

**METRO VANCOUVER REGIONAL DISTRICT
PERFORMANCE AND AUDIT COMMITTEE**

REGULAR MEETING

Thursday, July 14, 2022

9:15 a.m.

**Meeting conducted electronically pursuant to the Procedure Bylaw
28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia
Webstream available at <http://www.metrovancover.org>**

REVISED AGENDA¹

1. ADOPTION OF THE AGENDA

1.1 July 14, 2022 Regular Meeting Agenda

That the Performance and Audit Committee adopt the agenda for its regular meeting scheduled for July 14, 2022 as circulated.

2. ADOPTION OF THE MINUTES

2.1 May 12, 2022 Regular Meeting Minutes

That the Performance and Audit Committee adopt the minutes of its regular meeting held May 12, 2022 as circulated.

3. DELEGATIONS

4. INVITED PRESENTATIONS

¹ Note: Recommendation is shown under each item, where applicable.

5. REPORTS FROM COMMITTEE OR STAFF

5.1 MFA Fall 2022 Borrowing for Bowen Island Municipality - MVRD Security Issuing Bylaw No. 1351, 2022

That the MVRD Board:

- a) give consent to the request for financing from Bowen Island Municipality in the amount of \$7,040,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
- c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.

5.2 MFA Fall 2022 Borrowing for City of New Westminster - MVRD Security Issuing Bylaw No. 1352, 2022

That the MVRD Board:

- a) give consent to the request for financing from the City of New Westminster in the amount of \$122,430,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
- c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.

5.3 MFA Fall 2022 Borrowing for City of Pitt Meadows– MVRD Security Issuing Bylaw No. 1353, 2022

That the MVRD Board:

- a) give consent to the request for financing from the City of Pitt Meadows in the amount of \$20,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
- c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.

5.4 MFA Fall 2022 Borrowing for City of Richmond - MVRD Security Issuing Bylaw No. 1354, 2022

That the MVRD Board:

- a) give consent to the request for financing from the City of Richmond in the amount of \$96,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
- c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.

On Table 5.5 Metro Vancouver Quarterly Financial Report – June 30, 2022

That the Performance and Audit Committee receive for information the report dated June 30, 2022 titled “Metro Vancouver Quarterly Financial Report – June 30, 2022”.

5.6 Treasury Report - March 1, 2022 to May 31, 2022

That the Performance and Audit Committee receive for information the report dated June 27, 2022 titled “Treasury Report – March 1, 2022 to May 31, 2022”.

5.7 Status of Asset Retirement Obligation Project

That the Performance and Audit Committee receive for information the report dated June 27, 2022, titled “Status of Asset Retirement Obligation Project”.

5.8 Tender/Contract Award Information – March 2022 to May 2022

That the Performance and Audit Committee receive for information the report dated June 28, 2022 titled “Tender/Contract Award Information – March 2022 to May 2022”.

5.9 Performance Monitoring Dashboard Update

That the Performance and Audit Committee receive for information the report dated June 13, 2022, titled “Performance Monitoring Dashboard Update”.

5.10 Manager’s Report

That the Performance and Audit Committee receive for information the report dated July 7, 2022 titled “Manager’s Report”.

6. INFORMATION ITEMS

7. OTHER BUSINESS

8. BUSINESS ARISING FROM DELEGATIONS

9. RESOLUTION TO CLOSE MEETING

That the Performance and Audit Committee close its regular meeting scheduled for July 14, 2022 pursuant to the *Community Charter* provisions, Section 90 (1) (d) as follows:

“90 (1) A part of the meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:
(d) the security of the property of the regional district.

10. ADJOURNMENT/CONCLUSION

That the Performance and Audit Committee adjourn/conclude its regular meeting of July 14, 2022.

Membership:

Dominato, Lisa (C) – Vancouver
Harvie, George (VC) – Delta
Brodie, Malcolm – Richmond
Dingwall, Bill – Pitt Meadows

Hu, Tina – North Vancouver City
Madsen, Hunter – Port Moody
Marsden, Dennis – Coquitlam
Morden, Mike – Maple Ridge

Muri, Lisa – North Vancouver District
Nagra, Mandeep – Surrey
Walker, Darryl – White Rock

**METRO VANCOUVER REGIONAL DISTRICT
PERFORMANCE AND AUDIT COMMITTEE**

Minutes of the Regular Meeting of the Metro Vancouver Regional District (MVRD) Performance and Audit Committee held at 9:15 a.m. on Thursday, May 12, 2022 in the 28th Floor Boardroom, 4515 Central Boulevard, Burnaby, British Columbia.

MEMBERS PRESENT:

Chair, Councillor Lisa Dominato*, Vancouver
 Vice Chair, Mayor George Harvie*, Delta
 Mayor Malcolm Brodie*, Richmond
 Mayor Bill Dingwall*, Pitt Meadows
 Councillor Hunter Madsen*, Port Moody
 Councillor Dennis Marsden*, Coquitlam
 Mayor Mike Morden*, Maple Ridge
 Councillor Lisa Muri*, North Vancouver District
 Councillor Mandeep Nagra*, Surrey
 Mayor Darryl Walker*, White Rock

MEMBERS ABSENT:

Councillor Tina Hu, North Vancouver City

STAFF PRESENT:

Dean Rear, Chief Financial Officer
 Jerry W. Dobrovolny †, Chief Administrative Officer
 Natalia Melnikov, Legislative Services Coordinator, Board and Information Services

1. ADOPTION OF THE AGENDA

1.1 May 12, 2022 Regular Meeting Agenda

It was MOVED and SECONDED

That the Performance and Audit Committee adopt the agenda for its regular meeting scheduled for May 12, 2022 as circulated.

CARRIED

*denotes electronic meeting participation as authorized by Section 3.6.2 of the *Procedure Bylaw*

† denotes electronic meeting participation

2. ADOPTION OF THE MINUTES

2.1 April 14, 2022 Regular Meeting Minutes

It was MOVED and SECONDED

That the Performance and Audit Committee adopt the minutes of its regular meeting held April 14, 2022 as circulated.

CARRIED

3. DELEGATIONS

No items presented.

4. INVITED PRESENTATIONS

No items presented.

5. REPORTS FROM COMMITTEE OR STAFF

5.1 Metro Vancouver Quarterly Financial Report – March 31, 2022

Report dated April 26, 2022, from Linda Sabatini, Acting Director, Financial Operations, Financial Services, presenting the Performance and Audit Committee with key financial information as of March 31, 2022, the first fiscal quarter of 2022.

Members were provided a presentation on the new quarterly report structure outlining key revenue trends, the Operating Budget summary, and variable revenue sources. In response to questions, members were informed about the overall supply chain challenges and associated timelines.

Presentation material titled “Metro Vancouver Quarterly Financial Report – March 31, 2022” is retained with the May 12, 2022 Performance and Audit Committee agenda.

It was MOVED and SECONDED

That the Performance and Audit Committee receive for information the report dated April 26, 2022 titled “Metro Vancouver Quarterly Financial Report – March 31, 2022”.

CARRIED

5.2 Improving Metro Vancouver Financial Standing - Update

Report dated May 3, 2022, from Dean Rear, General Manager, Financial Services/Chief Financial Officer, providing the Performance and Audit Committee with an update of actions undertaken to improve Metro Vancouver’s financial policies, processes and standing amongst its key stakeholders.

In response to questions about the financial policy review being undertaken by the Regional Finance Advisory (RFAC) subcommittee, members were provided the

example of Rate Stabilization and Borrowing as policies that impact both Metro Vancouver and member jurisdictions.

Request of Staff

Staff were requested to provide a summary of topics and financial policies being considered for review.

It was MOVED and SECONDED

That the Performance and Audit Committee receive for information the report dated May 3, 2022, titled "Improving Metro Vancouver Financial Standing - Update".

CARRIED

5.3 Semi-Annual Report on GVS&DD Development Cost Charges

Report dated March 15, 2022, from Joe Sass, Director, Financial Planning/Deputy Chief Financial Officer, providing the Performance and Audit Committee with an update on the 2021 GVS&DD Development Cost Charge (DCC) revenues and any implications on their adequacy, as required by the Committee Terms of Reference.

It was MOVED and SECONDED

That the Performance and Audit Committee receive for information the report dated March 15, 2022, titled "Semi-Annual Report on GVS&DD Development Cost Charges".

CARRIED

5.4 Greater Vancouver Sewerage and Drainage District Development Cost Charge Reserve Fund Expenditure Bylaw No. 355, 2022

Report dated April 28, 2022, from Joe Sass, Director, Financial Planning/Deputy Chief Financial Officer, providing the Performance and Audit Committee with an overview of the *Greater Vancouver Sewerage and Drainage District Development Cost Charge Reserve Fund Expenditure Bylaw No. 355, 2022*, for the GVS&DD Board adoption.

It was MOVED and SECONDED

That the GVS&DD Board:

- a) give first, second and third reading to *Greater Vancouver Sewerage and Drainage District Development Cost Charge Reserve Fund Expenditure Bylaw No. 355, 2022*; and
- b) pass and finally adopt *Greater Vancouver Sewerage and Drainage District Development Cost Charge Reserve Fund Expenditure Bylaw No. 355, 2022*.

CARRIED

5.5 Manager's Report

Report dated April 19, 2022, from Dean Rear, General Manager, Financial Services/Chief Financial Officer, providing the Performance and Audit Committee

with an update on the Committee 2022 Work Plan and the second quarterly report coming to the upcoming Committee meeting in July.

In response to a question, members were informed about the data included in the dashboard being manually collected from departments.

Request of Staff

Staff were requested to investigate automation of the Performance Dashboard data.

It was MOVED and SECONDED

That the Performance and Audit Committee receive for information the report dated April 19, 2022, titled "Manager's Report".

CARRIED

6. INFORMATION ITEMS

6.1 MV 2021 Independence Letter from BDO Canada LLP

Members were informed the BDO letter was not included in the package presented with the rest of Financial Audit reports at the previous meeting.

7. OTHER BUSINESS

No items presented.

8. BUSINESS ARISING FROM DELEGATIONS

No items presented.

9. RESOLUTION TO CLOSE MEETING

No items presented.

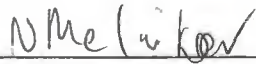
10. ADJOURNMENT/CONCLUSION

It was MOVED and SECONDED

That the Performance and Audit Committee conclude its regular meeting of May 12, 2022.

CARRIED

(Time: 9:55 a.m.)



Natalia Melnikov,
Legislative Services Coordinator



Lisa Dominato, Chair

52705284 FINAL

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 15, 2022 Meeting Date: July 14, 2022

Subject: **MFA Fall 2022 Borrowing for Bowen Island Municipality – MVRD Security Issuing Bylaw No. 1351, 2022**

RECOMMENDATION

That the MVRD Board:

- a) give consent to the request for financing from Bowen Island Municipality in the amount of \$7,040,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.
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EXECUTIVE SUMMARY

As set out in the *Community Charter*, the Metro Vancouver Regional District (MVRD) must adopt a security issuing bylaw in order to enable the Bowen Island Municipality to proceed with their long term borrowing request of \$7,040,000. This borrowing is to finance the construction of a Fire Hall, an Emergency Operations Centre and a Community Centre. Bowen Island's total estimated annual debt servicing costs for existing and new proposed debt combined is approximately \$862,809 which is roughly 34.3% of their liability servicing limit of \$2,517,728. Bowen Island Municipality has met the regulatory requirements and has the legislative authority to undertake the planned borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1351, 2022* will authorize Bowen Island Municipality's borrowing request.

Staff recommends consenting to Bowen Island Municipality's borrowing request and adopting the Security Issuing Bylaw as outlined in Alternative 1.

PURPOSE

To seek the adoption of a Security Issuing Bylaw to authorize a borrowing request from Bowen Island Municipality in the amount of \$7,040,000 for the Fall 2022 MFA long term debt issue.

BACKGROUND

Metro Vancouver received a request from Bowen Island Municipality to borrow \$7,040,000 to finance the construction of a Fire Hall, an Emergency Operations Centre and a Community Centre. This request has been approved by their respective council by way of Loan Authorization Bylaw and Security Issuing Resolution as required under provincial legislation. This report is being brought forward to the MVRD Board to seek the adoption of *Metro Vancouver Security Issuing Bylaw*

No. 1351, 2022 which will authorize the borrowing request from Bowen Island Municipality. The borrowing must be approved by the MVRD Board before the Security Issuing Bylaw can be issued and the request forwarded to the MFA for consideration.

MUNICIPAL BORROWING REQUEST

Request Details

Bowen Island Municipality has adopted the Loan Authorization Bylaws as outlined in Table 1 below. Their Council subsequently passed the required Security Issuing Resolution on April 20, 2022 to proceed with the 2022 Fall Borrowing for the requested amount within the authorized and outstanding balance of the bylaw. This request is within the parameters set out in Bowen Island Municipality's Financial Plan Bylaw.

Table 1

MVRD Bylaw	Member Bylaw	Date Bylaw Passed	Purpose	Borrowing Request	Term
1351, 2022	441, 2017	September 11, 2017	Construction of Main Fire Hall and Emergency Operations Centre	\$3,000,000	30 years
1351, 2022	477, 2019	September 14, 2020	Construction of Community Centre	\$4,040,000	30 years
Total 2022 Fall Borrowing Request				\$7,040,000	

The member's loan authorization bylaws identified above has been reviewed by the Inspector of Municipalities and have received the necessary Certificates of Approval. These certificates are included in Attachment 2 of this report.

Financial Analysis

Per the Liability Servicing Limit Certificate dated April 14, 2022, Bowen Island Municipality had a liability servicing limit of \$2,517,728. This limit represents the maximum amount, as prescribed by the Province, that Bowen Island can annually pay for servicing debt. The estimated annual debt servicing costs proposed in this bylaw will be approximately \$640,000. When combined with existing annual debt servicing costs, the total costs will be approximately \$863,000 which is roughly 34.3% of their overall liability servicing limit.

All debt of the MVRD is a joint and several liability of its member municipalities.

Included, as an attachment, is the following information provided by Bowen Island Municipality to assist in considering this request:

- Adopted Loan Authorization Bylaws along with Certificates of Approval
- Copy of Security Issuing Resolution
- Liability Servicing Limit Certificate
- The 2022 - 2026 Financial Plan Bylaw
- 2021 Audited Consolidated Financial Statements

ALTERNATIVES

1. That the MVRD Board:
 - a) give consent to the request for financing from Bowen Island Municipality in the amount of \$7,040,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.
2. That the MVRD Board receive for information the report dated June 15, 2022, titled “MFA Fall 2022 Borrowing for Bowen Island Municipality – MVRD Security Issuing Bylaw No. 1351, 2022”.

FINANCIAL IMPLICATIONS

Although all member debt is a joint and shared liability of all member municipalities, there are no direct financial implications to Metro Vancouver with the adoption of the bylaw.

If the Board approves Alternative 1, Bowen Island Municipality will proceed to borrow \$7,040,000 to fund their infrastructure projects.

If the Board approves Alternative 2, Bowen Island Municipality would be unable to borrow funds as required for the purpose intended and would need to look for other funding sources, potentially causing the Municipality undue financial challenges.

CONCLUSION

Bowen Island Municipality requested to borrow \$7,040,000 to finance the construction of a Fire Hall, an Emergency Operations Centre and a Community Centre. The Municipality has met all regulatory requirements and has the legislative authority to undertake the borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1351, 2022* will authorize Bowen Island Municipality’s borrowing request which will be forwarded to MFA for consideration upon approval. Staff recommends consenting to the Municipality’s borrowing and adopting the Security Issuing Bylaw as outlined in Alternative 1.

Attachments

1. *Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022*
2. Bowen Island Municipality - Additional Information

53125098

**METRO VANCOUVER REGIONAL DISTRICT
BYLAW NO. 1351, 2022**

**A Bylaw to Authorize the Entering into a Finance Agreement with the Municipal Finance Authority
of British Columbia in the Amount of \$7,040,000 (Canadian)**

WHEREAS the Municipal Finance Authority of British Columbia (the “Authority”) may provide financing of capital requirements for Regional Districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

WHEREAS Bowen Island Municipality is a member municipality of the Metro Vancouver Regional District (the “Regional District”);

WHEREAS the Regional District is to finance from time to time on behalf of and at the sole cost of the member municipalities, under the provisions of Section 410 of the *Local Government Act*, the works to be financed pursuant to the following loan authorization bylaw:

Member Loan Authorization Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
441, 2017	Construction of Main Fire Hall and Emergency Operations Centre	\$3,000,000	\$0	\$3,000,000	30 years	\$3,000,000
477, 2019	Construction of Community Centre	\$4,040,000	\$0	\$4,040,000	30 years	\$4,040,000
Total 2022 Fall Borrowing Request						\$7,040,000

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority:

NOW THEREFORE the Metro Vancouver Regional District Board of Directors enacts as follows:

1. The Regional Board hereby consents to financing the debt of Bowen Island Municipality in the amount of seven million forty thousand dollars (\$7,040,000) in accordance with the following terms.
2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of Bowen Island Municipality up to, but not exceeding

seven million forty thousand dollars (\$7,040,000) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$7,040,000 in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.

3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule "A" and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the Local Government Act, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
8. During the currency of the obligation incurred under the said Agreement to secure borrowings in respect of the "Bowen Island Municipality Construction of Main Fire Hall and Emergency Operations Centre Loan Authorization Bylaw No. 441, 2017" and "Construction of Community Centre Loan Authorization Bylaw No. 477, 2019", there shall be requisitioned annually an amount sufficient to meet the annual payment of interest and the repayment of principal.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to

the Authority and the Regional Board of the Regional District shall make due provision to discharge such liability.

10. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

This bylaw may be cited as “Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022”.

Read a first time this _____ day of _____, _____.

Read a second time this _____ day of _____, _____.

Read a third time this _____ day of _____, _____.

Approved by the Inspector of Municipalities this _____ day of _____, _____.

Passed and finally adopted this _____ day of _____, _____.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

SCHEDULE A

C A N A D A

PROVINCE OF BRITISH COLUMBIA

A G R E E M E N T

Metro Vancouver Regional District

The Metro Vancouver Regional District (the "Regional District") hereby promises to pay to the Municipal Finance Authority of British Columbia at its Head Office in Victoria, British Columbia, (the "Authority") the sum of seven million forty thousand dollars (\$7,040,000) in lawful money of Canada, together with interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing below hereof commencing on the day of _____, _____ provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this day of _____, 2022.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 1351, 2022 cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1351, 2022". This Agreement is sealed with the Corporate Seal of the Metro Vancouver Regional District and signed by the Chair and the officer assigned the responsibility of financial administration thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that this Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatever in any Court of the Province of British Columbia.

Dated _____, 2022
(month, day)

Inspector of Municipalities

Schedule B

PRINCIPAL AND/ OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

<u>Date of Payment</u>	Principal and/or Sinking Fund <u>Deposit</u>	<u>Interest</u>	<u>Total</u>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

**BOWEN ISLAND MUNICIPALITY
BYLAW NO. 441, 2017**

A bylaw to authorize the borrowing of up to \$3,000,000 for the development and construction of a Main Fire Hall and Emergency Operations Centre

WHEREAS it is deemed desirable and expedient to develop and construct a main Fire Hall and Emergency Operations Centre described as Lot A, District Lot 490, Group a NWD Plan BCP 20428, PID 026-484-480, as shown outlined on the plan attached to this Bylaw Schedule "A" to serve Bowen Island Municipality ("Main Fire Hall");

AND WHEREAS the estimated cost to construct the Main Fire Hall, including expenses incidental thereto, is the sum not exceeding \$3,000,000 of which the sum of \$3,000,000 is the maximum amount of debt intended to be created as a result of borrowing authorized under this bylaw;

THEREFORE, be it resolved that the Council of Bowen Island Municipality in open meeting assembled, enacts as follows:

1. This bylaw may be cited for all purposes as "Bowen Island Municipality Loan Authorization (Main Fire Hall and Emergency Operations Centre) Bylaw No.441, 2017".
2. The Bowen Island Municipality is hereby empowered and authorized to undertake and carry out or cause to be carried out the construction of the Main Fire Hall and Emergency Operations Centre generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and, without limiting the generality of the foregoing:
 - a) to borrow upon the credit of the Municipality a sum not to exceed \$3,000,000;
 - b) to acquire all such real property, easements, rights of way, licenses, rights or authorities as may be requisite or desirable for or in connection with the construction of the Main Fire Hall and Emergency Operations Centre;
 - c) site preparation, environmental site remediation, installation of all ancillary road works, on-site and off-site services and utilities for use in connection with the Main Fire Hall and Emergency Operations Centre.
3. The term for which debentures may be issued to secure the debt created by this bylaw is thirty (30) years.

READ A FIRST TIME this 13th day of March, 2017;

READ A SECOND TIME this 27th day of March, 2017;

READ A THIRD TIME this 10th day of April, 2017;

RECEIVED the approval of the Inspector of Municipalities this 14th day of June, 2017;

NOTICE of the referendum process was published on the 21st day of July, 2017, on the 28th day of July, 2017 and on the 4th day of August, 2017 in the Undercurrent, a newspaper circulating in Bowen Island Municipality, pursuant to Section 94 of the *Community Charter*.

RECEIVED the Assent of the Electors of Bowen Island Municipality this 19th day of August, 2017;

FINALLY ADOPTED this 11th day of September, 2017.

Murray Skeels
Mayor



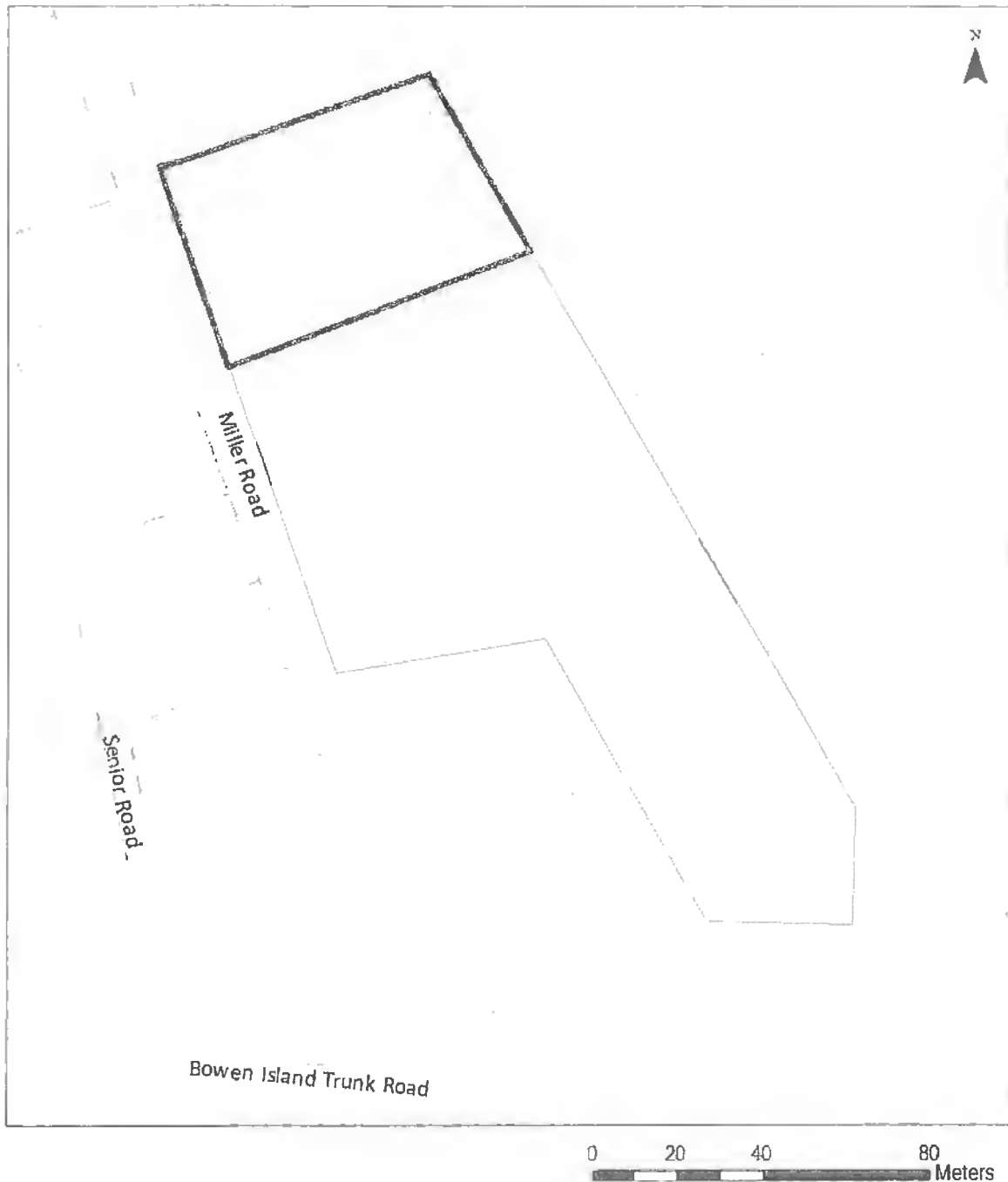
Hope Dallas
Deputy Corporate Officer

Certified to be a true and correct copy of
Bowen Island Municipality Loan Authorization
Bylaw No.441, 2017 adopted by Bowen Island
Municipal Council September 11, 2017.



Hope Dallas
Corporate Officer

**Bowen Island Municipality Loan Authorization
(Main Fire Hall and Emergency Operations Centre) Bylaw
Schedule A**





Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No. 441, cited as the "Bowen Island Municipality Loan Authorization (Main Fire Hall and Emergency Operations Centre) Bylaw No. 441, 2017" of the Bowen Island Municipality has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

Dated this 03 day
 of November , 2017

A handwritten signature in black ink, appearing to be "JL", written over a horizontal line.

Deputy Inspector of Municipalities of British Columbia

**BOWEN ISLAND MUNICIPALITY
BYLAW NO. 477, 2019**

A bylaw to authorize the borrowing of up to \$4,040,000 for the Community Centre Project.

WHEREAS it is deemed desirable and expedient to develop and construct a Community Centre on Bowen Island Municipality land, legally described as LOT B DISTRICT LOT 490 GROUP 1 NEW WESTMINSTER DISTRICT PLAN LMP44342, EXCEPT: PART IN PLANS BCP9282 AND PLAN EPP68283, as shown outlined on the plan attached to this Bylaw Schedule "A" to serve Bowen Island Municipality ("Community Centre Project");

WHEREAS the estimated capital cost of the Community Centre project is \$14,500,000;

WHEREAS anticipated grant funding, currently held Municipal reserves, and fundraising campaign total \$10,500,000 towards capital costs;

WHEREAS the capital costs required to complete the project, \$4,040,000, needs to be secured and the sum of \$4,040,000 is the maximum amount of debt intended to be created as a result of borrowing authorized under this bylaw;

THEREFORE, be it resolved that the Council of Bowen Island Municipality in open meeting assembled, enacts as follows:

1. This bylaw may be cited for all purposes as "Bowen Island Municipality Loan Authorization (Community Centre Project) Bylaw No. 477, 2019".
2. The Bowen Island Municipality is hereby empowered and authorized to undertake and carry out or cause to be carried out the construction of the Community Centre, generally in accordance with plans on file in the municipal office and to do all things necessary in connection therewith and, without limiting the generality of the foregoing:
 - a) to borrow upon the credit of the Municipality a sum not to exceed \$4,040,000;
 - b) to acquire all such real property, easements, rights of way, licenses, rights or authorities as may be requisite or desirable for or in connection with the construction of the Community Centre;
 - c) site preparation, environmental site remediation, installation of all ancillary road works, on-site and off-site services and utilities for use in connection with the construction of the Community Centre.
3. The term for which debentures may be issued to secure the debt created by this bylaw is thirty (30) years.

READ A FIRST TIME this 19th day of February, 2019;

READ A SECOND TIME this 19th day of February, 2019;

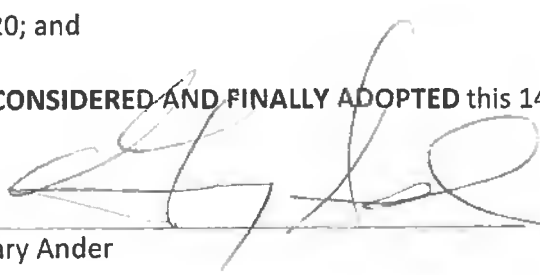
READ A THIRD TIME this 19th day of February, 2019;

RECEIVED the approval of the Inspector of Municipalities this 12th day of August , 2020;

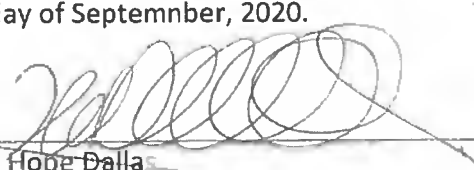
NOTICE of the referendum process was published on the 13th day of August, 2020, on the 27th day of August, 2020 and on the 10th day of September, 2020 in the Undercurrent, a newspaper circulating in Bowen Island Municipality, pursuant to Section 94 of the *Community Charter*.

RECEIVED the Assent of the Electors of Bowen Island Municipality this 12th day of September, 2020; and

RECONSIDERED AND FINALLY ADOPTED this 14th day of September, 2020.



Gary Ander
Mayor



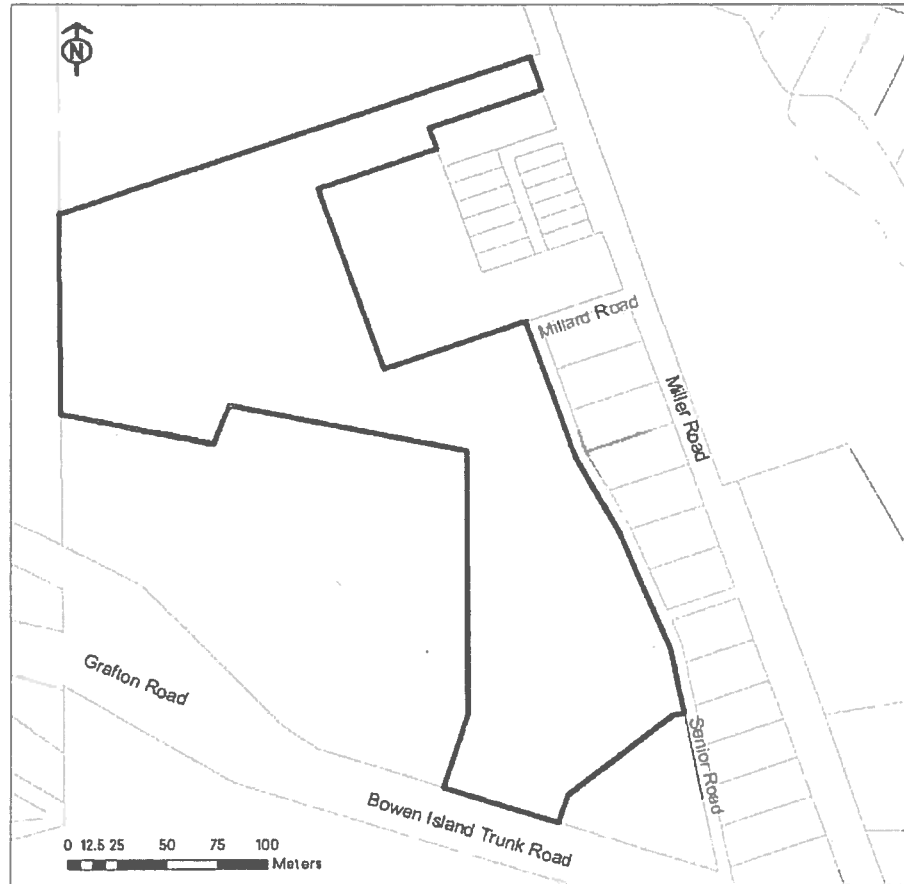
Hope Dallas
Corporate Officer

Certified to be a true and correct copy of Bowen
Island Municipality Loan Authorization Bylaw
No.477, 2019 adopted by Bowen Island Municipal
Council September 14, 2020



Hope Dallas
Corporate Officer

**Bowen Island Municipality Loan Authorization Bylaw No.477, 2019
(Community Centre Project) Bylaw Schedule A**





Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No. 477, cited as the "Bowen Island Municipality Loan Authorization (Community Centre Project) Bylaw No. 477, 2019" of the Bowen Island Municipality has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

Dated this 30th *day*
Of November , 2020

Deputy Inspector of Municipalities of British Columbia



April 20, 2022

To whom it may concern,

Re: Council Resolution #22-257 re: Municipal Security Issuing Bylaw for Long Term Borrowing

At its April 11, 2022 Regular Council meeting, Bowen Island Municipal Council adopted the following resolution:

RES#22-257

That Council approve borrowing from the Municipal Finance Authority of British Columbia, as part of the 2022 Fall long-term debt issue for a total of \$7,040,000 as authorized by Loan Authorization Bylaw No.441, 2017 cited as "Bowen Island Municipality Loan Authorization (Fire Hall and Emergency Operations Centre) Bylaw No.441, 2017 and Loan Authorization Bylaw No.477, 2019 cited as "Bowen Island Municipality Loan Authorization (Community Centre Project) Bylaw No.477, 2019"; and

That Council request Metro Vancouver Regional District to consent to Bowen Island Municipality's borrowing over a 30-year term and include the borrowing in its Security Issuing Bylaw.

I hereby certify that the foregoing is a true and correct copy of an extract of the draft minutes of the Bowen Island Municipal Regular Council meeting held on April 11, 2022.

Dated at Bowen Island, BC this 20th day of April, 2022.

A handwritten signature in black ink, appearing to read "Hope Dallas", written over a horizontal line.

Hope Dallas
Corporate Officer

LIABILITY SERVICING LIMIT CERTIFICATE

The Bowen Island Municipality (the "Municipality")
In relation to Council Resolution #22-236 and Temporary Borrowing Bylaw No. 448, 2017

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year \$10,070,912.00 a
(section 4 & 5, BC Reg 254/2004)
Liability Servicing Limit (a x 25%) \$2,517,728.00 b
(section 2, BC Reg 254/2004)
Annual Servicing cost for previous year \$218,884.00 c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost	
Fire Hall	<u>\$150,898.00</u>	d
Community Centre	<u>\$211,257.00</u>	e
Tunstall Bay Reservoir	<u>\$139,104.00</u>	f
		g
		h
		i
		j
		k
		l
Total of lines d through l		<u>\$501,259.00</u> m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost	
		n
		o
		p
		q
		r
Total of lines n through r		<u>\$0.00</u> s

Amount of new liability \$640,000.00 t
(section 3, BC Reg 254/2004)
Annual servicing cost of new liability \$142,366.00 u
(section 3, BC Reg 254/2004)
Total liability servicing cost including current request (lines c+m-s+u) \$862,509.00 v

☒ which is less than the annual liability servicing limit stated on line b.

OR

☐ which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this 14 day of April, 2022

Kristen Watson
Financial Officer

OR

Auditor

Kristen Watson
(Please print full name)

(Please print full name & company)

**Bowen Island Municipality
Bylaw No.569, 2022**

A bylaw to adopt the 2022 – 2026 Five Year Financial Plan

WHEREAS, the *Community Charter* requires that Council adopt a Five Year Financial Plan before the Annual Property Tax Rates Bylaw is adopted, before May 15th each year;

AND WHEREAS, the Council of Bowen Island Municipality has established the following guiding principles to serve as a framework for decision making during the planning and budgeting process which provides the foundations for the delivery of community services, financial sustainability and a desirable legacy for future generations:

- We will be responsive to the needs of our citizens
- We will be innovative and creative in the delivery of services and the financing of capital projects
- We will ensure service levels and the funding of such services are sustainable
- We will maintain our infrastructure in a proper state of repair
- We will ensure property taxes are equitable and strive to strike a balance between customer demand for services and taxpayers ability to pay
- We will live within our means
- We will protect our natural environment

AND WHEREAS, Council has established revenue policies to meet strategic objectives including:

- Council will consider the tax increase required for the ensuing planning period by first covering the projected cost increase for existing services and then considering other enhancements.
- New services or enhancements to existing services will be funded by a combination of:
 1. Reduction in the cost of existing services. This may include a reallocation of resources from one area to another.
 2. Increase in other revenues.
 3. A further increase in taxes.
- Utilities will be operated on a self-funded basis.
- Recreation fees will be established to collectively recover a minimum of 100% of direct costs for recreation programs.
- Fees for development related functions (i.e. building and other related inspections development approvals, subdivision) will be set at levels to recover full costs.
- Solid Waste Management Services is financed 100% by a combination of parcel tax and fees.
- Bowen Island Municipality will pursue alternative revenue sources prior to consideration of incurring debt or increasing taxes.
- Bowen Island Municipality will minimize tax increases by using the Small Community Grant funds to reduce the tax increase that would otherwise be necessary to maintain the level of services to the community.

AND WHEREAS, The Council of Bowen Island Municipality has adopted a Permissive Tax Exemption Policy; the Permissive Tax Exemption bylaw has been adopted with due consideration of the benefits to the community. Recognizing the impact to taxpayers, such that all approved exemptions effectively reduce the total value of the annual assessment roll for

property tax purposes and shift the property tax burden to the remaining Bowen Island taxpayers for Municipal taxes and Regional District and Islands Trust requisitions.

The total estimated value of the Permissive Tax Exemptions approved by Council for the 2022 tax year are \$104,931. Of this amount, \$45,784 are the taxes owing to the Municipality and the Regional District and the Islands Trust and will be redistributed proportionately to the remaining Bowen taxpayers.

AND WHEREAS, the Council of Bowen Island Municipality has considered the distribution of tax among property classes and has concluded that:

1. There is no appreciable difference between the benefits delivered or demands made on the infrastructure between residential and business properties and recreational/non-profit properties.
2. To encourage the preservation of the rural community, farm properties will be provided tax relief of a 50% tax rate as compared to residential.
3. Utilities and Industrial properties will be apportioned tax at 4.16 times the residential rate as it is believed that the tax revenue received from these property classifications is not proportionate to the benefits such properties derive from the community;

THEREFORE, the Council of Bowen Island Municipality, in open meeting assembled, enacts as follows:

1. This bylaw may be cited for all purposes as *"Bowen Island Municipality 2022 - 2026 Five Year Financial Plan Bylaw No.569, 2022"*.
2. Council establishes the following distribution ratio for Municipal Property Tax:

Classification	Ratio to Municipal Tax Rate	Estimated \$ Municipal Taxes 2022	Estimated % Municipal Taxes 2022
Residential	1 : 1	6,432,901	97.6%
Utilities	4.16 : 1	14,862	0.2%
Light Industry	4.16 : 1	7,982	0.1%
Business and Other	1 : 1	116,801	1.8%
Recreation	1 : 1	17,708	0.3%
Farm	0.5 : 1	116	0.0%
TOTAL		\$6,590,370	100%

3. Schedule "A" attached to and forming part of this bylaw is hereby declared to be the Financial Plan for Bowen Island Municipality for the five-year period from 2022 to 2026.

READ A FIRST TIME this 2nd day of May, 2022;

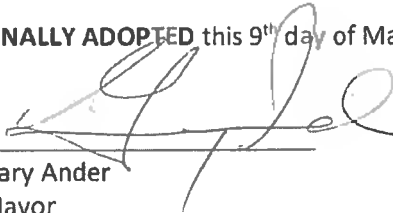
READ A SECOND TIME this 2nd day of May, 2022;

Page 2 of 3


Bowen Island Municipality Bylaw No.569, 2022

READ A THIRD TIME this 2nd day of May, 2022; AND

FINALLY ADOPTED this 9th day of May, 2022.



Gary Ander
Mayor



Hope Dallas
Corporate Officer

Certified to be a true and correct copy of
Bowen Island Municipality 2022-2026 Five Year
Financial Plan Bylaw No.569, 2022 adopted by
Bowen Island Municipal Council at its Regular
Council meeting held May 9, 2022.



Hope Dallas
Corporate Officer

Bowen Island Municipality
Schedule "A" Bylaw No. 569
2022-2026 Five Year Financial Plan

	2022		2023		2024		2025		2026	
Revenues										
Property Tax	(6,590,370)	22.4%	(7,397,148)	27.6%	(7,689,827)	46.5%	(8,032,063)	47.4%	(8,351,189)	51.7%
Parcel Tax	(1,939,101)	6.6%	(1,953,911)	7.3%	(1,974,042)	11.9%	(1,993,370)	11.8%	(2,014,701)	12.5%
Grants in Lieu of Taxes	(77,772)	0.3%	(78,663)	0.3%	(79,213)	0.5%	(79,888)	0.5%	(81,213)	0.5%
Sale of Service	(701,828)	2.4%	(739,930)	2.8%	(858,582)	5.2%	(867,594)	5.1%	(889,632)	5.5%
Utility Fees	(1,774,755)	6.0%	(1,756,533)	6.6%	(1,890,858)	11.4%	(2,031,309)	12.0%	(2,181,369)	13.5%
Grant Revenue	(4,816,001)	16.4%	(8,988,693)	33.6%	(1,352,054)	8.2%	(1,540,083)	9.1%	(509,112)	3.2%
Donation Revenue	(7,650)	0.0%	(2,765,589)	10.3%	(6,600)	0.0%	(6,600)	0.0%	(6,600)	0.0%
Other Income	(190,787)	0.6%	(199,721)	0.7%	(188,293)	1.1%	(199,368)	1.2%	(206,679)	1.3%
Total Revenues	\$ (16,098,264)	54.8%	\$ (23,880,188)	89.2%	\$ (14,039,469)	85.0%	\$ (14,750,275)	87.1%	\$ (14,240,495)	88.2%
Use of Statutory Reserve Funds										
Use Of Capital Renewal and Replacement Reserve	(1,640,000)	5.6%	(70,000)	0.3%	(390,000)	2.4%	(20,000)	0.1%	(20,000)	0.1%
Use Of Roads and Infrastructure Reserve	(960,000)	3.3%	(1,075,000)	4.0%	(1,175,000)	7.1%	(1,425,000)	8.4%	(1,425,000)	8.8%
Use Of Community Works Reserve	(235,381)	0.8%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Use Of Recreation and Other Community Uses Reserve	(99,365)	0.3%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Use Of Parks Reserve	(70,000)	0.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Use Of Fire Protection Reserve	(53,000)	0.2%	(34,000)	0.1%	(24,000)	0.1%	(24,000)	0.1%	(24,000)	0.1%
Use of Land Opportunity Reserve	(42,038)	0.1%	(42,038)	0.2%	(42,038)	0.3%	(42,038)	0.2%	(42,038)	0.3%
Use of Water System Reserves	(455,400)	1.6%	(482,700)	1.8%	(302,700)	1.8%	(327,700)	1.9%	(327,700)	2.0%
Total Use of Statutory Reserves	\$ (3,555,184)	12.1%	\$ (1,703,738)	6.4%	\$ (1,933,738)	11.7%	\$ (1,838,738)	10.9%	\$ (1,838,738)	11.4%
Use of Accumulated Operating Surplus and Other Reserves										
Use of Accumulated Operating Surplus	(640,000)	2.2%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Use of Other Non-Statutory Reserve Funds	(2,290,514)	7.8%	(244,428)	0.9%	(20,000)	0.1%	(35,000)	0.2%	(70,000)	0.4%
Total Use of Non-Statutory Reserve Funds	\$ (2,930,514)	10.0%	\$ (244,428)	0.9%	\$ (20,000)	0.1%	\$ (35,000)	0.2%	\$ (70,000)	0.4%
Proceeds of Debt	\$ (6,795,000)	23.1%	\$ (958,000)	3.6%	\$ (530,000)	3.2%	\$ (317,000)	1.9%	\$ -	0.0%
Total Revenue, Use of Reserves and Proceeds of Debt	\$ (29,378,962)	100.0%	\$ (26,786,354)	100.0%	\$ (16,523,207)	100.0%	\$ (16,941,013)	100.0%	\$ (16,149,233)	100.0%
Operating Expenses										
General Government & Administration	2,023,215		1,975,737		1,933,310		1,959,149		2,038,597	
Protective Services	1,193,900		834,002		844,312		855,613		863,583	
Community and Strategic Planning	823,265		879,215		833,322		792,148		801,175	
Roads and Infrastructure	1,046,117		1,149,836		1,168,758		1,177,525		1,203,637	
Solid Waste	1,411,578		1,413,428		1,425,503		1,433,934		1,451,034	
Parks, Recreation and Culture	1,365,459		1,429,852		1,584,490		1,606,703		1,629,430	
Utility Operations	1,226,898		1,235,120		1,278,018		1,284,798		1,330,768	
Total Operating Expenses	\$ 9,090,432		\$ 8,917,190		\$ 9,067,713		\$ 9,109,870		\$ 9,318,224	
Capital Projects										
Capital Expenditures - General Fund	14,298,745		11,260,640		1,836,064		1,506,694		1,507,335	
Capital Expenditures - Water Funds	1,120,400		2,815,700		1,475,700		1,680,700		327,700	
Capital Expenditures - Sewer Fund	1,700,000		15,000		20,000		35,000		40,000	
Total Capital Expenditures	\$ 17,119,145		\$ 14,091,340		\$ 3,331,764		\$ 3,222,394		\$ 1,875,035	
Debt Service										
Interest on Borrowed Funds	198,965		413,413		427,769		431,111		434,836	
Debt Principal Repayment	134,476		626,095		629,290		632,581		666,782	
Total Debt Service Costs	\$ 333,441		\$ 1,039,508		\$ 1,057,059		\$ 1,063,692		\$ 1,101,618	
Contributions To Statutory Reserves										
To Capital Renewal and Replacement Reserve	250,000		-		500,000		550,000		650,000	
To Roads and Infrastructure Renewal Reserve	1,000,000		1,150,000		1,300,000		1,500,000		1,550,000	
To Community Works Fund	69,392		72,887		-		-		-	
To Community Parks Fund	-		50,000		75,000		125,000		175,000	
To Recreation & Other Community Use Reserve	-		-		150,000		150,000		150,000	
To Equipment Reserve	100,000		100,000		100,000		125,000		150,000	
To Fire Equipment Replacement Reserve	-		100,000		100,000		125,000		150,000	
To Public Art Reserve	10,000		10,000		10,000		10,000		10,000	
To Land Opportunity Reserve	124,000		124,000		124,000		124,000		124,000	
To Water System Reserve Funds	670,605		488,684		536,760		633,772		667,978	
Total Contributions To Statutory Reserves	\$ 2,223,997		\$ 2,095,571		\$ 2,895,760		\$ 3,342,772		\$ 3,626,978	
Contributions to Non-Statutory Reserve Funds										
To Accumulated Operating Surplus	102,668		102,668		102,668		102,668		102,668	
To Other Non-Statutory Reserve Funds	509,279		540,077		68,243		99,617		124,710	
Total Transfers to Non Statutory Reserves	\$ 611,947		\$ 642,745		\$ 170,911		\$ 202,285		\$ 227,378	
Total Operating, Capital, Reserve Contributions and Debt Retirement	\$ 29,378,962		\$ 26,786,354		\$ 16,523,207		\$ 16,941,013		\$ 16,149,233	

Bowen Island Municipality
Financial Statements
For the year ended December 31, 2021

Bowen Island Municipality
Financial Statements
For the year ended December 31, 2021

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Management's Responsibility for the Financial Statements

The accompanying financial statements of Bowen Island Municipality (the "Municipality") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Mayor and Council carry out their responsibility for the financial statements jointly with its Finance Advisory Committee. The Committee meets with management on a scheduled basis and at least semi-annually with BDO Canada LLP to review their activities and to discuss auditing, internal control, accounting policy, and financial reporting matters. Council approves the financial statements; the Finance Advisory Committee reviews the recommendations of the independent auditors for improvements to controls as well as the actions of management to implement such recommendations.

The financial statements have been audited by BDO Canada LLP, independent external auditors appointed by the Municipality. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's financial statements.

Kristen Watson

Chief Financial Officer

May 16, 2022

Independent Auditor's Report

To the Mayor and Councilors of Bowen Island Municipality

Opinion

We have audited the financial statements of Bowen Island Municipality (the "Municipality"), which comprise the Statement of Financial Position as at December 31, 2021, the Statements of Operations, Change in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2021, and its results of operations, its changes in net financial assets, and 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 report. We are independent of the Municipality 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.

