



# City of Port Moody

## Report to Finance Committee

Date: June 1, 2021  
Submitted by: Finance and Technology Department – Financial Services Division  
Subject: Master Transportation Plan Internal Borrowing

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### Purpose

Finance Committee approval of internal borrowing from the City's Density Bonus Reserve to fund phase one of the approved Master Transportation Plan (MTP).

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### Recommended Resolution(s)

**THAT the City internally borrow \$3,555,000 from the Density Bonus Reserve for the Master Transportation Plan as recommended in the report dated June 1, 2021 from the Finance and Technology Department – Financial Services Division regarding Master Transportation Plan Internal Borrowing;**

**AND THAT annual repayments of \$344,681 be made to the Density Bonus Reserve over 12 years from the Master Transportation Levy.**

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### Background

The Master Transportation Plan (MTP) is a policy document that establishes a vision, goals, and targets for the City of Port Moody. Projects identified in the MTP are considered “tools in a toolbox” to help achieve the stated MTP goals and targets. The Master Transportation Plan was developed over two years with extensive public consultation and study. The plan was endorsed at the Regular Council meeting held on March 14, 2017 with the following motion:

#### RC17/087

THAT the Master Transportation Plan as presented in the report dated February 13, 2017 from Engineering and Operations Department – Transportation Division regarding Master Transportation Plan – Final Report be endorsed;

AND THAT staff be directed to present the Master Transportation Plan to the Finance Committee for identification of a funding source;

AND THAT, following approval of funding by the Finance Committee, staff report back to Council with a 2017-2018 implementation plan and detailed project priority assessment.

Following endorsement, a funding plan was endorsed at the April 4, 2017 Finance Committee meeting with the following motion:

FC17/033

THAT \$150,000 of one-time funding from the 2017 opening balance of the Asset Reserve be used to provide initial funding (planning and design) for the projects identified in the *TransPort Moody* Master Transportation Plan;

AND THAT staff be directed to include a further 1% tax increase in the 2018 Operating Budget to establish funding for the Master Transportation Plan;

AND THAT staff report back to the Finance Committee with short-term and long-term financing (debt) options to fund the projects identified for the first ten years of *TransPort Moody* Master Transportation Plan.

At the November 28, 2017 Regular Council Meeting, staff presented an Implementation Strategy that provided an overview for the first three years (2018-2020) of implementation of the plan; the strategy was approved with the following motion:

RC17/517

THAT the Master Transportation Plan Implementation Strategy be adopted as presented in the report dated November 17, 2017 from the Engineering and Operations Department – Engineering Division regarding Master Transportation Plan Implementation Strategy;

AND THAT staff continue with the planning and design of 'phase 1' projects and report back on project development and design plans for 2018 construction as needed.

In the 2018 Financial Plan, a Transportation Levy (which generates \$386,000 annually) and MTP Reserve were established to finance project costs of the Master Transportation Plan. The original funding strategy contemplated debt financing for the majority of the capital projects in the MTP implementation plan to be supplemented with Gas Tax funding in 2021-2026, and external grant opportunities.

The original funding strategy intended for the \$386,000 generated from the MTP levy to service the annual debt costs over a ten-year period. However, due to Provincial constraints surrounding debt financing and the flexibility required within the overall MTP implementation program, external debt financing through the Municipal Finance Authority (MFA) was deemed inappropriate, and external debt financing was never obtained.

At the Regular Council Meeting held on June 11, 2019, Council passed resolution RC19/278, declaring a climate emergency and advancing the following (excerpted) transportation-related goals to help the City achieve its Climate Action Plan targets:

- aim to have 90% of all new residents live within an easy walk of their "daily needs";
- accelerate its goal of having 40% of trips in the City made by walking, biking, or transit by 2030, and continue to champion regional transit initiatives; and
- have 50% of all cars driven on City roads be zero emissions vehicles by 2030.

The above resolution suggests implementation of the MTP should be intensified and/or accelerated if such significantly advanced goals are to be met. It should be noted that the achievement of the above goals requires changes outside of MTP City-led project implementation, such as growth and development, senior government policy changes, and changes in public behaviour.

