

AGENDA

FINANCE AND GOVERNANCE STANDING COMMITTEE Monday, October 18, 2021 - 10:00 to 11:30 am COUNCIL CHAMBERS

MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, Saanich is unable to accommodate the public for any Council, Committee of the Whole, Advisory, Board or Foundation meetings while maintaining the limits on large gatherings due to the Public Health Order.

As per the Order of the Minister of Public Safety and Solicitor General, Emergency Program Act, Ministerial Order No. M192, public attendance at the meeting is not required if it cannot be accommodated in accordance with the applicable requirements or recommendations under the Public Health Act.

To hear this meeting by phone, please call: 1-833-214-3122
Access code: 431 356 62#

MS Teams callers are identified by their phone number, which will be viewed on screen by all attendees of the meeting, and not retained.

- Pg. 2 **1. MINUTES FOR ADOPTION**
 - July 19, 2021 (attached)

- Pg. 7 **2. COASTAL COMMUNITIES SOCIAL PROCUREMENT INITIATIVE**
 - Report of the Director of Finance dated October 1, 2021 (attached)
 - For Committee information.

- Pg. 20 **3. SAANICH COMMUNITY GRANTS PROGRAM POLICY**
 - Report of the Director of Finance dated October 7, 2021 (attached)
 - For Committee approval and recommendation to Council.

- Pg. 32 **4. UBCM REPORT – ENSURING LOCAL GOVERNMENT FINANCIAL RESILIENCY AUGUST 2021**
 - For Committee discussion

- Pg. 118 **5. 2nd TRIMESTER REPORT – JANUARY 1, 2021 TO AUGUST 31, 2021 (attached)**
 - For receipt by Committee and forward to Council

*** ADJOURNMENT ***

**MINUTES OF THE
FINANCE AND GOVERNANCE STANDING COMMITTEE
COUNCIL CHAMBERS
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
MONDAY, JULY 19, 2021 AT 10:00 AM**

Present: Chair: Councillor Susan Brice
 Members: Mayor Haynes, Councillors Harper and Mersereau
 Staff Members: Paul Thorkelsson, Chief Administrative Officer; Angila Bains, Manager, Legislative Services/Municipal Clerk; Valla Tinney, Director of Finance; Paul Arslan, Senior Manager, Finance; Rebecca Newlove, Manager of Sustainability; Jennifer Downie, Administrative Assistant.

MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, the Saanich Municipal Hall is closed to the public. As per the Order of the Minister of Public Safety and Solicitor General, Emergency Program Act, Ministerial Order M192, public attendance at the meeting is not required if it cannot be accommodated in accordance with the applicable requirements or recommendations under the Public Health Act.

Members of the public were provided with information on how to access and listen to the proceedings.

Chair Brice switched the order of agenda items #4 and #5.

MINUTES FOR ADOPTION

MOVED by Councillor Harper and seconded by Councillor Mersereau: “That the minutes of the Finance and Governance Standing Committee meeting of June 7, 2021 be adopted as circulated.”

CARRIED

COMMUNITY ASSOCIATIONS

The Manager of Legislative Services presented the Community Associations report dated July 5, 2021.

At the March 15, 2021 meeting, the Mayor’s Standing Committee on Finance and Governance resolved as follows:

“That the Finance and Governance Standing Committee direct staff to bring back to a future meeting any current documentation, outlines, and requirements, in relation to community associations that are a part of Saanich.”

It is important to note that the previous Council had commissioned a Governance Review Task Force which made specific recommendations to Council regarding Community Associations. In response to the report of the task force and at its January 10, 2018, Saanich Council requested feedback from Saanich Community Association Network (SCAN) regarding the outcome of the Governance Review Task Force Standing Committee on the following:

- Community Engagement – Community Associations Formalize Community Associations by establishing Terms of Reference. “That this item be referred to the Saanich Community Association Network (SCAN) for further comment.”

- Community Engagement – Community Associations Assign Council liaisons to Community Associations that rotate on a regular basis. “That this item be referred to the Saanich Community Association Network (SCAN) for comment and indication of their level of interest.”

In October of 2019, the President of SCAN advised at that time the members could not come to a consensus. At the time they felt that asking the Community Association to agree to a single vision that would describe and encompass the values of all associations was not achievable at that time.

In response to concerns raised by the Committee, the Manager of Legislative Services will update the “Saanich Community Grants Program” section of the report in an effort to provide clarity and consistency.

Councillor Mersereau discussed the need to have the role of Community Associations clarified with respect to development application review processes. Chair Brice will reach out to representatives from SCAN to discuss their availability to attend a future meeting.

Moved by Councillor Harper and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee receive the report dated July 5, 2021 from the Manager of Legislative Services for information, and refer to the Chair of this Committee to follow up.”

CARRIED

COMMUNITY ASSOCIATIONS – GRANT APPLICATION PROCESS

The Manager of Legislative Services presented the Community Associations – Grant Application Process report dated June 30, 2021.

At the April 20, 2021, Council – Special Council Meeting, Council resolved as follows:

“That Council request the Mayor’s Standing Committee on Finance and Governance to consider the appropriateness of requesting community associations to provide an annual report and membership number as part of their grant application.”

Committee members discussed the validity of requesting proof of current registration and annual reports from Community Service Provider grant applicants. Some members questioned the need for requesting annual report submissions.

Councillor Mersereau noted that this would be exercising due diligence and that reports would not be used as an assessment of whether or not grants are to be approved and requesting their current registration number would prove their eligibility.

Councillor Mersereau put forward the following motion:

“That the Finance and Governance Standing Committee recommend that Council require proof of current registration under the Societies Act for Community Service Provider Grant applicants and forward an annual report at the conclusion of each year.”

Motion was WITHDRAWN

Moved by Mayor Haynes and seconded Councillor Mersereau: “That the Finance and Governance Standing Committee request Community Associations provide an annual report summary (from the previous year) and BC Society number as part of their grant application.”

CARRIED

Chair Brice noted that the motion, once passed, would not be acted upon but would come back to a future meeting for discussion and additional comments.

This item will appear on the next agenda; staff and Committee members are invited to provide any feedback or comments to be added to the motion.

SAANICH COMMUNITY GRANTS PROGRAM POLICY

The Director of Finance presented the Saanich Community Grants Program Policy report dated June 25, 2021.

Staff recommend that the Neighbour to Neighbour program be incorporated into the existing Community Grants Program Policy to expand on the Small Acts of Vibrancy program. The intent is to create a micro grant program that effectively supports the community and utilizes the existing funding for the Small Acts of Vibrancy Micro-grant with supplements from sustainability and fire department budgets to support Saanich’s Strategic Goals and implement the Climate Plan. The policy amendments would be brought back to a future Finance and Governance Committee meeting to receive approval and recommendation to Council.

Moved by Mayor Haynes and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee direct staff to update the Saanich Community Grants Program Policy to expand the Small Acts of Vibrancy grant to incorporate the Neighbour to Neighbour (N2N) program.”

CARRIED

COUNCIL STRATEGIC INITIATIVES CONTINGENCY POLICY

The Director of Finance presented the Council Strategic Initiatives Contingency Policy report dated June 29, 2021.

At the April 19, 2021 meeting of the Committee the draft policy was reviewed and input was received. The updated policy incorporates the necessary changes.

Moved by Councillor Mersereau and seconded Mayor Haynes: “That the Finance and Governance Standing Committee recommend that Council adopt Council Policy – Strategic Initiatives Contingency.”

CARRIED

LONG TERM FINANCIAL PLAN PROJECT UPDATE

The Director of Finance reviewed and provided an update on the Long Term Financial Plan Project Update report dated July 2, 2021.

The Director of Finance reviewed the project phases noting that the presentation to Council will likely take place in November 2021.

Moved by Councillor Mersereau and seconded Councillor Harper: “That the Finance and Governance Standing Committee receive the report of the Director of Finance, Long Term Financial Project Update, dated July 2, 2021 for information.

CARRIED

1st TRIMESTER REPORT – January 1, 2021 to April 30, 2021

The Director of Finance presented the following report: January 1, 2021 to April 30, 2021.

The Director of Finance noted that there are no concerns to be raised at this time.

In response to Committee members, the Chief Administrative Officer noted that the most detailed Building Permit Statistics and break downs are provided to Council during the quarterly CAO/Council check-ins.

It should be noted that numbers provided in this report are on a trimester basis – not yearly.

Committee members requested an additional column identifying the number of bidders for each item be added to the *Procurement Results* table. The Director of Finance will review this request.

MOVED by Councillor Mersereau and seconded by Councillor Harper: “That the Finance and Governance Standing Committee receive the Trimester Report - January 1, 2021 to April 30, 2021 for information.”

CARRIED

REPORTS TO COUNCIL

Committee members discussed the appropriate process for submitting Council reports after the staff deadline on “emergent issues.”

It was noted that having reports placed on agendas without a prior notice of motion is not good governance and does not offer Council members enough time to make good decisions.

The Manager of Legislative Services noted that the Council Procedure Bylaw outlines that any member may give notice of a motion which they intend to present to Council by giving a copy of the motion to the Corporate Officer during a meeting of Council and upon it being acknowledged by the Mayor, it shall appear in the minutes of that meeting as notice of motion and be placed on the agenda of the next regular Council meeting. Reports can accompany the notice of motion, however good governance would have the report be placed on the agenda of the next regular Council meeting. The intent of notice of motions is to give members of Council and the public reasonable time to deliberate.

Moved by Councillor Mersereau and seconded by Councillor Harper: “That the Finance and Governance Standing Committee refer this item to the Chief Administrative Officer and the Manager of Legislative Services to come back with procedures for Notice of Motions to this Committee to consider at a subsequent meeting.”

CARRIED

COUNCIL DISCLOSURE / PRIVACY PROCEDURES

Committee members discussed the need and purpose of requesting that members of the public provide personal addresses for the public record when addressing Council.

The Manager of Legislative Services noted that in the Council Procedure Bylaw, it clearly states that anybody making public representation to Council must state their name and address. It should be noted stating name and address could be as simple as stating, “Mr. Smith from Main Street.” When an individual comes they are complicity giving their own consent of releasing their personal information to Council. This is in accordance to the Council Procedure Bylaw and it should be noted that this has been the long standing practice with Saanich Council.

Public Hearings are dealt with differently as it states in legislation that anyone who is affected by the application can make representation to Council but their representation forms part of the public hearing package and is available for inspection to others.

Moved by Councillor Harper and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee recommend that staff consider making changes to the Procedures Bylaw; staff to bring forward options to eliminate collecting detailed type information from members of the public when they present to Council.”

CARRIED

SAANICH MUNICIPAL HALL / ANNEX SECURITY

The CAO provided a verbal update on upcoming security measures for the Municipal Hall and Annex. Design work is underway to install barriers and controlled access into staff work areas. Work will begin before the end of the year.

ADJOURNMENT

On the motion from Councillor Brice the meeting adjourned at 12:10 pm.

Chair

I hereby certify these Minutes are accurate.

Committee Secretary



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: October 1, 2021
Subject: Coastal Communities Social Procurement Initiative

RECOMMENDATION

That the Committee recommend that no further action be taken on social procurement at this time and that staff report back to the committee in one year to provide an update on capacity within Purchasing Services to take on the additional work of assessing a potential program for Saanich.

PURPOSE

To provide information on the British Columbia Social Procurement Initiative (BCSPI) (formerly Coastal Communities Social Procurement Initiative) as requested at the April 19th committee meeting.

DISCUSSION

At the April 19th, 2021 meeting of the Committee a motion was adopted requesting that staff bring back information on the British Columbia Social Procurement Initiative (BCSPI). Saanich Finance have discussed the initiative with the CFO of the Capital Regional District as recommended by the Committee Chair and reviewed the reports that were presented to the CRD Finance Committee on the topic. Permission was obtained to utilize the CRD reports for background information for this report.

The benefits of membership in the BCSPI include:

1. Completed templates for public procurement processes;
2. Training on P-Card programs relating to social small buys
3. Three online training modules
4. Group training sessions tailored to needs;
5. 10 hours of consulting with resource partners; and
6. A member's only website with resource articles, project examples of successful social procurement projects in the service, and the like.

Procurement services at Saanich are centralized with a majority of medium to high value procurement supported by Purchasing Services staff. As previously reported to the Committee, the organization is in the process of undertaking a corporate wide Procurement Overhaul Project (POP) to bring Saanich's procurement practices up to best practice standard to increase efficiency, effectiveness and ensure timely, open, fair and transparent procurement for all departments. This is a significant undertaking and is estimated to take up to two years to fully update all bylaws, Council and administrative policies, implement protocols and templates and establish strong contract management practices.

Due to staffing challenges experienced in purchasing services for many years due to illness, retirement and other job opportunities, there is an impactful backlog in acquiring important goods and services for the organization.

The BCSPi requires an elected official and a senior staff person to participate in quarterly meetings. Membership fees are based on AVICC dues which for Saanich were \$11,140 in 2021. A procurement professional attends regular community of practice to do the hands on development and review of social procurement materials. Regular participation of the Director and the Purchasing Manager will have an impact on the Finance department and its ability to deliver on the POP and other initiatives such as the Long Term Financial Plan Project and budget software implementation. Depending on the nature of a potential program for Saanich there could be long term staffing implications for Purchasing Services.

With all of these factors combined, the timing is very challenging for Saanich to take on the additional work of establishing a social procurement program for Saanich. It is recommended that staff continue to monitor the procurement backlog and implementation of the POP and report back to the Committee in a year to determine when it is estimated the organization could successfully embark on assessing and potentially developing a social procurement program and utilizing the benefits of the British Columbia Social Procurement Initiative. If the District were to purchase a membership now, it would be underutilized.

Prepared by


Valla Tinney
Director of Finance

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.


Paul Thorntelsson, CAO



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**REPORT TO CAPITAL REGIONAL DISTRICT FINANCE COMMITTEE
MEETING OF WEDNESDAY, MARCH 03, 2021**

SUBJECT **Reconsideration of Coastal Communities Social Procurement Initiative Membership**

ISSUE SUMMARY

Reconsideration of membership in the Coastal Communities Social Procurement Initiative (CCSPI), and to seek direction relating to social procurement

BACKGROUND

On January 6, 2021 the Finance Committee passed the following motion with notice, brought by Director Helps, co-chair of the CCSPI, and Director Tait:

That staff be directed to report to the Finance committee about the potential for the Capital Regional District to join the Coastal Communities Social Procurement Initiative.

Previously, in February of 2019 the CRD Board considered membership in CCSPI and chose not to join at that time. The prior board report is attached as Appendix A. The Board passed the following motion:

That the CRD not pursue membership in Coastal Communities Social Procurement Initiatives at this time, but revisit the issue if the Board directs staff to pursue a social procurement strategy.

CCSPI is an unincorporated, consensus-based project of coastal local governments attempting to standardize and promote the use of social procurement to aid public authorities, industry, and equity-seeking vendors. In 2019, CCSPI had yet to demonstrate significant work product. Since then, CCSPI completed templates and standards, vetted by local governments and CCSPI's consultants. Training videos, online content including numerous case studies of coastal projects have been published, from P-Card purchase training to community benefit approaches on larger construction projects, and group training sessions coordinated with governments and industry. Key performance indicators are in development.

The cost of CRD membership for 2021 is \$2,528.20, the equivalent of the CRD's 2021 AVICC dues. Benefits include:

- completed templates for public procurement processes;
- training on P-Card programs relating to "social" small buys;
- three online training modules;
- group training sessions tailored to needs;
- 10 hours of consulting with resource partners (Scale Collaborative for program delivery; Buy Social Canada for social procurement expertise; Presentations Plus for communications and training; and Vancouver Island Construction Association for advice relating to use on larger projects); and

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- a members-only website with certain resource articles, project examples of successful social procurement projects in the service area, and the like.

Membership does not:

- impose any obligations to engage in certain procurements, espouse certain values, or work with specific suppliers;
- impose a specific set of guidelines or values on the CRD. CRD will need to determine its own goals, either corporate wide or on a procurement-by-procurement basis;
- require CRD to be lobbied on behalf of specific consultancies or interests. CCSPI represents it is designed for member local governments to work together to implement social procurement programs, not as a place for industry to lobby for specific advances or interests; or
- compel ongoing membership.

The CCSPI requires an elected official representative and a senior CRD staff person to participate in quarterly meetings. It requests a procurement professional attend a regular community of practice to do the hands-on development and review of social procurement materials.

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That the Capital Regional District join the Coastal Communities Social Procurement Initiative for the 2021 year, with a membership fee equal to AVICC dues;
2. That staff report back to the Board prior to incorporating CCSPI's preferred social procurement principles into CRD's procurement processes.

Alternative 2

The Finance Committee recommends to the Capital Regional District Board:

1. That the Capital Regional District not pursue membership in the Coastal Communities Social Procurement Initiative at this time but continue to undertake social procurement initiatives when appropriate under the CRD Procurement Policy.

Alternative 3

The Finance Committee recommends to the Capital Regional District Board:

1. That the Capital Regional District not pursue membership in the Coastal Communities Social Procurement Initiative at this time.

IMPLICATIONS

Current Procurement at CRD

CRD currently undertakes purchases and practices that would fall under the "social procurement" definition: buying from local suppliers, non-profits, and social enterprises; planning procurements to ensure diverse suppliers can compete; and direct opportunities to indigenous-controlled businesses and First Nations public authorities. Consistent with its existing policies, CRD is

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nearing completion of an approved Initiative Business Case (IBC) relating to ensuring visibility of indigenous-controlled businesses as well as non-profits and social enterprises to purchasing staff, to assist equity-seeking and historically under-represented groups in identifying CRD opportunities.

CRD uses a decentralized procurement model. Staff receive training in processes and procedures, but each department has flexibility to purchase in accordance with the Procurement Policy without coordinating with a centralized procurement department. Though this speeds up procurement and reduces overhead, it may result in difficulty standardizing use of CCPSI-recommended social procurement processes and principles, absent a corporate approach. CRD would need to consider how best to incorporate the CCSPI training and materials into this process. CRD has a limited purchasing function, with a small procurement team for Integrated Water Services' needs, with the remainder conducted by Legal Services-approved templates and oversight.

Financial and Staffing Implications

Membership for the 2021 year is based on CRD's 2021 AVICC dues, currently set at \$2,528.20. If pursued, it will be funded through a regional requisition within the legislative and general government service. CRD will also incur expenses and costs, to be determined, to resource itself for a broader approach to social procurement as advocated for by CCSPI.

Quarterly Director and staff attendance, as well as assignment of staff to specific project-based work or a community of practice is an additional administrative task for CRD, which uses decentralized procurement. It may have a cost associated with it or may require additional staffing to manage existing workloads. Director attendance may also have a cost associated with it.

CRD will need to conduct a process to identify social procurement values to be considered for future projects, balancing this need with CRD's existing obligations relating to procurement under its decentralized model.

Future of CCSPI

CCSPI was a two year pilot. It has been extended for another year, continuing its service contract with its vendors. The initiative now services other public sector organizations, such as colleges and universities. Its intent is to continue until the standards and training materials are adopted by all coastal communities.

Legal Implications

The CCSPI is an unincorporated association governed by an MOU, not a society such as AVICC. Funds are held by the City of Victoria. Its budget and minutes are private and members-only, unlike AVICC which publicly publishes its annual general meeting minutes, annual report, and budget.

Relating to content provided as part of membership, CCSPI does not have a licensing agreement or terms relating to the material produced by its members or shared through the CCSPI website. This presents a slight legal risk to the CRD that, should it choose to leave the CCSPI after the 2021 year, it may no longer be able to work with templates or materials it has on hand. CRD has

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been assured by the co-chair and program delivery staff that this will not be an issue, and that members own the content in perpetuity should they download and use it.

CONCLUSION

The CCSPI now has significantly more materials available now than when membership was first considered in 2019. The cost of annual membership is low at \$2,528.20, however, it will require devoted staff time to attend meetings and contribute to the work of the initiative. CRD is currently undertaking projects that overlap with some of the goals of CCSPI. If the Board decides a coastal-region social procurement framework is advisable to examine or adopt, over-and-above CRD's current practices, it is recommended CRD join for the 2021 year and proceed to consider IBCs to further social procurement projects.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That the Capital Regional District join the Coastal Communities Social Procurement Initiative for the 2021 year, with a membership fee equal to AVICC dues;
2. That staff report back to the Board prior to incorporating CCSPI's preferred social procurement principles into CRD's procurement processes.

Submitted by:	Steven N. Carey, B.Sc, J.D., Manager, Legal Services
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

/SNC

ATTACHMENTS

Appendix A: Staff Report of February 6, 2019



**REPORT TO GOVERNANCE AND FINANCE COMMITTEE
MEETING OF Wednesday, February 06, 2019**

SUBJECT **Membership in Local Government Social Procurement Initiative**

ISSUE

Membership in Coastal Communities Social Procurement Initiative (CCSPI)

BACKGROUND

On December 12, 2018, the CRD Board heard a presentation from the Coastal Communities Social Procurement Initiative, a project comprised of local governments, private business, and non-profit organizations to develop, standardize, and share social procurement frameworks and community benefit agreement templates of value to small-to-mid-size coastal local governments. The CRD Board referred this matter to the Governance and Finance Committee for consideration.

The CCSPI was formed by certain member local governments of the Association of Vancouver Island and Coastal Communities (AVICC). The CCSPI is a coalition of local governments, operating together through a memorandum of understanding, who have raised approximately \$200,000 to fund social procurement consultative work. The City of Victoria and the Island Coastal Economic Trust contributed \$100,000 each, while each of the current nine local government members – Victoria, Ladysmith, the Cowichan Valley Regional District, Qualicum Beach, Campbell River, Powell River, Tofino and Cumberland – contributed a membership fee in the equivalent of their AVICC dues. The current consulting project, to be conducted by a group of non-profits selected by a competitive process, has a two year term.

Beginning in February 2019, the CCSPI will work with Scale Collaborative, a Victoria-based non-profit, to begin the process of collecting information and developing templates and standards. Together with Buy Social Canada, a non-profit expert in the area of social procurement, as well as Presentations Plus and the Vancouver Island Construction Association, Scale Collaborative will conduct consultative exercises and develop materials with the CCSPI members.

