional usage is offset by increase water revenue.

Sewer Operations

(\$Thousands)



No significant variances.

ONE TIME VARIANCE ANALYSIS

The 2022 one-time operating variance summary (attachment 1) details the 2022 actual one-time project expenses compared to the 2022 budgeted amounts. Several projects were completed in 2022, including the Fraud Risk Assessment, the Corporate Office Microfilm Record Digitization, and the Affordable Housing Grants for 2841 Welcher and 2471 Gately. A number of additional projects are in progress as of the date of this report, including the Asset Management Program, the Land and Development Facilitator Contract, the Climate Change Adaptation Strategy, the Master Transportation Plan, the Skytrain Feasibility Study, the Integrated Stormwater Management Plan, and the Development Costs Charges and Subdivision Bylaw Reviews.

The 2022, one-time operating costs compared to budget resulted in a positive variance of \$801,000 which is due to a number of projects still ongoing at the end of 2022. Where projects will continue into 2023, the remaining budget will be carried forward. Projects completed in 2022 will have any remaining budget released.

INVESTMENTS

At December 31, 2022 the City had \$186,284,000 in both short and long-term investments which is an increase from \$180,415,000 in 2021. The City's funds are invested in short-term cash equivalents, GICs and term deposits with chartered Canadian banks, credit unions, and the Municipal Finance Authority. These investments carry rates of return ranging from 1.20% to 5.85%. In 2022, the City's average return on investment was 3.04%, up from 1.43% in 2021 which has significantly increased the City's investment income and interest allocated to reserves.

This increase is due to several factors. In response to cash flow concerns early in the COVID-19 pandemic and the Bank of Canada reducing interest rates, the City kept significantly more funds than normal in short-term, cashable investments in 2020 which offer lower rates of return. Through 2021 and 2022 the City has gradually shifted back to longer term investments such as term deposits and GICs in order to maximize rates of return. In 2022, in response to increases in the inflation rate, the Bank of Canada increased the overnight lending rate from 0.25% to 4.25%. Banks and credit unions increase their prime rates along with the Bank of Canada which enabled staff to invest City funds at higher rates of return. To ensure that cash is available for operations, staff align the maturity of investments in order to coincide with large payments and periods of lower cash flow during the year.

2022 CAPITAL PLAN

The 2022 capital projects are presented within three main categories. Neighbourhood rehabilitation (NR) is intended to replace or renew existing civil infrastructure including roads, water, sewer, storm, pump stations, bridges, and all required appurtenances. Other rehabilitation is for all other capital renewal and replacement such as facilities, parks, recreation (including the Port Coquitlam

2022 Q4 Financial Variance Report

Community Centre) and software. The final category is for entirely new assets. This table shows the capital budgets, forecasts and variances at December 31, 2022 for projects completed in 2022 and still in progress in 2023.

Category	2022 Budget	2022 Forecast	Variance	Variance as % of Budget
Neighbourhood Rehabilitation	29,306,006	31,077,640	(1,771,634)	(6.05%)
Other Rehabilitation	143,793,474	141,072,038	2,721,435	1.89%
New	28,214,956	29,492,417	(1,277,460)	(4.53%)
	201,314,436	201,642,095	(327,659)	(0.16%)

Despite conditions and escalated pricing from post-pandemic market issues, staff are pleased to report that the majority of the program is being substantially delivered, with a negligible overall variance of 0.16%. Staff will continue to monitor both current and planned projects to adjust rates for future program budgeting to account for inflated pricing that is expected to remain after the supply chain issues have levelled out.

Neighbourhood Rehabilitation

Road and Utilities

Due to budgetary constraints, the 2022 Neighbourhood Rehabilitation – Road and Utilities Program was rescoped and awarded with the following adjustments:

- Additional sidewalk and street lighting on Central Avenue deferred. Complete all utilities and road works, including new curb and gutter in the appropriate location;
- Maple Street paving deferred to align with the replacement of the McAllister Avenue Pedestrian bridge; and
- Shaughnessy Street (Marpole Avenue to Welcher Avenue): all utilities complete, paving to be progressed in conjunction with expected development in the area over the next two years.

The following lists the 2022 Neighbourhood Rehabilitation – Road and Utilities project locations and provides a status update of the work:

Central Avenue (Shaughnessy Street to Tyner Street)	<ul style="list-style-type: none"> • Road Rehabilitation; • Curb and Gutter installation; • Storm main upgrade; • Watermain upgrade; and • Sanitary main upgrade. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Shaughnessy Street (Marpole Avenue to Welcher Avenue)	<ul style="list-style-type: none"> • Pavement patching; • Sidewalk installation; • Drainage; and 	Substantial completion Q4 2022

2022 Q4 Financial Variance Report

	<ul style="list-style-type: none"> • Streetlights installations. 	
Shaughnessy Street (Pitt River Road to Stafford Avenue)	<ul style="list-style-type: none"> • Road rehabilitation; • Watermain upgrade; • RRFB installation; and • Streetlights installations. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Maple Street (McAllister Avenue to Wilson Avenue)	<ul style="list-style-type: none"> • Sidewalk installation; • Drainage installation; • Curb bulge; and • Streetlights installation. 	Substantial completion Q4 2022
Lane north of Prairie (Oxford St to Wellington Street)	<ul style="list-style-type: none"> • Road rehabilitation; and • Drainage. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Lane west of Jarvis Street (north property #3176 to south property #3160)	<ul style="list-style-type: none"> • Road rehabilitation. 	Complete.

Major Facilities

The following lists the 2022 Neighbourhood Rehabilitation – Major Facilities projects which were scheduled for construction in 2022 and provides a status update of the work:

Burns Road Culvert Replacement	Substantially completed Q4 2022 with top lift paving Q2 2023
Coquitlam River Sanitary Siphon	Design 90%. Tender in Q2 2023
Mary Hill Sanitary Pump Station Replacement	Complete.
Trenton Water PRV Replacement	Complete.

As seen from the above cost table, the program is forecasted to be completed with an approximately 6% negative variance due to market conditions and construction factors.

Other Rehabilitation

Port Coquitlam Community Centre

The largest portion of the Other Rehabilitation category is the Port Coquitlam Community Centre, at approximately \$132 million. This project has reached substantial completion with only minor outstanding items remaining. As previously reported, this project is expected to be on budget with final close-out expected in Q4 of 2023.

2022 Q4 Financial Variance Report

Fleet Replacement Program

Staff continue to experience significant delays in procurement and delivery from post-pandemic vehicle/equipment supply issues, however staff are pleased to report that the majority of all vehicles delivered to the City in 2022 have been less than budgeted, contributing to the positive variance in the Other Rehabilitation category. Staff will continue to monitor both current and planned equipment purchases to ensure future equipment budgeting to account for any changes in market prices.

Other

The majority of other remaining projects are expected to be on or below budget, including the completion of the LED Streetlight Conversion program and repairs to the Public Safety Building.

New

This category is for brand new assets (not replacements or renewals). A number of programs were completed on or under budget within this category, contributing to the overall, favourable variance of 4.5%. Some highlights include completion of the McAllister Avenue improvements, transit shelters, streetlight expansion, sidewalk and pedestrian safety improvements and traffic calming.

FINANCIAL IMPLICATIONS

The overall operating result for 2022 is a \$23,877,000 surplus which is \$1,597,000 greater than budget. The \$466,000 surplus in Police Services will be transferred to the RCMP reserve and used as a contingency to fund possible future increased costs arising from RCMP contracted services. The remaining \$1,131,000 surplus will be allocated based on the Annual Operating Surplus Policy.

Lead author(s): Matthew Mydske

Contributing Author: Jason Daviduk

Attachment 1 - 2022 One-time Operating Variance Summary

One-Time Operating Variance Report 2022 Q4

Department	Project	2022 Budget	2022 Actual Expenses	Variance from Budget	Status
Community Safety & Corporate Support	Tri-Cities Homelessness & Housing Task Group	4,150.00	4,150.00	0.00	Complete in 2022
	Non-Capital Project - City Land Election	0.00	36,564.77	(36,564.77)	Complete in 2022
	Non-Capital Project - Corporate Office Microfilm Scanning	158,901.70	141,024.46	17,877.24	Complete in 2022
	Non-Recurring Community Police Services Vinyl Wrap Program	23,088.37	2,457.95	20,630.42	Carry over to 2023
	Inaugural Council Meeting	0.00	(7,500.00)	7,500.00	Complete in 2022
	Fiber Optic CMO Repair	11,098.30	11,098.30	0.00	Complete in 2022
	Non-Recurring - Property Encroachment/Survey	12,189.58	12,193.65	(4.07)	Complete in 2022
		0.00	23,606.02	(23,606.02)	Carry over to 2023
Development Services	DS Projects - OCP Update	34,380.75	0.00	34,380.75	Carry over to 2023
	Non-Capital Project - North Side Development	50,000.00	0.00	50,000.00	Carry over to 2023
	Non-Capital Project - Land and Development Facilitator Contract	268,895.75	36,791.25	232,104.50	Carry over to 2023
	Non-Capital Project - Underground Utilities in Greater Downtown	50,000.00	0.00	50,000.00	Carry over to 2023
	Non-Capital Project - Downtown Wayfinding Strategy and Implementation	8,249.23	0.00	8,249.23	Carry over to 2023
	Non-Capital Project - Microfilm Record Digitization	0.00	29,565.59	(29,565.59)	Complete 2022
	Non-Capital Project - Coquitlam River Watershed Roundtable	15,000.00	15,000.00	0.00	Complete 2022
	Non-Capital Project - Skytrain Feasibility Study	75,000.00	0.00	75,000.00	Carry over to 2023
	Non-Capital Project - Housing Needs Assessment	0.00	(38,064.60)	38,064.60	Carry over to 2023
	Non Capital Project - Metro Vancouver 2841 Welcher Ave Housing Project Grant	63,000.00	63,000.00	0.00	Complete in 2022
	Non Capital Project - Affordable Housing Societies 2471 Gately Ave Housing Project Grant	300,000.00	300,000.00	0.00	Complete in 2022
Engineering & Public Works	Development Engineering - Subdivision Bylaw	85,000.00	0.00	85,000.00	Carry over to 2023
	Development Engineering - DCC Bylaw	99,376.25	38,539.58	60,836.67	Carry over to 2023
	Non-Capital Project - Asset Management - General	32,961.03	(31,367.20)	64,328.23	Carry over to 2023
	Non-Capital Project - Master Transportation Plan	91,348.65	62,275.78	29,072.87	Carry over to 2023
	Non-Capital Project - Climate Change Adaptation Strategy	90,415.00	100,695.99	(10,280.99)	Carry over to 2023
	Non-Capital Project - Integrated Stormwater Management Plan	183,273.77	68,479.85	114,793.92	Carry over to 2023
	Non-Capital Project - Fremont Connector Preliminary Study	0.00	(86,507.70)	86,507.70	Complete in 2022
	Non-Capital Project - Citadel Heights Water Pump Station Assessment	6,715.50	6,715.50	0.00	Complete in 2022
	Non-Capital Project - Coast Meridian Overpass – Detailed Inspection	5,522.00	5,522.00	0.00	Complete in 2022
	Public Works 2020 Covid-19 Response	0.00	2,831.58	(2,831.58)	Complete in 2022
	Non-Recurring - Property Encroachment 2020	0.00	5,037.41	(5,037.41)	Complete in 2022
	Non-Recurring Rain Storm-Flooding	0.00	931.76	(931.76)	Complete in 2022 - Expected funding from EMBC
	Cemetery - One-Time Projects (Chafer Beetle Control)	17,957.72	5,988.20	11,969.52	Carry over to 2023 - Ongoing treatment required
	Jan 2022 Atmospheric River	0.00	47,216.58	(47,216.58)	Complete in 2022 - Expected funding from EMBC
	Multi-Factor Authentication Project	0.00	(105.00)	105.00	Complete in 2022
	Finance	Non-Capital Project - Fraud Risk Assessments	50,000.00	30,000.00	20,000.00
Non-Recurring Fire 2245 Wilson Avenue		0.00	2,469.25	(2,469.25)	Complete in 2022 - Expected funding from EMBC
2021 Emergency Operations Centres		0.00	8,792.19	(8,792.19)	Complete in 2022 - Expected funding from EMBC
2022 UBCM ESS Grant		0.00	(10,536.83)	10,536.83	Carry over to 2023
Recreation	Community Programs - Active Living - Grand Pri	72,056.98	760.01	71,296.97	Complete in 2022 - Event cancelled - Funding reallocated to kids bike race event at May Day Celebration
	Community Programs - Arts and Culture - PoCo Sports Hall of Fame	15,231.48	0.00	15,231.48	Carry over to 2023 - For Inspiring Local Champions exhibit
	Organizational Support - Festival Development	32,078.53	962.18	31,116.35	Carry over to 2023 - First phase of toolkit expected in 2022
	Non-Capital Project - Lions Park Artist-In-Residence	4,699.18	4,683.45	15.73	Complete in 2022
	Non-Capital Project - Hyde Creek Recreation Centre Assessment	13,620.00	11,120.00	2,500.00	Complete in 2022
	Non-Recurring Menstrual Products Dispensers Implementation	2,116.30	8,230.83	(6,114.53)	Complete in 2022
	Non-Recurring PCCC Opening Event	0.00	(207.20)	207.20	Complete in 2022
	SO - Leigh Square - Public Art Repairs	2,338.36	2,353.69	(15.33)	Complete in 2022
Sewer Utility	Asset Management - Sewer	54,637.85	5,892.60	48,745.25	Carry over to 2023
Solid Waste Utility	Non-Recurring - Bulky Item Collector	59,265.86	343,370.60	(284,104.74)	Carry over to 2023 - Ongoing
Water Utility	Asset Management - Water	87,672.86	13,974.60	73,698.26	Carry over to 2023
Grand Total		2,080,241.00	1,279,007.09	801,233.91	

RECOMMENDATION:

That Committee of Council:

- 1. Accept the 2022 Audited Consolidated Financial Statements; and*
- 2. Direct staff to amend the 2023 financial plan to include a transfer of \$434,661 from accumulated surplus to the Sewer Long Term Reserve Fund; and*
- 3. Direct staff to amend the 2023 financial plan to include a transfer of \$465,779 from accumulated surplus to the RCMP Reserve*

REPORT SUMMARY

This report provides a review and analysis of the 2022 consolidated financial statements audited by the City external auditors, KPMG LLP. This report presents the overall financial results of the City for 2022, including the impacts of operating and capital revenue and expense transactions. This report focuses on the annual impact of the revenues and expenses on the City's accumulated surplus and the 2022 ending position of City's various reserves and funds.