Unaudited Information

We have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the schedules or exhibits on page 28 of the Municipality's financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality'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 these financial statements.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 Municipality'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 Municipality'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 Municipality 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

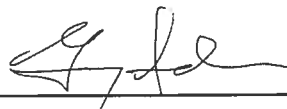
Vancouver, British Columbia
May 16, 2022

Bowen Island Municipality
Statement of Financial Position

December 31	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 5,027,276	\$ 4,528,156
Accounts receivable (Note 2)	2,583,497	2,068,741
Portfolio investments (Note 3)	8,652,326	9,696,384
	<u>16,263,099</u>	<u>16,293,281</u>
Liabilities		
Accounts payable and accrued liabilities (Note 4)	2,728,119	2,598,011
Deferred revenue (Note 5)	3,368,369	801,803
Temporary borrowing (Note 6)	1,500,000	-
Long-term Debt (Note 6)	4,339,650	4,448,923
Obligation under Capital lease	-	900
	<u>11,936,138</u>	<u>7,849,637</u>
Net Financial Assets	<u>4,326,961</u>	<u>8,443,644</u>
Non-Financial Assets		
Tangible capital assets (Schedule 1)	76,108,664	69,234,135
Prepaid expenses	57,729	21,524
	<u>76,166,393</u>	<u>69,255,659</u>
Accumulated Surplus (Note 7)	<u>\$80,493,354</u>	<u>\$ 77,699,303</u>

Kristen Watson

Chief Financial Officer



Mayor

Bowen Island Municipality
Statement of Operations

For the year ended December 31	Fiscal Plan 2021 (Note 14)	2021	2020
Revenue (Schedules 2 and 3)			
Taxation (Note 12)	\$ 7,891,000	\$ 7,880,471	\$ 7,184,031
Water utility fees	1,249,600	1,414,352	1,074,246
Sewer utility fees	247,700	248,223	213,410
Other fees and charges	433,600	678,713	453,993
Government transfers - Federal	-	165,569	1,786,970
Government transfers - Provincial	2,164,700	1,483,227	3,664,896
Contributed tangible capital assets	-	-	3,155,620
Other contributions	-	293,484	183,107
Other revenue	231,000	147,752	87,711
Return (loss) on investments	-	(8,777)	446,680
Gain on sale of tangible capital assets	-	308,407	808,977
	<u>12,217,600</u>	<u>12,611,421</u>	<u>19,059,641</u>
Expenses (Schedule 2 and 3)			
Public Works, Parks, and Environment	3,443,568	3,618,773	3,462,061
General government and fiscal services	2,292,144	1,889,897	1,913,281
Development and planning	605,000	676,904	734,868
Recreation and library	1,470,900	1,107,841	1,003,443
Protective services	905,500	888,130	1,024,065
Water systems operations	1,191,991	1,191,584	1,109,164
Sewer system operations	390,722	444,241	328,896
	<u>10,299,825</u>	<u>9,817,370</u>	<u>9,575,778</u>
Annual Surplus	1,917,775	2,794,051	9,483,863
Accumulated Surplus, beginning of year	<u>77,699,303</u>	<u>77,699,303</u>	<u>68,215,440</u>
Accumulated Surplus, end of year	<u>\$79,617,078</u>	<u>\$80,493,354</u>	<u>\$ 77,699,303</u>

Bowen Island Municipality
Statement of Change in Net Financial Assets

For the year ended December 31	Fiscal Plan 2021	2021	2020
	(Note 14)		
Annual Surplus	\$ 1,917,775	\$ 2,794,051	\$ 9,483,863
Acquisition of tangible capital assets	(12,002,700)	(8,694,477)	(7,144,024)
Contribution of tangible capital assets	-	-	(3,155,620)
Amortization of tangible capital assets	1,783,825	1,783,825	1,752,443
Net disposal of tangible capital assets	-	36,123	180,679
	(10,218,875)	(6,874,529)	(8,366,522)
Acquisition of prepaid expenses	-	(57,729)	(21,524)
Use of prepaid expenses	-	21,524	63,777
	-	(36,205)	42,253
Change in Net Financial Assets for the year	(8,301,100)	(4,116,683)	1,159,594
Net Financial Assets, beginning of year	8,443,644	8,443,644	7,284,050
Net Financial Assets, end of year	\$ 142,544	\$ 4,326,961	\$ 8,443,644

Bowen Island Municipality
Statement of Cash Flows

For the year ended December 31	2021	2020
Cash provided by (used in)		
Operating transactions		
Annual surplus	\$ 2,794,051	\$ 9,483,863
Items not involving cash		
Amortization of tangible capital assets	1,783,825	1,752,443
Sinking fund earnings	(2,560)	(1,261)
Contribution of tangible capital assets	-	(3,155,620)
Gain on disposal of tangible capital assets	(308,407)	(808,977)
	<u>4,266,909</u>	<u>7,270,448</u>
Changes in non-cash operating balances		
Accounts receivable	(514,756)	(1,193,634)
Accounts payable and accrued liabilities	130,108	600,069
Deferred revenue	2,566,566	(1,415,883)
Prepaid expenses	(36,205)	42,250
	<u>6,412,622</u>	<u>5,303,250</u>
Capital transactions		
Acquisition of tangible capital assets	(8,694,477)	(7,144,024)
Proceeds from sale of tangible capital assets	344,530	989,656
	<u>(8,349,947)</u>	<u>(6,154,368)</u>
Investing transaction		
Disposal (acquisition) of portfolio investments, net	1,044,058	601,821
Financing transactions		
Repayment of debt	(106,713)	(56,793)
Proceeds of debt	1,500,000	2,533,000
Capital lease repayments	(900)	(4,517)
	<u>1,392,387</u>	<u>2,471,690</u>
Increase in cash during the year	499,120	2,222,393
Cash, beginning of year	<u>4,528,156</u>	<u>2,305,763</u>
Cash, end of year	<u>\$ 5,027,276</u>	<u>\$ 4,528,156</u>
Supplemental information:		
Interest paid	\$ 114,407	\$ 51,290

Bowen Island Municipality Notes to the Financial Statements

December 31, 2021

Bowen Island Municipality (the "Municipality") is an Island Municipality in the province of British Columbia. The Municipality was established pursuant to an Order of the Lieutenant Governor in Council effective December 4, 1999 and operates under the provisions of the Community Charter. The Municipality provides municipal services such as fire, public works, planning, parks, recreation, library and other general government services. The Municipality owns and operates seven Local Area Services for Water and one Local Area Service for Sewer, each of which provide service to properties within a discrete geographic area which are primarily funded by the properties within those boundaries.

The Municipality prepares its financial statements in accordance with Canadian public sector accounting standards developed by the Public Sector Accounting Board ("PSAB") of CPA Canada.

Services, assets, liabilities, fund balances and reserves were transferred to the Municipality pursuant to the Letters Patent from the aforementioned Order-in-Council that incorporated the Municipality. The Municipality is a member municipality of Metro Vancouver and of the Islands Trust and has various responsibilities to both entities.

1. Significant Accounting Policies

(a) Cash and Cash Equivalents

All highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

(b) Portfolio Investments

Portfolio investments other than derivatives or equity instruments quoted in active markets are recorded at amortized cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to market value. The Municipality manages and records its pooled funds at market values, which approximate amortized cost.

(c) Financial Instruments

The Municipality's financial instruments consist of cash, accounts receivable, portfolio investments, accounts payable, temporary borrowing, capital lease and long-term debt. Unless otherwise indicated, it is management's opinion that the Municipality is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

(d) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

December 31, 2021

1. Significant Accounting Policies (Continued)

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Contributed tangible capital assets are recorded at fair value at the time of the contribution.

Estimated useful lives of tangible capital assets are as follows:

Land improvements	15 to 30 years
Buildings	20 to 50 years
Sewer treatment plant	15 to 56 years
Equipment, furniture and vehicles	8 to 20 years
Infrastructure - water	5 to 100 years
Infrastructure - sewer	5 to 100 years
Roads	10 to 75 years
Other	10 to 60 years

(f) Natural Assets

Bowen Island is an island rich in natural assets, and while currently Canadian public sector accounting standards do not allow for the valuation and recording of such assets in the financial statements, Bowen Island Municipality, like other local governments, will be involving ecological systems in our asset management plans and looking to establish an ecological accounting process to eventually evaluate the benefits these natural assets provide and support in the core delivery of local government services

(g) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Municipality and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

(h) Deferred Revenue

Government transfers and other funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose or the stipulation liability is settled.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies (Continued)

(i) Collection of Taxes on Behalf of Other Taxation Authorities

The Municipality collects taxation revenue on behalf of other entities. Such levies, other revenues, expenses, assets and liabilities with respect to the operations of other entities are not reflected in these financial statements.

(j) Revenue Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts, if necessary. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Through the British Columbia Assessment Authority's appeal process, taxes may be adjusted by way of supplementary roll adjustments. The effects of these adjustments on taxes are recognized at the time they are awarded.

Charges for sewer and water usage and connections are recorded as utility fees. Connection fee revenues are recognized when the connection has been established.

Other revenue and remaining user fees are recognized on an accrual basis as earned.

(k) Government Transfers

Government transfers, are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue if the transfer stipulations give rise to a liability. The transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

When the Municipality is deemed the transferor, the transfer expense is recognized when the recipient is authorized and has met the eligibility criteria.

(l) Liability for Contaminated Sites

Governments are required to accrue a liability for the costs to remediate a contaminated site. Liabilities are recognized when an environmental standard exists, contamination exceeds the standard, the government has responsibility for remediation, future economic benefits will be given up and a reasonable estimate can be made.

Management has assessed its potential liabilities under the standard including sites that are no longer in productive use and sites for which the Municipality accepts responsibility. There were no such sites that had contamination in excess of an environmental standard which require remediation at this time, therefore no related liability has been recognized in these financial statements.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

1. Significant Accounting Policies (Continued)

(m) Use of Estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Accounts Receivable

	2021	2020
User rates receivable	\$ 525,788	\$ 471,591
Taxes receivable	294,328	320,215
General accounts receivable	14,549	128,855
GST receivable	195,328	195,143
Government transfers receivable	1,006,504	952,937
Grants receivable	547,000	-
	\$ 2,583,497	\$ 2,068,741

3. Portfolio Investments

	2021	2020
MFA bond fund	\$ 6,049,656	\$ 6,099,695
MFA money market fund	2,546,512	3,542,153
First Credit Union term deposits	56,158	54,536
	\$ 8,652,326	\$ 9,696,384

MFA bond and money market funds include bank issued notes, bonds and Provincial bonds and debentures. The current yield of the bond fund is 2.12% (2020 - 2.58%) with maturities ranging from 2022 to 2026. The current yield of the money market fund is 1.09% (2020 - 1.22%). Both funds are redeemable at any time. The interest rates of the term deposits are 0.65% - 1.00% (2020 - 1.0% - 1.85%) and maturities range from January 2022 to October 2022 (2020 - January 2021 to October 2022).

The investments are held in support of the statutory reserve funds as disclosed in Note 8.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

4. Accounts Payable and Accrued Liabilities

	2021	2020
Building permit deposits	\$ 708,137	\$ 621,051
Subdivision deposits	359,843	386,943
Miscellaneous works deposits	30,950	29,950
Trade accounts payable	314,260	338,731
Accounts payable - capital projects	319,214	604,107
Salaries and benefits payable	215,168	257,121
School and police tax payable	403,321	6,070
Holdback payable	377,226	354,038
	\$ 2,728,119	\$ 2,598,011

5. Deferred Revenue

	2020	Receipts	Revenue Recognized	2021
Community Centre Grant	\$ -	\$ 2,882,822	\$ (82,567)	\$ 2,800,255
Water Fund Capital	324,579	-	(280,802)	43,777
Development Cost Charges - Parks	241,994	-	-	241,994
Property Tax Prepayments	100,649	97,558	(100,649)	97,558
Rural Dividend Grant	46,571	-	(46,571)	-
Conservation Initiatives - Bowen Island Conservancy	16,440	-	-	16,440
Killarney Lake / Hiker's Trail	10,000	-	(10,000)	-
Amenity Contribution - Traffic Calming Whitesails Drive	11,185	-	-	11,185
Contributions	11,380	-	-	11,380
Recreation Program Fees	3,502	-	-	3,502
Other	35,503	116,473	(9,698)	142,278
	\$ 801,803	\$ 3,096,853	\$ (530,287)	\$ 3,368,369

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

6. Temporary Borrowing and Long-term debt

The Municipality issues debt instruments through the Municipal Finance Authority, pursuant to security-issuing bylaws under authority of the Community Charter, to finance certain capital expenditures. Principal paid during the year was \$109,273 (2020 - \$56,793).

	<u>2021</u>	<u>2020</u>
Temporary borrowing - 3.35%, maturing 2022	<u>\$ 1,500,000</u>	<u>\$ -</u>

The temporary borrowing of \$1,500,000 is related to the fire hall construction and will be converted to a long-term debt once construction is complete.

Long-term debt - 3.20%, maturing 2048 (Community Lands)	\$ 1,869,089	\$ 1,915,923
Long-term debt - 1.99% maturing 2050 (Cove Bay Water)	<u>2,470,561</u>	<u>2,533,000</u>
	<u>\$ 4,339,650</u>	<u>\$ 4,448,923</u>

The Municipality has authorized long-term borrowing in total of \$7,040,000 approved by referendum. In 2022, the Municipality expects to draw upon in full, with \$4,040,000 to fund the Community Centre construction and \$3,000,000 for the fire hall construction.

Repayments of long-term debt required in the next five years and thereafter are as follows:

	Interest	Principal & Actuarial	Total
2022	\$ 114,407	\$ 109,624	\$ 224,031
2023	114,407	112,275	226,682
2024	114,407	114,994	229,401
2025	114,407	117,781	232,188
2026	114,407	120,639	235,046
Thereafter	<u>2,592,557</u>	<u>3,764,337</u>	<u>6,356,894</u>
	<u>\$3,164,592</u>	<u>\$4,339,650</u>	<u>\$7,504,242</u>

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

7. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2021	2020
Unappropriated surplus	\$ 4,320,651	\$ 4,323,631
Water utilities surplus	608,694	3,258,121
Sewer utility surplus	51,412	112,586
Statutory Reserve funds (Note 8)	5,242,683	5,220,653
Investment in tangible capital assets	70,269,914	64,784,312
	\$80,493,354	\$ 77,699,303

The unappropriated surplus is the amount of accumulated surplus remaining after deducting the various appropriated surplus balances and the investment in non-financial assets.

8. Statutory Reserve Funds

Individual statutory reserve funds have restrictions and conditions as follows:

- (a) **Fire Protection Reserve Fund** - Bylaw No. 12, 2000. Originally transferred from Bowen Island Fire Protection District. Restricted for fire protection purposes.
- (b) **Community Parks Reserve Fund** - Bylaw 16, 2000. Originally transferred from Metro Vancouver. Restricted for capital works or equipment with respect to Community Parks.
- (c) **Recreation and Other Community Use Reserve Fund** - Bylaw 17, 2000. Originally transferred from Metro Vancouver. Restricted for capital works or equipment for Recreation and Community use.
- (d) **Mount Gardner Dock Reserve Fund** - Bylaw 18, 2000. Originally transferred from Metro Vancouver. Restricted for capital works or equipment on the Mount Gardner Dock.
- (e) **Cove Bay Water System Fund**- Bylaw 19, 2000. Originally transferred from Metro Vancouver. Restricted for capital works or equipment on the Cove Bay Water System.
- (f) **Hood Point Water System** - Bylaw 73, 2002. Restricted for capital projects and land, machinery or equipment necessary for Hood Point Water System specified area.
- (g) **Blue Water System** - Bylaw 74, 2002. Restricted for capital projects and land, machinery or equipment necessary for Blue Water System specified area.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

8. Statutory Reserve Funds (Continued)

- (h) **Bowen Bay Water System** - Bylaw 75, 2002. Restricted for capital projects and land, machinery or equipment necessary for Bowen Bay Water System specified area.
- (i) **Eagle Cliff Water System** - Bylaw 76, 2002. Restricted for capital projects and land, machinery or equipment necessary for Eagle Cliff Water System specified area.
- (j) **Tunstall Bay Water System** - Bylaw 77, 2002. Restricted for capital projects and land, machinery or equipment necessary for Tunstall Bay Water System specified area.
- (k) **Equipment Replacement Reserve Fund** - Bylaw No. 134. Restricted for replacement of municipal mobile equipment.
- (l) **Roads Maintenance and Renewal Reserve Fund** - Bylaw No. 135. Restricted for maintenance, renewal or construction of municipal road works.
- (m) **Capital Replacement and Renewal Fund** - Bylaw No. 294, 2011. Restricted for replacement or restoration of capital assets and infrastructure.
- (n) **Snug Cove Improvement Reserve Fund** - Bylaw No. 347. Restricted for funding development and general improvements to Snug Cove.
- (o) **Community Works Reserve Fund** - Bylaw No. 377. Restricted for eligible expenditures as defined by the Community Works Fund Agreement (Gas Tax).
- (p) **Parkland Reserve Fund** - Created under the authority of Section 188 (2) of the Community Charter. Restricted for the purpose of acquiring parkland.
- (q) **Parking Reserve Fund** - Bylaw No. 416. Money received in lieu of provision of off street parking and interest earned on those funds. To be used for sole purpose of providing new and existing off-street parking spaces on Bowen Island.
- (r) **Alternative Transportation Initiatives** - Bylaw No. 417. Money received in lieu of provision of off street parking and interest earned on those funds. To be expended solely for purpose of transportation infrastructure that supports walking, cycling, public transit or other sources of transportation on Bowen Island.
- (s) **Public Art Reserve**- Bylaw No. 446. Reserve that holds monies for public art acquisitions, maintenance and related public art programs.
- (t) **Land opportunity reserve**-Bylaw No. 522. Money accumulated from proceeds from the sale of lands and improvements for the purpose of addressing strategic land decisions and repayment of debt.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

8. Reserve Funds (Continued)

Continuity of reserve fund operations is as follows:

	Opening Balance	Contributions & Transfers In	Investment Earnings	Expenditures & Transfers Out	Closing Balance
GENERAL FUND					
Fire Protection	\$ 258,150	\$ -	\$ -	\$ (113,665)	\$ 144,485
Community Parks	377,606	-	-	(23,528)	354,078
Recreation & Other Community Use	99,361	-	-	-	99,361
Mount Gardner Dock	24,246	-	-	(24,246)	-
Equipment Replacement	6,686	-	-	(6,686)	-
Roads Maintenance & Renewal	(15,213)	562,213	-	(390,808)	156,192
Capital Replacement & Renewal	3,241,118	1,571,300	-	(2,207,127)	2,605,291
Community Works	30,521	135,529	-	(61)	165,989
Parklands Acquisition	76,149	25	-	-	76,174
Parking Reserve Fund	21,223	-	-	-	21,223
Alternative Transportation Initiatives	75,294	-	-	(75,294)	-
Public Art Reserve	20,000	15,000	-	(18,322)	16,678
Land Opportunity reserves	(294,855)	424,284	-	-	129,429
	<u>\$ 3,920,286</u>	<u>\$ 2,708,351</u>	<u>\$ -</u>	<u>\$ (2,859,737)</u>	<u>\$ 3,768,900</u>
WATER AND SEWER FUNDS					
Cove Bay Water System	\$ 159,866	\$ 157,289	\$ -	\$ (59,474)	\$ 257,681
Hood Point Water System	526,448	61,665	-	-	588,113
Blue Water Park System	65,891	53,248	-	(48,332)	70,807
Bowen Bay Water System	98,385	25,782	-	(9,366)	114,801
Eagle Cliff Water System	229,382	48,870	-	(81,712)	196,540
Tunstall Bay Water System	279,869	37,240	-	(71,268)	245,841
	<u>\$ 1,359,841</u>	<u>\$ 384,094</u>	<u>\$ -</u>	<u>\$ (270,152)</u>	<u>\$ 1,473,783</u>
	<u>\$ 5,280,127</u>	<u>\$ 3,092,445</u>	<u>\$ -</u>	<u>\$ (3,129,889)</u>	<u>\$ 5,242,683</u>

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

9. Contingent Liabilities

- (a) The Municipality is partially self-insured through the Municipal Insurance Association of British Columbia. Should the Association pay out claims in excess of premiums received, it is possible that the Municipality along with the other participants, would be required to contribute towards the deficit. No provision for a liability was deemed necessary.
- (b) The Municipality's debt instruments that originated with Metro Vancouver are issued through the Municipal Finance Authority. A portion of the debenture proceeds is withheld by the Municipal Finance Authority as a debt reserve fund as a condition of these borrowings. These funds, which total \$47,536 (2020 - \$45,330), are reflected in Accounts Receivable.

The Municipality also executes demand notes in connection with each debenture whereby the Municipality may be required to loan amounts to the Municipal Finance Authority. The demand notes, which total \$64,112 (2020 - \$64,112), are contingent in nature and are not reflected in these financial statements.

- (c) From time to time, the Municipality may be named in lawsuits. At any given point in time, there may be a few lawsuits pending in which the Municipality is involved. It is considered that the potential claims against the Municipality resulting from litigation and not covered by insurance would not materially affect these financial statements.
- (d) The Municipality is responsible as a member of Metro Vancouver for its share of any operating deficits or long-term debt related to functions in which it participates. No provision for a liability was deemed necessary.

10. Commitments

Landscape Maintenance

The Municipality entered into a landscape maintenance agreement at an annual cost of \$20,230. The three-year agreement commenced on March 6, 2020 and expires on March 6, 2023.

Recreational Space Lease Agreement

The Municipality entered into an agreement to lease space at 650 Carter Road, Bowen Island at an annual cost of \$24,840. The two-year agreement commenced on January 1, 2021 and expires on December 31, 2022.

Municipal Hall Lease Agreement

The Municipality entered into an agreement to lease the building located at 981 Artisan Lane, Bowen Island at an approximate annual cost of \$101,000. The five-year agreement commenced on November 1, 2020 and expires on October 31, 2025.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

10. Commitments (continued)

Waste disposal contract

The municipality entered into a seven year agreement in 2020 for residential garbage pick up and disposal at an approximate annual cost of \$1.3 million per year. The agreement commenced on January 1, 2020 and expires December 31, 2026.

Capital Project Agreements

The Municipality entered into agreements related to the planned construction of a new Fire Hall and Emergency Operations Centre in 2020 for approximately \$4,000,000. As at December 31, 2021, the total project expenditures amounted to approximately \$2,300,000.

In December 2021, the construction contract for Community Centre was awarded to an independent contractor. Construction commenced in February 2022 with expected costs for this phase estimated to be \$15,150,000.

In 2021, the Municipality issued purchased orders for the construction of Tunstall Bay Reservoir Upgrades amounting to approximately \$650,000 and purchase of a new fire truck amounting to \$640,000.

11. Pension Plan

The Municipality and its employees contribute to the Municipal Pension Plan (a jointly trusted 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, 2020, the plan has about 220,000 active members and approximately 112,000 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 valuation as at December 31, 2018 indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The next valuation will be as at December 31, 2021 with results available later in 2022. Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

9. Pension Plan (continued)

The Municipality paid \$250,309 for employer contributions to the Plan in the year ended December 31, 2021 (2020 - \$236,761) while employee contributions totaled \$217,177 (2020 - \$204,178).

12. Taxation

	Fiscal Plan 2021	2021	2020
Collections for municipal purposes			
General municipal purposes	\$ 6,113,100	\$ 6,115,865	\$ 5,687,072
Payments in lieu of taxes	72,900	66,525	65,131
Waste and recycling parcel tax	1,377,300	1,369,570	1,359,988
Water parcel taxes	327,700	328,511	71,840
	<u>\$ 7,891,000</u>	<u>\$ 7,880,471</u>	<u>\$ 7,184,031</u>

The following are collected on behalf of other taxing authorities and are not included on the Municipality's Statement of Operations:

	2021	2020
Collections for other governments		
Province of British Columbia - school tax	\$ 3,023,944	\$ 2,516,850
Islands Trust	311,733	303,111
Metro Vancouver	165,634	126,886
TransLink	762,437	664,673
Municipal Finance Authority	578	514
British Columbia Assessment Authority	120,278	111,046
Police Tax	454,697	428,356
	<u>\$ 4,839,301</u>	<u>\$ 4,151,436</u>

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

13. Assistance Granted to Community Organizations

	2021	2020
Bowen Island Arts Council	\$ 55,182	\$ 54,100
Bowen Island Community Museum and Archives	32,000	32,000
CAWES	4,000	4,000
Core funding subtotal	91,182	90,100
Bowen Island Caring Circle	30,000	15,000
Bowen Island Resilient Community Housing	23,500	20,000
Miscellaneous grants	60,305	38,900
	<u>\$ 204,987</u>	<u>\$ 164,000</u>

The Municipality partnered with Bowen Island Community Foundation to deliver assistance to the community through grants. Contributions from Bowen Island Community Foundation in 2021 amounted to \$36,500 (2020 - \$15,000).

14. Fiscal Plan

Fiscal plan amounts represent the Financial Plan Bylaw adopted by Council in April 2021.

The Financial Plan anticipated use of surpluses accumulated in previous years to balance against current year expenditures in excess of current year revenues. In addition, the Financial Plan anticipated capital expenditures but did not anticipate amortization expense.

The following shows how these amounts were combined:

	2021	2020
Financial Plan Bylaw surplus for the year	\$ -	\$ -
Add:		
Capital expenditures	12,002,700	13,296,050
Less:		
Budgeted transfers from accumulated surplus	(4,194,400)	(2,548,150)
Amortization	(1,783,825)	(1,752,443)
Proceeds of debt issuance included in budgeted revenue	(4,106,700)	(1,500,000)
	<u>\$ 1,917,775</u>	<u>\$ 7,495,457</u>

December 31, 2021

15. Segmented Information

The Municipality is a diversified municipal government institution that provides a wide range of services to its citizens such as fire, roads maintenance, recreation, library and garbage disposal. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government & Fiscal Services

Finance and administration functions of the municipality including support to Council, Legislative Services, Communications, Human Resources, Payroll Services, Taxes, Utilities, Information Technology, Procurement and Risk Management.

Protective Services

Protection of persons and property by Fire & Rescue Services, Emergency Response Planning and Bylaws education and enforcement.

Public Works, Parks, and Environment

Maintenance and operation of streets, roads, drainage and ditches, rock scaling, public wharves, municipal buildings and solid waste. Parks and field maintenance and operations, trail maintenance and maintenance of beach fronts and public accesses, environmental services, foreshore protection, climate change initiatives and energy planning.

Development & Planning

Land use development and planning, monitoring of construction activity through building permit regulation.

Recreation & Library

Improvement to health and well-being of the Municipality's citizens. Programs include recreational sports activities, community events and operation of a youth drop-in centre and operation of the Bowen Island Municipal Library located in Snug Cove.

Water System Operations

The Municipality oversees operations and administration of seven separate small water systems, ranging in size from 22 to 650 connections. Approximately 1,200 dwellings and businesses are serviced by municipally operated water systems.

Sewer System Operations

The Municipality oversees operations and administration of a small sewer system. This system services approximately 130 connected dwellings and businesses in the Snug Cove area.

Bowen Island Municipality
Notes to the Financial Statements

December 31, 2021

16. COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a global pandemic by the World Health Organization. At times, the Municipality's offices were closed to the public, although essential services continued to be provided, with the offices re-opening in limited capacity. As the impacts of COVID-19 continue, there could be further effects on the Municipality, its citizens, employees, suppliers and other third party business associates. The Municipality has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Municipality is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Bowen Island Municipality
Schedule 1 - Tangible Capital Assets

December 31, 2021

	Sewer										
	Land	Land Improvements	Buildings	Equipment & Furniture & Vehicle	Roads	Other	Treatment Plant	Infrastructure	Water Infrastructure	Assets Under Construction	2021 Total
Cost, January 1, 2021	\$ 28,108,531	\$ 1,521,438	\$ 2,897,916	\$ 8,433,828	\$ 24,695,248	\$ 1,606,493	\$ 2,740,601	\$ 1,426,398	\$ 14,168,732	\$ 9,012,963	\$94,612,148
Additions		27,029	-	588,130	1,440,746	87,069	-	73,273	144,733	6,333,497	8,694,477
Disposals	(19,242)			(604,735)							(623,977)
Transfers	-		26,821	5,739	111,554	-	-	1,169,421	53,745	(1,417,233)	-
Cost, December 31, 2021	28,089,289	1,598,420	2,924,737	8,422,962	26,247,548	1,693,562	2,740,601	2,669,092	14,367,210	13,929,227	102,682,648
Accumulated amortization, January 1, 2021	-	281,407	1,420,002	6,118,369	10,234,537	866,240	1,208,525	270,430	4,978,504	-	25,378,013
Amortization	-	80,142	147,044	349,540	592,067	86,019	179,422	-	349,591	-	1,783,825
Disposals	-	-	-	(587,854)	-	-	-	-	-	-	(587,854)
Accumulated amortization, December 31, 2021	-	361,549	1,567,046	5,880,055	10,826,604	952,259	1,387,947	270,430	5,328,095	-	26,573,984
Net carrying amount, December 31, 2021	\$ 28,089,289	\$ 1,236,872	\$ 1,357,691	\$ 2,542,907	\$ 15,420,944	\$ 741,302	\$ 1,352,654	\$ 2,398,662	\$ 9,039,116	\$ 13,929,227	\$76,108,664

	Sewer										
	Land	Land Improvements	Buildings	Equipment & Furniture & Vehicle	Roads	Other	Treatment Plant	Infrastructure	Water Infrastructure	Assets Under Construction	2020 Total
Cost, January 1, 2020	\$ 26,964,251	\$ 868,704	\$ 2,891,489	\$ 8,137,668	\$ 23,693,813	\$ 1,606,493	\$ 2,740,601	\$ 1,375,697	\$ 13,330,283	\$ 3,107,083	\$84,716,082
Additions	1,182,700	921,292	33,027	296,160	1,071,435	-	-	50,701	838,449	5,905,880	10,299,644
Disposals	(38,420)	(268,558)	(26,600)	-	(70,000)	-	-	-	-	-	(403,578)
Cost, December 31, 2020	28,108,531	1,521,438	2,897,916	8,433,828	24,695,248	1,606,493	2,740,601	1,426,398	14,168,732	9,012,963	94,612,148
Accumulated amortization, January 1, 2020	-	341,134	1,343,392	5,723,877	9,629,235	799,671	1,091,747	249,035	4,670,379	-	23,848,469
Amortization	-	74,552	82,291	275,817	675,302	66,569	155,365	-	422,547	-	1,752,443
Disposals	-	(134,279)	(18,620)	-	(70,000)	-	-	-	-	-	(222,899)
Accumulated amortization, December 31, 2020	-	281,407	1,407,063	5,999,694	10,234,537	866,240	1,247,112	249,035	5,092,926	-	25,378,013
Net carrying amount, December 31, 2020	\$ -	\$ (281,406)	\$ (1,407,063)	\$ (5,999,694)	\$ (10,234,537)	\$ (866,241)	\$ (1,247,112)	\$ (249,035)	\$ (5,092,926)	\$ -	\$69,234,135

Bowen Island Municipality
Schedule 2 - Combined Statement of Operations by Segment 2021

	Public Works, Parks and Environment	General Gov't & Fiscal Services	Development & Planning	Recreation & Library	Protective Services	Water systems operations	Sewer system operations	2021
Revenue								
Taxation	-	6,106,529	-	-	-	-	-	6,106,529
Parcel taxes	1,369,571	-	-	-	-	328,511	-	1,698,082
Payments and Grants in lieu of taxes	-	75,860	-	-	-	-	-	75,860
Water utility fees	-	-	-	-	-	1,414,352	-	1,414,352
Sewer utility fees	-	-	-	-	-	-	248,223	248,223
Other fees and charges	43,366	11,915	462,254	155,314	5,864	-	-	678,713
Government transfers - Federal	-	135,529	-	10,226	-	19,814	-	165,569
Government transfers - Provincial	634,355	787,228	-	41,830	-	19,814	-	1,483,227
Contributed tangible capital asset	-	-	-	-	-	-	-	-
Other contributions	281,467	3,750	-	8,267	-	-	-	293,484
Other revenue	15,108	106,677	-	14,681	480	10,806	-	147,752
Gain on sale of tangible capital assets	-	308,407	-	-	-	-	-	308,407
Return on investments	-	(12,606)	-	-	-	3,829	-	(8,777)
	<u>2,343,867</u>	<u>7,523,289</u>	<u>462,254</u>	<u>230,318</u>	<u>6,344</u>	<u>1,797,126</u>	<u>248,223</u>	<u>12,611,421</u>
Expenses								
Salaries & benefits	768,862	1,028,256	509,615	781,945	519,919	574,027	124,276	4,306,900
Professional and contract services	1,559,325	175,030	94,826	7,557	6,300	35,866	71,620	1,950,524
Supplies and services	187,919	91,369	15,603	50,049	64,724	128,499	35,630	573,793
Legal, audit insurance	99,291	113,123	50,200	8,532	22,615	14,019	6,208	313,988
Rent and utilities	14,710	107,336	-	83,253	21,250	44,714	10,912	282,175
Professional development and training	7,292	17,564	6,660	2,533	49,089	6,754	1,013	90,905
Maintenance facilities and equipment	29,486	32,275	-	27,611	47,669	35,953	15,160	188,154
Community grants	-	204,987	-	-	-	-	-	204,987
Debt servicing	-	119,957	-	-	-	-	-	119,957
Amortization	951,888	-	-	146,361	156,564	351,752	179,422	1,785,987
	<u>3,618,773</u>	<u>1,889,897</u>	<u>676,904</u>	<u>1,107,841</u>	<u>888,130</u>	<u>1,191,584</u>	<u>444,241</u>	<u>9,817,370</u>
Excess (deficiency) of revenue over expenses	<u>(1,274,906)</u>	<u>5,633,392</u>	<u>(214,650)</u>	<u>(877,523)</u>	<u>(881,786)</u>	<u>605,542</u>	<u>(196,018)</u>	<u>2,794,051</u>

Bowen Island Municipality
Schedule 3 - Combined Statement of Operations by Segment 2020

	Public Works, Parks and Environment	General Gov't & Fiscal Services	Development & Planning	Recreation & Library	Protective Services	Water systems operations	Sewer systems operations	2020
Revenue								
Taxation	-	5,679,948	-	-	-	-	-	5,679,948
Parcel taxes	1,359,988	-	-	-	-	71,840	-	1,431,828
Payments and Grants in lieu of taxes	-	72,255	-	-	-	-	-	72,255
Water utility fees	-	-	-	-	-	1,074,246	-	1,074,246
Sewer utility fees	-	-	-	-	-	-	213,410	213,410
Other fees and charges	43,472	4,946	290,607	108,426	6,541	-	-	453,993
Government transfers - Provincial	29,650	1,898,192	-	25,248	-	1,711,807	-	3,664,898
Government transfers - Federal	-	66,137	-	9,026	-	1,711,807	-	1,786,970
Contributed tangible capital assets	-	3,155,620	-	-	-	-	-	3,155,620
Other contributions	10,000	31,434	131,061	10,614	-	-	-	183,107
Other revenue	2,890	72,982	-	9,465	2,326	50	-	87,712
Gain on sale of tangible capital assets	-	808,977	-	-	-	-	-	808,977
Return on investments	-	420,170	-	-	-	23,902	2,606	446,678
	1,446,001	12,210,660	421,668	162,778	8,868	4,593,651	216,015	19,059,641
Expenses								
Salaries & benefits	681,051	944,651	533,415	690,145	572,433	454,076	51,633	3,927,403
Professional and contract services	1,550,591	198,531	105,597	18,292	15,747	30,679	56,205	1,975,642
Supplies and services	142,073	83,718	14,712	58,201	156,283	106,784	35,193	596,965
Legal, audit, insurance	90,832	152,793	74,505	5,126	60,219	26,111	7,194	416,780
Rent and utilities	11,327	104,750	-	42,371	17,146	38,632	12,088	226,314
Professional development and training	5,524	99,471	6,640	3,038	109,195	4,033	51	227,953
Maintenance facilities and equipment	11,417	29,474	-	27,312	46,714	26,301	11,167	152,385
Community grants	-	202,438	-	-	-	-	-	202,438
Debt servicing	-	97,455	-	-	-	-	-	97,455
Amortization	969,246	-	-	158,958	46,327	422,547	155,365	1,752,443
	3,462,061	1,913,281	734,868	1,003,443	1,024,065	1,109,164	328,896	9,575,778
Excess (deficiency) of revenue over expenses	(2,016,060)	10,297,379	(313,200)	(840,665)	(1,015,197)	3,484,488	(112,881)	9,483,863

Bowen Island Municipality

For the year ended December 31, 2021

Supplementary Financial Information - The following schedule is unaudited

Bowen Island Municipality
Schedule - COVID-19 Safe Restart Grant (unaudited)

For the year ended December 31, 2021

Grant received in fiscal 2020	\$ 1,273,000
Eligible costs incurred:	
Fiscal 2020	
Air purifiers	(2,709)
Fiscal 2021	<u>-</u>
Balance, December 31, 2021	<u>\$ 1,270,291</u>

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 15, 2022 Meeting Date: July 14, 2022

Subject: **MFA Fall 2022 Borrowing for City of New Westminster – MVRD Security Issuing Bylaw No. 1352, 2022**

RECOMMENDATION

That the MVRD Board:

- a) give consent to the request for financing from the City of New Westminster in the amount of \$122,430,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.
-

EXECUTIVE SUMMARY

As set out in the *Community Charter*, the Metro Vancouver Regional District (MVRD) must adopt a security issuing bylaw in order to enable the City of New Westminster to proceed with their long term borrowing request of \$122,430,000. This borrowing is to finance the construction and improvements to civic infrastructure, the construction of an electrical substation and construction of a new aquatics and community centre. The City of New Westminster's total estimated annual debt servicing costs for existing and new proposed debt combined is approximately \$15,388,000 which is roughly 29.1% of their liability servicing limit of \$52,873,000. The City of New Westminster has met the regulatory requirements and has the legislative authority to undertake the planned borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1352, 2022* will authorize the City of New Westminster's borrowing request.

Staff recommends consenting to the City of New Westminster's borrowing request and adopting the Security Issuing Bylaw as outlined in Alternative 1.

PURPOSE

To seek the adoption of a Security Issuing Bylaw to authorize a borrowing request from the City of New Westminster in the amount of \$122,430,000 for the Fall 2022 MFA long term debt issue.

BACKGROUND

Metro Vancouver received a request from the City of New Westminster to borrow \$122,430,000 to finance the construction and improvements to civic infrastructure, the construction of an electrical substation and construction of a new aquatics and community centre. This request has been approved by their respective council by way of Loan Authorization Bylaws and a Security Issuing

Resolution as required under provincial legislation. This report is being brought forward to the MVRD Board to seek the adoption of *Metro Vancouver Security Issuing Bylaw No. 1352, 2022* which will authorize the borrowing request from the City of New Westminster. The borrowing must be approved by the MVRD Board before the Security Issuing Bylaw can be issued and the request forwarded to the MFA for consideration.

MUNICIPAL BORROWING REQUEST

Request Details

The City of New Westminster adopted the Loan Authorization Bylaws as outlined in Table 1 below. Their Council subsequently passed the required Security Issuing Resolution on May 20, 2022 to proceed with the 2022 Fall Borrowing for the requested amount within the authorized and outstanding balance of the bylaw. This request is within the parameters set out in the City of New Westminster's Financial Plan Bylaw.

Table 1

MVRD Bylaw	Member Bylaw	Date Bylaw Passed	Purpose	Borrowing Request	Term
1352, 2022	7842, 2016	August 29, 2016	Construction and improvements to Civic Infrastructure	\$ 3,830,000	20 years
1352, 2022	8041, 2018	April 8, 2019	Construction of Electric Utility Infrastructure	\$25,000,000	20 years
1352, 2022	8073, 2019	June 24, 2019	Construction of new Aquatics and Community Centre	\$93,600,000	20 years
Total 2022 Fall Borrowing Request				\$122,430,000	

The member's loan authorization bylaws identified above has been reviewed by the Inspector of Municipalities and have received the necessary Certificates of Approval. These certificates are included in Attachment 2 of this report.

As the loan authorization bylaws are valid for 5 years from the date of adoption, New Westminster also passed Temporary Borrowing Bylaw No. 7843,2016 on October 3, 2016 for the full amount of bylaw 7842, 2016. There is no expiry once a temporary borrowing bylaw is in place thereby preserving the City's ability to borrow. A copy of the temporary borrowing Bylaw is included in Attachment 2 of this report.

Financial Analysis

Per the Liability Servicing Limit Certificate dated May 26, 2022, New Westminster had a liability servicing limit of approximately \$52,873,000. This limit represents the maximum amount, as prescribed by the Province, that the City can annually pay for servicing debt. The estimated annual debt servicing costs, including the proposed new borrowing, will be approximately \$15,388,000, which is roughly 29.1% of their liability servicing limit.

All debt of the MVRD is a joint and several liability of its member municipalities.

Included as attachment are the following information provided by the City of New Westminster to assist in considering this request:

- Adopted Loan Authorization Bylaws along with Certificates of Approval
- Copy of security issuing resolution
- Liability Servicing Limit Certificate
- the 2022 - 2026 Financial Plan Bylaw
- 2021 Audited Consolidated Financial Statements

ALTERNATIVES

1. That the MVRD Board:
 - a) give consent to the request for financing from the City of New Westminster in the amount of \$122,430,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.
2. That the MVRD Board receive for information the report dated June 15, 2022, titled “MFA Fall 2022 Borrowing for the City of New Westminster – MVRD Security Issuing Bylaw No. 1352, 2022”.

FINANCIAL IMPLICATIONS

Although all member debt is a joint and shared liability of all member municipalities, there are no direct financial implications to Metro Vancouver with the adoption of the bylaw.

If the Board approves Alternative 1, the City of New Westminster will proceed to borrow \$122,430,000 to fund the construction and improvements to civic infrastructure, the construction of an electrical substation and the construction of a new aquatics and community centre.

If the Board approves Alternative 2, the City of New Westminster would be unable to borrow funds as required for the purpose intended and would need to look for other funding sources, potentially causing the Municipality undue financial challenges.

CONCLUSION

The City of New Westminster requested to borrow \$122,430,000 to finance construction and improvements to civic infrastructure, the construction of an electrical substation and the construction of a new aquatics and community centre. The City has met all regulatory requirements and has the legislative authority to undertake the borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1352, 2022* will authorize the City of New Westminster’s borrowing request which will be forwarded to MFA for consideration upon approval. Staff recommends consenting to the Municipality’s borrowing and adopting the Security Issuing Bylaw as outlined in Alternative 1.

Attachments

1. *Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022*
2. City of New Westminster - Additional Information

53122575

**METRO VANCOUVER REGIONAL DISTRICT
BYLAW NO. 1352, 2022**

**A Bylaw to Authorize the Entering into a Finance Agreement with the Municipal Finance Authority
of British Columbia in the Amount of \$122,430,000 (Canadian)**

WHEREAS the Municipal Finance Authority of British Columbia (the “Authority”) may provide financing of capital requirements for Regional Districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

WHEREAS the City of New Westminster is a member municipality of the Metro Vancouver Regional District (the “Regional District”);

WHEREAS the Regional District is to finance from time to time on behalf of and at the sole cost of the member municipalities, under the provisions of Section 410 of the *Local Government Act*, the works to be financed pursuant to the following loan authorization bylaw:

Member Loan Authorization Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
7842, 2016	Construction and improvements to Civic Infrastructure	\$28,300,000	\$22,145,000	\$6,155,000	20 years	\$3,830,000
8041, 2018	Construction of Electric Utility Infrastructure	\$30,000,000	\$0	\$30,000,000	20 years	\$25,000,000
8073, 2019	Construction of new Aquatics and Community Centre	\$93,600,000	\$0	\$93,600,000	20 years	\$93,600,000
Total 2022 Fall Borrowing Request						\$122,430,000

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority:

NOW THEREFORE the Metro Vancouver Regional District Board of Directors enacts as follows:

1. The Regional Board hereby consents to financing the debt of the City of New Westminster in the amount of one hundred and twenty-two million four hundred and thirty thousand dollars (\$122,430,000) in accordance with the following terms.
2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the City of New Westminster up to, but not exceeding one hundred and twenty two million four hundred and thirty thousand (\$122,430,000) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$122,430,000 in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.
3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule "A" and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the Local Government Act, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.

8. During the currency of the obligation incurred under the said Agreement to secure borrowings in respect of the "City of New Westminster Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016" and "Electric Utility Infrastructure Loan Authorization Bylaw No. 8041, 2018" and "New Westminster Aquatics and Community Centre Loan Authorization Bylaw No. 8073, 2019", there shall be requisitioned annually an amount sufficient to meet the annual payment of interest and the repayment of principal.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional Board of the Regional District shall make due provision to discharge such liability.
10. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

This bylaw may be cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022".

Read a first time this _____ day of _____, _____.

Read a second time this _____ day of _____, _____.

Read a third time this _____ day of _____, _____.

Approved by the Inspector of Municipalities this ____ day of _____, _____.

Passed and finally adopted this _____ day of _____, _____.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

SCHEDULE A

C A N A D A

PROVINCE OF BRITISH COLUMBIA

A G R E E M E N T

Metro Vancouver Regional District

The Metro Vancouver Regional District (the "Regional District") hereby promises to pay to the Municipal Finance Authority of British Columbia at its Head Office in Victoria, British Columbia, (the "Authority") the sum of one hundred and twenty two million four hundred and thirty thousand (\$122,430,000) in lawful money of Canada, together with interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing below hereof commencing on the day of _____, provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this day of _____, 2022.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 1352, 2022 cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1352, 2022". This Agreement is sealed with the Corporate Seal of the Metro Vancouver Regional District and signed by the Chair and the officer assigned the responsibility of financial administration thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that this Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatever in any Court of the Province of British Columbia.

Dated _____, 2022
(month, day)

Inspector of Municipalities

Schedule B

PRINCIPAL AND/ OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

<u>Date of Payment</u>	Principal and/or Sinking Fund <u>Deposit</u>	<u>Interest</u>	<u>Total</u>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

City of New Westminster

CORPORATION OF THE CITY OF NEW WESTMINSTER

New Westminster Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016

A Bylaw to Authorize Borrowing for the purpose of constructing and upgrading Civic Infrastructure and to purchase land

WHEREAS pursuant to section 179 of the Community Charter a council may by a loan authorization bylaw, adopted with the approval of the inspector and, pursuant to section 180 of the *Community Charter*, the approval of the electors, incur a liability by borrowing for purposes of a capital nature.

AND WHEREAS Council considers it desirable to construct and improve the City's Civic Facilities and Fibre Optic Network as set out in Schedule A as well as to purchase land for a future electrical substation and district energy plant;


AND WHEREAS the estimated cost of constructing and improving the City's Civic Facilities, Fibre Optic Network and the estimated cost of land, including all incidental expenses is the sum of twenty eight million three hundred thousand dollars (\$28,300,000) which is the amount of debt created by this bylaw.

NOW THEREFORE, the Council of the Corporation of the City of New Westminster in open meeting assembled enacts as follows:

1. This Bylaw may be cited as "New Westminster Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016".
2. The City is hereby empowered and authorized to borrow upon its credit a sum not exceeding twenty eight million three hundred thousand dollars (\$28,300,000) for the purposes of constructing and improving Civic Facilities and Fibre Optic Network as well as to purchase land for a future electrical substation and district energy plant, including expenses incidental thereto as set out in Schedule A attached to this bylaw and forming a part thereof.
3. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is 20 years.

GIVEN THREE READINGS this 9th day of May 2016.

ADOPTED and the Seal of the Corporation of the City of New Westminster affixed this
29th day of August 2016.


MAYOR JONATHAN X. COTÉ MAYOR


JAN GIBSON, CITY CLERK CITY CLERK

CORPORATION OF THE CITY OF NEW WESTMINSTER

Schedule 'A' to Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016

The estimated cost of constructing and improving the City's Civic Facilities, Fibre Optic Network and the estimated cost of land, including all incidental expenses is the sum of twenty eight million three hundred thousand dollars (\$28,300,000) as outlined below:

Major building improvements to City Hall	\$ 6,000,000
Major building improvements to the Uptown Library	4,800,000
Land purchases for the future placement of an electrical substation and district energy plant	8,500,000
Fibre Optic Network Infrastructure	<u>9,000,000</u>
Total Debt Financing	<u>\$ 28,300,000</u>



Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No. 7842, cited as the "New Westminster Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016" of the City of New Westminster has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of
British Columbia.

Dated this 08 day
of November, 2016

Deputy Inspector of Municipalities of British Columbia

CORPORATION OF THE CITY OF NEW WESTMINSTER

Electric Utility Infrastructure Loan Authorization Bylaw No. 8041, 2018

A Bylaw to Authorize Borrowing for the purpose of constructing an electrical substation

WHEREAS pursuant to section 179 of the Community Charter a council may by a loan authorization bylaw, adopted with the approval of the inspector and, pursuant to section 180 of the *Community Charter*, the approval of the electors, incur a liability by borrowing for purposes of a capital nature.

AND WHEREAS Council considers it desirable to construct an electrical substation;


AND WHEREAS the estimated cost of constructing the electrical substation, including all incidental expenses is the sum of thirty million (\$30,000,000) which is the amount of debt created by this bylaw.

NOW THEREFORE, the Council of the Corporation of the City of New Westminster in open meeting assembled enacts as follows:

1. This Bylaw may be cited as "Electric Utility Infrastructure Loan Authorization Bylaw No. 8041, 2018".
2. The City is hereby empowered and authorized to borrow upon its credit a sum not exceeding thirty million dollars (\$30,000,000) for the purposes of constructing an electrical substation.
3. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is 20 years.

GIVEN THREE READINGS this 19th day of November 2018.

ADOPTED and the Seal of the Corporation of the City of New Westminster affixed this
8th day of April 2019.


MAYOR JONATHAN X. COTÉ MAYOR


JACQUE KILLAWEE CITY CLERK



Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No.8041, cited as the "Electric Utility Infrastructure Loan Authorization Bylaw No. 8041, 2018" of the New Westminster has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

Dated this 24 day
Of June , 2019

A handwritten signature in black ink, appearing to be "JL", with a long horizontal line extending to the right.

Deputy Inspector of Municipalities of British Columbia

City of New Westminster

CORPORATION OF THE CITY OF NEW WESTMINSTER

New Westminster Aquatics and Community Centre Infrastructure Loan Authorization Bylaw No. 8073, 2019

A Bylaw to Authorize Borrowing for the purpose of replacing the Canada Games Pool and Centennial Community Centre with a new Aquatic and Community Centre.

WHEREAS pursuant to section 179 of the Community Charter a council may by a loan authorization bylaw, adopted with the approval of the inspector and, pursuant to section 180 of the *Community Charter*, the approval of the electors, incur a liability by borrowing for purposes of a capital nature;

AND WHEREAS Council considers it desirable to construct an Aquatic and Community Centre that replaces the Canada Games Pool and Centennial Community Centre;

AND WHEREAS the portion of the cost of constructing the Aquatic and Community Centre, including all incidental expenses, to be funded through debt, is the sum of ninety three million six hundred thousand dollars (\$93,600,000) which is the amount of debt created by this bylaw.

NOW THEREFORE, the Council of the Corporation of the City of New Westminster in open meeting assembled enacts as follows:

1. This Bylaw may be cited as "New Westminster Aquatics and Community Centre Loan Authorization Bylaw No. 8073, 2019".
2. The City is hereby empowered and authorized to borrow upon its credit a sum not exceeding ninety three million six hundred thousand dollars (\$93,600,000) for the purposes of constructing an Aquatic and Community Centre.
3. The maximum term for which debentures may be issued to secure the debt created by this Bylaw is 20 years.

GIVEN THREE READINGS this 14th day of January 2019.

ADOPTED and the Seal of the Corporation of the City of New Westminster affixed this
24th day of June 2019.


