

**METRO VANCOUVER REGIONAL DISTRICT
FINANCE COMMITTEE**

MEETING

Thursday, September 14, 2023

9:00 am

**Meeting conducted in-person pursuant to the Procedure Bylaw
28th Floor Committee room, 4515 Central Boulevard, Burnaby, British Columbia**

A G E N D A¹

1. ADOPTION OF THE AGENDA

1.1 September 14, 2023 Meeting Agenda

That the Finance Committee adopt the agenda for its meeting scheduled for September 14, 2023 as circulated.

2. ADOPTION OF THE MINUTES

2.1 July 13, 2023 Meeting Minutes

That the Finance Committee adopt the minutes of its meeting held July 13, 2023 as circulated.

3. DELEGATIONS

4. INVITED PRESENTATIONS

5. REPORTS FROM COMMITTEE OR STAFF

5.1 Tree Management on Metro Vancouver Lands – Revised Board Policy

pg. 8

That the MVRD/GVS&DD/GVWD/MVHC Boards approve the revised Tree Management on Metro Vancouver Lands Policy as presented in the report dated August 11, 2023, titled “Tree Management on Metro Vancouver Lands Policy – Revised Board Policy.”

5.2 Treasury Report – April 1, 2023 to June 30, 2023

pg. 16

That the Finance Committee receive for information the report dated September 5, 2023 titled “Treasury Report – April 1, 2023 to June 30, 2023”.

¹ Note: Recommendation is shown under each item, where applicable.

5.3 Manager's Report

pg. 27

That the Finance Committee receive for information the report dated September 6, 2023, titled "Manager's Report".

6. INFORMATION ITEMS

7. OTHER BUSINESS

8. BUSINESS ARISING FROM DELEGATIONS

9. RESOLUTION TO CLOSE MEETING

Note: The Committee must state by resolution the basis under section 90 of the Community Charter on which the meeting is being closed. If a member wishes to add an item, the basis must be included below.

That the Finance Committee close its meeting scheduled for September 14, 2023 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

- 90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:
- (d) the security of the property of the municipality;
 - (g) litigation or potential litigation affecting the municipality;
 - (i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and
 - (k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

10. ADJOURNMENT/CONCLUSION

That the Finance Committee adjourn/conclude its meeting of September 14, 2023.

Membership:

West, Brad (C) – Port Coquitlam
Klassen, Mike (VC) – Vancouver
Brodie, Malcolm – Richmond
Buchanan, Linda – North Vancouver City

Hurley, Mike – Burnaby
Kooner, Pardeep – Surrey
Kruger, Dylan – Delta
MacDonald, Nicole – Pitt Meadows

Marsden, Dennis – Coquitlam
McEwen, John – Anmore
Woodward, Eric – Langley Township

**METRO VANCOUVER REGIONAL DISTRICT
FINANCE COMMITTEE**

Minutes of the Regular Meeting of the Metro Vancouver Regional District (MVRD) Finance Committee held at 9:01 am on Thursday, July 13, 2023 in the 28th Floor Committee Room, 4515 Central Boulevard, Burnaby, British Columbia.

MEMBERS PRESENT:

Chair, Mayor Brad West, Port Coquitlam
Vice Chair, Councillor Mike Klassen, Vancouver
Mayor Malcolm Brodie*, Richmond
Mayor Linda Buchanan, North Vancouver City
Councillor Pardeep Kooner, Surrey
Councillor Dylan Kruger, Delta
Councillor Dennis Marsden, Coquitlam
Mayor John McEwen, Anmore
Mayor Eric Woodward, Langley Township

MEMBERS ABSENT:

Mayor Mike Hurley, Burnaby
Mayor Nicole MacDonald, Pitt Meadows

STAFF PRESENT:

Jerry W. Dobrovolny, Chief Administrative Officer
Harji Varn, Chief Financial Officer/General Manager, Financial Services
Dean Rear, Chief Financial Officer/General Manager, Financial Services
Rapinder Khaira, Legislative Services Coordinator, Board and Information Services

1. ADOPTION OF THE AGENDA

1.1 July 13, 2023 Regular Meeting Agenda

It was MOVED and SECONDED

That the Finance Committee:

- a) amend the agenda for its regular meeting scheduled for July 13, 2023 by adding *Community Charter* section 90(1)(i) to Section 9 Resolution to Close Meeting;
and
- b) adopt the agenda as amended.