In 2022, the City recorded an annual surplus of \$13.8 million consisting of both cash and non-cash items including restricted and non-restricted reserves and equity in tangible capital assets. The \$13.8 million surplus is derived from a \$12.6 million increase in capital equity, a \$122 thousand decrease in inventories and prepaid expenses and a \$2.7 million decrease in unrestricted fund equity offset by a \$3.9 million increase in restricted reserves.

BACKGROUND

The consolidated financial statements (attachment 1) are intended to report on the City's financial condition as at December 31, 2022 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 2022 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 2022-2026 Financial Plan Bylaw on May 10, 2022 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 but as per accounting standards these are not included in the financial statement original budget.

2022 Audited Financial Statement Report

The following summary information provides insight and discussion on the 2022 consolidated financial statements revenues and expenses as well as the City's accumulated surplus for 2022.

DISCUSSION

Revenues and Expenses

Actual revenues were greater compared to budget due to several factors. There was higher than anticipated utility fee revenue resulting from the addition of a high water consumption customer. Investment income was also higher than budget due to increased rates of return on the City's investments as the Bank of Canada raised interest rates throughout 2022. A higher investment rate of return also increases interest allocated to reserve and DCC funds. Penalties and fines revenue were higher than budget as bylaw services increased enforcement and revenue services collected several large late payment penalties for property taxes and utilities. Offsetting the above were COVID-19 related revenue decreases compared to budget in recreation sale of service revenues. Actual expenses were higher than budget due a land purchase as part of the City's downtown revitalization and also higher than anticipated water consumption which partially offset the utilities revenue increase.

Table 1 presents the overall revenue and expenses compared to budget for 2022.

Table 1 - 2022 Consolidated Revenues and Expenses

	2022 Budget	2022 Actual Results	Annual Budget Variance	Variance as % of Budget	2021 Actual Results
Revenues	\$125,251,900	\$126,466,662	\$1,214,762	0.97%	\$121,505,619
Expenses	111,049,700	112,714,547	(1,664,847)	(1.50%)	106,573,834
Difference between revenue and expenses	\$14,202,200	\$13,752,115	(\$450,085)	(3.17%)	\$14,931,785

Additional detailed analysis of the 2022 ongoing operating revenues and expenses can be found within the 2022 Year-end Operating Variance Report (attachment 4).

Annual Surplus

Of the \$13.8 million in annual surplus, the largest components relate to the 2022 addition of capital assets (\$12.6 million increase). There was a decrease in unrestricted fund equity \$2.7 million due to transfers to reserves and project funding and an increase of \$3.9 million of restricted reserves set aside to fund future City projects and initiatives.

2022 Audited Financial Statement Report

Table 2 presents the components of the annual surplus.

Table 2 - 2022 Components of Annual Surplus

	2022 Budget	2022 Actuals	Difference	Financial Statement Reference
Capital Equity	\$40,633,200	\$12,477,582	(\$28,155,618)	Note 15
Reserve Funds	(18,873,025)	3,922,679	22,795,704	Note 14
General Fund	(7,415,664)	(3,377,181)	4,038,483	Note 13
Water Fund	(87,673)	(140,286)	(52,613)	Note 13
Sewer Fund	(54,638)	869,321	923,959	Note 13
Annual Surplus	\$14,202,200	\$13,752,115	(\$450,085)	

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 \$844.7 million of which \$744.5 million is Equity in Tangible Capital Assets (Note 15).

The audited consolidated financial statements provide an outline (Note 13) of additional supplemental information on the composition of the accumulated surplus balance. The 2022 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 2022 opening and ending accumulated surplus balances.

Table 3 - 2022 Accumulated Surplus Details

	2022 Opening	Change in Accumulated Surplus	2022 Closing	Notes
Unrestricted General Reserve	\$20,355,907	(\$3,360,968)	\$16,994,939	Unrestricted
Unrestricted Water Reserve	568,225	(140,286)	427,939	Unrestricted
Unrestricted Sewer Reserve	1,762,252	869,321	2,631,573	Unrestricted
Subtotal- Unrestricted Reserves	\$22,686,384	(\$2,631,933)	\$20,054,451	
Restricted Reserves	74,423,225	3,922,679	78,345,904	Restricted
Equity in Tangible Capital Assets	731,891,249	12,599,591	744,490,840	Non-cash
Equity in Inventory and Prepaids	1,231,707	(122,009)	1,109,698	Non-cash
Equity in Port Coquitlam Community Foundation	740,163	(16,213)	723,950	Foundation
Total Accumulated Surplus	\$830,972,728	\$13,752,115	\$844,724,843	

2022 Audited Financial Statement Report

Of the \$13.8 million of total annual surplus at year end and considering the minimum balance requirements, future commitments and transfers, there is no remaining balance in the general fund or water fund and \$1.4 million in the sewer fund. Equity in Tangible Capital Assets increased by \$12.6 million largely as a result of the completion of McAllister Avenue improvements, fleet upgrades, and capital work on neighborhood rehabilitation projects. Restricted Reserves increased by \$3.9 million after accounting for annual contributions and transfers of \$23.9 million, project allocations of \$22.3 million and an annual interest allocation of \$2.3 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 - 2022 General, Water and Sewer Fund Accumulated Surplus Balances

	General Fund	Water Fund	Sewer Fund
2022 ending balance	\$16,994,939	\$427,939	\$2,631,573
Less 2022 Carry Forward	6,912,032	73,698	48,745
Balance after Commitments and Transfers	\$10,082,907	\$354,241	\$2,582,828
Minimum Balance Required	(8,797,038)	(1,588,753)	(1,139,612)
Balance Remaining	\$1,285,869	(\$1,234,513)	\$1,443,215
Less 2023 Financial Plan	1,525,100	-	-
Balance	(\$239,231)	(\$1,234,513)	\$1,443,215
Transfer Per Policy	-	-	434,661
Balance Available	\$-	\$-	434,661

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 in the same manner.

General Fund: After accounting for the 2022 carry forwards (\$6.9 million) and 2023 Financial Plan Commitments (\$1.5 million), the minimum balance has not been achieved and there are no funds available for future projects or transfer to LTR.


Water Fund: 2022: Carry forwards are reported at \$74 thousand. As the minimum balance has not yet been achieved, there are no funds available for future projects or transfer to LTR.

Sewer Fund: 2022: Carry forwards are reported at \$49 thousand. There is \$1.4 million available for future projects after accounting for the minimum balance required. The current year surplus is \$869 thousand and 50% or an amount of \$435 thousand is recommended to be transferred to the Sewer LTR reserve, as per the policy noted above.

CONCLUSION

The 2022 consolidated financial statements result in an annual surplus of \$13.8 million and an ending accumulated surplus of \$844.7 million. 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 ongoing capital expenditures in the City. Restricted funds balances have increased as transfers have been made in order to fund future City projects and initiatives.

OPTIONS (✓ = Staff Recommendation)

	#	Description
	1	Committee adopt the 2022 consolidated financial statements and direct the financial plan to be amended.
	2	Committee accept the 2022 consolidated financial statements.
	3	Committee provide further direction to staff.

Lead author: Matthew Mydske

- Attachment 1 - 2022 Consolidated Financial Statements
- Attachment 2 - KPMG 2022 Draft Independent Auditors Report
- Attachment 3 - KPMG 2022 Audit Findings Report
- Attachment 4 - 2022 Financial Operating Variance Report

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

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 36,853,257	\$ 76,755,415
Investments (Note 3)	163,982,315	115,183,218
Accounts receivable (Note 4)	7,090,464	7,340,239
Due from other governments (Note 5)	210,177	364,655
	<u>208,136,213</u>	<u>199,643,527</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	20,411,183	24,465,474
Deferred revenue (Note 7)	27,078,547	18,803,144
Deposits (Note 8)	12,090,012	12,327,836
Development cost charges (Note 9)	46,294,166	43,265,301
Post-employment future benefits and compensated absences (Note 10)	3,138,000	2,932,000
Debt (Note 11)	66,509,595	68,396,913
	<u>175,521,503</u>	<u>170,190,668</u>
NET FINANCIAL ASSETS	32,614,710	29,452,859
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	811,000,435	800,288,162
Inventories	617,410	636,389
Prepaid expenses	492,288	595,318
	<u>812,110,133</u>	<u>801,519,869</u>
ACCUMULATED SURPLUS (Note 13)	<u>\$ 844,724,843</u>	<u>\$ 830,972,728</u>

Commitments and contingencies (Note 17)

Subsequent events (Note 24)

See accompanying notes to consolidated financial statements

ROB BREMNER
Chief Administrative Officer

JEFFREY LOVELL
Director of Finance

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

	2022 Budget (Notes 2(c) and 22)	2022	2021
REVENUE			
Taxation (Note 20)	\$ 76,685,400	\$ 76,784,426	\$ 73,308,654
Utility charges	26,042,800	27,662,380	25,937,206
Sale of services	8,141,200	7,101,807	5,021,158
Contributions (Note 21)	7,734,000	5,686,615	5,708,509
Permits and licenses	3,030,500	2,819,453	3,438,052
Investment income	2,578,300	3,892,069	2,272,344
Penalties and fines	494,000	898,871	440,824
Other	545,700	1,010,816	2,474,894
Gain on disposals of tangible capital assets	-	610,225	2,903,978
	\$ 125,251,900	\$ 126,466,662	\$ 121,505,619
EXPENSES			
General government	\$ 10,050,300	\$ 11,363,498	\$ 12,154,221
Engineering and public works	20,443,200	18,143,122	18,358,800
Recreation	19,177,000	21,011,625	15,465,560
Police services	17,372,300	17,156,075	17,350,771
Fire and emergency services	14,343,900	14,711,743	14,058,305
Development services	4,551,600	4,041,835	2,748,313
Solid waste operations	4,591,300	4,701,974	4,871,461
Water operations	11,531,500	12,739,214	12,814,138
Sanitary sewer operations	8,988,600	8,845,461	8,752,265
	\$ 111,049,700	\$ 112,714,547	\$ 106,573,834
ANNUAL SURPLUS	\$ 14,202,200	\$ 13,752,115	\$ 14,931,785
ACCUMULATED SURPLUS, beginning of year	830,972,728	830,972,728	816,040,943
ACCUMULATED SURPLUS, end of year	\$ 845,174,928	\$ 844,724,843	\$ 830,972,728

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

	2022 Budget (Notes 2(c) and 22)	2022	2021
Annual surplus	\$ 14,202,200	\$ 13,752,115	\$ 14,931,785
Acquisition of tangible capital assets	(52,536,300)	(23,127,269)	(37,916,879)
Developer contributions of tangible capital assets	(1,000,000)	(2,445,772)	(1,647,385)
Amortization of tangible capital assets	12,000,000	14,372,050	13,699,478
Gain on disposals of tangible capital assets	-	(610,225)	(2,903,978)
Proceeds on disposals of tangible capital assets	-	1,098,943	4,025,285
Change in inventories	-	18,979	(60,013)
Change in prepaid expenses	-	103,030	(31,680)
Change in net financial assets	(27,334,100)	3,161,851	(9,903,387)
NET FINANCIAL ASSETS, beginning of year	29,452,859	29,452,859	39,356,246
NET FINANCIAL ASSETS, end of year	\$ 2,118,759	\$ 32,614,710	\$ 29,452,859

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

	2022	2021
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Annual surplus	\$ 13,752,115	\$ 14,931,785
Items not involving cash:		
Developer contributions of tangible capital assets	(2,445,772)	(1,647,385)
Amortization of tangible capital assets	14,372,050	13,699,478
Gain on disposals of tangible capital assets	(610,225)	(2,903,978)
Change in non-cash operating assets and liabilities:		
Accounts receivable	249,775	1,245,745
Due from other governments	154,478	274,724
Accounts payable and accrued liabilities	(4,054,291)	(9,956,968)
Deferred revenue	8,275,403	1,033,931
Deposits	(237,824)	1,180,482
Development cost charges	3,028,865	2,639,909
Post employment future benefits and compensated absences	206,000	141,000
Inventories	18,979	(60,013)
Prepaid expenses	103,030	(31,680)
Cash provided by operating activities	32,812,583	20,547,030
FINANCING ACTIVITIES		
Debt repayment	(1,887,318)	(1,825,628)
Cash used in financing activities	(1,887,318)	(1,825,628)
CAPITAL ACTIVITIES		
Cash used to acquire tangible capital assets	(23,127,269)	(34,266,898)
Proceeds on disposals of tangible capital assets	1,098,943	375,304
Cash used in capital activities	(22,028,326)	(33,891,594)
INVESTING ACTIVITIES		
Purchase of investments	(148,914,097)	(107,000,000)
Redemption of investments	100,115,000	101,899,813
Cash used in investing activities	(48,799,097)	(5,100,187)
DECREASE IN CASH AND CASH EQUIVALENTS	(39,902,158)	(20,270,379)
CASH AND CASH EQUIVALENTS, beginning of year	76,755,415	97,025,794
CASH AND CASH EQUIVALENTS, end of year	\$ 36,853,257	\$ 76,755,415
Supplementary information:		
Non-cash transactions:		
Land sold for assets under construction		\$ 3,650,000

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, 2022

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 issued 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, 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 guidance, 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 2022-2026 Financial Plan Bylaw adopted by City Council on May 10, 2022.

