

RE: BYLAWS TO REPAY GENERAL REVENUE FUNDS
FOR LAND ASSEMBLY AND DEVELOPMENT COSTS
AND TO FUND 1988 BUDGETED EXPENDITURES

MUNICIPAL MANAGER'S RECOMMENDATION:

1. THAT the recommendations of the Director Finance be adopted.

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ITEM 31
MANAGER'S REPORT NO. 49
COUNCIL MEETING 88/07/25

1988 July 20
File: C4-70

TO: MUNICIPAL MANAGER
FROM: DIRECTOR FINANCE

RE: BYLAWS TO REPAY GENERAL REVENUE FUNDS
FOR LAND ASSEMBLY AND DEVELOPMENT COSTS
AND TO FUND 1988 BUDGETED EXPENDITURES

RECOMMENDATIONS:

1. THAT a bylaw be brought down to appropriate \$2,124,995.00 from capital reserves designated for land assembly and development to reimburse the General Revenue Fund for monies expended to 1988 June 12.
2. THAT a bylaw be brought down to appropriate \$10,000,000.00 from reserves designated for land assembly and development to fund 1988 budgeted land acquisition and development expenditures.

SUMMARY
REPORT

This report recommends the passage of two bylaws with respect to financing of land assembly and development costs.

The bylaw for \$2.1 million is to finance the costs incurred between 1988 March 20 and 1988 June 12. This is consistent with the practice that has been in effect for many years whereby land assembly and development expenditures are temporarily financed from the operating account working capital and reimbursed by the subsequent adoption of a bylaw appropriating funds from capital reserves.

The bylaw for \$10 million is to provide funds for a portion of the 1988 budgeted land assembly and development expenditures in advance. This is to ensure that upon Council approval of a project or an acquisition that funds are in place to proceed. This represents a change in the timing only of the reserve appropriation bylaw.

Council approval will still be required before any new programs are commenced, or land is purchased or contracts let. When expenditures accumulate to near the \$10 million appropriated, a report will be presented to Council, accounting for the expenditures. At the same time, Council will be asked to adopt another bylaw appropriating funds in advance for the planned land assembly and development program.

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The current practice of temporarily financing land and development expenditures from the operating account working capital started in the late 1960's. This practice was started because the bylaw to finance from capital reserves needed ministerial approval. The municipality couldn't always foresee what expenditures would be made and when, and there was not sufficient time to obtain bylaw approval before the expenditure (i.e. the purchase of land) had to be committed and expended. Such expenditures were temporarily financed from working capital and subsequently reimbursed from capital reserves by adoption of a bylaw, all with the concurrence of the Ministry, albeit not technically in compliance with the Municipal Act.

Up to mid-1987, the approval of the Minister of Municipal Affairs was needed to adopt these reserve appropriation bylaws. Now only two-thirds of full council approval is needed. Also the Municipal Act states that funding must be in place before expenditures are committed or contracts are awarded. The Director Finance considers it appropriate to comply with the Municipal Act and "good housekeeping" to bring our bylaw procedures "in line" with the Municipal Act.

BACKGROUND

The Municipal Act requires that the proceeds from the sale of tax sale lands be placed into a separate reserve account which is called the Tax Sale Fund. The Act also requires that the proceeds from the sale of all other lands (corporate lands) be put into the Capital Works, Machinery and Equipment Reserve. In both cases, the proceeds from those sales and interest earned thereon are earmarked to be used for land assembly, and development of land for resale.

Council policy is to use the proceeds from the sale of lands as exclusively as possible for the purchase of properties to round out municipal subdivisions, to service same for sale or lease, and to use surplus funds for the acquisition of lands suitable for future industrial, commercial or municipal purposes.

To use the funds it is necessary to pass a bylaw appropriating the funds from the reserves.

PRESENT PRACTICE

On an ongoing basis, expenditures for land assembly and development are financed out of the operating account working capital. Periodically funds so advanced by general revenue funds are reimbursed by the passage of a bylaw. This bylaw must be adopted by an affirmative vote of at least two-thirds of the members of Council. Up to mid 1987 the approval of the Minister of Municipal Affairs was needed to adopt the bylaw.

