

**MINUTES OF THE
FINANCE AND GOVERNANCE STANDING COMMITTEE
COUNCIL CHAMBERS
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
MONDAY, APRIL 11, 2022 AT 10:00 AM**

Present: Chair: Councillor Susan Brice
Members: Mayor Haynes, Councillors Mersereau and deVries
Staff Members: Brent Reems, Chief Administrative Officer; Harley Machielse, Director of Engineering; Laura Ciarniello, Director of Corporate Services; Paul Arslan, Senior Manager, Financial Services; Jaqueline Weston, Asset Management Program Manager; Angel Chen, Manager of Financial Planning; Jennifer Downie, Administrative Assistant.

MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, the Saanich Municipal Hall is currently open to the public however, residents were strongly encouraged to participate via the electronic format provided.

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

MINUTES FOR ADOPTION

MOVED by Councillor deVries and seconded by Mayor Haynes: "That the minutes of the Finance and Governance Standing Committee meeting of March 7, 2022 be adopted as circulated."

CARRIED

3rd TRIMESTER REPORT – January 1, 2021 to December 31, 2021 (attached)

The Senior Manager, Financial Services presented the 3rd Trimester Report – January 1, 2021 to December 31, 2021 and provided responses to questions from the Committee.

In response to Mayor Haynes, the Senior Manager, Financial Services advised that property tax revenue can be broken down into three categories: residential, commercial and other. However, noted that the Planning Department may be able to identify how many square feet of commercial space were located in Saanich.

Mayor Haynes noted that in the Official Community Plan (OCP), the idea exists that Saanich could shift the pressure off the residential tax base by expanding the opportunity for businesses in Saanich. In response to Mayor Haynes, the Senior Manager, Financial Services noted that data is included in the annual report which shows the top ten taxpayers in Saanich; commercial centres being the largest. As the commercial tax base grows it does help overall.

Chair Brice requested the Director of Finance prepare a report outlining the differences between residential and commercial properties; identifying what the shifts are; what opportunities are available; and noting redevelopments where there is additional square footage and the associated taxation amount increase. This item to be presented at a future Finance and Governance meeting.

In response to Councillor Mersereau, the Senior Manager, Financial Services advised that Capital Programs as noted on page 3 (Capital Program Results) utilize core funding, reserves, and borrowing. Projects noted on page 2 (Operational Results) utilize core funding only.

In response to Councillor Brice, the Senior Manager, Financial Services noted that unspent Covid-19 Restart Grant funds from 2021 are used in the 2022 budget. In the 2022 budget, the unspent funds are budgeted for recreation and investment income. If there is money left over from 2022, the funds would be budgeted for 2023. The Province expects the District to use these funds for Covid related items (ie. loss of revenue, additional expenditure, etc.). There is no expectation of returning unused funds to the Province, however, the District is required to report out on how the funds were used in its financial statement.

The Senior Manager, Financial Services noted that the breakdown of the building categories that make up the miscellaneous type under Building Permit Statistics (page 7) include:

- Renovations
- Additions
- Accessory buildings
- Pools
- Secondary suites
- Decks
- And any other permits not specific to the other permit categories.

MOVED by Councillor deVries and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee receive the 3rd Trimester Report for information.”

CARRIED

ASSET MANAGEMENT PROGRAM – Verbal Update

Jacqueline Weston, Asset Management Program Manager provided a PowerPoint presentation. PowerPoint slides will form part of the minutes.

Asset Management is defined as an integrated, lifecycle approach to effective stewardship of assets to maximize benefits, manage risk and provide satisfactory Levels of Service to the public in a sustainable manner. Saanich’s Asset Management Program will be a formalized planning approach that will help deliver services in a more systematic, coordinated and effective manner across the organization.

The Province and UBCM provide support to local governments to develop and improve their asset management practices in a variety of ways.

Councillor deVries noted that Saanich has reached sustainable funding for a lot of its work; reaching the target that was set for 2019. This presentation confirms that funding is going to need to increase to ensure that Saanich is sustainably managing its assets, but the question is how much. In response to Councillor deVries, the Asset Management Program Manager confirmed that this process would uncover how much funding is required to do that.