The anticipated outcomes of the consultation, in addition to sharing costs between interested local governments, are templates, frameworks, training materials, collaboration tools; in-person and online training sessions for elected officials, staff, and vendors; a public website to provide information to other local governments and vendors; as well as a members-only website providing access to the tools and materials developed.

ALTERNATIVES

Alternative 1

That the Governance and Finance Committee recommend to the Capital Regional District Board: The CRD not pursue membership in CCSPI at this time but revisit the issue if the Board directs staff to pursue a social procurement strategy.

Alternative 2

That the Governance and Finance Committee recommend to the Capital Regional District Board:

- a. Staff be directed to engage with the Coastal Communities Social Procurement Initiative to confirm CRD membership in the two year consultation process; and,

- b. That the Corporate Services 2019 provisional budget be recommended to be amended to include the CCSPI membership fee as part of the final 2019 budget approval process.

IMPLICATIONS

CURRENT PRACTICE AT CRD

Consistent with its *Procurement Policy*, the CRD currently undertakes activities which fall within a "social procurement" definition. In making purchases, the CRD policy requires not only consideration of the lowest price, but the "best value" – the optimal combination of total cost, performance, economic, environmental and social sustainability, reduced carbon dependency, and reduced waste. Many social procurement approaches adopt a similar definition.

The CRD also may undertake, through contracts, memorandums of understanding, or contribution services, projects directly with non-profits, aboriginal groups, small to mid-size local companies, organizations and individuals specific to local areas or with specific local knowledge, and equity-seeking groups. An example of this is hiring Gulf Islands companies to perform work on the islands, or hiring a First Nation sawmill to mill timber for work in traditional territories.

The CRD also directly funds non-profits or other groups who may operate CRD services or a portion thereof more effectively than CRD due to their local knowledge, specialized expertise, or ability to deliver a service through volunteers rather than staff.

Internally, the CRD has undertaken consideration of various social and sustainable procurement (or "green" procurement) best practices, including matrices for proposal rankings and up-front procurement questionnaires and analysis. Social procurement is not necessarily sustainable or green procurement, which is a more developed area. In most cases, green or social procurements are undertaken without a formal intake or non-profit identification process, either through organizations directly approaching the CRD or by knowledge of subject-area experts during the project planning process.

The CRD also participates in the BC Government's Procurement Community of Practice, an online training community that regularly provides no-fee information on procurement best-practices, including most recently on social procurement. Though this community, CRD staff are able to obtain additional training on requirements under trade agreements, appropriate use of procurement methods, and the CRD's treaty obligations as mandated by the Province of British Columbia.

A list of some social procurement initiatives underway in Canada is included as Appendix A.

SOCIAL IMPLICATIONS

Social procurement clearly has benefits in a region. Requiring payment of a living wage to staff and/or contractors, requiring best-efforts hiring practices to ensure equity-seeking or under-represented groups have equal access to bidding processes, positions, or apprenticeships, or requiring a certain number of positions be created as part of a procurement (as a community benefit) would all have positive effects on a community.

The model used by most social procurement organizations, including the CCSPI, splits social procurement into two areas: social purchasing, with a focus on leveraging purchases to include the social, economic, and environmental well-being of the community; and community benefit

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agreements, with a focus on providing a benefit the community as part of a particular project, either in the form of training, apprenticeships, or infrastructure.

Methods used presently in social procurement range from vendor and purchaser certification, such that social needs (e.g. employment of under-represented groups or supply chains that rely on specific forms of social enterprises) are confirmed; others identify social procurement goals through scoring on competitive procurements (such as the BC Government's suggest guidelines, which provide up to 10% bonus for demonstrated supplier diversity, provision of job skills training or employment operations, or ensuring the above are done in the supply chain), or require social procurement goals to be included in contract performance on a best-efforts basis.

ENVIRONMENTAL IMPLICATIONS

The CCSPI intends to conduct some research into "sustainable" and "green" procurement as a result of the consultation, considering it forming a part of coastal social procurement. This may be a way to share both knowledge and cost with other local governments.

CRD presently has a climate lens which is conducted for projects \$100,000 in estimated value and greater. Staff are internally examining other green and social procurement frameworks as part of streamlining procurement practices at the CRD. There is an opportunity to include environmental criteria, a more established area, into the social procurement tools being developed and it may be of value to participate in this group at this time as a result of this in order to avoid consulting costs individually on social or sustainable procurement.

ECONOMIC IMPLICATIONS

The approximate cost of participating in this is population based, and is estimated at the same cost as CRD's membership in the AVICC. The total costs of membership remains to be finalized by the CCSPI but is anticipated to be between \$3,000 and \$3,500 per year.

Membership in CCSPI will require additional staff time in Corporate Service to participate in this project, however the additional staff time required may complement internal work already being done to review social and sustainable procurement programs and services. The templates and frameworks assembled and generated may be beneficial as it will avoid a duplication of effort between CRD staff and the CCSPI consultants.

Having a template or framework for a social enterprises, non-profit, public authority, and equity-seeking peoples intake process, to identify what groups are available for services, goods, and construction in our region would also be useful, as staff in making procurement planning decisions could approach such groups as part of the procurement process. It would also lead to potentially more competition between such groups as well as standard private business and industry, leading to competitive procurements which considered social procurement goals and thereby, potentially better value through competition.

INTERGOVERNMENTAL IMPLICATIONS

Collaboration with other coastal local governments to share costs of consultants and generate standards of use to all is beneficial, as is building relationships between procurement staff at these local governments, which may spill over into information and best-practices sharing relationships.

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CONCLUSION

CCSPI is an initiative in the developmental stage. While CRD membership in the project would demonstrate support for the initiative and the underlying goal of social procurement, the ultimate benefit to the CRD will not be apparent until the end of the 2 year consultation process.

CRD's participation in the initiative would require payment of a membership fee and require staff resources to participate in the consultation process. Social procurement has not been identified in the Corporate Services service plan for 2019, and there is currently no budget identified to pay the membership fee. That said, CCSPI has the potential to develop important resources to assist in operationalizing social procurement. In future, should the Board direct that social procurement be made a priority, membership in CCSPI may complement current CRD initiatives underway with respect to green procurement, and may help reduce consulting fees for social and sustainable procurement templates and frameworks.

RECOMMENDATION

That the Governance and Finance Committee recommend to the Capital Regional District Board:

The CRD not pursue membership in CCSPI at this time but revisit the issue if the Board directs staff to pursue a social procurement strategy.

Submitted by:	Steven Carey, JD, Manager, Legal Services, Corporate Services
Concurrence:	Kristen Morley, JD, General Manager, Corporate Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

:snc

Attachments:

Appendix A: Presentation to CRD Board dated December 12, 2018

Appendix B: List of other social procurement initiatives



Coastal Communities Social Procurement Initiative

Why is Social Procurement Important?

Communities today are facing complex social, economic and environmental challenges. Every year, local governments across BC award contracts for goods and services with significant public funds.

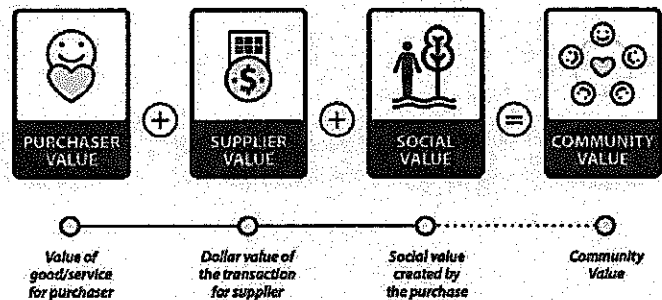
Social procurement focuses on 'best value for money' beyond just a financial transaction. Procurement becomes a tool for building healthy communities.

It is becoming an increasingly expected practice that RFPs include local community and environmental impact assessments and goals, at all levels of government.

What is Social Procurement?

Social procurement is an additional way that local governments can direct resources towards community benefit. Since 2016, local coastal governments have been identifying ways to integrate social procurement principles and actions into their processes.

From November 2018 - October 2020, the Coastal Communities Social Procurement Initiative will assist coastal communities to advance local social procurement.

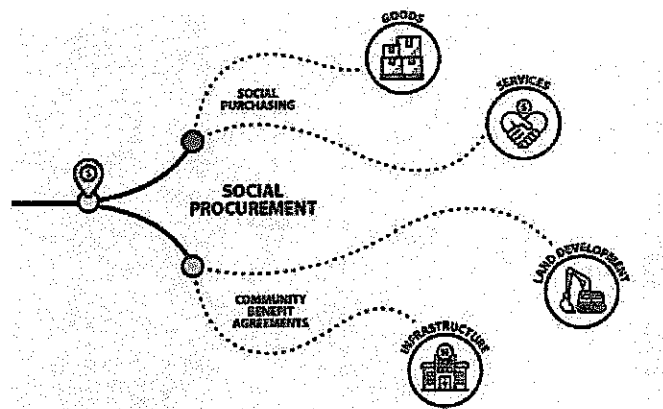


Social Procurement means leveraging a social value from your existing procurement.

HOW CAN SOCIAL PROCUREMENT CREATE ADDITIONAL VALUE?

Social procurement can be adapted to meet specific community needs. Some communities have integrated into RFPs criteria such as employment of marginalized population groups, local food, housing affordability, community engagement, local economic revitalization, beautification and cultural amenities.

The first step is identifying what your community's challenges and needs are, and how procurement can help address them.



What is the Coastal Communities Social Procurement Initiative (CCSPI)?

CCSPI is a 2-year initiative to assist local governments in the AVICC region to implement social procurement assessments, policies, strategies and measurement.

Launching in February 2019, member organizations will have access to:

- Education and training of elected officials and staff
- Communication and networking to collect and share stories of success and learning
- Awareness raising, education and training for suppliers and contractors

How do we become a member organization?

Contact Mayor Josie Osborne at osborne@tofino.ca

How can I learn more about CCSPI?

Contact Beth Schmidt, CCSPI Project Coordinator at bschmidt@scalecollaborative.ca

CCSPI services will be delivered by a partnership between four expert organizations in social procurement, supply chains, social enterprise and local community development.



Appendix B: List of Other Social Procurement Initiatives

The City of Vancouver recently announced a type of pre-qualification process for non-profits, social enterprises, and equity-seeking groups, where they identify themselves to the City and can then be considered for future procurement needs. Vancouver also requires suppliers to confirm they adhere to a specific code of conduct relating to sustainability.

The Province of British Columbia has begun to announce plans for making procurement easier for local and small to mid-sized contractors, and has produced frameworks as of January 2019 for social procurement use, for up to 10% of a contract's value determination or scope for contracts for services only less than \$75,000. It also encourages direct-awards under \$75,000 to social enterprises, that is, businesses which provide employment to specific equity-seeking groups. As an example, it recently conducted a public procurement for WorkBC services which gave preference to service providers who hired or planned to hire workers or contractors who formerly collected employment and social assistance. The CCSPI intends to consider these guidelines as part of their ongoing community consultation work.

The Municipal Collaboration for Sustainable Procurement, a network of 20 Canadian municipalities, colleges, and universities offering a peer-based forum to share best practices and technical expertise in sustainable procurement, recently published an *Annual Report on the State of Sustainable Public Procurement in Canada* and offers a membership to an organization such as the CRD for \$4,000 per annum.

The City of Toronto has a social procurement program, aiming to address economic disadvantage, discrimination, and barriers to equal opportunity, while establishing an effective balance between accountability, transparency and efficiency. It applies to most competitive purchases greater than \$3,000.

The Government of Canada has undertaken a social procurement pilot project for catering services, an area which commonly has a significant number of under-represented groups and social enterprises associated with it.

Imagine Canada, a Canadian non-profit, advocates for government to undertake social procurement and community benefit agreements in order to offset a foreseen potential deficit to Canadian charitable services, such as job-training, poverty services, wellness centres and the like due to fewer funds being available to provide services, assuming slower economic growth or recession. An offset to a lack of potential social funding could be found in the form of social and sustainable government procurement, which may ripple throughout the supply chain.

Canadian non-profit and CCSPI member **Buy Social Canada** operates a system of vendor and buyer certification for social procurement and community benefit and provides samples of Canadian social procurement materials on its website. It also provides a social enterprise list on its website.



The Corporation of the District of Saanich

Report

To: Finance and Governance Committee
From: Valla Tinney, Director of Finance
Date: October 7, 2021
Subject: Saanich Community Grants Program Policy

RECOMMENDATION

That the committee recommend that Council adopt the amended Saanich Community Grants Program Policy to incorporate the Neighbour to Neighbour (N2N) program.

PURPOSE

To seek approval and recommendation to Council from the Standing Committee on Finance and Governance for amendments to the Saanich Community Grants Program Policy.

DISCUSSION

At the July 19, 2021 meeting, staff recommended and it was supported that the Neighbour to Neighbour program be incorporated into the existing Community Grants Program Policy to expand on the Small Acts of Vibrancy program.

Staff were directed to bring back an amended policy to receive approval and recommendation to Council. The amended policy is provided for consideration.

Prepared by



 Valla Tinney
 Director of Finance

Attachments:

1. Saanich Community Grants Program Policy - as amended
2. Saanich Community Grants Program Policy - current

Cc: Rebecca Newlove, Manager of Sustainability
 Geoff Pendrel, Emergency Program Coordinator

ADMINISTRATOR'S COMMENTS:

I endorse the recommendation of the Director of Finance.



Paul Thorkelsson, Administrator

COUNCIL POLICY

SUBJECT: SAANICH COMMUNITY GRANTS PROGRAM	
ISSUED: January 14, 2013 AMENDED: October 7, 2013 November 27, 2017 December 16, 2019 October XX, 2021	INDEX REFERENCE: COUNCIL REFERENCE: 13/CNCL (Replaces 03/105, 88/CW, 90/CW)

1.0 PURPOSE STATEMENT AND GENERAL GUIDELINES

The purpose of the Saanich Community Grants Program is to provide financial support to non-profit community associations and organizations for services, projects or events that contribute toward the Saanich vision described in the Official Community Plan and align with Council's Strategic Plan. Financial support recognizes the valuable resources and contributions of non-profit organizations and community members in helping the District of Saanich maintain a strong community focus.

Grant awards will be limited to funding levels established from time to time during the annual financial plan process.

All grant applications are received and administered by the Finance Department. **All funding awards are approved by Saanich Council, excluding the Community Association Operating Grants and community Dry Grad Grants awarded by the Director of Finance and the Neighbour 2 Neighbour (N2N) Grants adjudicated by the N2N Committee.**

Grant recipients will be required to submit a **short summary report** on achievement of program/project goals within one year of receipt of the grant.

A summary of grant awards will be published in the Annual Report.

AWARDS WILL NOT BE PROVIDED TO AND/OR USED TO:

- individual persons, individual businesses, political groups, other government agencies, universities, colleges, schools or hospitals;
- organizations that receive funding from Saanich through regional or other grant processes (e.g. CRD Arts funding)
- accumulate funds for the same project over multiple years or fund projects already completed;
- combine applications for funding the same project or event;
- duplicate an existing public or private program;
- purchase land;
- **purchase alcohol;**
- fund travel, conference workshops, training or professional development costs;
- fund a deficit or debt repayment.

APPLICATION PROCESS

All grant requests must be submitted to the Director of Finance on or before February 1st, with the exception of requests for **Neighbour 2 Neighbour Grants which may be submitted at any time of the year** and Community Service Provider Grants which do not require annual application. All grant requests must be submitted using the application form prescribed by the Director of Finance, **with the exception of the N2N grant that will use the application form prescribed by the N2N committee.** Applications must include all required documentation, unless otherwise indicated. Incomplete applications will not be considered.

2.0 COMMUNITY GRANTS PROGRAM CATEGORIES

The Community Grants Program consists of four categories: Applications will be accepted in the following categories:

1. Community Service Provider Grants

- Community Association Operating Grant
- Other Community Service Provider Grants

2. Strategic Priorities Grants

3. Community Building Grants

- Community Events
- Community Well-Being and Place-making Projects

4. Micro Grants

- **Neighbour 2 Neighbour (N2N) Grants**
- Community Dry Grad Grants

3.0 TERMINOLOGY

Community Association: Means a Saanich-based non-profit association registered under the Society's Act serving a population in a particular geographic area and has been recognized by Council, either through the local area planning process, through historical precedent or through a special resolution of Council. The association must be open and inclusive, actively encourage neighbourhood participation and engage diverse community members.

Non-Profit Organization: Means an association or organization that is registered under the Society's Act and where funds or profits are used only for purposes of the society itself. The organization must be open and inclusive, actively encourage community participation, engage diverse community members, and provide service to and/or include people who live and/or conduct work in Saanich.

In-Kind Contribution: Refers to community-matched contributions through volunteer labour, donated materials, or donated professional services and shall be valued at the market cost necessary if hired or purchased.

4.0 PROGRAM REQUIREMENTS BY CATEGORY

COMMUNITY SERVICE PROVIDER GRANTS

Community Association Operating Grants are provided to eligible, active, community associations to assist in defraying the annual administrative cost of operations, to facilitate communication to residents (e.g. newsletters, website), and to organize all-inclusive community events.

- Eligible community associations that represent a population area of less than 10,000 may receive an annual operating grant of up to \$1,100 based on expenditures.
- Eligible community associations that represent a population area of more than 10,000 may receive an annual operating grant of up to \$1,650 based on expenditures.
- All eligible community associations may receive an annual liability insurance grant of up to \$500 per year based on expenditures.
- The Saanich Community Association Network (SCAN) may receive funds to offset secretarial/administrative services to a maximum of \$1,500 per year based on expenses submitted.

Other Community Service Provider Grants are provided to registered societies or non-profit organizations who provide a service, operate a facility owned by the municipality or have another formalized arrangement on an on-going basis. These grants are not awarded on a competitive basis. Funding levels are established through development of multi-year Contribution Agreements that are approved individually by Council. Where a Contribution Agreement is not yet finalized, Council will confirm funding levels during the annual budget process. Eligible organizations are listed in Schedule A.

STRATEGIC PRIORITIES GRANTS support registered societies and nonprofit organizations with activities and/or projects that advance actions and objectives in Saanich's Strategic Plan.

- Available to non-profit organizations and registered charities.
- Applications reviewed by the Standing Committee on Finance and Governance.
- Approved by Council during the annual financial planning process (awards confirmed by May 15th each year).

COMMUNITY BUILDING GRANTS support projects or events that enhance public spaces or contribute to community vibrancy in Saanich.

- Available to non-profit organizations and registered charities.
 - Require matching contributions (cash or in kind of 75% of total project cost).
 - Applications reviewed by the Standing Committee on Finance and Governance.
 - Approved by Council during the annual financial planning process (awards confirmed by May 15th each year).
1. Community Events
 - Maximum award \$7,500/year
 - Events must be open to all to attend
 - No limit on applying for grant over multiple years for same event.
 2. Community Well-Being and Place-making Projects
 - Maximum award \$10,000/year
 - Projects that enhance public spaces or contribute to community vibrancy
 - Projects that support First Nations reconciliation
 - Application may be made for a maximum of two consecutive years for the same project.

MICRO-GRANTS

1. **Neighbour 2 Neighbour (N2N) Grants** are provided to support neighbourhood initiatives that address at least one program goal in at least two of three areas; emergency preparedness, climate action and nature stewardship as outlined in the N2N application form.
 - The program can be accessed up to two times by the same group with a cumulative maximum of \$500 per year per group.
 - Maximum annual budget allocation is \$5,000 or other amount as determined in the annual Financial Plan.
 - Available to non-profit organizations, registered charities, community associations or groups and small informal groups of Saanich residents.
 - Application may be made at any time on an annual first-come, first served basis commencing January 1st of each year and are administered and adjudicated by the N2N Committee. The Manager of Sustainability and Saanich Emergency Management Officer forward recommended awards to the Director of Finance or designate for final approval.
 - Any unallocated funds will be carried forward and made available in the subsequent year.

-
2. **Community Dry Grad Grants** are provided to a graduating class of a Saanich Secondary School to support building a safer community through youth awareness and promotion of an alcohol free event.
- Secondary school graduating class organizing committees may be eligible for up to \$5 per graduating student per year.
 - Awards are administered by the Director of Finance

SCHEDULE A

ORGANIZATIONS ELIGIBLE FOR OTHER COMMUNITY SERVICE PROVIDER GRANTS

1. Goward House Society
2. Haliburton Community Organic Farm Society
3. Horticulture Centre of the Pacific
4. Saanich Heritage Foundation
5. Saanich Volunteer Services Society
6. Silver Threads Service

COUNCIL POLICY

NAME:	Saanich Community Grants Program	
ISSUED:	January 14, 2013	INDEX REFERENCE:
AMENDED:	October 7, 2013	
	November 27, 2017	
	December 16, 2019	COUNCIL REFERENCE: 13/CNCL
		Replaces 03/105, 88/CW, 90/CW

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Grant awards will be limited to funding levels established from time to time during the annual financial plan process.

All grant applications are received and administered by the Finance Department. All funding awards are approved by Saanich Council, excluding the Community Association Operating Grants, Small Acts of Vibrancy Grants and community Dry Grad Grants awarded by the Director of Finance.

Grant recipients will be required to submit a one page summary report on achievement of program/project goals within one year of receipt of the grant.

A summary of grant awards will be published in the Annual Report.

AWARDS WILL NOT BE PROVIDED TO AND/OR USED TO:

- individual persons, individual businesses, political groups, other government agencies, universities, colleges, schools or hospitals;
- organizations that receive funding from Saanich through regional or other grant processes (e.g. CRD Arts funding);
- accumulate funds for the same project over multiple years or fund projects already completed;
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1. Community Events

- Maximum award \$7,500/year.
- Events must be open to all to attend.
- No limit on applying for grant over multiple years for same event.

2. Community Well-Being and Place-making Projects

- Maximum award \$10,000/year.
- Projects that enhance public spaces or contribute to community vibrancy.
- Projects that support First Nations reconciliation.
- Application may be made for a maximum of two consecutive years for the same project.

MICRO-GRANTS

1. **Small Acts of Vibrancy Grants** are provided to support neighbourhood initiatives that enhance or steward a public green space.

