

**City of Maple Ridge
Audit & Finance Committee**

**July 18, 2017
5:00 PM
Blaney Room**

Chairperson: Councillor Masse
Committee Members: Mayor Read; Councillors C. Bell; K. Duncan; G. Robson; T. Shymkiw;
C. Speirs

Staff:	Chief Administrative Officer:	T. Swabey
	GM – Corporate & Financial Svc:	P. Gill
	GM – Public Works & Development	F. Quinn
	GM – Community Dev. Park & Rec	K. Swift
	Manager of Accounting:	C. Nolan
	Manager of Financial Planning	T. Thompson
	Manager Sustainability & Corporate Planning	L. Benson

Recording Secretary: Amanda Gaunt

AGENDA

- 1. *Approval of agenda***
- 2. *Approval of minutes of May 29, 2017***
- 3. *Community Services Development Proposal***
- 4. *Facilities Funding Model***
- 5. *Adjournment***

“Original signed by Catherine Nolan”

*Agenda submitted by: C. Nolan, CPA, CGA
Manager of Accounting*

City of Maple Ridge

Audit & Finance Committee Meeting Minutes

May 29, 2017

The Minutes of the Audit and Finance Committee Meeting held in the Blaney Room of the Municipal Hall, 11995 Haney Place, Maple Ridge, BC on Monday, May 29, 2017 at 10:30 a.m.

PRESENT

Committee Members

Mayor Read
Councillor Masse, Chair
Councillor Robson
Councillor Speirs

Municipal Staff

P. Gill, GM, Corporate & Financial Services
W. McCormick, Acting GM, Parks Recreation & Culture
D. Pollock, Acting GM, Public Works & Development
C. Nolan, Manager of Accounting
T. Thompson, Manager of Financial Planning
A. Gaunt, Confidential Secretary
Other staff as required

Absent

Councillor Bell
Councillor Duncan
Councillor Shymkiw

Guests

Note: Councillor Speirs joined the meeting via phone

The meeting was called to order at 10:34 a.m.

1. *Approval of the Agenda*

It was moved and seconded

That the agenda for the May 29, 2017 Audit & Finance Committee meeting be approved as circulated.

CARRIED

2. *Approval of minutes of May 8, 2017*

It was moved and seconded

That the minutes of the Audit & Finance Committee of May 8, 2017 be adopted as circulated.

CARRIED

3. ***Business Planning Guidelines 2018-2022***

Mr. Gill reviewed the staff report dated May 29, 2017 and provided an overview of the 2018-2022 Business & Financial Planning Guidelines, including the proposed property tax increases for the next 5-year financial planning cycle. The Committee endorsed forwarding the proposed guidelines to Council for further discussion. The Committee asked for a future discussion on infrastructure funding and tax rate comparisons.

It was moved and seconded

That the 2018-2022 Business & Financial Planning Guidelines be forwarded to Council

CARRIED

4. ***Maple Ridge/Pitt Meadows Community Services – Affordable Housing***

Mr. Gill provided a presentation regarding the affordable housing development project being considered by the Maple Ridge/Pitt Meadows Community Services Council and their request for financial assistance from the City. Staff & board members from the Community Services Council were available to answer Committee questions regarding the project and the request for assistance. The Committee discussed the proposed project, generally expressing a preference for a policy approach to affordable housing rather than a one-off approach to a specific project. The Committee asked that staff bring back information regarding possible changes to the Community Amenity Program, specifically around affordable housing. The Committee also asked for information regarding options for providing a level of support to the Community Services project.

It was moved and seconded

That staff bring back a report outlining options for providing a level of support to the MR/PM Community Services Affordable Housing project.

CARRIED

5. ***Debt Financing***

Mr. Gill reviewed a letter provided to Mayor & Council about the City's obligation regarding taxes collected for the principal and interest payments on the existing town centre debt.