CARRIED

*denotes electronic meeting participation as authorized by section 3.6.2 of the *Procedure Bylaw*

2. ADOPTION OF THE MINUTES

2.1 June 15, 2023 Regular Meeting Minutes

It was MOVED and SECONDED

That the Finance Committee adopt the minutes of its regular meeting held June 15, 2023 as circulated.

CARRIED

3. DELEGATIONS

No items presented.

4. INVITED PRESENTATIONS

4.1 Olga Kuznetsova, VP, Financial Services, TransLink, Ralf Nielsen, Director, Enterprise Sustainability, Translink and Josh Ward, Acting Manager, Capital Assets & Government Funding, Translink

Olga Kuznetsova, VP, Financial Services, TransLink, Ralf Nielsen, Director, Enterprise Sustainability, Translink, and Josh Ward, Acting Manager, Capital Assets and Government Funding, Translink, provided an overview of the application for scope change to a previously approved Greater Vancouver Regional Fund project.

Presentation material titled “Amendment to 2021 Application for Canada Community-Building Funding from the Greater Vancouver Regional Fund” is retained with the July 13, 2023 Finance Committee agenda.

4.2 Brant Felker, Manager, Canada Community-Building Fund, Union of BC Municipalities and Glen Brown, General Manager, Victoria Operations, Union of BC Municipalities

Brant Felker, Manager, Canada Community-Building Fund, Union of BC Municipalities and Glen Brown, General Manager, Victoria Operations, Union of BC Municipalities, presented an outline of the Greater Vancouver Regional Fund Renewal process.

Presentation material titled “Canada Community-Building Fund BC” is retained with the July 13, 2023 Finance Committee agenda.

5. REPORTS FROM COMMITTEE OR STAFF

5.1 Greater Vancouver Regional Fund – Application for Scope Change to Previously Approved Project

Report dated June 21, 2023, from Mark Seinen, Senior Planner, Regional Planning and Housing Services, seeking MVRD Board approval of TransLink's proposed scope change to a previously approved Greater Vancouver Regional Fund project.

It was MOVED and SECONDED

That the MVRD Board approve the proposed scope change to TransLink's January 29, 2021 Greater Vancouver Regional Fund application as set out in the report dated June 21, 2023, titled "Greater Vancouver Regional Fund – Application for Scope Change to Previously Approved Project".

CARRIED

5.2 Greater Vancouver Regional Fund – 2022 Annual Report

Report dated June 19, 2023, from Mark Seinen, Senior Planner, Regional Planning and Housing Services, presenting the MVRD Board with TransLink's 2022 Annual Report on active projects funded through the Greater Vancouver Regional Fund.

It was MOVED and SECONDED

That the MVRD Board receive for information the report dated June 19, 2023, titled "Greater Vancouver Regional Fund – 2022 Annual Report."

CARRIED

5.3 Greater Vancouver Regional Fund – Program Overview and Renewal Process

Report dated June 21, 2023, from Mark Seinen, Senior Planner and James Stiver, Division Manager, Regional Land Use Policy, Regional Planning and Housing Services, providing the MVRD Board with an overview of the Greater Vancouver Regional Fund Program, and proposing a process for program renewal prior to its upcoming expiration in March 2024.

It was MOVED and SECONDED

That the MVRD Board direct staff to organize an MVRD Board workshop in September 2023 to review options for the renewal of the Greater Vancouver Regional Fund program.

CARRIED

5.4 MFA Fall 2023 Borrowing for Village of Anmore - MVRD Security Issuing Bylaw No. 1367, 2023

Report dated June 29, 2023, from Linda Sabatini, Director, Financial Operations, Financial Services, seeking MVRD Board adoption of the *Metro Vancouver Regional District Security Issuing Bylaw No. 1367, 2023*.