- Maximum award \$500.
- Maximum annual award to all recipients is \$5,000.
- Available to non-profit organizations, registered charities, community associations or groups and small informal groups of Saanich residents.
- Application may be made at any time, however awards are administered by the Director of Finance on an annual first-come, first served basis commencing January 1st of each year.
- Any unallocated funds will be carried forward and made available in the subsequent year.

2. **Community Dry Grad Grants** are provided to a graduating class of a Saanich Secondary School to support building a safer community through youth awareness and promotion of an alcohol free event.
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Ensuring Local Government Financial Resiliency

Today's Recovery and Tomorrow's New Economy



August 2021



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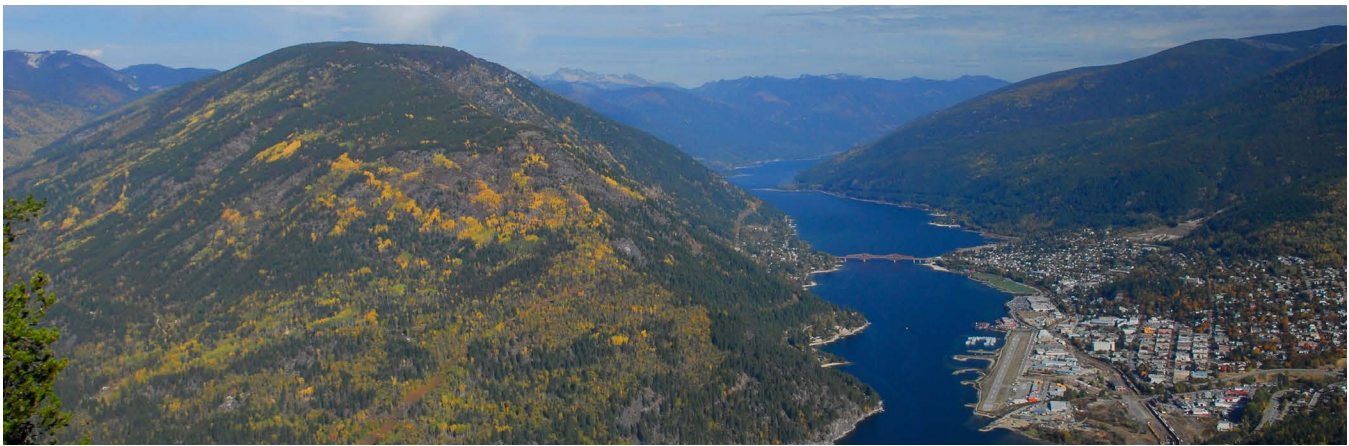
1. MESSAGE FROM THE COMMITTEE

The *Select Committee on Local Government Finance* first met on December 17, 2019. At that time, little did we know of the challenging times ahead. Our March 2020 meeting was cancelled and direction came from UBCM Executive that the work of the Select Committee would be put on hold. We re-convened in January 2021, with an aggressive schedule in order to complete our work and present to the UBCM membership at the September 2021 UBCM Annual Convention.

Very early in our work, there was agreement to focus on the cost-drivers for three key areas: Attainable Housing; Community Safety; and Climate Change. We felt that not only were we addressing the three biggest cost-drivers for local governments, we were identifying potential solutions to priority issues that were common to both local governments and the Province.

We realized that to be successful, our work must be anchored in shared provincial/local government goals and objectives, creating the opportunity for ‘win-win’ outcomes. We recognized the importance of being solution focused, and that led to recommendations that not only identify potential new revenue sources for local governments, but also propose legislative and policy changes; implementation of best practices; and uploading of services traditionally delivered by the provincial government. We also wanted to focus on solutions where local governments can help achieve the outcomes more effectively than the Province.

In retrospect, living through the pandemic and having the nine month ‘lay-off’ from Select Committee work provided an opportunity to reflect on local government financial challenges. The pandemic experience identified some strengths and weaknesses in the financial system, but it also provided a preview of the ‘New’ or emerging economy and its potential impacts to local and provincial government revenues. While this was not considered early in our deliberations, as a committee, we quickly realized how the New Economy has the potential to magnify the current challenges faced by the local government finance system.





We were very pleased when the Province offered to actively participate in the Committee. We hope that this is an indication of their interest and commitment to continue the work. As is noted in the report, in order to address these common challenges, and ultimately address local government financial challenges, solutions can only be achieved through an effective partnership with the provincial government.

The financial sustainability of BC local governments continues to be a priority issue. In particular, the expansion of services, often the result of services being downloaded by the provincial and federal governments, has placed an increased pressure on a local government financial system that is already stressed. We see the release of this report as a critical opportunity to establish a working partnership with the Province. Working together, we will find solutions that will help achieve our mandates while also strengthening the local government finance system.

UBCM is prepared to work with the Province. There is much work to do.

Lyn Hall, Mayor,
City of Prince George
(Committee Co-Chair)

Al Richmond, Director,
Cariboo Regional District
(Committee Co-Chair)

Malcolm Brodie, Mayor,
City of Richmond

Noreen Kassam, Director of Finance,
City of Burnaby (committee member in 2021)

Mike Buda, Executive Director,
TransLink/Mayors' Council

Blair Lekstrom, Councillor,
City of Dawson Creek
(committee member in 2019-2020)

Genelle Davidson, Divisional Director,
Finance Services, City of Kelowna

Leanne McCarthy, CAO,
City of North Vancouver

Brian Frenkel, Councillor,
District of Vanderhoof

Maja Tait, Mayor,
District of Sooke

Rob Gay, Chair,
East Kootenay Regional District



2. EXECUTIVE SUMMARY

2013 Strong Fiscal Futures Report

*The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System*¹ (SFF) was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.

The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and necessitated a partnership between the Province and local government to grow the economy. It focused on five key directions – Resiliency, Value, Responsiveness, Fairness, and Excellence. It also identified initial priorities, which included addressing cost-drivers.



Local governments want to be part of the solution, and we need to engage in meaningful dialogue with the Province in relation to expenditure pressures that are largely outside of our direct control, as well as drive change from within by highlighting excellence, and by developing tools and resources to enhance the local decision making framework.

– SFF 2013

Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely unimplemented.



UBCM Select Committee on Local Government Finance (2019-21)

The UBCM Executive and UBCM membership continued to strongly support the principles, goals and objectives captured in the SFF. This was highlighted at the 2019 UBCM Annual Convention where Resolution B21 – Strong Fiscal Futures was endorsed by the membership, and stated:



Therefore be it resolved that the Province commit to pursuing the Strong Fiscal Futures report as a flexible blueprint for a diversified local government finance system that is both fairer and more sustainable.

In 2019, the UBCM Executive provided direction to review and 'refresh' the SFF, re-establishing the UBCM Select Committee on Local Government Finance (Select Committee) with a renewed Terms of Reference². The Select Committee began its work in December 2019. Unfortunately, with the onset of the pandemic, the Select Committee's work was put on hold, re-starting in January 2021.

Early in the Select Committee's deliberations, two key strategic decisions were made:

1. Do not revise the 2013 SFF report. It remains a relevant/viable document, reflecting the challenges within the local government financial system and continues to represent a blueprint for change.
2. New work will focus on addressing local government cost-drivers.



In addition, the Select Committee established strategic goals and objectives to guide the work which included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.

Finally, the Select Committee's approach was inclusive to all local governments; urban and rural, large and small, municipal and regional district, identifying issues, challenges and solutions that impact all local governments in BC.

The New Economy

The Select Committee placed a lens on the impacts of the pandemic on both provincial and local governments, and the impacts that the new (emerging) economy will have on government taxation and finance. As identified by BC's Emerging Economy Task Force³, the new economy will have the following characteristics: rapidly evolving; innovation-driven; diverse and inclusive; and low carbon, circular and sustainable.

There will be a continued shift from tangible to intangible assets. There are several implications on local government finance including increasing pressures on residential property tax. This trend re-emphasizes the need to review the local government property tax system to make it fairer, sustainable, and adaptable to the changing economy.



Addressing Cost-Drivers

The focus of the Select Committee and this report is on addressing local government cost-drivers. Three key areas are identified that all have strong alignment with both provincial and local government priorities as highlighted by provincial and UBCM strategy reports, policy and minister mandate letters.

The report describes the cost-drivers for each key area, and highlights their financial impacts and challenges. Additional analysis will be needed to quantify these impacts on a regional or provincial level.

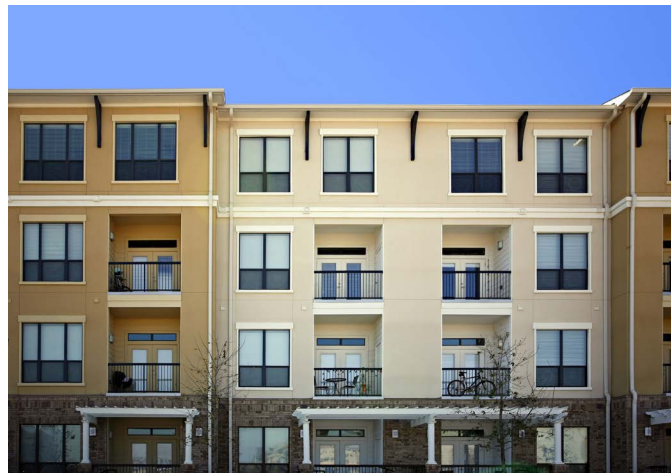




The three key areas are:

Attainable Housing

There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.

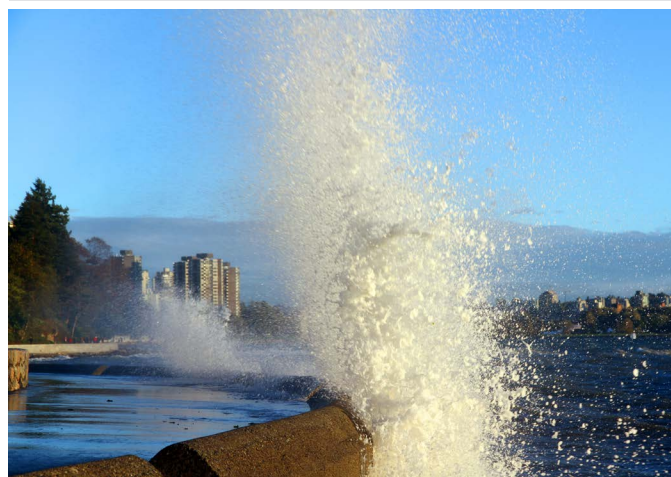


Community Safety

There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change

Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.





Recommendations

The recommendations outlined in this report are solution-focused, with the understanding that solutions to these issues may include both financial and non-financial tools, including legislation, regulation, policy and/or best practices. By being solution focused, the recommendations provide an opportunity to achieve positive outcomes for both provincial and local government.

Finally, this report and its recommendations acknowledge that in order to achieve outcomes, it is essential for the Province to commit to work with UBCM – not only in addressing these key priority areas, but establishing a provincial commitment to partner and have an open dialogue about fiscal sustainability for local governments in BC.



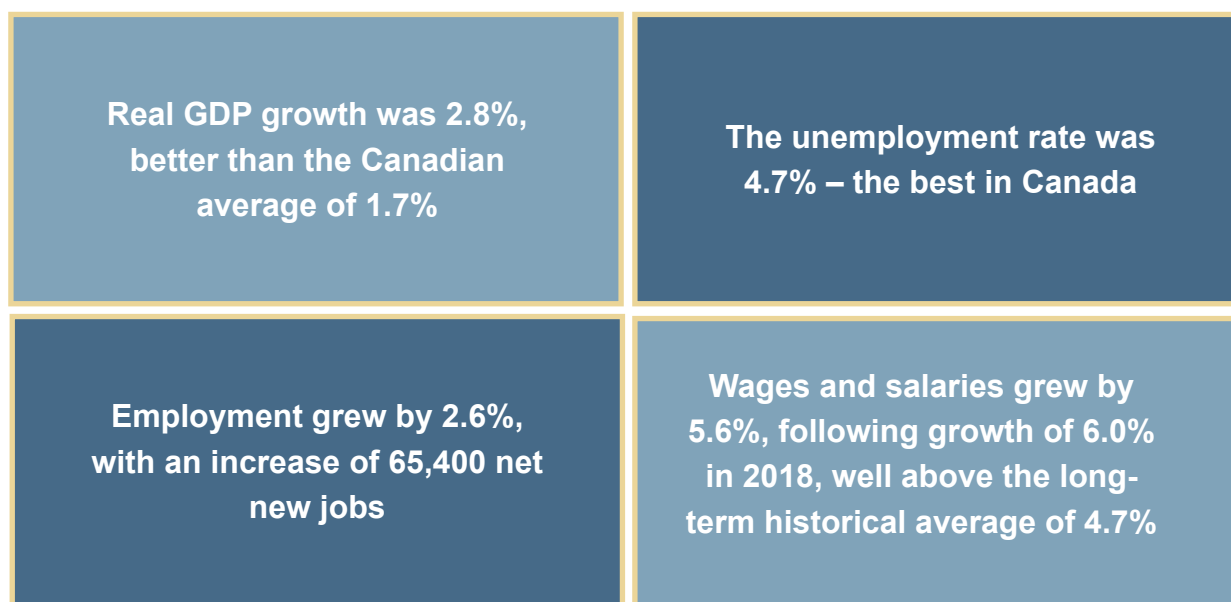
3. COPING WITH THE PANDEMIC & PREPARING FOR THE NEW ECONOMY



Financial Impacts of the Pandemic

Before the COVID-19 pandemic, BC's economy was among the strongest in the country.

In 2019, in BC:



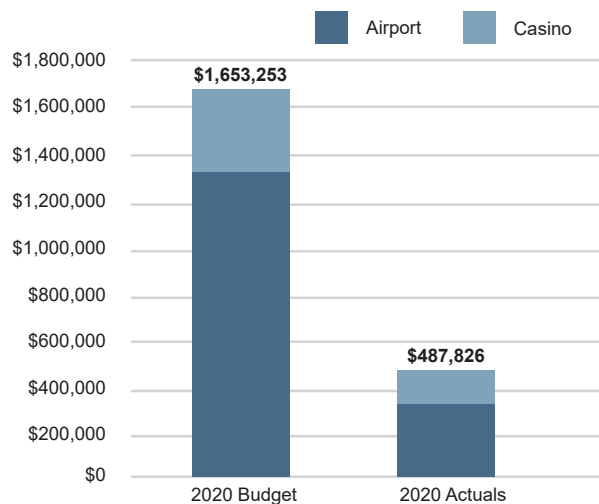
However, in 2020, the pandemic caused major impacts to both provincial and local government finances. The Province, in its response to the pandemic, provided supports to various sectors negatively impacted – health care, education, business, local governments, and individuals. The Stronger BC for Everyone – BC's Economic Recovery Plan⁴ included \$4.1 billion in recovery and safe restart allocations.

The provincial financial impact is captured in the 2021/22 BC Provincial Budget, where a \$8.1 billion deficit is projected⁵. This is lower than previous projections, but the projections include deficit budgets for at least the following two years. Provincial 2021/22 revenues are expected to be below 2020/21 levels, before increasing in future years⁶.

Local governments were also significantly impacted by the pandemic. Many traditional revenue sources and services were suspended. The impacts varied from local government to local government, but were felt by most. Many local governments were forced to slash budgets⁷. This resulted in service reductions, service elimination, deferral of capital projects, reducing/eliminating tax increases, depletion of reserves, and other negative impacts. The full impact of this is likely to be felt in future years. Unlike the Province, local governments, by legislation, are not permitted to have a deficit budget.



The City of Cranbrook relies heavily on 2 major revenue sources – their regional airport and casino revenue through their Gaming Center Host Agreement. 2020 budget identified revenues of \$1,305,850 (Airport) and \$347,403 (Casino). Actual 2020 revenues were \$387,403 (Airport) and \$100,423 (Casino) for a total 2020 revenue loss of \$1,288,024. To put it in context for the City, the 2020 \$1,288,024 loss in revenues is equivalent to a 16% property tax loss (across all tax classes).



Financial Impacts of the New Economy

As global, national and regional economies rebound from the pandemic, the post pandemic economy will continue to shift from a base of tangible assets to intangible assets. Arguably, the pandemic, and government response to the pandemic, has accelerated this shift.



In 1975, 83% of the assets in the Standard & Poor's 500 Index were tangible. Today that percentage has dropped to only 9%, with 91% of the Index's value now represented by intangible assets.

BC's Emerging Economy Task Force gave the new economy the following characteristics:

- **Rapidly Evolving:** The economy of the future will experience regular disruption and uncertainty, creating a need for nimble, adaptive and flexible business practices and policy, as well as continuous learning in order to remain globally relevant and competitive.
- **Innovation-driven:** The economy of the future, where people increasingly trade in ideas and services, will be progressively information-based and underpinned by digital technology, with ingenuity required for developing and harnessing intangible capital, intellectual property and to enhance productivity.
- **Diverse and Inclusive:** The economy of the future will be one that embraces diversity and inclusion, recognizing the value of social capital, creativity and problem-solving, enabling purpose-based leadership and harnessing the full economic potential of people in this province through increased workforce participation.



- **Low-carbon, Circular and Sustainable:** The economy of the future is one where society exists within its ecological means, avoiding the excessive depletion of natural resources while extracting their maximum value and minimizing pollution and environmental degradation in all its forms⁹.

Overarching global economic trends will impact all levels of government in Canada. There will likely be growing tension between globalization, rising international competition, and supply-chain security. Innovation will be driven by both technology change and the need to reduce climate change, as well as strong growth out of Asia Pacific economies.

Population movement (immigration) will likely increase due to ongoing global economic inequality, the impacts of climate change, as well as a decrease in birthrates in richer countries. There will also be a continued expansion in urbanization. A continuing challenge will be managing post-COVID debt in the context of continuing economic and social challenges⁹.

What does this mean for government finance? Post-COVID debt will drive a search for new revenues. National governments will be constrained by the relative competitiveness of their economies and will likely focus on global entities and allocation of corporate income. In the short-term, carbon taxes will likely form a larger portion of revenue, but this will decline as carbon emissions decline.

In BC, forestry and mining (which generated over half of the 2020 export value) will continue to be important, but these industries will have to adapt to the changing economy. A significant factor for BC will be the transition from fossil fuels to electric fuelled transportation.

Impacts of climate change are affecting communities throughout BC and having major impacts on local economies, whether it be from timber die-off due to pine beetle infestations, increasing damage from forest fires, extreme weather events, or coastal erosion from spring tides and sea level rise. The BC Ministry of Environment and Climate Change Strategy released the Preliminary Strategic Climate Risk Assessment for British Columbia in July 2019, an important tool to monitor and prepare for the risk impacts of climate change now and in the years ahead. Other impacts of climate change include the global shift to a low-carbon economy, driving new government regulations, changing capital allocations, evolving customer expectations and emerging technologies.

– Emerging Economy Task Force



From a business perspective, commerce will increasingly be conducted using digital technology. The same trend will be seen at the workplace, where work-from-home and satellite office options will increase. This technology driven trend will result in the rethinking of building and space requirements. There will be added stress on income inequality as the new economy will require high paying knowledge jobs and lower paying service jobs. This will hollow out the middle class. The demand for housing will continue to increase, as well as the need for attainable housing.

The implications for local government finance include:

- commercial property value will fall relative to residential, flattening commercial property tax growth;
- high housing prices and resulting high mortgage costs will constrain residential property tax room;
- revenues from gasoline taxes will fall over time with electrification of vehicles, requiring a rethink of transit finance;
- inter-jurisdictional competitiveness, post-COVID debt, and demands to address issues such as seniors care and child care will constrain senior governments' capacity to share revenue; and
- for local governments, a status quo policy most likely means substantial and increasing pressure on residential property taxes.

The way in which municipal governments collect revenues, particularly for non-residential property taxes and development charges, is based on a set of assumptions around physical space required for employment. However, as the nature of work changes and thus the physical space required transforms, these assumptions will be challenged.¹⁰



Options to consider include:

- improve the local government property tax system and user fees/charges by making them fair and sustainable;
- consider new revenue tools to strengthen the transit funding model;
- examine province-wide revenue sharing focused on income and consumption taxation (an example of regional revenue sharing is the Columbia Basin Trust);
- build inter-local government collaboration to reduce costs and increase efficiency (regional dispatch, centralized specialized police services, standardized on-line permitting, and standardized process for development approvals); and
- uploading of services through a review of historical, current and future jurisdictional responsibilities.

RECOMMENDATION

1

UBCM and the Province work together in reviewing the current local government property tax system and the impacts of the 'New Economy' in order to:

- *develop a fairer, more responsive property tax;*
- *monitor impacts of the New Economy on taxation; and*
- *identify emerging sources, and opportunities to share taxation/revenues that may result from the New Economy.*





4. BUILDING ON SFF & PARTNERING ON PRIORITIES

Strong Fiscal Futures – Moving Forward

The Strong Fiscal Futures Report – A Blueprint for Strengthening BC Local Governments' Finance System was developed in 2013, and presented to UBCM membership and the provincial government as a blueprint for change to the British Columbia local government financial system. The SFF evaluated strengths and challenges inherent in the existing system of local government finance in BC.

The SFF included an analysis of potential revenue tools that was supported by a framework, or blueprint, that established an agenda for change and a partnership between the Province and local government to grow the economy. It focused on five key directions:

1. *Resiliency – Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. *Value – Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. *Responsiveness – Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. *Fairness – Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. *Excellence – Building the Local Government Partnership.*

Key weaknesses of the property tax are:

- ***a base that is slow to respond to economic growth;***
- ***a distribution that tends to decline as income grows, placing an unfair amount of the tax on lower- and middle-income groups; and***
- ***only modest tracking of the consumption of local government services.***

– SFF 2013



Underpinning SFF's proposed agenda for change was the desire to establish a partnership and an ongoing dialogue with the provincial government. It was understood that in order to address local government financial challenges effectively, solutions could only be achieved through partnership with the provincial government. Unfortunately, at the time, the SFF received little to no traction at the provincial level, and as such, has remained largely un-implemented.

In recognizing that the 2013 Strong Fiscal Futures Report continues to be relevant and supported by UBCM membership, the Select Committee recommends the following:

RECOMMENDATION

2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION

3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax Fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION

4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.



