

**MINUTES OF THE
FINANCE AND GOVERNANCE STANDING COMMITTEE
COUNCIL CHAMBERS
SAANICH MUNICIPAL HALL, 770 VERNON AVENUE
MONDAY, January 18, 2021 at 10:00 AM**

Present: Chair: Councillor Susan Brice
Members: Mayor Haynes, Councillors Harper and Mersereau
Staff Members: Paul Thorkelsson, Chief Administrative Officer; Valla Tinney, Director of Finance; Laura Ciarniello, Director of Corporate Services (10:40), Paul Arslan, Senior Manager, Financial Services; Karen Coates Manager of Accounting Services; Carroll Porter, Senior Manager, Human Resources (11:05); Jennifer Downie, Administrative Assistant.

MEETING BY ELECTRONIC PARTICIPATION

Due to COVID-19 measures, the Saanich Municipal Hall is currently closed to the public.

Registration deadline to gain access to listen to the proceedings by teleconference was 12:00 p.m. (noon), Friday, January 15, 2021. There was no public interest expressed by the deadline.

REGULAR MEETING SCHEDULE

Memo dated January 5, 2021 outlining the 2021 meeting schedule was received by the Finance and Governance Standing Committee.

MINUTES FOR ADOPTION

MOVED by Councillor Harper and seconded by Mayor Haynes: “That the minutes of the Finance and Governance Standing Committee meeting of October 19, 2020 be adopted as circulated.”

CARRIED

PERMISSIVE TAX EXEMPTIONS – AFFORDABLE HOUSING

The Director of Finance presented the report dated January 8, 2021, Permissive Tax Exemption – Affordable Housing.

At the January 20, 2020 Finance and Governance Standing Committee meeting the following motion was passed:

“That staff be directed to provide a report to the Finance and Governance Committee on the financial impact of exempting current affordable housing properties and potential future affordable housing projects.”

The purpose of the report was to provide information relating to the District of Saanich’s current practices for approving exemptions for non-profit housing, the status of existing affordable housing in Saanich and the impacts of broadening the scope of allowable exemptions.

The above motion was a result of Council’s decision to exempt a new affordable housing complex at 1780 Townley. Non-profit housing exemption had historically only been approved for supportive housing for seniors or persons with disabilities. This was a new type of exemption.

Council has full control over its application of permissive exemptions for eligible properties. Exemptions are currently for full value of land and improvements, but Council can establish any number of methods of determining an exemption. Examples include exempting only the improvement assessed value or a percentage of the total assessed value. If Council's goal was to incent new development the exemption might be for a limited period or on a reducing percentage over a defined number of years.

The Director of Finance reviewed a variety of categories of affordable housing with the Committee. It was noted that BC Assessment has rules and criteria in place for determining properties to be designated under the supportive housing class.

The legislative authority for Council to adopt property tax exemption bylaws is established in Section 224 of the Community Charter. The Saanich properties that currently receive a permissive exemption are through the provisions of Section 224(2)(a). The requirement that the land or improvements be owned or held by a not for profit or charitable organization is key to the exemption process. Council does not have authority to exempt any affordable housing under this section that is owned by an individual or a for-profit corporation.

The Director of Finance noted that the inclusion of additional scope for the permissive tax exemption process will be challenging for the Revenue Services Division to manage in the short term. Exemption bylaws are required by October 31st for exemption in the subsequent year; this means that any policy implementation will need to be complete by June 2021 to put exemptions in place for 2022. Due to other departmental priorities respecting procurement and long term financial planning, implementation may not be feasible until the 2023 taxation year.

MOVED by Mayor Haynes and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee direct staff to bring back a subsequent report and options (with respect to permissive tax exemptions) focusing on Council’s primary goal of increasing the affordable housing stock. Options may include to remain status quo or provide tax incentives for new developments or affordable housing with exemptions being provided for improvements only with land to be excluded.”

CARRIED

ALTERNATIVE TAX SCHEME

The Director of Finance presented the report dated January 6, 2021, Alternative Tax Scheme.

The Director of Finance noted that in 2020, due to financial uncertainty due to Covid-19, the province postponed the date that late payment penalties applied to commercial properties to October 1, 2020 to give businesses and landlords more time to pay their property taxes without penalty. Saanich Council implemented delayed and staggered penalty dates for residential properties through an “Alternative Tax Scheme” bylaw, as did many other municipalities.