MAYOR JONATHAN X. COTÉ MAYOR


JACQUE KILLAWEE CITY CLERK



Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No.8073, cited as the "New Westminster Aquatics and Community Centre Loan Authorization Bylaw No. 8073, 2019 " of the City of New Westminster has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

Dated this 20 *day*
Of August , 2019


Deputy Inspector of Municipalities of British Columbia

City of New Westminster

CORPORATION OF THE CITY OF NEW WESTMINSTER

New Westminster Civic Infrastructure
Temporary Borrowing Bylaw No. 7843, 2016

A Bylaw to Authorize Temporary Borrowing pending Sale of Debentures

WHEREAS it is provided by section 181 of the Community Charter that the Council may, where it has adopted a loan authorization bylaw, without further assents or approvals, borrow temporarily from any person under the conditions therein set out:

AND WHEREAS the Council has adopted New Westminster Civic Infrastructure Loan Authorization Bylaw no. 7842, 2016, authorizing the amount of twenty eight million three hundred thousand dollars (\$28,300,000) for the purposes of constructing and improving the City's Civic Facilities and Fibre Optic Network as well as to purchase land for a future electrical substation and district energy plant;

AND WHEREAS the sale of debentures has been temporarily deferred:

NOW THEREFORE, the Council of the Corporation of the City of New Westminster in open meeting assembled enacts as follows:

1. This Bylaw may be cited as "New Westminster Civic Infrastructure Temporary Borrowing Bylaw No. 7843, 2016".
2. The Council is hereby authorized and empowered to borrow an amount or amounts not exceeding the sum of twenty eight million three hundred thousand dollars (\$28,300,000), as the same may be required.
3. The form of obligation to be given as acknowledgement of the liability shall be a promissory note or notes bearing the corporate seal and signed by the Mayor and the Financial Administration Officer.
4. The money so borrowed shall be used solely for the purposes set out in said Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016.

GIVEN THREE READINGS this 9th day of May, 2016.

ADOPTED and the Seal of the Corporation of the City of New Westminster affixed this 3rd day of October, 2016.

MAYOR JONATHAN X. COTÉ MAYOR



76 of 277 JAN GIBSON, CITY CLERK CITY CLERK

CORPORATION OF THE CITY OF NEW WESTMINSTER

BYLAW NO. 8308, 2022

A Bylaw of the City of New Westminster representing the Five-Year
Financial Plan for the years 2022 – 2026, inclusive

WHEREAS pursuant to Section 165 of the Community Charter, Council must establish a Five-Year Financial Plan for the period 2022 – 2026 inclusive;

NOW THEREFORE, the Council of the Corporation of the City of New Westminster ENACTS
AS FOLLOWS:

(1) This bylaw may be cited for all purposes as the “Five-Year Financial Plan (2022 – 2026),
Bylaw No. 8308, 2022”.

(2) Council does hereby adopt the Five-Year Financial Plan, for the years 2022 - 2026
inclusive, for each year of the plan, as set out in Schedule A.

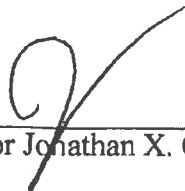
(3) Schedules B and C provide supplementary information to the bylaw.

GIVEN FIRST READING this 10th day of January, 2022.


GIVEN SECOND READING this 10th day of January, 2022.

GIVEN THIRD READING this 10th day of January, 2022.

ADOPTED this 31st day of January, 2022.



Mayor Jonathan X. Cote



Jacque Killawee, City Clerk

**City Council Meeting
April 25, 2022
Minutes Extract**

6.7 Municipal Security Issuing Resolutions

To seek Council's approval to proceed with securing long-term debt for the tæmæsewtæw Aquatic and Community Centre, the Queensborough Substation and Civic Infrastructure from the Municipal Financing Authority (MFA) through their fall 2022 long-term debt issue.

THAT Council approves borrowing from the Municipal Finance Authority of British Columbia (MFA), as part of their 2022 Fall Borrowing Session, \$93,600,000 as authorized through the New Westminster Aquatics and Community Centre Loan Authorization Bylaw No. 8073, 2019; and

THAT Metro Vancouver be requested to consent to the City borrowing \$93,600,000 over a 20-year term and include the borrowing in their security issuing bylaw.

THAT Council approves borrowing from the Municipal Finance Authority of British Columbia (MFA), as part of their 2022 Fall Borrowing Session, \$25,000,000 as authorized through the Electric Utility Infrastructure Loan Authorization Bylaw No. 8041, 2018; and

THAT Metro Vancouver be requested to consent to the City borrowing \$25,000,000 over a 20-year term and include the borrowing in their security issuing bylaw.

THAT Council approves borrowing from the Municipal Finance Authority of British Columbia (MFA), as part of their 2022 Fall Borrowing Session, \$3,830,000 as authorized through the New Westminster Civic Infrastructure Loan Authorization Bylaw No. 7842, 2016; and

THAT Metro Vancouver be requested to consent to the City borrowing \$3,830,000 over a 20-year term and include the borrowing in their security issuing bylaw.

Adopted on Consent.

Certified to be a true and correct copy of

City Council Meeting
April 25, 2022 Minutes Extract

Date Certification May 20, 2022

Jacques Kiliawee
Jacques Kiliawee, City Clerk

LIABILITY SERVICING LIMIT CERTIFICATE

The Corporation of The City of New Westminster (the "Municipality")
In relation to Previously Authorized LA Bylaws No. 7842, 2016, No. 8041, 2018 and No.8073, 2019

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year (section 4 & 5, BC Reg 254/2004)	<u>\$211,492,853.00</u> a
Liability Servicing Limit (a x 25%) (section 2, BC Reg 254/2004)	<u>\$52,873,213.25</u> b
Annual Servicing cost for previous year	<u>\$15,388,365.00</u> c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost
_____	_____ d
_____	_____ e
_____	_____ f
_____	_____ g
_____	_____ h
_____	_____ i
_____	_____ j
_____	_____ k
_____	_____ l
Total of lines d through l	<u>\$0.00</u> m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost
_____	_____ n
_____	_____ o
_____	_____ p
_____	_____ q
_____	_____ r
Total of lines n through r	<u>\$0.00</u> s
Amount of new liability (section 3, BC Reg 254/2004)	_____ t
Annual servicing cost of new liability (section 3, BC Reg 254/2004)	<u>_____</u> u
Total liability servicing cost including current request (lines c+m-s+u)	<u>\$15,388,365.00</u> v

☒ which is less than the annual liability servicing limit stated on line b.

OR

☐ which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this 26 day of May, 2022.

[Signature]
Financial Officer

OR

Auditor

THOMAS VITAN
(Please print full name)

(Please print full name & company)

CORPORATION OF THE CITY OF NEW WESTMINSTER

CONSOLIDATED FINANCIAL PLAN

Schedule 'A' to Bylaw No. 8308, 2022

	2022	Budget Projections			
	Budget	2023	2024	2025	2026
REVENUE					
Municipal Taxation (see below)	\$ 97,877,861	\$ 103,095,703	\$ 109,463,995	\$ 115,272,273	\$ 120,451,743
Utility Rates	100,119,172	105,126,857	110,290,843	115,769,312	121,585,481
Sale of Services	14,373,935	15,771,060	15,871,060	15,571,060	15,571,060
Grants from Other Governments (1)	8,920,339	5,893,400	2,871,600	2,871,600	2,871,600
Contributions (2)	24,086,630	24,174,930	18,839,530	17,170,930	10,983,930
Other Revenue	16,915,915	18,081,073	18,221,457	18,082,689	17,797,265
Total Revenues	262,293,852	272,143,023	275,558,485	284,737,864	289,261,079
EXPENSES					
General Services					
Police Services	34,408,503	34,729,375	35,717,010	36,385,994	36,975,831
Parks and Recreation	19,416,533	22,296,796	26,355,706	26,703,057	26,982,221
Fire and Rescue	17,868,972	18,554,183	19,290,982	19,670,640	20,219,813
Development Services	7,358,604	7,014,666	7,155,875	7,313,040	7,449,313
Engineering	29,776,519	30,592,468	31,214,919	31,519,297	32,086,538
General Government	29,850,878	30,366,173	30,452,417	30,563,408	31,384,291
Library	4,905,686	4,996,028	5,068,783	5,119,432	5,180,001
	143,585,695	148,549,689	155,255,692	157,274,868	160,278,008
Utilities Services					
Electrical Utility	40,883,766	41,706,514	42,581,978	45,037,184	45,867,089
Water Utility	9,358,198	9,967,152	10,999,891	12,093,204	13,346,871
Sewer Utility	15,330,615	17,646,962	20,145,656	23,121,261	28,848,140
Solid Waste Utility	3,994,991	4,112,023	4,210,458	4,295,997	4,424,510
	69,567,570	73,432,651	77,937,983	84,547,646	92,486,610
Fiscal Expenses					
Interest and Bank Charges	2,849,958	5,177,088	6,157,719	6,222,996	6,445,961
Total Expenses	216,003,223	227,159,428	239,351,394	248,045,510	259,210,579
INCREASE IN TOTAL EQUITY	46,290,629	44,983,595	36,207,091	36,692,354	30,050,500
Reconciliation to Financial Equity					
Amortization of Tangible Capital Assets	26,286,000	27,438,000	29,959,000	31,329,000	31,803,000
Capital Expenses (Schedule B)	(170,699,310)	(109,731,100)	(66,230,250)	(58,198,700)	(48,236,400)
Debt Retirement	(5,151,403)	(8,214,754)	(9,686,716)	(9,657,090)	(10,214,494)
Proceeds on Debt Issuance	72,184,585	30,772,800	8,000,000	7,500,000	500,000
CHANGE IN FINANCIAL EQUITY (Reserves)	(31,089,499)	(14,751,459)	(1,750,875)	7,665,564	3,902,606
Financial Equity, beginning of year	154,633,733	123,544,234	108,792,775	107,041,900	114,707,464
FINANCIAL EQUITY (Reserves), end of year	\$ 123,544,234	\$ 108,792,775	\$ 107,041,900	\$ 114,707,464	\$ 118,610,070

Notes:

(1) Includes capital grants noted on Schedule B.

(2) Includes capital contributions and DCCs noted on Schedule B.

Municipal Taxation					
Property Taxes	\$ 96,205,561	\$ 101,389,353	\$ 107,721,045	\$ 113,491,623	\$ 118,632,293
Parcel Taxes	19,200	17,750	17,750	17,750	17,750
Grant-in-Lieu of Taxes	1,184,200	1,219,700	1,256,300	1,294,000	1,332,800
Utilities 1%-in-Lieu of Taxes	468,900	468,900	468,900	468,900	468,900
	\$ 97,877,861	\$ 103,095,703	\$ 109,463,995	\$ 115,272,273	\$ 120,451,743

**CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED FINANCIAL PLAN**

Schedule 'A' to Bylaw No. 8308, 2022

(continued)

Proportion of Revenues By Funding Source:

The following table shows the proportion of total revenue proposed to be raised from each funding source. Property taxes form the second largest portion of revenues. They provide a stable and consistent source of revenues to pay for many services, such as police and fire protection, that are difficult or undesirable to fund on a user-pay basis.

Utilities' rates are the City's largest component of planned revenues. These revenues pay for services including electricity, water, sewer and solid waste and are charged on a user-pay basis. This basis attempts to fairly apportion utility service costs to those that make use of these services.

Other revenue sources, including sale of services, government grants and contributions make up the remainder of total revenues. These revenues fluctuate due to economic conditions and City initiatives.

Revenue Source	% Total Revenue
Taxation	37%
Utility Rates	38%
Sale of Services	5%
Gov't Grants	3%
Contributions	9%
Other Revenue	6%
	100%

Distribution of Property Taxes Between Property Classes:

The following table provides the distribution of property tax revenue between property classes. The City's primary goal is to set tax rates that are sufficient, after maximizing non-tax revenues, to provide for service delivery; City assets; and maintain tax stability. This is accomplished by maintaining the historical relationship between the property classes and applying the same annual tax rate increase across all Classes. A secondary goal is to set tax rates that are competitive within the region; consequently, the City may, from time to time, adjust the property tax distribution between the Classes as deemed necessary.

Class No	Property Class	% Tax Burden
1	Residential	63%
2	Utilities	<1%
4	Major Industry	2%
5	Light Industry	3%
6	Business	31%
8	Recreation/Non-Profit	<1%
9	Farm	<1%
		100%

Use of Permissive Exemptions:

The City's Annual Municipal Report contains a list of permissive exemptions granted for the year and the amount of tax revenue foregone. Permissive tax exemption is granted to not-for-profit institutions including religious institutions, some recreational facilities, service organizations and cultural institutions that form a valuable part of our community.

Since the mid-90's the City has generally ceased granting new permissive exemptions from property taxes in order to preserve the tax revenue base. Organizations granted exemption prior to implementation of this practice continue to be considered for exemption provided they make an annual submission showing the use of the property subject to exemption has not been altered. All other applications for permissive exemption from property taxes are reviewed on a case-by-case basis.

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED CAPITAL PROGRAM
Schedule 'B' to Bylaw No. 8308, 2022

Note: This Schedule has been provided as an addendum to Schedule A. The figures in this Schedule are included in the consolidated figures in Schedule A.

	2022 Budget	Budget Projections			
		2023	2024	2025	2026
CAPITAL EXPENSES					
Land	\$ 500,000	\$ 4,733,800	\$ -	\$ -	\$ 2,000,000
Buildings	62,291,200	30,451,100	8,908,200	8,388,000	5,070,000
Vehicles/Equipment	7,503,500	5,530,800	6,250,650	4,883,500	4,753,500
Other Projects	8,519,295	5,164,800	3,601,500	3,709,300	3,135,000
Park Improvements	4,374,100	5,061,200	4,744,000	1,651,000	2,084,000
Engineering Structures	23,561,600	14,140,000	10,400,000	9,250,000	15,225,000
Water Infrastructure	6,011,500	6,838,900	5,338,900	5,838,900	5,838,900
Sewer Infrastructure	15,028,730	10,752,500	7,987,000	7,780,000	7,480,000
Electrical Distribution System	42,909,385	27,058,000	19,000,000	16,698,000	2,650,000
TOTAL	\$ 170,699,310	\$ 109,731,100	\$ 66,230,250	\$ 58,198,700	\$ 48,236,400
FUNDING SOURCES					
Reserve Funds	\$ 76,163,925	\$ 59,102,500	\$ 46,331,650	\$ 40,468,700	\$ 43,693,400
Development Cost Charges	3,734,150	2,660,000	1,321,600	375,000	263,000
Long Term Debt	72,184,585	30,772,800	8,000,000	7,500,000	500,000
Grants from Other Governments	5,660,800	3,021,800	-	-	-
Contributions	12,955,850	14,174,000	10,577,000	9,855,000	3,780,000
TOTAL	\$ 170,699,310	\$ 109,731,100	\$ 66,230,250	\$ 58,198,700	\$ 48,236,400

City of New Westminster - Development Cost Charge Funding Envelope Plan for the 2009 DCC Bylaw 7311

NOTES:

1. This DCC Funding Envelope Plan is based on the capital projects set out in the 2009 Development Cost Charge Review which forms the basis for the City's DCC Bylaw. The City's DCC Bylaw was amended in 2015 to reflect new rates based on an updated capital project plan.
2. City contributions will be from reserves while other contributions are from provincial / federal government grants.
3. The mainland waterfront parkland acquisition / development (\$16M) was initially funded with debt with the intention that the principal on the debt would be repaid over time using Parks DCCs.

	<u>Values</u>	<u>TTL</u>	<u>2009 - 2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027 +</u>
Total DCCs	87,284,408	\$ 87,284,408	\$ 38,993,527	\$ 3,734,150	\$ 2,660,000	\$ 1,321,600	\$ 375,000	\$ 263,000	\$ 39,937,131
Total City & Other Contributions	34,985,065	34,985,065	11,932,581	2,349,257	3,406,586	2,395,886	1,339,286	939,286	12,622,183
	<u>122,269,473</u>	<u>\$ 122,269,473</u>	<u>\$ 50,926,108</u>	<u>\$ 6,083,407</u>	<u>\$ 6,066,586</u>	<u>\$ 3,717,486</u>	<u>\$ 1,714,286</u>	<u>\$ 1,202,286</u>	<u>\$ 52,559,314</u>

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF RESERVES AND DEVELOPMENT COST CHARGES
Schedule 'C' to Bylaw No. 8308, 2022

Note: This Schedule has been provided as an addendum to Schedule A. The reserve figures in this Schedule are included in the consolidated figures in Schedule A. Development Cost Charges are provided for information, but are deferred charges rather than reserves.

FINANCIAL EQUITY (RESERVES)	2022	Budget Projections			
	Budget	2023	2024	2025	2026
Revenues:					
Contributions	\$ 6,817,903	\$ 7,135,376	\$ 6,750,365	\$ 6,765,777	\$ 6,318,907
	6,817,903	7,135,376	6,750,365	6,765,777	6,318,907
Transfers (to) from:					
Operating Budget	38,256,523	37,215,665	37,830,410	41,368,487	41,277,099
Capital Budget	(76,163,925)	(59,102,500)	(46,331,650)	(40,468,700)	(43,693,400)
	(37,907,402)	(21,886,835)	(8,501,240)	899,787	(2,416,301)
Change in Financial Equity (Reserves)	(31,089,499)	(14,751,459)	(1,750,875)	7,665,564	3,902,606
Financial Equity, Beginning of Year	154,633,733	123,544,234	108,792,775	107,041,900	114,707,464
Financial Equity, End of Year	123,544,234	108,792,775	107,041,900	114,707,464	118,610,070

CHANGE IN RESERVES

Non-Statutory Reserves	\$ (29,574,974)	\$ (10,346,144)	\$ (1,912,754)	\$ 7,500,447	\$ 5,734,188
Statutory Reserves					
Cemetery	52,025	53,066	54,127	55,210	56,314
Construction of Municipal Works	(1,628,826)	(4,521,902)	42,960	43,819	(1,955,305)
Parking Cash In Lieu	24,803	25,299	25,805	26,321	26,847
Park Land Acquisition	1,293	1,319	1,346	1,373	1,400
Tax Sale Land	36,180	36,903	37,641	38,394	39,162
Change in Reserves	\$ (31,089,499)	\$ (14,751,459)	\$ (1,750,875)	\$ 7,665,564	\$ 3,902,606

Statutory DCC Reserves					
Drainage DCC	\$ 61,370	\$ 123,998	\$ 126,478	\$ 129,007	\$ 131,588
Parkland DCC	1,143,242	(247,292)	788,161	1,383,325	1,392,291
Sewer DCC	(540,329)	378,414	386,483	449,212	458,196
Transportation DCC	(1,233,594)	(8,365)	271,468	570,897	694,315
Water DCC	(48,425)	180,406	184,015	187,695	191,448
Change in DCCs	\$ (617,736)	\$ 427,161	\$ 1,756,605	\$ 2,720,136	\$ 2,867,838

RESERVE BALANCES

Non-Statutory Reserves	\$ 112,812,498	\$ 102,466,354	\$ 100,553,600	\$ 108,054,047	\$ 113,788,235
Statutory Reserves					
Cemetery	885,796	938,862	992,989	1,048,199	1,104,513
Construction of Municipal Works	6,669,881	2,147,979	2,190,939	2,234,758	279,453
Parking Cash In Lieu	1,264,932	1,290,231	1,316,036	1,342,357	1,369,204
Park Land Acquisition	65,961	67,280	68,626	69,999	71,399
Tax Sale Land	1,845,166	1,882,069	1,919,710	1,958,104	1,997,266
Total Reserves	\$ 123,544,234	\$ 108,792,775	\$ 107,041,900	\$ 114,707,464	\$ 118,610,070
Statutory DCC Reserves					
Drainage DCC	\$ 449,878	\$ 573,876	\$ 700,354	\$ 829,361	\$ 960,949
Parkland DCC	14,360,371	14,113,079	14,901,240	16,284,565	17,676,856
Sewer DCC	1,695,705	2,074,119	2,460,602	2,909,814	3,368,010
Transportation DCC	(468,272)	(476,637)	(205,169)	365,728	1,060,043
Water DCC	2,020,303	2,200,709	2,384,724	2,572,419	2,763,867
Total DCC Reserves	\$ 18,057,985	\$ 18,485,146	\$ 20,241,751	\$ 22,961,887	\$ 25,829,725

Consolidation Financial Statements of

**CORPORATION OF THE CITY OF
NEW WESTMINSTER**

And Independent Auditor's Report Theron

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the Corporation of the City of New Westminster

Opinion

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

- the consolidated statement of financial position as at December 31, 2021
- 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, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause 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.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
May 9, 2022

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 114,146,434	\$ 147,152,685
Accounts Receivable		
Property Taxes	3,139,525	3,557,411
Other	22,239,744	23,639,583
Due from Other Governments	3,660,687	1,634,413
Investments (Note 3)	102,595,180	82,876,282
	<u>245,781,570</u>	<u>258,860,374</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	27,751,609	21,545,171
Due to Other Governments	5,596,028	22,029,016
Prepaid Taxes	12,172,127	11,148,774
Deferred Revenue and Deposits (Note 4)	30,957,932	32,668,168
Deferred Development Cost Charges (Note 5)	19,203,332	19,130,724
Employee Benefit Plans (Note 7)	12,904,573	12,141,474
Long-Term Debt (Note 8)	60,514,159	62,130,349
	<u>169,099,760</u>	<u>180,793,676</u>
NET FINANCIAL ASSETS	76,681,810	78,066,698
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 9)	749,532,592	717,449,624
Inventory of Supplies	2,371,758	2,098,247
Prepaid Expenses	3,522,563	1,651,150
	<u>755,426,913</u>	<u>721,199,021</u>
ACCUMULATED SURPLUS (Note 10)	<u>\$ 832,108,723</u>	<u>\$ 799,265,719</u>

Contingencies (Note 14)
Commitments (Note 16)

The accompanying notes are an integral part of these consolidated financial statements.



Harji Varn, CPA, CGA
CFO/Director of Finance

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2021

	2021 Budget (Note 1(g))	2021	2020
REVENUE			
Municipal Taxation and Other Levies (Note 12)	\$ 93,740,726	\$ 92,724,364	\$ 89,195,332
Utility Rates	94,010,630	95,411,264	92,380,953
Sale of Services	13,114,033	14,038,332	12,064,621
Grants from Other Governments (Note 18)	13,493,021	5,198,139	10,577,058
Contributed Tangible Capital Assets (Note 9(b))	-	7,932,156	4,974,934
Contributions	11,825,944	13,104,911	9,334,300
Other Revenue (Note 13)	14,676,156	15,516,222	16,719,355
	<u>240,860,510</u>	<u>243,925,388</u>	<u>235,246,553</u>
EXPENSES			
Police Services	33,018,500	34,149,429	29,169,363
Parks and Recreation	21,567,216	24,751,668	21,791,314
Fire Services	17,992,154	17,371,253	16,870,661
Climate Action, Planning and Development	6,776,962	7,376,599	6,063,165
Engineering Services	27,676,745	28,405,234	27,042,941
General Government	27,267,361	27,490,649	25,585,521
Library	4,725,629	3,836,930	3,700,338
Utility Operations	67,116,713	67,700,622	65,442,892
	<u>206,141,280</u>	<u>211,082,384</u>	<u>195,666,195</u>
ANNUAL SURPLUS	34,719,230	32,843,004	39,580,358
Accumulated Surplus, beginning of year	799,265,719	799,265,719	759,685,361
ACCUMULATED SURPLUS, end of year	<u>\$ 833,984,949</u>	<u>\$ 832,108,723</u>	<u>\$ 799,265,719</u>

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2021

	2021 Budget (Note 1(g))	2021	2020
ANNUAL SURPLUS	\$ 34,719,230	\$ 32,843,004	\$ 39,580,358
Acquisition of Tangible Capital Assets	(90,796,327)	(48,474,800)	(31,714,897)
Contribution of Tangible Capital Assets	-	(7,932,156)	(4,974,934)
Proceeds from Disposal of Tangible Capital Assets	-	44,275	14,106
Amortization of Tangible Capital Assets	25,289,000	24,204,386	23,545,497
Net (Gain) Loss on Disposal of Tangible Capital Assets	-	75,327	1,408,854
Consumption (Acquisition) of Inventory of Supplies	-	(273,511)	157,056
Acquisition of Prepaid Expenses	-	(1,871,413)	(117,098)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(30,788,097)	(1,384,888)	27,898,942
Net Financial Assets, beginning of year	78,066,698	78,066,698	50,167,756
NET FINANCIAL ASSETS, end of year	<u>\$ 47,278,601</u>	<u>\$ 76,681,810</u>	<u>\$ 78,066,698</u>

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

	2021	2020
CASH PROVIDED (USED) BY:		
OPERATING ACTIVITIES		
Annual Surplus	\$ 32,843,004	\$ 39,580,358
Items not involving cash:		
Amortization of Tangible Capital Assets	24,204,386	23,545,497
Net (Gain) Loss on Disposal of Tangible Capital Assets	75,327	1,408,854
Contributed Tangible Capital Assets	(7,932,156)	(4,974,934)
Capital Expenditures Funded from Development Cost Charges	(1,524,676)	(1,060,637)
Long Term Debt Actuarial Reduction	(667,396)	(555,899)
Change in non-cash operating items:		
Accounts Receivable	1,817,725	(5,918,180)
Due From Other Governments	(2,026,274)	1,745,011
Accounts Payable and Accrued Liabilities	6,206,438	(4,910,502)
Due to Other Governments	(16,432,988)	21,488,914
Prepaid Taxes	1,023,353	1,247,634
Deferred Revenue and Deposits	(1,710,236)	5,640,397
Employee Benefit Plans	763,099	495,441
Inventory of Supplies	(273,511)	157,056
Prepaid Expenses	(1,871,413)	(117,098)
	<u>34,494,682</u>	<u>77,771,912</u>
FINANCING ACTIVITIES		
Development Cost Charge Receipts and Interest	1,597,284	8,340,828
Long-Term Debt Repayments	(3,073,794)	(3,056,724)
Proceeds from Issuance of Long-Term Debt	2,125,000	-
	<u>648,490</u>	<u>5,284,104</u>
CAPITAL ACTIVITIES		
Proceeds from Disposal of Tangible Capital Assets	44,275	14,106
Cash Used to Acquire Tangible Capital Assets	(48,474,800)	(31,714,897)
	<u>(48,430,525)</u>	<u>(31,700,791)</u>
INVESTING ACTIVITIES		
Sale of Investments	-	45,000,000
Purchase of Investments	(19,718,898)	(11,447,474)
	<u>(19,718,898)</u>	<u>33,552,526</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(33,006,251)	84,907,751
Cash and Cash Equivalents, beginning of year	<u>147,152,685</u>	<u>62,244,934</u>
CASH AND CASH EQUIVALENTS, end of year	\$ 114,146,434	\$ 147,152,685

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

The Corporation of the City of New Westminster (the "City") is a local government in the Province of British Columbia. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measure to combat the spread of the virus. The economic conditions and the City's response to the pandemic had an impact on the City's operating results and financial position in 2020 and 2021.

1. SIGNIFICANT ACCOUNTING POLICIES

The City prepares its consolidated financial statements in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The accounting policies of the City include the following:

(a) Basis of Presentation

These consolidated financial statements include the accounts of all the funds of the City and the Library and Police Boards. Inter-fund transactions and balances have been eliminated.

(b) Cash and Cash Equivalents

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

(c) Investments

Investments in the Municipal Finance Authority of British Columbia ("MFA") Pooled Investment Funds – Intermediate and Bond Funds are recorded at cost. Cost is comprised of subscriptions net of redemptions plus earnings that are reinvested in the funds.

(d) Employee Future Benefits

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and post-employment benefits also accrue to the City's employees. The liabilities related to these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liabilities under these benefits plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

(e) Deferred Revenue

Deferred revenue represents licenses, permits, other fees and grants which have been collected, but for which the related services have not been performed and / or projects have not been constructed. These amounts will be recognized as revenue in the fiscal year the services are performed and / or the projects are constructed.

(f) Development Cost Charges (DCCs)

Development cost charges are deferred upon receipt and recognized as revenue only to the extent used to finance related authorized capital projects.

(g) Budget

Budget data presented in these consolidated financial statements is based on the City's Five-Year Financial Plan for the years 2021 – 2025, adopted by Council on February 22, 2021.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) **Government Transfers**

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred 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 assured.

(i) **Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) **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 cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Major Asset Category	Useful Life
Building	10 - 70 years
Vehicles and Equipment	3 - 50 years
Park Improvements	5 - 80 years
Engineering Structures	15 - 100 years
Electrical Distribution System	5 - 100 years

Annual amortization is charged in the year that assets are available for productive use. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(ii) **Contributions of Tangible Capital Assets**

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

(iii) **Works of Art and Historic Assets**

Works of art and historic assets are not recorded as assets in these consolidated financial statements.

(iv) **Natural Resources**

Horticultural assets such as treed areas, grassy areas and gardens are not recognized as assets in these consolidated financial statements.

**CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Non-Financial Assets (continued)

(v) Interest Capitalization

The City does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(vi) Leased Tangible Capital Assets

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.

(vii) Inventory of Supplies

Inventory of supplies held for consumption are recorded at the lower of weighted average cost and replacement cost.

(viii) Prepaid Expenses

Prepaid expenses are recorded as assets in these consolidated financial statements.

(j) Reserves and Reserve Funds

(i) Reserves Set Aside by Council

Reserves set aside by Council are surpluses from the current operations to finance future capital and maintenance projects. These internally restricted funds are not available for unrestricted purposes without the approval of Council.

(ii) Statutory Reserves

Statutory reserves are funds that have been internally restricted by Council. Formal establishing bylaws have been adopted pursuant to the Community Charter, which define how these reserves are to be used.

(k) Revenue Recognition

Taxation revenue is recorded at the time property tax bills are issued. Restricted revenues are recognized as revenue when the funds have been spent in accordance with the restrictions. Unrestricted contributions are recognized when received and collection is reasonably assured. Utility rates, sale of services and other revenues are recognized when earned.

(l) Use of Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported revenue and expenses during the reporting period.

Actual results could differ from management's best 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.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Segment Disclosures

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.

(n) Liability for contaminated sites

A liability for 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 standard;
- (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.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$33,799,222 (2020 - \$45,231,155) invested in the MFA Pooled Investment Funds – Money Market Fund, which is considered equivalent to cash as it is highly liquid and subject to insignificant risk of changes in value.

3. INVESTMENTS

	2021 Carrying Value	2020 Carrying Value
MFA - Government Focused Ultra-Short Bond Fund, 2021 Yield - 2.66% (2020 - 2.56%)	\$ 46,353,321	\$ 30,326,256
MFA – Bond Fund, 2021 Yield - 2.03% (2020 - 4.62%)	45,758,676	44,819,802
MFA - Mortgage Fund, 2021 Yield - 2.98% (2020 - 3.03%)	10,483,183	7,730,224
	<u>\$ 102,595,180</u>	<u>\$ 82,876,282</u>

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

4. DEFERRED REVENUE AND DEPOSITS

	Balance, beginning of year	Amounts Received	Revenue Recognized	Balance, end of year
Parks and Recreation Fees	\$ 1,083,343	\$ 2,296,552	\$ (1,990,897)	\$ 1,388,998
Future Capital Works	25,488,497	10,978,612	(10,639,968)	25,827,141
Other Deferred Revenue	6,096,328	1,815,976	(4,170,511)	3,741,793
	\$ 32,668,168	\$ 15,091,140	\$ (16,801,376)	\$ 30,957,932

5. DEFERRED DEVELOPMENT COST CHARGES

	Balance, beginning of year	Third Party Contributions	Interest Allocation	Capital Expenses	Balance, end of year
Queensborough Drainage	\$ 413,212	\$ 82,281	\$ 4,132	\$ (238,984)	\$ 260,641
Queensborough Transportation *	(2,208,667)	399,488	(22,087)	(421,043)	(2,252,309)
Queensborough Parkland	3,120,688	690,063	31,207	(185,600)	3,656,358
Queensborough Water	842,823	-	8,428	(205,951)	645,300
Queensborough Sanitary	699,271	125,033	6,993	-	831,297
Mainland Drainage	386,611	1,954	3,866	-	392,431
Mainland Transportation	3,308,887	31,418	33,089	(112,798)	3,260,596
Mainland Parkland	9,791,707	60,750	97,917	(360,300)	9,590,074
Mainland Water	1,436,321	5,508	14,363	-	1,456,192
Mainland Sanitary	1,339,871	9,482	13,399	-	1,362,752
	\$ 19,130,724	\$ 1,405,977	\$ 191,307	\$ (1,524,676)	\$ 19,203,332

* Development Cost Charge Expenditure Bylaws authorize borrowing from other DCC Reserves to cover the deficit in the Queensborough Transportation DCC Reserve. The other DCC Reserves will be repaid with interest at the earlier of when the funds are required to complete DCC capital works and sufficient Queensborough Transportation DCCs are collected.

6. 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, 2020, the plan has about 220,000 active members and approximately 112,000 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.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

6. PENSION PLAN (continued)

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

The City paid \$7,985,324 (2020 - \$7,724,529) for employer contributions to the plan in fiscal 2021.

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

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

7. EMPLOYEE BENEFIT PLANS

The City provides certain post-employment benefits, compensated absences, and termination benefits to its employees. These benefits include accumulated non-vested sick leave and post-employment disability benefits.

	2021	2020
Accrued Benefit Obligation, beginning of year	\$ 12,815,100	\$ 12,017,500
Current service cost	823,700	768,400
Interest cost	222,800	273,900
Long term disability expense (revenue)	477,400	569,100
Benefits paid	(835,900)	(1,153,500)
Actuarial loss (gain)	(817,100)	339,700
Accrued Benefit Obligation, end of year	12,686,000	12,815,100
Other employee benefit liabilities	52,673	40,974
Unamortized actuarial (loss) gain	165,900	(714,600)
Accrued Benefit Liability, end of year	<u>\$ 12,904,573</u>	<u>\$ 12,141,474</u>

Actuarial gains and losses are amortized over the expected average remaining service period of the related employee group commencing the year after the gain or loss arises. A full update to the actuarial valuation of the accrued benefit liability was performed to determine the City's accrued benefit obligation as at December 31, 2020 and results were extrapolated to December 31, 2021. Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2021	2020
Discount rate	2.50%	2.10%
Expected future inflation rate	2.50%	2.50%
Expected wage and salary range increases	3.00% - 4.63%	3.00% - 4.63%
Expected average remaining service period	12 years	12 years

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

8. LONG-TERM DEBT

The City receives debt financing through the MFA in accordance with the Community Charter to finance certain capital expenses. Gross debt of \$83,764,914 (2020 - \$81,639,914) less repayments and actuarial adjustments of \$23,250,755 (2020 - \$19,509,565) is presented as net debt of \$60,514,159 (2020 - \$62,130,349).

	<u>2021</u>	<u>2020</u>
Police Building, Bylaw 6603, 2.25%, due 2024	\$ 1,671,628	\$ 2,185,945
Moody Park Pool, Bylaw 7209, 2.90%, due 2028	1,756,532	1,972,560
Moody Park Pool, Bylaw 7209, 1.28%, due 2030	229,756	252,191
Westminster Pier Park Development Bylaw 7377, 3.65%, due 2026	2,485,936	2,931,853
Westminster Pier Park Development Bylaw 7377, 2.00% due 2032	1,099,450	1,199,400
Civic Facilities, Road Maintenance and Park Development Loan Authorization Bylaw 7528, 2.60%, due 2036	10,071,532	10,591,204
New Westminster Substation Loan Authorization Bylaw 7604, 2.20% due 2035	18,908,746	19,976,960
New Westminster Civic Infrastructure Loan Authorization Bylaw 7842, MFA variable rate, due 2024	3,830,000	1,705,000
New Westminster Civic Infrastructure Loan Authorization Bylaw 7842, 2.24%, due 2039	20,460,579	21,315,236
	<u>\$ 60,514,159</u>	<u>\$ 62,130,349</u>

Estimated repayments on long-term debt for the next five years and thereafter are as follows:

2022	3,873,825
2023	4,010,448
2024	5,829,337
2025	3,677,150
2026	5,924,577
Thereafter	37,198,822
	<u>\$ 60,514,159</u>

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

9. TANGIBLE CAPITAL ASSETS

	Assets Under Construction	Land	Building	Vehicles / Equipment	Park Improvements	Engineering Structures	Engineering Structures Water	Sewer	Solid Waste	Electrical Distribution System	2021 Total	2020 Total
COST												
Balance, beginning of year	\$ 16,841,301	\$ 207,126,137	\$ 188,331,708	\$ 43,443,363	\$ 75,575,357	\$ 232,829,570	\$ 63,771,360	\$ 120,297,410	\$ -	\$ 98,552,079	\$ 1,046,768,285	\$ 1,018,835,392
Transfers	(7,797,023)	-	66,297	51,152	1,822,347	2,205,630	979,297	2,672,300	-	-	-	-
Additions	30,472,432	5,322,318	1,108,771	2,632,477	939,906	8,539,506	1,662,210	2,311,409	-	3,417,927	56,406,956	36,689,831
Disposals	-	-	-	(1,997,209)	(44,390)	(434,169)	(22,006)	-	-	(218,128)	(2,715,902)	(8,756,938)
Balance, end of year	39,516,710	212,448,455	189,506,776	44,129,783	78,293,220	243,140,537	66,390,861	125,281,119	-	101,751,878	1,100,459,339	1,046,768,285
ACCUMULATED AMORTIZATION												
Balance, beginning of year	\$ -	\$ -	\$ 76,817,128	\$ 24,729,807	\$ 37,910,519	\$ 118,995,665	\$ 13,899,242	\$ 28,372,120	\$ -	\$ 28,594,180	\$ 329,318,661	\$ 313,107,142
Amortization	-	-	5,839,527	3,810,148	2,198,830	7,189,971	886,299	1,838,696	-	2,440,915	24,204,386	23,545,497
Disposals	-	-	-	(1,936,722)	(44,390)	(434,169)	(22,006)	-	-	(159,013)	(2,596,300)	(7,333,978)
Balance, end of year	-	-	82,656,655	26,603,233	40,064,959	125,751,467	14,763,535	30,210,816	-	30,876,082	350,926,747	329,318,661
NET BOOK VALUE												
As at December 31, 2021	\$ 39,516,710	\$ 212,448,455	\$ 106,850,121	\$ 17,526,550	\$ 38,228,261	\$ 117,389,070	\$ 51,627,326	\$ 95,070,303	\$ -	\$ 70,875,796	749,532,592	
NET BOOK VALUE												
As at December 31, 2020	\$ 16,841,301	\$ 207,126,137	\$ 111,514,580	\$ 18,713,556	\$ 37,664,838	\$ 113,833,905	\$ 49,872,118	\$ 91,925,290	\$ -	\$ 69,957,899		\$ 717,449,624

**CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

9. TANGIBLE CAPITAL ASSETS (continued)

(a) Assets under construction

Assets under construction having a value of \$39,516,710 (2020 – \$16,841,301) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets

Contributed capital assets have been recognized at fair market value at the date of contribution. Included in the additions to tangible capital assets is \$7,932,156 of contributed assets received during the year (2020 – \$4,974,934).

(c) Works of art and historic assets

The City manages and controls various works of art and non-operational historic assets including buildings, artifacts, painting and sculptures located at City sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

10. ACCUMULATED SURPLUS

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2021	2020
Surplus:		
Invested in Tangible Capital Assets (a)	\$ 691,766,726	\$ 658,067,568
Invested in Inventory of Supplies	2,371,758	2,098,247
Invested in Prepaid Expenses	3,522,563	1,651,150
Reserves:		
Reserves set aside by Council:		
Affordable Housing	1,642,737	1,464,370
Childcare Amenity	1,751	1,734
Community Amenity	7,756,370	7,661,981
Community Development	1,861,872	903,709
Community Endowment	4,884,502	4,836,140
Computer Replacement	801,712	633,043
Environment/Childcare Grants	200,000	200,000
Equipment Replacement	10,900,668	10,435,755
Facility Maintenance	4,937,234	4,005,762
Facility Replacement - TACC	-	8,233,178
Facility Replacement - Massey Theatre	7,121,289	6,665,915
General Amenity	419,177	415,027
General Fund Provisions	9,007,015	21,988,318
Offstreet Parking Provisions	1,788,850	1,808,909
Public Art	760,592	691,061
Electrical Fund Provisions	32,338,664	30,779,474
Water Fund Provisions	11,955,625	7,161,852
Sewer Fund Provisions	27,040,856	18,513,143
Solid Waste Fund Provisions	(1,640,813)	(1,937,471)
Statutory Reserves:		
Cemetery Reserve	842,003	782,766
Construction of Municipal Works	8,744,315	9,151,359
Parking Cash in Lieu	1,227,972	1,215,813
Park Land Acquisition	64,034	63,400
Tax Sale Land	1,791,251	1,773,516
Total Reserves	134,447,676	137,448,754
Total Accumulated Surplus	\$ 832,108,723	\$ 799,265,719

- (a) Invested in tangible capital assets is comprised of tangible capital assets of \$749,532,592 (2020 - \$717,449,624) less net proceeds from debt spent on tangible capital assets of \$57,765,866 (2020 - \$59,382,056).

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

11. TRUST FUNDS

The Election Surplus, Amateur Sports Promotion and Irving House Bequeaths are not reported in these consolidated financial statements. The following is a summary of Trust Fund transactions for the year:

	2021	2020
Balances, beginning of year	\$ 356,407	\$ 366,001
Interest earned	3,564	7,320
	<u>359,971</u>	<u>373,321</u>
Expenses and Transfers (Net)	-	(16,914)
Balances, end of year	<u>\$ 359,971</u>	<u>\$ 356,407</u>

12. MUNICIPAL TAXATION AND OTHER LEVIES

In addition to levying and collecting property taxes for municipal purposes, the City also collects taxes from its citizens on behalf of other governments. The following table illustrates the amounts collected and the amounts transferred to other governments. These amounts collected on behalf of other governments are not reflected on the City's consolidated financial statements.

	2021	%	2020	%
Gross Taxation and Levies	<u>\$144,004,351</u>	<u>100.00</u>	<u>\$130,554,730</u>	<u>100.00</u>
Less: Collections on Behalf of Other Governments				
Metro Vancouver Regional District	1,717,907	1.19	1,554,283	1.19
BC Assessment Authority	1,269,611	0.88	1,257,090	0.96
Municipal Finance Authority	5,873	< 0.01	5,734	< 0.01
Province of British Columbia - School Taxes	39,496,656	27.43	30,113,235	23.07
South Coast British Columbia Transportation Authority	8,359,485	5.81	8,013,764	6.14
Business Improvement Levies	430,455	0.30	415,292	0.32
	<u>51,279,987</u>	<u>35.61</u>	<u>41,359,398</u>	<u>31.68</u>
Municipal Taxation and Levies	<u>\$ 92,724,364</u>	<u>64.39</u>	<u>\$ 89,195,332</u>	<u>68.32</u>

13. OTHER REVENUE

Other Revenue includes:

	2021	2020
Licences, Permits and Fines	\$ 7,407,496	\$ 6,955,531
Interest and Penalties	4,273,446	5,744,119
Gain on Disposal of Tangible Capital Assets	21,244	10,462
Other	3,814,036	4,009,243
	<u>\$ 15,516,222</u>	<u>\$ 16,719,355</u>

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

14. CONTINGENCIES

- (a) The loan agreements with the Metro Vancouver Regional District and the MFA 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 long-term debt instruments through 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 are contingent in nature and are not reflected in the accounts. Details of the contingent demand notes at December 31, 2021 are as follows:

	<u>2021</u>	<u>2020</u>
Police Building, Bylaw 6603	\$ 233,776	\$ 233,776
Moody Park Pool, Bylaw 7209	142,759	142,759
Westminster Pier Park, Bylaw 7377	253,681	253,681
New Westminster Substation, Bylaw 7604	463,277	463,277
Civic Facilities, Road Maintenance and Park Development, Bylaw 7528	258,507	258,507
New Westminster Civic Infrastructure, Bylaw 7842	438,645	438,645
	<u>\$ 1,790,645</u>	<u>\$ 1,790,645</u>

- (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 determined.
- (d) The City is a shareholder of E-Comm, Emergency Communications for British Columbia Incorporated (E-Comm) whose services include: regional 9-1-1 call centre for the Metro Vancouver Regional District; Wide Area Radio network; dispatch operations; and records management. The City has one Class A share and one Class B share and the Police Board has one Class A share. There are 36 Class A shares and 19 Class B shares issued and outstanding as at December 31, 2021. 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, as a member of the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District and the Greater Vancouver Water District is jointly and severally liable for the net capital liabilities of these Districts. Any liability which may arise as a result of the above noted contingency will be accounted for in the period in which the required payment is made.

**CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

15. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including Police Services, Parks and Recreation Services, Fire Services, Climate Action, Planning and Development Services, Engineering Services, General Government Services, Library, and Utility Operations which includes Water Supply Services, Electrical Distribution Services, Sewer and Drainage Services, and Solid Waste Services. For management reporting purposes, the City's operations and activities are organized and reported by Service Areas. Service Areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions and limitations.

City Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

General Government Services – Legislative Services, Administration, Cultural Services, Communications, Finance, Information Technology, Human Resources, Legal Services, Economic Development, and Grants in Aid

The Departments and Divisions within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying and collecting taxes and utilities; acquiring, disposing and managing City assets; developing and maintaining information technology systems and applications; ensuring effective financial management and communication; administering City grants; managing the Anvil Centre and cultural services; developing an effective labour force; administering collective agreements and payroll; economic development; monitoring and reporting performance; and ensuring that high quality City service standards are met.

Police Services

The mandate of Police Services is to keep the community safe by enforcing the law, and by preventing and reducing crime.

Parks and Recreation Services

Parks and Recreation is responsible for providing, facilitating the development of, and maintaining high quality parks, and recreation facilities and programs.

Library Services

The New Westminster Public Library is responsible for providing library resources and services to the community.

Fire Services

The mandate of Fire Services is to protect life, property and the environment through the provision of emergency response and planning, inspections, code enforcement and public education, ensuring safety for the public.

**CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

15. SEGMENTED INFORMATION (continued)

Climate Action, Planning and Development

Climate Action, Planning and Development is responsible for preparing land use plans, bylaws and policies for sustainable development of the City, for reviewing and approving new development, building permits and inspections and climate action.

Engineering Services – Engineering Operations and Administration, Cemetery, Parking and Towing Services, Animal Services, Vehicle Fleet Services, Works Yards

Engineering Services is responsible for planning, building, operating and maintaining the City's physical infrastructure including roads and sidewalks, civic buildings and facilities. In addition, the divisions provide services for parking, towing, cemetery operations, animal control and fleet services.

Utility Operations - Water Supply Services, Electrical Distribution Services, Sewer and Drainage Services, and Solid Waste Services

The Water Utility operates and distributes over 8 million cubic meters of drinking water, and maintains water mains and pump stations. The Electrical Distribution Utility is responsible for the distribution of electricity to the City's citizens and businesses and the City's fibre network system. The Sewer and Drainage Utility is responsible for the disposal of sanitary sewage and drainage, as well as the network of sewer mains, storm sewers and pump stations. The Solid Waste Utility is responsible for garbage collection, green waste collection and recycling.

CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

15. SEGMENTED INFORMATION (continued)

SEGMENTED REVENUES AND EXPENSES

	General Government	Police Services	Parks and Recreation	Library	Fire Services	Climate Action, Planning and Development	Engineering Services	Utility Operations	2021	2020	2021 Budget
REVENUE											
Municipal Taxation and Other Levies	\$ 92,641,123	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,241	\$ 92,724,364	\$ 89,195,332	\$ 93,740,726
Utility Rates	-	-	-	-	-	-	-	95,411,264	95,411,264	92,380,953	94,010,630
Sale of Services	287,134	5,344,241	2,860,169	26,255	164,642	14,834	4,162,534	1,178,523	14,038,332	12,064,621	13,114,033
Grants from Other Governments	47,053	1,924,981	862,525	144,054	-	645,174	1,574,352	-	5,198,139	10,577,058	13,493,021
Contributed Tangible Capital Assets	-	-	4,000,000	-	-	-	3,442,002	490,154	7,932,156	4,974,934	-
Contributions	4,061,265	-	3,007,367	-	75,922	249,469	3,650,527	2,060,361	13,104,911	9,334,300	11,825,944
Other Revenue	6,114,829	31,599	274,733	323	80,653	5,598,322	2,171,922	1,243,841	15,516,222	16,719,355	14,676,156
Total Revenue	\$ 103,151,404	\$ 7,300,821	\$ 11,004,794	\$ 170,632	\$ 321,217	\$ 6,507,799	\$ 15,001,337	\$ 100,467,384	\$ 243,925,388	\$ 235,246,553	\$ 240,860,510
EXPENSES											
Salaries, Benefits and Training	\$ 14,667,512	\$ 28,309,778	\$ 13,564,984	\$ 2,693,761	\$ 15,487,372	\$ 5,334,472	\$ 13,473,378	\$ 5,090,326	\$ 98,621,583	\$ 89,686,470	\$ 101,195,040
Contracted Services	1,963,900	3,778,461	5,485,337	123,247	904,334	1,857,522	3,141,482	3,823,038	21,077,321	18,248,326	12,047,634
Supplies and Materials	2,283,004	1,351,945	1,587,937	312,809	334,740	148,045	3,251,743	710,561	9,980,784	9,046,693	10,341,506
Interest and Bank Charges	949,178	-	-	-	-	-	-	842,716	1,791,894	1,807,756	1,995,681
Cost of Sales	255,851	-	120,743	-	-	-	10,241	86	386,921	375,867	491,357
Grants	747,854	8,390	-	-	-	36,560	-	-	792,804	717,419	1,013,450
Insurance and Claims	2,609,745	-	-	-	-	-	175,959	-	2,785,704	1,573,091	1,818,147
Utility Purchases and Levies	-	-	-	-	-	-	-	51,344,416	51,344,416	49,245,760	51,949,465
Amortization	4,013,605	692,855	3,966,528	707,113	641,489	-	8,352,431	5,830,365	24,204,386	23,545,497	25,289,000
Loss on Disposal of Tangible Capital Assets	-	8,000	26,139	-	3,318	-	-	59,114	96,571	1,419,316	-
Total Expenses	\$ 27,490,649	\$ 34,149,429	\$ 24,751,668	\$ 3,836,930	\$ 17,371,253	\$ 7,376,599	\$ 28,405,234	\$ 67,700,622	\$ 211,082,384	\$ 195,666,195	\$ 206,141,280
ANNUAL SURPLUS (DEFICIT)	\$ 75,660,755	\$ (26,848,608)	\$ (13,746,874)	\$ (3,666,298)	\$ (17,050,036)	\$ (868,800)	\$ (13,403,897)	\$ 32,766,762	\$ 32,843,004	\$ 39,580,358	\$ 34,719,230

**CORPORATION OF THE CITY OF NEW WESTMINSTER
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2021**

16. COMMITMENTS

In January 2012, the City entered into an operating agreement with BC Hydro for the New Westminster Substation. The agreement commits the City to reimburse BC Hydro for all costs relating to operating, maintaining and upgrading the substation. The initial term of the agreement was effective until March 31, 2015 with subsequent five-year renewal periods until such time as either party serves written notice of termination at least one year prior to the end of the current five-year term. On March 31, 2020 the term of the agreement was automatically extended until March 31, 2025.