Common Challenges and Priorities

The focus of the Select Committee and this report is addressing priority issues that represent significant financial challenges for all local governments – small and large; rural and urban, municipalities and regional districts. These fiscal challenges, or cost-drivers, impact the ability of local governments to effectively resolve these priority issues. The three key cost-drivers identified in this report have strong alignment with both provincial and local government priorities. They are:

Attainable Housing

There is a growing expectation for local governments to financially support attainable housing (market and non-market) through land contributions, servicing costs, Development Cost Charge (DCC) exemptions, waivers or reductions, and property tax exemptions.

Community Safety

There are a broad range of emerging and/or provincially downloaded service requirements that have significant financial implications for local governments. These include emergency management and protective services (policing, justice, fire and ambulance services), cannabis legislation, and cybercrime (protection and response).

Climate Change

Mitigation and adaptation supports (significant capital and operating expenses) are required by local governments to reduce emissions and create weather resilient communities. These include supports for emergency management, housing and buildings, transportation/transit, and solid waste management.

The Select Committee, recognizing that a solution-focused approach would lead to effective outcomes, established strategic goals and objectives to guide their work that included:

- Establish a strong partnership with the Province, recognizing that solutions to the identified issues cannot be achieved by an individual level of government.
- Solutions/outcomes must be anchored in common or shared provincial/local government goals, objectives and/or priorities.
- Solutions must be considered as a 'win-win'.
- Focus on solutions/outcomes where local governments can help achieve the outcome more effectively than the Province.
- Build awareness as to why changes are needed to provide local governments with new sources of revenue.



The three key areas reflect common challenges and shared priorities between the Province and local governments. From a provincial perspective, this can be illustrated through the 2020 Minister Mandate Letters.

Lead government's efforts to address homelessness by implementing a homelessness strategy

– Attorney General

Support the work of the Attorney General and Minister responsible for Housing to address the needs of people experiencing homelessness, including those living in encampments

– Minister of Finance

Accelerate the move toward a net-zero emission bus fleet powered by electrification, hydrogen fuel cell technologies, and other zero-emissions technologies, including supporting TransLink's "aggressive" level plan

– Minister of Environment and Climate Change Strategy

Support the work of the Minister of Municipal Affairs to bring down the cost of housing for people by streamlining and modernizing housing construction and approvals

– Minister of Finance

Complete and coordinate implementation of a provincial Climate Preparedness and Adaptation Strategy

– Minister of Environment and Climate Change Strategy

Work with UBCM and local government elected leaders to support their communities through the COVID-19 pandemic response and recovery

– Minister of Municipal Affairs

Recent reports from both the Province and UBCM identify commonality in priorities and mandates. In 2018, UBCM published *A Home for Everyone: A Housing Strategy for British Columbians*¹¹. The same year, the provincial government released *Homes for BC: A 30-Point Plan for Housing Affordability in British Columbia*¹². In both, recommendations are strongly aligned. Another example of alignment is seen with the *CleanBC: Our Nature. Our Power. Our Future*¹³ report and the recent recommendations coming from UBCM's Special Committee on Climate Action¹⁴.



Through the UBCM resolution process, local governments continue to identify these three key issues as priorities.

Resolution B30 (2019) Property Transfer Tax Redistribution for Affordable Housing

Therefore be it resolved the UBCM petition the Province of British Columbia to provide an annual redistribution of the Property Transfer Tax to local governments across the Province for the specific purpose of addressing affordable housing.

Resolution SR1 (2020) New Emergency Management Legislation

Therefore be it resolved that the provincial government, as part of the process to modernize BC's emergency management legislation, implement the following measures:

- *Develop an ongoing sustainable funding framework for local governments to address emergency management responsibilities;*
- *Confirm adequate provincial support services for local governments to address emergency management capacity issues; and,*
- *Consult with UBCM and local governments in the development of these and other necessary measures to address challenges resulting from new emergency management legislation.*

Resolution SR8 (2020) Mental Health, Addictions and Poisoned Drug Supply

Therefore be it resolved that UBCM urge the provincial government to introduce a comprehensive strategy for the provision of protective and health services that includes:

- *Ongoing, sustained funding to address the overdose public health emergency;*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards;*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues; and*
- *Introducing additional long-term care beds to deal specifically with mental illness cases.*



5. ADDRESSING COST-DRIVERS FOR KEY FOCUS AREAS

The Select Committee formed sub-committees to review each of the three focus areas. For each area, the Select Committee identified the cost-drivers and highlighted the financial impacts and challenges. This section of the report provides a brief issue description, highlights some local government examples, and identifies the accompanying recommendation(s). A more fulsome description of each focus area's cost-drivers and detailed policy options to address the issues can be found in the appendices to this report.

It is recognized that additional analysis will be needed to quantify these impacts on a regional or provincial level, a task that should be done in collaboration with the Province.

Focus Area: ATTAINABLE HOUSING

Local Government Funding of Attainable Housing



Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province¹⁵. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- **Land contributions** – granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.

The City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as \$30 million.



- **Servicing costs** – higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the “growth to pay for growth” principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- **DCC exemptions, waivers or reductions, and property tax exemptions** – there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

In 2021, the City of Vancouver allocated operating funds totalling \$29 million to support housing affordability, in addition to \$276 million of active housing projects/programs funded in the City's capital budget. Over the past 10 years, the City has allocated an average of \$120 million per year in secured community amenity contributions and development cost levies and provided an average of \$7 million per year in DCL waivers to support the development of non-market and rental housing.

RECOMMENDATION

5

The Province commit to working with UBCM on a comprehensive review of funding mechanisms for financing growth-related infrastructure services including Development Cost Charges and Amenity Agreements to:

- *Better capture growth related capital costs that are increasingly strained as a result of pressure for local governments to incentivize attainable housing;*
- *Provide local governments with flexibility to better reflect community circumstances and community objectives; and*
- *Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.*



RECOMMENDATION

6

The Province commit to work with UBCM to identify the appropriate revenue source(s) that may both increase funding available for attainable housing and incentivize the use of residential property for housing. Potential sources include, but are not limited to:

- *New taxation powers, such as vacancy taxation, to be granted to local governments for use at their discretion;*
- *Returning funds from existing revenue sources such as the speculation tax, to the jurisdiction in which they are collected, for provision of attainable housing;*
- *Modifications to the property transfer tax to make it more progressive and/or disincentivize rapid resale ('flipping'); and*
- *Short-term rental taxation.*

New Provincial Requirements for Planning Approvals

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review.¹⁶

RECOMMENDATION

7

The Province, in partnership with UBCM and other stakeholders, commit to improving the effectiveness and efficiency of the development approval processes for which each stakeholder, including the development industry and Province, is responsible.



Costs of Homelessness



Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of the Province. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified homeless individuals in:

Comox Valley	132
Cranbrook	63
Fort St. John	76
Quesnel	121

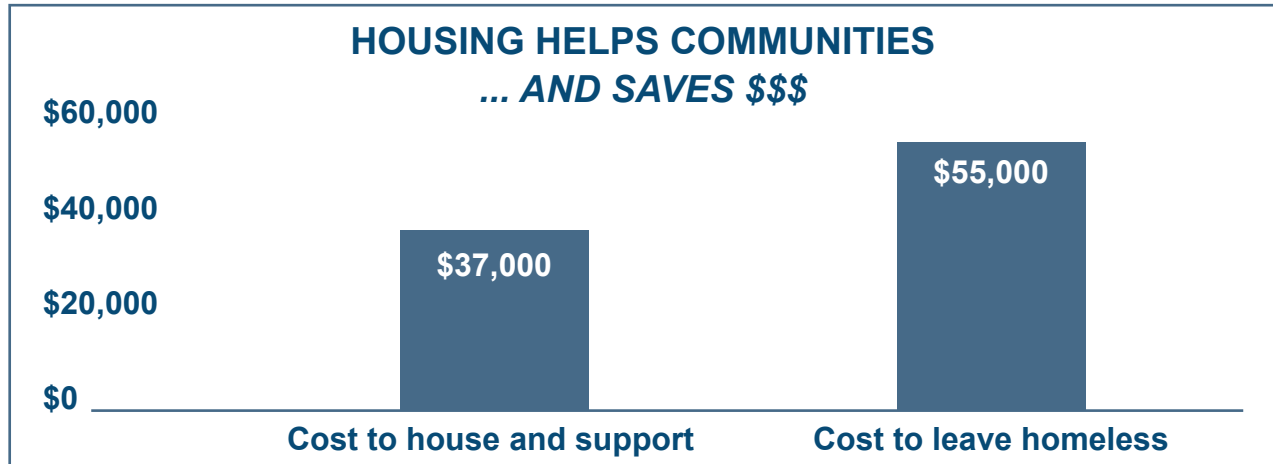
A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs or social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.





Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs \$55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of \$37,000.¹⁸

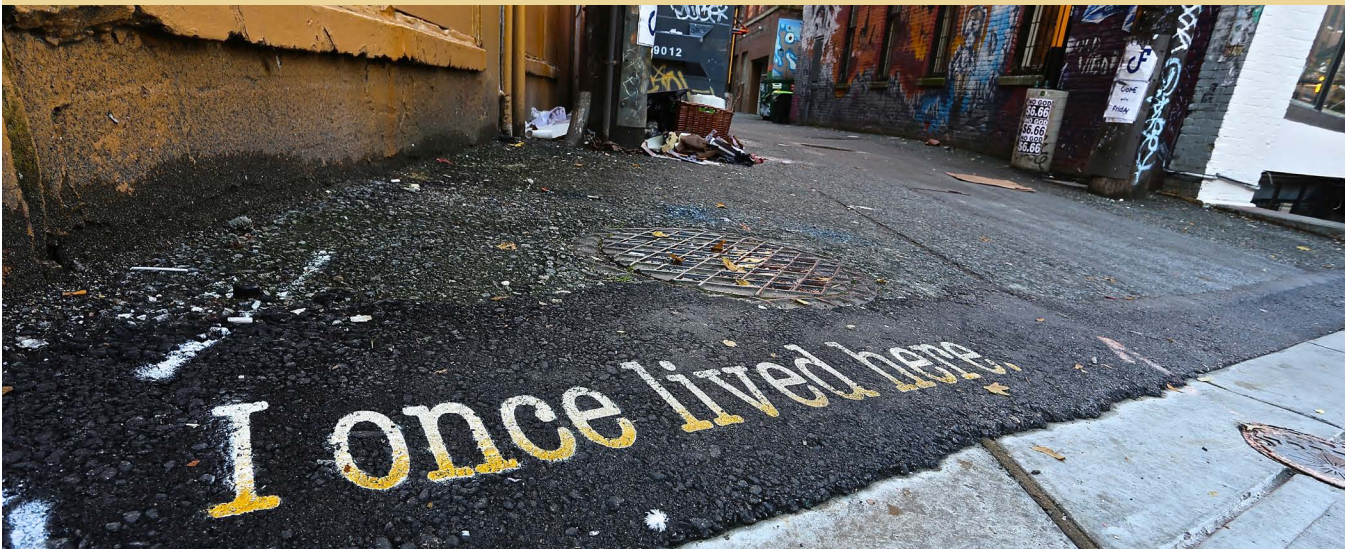


For local governments specifically, costs are highly context specific, but for example:

The City of Victoria estimates that in 2020, it spent \$1.4 million managing encampments.¹⁹

RECOMMENDATION 8

The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.



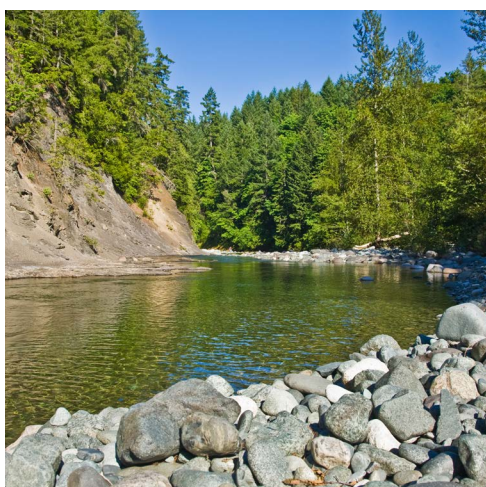


Focus Area: COMMUNITY SAFETY

Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.



As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.



While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

- Impacts related to climate change, including:
 - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
 - The relation between increased flooding and slope stability;
 - Floodplain issues; and
 - Higher diking costs.
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g., finding volunteers to manage emergency support services).





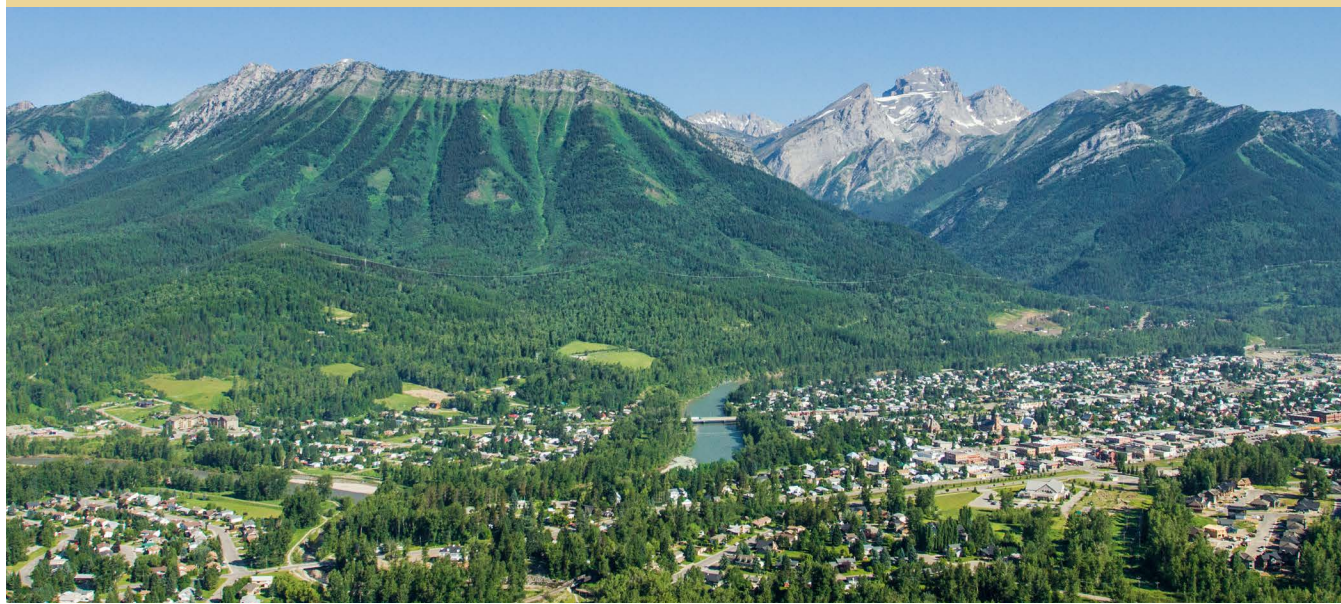
The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province works to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing numerous recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.²⁰

In 2020, the East Kootenay Regional District spent \$905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses (\$66,565), the total cost represents more than was spent during the previous three years combined (\$827,862).

RECOMMENDATION

9

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.





Protective Services – Cost-Drivers Related to Policing and Justice



Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over \$1.35 billion.²¹

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;
- Gang violence;



- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

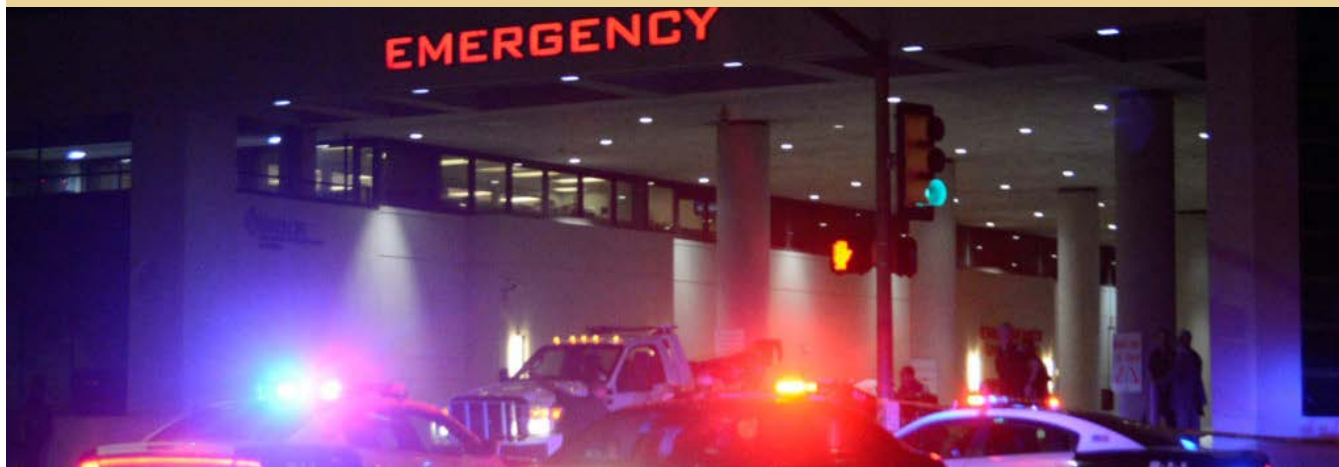
The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the annual police budget. This is one of many factors that has contributed to the City's annual RCMP budget increasing from \$18.1 million in 2010 to \$37.5 million for the current year.

RECOMMENDATION

10

Work with the Province and with other key stakeholders, recognizing and reversing the historic downloading of jurisdictional responsibility for mental health and addiction services on local governments and locally-funded police, to develop a comprehensive strategy to address mental health and addictions patients.





Protective Services – Cost-Drivers Related to Fire and Ambulance Services



In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout the Province. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.²²

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Special Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.



UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs. The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.

At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately \$75,000 per year.

RECOMMENDATION

11

Seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.





Cannabis Legalization – Associated Costs and Responsibilities



In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.²³

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis. It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development). Findings from UBCM's 2019 cannabis cost survey provide a clear example of this challenge.

Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).²⁴

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of \$15.2 million (covering 44% of the BC population) equated to \$34.6 million for an average of approximately \$11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

RECOMMENDATION

12

Seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue.



Cybercrime – Protection and Response

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

The City of Richmond spent approximately \$750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional \$305,000 per year.

RECOMMENDATION

13

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.



Focus Area: CLIMATE CHANGE

Carbon Tax



In 2008, British Columbia implemented North America's first broad-based carbon tax of \$10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately \$1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from \$40 to \$45 per tonne of carbon dioxide. It is scheduled to increase to \$50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter.



Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with other orders of government.

In May 2021, the Province announced that it would end the \$8.4 million CARIP program. A new one-time allocation of \$11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

<i>The Province estimates that the carbon tax will generate:</i>	\$1.64 billion	2020/21
<i>The revenue is projected to increase to:</i>	\$1.99 billion	2021/22
	\$2.21 billion	2022/23
	\$2.11 billion	2023/24

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program.

Based on current year revenues, every one (1) percent of the carbon tax (on an annual basis) yields \$16.4 million.





A portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, which rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above \$30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated \$96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.

RECOMMENDATION

14

UBCM request the Province to direct a percentage of the Carbon Tax, on an annual basis, to local governments, to support mitigation and adaptation actions.





Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options to that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

The Select Committee on Local Government Finance identified a series of costs drivers associated with reducing emissions and creating weather resilient communities. These costs include:

Adaptation Infrastructure & Emergency Management

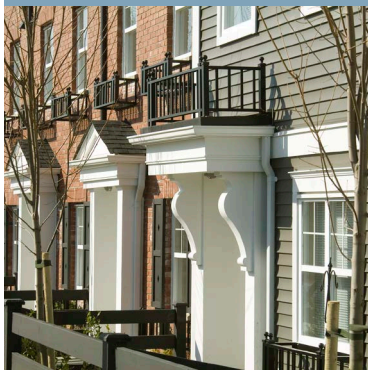


The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change which includes operational response costs and mitigating infrastructure costs. It is estimated that an average annual investment in municipal infrastructure adaptation measures of \$5.3 billion is needed to adapt to climate change in Canada.²⁵

The Regional District of East Kootenay has spent \$1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies.



Housing & Buildings



The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades.

The City of Campbell River tops up the provincial incentive for home energy evaluations by \$150 and the \$3,000 central source heat pump incentive by \$350 to support energy efficiency upgrades.

Transportation



The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement.

The electrification of TransLink's fleet in Metro Vancouver is projected to cost \$473 million more than baseline costs, or an average of \$15.8 million more per year over the next thirty years.

Solid Waste



Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees).

The Regional District of Nanaimo's organic waste diversion strategy required a \$5.5 million dollar upgrade to its transfer station to handle food waste.



The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers. These include:

RECOMMENDATION

15

Consistent with the UBCM Climate Action Committee recommendations on Buildings, call for new provincial building retrofit incentive programs.

RECOMMENDATION

16

Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for new provincial funding for active transportation infrastructure – which supports the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.

RECOMMENDATION

17

Consistent with the UBCM Climate Action Committee recommendations on Transportation, call for investments in green fleet conversions for local government and community fleets.

RECOMMENDATION

18

Consistent with the UBCM Climate Action Committee recommendations on Transportation, create new revenue tools for local governments to strengthen the transit funding model and reduce reliance on transit fares.



**RECOMMENDATION****19**

Consistent with the UBCM Climate Action Committee recommendations on Solid Waste Management, call for new investments in solid waste management initiatives – including organics diversion, extended producer responsibility programs, and deriving energy from waste products.

RECOMMENDATION**20**

Consistent with the UBCM Climate Action Committee recommendations on Resiliency, call for a provincial funding stream dedicated to supporting the development and implementation of local adaptation plans.





6. SUMMARY OF RECOMMENDATIONS

Moving Forward: Building on Strong Fiscal Futures and Preparing for the New Economy

RECOMMENDATION

1

UBCM and the Province work together in reviewing the current local government property tax system and the impacts of the 'New Economy' in order to:

- *develop a fairer, more responsive property tax;*
- *monitor impacts of the New Economy on taxation; and*
- *identify emerging sources, and opportunities to share taxation/revenues that may result from the New Economy.*

RECOMMENDATION

2

The Province to commit to meaningful engagement through a working partnership with UBCM in order to meet the respective mandates of strengthening the local government finance system.

