



BRIEFING NOTE FOR INFORMATION

Date: December 3, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: BCGEU – Affordable Housing

Issue: Ways to resolve the issue of affordable housing

Meeting With:

- Paul Finch, BC Government Employees Union Treasurer
- Harpinder Sandhu, Property Appraiser, BC Assessment, Regional Director, CUPE 1767
- Jared Melvin, Business Consultant with BC Assessment, Vice-President, CUPE 1767

on December 4, 2018

SUMMARY:

- **It is critical to work with a broad range of partners, like BC Government Employees Union (BCGEU) and Canadian Union of Public Employees (CUPE), to address this complex challenge facing British Columbians.**
- **The Province has taken many actions to address affordable housing issues and curb real estate speculation in the past 18 months.**
- **BCGEU identified three specific housing-related issues to discuss:**
 - a. **BCGEU housing affordability plan, in light of municipal elections**
 - b. **Publicly-funded and owned housing**
 - c. **Recent moves by government**

BACKGROUND:

BC Government and Service Employees Union is the province's fastest growing union with 77,000 members. Of these members approximately: 27,000 members work directly for the provincial government; 17,000 BCGEU members work in health; and 10,000 BCGEU members work in community-based social services. Other BCGEU members include: credit union workers, casino workers, community college employees, hotel employees, and highways maintenance workers.

Canadian Union of Public Employees has both a provincial division and a health services division in British Columbia. CUPE members work in hundreds of occupations including: municipalities, school boards, airlines, hospitals, nursing homes and more.

- CUPE BC is the province's largest labour union, representing more than 92,000 workers in more than 160 locals.
- Hospital Employees' Union (HEU) is the British Columbia health services division of CUPE representing 43,000 members in more than 270 locals. It's the largest and oldest health care union in the province. HEU members work in all areas of the health care system.



BRIEFING NOTE FOR DECISION

Date: December 12, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Tall Wood Buildings Implementation Plan

Issue: Develop an early implementation plan in acknowledgement that future Building Codes will increase the allowable height of wood buildings from 6 to 12 storeys.

RECOMMENDED OPTION:

- **OPTION 3: to facilitate responsible implementation, it is recommended that the Building and Safety Standards Branch (BSSB) create a Jurisdiction Specific Regulation so that qualified local governments that opt in could approve tall wood buildings using the provisions of the proposed 2020 National Building Code.**

BACKGROUND:

The next National Building Code (2020) will include a new construction type known as Encapsulated Mass Timber Construction (EMTC). Using this type of construction will allow wood buildings up to 12 storeys in height. It is anticipated that the National Building Code 2020 will be adopted as the BC Building Code with an effective date of December 2022. Research, testing and consultations on the EMTC provisions are substantially complete.

The *Building Act* provides the Minister authority to regulate building construction via Provincial Building Regulations, Jurisdiction Specific Regulations or Site Specific Regulation. These regulatory tools allow for narrowing degrees of application from province wide, to particular jurisdictions to a single property. To date, Jurisdiction Specific Regulations and Site Specific Regulations s have only been used when the jurisdiction and/or the land owner volunteer to opt in. The Jurisdiction Specific Regulations approach has been used twice to enable local governments to demonstrate leadership in solar energy infrastructure and low flow toilets. The Site Specific Regulations approach has been used to enable the tall wood buildings known as Wood Innovation and Design Centre and Brock Commons. **s.13**

s.13 To date, there have been both formal and informal requests for Encapsulated Mass Timber Construction Site Specific Regulations s in Burnaby, North Vancouver, Victoria and Langford.

BSSB recovers the costs associated with developing Site Specific Regulations s from the proponent. Corvette Landing was asked to contribute the estimated cost of \$94,500 for their Site Specific Regulations.

DISCUSSION:

When British Columbia (BC) increased the allowable height of wood buildings from 4 to 6 storeys in 2009 it was noted that the learning curve was steep. Mass uptake by individuals of various qualifications resulted in some unfavourable results. Some local government fire department officials were quite vocal in their opposition. Introducing the upcoming significant change gradually may prove beneficial. BSSB could facilitate capacity building and maximize learning on Encapsulated Mass Timber Construction buildings in advance of broad provincial adoption. This could be achieved by continuing with the current practice for accepting one-off Site Specific Regulations or by inviting local governments to be named in a jurisdiction-specific building regulation. There is roughly a 3-4 year window of opportunity before this type of construction will be permitted as part of the standard BC Building Code. Alternatively, the Province could



work towards adopting the proposed 2020 National Building Code
Encapsulated Mass Timber Construction provisions province wide as early as December 2019.

Appendix I contains a working criteria used for selecting Jurisdiction Specific Regulations proposals and the proposed criteria for approving local government requests to participate in a Jurisdiction Specific Regulations process.

FINANCIAL IMPLICATIONS:

- None

OPTIONS:

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3. **Direct BSSB to develop a Jurisdiction Specific Regulation, communicate the opt-in criteria to all Local Governments and gather expressions of interest. Jurisdiction Specific Regulations to be effective in late 2019.**

s.13

RECOMMENDATION:

- OPTION 3

APPROVED (recommended option) / NOT APPROVED

Honourable Selina Robinson

December 21, 2018

Date

Attachments:

1. Site Specific and Jurisdiction Specific Regulation – Participant Selection Criteria

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Jacqueline Dawes, Deputy Minister

DATE APPROVED:

December 10, 2018

December 12, 2018



APPENDIX 1 - Site Specific and Jurisdiction Specific Regulation – Participant Selection Criteria

Criteria for determining agreement in principal to develop Site Specific Regulations (SSRs)

Mandatory Requirements

1. Agreement in principal between the proponents' Coordinating Registered Professional (CRP) and the local government (building official, fire department, Chief Administrative Officer/City Manager) to engage in the SSR development process.
2. Proponent must be an established developer with a successful track record of past projects.
3. Proponent's team must include architect(s), structural engineer(s) and code consultant(s) who have demonstrated leadership within their profession. For example: persons who actively participate on industry committees (e.g., Standing Committees on Code Development); contribute to the Code development process; are actively involved in the innovation community with a willingness to build industry-wide learning by sharing knowledge and experience; or engineering firms holding the Organizational Quality Management (OQM) Certificate in the Structural Engineering Field of Practice.
4. Each of the required 3 Registered Professionals must provide for independent review by a second Registered Professional who is either within the firm or independent.
5. Conceptual design of the building including occupancy type (e.g., residential, commercial), land area of the development site, building size and number of storeys must be known and must adhere closely to the Acceptable Solutions proposed in the 2020 National Building Code.

