



## Notice of Meeting and Meeting Agenda Finance Committee

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Wednesday, March 3, 2021

10:00 AM

6th Floor Boardroom  
625 Fisgard St.  
Victoria, BC V8W 1R7

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S. Brice (Chair), K. Williams (Vice Chair), D. Blackwell, D. Howe, J. Loveday, G. Orr, D. Screech,  
N. Taylor, R. Windsor, G. Young, C. Plant (Board Chair, ex officio)

The Capital Regional District strives to be a place where inclusion is paramount and all people are treated with dignity. We pledge to make our meetings a place where all feel welcome and respected.

### 1. Territorial Acknowledgement

### 2. Approval of Agenda

### 3. Adoption of Minutes

#### 3.1. [21-185](#) Minutes of the January 6, 2021 Finance Committee Meeting

**Recommendation:** That the minutes of the Finance Committee meeting of January 6, 2021 be adopted as circulated.

**Attachments:** [Minutes - January 6, 2021](#)

### 4. Chair's Remarks

### 5. Presentations/Delegations

*In keeping with directives from the Province of BC, this meeting will be held by Live Webcast without the public present.*

*To participate electronically, complete the online application for "Addressing the Board" on our website. Alternatively, you may email the CRD Board at [crdboard@crd.bc.ca](mailto:crdboard@crd.bc.ca).*

### 6. Committee Business

#### 6.1. [21-138](#) Capital Regional District External Grants Update

**Recommendation:** The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District External Grants Update be received for information.

**Attachments:** [Staff Report: CRD External Grants Update](#)  
[Appendix A: CRD Grant Dashboard](#)

- 6.2.**      [21-139](#)      Capital Regional District Investment Portfolio Holdings and Annual Performance Update
- Recommendation:**    The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District Investment Portfolio Holdings and Annual Performance Update be received for information.
- Attachments:**        [Staff Report: CRD Investment Portfolio Update](#)  
[Appendix A: Market Analysis](#)
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- 6.3.**      [21-164](#)      Capital Regional District and Capital Region Housing Corporation Investment Policy Updates
- Recommendation:**    The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District Investment Policy, Amendment #2, be approved.
- Attachments:**        [Staff Report: CRD & CRHC Investment Policy Updates](#)  
[Appendix A: Updated CRD Investment Policy](#)  
[Appendix B: Policy Revision Concordance Table](#)  
[Appendix C: 2017 CRD Investment Policy](#)  
[Appendix D: 2013 CRHC Investment Policy](#)  
[Appendix E: Example - Responsible Investing Sensitivity Analysis](#)
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- 6.4.**      [21-137](#)      Bylaw Nos. 4404 and 4405: Transfer of Individual Trunk Reserve Funds
- Recommendation:**    The Finance Committee recommends to the Capital Regional District Board:  
1. That Bylaw No. 4404, "Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund Transfer Bylaw No. 1, 2021", be introduced and read a first, second, and third time;  
2. That Bylaw No. 4404 be adopted;  
3. That Bylaw No. 4405, "Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund Transfer Bylaw No. 1, 2021", be introduced and read a first, second and third time; and  
4. That Bylaw No. 4405 be adopted.
- Attachments:**        [Staff Report: Bylaws 4404 & 4405 Trunk Reserve Transfers](#)  
[Appendix A: Bylaw No. 4404 Core Area Trunk ERF Reserve Transfer](#)  
[Appendix B: Bylaw No. 4405 Core Area Trunk ORF Reserve Transfer](#)
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- 6.5.**      [21-196](#)      Reconsideration of Coastal Communities Social Procurement Initiative Membership
- 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.
- Attachments:**        [Staff Report: Coastal Communities Social Procurement Initiative](#)  
[Appendix A: 2019 Staff Report Coastal Comm. Social Procurement](#)

## 7. Notice(s) of Motion

**8. New Business**

**9. Adjournment**

The next meeting is May 5, 2021.

To ensure quorum, please advise Tamara Pillipow ([tpillipow@crd.bc.ca](mailto:tpillipow@crd.bc.ca)) if you or your alternate cannot attend.

## Meeting Minutes

### Finance Committee

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Wednesday, January 6, 2021

10:00 AM

6th Floor Boardroom  
625 Fisgard St.  
Victoria, BC V8W 1R7

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#### PRESENT

Directors: S. Brice (Chair), K. Williams (Vice Chair), D. Blackwell, P. Brent (for D. Howe)(EP)  
(10:20 am), J. Loveday (EP), G. Orr, D. Screech, N. Taylor, R. Windsor (EP), G. Young

Staff: R. Lapham, Chief Administrative Officer; N. Chan, Chief Financial Officer; K. Morley, General Manager, Corporate Services; M. Lagoa, Acting Deputy Corporate Officer; S. Closson, Committee Clerk (Recorder)

EP - Electronic Participation

Guests: L. Lee, Lead Audit Engagement Partner, KPMG; S. Burden, Auditor, KPMG; Director Helps

Regrets: Director D. Howe, Board Chair C. Plant

The meeting began was called to order at 10:00 am.

#### 1. Territorial Acknowledgement

Chair Brice provided a Territorial Acknowledgement.

#### 2. Approval of Agenda

**MOVED by Director Orr, SECONDED by Director Young,  
That the agenda for the January 6, 2021 Finance Committee meeting be  
approved.  
CARRIED**

#### 3. Adoption of Minutes

There were no minutes for adoption.

#### 4. Chair's Remarks

The Chair noted as work begins in 2021, we are aware that the pandemic continues to bring financial challenges. As such we must remain focused on our continued commitment to financial accountability and transparency. The splitting of the previous Governance and Finance Committee should allow this committee to focus on key financial matters approved in the board strategy, the corporate plan and the financial policy decisions to ensure these critical initiatives are delivered effectively. Through the service planning process for 2021, staff will deliver improvements to long term financial planning, asset

management practices and greater transparency and controls on reserve funds. All of this in addition to the statutory requirements of budget, financial statements, and audit.

## 5. Presentations/Delegations

- 5.1. [21-008](#) Capital Regional District 2020 Audit Planning Presentation (Verbal), Lenora Lee, Lead Audit Engagement Partner, KPMG
- N. Chan introduced L. Lee from KPMG to present the Audit Planning Report.
- L. Lee spoke to CRD 2020 Audit Planning Presentation.
- Discussion ensued on the following:
- materiality, revenue recognition risk
  - accounting standards
  - audit independence
  - cash transactions
  - supplier purchases
  - KPMG audit processes

## 6. Committee Business

- 6.1. [21-002](#) 2021 Finance Committee Terms of Reference
- N. Chan introduced the Finance Committee Terms of Reference.
- MOVED by Director Williams, SECONDED by Director Screech,  
That the 2021 Finance Committee Terms of Reference attached at Appendix A be  
received for information.  
CARRIED**
- 6.2. [21-003](#) 2021 Royal & McPherson Theatres Services Advisory Committee Terms of Reference
- N. Chan introduced the Terms of Reference for the Royal & McPherson Theatres Services Advisory Committee.
- MOVED by Director Orr, SECONDED by Director Williams,  
The Finance Committee recommends to the Capital Regional District Board:  
That the 2021 Royal & McPherson Theatres Services Advisory Committee Terms  
of Reference attached at Appendix A be approved.  
CARRIED**
- 6.3. [21-005](#) Capital Regional District 2020 Audit Planning Discussion
- Discussion ensued on the impairment of assets.
- MOVED by Director Screech, SECONDED by Director Blackwell,  
The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District 2020 Audit Plan developed by KPMG be  
approved.  
CARRIED**

**6.4.     [21-006](#)     Capital Regional District External Grants Update**

N. Chan spoke to the Capital Regional District External Grants Update.

**MOVED by Director Williams, SECONDED by Director Orr,  
The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District External Grants Update be received for  
information.**

**CARRIED**

**6.5.     [21-007](#)     Bylaw Nos. 4399 and 4400: Security Issuing Bylaws, Spring 2021**

N. Chan introduced the Security Issuing Bylaws Nos. 4399 and 4400, for Spring 2021.

**MOVED by Director Screech, SECONDED by Director Williams,  
The Finance Committee recommends to the Capital Regional District Board:  
1. That Bylaw No. 4399, "Security Issuing Bylaw No. 1, 2021", be introduced and  
read a first, second, and third time; and  
2. That Bylaw No. 4399 be adopted.  
3. That Bylaw No. 4400, "Security Issuing Bylaw No. 2, 2021", be introduced and  
read a first, second, and third time; and  
4. That Bylaw No. 4400 be adopted.**

**CARRIED**

**7. Notice(s) of Motion**

**MOVED by Director Blackwell, SECONDED by Director Williams,  
That Director Helps be permitted to participate (without vote) in the January 6,  
2021 session of the Finance Committee.**

**CARRIED**

**7.1.     [20-778](#)     Motion with Notice: Social Procurement (Director Helps and Tait)**

Director Helps spoke to the notice of motion.

Discussion ensued on the following:

- preferential procurement
- previous 2019 recommendation to Board
- advantages and disadvantages in joining Coastal  
Communities Social Procurement Initiative
- threshold recommendation inclusion in staff report
- CCSPI member commitments

**MOVED by Director Taylor, SECONDED by Director Loveday,  
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.**

**CARRIED**

**OPPOSED: Young**

**8. New Business**

There was no new business.

**9. Adjournment**

**MOVED** by Director Taylor, **SECONDED** by Director Screech,  
That the January 6, 2021 Finance Committee meeting be adjourned at 11:09 am.  
**CARRIED**

\_\_\_\_\_  
Chair

\_\_\_\_\_  
Recorder

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

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**SUBJECT     Capital Regional District External Grants Update**

**ISSUE SUMMARY**

This report provides an update on external grants activity since December 14, 2020, through the submission deadline for this report of February 8, 2021.

**BACKGROUND**

The CRD External Grants Dashboard (Appendix A) summarizes grant applications and calls in progress, awards, and the status of projects still in progress. The report summarizes activities and outcomes since the External Grants Update was presented to the Board on January 13, 2021.

**IMPLICATIONS**

*Financial Implications*

**Grants / Contributions Awarded**

1. Active Transportation Planning-UBCM: Active Transportation Plan for the Southern Gulf Islands, approved for \$10,000.
2. Provincial Urban Deer Cost-Share Program, 2020-21: Enhanced Eco-Cultural Restoration Partnership Proposal – Fallow Deer Management on Mayne Island project, approved for \$18,000.
3. One grant remains under news embargo.

**Applications Submitted**

Twenty-four applications were submitted:

1. Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Program: Regional Galloping Goose Bridge Replacements & Repair Project, for \$1M.
2. Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Program: JDF Willis Point Fire Department Water Supply Expansion, for \$41,865.
3. Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Program: SSI Drake Road Trail Upgrade Project, for \$90,127.
4. Investing in Canada Infrastructure Program – COVID-19 Resilience Infrastructure Program: SGI Pender Island Alice Church Multi-Modal Trail (aka “Einar’s Hill By-Pass”), for \$235,778.



5. Community Emergency Preparedness Fund – Evacuation Route Planning: Capital Regional District: Southern Gulf Islands, Salt Spring Island, and Juan de Fuca Evacuation Route Planning, for \$21,863.
6. Community Emergency Support Services – Emergency Support Services: CRD ESS Drills and Equipment Funds, for \$25,000.
7. Canada Summer Jobs: 17 applications for 37 positions were submitted across the CRD's services, with a total grant ask of \$99,508.
  - a. SEAPARC, for \$24,320.
  - b. Regional Parks, for \$3,192.
  - c. IWS, for \$4,964.
  - d. Panorama – Tennis, for \$9,728.
  - e. Panorama – Aquatics, for \$21,888.
  - f. Panorama – Summercamp, for \$3,344.
  - g. Panorama – Daycamp, for \$25,992.
  - h. Salt Spring Island – Parks & Rec, for \$6,080.
8. CleanBC Organic Infrastructure and Collection Program – Organic Processing Infrastructure: Salt Spring Island Composting Project, for \$168,462.

### **Core Area Wastewater Treatment Plant Project Update**

The Core Area Wastewater Treatment Plant project is partially funded by the Federal Government, the Province of BC, and the Federation of Canadian Municipalities Green Municipal Fund grant/loan program. During the months of December 2020 and January 2021, the CRD did not receive any grant payments for this project; final payments are subject to holdback until the project and reporting are complete. Cumulatively, the CRD has received \$339M of the estimated revised total of \$462M in grant revenues. The remaining (up to) \$123M, plus the \$20M loan is expected to be received in 2021 based on timing of eligible expenditures and achievement of target milestones.