Adjournment – 11:50

City of Maple Ridge

TO: Audit & Finance Committee
FROM: Manager of Accounting
SUBJECT: MR PM Community Services Development Proposal

MEETING DATE: July 18, 2017
FILE NO:
MEETING: Audit & Finance Committee

EXECUTIVE SUMMARY:

The Maple Ridge/Pitt Meadows Community Services (CSC) has a development proposal that would result in the construction of office space for Community Services and 94 affordable residential housing units. CSC has requested a contribution of approximately \$1.8 million from the City, and the Audit & Finance Committee received a presentation regarding this at the May 29, 2017 meeting. This contribution is to match the value of the land that Community Services is contributing to the project. CSC has also received a preliminary commitment from BC Housing for a Provincial grant of \$11 million.

As outlined in the May 29th presentation, a contribution to the order requested by CSC is hard to rationalize. Community Services was asked to do an analysis of what the project would have attracted in incentives from the city, had the previous town centre incentive program still been in place. That value has been calculated at approximately \$500,000.

In discussions with CSC, we have been advised that the assistance requested from the city will not only provide affordable housing, it will also assist CSC in providing improved space for its own programming. The latter portion of this request is problematic for the city as over the years, we have denied similar requests for funding from other service providers. Alouette Addictions and the Friends in Need Foodbank are but two very valuable community organizations that have requested such assistance and have been denied. CSC itself has applied for a tax exemption in the past and has been denied based on policy direction.

CSC is a valuable community organization that has been working on this project for some time. Had the project come forward while the currently expired incentive program was in place, it would have been eligible under that program. Staff recommend that assistance be afforded to CSC based on the parameters that were in place for the currently expired incentive program, noting that the value of that assistance approximates \$500,000.

RECOMMENDATION:

That staff be directed to develop a program to provide assistance to the Community Services Council project following the framework of the recently expired Town Centre Incentive Plan.

Background and Discussion:

On May 1, 2017, the City received a letter (attached) from the Maple Ridge/Pitt Meadows Community Services (CSC) regarding a development proposal that would include office space for Community Services and 94 affordable residential housing units. CSC has received a preliminary commitment for a grant of \$11 million toward the project from BC Housing and has requested the City contribute approximately \$1.8 to match the value of the land that CSC is contributing.

On May 29, 2017, the Audit & Finance Committee received a presentation (attached) about the project and the request for assistance. As outlined in the presentation, a contribution of the magnitude requested is hard to rationalize.

In discussions with CSC, we have been advised that the assistance requested from the City will not only allow for an increase in the number of units offered at low or moderate rental rates from 65 to 86, but will also assist them with providing space for their own programming. The latter portion of this request is problematic for the City. Over the years, we have denied similar requests for funding from valuable community organizations such as Alouette Addictions and The Friends in Need Food Bank. CSC has itself been denied a tax exemption in the past.

CSC has done some analysis to estimate the value of incentives the project would have attracted under Council's Town Centre Investment Incentive Program had the program still been in place. That value is estimated at approximately \$500,000.

CONCLUSION:

Staff recommend that any assistance provided to Community Services be based on the parameters that were in place for the expired incentive program, noting that the value of that assistance is estimated to be approximately \$500,000.

"Original signed by Catherine Nolan"

Prepared by: Catherine Nolan, CPA, CGA
Manager of Accounting

"Original signed by Paul Gill"

Approved by: Paul Gill, CPA, CGA
GM: Corporate & Financial Services

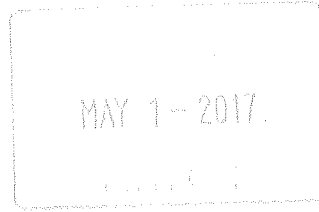
"Original signed by Ted Swabey"

Concurrence: E.C. (Ted) Swabey
Chief Administrative Officer



Maple Ridge/Pitt Meadows Community Services

Changing Lives Together



City of Maple Ridge
11995 Haney Place
Maple Ridge, BC

Monday, April 24, 2017

M&C ☒ CAO ☒ GM ☒

Other Canadian Red Cross

Action: _____

Attn: Mayor Read and Maple Ridge Council

Re: City of Maple Ridge Contribution to Affordable Housing

Maple Ridge/Pitt Meadows Community Services is embarking on an exciting and ambitious endeavor to enhance the existing services we provide and create much needed affordable housing in our community. Our proposed project at 11907 228th Street includes 94 units of affordable housing, as well as new office and programming space to replace our existing facility made up of aging trailers. This is a timely project for our society and the community: we need to replace our aging facility, and the community, including our clients, need safe and secure affordable housing.