17. CONTRACTUAL RIGHTS

The City has various contracts with organizations that are expected to result in the following revenues over the next five years that are either to provide services to or acquire capital assets for the community, or are for the use of City assets through property, fibre optic and advertising space agreements.

	<u>2021</u>
2022	\$ 11,086,299
2023	\$ 3,476,228
2024	\$ 1,894,317
2025	\$ 1,731,874
2026	\$ 1,407,297

Certain contractual rights are not included in the above schedule as the amounts received vary from period to period and cannot be estimated.

18. GRANTS FROM OTHER GOVERNMENTS

Grants from other governments include:

	<u>2021</u>	<u>2020</u>
Federal	\$ 815,505	\$ 784,095
Provincial and Regional	4,382,634	9,792,963
	<u>\$ 5,198,139</u>	<u>\$ 10,577,058</u>

19. COMPARATIVE INFORMATION

Certain comparative information has been reclassified to conform to the City's financial statement presentation adopted for the current year.

CORPORATION OF THE CITY OF NEW WESTMINSTER
STATEMENTS OF FINANCIAL POSITION - BY FUND
As at December 31, 2021

SUPPLEMENTAL SCHEDULE I (UNAUDITED)

	General Fund	Electrical Utility Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund	2021	2020
FINANCIAL ASSETS							
Cash and Cash Equivalents	\$ 114,146,434	\$ -	\$ -	\$ -	\$ -	\$ 114,146,434	\$ 147,152,685
Accounts Receivable							
Property Taxes	3,139,525	-	-	-	-	3,139,525	3,557,411
Other	11,107,169	9,201,770	599,202	1,117,524	214,079	22,239,744	23,639,583
Due from Other Governments	3,660,687	-	-	-	-	3,660,687	1,634,413
Investments	102,595,180	-	-	-	-	102,595,180	82,876,282
	<u>234,648,995</u>	<u>9,201,770</u>	<u>599,202</u>	<u>1,117,524</u>	<u>214,079</u>	<u>245,781,570</u>	<u>258,860,374</u>
LIABILITIES							
Accounts Payable	27,561,216	190,393	-	-	-	27,751,609	21,545,171
Due to Other Governments	5,596,028	-	-	-	-	5,596,028	22,029,016
Prepaid Taxes	12,172,127	-	-	-	-	12,172,127	11,148,774
Deferred Revenue and Deposits	30,782,753	175,179	-	-	-	30,957,932	32,668,168
Deferred Development Cost Charges	14,907,790	-	2,101,493	2,194,049	-	19,203,332	19,130,724
Employee Benefit Plans	12,904,573	-	-	-	-	12,904,573	12,141,474
Long-Term Debt	27,056,141	33,458,018	-	-	-	60,514,159	62,130,349
Due to/(from) Other Funds	70,123,472	(26,063,879)	(15,606,477)	(29,330,708)	877,592	-	-
	<u>201,104,100</u>	<u>7,759,711</u>	<u>(13,504,984)</u>	<u>(27,136,659)</u>	<u>877,592</u>	<u>169,099,760</u>	<u>180,793,676</u>
NET FINANCIAL ASSETS	<u>33,544,895</u>	<u>1,442,059</u>	<u>14,104,186</u>	<u>28,254,183</u>	<u>(663,513)</u>	<u>76,681,810</u>	<u>78,066,698</u>
NON-FINANCIAL ASSETS							
Tangible Capital Assets	508,972,440	89,937,939	52,437,567	97,071,804	1,112,842	749,532,592	717,449,624
Inventory of Supplies	500,323	1,710,186	132,655	28,594	-	2,371,758	2,098,247
Prepaid Expenses	3,522,563	-	-	-	-	3,522,563	1,651,150
	<u>512,995,326</u>	<u>91,648,125</u>	<u>52,570,222</u>	<u>97,100,398</u>	<u>1,112,842</u>	<u>755,426,913</u>	<u>721,199,021</u>
ACCUMULATED SURPLUS	<u>\$ 546,540,221</u>	<u>\$ 93,090,184</u>	<u>\$ 66,674,408</u>	<u>\$ 125,354,581</u>	<u>\$ 449,329</u>	<u>\$ 832,108,723</u>	<u>\$ 799,265,719</u>

CORPORATION OF THE CITY OF NEW WESTMINSTER
 STATEMENTS OF OPERATIONS - BY FUND
 For the Year Ended December 31, 2021

SUPPLEMENTAL SCHEDULE II (UNAUDITED)

	General Fund	Electrical Utility Fund	Water Utility Fund	Sewer Utility Fund	Solid Waste Utility Fund	2021	2020	2021 Budget
REVENUE								
Municipal Taxation and Other Levies	\$ 92,641,123	\$ -	\$ -	\$ 83,241	\$ -	\$ 92,724,364	\$ 89,195,332	93,740,726
Utility Rates		52,317,951	14,939,665	24,346,843	3,806,805	95,411,264	92,380,953	94,010,630
Sale of Services	12,859,809	151,203	255,123	772,197	-	14,038,332	12,064,621	13,114,033
Grants from Other Governments	5,198,139	-	-	-	-	5,198,139	10,577,058	13,493,021
Contributed Tangible Capital Assets	7,442,002	70,600	-	419,554	-	7,932,156	4,974,934	-
Contributions	11,044,550	1,779,169	-	281,192	-	13,104,911	9,334,300	11,825,944
Other Revenue	14,272,381	281,847	-	10,268	951,726	15,516,222	16,719,355	14,676,156
	143,458,004	54,600,770	15,194,788	25,913,295	4,758,531	243,925,388	235,246,553	240,860,510
EXPENSES								
Police Services	34,149,429	-	-	-	-	34,149,429	29,169,363	33,018,500
Parks and Recreation	24,751,668	-	-	-	-	24,751,668	21,791,314	21,567,216
Fire Services	17,371,253	-	-	-	-	17,371,253	16,870,661	17,992,154
Climate Action, Planning and Development	7,376,599	-	-	-	-	7,376,599	6,063,165	6,776,962
Engineering Services	28,405,234	-	-	-	-	28,405,234	27,042,941	27,676,745
General Government	27,490,649	-	-	-	-	27,490,649	25,585,521	27,267,361
Library	3,836,930	-	-	-	-	3,836,930	3,700,338	4,725,629
Utility Operations	-	40,026,211	8,879,323	15,213,658	3,581,430	67,700,622	65,442,892	67,116,713
	143,381,762	40,026,211	8,879,323	15,213,658	3,581,430	211,082,384	195,666,195	206,141,280
ANNUAL SURPLUS								
	76,242	14,574,559	6,315,465	10,699,637	1,177,101	32,843,004	39,580,358	34,719,230
Interfund Transfers:								
From Electrical Fund to Current Fund	2,500,000	(2,500,000)	-	-	-	-	-	-
From Electrical Fund to Provision for Future Exp.	3,500,000	(3,500,000)	-	-	-	-	-	-
Other Transfers	1,314,460	275,100	(478,006)	(364,822)	(746,732)	-	-	-
INCREASE (DECREASE) IN SURPLUS								
	7,390,702	8,849,659	5,837,459	10,334,815	430,369	32,843,004	39,580,358	34,719,230
Accumulated Surplus, beginning of year	539,149,519	84,240,525	60,836,949	115,019,766	18,960	799,265,719	759,685,361	799,265,719
ACCUMULATED SURPLUS, end of year	\$ 546,540,221	\$ 93,090,184	\$ 66,674,408	\$ 125,354,581	\$ 449,329	\$ 832,108,723	\$ 799,265,719	\$ 833,984,949

CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF RESERVES
For the Year Ended December 31, 2021

SUPPLEMENTAL SCHEDULE III (UNAUDITED)

	Balances, Beginning of Year	Transfer from (to) Operating and Trust Funds	Third Party Contributions (Disbursements)	Interest Allocation	Proceeds from Disposal	Transfers For Capital Expenses	Balances, End of Year
RESERVES SET ASIDE BY COUNCIL							
Affordable Housing	\$ 1,464,370	\$ 163,723	\$ -	\$ 14,644	\$ -	\$ -	\$ 1,642,737
Childcare Amenity	1,734	-	-	17	-	-	1,751
Community Amenity	7,661,981	(40,356)	75,000	76,620	-	(16,875)	7,756,370
Community Development	903,709	(2,461,400)	3,438,046	9,036	-	(27,519)	1,861,872
Community Endowment	4,836,140	-	-	48,362	-	-	4,884,502
Computer Replacement	633,043	278,761	-	6,330	-	(116,422)	801,712
Environment/Childcare Grants	200,000	(2,000)	-	2,000	-	-	200,000
Equipment Replacement	10,435,755	1,895,712	-	104,358	44,275	(1,579,432)	10,900,668
Facility Maintenance	4,005,762	2,580,091	-	40,058	-	(1,688,677)	4,937,234
Facility Replacement - TACC	8,233,178	2,408,092	-	82,332	-	(10,723,602)	-
Facility Replacement - Massey Theatre	6,665,915	1,058,455	-	66,659	-	(669,740)	7,121,289
General Amenity	415,027	-	-	4,150	-	-	419,177
General Fund Provisions	21,988,318	(3,191,776)	-	2,749	-	(9,792,276)	9,007,015
Offstreet Parking Provisions	1,808,909	(20,059)	-	-	-	-	1,788,850
Public Art	691,061	62,620	-	6,911	-	-	760,592
Electrical Fund Provisions	30,779,474	1,559,190	-	-	-	-	32,338,664
Water Fund Provisions	7,161,852	4,793,773	-	-	-	-	11,955,625
Sewer Fund Provisions	18,513,143	8,527,713	-	-	-	-	27,040,856
Solid Waste Fund Provisions	(1,937,471)	296,658	-	-	-	-	(1,640,813)
	124,461,900	17,909,197	3,513,046	464,226	44,275	(24,614,543)	121,778,101
STATUTORY RESERVES							
Cemetery Reserve	782,766	59,237	-	-	-	-	842,003
Construction of Municipal Works	9,151,359	138,068	-	91,513	-	(636,625)	8,744,315
Parking Cash in Lieu	1,215,813	-	-	12,159	-	-	1,227,972
Park Land Acquisition	63,400	-	-	634	-	-	64,034
Tax Sale Land	1,773,516	-	-	17,735	-	-	1,791,251
	12,986,854	197,305	-	122,041	-	(636,625)	12,669,575
TOTAL RESERVES	\$ 137,448,754	\$ 18,106,502	\$ 3,513,046	\$ 586,267	\$ 44,275	\$ (25,251,168)	\$ 134,447,676
2021 Budget	\$ 122,761,260	\$ 38,714,905	\$ 1,997,593	\$ 1,190,546	\$ -	\$ (75,456,107)	\$ 89,208,197

SUPPLEMENTAL SCHEDULE IV (UNAUDITED)

**CORPORATION OF THE CITY OF NEW WESTMINSTER
RESTART GRANT SCHEDULE
For the Year Ended December 31, 2021**

BC COVID-19 SAFE RESTART GRANT

In November, 2020 the City received \$6,052,000 from the Province of British Columbia for funding operations impacted by COVID-19. The Safe Restart Grant can be used over multiple years to fund increased costs and lower revenues as a result of COVID-19. The City has recognized the grant as revenue in 2020 and has used some of the funds to offset impacts in 2021 and is expecting to use the remainder of the funds by the end of 2023.

Safe Restart Grant Received November 2020	<u>\$ 6,052,000</u>
Costs offset in 2021	
Support for vulnerable persons	59,177
Education and enforcement	36,454
Community support programs	31,601
Emergency management centre response	<u>98,220</u>
Total of Costs	<u>225,452</u>
Casino revenue shortfall offset in 2021	<u>4,450,000</u>
Unused Grant Funding, December 31, 2021	<u>\$ 1,376,548</u>

**CORPORATION OF THE CITY OF NEW WESTMINSTER
CONSOLIDATED STATEMENT OF RESERVES
For the Year Ended December 31, 2021**

	Balances, End of Year
RESERVES SET ASIDE BY COUNCIL	
Affordable Housing	\$ 1,642,737
Childcare Amenity	1,751
Community Amenity	7,756,370
Community Development	1,861,872
Community Endowment	4,884,502
Computer Replacement	801,712
Environment/Childcare Grants	200,000
Equipment Replacement	10,900,668
Facility Maintenance	4,937,234
Facility Replacement - TACC	-
Facility Replacement - Massey Theatre	7,121,289
General Amenity	419,177
General Fund Provisions	9,007,015
Offstreet Parking Provisions	1,788,850
Public Art	760,592
Electrical Fund Provisions	32,338,664
Water Fund Provisions	11,955,625
Sewer Fund Provisions	27,040,856
Solid Waste Fund Provisions	(1,640,813)
	<u>121,778,101</u>
STATUTORY RESERVES	
Cemetery Reserve	842,003
Construction of Municipal Works	8,744,315
Parking Cash in Lieu	1,227,972
Park Land Acquisition	64,034
Tax Sale Land	1,791,251
	<u>12,669,575</u>
TOTAL RESERVES	<u><u>\$ 134,447,676</u></u>

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 15, 2022 Meeting Date: July 14, 2022

Subject: **MFA Fall 2022 Borrowing for City of Pitt Meadows – MVRD Security Issuing Bylaw No. 1353, 2022**

RECOMMENDATION

That the MVRD Board:

- a) give consent to the request for financing from the City of Pitt Meadows in the amount of \$20,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022* and forward it to the Inspector of Municipalities for Certificate of Approval.
-

EXECUTIVE SUMMARY

As set out in the *Community Charter*, the Metro Vancouver Regional District (MVRD) must adopt a security issuing bylaw in order to enable the City of Pitt Meadows to proceed with their long term borrowing request of \$20,000,000. This borrowing is to finance the construction of a Police building. The City's total estimated annual debt servicing costs for existing and new proposed debt combined is approximately \$1,721,500 which is roughly 16.1% of their liability servicing limit of \$10,724,426. Pitt Meadows has met the regulatory requirements and has the legislative authority to undertake the planned borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1353, 2022* will authorize the City of Pitt Meadows' borrowing request.

Staff recommends consenting to City of Pitt Meadows' borrowing request and adopting the Security Issuing Bylaw as outlined in Alternative 1.

PURPOSE

To seek the adoption of a Security Issuing Bylaw to authorize a borrowing request from the City of Pitt Meadows in the amount of \$20,000,000 for the Fall 2022 MFA long term debt issue.

BACKGROUND

Metro Vancouver received a request from the City of Pitt Meadows to borrow \$20,000,000 to finance the construction of a Police building. This request has been approved by Pitt Meadows' respective council by way of Loan Authorization Bylaw and Security Issuing Resolution as required under provincial legislation. Currently, the Ridge Meadows RCMP provides policing service to the communities of Pitt Meadows and Maple Ridge. In 2021, Pitt Meadows received approval from the Province of British Columbia to create an autonomous RCMP detachment. This report is being

brought forward to the MVRD Board to seek the adoption of *Metro Vancouver Security Issuing Bylaw No. 1353, 2022* which will authorize the borrowing request from the City of Pitt Meadows. The borrowing must be approved by the MVRD Board before the Security Issuing Bylaw can be issued and the request forwarded to the MFA for consideration.

MUNICIPAL BORROWING REQUEST

Request Details

The City of Pitt Meadows adopted the Loan Authorization Bylaw as outlined in Table 1 below. Their Council subsequently passed the required Security Issuing Resolution on May 10, 2022 to proceed with the 2022 Fall Borrowing for the requested amount within the authorized and outstanding balance of the bylaw. This request is within the parameters set out in the City of Pitt Meadows Financial Plan Bylaw.

Table 1

MVRD Bylaw	Member Bylaw	Date Bylaw Passed	Purpose	Borrowing Request	Term
1353, 2022	2913, 2021	February 15, 2022	Construction of Police building	\$20,000,000	30 years

The member's loan authorization bylaw identified above has been reviewed by the Inspector of Municipalities and has received the necessary Certificate of Approval. The certificate is included in Attach 2 of this report.

Financial Analysis

Per the Liability Servicing Limit Certificate dated May 19, 2022, the City of Pitt Meadows had a liability servicing limit of approximately \$10,724,426. This limit represents the maximum amount, as prescribed by the Province, that Pitt Meadows can annually pay for serving debt. The estimated annual debt servicing costs for the proposed bylaw will be approximately \$1,249,600. When combined with existing annual debt servicing costs, the total costs will be approximately \$1,721,500 which is roughly 16.1% of their overall liability servicing limit.

All debt of the MVRD is a joint and several liability of its member municipalities.

Included as attachment are the following information provided by the City of Pitt Meadows to assist in considering this request:

- Adopted Loan Authorization Bylaw along with Certificate of Approval
- Copy of security issuing resolution
- Liability Servicing Limit Certificate
- The 2022 - 2026 Financial Plan Bylaw
- 2021 Audited Consolidated Financial Statements
- Schedule of Budgeted Reserves for fiscal years 2022 to 2026

ALTERNATIVES

1. That the MVRD Board:
 - a) give consent to the request for financing from the City of Pitt Meadows in the amount of \$20,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.
2. That the MVRD Board receive for information the report dated June 15, 2022, titled “MFA Fall 2022 Borrowing for City of Pitt Meadows – MVRD Security Issuing Bylaw No. 1353, 2022”.

FINANCIAL IMPLICATIONS

Although all member debt is a joint and shared liability of all member municipalities, there are no direct financial implications to Metro Vancouver with the adoption of the bylaw.

If the Board approves Alternative 1, the City of Pitt Meadows will proceed to borrow \$20,000,000 to fund the construction of a Police building.

If the Board approves Alternative 2, the City of Pitt Meadows would be unable to borrow funds as required for the purpose intended and would need to look for other funding sources, potentially causing the City undue financial challenges.

CONCLUSION

The City of Pitt Meadows has requested to borrow \$20,000,000 to finance the construction of a Police building. The City has met all regulatory requirements and has the legislative authority to undertake the borrowing. The proposed *Metro Vancouver District Security Issuing Bylaw No. 1353, 2022* will authorize the City of Pitt Meadows’ borrowing request which will be forwarded to MFA for consideration upon approval. Staff recommends consenting to the City’s borrowing and adopting the Security Issuing Bylaw as outlined in Alternative 1.

Attachments

1. *Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022*
2. City of Pitt Meadows - Additional Information

53136474

**METRO VANCOUVER REGIONAL DISTRICT
BYLAW NO. 1353, 2022**

**A Bylaw to Authorize the Entering into a Finance Agreement with the Municipal Finance Authority
of British Columbia in the Amount of \$20,000,000 (Canadian)**

WHEREAS the Municipal Finance Authority of British Columbia (the “Authority”) may provide financing of capital requirements for Regional Districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

WHEREAS the City of Pitt Meadows is a member municipality of the Metro Vancouver Regional District (the “Regional District”);

WHEREAS the Regional District is to finance from time to time on behalf of and at the sole cost of the member municipalities, under the provisions of Section 410 of the *Local Government Act*, the works to be financed pursuant to the following loan authorization bylaw:

Member Loan Authorization Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
2913, 2021	Construction of Police Building	\$20,000,000	\$0	\$20,000,000	30 years	\$20,000,000
Total 2022 Fall Borrowing Request						\$20,000,000

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority:

NOW THEREFORE the Metro Vancouver Regional District Board of Directors enacts as follows:

1. The Regional Board hereby consents to financing the debt of the City of Pitt Meadows in the amount of twenty million dollars (\$20,000,000) in accordance with the following terms.
2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the City of Pitt Meadows up to, but not exceeding twenty million dollars (\$20,000,000) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$20,000,000 in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in consideration of the market and economic conditions pertaining.

3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule "A" and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
8. During the currency of the obligation incurred under the said Agreement to secure borrowings in respect of the "City of Pitt Meadows construction of Police Building Loan Authorization Bylaw No. 2913, 2021", there shall be requisitioned annually an amount sufficient to meet the annual payment of interest and the repayment of principal.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional Board of the Regional District shall make due provision to discharge such liability.
10. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

This bylaw may be cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022".

Read a first time this _____ day of _____, _____.

Read a second time this _____ day of _____, _____.

Read a third time this _____ day of _____, _____.

Approved by the Inspector of Municipalities this ____ day of _____, _____.

Passed and finally adopted this _____ day of _____, _____.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

SCHEDULE A

C A N A D A

PROVINCE OF BRITISH COLUMBIA

A G R E E M E N T

Metro Vancouver Regional District

The Metro Vancouver Regional District (the "Regional District") hereby promises to pay to the Municipal Finance Authority of British Columbia at its Head Office in Victoria, British Columbia, (the "Authority") the sum of twenty million dollars (\$20,000,000) in lawful money of Canada, together with interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing below hereof commencing on the day of _____, _____ provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this day of _____, 2022.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 1353, 2022 cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1353, 2022". This Agreement is sealed with the Corporate Seal of the Metro Vancouver Regional District and signed by the Chair and the officer assigned the responsibility of financial administration thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that this Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatever in any Court of the Province of British Columbia.

Dated _____, 2022
(month, day)

Inspector of Municipalities

Schedule B

PRINCIPAL AND/ OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

<u>Date of Payment</u>	Principal and/or Sinking Fund <u>Deposit</u>	<u>Interest</u>	<u>Total</u>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____

CITY OF PITT MEADOWS
LOAN AUTHORIZATION BYLAW
Bylaw No. 2913, 2021

A bylaw to authorize the borrowing of the estimated cost of constructing the Police building.

WHEREAS the Council of the City of Pitt Meadows is authorized to enact a bylaw pursuant to Community Charter S. 179;

AND WHEREAS it is deemed desirable and expedient to finance the construction of the Police building;

AND WHEREAS the estimated cost of constructing the Police building including expenses incidental thereto is the sum of twenty million dollars (\$20 million), of which the sum of twenty million dollars (\$20 million) is the amount of debt intended to be borrowed by this bylaw;

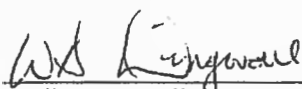
NOW THEREFORE the Council of the City of Pitt Meadows enacts as follows:

1. This Bylaw may be cited as the Police Building Loan Authorization Bylaw, No. 2913, 2021".
2. The Council is hereby empowered and authorized to undertake and carry out or cause to be carried out the construction of the Police building; generally in accordance with general plans on file in the municipal office and to do all things necessary in connection therewith and without limiting the generality of the foregoing:
 - a) To borrow upon the credit of the Municipality a sum not exceeding twenty million dollars (\$20 million).
 - b) To acquire all such real property, easements, rights-of-way, licenses, rights or authorities as may be requisite or desirable for or in connection with constructing the Police Building.
3. The maximum term for which debentures may be issued to secure the debt created by this bylaw is thirty years.

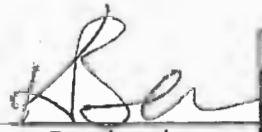
READ a FIRST and SECOND and THIRD time on December 14, 2021.

APPROVED by the Inspector of Municipalities on January 21, 2022.


ADOPTED on February 15, 2022.



Bill Dingwall
Mayor



Kate Barchard
Corporate Officer

I certify this to be a true copy of the original document which has not been altered in any way	
Signature 	Date: <u>Mar 16</u> <u>2022</u>
Kate Barchard Commissioner for taking Affidavits Designation: Corporate Officer, City of Pitt Meadows 12007 Harris Road, Pitt Meadows, BC V3Y 2B5 604.465.2462	

CORPORATE OFFICER'S CERTIFICATE (Form CO2)

The City of Pitt Meadows (the "Local Government")

The undersigned, Corporate Officer, as the person responsible for corporate administration of the Local Government under section 148 of the *Community Charter* (the *Charter*) or section 236 of the *Local Government Act*, hereby certifies as follows:

1. That Loan Authorization Bylaw No. 2913, 2021 (the "Loan Authorization Bylaw") was duly and properly enacted in accordance with the provisions of the local government legislation at a duly constituted meeting of the Local Government in accordance with the requirements of the Local Government's applicable procedure bylaw and at which a quorum was present and acting throughout. **Attached is an adopted copy of the Loan Authorization Bylaw.**
2. That the Loan Authorization Bylaw has not been amended or repealed and is in full force and effect as at the date hereof.
3. Approval of the electors for the Loan Authorization Bylaw is not required under section 180 of the *Charter* or section 407 of the *Local Government Act* for one of the following reasons:

- ☒ The liability is within the approval-free liability zone determined in accordance with section 7 of the *Municipal Liabilities Regulation* (BC Reg. 254/2004) or;
- ☐ The money is being borrowed for a purpose referred to in section 179 (1) (d) to (g) of the *Charter* [loan authorization bylaws for court, arbitration and expropriation requirements] or in the case of regional districts, paying compensation in respect of property expropriated or injured in carrying out works referred to in section 291 of the *Local Government Act* [entry on land to mitigate damage] or;
- ☐ The money is being borrowed for works required to be carried out under an order of the Inspector of Dikes; an order under section 84 [abatement of municipal pollution], or section 85 [environmental protection orders] or section 87 [environmental emergency measures] of the *Environmental Management Act*.
- ☐ The money is being borrowed for water treatment works in compliance with an order of a drinking water protection officer and the Inspector of Municipalities has approved the proposed liability under section 8 of the *Municipal Liabilities Regulation* (BC Reg. 254/2004) or section 4 of the *Regional District Liabilities Regulation* (BC Reg. 261/2004).

☐ The liability is for the purpose of a regional park or regional trail and the requirements in section 3 of the *Regional District Liabilities Regulation* (BC Reg. 261/2004) have been met.


☐ The money is being borrowed for the purpose of preparing or implementing a waste management plan under section 24 of the *Environmental Management Act*.

☐ As per section 180 (3) of the *Community Charter*, approval of the electors has been waived by the Inspector of Municipalities.

☐ The money is being borrowed for the purpose of responding to a State of Emergency situation, pursuant to section 13 of the *Emergency Program Act*.

4. No application has been made or action or proceeding brought to quash or to set aside the Loan Authorization Bylaw under section 623 of the *Local Government Act* or otherwise and the validity of the Loan Authorization Bylaw has not been attacked, questioned or adjudicated in any court and to the best of the knowledge of the undersigned no such action is pending or has been threatened and the undersigned knows of no objections to the validity of the Loan Authorization Bylaw.

DATED this 16th day of March, 2022.

 [signature]

Name: Kate Barchard

Title: Corporate Officer



April 11, 2022

Ref: C22A-221

Corporate Officer
City of Pitt Meadows
12007 Harris Road
Pitt Meadows BC V3Y 2B5

Enclosed is a Certificate of Approval for Bylaw No. 2913, cited as "Police Building Loan Authorization Bylaw, No. 2913, 2021".

Sincerely,

Lisa Hoskins
Program Analyst

Enclosure

Ministry of Municipal Affairs

Governance and Structure Branch
Local Government Division

Mailing Address:
PO Box 9839 Stn Prov Govt
Victoria BC V8W 9T1

Location:
4th Floor, 800 Johnson Street
Victoria BC V8W 9T1

Phone: 250 387-4020
Fax: 250 387-7972



Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No. 2913, cited as the "Police Building Loan Authorization Bylaw, No. 2913, 2021" of the City of Pitt Meadows has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

Dated this fifth *day*
Of April , 2022

A handwritten signature in cursive script, appearing to read "M. D. D. D.", written over a horizontal line.

Deputy Inspector of Municipalities of British Columbia

CERTIFICATION

I, **TANYA BARR**, Deputy Corporate Officer for the City of Pitt Meadows, **HEREBY CERTIFY** that the following is a true and exact extract of the Minutes of the Special (Public) Meeting of the Pitt Meadows City Council held on Tuesday, May 10, 2022 regarding the Municipal Security Issuing Resolution – Police Building Loan:

"It was MOVED and SECONDED THAT Council:

- A. *Approve borrowing from the Municipal Finance Authority of British Columbia, as part of the 2022 Fall Borrowing Session, for \$20,000,000 as authorized through Police Building Loan Authorization Bylaw No. 2913, 2021 and that Metro Vancouver Regional District be requested to consent to our borrowing over a thirty (30) year term and include the borrowing in a Security Issuing Bylaw.*

CARRIED."



Tanya Barr
Deputy Corporate Officer
City of Pitt Meadows

May 11, 2022

Date Signed

LIABILITY SERVICING LIMIT CERTIFICATE

The City of Pitt Meadows (the "Municipality")
In relation to Police Building Loan Authorization Bylaw No. 2913, 2021

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year (section 4 & 5, BC Reg 254/2004)	<u>\$42,897,704.00</u> a
Liability Servicing Limit (a x 25%) (section 2, BC Reg 254/2004)	<u>\$10,724,426.00</u> b
Annual Servicing cost for previous year	<u>\$471,906.00</u> c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost
_____	_____ d
_____	_____ e
_____	_____ f
_____	_____ g
_____	_____ h
_____	_____ i
_____	_____ j
_____	_____ k
_____	_____ l
Total of lines d through l	<u>\$0.00</u> m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost
_____	_____ n
_____	_____ o
_____	_____ p
_____	_____ q
_____	_____ r
Total of lines n through r	<u>\$0.00</u> s
Amount of new liability (section 3, BC Reg 254/2004)	<u>\$20,000,000.00</u> t
Annual servicing cost of new liability (section 3, BC Reg 254/2004)	<u>\$1,249,553.00</u> u
Total liability servicing cost including current request (lines c+m-s+u)	<u>\$1,721,459.00</u> v

☒ which is less than the annual liability servicing limit stated on line b.

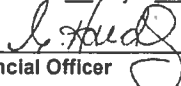
OR

☐ which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this 19 day of May, 2022


Financial Officer

OR

Auditor

Cheryl Harding
(Please print full name)

(Please print full name & company)

CITY OF PITT MEADOWS
2022 – 2026 FINANCIAL PLAN
BYLAW NO. 2920, 2022

A Bylaw to adopt the 2022 to 2026 Financial Plan

WHEREAS in accordance with Section 165 of the Community Charter, the Council of the City of Pitt Meadows is required, by bylaw, to adopt a Financial Plan for the municipality before the annual property tax bylaw is adopted;

NOW THEREFORE the Council of the City of Pitt Meadows enacts as follows:

Citation/Title


1. This Bylaw may be cited as the "City of Pitt Meadows 2022 – 2026 Financial Plan Bylaw".

Schedules

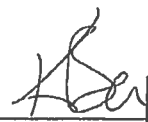
2. The following Schedules are attached to, and form part of, this Bylaw:
 - (a) Schedule "A", is adopted as the 2022 - 2026 Financial Plan of the City of Pitt Meadows for the period beginning January 1, 2022 and ending December 31, 2026.
 - (b) Schedule "B", specifies the transfers to, and expenditures from, the City Reserve Funds for the period beginning January 1, 2022 and ending December 31, 2026.
 - (c) Schedule "C", is the Revenue and Taxation Policy for the City of Pitt Meadows.

READ a FIRST, SECOND and THIRD time on March 29, 2022.

ADOPTED ON April 5, 2022.




Bill Dingwall
Mayor



Kate Barchard
Corporate Officer

Verify this to be a true copy of the original document which has not been altered in any way

Signature:  Date: Apr 8 2022

Kate Barchard
Commissioner for taking Affidavits
Designation: Corporate Officer,
City of Pitt Meadows
12007 Harris Road, Pitt Meadows, BC V3Y 2B5
604.465.2462

174359v1

SCHEDULE "A"

2022 - 2026 Financial Plan

<u>REVENUES</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Municipal Property and Other Taxes	\$ 27,310,100	\$ 28,353,000	\$ 29,425,500	\$ 30,437,800	\$ 31,362,700
Utility Charges	11,524,200	12,315,400	13,262,300	14,372,300	15,890,200
Sale of Services	2,042,400	2,086,500	2,131,900	2,178,700	2,226,900
Licenses, Permits, Penalties, Fines	2,202,600	1,519,100	1,507,800	1,502,700	1,609,100
Investment Income	449,300	452,500	475,400	491,500	477,800
Government Transfers	3,540,000	562,600	566,900	573,100	1,259,400
Contributions	3,888,700	423,600	1,492,300	628,300	62,000
Other Revenue	614,300	636,300	617,200	623,000	645,700
Total Revenues	51,571,600	46,349,000	49,479,300	50,807,400	53,533,800
<u>EXPENSES</u>					
Operating Expenditures	33,108,000	34,232,500	35,692,100	37,336,800	39,396,100
Debt Interest	304,200	692,500	667,400	608,700	621,800
Amortization	5,181,500	5,181,500	5,181,500	5,181,500	5,181,500
Total Operating Expenses	38,593,700	40,106,500	41,541,000	43,127,000	45,199,400
Net Revenues (Expenditure)	12,977,900	6,242,500	7,938,300	7,680,400	8,334,400
<u>ALLOCATIONS</u>					
Net Transfers from/(to) Reserves	1,170,200	10,545,900	(276,800)	1,583,100	(6,129,700)
Capital Expenditures	(38,909,200)	(21,065,000)	(11,916,100)	(13,461,900)	(6,609,700)
Unfunded Amortization	5,181,500	5,181,500	5,181,500	5,181,500	5,181,500
External Debt Principle Repayment	(420,400)	(904,900)	(926,900)	(983,100)	(776,500)
Police Building Debt Principle	20,000,000	-	-	-	-
Total Allocations	(12,977,900)	(6,242,500)	(7,938,300)	(7,680,400)	(8,334,400)
BUDGET BALANCE	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE "B"

<u>Transfers from Reserves:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Arena Capital Reserve Fund	\$ 330,000	\$ 225,000	\$ 230,000	\$ 235,000	\$ 240,000
Community Amenity Fund	-	-	-	840,000	-
Carbon Neutrality Reserve Fund	31,500	15,000	15,000	15,000	-
Diking Capital Reserve Fund	370,200	74,900	75,200	75,500	75,900
Drainage Capital Reserve Fund	1,507,200	3,157,100	340,100	1,000,600	821,000
Equipment Replacement Reserve Fund	2,051,700	1,265,300	1,208,300	910,900	578,300
Future Capital Reserve Fund	539,500	25,000	25,000	25,000	25,000
Facilities & Fixtures Lifecycle Reserve Fund	18,814,700	13,646,600	2,565,600	1,730,200	1,237,500
Minor Capital Reserve Fund	14,000	14,000	14,000	504,000	14,000
Operating Reserve Fund	1,757,500	437,300	337,700	338,200	318,600
Sanitary Sewer Capital Reserve Fund	467,600	201,700	1,244,800	47,600	348,000
South Bonson Amenities Reserve Fund	55,700	44,200	41,100	37,900	34,800
Transportation Infrastructure Reserve Fund	4,149,400	762,300	4,285,200	5,722,700	1,929,600
Waterworks Capital Reserve Fund	2,906,400	1,632,700	848,100	2,162,500	1,035,000
Total Transfers from Reserves	32,995,400	21,501,100	11,230,100	13,645,100	6,657,700
<u>Transfers to Reserves:</u>					
Arena Capital Reserve Fund	(314,300)	(322,200)	(330,600)	(339,700)	(349,500)
Community Amenity Fund	(86,500)	(87,400)	(88,300)	(89,100)	(81,600)
Carbon Neutrality Reserve Fund	(600)	(500)	(300)	(200)	-
Diking Capital Reserve Fund	(167,800)	(166,500)	(167,000)	(162,000)	(162,900)
Drainage Capital Reserve Fund	(1,056,300)	(1,110,500)	(1,156,100)	(1,207,100)	(1,258,000)
Equipment Replacement Reserve Fund	(1,039,700)	(1,119,300)	(1,193,700)	(1,271,300)	(1,352,700)
Future Capital Reserve Fund	(443,800)	(3,200)	(8,700)	(8,500)	(8,400)
Facilities & Fixtures Lifecycle Reserve Fund	(23,718,500)	(3,563,900)	(3,868,900)	(4,200,000)	(4,534,900)
Minor Capital Reserve Fund	(58,200)	(58,700)	(59,100)	(59,500)	(55,100)
Operating Reserve Fund	(629,200)	(119,800)	(120,200)	(121,000)	(121,900)
Parkland Reserve Fund	(7,500)	(7,600)	(7,600)	(7,700)	(7,800)
Sanitary Sewer Capital Reserve Fund	(536,700)	(559,600)	(572,000)	(593,300)	(615,300)
South Bonson Amenities Reserve Fund	(13,100)	(12,700)	(12,400)	(12,100)	(11,900)
Transportation Infrastructure Reserve Fund	(2,277,000)	(2,297,300)	(2,337,000)	(2,338,100)	(2,520,000)
Waterworks Capital Reserve Fund	(1,476,000)	(1,526,000)	(1,585,000)	(1,652,400)	(1,707,400)
Total Transfers to Reserves	(31,825,200)	(10,955,200)	(11,506,900)	(12,062,000)	(12,787,400)
Total Transfers from (to) Reserves	\$ 1,170,200	\$ 10,545,900	\$ (276,800)	\$ 1,583,100	\$ (6,129,700)

* - Statutory Reserves as per Part 6 of the Community Charter

SCHEDULE "C"

POLICY NO. C049 – Revenue and Taxation

PITT MEADOWS POLICY MANUAL	POLICY NO. C049
SUBJECT: Revenue and Taxation	Approved by Council:

PURPOSE:

To comply with the disclosure requirements as set out in section 165 (3.1) of the Community Charter.

POLICY:

Total Revenue

Charter Requirement: Set out the objectives and policies regarding the proportion of total revenue proposed to come from each funding source.

The proportion of funding sources included in the financial plan is as follows:

	2022	2023	2024	2025	2026
Municipal Property & Other Taxes	53.0%	61.2%	59.5%	59.9%	58.6%
Utility Charges	22.3%	26.5%	26.8%	28.3%	29.7%
Sale of Services	4.0%	4.5%	4.3%	4.3%	4.1%
Licenses, Permits, Penalties, Fines	4.3%	3.3%	3.1%	3.0%	3.0%
Investment Income	0.9%	1.0%	1.0%	1.0%	0.9%
Government Transfers	6.8%	1.2%	1.1%	1.1%	2.4%
Contributions	7.5%	0.9%	3.0%	1.2%	0.1%
Other Revenue	1.2%	1.4%	1.2%	1.2%	1.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Property Tax is the City's largest source of revenue and provides funding for the "public type" services provided by the City which cannot be or are undesirable to be funded on a user pay basis such as parks and leisure services, public safety, transportation and general government. Its proportion of total revenue will vary

from year to year depending on the capital program and the use of reserves, borrowing or grants for the capital program.

Policy: The City is committed to, where feasible and for appropriate municipal services, shifting the payment of the services from property taxes to user fees. To this end, the City will review user fees and charges annually and compare to the costs to provide the services and comparative costs from other municipalities.

The City will also regularly review Development Cost Charge rates to ensure that developers who profit from development in the municipality pay an appropriate share of the cost of the municipal infrastructure required to service new developments.

Objective: That "private type" services provided by the City are charged and paid for on a full cost recovery basis.

Taxation Revenue

Charter Requirement: Set out the objectives and policies regarding the distribution of property taxes among the property classes.

The distribution of general property tax revenue across different property taxes is as follows:

	Class	Assessment %	Revenue %
Residential	1	79.76%	54.44%
Utilities	2	0.12%	1.13%
Major Industry	4	0.15%	0.63%
Light Industry	5	2.95%	7.70%
Business & Other	6	16.05%	32.58%
Recreation / Non-Profit	8	0.75%	1.13%
Farm	9	0.22%	2.39%
Total		100.00%	100.00%

The City remains heavily reliant on residential property taxation at 54.44% of total general property tax revenue. For 2022, approximately 45.56% is budgeted to come from non-residential assessment classes which make up only 20.24% of the total assessed value for the City.

Policy: The City is committed to increasing the overall proportion of revenue from non-residential classes through growth and development while working to ensure that the amount of property taxes paid by business and industry does not harm the

ability for existing businesses to operate effectively in the community and is not a deterrent for business considering locating in the community.

The City will regularly review growth in the respective classes of the tax base and compare the City's tax ratio between residential property owners and business owners relative to other municipalities in Metro Vancouver.

Objective: That the City has a broad assessment base in which each class share an equitable portion of the general property tax burden.

Permissive Exemptions

Charter Requirement: Set out the objectives and policies regarding the use of permissive tax exemptions.

Policy: The City of Pitt Meadows uses Policy C061 – Permissive Tax Exemptions, which has been approved by Council. The purpose of the policy is as follows:

"A permissive tax exemption is a means for Council to support organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically. This policy guides identification of organizations meeting Council's objectives."

This policy demonstrates that Council will consider providing permissive exemptions to not-for-profit institutions that form a valuable part of our community. These include religious institutions, historical societies, some recreational facilities, service organizations and cultural institutions.

Objective: Council will periodically examine its permissive tax exemption policy to determine if changes are necessary. The policy was last reviewed by Council in 2015 and an updated policy will be brought to Council this year to review.

Consolidated Financial Statements of

CITY OF PITT MEADOWS

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
Suite 200 - 9123 Mary Street
Chilliwack BC V2P 4H7
Canada
Telephone (604) 793-4700
Fax (604) 793-4747

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Pitt Meadows

Opinion

We have audited the consolidated financial statements of the City of Pitt Meadows (the "City"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes and Schedule 1 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, 2021, and its consolidated results of operations, its changes in net consolidated financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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 organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on City's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause 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.

KPMG LLP

Chartered Professional Accountants

Chilliwack, Canada

May 3, 2022

Consolidated Statement of Financial Position

As At December 31, 2021, with comparative information for 2020

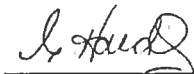
	2021	2020
Financial Assets		
Cash and Cash Equivalents	\$ 20,889,244	\$ 18,625,707
Portfolio Investments (Note 2)	42,535,291	42,553,421
Accounts Receivable (Note 3)	11,027,222	5,268,234
	<u>74,451,757</u>	<u>66,447,362</u>
Liabilities		
Accounts Payable and Accrued Liabilities (Note 4)	9,652,940	10,219,193
Refundable Deposits (Note 5)	3,992,681	3,755,628
Deferred Revenue (Note 6)	3,862,321	2,733,759
Employee Benefit Liability (Note 7)	937,000	858,200
Development Cost Charges (Note 8)	16,375,649	12,991,623
Debt (Note 9)	4,269,439	4,684,820
	<u>39,090,030</u>	<u>35,243,223</u>
Net Financial Assets	<u>35,361,727</u>	<u>31,204,139</u>
Non-Financial Assets		
Tangible Capital Assets (Note 10)	192,797,184	183,789,567
Inventories of Supplies	237,485	240,613
Prepaid Expenses & Leases	1,581,852	1,750,213
	<u>194,616,521</u>	<u>185,780,393</u>
Accumulated Surplus (Note 11)	<u>\$ 229,978,248</u>	<u>\$ 216,984,532</u>

Contingent Liabilities and Commitments (Note 13)

Contractual rights (Note 15)

Impact of COVID-19 (Note 19)

See accompanying Notes to the Consolidated Financial Statements.



Cheryl Harding, Director of Financial Services



Bill Dingwall, Mayor

Consolidated Statement of Operations

Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 17)	2021 Actual	2020 Actual
Revenues			
Municipal Property Taxes (Note 16)	\$ 25,293,200	\$ 25,528,604	\$ 23,894,950
Utility Charges	11,032,000	11,146,633	10,377,283
Sale of Services	1,425,600	2,052,652	1,919,816
Licences, Permits, Penalties, and Fines	2,338,500	2,632,863	1,904,777
Investment Income	455,900	424,276	425,367
Other Revenue	483,600	473,429	427,731
Government Transfers (Note 14)	1,440,600	1,531,328	6,231,794
Contributions	9,662,700	8,335,118	1,568,401
	<u>52,132,100</u>	<u>52,124,903</u>	<u>46,750,119</u>
Expenses			
General Government Services	5,621,339	5,868,782	5,918,428
Protective Services	9,220,717	9,574,516	9,237,770
Transportation Services	4,099,073	4,283,394	4,043,227
Solid Waste Services	1,064,600	1,094,823	1,062,507
Water Services	4,273,220	4,840,453	3,943,588
Sewer Services	2,436,103	2,419,930	2,458,274
Drainage Services	2,107,012	2,300,300	1,932,647
Diking Services	191,776	183,040	595,283
Development Services	905,561	906,630	815,883
Parks, Recreation and Cultural Services	7,652,577	7,659,319	6,572,188
	<u>37,571,978</u>	<u>39,131,187</u>	<u>36,579,795</u>
Annual Surplus	<u>\$ 14,560,122</u>	<u>\$ 12,993,716</u>	<u>\$ 10,170,324</u>
Accumulated Surplus, Beginning of Year	<u>216,984,532</u>	<u>216,984,532</u>	<u>206,814,208</u>
Accumulated Surplus, End of Year	<u>\$ 231,544,654</u>	<u>\$ 229,978,248</u>	<u>\$ 216,984,532</u>

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31, 2021, with comparative information for 2020

	2021 Budget (Note 17)	2021 Actual	2020 Actual
Annual Surplus	\$ 14,560,122	\$ 12,993,716	\$ 10,170,324
Tangible Capital Assets			
Acquisition	(30,734,822)	(15,015,533)	(9,557,126)
Amortization	5,260,500	5,827,321	5,537,635
Loss on disposal	-	180,595	491,642
Write-down	-	-	16,249
	(25,474,322)	(9,007,617)	(3,511,600)
Inventories of Supplies			
Acquisition	-	(222,024)	(222,024)
Use	-	225,152	225,886
	-	3,128	3,862
Prepaid Expenses & Lease			
Acquisition	-	(297,318)	(463,425)
Use	-	465,679	380,894
	-	168,361	(82,531)
Increase (Decrease) in Net Financial Assets	(10,914,200)	4,157,588	6,580,055
Net Financial Assets, Beginning of Year	31,204,139	31,204,139	24,624,084
Net Financial Assets, End of Year	\$ 20,289,939	\$ 35,361,727	\$ 31,204,139

See accompanying Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flow

Year Ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating Activities		
Annual Surplus	\$ 12,993,716	\$ 10,170,324
Items not utilizing cash:		
Development Cost Charge Revenue Recognized (Note 8)	(3,543,230)	(22,312)
Amortization	5,827,321	5,537,635
Write-down of Tangible Capital Assets	-	16,249
Loss on Disposal of Tangible Capital Assets	180,595	491,642
Change in non-cash assets and liabilities:		
Accounts Receivable	(5,758,988)	662,424
Accounts Payable and Accrued Liabilities	(566,253)	4,751,296
Refundable Performance Deposits	237,053	1,066,928
Deferred Revenue	1,128,562	(976,106)
Employee Benefit Liability	78,800	77,700
Inventories of Supplies	3,128	3,862
Prepaid Expenses & Lease	168,361	(82,531)
Cash Provided by Operating Activities	10,749,065	21,697,111
Capital Activities		
Cash Used to Acquire Tangible Capital Assets	(15,015,533)	(9,557,126)
Cash Used in Capital Activities	(15,015,533)	(9,557,126)
Investing Activities		
Purchase of Investments	(4,909,087)	(25,799,829)
Redemption of Investments	4,927,217	23,829,620
Cash Provided (Used) in Investing Activities	18,130	(1,970,209)
Financing Activities		
Development Cost Charge Receipts and Interest	6,927,256	228,575
Repayment of Long Term Debt	(415,381)	(400,543)
Cash Provided (Used) in Financing Activities	6,511,875	(171,968)
Increase in Cash and Cash Equivalents	2,263,537	9,997,808
Cash and Cash Equivalents, Beginning of Year	18,625,707	8,627,899
Cash and Cash Equivalents, End of Year	\$ 20,889,244	\$ 18,625,707

See accompanying Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

The City was incorporated as a District Municipality in 1914 under the *Municipal Act* (now a combination of the *Community Charter* and the *Local Government Act*), a statute of the Province of British Columbia. Effective January 1, 2007, the articles of incorporation of the municipality were changed by an Order in Council of the provincial government to reflect a change in its name to the City of Pitt Meadows. Its principal activities include the provision of local government services to the residents of the incorporated area. These services include community planning, protective, transportation, recreational & cultural, solid waste, water, sewer, drainage diking services and general government.

I. Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements of the City of Pitt Meadows are prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, and accumulated surplus of the reporting entity which is comprised of all organizations that are controlled or owned by the City, including the Pitt Meadows Economic Development Corporation which was incorporated on March 5, 2010 and is currently inactive. Inter-entity balances and transactions have been eliminated on consolidation.

(b) Cash and Cash Equivalents

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

(c) Portfolio Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized over the term of the respective investment. Investments are written down when there is considered to be a permanent decline in value.

(d) Deferred Revenue

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed or related expenditures are incurred.

(e) Government Transfers

Government transfers, which include legislative grants, are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met, and the amount to be received can be reasonably estimated except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when the transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(f) Debt

Debt is recorded net of related sinking fund balances held by the Municipal Finance Authority of BC (MFA).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

I. Significant Accounting Policies (continued)

(g) Employee Future Benefits

The City and its employees make contributions to the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined pension plan. These contributions are expensed as incurred.

The City also accrues sick leave, deferred vacation, supplementary vacation, vacation in year of retirement, overtime and service severance benefits. The liability relating to these benefits is actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The liability under this benefit plan is accrued based on projected benefits as the employees render services necessary to earn the future benefits. The discount rate used to measure obligations is based on the cost of borrowing. The cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service life of active employees covered under the plan.

(h) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Any liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the City is directly responsible or accepts responsibility;
- d) it is expected that future economic benefits will be given up;
- e) a reasonable estimate of the amount can be made.

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

(i) Non Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of goods and services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible Capital Assets

Tangible Capital Assets, including capital work-in-progress, are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development and betterment of the assets. Interest incurred during construction is capitalized.

The cost, less residual value, is amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

I. Significant Accounting Policies (continued)

(i) *Tangible Capital Assets (continued)*

Buildings	20 to 50 years
Drainage Infrastructure	30 to 80 years
Equipment and Furnishings	4 to 10 years
Land Improvements	20 to 30 years
Leasehold Improvements	10 years
Other Infrastructure	50 to 100 years
Road Infrastructure	20 to 100 years
Sewer Infrastructure	30 to 80 years
Vehicles	5 to 20 years
Water Infrastructure	10 to 80 years

Amortization commences when the asset is put into service.

Diking Infrastructure consists of dikes and ditches which are not amortized since they do not deteriorate as long as they are maintained properly.