(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.

2 SIGNIFICANT ACCOUNTING POLICIES - Continued

(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.

(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 initially recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital 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. 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

	2022	2021
Deposits (a)	\$ 156,370,983	\$ 107,769,514
Municipal Finance Authority Intermediate Fund (b)	6,891,139	6,728,991
Portfolio Investments (c)	720,193	684,713
	<u>\$ 163,982,315</u>	<u>\$ 115,183,218</u>

(a) Deposits include term deposits in credit unions with varying maturity dates from January, 2023 to September, 2025 (2021 - February, 2022 to July, 2023) and have interest rates ranging from 1.20% to 5.85% (2021 - 1.15% to 3.50%).

(b) The carrying value of the Municipal Finance Authority Intermediate Fund at December 31, 2022 was \$6,891,139 (2021 - \$6,728,991) and the market value at December 31, 2022 was \$6,314,694 (2021 - \$6,325,868).

(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 May, 2023 to May, 2026 (2021 - March, 2022 to May, 2026) and have interest rates ranging from 1.13% to 3.87% (2021 - 1.13% to 3.87%).

4 ACCOUNTS RECEIVABLE

	2022	2021
Accounts receivable	\$ 1,651,123	\$ 2,287,933
Property tax and utility receivable	4,042,534	3,565,074
Development cost charges receivable	409,810	466,223
Municipal Finance Authority Debt Reserve Deposit	910,146	890,262
Other	76,851	130,747
	<u>\$ 7,090,464</u>	<u>\$ 7,340,239</u>

5 DUE FROM OTHER GOVERNMENTS

	2022	2021
Federal	\$ 210,177	\$ 355,107
Provincial & Regional	-	9,548
	<u>\$ 210,177</u>	<u>\$ 364,655</u>

6 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable and accrued liabilities	\$ 15,685,874	\$ 18,501,207
Wages and benefits payable	3,274,709	2,744,017
Holdbacks	893,113	1,542,756
Due to other governments	557,487	1,677,494
	<u>\$ 20,411,183</u>	<u>\$ 24,465,474</u>

7 DEFERRED REVENUE

	December 31, 2021	Additions	Revenue earned	December 31, 2022
Property taxes and utilities prepayments	\$ 9,880,978	\$ 17,310,094	\$ (16,506,978)	\$ 10,684,094
Programs and services	1,744,010	5,108,806	(4,912,469)	1,940,347
Grants	21,923	6,840,453	(6,059)	6,856,317
Other	7,156,233	2,395,513	(1,953,957)	7,597,789
	<u>\$ 18,803,144</u>	<u>\$ 31,654,866</u>	<u>\$ (23,379,463)</u>	<u>\$ 27,078,547</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, 2021	Third Party Contributions	Interest Allocation	Capital Expenditures	December 31, 2022
<u>Area 1</u>					
Drainage	\$ 5,325,511	\$ 41,437	\$ 162,525	\$ -	\$ 5,529,473
Transportation	13,642,551	892,884	428,305	-	14,963,740
Parks	6,227,764	735,891	(798,487)	-	6,165,168
Water	5,342,283	56,315	163,261	-	5,561,859
Sanitary	1,798,936	35,189	55,223	-	1,889,348
<u>Area 2</u>					
Drainage	601,096		18,273	-	619,369
Transportation	5,740,292		174,505	-	5,914,797
Parks	1,271,402		(242,120)	-	1,029,282
Water	1,654,830		50,307	-	1,705,137
Sanitary	988,168		30,040	-	1,018,208
Parks Interest	672,468		1,302,961	(77,644)	1,897,785
	<u>\$ 43,265,301</u>	<u>\$ 1,761,716</u>	<u>\$ 1,344,793</u>	<u>\$ (77,644)</u>	<u>\$ 46,294,166</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, 2020, and extrapolated to December 31, 2022.

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

	Non-Vested Sick			2021
	Leave	Severance	2022	
Accrued benefit obligation, beginning of year	\$ 873,000	\$ 2,550,000	\$ 3,423,000	\$ 3,631,000
Service cost	71,000	145,000	216,000	221,000
Interest cost	23,000	64,000	87,000	76,000
Benefit payments	(57,000)	(141,000)	(198,000)	(280,000)
Amortization of net actuarial gain	(157,000)	(415,000)	(572,000)	(225,000)
Accrued benefit obligation, end of year	753,000	2,203,000	2,956,000	3,423,000
Unamortized actuarial gain (loss)	(69,000)	251,000	182,000	(491,000)
Accrued benefit liability	\$ 684,000	\$ 2,454,000	\$ 3,138,000	\$ 2,932,000

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

	2022	2021
Discount rate	4.50%	2.50%
Expected future inflation rate	2.50%	2.50%
Expected compensation increase	2.58% - 4.63%	2.58% - 4.63%
Expected average remaining service lifetime	10.6 years	10.6 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:

	2022			2021
	Gross Debt	Sinking Fund Credits	Net Debt	Net Debt
Coast Meridian Overpass				
Bylaw 3611, 2.25% due 2039	\$ 25,000,000	\$ (7,353,872)	\$ 17,646,128	\$ 18,365,970
Port Coquitlam Community Centre				
Bylaw 4004, 2.24% due 2049	52,000,000	(3,136,533)	48,863,467	50,030,943
Total	\$ 77,000,000	\$ (10,490,405)	\$ 66,509,595	\$ 68,396,913

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

2022	\$ 3,266,054
2023	3,266,054
2024	3,266,054
2025	3,266,054
2026	3,266,054
Thereafter	61,770,662
Principal and interest payments	78,100,932
Amount representing interest	11,591,337
Debt principal repayments	\$ 66,509,595

The City paid \$1,707,416, net of earnings on the debt reserve deposit and sinking fund credits, in interest on debt during the year (2021 - \$1,712,411).

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 \$37,025,739 (2021 - \$36,240,743) have not been amortized. Amortization of these assets will commence when the assets are put into service. Assets under construction include \$3,650,000 in future commercial space.
- (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 \$2,445,772 (2021 - \$1,647,385).
- (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 (2021 - nil).

As at December 31, 2022	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction ("AUC")	2022 Total
COST											
Opening Balance	\$ 236,889,237	\$ 24,992,132	\$ 34,871,010	\$ 282,494,581	\$ 154,798,070	\$ 103,284,358	\$ 20,463,141	\$ 84,672,263	\$ 62,775,431	\$ 36,240,743	\$ 1,041,480,966
Add: Additions	6,787,209	1,161,295	3,219,191	128,326	373,844	269,425	-	317,280	76,917	13,239,554	25,573,041
Add/(Deduct): Transfers from AUC	-	1,046,799	163,965	5,845,371	418,807	1,494,946	-	3,137,851	346,819	(12,454,558)	-
Less: Disposals	(61,937)	(955,884)	(598,154)	(90,604)	-	(78,313)	-	(70,186)	-	-	(1,855,078)
Closing Balance	243,614,509	26,244,342	37,656,012	288,377,674	155,590,721	104,970,416	20,463,141	88,057,208	63,199,167	37,025,739	1,065,198,929
ACCUMULATED AMORTIZATION											
Opening Balance	-	14,464,366	19,035,936	78,314,578	19,047,924	37,374,100	7,365,146	40,106,895	25,483,859	-	241,192,804
Add: Amortization	-	954,403	1,420,903	4,668,686	2,907,831	1,570,391	283,007	1,620,267	946,562	-	14,372,050
Less: Disposals	-	(769,297)	(406,653)	(78,031)	-	(53,379)	-	(59,000)	-	-	(1,366,360)
Closing Balance	-	14,649,472	20,050,186	82,905,233	21,955,755	38,891,112	7,648,153	41,668,162	26,430,421	-	254,198,494
Net Book Value as at December 31, 2021	\$ 243,614,509	\$ 11,594,870	\$ 17,605,826	\$ 205,472,441	\$ 133,634,966	\$ 66,079,304	\$ 12,814,988	\$ 46,389,046	\$ 36,768,746	\$ 37,025,739	\$ 811,000,435
As at December 31, 2021											
	Land	Parks Infrastructure	Vehicles, Machinery, Equipment	Transportation Infrastructure	Buildings	Drainage	Land Improvements	Water	Sanitary Sewer	Assets Under Construction ("AUC")	2021 Total
COST											
Opening Balance	\$ 235,278,638	\$ 24,275,866	\$ 32,241,203	\$ 279,658,195	\$ 98,084,384	\$ 100,812,872	\$ 20,628,930	\$ 83,144,410	\$ 62,378,637	\$ 67,790,796	\$ 1,004,293,931
Add: Additions	2,010,599	32,863	916,268	1,876,394	11,170,744	234,498	-	452,471	222,471	22,647,975	39,564,283
Add/(Deduct): Transfers from AUC	-	714,726	2,040,701	2,137,921	45,592,041	2,339,099	-	1,146,270	227,270	(54,198,028)	-
Less: Disposals	(400,000)	(31,323)	(327,162)	(1,177,929)	(49,099)	(102,111)	(165,789)	(70,888)	(52,947)	-	(2,377,248)
Closing Balance	236,889,237	24,992,132	34,871,010	282,494,581	154,798,070	103,284,358	20,463,141	84,672,263	62,775,431	36,240,743	1,041,480,966
ACCUMULATED AMORTIZATION											
Opening Balance	-	13,569,014	17,753,972	74,474,457	16,847,096	35,890,898	7,134,946	38,516,587	24,562,278	-	228,749,248
Add: Amortization	-	926,675	1,563,569	4,610,306	2,200,828	1,556,114	283,928	1,622,439	935,619	-	13,699,478
Less: Disposals	-	(31,323)	(281,605)	(770,185)	-	(72,912)	(53,728)	(32,131)	(14,038)	-	(1,255,922)
Closing Balance	-	14,464,366	19,035,936	78,314,578	19,047,924	37,374,100	7,365,146	40,106,895	25,483,859	-	241,192,804
Net Book Value as at December 31, 2020	\$ 236,889,237	\$ 10,527,766	\$ 15,835,074	\$ 204,180,003	\$ 135,750,146	\$ 65,910,258	\$ 13,097,995	\$ 44,565,368	\$ 37,291,572	\$ 36,240,743	\$ 800,288,162

13 ACCUMULATED SURPLUS

	2022	2021
Unrestricted Reserves		
General	\$ 16,994,939	\$ 20,355,907
Water	427,939	568,225
Sewer	2,631,573	1,762,252
Port Coquitlam Community Foundation	723,950	740,163
	<u>20,778,401</u>	<u>23,426,547</u>
Restricted reserves (Note 14)	78,345,904	74,423,225
Investment in tangible capital assets (Note 15)	744,490,840	731,891,249
Investment in inventories and prepaids	1,109,698	1,231,707
	<u>745,600,538</u>	<u>733,122,956</u>
	<u>\$ 844,724,843</u>	<u>\$ 830,972,728</u>

14 RESTRICTED RESERVES

	December 31, 2021	Contributions / Transfers	Interest Allocation	Use of Reserves	December 31, 2022
Building maintenance	\$ 158,230	\$ -	\$ 4,604	\$ (13,588)	\$ 149,246
Cemetery expansion	319,821	44,927	10,405	-	375,153
Community amenities	279,018	-	7,105	(90,628)	195,495
Community centre	1,073,547	-	32,635	-	1,106,182
Environmental	392,149	-	9,150	(182,324)	218,975
Equipment	11,003,767	1,627,998	312,872	(3,051,959)	9,892,678
Gas tax	284,565	241,234	6,574	(377,859)	154,514
General capital	6,049,347	10,989,299	196,874	(10,135,764)	7,099,756
Land sale	8,145,790	58,303	180,785	(4,456,110)	3,928,768
Long term infrastructure	14,548,064	5,361,117	523,751	-	20,432,932
Operating	3,272,180	(162,100)	87,884	(600,277)	2,597,687
Parking	3,657,862	263,723	115,185	(1,500)	4,035,270
Parks and recreation	915,680	-	20,838	(460,449)	476,069
Parkland acquisition	2,519,323	105,000	78,183	-	2,702,506
Public safety building	80,338	-	2,228	(14,074)	68,492
RCMP	1,651,085	465,779	57,273	-	2,174,137
Roads and drainage infrastructure	1,101,914	629,494	42,734	(21,908)	1,752,234
Sewer	6,876,713	1,371,000	207,538	(1,470,617)	6,984,634
Social housing	770,253	-	17,898	(363,000)	425,151
Water	11,323,579	2,952,900	372,807	(1,073,261)	13,576,025
	<u>\$ 74,423,225</u>	<u>\$ 23,948,674</u>	<u>\$ 2,287,323</u>	<u>\$ (22,313,318)</u>	<u>\$ 78,345,904</u>

15 INVESTMENT IN TANGIBLE CAPITAL ASSETS

	2022	2021
Tangible capital assets (Note 12)	\$ 811,000,435	\$ 800,288,162
Debt incurred to purchase tangible capital assets (Note 11)	(66,509,595)	(68,396,913)
	<u>\$ 744,490,840</u>	<u>\$ 731,891,249</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, 2021, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 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, 2021, indicated a \$3,761,000,000 funding surplus for basic pension benefits on a going concern basis.