On February 25, 2020, Council reviewed a staff report that summarized progress on MTP implementation and proposed a further implementation plan from 2020 to 2024 to generally complete the short- and medium-term City-funded projects. Several traffic signal improvements for pedestrians that Council directed staff to prioritize in January 2020 were addressed in this revised plan. Costs to complete these projects are projected to be higher than identified in the MTP, but significantly more grant funding than originally planned has been secured or is projected to be available. In total, this report requested an additional \$1.545M in funding to complete the proposed scope. At the meeting, Council passed the following resolution:

RC20/126

THAT the implementation plan of projects identified in the Master Transportation Plan 2020 Update Report dated February 5, 2020 from the Engineering and Operations Department – Project Delivery Services Division be forwarded to the Finance Committee to provide a recommendation on financial implications and potential funding sources.

In March 2020, the City activated its EOC in response to the COVID-19 Pandemic, which led to re-prioritization of some work plans, increased costs in some City areas, reduced revenues, and changes in how the public is using the City's transportation network. Given all these changes and uncertainty, consideration of how and when the MTP is implemented, updated in the future, and how transportation is supported in general, should be periodically reconsidered.

In September 2020, staff reported back at a Closed Council meeting requesting funding for a Transportation Engineer position, to be funded from the MTP reserve, rather than filling the vacant MTP Project Manager position. This reduced annual funding for specific MTP projects. Council approved the new position.

At the April 27, 2021 Regular Council meeting, staff presented options and recommendations for funding short- and long-term actions in the Port Moody Climate Action Plan; Council passed the following resolution:

RC21/213a

THAT \$150,000 for undertaking a review of the Master Transportation Plan be funded from the Master Transportation Plan Reserve as recommended in the report dated February 10, 2021 from the Community Development Department – Policy Planning Division regarding Outstanding Funding Request for Phase One Climate Action Plan Implementation.

Following the update and review of the Master Transportation Plan, Engineering staff will report back with a revised implementation strategy, which will be incorporated into future five-year financial plans, including recommendations on funding requirements.

## Discussion

Phase one (first ten years) of the original MTP still requires funding. As noted in the background of this report, external debt financing through the MFA was deemed inappropriate by the Province due to the volume of projects. Debt financing is deemed appropriate to larger projects with a clearly defined asset (i.e. Firehall, Library, Recreation Complex, etc.).

Internal borrowing from the Density Bonus Reserve would allow the City to adequately fund phase one of the Master Transportation Plan. Additionally, repayments (plus interest) would be made internally back to the Density Bonus reserve, providing additional funding for projects in the future from the Density Bonus Reserve.

### MTP Reserve – Historical Usage

Year	Opening Balance	Contributions	Project Funding	Ending Balance
2018	0	386,000	234,553	151,447
2019	151,447	386,000	1,682,095	(1,144,648)
2020	(1,144,648)	466,333	1,237,112	(1,915,427)
2021*	(1,915,427)	486,000	2,125,275	(3,554,703)

\*Projection based on current budget

The MTP levy has been collected since 2018. \$1,544,000 (\$386,000 annually over four years) has been credited to the MTP reserve, and has been used to fund various phase-one MTP projects over the last four years. In addition, starting in 2020, annual contributions of \$100,000 have been credited to the MTP reserve from the Gas Tax reserve. As shown in the table above, \$3,555,000 is the amount needed to be internally borrowed from the Density Bonus Reserve.

This funding strategy is based on the current (first ten-year) phase and any funding requirements identified as a part of the pending MTP review will be additional.

### Internal Repayment Schedule

The original MTP funding strategy was over a ten-year period concluding in 2027. This timeline cannot be maintained based on the current MTP levy and other reserve contributions as the internal debt repayments and staff funding requirement would be greater than these annual contributions. To lower the annual internal payments to match the funding contributions, a 12-year term (repayment schedule) is required. At a prescribed interest rate of 2.41% (MFA's current ten-year rate), this would result in annual payments of \$344,681, with the internal borrowing fully repaid after 12 payments in 2032. It would also result in \$557,000 in interest credited to the Density Bonus reserve.