It was MOVED and SECONDED

That the MVRD Board:

- a) give consent to the request for financing from the Village of Anmore in the amount of \$2,500,000 pursuant to Sections 182(1)(b) and 182(2)(a) of the *Community Charter*;
- b) give first, second and third reading to *Metro Vancouver Regional District Security Issuing Bylaw No. 1367, 2023* being a bylaw to authorize the entering into an Agreement respecting financing between the Metro Vancouver Regional District and the Municipal Finance Authority of British Columbia;
- c) pass and finally adopt *Metro Vancouver Regional District Security Issuing Bylaw No. 1367, 2023* and forward it to the Inspector of Municipalities for Certificate of Approval.

CARRIED

5.5 Sasamat Fire Protection Service – Communication Upgrades

Report dated June 20, 2023, from Bill Duvall, Director, Corporate Safety, seeking MVRD Board approval to release up to \$30,000 from the Sasamat Fire Protection Service Communications Capital Equipment Reserve Fund to be used for radio communications infrastructure at the Belcarra and Anmore Fire Halls.

It was MOVED and SECONDED

That the MVRD Board approve the release of up to \$30,000 from the Sasamat Fire Protection Service Communications Capital Equipment Reserve Fund to be used for communication upgrades at Belcarra and Anmore Fire Halls.

CARRIED

5.6 Metro Vancouver Quarterly Financial Report – June 30, 2023

Report dated July 4, 2023, from Linda Sabatini, Director, Financial Operations, Financial Services, presenting the Finance Committee with key financial information as of June 30, 2023, the second quarter of fiscal 2023.

It was MOVED and SECONDED

That the Finance Committee receive for information the report dated July 4, 2023, titled "Metro Vancouver Quarterly Financial Report – June 30, 2023".

CARRIED

5.7 Manager's Report

Report dated July 5, 2023, from Dean Rear, Chief Financial Officer/General Manager, Financial Services, providing the Finance Committee with an update on increased transparency of contracts awarded by Metro Vancouver, and the Finance Committee 2023 Work Plan.

It was MOVED and SECONDED

That the Finance Committee receive for information the report dated July 5, 2023, titled "Manager's Report".

CARRIED

6. INFORMATION ITEMS

No items presented.

7. OTHER BUSINESS

No items presented.

8. BUSINESS ARISING FROM DELEGATIONS

No items presented.

9. RESOLUTION TO CLOSE MEETING

It was MOVED and SECONDED

That the Finance Committee close its meeting scheduled for July 13, 2023 pursuant to section 226 (1) (a) of the *Local Government Act* and the *Community Charter* provisions as follows:

90 (1) A part of a council meeting may be closed to the public if the subject matter being considered relates to or is one or more of the following:

- (g) litigation or potential litigation affecting the municipality; and
- (i) the receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

CARRIED

10. ADJOURNMENT/CONCLUSION

It was MOVED and SECONDED

That the Finance Committee adjourn its regular meeting of July 13, 2023.

CARRIED

(Time: 9:28 am)

Rapinder Khaira,
Legislative Services Coordinator

Brad West,
Chair



To: Finance Committee

From: David Leavers, Division Manager, Regional Parks, Visitor & Operations Services
Mike Mayers, Division Manager, Water Services, Watershed Operations & Protection

Date: August 11, 2023 Meeting Date: September 14, 2023

Subject: **Tree Management on Metro Vancouver Lands – Revised Board Policy**

RECOMMENDATION

That the MVRD/GVS&DD/GVWD/MVHC Boards approve the revised Tree Management on Metro Vancouver Lands Policy as presented in the report dated August 11, 2023, titled “Tree Management on Metro Vancouver Lands Policy – Revised Board Policy.”

EXECUTIVE SUMMARY

In February, 2018, a *Tree Management on Metro Vancouver Lands* board policy was approved by the Boards of MVRD, GVS&DD, GVWD, and MVHC (Metro Vancouver). The policy directs that Metro Vancouver maintain a consistent approach regarding the inspection and management of trees to ensure that its processes are aligned and standardized for risk assessment across all operating departments.

This report recommends a number of revisions to the *Tree Management on Metro Vancouver Lands* policy to continuously improve Metro Vancouver’s tree management practices. Proposed changes include new/revised definitions, an updated policy statement, and the removal of procedure based language (now that a new set of corporate procedures has been developed to support the policy). New to the policy is the inclusion of a section that imbeds direction regarding tree replacement requirements while managing for hazard trees, or when accommodating new development on Metro Vancouver lands in urban settings. The policy will require that Metro Vancouver replace any trees removed at a minimum replacement ration of 2:1 or the standard set by the local municipality, whichever is higher.