Criteria for assessing qualifications for Local Government in the Jurisdiction-Specific EMTC Building Regulation (JSRs)

1. Political desire- demonstrated through a Council Resolution
2. Organizational alignment – Chief Administrative Officer/City Manager to ensure Planning, Building and Fire Departments have the mandate to undertake the effort required to facilitate innovation.
3. Organizational capacity – Lead Building Official possesses Level 3 certification from the Building Officials Association of BC. Local Government is active in enforcement practices and go beyond pure reliance on Letters of Assurance by professionals. Local Government has the capacity to administer criteria similar to that described for SSRs.



BRIEFING NOTE FOR INFORMATION

Date: December 17, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Rental Increase Provisions

Issue: The recent annual allowable rent increase and the impact on rental housing supply.

Meeting With: Stewart, Richard, Mayor, City of Coquitlam on December 20, 2018 including;
Councillors: Brent Asmundson, Dennis Marseden, Terry O'Neill and Bonita Zarrillo
Staff: Jim McIntyre, General manager, Planning and Development

RECOMMENDED RESPONSE:

- **Our government's top priority is to make life more affordable for British Columbians. That includes improving housing affordability for renters and buyers.**
- **I applaud the City of Coquitlam's creation of a Housing Affordability Strategy (HAS) and your actions to encourage both private and non-profit housing developers to build and operate rental housing.**
- **The approved recommendation from the Task Force to limit rent increases in 2019 to the cost of living (2.5 percent) will give renters the relief they need, while making sure landlords have the ability to continue to invest in their rental properties.**
- **We understand in some cases, landlords need to increase rent beyond the allowable limit to undergo maintenance and repairs to the unit. That is why the government has also approved the Task Force recommendation that changes be made to allow additional rent increases above inflation through application to the Residential Tenancy Branch (RTB). This is to allow for additional modest rent increases in cases where renovations and repairs to rental units have been completed.**
- **The RTB is currently working with landlords on expanding circumstances under which a landlord could apply for an additional rent increase to reflect the cost of maintaining their rental properties.**
- **We are confident that the rent increase provisions will not discourage the development of rental housing stock. There are a number of partnership opportunities available through the HousingHub to create incentives and establish partnerships to build affordable rental housing in British Columbian communities.**

BACKGROUND:

The City of Coquitlam released its Housing Affordability Strategy in December 2015 (refer to Attachment 1). Minister Robinson met with the City of Coquitlam November 10, 2017, to discuss affordable rental housing, TransLink and the sale of Wildwood Manufactured Home Park. The City of Coquitlam wrote a letter received October 18, 2018 requesting a meeting to discuss their concern that the 2019 annual allowable rent increase will discourage affordable rental housing development in their community.

As of April 30, 2018 in Coquitlam, there are an anticipated 3,159 units of new market rental and 986 units of new below-market/non-market in the development process. The locations of these projects containing the total 4,145 units are shown in attachment 2.



Planning and Land Use

Rental Zoning: Based on a September inquiry to staff, it appears that the City may be exploring a potential implementation of rental zoning within the community. No further communications have been received.

Development Approvals Process Review: **s.16**
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DISCUSSION:

The Residential Tenancy Branch posted the maximum allowable rent increase for 2018 which is was 4.5 percent. This is the largest increase since 2012 due to an increasing Consumer Price Index. There has been significant media coverage on this increase and outcry from tenants and the newly formed Vancouver Tenants Union given the low vacancy rate and high rents, particularly in Vancouver.

The Rental Housing Task Force released an early recommendation and government approved a limit of rent increases in 2019 to the cost of living. This change will bring British Columbia in line with similar practices that have been used in other provinces for over a decade. The Task Force has released their full recommendations to government (see attachment 3). The recommendations are currently under review by government and more information will be available in the coming months about rental housing priorities.

Rent control is only one factor that influences the availability, quality and affordability of rental housing. The state of the economy and market forces, local bylaws and other policy decisions, government levies, incentive programs and financing costs also have a significant impact.

FINANCIAL IMPLICATIONS:

- None

Attachments/Hyperlinks:

1. [City of Coquitlam Housing Affordability Strategy](#)
2. Market Rental Housing Projects 2018 and Below market/ Non-market rental Housing Projects
3. [Link to Rental Housing Task Force Full Recommendations](#)

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Jacqueline Dawes, Deputy Minister

DATE APPROVED:

December 17, 2018

December 17, 2018



DISCUSSION:

BC Government and Service Employees Union consulted with members in spring 2017 and affordability was identified as one of the top challenges, especially affordable housing. At BCGEU's triannual convention in June 2017, members passed multiple resolutions calling for action on housing affordability.

In fall 2017, BCGEU launched an affordable housing campaign, developed a housing plan and for the past 18 months has been circulating an affordable housing petition.

BC Government and Service Employees Union's affordable housing plan, "Building an Affordable BC" was released November 20, 2017. The report was co-authored by both BCGEU and CUPE: BCGEU Treasurer Paul Finch; CUPE 1767 President, Jared Melvin, and Vice President, Harpinder Sandhu. The report mainly advocates for policy changes at the provincial level to curb real estate speculation.

More specifically, the unions' housing plan focuses on three main strategies: reforming property taxes, amending legislation and investing in public housing.

The unions' plan includes a number of reforms that would tax developers and speculators when their land values rise because of nearby public infrastructure projects like new transit lines. The idea behind it would be to capture some of the windfall gains on investment properties.

The plan also proposes: taxing speculators who hoard undeveloped land and defer development, applying a progressive surtax to annual property taxes, reforming both property transfer taxes and the foreign buyers' tax and taxing short-term rentals. The revenue from the proposed tax changes could then be used to fund public housing and infrastructure.

In 2018 BCGEU held several community meetings across British Columbia on affordable housing and in August 2018 BCGEU through its website "Affordable BC" lobbied vigorously against the proposed 4.8 percent maximum rent increase.

BCGEU's Affordable Housing Policy Proposals for Local Governments

On August 2, 2018, with local government elections to be held October 2018, BCGEU released a list of affordable housing policy proposals titled "What Can Local Governments Do?" (Please see more details on these twelve recommendations in Appendix A.)

The eight recommendations include clearly defining "affordable" in relation to municipal housing policies, taking advantage of new rental-only zoning powers handed down by the provincial government, utilizing public land to build affordable housing, and offering tax incentives and benefits to accelerate affordable housing projects.

In addition, the union highlighted four key measures that the federal and provincial governments could take to help municipalities address the housing crisis, such as: offering tax waivers and incentives for purpose-built rental housing projects and allowing local governments to mandate inclusionary zoning of affordable housing on new developments.



Provincial Action on Affordable Housing

The Province has taken aggressive action to address the issue of affordable housing.