The proposed alternative tax scheme splits the application of the legislated 10% penalty evenly between two dates. A 5% penalty applied at the first penalty date and the remaining 5% based on a second due date of the first business day in September. The 10% statutory penalty amount is split with the first application of 5% intended to be enough incentive to pay by the due date while providing relief from the full 10% penalty being applied all at once for those facing hardship or late simply due to an honest error. The second due date was selected as it provides sufficient time for staff to process all payments, identify outstanding accounts and

resolve any issues before applying the second penalty. This also aligns and provides consistency with the alternative scheme in place at the City of Victoria.

The Director of Finance noted that each year many residents forget to claim their homeowner grant for a variety of reasons or incorrectly fill out the grant application resulting in it not being accepted and therefore unclaimed. As unclaimed grants are considered to be unpaid taxes this results in penalties. The bylaw adopted in 2020 included provisions that gave staff time to advise homeowners of unclaimed grants and extra time to complete the application or fix the errors so that the penalty was not applied. Staff recommend that the District permanently establish this provision into the alternate tax scheme. It should be noted that the province is set to take over the grant program from Municipalities; homeowners in all municipalities will now submit their applications directly to the province instead of through their municipal office. With the pending changes, the Director of Finance noted that there will be fewer tax clerks hired this year.

MOVED by Mayor Haynes and seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee recommend to Council:

That subject to special provisions that may be implemented by the province for 2021, direct staff to prepare a bylaw to implement an alternative tax scheme with the following provisions:

Retain the general tax collection scheme due date established in the Community Charter of July 2nd as the property tax due date for all classes;

A 5% penalty applied to taxes that remain unpaid after the due date and a further 5% penalty applied to unpaid taxes after the first business day in September;

Terms that establish that a penalty will not be applied until after the first business day in September to those outstanding taxes that represent an eligible homeowner grant that was not claimed by the due date or was claimed but with errors that required it to be disallowed.”

CARRIED

COUNCIL STRATEGIC INITIATIVES CONTINGENCY POLICY

The Director of Finance presented the report dated December 11, 2020, Council Strategic Initiatives Contingency Policy.

At the Monday, December 7, 2020 Special Council meeting the following motion was passed:

2019 ANNUAL SURPLUS AND ONE TIME RESOURCE REQUESTS

MOVED by Councillor Plant and Seconded by Councillor Brice: “That the topic of the Council Strategic Initiatives Fund be referred to the Mayor’s Standing Committee on Finance and Governance for discussion and recommendations.”

The Director of Finance reviewed the updated “Supplemental Information for Strategic Initiatives Contingency Policy Report” with the Committee.

The Committee noted that the policy should explain in broad terms the intent of the fund and to include provisions for providing funds for emergent issues or opportunities of interest to Council and to fund unfunded actions in Council's Strategic Plan. The policy should also clarify how the fund is accessed, who has access to the fund, and for transparency provide a mechanism for reporting out.

MOVED by Mayor Haynes and Seconded by Councillor Harper: "That the Finance and Governance Standing Committee direct staff to bring back to a future meeting a policy framework with some guiding principles for the fund. The Committee will review and evaluate the framework and options at the future meeting."

CARRIED.

INVESTMENT PORTFOLIO AND FOSSIL FUEL FREE PERCENTAGE

The Manager of Accounting Services presented the report dated January 7, 2021, Investment Portfolio and Fossil Fuel Free Percentage.

Councillor Mersereau presented memo dated January 18, 2021 – Environment and Natural Areas Committee 2020 Motion on Fossil Fuel Free Investing to the Committee outlining motions made at the February 19, 2020 meeting of the Environment and Natural Areas Committee.

The report was to provide background information on the District of Saanich's Fossil Fuel Free (FFF) investments. As of November 30, 2020 Saanich's investment portfolio was 54.8% Fossil Fuel Free.

The Director of Finance noted that if Council wished to consider increasing the percentage through policy, careful consideration must be given to factors such as rate of returns of FFF compared to other products, safety of principal, liquidity, and credit risk.