RECOMMENDATION

3

The Province continue to advocate with the federal government in the continuation of federal/provincial infrastructure cost-share agreements at the current or greater level and ensure:

- *the renewal of the Canada Community-Building Fund (formally the Gas Tax fund) with the federal government in 2024; and*
- *by working with the federal government, and input from TransLink and BC Transit communities, a federal/provincial agreement in the federal Permanent Transit Fund is implemented for BC by 2026 as confirmed in the 2021 federal budget.*

RECOMMENDATION

4

BC local governments, with the support of the Province and UBCM, continue to develop and implement asset management best practices in order to deliver services, and manage infrastructure, in a sustainable, cost-effective way.



Addressing Cost-Drivers

Attainable Housing

RECOMMENDATION

5

The Province commit to working with UBCM on a comprehensive review of funding mechanisms for financing growth-related infrastructure services including Development Cost Charges and Amenity Agreements, to:

- *Better capture growth related capital costs that are increasingly strained as a result of pressure for local governments to incentivize attainable housing;*
- *Provide local governments with flexibility to better reflect community circumstances and community objectives; and*
- *Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.*

RECOMMENDATION

6

The Province commit to work with UBCM to identify the appropriate revenue source(s) that may both increase funding available for attainable housing and incentivize the use of residential property for housing. Potential sources include, but are not limited to:

- *New taxation powers, such as vacancy taxation, to be granted to local governments for use at their discretion;*
- *Returning funds from existing revenue sources such as the speculation tax, to the jurisdiction in which they are collected, for provision of attainable housing;*
- *Modifications to the property transfer tax to make it more progressive and/or disincentivize rapid resale ('flipping'); and*
- *Short-term rental taxation.*

RECOMMENDATION

7

The Province, in partnership with UBCM and other stakeholders, commit to improving the effectiveness and efficiency of the development approval processes for which each stakeholder, including the development industry and Province, is responsible.

**RECOMMENDATION****8**

The Province to commit to partner with UBCM and local governments, recognizing and reversing the historic downloading of jurisdictional responsibility on housing, in the development and implementation of a province-wide homelessness strategy.

Community Safety**RECOMMENDATION****9**

Work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs.

RECOMMENDATION**10**

Work with the Province and with other key stakeholders, recognizing and reversing the historic downloading of jurisdictional responsibility for mental health and addiction services on local governments and locally-funded police, to develop a comprehensive strategy to address mental health and addictions patients.

RECOMMENDATION**11**

Seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.

RECOMMENDATION**12**

Seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue.

RECOMMENDATION**13**

Seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.



Climate Change

RECOMMENDATION

14

UBCM request the Province to direct a percentage of the Carbon Tax, on an annual basis, to local governments, to support mitigation and adaptation actions.

RECOMMENDATION

15

Consistent with the UBCM Climate Action Committee recommendations on Buildings, call for new provincial building retrofit incentive programs.

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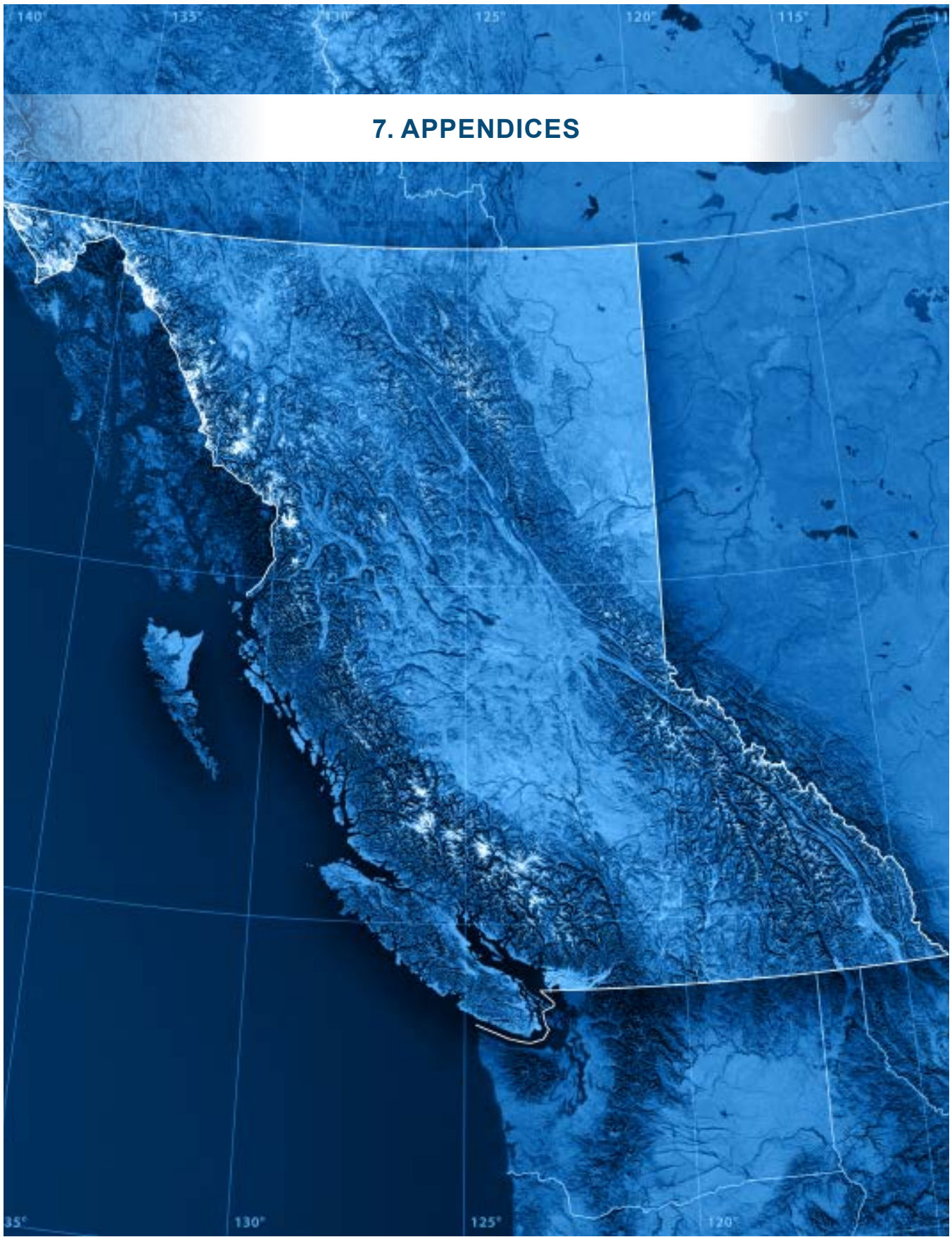
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Consistent with the UBCM Climate Action Committee recommendations on Solid Waste Management, call for new investments in solid waste management initiatives – including organics diversion, extended producer responsibility programs, and deriving energy from waste products.

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Consistent with the UBCM Climate Action Committee recommendations on Resiliency, call for a provincial funding stream dedicated to supporting the development and implementation of local adaptation plans.





APPENDIX A

ATTAINABLE HOUSING - EXPANDED POLICY OPTIONS AND EXAMPLES



FOCUS AREA: Attainable Housing

ISSUE: Local Government Funding of Attainable Housing

CATEGORY: Downloaded

BACKGROUND:

Housing was historically the preserve of the Federal Government through to the 1990s at which time a progressive withdrawal of federal funding resulted in a downloading of responsibilities to the Province¹. The primary role of local governments within the British Columbia housing policy framework is to plan for communities that are socially, economically and environmentally healthy and that make efficient use of public facilities and services, land and other resources. They do this through proactive community planning and the regulation of land use. In this role they act within the constraints of a narrow tax base and defined legislative authority.

In recent years, however, there has been a growing expectation for local governments to financially support attainable housing (market and non-market), through:

- **Land contributions** – granting, leasing or otherwise. In some cases, if local governments don't own land, they incur costs to acquire and then contribute it to social housing projects.
- **Servicing costs** – higher expectations exist now, spanning hard infrastructure, sidewalks, playgrounds, health – and these need to be paid for through municipal taxes. With growth, water and sewer services are reaching capacity thresholds, resulting in further capital costs for new infrastructure, as well as higher ongoing operating costs. Local governments have relied on the “growth to pay for growth” principle, but this does not work for non-market housing, and in some cases does not work for market housing.
- **DCC exemptions, waivers or reductions, and property tax exemptions** – there is growing pressure to exempt affordable housing from development cost charges or property taxes, which also effectively increases servicing costs for local governments.

1 E.g.: <http://www.urbancentre.utoronto.ca/pdfs/researchbulletins/CUCSRB38Hulchanski.pdf>



For example, the City of North Vancouver has allocated a significant portion of its overall community benefits through development to achieve housing objectives. In 2020, this has amounted to a contribution to housing, in the form of securing net new rental homes, with a value of as much as \$30 million.

OPTIONS:

Option 1: Development Finance Reform

Development Cost Charges, which are designed to help pay for the cost of off-site infrastructure required to deliver community services that are needed to accommodate growth, are currently restricted by the *Local Government Act* to areas of sewage, water, drainage, roads and parks. Current Development Cost Charge structure does not support the flexibility local governments require to make effective off-site infrastructure investments to deliver community services needed to accommodate growth, or reflect other important infrastructure services delivered by local governments impacted by growth.

A comprehensive review of existing funding mechanisms for financing growth-related infrastructure services, including Development Cost Charges and Amenity Agreements, should be undertaken to identify approaches to:

- Capture growth related capital costs, including, but not limited to infrastructure needed to support: emergency services, solid waste, cultural services, transit, recreation, affordable housing and the expansion of sport-related park services;
- Provide local government with the flexibility to ensure that financing growth-related infrastructure services better reflects community circumstances and community objectives; and
- Create a consistent approach to land value capture and amenity charges that reduces the uncertainty associated with negotiated agreements.

Such a review is supported by UBCM policy (resolution 2019-SR2) and was addressed in UBCM's 2018 Housing Strategy, 'A Home for Everyone'. This strategy specifically noted that a broadening of DCCs to support additional growth-related costs would replace the uncertainty associated with re-zoning and a range of negotiated agreements with a clear, certain process that is regulated by the Province while also providing local governments a legislated way to pay for the cost of growth.



Modernizing development financing has been a longstanding interest of local governments and the 2013 Strong Fiscal Futures Report also identified the need to achieve greater flexibility in design of development cost charges including greater scope for use of funds for parkland development. Following endorsement of resolution 2019-SR2, the Province acknowledged that a review of development finance tools is a key component of improving the entire development approvals system, and indicated that a Development Finance review would be considered.

Option 2: New Revenue Sources

UBCM membership has identified a range of potential revenue sources that may both increase funding available for attainable housing and incentivize the use of residential property for housing. These include:

- New taxation powers to be granted to local governments for use at their discretion:* Potential options include vacancy taxation and brownfield taxation. The City of Vancouver is currently the only local government with the ability to levy a vacancy tax, through the Vancouver Charter. UBCM resolutions have sought local government authority to impose a vacancy tax on taxable residential properties, to encourage occupancy and use of vacant land for housing with the requirement that funds collected be invested in non-market housing. Brownfield taxation has similar aims in that it is intended to spur development of unused properties. UBCM membership has called for the ability to tax brownfields in a separate property class.
- Modifications to the property transfer tax:* Options including scaling the PTT to penalize rapid re-sale, making it more progressive and dedicating the revenue towards affordable housing. UBCM's housing strategy recommends that the Province consider scaling the property transfer tax to penalize rapid speculative re-sale ('flipping'). Such a modification would see a declining tax rate over time so as not to negatively impact long term residents selling their property. UBCM's housing strategy also suggests that the Property Transfer Tax could be reviewed to make it more progressive, by approximately maintaining current revenue levels from the tax while introducing a sliding scale of rates according to transaction cost. Finally, the strategy recommends dedicating revenues from the tax towards affordable housing.
- Short-term rental taxation:* UBCM policy calls for property classification of short-term rentals that reflects their commercial use (2017-B20, 2019-B34).



Other Options:

UBCM membership has also identified several policies that would assist with local government provision of attainable housing by either lowering costs for local governments or creating incentives for the private sector to develop affordable rental market housing. These include:

- *Review of rezoning / public hearing requirements:* Streamlining development approvals was both identified in mandate letters for Finance and Municipal Affairs and recommended in UBCM Housing Report. A review of public hearing requirements could potentially reduce local government administration and housing costs by enabling local governments to expedite applications for attainable housing.
- *Reducing GST on rental housing:* Reducing GST on rental housing could strongly incentivize private investment in the supply of affordable rental housing stock. This is supported by UBCM Policy (2007-A7), and noted in UBCM's 2020 Submission to the Expert Panel on Housing Supply and Affordability as an approach that is broadly supported in the real estate sector².
- *Tools to assist with short-term rental regulation:* UBCM's Housing Report also calls for 'platform accountability', whereby the Province would negotiate a province-wide agreement with Airbnb and other regionally-active short-term rental platforms to assist local governments with compliance checks. This would substantially lower the regulatory costs for local governments. The Province and UBCM convened a joint advisory group on short-term rentals that has also considered such approaches.
- *Additional funding for affordable housing:* The UBCM Housing Report supports the Province's goal of building 114,000 units of affordable housing. This was originally introduced as part of the Province's 30-point plan to address housing, and is currently referenced in the Minister of Housing's mandate letter. UBCM further supports funding for new zero emissions housing and low carbon retrofits. This overlaps with recommendations of the climate change sub-committee; is consistent with mandate letters for Housing as well as Energy, Mines and Low Carbon Innovation; and was identified in UBCM's Housing Report and Special Committee on Climate Action recommendations. Finally, UBCM supports the promotion/funding of mass-timber and other low-cost wood frame developments: consistent with Forests, Lands, Natural Resource Operations and Rural Development mandate letter. This is supported by UBCM's Housing Report and Special Committee on Climate Action recommendations.

2 <https://www.bcrea.bc.ca/wp-content/uploads/2019-10-02-BC-Real-Estate-Sector-Urges-Federal-Parties-to-Act-on-Affordability-Recommendations.pdf>



FOCUS AREA: Attainable Housing

ISSUE: New Provincial Requirements for Planning Approvals

CATEGORY: New, Emerging

BACKGROUND:

Recent changes to the building code to include higher energy standards in accordance with the Energy Step Code have resulted in a number of challenges for local governments, and particularly those in rural, remote and northern regions, due to:

- Lack of local training opportunities for the building community;
- Lack of qualified Energy Advisors, and the possibility that some small and remote communities will not have an adequate workload to entice an Energy Advisor to do business in the area;
- Lower availability of materials and higher material costs in rural communities leading to concerns of affordability among residents;
- Additional costs of energy consultants and mandated energy solutions; and,
- Lower capacity within small local governments.

These issues have been raised through UBCM member endorsed resolutions (2020-EB87, 2020-NR73), and also via the Development Approvals Process Review (DAPR)³. For example, the September 2019 final DAPR report noted the need for a Provincial review of policy for building code changes including opportunities to provide in-stream protection, provision of earlier notice of upcoming changes, and increased education on upcoming changes.

OPTIONS:

The Select Committee recommends that the Province provide additional resources to support communities with Energy Step Code implementation in an equitable way by working with communities to address barriers. In order to ensure that housing costs are not unduly impacted, the Committee also recommends that the Province:

- assess regional financial disparities,
- provide greater flexibility in building code requirements by providing incentives rather than punitive or prescriptive measures, and
- provide earlier notice of upcoming changes and increased education to accompany changes.

³ https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf Table 6, Topic 6.6



FOCUS AREA: Attainable Housing

ISSUE: Costs of Homelessness

CATEGORY: Emerging

BACKGROUND:

Closely related to the broader affordability crisis, local governments have been faced with a growing challenge of housing and providing services to address homelessness. This is a challenge faced by communities in all regions of BC. For example, in their 2020 homeless counts, the Homelessness Services Association of BC identified: 76 homeless individuals in Fort St. John, 121 in Quesnel, 63 in Cranbrook, and 132 in the Comox Valley. A 2018 report on homeless counts across the Province identified 7,655 individuals experiencing homelessness in 24 communities, while noting that all point in time counts are an undercount and do not capture the hidden homeless and those at risk of homelessness.

Local governments bear wide ranging costs associated with homelessness, including community service, legal and policing costs related to homeless encampments and homelessness more broadly. They incur costs to address public safety, such as security costs for complex needs/social housing because of onsite drug use. Municipalities also often need to hire new bylaw officers to address issues arising in homeless camps, and additional parks workers to clean up parks each morning where there is overnight camping.

Several studies have pointed towards the high costs associated with homelessness, including a Simon Fraser University study estimating that it costs \$55,000 per person per year to leave someone with mental health issues homeless in British Columbia versus a housing and support cost of \$37,000⁴. For local governments specifically, costs are highly context specific, but for example:

- The Oppenheimer Park tent city cost the City of Vancouver upwards of \$3.5 million over an 18-month period including policing costs, decampment costs and park restoration costs⁵.
- The City of Victoria estimates that in 2020, it spent \$1.4 million managing encampments⁶.

4 Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Michelle Patterson, Julian M. Somers, Karen McIntosh, Alan Shiell, Charles James Frankish; Centre For Applied Research in Mental Health and Addiction, Faculty of Health Sciences, Simon Fraser University, 2008

5 <https://globalnews.ca/news/7846922/vancouver-taxpayers-on-hook-for-at-least-3-5m-for-oppenheimer-park-tent-city/>

6 <https://vancouverisland.ctvnews.ca/victoria-to-move-all-homeless-inside-end-all-day-camping-by-march-2021-1.5181219>

**OPTIONS:**

The Select Committee has not identified specific funding mechanisms to address the costs of homelessness, but notes that funding solutions to homelessness has been identified in the Minister of Housing's mandate letter and is also supported in the UBCM Housing Strategy and resolutions calling on the Province to fund costs related to homelessness, including supportive housing for complex needs (e.g., 2020-EB80, 2019-B183). It is further anticipated that new revenue sources and other supports for attainable housing will help to reduce the costs of homelessness for local governments by reducing the number of people who are made homeless as a result of high housing costs.

APPENDIX B COMMUNITY SAFETY - EXPANDED POLICY OPTIONS AND EXAMPLES



FOCUS AREA: Community Safety

ISSUE: Emergency Management – Long-Standing Issues and Cost-Drivers, including those Related to Climate Change.

CATEGORY: Emerging, Downloaded

BACKGROUND:

As climate change increasingly impacts BC's environment, emergency management is becoming an even more important and costlier local government responsibility. Local government responsibilities include provincial requirements to prepare an emergency plan and maintain an emergency management organization. The Province, through EMBC, acts as the lead coordinating agency for emergency management activities; and, works in collaboration with stakeholders to address larger-scale emergencies.

While there is a seemingly endless list of long-standing issues and cost-drivers impacting local governments, the Community Safety Sub-Committee has discussed and focused on the following:

- Impacts related to climate change, including:
 - More wildfires leading to higher firefighting costs and firefighters being deployed outside their local areas;
 - The relation between increased flooding and slope stability;
 - Floodplain issues;
 - Higher diking costs;
- General responsibilities under the four key pillars of emergency management (mitigation, preparedness, response and recovery); and
- Emergency management costs being downloaded (e.g. finding volunteers to manage emergency support services).

The Province is currently working to modernize BC's emergency management legislation. This process is likely to add additional costs and responsibilities for local governments as the Province seeks to incorporate the Sendai Framework on Disaster Risk Reduction, and focus more effort on mitigation and recovery pillars. As part of this work, the Province released a 2019 discussion paper containing more than 60 recommendations, including 29 key policy shifts for consideration. UBCM summarized feedback submitted by local governments, and



made several broad recommendations including the need for a sustainable funding framework for local governments to address emergency management responsibilities; and additional provincial support services to help address local government emergency management capacity issues.

RISKS / CHALLENGES:

- Vast field, difficult to narrow down the list of concerns and solutions.
- Due to climate change and the resulting increase in frequency and intensity of disasters, the Province and local governments are likely to assume greater responsibility as part of an all-of-society approach to disaster risk reduction.
- Province has already committed to examining support to assist local governments in addressing new legislative responsibilities, but the level of support that will be provided is still unknown.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2020, the East Kootenay Regional District spent \$905,872 in staff costs, materials and other expenses related to responding to emergencies and disasters within its boundaries. Even after deducting COVID-19 related expenses (\$66,565), the total cost (\$827,862) represents more than was spent during the previous three years combined.

EXISTING OPTIONS:

The UBCM membership has endorsed numerous resolutions seeking support and ongoing funding to address costs and responsibilities (e.g., climate change mitigation) from new emergency management legislation; and, for other orders of government to discontinue the practice of downloading emergency management costs and responsibilities onto local governments.

Other resolutions related to issues raised by the Select Committee include requesting:

- That the Province increase efforts to mitigate wildfire risk.
- Incentives for property owners to carry out mitigation activities.
- That provincial and federal governments discontinue the practice of downloading wildfire mitigation costs and responsibilities onto local governments, and take responsibility for mitigation costs on Crown lands.



- That the Province allocate funding to support proactive risk management of geo-hazards; more specifically, members have also called for the Province to commit resources to slope stabilization projects across BC.
- Provincial funding for dike upgrades.
- Clarity regarding the roles and responsibilities of local governments in relation to dike upgrades and climate change.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has discussed the need for sales tax exemptions for infrastructure projects, fire protection equipment and supplies, and other life-saving equipment. This option is supported by UBCM policy.

Additionally, revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) emergency management costs and responsibilities.

RECOMMENDED OPTION:

The recommended option is to work with the Province on the development of a local government funding and support framework to address new and ongoing emergency management costs. This option is supported by UBCM policy, Select Committee on Local Government Finance discussion, and local government feedback to the 2019 EMBC discussion paper, Modernizing BC's Emergency Management Legislation. UBCM members have previously suggested moving away from grant-based funding models to a more reliable and sustainable funding model.