On February 20, 2018, the British Columbia government released *Budget 2018* which included the Province's 30-point housing plan, 'Homes for B.C.' The provincial housing plan outlines a number of initiatives and funding commitments, over \$7 billion over the next 10 years including:

- \$1.1 billion over 10 years to upgrade and improve more than 50,000 existing affordable rental homes in social and subsidized housing.
- Close to \$1.9 billion over 10 years to support the construction of more than 14,000 new affordable rental homes for low-to middle-income British Columbians.
- \$1.2 billion over 10 years to build and support 2,500 new supportive housing units for people who are homeless or at risk of homelessness.
- \$1.1 billion over 10 years to upgrade and improve more than 50,000 existing affordable rental homes.
- \$734 million over 10 years to support the construction of 1,500 spaces in transition and second-stage housing for women and children fleeing violence.
- \$550 million over 10 years to support the construction of 1,750 new units of social housing for Indigenous people.

The Minister of Finance is responsible for taxation and has taken a number of steps with respect to taxation to stabilize British Columbia's housing market.

The Province continues to work closely with the Federal Government on the importance of supporting and funding affordable housing.

Local governments will be able to access \$5 million in funding over the next three years to complete housing needs assessments. These will be required every five years. Housing needs assessments will help local governments to plan for affordable housing using reliable and current information.

With respect to inclusionary zoning, local governments can effectively achieve inclusionary zoning with the agreement of the developer through density bonus zoning provisions. The authority for local governments to require a certain number/percentage of units in a development to be affordable without the agreement of the developer is not specifically set out in legislation. Sometimes additional affordable units can be negotiated at rezoning through an agreement between the local government and the developer.

The Province is working to support building affordable housing on public land through both the new HousingHub and working with the Vancouver Community Land Trust Foundation:

- The Province is creating the "HousingHub" within BC Housing to work with community, government, Indigenous and private-sector partners to facilitate the creation of new affordable rental housing and homeownership options. Units will not be subsidized, but through a combination of in-kind or other contributions from the proponents, low cost interim financing, and municipal concessions, the objective is to have the private sector build units that are affordable for middle income earners.
- With respect to land trusts, there is a partnership between the City of Vancouver, BC Housing and the Co-Operative Housing Federation of BC, together with Sanford Housing Society and Tikva Housing Society. The Land Trust project aims to develop 358 units of housing.



Ministry of
Municipal Affairs
and Housing

- The Province continues to actively search for opportunities to use Crown Land for affordable housing, while respecting Indigenous claims on lands as part of treaty negotiations.

Appendices:

A. BCGEU's Affordable Housing Policies for Local Government

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Jacqueline Dawes, Deputy Minister

DATE APPROVED:

Gord Enemark OBO
November 30, 2018

December 3, 2018



Appendix A: BCGEU's Affordable Housing Policies for Local Government

On Aug 2, 2018 BCGEU proposed affordable housing policies for local governments including:

1. The 30 percent formula: defining "affordable rental housing" in municipal policies as housing that: a) costs 30 percent or less of an area's monthly median household income; or b) is at least 30 percent below market rent in that area (whichever is lower in a given community).
2. Rental zoning: using new rental zoning powers to increase and protect the supply of affordable rental housing.
3. Fast-track affordable construction: accelerated permitting and approval processes for construction of affordable rental housing.
4. The 50/50 model: all future private density increases should be matched with an equal increase in public density split 50 percent private and 50 percent affordable public. This can be accomplished using either inclusionary zoning or density trading.
5. Development cost waivers: targeted incentives for affordable rental construction, including waivers for Development Cost Charges and Community Amenity Contributions
6. 10-year tax waivers: 10-year property tax waivers for public and non-market affordable rental housing construction.
7. Build on public land: building new affordable rental housing on municipal and school district owned lands.
8. Land value capture: in the Metro Vancouver region, using TransLink's existing powers to tax a portion of the significant land value increases in properties close to mass transit lines and other publicly funded infrastructure. The increased value of this land results directly from public investment, and it is fair that the public recoup some of that value to fund needed services. This revenue can be used to fund expanded transit service, and thus greater access to viable housing options for commuters throughout the region.

BCGEU also proposed some key measures for the federal and provincial governments to take in order to help municipalities address the housing crisis, including:

9. Mandatory inclusionary zoning: enable British Columbia local governments to mandate inclusionary zoning of affordable housing in all new developments. Cities in the United States have created tens of thousands of affordable housing units this way, and Ontario and Alberta have both recently given this power to local governments in those provinces.
10. Increased and accelerated capital funding: while senior governments are signalling changes in the right direction, they need to scale up and accelerate capital funding for affordable housing construction if they are serious about addressing the crisis.
11. Tax waivers and incentives: much of the existing affordable rental housing stock was built in the 1960s and 1970s with the help of targeted tax waivers and incentives. The federal and provincial government should use similar measures today to encourage affordable rental construction and the preservation of existing stock.
12. Close loopholes for land speculators: the provincial government needs to close property tax loopholes that encourage land speculators to hold undeveloped residential land without developing it, in anticipation of future land price increases.



BRIEFING NOTE FOR INFORMATION

Date: December 6, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Working relationship between Province and Local Governments

Issue: Provincial support for local and regional governments and relationship with business

Meeting With: BC Chambers of Commerce

SUMMARY:

- **The Government of British Columbia shares concerns about the sustainability and growth of the province's small business sector.**
- **There is no doubt that we are experiencing unprecedented real estate market and affordability pressures, and the Province is committed to working with those impacted by the resulting increase in property values and taxation.**
- **s.13,s.17**

BACKGROUND/DISCUSSION

Highest and Best Use Designations in the Assessment Process

- The Assessment Amendment Act 2018 was recently passed in the Legislature to support the ongoing operation of Class 4 major industry properties subject to significant property assessment and taxation increases as a result of changes to an Official Community Plan.
- Minister Robinson also committed to undertaking a review of future Highest and Best Use (HBU) valuation impacts on other property classes dealing with similar issues.
- The Province seeking to understand what changes could be considered to provide a more fair and efficient assessment system for the affected classes.
- **s.13,s.17**

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Development Approvals Process Review:

- The Province has initiated a review of the local development approval process, to assess opportunities to increase the efficiency and effectiveness of the development approvals process so that it works for all sectors.
- The review began in late November (orientation webinar completed in late November, first Working Group meeting on Friday, December 7) and will continue over the winter / spring



- The review will address all stages of the development approvals process used in the local government system, from concept to occupancy including but not limited to the public hearing process.
- Work will be led by a Development Approvals Review Working Group which comprises executive-level representatives from a range of stakeholders including: local government, industry, non-profit organizations, academia and other relevant agencies.
- In addition, analysis will be undertaken by four regional Technical Committees, which will be responsible for proposing implementable actions in response to challenges and opportunities identified by all stakeholders.

s.13,s.17

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APPROVED BY:

Kevin Volk, ADM
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Jacqueline Dawes, Deputy Minister

DATE APPROVED:



BRIEFING NOTE FOR INFORMATION

Date: December 12, 2018

Prepared For: Honourable John Horgan, Premier

Title: Metro Vancouver December 13th Mayors' Council Meeting

Issue: TransLink is expected to present resolutions on a proposed work plan for rapid transit in Surrey as a follow up to the direction provided by the Council to TransLink at its last meeting (November 15th)

SUMMARY:

- **At the November 15th meeting, the mayors requested additional analysis and a work plan required for the SkyTrain along Fraser Highway.**
- **TransLink is presenting a work plan that will seek direction to proceed immediately with planning and project development work for a SkyTrain on Fraser Highway project while concurrently, initiating a planning process to refresh the South of Fraser rapid transit strategy, consistent with the 10-Year Vision of building 27 km of rapid transit on the three corridors.**
- **TransLink is also seeking direction from the mayors on the cancellation of the Fraser Highway B-Line in the Phase One Plan, and instead direct the planned resources to improving the 96 B-Line and existing services on Fraser Highway.**

BACKGROUND:

The Mayors' Council's 10-Year Vision included building 28 kilometres of Light Rail Transit (LRT) in Surrey. Phase Two of the Vision included the 11km, \$1.65 billion Surrey-Newton-Guildford LRT (SNG LRT) project, while Phase Three included 17 km of LRT along the Fraser Highway from Surrey to Langley, estimated to cost \$1.9 billion. The Province has committed to funding 40 per cent of the capital costs of all phases of the Vision. Provincial and federal funding has been committed to Phase Two of the plan. The Province was contributing \$2.5 billion towards Phase Two projects, including SNG LRT.

Following the 2018 municipal elections, the City of Surrey requested that the Mayors' Council direct TransLink to cancel SNG LRT and instead extend SkyTrain along Fraser Highway towards Langley.

The new Mayors' Council met for the first time on November 15, 2018, including 16 new mayors. At the November 15th meeting, the Mayors' Council endorsed TransLink's decision to suspend the Surrey-Newton-Guildford LRT project and passed a resolution to:

- Use the 10-Year Vision as the basis for South of Fraser rapid transit planning, recognizing the City of Surrey's request to change the technology and timing of the Fraser Highway project from LRT to SkyTrain, and draw only on the available funding currently allocated for South of Fraser rapid transit in the Phase Two Plan, and the financial framework for the Phase Three Plan.
- Request additional analysis and a work plan on "Option 2"¹, for consideration at the December 13, 2018 meeting of the Mayors' Council.

¹ Proceed immediately with planning, design and procurement readiness works for a SkyTrain on Fraser Highway project. And, concurrently, initiate a planning process to refresh the South of Fraser rapid transit strategy, consistent with the 10-Year Vision of building 27 km of rapid transit along both corridors.



DISCUSSION:

SkyTrain along Fraser Highway

In the proposed work plan, TransLink will identify the streams of work that will be undertaken to refresh the South of Fraser Strategy and advance a SkyTrain project through planning to approvals and procurement.

One stream is senior government approvals, which like the region, have processes for making funding approvals on major projects. To ensure that TransLink is providing comprehensive and definitive information, TransLink requested and received clarity from the Province on the senior government approval steps required for a new Fraser Highway SkyTrain project.

The Province confirmed that major projects continue to be evaluated based on the province's Capital Asset Management Framework (CAMF), including the requirement for a detailed business case analysis. The provincial CAMF framework was effective in establishing the costs, benefits, and ultimately the provincial funding for the Broadway SkyTrain extension and the Surrey Newton Guildford LRT project and would also apply to the Fraser Highway SkyTrain project. In all cases, the final determination on provincial investment rests with the provincial Treasury Board, whose decisions are based on sound business cases.

The federal government, through its Investing in Canada Infrastructure Program (ICIP) funding agreement with British Columbia, also requires a business case to be submitted for all projects seeking a contribution of more than \$50 million.

The project development work plan and the transit strategy refresh will proceed concurrently with the work plan (including a business case for senior government) estimated to take 15 months, and the transit strategy 8 months. TransLink's enabling legislation also requires broad consultation on investment plans, including with the public, Metro Vancouver and affected municipalities and organizations. Any changes to the investment plan will trigger new public and stakeholder consultation.

The proposed alignment concept for SkyTrain along Fraser highway includes: 16 km of elevated SkyTrain, 8 stations (+1 future station), bus exchanges at Willowbrook and Langley Centre, 55 SkyTrain cars, and allowance for new/expanded operations and maintenance facility.

While the current estimate for a SkyTrain line from Surrey to Langley is \$2.9 billion, Mayor McCallum believes it can be built using the remaining funding for SNG LRT, \$1.58 billion. TransLink staff, however, maintain that the project would require two phases. The first stage, using available funding would extend down Fraser highway but not reach Langley.

B-Line Proposed Alternative Plan

A new B-Line on Fraser Hwy is scheduled for implementation in Fall 2019, as approved in the Phase One Plan. TransLink is proposing canceling the B-Line on Fraser Hwy, given the proposed SkyTrain project and shifting a portion of infrastructure funding and service expansion to the Surrey-Newton-Guildford corridor to upgrade the 96B-Line. They are also proposing to develop a new service plan for Fraser Hwy that addresses overcrowding and improves service quality on the corridor.

Possible Outcomes:

Scenario 1 – Mayors' Council directs TransLink to proceed immediately with planning and project development work for a SkyTrain project along the Fraser Highway, and begin a planning process to refresh the South of Fraser rapid transit strategy.



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Next Steps

If the resolutions are endorsed by the Mayors' Council, the TransLink Board of Directors will consider the same. Staff and consultant resourcing and implementation of the work plan will then begin, as well as work on a detailed approach for B-Line changes in collaboration with Surrey and Langley City. TransLink is expected to report back on progress in January.

For details on the additional agenda items, please refer to *Attachment 1*.

Attachments:

1. Additional Mayors' Council Agenda Items Summary

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DATE APPROVED:

December 11, 2018

December 12, 2018



Attachment 1: Additional Mayors' Council Agenda Items Summary

2019 WORK PLAN ELEMENTS

Federal election outreach and engagement

- New funding required for remaining unfunded projects in the 10-Year Vision (the Phase Three Plan and Rail to UBC), as well as for new regional priorities identified in the RTS update will require the next federal government to “top-up” these funding programs.
- The federal election is a critical opportunity for this region to make a unified, strong case to all parties on the need for additional federal funding. Mayors' Council will develop and implement an election readiness strategy as soon as possible.