Our vision for the project is to create a space that will benefit not only our clients, but also the community of Maple Ridge, for years to come. Our desire is for an affordable housing building that offers safe and secure housing to a range of tenants, including low income seniors, young couples, and working families who are simply struggling to find a decent place to live at a reasonable rent. Ours will be a healthy, mixed-income community.

We have received a preliminary commitment from BC Housing for a capital grant \$11 million, and have ourselves committed to contribute our land, assessed at \$1.782 million. We greatly value the relationship we have with Maple Ridge, are looking to include you as a partner in this project, and are seeking a financial contribution from the City to deepen the affordability of the housing units while continuing to provide necessary programs and services to the community.

Even with the contributions from BC Housing and our society, the size of the mortgage we would require to pay for the construction of our new project is staggering. The rents we would have to charge to pay for that mortgage, while mostly below market, would not provide what we believe to be the ideal mix of tenants for a project of this nature. Furthermore, the initial start-up and ongoing costs to operate the facility, including a dramatic increase in property taxes, make creating affordability and providing our ongoing services a challenge. With your assistance, we can create a healthier mix of tenants and continue to offer much needed programming.

Both a capital grant and lower operating costs are valuable ways of ensuring this project's success. A capital grant would lower the size of the mortgage, while lower operating costs would increase the amount of monthly revenue we have available to make our mortgage payments and pay other operating costs. These are both ways we would encourage your assistance. Our formal request is for a contribution, by way of any combination of capital injection, fee reduction, or operating cost savings equal to our equity contribution, the value of our land, assessed at \$1,782,000.



Maple Ridge/Pitt Meadows Community Services

Changing Lives Together

With this level of contribution, we will be able to lower our rents for 21 units within the project. To ensure your contribution results in affordability in perpetuity, we would welcome a Housing Agreement, registered on the title of our land, that would guarantee a level of affordability deemed appropriate by all project partners.

Furthermore, we are working with staff to secure a space within our project for the RCMP to co-locate within our existing programming at Alisa's Wish Child and Youth Advocacy Centre, available at no cost to the City. You will benefit from a free and customized office, and we will benefit from the synergies of co-location; a true win-win for Community Services and the City of Maple Ridge.

The City of Maple Ridge has previously offered incentive programs for projects that align with their vision: encouraging energy efficient buildings and supporting development in the town centre. The Maple Ridge Housing Action Plan identifies the following strategies: support the non-market housing sector, use financial incentives to support housing goals, and continue to support local community groups. We believe this project aligns with your vision as a City, and represents the perfect opportunity for the City to implement these strategies.

As always, we greatly appreciate the time and support you have offered our Society, and hope you will strongly consider this request.

Sincerely,

Glenn Campbell

Chair of the Board of Directors, Maple Ridge/Pitt Meadows Community Services

Community Services Project

11907 – 228th Street

Project Overview

- Mixed Use Development
 - 94 Residential Units
 - 20,000 square feet of ground floor “Commercial”
 - For Community Services Programming/Administration
- About 2/3rds of an acre of land
 - Assessed Value of \$1,782,000
- Project value: \$25 million
 - 25% Commercial: \$ 6.25 million
 - 75% Residential: \$18.75 million

Breakdown of Cost

• Project Cost:	\$25,000,000
— Less: Prov. Grant	- \$11,000,000
— Less: Land Value	- <u>\$ 1,800,000</u>
Required Funding	\$ 12,200,000
“Ask from City”	- <u>\$ 1,800,000</u>
Net Funding Req’d.	\$ 10,400,000

(If lump sum assistance from city)

Residential Component

- Types of Residential Units

	Without City Support	With City Support	Difference
– Studio:	30	30	
– 1 bedroom:	40	40	
– 2 bedroom:	19	19	
– 3 bedroom:	5	5	
» Total	94	94	

Residential Component

Breakdown of Rental Units by Level of Support

	Without City Support	With City Support	Difference
Income Assistance	5	5	0
Low Income	38	44	6
Moderate Income	27	42	15
Near Market	<u>24</u>	<u>3</u>	- 21
Total	94	94	