### *Service Delivery Implications*

### **New Grant Opportunities**

Sixteen new grant calls were issued and two grant programs extended their deadlines during the reporting period. Grant Calls in Progress for which the CRD is eligible to apply are featured in Appendix A (see pages 7–9), and in the table below:

<b>Grant</b>	<b>Deadline</b>	<b>Information</b>
Early Learning and Child Care Innovation	Extended to 07-Jan-21	Provides funding to innovative projects for early learning and child care programs and services.
Connecting British Columbia Program	Five streams: 1. 15-Jan-21 2. 15-Mar-21 3. 15-Mar-21 4. Continuous	Five streams for high-speed internet projects: 1. Rapid Response-Universal Broadband Fund 2. Phase 3 Last-Mile and Transport Infrastructure 3. Core Universal Broadband Fund Intake 4. Economic Recovery Intake

<b>Grant</b>	<b>Deadline</b>	<b>Information</b>
	5. Continuous	5. Regional Connectivity Plan Funding
Offshore Deployment Program- Emissions Reduction Fund: Natural Resources Canada	31-Jan-21	Provides funding to help Canada move towards a low carbon future: for projects that help reduce Greenhouse Gas emissions.
Canada Summer Jobs Program	03-Feb-21	Provides grant funding to organizations who employ youth (ages 15-30) for summer work.
Clean Coast, Clean Waters Initiative Fund	15-Feb-21	Provides funding for BC coastal communities to clean-up marine shorelines and remove derelict vessels.
Environmental Damages Fund	24-Feb-21	Provides funding through fines to projects for restoration, environmental quality improvement, research/development, and education/awareness.
Habitat Stewardship Program for Species at Risk	02-Mar-21	Provides funding for habitat projects for species at risk.
Sectoral Initiatives Program- Employment and Social Development Canada	04-Mar-21	Provides support for COVID-19 economic recovery projects that address sector-based workforce challenges/workforce needs.
Poverty Reduction Planning & Action Program-UBCM	05-Mar-21	The program is part of the Province's Poverty Reduction Strategy to support activities that will reduce poverty at a local level in BC
Universal Broadband Stream- Universal Broadband Fund	Extended to 15-Mar-21	Provides funding for broadband infrastructure projects in rural and remote areas.
FireSmart Economic Recovery Fund – Community Resiliency Investment Program: UBCM	19-Mar-21	Provides funding for job creation projects that build wildfire resiliency and aid in economic recovery from COVID-19.
CleanBC Go Electric Public Charger Program	March 30-21 (or until funding is allocated)	Provides funding (rebates) for public Direct Current Fast Chargers.
CleanBC Go Electric Fleets Program	01-Mar-23	Provides funding (rebates) to public and private light-duty fleets for transition to zero-emission vehicles.
Municipal Asset Management Program-Federation of Canadian Municipalities	Until funding is allocated	Second intake to fund asset management related activities.

### **Forthcoming Funding Initiatives**

1. CleanBC Industry Fund, three streams, forthcoming early 2021.
  - a) Emissions performance RFP
  - b) Innovation Accelerator RFP
  - c) Project Feasibility Studies RFP
2. Island Health Community Wellness Granting Program 2021/22 intake, forthcoming spring 2021.

**CONCLUSION**

The CRD recognizes grants are a supplementary funding source to address the needs of services provided to the region. The External Grants Update outlines how the CRD continues to integrate and consider these grant opportunities relative to service needs, as well as informing local partners of these opportunities through the grants dashboard. The CRD will continue to provide a summary of activities and outcomes in the External Grants Update on a monthly basis.

**RECOMMENDATION**

The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District External Grants Update be received for information.



























Submitted by:	Lia Xu, MSc., CPA, CGA, Finance Manager, Local Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: External Grants Dashboard

Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information								
Grant Program Links		Application Deadline	Project	Status	Board Resolution	Comments	Grant Ask	% of Total Project (Eligible & Ineligible Costs)
GRANT APPLICATIONS IN PROGRESS	Disaster Mitigation and Adaptation Program	17-Jul-20	Construction of Regional and Sub-Regional Seismically Resilient Water Supply		N/A	IWS - Infrastructure Operations is the lead	\$ 36,900,000	42%
	CleanBC - BC Hydro Commercial Custom Program	N/A	Panorama Energy Recovery Project		N/A	PES - Panorama is the lead	\$ 200,000	7%
	Swim to Survive - Lifesaving Society	07-Jun-19	Swim to Survive Day Community Grant for SEAPARC		N/A	PES - SEAPARC is the lead	TBD	TBD
	Canada Nature Fund	15-Aug-18	Acquisition of land for preservation/park use		N/A	EOI submitted; details remain undisclosed	TBA	TBA
	Jumpstart Community Development Program	01-Feb-20	Swim Program for Indigenous Children and Youth		N/A	PES - Panorama is the lead. Postponed due to COVID-19.	\$ 2,692	TBC
	Island Health Community Wellness Grant	26-Feb-20	Lifeguard Academy for Indigenous Youth		N/A	PES - Panorama is the lead. Postponed due to COVID-19.	\$ 13,264	TBC
	Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality Program	26-Feb-20	Juan de Fuca Water Distribution Service for Anderson Cove		12-Feb-20	IWS - Infrastructure Operations is the lead	\$ 1,460,000	71%
	Investing in Canada Infrastructure Program – Green Infrastructure – Environmental Quality Program	26-Feb-20	Magic Lake Estates Wastewater System Renewal		12-Feb-20	IWS - Infrastructure Operations is the lead	\$ 5,390,000	44%
	Connecting British Columbia (Network BC and Northern Development Initiative Trust)	15-Feb-20	TELUS applied to extend fibre optic connectivity in JDF		12-Feb-20	TELUS-CRD provided a letter of support/resolution	TBC	TBC
	Broadband Fund-Canadian Radio Television and Telecommunications Commission	30-Apr-20	TELUS applied to extend fibre optic connectivity in JDF		12-Feb-20	TELUS-CRD provided a letter of support/resolution	TBC	TBC
	Municipal Asset Management Program-FCM	Continuous	Asset Life-Cycle Assessment Policy and Procedures		Required	Asset Management is the lead	\$ 50,000.00	80%
	Investing in Canada Infrastructure Program-Community, Culture, and Recreation Stream	01-Oct-20	Elk/Beaver Lake Oxygenation System		9-Sep-20	Regional Parks is the lead	\$ 700,000.00	42%
	Investing in Canada Infrastructure Program-Community, Culture, and Recreation Stream	01-Oct-20	Fernwood Elementary School Athletic Field Upgrades		9-Sep-20	SSI Administration is the lead	\$ 646,587.00	73%
	Investing in Canada Infrastructure Program-Rural and Northern Communities Stream	22-Oct-20	Maliview Wastewater Treatment Plant Upgrade		9-Sep-20	SSI Administration is the lead	\$ 1,989,000.00	88.47%
	Investing in Canada Infrastructure Program-Rural and Northern Communities Stream	22-Oct-20	Lyall Harbour Boot Cove Water Service Improvements Project		9-Sep-20	IWS is the lead	\$ 1,110,600.00	95.69%
	Investing in Canada Infrastructure Program-Rural and Northern Communities Stream	22-Oct-20	Port Renfrew Water Supply Line Replacement Project		14-Oct-20	IWS is the lead	\$ 1,573,918.00	96.92%
	Investing in Canada Infrastructure Program-CleanBC Communities Fund	12-Nov-20	Panorama Recreation Energy Recovery project		14-Oct-20	PES - Panorama is the lead	\$ 1,972,430.00	70%
	Active Transportation Planning Program	30-Oct-20	Active Transportation Plan for the Southern Gulf Islands		14-Oct-20	SGI Administration is the lead. Approved for \$10,000.	\$ 10,000.00	35%














Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information									
GRANTS APPLICATIONS IN PROGRESS	New Horizons for Seniors Program	20-Oct-20	Community Garden Improvements at Greenglade Community Centre		N/A	PES - Panorama is the lead	\$	25,000.00	100%
	Building BC - Community Housing Fund	04-Sep-20	2780 Spencer Rd project in partnership with the Capital Regional Housing Corporation.		N/A	Regional Housing is the lead. Approved to move forward in process- funding subject to BC Housing approval		TBC	TBC
	Community Economic Recovery Infrastructure Program-Unique Heritage Infrastructure Stream	29-Oct-20	Goldstream Powerhouse Roof (\$76,360) & Emma and Felix Jack Park Cultural Heritage Project (\$15,700)		N/A	Regional Water Supply Service and Mayne Island Parks and Recreation Commission	\$	92,060.00	99.14%
	Community Economic Recovery Infrastructure Program-Community Economic Resilience Stream	29-Oct-20	Revitalization of Greenglade Community Centre Outdoor Space		N/A	PES - Panorama is the lead	\$	329,520.00	95.65%
	Community Energy Financing - FCM	30-Oct-20	Capital Regional Residential Energy Retrofit Program		14-Oct-20	PES - Environmetal Protection - Climate Action is the lead	\$	175,000.00	54.69%
	Rapid Housing Initiative-Major Cities Stream Immediate Support-Canada Mortgage and Housing Corporation	N/A	Permanent Affordable Housing under Rapid Housing Initiative		N/A	Regional Housing is the lead. Allocation of \$13,056,502		N/A	N/A
	COVID-19 Safe Restart Grants for Local Governments	N/A	Funding for local operations impacted by COVID-19		N/A	Allocation based on per capita. Allocation of \$1,421,000.		N/A	N/A
	Provincial Urban Deer Cost-Share Program	16-Oct-20	Enhanced Eco-Cultural Restoration Partnership Proposal – Fallow Deer Management on Mayne Island		Required	SGI Administration is the lead. Approved for \$18,000.	\$	18,000.00	41.86%
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	27-Jan-21	Regional Galloping Goose Bridge Replacements & Repair Project		Required	Regional Parks is the lead	\$	1,000,000.00	88.89%
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	27-Jan-21	JDF Willis Point Fire Department Water Supply Expansion		Required	JDF EA Planning and Willis Point Fire Protection and Recreation Commission	\$	41,865.00	100.00%
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	27-Jan-21	SSI Drake Road Trail Upgrade Project		Required	SSI Administration is the lead	\$	90,127.00	81.93%
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	27-Jan-21	SGI Pender Island Alice Church Multi-Modal Trail		Required	SGI Administration and Pender Island Parks and Recreation Commission.	\$	235,778.00	90.36%
	Community Emergency Preparedness Fund – Evacuation Route Planning	06-Nov-20	Capital Regional District: Southern Gulf Islands, Salt Spring Island, and Juan de Fuca Evacuation Route Planning		Required	Protective Services	\$	21,863.00	100.00%
	Community Emergency Support Services – Emergency Support Services	29-Jan-21	CRD ESS Drills and Equipment Funds		Required	Protective Services	\$	25,000.00	100.00%
	CleanBC Organic Infrastructure and Collection Program – Organic Processing Infrastructure	04-Feb-21	Salt Spring Island Composting Project		Required	Environmental Resource Management - Partnership project TBC	\$	168,462.00	44.44%
	Canada Summer Jobs	03-Feb-21	SEAPARC 1 (\$24,320), Regional Parks (\$3,192), IWS (\$4,964), Panorama – Tennis (\$9,728), Panorama – Aquatics (\$21,888), Panorama – Summercamp (\$3,344). Panorama – Daycamp (\$25,992), and SSI – Parks & Rec (\$6,080).		N/A	Human Resources is the lead	\$	99,508.00	TBC
TOTAL GRANT ASKS IN PROGRESS (EXCLUDING CORE AREA LIQUID WASTE MANAGEMENT)							\$	92,506,654	























Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information									
CORE AREA LIQUID WASTE MANAGEMENT - GRANT FUNDING STATUS									
Grant Program Links		Contribution Terms and Purpose	Status	Board Resolution	Comments	Grant Award Maximum		Redeemed to Date	
CORE AREA GRANTS	Infrastructure Canada - 3P Funding Agreement (Federal funding)	Lesser of 25% of eligible costs or \$83.4M for a bio-solids energy centre treatment facility for wastewater sludge.				\$	41,000,000	\$	-
	Infrastructure Canada - Building Canada Fund (Federal funding)	Up to 50% of eligible costs to a maximum of \$120M for construction of the McLoughlin Point Wastewater Treatment Plant, marine outfall pipe, and completion of the Victoria Harbour crossing.			Funding agreements executed. Construction to start in April 2017 as per March 16, 2017 joint media release (Canada, BC, CRD)	\$	120,000,000	\$	108,000,001
	Infrastructure Canada - Green Infrastructure Fund (Federal funding)	Up to 50% of eligible costs to a maximum of \$50 M to upgrade Clover Point and Macaulay Point pump stations, implement attenuation tanks, and upgrade existing pump stations and piping systems.				\$	50,000,000	\$	45,000,001
	Provincial Funding	The lesser of 1/3 total cost (excluding land acquisition cost) or \$248M for construction of the wastewater treatment plant, the energy centre for sludge treatment, and conveyance system upgrades - all serving the Core Area.		08-Mar-17	CRD Board approved execution of the Provincial Agreement	\$	248,000,000	\$	186,000,000
	FCM - Green Municipal Fund - Water Capital Projects	Approved for a \$3M grant in combination with a \$20M loan.				\$	3,000,000	\$	-
TOTALS						\$	462,000,000	\$	339,000,002

Grants Administration Dashboard




























Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information									
Grant Program Links		Dept.	Project Deadline	Project	Status	Lead	Project Cost (Estimate)		Grant Award
PROJECTS IN PROGRES	<a href="#">Bike BC Cycling Infrastructure Program</a>	PES	30-Jun-21	E&N Rail Trail Phase 3: Atkins Ave. to Savory School		PES: Infrastructure Engineering and Facility Management	\$	4,157,536	\$ 1,000,000
	<a href="#">Building BC - Community Housing Fund</a>	PPS	2023	Caledonia Housing Project		CRD Housing is the lead. Application is also seeking mortgage subsidy of \$666,500 per year. Supported by CRHC resolution 24-Jul-2018.	\$	50,225,725	\$ 15,500,000
	<a href="#">Clean Water Wastewater Fund</a>	IWS	31-Mar-18	Port Renfrew Water Main Replacement Project		IWS - Infrastructure Engineering	\$	628,634	\$ 488,103
	<a href="#">UBCM Community to Community Forum</a>	CS	31-Mar-19	WSANEC Leadership Committee		First Nations Relations-project not completed.	\$	5,750	\$ 2,760
	<a href="#">UBCM Community to Community Forum</a>	CS	31-Mar-19	CAO - Band Administrators Forum		First Nations Relations-project not completed.	\$	2,167	\$ 520
	<a href="#">Strategic Wildfire Prevention Initiative - FireSmart</a>	PPS	31-May-19	Saturna - FireSmart Planning & Activities Grant		Protective Services	\$	10,000	\$ 10,000
	<a href="#">Climate Action Revenue Incentive Program (CARIP)</a>	PES	01-Jun-20	Conditional grant report		PES - Climate Action	\$	69,928	\$ 69,928
	<a href="#">Island Pathways (SSI) grant from SSI Foundation</a>	PES	31-Dec-19	Development of the Booth to Baker Pathway		SSI Administration. Island Pathways obtained this grant from SSI Foundation to support CRD's work. Total cost to be confirmed.	\$	140,000	\$ 100,000
	<a href="#">Investment in Housing Innovation</a>	PPS	<u>31-May-20</u>	3816 Carey Road Affordable Housing Project		Regional Housing	\$	15,249,662	\$ 7,156,662
	<a href="#">BC Hydro - Business Energy Saving Incentives Program</a>	PES	31-Mar-20	Panorama LED lighting upgrade		PES - Panorama is the Lead	\$	60,000	\$ 21,600
	<a href="#">Community Emergency Preparedness Fund</a>	PPS	27-Mar-20	Evacuation Route Planning for Electoral Areas		Protective Services	\$	25,000	\$ 25,000
	<a href="#">FCM Green Municipal Fund - Brownfield Renewal</a>	WWTP	31-Mar-20	McLoughlin Point: Delineation of Groundwater, Bedrock and Soil Contamination		Core Area WWTP	\$	379,200	\$ 175,000
	<a href="#">FCM Green Municipal Fund - Brownfield Renewal</a>	WWTP	31-Mar-20	McLoughlin Point: Remediation and Risk Assessment		Core Area WWTP	\$	343,800	\$ 171,200
	<a href="#">Infrastructure Planning Grant (2017)</a>	PES	31-Mar-20	Bowker Creek Daylighting Feasibility Study		Stormwater-Harbours & Watershed: 10k each for CRD, Oak Bay, Saanich, Victoria)	\$	80,000	\$ 40,000



Grants Administration Dashboard




















Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information										
PROJECTS IN PROGRESS (con't)	Victoria Foundation Community Grants	PPS	1-Apr-20	Connect & Prepare- Housing Tenant Support		PPS - Regional Housing is the Lead	\$	167,669	\$	20,000
	Community Resiliency Investment	PPS	30-Apr-20	FireSmart training in the Electoral Areas: Saturna, Pender, Juan de Fuca, SSI FireSmart Cross-Training		Protective Services	\$	100,000	\$	100,000
	UBCM Federal Gas Tax - Strategic Priorities Fund	PES	30-Jun-20	SEAPARC Leisure Complex Expansion		SEAPARC	\$	3,410,406	\$	1,240,000
	FCM Green Municipal Fund - Pilot Project	F&T	31-Oct-21	Zero Emissions Fleet Initiative		Risk Management - Climate Action	\$	1,087,000	\$	350,000
	BC Rural Dividend	PES	22-Mar-21	Engineering Design for SGI Regional Trails		Regional Parks	\$	200,000	\$	100,000
	BC Rural Dividend	SSI	22-Mar-21	Shared Service Business Model		SSI Administration	\$	100,000	\$	90,750
	Invasive Plant Management	PES	31-Mar-21	Invasive Plant Management Project		Environmental Protection Division	\$	32,000	\$	32,000
	Infrastructure Planning Grant	SSI	31-Mar-21	North Salt Spring Waterworks Infrastructure Assessment		SSI Administration	\$	10,000	\$	10,000
	Child Care Space Creation Program	SSI	15-Apr-21	SSI PARC Licensed Preschool Child Care Space		SSI Administration	\$	296,460	\$	214,600
	Affordable Rental Innovation - CMHC	PPS	31-Dec-21	Regional Housing First Program		Regional Housing: Partners include CRD, BC Housing, CMHC at \$40M each.	\$	120,000,000	\$	120,000,000
	Reaching Home-Designated Communities	PPS	31-Mar-24	For community homelessness service projects		PPS: Regional Housing	\$	4,772,699	\$	4,772,699
	Reaching Home-Indigenous Homelessness	PPS	31-Mar-21	For community homelessness service projects		PPS: Regional Housing		TBC	\$	674,512
	Reaching Home-COVID-19 Response	PPS	31-Mar-21	For community homelessness service projects		PPS: Regional Housing		TBC	\$	3,231,049
	Island Health Community Wellness	PPS	1-Mar-20	Monitoring the Determinants of Health and Wellness in the Capital Regional		Community Social Planning Council	\$	50,000	\$	50,000
	BC Hydro Sustainable Communities Program	PES	30-Sep-21	BC Hydro Community Energy Manager staff support		PES - Environmental Protection - Climate Action is the lead		TBC	\$	100,000
	City of Victoria Housing Reserve Fund	PPS	2023	Michigan Housing Project		PPS-Regional Housing-CRHC	\$	1,395,000	\$	1,020,000
	Rick Hansen Foundation BC Accessibility Grants	PES	30-Sep-20	Panorama Accessibility Improvements		PES - Panorama is the Lead		TBC	\$	20,000
	Provincial Urban Deer Cost - Sharing Program	SGI	2020	Program to reduce fallow deer populations on Mayne Island		SGI Administration		TBC		TBC
	Pacific Institute for Climate Solutions Internship Program	PES	31-Dec-20	Climate action student intern		PES - Environmental Protection - Climate Action is the lead		TBC	\$	12,000











Grants Administration Dashboard

Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information											
PROJECTS IN PROGRESS (con't)	UBCM-Community Emergency Preparedness Fund-Volunteer & Composite Fire Departments Equipment & Training	PPS	TBD	Joint CRD Volunteer Fire Department Equipment and Training Project		PPS		\$	128,372	\$	117,966
	UBCM-Community Resiliency Investment Program-FireSmart Community Funding & Supports	PPS	TBD	CRD Firesmart Project 2020		Parks and PPS		\$	50,900	\$	49,900
	Community to Community Forum	PES	31-Mar-20	Watershed Management Engagement: Elk/ Beaver Lake		PES-Environmental Protection			TBC	\$	4,125
	UBCM Housing Needs Reports Program Grant	PPS	2021	Regional Housing Needs Report-Capital Region		CRD Development and Planning Advisory Committee		\$	150,000	\$	150,000
	Community Child Care Space Creation Program	SSI	TBD	Multipurpose room for licensed child care and recreation programs		SSI Administration			TBC	\$	832,725
	Community Emergency Preparedness Fund - Emergency Support Services	PPS	2021	Electoral Area Equipment and Training for Emergency Support Services Modernization		Protective Services			TBC	\$	24,983
	BC Rural Dividend - Rural Community Development Grants	SGI	TBD	SGI Broadband Connectivity - Planning Project		SGI Administration			TBC	\$	50,000
	BC Active Transportation Infrastructure Grants Program: Active Transportation Network Planning Grant and Active Transportation Infrastructure Grant	SSI	Mar-21	Lower Ganges Road Pathways Phase 2: Booth Canal to Baker Road		SSI Administration		\$	700,000	\$	490,000
	Investing in Canada - Community, Culture, Recreation	PES	TBD	Mayne Island Regional Trail - Phase One Development		PES - Regional Parks is the lead			TBC	\$	2,778,393
	2020 Emergency Operations Centres and Training Program-Community Emergency Preparedness Fund	PPS	2021	Electoral Areas (JDF, SSI, SGI) EOC Supplies Procurement Project		Protective Services		\$	25,000	\$	25,000
BC Hydro Sustainable Communities Implementation Fund	PES		Capital Region Electric Vehicle Infrastructure Road		PES - Environmental Protection - Climate Action		\$	71,500	\$	36,000	
GRANTS AWARDED as of FEBRUARY 8, 2021								\$	218,911,305	\$	171,051,024









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Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information						
Grant Program Links		Launch Date	Application Deadline	Resolution Needed	Departments Alerted	Status
GRANT CALLS IN PROGRESS	Community Gaming Grant	Ongoing		Not applicable; CRD's role can be to support a not-for-profit in pursuing these grants.	All	Grant alert sent. Featured in CRD Grants Weekly 2019-06-24
	Human and Social Programs		30-Nov-20			
	Green Municipal Fund - Plans, Feasibility Studies, Pilot Projects Capital Projects	Ongoing	Ongoing	Depends on \$ value	Standing Item	
	Address Improvement Grant	Ongoing	Ongoing	Not Specified	IT	Grant alert sent. Featured in CRD Grants Weekly 2019-07-12
	BC Hydro Sustainable Communities Program	Ongoing	Ongoing	N/A	Standing Item	
	Efficiency BC - Online hub of energy efficiency initiatives	Ongoing	Ongoing	N/A	Standing Item	
	Federal Gas Tax - Community Works Fund Update	Ongoing	Ongoing	N/A	Standing Item	Comprehensive CRD process in place for assignment of funds to Electoral Area Projects. Featured in CRD Grants Weekly 2019-04-05
	Ship-source Oil Pollution Fund	Ongoing	Ongoing	TBD	Standing Item	Grant alert sent; featured in CRD Grants Weekly 2019-05-03
	Ecological Gifts Program	N/A	Ongoing	Not Specified	All	Grant alert sent
	Family Violence Initiative	N/A	Ongoing	Not Specified	All	Grant alert sent
	Multi-sectoral Partnerships to Promote Healthy living and Prevent Chronic Disease – Canada’s Tobacco Strategy	N/A	Ongoing	Not Specified	All	Grant alert sent
	Federal Lands Initiative	N/A	Ongoing	Not Specified	All	Grant alert sent
	National Housing Co-Investment Fund (New Construction, Housing Repair and Renewal, and Rental Construction Financing)	N/A	Ongoing	Not Specified	All	Grant alert sent
	Sustainable Affordable Housing-Green Municipal Fund-FCM	N/A	Continuous	Required	All	Grant alert sent