Contributed tangible capital assets are recorded at their estimated fair value at the date of contribution as contributed revenue.

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

(ii) *Inventories of Supplies*

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

(j) *Revenue Recognition*

Revenue is recorded on the accrual basis and recognized in the period in which the transactions or events occurred that give rise to the revenues. Revenue unearned in the current period is recorded as deferred revenue until the services are provided.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. Annual levies for non-optional municipal services and general administrative services are recorded as taxes for municipal services in the year they are levied. Taxes receivable are recognized net of an allowance for anticipated uncollectable amounts. Levies imposed by other taxing authorities are not included as taxes for municipal purposes.

Unrestricted revenue for the sale of goods and services are reported as revenue at the time the services or products are provided.

Contributions for specific purposes are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred.

(k) *Expense Recognition*

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

1. Significant Accounting Policies (continued)

(l) Tax Collections for Other Governments

The City is required by legislation to bill and collect taxes on behalf of other governments. These revenues and payments are not included in the City's financial statements.

(m) 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 contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Significant areas requiring use of management estimates relate to the determination of employee benefit obligations, useful lives of tangible capital assets, valuation of contributed assets and liabilities associated with legal claims. As such, actual results could differ from those estimates.

(n) Segment Disclosures

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. The City has provided definitions of segments as well as presented financial information in Note 18.

(o) Budget Information

Budget information, presented on a basis consistent with that used for actual results, was included in the Five Year Plan and was adopted by Council on April 13, 2021.

2. Portfolio Investments

The City's portfolio of investments include money market mutual funds and fixed income Canadian corporate paper and bonds.

The fixed income instruments have stated rates of return ranging from 0.44% to 2.91% (2020 – 0.44% to 2.91%), with varying maturity dates up to June 1, 2024 (2020 – June 1, 2024). It is the City's practice to buy and hold investments to maturity in order to realize the stated rate of return.

	2021 Market	2021 Cost	2020 Cost
Money market mutual funds	\$ 1,789	\$ 1,789	\$ 1,773
Fixed income Canadian corporate paper & bonds	42,257,035	42,533,502	42,551,648
	\$ 42,258,824	\$ 42,535,291	\$ 42,553,421

3. Accounts Receivable

	2021	2020
Property taxes and utilities	\$ 2,392,211	\$ 2,468,057
Federal government agencies	320,889	303,023
Provincial government	63,227	404,216
Other government	617,925	662,180
General receivables	1,557,178	1,260,091
Development installments	6,075,792	170,667
	\$ 11,027,222	\$ 5,268,234

Development installments represent funds due from developers and others on a financing arrangement within two years. The City holds letters of credit as security for these amounts.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

4. Accounts Payable and Accrued Liabilities

	2021	2020
Accounts Payable and Accrued Liabilities	\$ 2,212,171	\$ 2,006,477
Wages and Benefits Payable	428,293	582,166
Statutory Holdbacks	485,681	812,754
Due to Other Governments	6,526,795	6,817,796
	\$ 9,652,940	\$ 10,219,193

5. Refundable Deposits

	Balance December 31, 2020	Amounts Received	Amounts Refunded/ Forfeited	Balance December 31, 2021
Contract work	\$ 356,806	\$ 600,876	\$ (225,585)	\$ 732,097
Building (Construction)	159,300	92,410	(80,410)	171,300
Engineering Services	2,800,853	524,288	(531,489)	2,793,652
Parks & Recreation	29,538	54,700	(53,950)	30,288
Other	409,131	159,755	(303,542)	265,344
	\$ 3,755,628	\$ 1,432,029	\$ (1,194,976)	\$ 3,992,681

6. Deferred Revenue

	Balance December 31, 2020	Amounts Received	Revenue Recognized	Balance December 31, 2021
Business and dog licenses	\$ 155,053	\$ 138,453	\$ (155,053)	\$ 138,453
Major road network funding	194,691	236,655	(73,736)	357,610
Engineering fees	69,593	293,517	-	363,110
Parks & Recreation fees	61,665	89,058	(61,665)	89,058
Prepaid taxes	1,861,969	2,062,856	(1,861,969)	2,062,856
Other	390,788	851,233	(390,787)	851,234
	\$ 2,733,759	\$ 3,671,772	\$ (2,543,210)	\$ 3,862,321

7. Employee Benefit Liability

The City provides non-vested sick leave, service severance, overtime bank, and vacation benefits to its employees. These benefits are described as follows:

- Non-Vested Sick Leave: Regular full-time employees are entitled to a sick leave benefit of 1.5 days for each month of service which may be accumulated to a maximum of 261 days. Regular part-time employees are entitled to a sick leave benefit of 1 day (pro-rated) for each month of service which may be accumulated to a maximum of 75 days.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

7. Employee Benefit Liability (continued)

- b) Service Severance: Upon retirement, employees are eligible for a payout of 3 days per year of service accumulated paid at his or her current rate of pay. Employees leaving the service of the employer, other than on retirement or layoff who have completed 8 or more years of service are eligible for a payout of 1 day per year of service paid at his or her current rate of pay.
- c) Overtime Bank: Employees may accumulate overtime hours in a bank. Upon termination, retirement or death, accrued overtime is paid out at his or her current rate of pay.
- d) Deferred Vacation: Employees may defer a portion of their annual vacation entitlement. Employees in the collective bargaining unit who are entitled to 25 vacation days or more are subject to a maximum accumulation of 20 days. Exempt employees are subject to a maximum of 20 days.
- e) Supplementary Vacation: Employees are entitled to 5 days of supplementary vacation every five years. Employees in the collective bargaining unit are entitled commencing the fifteenth year of service. Exempt employees are entitled commencing the fifth year of service. The supplementary days must be used during the five year period following entitlement.
- f) Severance, deferred vacation and sick leave plans do not provide medical or dental coverage as part of the benefit provided, therefore medical and dental is not included in the valuation.

Information about obligations for employee sick leave, overtime, vacation and retirement benefits are as follows:

	2021	2020
Accrued Benefit Obligation, beginning of year	\$ 940,700	\$ 829,100
Current Service Cost	111,000	103,500
Interest Cost	22,300	24,400
Employer Contributions	(74,600)	(58,800)
Actuarial loss/(gain)	11,000	42,500
Cost of plan amendment	7,700	-
Accrued Benefit Obligation, end of year	\$ 1,018,100	\$ 940,700
Unamortized net actuarial loss/(gain)	(81,100)	(82,500)
Accrued Benefit Liability	\$ 937,000	\$ 858,200

The benefit obligations have been rolled forward from the corresponding valuation for accounting purposes as at July 31, 2018 and September 30, 2021 and extrapolated to December 31, 2021.

The significant actuarial assumptions used in measuring the City's accrued benefit obligations include estimated future wage increases and the following.

	2021	2020
Discount Rate	2.60%	2.20%
Expected Future Inflation Rate	2.50%	2.00%
Expected Average Remaining Service Life	11 years	11 years

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

8. Development Cost Charges

	Balance December 31, 2020	Developer Contributions	Interest Earnings	Capital Expenditures	Balance December 31, 2021
Major Roads	\$ 4,689,936	\$ 5,011,732	\$ 39,410	\$ (4,441)	\$ 9,736,637
Minor Roads	2,872,455	344,333	24,293	-	3,241,081
Sewer	193,889	499,725	1,592	-	695,206
Water	149,223	319,734	1,193	(1,811)	468,339
Drainage	1,107,001	627,367	9,310	(3,034)	1,740,644
Parks	3,979,119	15,388	33,179	(3,533,944)	493,742
	\$ 12,991,623	\$ 6,818,279	\$ 108,977	\$ (3,543,230)	\$ 16,375,649

9. Debt

The City obtains debt financing through the Municipal Finance Authority (MFA) in accordance with the Community Charter to finance certain capital expenditures. Sinking fund balances managed by the MFA are offset against related long term debt.

Bylaw	Purpose	Maturity Date	Interest Rate	Authorized	Repayments & Actuarial Adjustments	2021	2020
2368	Civic Centre Parkade	2035	1.28%*	\$ 2,600,000	\$ 845,454	\$ 1,754,546	\$ 1,850,445
2408	Arena Acquisition	2025	1.28%*	2,175,000	1,466,528	708,472	870,874
2429	Community Centre	2033	2.00%	3,141,602	1,335,181	1,806,421	1,963,501
				\$7,916,602	\$3,647,163	\$ 4,269,439	\$ 4,684,820

*MFA rate re-set from 3.73% to 1.28% October 5, 2020

Future principal repayments on net outstanding debt over the next five years and thereafter are as follows:

Year	Amount
2022	\$ 424,422
2023	433,779
2024	443,463
2025	453,487
2026	270,979
Thereafter	2,243,309
	\$ 4,269,439

The City paid \$27,726 in interest on long-term debt during the year (2020 - \$147,325)

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

10. Tangible Capital Assets

Year ended December 31, 2021

Asset Category	Cost				Accumulated Amortization					Net Book Value
	Balance Beginning of Year	Additions	Disposals	Construction in Progress Transfer	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	
Buildings	\$ 34,295,771	\$ 84,547	\$ 46,400	\$ 29,664	\$ 34,363,582	\$ 17,801,897	\$ 1,039,367	\$ 32,444	\$ 18,808,820	\$ 15,554,762
Drainage Infrastructure	33,543,605	1,160,132	189,256	9,592,181	44,106,662	13,077,906	767,893	187,410	13,658,389	30,448,273
Diking Infrastructure	12,026,612	-	-	-	12,026,612	-	-	-	-	12,026,612
Equipment and Furnishings	8,970,447	645,763	112,507	-	9,503,703	5,236,690	628,095	92,298	5,772,487	3,731,216
Land	51,250,042	4,700,000	-	-	55,950,042	-	-	-	-	55,950,042
Land Improvements	9,436,990	239,874	12,415	-	9,664,449	4,676,222	352,225	10,760	5,017,687	4,646,762
Leasehold Improvements	1,302,970	-	-	-	1,302,970	1,140,099	130,297	-	1,270,396	32,574
Other Infrastructure	5,389,471	-	-	-	5,389,471	1,255,998	92,259	-	1,348,257	4,041,214
Road Infrastructure	51,411,563	1,389,434	361,246	-	52,439,751	26,361,673	1,500,323	293,100	27,568,896	24,870,855
Sewer Infrastructure	15,608,937	324,009	77,280	15,694	15,871,360	6,018,599	233,572	34,772	6,217,399	9,653,961
Vehicles	6,162,356	1,059,924	-	-	7,222,280	3,981,456	402,821	-	4,384,277	2,838,003
Water Infrastructure	37,927,683	1,361,049	349,983	45,235	38,983,984	14,750,052	680,469	317,708	15,112,813	23,871,171
Construction in Progress	10,763,712	4,050,801	-	(9,682,774)	5,131,739	-	-	-	-	5,131,739
TOTAL	\$ 278,090,159	\$ 15,015,533	\$ 1,149,087	-	\$ 291,956,605	\$ 94,300,592	\$ 5,827,321	\$ 968,492	\$ 99,159,421	\$ 192,797,184

Year ended December 31, 2020

Asset Category	Cost				Accumulated Amortization					Net Book Value
	Balance Beginning of Year	Additions	Disposals	Construction in Progress Transfer	Balance End of Year	Balance Beginning of Year	Amortization	Disposals	Balance End of Year	
Buildings	\$ 35,080,192	\$ 135,618	\$ 974,813	\$ 54,774	\$ 34,295,771	\$ 17,501,935	\$ 1,013,610	\$ 713,648	\$ 17,801,897	\$ 16,493,874
Drainage Infrastructure	32,610,912	232,734	37,514	737,473	33,543,605	12,456,697	636,333	15,124	13,077,906	20,465,699
Diking Infrastructure	12,026,612	-	-	-	12,026,612	-	-	-	-	12,026,612
Equipment and Furnishings	8,474,766	586,267	240,138	149,552	8,970,447	4,867,953	599,987	231,250	5,236,690	3,733,757
Land	51,250,042	-	-	-	51,250,042	-	-	-	-	51,250,042
Land Improvements	9,296,709	81,309	-	58,972	9,436,990	4,299,900	376,322	-	4,676,222	4,760,768
Leasehold Improvements	1,302,970	-	-	-	1,302,970	1,009,802	130,297	-	1,140,099	162,871
Other Infrastructure	5,389,471	-	-	-	5,389,471	1,163,739	92,259	-	1,255,998	4,133,473
Road Infrastructure	48,138,277	3,097,135	241,167	417,318	51,411,563	25,095,554	1,398,428	132,309	26,361,673	25,049,890
Sewer Infrastructure	15,369,310	334,031	94,404	-	15,608,937	5,858,821	234,758	74,980	6,018,599	9,590,338
Vehicles	6,162,356	-	-	-	6,162,356	3,603,792	377,664	-	3,981,456	2,180,900
Water Infrastructure	36,742,631	843,521	284,844	626,375	37,927,683	14,292,849	677,977	220,774	14,750,052	23,177,631
Construction in Progress	8,584,761	4,230,262	6,847	(2,044,464)	10,763,712	-	-	-	-	10,763,712
TOTAL	\$ 270,429,009	\$ 9,540,877	\$ 1,879,727	-	\$ 278,090,159	\$ 90,151,042	\$ 5,537,635	\$ 1,388,085	\$ 94,300,592	\$ 183,789,567

Contributed tangible capital assets (including transportation, drainage, water and sanitary sewer assets) have been recognized as contributions at fair market value at the date of construction. In 2021, the City did not receive any contributed assets, (2020 - nil).

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

11. Accumulated Surplus

Accumulated Surplus includes the Investment in Tangible Capital Assets, Current Year Surplus and Statutory Reserves as follows:

	2021	2020
Current Year Surplus (Deficit)		
General Fund	\$ 315,659	\$ 1,996,275
Water Fund	(396,745)	(9,394)
Sewer Fund	54,328	80,761
Drainage Fund	8,215	123,809
Solid Waste	(1,788)	9,400
Appropriated Surplus		
Statutory Operating Reserves	7,931,003	7,503,199
Statutory Capital Reserves	33,539,831	28,175,735
	\$ 41,450,503	\$ 37,879,785
Investment in Tangible Capital Assets	188,527,745	179,104,747
Total Accumulated Surplus	\$ 229,978,248	\$ 216,984,532

12. Municipal 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, 2020, the plan has about 220,000 active members and approximately 112,000 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 valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis.

The City paid \$891,356 (2020 - \$772,588) for employer contributions while employees contributed \$763,040 (2020 - \$666,321) to the plan in fiscal 2021.

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

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

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

13. Contingent Liabilities and Commitments

Contingent Liabilities

- a) The City is a member of the Municipal Insurance Association (MIA), which operates under a reciprocal insurance exchange agreement. The main purposes of the exchange agreement are: (1) to pool the risk of third party liability claims against member municipalities (approximately 170) in order to allow for stable financial planning related to those liability claims; and (2) to engage in broad risk management strategies to reduce accidents or occurrences that may result in liability claims against the City. The City is assessed an annual premium by MIA based on factors such as population, administrative costs, premium tax and re-insurance costs. MIA is subject to financial oversight by the Provincial Government.
- b) The City self insures for certain potential financial losses arising from the penetration of water into building envelopes ("leaky buildings") and acts of terrorism, for any claims made after January 1st, 2002.
- c) The City has been named defendant in a number of claims that are currently pending. In determining their estimated exposure the City has relied upon their understanding of the claims, including activities undertaken by the other parties, as well as discussions with legal counsel. In the opinion of management, the amount of any loss from these claims cannot be reasonably estimated, nor can the likelihood of their outcomes be known at this time. Therefore, management has made no provision for these claims and any future settlement will be accounted for in the year of settlement.
- d) As at December 31, 2021 there were various property assessment appeals pending. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City has made no specific provision for these appeals as the outcome is indeterminable. Management does not expect any material adjustments to occur from appeals.
- e) The City is a member of E-Comm, an organization comprised predominately of member municipalities, for the purpose of providing emergency dispatch services. The City is represented on the board, and as a Class 'A' shareholder has voting rights should the organization want to incur additional debt. The E-Comm facility was constructed using debt as a financing mechanism and members are liable for a proportionate share of that debt. This debt is repaid by members through annual fees charged by E-Comm. Should E-Comm dissolve, members would be liable for a proportionate share of any residual debt. Alternatively should a member choose to opt out of E-Comm, they would be liable for a proportionate share of debt at the time of withdrawal.
- f) The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Metro Vancouver, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

Commitments

- g) The City has a long-term service agreement with another organization for the provision of fire and public works dispatch services. This agreement has an annual cost of approximately \$36,000 and will expire on December 31, 2024.
- h) The City leases approximately 12,200 square feet of space at 12059 Harris Road, Pitt Meadows for the Pitt Meadows Library. The lease commenced March 1, 2012 for a term of ten years and was renewed for a five year term ending February 28, 2027 with an option to renew for a further five years. The annual minimum rent is \$151,000 and is subject to annual CPI increases in the renewal periods.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

13. Contingent Liabilities and Commitments (continued)

Commitments (continued)

- i) The City has an Operating and Maintenance Agreement with Nustadia Recreation Inc. for the operation and maintenance of the Pitt Meadows Arena. The agreement was effective May 1, 2011, with an initial term of five years and four optional renewal periods. In April 2021, the parties agreed to renew the contract for 2-periods for a total of 10 years from May 11, 2021 to April 30, 2031. An annual management fee of \$100,000 is payable under the agreement (adjusted annually for inflation), with payments due in equal monthly installments.
- j) The City has a long-term service agreement with the Province of British Columbia for the provision of police services by the Royal Canadian Mounted Police with an annual cost of approximately \$3.9 million. The current agreement commenced April 1, 2012 with an expiry date of March 31, 2032.
- k) The City completed a lease agreement in April 2020 with Fly Guy Aviation for the temporary relocation of the fire hall during construction of the new fire hall. This agreement is for two years and five months expiring September 1, 2022. The monthly rent is \$20,300.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

14. Government Transfers

	2021	2020
Federal Conditional		
Celebrate Canada	\$ 3,210	\$ 2,790
National Disaster Mitigation–Flood Risk Assessment (Federal portion)	-	193,037
Provincial Conditional		
BC Hydro Beautification	5,600	1,593
Community Child Care Planning Program	-	18,000
Community Emergency Preparedness	66,048	-
Emergency Response Claim	21,394	116,502
Emergency Social Services	-	7,726
Fire Smart	57,927	-
Housing Needs	18,220	-
ICBC Traffic Road Safety Study	15,000	10,000
National Disaster Mitigation–Flood Risk Assessment (Prov. portion)	422,293	179,245
Pump Station Backup Generators	-	678,200
Other	3,600	25,734
Provincial Unconditional		
Climate Action Revenue Incentive Program	32,845	26,138
COVID-19 Restart Grant	-	3,656,000
Small Communities	141,000	148,298
Traffic Fines	238,719	226,092
Regional Conditional		
TransLink Major Road Network	278,789	831,737
Regional Unconditional		
Gas Tax	226,683	110,702
	\$ 1,531,328	\$ 6,231,794

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

15. Contractual Rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The City's contractual rights arise from contracts entered into for leases, licenses to occupy, grant funding agreements, service agreements, and developer contribution agreements.

Contractual Rights	2022	2023	2024	2025	2026	Thereafter
	\$1,229,686	\$1,898,799	\$666,835	\$644,789	\$588,710	\$865,936

16. Taxation and Other Levies

In addition to its own tax levies, the City is required to collect taxes on behalf of other taxing authorities, and remit to those authorities. Total taxes levied and remitted are as follows:

	2021	2020
Gross taxes levied on property	\$ 40,471,740	\$ 34,892,765
Taxes levied and collected on behalf of other jurisdictions:		
Provincial School Taxes	11,698,021	8,027,322
TransLink	2,392,301	2,196,529
British Columbia Assessment Authority	351,616	333,529
Greater Vancouver Regional District	499,556	438,890
Municipal Finance Authority of British Columbia	1,642	1,545
	\$ 14,943,136	\$ 10,997,815
Taxation Revenue	\$ 25,528,604	\$ 23,894,950

17. Budget

The budget amounts which are presented for comparative purposes reflect the statutory balanced budget as adopted by Council on April 13, 2021 per Financial Plan Bylaw No. 2882, 2021. The chart below reconciles the balanced statutory budget to the budget surplus reported on the Consolidated Statement of Operations:

	Budget Amount
Revenues	\$ 52,132,100
Expenses	37,571,978
Annual surplus per consolidated statement of operations	\$ 14,560,122
Add:	
Amortization	5,260,500
Transfers from reserves	11,324,500
Less:	
Capital expenditures	(30,734,822)
Debt principal repayments	(410,300)
Approved budget	\$ -

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18. Segmented Information

For reporting purposes, City activities have been aggregated into functional segments based on the services each activity provides. The Segmented Disclosure Note (18(a)) reports the revenues and expenses that are directly attributable to each functional segment. The following describes the services included in each segment:

General Government Services

The General Government segment includes administration, legislative, financial, human resources, information technology and sustainability services. This also contains municipal property taxation and penalties and interest charged thereon, taxes in lieu, return on investments, and interest paid on development cost charge funds and tax prepayment accounts.

Protective Services

The Protective Services segment includes Police services provided by the RCMP and support services by the City of Maple Ridge, fire protection, bylaw enforcement, business licensing, building inspection, animal control and emergency program services.

Transportation Services

The Transportation Services segment includes engineering, operations administration, and roads maintenance services.

Utility, Solid Waste and Diking Services

The Utility, Solid Waste and Diking Services segment includes drainage, water, and sewer utility services, the solid waste collection and disposal service and diking services.

Parks, Recreation and Cultural Services

The Parks, Recreation and Cultural Services segment includes parks and recreation services provided by the City, Library services provided by the Fraser Valley Regional Library, and the operations of the Pitt Meadows Arena.

Development Services

The Development Services segment includes services for managing development and community planning.

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

18 (a). Segmented Information – Segmented Disclosure

	2021 Actual						2021 Budget
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Diking Services	Development Services	Parks, Recreation and Cultural Services	Consolidated (Note 17)
Revenues							
Municipal Property Taxes	\$ 25,373,837	\$ -	\$ -	\$ 154,767	\$ -	\$ -	\$ 25,528,604
Utility Charges	-	-	-	11,146,633	-	-	11,146,633
Sale of Services	52,152	42,693	15,581	297,968	3,877	1,640,381	2,052,652
Licenses, Permits, Penalties and Fines	-	930,313	1,340,273	28,120	305,262	28,895	2,632,863
Investment Income	424,276	-	-	-	-	-	424,276
Other Revenue	265,877	44,991	-	3,148	-	159,413	473,429
Government Transfers	606,402	145,369	293,789	455,138	18,220	12,410	1,531,328
Contributions	-	-	8,941	30,491	4,709,000	3,586,686	8,335,118
	26,722,544	1,163,366	1,658,584	12,116,265	5,036,359	5,427,785	52,124,903
Expenses							
Salaries and Benefits	3,400,464	2,639,933	1,522,955	1,576,210	850,867	1,940,851	11,931,280
Contracted Services	1,261,770	6,602,209	595,688	1,975,098	52,118	4,002,109	14,488,992
Supplies, Materials and Equipment	380,664	164,145	251,288	596,641	3,645	323,232	1,719,615
Purchase of Water and Sewer Levy	-	-	-	4,926,859	-	-	4,926,859
Amortization	750,656	168,229	1,845,317	1,687,110	-	1,376,009	5,827,321
Interest Charges	56,525	-	-	-	-	-	56,525
Loss (gain) on disposal	18,703	-	68,146	76,628	-	17,118	180,595
	5,868,782	9,574,516	4,283,394	10,838,546	906,630	7,659,319	39,131,187
Annual Surplus (Deficit)	\$ 20,853,762	\$ (8,411,150)	\$ (2,624,810)	\$ 1,277,719	\$ 4,129,729	\$ (2,231,534)	\$ 12,993,716
							\$ 14,560,122

	2020 Actual						2020 Budget
	General Government Services	Protective Services	Transportation Services	Utility, Solid Waste and Diking Services	Development Services	Parks, Recreation and Cultural Services	Consolidated
Revenues							
Municipal Property Taxes	\$ 23,745,381	\$ -	\$ -	\$ 149,569	\$ -	\$ -	\$ 23,894,950
Utility Charges	-	-	-	10,377,283	-	-	10,377,283
Sale of Services	41,636	29,010	13,178	255,933	2,660	1,577,399	1,919,816
Licenses, Permits, Penalties and Fines	-	384,009	1,170,386	30,248	308,434	11,700	1,904,777
Investment Income	425,367	-	-	-	-	-	425,367
Other Revenue	253,558	49,710	1,148	659	-	122,656	427,731
Government Transfers	4,150,559	123,900	841,737	1,093,092	18,000	4,506	6,231,794
Contributions	-	-	12,867	16,264	1,504,500	34,770	1,568,401
	28,616,501	586,629	2,039,316	11,923,048	1,833,594	1,751,031	46,750,119
Expenses							
Salaries and Benefits	3,038,083	2,929,875	1,240,757	1,386,929	735,443	1,407,953	10,739,040
Contracted Services	1,689,099	5,745,989	679,193	2,284,551	76,712	3,467,022	13,942,566
Supplies, Materials and Equipment	302,825	201,133	266,523	577,035	3,728	271,640	1,622,884
Purchase of Water and Sewer Levy	-	-	-	4,083,658	-	-	4,083,658
Amortization	717,162	145,616	1,411,049	1,554,243	-	1,379,565	5,537,635
Interest Charges	162,370	-	-	-	-	-	162,370
Loss (gain) on disposal	8,889	215,157	115,705	105,883	-	46,008	491,642
	5,918,428	9,237,770	4,043,227	9,992,299	815,883	6,572,188	36,579,795
Annual Surplus (Deficit)	\$ 22,698,073	\$ (8,651,141)	\$ (2,003,911)	\$ 1,930,749	\$ 1,017,711	\$ (4,821,157)	\$ 10,170,324
							\$ 10,155,604

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2021

19. Impact of COVID-19

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also have a direct impact on the City's operating results and financial position in the future.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

Schedule I - COVID-19 Safe Restart Grant

Year Ended December 31, 2021

In November 2020, the Ministry of Municipal Affairs provided the City with funding in support of dealing with the increased operating costs and lower revenue due to COVID-19.

	2021
Balance, December 31, 2020	1,981,410
Eligible costs incurred:	
Revenue shortfalls	(352,697)
Facility reopening and operating costs	(248,327)
Protective services and bylaw enforcement costs	(43,011)
Computer and other electronic technology costs	(6,982)
Total eligible costs incurred	(651,017)
Balance, December 31, 2021	1,330,393

	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET	2026 BUDGET
Asset Replacement Reserves					
Arena	\$1,036,000	\$1,133,000	\$1,234,000	\$1,338,000	\$1,448,000
Canada Community Building Fund	1,016,000	113,000	180,000	253,000	331,000
Diking	453,000	545,000	645,000	731,000	818,000
Drainage	695,000	174,000	190,000	196,000	233,000
Equipment Replacement	393,000	51,000	36,000	396,000	1,171,000
Lifecycle Buildings	172,000	2,181,000	5,072,000	8,270,000	11,407,000
Lifecycle General	849,000	771,000	916,000	115,000	197,000
Minor Capital	664,000	709,000	754,000	310,000	351,000
Sanitary Sewer	3,160,000	2,395,000	2,520,000	2,624,000	3,291,000
Translink Major Road Network Grant	21,000	183,000	345,000	510,000	1,000
Transportation	204,000	807,000	-	1,000	25,000
Transportation Road Use Levies	2,594,000	3,909,000	2,771,000	27,000	594,000
Water	102,000	1,000	738,000	228,000	900,000
	11,359,000	12,972,000	15,401,000	14,999,000	20,767,000
Development Reserves					
Development Cost Charges	13,839,000	12,801,000	12,485,000	13,029,000	14,145,000
Other Reserves					
Art In Public Spaces	287,000	287,000	287,000	287,000	287,000
Carbon Neutral & Sustainability	47,000	32,000	18,000	3,000	3,000
Community Amenity	6,738,000	6,825,000	6,914,000	6,163,000	6,244,000
Future Capital	287,000	265,000	249,000	232,000	216,000
Parkland Acquisition	256,000	264,000	271,000	279,000	287,000
South Bonson Amenity	273,000	242,000	213,000	187,000	164,000
Accumulated Surplus Reserve	1,295,000	1,274,000	1,329,000	1,384,000	1,434,000
Other Surplus Reserves	6,347,000	6,218,000	6,120,000	6,023,000	5,951,000
	15,530,000	15,407,000	15,401,000	14,558,000	14,586,000
Total Reserve Balances	\$40,728,000	\$41,180,000	\$43,287,000	\$42,586,000	\$49,498,000

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 15, 2022 Meeting Date: July 14, 2022

Subject: **MFA Fall 2022 Borrowing for City of Richmond – MVRD Security Issuing Bylaw No. 1354, 2022**

RECOMMENDATION

That the MVRD Board:

- a) give consent to the request for financing from the City of Richmond in the amount of \$96,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
 - b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.
-

EXECUTIVE SUMMARY

As set out in the *Community Charter*, the Metro Vancouver Regional District (MVRD) must adopt a security issuing bylaw in order to enable the City of Richmond to proceed with their long term borrowing request of \$96,000,000. This borrowing is to fund the construction of a new Steveston Community Centre and Branch Library. The City's total estimated annual debt servicing costs for existing and new proposed debt combined is approximately \$14,330,000 which is roughly 12.0% of their overall liability servicing limit of \$119,783,791. Richmond has met the regulatory requirements and has the legislative authority to undertake the planned borrowing. The proposed *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022* will authorize the City of Richmond's borrowing request.

Staff recommends consenting to City of Richmond's borrowing request and adopting the Security Issuing Bylaw as outlined in Alternative 1.

PURPOSE

To seek the adoption of a Security Issuing Bylaw to authorize a borrowing request from the City of Richmond in the amount of \$96,000,000 for the Fall 2022 MFA long term debt issue.

BACKGROUND

The City of Richmond is requesting from Metro Vancouver Regional District (MVRD) to borrow \$96,000,000 to fund the construction of a new Steveston Community Centre and Branch Library. This request has been approved by Richmond's respective council by way of Loan Authorization Bylaw and Security Issuing Resolution as required under provincial legislation. This report is being brought forward to the MVRD Board to seek the adoption of *Metro Vancouver Security Issuing Bylaw*

No. 1354, 2022 which will authorize the borrowing request from Richmond. The borrowing must be approved by the MVRD Board before the Security Issuing Bylaw can be issued and the request forwarded to the MFA for consideration.

MUNICIPAL BORROWING REQUEST

Request Details

The City of Richmond has adopted the Loan Authorization Bylaw as outlined in Table 1 below. Their Council subsequently passed the required Security Issuing Resolutions on May 9, 2022 to proceed with the 2022 Fall Borrowing for the requested amounts within the authorized and outstanding balance in the bylaw. This request is within the parameters set out in the City of Richmond Financial Plan.

Table 1

MVRD Bylaw	Member Bylaw	Date Bylaw Passed	Purpose	Borrowing Request	Term
1354, 2022	10334	Feb 14, 2022	Steveston Community Centre and Branch Library	\$96,000,000	20 years

The member's loan authorization bylaw identified above has been reviewed by the Inspector of Municipalities and has received the necessary Certificate of Approval. The certificate is included in Attach 2 of this report.

Financial Analysis

Per the Liability Servicing Limit Certificate dated May 31, 2022, the City of Richmond had a liability servicing limit of approximately \$119,783,791. This limit represents the maximum amount, as prescribed by the Province, that Richmond can pay annually for servicing debt. The estimated annual debt servicing costs for the proposed bylaw will be approximately \$7,6000,000. When combined with existing annual debt servicing costs, the total costs will be approximately \$14,330,000 which is roughly 12.0% of their liability servicing limit.

All debt of the MVRD is a joint and several liability of its member municipalities.

Included, as attachment, are the following information provided by Richmond to assist in considering this request:

- Adopted Loan Authorization Bylaw and Certificate of Approval
- Copy of security issuing resolution
- Liability Servicing Limit Certificate
- The 2022 - 2026 Financial Plan Bylaw (draft) – to be adopted by Council on July 25, 2022
- 2021 Audited Consolidated Financial Statements
- Schedule of Budgeted Reserves for fiscal years 2022 to 2026

ALTERNATIVES

1. That the MVRD Board:
 - a) give consent to the request for financing from the City of Richmond in the amount of \$96,000,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;

- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
 - c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022*; and forward it to the Inspector of Municipalities for Certificate of Approval.
2. That the MVRD Board receive for information the report dated June 15, 2022, titled “MFA Fall 2022 Borrowing for City Richmond – MVRD Security Issuing Bylaw No. 1354, 2022”.

FINANCIAL IMPLICATIONS

Although all member debt is a joint and shared liability of all member municipalities, there are no direct financial implications to Metro Vancouver with the adoption of the bylaw.

If the Board approves Alternative 1, the City of Richmond will proceed to borrow \$96,000,000 to fund their infrastructure project.

If the Board approves Alternative 2, the City of Richmond would be unable to borrow funds as required for the purpose intended and would need to look for other funding sources, potentially causing the City undue financial challenges.

CONCLUSION

The City of Richmond has requested to borrow \$96,000,000 to fund the construction of a new Steveston Community Centre and Branch Library. The City has met all regulatory requirements and has the legislative authority to undertake the infrastructure borrowing. The proposed *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022* will authorize the City of Richmond borrowing request which will be forwarded to MFA for consideration upon approval. Staff recommends consenting to the City’s borrowing and adopting the Security Issuing Bylaw as outlined in Alternative 1.

Attachments

- 1. *Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022*
- 2. City of Richmond - Additional Information

50319577

**METRO VANCOUVER REGIONAL DISTRICT
BYLAW NO. 1354, 2022**

**A Bylaw to Authorize the Entering into a Finance Agreement with the Municipal Finance Authority
of British Columbia in the Amount of \$96,000,000 (Canadian)**

WHEREAS the Municipal Finance Authority of British Columbia (the “Authority”) may provide financing of capital requirements for Regional Districts or for their member municipalities by the issue of debentures or other evidence of indebtedness of the Authority and lending the proceeds therefrom to the Regional District on whose request the financing is undertaken;

WHEREAS the City of Richmond is a member municipality of the Metro Vancouver Regional District (the “Regional District”);

WHEREAS the Regional District is to finance from time to time on behalf of and at the sole cost of the member municipalities, under the provisions of Section 410 of the *Local Government Act*, the works to be financed pursuant to the following loan authorization bylaw:

Member Loan Authorization Bylaw Number	Purpose	Amount of Borrowing Authorized	Amount Already Borrowed	Borrowing Authority Remaining	Term of Issue	Amount of Issue
10334	Construction of Steveston Community Centre and Branch Library	\$96,000,000	\$0	\$96,000,000	20 years	\$96,000,000
Total 2022 Fall Borrowing Request						\$96,000,000

AND WHEREAS the Regional Board, by this bylaw, hereby requests such financing shall be undertaken through the Authority:

NOW THEREFORE the Metro Vancouver Regional District Board of Directors enacts as follows:

1. The Regional Board hereby consents to financing the debt of the City of Richmond in the amount of ninety-six million dollars (\$96,000,000) in accordance with the following terms.
2. The Authority is hereby requested and authorized to finance from time to time the aforesaid undertakings at the sole cost and on behalf of the City of Richmond up to, but not exceeding ninety six million dollars (\$96,000,000) in lawful money of Canada (provided that the Regional District may borrow all or part of such amount in such currency as the Trustees of the Authority shall determine but the aggregate amount in lawful money of Canada and in Canadian Dollar equivalents so borrowed shall not exceed \$96,000,000 in Canadian Dollars) at such interest and with such discounts or premiums and expenses as the Authority may deem appropriate in

consideration of the market and economic conditions pertaining.

3. Upon completion by the Authority of financing undertaken pursuant hereto, the Chair and officer assigned the responsibility of financial administration of the Regional District, on behalf of the Regional District and under its seal shall, at such time or times as the Trustees of the Authority may request, enter into and deliver to the Authority one or more agreements, which said agreement or agreements shall be substantially in the form annexed hereto as Schedule "A" and made part of this bylaw (such Agreement or Agreements as may be entered into, delivered or substituted hereinafter referred to as the "Agreement") providing for payment by the Regional District to the Authority of the amounts required to meet the obligations of the Authority with respect to its borrowings undertaken pursuant hereto, which Agreement shall rank as debenture debt of the Regional District.
4. The Agreement in the form of Schedule "A" shall be dated and payable in the principal amount or amounts of monies and in Canadian dollars or as the Authority shall determine and subject to the *Local Government Act*, in such currency or currencies as shall be borrowed by the Authority under Section 1 and shall set out the schedule of repayment of the principal amount together with interest on unpaid amounts as shall be determined by the Treasurer of the Authority.
5. The obligation incurred under the said Agreement shall bear interest from a date specified therein, which date shall be determined by the Treasurer of the Authority, and shall bear interest at a rate to be determined by the Treasurer of the Authority.
6. The Agreement shall be sealed with the seal of the Regional District and shall bear the signature of the Chair and the officer assigned the responsibility of financial administration of the Regional District.
7. The obligations incurred under the said Agreement as to both principal and interest shall be payable at the Head Office of the Authority in Victoria and at such time or times as shall be determined by the Treasurer of the Authority.
8. During the currency of the obligation incurred under the said Agreement to secure borrowings in respect of the "City of Richmond construction of a new Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334", there shall be requisitioned annually an amount sufficient to meet the annual payment of interest and the repayment of principal.
9. The Regional District shall provide and pay over to the Authority such sums as are required to discharge its obligations in accordance with the terms of the Agreement, provided, however, that if the sums provided for in the Agreement are not sufficient to meet the obligations of the Authority, any deficiency in meeting such obligations shall be a liability of the Regional District to the Authority and the Regional Board of the Regional District shall make due provision to discharge such liability.
10. The Regional District shall pay over to the Authority at such time or times as the Treasurer of the Authority so directs such sums as are required pursuant to section 15 of the *Municipal Finance Authority Act* to be paid into the Debt Reserve Fund established by the Authority in connection

with the financing undertaken by the Authority on behalf of the Regional District pursuant to the Agreement.

This bylaw may be cited as “Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022”.

Read a first time this _____ day of _____, _____.

Read a second time this _____ day of _____, _____.

Read a third time this _____ day of _____, _____.

Approved by the Inspector of Municipalities this ____ day of _____, _____.

Passed and finally adopted this _____ day of _____, _____.

Sav Dhaliwal, Chair

Chris Plagnol, Corporate Officer

SCHEDULE A

C A N A D A

PROVINCE OF BRITISH COLUMBIA

A G R E E M E N T

Metro Vancouver Regional District

The Metro Vancouver Regional District (the "Regional District") hereby promises to pay to the Municipal Finance Authority of British Columbia at its Head Office in Victoria, British Columbia, (the "Authority") the sum of ninety six million dollars (\$96,000,000) in lawful money of Canada, together with interest calculated semi-annually in each and every year during the currency of this Agreement; and payments shall be as specified in the table appearing below hereof commencing on the day of _____, _____ provided that in the event the payments of principal and interest hereunder are insufficient to satisfy the obligations of the Authority undertaken on behalf of the Regional District, the Regional District shall pay over to the Authority further sums as are sufficient to discharge the obligations of the Regional District to the Authority.

DATED at _____, British Columbia, this day of _____, 2022.

IN TESTIMONY WHEREOF and under the authority of Bylaw No. 1354, 2022 cited as "Metro Vancouver Regional District Security Issuing Bylaw No. 1354, 2022". This Agreement is sealed with the Corporate Seal of the Metro Vancouver Regional District and signed by the Chair and the officer assigned the responsibility of financial administration thereof.

Chair

Treasurer

Pursuant to the *Local Government Act*, I certify that this Agreement has been lawfully and validly made and issued and that its validity is not open to question on any ground whatever in any Court of the Province of British Columbia.

Dated _____, 2022
(month, day)

Inspector of Municipalities

Schedule B

PRINCIPAL AND/ OR SINKING FUND DEPOSIT AND INTEREST PAYMENTS

<u>Date of Payment</u>	Principal and/or Sinking Fund <u>Deposit</u>	<u>Interest</u>	<u>Total</u>
_____	\$ _____	\$ _____	\$ _____
_____	\$ _____	\$ _____	\$ _____



**City of
Richmond**

Bylaw 10334

**Steveston Community Centre and Branch Library
Loan Authorization Bylaw No. 10334**

WHEREAS Council considers it desirable to construct the new Steveston Community Centre and Branch Library;

AND WHEREAS the City of Richmond wishes to fund the construction of the new Steveston Community Centre and Branch Library by borrowing the sum of \$96,000,000, which is the amount of debt intended to be borrowed by this bylaw;

NOW THEREFORE, the Council of the City of Richmond, in open meeting assembled, enacts as follows:

1. The City of Richmond is hereby empowered and authorized to borrow upon the credit of the City of Richmond a sum not exceeding \$96,000,000 for the purpose of constructing the new Steveston Community Centre and Branch Library, including all expenses incidental thereto.
2. The maximum term for which debentures may be issued to secure debt created by this bylaw is thirty (30) years.
3. This bylaw may be cited as "Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334".

FIRST READING

DEC 15 2021

SECOND READING

DEC 15 2021

THIRD READING

DEC 15 2021


RECEIVED the approval of the Inspector of Municipalities

JAN 21 2022

ADOPTED

FEB 14 2022

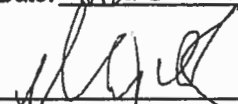
CITY OF RICHMOND
APPROVED for content by originating dept VN
APPROVED for legality by Solicitor ACI


MAYOR


CORPORATE OFFICER

I hereby certify this to be a true and correct
copy of the original.

Date: March 17 2022


Matthew O'Halloran, ACTING CORPORATE OFFICER
City of Richmond, BC

6795380



Certificate of Approval

Under the authority of the *Local Government Act*, I certify that Bylaw No.10334, cited as the "Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334" of the City of Richmond has been lawfully and validly made and enacted, and that its validity is not open to question on any ground in any court of British Columbia.

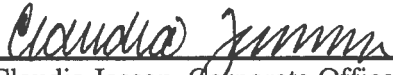
Dated this Fourth day
 Of April , 2022

M. L. ana

Deputy Inspector of Municipalities of British Columbia



I HEREBY CERTIFY this to be a true and correct copy of an extract from the minutes of the Regular (Open) Council Meeting held on Monday, May 9, 2022.


Claudia Jesson, Corporate Officer

**Extract From:
Regular (Open) Council Meeting
Monday, May 9, 2022**

12. MUNICIPAL SECURITY ISSUING RESOLUTION

(File Ref. No. 03-0900-01, 03-1040-01, 01-0150-20-MFAU1, 01-0157-01, 06-2052-25-SCCR1; XR: 12-8060-20-010334) (REDMS No. 6850735)

- (1) *That a 20-year term \$96 million borrowing with a 20-year amortization period from the Municipal Finance Authority of British Columbia's (MFA's) 2022 Fall Borrowing Session, as authorized through Steveston Community Centre and Branch Library Loan Authorization Bylaw No. 10334, be approved;*
- (2) *That the Metro Vancouver Regional District (MVRD) be requested to consent and to include the City of Richmond's 20-year term \$96 million borrowing with a 20-year amortization period in MVRD's Security Issuing Bylaw; and*
- (3) *That the Consolidated 5-Year Financial Plan (2022-2026) be amended accordingly.*

ADOPTED ON CONSENT

LIABILITY SERVICING LIMIT CERTIFICATE

The City of Richmond (the "Municipality")
In relation to Steveston Community Centre and Branch Library Project Loan Authorization Bylaw No. 10334

The undersigned Financial Officer assigned responsibility for financial administration under section 149 of the Community Charter, SBC 2003, Chapter 26 (the "Charter") or Auditor appointed for the Municipality under section 169 of the Charter hereby certifies as follows:

Calculation revenue for the previous year (section 4 & 5, BC Reg 254/2004)	<u>\$479,135,163.00</u> a
Liability Servicing Limit (a x 25%) (section 2, BC Reg 254/2004)	<u>\$119,783,790.75</u> b
Annual Servicing cost for previous year	<u>\$6,730,007.00</u> c

Plus: New liabilities incurred, other than current request

Liability Type and reference	Annual servicing cost
_____	_____ d
_____	_____ e
_____	_____ f
_____	_____ g
_____	_____ h
_____	_____ i
_____	_____ j
_____	_____ k
_____	_____ l
Total of lines d through l	<u>\$0.00</u> m

Less: Liabilities which have matured

Liability type and reference	Annual servicing cost
_____	_____ n
_____	_____ o
_____	_____ p
_____	_____ q
_____	_____ r
Total of lines n through r	<u>\$0.00</u> s
Amount of new liability (section 3, BC Reg 254/2004)	<u>\$96,000,000.00</u> t
Annual servicing cost of new liability (section 3, BC Reg 254/2004)	<u>\$7,600,000.00</u> u
Total liability servicing cost including current request (lines c+m-s+u)	<u>\$14,330,007.00</u> v

☒ which is less than the annual liability servicing limit stated on line b.


OR

☐ which exceeds the annual liability servicing limit stated on line b, and the undersigned hereby requests approval of the Inspector of Municipalities under section 174 of the Charter to exceed the limit established under the section.

In accordance with section 179(5) or section 175(1)(b) of the Charter, as applicable, the debt to be contracted under the loan authorization bylaw, or other liability for which certification is being made, referred to above will not exceed the lesser of 30 years and the reasonable life expectancy of the capital asset, activity, work or service, or the remaining term of the applicable agreement, as the case may be, for which the debt is to be contracted.

The undersigned Financial Officer or Auditor also hereby authorizes Legal Counsel of the Municipal Finance Authority of British Columbia to rely on this Certificate in giving any opinion in connection with any borrowing by the Municipal Finance Authority of British Columbia ("MFA") and the issuance of bonds, debentures, and other securities by the MFA in respect of the loan authorization bylaw, or other liability for which certification is being made, referred to above.

DATED this 31 day of May, 2022


Financial Officer

OR

Auditor

Jerry Chong, Acting General Manager, Finance and Corporate Services
(Please print full name)

(Please print full name & company)



**Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327,
Amendment Bylaw No. 10381**

The Council of the City of Richmond enacts as follows:

1. Schedule “A”, Schedule “B”, and Schedule “C” of the Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327, are deleted and replaced with Schedule “A”, Schedule “B”, and Schedule “C” attached to and forming part of this amendment bylaw.
2. This Bylaw is cited as **“Consolidated 5 Year Financial Plan (2022-2026) Bylaw No. 10327, Amendment Bylaw No. 10381”**.

FIRST READING

SECOND READING

THIRD READING

ADOPTED

MAYOR

CORPORATE OFFICER

CITY OF RICHMOND
APPROVED for content by originating dept.
APPROVED for legality by Solicitor

SCHEDULE A:

CITY OF RICHMOND

CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026)

AMENDED REVENUE AND EXPENSES

(In \$000's)

	2022 Amended Budget	2023 Amended Plan	2024 Amended Plan	2025 Amended Plan	2026 Amended Plan
Revenue:					
Taxation and Levies	268,044	281,090	294,869	306,579	318,350
Utility Fees	124,417	128,053	134,252	141,335	149,022
Sales of Services	45,531	46,180	47,552	48,868	49,963
Other Revenue	14,629	14,773	16,236	17,422	18,389
Payments In Lieu Of Taxes	14,650	15,105	15,558	16,024	16,505
Gaming Revenue	14,500	14,500	14,500	14,500	14,500
Investment Income	13,165	12,767	12,507	12,208	11,869
Licenses And Permits	11,358	11,591	11,818	12,049	12,285
Provincial and Federal Grants	11,292	10,097	10,191	10,340	10,491
Developer Contributed Assets	54,782	54,782	54,782	54,782	54,782
Development Cost Charges	17,749	19,641	22,259	15,083	13,091
Other Capital Funding Sources	16,380	17,779	21,365	19,575	14,125
	606,497	626,358	655,889	668,765	683,372
Expenses:					
Community Safety	137,198	137,593	141,686	145,853	150,194
Engineering and Public Works	81,488	81,166	82,302	83,534	84,796
Community Services	71,855	68,110	69,725	71,346	73,012
Finance and Corporate Services	27,002	25,706	26,400	27,096	27,813
Planning and Development Services	25,882	25,871	26,381	26,946	27,526
Fiscal	22,733	21,057	22,579	24,226	25,336
Corporate Administration	10,966	10,897	11,216	11,537	11,867
Legal and Legislative Services	5,305	4,163	4,296	4,429	4,566
Debt Interest	1,677	5,517	4,679	3,840	3,840
Utility Budget					
Water Utility	49,606	51,150	54,137	57,564	61,291
Sanitary Sewer Utility	41,404	42,969	45,782	49,030	52,571
Sanitation and Recycling	23,676	22,889	23,371	23,864	24,367
Richmond Olympic Oval Corporation	16,290	16,770	17,142	17,424	17,650
Richmond Public Library	11,130	11,099	11,363	11,634	11,913
	526,212	524,957	541,059	558,323	576,742
Annual Surplus	80,285	101,401	114,830	110,442	106,630

SCHEDULE A (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026)
AMENDED TRANSFERS
(In \$000's)**

	2022	2023	2024	2025	2026
	Amended Budget	Amended Plan	Amended Plan	Amended Plan	Amended Plan
Transfers:					
Debt Principal	5,570	9,550	9,877	3,948	4,047
Transfer To Reserves	78,319	80,638	83,449	84,708	87,773
Transfer To (From) Surplus	(10,219)	542	4,630	13,878	14,343
Capital Expenditures - Current Year	109,573	106,482	144,544	130,463	114,453
Capital Expenditures - Prior Years	237,364	104,168	67,577	38,486	19,300
Capital Expenditures - Developer Contributed Assets	54,782	54,782	54,782	54,782	54,782
Capital Expenditures - Richmond Public Library	1,217	742	742	742	742
Capital Expenditures - Richmond Olympic Oval Corporation	4,072	1,408	1,531	1,459	1,724
Capital Funding	(305,353)	(256,911)	(252,302)	(218,024)	(190,534)
Proceeds from Borrowing	(95,040)	-	-	-	-
Transfers/Amortization offset:	80,285	101,401	114,830	110,442	106,630
Balanced Budget	\$-	\$-	\$-	\$-	\$-
Tax Increase	3.86%	3.88%	3.92%	2.99%	2.87%

SCHEDULE B:

CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026)
AMENDED 5 YEAR CAPITAL PLAN FUNDING SOURCES (2022-2026)
(In \$000's)

DCC Reserves	2022 Amended	2023	2024	2025	2026
Drainage DCC	-	990	990	-	-
Park Development DCC	1,845	2,977	1,599	1,693	1,872
Park Land Acquisition DCC	6,457	5,964	5,964	3,762	3,762
Roads DCC	9,446	9,710	11,060	8,910	7,457
Sanitary DCC	-	-	1,436	103	-
Water DCC	-	-	1,210	616	-
Total DCC	\$17,748	\$19,641	\$22,259	\$15,084	\$13,091
Statutory Reserves					
Affordable Housing	925	925	925	925	925
Capital Building and Infrastructure	18,070	16,715	18,080	18,160	17,500
Capital Reserve	10,833	10,140	14,998	14,670	13,179
Child Care	260	260	260	260	260
Drainage Improvement	13,410	15,281	41,905	33,374	30,650
Equipment Replacement	5,399	4,718	3,467	3,510	3,095
Public Art Program	200	150	150	150	150
Sanitary Sewer	5,463	5,910	5,650	9,307	5,790
Waterfront Improvement	150	-	-	-	-
Watermain Replacement	9,190	9,024	9,301	9,217	9,649
Total Statutory Reserves	\$63,900	\$63,123	\$94,736	\$89,573	\$81,198
Other Sources					
Enterprise Fund	720	550	550	550	205
Grant and Developer Contribution	13,480	14,879	18,465	16,675	11,225
Other Sources	11,534	6,061	6,076	6,091	6,487
Sewer Levy	260	207	272	375	33
Solid Waste and Recycling	450	300	300	300	300
Water Levy	1,481	1,721	1,886	1,815	1,914
Total Other Sources	\$27,925	\$23,718	\$27,549	\$25,806	\$20,164
Total Capital Program	\$109,573	\$106,482	\$144,544	\$130,463	\$114,453

SCHEDULE C:

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026)
AMENDED STATEMENT OF POLICIES AND OBJECTIVES**

Revenue Proportions By Funding Source

Property taxes are the largest portion of revenue for any municipality. Taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as community safety, general government, libraries and park maintenance.