Residential Component

Estimate of Monthly Rents

	Income Assistance	Low	Moderate	Near Market
Studio	\$ 375	\$ 550	\$ 775	\$ 900
Studio (Seniors)	\$ -	\$ 765	-	-
1 bedroom	\$ 375	\$ 700	\$ 875	\$ 1,050
2 bedroom	\$ 570	\$ 950	\$1,150	\$ 1,300
3 bedroom	\$ 660	\$1,250	\$1,450	\$ 1,613

Residential Component

Summary of Annual Rental Income

Total Rental Income without subsidized rents	\$1,002,156
Total Rental Income with subsidized rents	<u>\$ 957,396</u>
Reduction in Rental Income with subsidized rents	\$ 44,760
Total Number of Additional Subsidized Suites:	21
Average Annual Rent Subsidy	\$ 2,131 / year
	\$ 178 / mth

City Fees & Charges

Estimated Taxes & Development Cost Charges

DCC's	-	Residential	\$756,418	
	-	Commercial	<u>\$ 35,464</u>	
		Total DCCs (one-time)		<u>\$791,882</u>
Property Taxes				
	-	City – Residential	\$81,938	
	-	Others – Res.	<u>\$42,938</u>	\$124,876
	-	City – Commercial	\$74,250	
	-	Others – Comm.	<u>\$43,313</u>	<u>\$117,563</u>
		Total Property Taxes (annual)		<u>\$242,439</u>

Financial Considerations

“Ask” from the City	\$ 1,800,000
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Number of Additional Supported

Units Provided with this support:	21
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Cost for each additional supported unit	\$86,000
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Financial Considerations

Annual Rental Deficiency: \$44,760

Amortization Period: 35 years

Straight line value of deficiency: \$ 1,566,600

(P/V @ 2.5% ; 35 years = \$1,036,000)

Residential DCCs \$750,000

Annual Residential Taxes \$125,000

Exemption Period: 5 Years

5 year value of exemption \$750,000

Total \$1,500,000

City of Maple Ridge

TO: Her Worship Mayor Nicole Read
and Members of Council
FROM: Chief Administrative Officer
SUBJECT: Funding Model for Council endorsed Parks and Recreation Facilities

MEETING DATE: July 18, 2017
MEETING: Audit & Finance Committee

EXECUTIVE SUMMARY:

At the July 11, 2017 Council meeting, Council provided direction on which parks and recreation facilities they are in support of advancing. Council also directed that public approval be sought separately for each project, through the alternative approval process. As a result, a separate Loan Authorization Bylaw will be produced for each investment. Prior to considering the Loan Authorization Bylaws, Council asked for an updated funding model reflecting the approved projects and that is the purpose of this report.

RECOMMENDATION(S):

That the Financial Plan be amended to include the capital projects, operating costs and associated funding, as outlined in the report "Funding Model for Council endorsed Parks and Recreation Facilities" dated July 18, 2017, and brought forward for Council's consideration.

And that a separate Loan Authorization Bylaw be prepared for each project and brought forward for Council's consideration.

DISCUSSION:

a) Background Context:

The July 11, 2017 staff report titled "Parks, Recreation and Cultural Facilities – Public Engagement Final Report", provides detail on the process and history of the community consultation that has taken place, leading up to Council's decisions. That report and support material, totaling nearly 400 pages, is available on the Maple Ridge website under Council Meeting agenda addendums.

At the July 11, 2017 Council meeting, Council provided direction on which parks and recreation facilities they are in support of advancing. Council also directed that public approval be sought separately for each project, through the alternative approval process. As a result, a separate Loan Authorization Bylaw will be produced for each investment. Prior to considering the Loan Authorization Bylaws, Council asked for an updated funding model reflecting the Council-endorsed additional park and recreation facility investments.

The updated financial model is attached to this report. It should be noted at the outset that many of the costs are estimates at this time as detailed design work has not been done.