Phase Three Plan

- Changes to the Phase Two Plan as a result of a new approach to South of Fraser Rapid Transit, and the outcome of the federal election may require a new, accelerated schedule for the Phase Three Plan.
- A review of the key elements of this plan and options for next steps will be presented in the first quarter of 2019.

Provincial engagement

- Other, emerging Mayors' Council priorities, like ride-hailing, low-income or youth fare discounts and HandyDART, require broad, motivated provincial engagement in ways we have not necessarily achieved in the past. New issues will arise that will require quick provincial action.
- The new Mayors' Council will step up its relationship with the province – building on the one that existed with the previous Council – to help drive the partnership we need. (Mention MSR meeting with MC in early 2019).

Governance

- There are a number of smaller “house-keeping” issues that require consideration and amendment, in addition to any consideration of more significant changes.
- A report on this issue will be delivered in Spring 2019, to initiate consideration of the scope of the review, and to launch the process.

PROPOSED 2019 COMMITTEES

Committees are advisory in nature only, and cannot make decisions on their own. Committees will be supported by Mayors' Council and TransLink staff, who in turn are supported by an advisory working group of senior local government staff. Resources will be allocated to each committee by the Mayors' Council and TransLink to support approved work plans.

Regional Transportation Planning Committee

1. Major project studies:
 - Fraser Highway SkyTrain Project and South of Fraser Rapid Transit Strategy
 - Rail to UBC corridor plan
 - Burnaby Mountain Gondola business case
2. TransLink input to Massey Crossing technical review
3. Service planning for upcoming Investment Plan (service and infrastructure)
4. Strategic Network Review (input to RTS)



Finance and Governance Committee

1. Investment Plan Development
 - Timing, scope and regional revenues
 - Senior government funding, including:
 - Regional priority-setting for Green Infrastructure Fund (i.e. LCFS, gondola)
 - Federal Election Strategy
2. Review of TransLink enabling legislation/governance.

New Mobility Committee

1. Ride-hailing
2. Low-carbon Fleet Strategy (LCFS)
3. Autonomous vehicles
4. Mobility Pricing (including future of the fuel tax)
5. Transit Fare Policy implementation (including youth and low-income fare subsidies)

Update to the Regional Transportation Strategy

Input and direction to the RTS update process will be received primarily through a Joint Committee of the Mayors' Council New Mobility committee and the TransLink Board of Directors. Updates on progress will be provided by the Co-Chairs of the Joint Committee to the Mayors' Council and the TransLink Board. Public engagement scheduled to begin in Spring 2019.



BRIEFING NOTE FOR INFORMATION

Date: December 17, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: Canada Line Compensation Award and Broadway Subway

Issue: A judge has ordered TransLink to pay compensation to three businesses related to impacts from the construction of the Canada Line. The ruling has implications for potential compensation claims resulting from the construction of the Broadway Subway.

SUMMARY:

- **In September 2018, the B.C. Supreme Court awarded compensation to three Cambie Street businesses for impacts experienced during construction of the Canada Line. TransLink is appealing the decision to the B.C. Court of Appeal.**
- **s.13**
- **The risk of claims is reduced for the Broadway Subway project because the majority of the project will be bored underground, which is less disruptive than the “cut-and-cover” construction method used on the Canada Line.**
- **To help eliminate or minimize impacts to businesses, MOTI will also engage closely with businesses on the corridor regarding construction.**
- **Further details about the project, community and business engagement, and construction will be shared by MOTI in the coming months.**

BACKGROUND:

In 2009, Canada Line Rapid Transit Inc., a wholly-owned TransLink subsidiary, InTransit BC and SNC-Lavalin, were named as defendants in a class action lawsuit claiming damages related to nuisance, injurious affection, and unjust enrichment caused by the construction of the Canada Line along Cambie Street. The claim for unjust enrichment was dropped before trial. In September 2013, the plaintiffs successfully applied to have TransLink added as a defendant.

The B.C. Supreme Court trial took place in late 2014 and early 2015, and the court decision was issued on November 6, 2015. The judge found that the cut and cover tunnel construction of the Canada Line substantially interfered with the use of the commercial properties in the Cambie Village area. However, he also determined that the defense of statutory authority was established on the basis that there was no practically feasible alternative. That finding means that the defendants are not liable for any construction nuisance. Liability in nuisance was the basis of their substantial claims for business losses and the Court has, accordingly, dismissed those claims.

The judge found that some of the properties may have suffered a claimable amount for “injurious affection”. Injurious affection is generally available only to compensate an injury to the land itself, not a business loss. The claimants put forward three test cases (for assessment of compensation) which were heard at a B.C.



Supreme Court trial in April 2018. In September 2018, the judge found that reduction in income was primarily due to construction of the Canada Line, and has ordered TransLink to pay the following amounts to three business owners: \$190,000 to Park Theatre, \$45,000 to a Thai restaurant, and \$7,600 to the Cambie General Store.

The claimants in this case are lessees who operated businesses that suffered losses as a result of the Canada Line construction. **s.13,s.17**

s.13,s.17

Nevertheless, the claimants were able to successfully argue that they had suffered an injury to land that was compensable. The logic was that their leasehold interests were worth less during the construction than they otherwise would have been. As a result, they were overpaying rent during the construction.

In the judgment, the methodology used by the Court to assess impacts was based on fluctuations in net revenues experienced by the businesses during construction. TransLink's submission was that the impact to market values should be assessed based on fluctuations in market value as determined by an expert real property appraiser. TransLink's approach would have yielded lower compensation to these businesses.

s.13,s.17

s.13,s.17

There are

approximately 95 other Class Action Claimants who have a right to ask the Court to seek assessment of their claims for compensation.

DISCUSSION:

The Canada Line ruling has raised questions about how the Broadway Subway project may be affected and exposed to compensation claims. The Broadway Subway project will cost \$2.83 billion and is being delivered by the Government of B.C. (not TransLink). It is scheduled to begin construction in 2020 and will open in 2025.

A tunnel boring machine will be used for about 70% of construction rather than the "cut-and-cover" construction method used on the Canada Line. Surface level excavation will be needed mainly at the station locations and for the track crossovers that will be necessary to keep trains operating efficiently.

MOTI is committed to effectively managing traffic and business access during construction of the Broadway Subway. The project team will engage and work with businesses, commuters, and residents to help them prepare for construction, create predictability for their operations, and keep the lines of communication open to address needs as they arise. A comprehensive program is being developed, and will likely include:

- A traffic plan that keeps traffic moving during construction and access to businesses open;
- Awareness of alternate routes, parking and travel modes to access commerce;
- Clear signage to inform customers of how to get to businesses; and,
- Project representatives on the ground to listen to and address business needs.



Ministry of
Municipal Affairs
and Housing

s.13,s.17

s.13,s.17

Further details about the project, business engagement, and construction will be shared by MOTI in the coming months.