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.

The next valuation will be as at December 31, 2024, with results available in 2025.

The City paid \$3,354,925 (2021 - \$3,351,045) for employer contributions while employees contributed \$2,870,278 (2021 - \$2,734,540) to the plan in 2022.

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) The City obtains debt instruments from the MFA. The City is also required to execute demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. The demand notes totaling \$1,098,027 (2021 - \$1,098,027) are contingent in nature and are not reflected in the consolidated financial statements.
- (c) 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

- (d) 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 2 Class A shares and 1 Class B share (of a total of 36 Class A and 19 Class B shares issued and outstanding as at December 31, 2022).
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.
- (e) 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 to the City of Coquitlam.

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:

2023	\$	1,064,968
2024		804,640
2025		828,372
2026		833,889
2027		819,135
Thereafter		148,500
Total	\$	<u>4,499,504</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:

	<u>2022</u>	<u>2021</u>
Cemetery Perpetual Care Fund		
Cash balance, beginning of the year	\$ 2,085,962	\$ 1,936,393
Net contributions received	66,407	122,907
Interest earned	64,423	26,662
Cash balance, end of the year	<u>\$ 2,216,792</u>	<u>\$ 2,085,962</u>
Campaign Funds Held in Trust		
Cash balance, beginning of the year	\$ 58,850	\$ 58,041
Net contributions received	(47,887)	-
Interest earned	1,061	809
Cash balance, end of the year	<u>\$ 12,024</u>	<u>\$ 58,850</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:

	2022	2021
Gross taxes levied on property	\$ 125,790,073	\$ 116,902,893
Taxes levied and collected on behalf of other jurisdictions		
Province of British Columbia - School Taxes	37,763,731	33,288,118
Metro Vancouver Regional District	1,743,214	1,493,702
BC Assessment Authority	1,206,883	1,120,402
South Coast British Columbia Transportation Authority	8,285,209	7,686,669
Municipal Finance Authority	6,610	5,348
	<u>49,005,647</u>	<u>43,594,239</u>
Taxation revenue	<u>\$ 76,784,426</u>	<u>\$ 73,308,654</u>

21 GOVERNMENT TRANSFERS

Included in contributions are the following government transfers:

	2022	2021
Federal	\$ 35,588	\$ 128,606
Provincial & Regional	3,213,119	3,005,866
	<u>\$ 3,248,707</u>	<u>\$ 3,134,472</u>

22 BUDGET INFORMATION

The budget information presented in these consolidated financial statements is based upon the 2022-2026 Financial Plan Bylaw approved by City Council on May 10, 2022. The chart below reconciles the approved budget to the budget figure reported in these consolidated financial statements.

	Budget Amount
Revenue	\$ 125,251,900
Expenses	(111,049,700)
Annual surplus per consolidated statement of operations	14,202,200
Add:	
Amortization	12,000,000
Transfers from reserves	26,431,000
Cash from external borrowing	2,441,900
Less:	
Capital expenditures	(52,536,300)
Capital contributed by developers	(1,000,000)
Debt principal repayments	(1,538,800)
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, such as insurance, claims, phone and office expenses.

Community safety and corporate support: These support services include: communications and administrative services, corporate office, community policing, 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 Chief Administrative Officer: 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, arts and cultural programs, events and services, recreation facility operations, and maintenance of all civic facilities.

Police services: Is a shared service with the City of Coquitlam, the RCMP are mandated to provide for the safety of the lives and property in the community, preserving the peace through law enforcement and working with citizens to prevent crime and maintain order.

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	2022	2021	
REVENUE															
Taxation	76,603,182	-	-	-	-	13,764	-	-	167,480	-	-	-	\$ 76,784,426	\$ 73,308,654	
Utility charges	(102,258)	-	-	-	-	-	-	-	-	3,447,548	14,122,273	10,194,817	27,662,380	25,937,206	
Sale of services	570,861	7,188	210,461	-	-	4,118,493	21,513	36,691	204,224	681,528	-	-	7,101,807	5,021,158	
Contributions	1,500,042	17,306	10,502	-	-	1,977,639	540,001	21,972	1,482,671	-	-	-	5,686,615	5,708,509	
Permits and licenses	-	197,969	28,369	-	-	52,350	-	1,970	2,520,670	-	18,125	-	2,819,453	3,438,052	
Investment income	3,891,447	-	-	-	-	622	-	-	-	-	-	-	3,892,069	2,272,344	
Penalties and fines	478,966	222,017	-	-	-	-	-	-	-	-	116,193	81,695	898,871	440,824	
Other	548,893	15,143	39,866	-	-	311,080	44,868	8,801	24,831	10,809	900	-	1,010,816	2,474,894	
Gain on disposals of tangible capital assets	-	-	-	-	-	(326,492)	-	-	947,903	-	(11,186)	-	610,225	2,903,978	
	\$ 83,491,133	\$ 459,623	\$ 289,198	\$ -	\$ -	\$ 3,265,425	\$ 4,314,229	\$ 570,315	\$ 85,464	\$ 5,333,757	\$ 4,134,701	\$ 14,246,305	\$ 10,276,512	\$ 121,505,619	
EXPENSES															
Personnel	13,515	3,861,822	2,455,181	983,087	388,656	8,830,362	10,667,314	-	13,306,558	3,293,773	1,415,234	1,053,537	262,339	\$ 46,531,378	\$ 41,311,982
Contracted and other services	222,929	1,420,803	110,646	211,391	575	1,607,683	4,009,336	17,117,444	503,694	280,194	1,577,128	8,726,316	6,251,901	42,040,040	42,227,290
Telephone, utilities and rent	33,135	95,512	-	1,325	-	485,177	1,190,044	-	67,877	1,613	3,596	27,297	75,417	1,980,993	1,899,147
Materials and supplies	116,518	108,046	9,631	9,942	409	2,725,242	989,037	-	279,191	15,615	18,272	196,318	70,322	4,538,543	3,974,135
Internal charges (recoveries)	(766,190)	(475,562)	(249,179)	18	-	(3,092,527)	(13,879)	-	217,415	55,078	1,687,738	1,340,683	1,296,405	-	-
Insurance and claims	786,235	-	-	-	-	128,859	823	-	-	-	-	-	-	915,917	708,869
Interest and bank charges	1,433,541	22,565	4,979	-	-	5,699	206,112	-	646	17,562	6	-	-	1,691,110	1,630,643
Grants and financial assistance	149,510	4,150	-	-	-	-	112,856	-	-	378,000	-	-	-	644,516	1,122,290
Amortization	66,039	344,269	-	-	-	7,452,627	3,849,982	38,631	336,362	-	1,395,063	889,077	14,372,050	13,699,478	
	\$ 2,055,232	\$ 5,381,605	\$ 2,331,258	\$ 1,205,763	\$ 389,640	\$ 18,143,122	\$ 21,011,625	\$ 17,156,075	\$ 14,711,743	\$ 4,041,835	\$ 4,701,974	\$ 12,739,214	\$ 8,845,461	\$ 112,714,547	\$ 106,573,834
ANNUAL SURPLUS (DEFICIT)	\$ 81,435,901	\$ (4,921,982)	\$ (2,042,060)	\$ (1,205,763)	\$ (389,640)	\$ (14,877,697)	\$ (16,697,396)	\$ (16,585,760)	\$ (14,626,279)	\$ 1,291,922	\$ (567,273)	\$ 1,507,091	\$ 1,431,051	\$ 13,752,115	\$ 14,931,785

24 SUBSEQUENT EVENTS

In March 2023, the City received \$9,462,000 from the Province of B.C. relating to the Growing Communities Fund grant. The Growing Communities Fund grant is a one-time grant that can be used to address the City's infrastructure and amenity needs.



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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 within 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 of Auditor's Report]



Corporation of the City of Port Coquitlam

**Audit Findings Report for the year ended
December 31, 2022**

KPMG LLP

May 4, 2023 for presentation on May 9, 2023

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement:

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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this page.



Click on any item in the table of contents to navigate to that section.



Highlights



Audit findings



Significant accounting policies and practices



Control observations



Appendices

The purpose of this report is to assist you, as a member of Council, in your review of the results of our audit of the consolidated financial statements as at and for the period ended December 31, 2022. This report builds on the Audit Plan we presented to the Council. This report is intended solely for the information and use of Management and Council of the City and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this 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.



Highlights

Status of the audit

As of the date of this report, we have completed the audit of the Consolidated financial statements (hereinafter referred to as the “financial statements”) with the exception of certain remaining procedures, which include amongst others:

- Completing certain audit file documentation;
- 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.

We will update Council on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures. Our auditor’s report, a draft of which is attached to the financial statements, will be dated upon the completion of any remaining procedures.

Significant changes to our audit plan

There were no significant changes to our audit plan which was originally communicated to you in the audit planning report dated January 17, 2023.

Areas of audit focus



As part of our audit, we identified areas of audit focus which include:

- Development cost charges
- Tangible capital assets
- Accumulated reserves
- Treatment of Gates Park development grant.

Significant risks



We have not identified significant risks of material misstatement for the audit, except for the presumed risk of fraud resulting from management override of controls, which is required by professional standards.

In accordance with professional standards, the newly revised risk assessment auditing standard (CAS 315) was implemented in the audit.



Highlights (continued)

Audit misstatements

Uncorrected misstatements

There were no differences identified during the audit which remained uncorrected.

Corrected misstatements

There were no corrected misstatements identified during the audit.

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, 2022, up to the date of this report.

Significant accounting policies and practices



There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Control observations



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

Current developments

There have been no updates to the current developments and thought leadership information provided in our Audit Planning Report.



Audit findings – Significant risk



Management override of controls

RISK OF



FRAUD

Presumption
of the risk of
fraud resulting
from
management
override of
controls

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Audit approach

As this presumed risk of material misstatement due to fraud is not rebuttable, 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
- Evaluating the business rationale of significant unusual transactions.

Significant findings

There were no issues noted in our testing.



Audit findings – Areas of audit focus

Area of audit focus	Estimate?
Tangible capital assets (“TCA”)	No

Our response

- We updated our understanding of the process activities and controls over TCA.
- We obtained the TCA continuity schedule, verified its mathematical accuracy, and performed substantive procedures over additions, disposals, reclassifications, and other adjustments.
- We tested a sample of asset additions, including contributed assets in the population and considering WIP/AUC transfers, and inspected supporting documentation to determine if additions are capital in nature and amounts recorded are accurate.
- We tested select asset dispositions including inspection of supporting documentation and assessed appropriateness of the gain or loss recorded.
- We performed an analytical review of the amortization of tangible capital assets and assessed the reasonableness of assets’ useful lives.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

Significant findings

There were no issues noted in our testing.



Audit findings – Areas of audit focus (continued)

Area of audit focus	Estimate?
Development cost charges (“DCC”)	No

Our response

- We updated our understanding of the process activities and controls over DCC.
- We selected a sample of DCC contributions, 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 2022 and ensured that the corresponding DCC was appropriately calculated and recorded.
- We selected a sample of letters of credit held by the City and confirmed the authenticity of the letters of credit with the financial institution.
- We obtained interest allocation schedule, verified its mathematical accuracy and recalculated the average interest rate for the year by DCC category.
- We reviewed the financial statement note disclosure to ensure it is complete and accurate.

Significant findings

There were no issues noted in our testing.

We note that one letter of credit sample is outstanding as of the date of this report.



Audit findings - Areas of audit focus (continued)

Area of audit focus	Estimate?
Accumulated reserves	No
Our response	
<ul style="list-style-type: none">• We updated our understanding of the process activities and controls over reserves.• We obtained the continuity schedule, verified its mathematical accuracy, and performed substantive procedures over transfers in and transfers out.• We reviewed the financial statement note disclosure to ensure it is complete and accurate.	
Significant findings	

There were no issues noted in our testing.



Audit findings - Areas of audit focus (continued)

Area of audit focus	Estimate?
---------------------	-----------

Treatment of Gates Park development grant

No

Our response

- We agreed the amount recorded to cash receipts and funding letter evidencing the restriction on the funding.
- Reviewed the classification in the financial statements to ensure they are recorded appropriately as deferred revenue.

Significant findings

There were no issues noted in our testing.



Significant accounting policies and practices



Significant accounting policies

- There have been no initial selections of, or changes to, significant accounting policies and practices.
- 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 were 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 and financial statement presentation

- 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.



Control deficiencies

Consideration of internal control over financial reporting (ICFR)



In planning and performing our audit, we considered ICFR relevant to the City's preparation 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 ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

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. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting



A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting



A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

There were no significant deficiencies in ICFR identified in our audit.