In response to Councillor deVries, the Asset Management Program Manager noted that the intent would be that when we update the calculation of the replacement value we would be taking the current state of all the assets that we own now. In terms of looking at future assets that might be built, these will be discussed further when the asset management plan is developed. Details will be provided at the next update.

In response to Councillor deVries, the Senior Manager, Financial Services noted that certain assets serve certain groups. Water and sewer would be specific groups and this is reflected in fees versus taxation. Everything else is reflected through taxation. Right now we do not have the ability to discern in minute detail as to which part of road infrastructure should be charged more or less and to what area.

In response to Councillor deVries, the Senior Manager, Financial Services noted that when it comes to adding new assets, Saanich has Development Cost Charges (DCC) which takes into account items such as pipes, surfaces, infrastructure, sidewalks, etc. Community amenities are also considered. Once the infrastructure is added, the replacement does tend to be through property taxes based on commercial rates versus single family homes or townhouses.

The Director of Engineering noted that the approach for different housing types maybe having a different cost or asset base is not a model that is being explored at this point through this strategy but staff would look at this is if Council gives direction. It is too early to provide a comment around what that the model could look like or even to do prep work around providing something back to Council. But there could be an opportunity in the future for staff to consider that but it would be a significant departure from where Saanich is now in how we collect tax base funds to support Saanich assets.

In response to Mayor Haynes, the Director of Engineering noted that we do not have a model that can provide information on revenue potential from density increases or new assets. When new assets come on stream, whether it's the District building active transportation work or developers building more, these get put forward in the financial plan process as a non-discretionary increase to increase maintenance levels and capital replacement levels to support those assets. These are incorporated into the process today and will be looking to continue that into the future.

In response to Mayor Haynes, the Senior Manager, Financial Services noted that the Gas Tax Agreement expires in 2024. No updates or details have been received from the Federal government or UBCM on the program following the expiration.

Mayor Haynes thanked staff for their work on the budget.

UBCM REPORT – ENSURING LOCAL GOVERNMENT FINANCIAL RESILIENCY AUGUST 2021 (Standing Item)

The UBCM Report "Ensuring Local Government Financial Resiliency" is a standing agenda item for this committee

#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 service, and manage infrastructure, in a sustainable, cost-effective way."

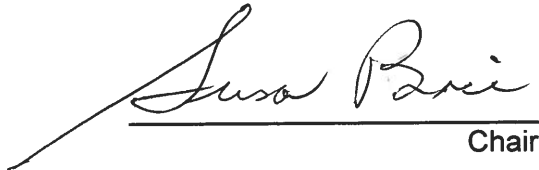
This item was tied into the presentation on asset management presented by the Asset Management Program Manager and was accepted by the committee as background.

MILL RATES

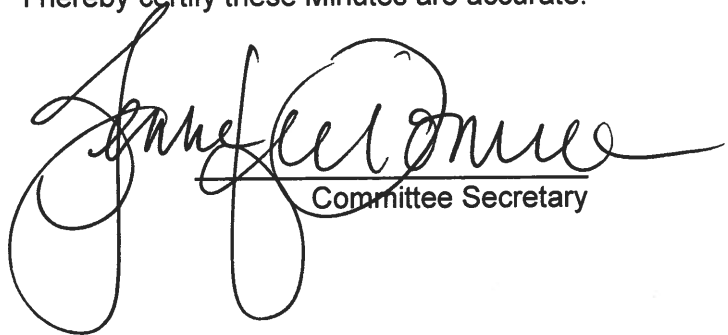
In response to Councillor deVries, Chair Brice will approach the Director of Finance to discuss reviewing mill rates. This item to appear on a future Finance and Governance agenda.

ADJOURNMENT

On the motion from Councillor Brice the meeting adjourned at 10:54 am.


Chair

I hereby certify these Minutes are accurate.


Committee Secretary