#### Internal Debt Repayment Schedule

<b>Annual Interest Rate</b>	2.41%
<b>Years</b>	12
<b>Payments Per Year</b>	1
<b>Amount Borrowed</b>	3,555,000

<b>Year</b>	<b>Payment</b>	<b>Payment</b>	<b>Interest</b>	<b>Principal</b>	<b>Balance</b>
2021	1	(344,681)	(85,676)	(259,005)	3,295,995
2022	2	(344,681)	(79,433)	(265,247)	3,030,747
2023	3	(344,681)	(73,041)	(271,640)	2,759,107
2024	4	(344,681)	(66,494)	(278,186)	2,480,921
2025	5	(344,681)	(59,790)	(284,891)	2,196,030
2026	6	(344,681)	(52,924)	(291,757)	1,904,273
2027	7	(344,681)	(45,893)	(298,788)	1,605,486
2028	8	(344,681)	(38,692)	(305,989)	1,299,497
2029	9	(344,681)	(31,318)	(313,363)	986,134
2030	10	(344,681)	(23,766)	(320,915)	665,219
2031	11	(344,681)	(16,032)	(328,649)	336,570
2032	12	(344,681)	(8,111)	(336,570)	0
		<b>(3,446,809)</b>	<b>(557,028)</b>	<b>(2,889,781)</b>	

As shown in the above table, the current (phase one) MTP strategy would have sufficient annual contributions to meet the internal debt repayment obligations (\$344,681 annual repayments), and position funding requirements (\$135,000 annually for the Transportation Engineer) based on the 12-year term.

The MTP reserve would not have excess capacity to continue to fund any additional MTP projects not currently approved (2022 and beyond). As previously discussed, additional funding sources will be required to continue further implementation of the Master Transportation Plan as determined in the MTP review.

#### Density Bonus Reserve

The following table summarizes the projected balance of the Density Bonus reserve and the current funding commitments.

## Summary of Density Bonus Reserve

Opening Balance	\$14,796,261
Project Allocations	
Inlet Trail – Boardwalk and Pedestrian Bridge Reconstruction	\$325,000
Shoreline Bike Path – Paving – North Trail	\$4,100,000
Inlet Centre Field*	\$3,100,000
Master Transportation Plan (MTP) internal borrow**	\$3,555,000
Total Project Funding from Density Bonus	\$9,687,000
Ending Balance	\$3,716,261

\*Approval of this item has been deferred based on the outcome of grant applications.

\*\*Pending Council approval.

## Other Option(s)

THAT the report dated April 30, 2021 from the Finance and Technology Department – Financial Services Division regarding Master Transportation Plan Internal Borrowing be received for information;

AND THAT staff be directed to bring forward alternative funding options for Finance Committee consideration.

## Financial Implications

Internally borrowing from reserves is a common financing strategy used by municipalities to bridge funding gaps. Internally borrowing will temporarily result in Density Bonus Reserve funds being unavailable for other capital projects. As the internal borrowing will be repaid over a set term, these funds will be available in the future with an interest allocation.

## Communications and Civic Engagement Initiatives

There are no communications requirements associated with this report.

## Council Strategic Plan Objectives

The projects and initiatives outlined in the Master Transportation Plan strive to meet 2019-2022 Council Strategic Plan priorities of:

- Exceptional Service through delivery of high-quality projects with minimal disruption;
- Environmental Leadership with development of sustainable travel options for residents;
- Promotion of a Healthy City through infrastructure that supports mental and physical health;
- Economic Prosperity through activating street-space for commerce and gathering of others; and
- Community Evolution through strategic investments in infrastructure that will support the community.

## Report Author

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## Report Approval Details

Document Title:	Master Transportation Plan Internal Borrowing.docx
Attachments:	
Final Approval Date:	Jun 21, 2021

This report and all of its attachments were approved and signed as outlined below:

Paul Rockwood, General Manager of Finance and Technology - Jun 14, 2021 - 10:17 AM

Jeff Moi, General Manager of Engineering and Operations - Jun 14, 2021 - 3:30 PM

Dorothy Shermer, Corporate Officer - Jun 17, 2021 - 10:26 AM

Natasha Vander Wal for Rosemary Lodge, Manager of Communications and Engagement - Jun 17, 2021 - 11:29 AM

Tim Savoie, City Manager - Jun 21, 2021 - 11:17 AM