Appendices

1

Required communications

2

Management representation letter



Appendix 1: Required communications

Draft auditor's report

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

Management representation letter

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

Independence

In accordance with professional standards, we have confirmed our independence on page 5.



Appendix 2: Management representation letter

(Letterhead of Client)

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

[Date of Auditor's Report]

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 Corporation of the City of Port Coquitlam ("the City") as at and for the year ended December 31, 2022.

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 contract dated October 26, 2021, 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.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the City, did not intervene in the work the internal auditors performed for you.

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 or illegal acts, 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) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

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.

Other information:

- 11) We confirm that the final version of the 2022 Annual Report will be provided to you when available, and prior to issuance by the City, to enable you to complete your required procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

- 12) 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).
- 13) 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,

Rob Bremner, Chief Administrative Officer

Jeffrey Lovell, Director of Finance

cc: Council

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it 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 perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the City's own circumstances.

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 City'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.



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KPMG member firms around the world have 227,000 professionals, in 145 countries.



2022 Q4 Financial Variance Report

RECOMMENDATION:

None

REPORT SUMMARY

This report provides financial information regarding the City's operating activities to the end of 2022 and compares actual results to the 2022 amended budget and the Q3 forecast.

The year-end ongoing operating results include a positive revenue variance of \$1,573,000 from budget to actual and a positive expense variance of \$24,000 from budget to actual. The year-end net result of operating revenues after expenses is \$23,877,000 which is \$1,597,000 more than budget. At Q3, the forecasted net result was \$24,204,000 in operating revenues after expenses or \$1,924,000 greater than budgeted.

BACKGROUND

In order to provide Committee of Council an overview of the ongoing financial activities of the City, staff measure budget to actual revenue and expense performance while also forecasting expected annual operating results. This activity helps provide staff and Committee of Council appropriate oversight of the approved financial plan throughout a given time period.

The issues surrounding COVID-19 that have been prominent around the world since early 2020 had significantly less impact on the City's financial situation in 2022 as most public health measures have been lifted and activities largely returned to normal. There were some effects on the Recreation Department's revenues and expenses as staffing difficulties delayed the full activation of programs and services at the Port Coquitlam Community Centre during the first year of operation as well as the recovery to pre-pandemic service levels throughout the rest of the Recreation Department.

DISCUSSION

For 2022, budgeted operating revenues, less expenditures, were expected to generate \$22,280,000 in funds for transferring to reserve accounts and to repay long term debt principle. At year-end, there was a decrease in recreation sale of service revenue, offset by higher investment income due to increasing rates of return in 2022, higher penalty and fines collections and utility charges.

There were favourable budget to expenses reported in Recreation, Finance, Development Services and Police departments partially offset by higher than anticipated costs in the Engineering and Public Works.

2022 Q4 Financial Variance Report

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Operating Revenues	\$119,223,900	\$120,796,804	\$1,572,904	1.32%	\$120,717,836	1.25%
Operating Expenses	\$96,944,100	\$96,919,634	\$24,466	0.03%	\$96,513,653	0.44%
Surplus / (Deficit)	\$22,279,800	\$23,877,170	\$1,597,370	7.17%	\$24,204,183	8.64%

Revenues by Source

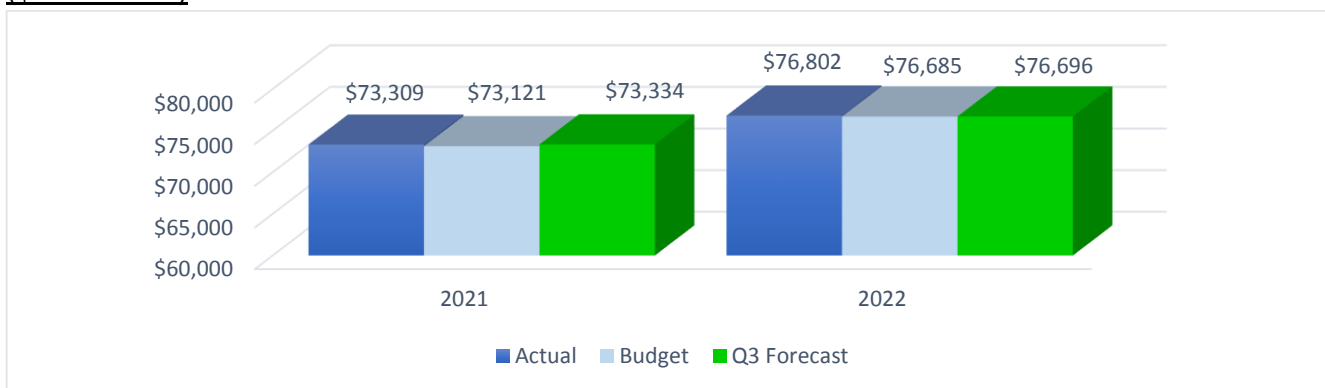
Total operating revenues for 2022 are \$120,797,000 and result in a \$1,573,000 or a 1.32% favourable variance from budget. Despite Recreation sale of services revenue being lower than budget, increased rates of return on the City's investments partially offset the decline. Penalties and fines revenue were greater than planned as Bylaw Services enforcement has been very strong throughout 2022. Higher than anticipated government grants and utility charges also contributed to the positive revenue variance.

Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show the both the 2021 and 2022 budgets, actuals and Q3 forecasts.

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Taxation and Other Levies	\$76,685,380	\$76,801,883	\$116,503	0.15%	\$76,695,834	0.01%
Utility Charges	26,043,000	27,517,583	1,474,583	5.66%	27,138,668	4.21%
Sale of Services	7,929,450	6,905,378	(1,024,072)	(12.91%)	7,069,157	(10.85%)
Contributions	2,057,100	2,357,333	300,233	14.59%	2,183,901	6.16%
Permits and Licenses	3,011,070	2,822,119	(188,951)	(6.28%)	3,132,876	4.05%
Investment Income	2,435,537	2,856,676	421,139	17.29%	2,999,130	23.14%
Penalties and Fines	494,000	898,871	404,871	81.96%	885,590	79.27%
Other Revenue	568,363	636,961	68,598	12.07%	612,680	7.80%
Total Operating Revenue	\$119,223,900	\$120,796,804	\$1,572,904	1.32%	\$120,717,836	1.25%

Taxation and Other Levies

(\$Thousands)

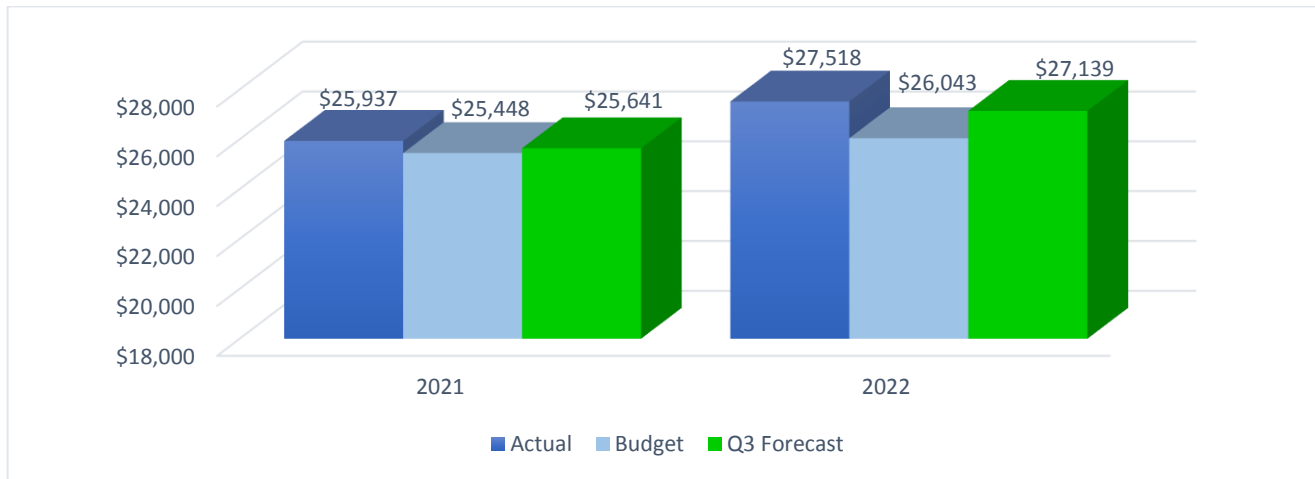


2022 Q4 Financial Variance Report

No significant variances.

Utility Charges

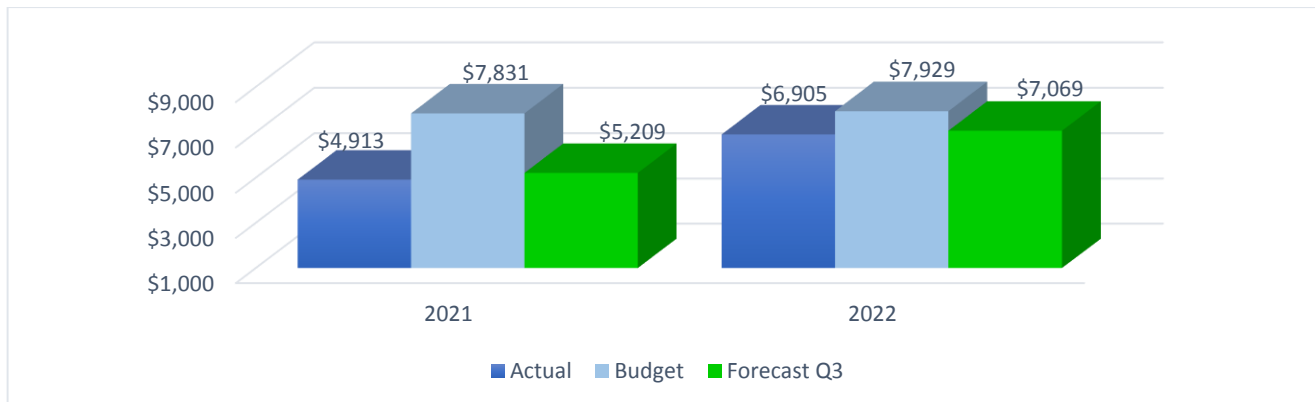
(\$Thousands)



Due to the addition of a significant commercial water and sewer customer, higher than anticipated water and sewer consumption has produced a \$1,475,000 positive variance in utility charges. This variance is partially offset with increased water and sewer expenses.

Sale of Services

(\$Thousands)

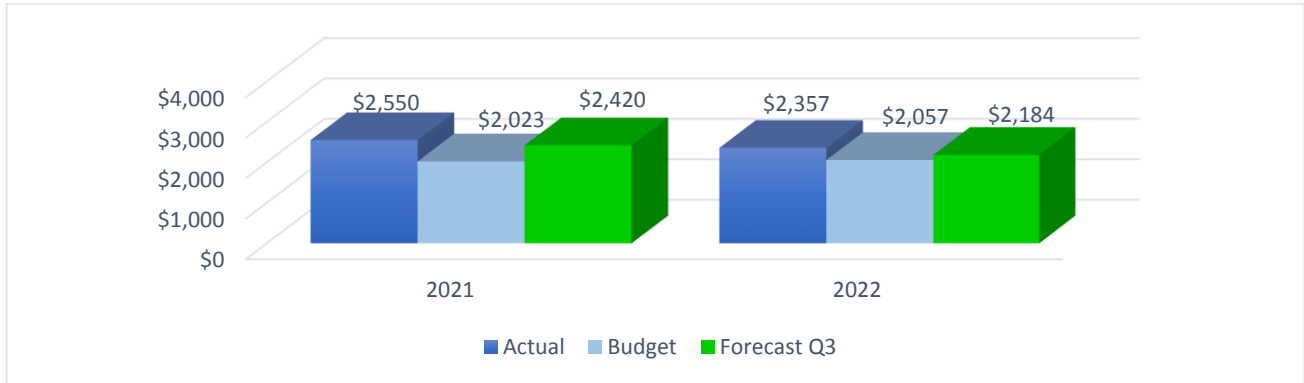


The unfavourable variance is primarily due to the Recreation Department continuing to experience reduced programming and admissions as operations recover from the COVID-19 pandemic. The department is expanding programs at the Port Coquitlam Community Centre and through 2022 has

2022 Q4 Financial Variance Report

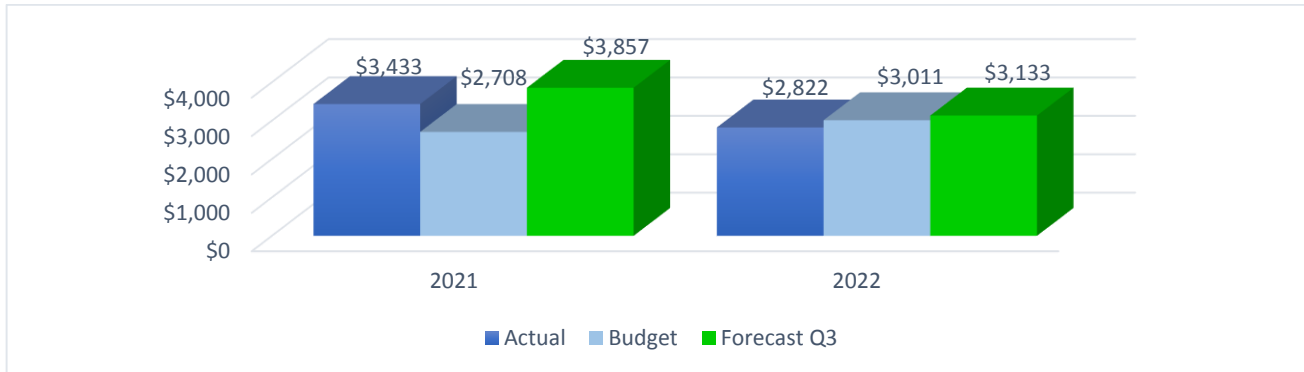
been gradually returning to pre-pandemic service levels. The 2022 Recreation sale of service revenue budget is \$5,126,000 and actual revenue for 2022 is \$4,147,000.