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Externally Sourced Grant Funding

STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information						
GRANT CALLS IN PROGRESS	Green Infrastructure Phase II, Energy Efficient Buildings Program	17-Nov-20	22-Dec-20	Not Specified	All	Grant alert sent
	Rapid Housing Initiative	N/A	31-Dec-20	Not Specified	All	Grant alert sent
	Local Food Infrastructure Fund	N/A	03-Jan-21	Required	All	Grant alert sent
	National Disaster Mitigation Program	09-Dec-20	07-Jan-21	Not Specified	All	Grant alert sent
	Early Learning and Child Care Innovation	29-Oct-20	07-Jan-21	Not Required	All	Grant alert sent
	Investing in Canada Infrastructure Program-Adaptation, Resilience & Disaster Mitigation	01-Dec-20	11-Jan-20	Required	All	Grant alert sent
	Documentary Heritage Communities Program	N/A	12-Jan-21	Not Specified	All	Grant alert sent
	CleanBC Organic Infrastructure and Collection Program-Residential Curbside Collection Stream	21-Oct-20	12-Jan-21	Required	All	Grant alert sent
	Infrastructure Planning Grant Program	25-Jun-20	13-Jan-21	Required	All	Grant alert sent
	CleanBC Organic Infrastructure and Collection Program-Organic Processing Infrastructure Stream	21-Oct-20	14-Jan-21	Required	All	Grant alert sent
	Connecting British Columbia Program - Multiple Programs	N/A	15-Jan-21	Not Specified	All	Grant alert sent
	Rapid Response Stream-Universal Broadband Fund	09-Nov-20	15-Jan-21	May be required	All	Grant alert sent
Municipal Asset Management Program - FCM	N/A	Continuous	Required	All	Grant alert sent	

Grants Administration Dashboard

Externally Sourced Grant Funding


STATUS LEGEND:  Intent to apply  Work in Progress (  =delay)  Application Done - Outcome pending  Project Done (  =payment pending)  Application Declined  Links to information						
GRANT CALLS IN PROGRESS	Housing Supply Challenge: Data Driven	23-Oct-20	20-Jan-21	Not Specified	All	Grant alert sent
	Young Canada Works in Heritage Organizations	N/A	22-Jan-21	Not Specified	All	Grant alert sent
	Preventing and Addressing Family Violence	N/A	27-Jan-21	Not Specified	All	Grant alert sent
	Investing in Canada Infrastructure Program-COVID-19 Resilience Infrastructure Stream	01-Dec-20	27-Jan-21	Required	All	Grant alert sent
	Community Emergency Preparedness Fund - Emergency Support Services	N/A	29-Jan-21	Required	All	Grant alert sent
	ERF-Offshore Deployment Program	09-Nov-20	31-Jan-21	Not Specified	All	Grant alert sent
	Canada Summer Jobs	N/A	03-Feb-21	Not Required	All	Grant alert sent
	Young Canada Works in Both Official Languages	N/A	03-Feb-21	Not Specified	All	Grant alert sent
	Universal Broadband Fund	09-Nov-20	15-Feb-21	May be required	All	Grant alert sent
	Clean Coast, Clean Waters Initiative Fund	N/A	15-Feb-21	Not Specified	All	Grant alert sent
	Environmental Damages Fund	19-Jan-21	24-Feb-21	Not Specified	All	Grant alert sent
	Community Emergency Preparedness Fund: Flood Risk Assessment, Flood Mapping & Flood Mitigation Planning-UBCM	N/A	26-Feb-21	Required	All	Grant alert sent
	Habitat Stewardship Program for Species at Risk	19-Jan-21	02-Mar-21	Not Specified	All	Grant alert sent
	Sectoral Initiatives Program	22-Jan-21	04-Mar-21	Not Specified	All	Grant alert sent
	Poverty Reduction Planning & Action Program-UBCM	16-Dec-20	05-Mar-20	Not Required	All	Grant alert sent
	FireSmart Economic Recovery Fund-UBCM	N/A	19-Mar-21	Required	All	Grant alert sent
	Community Emergency Preparedness Fund: Emergency Operations Centres & Training	N/A	26-Mar-21	Required	All	Grant alert sent
	Go Electric Public Charger Program- CleanBC	N/A	31-Mar-21	Not Specified	All	Grant alert sent
	Municipal Natural Assets Initiative-Expressions of Interest	08-Oct-19	TBD	Not Specified	All	Grant alert sent
	CleanBC Go Electric Fleets Program	N/A	31-Mar-23	Not Specified	All	Grant alert sent



Grants Administration Dashboard


Externally Sourced Grant Funding



FUNDING INITIATIVES: ONGOING SCAN


STATUS LEGEND:


 Intent to apply

 Work in Progress (  =delay)

 Application Done - Outcome pending

 Project Done (  =payment pending)

 Application Declined

 Links to information

Funding Sources / Plans	Description	Possible Timing	Links
<a href="#">UBCM Funding and Resource updates 2021</a>	List of Local Government Programs and Services		
GRANTS FORECAST	See website links ( <i>if available</i> ) in the right-most column for program information available to date.		UBCM Grants: Age-Friendly Communities, anticipated 2021
	Note that typically, infrastructure grants will require SHOVEL READY projects (e.g: Asset plan is current; design drawings and environmental assessments are complete; matching funding - usually 50%- is assigned.)		Community Energy Leadership Program (CELP) 2019 launched; Next round unknown
			BC'S Restart Plan
			BC's Active Transportation infrastructure Grants Program 2021/22 Intake, forthcoming
			CleanBC Industry Fund, anticipated early 2021
			Island Health Community Wellness Granting Program 2021/22 intake, anticipated 2021

**REPORT TO THE FINANCE COMMITTEE  
MEETING OF WEDNESDAY, MARCH 03, 2021**

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**SUBJECT**     **Capital Regional District Investment Portfolio Holdings and Annual Performance Update**

**ISSUE SUMMARY**

Provide an update on Capital Regional District (CRD) investment holdings and performance for the period ended December 31, 2020.

**BACKGROUND**

The CRD invests operating, capital, and reserve funds in accordance with the *Local Government Act*, *Community Charter*, and Board approved Investment Policy. The Investment Policy applies to the investment activities for all funds maintained by the CRD and the Capital Regional Hospital District (CRHD). The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing, and return on investment in alignment with the policy.

The policy also provides minimum ratings of investment vehicles which can be purchased. Currently, investments in chartered banks or savings institutions must be a risk rating of R-1 (low) or higher for short-term investment and A- for long-term. Both ratings indicate a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through known economic and financial conditions. The CRD invests net working capital, operating reserves and capital reserves in a mix of vehicles including high-interest savings accounts (HISA), fixed term guaranteed investment certificates (GICs) and Municipal Finance Authority (MFA) investment funds. The placement or divestiture of investments are timed with the forecasted need.

Investments through 2020 have been made in alignment with Investment Policy. Although economic and market conditions were challenging, performance exceeded expectations for the year ended December 31, 2020, as described in the report.

**IMPLICATIONS**

*Financial Implications*

**Performance**

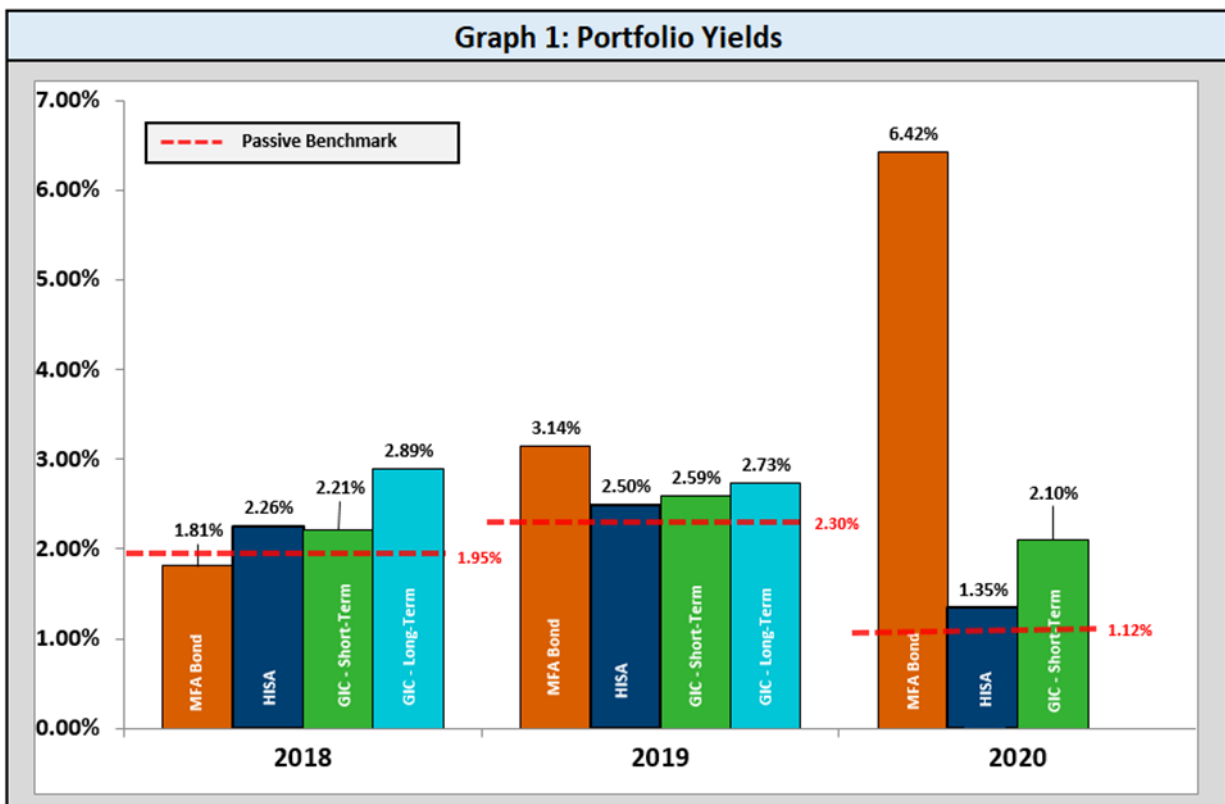
While Bank of Canada interest rates declined in 2020, higher cash reserves and active investment management drove higher income year over year. Liquidity requirements remained a key driver in the investment strategy through 2020, with major capital projects such as the Core Area Wastewater Treatment Project proceeding against a backdrop of collection uncertainty through COVID-19.

In 2020, capital projects drove higher cash outflows, with average monthly disbursements of approximately \$20 million. An active investment strategy became increasingly important, driven

by rate environment fluctuations and maturing cash flow management. This approach increases investment activity but helps to manage liquidity and interest rate risk.

Historically, the investment strategy was driven by cash flow and alignment of investments maturing, often referred to as an investment ladder. The ladder approach, however, does not always result in optimum return of investments. Through the prioritizing of liquidity, rates are evaluated as a secondary measure within each maturity term.

To take advantage of rate premiums on short-term investments, cash was placed in facilities yielding optimum return while still meeting liquidity targets. Graph 1 below provides a detailed report on portfolio yields for 2020:



During 2020, short-term GIC investments returned 2.10% and short-term HISA returns returned 1.35%. The MFA Bond Fund posted a strong gain of 6.42% in 2020 due to the inverse relationship with falling prime interest rates. The passive benchmark represents a theoretical return experienced from a liquid hold strategy with no active management. Passive rates over the past 3 years were 1.95%, 2.30% and 1.12% respectively.

Table 1 below shows the three-year trend on investment income. Realized income is distributed annually on a pro-rata basis to CRD services based on reserve balances and monies held in trust where applicable.

**Table 1: Investment Income 3-Year Trend (\$ Millions)**

	2018		2019		2020	
Passive Income	1.9%	\$2.4M	2.3%	\$4.1M	1.1%	\$2.7M
Unrealized gain (loss)	(0.0%)	(\$0.3M)	0.1%	\$0.2M	0.5%	\$1.7M
Value-Add	0.2%	\$1.5M	0.3%	\$1.3M	0.8%	\$2.5M
<b>Total</b>	<b>2.1%</b>	<b>\$3.6M</b>	<b>2.7%</b>	<b>\$5.6M</b>	<b>2.4%</b>	<b>\$6.9M</b>

The total effective rate of return on investments during 2020 was 2.4%. Total investment income for 2020 was \$6.9 million, including unrealized gains on the MFA Bond Fund of \$1.7 million. The overall increase in investment income is due to higher cash reserves, strong favourable returns on the MFA Bond fund, and an active investment management strategy mitigating increased liquidity risk and uncertainty in 2020.