PROS:

- Given the number of new and ongoing/downloaded emergency management costs and responsibilities, a broad sustainable funding framework could ensure that many cost-drivers are captured under one umbrella.
- The Province has acknowledged that funding and support for local governments is a necessary component of the process to introduce new emergency management legislation.



- Solutions have not yet been finalized.
- BC local governments will need funding and support to effectively implement new provincial emergency management legislation.
- BC includes a large, diverse geographic area, where the emergency management needs of one region can differ significantly from the needs of another. A broad framework can help address each region's unique costs and responsibilities.
- Some of the other policy solutions are aimed at specific aspects of emergency management that may not be priorities in all regions of BC.
- Research suggests that investments into mitigation and preparedness can provide a better cost-benefit return for all stakeholders, notably the provincial government, rather than increased funding towards recovery and response activities.

CONS:

- A broad funding and support framework could make addressing climate change seem like less of an urgent need/priority.

REFERENCES:

UBCM Overview of Local Government Feedback to the EMBC Discussion Paper: Modernizing BC's Emergency Management Legislation

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Emergency~Program~Act~Review/2020-02-18%20UBCM%20Overview%20of%20LG%20Feedback%20Re%20EPA%20Modernization%20FINAL.pdf>

**FOCUS AREA: Community Safety****ISSUE: Protective Services – Cost-Drivers Related to Policing and Justice****CATEGORY: New, Emerging and Downloaded****BACKGROUND:**

Public safety is a core service directly provided by many local governments, and policing is a highly expensive component. Under the BC Police Act, the Province is responsible for the provision of policing services to local governments under 5,000 in population and unincorporated areas. Local governments over 5,000 in population assume responsibility for providing, and bearing the necessary expenses of, policing within their boundaries. The current structure of police funding has left local governments paying two-thirds of the costs of policing in British Columbia, which in 2019 amounted to over \$1.35 billion.

In June 2020, Mike Farnworth, Minister of Public Safety and Solicitor General, announced the Province's intent to review the Police Act, with particular focus on ensuring legislation adequately addresses issues such as harm reduction, mental health and systemic racism. The review and UBCM's submission have helped draw attention to many broad areas where both local governments and the Province are impacted (e.g., mental health and policing, governance, efficiency/effectiveness).

Members of the Select Committee on Local Government Finance have raised many important local government concerns and cost-drivers related to policing and the justice system:

- Addictions and mental health issues falling to local police;
- Escalating salaries;
- Lack of provincial investment (e.g., front-line officers, mental health, training, etc.);
- Vacancies and lack of front-line resources leading to staffing concerns and higher bylaw enforcement costs;
- Overburdened court system that is leading to more individuals (e.g., repeat/prolific offenders) being released;
- Restorative justice costs;
- Cost of police-based victim services;



- Gang violence;
- 911 emergency communication service delivery;
- Increased costs resulting from the Surrey Policing Transition (e.g., shared services, divisional administration);
- The impacts of new daytime bail hearings (resulting from COVID-19), including additional staffing and technology requirements;
- Cost-share for integrated teams; and,
- Cost of new equipment (e.g., carbine rifles, body worn cameras, etc.).

The overall policing operating and capital costs are rising at much higher rate than other sectors, to the point where the affordability and sustainability of police services are in question. Increasing operating costs for policing was also noted in the Strong Fiscal Futures report, as one of the most important financial concerns expressed by local government officials.

RISKS / CHALLENGES:

- Another vast field, with many different concerns, cost-drivers and challenges.
- Many of the new cost-drivers have still not been finalized (e.g., RCMP salary increases, cost of body worn cameras, impacts of the Surrey Police Transition).
- Cost-base for RCMP-policed local governments is formalized through the Municipal Police Unit Agreement, which is not up for re-negotiation until 2032.

APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019/20, RCMP officers spent an estimated 4,300 hours in Kelowna hospital waiting rooms, with their time valued at approximately 1% of the City's annual police budget. This is one of many factors that has contributed to Kelowna's annual RCMP budget increasing from \$18.1 million in 2010 to \$37.5 million for the current year.

UBCM has conducted work regarding impacts of several high-profile cost-drivers:

- Police salaries (RCMP): UBCM has examined available data regarding police salaries throughout British Columbia and Canada in anticipation of increased RCMP police officer salaries. Key findings include:



- The starting salary at most of the police agencies included in the review was greater than \$70,000 per year, which is over 30% more than what is initially offered by the RCMP (\$53,144 for the first 6 months of service);
- The salary for a first class constable at most of the police agencies included in the review was greater than \$100,000 per year, which is over 15% more than what is offered by the RCMP (\$86,110).
- Provincial policing resources: UBCM has found that over the past 15 years where data is available (2004-2019), BC local governments have added 1,029 front-line policing positions, while the Province has only added 67. Provincial representatives have verbally acknowledged that the Province has not sufficiently invested in front-line policing.
- Body worn cameras: According to the federal government's 2020 fall economic statement, the initial cost will be approximately \$238.5 million over six years to support the implementation of body worn cameras. An additional \$50 million per year is earmarked to maintain the new system. Costs will be phased in for the first two years after implementation, after which local governments will be expected to assume all costs.
- Surrey policing transition: Through work with the Local Government Contract Management Committee, UBCM has identified potential local government cost-drivers associated with the City of Surrey's transition to an independent police agency:
 - Financial liabilities (e.g., retroactive pay, ongoing investigations/court cases, training, E-Division headquarters building costs);
 - Shared services (e.g., integrated teams, divisional administration and national programs);
 - Additional considerations (e.g., vacancies/recruitment, future costs such as unused vacation and overtime, governance, and emergency management);

EXISTING OPTIONS:

UBCM members have consistently endorsed resolutions related to this category, including those that seek a comprehensive strategy to address mental health patients; additional provincial policing resources (e.g., front-line officers); and funding to address key cost-drivers (e.g., restorative justice, police-based victim services).



UBCM's recommendations to the Special Committee on Reforming the Police Act largely request that the Special Committee conduct additional research and analysis of key aspects of policing impacting local governments (e.g. preventative and proactive investments; coordination and availability of resources in key service areas; accountability through improved data, oversight and consultation; responsibility and resourcing for services; governance; efficiency and effectiveness in service delivery; and consultation with local governments).

The Strong Fiscal Futures report raises the need for ongoing dialogue between UBCM and the Province to better manage shared services such as policing, and to ensure that the framework is providing value for money.

NEW / OTHER OPTIONS:

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could be used to offset new and ongoing (e.g., downloaded) policing costs and responsibilities. In particular, the Strong Fiscal Futures report suggests the suitability of local governments receiving a portion of liquor revenue, as liquor consumption and availability impact policing costs.

Another option raised by the Select Committee is the recovery of civil forfeiture revenue. Significant local policing resources are often used for large-scale police cases, and any resulting forfeitures are not shared with local governments (outside of a small grant program).

The Strong Fiscal Futures report proposes that traffic fine revenue be defined as a local revenue source to remove payments from the Province.

RECOMMENDED OPTION:

The recommended option is to work with the Province, recognizing each level of government's jurisdictional responsibility, and other stakeholders as needed, to develop a comprehensive strategy to address mental health and addictions patients. A starting point for this strategy is found in endorsed resolution 2020-SR8, Mental Health, Addictions and Poisoned Drug Supply, which suggests including the following components:

- *Ongoing, sustained funding to address the overdose public health emergency.*
- *Implementing a province-wide agreement between police and mental health officials on the management of mental health patients in emergency wards.*
- *Developing integrated teams of health, police, and other officials on a twenty-four (24) hour basis to manage individuals with mental health issues.*



- *Introducing additional long-term care beds to deal specifically with mental illness cases.*

This proposed strategy is consistent with UBCM's Police Act submission, which recommends that the Province ensure necessary resources are available in all relevant service areas (e.g., policing, healthcare, housing, etc.) to address mental health and policing issues.

PROS:

- Prioritized in provincial mandate letters.
- An area under examination by the Special Committee on Reforming the Police Act.
- Has been a long-standing UBCM priority.
- Widely acknowledged that a new approach is needed to manage mental health and addictions issues.
- Prioritizing this issue could serve to address multiple key issues at once (e.g., policing resources, healthcare, housing, opioid crisis, etc.).

CONS:

- There are other key cost-drivers that may be overlooked (e.g., police salaries, the need for more front-line policing resources, new operational costs).

REFERENCES:

UBCM submission to the Special Committee on Reforming the Police Act

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/1-UBCM%20Police%20Act%20Submission%20-%20Jan%202021.pdf>

UBCM Compass Article – Anticipating RCMP Unionization Costs

[https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/anticipating-rcmp-unionization-costs.html#:~:text=The%20starting%20salary%20at%20most,6%20months%20of%20service\)%3B](https://www.ubcm.ca/EN/meta/news/news-archive/2021-archive/anticipating-rcmp-unionization-costs.html#:~:text=The%20starting%20salary%20at%20most,6%20months%20of%20service)%3B)

UBCM to Minister Mike Farnworth re: Policing Transition Evaluation Framework

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Police~Services/2019-08-22%20UBCM%20to%20Min.%20Farnworth%20Re%20Transition%20Evaluation%20Framework.pdf>



FOCUS AREA: Community Safety

ISSUE: Protective Services – Cost-Drivers Related to Fire and Ambulance Services

CATEGORY: Emerging, Downloaded

BACKGROUND:

In British Columbia, BC Emergency Health Services (BCEHS) oversees the BC Ambulance Service, which provides public ambulance services to people throughout BC. Local fire departments and societies also play a role in pre-hospital emergency services, providing rescue services (e.g., road rescue) in support of the provincial system. The system can have a significant effect on local fire departments, which can become overburdened if there are insufficient ambulance services. The lack of provincial ambulance services was evident during the late-June 2021 heat emergency, with increased demand resulting in many individuals having to wait multiple hours for an ambulance to arrive. Preliminary findings from the BC Coroners Service indicate that 580 individuals died as a result of this heat wave.

Local fire services are provided by local governments, who provide a number of emergency services in addition to fire suppression. Some of the primary cost-drivers identified through the Select Committee on Local Government Finance include excessive fire department operational requests/costs (e.g., new pumpers, tankers); training requirements (e.g., medical response); liability and insurance costs; and volunteer firefighters performing duties outside their core competencies (e.g., accident and cold water rescue).

RISKS / CHALLENGES:

- The Province has historically resisted providing additional compensation to local government fire departments for first responder services, often noting that participation is voluntary.
- The controversial 2018 Clinical Response Model for dispatching first responders has led to fewer calls to volunteer fire departments and subsequent local government concerns regarding access to emergency services.
- Additional funding and support for emergency services, including fire protection, is a long-standing request that remains unaddressed to a sufficient level.
 - The Province has recently contributed funding to the Community Emergency Preparedness Fund to address training and equipment.



APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2020, only 34% of calls to fire departments within the Cariboo Regional District were fire related.

At the City of Kelowna, First Medical Response calls represent approximately 70% of the total annual responses from the Kelowna Fire Department. The Fire Department's medical response program, including certification, training, medical supplies and other necessities, costs the City approximately \$75,000 per year.

EXISTING OPTIONS:

UBCM's members have endorsed resolutions requesting additional provincial funding for highway and other rescue services (e.g., fire response); signed agreements outlining responsibilities of BCEHS and fire departments (e.g., mutual aid agreements); and provincial funding support for fire department staffing, compliance with standards, and capital costs.

The Strong Fiscal Futures report has outlined the need to “negotiate an improved protocol with the provincial government to govern the provision of first response emergency paramedical services” as a means to improve taxpayer value for money.

NEW / OTHER OPTIONS:

The Community Safety Sub-Committee has identified two related options:

- 911 Call Answer Levy: UBCM's members have consistently endorsed resolutions requesting that the Province introduce legislation that would provide for the implementation of a province-wide cellular phone levy to contribute to the costs of delivering the 911 emergency service. The UBCM Executive has formally conveyed support for enabling legislation to create a new 911 CAL for cellular devices, as well as the establishment of an independent body to manage revenue. This is also viewed as a potential new revenue source for local governments, and an opportunity to fund necessary public safety costs and upgrades (e.g., 911 infrastructure). This Province has previously expressed support for this framework.



- **Sales Tax Exemptions:** The UBCM membership has previously endorsed resolutions seeking a PST exemption for the purchase of fire protection equipment and supplies (e.g., trucks) and other life-saving equipment, as well as local government infrastructure projects. UBCM has also called on the Province to provide full sales tax rebates for all purchases, without any reduction in other revenue sharing programs.

Revenue generated through targeted consumption taxes (e.g., liquor tax, lottery tax, e-commerce tax) could also be used to offset fire services and local first responder costs.

RECOMMENDED OPTION:

The recommended option is to seek a new protocol with the provincial government, recognizing each level of government's jurisdictional responsibility, in order to govern the provision of first responder services and address inefficiencies related to provincial emergency health services and the current response model.

PROS:

- Consistent with UBCM policy seeking agreements for the provision of first responder services.

CONS:

- May not be as easy to negotiate and implement as other options, such as a 911 call answer levy on cellular devices.
- Legislation may be required to enable particular approaches.

**FOCUS AREA: Community Safety****ISSUE: Cannabis Legalization – Associated Costs and Responsibilities****CATEGORY: New****BACKGROUND:**

In June 2018, federal legislation to legalize and regulate non-medical cannabis received Royal Assent. Legislation placed provinces and territories in charge of issues such as distribution, retail, public consumption and enforcement. The Province was also provided the ability to impose additional restrictions in areas such as minimum age, personal cultivation and personal possession.

British Columbia subsequently introduced its own legislation to address new responsibilities, leaving local governments responsible in traditional areas (e.g., policing and bylaw enforcement, land use management and business licensing). Another key local government responsibility is the ability to control and manage the retail sale of non-medical cannabis.

Federal legislation came into force on October 17, 2018.

RISKS / CHALLENGES:

- It has been difficult for many local governments to project/quantify financial impacts as the cannabis framework is still developing (e.g., new policies regarding consumption lounges, farm-to-gate sales, and direct delivery are all under development).
- Despite the federal government's expectation that cannabis taxation revenue be shared with local governments, provinces and territories are under no legal obligation to do so (through the Federal-Provincial-Territorial Agreement on Cannabis Taxation).
- Taxation derived from similar products (e.g., liquor) has not historically been shared with BC local governments.



APPLICABLE CASE STUDIES / LOCAL EXAMPLES:

In 2019, UBCM developed a survey for local governments to quantify their incremental expenditures associated with the legalization of non-medical cannabis. Respondents were asked to provide information covering the first three years of legalization, including projected costs for 2020. An extrapolation of the three-year total reported incremental costs of \$15.2 million (covering 44% of the BC population) equated to \$34.6 million for an average of approximately \$11.5 million per year in incremental costs to BC local governments. At the time, this represented 29.8% of the Province's cannabis excise tax revenue projection for the first three years of legalization.

EXISTING OPTIONS:

The two-year Federal-Provincial-Territorial Agreement on Cannabis Taxation (FPTACT) sees the federal government retain 25% of excise tax revenue (up to \$100 million per year), with 75% or more going to provinces and territories. This reflects a federal share that was reduced by 25% in recognition of the costs and responsibilities assumed by local governments. The federal government declined to directly provide local governments a share of excise tax revenue, leaving that responsibility to provinces. The Province of British Columbia has thus far declined to share taxation revenue. Furthermore, the FPTACT is up for renewal and stronger language may be considered regarding the sharing of excise tax revenue with local governments.

UBCM has historically sought for the Province to share cannabis taxation revenue, including federal excise tax revenue and a 15% provincial mark-up charged towards the landed cost of cannabis. In 2018, UBCM's members unanimously endorsed a resolution seeking short- and long-term strategies for cannabis excise tax revenue in British Columbia. Based on this resolution, UBCM has sought a cannabis revenue sharing framework that, among other things, would see the Province provide local governments with 40% of projected provincial cannabis excise tax revenue. This strategy is supported by the results of UBCM's 2019 cannabis cost survey, and is based in part on an existing revenue sharing agreement concluded in Ontario.

This type of targeted consumption tax is consistent with options referenced in the Strong Fiscal Futures report.



NEW / OTHER OPTIONS:

Given that the provincial cannabis framework is new, and that many of the new responsibilities (e.g., control over retail operations) were requested by local governments, there is difficulty in finding non-financial solutions. Other solutions, as identified by the Community Safety Sub-Committee, that could be used to address cannabis costs and responsibilities include a liquor tax, lottery tax, and/or e-commerce tax.

RECOMMENDED OPTION:

The recommended option is to seek a targeted consumption tax that provides local governments a share of provincial cannabis taxation revenue. In 2018, UBCM members endorsed a framework for a cannabis taxation revenue sharing agreement that included the following components:

- 40% of the projected provincial excise tax revenue to be distributed to BC local governments as a short-term solution;
- 50% of the local share to be provided up-front upon formalization of an agreement;
- Any revenue in excess of provincial projected revenue to be shared 50-50 between the Province and BC local governments;
- The inability for revenue to be clawed back by the Province;
- Revenue to be distributed to BC local governments on a per-capita basis, with a minimum of \$10,000 to each municipality and regional district; and,
- Development of a long-term solution that either maintained the above framework or provided a portion of provincial sales tax on cannabis to local governments.

PROS:

- Meets the intent of the federal government's decision to reduce its share of excise tax revenue from 50% to 25% that reflects the financial impact on local governments.
- Provides incentive for local governments to help the Province in its duties (e.g., enforcement) and grow the provincial cannabis framework, which is still relatively new.
- Province has often said it could not share cannabis taxation revenue due to costs exceeding revenue. Information received by UBCM suggests that revenue will soon exceed costs by a fair margin.



- Consistent with the cannabis taxation sharing framework implemented in Ontario.
- Administration would be fairly simple.
- Provides stable revenue source for local governments (as long as the FPTACT remains).
- Addresses all new costs.

CONS:

- Provincial government (general) revenues will be reduced, in a fiscal environment where other revenue sources have, or are being reduced.
- May reduce ability for Province to conduct other cannabis-related activities that assist local governments (e.g., enforcement through Community Safety Unit).

REFERENCES:

Backgrounder: Federal-Provincial-Territorial Agreement on Cannabis Taxation, Department of Finance, Canada.

https://www.canada.ca/en/department-finance/news/2017/12/backgrounder_federal-provincial-territorialagreementoncannabista.html

Cannabis Legalization in Your Community- A Primer for BC Local Governments, UBCM, November 2018

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2018-10-17%20Cannabis%20Legalization%20in%20Your%20Community.pdf>

Cannabis Taxation Revenue in British Columbia – Findings with Regard to Local Government Costs, UBCM, October 2019

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/2019-09-20%20UBCM%20Report%20to%20Minister%20James%20Re%20Cannabis%20Tax%20Revenue.pdf>

Endorsed Resolution 2018-SR1 (includes proposed taxation revenue sharing framework)

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Community~Safety/Marijuana~Regulation/01-SR1%20FINAL%20Aug%207.pdf>

**FOCUS AREA: Community Safety****ISSUE: Cybercrime – Protection and Response****CATEGORY: Emerging****BACKGROUND:**

Cybercrime is an emerging cost-driver for all orders of government, who are increasingly becoming the targets of online criminals. Provincial and local governments are facing rising costs to protect themselves and their employees, including those working from home. There are also costs associated with service disruptions and responding to attacks (e.g., overtime, productivity loss, IT costs), including attempted extortion through the use of ransomware – software used to block the access of data.

Improved security is becoming more costly, especially as the RCMP and law enforcement have been unable to adequately address these threats. This may be of particular concern for smaller local governments that may not have the resources to adequately protect themselves.

RISKS / CHALLENGES:

- Unclear whether all local governments share the same level of concern.
- A constantly evolving/changing cost-driver – costs and challenges can be impacted by the ability of criminals to adapt and create new cybercrime strategies.
- Lack of fulsome information regarding current challenges and solutions for provincial, federal and local governments.
 - Likely a patchwork of solutions being implemented by local governments.
 - Some local governments preferring to keep ransom/attack information private.
- No widely accepted protocols for dealing with cyberattacks.

**APPLICABLE CASE STUDIES / LOCAL EXAMPLES:**

The City of Richmond spent approximately \$750,000 to set up its cyber protection system, and perform necessary system upgrades. Ongoing cyber protection costs amount to an additional \$305,000 per year.

The Municipal Insurance Association of BC has noted that ransomware attacks targeting local governments have gone up by 60% since 2018.

EXISTING OPTIONS:

UBCM's membership has called on the Province to establish a program that supports local governments through providing grants for information technology security audits and system upgrades. In 2019, the Province indicated a desire to work with UBCM and local governments to assess these concerns and examine options.

The Strong Fiscal Futures report identifies expenditure management/shared services as a potential solution; this option may be suitable for this particular situation, where all local and provincial governments are likely dealing with similar cyber threats.

NEW / OTHER OPTIONS:

Other solutions, as identified by the Community Safety Sub-Committee, that could be applied to address cybersecurity costs include a liquor tax, lottery tax, and/or e-commerce tax. Sales tax exemptions could also be used for certain IT-related costs.

RECOMMENDED OPTION:

The recommended option is to seek the establishment of a provincial program that provides local governments with expertise (e.g., systems and programs) and shared skills to protect and respond to cyber threats.

**PROS:**

- Likely a lower cost to the Province to share its existing software, systems, etc. than a grant program.
 - Savings and efficiencies will be achieved in comparison to a system where all local governments are on their own.
- A provincial shared service structure could facilitate the development of high efficiency systems through contracts with top end service providers.
- Reduces cost and risk for local governments, especially smaller local governments with financial constraints.

CONS:

- Reduction in local control over cybersecurity.
- Legislation may be required to enable particular approaches.

APPENDIX C

CLIMATE CHANGE - EXPANDED POLICY OPTIONS AND EXAMPLES



FOCUS AREA: Climate Change

ISSUE: Carbon Tax

CATEGORY: New, Emerging

BACKGROUND:

In 2008, British Columbia implemented North America's first broad-based carbon tax of \$10 per tonne of carbon dioxide. The tax applies to the purchase and use of fossil fuels burned for transportation, home heating, and electricity, and covers approximately seventy (70) percent of provincial greenhouse gas emissions. The tax was 'revenue neutral' as the Province reduced personal income taxes and corporate taxes by the equivalent amount applied to and collected during the purchase and use of fossil fuels. By 2013, the Province was collecting approximately \$1 billion per year.