Contributions (\$Thousands)



Government grants were higher than budget as a result of the \$245,000 Local Government Climate Action Plan grant replacing the discontinued \$64,000 Climate Action Incentive Program grant.

Permits and Licenses (\$Thousands)

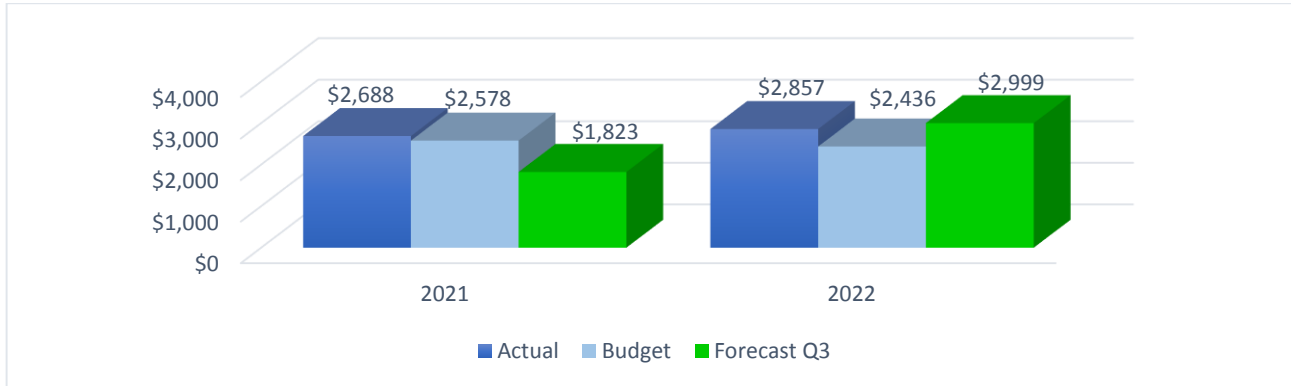


In 2022, there was \$340,000 less than anticipated building and plumbing permit activity, offset by an \$107,000 positive variance in business licenses.

2022 Q4 Financial Variance Report

Investment Income

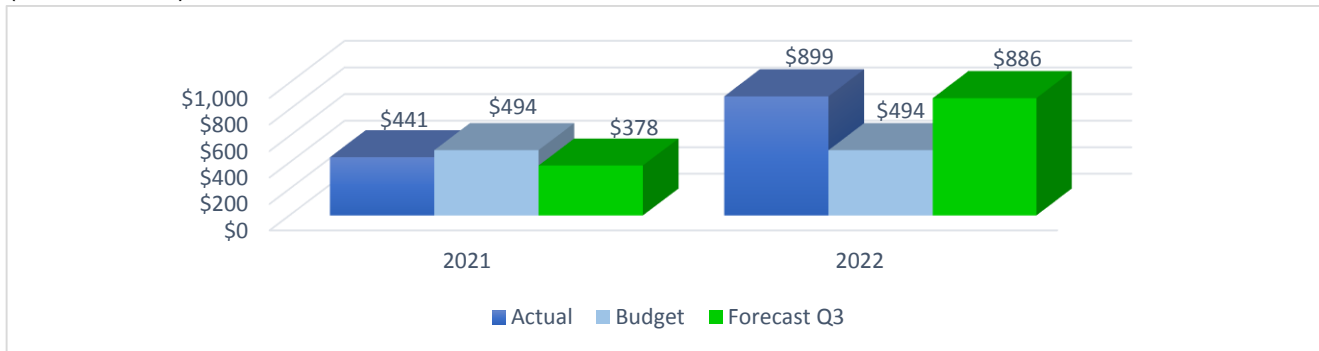
(\$Thousands)



The favourable variance results from the increase in rates of return on the City's investments as the Bank of Canada continued to raise interest rates in 2022. A higher investment rate of return also increases interest allocated to reserve and DCC funds. Interest rates are expected to stabilize and return to lower levels in late-2023.

Penalties and Fines

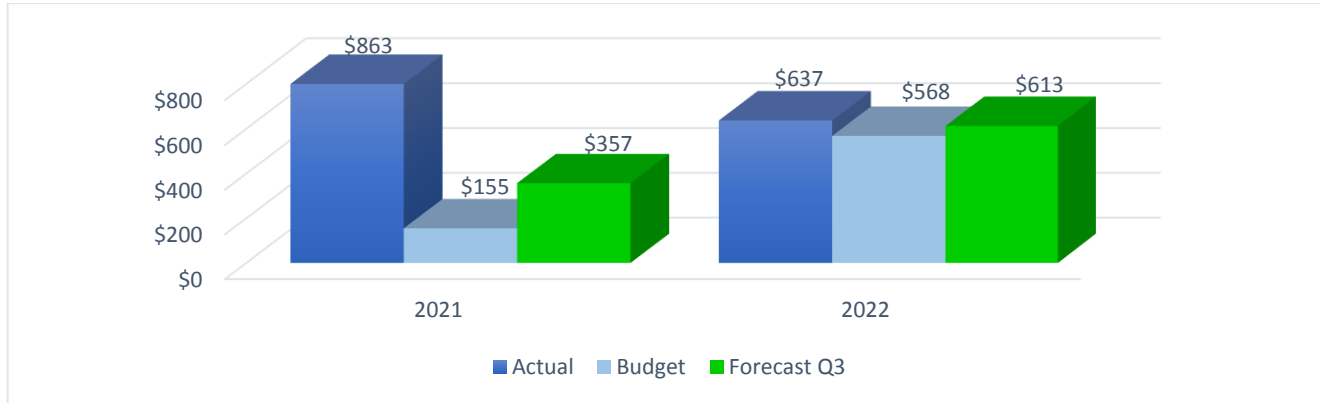
(\$Thousands)



Bylaw Services revenue was strong throughout 2022 due to increased enforcement and efforts to ensure payment of fines. This accounts for a \$217,000 positive variance to budget. Additionally, a \$159,000 positive variance resulted from the Revenue Services Division collecting several large late payment penalties for property taxes and utilities.

2022 Q4 Financial Variance Report

Other Revenue (\$Thousands)



No significant variances.

Expenses by Function

Overall, operating expenses are forecasted to be \$24,000 less than budget for the year. The primary drivers of the favourable variance are lower than expected RCMP contract costs for 2022, positive budget to actual expense results in the Finance, Development Services departments. Common Services, Sewer and Solid Waste also have positive variances. The expense reductions are partially offset by higher than budgeted costs in the Engineering and Public Works Department, Fire Department and Water Operations.

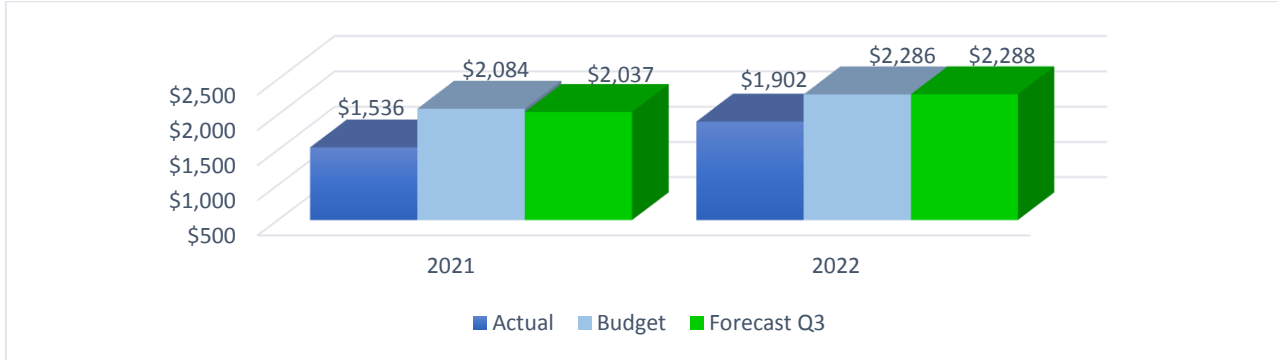
Explanations have been provided for annual variances that differ from the budget by greater than \$75,000 and 5%. These summaries also include supporting graphs which show the both the 2021 and 2022 budgets, actuals and Q3 forecasts.

	2022 Budget	2022 Actuals	Annual Budget Variance	Variance as % of Budget	2022 Q3 Forecast	Q3 Variance as % of Budget
Common Services	\$2,286,300	\$1,902,060	\$384,240	16.81%	\$2,288,367	(0.09%)
Office of the CAO	326,000	389,650	(63,650)	(19.52%)	359,100	(10.15%)
Corporate Support	4,853,000	4,751,640	101,360	2.09%	4,704,386	3.06%
Finance	2,468,400	2,292,749	175,651	7.12%	2,241,913	9.18%
Human Resources	1,215,300	1,205,780	9,520	0.78%	1,216,070	(0.06%)
Engineering & Public Works	10,670,900	11,120,538	(449,638)	(4.21%)	11,418,880	(7.01%)
Recreation	16,903,600	16,902,433	1,167	0.01%	16,437,495	2.76%
Police Services	17,340,000	16,784,140	555,860	3.21%	16,696,900	3.71%
Fire & Emergency Services	13,934,300	14,290,085	(355,785)	(2.55%)	13,699,465	1.69%
Development Services	3,943,700	3,628,970	314,730	7.98%	3,605,928	8.56%
Solid Waste Operations	4,532,000	4,363,016	168,984	3.73%	4,466,670	1.44%
Water Operations	10,279,000	11,334,493	(1,055,493)	(10.27%)	11,055,679	(7.56%)
Sanitary Sewer Operations	8,191,600	7,954,080	237,520	2.90%	8,322,800	(1.60%)
Total Operating Expenses	\$96,944,100	\$96,919,634	\$24,466	0.03%	\$96,513,653	0.44%

2022 Q4 Financial Variance Report

Common Services

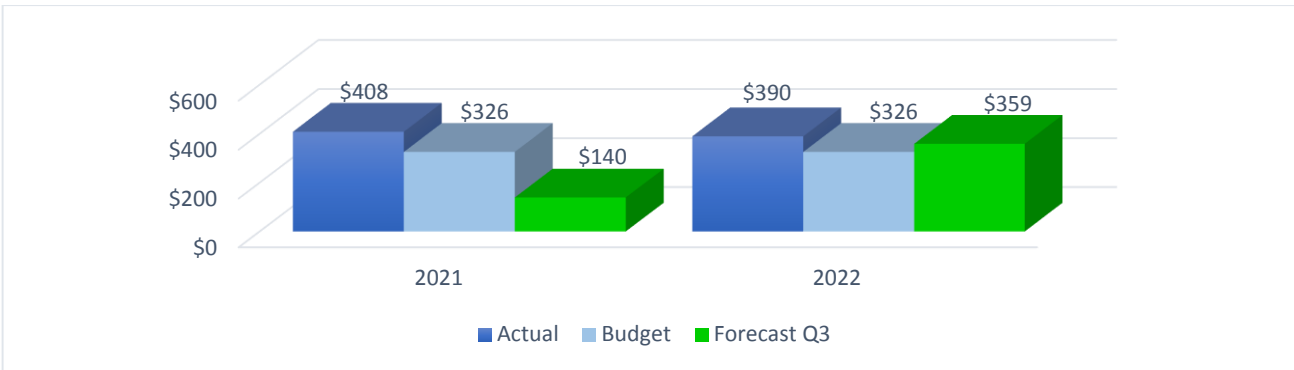
(\$Thousands)



The favourable variance of \$384,000 is largely due to reduced debt servicing costs in 2022 due to better than anticipated MFA investment performance. The City carries long term debt for the Coast Meridian Overpass and the Port Coquitlam Community Centre. The reduced total debt interest costs were \$349,000.

Office of the CAO

(\$Thousands)

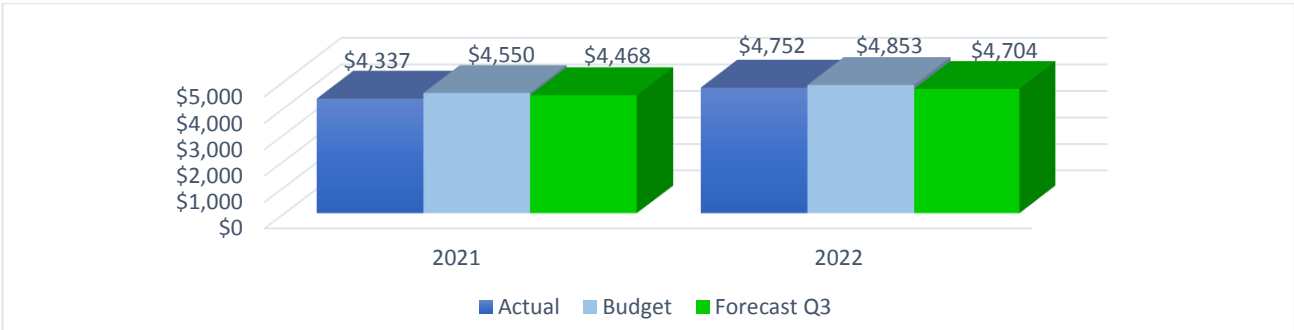


The \$64,000 unfavorable variance is due to the addition of a dedicated Deputy CAO position.