### Portfolio Holdings

At December 31, 2020, the CRD held \$318.2 million invested in short-term and long-term investments, as outlined in Table 2 below.

**Table 2: Investment Holdings – as at Dec 31, 2020**

Investments	Balance (\$millions)	% Share
<b>Investments Short-Term (less than 2 years)</b>		
Coast Capital Savings GIC	\$60.7	19.1%
Island Savings Credit Union GIC	30.5	9.7%
CIBC GIC	22.2	7.0%
Canada Western Bank GIC	18.6	5.8%
National Bank GIC	10.7	3.4%
MFABC CIBC High Interest Savings Account	3.6	1.1%
Scotia Bank High Interest Savings & Notice Plan Accounts	64.8	20.4%
BMO High Interest Savings Account	63.0	19.8%
<b>Total Short-Term</b>	<b>274.1</b>	<b>86.2%</b>
<b>Investments Long-Term (more than 2 years)</b>		
MFA Bond Fund	44.1	13.8%
<b>Total Long-Term</b>	<b>44.1</b>	<b>13.8%</b>
<b>Total Investments</b>	<b>\$318.2</b>	<b>100%</b>

As noted in Table 2 above, the portfolio was distributed between short-term and long-term investments by 86% and 14%, respectively. Investments with maturities less than two years are classified as short-term. While the MFA Bond Fund is a liquid investment, investments placed in the fund are recommended for longer term holdings only.



**Table 3: Cash and Reserves Invested – as at Dec 31, 2020 (unaudited)**

<b>Investments</b>	<b>Balance (\$millions)</b>	<b>% Share</b>
Capital Reserves	\$85.3	26.8%
Operating Reserves	53.8	17.0%
Working Capital	179.1	56.3%
<b>Total Investments:</b>	<b>\$318.2</b>	<b>100%</b>

Continued construction of the Core Area Wastewater Treatment Plant required high levels of liquidity driving a higher short-term investment ratio. With the project completing in 2021, liquidity requirements will decrease resulting in an expected term balanced portfolio by year end. Operating reserves hold surpluses to fund natural fluctuations in operating results or unanticipated variances in operating expenditures. Working capital funds day-to-day obligations such as payroll, trade invoices and related operating expenditures.

### **CONCLUSION**

Overall, the Capital Regional District portfolio of investments reflects the four fundamental objectives of safety of principal, liquidity, responsible investing and return on investment. Investments have been made in keeping with requirements under the Investment Policy and investment performance exceeded expectations for the year ended December 31, 2020.

### **RECOMMENDATION**

The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District Investment Portfolio Holdings and Annual Performance Update be received for information.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

### **ATTACHMENT(S)**

Appendix A: Market Analysis

## Market Analysis

### Applies to the Capital Regional District (CRD), the Capital Regional Hospital District (CRHD), and the Capital Region Housing Corporation (CRHC)

As part of overall portfolio management, staff regularly monitor market trends and key metrics such as the Bank of Canada overnight interest rate, the Government of Canada bond rates and other market commentary issued by banks and investment brokers. Additionally, the Municipal Finance Authority (MFA) provides regular market commentary on new product developments and based on outlook reports provided by Phillips, Hager & North Investment Management (PH&N).

In 2020, the Bank of Canada reacted to the COVID-19 global pandemic by dropping its key overnight rate three times in March 2020, from 1.75% to 0.25%. These moves decreased the prime rate as well as the rate offered on cash deposits with the CRD's primary bank, the Royal Bank of Canada (RBC). For most of 2020, both the short term high-interest savings accounts and short term GICs were offering competitive returns when compared to long-term GICs. The table below presents key indicator rates at December 31 for the period 2018 to 2020:

**Table A1: Indicative Market Rates 2018 to 2020**

Rate	2018	2019	2020
Bank Of Canada – Overnight Rate	1.25% - 1.75%	1.75%	0.25% - 1.75%
HISA	1.96% - 2.46%	2.46%	0.80% - 1.06%
RBC – Bank Rate	1.70% - 2.30%	2.30%	0.80% - 2.30%
Fixed GIC – 180 day /1 Year (sample)	1.57% / 2.68%	1.68% / 2.30%	0.92% / 1.24%

### Investment Marketplace

Throughout 2020, HISA rates were highly competitive compared to fixed term GIC products. In many cases, HISA returns were higher than maturities up to terms as long as four (4) years.

On January 28, 2020, the MFA introduced a new pooled investment fund, called the MFA Mortgage Fund, which invests in existing PH&N pooled fund products, providing investment exposure to commercial investment grade mortgages.

On May 4, 2020, the MFA introduced a Fossil Fuel-Free Bond Fund (FFF). The FFF Bond Fund invests in securities similar to the existing bond fund except that the FFF option excludes those holdings directly related to non-renewable energy extraction, processing, and transportation. This additional screening is estimated to exclude approximately 4% of the population of investible securities compared to the existing bond fund. Both offerings are responses to demand from local government and both offer the same liquidity and pooled structure as the existing MFA investment offerings.

Staff will assess investment placements in these two new MFA pooled funds in the future, for the CRD, the CRHD, and the CRHC, as the need to place long-term funds arises.

**REPORT TO THE FINANCE COMMITTEE  
MEETING OF WEDNESDAY, MARCH 03, 2021**

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**SUBJECT** Capital Regional District and Capital Region Housing Corporation Investment Policy Updates

**ISSUE SUMMARY**

Recommended updates to the Capital Regional District (CRD) and Capital Region Housing Corporation (CRHC) investment policies.

**BACKGROUND**

The investment activity for both the CRD and the Capital Regional Hospital District (CRHD) is governed through the CRD Investment Policy, while the activity for the CRHC is governed through the CRHC Investment Policy. The CRD Investment Policy was originally approved by the CRD Board in September 2013 and amended in May 2017. The Capital Region Housing Corporation (CRHC) policy was approved by the CRHC Board in 1991 and amended in October 2013.

As a result of an evolving marketplace and continuous alignment to the corporate plan and corporate governance structures, a review to both investment policies was triggered and has resulted in a number of recommended updates, summarized as follows:

1. Alignment of corporate practice consistent with corporate structure (CRHC)
2. Alignment with Corporate Plan, Board Strategic Objectives and external markets
3. Refinement of diversification constraints and risk assessment practices

In order to align activities and practices across all three entities, a single policy is proposed to apply to the CRD, CRHD and CRHC. This results in the existing CRHC Investment Policy being superseded and all recommendations reflected as amendments to the existing CRD Investment Policy.

CRD investment activity is governed by Section 377 of the *Local Government Act*, which legislates that Section 183 of the *Community Charter* apply to regional districts and defines allowable investment options. Although the CRHC is not governed through these Acts, as a wholly owned subsidiary of the CRD, it is subject to the same governance standards; thus, application of similar investment policies is appropriate and has been the historical practice.

**ALTERNATIVES**

*Alternative 1*

The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District Investment Policy, Amendment #2, be approved.

*Alternative 2*

That this report be referred back to staff for additional information.

## **IMPLICATIONS**

In 2020, a review of the investment policies was conducted to assess alignment and effectiveness of delivery. The review identified opportunities to address:

1. policy alignment across all three entities of CRD, CRHD and CRHC
2. Corporate Plan (including Board Strategic Plan Objectives) consideration
3. revisions to portfolio diversification limits

### **1. Alignment of All Three Entities**

Upon review, the principles and parameters contained in both policies were identified to be the same except for the minimum rating criteria. Combining to one policy will move the minimum rating criteria on investments from AA and R-1 (mid) to A (low) and R-1 (low). A rating of A (low) and R-1 (low) is considered satisfactory on a credit quality scale as measured by Dominion Bond Rating Service (DBRS) and is the current minimum within the existing CRD policy. Expanding the policy to all three legal entities is recommended to provide administrative consistency across all three entities and reflects a moderate to high level of investor prudence and risk mitigation.

### **2. Corporate Plan Direction**

The review of the policy identified an opportunity to better align corporate practice with the Corporate Plan and Board Strategic Objectives with respect to responsible investing options. Revisions to the policy would provide greater flexibility and access to new suitable products.

The recommendation is to extend the responsible investing parameters to allocate a percentage of the total portfolio investments that meet responsible investing criteria, either for social or green outcomes, and include reference that internal project investments also meet responsible investing objectives. Currently, if a responsible investing option offers the same liquidity, principal protection and return, the investment will continue to be considered an authorized and suitable investment. In practice, since 2017, the experience has been of limited product offerings and lower than acceptable rates, eliminating the responsible investments as suitable options.

To address the limitations, the review work included a sensitivity analysis to determine how much of the total portfolio could be invested in lower return products before the overall return target on the total portfolio would be negatively impacted. The results of the sensitivity analysis have been included in Appendix E. The overall return target for the total portfolio is set to preserve reserves and cash against inflation.

The result of the analysis was that up to 10% of the total portfolio could be invested at rates up to 1% lower than market before negatively impacting the target return. The recommendation is to include a 10% limit on lower return investments within the responsible investing parameter.

Differently, the CRHC will be excluded from holding lower return responsible investing products, due to the 'not-for-profit' nature of its business activities. As a provider of affordable housing, the CRHC already operates and invests within the social services sector.

Furthermore, the not-for-profit corporate structure and financial operation preclude the CRHC from accepting lower than market returns, ensuring mandate delivery.

Additionally, the CRD can increase investment in responsible options through internal projects. Many CRD services directly align with Socially Responsible Investment (SRI) outcomes as defined by the United Nations Principal of Responsible Investment Social Development Goals. Making internal projects an authorized and suitable investment is recommended.

### **3. Portfolio Diversification Constraints**

Portfolio diversification refers to the amount of money an investor has in a particular asset or institution. Diversification is an important strategy to mitigate return risk and principal. As an example, a GIC of an unrated institution has a higher risk of loss to principal than those in a rated chartered bank.

The investment policy, approved in 2017, contained a uniform 20% exposure limit to all financial institutions and a 10% limit per investment issue. The attached investment policy contains edits to remove the uniform 20% and 10% limits, in favour of limits tailored on the risk assessment by institution and by investment type. The updated investment policy contains a portfolio diversification constraint table as an Appendix, which will permit a more detailed approach to portfolio allocation and risk management.

Along with the above revisions, various other administrative updates and edits are covered in Appendix B in the Policy Amendment Concordance Table.

Once approved, investment transactions will be administered against the amended policy. The introduction of a revised portfolio diversification table will not require any immediate divestiture to ensure compliance, rather will guide activities in the future.

### **CONCLUSION**

In 2020, a review was undertaken of the current investment policies related to the Capital Regional District, the Capital Regional Hospital District, and the Capital Region Housing Corporation to assess for alignment and effectiveness. The updated policy seeks to align activities and practices across all three entities, update principles and parameters to improve investment options aligned with market and corporate and board objectives, and ensure legislative compliance. Once approved, investment transactions after the date of approval will be administered against the amended policy.

### **RECOMMENDATION**

The Finance Committee recommends to the Capital Regional District Board:  
That the Capital Regional District Investment Policy, Amendment #2, be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

- Appendix A: Updated CRD Investment Policy
- Appendix B: Policy Revision Concordance Table
- Appendix C: 2017 CRD Investment Policy
- Appendix D: 2013 CRHC Investment Policy
- Appendix E: Example – Responsible Investment Rate Sensitivity Analysis



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## CAPITAL REGIONAL DISTRICT

### INVESTMENT POLICY

Policy Type	Board [Corporate]		
Title	INVESTMENT POLICY		
Adopted Date	September 22, 2013	Policy Number	BRD#
Amendment #1	May 10, 2017		
Amendment #2	March 10, 2021 (Proposed)		
Policy Owner	Financial Services		

#### 1. PURPOSE

This investment policy provides the framework for investment portfolio management for the Capital Regional District (CRD), Capital Regional Hospital District (CRHD) and Capital Region Housing Corporation (CRHC).

It is the policy of the CRD, CRHD and CRHC to invest funds in a manner that provides the optimal blend of investment security and return while meeting the short and long term cash flow requirements in support of the corporate plan priorities while maintaining compliance with statutory requirements.