Objective:

- Maintain revenue proportion from property taxes at current level or lower

Policies:

- Tax increases will be at CPI + 1% for transfers to reserves
- Annually, review and increase user fee levels by consumer price index (CPI).
- Any increase in alternative revenues and economic development beyond all financial strategy targets can be utilized for increased levels of service or to reduce the tax rate.

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2022.

Table 1:

Funding Source	% of Total Revenue
Property Taxes	51.8%
User Fees	24.0%
Sales of Services	8.8%
Payments in Lieu of Taxes	2.8%
Gaming Revenue	2.8%
Investment Income	2.5%
Licenses and Permits	2.2%
Provincial and Federal Grants	2.2%
Other	2.9%
Total Operating and Utility Funding Sources	100.0%

SCHEDULE C (CONT'D):

**CITY OF RICHMOND
CONSOLIDATED 5 YEAR FINANCIAL PLAN (2022-2026)
AMENDED STATEMENT OF POLICIES AND OBJECTIVES**

Distribution of Property Taxes

Table 2 provides the 2022 distribution of property tax revenue among the property classes.

Objective:

- Maintain the City's business to residential tax ratio in the middle in comparison to other municipalities. This will ensure that the City will remain competitive with other municipalities in attracting and retaining businesses.

Policies:

- Regularly review and compare the City's tax ratio between residential property owners and business property owners relative to other municipalities in Metro Vancouver.

Table 2: (Based on the 2022 Revised Roll figures)

Property Class	% of Tax Burden
Residential (1)	57.09%
Business (6)	32.93%
Light Industry (5)	7.96%
Others (2,3,4,8 & 9)	2.02%
Total	100.00%

Permissive Tax Exemptions**Objective:**

- Council passes the annual permissive exemption bylaw to exempt certain properties from property tax in accordance with guidelines set out by Council Policy and the *Community Charter*. There is no legal obligation to grant exemptions.
- Permissive exemptions are evaluated with consideration to minimizing the tax burden to be shifted to the general taxpayer.

Policy:

- Exemptions are reviewed on an annual basis and are granted to those organizations meeting the requirements as set out under Council Policy 3561 and Sections 220 and 224 of the *Community Charter*.

Consolidated Financial Statements of

CITY OF RICHMOND

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Mayor and Council of the City of Richmond

Opinion

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

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes 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, 2021, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada

May 9, 2022

CITY OF RICHMOND

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 672,031	\$ 530,034
Investments (note 3)	696,886	834,010
Investment in Lulu Island Energy Company ("LIEC") (note 4)	33,647	32,736
Accrued interest receivable	8,932	9,697
Accounts receivable (note 5)	29,655	21,521
Taxes receivable	14,157	14,419
Development fees receivable	12,425	28,517
Debt reserve fund - deposits (note 6)	508	508
	1,468,241	1,471,442
Liabilities		
Accounts payable and accrued liabilities	86,575	156,975
Post-employment benefits (note 14)	37,395	35,121
Development cost charges (note 7)	224,655	221,151
Deposits and holdbacks (note 8)	106,041	97,445
Deferred revenue (note 9)	56,186	49,024
Debt, net of MFA sinking fund deposits (note 10)	17,386	22,741
	528,238	582,457
Net financial assets	940,003	888,985
Non-Financial Assets		
Tangible capital assets (note 11)	2,539,267	2,488,139
Inventory of materials and supplies	4,696	4,285
Prepaid expenses	3,921	2,797
	2,547,884	2,495,221
Accumulated surplus (note 12)	\$ 3,487,887	\$ 3,384,206

Contingent demand notes (note 6)
Commitments and contingencies (note 17)

See accompanying notes to consolidated financial statements.



General Manager, Finance and Corporate Services

CITY OF RICHMOND

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (notes 2(p) and 23)	2021	2020
Revenue:			
Taxation and levies (note 19)	\$ 255,366	\$ 255,837	\$ 239,991
Utility fees	117,674	118,144	114,335
Sales of services	40,000	35,601	29,090
Payments-in-lieu of taxes	12,142	14,789	16,820
Provincial and federal contributions	10,855	12,704	16,953
Development cost charges (note 7)	24,669	16,223	16,737
Other capital funding sources	75,943	64,695	71,051
Other revenue:			
Investment income	13,290	14,968	20,175
Gaming revenue	-	5,700	2,705
Licenses and permits	11,403	13,995	19,407
Other (note 20)	12,808	23,131	30,466
Equity income in LIEC (note 4)	1,538	911	1,322
	575,688	576,698	579,052
Expenses:			
Community safety	127,108	123,232	112,895
Utilities: water, sewer and sanitation	109,787	106,519	102,824
Engineering, public works and project development	82,833	80,083	75,314
Community services	73,610	59,873	50,833
General government	63,976	54,249	51,495
Planning and development	24,409	25,166	19,201
Richmond Olympic Oval	14,844	14,079	12,586
Richmond Public Library	11,198	9,816	9,040
	507,765	473,017	434,188
Annual surplus	67,923	103,681	144,864
Accumulated surplus, beginning of year	3,384,206	3,384,206	3,239,342
Accumulated surplus, end of year	\$ 3,452,129	\$ 3,487,887	\$ 3,384,206

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Changes in Net Financial Assets (Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (notes 2(p) and 23)	2021	2020
Annual surplus for the year	\$ 67,923	\$ 103,681	\$ 144,864
Acquisition of tangible capital assets	(106,483)	(61,150)	(70,726)
Contributed tangible capital assets	(61,479)	(61,004)	(58,240)
Amortization of tangible capital assets	67,458	68,519	66,254
Net loss (gain) on disposal of tangible capital assets	-	1,714	(6,136)
Proceeds on sale of tangible capital assets	-	793	8,507
	(32,581)	52,553	84,523
Acquisition of inventory of materials and supplies	-	(4,696)	(4,285)
Acquisition of prepaid expenses	-	(3,921)	(2,797)
Consumption of inventory of materials and supplies	-	4,285	2,961
Use of prepaid expenses	-	2,797	2,714
Change in net financial assets	(32,581)	51,018	83,116
Net financial assets, beginning of year	888,985	888,985	805,869
Net financial assets, end of year	\$ 856,404	\$ 940,003	\$ 888,985

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Consolidated Statement of Cash Flows (Expressed in thousands of dollars)

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 103,681	\$ 144,864
Items not involving cash:		
Amortization of tangible capital assets	68,519	66,254
Net loss (gain) on disposal of tangible capital assets	1,714	(6,136)
Contributions of tangible capital assets	(61,004)	(58,240)
Equity income in LIEC	(911)	(1,322)
Changes in non-cash operating working capital:		
Accrued interest receivable	765	(1,916)
Accounts receivable	(8,134)	6,886
Taxes receivable	262	(3,386)
Development fees receivable	16,092	(7,373)
Inventory of materials and supplies	(411)	(1,324)
Prepaid expenses	(1,124)	(83)
Accounts payable and accrued liabilities	(70,400)	83,572
Post-employment benefits	2,274	934
Development cost charges	3,504	23,480
Deposits and holdbacks	8,596	(19,919)
Deferred revenue	7,162	(15,338)
Net change in cash from operating activities	70,585	210,953
Capital activities:		
Cash used to acquire tangible capital assets	(61,150)	(70,726)
Proceeds on disposal of tangible capital assets	793	8,507
Net change in cash from capital activities	(60,357)	(62,219)
Financing activities:		
Repayments of debt	(5,355)	(5,150)
Investing activities:		
Net sale (purchase) of investments	137,124	(3,114)
Net change in cash	141,997	140,470
Cash and cash equivalents, beginning of year	530,034	389,564
Cash and cash equivalents, end of year	\$ 672,031	\$ 530,034

See accompanying notes to consolidated financial statements.

CITY OF RICHMOND

Notes to Consolidated Financial Statements
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

1. Operations:

The City of Richmond (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, infrastructure, environmental, recreational, water, sewer, and drainage.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in governments worldwide, including the Canadian federal and provincial governments enacting emergency measures to combat the spread of the virus. The economic conditions and the City's response to the pandemic had a material impact on the City's operating results and financial position in 2020 and continued in 2021 affecting both revenues and expenses. The City temporarily closed civic facilities, including recreation and community centres, managed workforce challenges, including the implementation of systems and processes to facilitate remote work, and workforce adjustments, such as delayed hiring, reallocation of staff resources and temporary layoffs. The primary impact was on parks, recreation and facilities. The situation is still dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the City is not known at this time.

2. Significant accounting policies:

The consolidated financial statements of the City have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada.

(a) Basis of consolidation:

The consolidated financial statements reflect a combination of the City's General Revenue, General Capital and Loan, Waterworks and Sewerworks, and Reserve Funds consolidated with the Richmond Public Library (the "Library") and the Richmond Olympic Oval (the "Oval"). The Library is consolidated as the Library Board is appointed by the City. The Oval is consolidated as they are a wholly owned municipal corporation of the City. Interfund transactions, fund balances and activities have been eliminated on consolidation. The City's investment in Lulu Island Energy Company ("LIEC"), a wholly owned government business enterprise ("GBE"), is accounted for using the modified equity method.

(i) General Revenue Fund:

This fund is used to account for the current operations of the City as provided for in the Annual Budget, including collection of taxes, administering operations, policing, and servicing general debt.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(a) Basis of consolidation (continued):

(ii) General Capital and Loan Fund:

This fund is used to record the City's tangible capital assets and work-in-progress, including engineering structures such as roads and bridges, and the related debt.

(iii) Waterworks and Sewerworks Funds:

These funds have been established to cover the costs of operating these utilities, with related capital and loan funds to record the related tangible capital assets and debt.

(iv) Reserve Funds:

Certain funds are established by bylaws for specific purposes. They are funded primarily by budgeted contributions from the General Revenue Fund and developer contributions plus interest earned on fund balances.

(b) Basis of accounting:

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

(c) Government transfers:

Restricted transfers from governments are deferred and recognized as revenue as the related expenditures are incurred 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.

(d) Cash and cash equivalents:

Cash and cash equivalents consist of cash, highly liquid money market investments and short-term investments with maturities of less than 90 days from date of acquisition.

(e) Investments:

Investments are recorded at cost, adjusted for amortization of premiums or discounts. Provisions for losses are recorded when they are considered to be other than temporary.

(f) Investment in government business enterprises:

Government business enterprises are recorded using the modified equity method of accounting. The City's investment in the GBE is recorded as the value of the GBE's shareholder's equity. The investment's income or loss is recognized by the City when it is earned by the GBE. Inter-organizational transactions and balances are not eliminated, except for any gains or losses on assets remaining within the City.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(g) Accounts receivable:

Accounts receivable are net of an allowance for doubtful accounts and therefore represent amounts expected to be collected.

(h) Development cost charges:

Development cost charges are restricted by legislation to expenditures on capital infrastructure. These amounts are deferred upon receipt and recognized as revenue when the expenditures are incurred in accordance with the restrictions.

(i) Post-employment benefits:

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

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

(j) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) 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 assets. The cost, less estimated residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful life - years
Buildings and building improvements	10 - 75
Infrastructure	5 - 100
Vehicles, machinery and equipment	3 - 40
Library's collections, furniture and equipment	4 - 20

Amortization is charged over the asset's useful life commencing when the asset is acquired. Assets under construction are not amortized until the asset is available for productive use.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(j) Non-financial assets (continued):

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources, works of art, and cultural and historic assets:

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

(iv) Interest capitalization:

The City does not capitalize interest costs associated with the construction of a tangible capital asset.

(v) Labour capitalization:

Internal labour directly attributable to the construction, development or implementation of a tangible capital asset is capitalized.

(vi) Leased tangible capital assets:

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.

(vii) Impairment of tangible capital assets:

Tangible capital assets are written down when conditions indicate that they no longer contribute to the City's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(viii) Inventory of materials and supplies:

Inventory is recorded at cost, net of an allowance for obsolete stock. Cost is determined on a weighted average basis.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(k) Revenue recognition:

Revenue is recognized in the period in which the transactions or events occurred that gave rise to the revenue. All revenue is recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

The City is required to act as the agent for the collection of certain taxes and fees imposed by other authorities. Collections for other authorities are excluded from the City's taxation revenue.

(l) Property taxes:

The City establishes property tax rates based on assessed market values provided by the British Columbia Assessment Authority (BCA). Market values are determined as of July 1st of each year. The City records taxation revenue at the time the property tax bills are issued. The City is entitled to collect interest and penalties on overdue taxes.

(m) Deferred revenue:

The City defers a portion of the revenue collected from permits, licenses and other fees and recognizes this revenue in the year in which related inspections are performed, other related expenses are incurred or services are provided.

Deferred revenue also represents funds received from external parties for specified purposes. This revenue is recognized in the period in which the related expenses are incurred.

(n) Deposits:

Receipts restricted by the legislation of senior governments or by agreement with external parties are deferred and reported as deposits and are refundable under certain circumstances. When qualifying expenses are incurred, deposits are recognized as revenue at amounts equal to the qualifying expenses.

(o) Debt:

Debt is recorded net of related sinking fund balances.

(p) Budget information:

Budget information, presented on a basis consistent with that used for actual results, was included in the City's Consolidated 5 Year Financial Plan (2021-2025) ("Consolidated Financial Plan") and was adopted through Bylaw No. 10239 on March 22, 2021.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(q) Contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic or radioactive material of 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 standard;
- (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.

(r) Use of accounting 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 amount of revenue and expenditures during the reporting period. Areas requiring the use of management estimates relate to performing the actuarial valuation of employee future benefits, the value of contributed tangible capital assets, value of developer contributions, useful lives for amortization, determination of provisions for accrued liabilities, performing the actuarial valuation of employee future benefits, allowance for doubtful accounts, and provision for contingencies. Actual results could differ from those estimates. 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.

(s) Segment disclosures:

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. The City has provided definitions of segments as well as presented financial information in segment format.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

3. Investments:

	2021		2020	
	Cost	Market value	Cost	Market value
Short-term notes and deposits	\$ 257,701	\$ 257,701	\$ 339,607	\$ 339,695
Government and government guaranteed bonds	280,063	280,802	326,838	334,579
Other bonds	159,122	159,283	167,565	171,729
	<u>\$ 696,886</u>	<u>\$ 697,786</u>	<u>\$ 834,010</u>	<u>\$ 846,003</u>

4. Investment in Lulu Island Energy Company Ltd:

The City owns 100% of the issued and outstanding shares of LIEC, which was incorporated under the British Columbia Business Corporations Act on August 19, 2013. LIEC develops, manages and operates district energy utilities in the City of Richmond, on the City's behalf, including but not limited to energy production, generation or exchange, transmission, distribution, maintenance, marketing and sales to customers, customer service, profit generation, financial management and advisory services for energy and infrastructure.

Summarized financial information relating to LIEC is as follows:

	2021	2020
Cash, cash equivalents, and investments	\$ 15,755	\$ 12,619
Accounts receivable	1,676	3,034
Tangible capital assets	39,203	37,360
Total assets	56,634	53,013
Accounts payable and accrued liabilities	2,672	1,792
Deferred contributions	8,051	7,352
Concession liability	12,264	11,133
Total liabilities	22,987	20,277
Shareholder's equity	\$ 33,647	\$ 32,736
Total revenue	\$ 6,431	\$ 5,591
Total expenses	5,520	4,269
Net income	\$ 911	\$ 1,322

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

4. Investment in Lulu Island Energy Company Ltd (continued):

Included in accounts payable and accrued liabilities in the City's consolidated statement of financial position are payables to LIEC in the amount of \$151,454 (2020 - \$323,020).

On October 30, 2014, LIEC and the Oval Village district energy utility developer ("the Concessionaire") entered into a 30-year Concession Agreement, which is a public-private partnership project ("P3"), where the Concessionaire will design, construct, finance, operate, and maintain the infrastructure for the district energy utility at the Oval Village community. As part of the Agreement, the infrastructure will be owned by LIEC.

On October 30, 2014, the Concessionaire and the City entered into a Limited Guarantee Agreement. The City is the Guarantor and guarantees the performance of some of LIEC's obligations under the Concession Agreement to a maximum of \$18.2 million (2020 - \$18.2 million).

5. Accounts receivable:

	2021	2020
Water and sewer utilities	\$ 13,243	\$ 11,760
Casino revenue	2,701	-
Capital grants	6,873	4,278
Other trade receivables	6,838	5,483
	\$ 29,655	\$ 21,521

6. Debt reserve fund deposits and contingent demand notes:

The City issues its debt instruments through the Municipal Finance Authority (the "MFA"). As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA in a Debt Reserve Fund. The City also executes demand notes in connection with each debenture whereby the City may be required to loan certain amounts to the MFA. These demand notes are contingent in nature and are not reflected in the City's accounts. The details of the cash deposits and contingent demand notes at December 31, 2021 and 2020 are as follows:

	Cash deposits	Contingent demand notes
General Revenue Fund	\$ 508	\$ 2,447

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

7. Development cost charges:

	2021	2020
Balance, beginning of year	\$ 221,151	\$ 197,671
Contributions	16,873	36,800
Interest	2,854	3,417
Revenue recognized	(16,223)	(16,737)
Balance, end of year	\$ 224,655	\$ 221,151

8. Deposits and holdbacks:

	Balance December 31, 2020	Deposit contributions/ interest earned	Refund/ expenditures	Balance December 31, 2021
Security deposits	\$ 74,977	\$ 136,664	\$ (127,545)	\$ 84,096
Developer contributions	7,797	130	(15)	7,912
Damage deposits	5,589	6,513	(6,309)	5,793
Contract holdbacks	5,267	4,916	(6,323)	3,860
Other	3,815	1,183	(618)	4,380
	\$ 97,445	\$ 149,406	\$ (140,810)	\$ 106,041

9. Deferred revenue:

	Balance December 31, 2020	Externally restricted inflows	Revenue earned	Balance December 31, 2021
Taxes and utilities	\$ 23,221	\$ 25,116	\$ (23,221)	\$ 25,116
Building permits/development	14,117	6,846	(6,698)	14,265
Oval	1,216	325	10	1,551
Capital grants	2,219	7,546	(3,691)	6,074
Business licenses	2,603	2,262	(2,228)	2,637
Parking easement/leased land	2,431	36	(49)	2,418
Other	3,217	312	596	4,125
	\$ 49,024	\$ 42,443	\$ (35,281)	\$ 56,186

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

10. Debt, net of MFA sinking fund deposits:

The interest rate for the year ended December 31, 2021 on the principal amount of the MFA debenture was 3.30% (2020 - 3.30%) per annum. Interest expense incurred for the year on the long-term debt was \$1,676,895 (2020 - \$1,676,895). The maturity date of the MFA debt is April 7, 2024.

The City obtains debt instruments through the MFA pursuant to security issuing bylaws under authority of the Community Charter to finance certain capital expenditures.

Gross amount for the debt less principal payments and actuarial adjustments to date are as follows:

	Gross amount borrowed	Repayments and actuarial adjustments	Net debt 2021	Net debt 2020
General Fund	\$ 50,815	\$ 33,429	\$ 17,386	\$ 22,741

Repayments on net outstanding debt over the next four years are as follows:

2022	\$ 5,570
2023	5,792
2024	6,024
	\$ 17,386

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

11. Tangible capital assets:

Cost	Balance December 31, 2020	Additions and transfers	Disposals	Balance December 31, 2021
Land	\$ 1,060,180	\$ 17,074	\$ -	\$ 1,077,254
Building and building improvements	552,624	33,162	(9,034)	576,752
Infrastructure	1,834,488	83,814	(5,924)	1,912,378
Vehicles, machinery and equipment	158,164	9,851	(1,884)	166,131
Library's collections, furniture and equipment	9,945	1,155	(390)	10,710
Assets under construction	83,592	(22,902)	-	60,690
	\$ 3,698,993	\$ 122,154	\$ (17,232)	\$ 3,803,915

Accumulated amortization	Balance December 31, 2020	Disposals	Amortization expense	Balance December 31, 2021
Building and building improvements	\$ 217,342	\$ (7,225)	\$ 19,316	\$ 229,433
Infrastructure	884,269	(5,352)	37,428	916,345
Vehicles, machinery and equipment	102,159	(1,758)	10,815	111,216
Library's collections, furniture and equipment	7,084	(390)	960	7,654
	\$ 1,210,854	\$ (14,725)	\$ 68,519	\$ 1,264,648

Net book value	December 31, 2021	December 31, 2020
Land	\$ 1,077,254	\$ 1,060,180
Buildings and building improvements	347,319	335,282
Infrastructure	996,033	950,219
Vehicles, machinery and equipment	54,915	56,005
Library's collection, furniture and equipment	3,056	2,861
Assets under construction	60,690	83,592
Balance, end of year	\$ 2,539,267	\$ 2,488,139

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

11. Tangible capital assets (continued):

(a) Assets under construction:

Assets under construction having a value of \$60,690,017 (2020 - \$83,592,534) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed tangible capital assets have been recognized at fair market value at the date of contribution and recorded in other capital funding revenue on the statement of operations. The value of contributed assets received during the year is \$61,004,232 (2020 - \$58,239,544) comprised of land in the amount of \$17,281,008 (2020 - \$38,682,057), infrastructure in the amount of \$20,810,489 (2020 - \$16,979,272), buildings in the amount of \$22,682,598 (2020 - \$2,578,215), and machinery in the amount of \$230,137 (2020 - nil).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value.

(d) Works of art and historical treasures:

The City manages and controls various works of art and non-operational historical cultural assets including building, artifacts, paintings, and sculptures located at City sites and public display areas. The assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

There were no write-down of tangible capital assets in 2021 (2020 - nil).

12. Accumulated surplus:

	General and Reserve Funds	Waterworks Utility Fund	Sewerworks Utility Fund	Richmond Olympic Oval	Library	2021 Total	2020 Total
Investment in tangible capital assets	\$ 2,510,069	\$ -	\$ -	\$ 8,503	\$ 3,057	\$ 2,521,629	\$ 2,465,108
Reserves (note 13)	639,109	-	-	8,100	-	647,209	609,533
Appropriated surplus	223,365	18,508	9,981	1,559	2,607	256,020	253,790
Investment in LIEC	33,647	-	-	-	-	33,647	32,736
Surplus	16,181	408	6,295	606	1,336	24,826	18,908
Other equity	4,556	-	-	-	-	4,556	4,131
Balance, end of year	\$ 3,426,927	\$ 18,916	\$ 16,276	\$ 18,768	\$ 7,000	\$ 3,487,887	\$ 3,384,206

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

13. Reserves:

	Balance, December 31, 2020	Change during year	Balance, December 31, 2021
Affordable housing	\$ 12,250	\$ 2,043	\$ 14,293
Arts, culture and heritage	3,721	(195)	3,526
Capital building and infrastructure	111,528	11,192	122,720
Capital reserve	222,778	21,667	244,445
Capstan station	11,477	(328)	11,149
Child care development	10,055	23	10,078
Community legacy and land replacement	1,387	71	1,458
Drainage improvement	60,597	(3,438)	57,159
Equipment replacement	22,577	2,629	25,206
Hamilton area plan community amenity	2,762	245	3,007
Leisure facilities	18,097	873	18,970
Local improvements	7,459	112	7,571
Neighborhood improvement	7,919	118	8,037
Oval	7,810	290	8,100
Public art program	4,582	(177)	4,405
Sanitary sewer	48,903	708	49,611
Steveston off-street parking	331	5	336
Steveston road ends	153	2	155
Waterfront improvement	195	(8)	187
Watermain replacement	54,952	1,844	56,796
	\$ 609,533	\$ 37,676	\$ 647,209

14. Post-employment benefits:

The City provides certain post-employment benefits, non-vested sick leave, compensated absences, and termination benefits to its employees.

	2021	2020
Accrued benefit obligation, beginning of year	\$ 35,414	\$ 35,184
Current service cost	2,644	2,446
Interest cost	728	853
Past service cost	992	-
Benefits paid	(2,035)	(2,262)
Actuarial gain	(2,419)	(807)
Accrued benefit obligation, end of year	\$ 35,324	\$ 35,414

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

14. Post-employment benefits (continued):

An actuarial valuation for these benefits was performed to determine the City's accrued benefit obligation as at December 31, 2020. This actuarial loss is being amortized over a period equal to the employees' expected average remaining service lifetime of 11 years.

	2021	2020
Accrued benefit obligation, end of year	\$ 35,324	\$ 35,414
Unamortized net actuarial gain (loss)	2,071	(293)
Accrued benefit liability, end of year	\$ 37,395	\$ 35,121

Actuarial assumptions used to determine the City's accrued benefit obligation are as follows:

	2021	2020
Discount rate	2.40%	2.00%
Expected future inflation rate	2.00%	2.00%
Expected wage and salary range increases	2.50% to 3.00%	2.50% to 3.00%

15. 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, 2020, the plan has about 220,000 active members and approximately 112,000 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.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

15. Pension plan (continued):

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

The City paid \$14,125,356 (2020 - \$13,343,310) for employer contributions while employees contributed \$11,777,413 (2020 - \$11,199,779) to the plan in fiscal 2021.

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

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

16. Contingent assets and contractual rights:

(a) Contingent assets:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the City's control occurs or fails to occur.

The City has legal claims, service agreements, and land dedications that may qualify as contingent assets. Amounts cannot be estimated as of December 31, 2021. Contingent assets are not recorded in the consolidated financial statements.

(b) Contractual rights:

The City has entered into contracts or agreements in the normal course of operations that it expects will result in revenue and assets in future fiscal years. The City's contractual rights are comprised of leases, licenses, grants and various other agreements, including the provision of police services with the Vancouver Airport Authority. The following table summarizes the expected revenue from the City's contractual rights:

2022	\$ 27,333
2023	11,110
2024	3,671
2025	2,393
2026	401
Thereafter	7,988

The City is entitled to receive revenue from certain other agreements. The revenue from these agreements cannot be quantified and has not been included in the amounts noted above.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

17. Commitments and contingencies:

(a) Joint and several liabilities:

The City has a contingent liability with respect to debentures of the Greater Vancouver Water District, Greater Vancouver Sewerage and Drainage District and Metro Vancouver Regional District, to the extent provided for in their respective Enabling Acts, Acts of Incorporation and Amending Acts. Management does not consider payment under this contingency to be likely and therefore no amounts have been accrued.

(b) Lease payments:

The City is committed to operating lease payments for premises and equipment in the following approximate amounts:

2022	\$ 2,670
2023	2,657
2024	2,487
2025	2,487
2026 and thereafter	3,542

(c) Litigation:

As at December 31, 2021, there were a number of claims or risk exposures in various stages of resolution. The City has made no specific provision for those where the outcome is presently not determinable.

(d) Municipal Insurance Association of British Columbia ("Association"):

The City is a participant in the Association. Should the Association pay out claims in excess of premiums received, it is possible that the City, along with other participants, would be required to contribute towards the deficit. Management does not consider external payment under this contingency to be likely and therefore, no amounts have been accrued.

(e) Contractual obligation:

The City has entered into various contracts for services and construction with periods ranging beyond one year. These commitments are in accordance with budgets passed by Council.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

17. Commitments and contingencies (continued):

- (f) E-Comm Emergency Communications for Southwest British Columbia Incorporated ("E-Comm"):

The City is a shareholder of the 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, 2021). 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.

- (g) Community associations:

The City has agreements with the various community associations which operate the community centers throughout the City. The City generally provides the buildings and grounds, pays the operating costs of the facilities, and provides certain staff and other services such as information technology. Typically the community associations are responsible for providing programming and services to the community. The community associations retain all revenue which they receive.

18. Trust funds:

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

	2021	2020
Richmond Community Associations	\$ 1,928	\$ 1,909

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

19. Taxation and levies:

	2021	2020
Taxes collected:		
Property taxes	\$ 496,172	\$ 413,302
Payment-in-lieu of taxes and grants	24,326	22,375
Local improvement levies	84	88
	520,582	435,765
Less transfers to other authorities:		
Province of British Columbia - School taxes	(192,631)	(123,333)
TransLink	(42,926)	(41,992)
Metro Vancouver	(8,029)	(7,267)
BC Assessment Authority	(6,297)	(6,286)
Other	(30)	(29)
	(249,913)	(178,907)
Less payment-in-lieu of taxes retained by the City	(14,832)	(16,867)
	\$ 255,837	\$ 239,991

20. Other revenue:

	2021	2020
Developer contributions	\$ 6,580	\$ 9,044
Tangible capital assets gain on sale of land	722	6,513
Penalties and fines	4,210	3,180
Parking program	1,343	1,204
Other	10,276	10,525
	\$ 23,131	\$ 30,466

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

21. Government transfers:

Government transfers are received for operating and capital activities. The operating transfers consist of gaming revenue and provincial and federal contributions. Capital transfers are included in other capital funding sources revenue. The source of the government transfers are as follows:

	2021	2020
Operating		
Province of British Columbia	\$ 12,590	\$ 17,534
TransLink	3,815	546
Government of Canada	1,999	1,579
Capital		
Province of British Columbia	6,069	9,965
TransLink	2,947	2,125
Government of Canada	567	-
	\$ 27,987	\$ 31,749

22. Segmented reporting:

The City provides a wide variety of services to its residents. For segment disclosure, these services are grouped and reported under service areas/departments that are responsible for providing such services. They are as follows:

- (a) **Community Safety** brings together the City's public safety providers such as Police (RCMP), Fire-Rescue, Emergency Programs, and Community Bylaws. It is responsible for ensuring safe communities by providing protection services with a focus on law enforcement, crime prevention, emergency response, and protection of life and properties.
- (b) **Utilities** provide such services as planning, designing, constructing, operating, and maintaining the City's infrastructure of water, sewer, drainage and diking networks and sanitation and recycling.
- (c) **Engineering, Public Works and Project Development** comprises of General Public Works, Roads and Construction, Storm Drainage, Fleet Operations, Engineering, Project Development, and Facility Management. The services provided are construction and maintenance of the City's infrastructure and all City owned buildings, maintenance of the City's road networks, managing and operating a mixed fleet of vehicles, heavy equipment and an assortment of specialized work units for the City operations, development of current and long-range engineering planning and construction of major projects.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

22. Segmented reporting (continued):

- (d) **Community Services** comprises of Parks, Recreation, Arts, and Culture and Heritage Services. These departments ensure recreation opportunities in Richmond by maintaining a variety of facilities such as arenas, community centres, pools, etc. It designs, constructs and maintains parks and sports fields to ensure there is adequate open green space and sports fields available for Richmond residents. It also addresses the economic, arts, culture, and community issues that the City encounters.
- (e) **General Government** comprises of Mayor and Council, Corporate Administration, and Finance and Corporate Services. It is responsible for adopting bylaws, effectively administering city operations, levying taxes, legal services, providing sound management of human resources, information technology, City finance, and ensuring high quality services to Richmond residents.
- (f) **Planning and Development** is responsible for land use plans, developing bylaws and policies for sustainable development in the City including the City's transportation systems, and community social development.
- (g) **Richmond Olympic Oval Corporation** is formed as a wholly owned subsidiary of the City. The City uses the Richmond Olympic Oval facility as a venue for a wide range of sports, business and community activities.
- (h) **Richmond Public Library** provides public access to information by maintaining 5 branches throughout the City.

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

22. Segmented reporting (continued):

	Community safety	Utilities	Engineering, public works and project development	Community services	General government	Planning and development	Total City subtotal
Revenue:							
Taxation and levies	\$ -	\$ -	\$ -	\$ -	\$ 255,837	\$ -	\$ 255,837
User fees	-	104,864	13,280	-	-	-	118,144
Sales of services	6,294	2,577	2,169	7,630	9,365	2,091	30,126
Payments-in-lieu of taxes	-	-	-	-	14,789	-	14,789
Provincial and federal grants	103	15	4,103	49	4,044	85	8,399
Development cost charges	-	795	4,801	3,319	2,202	5,106	16,223
Other capital funding sources	1	5,754	12,816	2,054	17,281	26,789	64,695
Other revenue:							
Investment income	-	272	-	-	14,682	-	14,954
Gaming revenue	-	-	-	-	5,700	-	5,700
Licenses and permits	4,429	32	588	-	47	8,899	13,995
Other	2,239	3,774	953	626	13,952	260	21,804
Equity income	-	-	-	-	911	-	911
	13,066	118,083	38,710	13,678	338,810	43,230	565,577
Expenses:							
Wages and salaries	50,092	14,609	27,679	30,710	29,025	12,447	164,562
Public works maintenance	31	6,707	4,906	2,038	(1,473)	788	12,997
Contract services	66,373	9,840	4,547	2,166	3,910	1,923	88,759
Supplies and materials	3,028	37,317	1,226	10,194	9,821	1,008	62,594
Interest and finance	91	27,494	10	123	2,576	2	30,296
Transfer from (to) capital for tangible capital assets	(54)	1,909	9,438	3,383	758	6,206	21,640
Amortization of tangible capital assets	3,025	8,626	31,645	10,249	9,517	2,758	65,820
Loss (gain) on disposal of tangible capital assets	646	17	632	1,010	115	34	2,454
	123,232	106,519	80,083	59,873	54,249	25,166	449,122
Annual surplus (deficit)	\$ (110,166)	\$ 11,564	\$ (41,373)	\$ (46,195)	\$ 284,561	\$ 18,064	\$ 116,455

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

22. Segmented reporting (continued):

	Total City subtotal	Richmond Public Library	Richmond Olympic Oval	2021 Consolidated	2020 Consolidated
Revenue:					
Taxation and levies	\$ 255,837	\$ -	\$ -	\$ 255,837	\$ 239,991
User fees	118,144	-	-	118,144	114,335
Sales of services	30,126	16	5,459	35,601	29,090
Payments-in-lieu of taxes	14,789	-	-	14,789	16,820
Provincial and federal grants	8,399	377	3,928	12,704	16,953
Development cost charges	16,223	-	-	16,223	16,737
Other capital funding sources	64,695	-	-	64,695	71,051
Other revenue:					
Investment income	14,954	14	-	14,968	20,175
Gaming revenue	5,700	-	-	5,700	2,705
Licenses and permits	13,995	-	-	13,995	19,407
Other	21,804	191	1,136	23,131	30,466
Equity income	911	-	-	911	1,322
	565,577	598	10,523	576,698	579,052
Expenses:					
Wages and salaries	164,562	7,156	8,789	180,507	164,788
Public works maintenance	12,997	19	-	13,016	13,343
Contract services	88,759	327	-	89,086	81,642
Supplies and materials	62,594	1,911	3,551	68,056	64,437
Interest and finance	30,296	5	-	30,301	29,779
Transfer from (to) capital for tangible capital assets	21,640	(544)	-	21,096	13,568
Amortization of tangible capital assets	65,820	960	1,739	68,519	66,254
Loss (gain) on disposal of tangible capital assets	2,454	(18)	-	2,436	377
	449,122	9,816	14,079	473,017	434,188
Annual surplus (deficit)	\$ 116,455	\$ (9,218)	\$ (3,556)	\$ 103,681	\$ 144,864

CITY OF RICHMOND

Notes to Consolidated Financial Statements (continued)
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

23. Budget data:

The budget data presented in these consolidated financial statements is based on the Consolidated Financial Plan adopted by Council on March 22, 2021. The table below reconciles the adopted Consolidated Financial Plan to the budget amounts reported in these consolidated financial statements.

	Financial plan Bylaw No. 10239	Financial statement budget
Consolidated financial plan:		
Revenue	\$ 575,688	\$ 575,688
Expenses	507,765	507,765
Annual surplus	67,923	67,923
Less:		
Acquisition of tangible capital assets	(272,899)	-
Contributed tangible capital assets	(61,479)	-
Transfer to reserves	(64,560)	-
Debt principal	(5,355)	-
Add:		
Capital funding	316,724	-
Transfer from surplus	19,646	-
Annual surplus	\$ -	\$ 67,923

CITY OF RICHMOND

Unaudited Statement of Safe Restart Grant
(Tabular amounts expressed in thousands of dollars)

Year ended December 31, 2021

The Safe Restart Grant was received November 2020 from the Province of British Columbia. A requirement of the Safe Restart Grant is to include a schedule to the financial statements presenting the amount of funding received, use of funds and year end balance of unused funds. This schedule has been included in order to comply with the conditions of the grant.

	2021	2020
Safe Restart Grant received	\$ -	\$ 9,331
Total eligible costs incurred:		
Recreation facility revenue shortfall	3,372	-
City grants program	2,613	-
Gaming revenue shortfall	1,300	-
Other revenue shortfall	1,034	-
Equipment technology	1,012	-
Balance, end of year	\$ -	\$ 9,331

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: July 7, 2022 Meeting Date: July 14, 2022

Subject: **Metro Vancouver Quarterly Financial Report – June 30, 2022**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 30, 2022 titled “Metro Vancouver Quarterly Financial Report – June 30, 2022”.

EXECUTIVE SUMMARY

The Performance and Audit Committee’s terms of reference requires that financial information be presented on a regular basis. Beginning in 2022, quarterly reports are being presented, to replace the tri-annual reporting presented in prior years. This reports presents the second quarterly financial report, for the six months ending June 30, 2022.

The quarterly results indicate that operating expenditures are on target at 90% of year-to-date budget and capital expenditures are lower than expected at 16.8% of annual capital cash flow. This is primarily due to staff vacancies, delayed project starts, and seasonality of expenditures. It is expected that operating and capital spending will accelerate in the later half of the year as projects previously delayed ramp up. Revenues are essentially on target with fluctuations due to lower water consumption and due to unusually cooler temperatures, higher Solid Waste tipping fees and variable service revenues. The year to date variance is indicating a potential surplus of about \$40.5 million, about 3.9% of total budget.

Cash flow projections and accounts receivable collections are on target and remain positive in both the likely and pessimistic scenarios.

PURPOSE

To present the Committee with key financial information as of June 30, 2022, the second quarter of fiscal 2022.

BACKGROUND

The Performance and Audit Committee’s Terms of Reference requires that the Committee be provided on a regular basis, with financial performance reports, of the Metro Vancouver Districts and Metro Vancouver Housing Corporation, including audited financial statements presented and approved by the Board annually.

Prior to 2022, staff provided the Committee with tri-annual financial reports. However, beginning in 2022, to better align with industry standards and respond to requests from the Committee, a financial snapshot with additional information elements is being provided quarterly. The information presented in this package is the second quarterly report, representing financial information as of June 30, 2022.

FINANCIAL QUARTER AT A GLANCE (JUNE 30, 2022)

The key quarterly trends are presented on page three of Attachment 1. The financial information presented for the second quarter of 2022, indicates that Metro Vancouver's operating budget is in a favourable variance of \$40.5M compared to year-to-date budget. This is largely a result of operating expenditures at 90% of the YTD operating budget due to staff vacancies, delayed project starts and seasonality of expenditures compared to budget. Overall revenues are \$1M below budget. Higher revenues in Solid Waste tipping fees and variable service revenues, are offset by lower than expected Water sales due to cooler temperatures and higher than average rainfall. Capital spending is lower than expected; however, construction during the summer months is expected to ramp up as projects previously delayed move forward. Cash flow projections and accounts receivable collections are on track and remain positive in the likely and pessimistic scenarios.

ALTERNATIVES

This report is provided for information; no alternatives are presented.

FINANCIAL IMPLICATIONS

The quarterly report as of June 30, 2022, indicates that Metro Vancouver operating and capital spending are lower than YTD budgets. It is anticipated that increased spending will occur in the later half of the year as operating and capital spending accelerates.

SUMMARY / CONCLUSION

This report provides information on financial information as of June 30, 2022, the second quarter of 2022. Information presented, identifies that both operating and capital spending are lower than the YTD budgets, largely due to staff vacancies, delayed project starts and seasonality of expenditures compared to budget. It is anticipated that increased spending will occur in the later half of the year as construction and operating projects ramp up.

Attachments:

1. 2022 Quarterly Financial Report - June 30, 2022

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










METRO VANCOUVER QUARTERLY FINANCIAL REPORT

Six Months Ended June 30, 2022

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At a Glance – Six Months Ended June 30, 2022

	Trend	Commentary
Operating Expenditures		For the six months ended June 30, 2022, operating expenditures are on target at 90% of the YTD expected budget. Operating expenditures represent 36.1% of the annual budget (\$369.8M out of \$1.0B) due to timing of capital contributions that occur later in the year.
Capital Budget		After six months, capital spending year-to-date represents 16.8% of the annual capital cash flow (\$234.2M out of \$1.4B) and 33.5% of the pro-rated YTD budget. It is anticipated this will improve during the summer construction period.
Solid Waste Revenue		
Tonnages		Q2 year-to-date total system tonnage is 17% higher than budget and 11% higher than the same period last year. Metro Vancouver system waste flows are significantly higher this year. This, in combination with tipping fee price increases, has contributed to higher than budgeted revenues.
Tipping Fee Revenues		Q2 year-to-date, tipping fee revenues are 7.3% higher than budget and 12% higher than last year.
Water Services Revenue		
Consumption		Q2 year-to-date water consumption is 4.9% lower than the YTD budget and 5.8% lower than the same period last year due to generally lower temperature this year.
Water Sales		Q2 year-to-date water sales revenue is 5.5% lower than the YTD budget and 5.5% lower than the same period last year due to lower consumption.
Other Variable Revenues		Variable revenues are dependent on timing of billing and are expected to be on target.
Awarded Procurements		11 awards were issued for the five months ended May 31, 2022. This represents 50% of last year's numbers and corresponds to 29% in terms of dollar value.
Cash Flows, Accounts Receivables and Collections		
Cash Flow Forecast		Projected annual cash balance remains positive in all modeled scenarios.
Accounts Receivables and Collections		AR is mostly current and the aging has improved comparable to the prior year. Overall, collection remains mostly on track with overdue balances for Water, Source Control Industrial (SCI) and Environmental Regulation & Enforcement (ER&E) invoices.
Housing Tenant Receivables		Outstanding rent balance of \$53K is comparable to prior months and slightly lower than prior year's balance of \$57K. Staff are working with tenants through payment plans. The Province's rent freeze ended on December 31, 2021.











Operating Budget Summary

Metro Vancouver Districts Operating Budget Summary Six Months Ended June 30, 2022					
	Annual Budget	Year-to-date Budget	Year-to-date Actual	% Actuals to YTD Budget	Year-to-date Variance
REVENUES					
Key Service Revenues					
Water Sales	\$ 329,365,517	\$ 140,929,042	\$ 132,940,929	94%	\$ (7,988,113)
Liquid Waste Services Levy	301,424,687	-	-	0%	-
Solid Waste Tipping Fees	112,909,870	56,441,725	60,977,444	108%	4,535,719
Metro Vancouver Regional District Requisitions	89,868,576	-	-	0%	-
Housing Rents	42,110,363	21,055,200	21,631,649	103%	576,449
	<u>875,679,013</u>	<u>218,425,967</u>	<u>215,550,022</u>	<u>99%</u>	<u>(2,875,945)</u>
Key Service Supplemental Revenues	<u>4,012,307</u>	<u>942,918</u>	<u>896,441</u>	<u>95%</u>	<u>(46,477)</u>
Variable Service Revenues	<u>38,217,925</u>	<u>15,024,812</u>	<u>17,950,203</u>	<u>119%</u>	<u>2,925,391</u>
Internal Transfers	<u>107,672,909</u>	<u>5,029,504</u>	<u>4,015,505</u>	<u>80%</u>	<u>(1,013,999)</u>
TOTAL REVENUES	\$ 1,025,582,154	\$ 239,423,201	\$ 238,412,171	100%	\$ (1,011,030)
EXPENDITURES					
Greater Vancouver Water District	\$ 338,434,643	\$ 112,506,996	\$ 103,805,377	92%	\$ 8,701,619
Greater Vancouver Sewerage and Drainage District					
Liquid Waste Services	392,967,276	156,246,447	144,130,644	92%	12,115,803
Solid Waste Services	122,991,007	59,780,071	55,806,650	93%	3,973,421
Metro Vancouver Housing Corporation	54,798,873	27,353,964	19,895,244	73%	7,458,720
Metro Vancouver Regional District	<u>116,390,355</u>	<u>55,472,405</u>	<u>46,117,598</u>	<u>83%</u>	<u>9,354,807</u>
TOTAL EXPENDITURES	\$ 1,025,582,154	\$ 411,359,883	\$ 369,755,513	90%	\$ 41,604,370
SURPLUS (DEFICIT)	\$ -	\$ (171,936,682)	\$ (131,343,342)		\$ 40,593,340

- For the six months ended June 30, 2022, operating expenditures are at 90% of the YTD expected budget. Operating expenditures represent 36.1% of the total annual budget (\$369.8M out of \$1.0B) largely due to timing of capital contributions that occur later in the year.