FINANCIAL IMPLICATIONS:

- None

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DATE APPROVED:

December 15, 2018

December 17, 2018



BRIEFING NOTE FOR INFORMATION

Date: December 13, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing

Title: UBC Stadium Neighbourhood Plan and First Nations Consultation

Issue: The Minister's approval role for amendments to UBC's Land Use Plan related to the proposed stadium neighbourhood development trigger the Province's duty to consult.

SUMMARY:

- **The Minister will ultimately have an approval role over UBC's Land Use Plan (LUP) for the Stadium Neighbourhood Plan. This approval will include ensuring provincial interests are satisfied with the plan.**
s.13,s.16
- **To satisfy provincial interests, the Minister will need to consult with the Minister of Advanced Education and Skills Training (AEST).** s.13,s.16
s.13,s.16
- **The Musqueam First Nation is the closest First Nation to UBC** s.13,s.16
s.13,s.16
- s.13,s.16
- **Final Minister's approval can be done via a Ministerial Order.**

BACKGROUND:

UBC is developing the Stadium Neighbourhood Plan for an area on the southwest part of UBC's Point Grey Campus. The area is home to the ageing Thunderbird Stadium and is currently relatively undeveloped.

The proposed plan would see an estimated 1.5 million square feet of new residential development, along with some commercial and community spaces, greenways and parks, centred on a new stadium. Residential units would be spread across towers of various sizes, with several potentially reaching to over 30 stories. The intent is that 40% of the new units would be a mix of rental for the general market and rental restricted to UBC faculty, staff and students.

To address issues raised during community engagement, including affordable housing and impacts on community services, and to ensure meaningful engagement with the Musqueam First Nation, UBC has extended timelines for development of the Stadium Neighbourhood Plan. s.13

s.13 If approved, it would then proceed to a public hearing.

For the Plan to take effect, consequential amendments to UBC's Land Use Plan (LUP) (analogous to a municipal Official Community Plan) would be needed. Power to adopt UBC's LUP and amendments rests with the Minister following June 2010 changes to the *Municipalities Enabling and Validating Act No.3* (MEVA). Approval is through a Ministerial Order. s.13



s.13

Under MEVA, the Minister must consult with the Minister of Advanced Education and Skills Training (AEST) before deciding to adopt or reject LUP amendments. This step was included in legislation to ensure consideration of any impacts on UBC's academic mission.

MEVA also requires UBC to consult with "persons, organizations and authorities" that it considers will be affected by the LUP. A related Ministerial Order, #229 (August 18, 2010) specifies some of those organizations (e.g. University Endowment Lands, Metro Vancouver). It also requires UBC to engage the Musqueam First Nation where LUP amendments "affect Musqueam interests".

DISCUSSION:

Under legislation, UBC has responsibility for developing its LUP and consulting the community. Responsibility for adopting the LUP resides with the Minister, whose role is to ensure the public is heard and that the interests of Metro Vancouver and UBC are balanced.

As with other similar regimes where the Minister has an approval role of this nature (for example, the Islands Trust), the duty to consult First Nations is triggered where the proposal has the potential to adversely affect Aboriginal rights, including Aboriginal title.

In the interests of local relationship-building, being able to directly address concerns and advancing reconciliation, it is typically MAH's preference that consultation is undertaken by the local planning and land use authority and then reviewed by the Minister. Earlier engagement at the local level helps reduce the risk of delay or rejection of a statutory decision.

In the case of UBC, while responsibility for engagement with the public, stakeholders and the Musqueam First Nation explicitly rests with UBC's Board of Governors under MEVA and the associated Ministerial Orders, the Minister is ultimately responsible for ensuring that the duty to consult with all First Nations is fulfilled. s.13,s.16

s.13,s.16

Musqueam is the First Nation closest to UBC, has taken the greatest interest in developments there, and is involved in University Endowment Lands (UEL) development (Block F). UBC advises that Musqueam has been engaged throughout the Stadium Neighbourhood Plan process, including membership on the planning advisory committee. s.13,s.16

s.13,s.16

UBC also lies within the asserted areas of interest of several other First Nations, including Squamish, Tsleil-Waututh, members of the Sto:Lo Tribal Council (in the Fraser Valley), and the Hul'Qumi'Num Treaty Group (based on Vancouver Island).

s.13,s.16



s.13,s.16

Recent developments and next steps

s.13,s.16

s.13,s.16

UBC is in the process of engaging with Musqueam to build relationships and better understand Musqueam interests. MAH staff understands MIRR is monitoring this issue and may be providing guidance to UBC.

s.13,s.14,s.16

Given the Minister's role as a statutory decision maker, the Province must consider whether the duty to consult has been discharged prior to approving the LUP. s.13,s.16

s.13,s.16

UEL Impacts: UEL is not directly adjacent to the planned neighbourhood but anticipates likely knock-on effects by the Stadium Neighbourhood Plan on future planning matters (e.g. eventual location of athletic training facilities) that will have more direct impact on UEL.

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DATE APPROVED:

December 13, 2018

December 13, 2018

BRIEFING NOTE FOR INFORMATION

Date: December 17, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing (MAH)

Title: District of Saanich and City of Victoria - Amalgamation

Issue: Voters in the District and City recently supported a ballot initiative establishing a Citizens' Assembly to explore the benefits and costs associated with amalgamation.

Meeting With: Teleconference, December 20, 2018 at 2:00 to 2:30 pm

District of Saanich:	His Worship Mayor Fred Haynes, Councillor Colin Plant, Mr. Paul Thorkelsson, Chief Administrative Officer (CAO)
City of Victoria	Her Worship Mayor Lisa Helps, Ms. Jocelyn Jenkyns, City Manager

SUMMARY:

- **As the voters of Saanich and Victoria have confirmed their support for the establishment of a citizens' assembly to examine amalgamation, it is now up to the respective councils to work together to determine next steps.**
- **Before committing to any funding, the Minister would need to receive a specific, joint proposal that provides details on the scope and purpose of the study, including the roles and responsibilities for the councils, municipal staff, consultants and the citizens' assembly.**
- **In August 2018, the Minister wrote to the municipalities, encouraging them to address certain key details in any study proposal, such as:**
 - **How the two councils and their staff would work together to administer the process;**
 - **What preliminary assessment, if any, of services, relationships, and public views would be undertaken;**
 - **What would be the role, mandate, and timeframe for a Citizens' Assembly in evaluating a technical analysis of governance, service and financial impacts of amalgamation;**
 - **Which methods would be used to engage the local electorates and potentially impacted jurisdictions (e.g. Capital Regional District, area First Nations);**
 - **Whether the study would include development of a transition/implementation plan; and**
 - **How the councils anticipate approaching the question of whether to request an amalgamation vote once the study is completed.**
- **Municipalities seeking an amalgamation study are expected to jointly lead the process, develop a robust project plan, and ensure that the process is adequately resourced. The ministry supports the locally-led initiative with advice, context, and moderate funding, allowing a local dialogue to inform a local decision on whether to ask for an assent vote on the issue.**
- **Ministry staff have begun to support municipal staff with information about processes related to governance and services studies and have indicated availability to assist further is requested.**

BACKGROUND:

Following a joint Committee of the whole meeting, the Saanich and Victoria councils set a common question in the 2018 general local elections to gauge elector interest in exploring costs and benefits of amalgamation. Voters in both Saanich and Victoria supported the non-binding ballot question on spending

money in each municipality to establish a citizen's assembly (Assembly) to explore amalgamation. Prior to the vote, the councils did not provide specific information on the scope and purpose of an Assembly.