2022 Q4 Financial Variance Report

Community Safety & Corporate Support

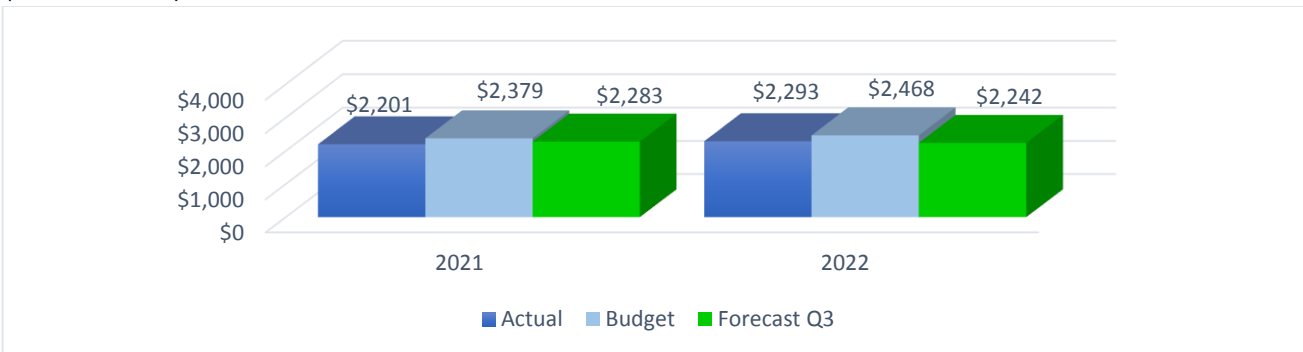
(\$Thousands)



No significant variances.

Finance

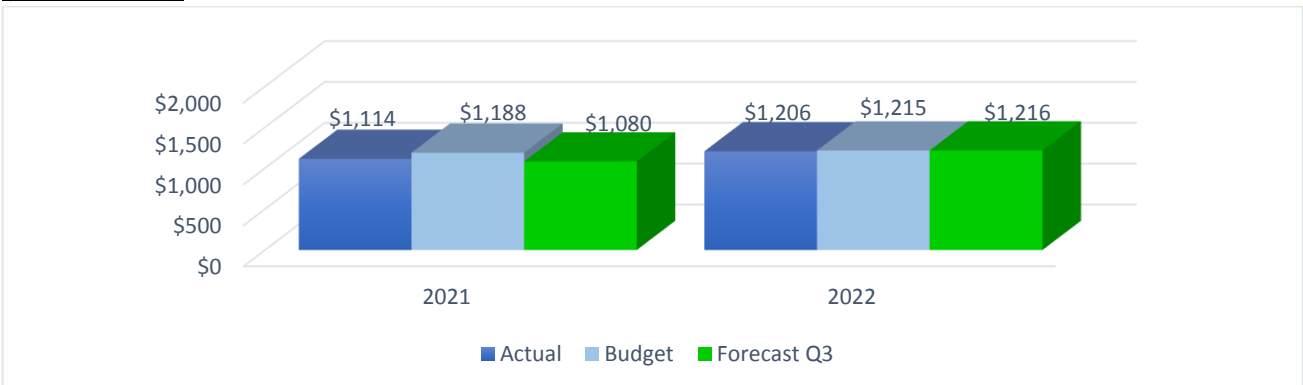
(\$Thousands)



The Finance department experienced several staffing vacancies leading to a projected favorable variance of \$176,000. The Department has now filled key positions throughout the department.

Human Resources

(\$Thousands)

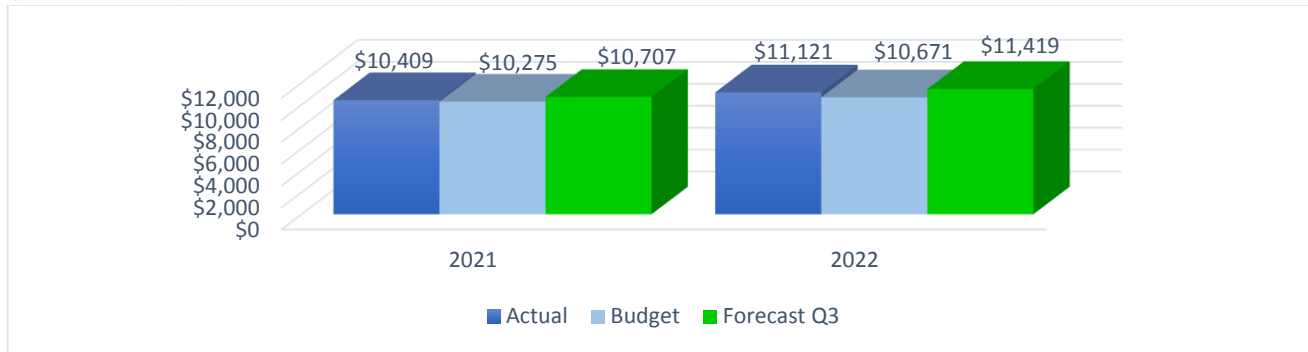


2022 Q4 Financial Variance Report

No significant variances.

Engineering and Public Works

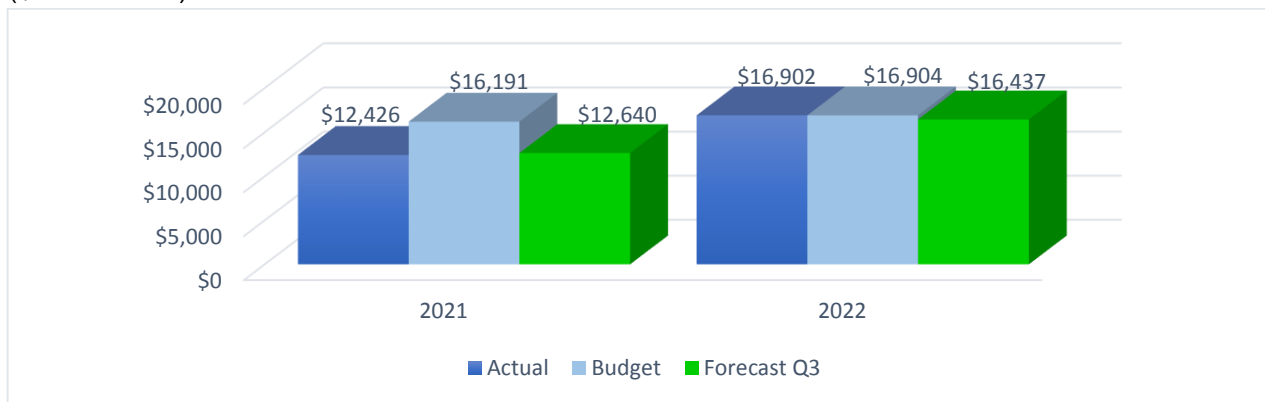
(\$Thousands)



The unfavourable variance is due to inflationary pressures on services and supplies and several other factors. Public works staff received comprehensive snow and ice removal training (\$67,000). Parks actuals were greater than budget due to increased parks cleaning related to usage and a longer 2022 summer weather season (\$58,000), contracted services for holiday decorations in the community (\$64,000), and activities such as tree pruning, gardening work and sports field maintenance (\$55,000). Additionally, streets maintenance for salting, sanding and snow clearing were \$467,000 higher than budget. This was partially offset by fewer costs for private jobs than expected of \$202,000.

Recreation

(\$Thousands)

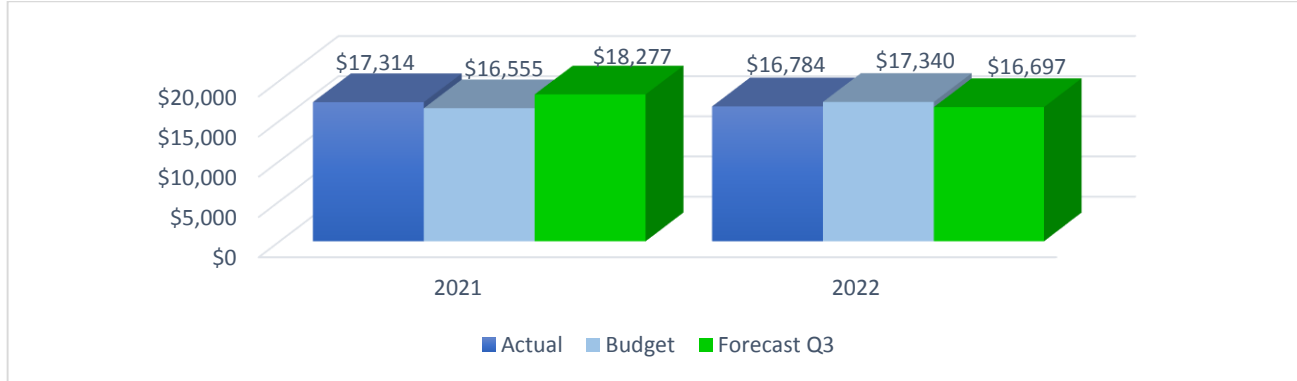


No significant variances.

2022 Q4 Financial Variance Report

Police Services

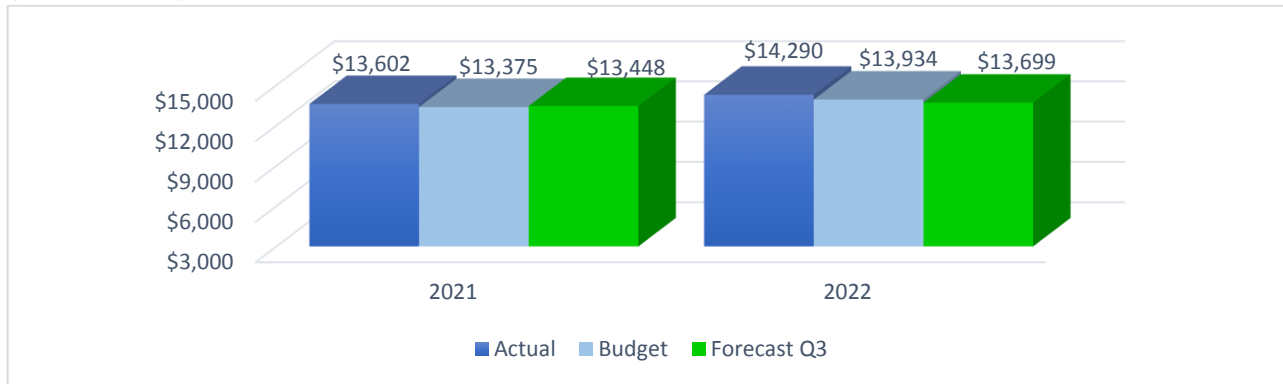
(\$Thousands)



RCMP contract costs for 2022 are \$556,000 less than budgeted. This is due to a decrease in the cost share percentage (31.8% budgeted and 30.2% actual) and higher than anticipated vacancies within the detachment.

Fire & Emergency Services

(\$Thousands)

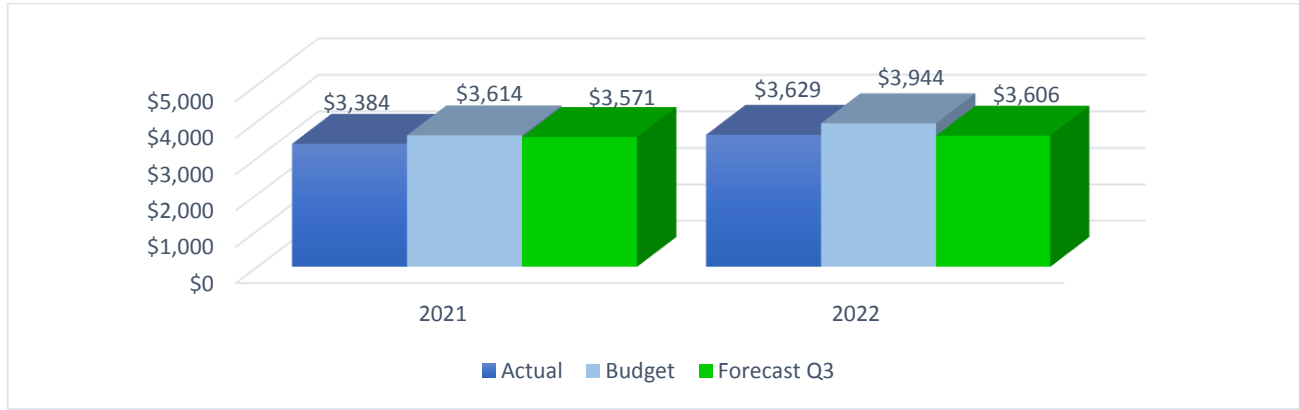


Fire & Emergency services experienced an unfavorable variance in 2022 due to the addition of Employment Standards additional 5 employer paid sick days (\$110,000), additional accrual of expected costs related to the 2022 portion of the expected collective agreement (\$116,000) and additional statutory holidays unforeseen in 2022 (\$107,000) for IAFF members.