PURPOSE

To seek approval of the revised *Tree Management on Metro Vancouver Lands* policy (Attachment 1) regarding the inspection and management of trees to manage associated risks, and to establish tree replacement requirements for trees removed.

BACKGROUND

Under the *Occupier’s Liability Act*, occupiers of land and premises have a duty to take reasonable care that people and their property will be reasonable safe in using the premises. That duty of care includes the management of trees.

Metro Vancouver has extensive landholdings in urban settings with frequent interface between inhabitants, assets, and Metro Vancouver trees; in forested areas such as regional parks and

conservation areas where the public is invited to recreate; and, in wilderness areas in which there are rare interfaces between the public or staff and assets and Metro Vancouver trees.

On February 23, 2018, a *Tree Management on Metro Vancouver Lands* board policy was approved by MVRD, GVS&DD, GVWD, and MVHC (Metro Vancouver). The policy was approved to provide staff with guidance regarding the inspection and management of trees wholly or in part on Metro Vancouver Lands to ensure that processes are aligned and standardized for risk assessment across all Metro Vancouver departments.

POLICY RELATED WORK (2018-2023)

Over the past five years, staff from across the organization have worked with consultants, focused on the development of a set of corporate procedures to support the *Tree Management on Metro Vancouver Lands* policy. Procedures have been created to ensure that processes are aligned and standardized for risk assessment across all Metro Vancouver operation departments, as required by the Board policy. The procedures include direction for all operating departments including Water Services, Regional Parks, Liquid Waste Services, Metro Housing and Solid Waste Services. The procedures cover topics including:

1. Tree Risk Zoning
2. Site Types
3. On-demand Inspections
4. Scheduled Inspections
5. Tree Removal and Hazard Mitigation
6. Staff Roles and Responsibilities
7. Tree Risk Assessment Process

In addition, staff recently launched a standardized approach to managing hazard tree data throughout all Metro Vancouver operations. A database, accessed by staff through a cloud-based application and online desktop portal, was developed in-house to collect and retain all hazard tree information in order to maintain an inventory of trees and their respective inspection schedules, as required by the policy. All operating departments are required to transfer all existing records into the new database.

Over the past five years, a desire has been identified to imbed clear direction regarding tree replacement requirements while managing for hazard trees, or when accommodating new development on Metro Vancouver lands in urban settings.

PROPOSED REVISIONS TO THE POLICY

Proposed revisions to the *Tree Management on Metro Vancouver Lands* policy reference much of the work that has been completed in the last five years to continuously improve Metro Vancouver's tree management practices. These revisions are illustrated in the red-line version of the policy, included in the report as Attachment 2.

The following is a summary of proposed revisions to the policy:

Definitions

- Updated definition of “Hazard Tree” to introduce a time element;
- Introduced definition of “Metro Vancouver”;
- Updated definition of “Metro Vancouver Lands” to include lands without tenure where there is a legal assignment of the lands to Metro Vancouver; and
- Eliminated definition of “Tree Risk Rating” as it has been included in the new corporate procedures.

Policy Statement

A new policy statement is proposed that references the types of interfaces Metro Vancouver has with inhabitants, assets, and trees on Metro Vancouver Lands. The new statement introduces language regarding the priorities of public and employee safety, environmental protection, property and critical infrastructure and prudent financial management in managing a hazard tree program. The statement notes that trees will be inspected and maintained in accordance with the policy, as well as by any procedures that are in effect from time to time. The statement “in accordance with the annual budget” is added in recognition that Metro Vancouver’s ability to manage risk is limited by the financial resources available through operating budgets.

Inspection and Management of Metro Vancouver Trees

Section 1 of the policy has been revised to remove procedural language that has been moved to the new corporate procedures. The proposed policy states more emphatically that “Metro Vancouver will inspect and maintain Trees on Metro Vancouver Lands in accordance with its corporate procedures.”

Hazard Tree Abatement Actions

Section 2 of the policy has been revised to state that abatement actions will be undertaken “in accordance with corporate procedures” rather than “in accordance with the recommendations of a Qualified Tree Assessor” to be consistent with the removal of procedural language for this revised policy.