Schedule "A" attached lists the land purchase and construction costs totalling \$2,124,995.00 which have been made for the period 1988 March 20 to 1988 June 12.

It is recommended that a by-law be brought down to appropriate \$2,124,995.00 from the capital reserves designated for Land assembly and development to reimburse the General Revenue Fund for monies expended to 1988 June 12.

PROPOSED PRACTICE

It is now proposed to appropriate funds for a portion of the current year's budgeted land assembly and development expenditures in advance of the expenditure being approved and disbursed. This is to ensure that upon Council approval of a project or an acquisition that funds are in place to proceed. This represents a change in timing only.

Council approval will still be required before any new programs are commenced, or land is purchased or contracts let. When expenditures accumulate close to the funds appropriated, a report will be prepared for Council accounting for the expenditures. At the same time Council will be requested to adopt another bylaw appropriating funds in advance for the planned land assembly and development program.

The reasons for the proposed change in timing of passage of the appropriation bylaw are as follows. Up to mid 1987, the approval of the Minister of Municipal Affairs was needed to adopt these reserve bylaws. Now only two-thirds of full council approval is needed. Because it wasn't possible to foresee what expenditures would be made and when, and there usually was not time to pass a bylaw with ministerial approval before the expenditure (primarily land purchases) had to be made. A practice was adopted to temporarily finance the expenditures out of operating capital and then reimburse periodically by passing a reserve appropriation bylaw. Now that ministerial approval is no longer needed, it is proposed that this practice be discontinued. The Municipal Act states that funding must be in place before expenditures are committed or contracts are awarded. By appropriating funds in advance, we will be complying with the Municipal Act. The Director Finance considers it appropriate to comply with the Municipal Act and "good housekeeping" to bring our bylaw procedures "in line" with the Municipal Act.

This timing change in the adoption of the appropriation bylaw will be reflected in the reserves policy when it is updated later this year. The new practice should reduce the number of reports to Council, particularly during high activity acquisition periods. It will also periodically update Council with the the planned program for land assembly and development.

APPROPRIATION REQUEST TO FUND BUDGETED EXPENDITURES

Schedule B attached is an extract from the 1988 capital budget-land assembly and development program.

The balance of the 1988 planned and budgeted expenditures for land assembly, after the amounts expended and appropriated to 1988 June 12, is about \$12.9 million calculated as follows:

1988 planned program (from 1988 capital budget)	\$16,353,874
Less: Bylaw adopted 1988 May 08 (1988 expenditures to March 20)	(1,356,319)
Bylaw recommended this report	<u>(2,124,995)</u>
Balance of 1988 planned programs	\$12,861,560
	=====

Of the \$12,861,560 remaining in the 1988 program, we have already incurred some expenditures since 1988 June 12 (the date to which expenditures have been listed in Schedule A) and we plan to expend about \$9 million in 1988 on Phase I of the Cariboo Heights subdivision as the program indicates. The 1988 program is much larger than in 1987 when we expended \$7.25 million on land assembly and development. The balance of the 1988 planned program (after allowance for expenditures since June 12) and contracts to be awarded is in the range of about \$9 million. Therefore to cover the expenditures incurred since June 12 and the major portion of the balance of the 1988 planned program, an appropriation of \$10 million is being recommended.

This represents a change in timing only. Council approval will still be required before any new programs are commenced, or land is purchased or contracts let. 234

It is recommended that a bylaw be brought down to appropriate \$10,000,000.00 from reserves designated for land assembly and development to fund 1988 budgeted land acquisition and development expenditures.

STATUS OF RESERVES

The following is the estimated source of funds which is currently available at 1988 June 12 to finance future land assembly and development programs:

Tax Sale Fund (tax sale lands)	\$11,354,764
Capital Works, Machinery & Equipment Reserve (Corporate Lands and Housing)	26,717,248
Agreements Receivable (for sales to June 12)	<u>4,779,225</u>
	\$42,851,237

Less: Bylaws recommended in this report
 - reimburse general revenue fund
 - appropriation for planned programs
 Outstanding work orders

2,124,995
10,000,000
<u>1,450,574</u>

Funds available for financing future land assembly and development programs

29,275,668

Estimated value of balance of lands budgeted for purchase in 1988 capital budget

<u>2,861,560</u>

Uncommitted funds

\$26,414,108
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This balance includes land sales and agreements receivable as of 1988 June 12. But it excludes about \$17 million in planned sales from Cariboo Heights anticipated for late 1988 and in 1989.