Metro Vancouver Districts Budget Utilization

■ Annual Budget ■ Year-to-date Budget ■ Year-to-date Actual

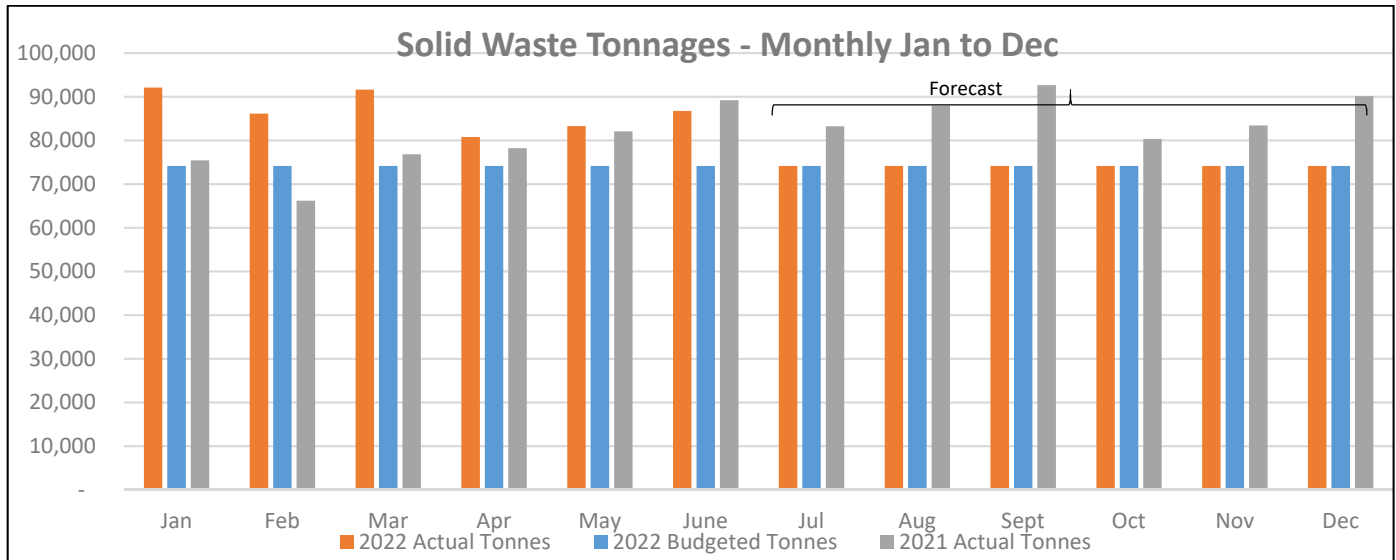
Six Months Ended June 30, 2022	Revenues	Expenditures	Commentary
Greater Vancouver Water District			<p>Both water sales and year-to-date expenditures are fairly close to prior periods and expectations. The cooler spring is having some slight downward impact on water sales to date.</p> <p>Staff vacancies, lower than budgeted spending related to deferred operating projects, and seasonality of expenditures have put downward pressure on the actuals for the first six months.</p>
Greater Vancouver Sewerage and Drainage District Liquid Waste Services			<p>There is no revenue variance for Liquid Waste Services due to timing of levy billings.</p> <p>Staff vacancies, lower than budgeted spending related to deferred operating projects, and seasonality of expenditures have put downward pressure on the actuals for the first six months.</p>
Greater Vancouver Sewerage and Drainage District Solid Waste Services			<p>Tipping fee revenues are higher than YTD budget and 12% higher than the same period in 2021. The increased fees are due to higher construction demolition material processing facility residuals, which historically haven't been delivered to the regional solid waste system. Economic recovery following the pandemic contributes to the increase in waste quantities.</p> <p>Expenditures are below budget as a result of timing of contract costs. Landfill costs will depend on actual Vancouver Landfill costs and quantity of waste delivered to that facility over the course of the year.</p>
Metro Vancouver Housing Corporation			<p>Housing's rental revenues have outperformed year-to-date budget due to lower than expected tenant rental assistance than anticipated at budget time.</p> <p>Expenditures, and their related funding, are trending lower due to delays in maintenance spending, related spending is anticipated to be in line by year end.</p>
Metro Vancouver Regional District			<p>Regional District expenditures are trending lower largely due to staff vacancies caused by the timing of hiring of positions and routine vacancies due to staff turnover.</p>

Capital Annual Expenditure Summary

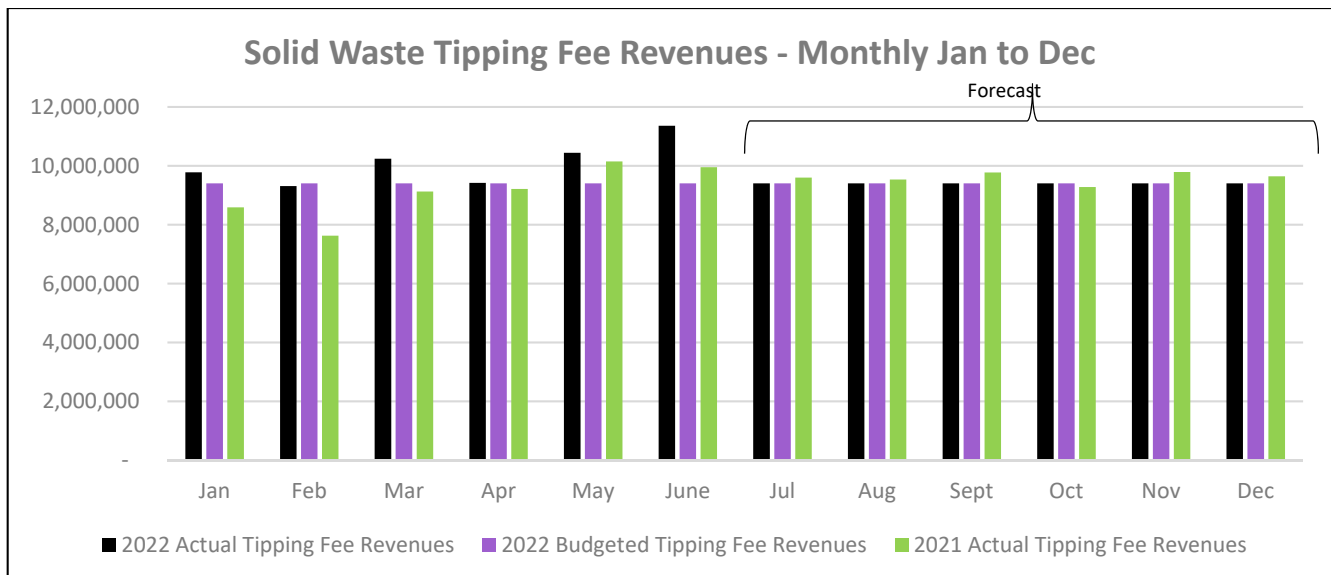
Metro Vancouver					
2022 Capital Spending Summary For the 6 months ending June 30, 2022					
	Annual	Year to Date			
	2022 Cash Flow	2022 Capital Cash Flow to June 2022	Actual Expenditures	% of Prorated Capital Cash Flow	% of Annual Capital Cash Flow
Housing Services					
Capital Replacement	9,918,180	4,959,000	4,384,009		
Development Capital	48,300,000	24,150,000	5,731,355		
	<u>58,218,180</u>	<u>29,109,000</u>	<u>10,115,364</u>	34.7%	17.4%
Liquid Waste Services					
Collections	187,337,000	93,670,000	16,157,447		
Treatment Plants	593,115,000	296,558,000	104,373,106		
	<u>780,452,000</u>	<u>390,228,000</u>	<u>120,530,553</u>	30.9%	15.4%
Regional Parks					
Capital Maintenance Projects	5,185,000	2,593,000	1,372,641		
Capital Development	15,505,000	7,754,000	1,277,157		
Parkland Acquisition Fund Projects	15,750,000	7,875,000	6,927,759		
	<u>36,440,000</u>	<u>18,222,000</u>	<u>9,577,557</u>	52.6%	26.3%
Solid Waste Services					
Landfills	2,350,000	1,175,000	56,548		
Recycling and Waste Centres	28,900,000	14,450,000	6,222,536		
Waste To Energy Facilities	17,750,000	8,875,000	1,611,470		
Opportunity	1,840,000	920,000	55,085		
	<u>50,840,000</u>	<u>25,420,000</u>	<u>7,945,639</u>	31.3%	15.6%
Water Services					
Water Mains	333,800,000	166,901,000	73,833,889		
Pump Stations	39,050,000	19,525,000	835,657		
Reservoirs	44,004,000	22,003,000	7,745,646		
Treatment Plants	22,025,000	11,013,000	756,049		
Others	32,394,000	16,198,000	2,824,515		
	<u>471,273,000</u>	<u>235,640,000</u>	<u>85,995,755</u>	36.5%	18.2%
Total	<u>1,397,223,180</u>	<u>698,612,000</u>	<u>234,164,867</u>	33.5%	16.8%

- Overall, year-to-date capital expenditures as of June 30, 2022 are \$234.2M, which represents 16.8% of the annual capital cash flow of \$1.4B, and 33.5% of the prorated YTD cash flow of \$698.6M.
- For Liquid Waste, total year-to-date capital expenditures as of June 30, 2022 are \$120.5M, which represents 15.4% of the annual capital cash flow of \$780.5M, and 30.9% of the prorated YTD cash flow of \$390.2M.
- For Water, total year-to-date capital expenditures as of June 30, 2022 are \$86.0M, which represents 18.2% of the annual cash flow of \$471.3M, and 36.5% of the prorated YTD cash flow of \$235.6M.

Solid Waste Tipping Fees and Tonnages

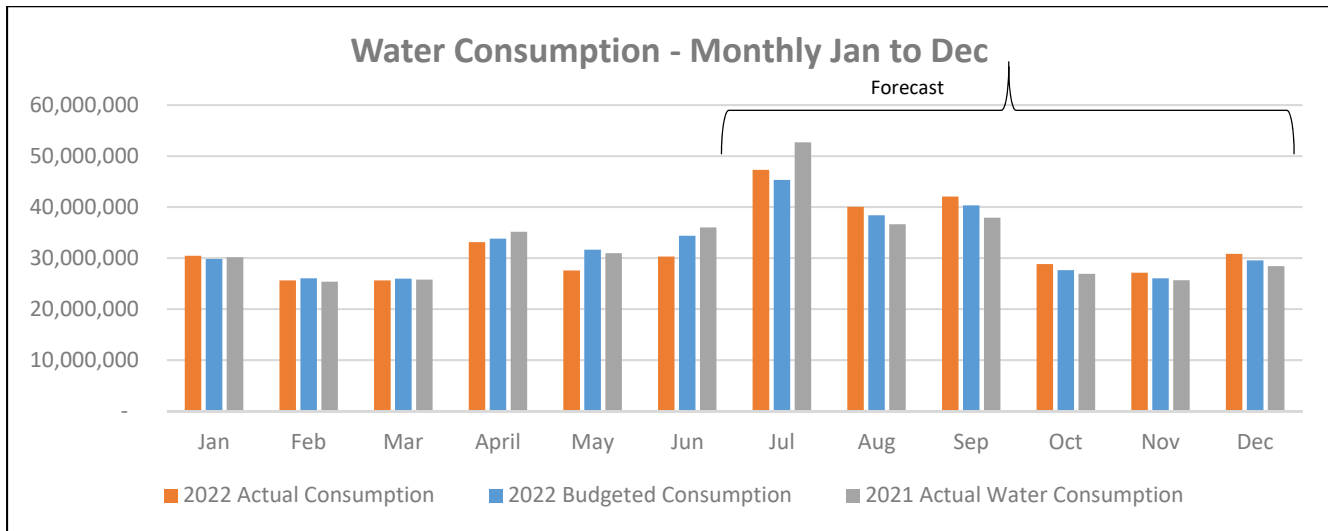


- Year to date tonnage of 508,065 is 17% higher than the budget and 11% higher than the same period last year.
- Metro Vancouver system waste flows are significantly higher this year. This, in combination with tipping fee price increases, has contributed to higher than budgeted revenues.
- The total 2022 budget for tonnage is 890,000 tonnes.

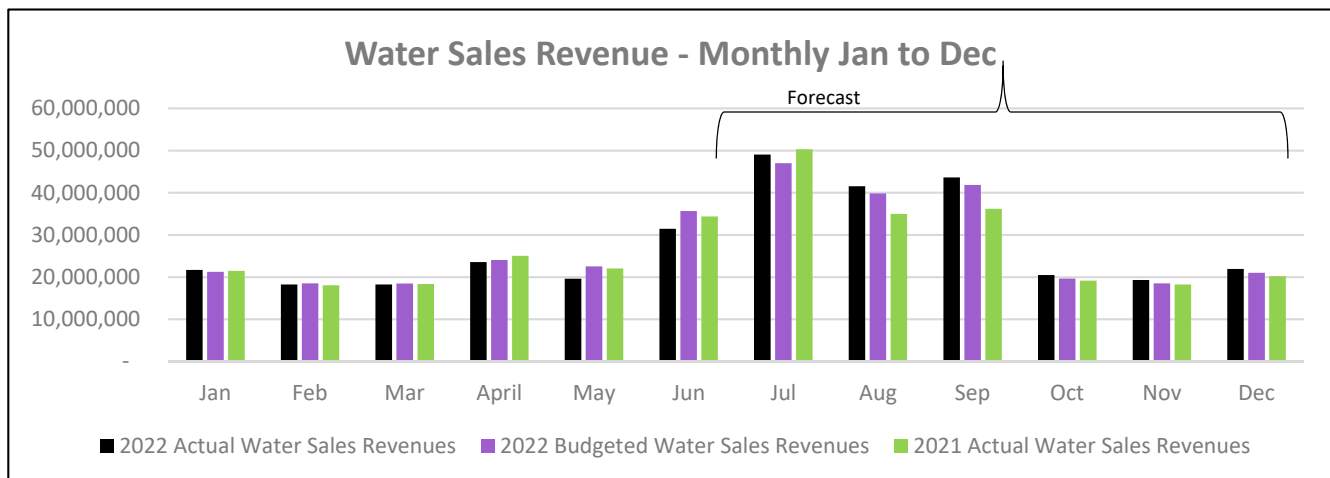


- Year-to-date Solid Waste total system revenues are \$61M, which is 7.3% higher than budget and 12% higher than the same period last year.
- The total 2022 annual budget for tipping fee revenues is \$112.9M.

Water Services Water Sales and Consumption



- Year-to-date water consumption is 172.8M m³, which is 4.9% lower than the YTD budget and 5.8% lower than the same period last year due to generally lower temperature this year.
- The total 2022 annual water consumption budget is 389M m³.



- Year-to-date water sales revenue is \$132.9M which is 5.5% lower than the YTD budget and 5.5% lower than same period last year due to lower consumption.
- The total annual 2022 water sales revenue budget is \$329.4M.

Other Variable Revenues

	2022 Budget	% Budget	YTD Budget	January Actuals	February Actuals	March Actuals	April Actuals	May Actuals	June Current	YTD Actuals	YTD Variance Budget to Actual
Variable Service Revenues:											
Liquid Waste Industrial Charge	12,262,636	32.1%	3,065,659 (1)	-	26,875	145,210	-	2,976,823	193,260	3,342,169	276,510
Energy Sales	6,401,758	16.8%	3,200,880 (2)	826,788	635,204	712,386	505,570	538,200	463,134	3,681,282	480,402
User Fees	5,977,543	15.6%	2,468,199 (3)	353,473	344,349	562,581	395,941	713,914	395,594	2,765,851	297,652
Non-Road Diesel Permit Fees	1,070,000	2.8%	524,300	111,891	94,479	105,155	98,869	101,076	97,946	609,417	85,117
Love Food Hate Waste	400,000	1.0%	199,998 (4)	354,429	-	6,000	-	5,763	-	366,192	166,194
Zero Waste Conference	337,000	0.9%	168,500 (5)	-	-	3,150	2,800	38,075	9,503	53,528	(114,973)
Other External Revenues	11,768,988	30.8%	5,397,276 (6)	159,740	3,093,492	957,172	1,186,743	777,589	957,027	7,131,764	1,734,488
	<u>\$ 38,217,925</u>	<u>100.0%</u>	<u>\$ 15,024,812</u>	<u>\$ 1,806,322</u>	<u>\$ 4,194,400</u>	<u>\$ 2,491,654</u>	<u>\$ 2,189,923</u>	<u>\$ 5,151,440</u>	<u>\$ 2,116,464</u>	<u>\$ 17,950,203</u>	<u>\$ 2,925,391</u>
Total Variable Service Revenues	\$ 38,217,925	100.0%	\$ 15,024,812	\$ 1,806,322	\$ 4,194,400	\$ 2,491,654	\$ 2,189,923	\$ 5,151,440	\$ 2,116,464	\$ 17,950,203	\$ 2,925,391

1. Liquid Waste industrial charges are slightly ahead of budget and expected to remain on target by year-end.
2. Energy sales are slightly ahead of budget and expected to remain on target by year-end.
3. User sales are slightly ahead of budget and expected to remain on target by year-end.
4. YTD variance for Love Food Hate Waste campaign is mostly due to 2022 funding received last year in 2021, which was deferred and brought into revenue in the current year in accordance with the accounting standards.
5. The YTD variance for Zero Waste Conference is due to the timing of billings as ticket sales will be generated 2-3 months leading up to September when the annual ZWC will take place.
6. Other external revenues include grant, merchandise sales, filming, parking, housing laundry, and other miscellaneous revenues. The revenues in this category tend to fluctuate month over month due to the nature of the revenues. Most of the YTD variance is driven by timing of receipt for the Grants in Lieu of Taxes and the annual contract payments which are collected at the anniversary dates.

Awarded Procurement

- Procurement data is updated 4 times per year. The most recent report is to May 31st.
- Below figures are compiled from the Tender/Contract Award Information as provided to the Performance and Audit Committee (PAU).
- Awards less than \$5 million refer to contracts in excess of \$500,000 and below \$5 million as \$500,000 is the threshold for contracts be reported to the Performance and Audit Committee.
- The number of awards issued up to May 2022 represents 50% of last year's numbers, or 29% in terms of dollar value. While the total value will fluctuate depending on the nature of awards, the total number remains fairly consistent compared to prior years except for 2020 due to global pandemic.

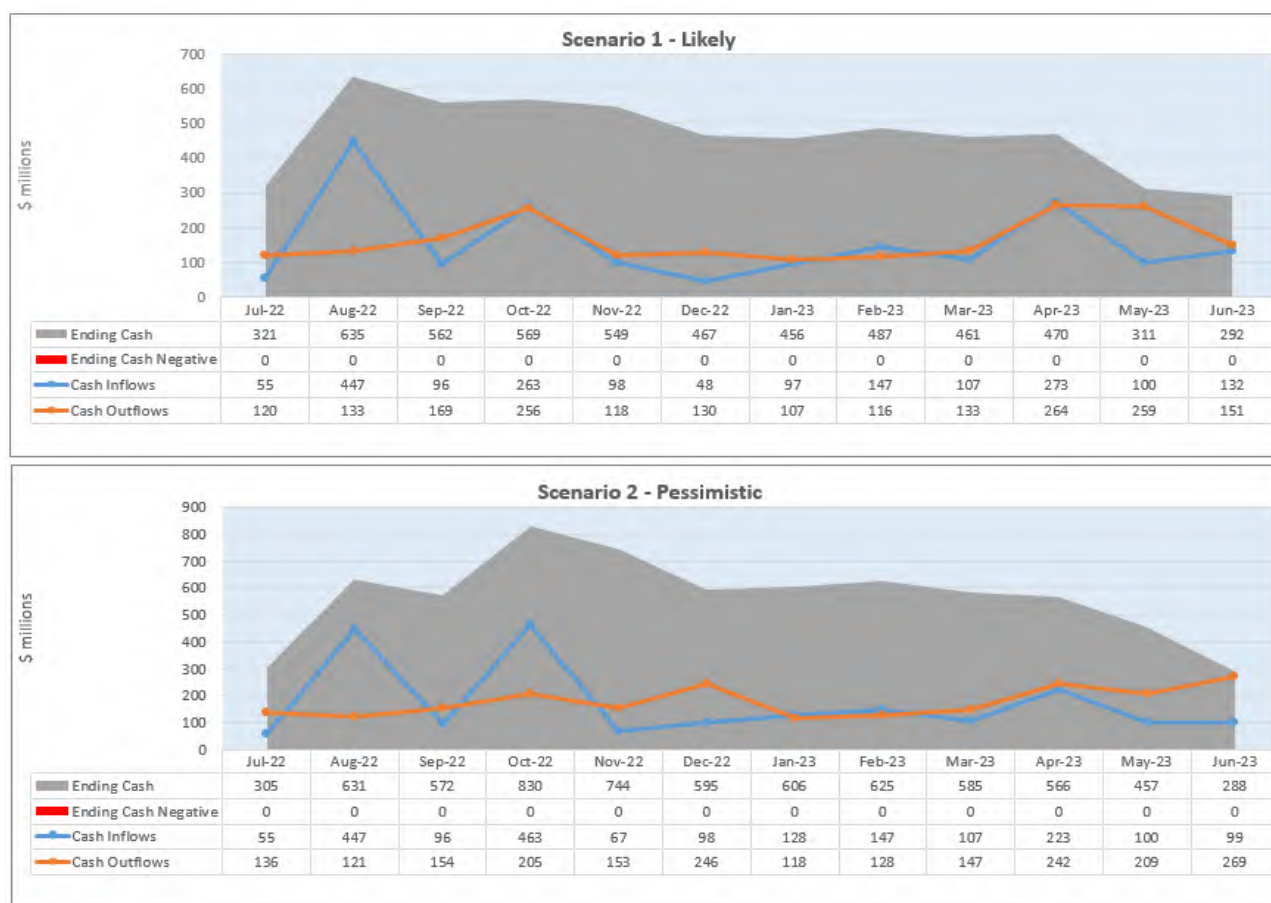
Award Type	2022*	2021	2020	2019
Board Awarded	11	25	16	26
Less than \$5 Million	27	51	51	42
Totals:	38	76	67	68

Award Type	2022*	2021	2020	2019
Board Awarded	\$215,842,419	\$798,139,628	\$163,365,307	\$812,341,330
Less than \$5 Million	\$46,565,633	\$92,545,559	\$98,731,113	\$60,111,064
Total:	\$262,408,052	\$890,685,187	\$262,096,420	\$872,452,394

*Jan-May due to timing of the PAU meeting

Cash Flow Scenarios

Risk Assumptions	
Scenario 1: Likely <ul style="list-style-type: none"> Housing – 1.5% rent rate increase budgeted for 2022 Fall 2022 \$200 million and Spring 2023 \$350 million MFA Long Term borrowing (\$550 million total) MFA short term borrowing \$50 million per month starting January 2023 – March 2023 (\$150 million total) & May 2023 – June 2023 (\$100 million total) 	Scenario 2: Pessimistic <ul style="list-style-type: none"> Housing – 1.5% rent rate increase budgeted for 2022 Fall 2022 \$400 million and Spring 2023 \$350 million MFA Long Term borrowing (\$750 million total) MFA short term borrowing \$50 million per month starting December 2022 – March 2023 (\$200 million total) & May 2023 – June 2023 (\$100 million total)



- Cash balance is expected to remain positive over the next 12 months under the likely and pessimistic scenario.
- Staff are working closely with MFA to implement a temporary short term borrowing program to facilitate cash management and backstop potential long-term funding limitation. Estimated start is in Fall 2022.

Accounts Receivable and Collections

AR Aging Report (Excluding Housing)

As at June 06, 2022	Amount Owning	Current	1-30 Days	31-60 Days	61-90 Days	Over 90 Days
Solid Waste	5,946,745	5,841,844	104,610	0	292	0
	100.00%	98.24%	1.76%	0.00%	0.00%	0.00%
Water	8,085,576	7,864,667	4,152	0	216,757	0
	100.00%	97.27%	0.05%	0.00%	2.68%	0.00%
Other	2,017,712	1,027,052	921,636	9,245	30,084	29,695
	100.00%	50.90%	45.68%	0.46%	1.49%	1.47%
Consolidated Current Year	16,050,033	14,733,562	1,030,397	9,245	247,134	29,695
	100.00%	91.80%	6.42%	0.06%	1.54%	0.19%
Consolidated Prior Year	39,853,575	29,254,638	7,845,867	8,547	191,601	2,552,922
	100.00%	73.41%	19.69%	0.02%	0.48%	6.41%
\$ Change	(23,803,541)	(14,521,076)	(6,815,470)	699	55,533	(2,523,227)

- Solid Waste – is mostly current. \$105K remain overdue in the 1-30 Days category. Staff are following up.
- Water – is mostly current. \$216K remain overdue in the 61-90 Days category. Staff are following up.
- Other – \$875K of the \$922K remain overdue in the 1-30 Days category is related to Liquid Waste industrial charges. Staff are following up. Finance is working with the respective departments to assess delinquent accounts on a case by case basis to determine appropriate course of action which may include the use of collections agency following a reasonable notice period.
- Overall, the AR is mostly current and the aging has improved comparable to the prior year.

Housing Tenant Receivable

Housing Aged Outstanding Tenant Rent (in 1000s)													
	As of Jun 30, 2021	As of Jul 31, 2021	As of Aug 31, 2021	As of Sep 30, 2021	As of Oct 31, 2021	As of Nov 30, 2021	As of Dec 31, 2021	As of Jan 31, 2022	As of Feb 28, 2022	As of Mar 31, 2022	As of Apr 30, 2022	As of May 31, 2022	As of June 30, 2022
Total Expected Monthly Revenue (1)	\$ 3,522	\$ 3,533	\$3,532	\$3,521	\$ 3,544	\$3,534	\$3,551	\$3,560	\$3,546	\$3,554	\$3,565	\$3,565	\$3,551
Cumulative Outstanding Rent (2)	\$ 57	\$ 60	\$57	\$49	\$52	\$58	\$53	\$50	\$56	\$57	\$59	\$54	\$53

(1) Excludes commercial housing (essential services, no deferral anticipated)

(2) Life-to-date Cumulative Balance. Includes other charges such as miscellaneous chargebacks and deposits.

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022 Meeting Date: July 14, 2022

Subject: **Treasury Report – March 1, 2022 to May 31, 2022**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 27, 2022 titled “Treasury Report – March 1, 2022 to May 31, 2022”.

EXECUTIVE SUMMARY

The annualized investment returns for Metro Vancouver at May 31, 2022 was 1.20% for Short-Term, 2.30% for Long-Term and 2.28% for the Cultural Reserve Fund. Investment performance is comparable with benchmarks. Results and balance information cover the three-month period from March through May.

Treasury reported to the Committee in April 2022, and since that time, in response to rising inflation, the Bank of Canada increased the overnight borrowing rate by 100 basis points, resulting in both higher borrowing costs and higher investment returns for Metro Vancouver.

Finance staff are investigating cash management strategies to mitigate risks associated with higher than normal inflationary environment. An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. This practice is similar to what is used by the member municipalities. The temporary borrowing program is being reported through the Finance Committee for approval by the Metro Vancouver’s Boards on July 29th.

PURPOSE

To provide the Performance and Audit Committee the investment performance for the period ending May 31st, 2022 and to highlight emerging economic issues and our responses to these challenges.

BACKGROUND

The Treasury Report is presented to the Committee to keep members informed on important updates relating to Metro Vancouver’s investments and related treasury risks. The *Corporate Investment Policy* requires that an investment update report be presented to the Committee three times per year. The period covered by the report will vary depending on the timing of the committee meeting. The current report includes balance and information to the end of May 2022.

This report is also an opportunity to discuss emerging issues such as emerging financial risks and the steps being taken to manage these risks.

INVESTMENT CATEGORIES

Short term investments have terms of less than one year at the time of investment. These may include Bankers' Acceptances, Canadian Bank Bonds and Credit Union Term Deposits.

Long term investments have terms greater than one year at the time of investment. These investments may include Canada, Provincial, and Canadian Bank bonds, Guaranteed Investment Certificates, Credit Union Term Deposits greater than one year and MFA pooled funds.

Cultural Reserve investments are long term investments whose revenues have been set aside to fund Metro Vancouver's annual contributions to cultural activities.

OVERALL INVESTMENT RETURNS

Table 1

2022 SUMMARY OF INVESTMENT RESULTS				
PERIOD	SHORT TERM*	LONG TERM	CULTURAL RESERVE	TOTAL**
January	0.08%	0.18%	0.19%	0.10%
February	0.08%	0.17%	0.18%	0.10%
March	0.10%	0.18%	0.20%	0.12%
April	0.11%	0.20%	0.19%	0.13%
May	0.13%	0.23%	0.19%	0.16%
2022 Annualized Estimate	1.20%	2.30%	2.28%	1.46%

* Includes cash and high-interest savings account balances

**Weighted average return of short-term, long-term and cultural reserve fund

Investment Performance

Table 2 summarizes the amounts held in the short term, long term and cultural reserve portfolios and the estimated annualized yield for each.

Table 2

INVESTMENT PORTFOLIO BREAKDOWN									
PERIOD ENDING	SHORT TERM			LONG TERM			CULTURAL RESERVE		
	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD
February 28, 2022	\$112.5M	37.60%	0.96%	\$184.9M	61.70%	2.10%	\$2.2M	0.7%	2.22%
May 31, 2022	\$152.8M	37.10%	1.20%	\$257.3M	62.40%	2.30%	\$2.2M	0.5%	2.28%

Appendices 1 and 2 detail the performance during the period compared to benchmarks. The portfolios exceeded all benchmarks for the period, except the MFA Bond Fund, due to the pace of increasing interest rates. Treasury expects to meet all its benchmarks as maturing investments are re-invested in higher yielding bonds.

Investment Holdings and Limits

Investments by counterparty as percentage of the total portfolio and the maximum limits per the policy have been included in Appendix 4.

The portfolio continues to be heavily weighted in financial institutions, with large cash holdings, due to the significant cash demands of the capital program. However, the cash balance has been reduced since the February report as some funds have been moved to short and long-term investments.

Looking at the “days to maturity” for all investments including cash, 17.7% will mature in the next 12 months and 29.8% will mature beyond 12 months. The remaining 52.5% are held in HISA and is fully liquid. The expected maturity by sector can be found in Appendix 3 of this report.

EMERGING RISKS

Rising Interest Rates and Inflation

In the past three months, the *Bank of Canada (BOC)* has increased the overnight lending rate from 0.50% to 1.50%. This was done through two increases of 50 basis points at the BOC’s last 2 meetings. This action was taken as a response to the inflation rate being higher than the BOC’s target range of 2%. There is an expectation from the market that the BOC will continue to increase rates for the remainder of 2022. The BOC’s next scheduled meeting to announce a rate increase is July 13th.

The purchasing power of Metro Vancouver’s investments is diminished when inflation is higher. In addition, the costs for ongoing and future projects are increased. Canada’s year over year inflation rate in May, compared to May 2021, was 7.7%, the highest inflation rate in nearly 40 years.

Since March 2022, the US Fed has increased its interest rate from a range of 0.00%-0.25% to a range of 1.50%-1.75%. In June, in response to continued inflation concerns, the rate increase was a higher than usual 75 basis points. Inflation in the United States was 8.6% in May 2022, when compared to prices 12 months ago. Further rate hikes are expected in the coming months. The US Fed’s next meeting is at the end of July.

As interest rates increase, the cost of borrowing for Metro Vancouver also increases. Treasury is carefully monitoring how these increases will affect our debt servicing costs and our budgets. The projected MFA long-term borrowing rate for the fall 2022 borrowing is 4.35%.

MANAGING RISKS

Temporary borrowing

An opportunity exists to improve cash management by using temporary borrowing, which will reduce the amount of cash on hand and maximize cash invested in the long-term investment portfolio. By using Temporary borrowing, funds needed to pay suppliers can be borrowed in smaller amounts and more frequently than the current long-term borrowing process through MFA. It is anticipated that this program will result in \$1.8 million a year in additional returns, across the organization as a whole. This practice is similar to what is used by the member municipalities. The temporary borrowing program is being reported through the Finance Committee for approval by the Metro Vancouver’s Boards on July 29th.

Additional steps

In addition, higher inflation makes future contracts more expensive. Treasury is working with our procurement team to determine how best to manage the pressures of increasing costs. This may include pre-purchasing materials or negotiating limits to cost overruns into the agreements.

Finance staff will be revisiting our capital plan to understand the impact of inflation on planned projects as part of the 2023 budget process.

Another approach to managing the increasing costs of borrowing is to explore a hedging program for our borrowing. Using this approach will help to create more certainty of the cost of borrowing over medium and long term.

ONGOING MATTERS

Environmental, Social and Governance (ESG)

As part of the investment policy approved on November 27, 2020, staff committed to providing an update on the Environmental, Social and Governance (ESG) investing environment to inform the continued evolution of the Metro Vancouver investment policy.

Metro Vancouver remains committed to the principals of ESG and continues to monitor developments in this area. In addition to environmental factors, there are related goals such as social equality and access to suitable housing for every resident in the region. Treasury staff are working with MFA and other municipalities to report on ESG projects and understand the framework for ESG reporting.

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

Overall portfolio returns remain modest, but are trending higher, as rates increase. At the same time, while rates of return are higher, the rising cost of inflation results in a negative real rate of return on our investment portfolio.

CONCLUSION

Overall, investment performance for the period met expectations. Metro Vancouver's portfolios hold quality investments and are well positioned as rates trend higher. The overall rate of return is expected to be higher over the next several months as rates continue to increase and investments mature and are reinvested at higher rates. A significant percentage of the portfolio will continue to be held in cash for liquidity.

At the same time, higher inflation rates will erode the value of our portfolio and result in higher costs for future and ongoing projects, and for interest costs of borrowing. Finance staff continue to re-assess our cash management strategies to find ways to optimize returns.

Attachments:

Appendix 1 – Short Term Portfolio – Investment Results and Comparison to Benchmarks

Appendix 2 – Long Term Portfolio – Investment Results and Comparison to Benchmarks

Appendix 3 – Investment Maturity Charts

Appendix 4 – Investment Holdings and Maximum Limit

Appendix 5 – Canada Benchmark Curve

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APPENDIX 1

INVESTMENT RESULTS - SHORT TERM PORTFOLIOS				
2022 Comparison to Benchmarks				
	SHORT TERM*	ONE MONTH B/A**	THREE MONTH B/A**	MFA MONEY MARKET FUND
January	0.08%	0.02%	0.04%	0.03%
February	0.08%	0.03%	0.05%	0.04%
March	0.10%	0.05%	0.07%	0.06%
April	0.11%	0.08%	0.11%	0.09%
May	0.13%	0.11%	0.15%	0.11%
2022 Annualized Estimate	1.20%	0.70%	1.02%	0.79%

* Includes cash and high-interest savings account balances

** Per IIROC BA Rate History

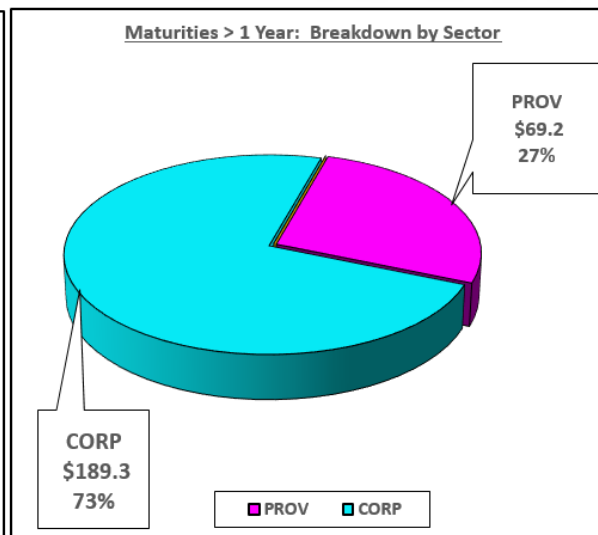
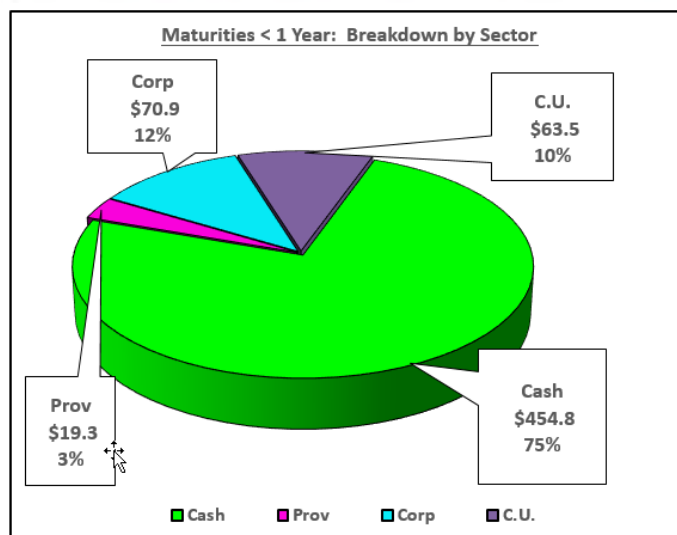
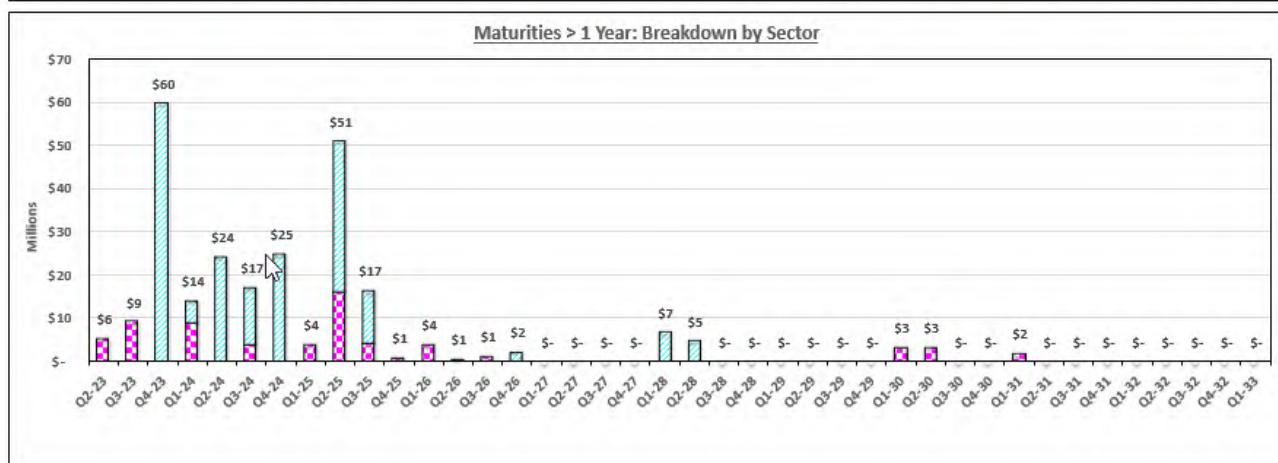
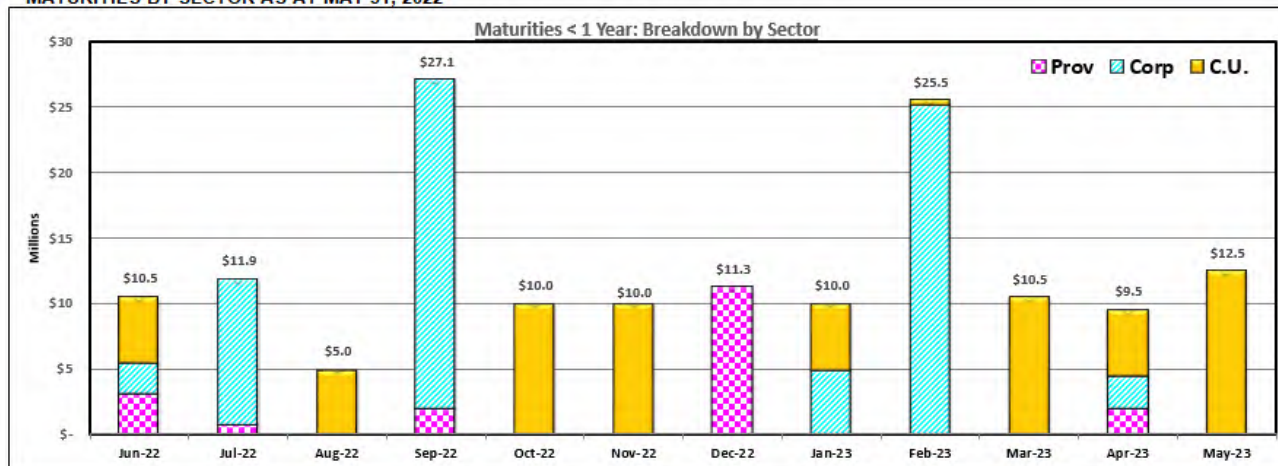
APPENDIX 2

2022 INVESTMENT RESULTS - LONG TERM PORTFOLIOS				
Comparison to Benchmarks				
PERIOD	LT PORTFOLIO	CULTURAL RES	MFA GOVT FOCUSED ULTRA- SHORT BOND FUND (Average Yield*)	MFA BOND FUND (YTM*)
January	0.18%	0.19%	0.09%	0.15%
February	0.17%	0.18%	0.11%	0.16%
March	0.18%	0.20%	0.16%	0.23%
April	0.20%	0.19%	0.22%	0.27%
May	0.23%	0.19%	0.22%	0.27%
2022 Annualized Estimate	2.30%	2.28%	1.89%	2.61%
Average term-to-maturity	2.19 Years	2.04 Years	0.89 Years	2.59 Years

*Starting October 2020, MFA is no longer providing Average Yield in their monthly performance reports. Instead, MFA discloses the Yield to Maturity which is the total return anticipated if securities held in the fund are held until maturity.

APPENDIX 3

MATURITIES BY SECTOR AS AT MAY 31, 2022



APPENDIX 4

METRO VANCOUVER

INVESTMENT HOLDINGS AND LIMITS AS AT MAY 31, 2022

	(% of total portfolio)	
	Corporate Policy Limit	Investments as at May 31, 2022
Canada	100.0%	0.0%
Provinces rated AA- or better by S&P (or equivalent)		
British Columbia	50.0%	0.0%
Saskatchewan	50.0%	0.0%
Provinces rated A- or better by S&P (or equivalent)		
Alberta	30.0%	0.0%
New Brunswick	30.0%	0.2%
Ontario	30.0%	2.4%
Quebec	30.0%	4.5%
Manitoba	50.0%	1.3%
Nova Scotia	30.0%	0.4%
Newfoundland	30.0%	0.6%
Prince Edward Island	30.0%	0.0%
Subtotal	50.0%	9.40%
Municipal Finance Authority of BC	15.0%	1.9%
Government Term 11-30 years	5.0%	0.0%
SCHEDULE I/II BANKS		
Bank of Montreal	20.0%	16.4%
Bank of Nova Scotia	20.0%	17.4%
CIBC	20.0%	6.2%
Royal Bank of Canada	20.0%	8.0%
TD Bank	20.0%	6.3%
HSBC Bank Canada	15.0%	1.4%
National Bank of Canada	15.0%	11.6%
Manulife Bank	15.0%	4.6%
Canadian Western Bank	15.0%	9.4%
BC CREDIT UNIONS		
Vancity	20.0%	3.7%
CoastCapital	20.0%	0.0%
Westminster Credit Union	20.0%	0.0%
Blueshore	20.0%	2.3%
First West	20.0%	0.1%
Prospera	20.0%	0.0%
G&F Financial	20.0%	1.2%
Subtotal	50.0%	7.3%
BC Credit Union Long 2-5 years	30.0%	0.0%
Caisse Central Desjardins	5.0%	0.0%

APPENDIX 5

The Bank of Canada yield curve is higher than it has been the past two years. For periods longer than 10 years the rate is much higher. As of May 31, 2022, 10 year Canada benchmark bonds traded at 2.8%. This compares to a rate of 1.5% in May 2021 and 0.5% in May 2020. In June 2022, rates have moved even higher, with 5, 10 and 30 year yields all above 3.25%.

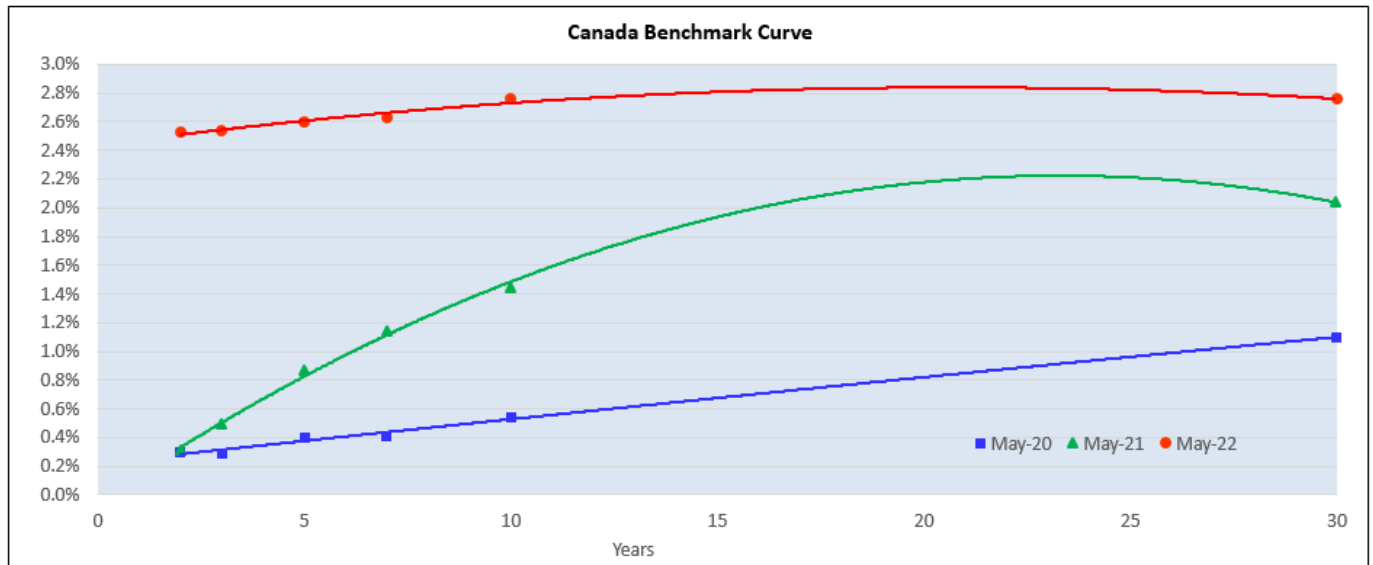


Table 2

To: Performance and Audit Committee

From: Linda Sabatini, Acting Director, Financial Operations

Date: June 27, 2022 Meeting Date: July 14, 2022

Subject: **Status of Asset Retirement Obligation Project**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 27, 2022, titled "Status of Asset Retirement Obligation Project".

EXECUTIVE SUMMARY

The *Canadian Public Sector Accounting Standards ("PSAS")*, followed by Metro Vancouver in the preparation of its annual audited financial statements, introduced a new *asset retirement obligation ("ARO")* standard for implementation December 31, 2023. Under the new standard, the costs to retire or decommission a *tangible capital asset ("TCA")* are to be reported as liabilities, at the time the asset is acquired, developed or constructed. Currently these costs are expensed as they are incurred.

Metro Vancouver has identified potential AROs in the Parks Department, MVHC and Solid Waste Operations and are in the process of reviewing cost estimates to determine the impact on the financial statements. Efforts to calculate the AROs in Water and Liquid Waste Services are in the early stages. Based on work performed to date, it is anticipated that Metro Vancouver will complete the required audit requirement for the preparation of the December 31, 2023 financial statements.

In terms of potential budget and rate impact, as part of the capital planning process, Metro Vancouver includes the cost of retiring and decommissioning a TCA in the overall capital plan and appropriate funding decisions are made during the budget process.

PURPOSE

To provide the Performance and Audit Committee with the progress of work performed on the new *Public Sector Accounting Standard 3280 ("PS3280")*, called *Asset Retirement Obligations ("ARO")*, to be implemented fiscal year ending December 31, 2023.

BACKGROUND

Metro Vancouver's annual audited financial statements are prepared in accordance with *Canadian public sector accounting standards ("PSAS")*. The ARO standard, PS3280, was issued by the PSAS Board in August 2018 for implementation December 31, 2022. However, as a result of the COVID19 pandemic, PSAS extended the implementation deadline to December 31, 2023. The standard provides guidance on how to account for and report a liability related to the retirement and decommissioning of an asset.

With the implementation of the new ARO standard, PSAS will be rescinding the existing landfill obligation standard, PS3270, that is being followed by Metro Vancouver to record its Solid Waste landfill liability. Beginning in 2023, the accounting treatment for landfill closure and post-closure liabilities will adopt the requirements of the new ARO standard, PS3280.

ASSET RETIREMENT OBLIGATION (ARO) DEFINITION

An ARO is a legal obligation associated with the retirement or decommissioning of a TCA controlled by a public sector organization. The obligation can be legislated, contractual or created by promissory estoppel and can include post-retirement operation, maintenance and monitoring costs. Examples include, removal of asbestos, leased site restoration and landfill closure and post-closure costs. An ARO does not include routine replacement or maintenance, remediation of contamination from an unexpected event, preparation of a site for sale or the selling costs. It also does not include the cost to replace an asset.

FINANCIAL STATEMENT IMPACT OF AROs

When an ARO exists, the new accounting standard will require that costs to retire and decommission the TCA be recorded as a liability, with an equal offsetting increase to the carrying amount of the related TCA. Initially, both the liability and the increase to the asset value are recorded on the Statement of Financial Position (the statement that is similar to the Balance Sheet in public companies), thereby having no impact to the Statement of Operations, as no expenditure is recorded.

AROs will generally occur in the future so the initial value recorded in the financial statements is discounted and recorded at the present value of the liability. In subsequent years, until the liability is settled or otherwise extinguished, the ARO is adjusted annually for accretion and changes to estimates, taking into account inflation. In addition, by initially adding the cost of the ARO to the related TCA, the ARO will be amortized in a rational and systematic manner, consistent with the related asset. Both the accretion adjustment and the amortization will be recorded as expenditures in the Statement of Operations. However, neither of these expenditures requires a cash outlay until the asset is actually retired, so there is no impact to the cash balance in the financial statements.

As part of the capital planning process, Metro Vancouver includes the cost of retiring and decommissioning a TCA in the overall capital plan and appropriate funding decisions are made during the capital planning process. The PSAS ARO standard will highlight the estimated amounts that will need to be included in the capital plan and funded in the future as assets are retired.

UPDATE ON THE ARO PROJECT AT METRO VANCOUVER

Metro Vancouver began working on the ARO project in 2020, however with COVID, the project was put on hold as Finance staff dealt with operational impacts of COVID.

The overall approach at Metro Vancouver to implement the new ARO standard is to review significant assets that will have a material impact on the financial statements. Finance staff have had initial discussions with Metro Vancouver's auditors regarding the approach and will continue to engage and involve the auditors throughout the project to ensure Metro Vancouver's ARO approach satisfies their audit requirements.

The following provides a summary of work performed to date on the new ARO standard.

Buildings and Structures in MVHC

The approach to MVHC's ARO determination was to review buildings and structures constructed prior to 1990 that may contain asbestos. Through analysis, there are approximately 2,900 units built prior to 1990 with potential asbestos.

Finance staff are in the process of using the asbestos removal costs from the Heather Place project to extrapolate and determine the AROs for Housing. In 2017, the demolition costs were \$65K for 23,000 square feet at Heather Place Phase 1. Applying a construction inflation factor results in a cost of \$3.72 per square foot in 2022. Finance will use this rate to the estimate of the ARO for the units identified, with additional consideration for units that may have been renovated since 1990 and thus asbestos already removed.

Buildings and Structures in Parks

In Parks, there are approximately 200 structures identified as constructed prior to 1990, that potentially contain asbestos or other contamination. Buildings and structures were broken out into three categories to segregate the complexity of the structure.

- Category 1 structures are small or modular buildings such as small sheds, steel containers or pit toilets,
- Category 2 have little or no interior finishing or utilities, such as barns and workshops, and
- Category 3 are fully furnished and have utilities, such as houses and parks office sites.

The estimated ARO for Parks related to these 200 structures is \$2.2 million. This was calculated using actual invoices from demolishing other Parks' structures. Finance staff are in the process of reviewing these estimates and determining the accretion and amortization impact on the financial statements.

Solid Waste Operations

With the implementation of PS3280 in 2023, the existing landfill obligation standard, PS3270, that is followed by Metro Vancouver to record the Solid Waste landfill liability, will be rescinded. Beginning in 2023, the accounting treatment for landfill closure and post-closure liabilities will adopt the requirements of the new ARO standard, PS3280. The new standard requires that the full present value of the liability be recorded in the financial statements as opposed to the current method of recording the liability incrementally as the landfill is used.

One of the requirements to record an ARO, under PS3280, is for the public sector to control the asset. In the case of the Vancouver landfill, located in Delta, the City of Vancouver operates the landfill. In accordance with an agreement with the City of Vancouver, GVS&DD is responsible for its proportionate share of the closure and post-closure costs based on usage. These costs are estimated by City of Vancouver's engineering department. As a result of PS3270 being rescinded, the measurement and presentation of the liability in Metro Vancouver's financial statements is being discussed with Metro Vancouver's auditors to determine the appropriate financial statement disclosure. If an ARO does not exist, Metro Vancouver will continue to record its share of the closure and post-closure costs as a liability under other sections of PSAS, without the need to record amortization or accretion as with AROs.

In addition to landfill liability issue, AROs in Solid Waste have been identified for small amounts of asbestos and lead contamination at each of the transfer stations, Cache Creek and Ashcroft ranch properties and the Waste-to-Energy facility. Cost estimates are being reviewed to determine the potential liability.

Water and Liquid Waste Services

Work on AROs for Water Services and Liquid Waste services is in the early stages. Finance staff are working on gathering a list of assets with potential AROs and will be working with the Metro Vancouver's engineers to determine future ARO liabilities.

ALTERNATIVES

This report is provided for information; no alternatives are presented.