Shortly after agreeing to the question, the former Mayor of Saanich sought confirmation from Minister Robinson of the ministry's willingness to support the establishment of an Assembly and to match the financial contributions of each of the municipalities. The Minister's response (**attached**, CLIFF 239593) indicated general support but declined to commit to funding as insufficient information had been provided on the scope and process. The letter, copies of which were also sent to Mayor Helps and the Saanich CAO, offered some guidance as to details the municipalities should work through to provide a sufficient basis of understanding for themselves and for the Minister. Following the election, ministry staff followed-up with senior staff at Saanich and Victoria to address any preliminary questions about next steps.

"Are you in favour of spending \$250,000 for establishing a Citizens' Assembly to explore the costs, benefits and disadvantages of the amalgamation between the District of Saanich and the City of Victoria?"

Saanich 56% yes; Victoria 66% yes

Amalgamation is rare in British Columbia, in part because municipalities are enabled to collaborate, directly and through regional districts, to achieve improvements in effectiveness or efficiency of service delivery. The last municipal amalgamation occurred in 1995, when Abbotsford and Matsqui merged. Recently, the District of North Cowichan and the City of Duncan explored amalgamation. The four-year project, which was funded equally by the two municipalities and the ministry, resulted in the voters in Duncan rejecting amalgamation, which voters in North Cowichan supported. A Minister-ordered vote must pass in each jurisdiction before Cabinet can issue letters patent for an amalgamated municipality.

DISCUSSION:

Municipalities interested in examining amalgamation or enhanced service integration are encouraged to develop a shared view of that process with one another before seeking the Minister's support. Proposals should clearly indicate the interests of the local governments involved, how they are going to work together, and the value to be gained from such an exercise. Key principles for municipal amalgamation are outlined in Appendix A.

In the recent case of Duncan and North Cowichan (combined population approx. 32,000), the municipalities endorsed the idea of creating an Assembly at one of their semi-annual Joint Committee of the Whole meetings. The Assembly, which was comprised of a representative group of residents, was charged with examining whether or not residents were interested in pursuing amalgamation and held public forums on the matter. This portion of the project was led by a consultant.

In a separate process, municipal staff and elected officials oversaw the creation of a technical report that contained information on governance and operational details regarding each municipality. Representatives of the Assembly reviewed this report and recommended further work to support proceeding with a vote. Both councils then requested that the Minister to order votes. The total cost was \$142,000, with MAH contributing \$47,000 and the two municipalities splitting the balance.

Lessons learned by ministry staff from the Duncan/North Cowichan project are many, the most relevant to Saanich and Victoria at this stage being that it is easy to underestimate the municipal effort required to support a study process involving an Assembly and the need for leadership from councils and senior staff to work through implementation issues arising from positive vote outcomes.

FINANCIAL IMPLICATIONS:

Ministry restructure grants are limited to \$60,000 per project per local government per year. Were the municipalities to submit an acceptable joint proposal for an amalgamation study and ask the Minister to match the municipal contributions of \$250,000 each, [s.13,s.16,s.17](#)



s.13,s.16,s.17

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DATE APPROVED:

December 17, 2018

Appendix A: Key principles for any amalgamation process

1) Robust project plan.

When designing a project plan, municipalities would: include initiatives that provide comprehensive information for residents, reflect the unique features of the study area; include information on possible impacts on other organizations (e.g., regional district); and account for how decisions will be made during the process. The scope of work should be broad enough to identify opportunities open to the municipalities to gain efficiencies without amalgamating.

2) Local governments jointly lead the process.

Municipal leadership is demonstrated through process design development, oversight of the project, working together to support study processes including the challenging issues of implementation, and engagement of residents. The councils will be called on to make critical decisions during and after the study process and should be prepared to manage these decisions in a collaborative manner.

3) The process should be adequately resourced.

An amalgamation study process requires both financial resources to hire independent experts (consultants) to prepare technical reports and undertake public engagement and a team of dedicated municipal staff to support processes and analysis. As the process moves closer to a vote, additional staff resources are required to prepare transition measures to ensure that there is seamless implementation in the event of dual affirmative votes.



BRIEFING NOTE FOR INFORMATION

Date: December 19, 2018

Prepared For: Honourable Selina Robinson, Minister of Municipal Affairs and Housing (MAH)

Title: NBCF-SCF and CWWF Project Audit Findings Release

Issue: The results of the project audits will be publicly released on December 20, 2018

SUMMARY:

- **In fiscal 2018/19 Internal Audit & Advisory Services (IAAS) completed project audits for both the New Building Canada Fund – Small Community Fund (SCF) and Clean Water and Wastewater Fund (CWWF) programs. The results will be proactively disclosed as part of IAAS procedures.**
- **Eighteen CWWF and 8 SCF projects were audited for compliance of eligible costs with the terms and conditions in the shared costs agreements and costs were supported with appropriate documentation.**
- **The results of both audits found a high level of compliance with 98.5% of SCF project costs in compliance and 99.5% of CWWF project costs in compliance.**
- **Actions have been taken to rectify errors and recommendations undertaken to minimize future errors.**
- **These audits will be publicly posted on or after December 20th, 2018. Program staff at MAH and Ministry of Transportation and Infrastructure have no concerns with this process. Infrastructure Canada has been informed, as program partners, and have raised no issues.**

BACKGROUND:

As part of regular program procedures Ministry of Municipal Affairs and Housing (MAH) and Ministry of Transportation and Infrastructure (MoTI) requested Internal Audit & Advisory Services (IAAS) to audit infrastructure projects under the SCF and CWWF programs during the 2018/19 fiscal year.

The purpose of the audits is to provide reasonable assurance to the Ministries that the SCF and CWWF project costs complied with the terms and conditions set out in shared cost agreement between the Province and project proponents (primarily local governments); and were supported by appropriate documentation.

Ten percent of the projects, eight SCF and 18 CWWF, were audited in this process. The draft audit results were provided to program staff in the fall of 2018.