PW Jamnik for

Howard Karras
 DIRECTOR FINANCE

PWT:ah
 Attach.

cc. Municipal Clerk
 Municipal Solicitor
 Director Planning & Building Inspection
 Director Engineering
 Director Administrative & Community Services

SCHEDULE "A"

Land Assembly

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Acquisitions

Address

Legal Description

Amount
\$

7156 Broadway	Rear ptn of Lot 2, Blk. 3, D.L. 59&136, Gr. 1, Pl. 3050	42,755.13
9949 Broadway	Lot 1, ex pl 27988, D.L. 15, Gr. 1, Pl. 22256	179,724.75
7456 Cariboo Road	Lot 26, Blk. 29, D.L. 13, Gr. 1, Pl. 3046	8,850.80
6050 Cassie Avenue	Pcl. B, Ex.Pl. 8891, W 41 ft of Lot 8, D.L. 153, Gr. 1, Pl. 2236	119,850.62
7132-18th Avenue	Lot 13 of Blks. 48&49 of Lot 2, D.L. 95 Gr. 1, Pl. 1643	164,569.06
8960 Erin Avenue	Lot 15, Blk. 32, D.L. 13, Gr. 1, Pl. 3046	139,709.27
5507 Inman Avenue	Lot 4, Exc part incl in Pcl B (Ref. Pl 4874) D.L. 34, Pl. 2038	79,184.25
6087 McKay Avenue	Pcl. B, Lot 7, D.L. 153, Gr. 1, Pl. 2236	146,366.38
6097 McKay Avenue	Pcl. A, ex pl 8503, Lot 8, Blk. 14, D.L. 153, Gr. 1, Pl. 2236	120,496.85
6108 Willingdon Ave.	Pcl A of Lots 7 & 8, Blk. 13, D.L. 153, Gr. 1, Pl. 2660	304,316.10
6132 Willingdon Ave.	Lot 10, Blk. 13, D.L. 153, Gr. 1, Pl. 2660	202,843.04
6144 Willingdon ave.	Lot 11, Blk. 13, D.L. 153, Gr. 1, Pl. 2660	202,868.97
6154 Willingdon Ave.	N. 1/2 lot 12, Blk. 13, D.L. 153 Gr. 1, Pl. 2660	101,365.52
Contracted services re Metrotown acquisitions		11,289.83
Land Title Office fees, courier services, and damage deposits on previous and future acquisitions		1,922.20
Total, Acquisitions		<u>1,826,112.77</u>

Development Costs

Phillips/Kitchener subdivision No. 44/79 - landscaping, grassing and trees, and installation of landscape buffer on the north side of Greystone Drive and east side of Burnwood Drive	3,453.63
D.L. 87 subdivision - Stage 1 - provision of municipal services and construction of vehicle crossings, Lots 1 to 66; Stage 2 - engineering design and supervision, and provision of municipal services	21,365.18
Camrose subdivision Stages 1 and 2, and Parker/Holdom subdivision, provision of municipal services and construction of vehicle crossings	3,898.28
Camrose subdivision Stage 3 - engineering design and supervision, provision of municipal services and construction of vehicle crossings	4,352.50
Parker/Gamma subdivision - engineering supervision, provision of municipal services, Land Title Office and subdivision fees	16,887.96
Cariboo Hill area - design of Cariboo Road reconstruction, planning of municipal development area, Land Title Office and subdivision fees	51,084.84
Former Stride Avenue refuse disposal area - rehabilitation of Pit No. 1 for eventual industrial development and Pit No. 3 for creation of greenbelt area	15,166.33
Ednor/Marsden subdivision No. 44/79 - construction of vehicle crossings Lots 259 to 264	3,133.07
Municipal contribution to match 1987 developers' contributions to Metrotown Open Space Levy	207,992.13
Municipal contribution to match 1987 developers' contributions to Metrotown Pedestrian Link Levy	23,318.86
Broadway/Phillips subdivision No. 55/81 - difference between purchase order amount and actual cost re provision of municipal services	(39,153.39)
Timing differences in payout and recovery of minor development costs, Land Title Office fees, subdivision fees and advertising costs	(12,617.16)
Total, Development	<u>298,882.23</u>