In 2017, the Province amended the Carbon Tax Act and eliminated the requirement that revenue measures be introduced to offset carbon tax revenues. This means that the provincial government is permitted to spend carbon tax revenues on emission reduction measures and other green initiatives, rather than having to return carbon tax revenues to taxpayers. As such, the carbon tax is no longer 'revenue neutral.'

On April 1, 2020, BC's carbon tax rate rose from \$40 to \$45 per tonne of carbon dioxide. It is scheduled to increase to \$50 per tonne in April 2022. Revenues generated from the carbon tax are used to:

- provide carbon tax relief (e.g., Climate Action Tax Credit for low-income earners);
- maintain industry competitiveness by providing incentives for cleaner industrial operations (e.g., CleanBC Industrial Incentive); and
- encourage new green initiatives through supporting the provincial climate action strategy, CleanBC.

Since 2020, the Province has operated the Climate Action Revenue Incentive Program (CARIP). CARIP is a conditional grant program that provides funding to local governments equal to 100% of the carbon taxes they pay to directly support local government climate action if they sign the Climate Action Charter. Local governments have used the grant funding to support a wide range of climate action initiatives including developing policies and action plans, capital purchases, and leveraging for cost-sharing projects with the senior orders of government.



In May 2021, the Province announced that it would end the \$8.4 million CARIP program. A new one-time allocation of \$11 million was announced in the provincial budget for developing and funding a new program for local governments to plan for compact, energy efficient communities.

DISCUSSION:

The Province estimates that the carbon tax will generate \$1.64 billion in 2020/21. The revenue is projected to increase to \$1.99 billion in 2021/22; \$2.21 billion in 2022/23 and \$2.11 billion in 2023/24.

As the carbon tax is no longer revenue-neutral, there is the opportunity to request a percentage of the revenue that exceeds the amount rebated to local governments through the CARIP program. Requesting one (1) percent of the carbon tax on an annual basis would yield \$16.4 million in the current year, nearly double the funding that local governments receive(d) through the CARIP program.

Alternatively, a portion of the carbon tax could be modelled at the Province's approach to industry, in which carbon tax above a certain threshold is directed back to industry to support their switch to cleaner fuels.

In particular, the Province launched the CleanBC Program for Industry in 2019, that rebates a portion of the carbon tax paid by industry through the CleanBC Industrial Incentive Program and the CleanBC Industry Fund. The program is funded by the incremental carbon tax above \$30 per tonne as paid by industry. The Industrial Incentive Program reduces carbon-tax costs for operations meeting world leading emissions benchmarks, while the Industry Fund invests some industrial carbon tax revenue directly into emission reduction projects. The 2021 provincial budget allocated \$96 million to the CleanBC Program For Industry.

Allocating a portion of the carbon tax to local governments provides a revenue stream for local governments to address the increased expectations, desire, need, and costs of responding to climate change. It would allow an investment in both mitigation and adaptation projects, support policy development and planning, and act as seed capital to leverage provincial and federal dollars. In doing so, it holds the potential to advance the shared goal of reducing emissions and creating weather resilient communities.

**PROS:**

- Sustainable revenue stream in the short to medium term, only declining once the full impact of provincial clean energy initiatives is accounted for in years ahead.
- Provides flexibility for local governments to invest in climate action options that meet the unique needs of their community.

CONS:

- Potential claw back or displacement of CleanBC funding targeting initiatives benefitting communities.

**FOCUS AREA: Climate Action****ISSUE: Mitigation & Adaptation Supports: Adaptation, Buildings, Transportation, Solid Waste****CATEGORY: New, Emerging****BACKGROUND:**

In July 2019, UBCM struck a Special Committee on Climate Action to generate new ideas, explore opportunities and barriers to local government action, and identify avenues for further partnership work in mitigating, and adapting to, the effects of climate change. The Committee considered the state of climate action, local government approaches and best practices in mitigation and adaptation, and the roles and responsibilities of the orders of government and external stakeholders in supporting local action. It reviewed opportunities and barriers to taking climate action to the next level, and considered options that are sensitive to local conditions, autonomy, and resources.

After consultation with the membership, the Committee released its recommendations in December 2020 that focused on buildings, transportation, solid waste, resilience, land-use planning, social mobilization and governance. The recommendations are a roadmap for a low-carbon future, and are designed to take climate action to the next level in reducing emissions and creating weather resilient communities. They function as a suite of options that can help advance local and provincial climate action agendas. Numerous member resolutions broadly supported the spectrum of Committee recommendations.

DISCUSSION:

The Select Committee on Local Government Finance identified a series of cost-drivers associated with reducing emissions and creating weather resilient communities. These costs include:

Adaptation Infrastructure & Emergency Management

The costs of adapting to, and addressing, the increase in wildfires, drought and flooding arising from climate change that includes operational response costs and mitigating infrastructure costs. For instance, the Regional District of East Kootenay has spent \$1.8 million in payroll, materials and emergency expenses over the past four years responding to weather related emergencies. It is estimated that an average annual investment in municipal infrastructure adaptation measures of \$5.3 billion is needed to adapt to climate change in Canada¹.



Housing & Buildings

The costs of creating zero emission and low carbon housing stock in communities, and the need for financial incentives to support building retrofits and energy efficiency upgrades. For example, the City of Campbell River tops up the provincial incentive for home energy evaluations by \$150 and the \$3,000 central source heat pump incentive by \$350 to support energy efficiency upgrades.

Transportation

The shift to zero emission and low carbon transit and local government fleets holds significant cost pressures, as unit replacement costs are higher than 'like for like' replacement. For example, the electrification of TransLink's fleet in Metro Vancouver is projected to cost \$473 million more than baseline costs, or an average of \$15.8 million more per year over the next thirty years.

Solid Waste

Infrastructure investments are required for waste management initiatives such as organics diversion and landfill gas capture, and replacement revenue streams are required for a shift to zero waste economy (i.e., loss of tipping fees). For example, the Regional District of Nanaimo's organic waste diversion strategy required a \$5.5 million dollar upgrade to its transfer station to handle food waste.

FINANCIAL OPTIONS:

The Select Committee on Local Government Finance endorsed the Climate Action Committee's recommendations on new funding, policies, and capacity building tools as solutions that could be used to address these costs drivers.

Adaptation (Resiliency)

- Develop regional climate risk assessment.
- Create a dedicated funding stream to support the development and implementation of adaptation plans.

Buildings

- Create new provincial building retrofit incentive programs.
- Develop a low carbon building retrofit step code that sets standards for low carbon buildings.

1 The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020.



- Partner to create 100,000 zero emission, wood-constructed new housing units and 500,000 low carbon building retrofits over the next ten years.

Transportation

- Invest in green fleet conversions for local government and community fleets.
- Provide new funding for active infrastructure – that support the implementation of community active transportation plans, active transportation corridors, and end of trip active transportation facilities at transfer points.
- Develop new revenue tools for local governments to strengthen the transit funding model and reduce the reliance on transit fares.

Solid Waste

- New investments in solid waste management initiatives including organics diversion, extended producer responsibility programs, and deriving energy from waste products.
- Collaboration on best practices for deriving both energy and value from waste products through converting landfill gas, drawing heat from sewerage, and creating energy from biosolids.

PROS:

- The recommendations strongly align with the Province's climate action strategy, CleanBC, with CleanBC already funding a number of solutions.
- The recommendations can address the spectrum of mitigation and adaptation costs incurred by local governments.

CONS:

- The recommendations focus on provincial funding, policy, and capacity building tools rather than specific new revenue streams.

REFERENCES:

The full list of Climate Action Committee recommendations with signature initiatives and supporting actions can be found at:

<https://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Environment/SCCA%20Recommendations%20Nov%202020%20FV.pdf>

APPENDIX D SELECT COMMITTEE TERMS OF REFERENCE



UBCM Select Committee on Local Government Finance Terms of Reference

Background:

The Strong Fiscal Futures report (SFF) was released at the 2013 UBCM Convention and advocacy continued in 2014. It is considered an excellent thought piece on local government finance and revenues. The purpose of the SFF was to set out a realistic, practical agenda for reforming British Columbia's system of local government finance. The SFF identified 5 key directions:

1. *Resiliency - Improve the resiliency of the existing local government finance system by maintaining and building on its strongest features.*
2. *Value - Improve value to taxpayers by tightening the management of shared provincial-local mandates and ensuring that regulatory requirements imposed on local governments achieve value for money.*
3. *Responsiveness - Advance a local government agenda to both grow the economy and to have local governments share in the benefits of that growth through an Infrastructure Development and Community Building Bank.*
4. *Fairness - Work to expand local government revenue tools to make the distribution of local government costs both fairer and more responsive to economic growth.*
5. *Excellence - Build the Local Government Partnership.*

Despite the strength of the SFF, it received little to no traction from the government of the time. However, UBCM membership has repeatedly and continuously supported continued advocacy in this area.

Purpose:

The Select Committee will undertake a comprehensive review of the SFF. Within the Select Committee's comprehensive review, it is expected that the review will include, but not be limited to, the following:

- local government services, including service benefits and cost-drivers;
- existing and potential local government own source revenues, including fees and charges, and property and other taxes;



- existing and potential inter-governmental transfers, including grants and sharing of revenues, as well as considerations relating to methods of delivery and distribution;
- the degree of alignment between local government revenues and servicing responsibilities and demands; and
- local government and taxpayer capacity, including economic, fiscal or other circumstances which may affect that capacity.

Further, it is anticipated that the Select Committee, through the comprehensive review of the SFF, will:

- Review all of the Options captured in the SFF;
- Develop a 'short-list' of Options that best represent current issues/challenges and can be supported by a practical/realistic implementation strategy;
- Build on the 'short-listed' Options, as applicable, developing additional documentation and rationale for their support; and
- Utilize the 'short-listed' Options as the basis for a committee report that identifies renewed priority Options recommended for future advocacy and ultimate implementation.

Members and Support:

- UBCM Executive will appoint Select Committee members composed of:
 - One (1) member from the UBCM Executive;
 - Two (2) members from the BC Mayor's Caucus;
 - At least 2 other members from amongst local government elected officials, who may or may not be members of the UBCM Executive or the Mayor's Caucus;
 - Up to 5 other members, who may or may not be elected officials, but who are either partners in the local government system or possess specific relevant expertise;
- UBCM Executive will appoint two of the members as the Co-Chairs; and
- UBCM staff will support the Select Committee.

**Products/Deliverables:**

The Select Committee will prepare a report of its findings for the UBCM Executive, and may prepare interim reports as it considers appropriate. The final report will be provided by June 30, 2021, unless the term of the committee is extended.

If the term of the Select Committee is extended, it shall provide an interim (update) report to UBCM Executive by June 30 in each year of its mandate.

Resources:

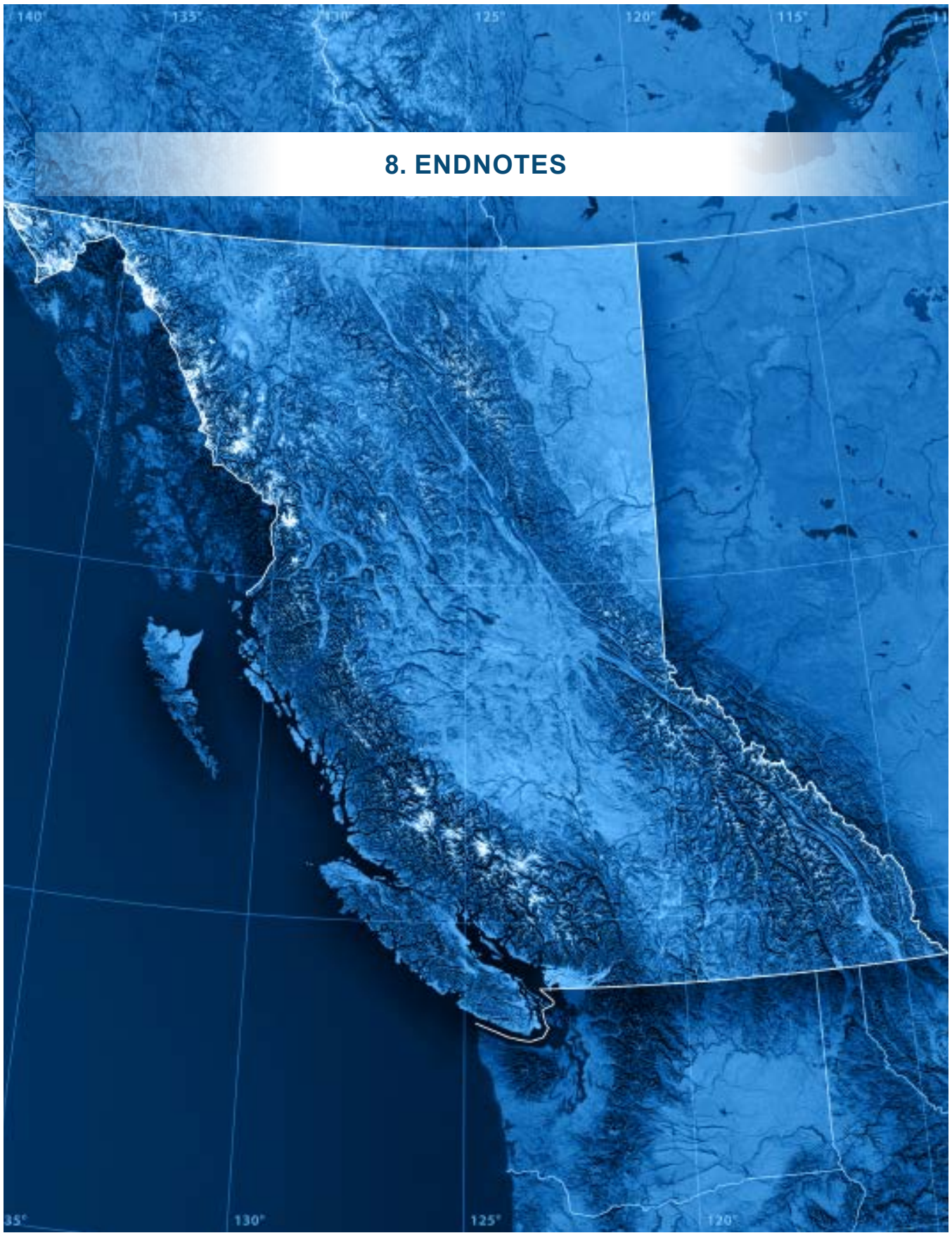
UBCM will pay costs of the Select Committee, up to the maximum budget allocation, including:

- travel and per diem expenses for committee members at the same rates as UBCM Executive policies;
- meeting and other operating expenses of the committee;
- consultant fees and expenses;
- any other expenses specifically approved, in advance, by the Executive Director.

Term:

The Select Committee will meet from October, 2019 through to June 30, 2021, at the call of the Chair. It is anticipated that there will be monthly meetings. The UBCM Executive may consider extensions to this term on an annual basis.

8. ENDNOTES





8. ENDNOTES

1. Strong Fiscal Futures – A Blueprint for Strengthening BC Local Governments' Finance System (2013), Union of BC Municipalities
2. Terms of Reference – UBCM Select Committee on Local Government Finance (2020)
3. Emerging Economy Task Force – Final Report (March 2020), Province of British Columbia
4. Stronger BC for Everyone: BC's Economic Recovery Plan (2020), Government of BC
5. 2021 Budget Estimates – Fiscal Year Ending March 31, 2022 (March 20, 2020), Province of British Columbia
6. 2021 British Columbia Budget (2021), Abdelrahman, Omar, Economist, TD Economics
7. <https://www.cbc.ca/news/canada/british-columbia/bc-municipalities-budgets-outlook-1.5541009>
8. Emerging Economy Task Force – Final Report (March 2020), Province of British Columbia
9. A New North Star: Canadian Competitiveness in an Intangibles Economy (2019), Asselin, Robert & Speer, Sean, Public Policy Forum
10. Rethinking Municipal Finance for the New Economy. <https://www.ubcm.ca/assets/Resolutions%7Eand%7EPolicy/Policy/Environment/SCCA%20Recommendations%20Nov%202020%20FV.pdf>
11. A Home for Everyone: A Housing Strategy for British Columbians (2018). <https://www.ubcm.ca/assets/Whats~New/UBCM%20Housing%20Strategy.pdf>
12. Homes for BC: A 30-Point Plan for Housing Affordability in British Columbia (2018). https://www.bcbudget.gov.bc.ca/2018/homesbc/2018_homes_for_bc.pdf
13. CleanBC: Our Nature. Our Power. Our Future (2019). https://www2.gov.bc.ca/assets/gov/environment/climate-change/action/cleanbc/cleanbc_2018-bc-climate-strategy.pdf
14. Recommendations from UBCM's Special Committee on Climate Action (2020)
15. <http://www.urbancentre.utoronto.ca/pdfs/researchbulletins/CUCSRB38Hulchanski.pdf>
16. https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/planning-land-use/dapr_2019_report.pdf
17. <https://globalnews.ca/news/7846922/vancouver-taxpayers-on-hook-for-at-least-3-5m-for-oppenheimer-park-tent-city/>



18. Housing and Support for Adults with Severe Addictions and/or Mental Illness in British Columbia, Michelle Patterson, Julian M. Somers, Karen McIntosh, Alan Shiell, Charles James Frankish; Centre For Applied Research in Mental Health and Addiction, Faculty of Health Sciences, Simon Fraser University, 2008
19. <https://vancouverisland.ctvnews.ca/victoria-to-move-all-homeless-inside-end-all-day-camping-by-march-2021-1.5181219>
20. Modernizing BC's Emergency Management Legislation. https://engage.gov.bc.ca/app/uploads/sites/121/2019/10/modernizing_bcs_emergencymanagement_legislation.pdf
21. Police Resources in British Columbia, 2019. <https://www2.gov.bc.ca/assets/gov/law-crime-and-justice/criminal-justice/police/publications/statistics/police-resources.pdf>
22. "580 died in B.C. due to heat wave, according to latest coroner analysis" <https://bc.ctvnews.ca/580-died-in-bc-due-to-heat-wave-according-to-latest-coroner-analysis-1.5525134>
23. Cannabis Act <https://laws-lois.justice.gc.ca/PDF/C-24.5.pdf>
24. Backgrounder: Federal-Provincial-Territorial Agreement on Cannabis Taxation. https://www.canada.ca/en/departement-finance/news/2017/12/backgrounder_federal-provincial-territorialagreementoncannabista.html
25. The Federation of Canadian Municipalities and the Insurance Bureau of Canada, The Cost of Climate Change at the Local Level, 2020. <https://data.fcm.ca/documents/reports/investing-in-canadas-future-the-cost-of-climate-adaptation.pdf>



This report has been amended to include updated information from the City of Vancouver on its support of housing affordability. The revised information is now included on page 20 of this report.



UNION OF BC MUNICIPALITIES

The Voice of B.C. Local Government

Ensuring Local Government Financial Resiliency - Today's Recovery and Tomorrow's New Economy

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District of Saanich

2nd Trimester Results Report

January 1, 2021 to August 31, 2021

Results reporting is prepared on a trimester basis by the District of Saanich as a means of providing the community, council and the organization with regular information on the strategic and financial performance of the municipality.

The Trimester Results Report provides information on:

1. Operational Results
2. Capital Program Results
3. Investment Analysis
 - Diversity
 - Liquidity
 - Return
4. Procurement Results
 - % of procurement processes with more than one bidder
 - Procurement
5. Building Permit Statistics



Operational Results

District of Saanich - 2021 2nd Trimester Performance Report

Operating Budget Results - January 1 to August 31

(Represents 2/3 or 66% of the year)

Overall results for the period are encouraging, with most revenues reaching budgeted targets. Expenditures are mostly in line with expectations with select departments experiencing higher expenditure percentages due to larger annual payments such as insurance premiums and CRD sewer requisition being paid out in the first or second trimester.

Revenues:	2020 Actual	2021 Actual	Annual Budget 2021	2021 Budget Remaining	% Revenue Collected	
Property Taxation	(131,666,514)	(140,125,021)	(140,167,200)	(42,179)	100%	1
Utility Tax and Other	(1,487,270)	(1,542,133)	(1,668,300)	(126,167)	92%	1
Water Utility Revenue	(12,808,191)	(13,899,392)	(23,674,000)	(9,774,608)	59%	2
Sewer Utility Revenue	(16,657,951)	(17,773,804)	(27,505,200)	(9,731,396)	65%	
Solid Waste Revenue	(4,611,284)	(4,859,922)	(7,331,500)	(2,471,578)	66%	
Business License & Inspection Revenues	(3,009,493)	(3,405,133)	(3,347,600)	57,533	102%	3
Recreation Revenues	(5,130,085)	(5,793,815)	(7,908,800)	(2,114,985)	73%	4
Grants In Lieu	(2,074,792)	(2,335,421)	(2,886,500)	(551,079)	81%	1
Provincial Grants	(1,500,000)	(1,463,987)	(1,500,000)	(36,013)	98%	1
Interest and Penalties	(1,559,678)	(999,477)	(1,624,200)	(624,723)	62%	
Surplus Appropriations	-	-	(400,000)	(400,000)	0%	5
Other Revenues	(275,098)	(281,142)	(331,900)	(50,758)	85%	
COVID-19 Restart Grant	-	-	(3,415,300)	(3,415,300)	0%	5
Total Revenue	(180,780,356)	(192,479,247)	(221,760,500)	(29,281,253)	87%	

Expenditures:	2020 Actual	2021 Actual	Annual Budget 2021	2021 Budget Remaining	% Expenditure Spent	
Administration	1,576,516	1,560,432	2,745,700	1,185,268	57%	1
Finance - Departmental	2,540,015	2,758,249	4,102,900	1,344,651	67%	
Finance - Corporate	153,407	471,668	1,804,400	1,332,732	26%	2
Fiscal Services	5,763,220	5,358,296	7,989,300	2,631,004	67%	
Corporate Services	5,686,509	5,641,898	8,350,900	2,709,002	68%	
Building, Bylaw, Licensing & Legal	3,200,184	3,590,517	4,930,000	1,339,483	73%	3
Police Protection	23,470,381	25,049,165	38,857,900	13,808,735	64%	
Fire Protection	12,198,416	12,756,842	20,758,100	8,001,258	61%	
Emergency Program	263,756	260,408	443,500	183,092	59%	4
Planning	1,998,080	2,319,433	3,642,100	1,322,667	64%	
Engineering and Public Works	11,704,710	13,305,316	21,481,600	8,176,284	62%	
Parks	5,005,850	5,334,930	8,608,200	3,273,270	62%	
Recreation	12,350,592	12,464,339	20,926,400	8,462,061	60%	5
Library, Grants & Economic Development	5,759,627	5,684,530	7,494,500	1,809,970	76%	6
Water Utility Expenditure	9,436,251	10,072,707	16,149,000	6,076,293	62%	
Sewer Utility Expenditure	17,160,110	16,419,099	21,644,200	5,225,101	76%	7
Capital Program (tax and fee funded only)	27,728,812	30,817,577	31,831,800	1,014,223	97%	8
Total Expenditures	145,996,436	153,865,406	221,760,500	67,895,094	69%	
Revenues minus Expenditures	(34,783,920)	(38,613,841)	-	38,613,841		

Explanatory notes for variances over 5%

REVENUES:

- 1 *Property Taxation / Utility Tax / Grants In Lieu / Provincial Grants (81% to 100% collected)* - All taxation and grants from various government entities are recorded or received in the second or third trimester.
- 2 *Water Utility Revenue (59% collected)* - Revenue percentage is 5% more with last year's actual. Revenues increase during the summer months.
- 3 *Business License & Inspection Revenues (102% collected)* - All of the Business License revenue is collected in the first trimester. Inspection revenue varies from year to year based on construction projects undertaken in the community.
- 4 *Recreation Revenues (73% collected)* - Golf and program revenues performing better than expected, however, still dependent on public health orders
- 5 *Surplus Appropriations / COVID-19 Restart Grant (0% applied)* - As and when needed to offset revenue reductions or COVID expenditure.