Tree Replacement

Section 3 of the policy imbeds direction for staff and consultants regarding tree replacement requirements while managing for hazard trees, or when accommodating new development on Metro Vancouver lands in urban settings. Through this revision, Metro Vancouver commits to maintaining or providing a replacement ratio of a minimum 2:1 or the standard set by local municipality, whichever is higher.

ALTERNATIVES

1. That the MVRD/GVS&DD/GVWD/MVHD Boards approve the revised Tree Management on Metro Vancouver Lands Policy as presented in the report dated August 11, 2023, titled “Tree Management on Metro Vancouver Lands Policy – Revised Board Policy.”
2. That the MVRD/GVS&DD/GVWD/MVHD Board receive for information the report dated August 11, 2023, titled “Tree Management on Metro Vancouver Lands Policy – Revised Board Policy.”

FINANCIAL IMPLICATIONS

Subject to the approval of alternative 1, staff will proceed to manage its hazard tree management program with new corporate procedures in place and within current approved 2023 budgets and bring forward any required cost increases to future budgets.

Regional Parks has proposed an additional \$150,000 increase in 2024 operating budget to become fully compliant, and currently has over \$400K to continue to manage the hazard tree management program. The relative costs for Liquid Waste Services, Regional Housing, and Solid Waste Services will be less than for Regional Parks and increases for these divisions will be proposed in future years.

Additional funding will be required in most operating departments to become fully compliant with the *Tree Management on Metro Vancouver Lands* policy over the next 15 years (the minimum inspection cycle / schedule of assessment) as different operating departments are at different stages with respect to policy implementation. Individual departments will be required to complete a tree risk zoning mapping exercise for all properties under their authority, and illustrate all urban settings. Each zoning map will identify the site type of each property (urban settings / wilderness settings). Scheduled inspections will be required for all urban settings identified with potential targets in accordance with a minimum 15-year inspection cycle. Cost estimates related to tree removal and hazard mitigation will be determined year-to-year and will be built into future budget requests. Re-occurring assessment and reduced mitigation work requirements will reduce the need for cost increases for the ongoing program over future years.

CONCLUSION

The proposed revisions to the Tree Management on Metro Vancouver Lands Policy provide increased clarity and direction on the management of trees, specifically addressing tree risk assessment practices, specific references to new operating procedures and the implementation of the new hazard tree management system. New tree replacement requirements are imbedded in the revised policy. The proposed amended policy will further align and standardize processes for tree risk assessment across all Metro Vancouver departments. Alternative 1 is recommended.

Attachments

1. Revised *Tree Management on Metro Vancouver Lands* policy
2. Current *Tree Management on Metro Vancouver Lands* policy – Red-Line Version

TREE MANAGEMENT ON METRO VANCOUVER LANDS

Effective Date: February 23, 2018 (revised September 29, 2023)

Approved By: MVRD/MVHC/GVWD/GVS&DD Boards

Policy No. GV-017**PURPOSE**

To provide direction on the inspection and management of trees wholly or in part on Metro Vancouver lands.

DEFINITIONS

“Hazard Tree” means a Tree, identified in writing by a Qualified Tree Risk Assessor, to be in such a condition that there is a substantial likelihood that all or part of the Tree will fail within the schedule of assessment, resulting in the risk of personal injury or property damage;

“Metro Vancouver” means, collectively, the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District and the Metro Vancouver Housing Corporation;

“Metro Vancouver Lands” means fee-simple and leasehold properties held by one or more of the entities comprising Metro Vancouver, but does not include lands covered by statutory rights of way, licence agreements, permits or other land tenure or access agreements, unless responsibility for Tree management is specifically assigned to Metro Vancouver in the relevant instrument;

“Qualified Tree Risk Assessor” refers to a Metro Vancouver staff person or external party who is qualified and certified under a WorkSafeBC approved program to conduct a Tree risk assessment and make recommendations for abatement of risks where a Tree is assessed as a Hazard Tree; and

“Tree” means a woody perennial plant usually having a single trunk or stem which has a diameter of at least 10 centimetres when measured from a height of 1.4 metres above the natural grade of the land and with an overall height of at least 4.5 metres.