#### 2. SCOPE

The investment policy applies to all cash operating funds, capital funds and reserve funds. It does not apply to funds held in trust or which have a specific legal or statutory requirement for cash management, disbursement, or investment.

#### 3. PRINCIPLES

The investment of funds must reflect a management philosophy based on the fundamental objectives of

##### 3.1 Safety of Principal

Investments shall be made to ensure preservation of principal within the portfolio. Preservation of principal is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on financial products.

##### 3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated cash flow requirements.

##### 3.3 Responsible Investing

The investment program will consider socially responsible investment products that adhere to statutory requirements and meet the objectives laid out in this policy. Organizations that adopt a socially responsible investment platform are preferred.

**3.4 Return on Investment**

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints, liquidity requirements and responsible investing objectives.

**4. INVESTMENT PARAMETERS****4.1 Safety of Principal**

The program will diversify cash reserve investments by security type and institution, taking into consideration the impact on return on investment. Section 5.4 outlines the authorized and suitable investments permissible to ensure optimal portfolio diversification.

**4.2 Liquidity**

To the extent possible, portfolio management will align investments with anticipated cash flow requirements. However, a portion of the portfolio shall be continuously invested in fully-liquid investments to meet ongoing obligations.

A long-term financial plan will be established for major capital reserves. The long-term financial plan will inform the term decision when placing timed investments in order to meet liquidity requirements.

**4.3 Responsible Investing**

Where responsible investment options provide comparable risk, return and liquidity, these facilities will be a priority. When responsible investing options provide lower return but comparable liquidity and risk, the investment will be limited to 10% of the total portfolio. Limiting lower rates to a maximum of 10% of the portfolio limits exposure of capital against performance and inflation.

**4.4 Return on Investment**

The investment program will seek to maximize the total return on all funds under management after considering protection of principal, liquidity and responsible investing. Return will be monitored through performance benchmarks to ensure program activities are providing benefits in excess of costs and with the goal to preserve capital against inflation over time. Due to the nature of the CRHC business activities, delivering affordable housing within the social service sector, CRHC will be excluded from holding lower return products.

**4.5 Authorized and Suitable Investments**

Money held may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

1. Investments in marketable securities of a chartered bank or savings institution or any province must have a DBRS risk rating of R-1 (low) or higher for short-term debt and a rating of A (low) for long-term debt or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix A of this policy).
2. Investment placements will conform to the portfolio diversification constraints listed in Appendix B. Exceptions to constraints listed in Appendix A require



Chief Financial Officer approval and shall be reported to the Board through Standing Committee at the next available meeting.

3. Internal projects under CRD service authority are considered allowable investment options when capital reserves are not immediately required and can be accessed through inter-service borrowing. Inter-service borrowing will be in compliance with legislation and the CRD Inter-Service Borrowing Guidelines.

## **5. STANDARD OF CARE**

### **5.1 Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

### **5.2 Ethics and Conflict of Interest**

Staff responsible for investing activities shall comply with the CRD Conflict of Interest Policy and shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

### **5.3 Delegation of Authority**

Authority to manage the investment program ("the Program") is granted to the Chief Financial Officer and is derived from section 237 of the *Local Government Act*.

### **5.4 Credit Risk Monitoring**

To meet the objectives of this policy and ensure suitability of offerings, credit risk monitoring must be conducted by CRD Staff independent of vendor representations. The following due-diligence shall be performed:

1. In-house credit analysis shall be conducted on all financial institutions and investment counter-parties.
2. Credit reports and analysis, published by DBRS, S&P, Fitch or Moody's, will be obtained from financial institutions, investment dealers and rating institutions and reviewed.
3. Credit reports and analysis are recognized as opinions and not a guarantee for safety of principal.
4. When placing investments in individual marketable securities and more than one credit rating is available, the average of two or more available credit ratings shall be used.

### **5.5 Consolidated Basis**

All funds covered by this policy will be managed on a consolidated basis to ensure the best possible return by providing economies of scale.

**5.6 Program Requirements**

The Program shall abide by the following reporting requirements:

1. The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from this policy; and
2. An appropriate portfolio performance benchmark will be set and reported in the annual investment performance report.

**6. POLICY REVIEW**

<b>Review Date</b>	<b>Description:</b>
March 2026, unless legislative change or new MFA finance product	To ensure ongoing relevance, this policy shall be reviewed the earlier of: <ol style="list-style-type: none"><li>1. If a change in the relevant legislation governing the investment activities of local governments occurs;</li><li>2. If the Municipal Finance Authority of British Columbia establishes a new pooled fund investment product; or</li><li>3. Every five calendar years.</li></ol>

**7. RELATED POLICY, PROCEDURE AND GUIDELINES**

- Conflict of Interest Policy

**Appendix A**  
**Dominion Bond Rating Service (DBRS) Credit Quality Ratings**

Commercial Paper & Short-Term Debt	Bond & Long-term Debt	Bond & Long-term Debt	Description	CRD/CRHD/CRHC Investment Policy
R-1 (high)	AAA	Investment Grade  ↑	Superior	Permissible
R-1 (high)	AA (high)			
R-1 (middle)	AA			
R-1 (middle)	AA (low)			
R-1 (low)	A (high)			
R-1 (low)	A			
R-1 (low)	A (low)			
R-2 (high)	BBB (high)	Speculative Grade	Adequate	Not Permissible
R-2 (middle)	BBB			
R-2 (low) / R-3	BBB (low)			
R-4	BB (high)			
R-4	BB			
R-4	BB (low)			
R-4	B (high)			
R-5	B			
R-5	B (low)			
R-5	CCC			
R-5	CCC			
R-5	CCC			
R-5	CC			
R-5	C			
D	D			

## Appendix B Portfolio Diversification Constraints

**Exposure constraints target protection of principal and return and set a maximum allowable share of the total portfolio that can be invested.**

Due to market fluctuations and / or the timing of investment deposit transfers, maximum percentages in Appendix C may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

The portfolio diversification constraints are found in Table 1 below:

Table 1: **Portfolio Diversification Constraints**

Investment Type	MAXIMUM of Total Reserves	MAXIMUM by Institution/product/ pooled fund
<b><u>Short-Term (&lt; 2 year holding period)</u></b>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	50%	50%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
<b><u>Long-Term (&gt; 2 year holding period)</u></b>		
Canadian Banks (Schedule 1) Deposits and/or GIC's	65%	35%
MFA Pooled Fund Products	60%	30%
Credit Unions (Rated/Insured) Deposits and/or GIC's	35%	20%
Internal Projects (5+ years)	30%	-
Federal Bonds	20%	10%
Municipal Finance Authority of BC Bonds	20%	20%
Provincial Bonds	15%	15%
Municipal, Regional District or Greater Board Bonds	15%	15%

## Policy Revision Concordance Table

2021 CRD Investment Policy (Amendment #2) compared to 2017 CRD Investment Policy

Revision / Addition	Description	2021 draft CRD IP	2017 current CRD IP
Revision	Policy descriptive table updated to current policy format standard.	Policy descriptive table	Policy descriptive table
Addition	Adds that the IP covers all 3 legal entities: CRD, CRHD & CRHC.  Adds to the purpose of the policy by explicitly acknowledging that corporate plan priorities are key considerations in CRD investment management.	Section 1	Section 1
Addition	Added to the scope of the policy by explicitly acknowledging that this policy does not apply to trust funds and similar objective- and statute-specific investment activity.	Section 2	Section 2
Revision	Sub-sections under section 3 “PRINCIPLES” were edited for minor language improvements.	Section 3.1 & 3.2	Section 3.1 & 3.2
Revision	Removed: “Where SRI and green investments are within 5% of maximum available yields, SRI or green facilities will be exercised.”	Section 3.3	Section 3.3
Revision	Adds “and responsible investing objectives.” to the Return on Objectives section.	Section 3.4	Section 3.4
Revision	Renames section 4 from “Standard of Care” to “INVESTMENT PARAMETERS”	Section 4	Section 4
Revision	Former sections ‘Prudence’, ‘Ethics and Conflict of Interest’ and ‘Delegation of Authority’ moved from section 4 of 2017 policy to section 5 in 2021 Investment Policy.	Section 5	Section 4
Addition	Section 4.1 of the 2021 Investment Policy “Safety of Principal” and 4.2 “Liquidity” were added.  These sections describe the considerations involved to administer these investment parameters.	Section 4.1 & 4.2	N/A (New)

Revision / Addition	Description	2021 draft CRD IP	2017 current CRD IP
Addition	<p>Section 4.4 of the 2021 Investment Policy “Return on Investment” is added describing the considerations involved in this investment parameter, including investment monitoring through performance benchmarks.</p> <p>This section notes that CRHC is excluded from holding lower return products.</p>	Section 4.4	N/A (New)
Revision	<p>Updated the short- and long-term debt and bond rating grades to align with the Dominion Bond Rating Service (DBRS) ratings nomenclature for consistency.</p> <p>Appendix A provides the DBRS ratings scale.</p>	Section 4.5(1)	Sections 6.1
Revision	<p>The 2021 Investment Policy adds Appendix B, which provides a table describing the portfolio diversification constraints.</p> <p>The 2017 Investment Policy limited portfolio diversification constraints to 20% per financial institution and 10% in any one security issue.</p> <p>The new table is intended to provide improved risk management and compliance administration.</p> <p>Also, updated the short- and long-term debt and bond rating grades to align with the DBRS ratings nomenclature for consistency.</p>	Section 4.5(2)	Sections 6.4 & 6.5
Addition	Adds that internal CRD projects (5+ years in investment term) may be an investment opportunity via inter-service borrowing; and these opportunities may be socially responsible initiatives.	Section 4.5 (3)	N/A (New)
Revision	The “Standard of Care” section 4 from the 2017 Investment Policy is relocated to section 5 of the 2021 Investment Policy.	Section 5	Section 4
Revision	<p>Section 5.2 of the 2021 Investment Policy adds the reference to the CRD “Conflict of Interest Policy”, in order to elevate the visibility of this policy in administering the investment portfolio.</p> <p>Section 5.3 of the 2021 Investment Policy is edited for minor language improvements.</p> <p>Section 5.4 of the 2021 Investment Policy re-locates and expands upon the credit risk monitoring section to facilitate administration of this activity. Formerly this</p>	<p>Section 5.2 (Conflict of Interest)</p> <p>&amp;</p> <p>5.3 (Delegation of Authority)</p> <p>&amp;</p> <p>5.4 (Credit Risk Monitoring)</p>	<p>Section 4.2 (Conflict of Interest)</p> <p>&amp;</p> <p>4.3 (Delegation of Authority)</p> <p>&amp;</p> <p>5 (Credit Risk Monitoring)</p>

Revision / Addition	Description	2021 draft CRD IP	2017 current CRD IP
	material was located in sections 5 & 6.1 of the 2017 Investment Policy.		& 6.1 (Authorized and Suitable Investments)
Addition	Adds an explicit reference to the fact that CRD investments are administered on a consolidated (i.e. pooled) basis, rather than segregated investment activity by service area. (section 6 – draft 2021 IP; new to 2017 IP)	Section 5.5	N/A (New)
Addition	Adds an explicit reference to the fact an appropriate benchmark will be set and reported in the annual investment report.	Section 5.6(b)	N/A (New)
Revision	<p>The 2021 Investment Policy section 6 removes the requirement to update the investment policy whenever the CRD business banking is tendered.</p> <p>Instead, the 2021 Investment Policy stipulates a policy review will be conducted when legislation changes, the Municipal Finance Authority of BC establishes a new pooled investment product or every five (5) calendar years.</p>	Section 6 (POLICY REVIEW)	Section 11 (Policy Review)
Addition	Section 7 of the 2021 Investment Policy lists “Related Policy, Procedure and Guidelines”.	Section 7	N/A (New)
Revision	<p>Appendix A presents an updated version of the Dominion Bond Rating Service Credit Quality Ratings.</p> <p>This view adds the Investment Policy ‘permissible investment’ constraint in the table.</p>	Appendix A	Appendix 1
Addition	Appendix B presents the Investment Policy “Portfolio Diversification Constraints” table. This table will permit a more detailed approach to portfolio allocation and risk management.	Appendix B	N/A (New)



**CAPITAL REGIONAL DISTRICT**  
**LEGISLATIVE POLICY**

Section	<b>Finance</b>	
Subsection	Policies	
Title	<b>INVESTMENT POLICY</b>	

**1. Purpose**

The purpose of the investment policy of the Capital Regional District (CRD) is to provide the framework for investment portfolio management. It is the policy of the CRD to invest CRD funds in a manner that will provide the optimal blend of investment security and return while meeting the short and long term cash flow demands and comply with the statutory requirement of the *Local Government Act*.