DISCUSSION:

A new policy in the audit process has been implemented by IAAS. As a result of frequent FOI requests for all IAAS work, IAAS has shifted to proactive disclosure and publicly posts all audit results. These audits will be publicly posted on or after December 20th, 2018. Program staff at MAH and MoTI have no concerns with this process. Infrastructure Canada has been informed, as program partners, and have raised no issues.

For both audits it was concluded that there is a high level of compliance of costs with program requirements. The SCF audit identified 98.5% compliance based on \$61 million in total claimed project costs. The CWWF audit identified 99.5% compliance on \$32 million in total claimed project costs.



The following is a summary of the findings identifying where errors were made related to claimed project costs:

- GST improperly claimed
- Costs submitted prior to work performed
- Over/under claiming of expenses
- Inconclusive due to insufficient documentation provided

The Audit findings are attached as Appendix 1 (SCF) and Appendix 2 (CWWF). Action plans, which are appendix 2 in each respective audit, were developed and are being implemented as a result of the audit findings. The issue of cost being submitted prior to work being performed relates to BC Hydro policy. Proponents must pay for the work in advance to get BC Hydro to schedule the work. There was only one incident of insufficient documentation being provided.

FINANCIAL IMPLICATIONS:

- None

Appendices:

1. SCF Audit Findings 2018/19
2. CWWF Audit Findings 2018/19

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DATE APPROVED:

December 17, 2018

December 19, 2018



Ministry of
Finance

Internal Audit &
Advisory Services

MEMORANDUM

To: See attached distribution list

November 28, 2018
File No.: 18-08-MAH
375697

From: Stephen A. Ward
Executive Director
Internal Audit & Advisory Services

Re: 2018/19 Audit of Clean Water and Wastewater Program Funding Recipients

We are pleased to provide you with our report on the 2018/19 audit of Clean Water and Wastewater Fund (CWWF) Program made under the Bilateral Agreement that was signed in September 2016. Under the Bilateral Agreement, both the provincial and federal governments have committed \$225.1 million and \$148.5 million respectively in support of 180 approved CWWF projects to communities across British Columbia.

The Ministry of Municipal Affairs and Housing requested Internal Audit & Advisory Services to audit a sample of pre-selected projects during the 2018/19 fiscal year. The ministry's program staff selected projects to be audited using a risk-based approach based on factors such as the size and nature of the project, capacity of the grant recipient and geographic location. For 2018/19, 10% of the approved CWWF projects were targeted for audit based on the factors above.

The purpose of this engagement was to provide reasonable assurance to the Ministry that the CWWF project costs:

- Complied with the terms and conditions set out in shared cost agreement between the Province and local government; and
- Were supported by appropriate documentation.

\$32,037,377¹ in total costs were submitted across the 18 projects audited and overall, there was a high level of compliance with the program eligibility requirements. Nine proponents were found to have submitted ineligible² costs with an aggregate total of \$114,587, which represents less than 0.5% of total costs tested.

Please find detailed observations and recommendations below, along with the list of projects selected for audit in Appendix 1.

¹ As of August 31, 2018

² Does not include costs that were eligible in nature but submitted prior to work being performed or invoice being paid

APPENDIX 1

- 2 -

Observations and Recommendations

The following table identifies three types of audit findings with our recommendations proposed based on the findings noted. A list of detailed comments and recommendations pertaining to each proponent has been provided to Program management to follow-up where necessary.

<i>Summary of Findings</i>	<i>No. of Instances (out of 18)</i>	<i>Recommendation</i>
1. GST improperly claimed.	4	Reduce payment for future claims to offset previous overpayments.
2. Costs submitted prior to work performed or invoice being paid by proponent.	3	Remind proponents that costs must be incurred and paid prior to submission.
3. Over/under claiming of expenses.	6	Adjust for future claims based on audit findings.

Note: One proponent may have one or more recommendations for which management should consider.

We would like to thank the management and staff of the Ministry of Municipal Affairs and Housing as well as the representatives of the projects we audited, for their assistance and cooperation throughout this audit.



Stephen A. Ward, CPA, CA, CIA
Executive Director
Internal Audit & Advisory Services

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APPENDIX 1

Appendix 1 – List of Projects Selected for Audit

Project Number	Approved Eligible Costs	Combined Prov./Fed. Share	Total Submitted Costs ¹ as of Aug. 31 ²	Total Ineligible Costs ¹
C40088	\$1,697,800	\$1,409,174	\$1,832,183	\$37,110
C40098	3,397,000	2,819,510	188,194	--
C40049	3,132,191	2,599,718	2,196,484	--
C40148	2,106,000	1,747,980	985,901	--
C40064	5,800,000	4,814,000	3,702,528	--
C40031	2,933,500	2,434,805	2,171,340	--
C40127	216,300	179,529	11,664	--
C40004	1,360,354	1,129,093	657,235	--
C40055	82,700	68,641	48,170	(315)
C40236	7,000,000	5,810,000	3,323,202	146
C40123	1,020,000	846,600	709,745	15
C40145	7,304,974	6,063,128	4,692,374	78,658
C40128	1,415,000	1,174,450	1,247,584	--
C40003	1,930,000	1,601,900	1,608,783	893
C40057	560,000	464,800	235,815	(332)
C40018	3,166,680	2,628,344	3,167,040	--
C40195	3,579,500	2,970,985	3,214,936	--
C40233	2,513,025	2,085,810	2,044,199	(1,588)
Total	\$49,215,024	\$40,848,467	\$32,037,377	\$114,587

¹ All amounts rounded to the nearest dollar

² A sample of costs up to August 31, 2018 were tested

Appendix 2 – Detailed Action Plan

Rec. #	Recommendations	Management Comments (Action Planned or Taken)	Target Date
1.	Reduce payment for future claims to offset previous overpayments.	<ul style="list-style-type: none"> Adjustments will be made as future claims are submitted 	March 31, 2019
2.	Remind proponents that costs must be incurred and paid prior to submission.	<ul style="list-style-type: none"> Notifications to be sent out with new Periodic Progress Reports (January 2019) and Budget Forecast Report (December 2018) emails Will update claim instructions on the LGIS Learning Centre website 	January 2019
3.	Adjust for future claims based on audit findings.	<ul style="list-style-type: none"> Underway and addressed through pending and future claims to be submitted 	March 31, 2019

The Detailed Action Plan represents the responses by the Ministry of Municipal Affairs and Housing to the issues identified and the three recommendations detailed in the Clean Water and Wastewater Program audit. This document was prepared by the Ministry of Municipal Affairs and Housing and submitted to Internal Audit & Advisory Services to be included as an Appendix to the report.

Page 36 to/à Page 40

Withheld pursuant to/removed as

s.13