The funding model calls for a capital outlay of about \$55 million and the use of Community Amenity Reserves and Albion Density Reserves in the first few years to assist with initial outlays. Annual debt servicing costs, once long term debt is in place, are about \$2.75 million a year and annual operating costs are estimated at \$1.4 million. These costs can be funded through the existing Parks and Recreation Levy and a further annual property tax increase of 0.35% for seven years.

In light of the fact that detailed design work has not been done, the borrowing bylaws could include a contingency to address unforeseen costs or scope changes. All such changes would be subject to Council approval.

b) Citizen/Customer Implications:

The addition of these facilities will come at a cost of a further 0.35% annual property tax increase for seven years. On a home that pays \$2,000 in municipal property taxes, this equates to a total increase of \$50, phased in over seven years.

CONCLUSIONS:

The discussion around investment in Parks, Recreation and Cultural facilities has resulted in direction to move forward with about \$55 million in facilities, subject to the approval of the electoral. This will be done through the alternative approval process for each facility.

"Original signed by Trevor Thompson"

Prepared by: **Trevor Thompson**
Manager of Financial Planning

"Original signed by Don Cramb"

Approved by: **Don Cramb, Senior Recreation Manager**
Recreation & Community Services

"Original signed by Paul Gill"

Approved by: **Paul Gill, General Manager**
Corporate & Financial Services

"Original signed by Wendy McCormick"

Approved by: **Kelly Swift, General Manager**
Parks, Recreation & Cultural Services

"Original signed by E.C. Swabey"

Concurrence: **E.C. Swabey**
Chief Administrative Officer

Funding Model for Council-Endorsed Parks and Recreation Facilities

(in \$thousands)

		2017	2018	2019	2020	2021	2022	2023	2024
Project									
Leisure Centre Renovations \$3.5M		3,500							
Telosky Field - \$10M		7,500	2,500						
Albion Community Centre - \$10M			5,000	5,000					
Silver Valley Gathering Place \$1M			1,000						
Hammond Comm. Centre \$2.5M			2,500						
Ridge Canoe and Kayak Club \$1M			1,000						
MRSS Track Facility Upgrade \$2.5M				2,500					
Ice Sheet \$25M			12,500	12,500					
Subtotal new year		11,000	24,500	20,000	-	-	-	-	-
Cumulative		11,000	35,500	55,500	55,500	55,500	55,500	55,500	55,500
Use of Reserves		(1,000)	(4,000)	(1,000)	-	-	-	-	-
Borrowing									
Short Term		10,000	30,500	49,500	49,500	-	-	-	
Long Term		-	-	-	-	49,500	49,500	49,500	49,500
Total Borrowing		10,000	30,500	49,500	49,500	49,500	49,500	49,500	49,500
Debt Servicing Costs									
Short Term		49	610	990	990	-	-	-	-
Annual Long Term (25 yr) debt costs		-	-	-	-	2,750	2,750	2,750	2,750
Debt Servicing		49	610	990	990	2,750	2,750	2,750	2,750
Operating									
Telosky Field		-	-	250	250	250	250	250	250
Albion Community Centre		-	-	600	600	600	600	600	600
Other Neighbourhood Amenities		-	-	60	60	60	60	60	60
MRSS Track Fac. Upgrade		-	-	20	20	20	20	20	20
Ice Rink		-	-	500	500	500	500	500	500
Total Operating		-	-	1,430	1,430	1,430	1,430	1,430	1,430
Total Requirements		49	610	2,420	2,420	4,180	4,180	4,180	4,180
Sources of Funding									
Existing P&R Levy	0.25%	-	900	1,107	1,321	1,543	1,772	2,010	2,256
Additional Taxation Requirements									
Tax Increase 7 years	0.35%	-	280	570	870	1,180	1,501	1,834	2,178
Total Sources of Annual Funding		1,180	1,677	2,191	2,723	3,274	3,844	4,434	
Reserves to Fund Balance									
Annual Funding Shortfall (Surplus)		49	(570)	743	229	1,457	906	336	(254)
Use Reserves									
Cumulative Use of Reserves		49	(521)	223	452	1,908	2,814	3,150	2,896
Plus initial outlay (CACs/Albion)		6,000							
Max Draw Reserves		3,150							
Total Reserve Draw Over Time		9,150							