**2. Scope**

The investment policy applies to all cash operating funds, capital funds and reserve funds.

**3. Objectives**

The investment of funds must reflect a conservative management philosophy based on four fundamental objectives, in the following order of priority:

**3.1 Safety of Principal**

Investments shall be made to ensure preservation of capital within the portfolio. Preservation of capital is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on individual securities and to maximize the yield from a blend of financial products.

**3.2 Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.

**3.3 Responsible Investing**

Where possible, socially responsible investing (SRI) and green investing criteria will be applied to the selection of investments. The CRD investment program will consider SRI products that adhere to statutory requirements and meet the objectives laid out in this policy. Organizations that adopt a socially responsible investment platform are preferred. Where SRI and green investments are within 5% of maximum available yields, SRI or green facilities will be exercised.

**3.4 Return on Investment**

The investment portfolio shall be designed with the objective of maximizing returns subject to the risk constraints and liquidity requirements of the CRD.



## **4. Standard of Care**

### **4.1 Prudence**

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

### **4.2 Ethics and Conflict of Interest**

Staff responsible for investing shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

### **4.3 Delegation of Authority**

Authority to manage the CRD investment program is granted to the Chief Financial Officer and is derived from Section 237 of the *Local Government Act* as follows:

Section 237: One of the officer positions established under section 234 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions investing funds, until required, in investments referred to in section 183 of the *Community Charter* (investment of municipal funds).

## **5. Credit Risk Monitoring**

In addition to in-house monitoring, the CRD make use of the credit analysis available through its financial institutions, brokers, and credit rating institutions. This includes, but is not limited to the Dominion Bond Rating Service (DBRS), Standard & Poor's (S&P), and Moody's. It must be recognized that the use of any credit analysis is an assessment and not a guarantee for safety of principal.

## **6. Authorized and Suitable Investments**

Money held by the Capital Regional District may be invested or reinvested according to section 183 of the Community Charter subject to the following conditions:

### **6.1 Investments in securities of a chartered bank or savings institution or any province must:**

- i) Have a DBRS rating of R-1 (low) or higher for Short term debt and a rating of A- for Long term debt or Bonds or comparable ratings of another rating organization, indicating equal or superior credit quality (see Appendix 1 of the policy).

### **6.2 Investments in credit union deposits must carry adequate insurance protection through that credit union's respective insurance corporation.**

### **6.3 Investments shall be held in the name of the CRD by approved institutions.**

### **6.4 Investments in any one security issue shall not exceed 10% of that security issue.**

**6.5** Investments with any one financial institution shall not exceed 20% of the District's maximum annual investment portfolio. Due to market fluctuations, maximum percentages may be exceeded at a point in time. Securities need not be liquidated to rebalance the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

**6.6** The percentage limits specified in items 6.4 and 6.5 do not apply to investments made in securities of Canada or provincially backed deposits.

**6.7** All investments are to follow the constraints laid out per this Investment Policy. If an investment opportunity exists that lies outside of the constraints governing this policy, the Chief Financial Officer can make a recommendation to the Finance Committee to act on the opportunity. Any such investments must comply as an eligible investment defined in the Local Government Act. A maximum investment allocation not exceeding 20% of the total portfolio will be permitted.

## **7. Investment Parameters**

### **7.1 Diversification**

The CRD will diversify its cash reserve investments by security type and institution, taking into consideration the impact on return on investment.

### **7.2 Maturity**

To the extent possible the CRD shall attempt to match its investments with anticipated cash flow requirements. However, because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in readily available funds to meet ongoing obligations. Long term investments may be acquired if the maturity is related to a specific program, and is made to coincide as nearly as practicable with the expected use of the funds attached to that program.

## **8. Competitive Bids**

The CRD shall solicit competitive verbal quotations for the purchase and sale of securities when it is prudent to do so. This policy recognizes that, from time to time, offerings of value may require immediate action. Under such circumstances competitive bids may not be sought provided that value can be substantiated by market data information services.

## **9. Authorized Investment Dealers and Financial Institutions**

A list of approved investment dealers and financial institutions authorized to provide investment services will be maintained by the CRD. All qualified bidders for investment transactions will be members in good standing of the Investment Industry Regulatory Organization of Canada (IIROC), Mutual Fund Dealers Association (MFDA) or the B.C. Securities Commission.

## 10. Safekeeping and Custody

All security transactions entered into by the CRD shall be conducted on a delivery versus payment basis. The Chief Financial Officer must be satisfied that physical possession of the security is in possession or held by a custodial service.

## 11. Policy Review

This policy shall be reviewed periodically by the Chief Financial Officer to ensure congruence with changing activities of the CRD, market conditions, technology, evolving regulatory standards and private industry best practices. In addition, to insure periodic Finance Committee review, this policy will be reconsidered each time the CRD tenders its banking services.

## 12. Reporting

The Chief Financial Officer must report to the Finance Committee annually. The report must identify investment holdings and any deviations from policy.

Approval Date:	September 22, 2013	Approved By:	Board
1. Amendment Date:	May 10, 2017	Approved By:	Board
2. Amendment Date:		Approved By:	
3. Amendment Date:		Approved By:	
Next Review Date:		Reviewed By:	
Supersedes:	Investment Policy approved by Finance & Administration Committee, Nov 28, 2001		

## Appendix 1

### Credit Quality Ratings

	<i>Moody's</i>		<i>Standard &amp; Poor's</i>		<i>DBRS</i>		<i>Grade</i>
Highest Quality	Aaa	P-1	AAA	A-1+	AAA	R-1 (high)	Investment Grade
	Aa1	P-1	AA	A-1	AA (high)	R-1 (high)	
High Quality	Aa2	P-1	AA	A-1	AA	R-1 (middle)	
	Aa3	P-1	AA	A-1	AA (low)	R-1 (middle)	
Upper Medium Grade	A1	P-1	A	A-2	A (high)	R-1 (low)	
	A2	P-1	A	A-2	A	R-1 (low)	
	A3	P-1	A	A-2	A (low)	R-1 (low)	
Medium Grade	Baa1	P-2	BBB	A-3	BBB (high)	R-2 (high)	
	Baa2	P-2	BBB	A-3	BBB	R-2 (middle)	
	Baa3	P-3	BBB	A-3	BBB (low)	R-2 (low)	
Speculative	Ba1	NP	BB	B	BB (high)	R-3	Speculative Grade
	Ba2	NP	BB	B	BB	R-4	
	Ba3	NP	BB	B	BB (low)	R-4	
Highly Speculative	B1	NP	B	B	B (high)	R-4	
	B2	NP	B	B	B	R-5	
	B3	NP	B	B	B (low)	R-5	
Substantial Risk	Caa1	NP	CCC	C	CCC	R-5	
	Caa2	NP	CCC	C	CCC	R-5	
	Caa3	NP	CCC	C	CCC	R-5	
Extremely Speculative	Ca	NP	CC	C	CC	R-5	
Possibly in Default	C	NP	R	R	C	R-5	
Default			D	D	D	D	

POLICY AND PROCEDURES MANUAL	SUBJECT Investment Policy		
	POLICY NO. 1.10	EFFECTIVE July 25, 1991	Amendment #2 October 22, 2013

## 1. Purpose

The purpose of the investment policy of the Capital Region Housing Corporation (CRHC) is to provide the framework for investment portfolio management. It is the policy of the CRHC to invest CRHC Surplus operating and replacement reserve funds in a manner that will provide the optimal blend of investment security and return while meeting the short and long term cash flow demands and comply with the statutory requirements of the *Local Government Act*.

## 2. Scope

The investment policy applies to all cash operating funds, capital funds and reserve funds.

## 3. Objectives

The investment of funds must reflect a conservative management philosophy based on three fundamental objectives, in the following order of priority:

### 3.1 Safety of Principal

Investments shall be made to ensure preservation of capital within the portfolio. Preservation of capital is accomplished through placement of funds with creditworthy institutions and through portfolio diversification. Diversification is required to minimize potential losses on individual securities and to maximize the yield from a blend of financial products.

### 3.2 Liquidity

The investment portfolio shall remain sufficiently liquid to meet all reasonably anticipated operating requirements.

### 3.3 Return on Investment

The investment portfolio shall be designed with the objective of maximizing market rate of return subject to the investment risk constraints and liquidity requirements of the CRHC.

## **4. Standard of Care**

### **4.1 Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs. Investments will not be made for speculation. Foremost will be consideration for the safety of capital. Staff must be aware of reasonably foreseeable risks, trends and fluctuations in the market, and be able to recognize unreasonable risks whilst ensuring the liquidity of the investment portfolio.

### **4.2 Ethics and Conflict of Interest**

Staff responsible for investing shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions.

### **4.3 Delegation of Authority**

Authority to manage the CRHC investment program is granted to the Financial Officer and is derived from Section 199 of the *Local Government Act* as follows:

Section 199: One of the officer positions established under section 196 must be assigned the responsibility of financial administration, which includes the following powers, duties and functions investing funds, until required, in investments referred to in section 183 of the *Community Charter* (investment of municipal funds).

## **5. Credit Risk Monitoring**

In addition to in-house monitoring, the CRHC make use of the credit analysis of the Dominion Bond Rating Service. It must be recognized that the use of any credit analysis is an assessment and not a guarantee for safety of principal.

## **6. Authorized and Suitable Investments**

Money held by the Capital Regional District may be invested or reinvested according to section 183 of the *Community Charter* subject to the following conditions:

### **6.1 Investments in securities of a chartered bank or savings institution or any province must:**

- i) Have a Dominion Bond Rating Service (DBRS) rating of R-1 mid or higher for Short term debt and a rating of AA for Long-term debt or Bonds or comparable ratings of another rating organization, indicating superior credit quality (See Appendix 1 of the policy).
- ii) Be purchased directly from the chartered bank, savings institution or province or from an investment dealer who is a member of the Investment Dealers Association who will act as an agent for the institutions with the approved DBRS rating.

- 6.2** Investments in credit union deposits must be covered by the *Financial Institution Act* of the Province of British Columbia which provides unlimited deposit insurance protection on all deposits in British Columbia credit unions.
- 6.3** Investments shall be held in the name of the CRHC by approved institutions.
- 6.4** Investments in any one security issue shall not exceed 10% of that security issue.
- 6.5** Investments with any one financial institution shall not exceed 20% of the District's maximum annual investment portfolio.
- 6.6** The percentage limits specified in items 6.4 and 6.5 do not apply to investments made in securities of Canada, the Province, the Municipal Finance Authority of British Columbia (MFA) or pooled investments funds under section 16 of the *Municipal Finance Authority Act*.

## **7. Investment Parameters**

### **7.1 Diversification**

The CRHC will diversify its cash reserve investments by security type and institution, taking into consideration the impact on return on investment.

### **7.2 Maturity**

To the extent possible the CRHC shall attempt to match its investments with anticipated cash flow requirements. However, because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio shall be continuously invested in readily available funds to meet ongoing obligations. Long term investments may be acquired if the maturity is related to a specific program, and is made to coincide as nearly as practicable with the expected use of the funds attached to that program.

## **8. Competitive Bids**

The CRHC shall solicit competitive verbal quotations for the purchase and sale of securities when it is prudent to do so. This policy recognizes that, from time to time, offerings of value may require immediate action. Under such circumstances competitive bids may not be sought provided that value can be substantiated by market data information services.

## **9. Safekeeping and Custody**

All security transactions entered into by the CRHC shall be conducted on a delivery versus payment basis. The Treasurer must be satisfied that physical possession of the security is in possession or held by a custodial service.

## **10. Policy Review**

This policy shall be reviewed periodically by the Financial Officer to ensure congruence with changing activities of the CRHC, market conditions, technology, evolving regulatory standards and private industry best practices. In addition, to insure periodic Finance and Corporate

Services Committee review, this policy will be reconsidered each time the CRD tenders its banking services.

## 11. Reporting & Monitoring

Interest income credited to the Administration Revenue shall be reported to the Board on the Quarterly Report. Housing Corporation staff, accountant and CRD Manager – Treasury will meet at least quarterly to review CRHC investments and earned interest. Interest income shall be allocated to the reserve accounts which will be reviewed annually for fairness.