FINANCIAL IMPLICATIONS

The new ARO standard, PS3280, to be implemented December 31, 2023 will result in the disclosure of ARO liabilities in the annual financial statements, an offsetting increase in the carrying value of the TCAs and the annual subsequent recording of accretion and amortization expenses. The amounts will initially have no cash impact to Metro Vancouver's budget but will highlight the amounts to be included and funded in the future as assets are retired or decommissioned.

CONCLUSION

The new ARO standard, PS3280, that will need to be implemented by December 31, 2023 will result in the disclosure of ARO liabilities in the annual financial statements, with an offsetting increase in the carrying value of the related TCA, and the annual subsequent recording of accretion and amortization expenses. To date, significant progress has been made to identify assets with potential AROs in the Parks Department, MVHC and Solid Waste Operations. Efforts to calculate the ARO liabilities in Water and Liquid Waste Services are in the early stages. Based on work performed to date, it is anticipated that Metro Vancouver will complete the required audit requirement for the preparation of the December 31, 2023 financial statements.

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To: Performance and Audit Committee

From: Roy Moulder, Director, Procurement
Procurement and Real Estate Services Department

Date: June 28, 2022 Meeting Date: July 14, 2022

Subject: **Tender/Contract Award Information – March 2022 to May 2022**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 28, 2022 titled “Tender/Contract Award Information – March 2022 to May 2022”.

EXECUTIVE SUMMARY

During the period March 1, 2022 and May 31, 2022, the Procurement Division issued twenty-two (22) new contracts, each with a value in excess of \$500,000 (exclusive of taxes). In addition, there were ten (10) existing contracts requiring contract amendments which necessitate further reporting to the Performance and Audit Committee. The 10 amendments experienced additional costs resulting from either scope changes and project extensions due to site conditions or third party regulatory requirements.

All awards and amendments were issued in accordance with the “*Officers and Delegation Bylaws 1208, 284 and 247 – 2014*” and the “*Procurement and Real Property Contracting Authority Policy*”.

PURPOSE

To provide the Performance and Audit Committee information with regard to contracts, handled through the Procurement Division, with a total anticipated value at or in excess of \$500,000 (exclusive of taxes).

BACKGROUND

The Procurement Division of Metro Vancouver awards contracts for goods, services and construction in accordance with the “*Officers and Delegation Bylaws 1208, 284 and 247 – 2014*” (*Bylaws*), and the “*Procurement and Real Property Contracting Authority Policy*” (*Policy*) adopted by the Board of Directors on July 11, 2014, effective September 1, 2014. These *Bylaws* and *Policy* outline thresholds for competitive bidding and contracting authorities. Contracts in excess of \$500,000 will be reported to the Performance and Audit Committee to align with the thresholds outlined in the Policy.

Capital projects may result in the awarding of one or more contracts to complete the project. Budget availability is verified prior to the execution of contracts.

NEW CONTRACTS - \$500,000 to \$5,000,000

The following contracts were **awarded** during the months of *March 2022 to May 2022*
(Details attached as **APPENDIX A**):

		(Exclusive of taxes)	
1.	Telus Communications Inc. RFP No. 22-001 <i>High Speed Wide Area Network (WAN) - Network Services</i>	\$504,600	MVRD
2.	VIA Architecture RFP No. 21-460 <i>Architect and Design Services for Affordable Housing Project - Malaspina Village Phases I & II</i>	\$2,432,242	MVHC
3.	Geocycle Canada Inc. SRFEOI No. 21-232 <i>Drinking Water Treatment Residuals Management at Lafarge Richmond Cement Plant</i>	\$3,965,000	GVWD
4.	Core6 Environmental Ltd. RFP No. 21-144 <i>Environmental Engineering Services Related to Remediation and Risk Assessment for Iona Island Wastewater Treatment Plant Upgrade Project</i>	\$2,104,460	GVS&DD
5.	Anaconda Systems Limited RFP No. 21-519 <i>Innovative Organics Processing</i>	\$1,650,000	GVS&DD
6.	Tetra Tech Inc. RFP No. 21-276 <i>Consulting Engineering Services for Annacis Island Wastewater Treatment Plant (AIWWTP) Electrical Studies and Upgrade</i>	\$587,558	GVS&DD
7.	Geotech Drilling Services Ltd. RFP No. 21-146 <i>Geotechnical Exploration Services for the Iona Island Wastewater Treatment Plant Projects</i>	\$2,174,207	GVS&DD
8.	McRae's Environmental Services Ltd. RFP No. 21-459 <i>Sludge Hauling Services for Northwest Langley Wastewater Treatment Plant</i>	\$2,850,000	GVS&DD

9.	Skye Consulting (B.C.) Ltd. RFP No. 22-002 <i>Delivery of School Programs for Metro Vancouver's Watershed Education Program</i>	\$706,871	GVWD
10.	Associated Engineering (B.C) Ltd. RFP No. 21-498 <i>Conceptual Design of the Haney Water Supply Tunnel – Pitt River Crossing</i>	\$1,833,562	GVWD
11.	Homewood Health Inc. RFP No. 21-125 <i>Employee and Family Assistance Program – Metro Vancouver</i>	\$674,648	MVRD
12.	Avenue Machinery Corporation RFP No. 21-104 <i>Supply and Delivery of Working Class Utility Terrain Vehicles</i>	\$720,000	MVRD
13.	Brenntag Canada Ltd. Sole Source No. 22-095 <i>Supply and Delivery of Sodium Carbonate (Soda Ash) for Coquitlam Water Treatment Plant (CWTP)</i>	\$1,095,200	GVWD
14.	GHD Limited RFP No. 22-003 <i>Preliminary Design, Detailed Design and Construction Engineering Services North Surrey Interceptor No. 2 Tunnel</i>	\$2,521,429	GVS&DD

NEW CONTRACTS – BOARD APPROVED

The following contracts were **authorized for execution** by the GVS&DD and GVWD Boards of Directors during the months of *March 2022 to May 2022* (as such no further information is included in this report):

		(Exclusive of taxes)	
1.	Kenaidan Contracting Ltd. Tender No. 21-001 <i>Construction – Fleetwood Reservoir Phase 1</i>	\$30,959,650	GVWD
2.	AECOM Canada Ltd. RFP No. 14-205 <i>Design Build Consulting Services for the Lions Gate Secondary Wastewater Treatment Plant</i>	\$15,000,000	GVS&DD

3.	Sea to Sky Composting Inc. Sole Source No. 21-215 <i>Organics Management</i>	\$828,000	GVS&DD
4.	Stantec Consulting Ltd. RFP No. 21-283 <i>Program Management Consulting Services for the Iona Island Wastewater Treatment Plant Projects</i>	\$99,500,000	GVS&DD
5.	Halton Recycling Ltd. (doing business as Emterra Environmental) RFP No. 21-517 <i>Operation and Maintenance of the Central Surrey Recycling and Waste Centre</i>	\$38,700,000	GVS&DD
6.	Brenntag Canada Inc. RFP No. 22-015 <i>Supply and Delivery of Sodium Hypochlorite</i>	\$11,992,000	GVS&DD/ GVWD
7.	Michels Canada Co. RFP No. 21-468 <i>Newton Pump Station No. 2 – Reservoir Tunnelling and Outlets</i>	\$12,362,769	GVWD
8.	Metro Motors Ltd. RFP No. 21-266 <i>Provision of Light and Medium Duty Vehicles</i>	\$6,500,000	MVRD

AMENDED CONTRACT

The following ‘not previously reported’ contracts were **amended** during the months of *March 2022 to May 2022 (APPENDIX B)*:

	<u>Value of Amendments</u>	<u>Total Amended Value of Contract</u>
1. Awarebase Corp. RFP No. 18-108 <i>Engineering Drawing Storage System</i>	\$281,588	\$531,588
2. Ross Morrison Ltd. Tender No. 19-185 <i>Construction, Installation and Commissioning of Hudson and Willingdon Pump Stations</i>	\$84,475	\$580,975
3. Zoom Video Communications Inc. Sole Source No. 22-228 <i>Zoom Video Communications</i>	\$296,976 USD	\$446,186 USD

The following **previously reported** contracts were **amended** during the months of *March 2022 to May 2022* (Details attached as **APPENDIX C**):

	<u>Value of Amendments</u>	<u>Total Amended Value of Contract</u>
1. CH2M Hill Canada Limited RFP No. 15-040 <i>Consulting Engineering Services for the South Surrey Interceptor Delta Section Odour Control Facility</i>	\$748,754	\$1,763,688
2. AECOM Canada Ltd. RFP No. 17-063 <i>Consulting Engineering Services - Owner's Engineer for Iona Island Wastewater Treatment Plant Biosolids Dewatering Facility</i>	\$879,750	\$4,384,545
3. Morrison Hershfield Limited RFQ No. 17-090 <i>Consulting Engineering Services for the Design and Construction Management of the Surrey Small Vehicle Drop Off Facility</i>	\$587,890	\$5,276,489
4. McMillen Jacobs Associates RFP No. 18-127 <i>Consulting Engineering Services for the Northwest Langley Wastewater Treatment Plant River Crossing Project</i>	\$1,883,948	\$9,213,933
5. WSP Canada Group Ltd. RFP No. 18-213 <i>Consulting Engineering Services - Owner's Engineer for the North Surrey Interceptor Flow Management - Sanitary Sewer Overflow Tank</i>	\$2,989,383	\$4,304,558
6. Brown and Caldwell Consultants Canada Ltd. RFQ No. 18-245 <i>Lulu Island Wastewater Treatment Plant Pilot Digestion Optimization Facility</i>	\$602,226	\$1,326,622
7. Local Practice Architecture + Design Ltd. RFP NO. 20-171 <i>Architect and Design Services for Heather Place B Multi-Family Residential Development</i>	\$1,934,311	\$2,410,219

COMPETITIVE SELECTION PACKAGES - anticipated to be greater than \$500,000 (Issued but not awarded) (Details attached as **APPENDIX D**).

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

The contract approval process includes a review of available budget. The contracts presented herein are consistent with budget authority provided by the respective Boards.

CONCLUSION

The contracts presented herein were awarded in accordance with the *“Officers and Delegation Bylaws 1208, 284 and 247 – 2014” (Bylaws)* and the *“Procurement and Real Property Contracting Authority Policy” (Policy)* and comply with competitive bidding laws and applicable legislation.

Further, the competitive selection packages were carefully crafted by teams of subject matter experts resulting in the award of contracts that are fiscally responsible, and balance risk, economic, ethical and legal obligations.

Attachments

APPENDIX A: Information with regard to newly awarded contracts - \$500,000 to \$5,000,000.

APPENDIX B: Contract amended to a value of more than \$500,000 but not previously reported to the Performance and Audit Committee

APPENDIX C: Previously reported contracts that have been amended.

APPENDIX D: Competitive Selection Packages anticipated to be greater than \$500,000 (Issued but not awarded).

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AWARD OF CONTRACT

RFP No. 22-001

1. A contract was awarded, February 16, 2022 for the **Metro Vancouver Regional District**.

To: ***Telus Communications Inc.***

in the anticipated amount of up to **\$504,600** (exclusive of taxes) for High Speed Wide Area Network (WAN) - Network Services. This replaces the Corporation's High Speed WAN access links to various Metro Vancouver sites, as well as managing and maintaining the access network on an ongoing basis, for up to a five (5) year term. The initial award of \$334,800 (exclusive of taxes) is for a period of three (3) years with an option to extend for an additional two (2) year extension, upon mutual agreement with the successful proponent.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on November 23, 2021.

Closing Date: December 14, 2021

3. Proposal received (exclusive of taxes):

Telus Communications Inc.

Cost over 5 years

\$504,600

4. Proposal reviewed by:

Contractual: Procurement Division Staff

Technical: Human Resources and Corporate Services Department Staff

5. Award was made to the only responding bidder. Telus Communications Inc. was the incumbent service provider. As a result of running the competitive process, the monthly fees for this service have been cut in half.

AWARD OF CONTRACT

RFP No. 21-460

1. A contract was awarded, March 9, 2022 for the **Metro Vancouver Housing Corporation**.

To: ***VIA Architecture***

in the anticipated amount of up to **\$2,432,242** (exclusive of taxes) for Architect and Design Services for Affordable Housing Project - Malaspina Village Phases I & II. The initial award is limited to Phase A – Schematic Design and Phase B – Design Development at a cost of \$759,818 (exclusive of taxes) and subsequent phases of the work will be awarded subject to mutual agreement.

The contract price is within the overall budget.

2. Seven (7) firms were shortlisted as a result of RFQ No. 20-373 (publicly advertised on Metro Vancouver's and BC Bid websites) and invited to bid on RFP No. 21-460 on November 23, 2021.

Closing Date: December 21, 2021

3. Proposals received (exclusive of taxes):

VIA Architecture	\$2,432,242
Ryder Architecture (Canada) Inc.	\$2,710,750
Integra Architecture	\$3,397,236

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Regional Planning and Housing Services Division Staff

5. Award was made to the highest ranked proponent and lowest cost based on the evaluation criteria established in the RFP.

AWARD OF CONTRACT

SRFEOI No. 21-232

1. A contract was awarded, March 29, 2022, for the **Greater Vancouver Water District**.

To: ***Geocycle Canada Inc.***

in the anticipated amount of up to **\$3,965,000** (exclusive of taxes) for Drinking Water Treatment Residuals Management at Lafarge Richmond Cement Plant over a ten (10) year period. The initial award of \$1,850,000 (exclusive of taxes) is for a period of five (5) years with an option to extend for an additional five (5) year extension, upon mutual agreement with the successful proponent.

The standing Request for Expressions of Interest (SRFEOI) No. 21-232 invited responses (by Metro Vancouver's and BC Bid websites) regarding the management and beneficial use of the Drinking Water Treatment Residuals (DWTR) generated at Lafarge Richmond Cement Plant. Negotiations were held with Respondents that provided attractive solutions.

The contract price is within the overall budget.

2. Response received (exclusive of taxes):

Geocycle Canada Inc.	\$1,850,000
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3. Response reviewed by:

Contractual: Procurement Division Staff and Legal Staff

Technical: Water Services Department Staff

4. This SRFEOI opportunity is posted and remains on Metro Vancouver and BC Bid Websites annually to solicit viable Drinking Water Treatment Residuals solution which offer good value to the Corporation. Negotiations were held with one such Respondent who provided an attractive solution.

AWARD OF CONTRACT

RFP No. 21-144

1. A contract was awarded, March 29, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***Core6 Environmental Ltd.***

in the anticipated amount of up to **\$2,104,460** (exclusive of taxes) for Environmental Engineering Services Related to Remediation and Risk Assessment for Iona Island Wastewater Treatment Plant Upgrade Project. The anticipated amount is a combination of the successful consultants' proposed price of \$1,835,960 (exclusive of taxes) and an additional \$268,500 (exclusive of taxes) to account for issues identified during negotiations as allowed for in the RFP. The initial award is limited to Phase 1 – Background, Information Review, Monitoring & Design at a cost of \$1,324,124 (exclusive of taxes) and subsequent phases of the work will be awarded subject to mutual agreement.

The contract price is within the overall budget.

2. Four (4) firms were shortlisted as a result of RFQ No. 21-143 (publicly advertised on Metro Vancouver's and BC Bid websites) and invited to bid on RFP No. 21-144 on October 18, 2021.

Closing Date: November 19, 2021

3. Proposals received (exclusive of taxes):

Core6 Environmental Ltd.	1,835,960
SLR Consulting (Canada) Ltd.	2,138,943
Golder Associates Ltd.	2,698,055

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Project Delivery Department Staff

5. Award was made to the highest ranked proponent and lowest cost based on the evaluation criteria established in the RFP.

AWARD OF CONTRACT

RFP No. 21-519

1. A contract was awarded, April 4, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***Anaconda Systems Limited***

in the anticipated amount of up to **\$1,650,000** (exclusive of taxes) for Innovative Organics Processing over a five (5) year period. The initial award of \$990,000 (exclusive of taxes) is for a period of three (3) years with an option to extend for an additional two (2) year extension, upon mutual agreement with the successful proponent.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on January 18, 2022.

Closing Date: February 15, 2022

3. Proposal received (exclusive of taxes):

Anaconda Systems Limited	\$990,000
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4. Proposal reviewed by:

Contractual: Procurement Division Staff

Technical: Solid Waste Services Department Staff

5. Four (4) submissions were received but only the proposal from Anaconda Systems Ltd. met the key requirements. 1) have a drop-off location in South Vancouver, South Burnaby or North Richmond, and 2) must be a permitted facility able to process organics for beneficial use.

AWARD OF CONTRACT

RFP No. 21-276

1. A contract was awarded, April 4, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***Tetra Tech Inc.***

in the anticipated amount of up to **\$587,558** (exclusive of taxes) for Consulting Engineering Services for Annacis Island Wastewater Treatment Plant (AIWWTP) Electrical Studies and Upgrades. The anticipated amount is a combination of the successful consultants' proposed price of \$792,982 (exclusive of taxes) less \$205,424 (exclusive of taxes) to account for a reduced scope and lessened hours for Construction Services, as identified during negotiations and allowed for in the RFP. The initial award is limited to Phase A – Preliminary Electrical Study and Cable Bus Differential Design at a cost of \$410,017 (exclusive of taxes) and subsequent phases of the work will be awarded subject to mutual agreement.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on October 6, 2021.

Closing Date: November 12, 2021

3. Proposals received (exclusive of taxes):

Wood Canada Limited	\$757,460
BBA Engineering Ltd.	\$782,298
Tetra Tech Inc.	\$792,982
Lex Engineering Ltd.	\$938,824
Ausenco Engineering Canada Inc.	\$955,438
WSP Canada Inc.	\$959,491
Klohn Crippen Berger	\$1,167,007

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Liquid Waste Services Department Staff

5. Award was made to the highest ranked proponent but not lowest cost based on the evaluation criteria established in the RFP.
6. Tetra Tech provided the strongest proposal and demonstrated a very good technical understanding of the scope of services and key issues. Their corporate experience, proposed team and methodology align very well with the electrical studies and upgrades. They

emphasized the importance of validation and accurate data collection to providing meaningful study results. Their work plan demonstrated a good understanding of the importance of engagement with manufacturers of in-situ equipment and Metro Vancouver Operations and Maintenance Staff. This is required to complete the project successfully.

AWARD OF CONTRACT

RFP No. 21-146

1. A contract was awarded, April 6, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***Geotech Drilling Services Ltd.***

in the anticipated amount of up to **\$2,174,207** (exclusive of taxes) for Geotechnical Exploration Services for the Iona Island Wastewater Treatment Plant Projects. The anticipated amount is a combination of the successful consultants' proposed price of \$1,744,441 (exclusive of taxes) and an additional \$429,766 (exclusive of taxes) to account for issues identified during negotiations as allowed for in the RFP.

The contract price is within the overall budget.

2. Three (3) firms were shortlisted as a result of RFQ No. 21-145 (publicly advertised on Metro Vancouver's and BC Bid websites) and invited to bid on RFP No. 21-146 on December 15, 2021.

Closing Date: January 21, 2022

3. Proposals received (exclusive of taxes):

Geotech Drilling Services Ltd.	\$1,744,441
ConeTec Investigations Ltd.	\$2,539,025

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Project Delivery Department Staff

5. Award was made to the highest ranked proponent and lowest cost based on the evaluation criteria established in the RFP.

AWARD OF CONTRACT

RFP No. 21-459

1. A contract was awarded, April 6, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***McRae's Environmental Services Ltd.***

in the anticipated amount of up to **\$2,850,000** (exclusive of taxes) for Sludge Hauling Services for Northwest Langley Wastewater Treatment Plant over a five (5) year period with no option to extend.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on February 4, 2022.

Closing Date: February 25, 2022

3. Proposal received (exclusive of taxes):

McRae's Environmental Services Ltd.	\$2,850,000
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4. Proposal reviewed by:

Contractual: Procurement Division Staff

Technical: Liquid Waste Services Department Staff

5. Award was made to the only responding bidder. The contract term was initially contemplated to be three years with an option to extend of an additional two years. Negotiations with McRae's resulted in locking in rates for the full five (5) years if the contract term became the full 5 years. It is anticipated to realize an annual savings of approximately 13%.

AWARD OF CONTRACT

RFP No. 22-002

1. A contract was awarded, April 19, 2022 for the **Greater Vancouver Water District**.

To: ***Skye Consulting (B.C.) Ltd.***

in the anticipated amount of up to **\$706,871** (exclusive of taxes) for Delivery of School Programs for Metro Vancouver's Watershed Education Program over a (5) year period. The initial award of \$416,550 (exclusive of taxes) is for a period of three (3) years with an option to extend for an additional two (2) year extension, upon mutual agreement with the successful proponent.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on February 9, 2022.

Closing Date: March 2, 2022

3. Proposal received (exclusive of taxes):

Skye Consulting (B.C.) Ltd.

Cost over 5 years
\$706,871

4. Proposal reviewed by:

Contractual: Procurement Division Staff

Technical: Water Services Department Staff

5. Award was made to the sole responding bidder. It is believed that the pool of education consultants has shrunk significantly due to Covid restrictions. As well, only a niche market of consultants is able to meet the requirements of both in-person and virtual delivery services. Skye Consulting has held the contract for the past eleven years.

AWARD OF CONTRACT

RFP No. 21-498

1. A contract was awarded, May 4, 2022 for the **Greater Vancouver Water District**.

To: ***Associated Engineering (B.C) Ltd.***

in the anticipated amount of up to **\$1,833,562** (exclusive of taxes) for Conceptual Design of the Haney Water Supply Tunnel - Pitt River Crossing over a two (2) year period.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on January 20, 2022.

Closing Date: February 17, 2022

3. Proposals received (exclusive of taxes):

Aecom Canada Ltd.	\$1,382,328
Associated Engineering (B.C) Ltd.	\$1,833,562
WSP Canada Inc.	\$1,998,692
Mott MacDonald Canada Limited	\$2,065,739

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Project Delivery Department Staff

5. Award was made to the highest ranked proponent and second lowest priced based on the evaluation criteria established in the RFP.
6. Associated Engineering (B.C.) Ltd. proposal demonstrated a thorough understanding of the project requirements with a detailed project methodology and work plan that addressed key issues and challenges.

AWARD OF CONTRACT

RFP No. 21-125

1. A contract was awarded, May 12, 2022 for the **Metro Vancouver Regional District.**

To: ***Homewood Health Inc.***

in the anticipated amount of up to **\$674,648** (exclusive of taxes) for Employee and Family Assistance Program – Metro Vancouver over a seven (7) year period. The initial award of \$481,891 (exclusive of taxes) is for a period of five (5) years with an option to extend for an additional two (2) year extension, upon mutual agreement with the successful proponent.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on March 30, 2021.

Closing Date: April 21, 2021

3. Proposals received (exclusive of taxes):

ComPsych Corporation	\$319,295
OneHealth Technologies Inc.	\$421,260
LifeWorks (Canada) Ltd. (formerly Morneau Shepell)	\$658,870
Homewood Health Inc.	\$674,648
Inkblot Technologies Inc.	\$723,986
Family Services of Greater Vancouver	\$1,090,747

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Human Resources Department Staff and External Consultant

5. Award was made to the overall top ranked proponent based on the evaluation criteria established in the RFP.
6. Homewood Health Inc. was identified as the overall top ranked proponent after taking into consideration service level degradation of the incumbent provider. These service concerns were not adequately addressed prompting Metro Vancouver to recommend that Homewood Health be awarded the contract to provide EFAP services to Metro Vancouver.

AWARD OF CONTRACT

RFP No. 21-104

1. A contract was awarded, May 17, 2022 for the **Metro Vancouver Regional District**.

To: ***Avenue Machinery Corporation***

in the anticipated amount of up to **\$720,000** (exclusive of taxes) for Supply and Delivery of Working Class Utility Terrain Vehicles (UTV's) over a five (5) year period. The initial award is for a three (3) year period at a cost of \$320,000 (exclusive of taxes) with the option to extend for two (2) additional one (1) year terms upon mutual agreement. This initial acquisition is for a possible eight (8) UTV's in a variety of configurations. Additional requirements of UTV's will be handled with individual purchase orders over the life of the agreement.

The contract price is within the overall budget.

2. Proponents were invited by Metro Vancouver's and BC Bid websites and private invitation on December 20, 2021.

Closing Date: January 28, 2022

3. Proposals received (exclusive of taxes and levies):

	Each Vehicle
Avenue Machinery Corporation (Kubota model X1100C)	\$25,031
Douglas Lake Equipment (Kubota model X1100C)	\$26,495

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Fleet Services and Parks Operations Staff

5. Award was made to the highest ranked proponent and lowest cost based on the evaluation criteria established in the RFP.

AWARD OF SOLE SOURCE CONTRACT

No. 22-095

1. A contract was awarded May 19, 2022 for the **Greater Vancouver Water District**.

To: ***Brenntag Canada Ltd.***

in the amount of **\$1,095,200** (exclusive of taxes) for the Supply and Delivery of Sodium Carbonate (Soda Ash) for Coquitlam Water Treatment Plant (CWTP).

A sole source contract was awarded to Brenntag Canada Ltd. (Brenntag) for the supply and delivery of Sodium Carbonate (Soda Ash) for the Coquitlam Water Treatment Plant for up to 12 months commencing on November 1, 2021. The recent supply contract with Brenntag, including extension terms, has expired. This sole source contract will provide time for staff to execute a new RFP and set in place a new contract, while allowing continuity of supply of Soda Ash to CWTP and avoid disruptions to daily operations.

AWARD OF CONTRACT

RFP No. 22-003

1. A contract was awarded, May 25, 2022 for the **Greater Vancouver Sewerage and Drainage District**.

To: ***GHD Limited***

in the anticipated amount of up to **\$2,521,429** (exclusive of taxes) for Preliminary Design, Detailed Design and Construction Engineering Services North Surrey Interceptor No. 2 Tunnel. The anticipated amount is a combination of the successful consultants' proposed price of \$2,254,378 (exclusive of taxes) and an additional \$267,051 (exclusive of taxes) to account for issues identified during negotiations as allowed for in the RFP. The initial award is limited to Phase A – Preliminary Design at a cost of \$1,213,599 (exclusive of taxes) and subsequent phases of the work will be awarded subject to mutual agreement.

The contract price is within the overall budget.

2. Three (3) firms were shortlisted as a result of RFQ No. 21-236 (publicly advertised on Metro Vancouver's and BC Bid websites) and invited to bid on RFP No. 22-003 on January 19, 2022.

Closing Date: February 17, 2022

3. Proposals received (exclusive of taxes):

GHD Limited	\$2,254,378
CH2M Hill Canada Limited	\$2,593,338
Stantec Consulting Ltd.	\$3,062,223

4. Proposals reviewed by:

Contractual: Procurement Division Staff

Technical: Liquid Waste Services Department Staff

5. Award was made to the highest ranked proponent and lowest cost based on the evaluation criteria established in the RFP. An estimated number of hours for each phase was prescribed in the RFP. The increase in fee, resulting from negotiations with the lead proponent, are attributable to additional hours required for Phase A. A shortage of hours for this phase was echoed by the second lowest fee proponent as well.

Appendix B

No. 1

CONTRACTS AMENDED TO A VALUE OF
MORE THAN \$500,000
BUT NOT PREVIOUSLY REPORTED TO THE
PERFORMANCE AND AUDIT COMMITTEE

RFP No. 18-108
PURCHASE ORDER No. 685232

Awarebase Corp.

Engineering Drawing Storage System for the **Metro Vancouver Regional District**

1.	Original Value of Contract (exclusive of taxes):	\$250,000
2.	Amendment Value (exclusive of taxes):	\$281,588
3.	Amendment Number:	01
4.	Total Amended Value of Contract (exclusive of taxes):	\$531,588
5.	Budget Status:	

This contract is funded within the annual operating budget.

6. Reasons for Amendment to Contract:

Awarebase was originally awarded the contract to supply a software system to store and publish engineering drawings. The initial award was for a term of five (5) years for software and support.

There have been three (3) amendments to this contract since execution in 2018, totaling \$281,588.

- 1) \$155,588 for Awarebase to migrate approximately 200,000 engineering drawings from Orbit to the new software,
- 2) \$76,500 to provide additional functionality required by the users, and
- 3) \$49,500, in March 2022 for further functionality enhancements

CONTRACTS AMENDED TO A VALUE OF
MORE THAN \$500,000
BUT NOT PREVIOUSLY REPORTED TO THE
PERFORMANCE AND AUDIT COMMITTEE

Tender No. 19-185
PURCHASE ORDER No. 627488

Ross Morrison Ltd.

Construction, Installation and Commissioning of Hudson and Willingdon Pump Stations
for the **Greater Vancouver Sewerage & Drainage District**

1.	Original Value of Contract (exclusive of taxes):	\$496,500
2.	Amendment Value (exclusive of taxes):	\$84,475
3.	Amendment Number:	01
4.	Total Amended Value of Contract (exclusive of taxes):	\$580,975
5.	Budget Status:	

This contract is funded within the capital budget for this project.

6. Reasons for Amendment to Contract:

This amendment is for Change Order No. 1 and Change Order No. 2:

Change Order No. 1 is for the supply of two steel concrete-filled bollards and four brackets including civil works required to install them on the south east side of the generator; and upgrade electrical ground monitoring equipment in contact with newer equipment.

Change Order No. 2 is for the replacement of obsolete communications equipment and for the supply and installation of additional equipment (pump station flow meter) needed to complete the works at Hudson Pump Station.

CONTRACTS AMENDED TO A VALUE OF
MORE THAN \$500,000
BUT NOT PREVIOUSLY REPORTED TO THE
PERFORMANCE AND AUDIT COMMITTEE

Sole Source No. 22-228

Zoom Video Communications Inc.

Zoom Video Communications for the **Metro Vancouver Regional District**

- | | | |
|----|--|---------------|
| 1. | Original Value of Contract (exclusive of taxes): | \$149,213 USD |
| 2. | Amendment Value (exclusive of taxes): | \$296,973 USD |
| 3. | Amendment Number: | 01 |
| 4. | Total Amended Value of Contract
(exclusive of taxes): | \$446,186 USD |
| 5. | Budget Status: | |

This contract is funded within the operating budget for this project.

6. Reasons for Amendment to Contract:

Zoom was procured in early 2020 to support the organization during the pandemic. Zoom has become one of the core communications tools at Metro Vancouver and it is used by many staff members to conduct meetings involving both internal staff as well as people outside the organization. In order to maintain a consistent user experience and to provide better user support throughout the organization it is important that a single video conferencing solution be used. This amendment will allow staff to continue using zoom for an additional one-year period.

It is anticipated that during this one-year extension, a full analysis will be undertaken to determine further needs and opportunities for a competitive procurement process.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFP No. 15-040

PURCHASE ORDER No. 139138

Consulting Engineering Services for the South Surrey Interceptor Delta Section
Odour Control Facility for the **Greater Vancouver Sewerage and Drainage District**

1. Name of Contractor: CH2M Hill Canada Limited
2. Date Contract Reported: **April 2016**
3. Original Awarded Value of Contract - Phase A & B: \$214,391
Awarded Value of Phase C: \$633,417
Value of Change Orders No. 1 to No. 4: \$167,126
Subtotal: **\$1,014,934**
4. Amendment Number: 02
5. Value of Amendment (exclusive of taxes): \$748,754
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$1,763,688
8. Budget Status:

This contract is funded within the capital budget for this program.

9. Amendment No. 02 is the result of awarding Phase D – Construction Engineering Services.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFP No. 17-063
PURCHASE ORDER No. 145932

Consulting Engineering Services - Owner's Engineer for Iona Island Wastewater Treatment Plant
Biosolids Dewatering Facility for the **Greater Vancouver Sewerage & Drainage District**

1. Name of Contractor: AECOM Canada Ltd.
2. Date Contract Reported: **February, 2018**
3. Original Awarded Value of Phase B: \$1,217,726
Awarded Value of Phase C: \$2,287,069
Subtotal: **\$3,504,795**
4. Amendment Number: 02
5. Value of Amendment (exclusive of taxes): \$879,750
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$4,384,545
8. Previous Amendment Explanation (Reported to Performance and Audit Committee July 4, 2021

Amendment No. 01 is the result of request to award Phase C - Design-Build Construction anticipated in the initial contract award that subsequent phases would be awarded at a later date. The increase of hours required to complete Phase C is for construction engineering services and due to the increase of complexity of proposed design, review of submittals, and other various geotechnical requirements.
9. Budget Status:

This contract is funded within the capital budget for this program.
10. Amendment No. 02 is the result of change orders No. 1 to No. 5 to provide for bench-scale sludge dewatering testing, centrifuge and polymer pilot testing on plant site, resultant design build scope modifications, and two schedule extensions due to ongoing pandemic and supply chain impacts. AECOM are requested to provide additional site engineering services to cover two consecutive 6-month extensions. This amendment value can be accommodated within the existing design/build construction budget and will have no impact to contingency.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFQ No. 17-090
PURCHASE ORDER No. 147030

Consulting Engineering Services for the Design and Construction Management of the Surrey Small Vehicle Drop Off Facility for the **Greater Vancouver Sewerage and Drainage District**

1. Name of Contractor: Morrison Hershfield Limited
2. Date Contract Reported: **April 2018**
3. Original Awarded Value of Contract - Phase A & B: \$847,057
Awarded Value of Phase C: \$1,264,911
Value of Board Approved - Phase D: \$2,576,631
Subtotal: **\$4,688,599**
4. Amendment Number: 01
5. Value of Amendment (exclusive of taxes): \$587,890
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$5,276,489
8. Budget Status:

This contract is funded within the capital budget for this program.

9. Amendment No. 01 is the result of change orders 1 to 18. The majority of which are relatively low in value and due to design changes, additional scope or 3rd party regulatory requirements. The largest change order, number 18, in the amount of \$216,000 is related to additional construction engineering services due to the constructions schedule extending by five months. This amendment value can be accommodated within the existing budget and will have no impact on the contingency.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFP No. 18-127

PURCHASE ORDER No. 608881

Consulting Engineering Services for the Northwest Langley Wastewater Treatment Plant River Crossing Project for the **Greater Vancouver Sewerage and Drainage District**

1. Name of Contractor: McMillen Jacobs Associates
2. Date Contract Reported: **October 2018**
3. Original Awarded Value of Contract - Phase A, B, C: \$4,218,203
Value of Escalation Phases A, B, C: \$47,378
Value of Board Approved - Phase D & E: \$2,440,656
Value of Amendment No. 01: \$623,748
Subtotal: **\$7,329,985**
4. Amendment Number: 02
5. Value of Amendment (exclusive of taxes): \$1,883,948
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$9,213,933
8. Previous Amendment Explanation (Reported to Performance and Audit Committee May, 2020)

The consulting team requested additional funds to support the increased level of effort required for project management and permitting support. Longer than expected permitting timelines and the pipe alignment re-alignment resulted in an extended project schedule. The new alignment eliminated the need to cross under a bridge, and made use of existing infrastructure to tie-into while reducing the construction cost and environmental impacts. Additional geotechnical and environmental sampling and topographic survey was required to support the new alignment.

In addition, incorporating O&M feedback into the design required the re-evaluation of the pipe material selection, and the removal of confined space entry where possible. This resulted in design changes that will result in better seismic performance and resiliency of the force main and safe entry for maintenance of our system air valves.

9. Budget Status:

This contract is funded within the capital budget for this program.

10. Amendment No. 02 is the result of change orders to address additional site investigation, alternate ramp crossing design, and increased construction management scope (CO No. 7, CO No. 9).

Preliminary site investigation indicated contamination in soil and groundwater samples. The consultant recommended additional testing to clarify the extent and nature of contamination, and confirm management requirements. While this was an increase to the consulting scope, the results allowed the cost estimate and contract documents to be prepared appropriately.

The northern portion of the Golden Ears Forcemain will be installed under Translink infrastructure, and TransLink requested design deliverables for alternative ramp crossing options. While this was an addition to the consultants' scope, the project team recognized the value in seeking approvals in the construction methodology.

The contractor proposed a schedule with increased duration and extended working hours, impacting the level of effort required by the consultant to complete the Construction Support scope of work. In addition, Metro Vancouver requested additional resources and coverage for Engineer of Record inspection, construction management support, quality assurance, site inspection, and environmental monitoring due to the complexity and risk profile of the Project.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFP No. 18-213
PURCHASE ORDER No. 617888

Consulting Engineering Services - Owner's Engineer for the North Surrey Interceptor Flow
Management - Sanitary Sewer Overflow Tank
for the **Greater Vancouver Sewerage and Drainage District**

1. Name of Contractor: WSP Canada Group Ltd.
2. Date Contract Reported: **July 2019**
3. Original Awarded Value of Contract - Phase A: \$757,885
Value of Awarded Amendment - Phase 2A: \$557,290
Subtotal: \$1,315,175
4. Amendment Number: 01
5. Value of Amendment (exclusive of taxes): \$2,989,383
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$4,304,558
8. Budget Status:

This contract is funded within the capital budget for this program.

9. This contract was originally reported to Performance and Audit Committee in July of 2019 for an anticipated full amount of \$3,225,627. As noted the initial award was made for Phase A only. Post award, it was determined to move from a Design/Build to a Design/Bid/Build delivery model. WSP's role as Owners Engineer was converted to that of the design engineer for feasibility and preliminary design only. Detailed design and construction engineering services can be competed separately. Phase 1- Feasibility and Phase 2A- Environmental Permitting and Site Investigation are complete.

This amendment reflects the following:

- 1) Phase 2B, consisting of Preliminary Design for the North Surrey Interceptor Tank, as originally contemplated (\$2,124,994), plus Detailed Design for the North Surrey Interceptor re-alignment (\$618,041), and Conceptual Design for the grit chamber

(\$145,193). This new scope was not originally contemplated, but is integral to the timeline of the overall project.

- 2) Four change orders related to additional scope within Phase 2A and an hourly rate escalation as allowed for in the RFP (\$101,155).

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFQ No. 18-245
PURCHASE ORDER No. 611385

Lulu Island Wastewater Treatment Plant Pilot Digestion Optimization Facility
for the **Greater Vancouver Sewerage and Drainage District**

- | | | |
|----|--|---|
| 1. | Name of Contractor: | Brown and Caldwell Consultants
Canada Ltd. |
| 2. | Date Contract Reported: | January 2019 |
| 3. | Original Anticipated Reported Value of Contract
(exclusive of taxes): | \$724,396 |
| 4. | Amendment Number: | 01 |
| 5. | Value of Amendment (exclusive of taxes): | \$602,226 |
| 6. | Amendment Type: | Additional Services |
| 7. | Total Revised Anticipated Amended Value of Contract
(exclusive of taxes): | \$1,326,622 |
| 8. | Budget Status: | |

This contract is funded within the capital budget for this program.

9. Amendment No. 01 is the result of change orders 1 to 7 to implement design changes, to respond to an increased number of contractor submittals and requests for information due to the innovative nature of the project, to add electrical safety and maintenance friendly features, to increase operational control flexibility, and to provide extended construction engineering services to accommodate a 4 month schedule extension of the project due to pandemic impacts, supply chain and procurement issues.

This amendment will be offset by an equal reduction in the project contingency.

AMENDMENT TO A PREVIOUSLY REPORTED CONTRACT

RFP NO. 20-171
PURCHASE ORDER No. 687666

Architect and Design Services for Heather Place B Multi-Family Residential Development
for the **Metro Vancouver Housing Corporation**

1. Name of Contractor: Local Practice Architecture + Design Ltd.
2. Date Contract Reported: **January 2021**
3. Original Awarded Value of Phase A & B: \$475,908
4. Amendment Number: 01
5. Value of Amendment (exclusive of taxes): \$1,934,311
6. Amendment Type: Additional Services
7. Total Revised Anticipated Amended Value of Contract (exclusive of taxes): \$2,410,219
8. Budget Status:

This contract is funded within the capital budget for this program.

9. This contract was originally reported to the Performance and Audit Committee in January of 2021 in the anticipated amount of \$1,922,502. Only Phases A and B were awarded with Phases C, D and E to be awarded at a later date in an anticipated amount of \$1,246,594. This amendment includes Phases C, D and E for the identified \$1.246 million plus an additional \$494,674 resulting from an increase in the expected construction costs and construction timeline.

This amendment also includes four (4) change orders totaling \$193,043. Change Order No. 1 was for additional fees to incorporate child care unit, investigation of sustainability approach, review of incorporation of accessibility features into design, and removal of rooftop amenity. Change Order No. 2 was for additional fees for off-site lighting design which was not included in the original proposal. Change Order No. 3 was for additional fees to prepare drawings for the outdoor rooftop amenity, childcare unit, preparation of landscaping, air space parcel, additional storm water and other items not original proposed in the design. Change Order No. 4 was to

update building design to accommodate integration of either a green roof or photovoltaic panels, which was not part of the original proposal design.

This amendment value can be accommodated within the existing project budget and will have no impact on the contingency.

**Competitive Selection Packages Anticipated to be greater than \$500,000
(Issued but not awarded)**

Note: All contracts listed below are within the project budgets approved by the Board of Directors

Tender/RFP	Closing Date
RFP No. 20-192 <i>Consulting Engineering Services for the Rechlorination Stations Upgrade (Cape Horn, Pitt River, Clayton)</i>	November 23, 2021
Tender No. 21-268 <i>LSG Tank Inspection and Membrane Replacement at Annacis Island and Lulu Island WWTP</i>	November 17, 2021
RFP No. 21-425 <i>Ground Improvements and Preload Engineering Services for the Iona Island Wastewater Treatment Plant (IIWWTP) Upgrades Program</i>	March 22, 2022
RFP No. 22-038 <i>Technical Support for the Metro Vancouver Waste-to-Energy Facility Operations and Maintenance Contract Procurement Process</i>	April 29, 2022
RFP No. 22-103 <i>Program Management & Technical Services for the Northwest Langley Wastewater Treatment Plant Expansion Program</i>	April 26, 2022
RFP No. 22-006 <i>Construction of Gilbert Trunk Sewer No. 2 Gilbert Road South Section</i>	April 21, 2022
RFP No. 21-492 <i>Kennedy Newton Main - Kennedy Reservoir to 84th Avenue (Cancelled)</i>	April 21, 2022
RFP No. 22-138 <i>Cleveland Dam and Seymour Falls Dam 2022-2026 Dam Monitoring Program</i>	April 20, 2022
RFP No. 21-485 <i>Westburnco Pump Station No.2 Variable Frequency Drive (VFD) Replacement Project - Pre-Purchase VFD Equipment</i>	April 14, 2022

RFP No. 22-079 <i>Consulting Engineering Services for Cleveland Dam Public Warning System</i>	May 10, 2022
RFP No. 21-306 <i>Supply and Delivery of Sodium Carbonate</i>	May 6, 2022
RFP No. 22-197 <i>Kennedy Newton Main - Phase 3 Scott Road Section</i>	June 23, 2022
RFP No. 22-033 <i>EIC Engineering Consulting Services for Wastewater Treatment Plants</i>	June 17, 2022
RFP No. 22-251 <i>Temporary Sewer Flow Monitoring Services</i>	July 13, 2022
RFP No. 21-491 <i>Supply and Delivery of Metal-Seated Triple Offset Butterfly Valves for Coquitlam Main No.4 - South Section</i>	July 12, 2022
Tender No. 20-028 <i>Construction of Hellings Tank No. 2</i>	July 11, 2022
RFP No. 21-307 <i>Supply and Delivery of Coagulant Aid Polymer for the Seymour Capilano Filtration Plant</i>	July 6, 2022
RFP No. 22-252 <i>Alternative Fuel and Recyclables Recovery Project</i>	August 18, 2022

To: Performance and Audit Committee

From: Victoria Freinhofer, Corporate Project Coordinator, CAO Executive Offices

Date: June 13, 2022 Meeting Date: July 14, 2022

Subject: **Performance Monitoring Dashboard Update**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 13, 2022, titled "Performance Monitoring Dashboard Update".

EXECUTIVE SUMMARY

In 2017, Metro Vancouver launched the Performance Monitoring Dashboard (the Dashboard) to provide a centralized view of key performance indicators for the organization's services in connection with Metro Vancouver's strategic priorities or directions, as reflected in the annual work plan.

Updated on an annual basis, the performance indicators are a valuable resource both internally and externally, as they assist in the organization's long term-planning, guide decision making, track departmental performance, and demonstrate transparency and accountability to both partners and the public.

In order to respond to shifting circumstances as well as improve communication and efficiency of the reporting process, future developments to the Performance Monitoring Dashboard have been proposed, including incorporating the story behind the data and automation.

PURPOSE

To provide the Committee with background information on the Performance Monitoring Dashboard and plans for future development.

BACKGROUND

Quantitative evidence is essential for strategic planning and decision making, as it provides a more objective, transparent and democratic form of knowing. In October 2017, Metro Vancouver launched the Performance Monitoring Dashboard as a tool to provide a centralized overview of each of our service's performance indicators by collecting, archiving and visualizing quantitative data. Here, performance is measured and forecasted as a numerical indicator on a graph.

The Performance Monitoring Dashboard offers a year-to-year indication of departmental objectives set and/or industry benchmarks, if available, which are reported out in the annual work plans. Data for the Dashboard is updated each year during the second quarter once the data from the previous year becomes available; although data from certain indicators may not be available until later in the year given its reporting process.

PERFORMANCE INDICATORS

The performance indicators have been an integral component of Metro Vancouver's annual budget process for several years, as they help to evaluate trends, determine key actions for the upcoming year, and assist in long-term planning. The monitoring framework of the Dashboard contains indicators to convey performance results through metrics and statistics, which are derived by using two or more sources of data.

Additionally, the performance indicators offer public accountability, connect high-level targets with work plans, improve management decisions, and demonstrate evidence of organizational success. Not all of the indicators shown on the work plan are included on the Dashboard; however, the 93 active corporate indicators that are included subsequently reflect Metro Vancouver's priorities, demonstrate transparency to ensure accountability, communicate to a broad range of audiences, and are of value to both key internal and external partners, as well as the public.

PROPOSED FUTURE DEVELOPMENTS

Story Behind the Data

While the Performance Monitoring Dashboard showcases data for each of the department's key performance indicators, the potential contributing and limiting factors that either support the indicators progress or hinder the indicator's results are currently not included on the Dashboard. The story of the results would provide an enhanced explanation of the data's influences, and could also propose high-impact actions to undertake in order to turn the results (if the indicator is not achieving the performance objective).

For example, the Annual Visits to Regional Parks indicator reveals the substantial increase in visitation numbers from 11,935,000 visits in 2019, to 16,497,000 visits in 2020, reflecting an escalation of 38%. The increase in visitation number is largely due to the COVID-19 pandemic, as lockdowns and restrictions placed on public activities and gatherings led to parks/green spaces becoming one of the only open and accessible areas available for public-use. As a result, this data correspondingly highlights the important role of parks in contributing to the physical, mental and social well-being of residents in our region. Furthermore, the variables of park visitor number changes, COVID-19 cases, and restrictions/policies would be reflected to provide Dashboard viewers with an in-depth explanation of the data and its correlations, where applicable.

Upgrade to Automation

At the request of the Performance and Audit Committee, consideration has been given to automating the Performance Monitoring Dashboard to streamline its collecting and reporting process. To determine its feasibility, staff are working with the departments to identify gaps in the process, and are also exploring the possibility of alignment with Metrolytics in order to find a single source of cross-organizational data for review and analysis. After this examination has been conducted and achievability has been determined, staff will report back to the Committee at a future date.

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this information report.

CONCLUSION

While the Performance Monitoring Dashboard provides a strong overview of key performance indicators for the organization's services in connection with Metro Vancouver's strategic priorities, per the work plan, future developments are proposed. Proposed developments include thorough explanations of indicator influences (where applicable) to improve communication and accountability with viewers, as well as shifting to an automated process to offer more improved and frequent reporting.

References

1. [Metro Vancouver Dashboard](#)
2. [MV Board Budget Workshop Agenda Package - October 20, 2021 \(metrovancover.org\)](#)

53628072



To: Performance and Audit Committee

From: Dean Rear, General Manager, Financial Services/Chief Financial Officer

Date: July 7, 2022 Meeting Date: July 14, 2022

Subject: **Manager's Report**

RECOMMENDATION

That the Performance and Audit Committee receive for information the report dated June 7, 2022 titled "Manager's Report".

1. Performance and Audit Committee Work Plan Update

Attachment 1 is the 2022 Work Plan indicating the status of the Committee's key priorities.

Attachments:

1. Performance and Audit Committee 2022 Work Plan

50321879

Performance and Audit Committee 2022 Work Plan

Report Date: June 15, 2022

1 st Quarter	Status
Review and Endorse Committee 2022 Priorities and Work Plan	Complete
Review 2021 External Audit Plan	Complete
Municipal Borrowing Requests for MFA Spring 2022 Issue (If Applicable)	Complete
Tender / Contact Award Information	Complete
Financial Policy Review (as required)	Complete
2 nd Quarter	
2021 Audited Financial Statements	Complete
2021 External Audit Findings Report	Complete
Review 2021 Final Results: Operating Results vs Budget	Complete
Review 2021 Final Results: Capital Expenditures vs Budget	Complete
Review 2021 Final Results: Development Cost Charges Collected	Complete
Review 2021 Final Results: Investment Review Position and Returns	Complete
Review First 2022 Progress: Operating Results vs Budget to March 31, 2022	Complete
Review First 2022 Progress: Capital Expenditures vs Budget to March 31, 2022	In Progress
Review First 2022 Progress: Investment Position and Returns to March 31, 2022	In Progress
GVS&DD DCC Revenue Fund Expenditure Bylaw	Complete
Tender / Contact Award Information	Complete
Financial Policy Review (as required)	Complete
3 rd Quarter	
Review Second 2022 Progress: Operating Results vs Budget to June 30, 2022	In Progress
Review Second 2022 Progress: Capital Expenditures vs Budget to June 30, 2022	In Progress
Review Second 2022 Progress: Investment Position and Returns to June 30, 2022	In Progress
Review First 2022 Progress: Development Cost Charges Collected to June 30, 2022	Pending
Municipal Borrowing Requests for MFA Fall 2022 Issue (If Applicable)	In Progress
Performance Dashboard Update	In Progress
Tender / Contact Award Information	In Progress
Financial Policy Review (as required)	In Progress
4 th Quarter	
Review Third 2022 Progress: Operating Results vs Budget to September 30, 2022	Pending
Review Third 2022 Progress: Capital Expenditures vs Budget to September 30, 2022	Pending
Review Third 2022 Progress: Investment Position and Returns to September 30, 2022	Pending
Municipal Borrowing Requests for MFA Spring 2022 Issue (If Applicable)	Pending
Tender / Contact Award Information	Pending
Financial Policy Review (as required)	Pending