2022 Q4 Financial Variance Report

Development Services

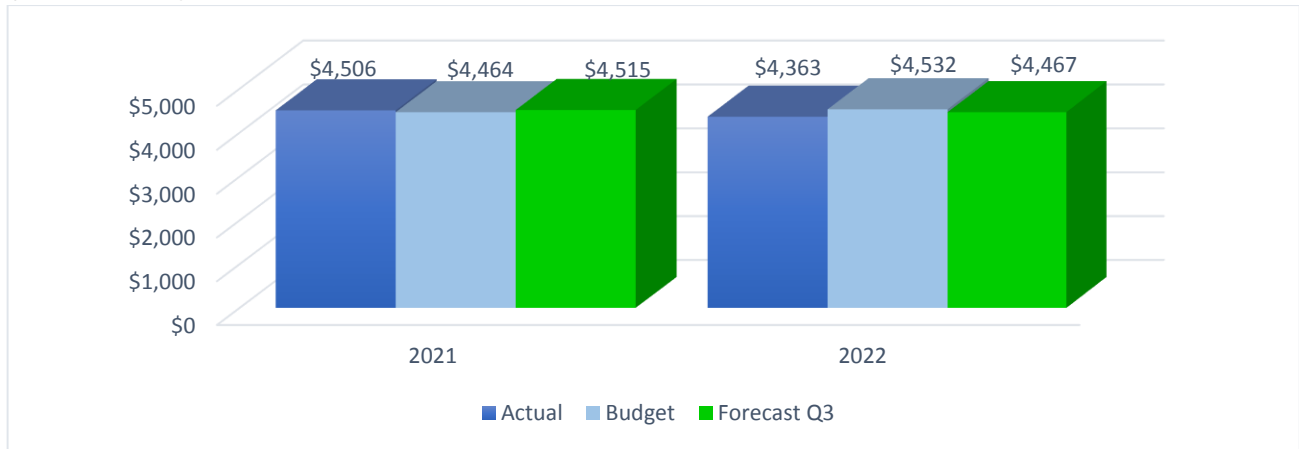
(\$Thousands)



The Development Services department experienced several staffing vacancies leading to a projected favorable variance of \$315,000. The Department has now filled several key positions throughout the department and is in active recruitment for the remaining.

Solid Waste Operations

(\$Thousands)

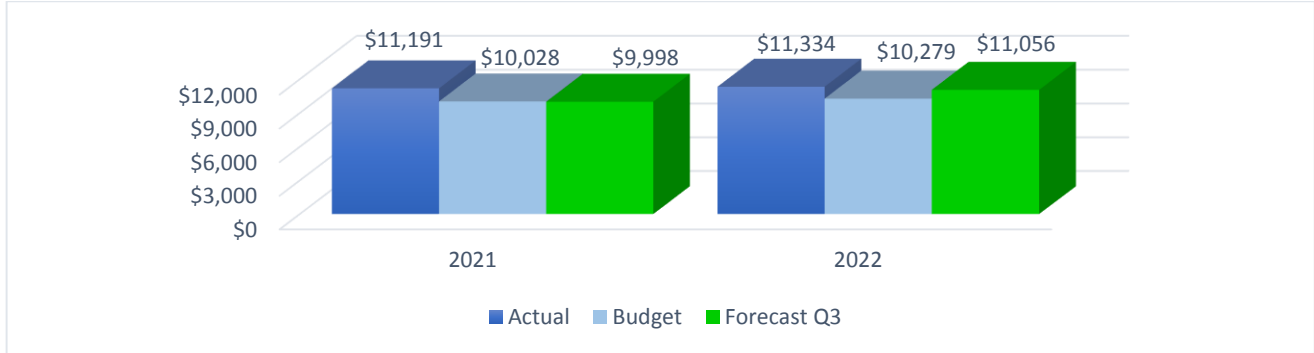


No significant variances.

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Water Operations

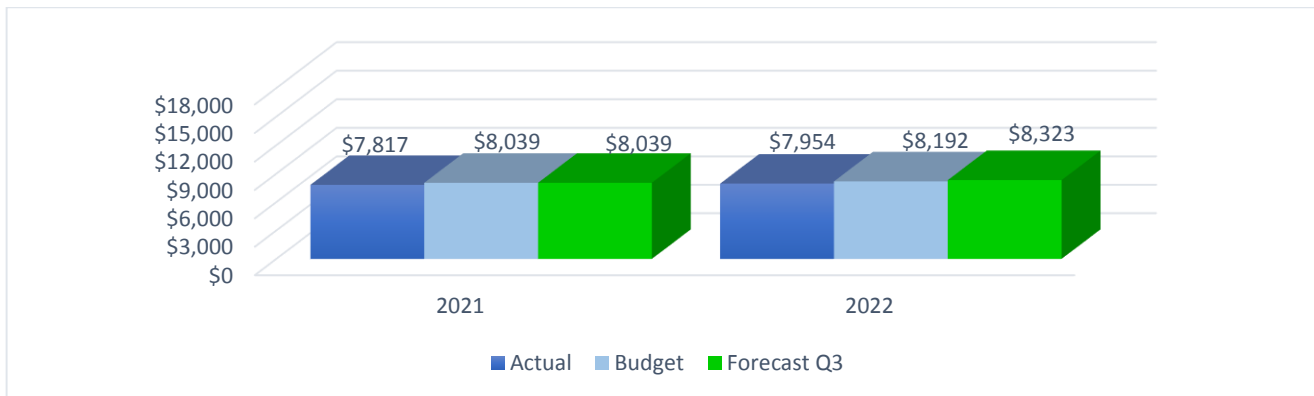
(\$Thousands)



The expected \$1,055,000 unfavorable variance to budget is due to a larger than expected volume of service and repair requests, repairs to water meters and greater than anticipated water usage due to several summer heat waves and the addition of a significant commercial water customer. This additional usage is offset by increase water revenue.

Sewer Operations

(\$Thousands)



No significant variances.

ONE TIME VARIANCE ANALYSIS

The 2022 one-time operating variance summary (attachment 1) details the 2022 actual one-time project expenses compared to the 2022 budgeted amounts. Several projects were completed in 2022, including the Fraud Risk Assessment, the Corporate Office Microfilm Record Digitization, and the Affordable Housing Grants for 2841 Welcher and 2471 Gately. A number of additional projects are in progress as of the date of this report, including the Asset Management Program, the Land and Development Facilitator Contract, the Climate Change Adaptation Strategy, the Master Transportation Plan, the Skytrain Feasibility Study, the Integrated Stormwater Management Plan, and the Development Costs Charges and Subdivision Bylaw Reviews.

The 2022, one-time operating costs compared to budget resulted in a positive variance of \$801,000 which is due to a number of projects still being ongoing at the end of 2022. Where projects will continue into 2023, the remaining budget will be carried forward. Projects completed in 2022 will have any remaining budget released.

INVESTMENTS

At December 31, 2022 the City had \$186,284,000 in both short and long-term investments which is an increase from \$180,415,000 in 2021. The City's funds are invested in short-term cash equivalents, GICs and term deposits with chartered Canadian banks, credit unions, and the Municipal Finance Authority. These investments carry rates of return ranging from 1.20% to 5.85%. In 2022, the City's average return on investment was 3.04%, up from 1.43% in 2021 which has significantly increased the City's investment income and interest allocated to reserves.

This increase is due to several factors. In response to cash flow concerns early in the COVID-19 pandemic and the Bank of Canada reducing interest rates, the City kept significantly more funds than normal in short-term, cashable investments in 2020 which offer lower rates of return. Through 2021 and 2022 the City has gradually shifted back to longer term investments such as term deposits and GICs in order to maximize rates of return. In 2022, in response to increases in the inflation rate, the Bank of Canada increased the overnight lending rate from 0.25% to 4.25%. Banks and credit unions increase their prime rates along with the Bank of Canada which enabled staff to invest City funds at higher rates of return. To ensure that cash is available for operations, staff align the maturity of investments in order to coincide with large payments and periods of lower cash flow during the year.

2022 CAPITAL PLAN

The 2022 capital projects are presented within three main categories. Neighbourhood rehabilitation (NR) is intended to replace or renew existing civil infrastructure including roads, water, sewer, storm, pump stations, bridges, and all required appurtenances. Other rehabilitation is for all other capital

2022 Q4 Financial Variance Report

renewal and replacement such as facilities, parks, recreation (including the Port Coquitlam Community Centre) and software. The final category is for entirely new assets. This table shows the capital budgets, forecasts and variances at December 31, 2022 for projects completed in 2022 and still in progress in 2023.

Category	2022 Budget	2022 Forecast	Variance	Variance as % of Budget
Neighbourhood Rehabilitation	29,306,006	31,077,640	(1,771,634)	(6.05%)
Other Rehabilitation	143,793,474	141,072,038	2,721,435	1.89%
New	28,214,956	29,492,417	(1,277,460)	(4.53%)
	201,314,436	201,642,095	(327,659)	(0.16%)

Despite conditions and escalated pricing from post-pandemic market issues, staff are pleased to report that the majority of the program is being substantially delivered, with a negligible overall variance of 0.16%. Staff will continue to monitor both current and planned projects to adjust rates for future program budgeting to account for inflated pricing that is expected to remain after the supply chain issues have levelled out.

Neighbourhood Rehabilitation

Road and Utilities

Due to budgetary constraints, the 2022 Neighbourhood Rehabilitation – Road and Utilities Program was rescoped and awarded with the following adjustments:

- Additional sidewalk and street lighting on Central Avenue deferred. Complete all utilities and road works, including new curb and gutter in the appropriate location;
- Maple Street paving deferred to align with the replacement of the McAllister Avenue Pedestrian bridge; and
- Shaughnessy Street (Marpole Avenue to Welcher Avenue): all utilities complete, paving to be progressed in conjunction with expected development in the area over the next two years.

The following lists the 2022 Neighbourhood Rehabilitation – Road and Utilities project locations and provides a status update of the work:

Central Avenue (Shaughnessy Street to Tyner Street)	<ul style="list-style-type: none"> • Road Rehabilitation; • Curb and Gutter installation; • Storm main upgrade; • Watermain upgrade; and • Sanitary main upgrade. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Shaughnessy Street (Marpole Avenue to Welcher Avenue)	<ul style="list-style-type: none"> • Pavement patching; • Sidewalk installation; 	Substantial completion Q4 2022

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	<ul style="list-style-type: none"> • Drainage; and • Streetlights installations. 	
Shaughnessy Street (Pitt River Road to Stafford Avenue)	<ul style="list-style-type: none"> • Road rehabilitation; • Watermain upgrade; • RRFB installation; and • Streetlights installations. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Maple Street (McAllister Avenue to Wilson Avenue)	<ul style="list-style-type: none"> • Sidewalk installation; • Drainage installation; • Curb bulge; and • Streetlights installation. 	Substantial completion Q4 2022
Lane north of Prairie (Oxford St to Wellington Street)	<ul style="list-style-type: none"> • Road rehabilitation; and • Drainage. 	Substantial completion Q4 2022 with top lift paving Q2 2023
Lane west of Jervis Street (north property #3176 to south property #3160)	<ul style="list-style-type: none"> • Road rehabilitation. 	Complete.

Major Facilities

The following lists the 2022 Neighbourhood Rehabilitation – Major Facilities projects which were scheduled for construction in 2022 and provides a status update of the work:

Burns Road Culvert Replacement	Substantially completed Q4 2022 with top lift paving Q2 2023
Coquitlam River Sanitary Siphon	Design 90%. Tender in Q2 2023
Mary Hill Sanitary Pump Station Replacement	Complete.
Trenton Water PRV Replacement	Complete.

As seen from the above cost table, the program is forecasted to be completed with an approximately 6% negative variance due to market conditions and construction factors.

Other Rehabilitation

Port Coquitlam Community Centre

The largest portion of the Other Rehabilitation category is the Port Coquitlam Community Centre, at approximately \$132 million. This project has reached substantial completion with only minor outstanding items remaining. As previously reported, this project is expected to be on budget with final close-out expected in Q4 of 2023.

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Fleet Replacement Program

Staff continue to experience significant delays in procurement and delivery from post-pandemic vehicle/equipment supply issues, however staff are pleased to report that the majority of all vehicles delivered to the City in 2022 have been less than budgeted, contributing to the positive variance in the Other Rehabilitation category. Staff will continue to monitor both current and planned equipment purchases to ensure future equipment budgeting to account for any changes in market prices.

Other

The majority of other remaining projects are expected to be on or below budget, including the completion of the LED Streetlight Conversion program and repairs to the Public Safety Building.

New

This category is for brand new assets (not replacements or renewals). A number of programs were completed on or under budget within this category, contributing to the overall, favourable variance of 4.5%. Some highlights include completion of the McAllister Avenue improvements, transit shelters, streetlight expansion, sidewalk and pedestrian safety improvements and traffic calming.

FINANCIAL IMPLICATIONS

The overall operating result for 2022 is a \$23,877,000 surplus which is \$1,597,000 greater than budget. The \$466,000 surplus in Police Services will be transferred to the RCMP reserve and used as a contingency to fund possible future increased costs arising from RCMP contracted services. The remaining \$1,131,000 surplus will be allocated based on the Annual Operating Surplus Policy.

Lead author(s): Matthew Mydske

Contributing Author: Jason Daviduk

Attachment 1 - 2022 One-time Operating Variance Summary