POLICY

Metro Vancouver has extensive landholdings in urban settings with frequent interface between inhabitants, assets, and Trees; in forested areas such as regional parks and conservation areas where the public is invited to recreate; and, in wilderness settings with rare interfaces between the public or Metro Vancouver staff, assets and Trees. In managing the risks associated with its Trees, Metro Vancouver prioritizes public and employee safety, environmental protection, property and critical infrastructure and prudent financial management of the organization. Trees will be inspected and maintained in accordance with this Policy, and any procedures in effect from time to time, in a manner that reflects the priority and urgency necessary to manage the risks, in accordance with the annual budget.

BOARD POLICY

This Policy guides the inspection and management of Trees on Metro Vancouver Lands by ensuring that processes are aligned and standardized for risk assessment across all Metro Vancouver departments.

1. Inspection and Management of Metro Vancouver Trees:

- a) Where Metro Vancouver Lands contain Trees for which a failure could result in one or more of:
 - i. personal injury while using sites that are authorized for use by Metro Vancouver staff, contractors, and the public;
 - ii. damage to Metro Vancouver or adjacent property owner assets; or
 - iii. interruption in the provision of Metro Vancouver services to the public,Metro Vancouver will inspect and maintain Trees on Metro Vancouver Lands in accordance with its corporate procedures.
- b) Where Metro Vancouver Lands contain Trees which have not yet been part of a scheduled assessment, Metro Vancouver will assess and manage Trees upon receipt of a notice, whether from Metro Vancouver staff or the public, setting out a concern regarding perceived dangers posed by the Tree and the location of the Tree.

2. Hazard Tree Abatement Actions:

- Where a Tree has been assessed as a Hazard Tree, abatement actions will be undertaken in accordance with corporate procedures in order to achieve the following broad objectives:
- i. to reduce/address risk to Metro Vancouver staff and the public;
 - ii. to protect Metro Vancouver infrastructure and other assets; and
 - iii. to enhance and maintain healthy forested ecosystems in urban settings and wilderness settings.

3. Tree Replacement:

Metro Vancouver will maintain a Tree replacement program to ensure successional replacement by defining the number of appropriate replacement Trees required for every Tree removed in urban settings. While managing for Hazard Trees or when accommodating new development in urban settings, Metro Vancouver will maintain or provide a replacement ratio of a minimum of 2:1 or the standard set by local municipality, whichever is higher.

TREE MANAGEMENT ON METRO VANCOUVER LANDS

Effective Date: February 23, 2018 (revised September 29, 2023)

Approved By: MVRD/GVS&DD/GVWD/MVHC Boards

PURPOSE

To provide direction on the inspection and management of trees wholly or in part on Metro Vancouver lands.

DEFINITIONS

“**Hazard Tree**” means a Tree, identified in writing by a Qualified Tree Risk Assessor, to be in such a condition that there is a substantial likelihood that all or part of the Tree will fail within the schedule of assessment, resulting in the risk of personal injury or property damage;

“**Metro Vancouver**” means, collectively, the Metro Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District and the Metro Vancouver Housing Corporation;

“**Metro Vancouver Lands**” means fee-simple and leasehold properties held by one or more of the entities comprising Metro Vancouver, but does not include lands covered by statutory rights of way, licence agreements, permits or other land tenure or access agreements, unless responsibility for Tree management is specifically assigned to Metro Vancouver in the relevant instrument;

“**Qualified Tree Risk Assessor**” refers to a Metro Vancouver staff person or external party who is qualified and certified under a WorkSafeBC approved program to conduct a Tree risk assessment and make recommendations for abatement of risks where a Tree is assessed as a Hazard Tree; and

“**Tree**” means a woody perennial plant usually having a single trunk or stem which has a diameter of at least 10 centimetres when measured from a height of 1.4 metres above the natural grade of the land and with an overall height of at least 4.5 metres.

POLICY

Metro Vancouver has extensive landholdings in urban settings with frequent interface between inhabitants, assets, and Trees; in forested areas such as regional parks and conservation areas where the public is invited to recreate; and, in wilderness settings with rare interfaces between the public or Metro Vancouver staff, assets and Trees. In managing the risks associated with its Trees, Metro Vancouver prioritizes public and employee safety, environmental protection, property and critical infrastructure and prudent financial management of the organization. Trees will be inspected and maintained in accordance with this Policy, and any procedures in effect from time to time, in a manner that reflects the priority and urgency necessary to manage the risks, in accordance with the annual budget.