EXPENSES:

- 1 *Administration (57% spent)* - Staff vacancies and savings in conference and travel expenditure.
- 2 *Finance - Corporate (26% spent)* - COVID related costs incurred plus severance pay and Provincial EHT payments are offset by recoveries from water, sewer and SWS utilities. \$1.1M of labour contract contingency budget not utilized, awaiting conclusion of contract negotiations.
- 3 *Building, Bylaw, Licensing & Legal (73% spent)* - Insurance premiums are higher and are now paid in 1st trimester instead of 3rd trimester.
- 4 *Emergency Program (59% spent)* - Training and other expenditure budgets are underspent due to COVID.
- 5 *Recreation (60% spent)* - Expenditure similar to last year; Savings in administration costs for some centres and in CHGC food & beverage operations
- 6 *Library, Grants & Economic Development (76% spent)* - GVPL is paid one month in advance as per agreement.
- 7 *Sewer Utility Expenditure (76% spent)* - Operating costs in line with last year. Payment to CRD constitutes 57% of budget and occurs late July.
- 8 *Capital Program (97% spent)* - Majority of the budget is transfer of funds for capital infrastructure funding which occurs after budget approval.

Capital Program Results

District of Saanich - 2021 2nd Trimester Performance Report Capital Program Results up to August 31, 2021

Projects budgeted over \$1,000,000

Capital Project	Fund	Duration	Original 2021 Budget	Budget Transfers	Revised 2021 Budget	Actual	Percent Spent	Schedule Status	Budget Status	
Arena Rd, 340 Ker Ave to Dysart Rd	Sewer	One time	1,037,000	-	1,037,000	-	0%			1
Torquay Dr, San Juan Ave to Ash Rd	Water	One time	1,106,000	-	1,106,000	-	0%			
Cycling Infrastructure Program	Transportation	Annual	1,362,232	(93,750)	1,268,482	55,430	4%			5
Sanitary Sewer - Detailed Design	Sewer	Annual	1,292,005	-	1,292,005	463,183	36%			
Sanitary Sewer CIPP Lining	Sewer	Annual	1,293,102	-	1,293,102	540,596	42%			
Storm Drain - Detailed Design	Drainage	Annual	1,332,399	-	1,332,399	659,209	49%			
Portage Pump Station Construction	Sewer	One time	1,380,000	-	1,380,000	268,018	19%			
GHRC North Envelope Rehab & Expansion	Facilities	Multiyear	1,460,160	-	1,460,160	889,497	61%			
Gorge-Albina Sewer Sinkhole	Sewer	Multiyear	1,574,470	-	1,574,470	1,169,224	74%			
Desktop Environment Refresh	IT	One time	1,625,811	-	1,625,811	246,995	15%			2
Pearkes - Ice Slab Remediation	Facilities	Multiyear	2,340,000	-	2,340,000	1,744,333	75%			
Saanich Operation Centre Redevelopment	Facilities	Multiyear	2,390,007	-	2,390,007	481,674	20%			3
Sims Avenue	Various	Multiyear	2,470,573	-	2,470,573	2,263,717	92%			
2021 Pavement Renewal Program	Transportation	Annual	2,500,000	-	2,500,000	693,213	28%			
Regina Avenue	Various	One time	2,520,000	-	2,520,000	2,123,849	84%			
Sinclair Rd, Finnerty Rd to Cadboro Bay	Various	Multiyear	3,293,300	(23,635)	3,269,665	-				
Gorge Drainage Improvements Phases 1&2		Multiyear	3,071,700	-	3,071,700	-	0%			
Mann Ave. Vanalman Ave. & Parkridge	Various	Multiyear	3,942,500	-	3,942,500	3,840	0%			
West Saanich/Prospect Lk/Sparton Rd	Transportation	One time	2,883,750	2,000,500	4,884,250	454,310	9%			3/5
SCP - Mechanical Upgrades	Facilities	Multiyear	6,306,945	-	6,306,945	909,368	14%			4
Fire Hall #2 - Project Redevelopment	Facilities	Multiyear	8,160,000	-	8,160,000	811,785	10%			3
Sidewalk Installation Program	Transportation	Annual	9,105,909	(1,874,530)	7,231,379	3,195,884	44%			1/5
Shelbourne Street Improvement Project	Various	Multiyear	16,013,694	-	16,013,694	7,481,705	47%			

1 Program start date was delayed due to resources

2 Program start date was delayed due to market supply issues

3 Overall delay in project due changes in scope and consultation

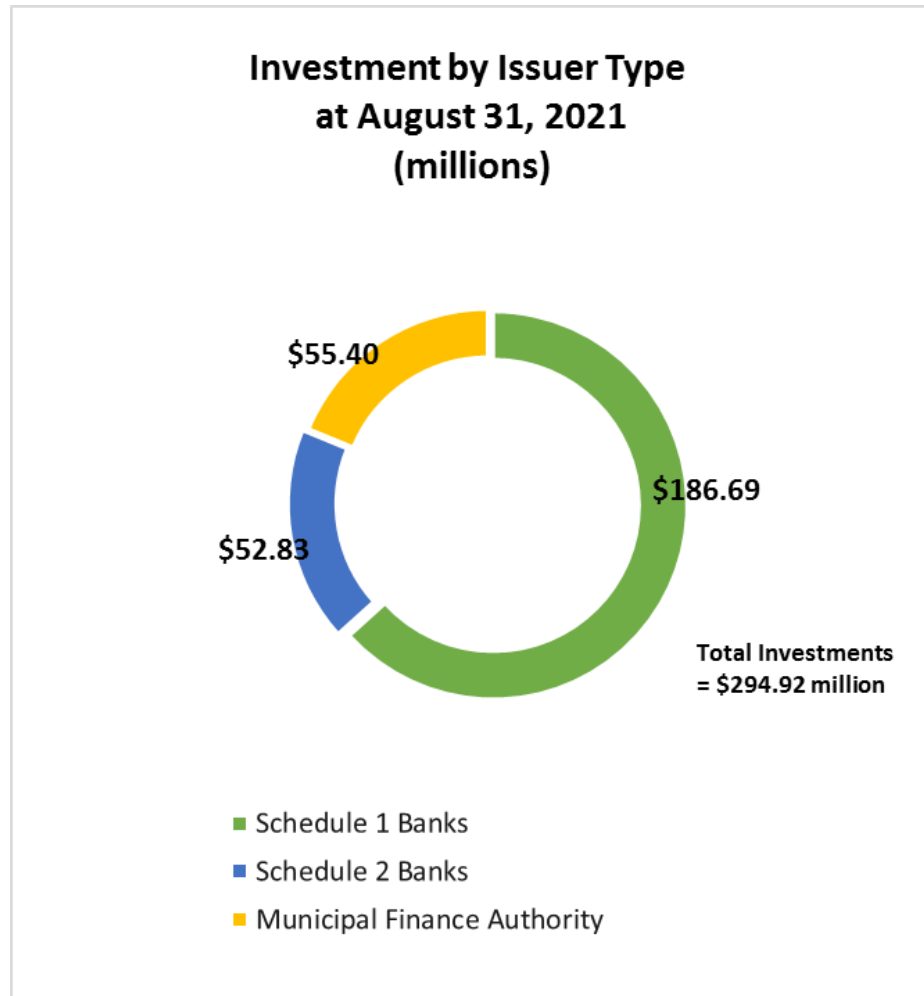
4 Tender results have come in higher than budget; tenders canceled causing schedule delays; alternative approaches are being considered

5 Budget Transfers are mainly from Program Budgets such Sidewalks and Bikeways to Specific Projects incorporating those works

	On target
	Caution
	Delayed

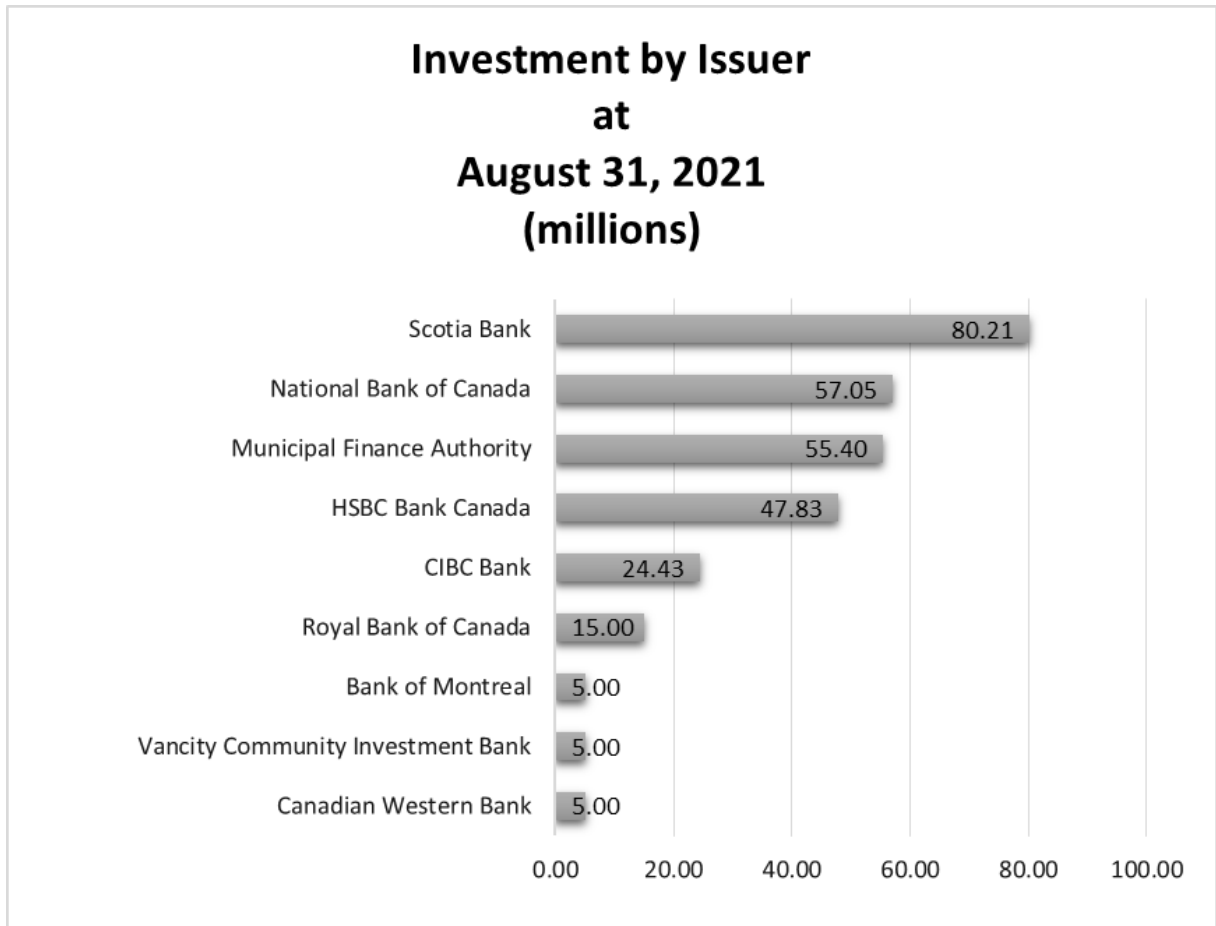
Investment Analysis

The District of Saanich invests public funds in a prudent manner in accordance with the Council Investment Policy. The investment portfolio is currently valued at \$294.92 million. Most of these funds are either held for specific capital programs or are invested until needed to pay current operating expenses.



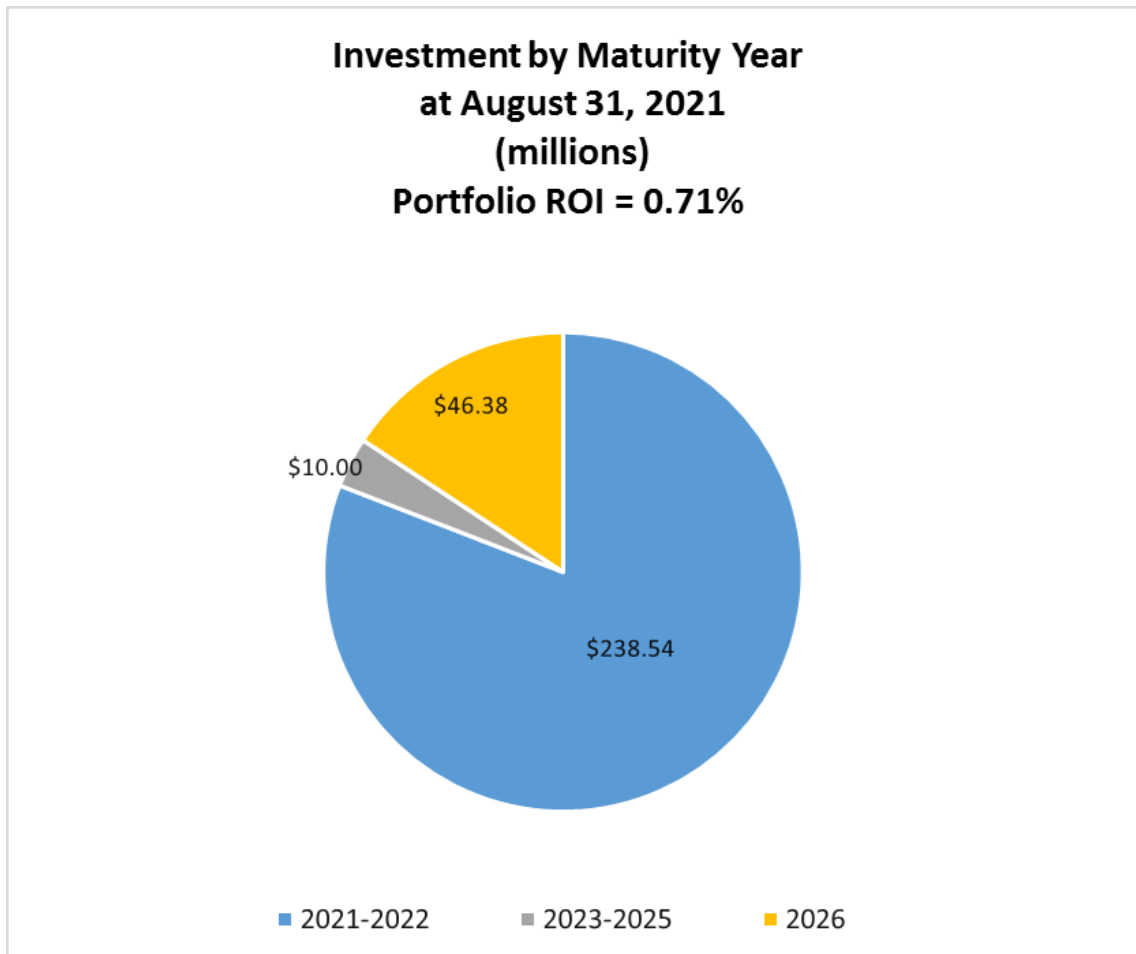
Diversification

In order to reduce overall portfolio risk, Saanich diversifies its investment holdings across a range of security types and financial institutions.



Liquidity

Saanich ensures that the investment portfolio remains sufficiently liquid in order to meet all reasonably anticipated operating and capital cash flow requirements. Funds held within the current year and into 2022 consist of high interest savings accounts, MFA Money Market Fund, and GIC's. Longer term funds include GIC's due within two years and the MFA Short Term Bond Fund and the Government Focused Ultra-Short Bond Fund. Longer terms include various capital reserve funds.



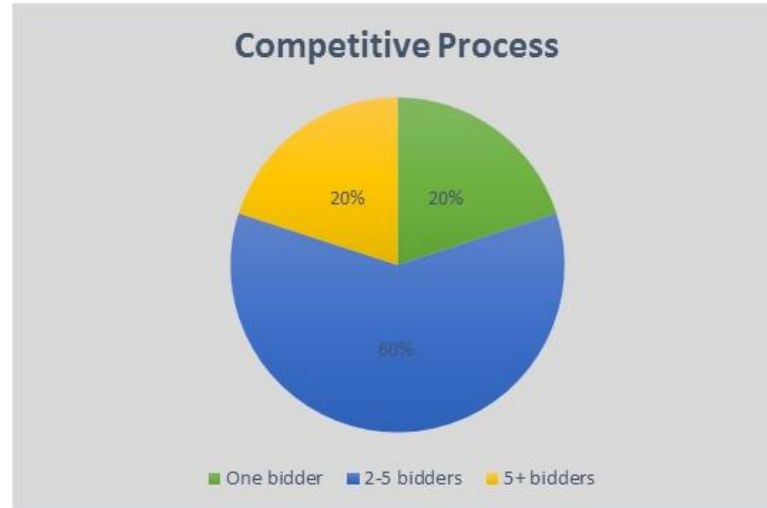
Return on Investment

Saanich's investment portfolio is currently earning a rate of approximately 0.71% while maintaining the investment security established in the Investment Policy. The return on investment remains consistent as what was reported as of April 30, 2021. The COVID-19 virus still influences the downturn in the markets and investment rates for fixed income securities have not rebounded to pre-pandemic levels.

Procurement Results

Competitive Process

80% of procurement processes in the trimester had more than one bidder.



Procurement

Value \$200,000+				
Procurement Description	Value	Years	Supplier	# Bids
Police Vehicle Upfitting Services	\$8,500,000	5	Sigma Safety Corp.	1
Hired Trucks and Equipment	\$5,596,000	4	Don Mann Excavating Ltd. & Wee Bee Hauling	2
Design, Construction & Supply of Parks Washrooms	\$1,482,220	7	RecTec Industries Inc.	3
CCTV Inspection of Sanitary and Storm	\$1,026,000	3	Camtrux CCTV Inspection LTd	2
Portage Low Pressure Sewer	\$968,236		Coast Utility Contracting Ltd	1
Supply and Delivery Pickup Trucks	\$450,025		Steve Marshall Ford Lincoln Ltd	4
Culduthel/Boleskine Storm and Sanitary Replacement	\$426,061		Michell Excavating Ltd.	4
Inventory of Stream and Pick-up - Solid Waste and Recycling	\$300,000	3	Waste Management of Canada Corporation	3
Durrance Road Bridge Replacement	\$259,617		Herold Engineering Ltd	4
Arc'teryx LEAF Insulated Duty Jackets	\$220,000	5	Arcteryx	2

Value \$75,000 to \$200,000					
Procurement Description	Value	Years	Supplier	# Bids	
Bus Stop Shelter Construction	\$ 199,999	4	Monarch North America Structures Ltd	Single Source	
Pool Parts Becks Strantrol Parts & ETS RV Water Treatment System Parts	\$ 195,000	5	Commercial Aquatic Supplies	Single Source	
Professional Services to support E-Comm 911 Hardware and Software	\$ 180,000		Smith Brownlee	Single Source	
Rainbow Ave Drainage Pipe	\$ 164,640		Emco Corporation	4	
Professional Services to support Fire Dispatch	\$ 120,000		Dave Mitchell & Associates Ltd	Single Source	
Respirator Fit Testing	\$ 110,000	4	BC Fit Testing & Restorative Co.	5	
Supply and Delivery of Cardio Equipment	\$ 106,524		Fitness Town Commercial / LIV North Inc. / Fitness Experience	7	
Holmatro Hydraulic Rescue Tools	\$ 104,000		KGC Fire Rescue	Single Source	
Procurement Consulting Services	\$ 100,000	3	Keith Hennessey; CC Purchasing (Anna Becker); Wayfinder Consulting (Craig Milley)	5	
Long Term Financial Plan Development	\$ 89,853		KPMG LLP	1	

In addition there were 32 procurement processes with value less than \$75,000

Building Permit Statistics

Year to Date	No. of Permits		Dwelling Units		Construction Value (millions)	
	2020	2021	2020	2021	2020	2021
Permit Type	2020	2021	2020	2021	2020	2021
SFD/Duplex	56	71	64	106	33.4	49.4
Apartments	2	6	50	190	24.5	90.9
Townhouses	2	23	5	27	3.0	9.7
Commercial	66	57	0	0	20.7	25.6
Gov't/Inst.	86	58	0	0	152.9	23.9
Miscellaneous	225	242	22	22	17.4	21.0
Totals	437	457	141	345	\$ 251.9	\$ 220.4