In response to questions relating to pooled investment funds and diversification, the Director of Finance noted the following from the Council Policy - Investment Policy:

"Pooled investment funds should have environmental, social, and governance (ESG) factors and/or United Nations principals for responsible investment (UNPRI) integrated into their portfolio analysis and holdings."

And

"The District will diversify its investment portfolio by institution, maturity, type and sector of investment in order to reduce overall risk of the portfolio given the prevailing market conditions at the time. With the exception of securities issued by the Federal or Provincial Government, or Municipal Finance Authority, not more than 30% of the investment portfolio will be invested with a single institution or entity."

Councillor Harper noted that the Committee would benefit from receiving presentations on how others are investing their funds.

The Director of Finance noted that staff are not screening or reviewing the investments prior to investing as that the Municipal Finance Authority manages investments for the District.

MOVED by Councillor Mersereau and seconded by Councillor Harper: “That the Finance and Governance Standing Committee receive the report dated January 7, 2021 and memo from Councillor Mersereau (dated January 18, 2021 – Environment and Natural Areas Committee 2020 Motion on Fossil Fuel Free Investing) for information; and acknowledges that the current policy was discussed and no changes are required; as such, no further action is required from staff.”

CARRIED

COUNCIL MATERNITY / PARENTAL LEAVE POLICY

The Director of Corporate Services reviewed the report dated January 8, 2021, Council Maternity / Parental Leave Policy and draft Council Policy - Council Maternity / Parental Leave Policy

The Director of Corporate Services noted that it is appropriate that Saanich have a guiding document or policy given that the Community Charter is silent on how to deal with a request from a member of Council for maternity / parental leave.

The policy being proposed allows Council to activate the last comment in Section 125(7) of the Community Charter, “The disqualification under subsection (5) does not apply if the absence is because of illness or injury or is with the leave of the council.” This prevents a Council member from being disqualified from holding office if they were to take maternity or parental leave.

The Committee noted that in relation to compensation, Councillors should receive the same percentage as what staff are eligible to receive – not more, not less.

The Director of Corporate Services noted that currently there are three different options (CUPE, Police and Exempt), but would look at an option that would take into account the proportion that is provided by employment standards with a top up being provided by Saanich.

Councillor Harper noted that the Councillors’ compensation should be most consistent with what is collectively bargained.

Councillor Mersereau noted that as staff and Council are in the same Saanich environment, compensation should be approached using a similar philosophy, have similar components and have the same set of principles.

The Committee agreed that Councillors should continue to receive benefits with the current cost sharing arrangement.

The Director of Corporate Services reviewed with the Committee, Council’s choice to participate and exercise their rights and privileges while on maternity / parental leave.

MOVED by Councillor Harper and Seconded by Councillor Mersereau: “That the Finance and Governance Standing Committee receive the report for information and direct the Director of Corporate Services to update the report to include the feedback provided on compensation and benefits prior to forwarding to Council.”

CARRIED

DELEGATE AUTHORITY OF APPROVAL OF TENDER #23/20 – SAANICH COMMONWEALTH PLACE BIOMASS BOILERS

At the Monday, December 7, 2020 Special Council meeting the following motion was passed:

MOVED by Councillor Mersereau and Seconded by Councillor Chambers: “That Council direct staff to review the policy for financial approval limits to increase delegated authority for staff approvals when expenses are in approved budgets, and to increase the threshold for staff approval from \$200,000 to \$500,000 in the interim, and for the staff report to be reviewed initially by the Mayor’s Standing Committee on Finance and Governance Committee prior to coming to Council.”

The Director of Finance provided a verbal update noting that work is underway and there is no further work required of the Finance and Governance Standing Committee.

The Chief Administrative Officer noted that the Procurement Law Office recently completed the Procurement Risk Assessment for the District. The Procurement Law Office reviewed the District’s procurement related policies, procedures and templates and conducted interviews and surveys with staff. The District has received a report outlining findings and recommendations and is committed to moving the project forward.

IN CAMERA MOTION

MOVED by Councillor Mersereau and seconded by Mayor Haynes: “That pursuant to Section 90 (1) (c) of the Community Charter, Part 4, Division 3, the meeting be closed to the public as the subject matter being considered relates to labour relations or other employee relations.”

CARRIED

Chair

I hereby certify these Minutes are accurate.

Committee Secretary