This Policy guides the inspection and management of Trees on Metro Vancouver Lands by ensuring that processes are aligned and standardized for risk assessment across all Metro Vancouver departments.

1. Inspection and Management of Metro Vancouver Trees:

(a) Where Metro Vancouver Lands contain Trees for which a failure could result in one or more of:

- i. personal injury while using sites that are authorized for use by Metro Vancouver staff, contractors, and the public;
- ii. damage to Metro Vancouver or adjacent property owner assets; or
- iii. interruption in the provision of Metro Vancouver services to the public,

Metro Vancouver will inspect and maintain Trees on Metro Vancouver Lands in accordance with its corporate procedures.

(b) Where Metro Vancouver Lands contain Trees which have not yet been part of a scheduled assessment, Metro Vancouver will access and manage Trees upon receipt of a notice, whether from Metro Vancouver staff or the public, setting out a concern regarding perceived dangers posed by the Tree and the location of the Tree.

2. Hazard Tree Abatement Actions:

Where a Tree has been assessed as a Hazard Tree, abatement actions will be undertaken in accordance with corporate procedures in order to achieve the following broad objectives:

- i. to reduce/address risk to Metro Vancouver staff and the public;
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- iii. to enhance and maintain healthy forested ecosystems in urban settings and wilderness settings.

3. Tree Replacement:

Metro Vancouver will maintain a Tree replacement program to ensure successional replacement by defining the number of appropriate replacement Trees required for every Tree removed in urban settings. While managing for Hazard Trees or when accommodating new development in urban settings, Metro Vancouver will maintain or provide a replacement ratio of a minimum of 2:1 or the standard set by local municipality, whichever is higher.

To: Finance Committee

From: Linda Sabatini, Director, Financial Operations

Date: September 5, 2023

Meeting Date: September 14, 2023

Subject: **Treasury Report – April 1, 2023 to June 30, 2023**

RECOMMENDATION

That the Finance Committee receive for information the report dated September 5, 2023 titled “Treasury Report – April 1, 2023 to June 30, 2023”.

EXECUTIVE SUMMARY

The *Corporate Investment Policy* requires that the Committee receive an investment update at least three times per year. To align with industry practices, Finance changed the reporting cycle to quarterly in 2022. This report provides the investment results for the second quarter ending June 30, 2023.

The annualized investment returns for Metro Vancouver at June 30, 2023 were 4.88% for short-term, 3.02% for long-term, and 3.28% for the cultural reserve fund. Due to timing of long-term maturities, investment performance slightly lags below benchmarks.

Total long-term borrowing for Metro Vancouver Districts for 2023 will be \$100 million (\$65M for GVS&DD and \$35M for GVWD). This is considerably less than the previous forecast due to delays in spending on capital projects.

Inflation has been trending downward for several months with June CPI at 2.8%, compared to its peak at 8.1% in June 2022. The current rate is at the high end of the Bank of Canada’s target inflation rate between 1% and 3%. To tackle inflation, over the past 18 months, the Bank of Canada (BOC) increased the overnight lending rate from 0.25% to 4.75% as of June 30, 2023. As inflation rates decrease, there is sentiment that the Bank will pause on any further rate increases.

PURPOSE

To provide the Committee with the quarterly Treasury information, including investment performance and related economic information.

BACKGROUND

The *Corporate Investment Policy* requires that an investment update be presented to the Committee at least three times per year to keep members informed of important trends related to Metro Vancouver’s investments and treasury risks. This report includes balances and performance information for the second quarter of 2023.

INVESTMENTS

Investments are grouped into four categories.