### Appendix 1

#### Dominion Bond Rating Service (DBRS) ratings on credit quality

Commercial Paper and Short Term Debt	Commercial Paper and Short Term Debt	Bond and Long Term Debt	Bond and Long Term Debt
DBRS Symbol	Credit Quality	DBRS Symbol	Credit Quality
R-1 (high)	Highest	AAA	Highest
R-1 (mid)	Superior	AA	Superior
R-1 (low)	Satisfactory	A	Satisfactory
R-2 (high)	Adequate	BBB	Adequate
R-2 (mid)	Adequate	BB	Speculative
R-2 (low)	Adequate	B	Highly Speculative
R-3 (high)	Speculative	CCC	Very Highly Speculative
R-3 (mid)	Speculative	CC	Very Highly Speculative
R-3 (low)	Speculative	C	Very Highly Speculative
D	In Arrears	D	In Arrears
NR	Not Rated		



## Appendix E: Example – Responsible Investment Rate Sensitivity Analysis

Purpose: to illustrate impact on returns with a portfolio limit of 10% for responsible investment products with lower than market returns.

**EXAMPLE:** Sensitivity on return of lowest expected return (1%) on responsible investment products with limit of 10% of total investments. Assumptions: Market Rate 2%; Lower Rate 1%; Principal \$10M.

Table 1: Earnings impact of 10% @ lower rate (1%) on \$10M

Scenario	Portfolio %	Earnings	Eff Rate
100% Market Rate	100% @ 2.0%	\$200K	2.0%
90% Market Rate 10% Lower Rate	90% @ 2.0% 10% @ 1.0%	\$190k	1.9%

### CRD PORTFOLIO SENSITIVITY:

Applying the effective rate to the average CRD portfolio holdings (Average \$250M), yields (\$250K) lower interest income. Table 2 identifies the relative sensitivity of higher % invested at lower rates.

% PORTFOLIO @ LOWER RATE		
ALLOCATION	CHANGE IN RETURN (\$)	CHANGE IN RETURN (%)
0%	0	0.00%
10%	(250,000)	-0.10%
20%	(500,000)	-0.20%
30%	(750,000)	-0.30%
40%	(1,000,000)	-0.40%
50%	(1,250,000)	-0.50%
60%	(1,500,000)	-0.60%
70%	(1,750,000)	-0.70%
80%	(2,000,000)	-0.80%
90%	(2,250,000)	-0.90%
100%	(2,500,000)	-1.00%

**REPORT TO THE FINANCE COMMITTEE  
MEETING OF WEDNESDAY, MARCH 03, 2021**

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**SUBJECT**     **Bylaw Nos. 4404 and 4405: Transfer of Individual Trunk Reserve Funds**

**ISSUE SUMMARY**

To transfer operating and equipment replacement reserve funds established under the former service structure for the Core Area and Western Communities Service to relevant reserve funds established with the new service structure, per amendment “Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020” (Bylaw No. 4304).

**BACKGROUND**

On August 12, 2020, the Board adopted Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020 (Bylaw No. 4304). As a result, costs and cost sharing of the existing services was amalgamated and combined into the new Core Area Wastewater Service (CAWW). Applicable reserve funds were established and the existing reserves are now being closed.

On October 14, 2020, the CRD Board approved and established the operating reserve by amending the operating reserve fund (ORF) to include the CAWW Service under Bylaw No. 4376. The reserve transfer Bylaw No. 4405 being proposed authorizes the transfer of funds from the existing ORFs to the new ORF.

The CAWW equipment replacement reserve fund (ERF) is pre-authorized through the existing Bylaw No. 945 “Equipment Replacement Fund By-law No. 1, 1981”. The reserve transfer bylaw being proposed authorizes the transfer of funds from the existing ERFs to the new ERF established.

The reserve transfer bylaws, presented for approval, will enable the transfer of funds from both the existing operating and equipment replacement funds to the two newly established funds.

**ALTERNATIVES**

*Alternative 1*

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4404, “Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund Transfer Bylaw No. 1, 2021”, be introduced and read a first, second, and third time;
2. That Bylaw No. 4404 be adopted;
3. That Bylaw No. 4405, “Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund Transfer Bylaw No. 1, 2021”, be introduced and read a first, second and third time; and
4. That Bylaw No. 4405 be adopted.

***Alternative 2***

The Finance Committee recommends to the Capital Regional District Board:

That Bylaw Nos. 4404 and 4405 be deferred to a future meeting pending receipt of further information.

**IMPLICATIONS**

Transferring the balances from the existing ORFs and ERFs to the new CAWW ORF and ERF is required to administer Bylaw No. 4304, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020" and to facilitate use of funds set aside for their intended purpose.

The unappropriated amounts in the individual ORFs to be transferred totals \$3,072,331 as of December 31, 2020. The appended bylaw authorizes the transfer of these funds.

The unappropriated amounts in the individual ERFs to be transferred totals \$3,687,028 as of December 31, 2020. The appended bylaw authorizes the transfer of these funds.

**CONCLUSION**

Staff are seeking committee recommendation to the Board for approval of the reserve transfer Bylaw Nos. 4404 and 4405. The reserve transfer bylaws will enable the transfer of funds from the existing operating and equipment replacement funds under Bylaw No. 2312, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995" to the two newly established and related funds under Bylaw No. 4304, "Liquid Waste Management Core Area and Western Communities Service Establishment Bylaw No. 1, 1995, Amendment Bylaw No. 3, 2020".

**RECOMMENDATION**

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4404, "Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund Transfer Bylaw No. 1, 2021", be introduced and read a first, second, and third time;
2. That Bylaw No. 4404 be adopted;
3. That Bylaw No. 4405, "Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund Transfer Bylaw No. 1, 2021", be introduced and read a first, second and third time; and
4. That Bylaw No. 4405 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: Bylaw 4404 Equipment Replacement Reserve Fund

Appendix B: Bylaw 4405 Operating Reserve Fund

CAPITAL REGIONAL DISTRICT

BYLAW NO. 4404

\*\*\*\*\*  
**A BYLAW TO AUTHORIZE THE TRANSFER OF MONIES FROM THE TRUNK EQUIPMENT  
REPLACEMENT RESERVE FUNDS TO THE CORE AREA AND WESTERN COMMUNITIES  
LIQUID WASTE MANAGEMENT SERVICE EQUIPMENT REPLACEMENT RESERVE FUND**  
\*\*\*\*\*

**WHEREAS:**

- A. The Capital Regional District established by Bylaw No. 945, the "Equipment Replacement Reserve Fund Bylaw No. 1, 1981". There is an unappropriated balance in the Trunk Sewers & Sewage Disposal Equipment Replacement Reserve Funds, established as a sub-fund under Bylaw No. 945, which amounts to three million, six hundred eighty-seven thousand, and twenty-eight (\$3,687,028 Dollars);
- B. The Regional District is empowered by sections 189 and 190 of the *Community Charter* to transfer, by bylaw, unusable capital reserve money to another capital reserve;
- C. It is deemed desirable to transfer all of the monies to the Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund, a sub-fund under Bylaw No. 945, for or in respect to replacement of machinery and or equipment necessary to support the continued operations of the service and the intent of the original reserve.

**NOW THEREFORE**, the Board of the Capital Regional District enacts as follows:

- 1. The sum of three million, six hundred eighty-seven thousand, and twenty-eight (\$3,687,028 Dollars) shall be transferred to the Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund established under Equipment Replacement Reserve Fund Bylaw No. 1, 1981 (Bylaw No. 945), for or in respect to replacement of machinery and or equipment necessary to support the continued operations of the service, from the Trunk Sewers & Sewage Disposal Equipment Replacement Reserve Fund established under Bylaw No. 945.
- 2. This bylaw may be cited as the "Core Area and Western Communities Liquid Waste Management Service Equipment Replacement Reserve Fund Transfer Bylaw No. 1, 2021".

READ A FIRST TIME THIS	th	day of	20__
READ A SECOND TIME THIS	th	day of	20__
READ A THIRD TIME THIS	th	day of	20__
ADOPTED THIS	th	day of	20__

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
CORPORATE OFFICER

**CAPITAL REGIONAL DISTRICT**

**BYLAW NO. 4405**

\*\*\*\*\*

**A BYLAW TO AUTHORIZE THE TRANSFER OF MONIES FROM THE TRUNK SEWERS  
AND SEWAGE DISPOSAL OPERATING RESERVE FUNDS TO THE CORE AREA AND  
WESTERN COMMUNITIES LIQUID WASTE MANAGEMENT SERVICE OPERATING  
RESERVE FUND**

\*\*\*\*\*

**WHEREAS:**

- A. By Bylaw 4376, the Regional District established the Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund;
- B. The Regional District is empowered by Section 189 of the *Community Charter* to transfer all or part of the amount in one reserve fund to another reserve fund;
- C. There is an unappropriated balance in the Trunk Sewers & Sewage Disposal Operating Reserve Funds, which amounts to three million, seventy-two thousand, three hundred and thirty-one (\$3,072,331 Dollars);
- D. It is deemed desirable to transfer all of the monies to the Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund for or in respect of prudent management of ongoing operations.

**NOW THEREFORE**, the Board of the Capital Regional District enacts as follows:

- 1. The sum of three million, seventy-two thousand, three hundred and thirty-one (\$3,072,331 Dollars); shall be transferred to the Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund for or in respect of prudent management of ongoing operations.
- 2. This bylaw may be cited as the "Core Area and Western Communities Liquid Waste Management Service Operating Reserve Fund Transfer Bylaw No. 1, 2021".

READ A FIRST TIME THIS

th day of

202\_

READ A SECOND TIME THIS

th day of

202\_

READ A THIRD TIME THIS

th day of

202\_

ADOPTED THIS

th day of

202\_

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CHAIR

CORPORATE OFFICER

**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 asocial 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

- 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



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

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



Making a difference...together

**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

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.

**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.

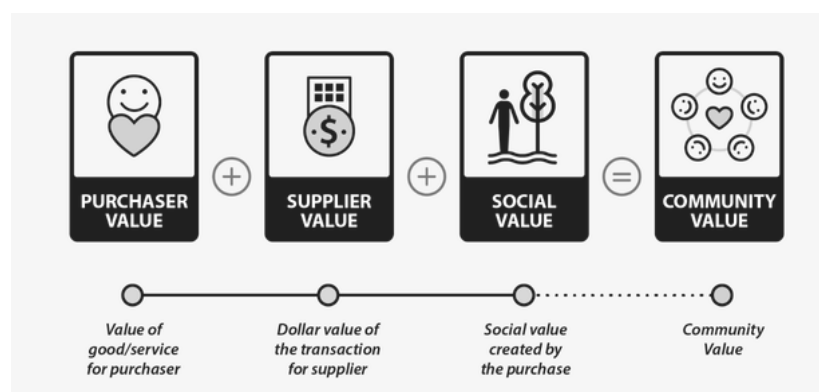
Social procurement focuses on 'best value for money' beyond just a financial transaction. Procurement becomes a tool for building healthy communities.

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.

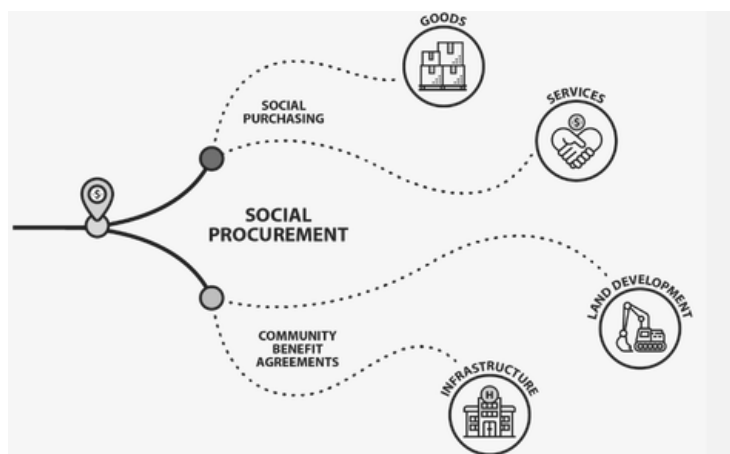


Social Procurement means leveraging a social value from your existing procurement.

## 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](mailto:osborne@tofino.ca)

## How can I learn more about CCSPI?

Contact Beth Schmidt, CCSPI Project Coordinator at [bschmidt@scalecollaborative.ca](mailto: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

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**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.