Total Acquisitions and Development

2,124,995.00
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Gross Expenditure

In 1970 Council approved a policy of using the proceeds from the sale of tax sale lands as exclusively as possible for the purchase of properties to round out municipal subdivisions, to service same for sale or lease, and to use surplus funds for the acquisition of lands suitable for future industrial, commercial or municipal purposes. The following program shows the development costs and anticipated property sales for 1988. The land assembly program is expected to take place over a number of years. \$16,353,874 is the amount expected to be spent in 1988. There may be minor unexpected changes to the program as priorities may shift during the year, i.e. unanticipated developer interest in properties not identified for 1988. Such cases will be identified in reports to Council and funding will still come from the amount identified below.

Account No. 60-70

Land Assembly

General purpose program
 Program in conjunction with major road widenings
 Intersection improvements on Grange
 - Royal Oak to Kingsway
 870,000

\$ 18,397,780

\$ 19,267,780

Category	Code	Description	Developement	Serviceing	And Other	Crossings	Park Levy
70-08		Broadway/Phillips - subdivision 55/81	Cost sharing with developers	210,000	25,900	95,000	210,000
70-15		Cariboo Heights subdivision		8,815,000	25,900	10,263	25,900
70-25		Parker/Gamma subdivision		53,100	5,670	8,397	8,920,263
70-29		Grasmere/Sussex subdivision		2,283			67,167
70-33		Stride Dump rehabilitation/methane gas					2,283
70-35		Myrtle Street industrial area	migration mitigation	641,818			641,818
70-46		Still Creek - Douglas Road to B.C. Hydro		76,100			76,100
70-52		Westminster Avenue - Regent to Still Creek	right-of-way	346,500			346,500
70-55		Norland/Ledger Avenues - northeast corner		245,700			119,866
							245,700

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Finance Department
1988 July 20

Account No. 60-70

LAND ASSEMBLY AND DEVELOPMENT (cont'd)

Development (cont'd)	Category	Code	Description	Serviceing And Other \$	Crossings \$	Park Levy \$
70-57			Boundary Road/Marine Way - Industrial sites			
70-58			Kitchener/Greystone/Phillips - Landscaping	1,353,622		
70-67			Big Bend area - soils study	31,150		
70-69			Camrose subdivision - stage 1	62,324		
70-78			Edmor/Marsden subdivision		7,006	
70-80			Willingdon Green Executive Park - services (overlay)		22,392	
70-82			D.L. 87 (Lakefield Drive/6th Street)	49,773		
70-82			Stage 1	19,678		
70-83			Norland/Kensington Connector	14,224		
70-84			Camrose (Stages 1 and 2)/Parker/Holdom	203,066		
70-85			Sullivan Street subdivision	93,213		
70-86			Empress Street subdivision	3,780		
70-87			Camrose subdivision - stage 3	1,260		
70-88			Wedgewood/4th Street subdivision	10,763		
70-97			Miscellaneous - various projects	630		
70-98			Advertising	48,822		
70-98			Mission Avenue walkway - Burnaby's share	15,896		
70-98			North Road properties	21,723		
70-98			Burnaby's share - contribution to	19,000		
70-98			Metrotown - open space Levy	65,000		
70-98			Metrotown - pedestrian link Levy	70,000		
				207,993		
				23,319		
				207,993		
					2,799	
					933	
					11,675	
					933	
					10,710	
					1,260	
					103,976	
					203,066	
					54,751	
					37,964	
					18,286	
					32,130	
					8,397	
					10,763	
					1,260	
					5,343	
					59,532	
					15,896	
					34,331	
					19,000	
					65,000	
					72,799	
					207,993	
					23,319	

Gross Expenditure

\$ 13,086,094
\$ 32,353,874
\$ 16,353,874
\$ 4,000,000

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