- 1) Cash and high-interest saving accounts held by Metro Vancouver are fully liquid assets and can be accessed at any time. The majority of these deposits are in pooled high-interest savings accounts of the Municipal Finance Authority of British Columbia (MFA).
- 2) Short-term investments have terms of less than one year at the time of investment. These may include bankers' acceptances, Canadian bank bonds, guaranteed investment certificates and term deposits.
- 3) Long-term investments have terms greater than one year at the time of investment. These investments may include Canadian, Provincial, and Canadian bank bonds; guaranteed investment certificates; term deposits greater than one year; and MFA pooled funds.
- 4) Cultural reserve investments are long-term investments where revenues have been set aside to fund Metro Vancouver's annual contributions to cultural activities.

Investment Returns

Table 1 summarizes the investment returns by investment category for the second quarter, with projected annualized amounts for 2023.

Table 1

2023 SUMMARY OF INVESTMENT RESULTS				
PERIOD	SHORT TERM*	LONG TERM	CULTURAL RESERVE	TOTAL**
January	0.38%	0.25%	0.19%	0.33%
February	0.37%	0.23%	0.22%	0.32%
March	0.42%	0.26%	0.29%	0.36%
April	0.42%	0.26%	0.31%	0.35%
May	0.42%	0.26%	0.32%	0.34%
June	0.43%	0.25%	0.31%	0.32%
2023 Annualized Estimate	4.88%	3.02%	3.28%	4.04%

* Includes cash and high-interest savings account balances

**Weighted average return of short-term, long-term and cultural reserve fund

Investment Performance

Table 2 summarizes the investment amounts held in the short-term, long-term, and cultural reserve portfolios and the annualized yield for each.

Table 2

INVESTMENT PORTFOLIO BREAKDOWN									
PERIOD ENDING	SHORT TERM*			LONG TERM			CULTURAL RESERVE		
	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD	\$ AMOUNT	% OF TOTAL	EST. ANNUALIZED YIELD
March 31, 2022	\$691.5M	78.70%	1.04%	\$185.0M	21.05%	2.12%	\$2.2M	0.25%	2.28%
June 30, 2022	\$503.5M	61.95%	1.33%	\$307.0M	37.78%	2.38%	\$2.2M	0.27%	2.28%
September 30, 2022	\$676.5M	68.20%	1.89%	\$313.2M	31.58%	2.53%	\$2.2M	0.22%	2.29%
December 31, 2022	\$474.5M	61.33%	2.43%	\$297.0M	38.39%	2.64%	\$2.2M	0.28%	2.29%
March 31, 2023	\$449.5M	59.63%	4.68%	\$302.1M	40.08%	2.96%	\$2.2M	0.29%	2.80%
June 30, 2023	\$176.0M	36.26%	4.88%	\$307.2M	63.29%	3.02%	\$2.2M	0.45%	3.28%

* Includes cash and high-interest savings account balances

As of June 30, 2023, the investment portfolio totaled \$485.4 million in short-term, long-term, and cultural reserve investments. Of the total \$176.0 million in short-term investments, \$126.0 million represents MFA high interest savings (“HISA”) cash accounts, earning an average interest rate of 5.29%. The remaining \$50.0 million represents short-term guaranteed investment certificates and term deposits at book value. The short-term portfolio represents 36.26% of total investments. The annualized yield for the short-term portfolio for 2023 is 4.88% (2022 - 2.43%).

The long-term portfolio held a total of \$307.2 million at book value, representing 63.29% of total investments. The annualized yield for the long-term portfolio for 2023 is 3.02% (2022 - 2.64%).

The cultural reserve portfolio held \$2.2 million at book value in fixed income investments, representing 0.45% of total investments. The annualized yield for 2023 is 3.28% (2022 - 2.29%).

Appendix 1 displays the investment performance during the period compared to benchmarks. MFA’s investments are marked to market at the end of each reporting period, resulting in higher valuations than Metro Vancouver’s investments reported at book value. Due to timing of maturities, investment performance is slightly below benchmark. Investments that are paying lower rates will be re-invested at maturity at higher yields.

Investment Holdings and Limits

Investments by counterparty as percentage of the total portfolio and the maximum limits per the policy have been included in Appendix 3.

The portfolio continues to be heavily weighted in financial institutions, with large cash holdings in anticipation of cash demands of the capital program.

Of all the investments including cash, 35.8% will mature in the next 12 months and 38.2% will mature beyond 12 months. The remaining 26.0% are held in HISA and is highly liquid. Appendix 2 summarizes the expected maturity by sector.

EMERGING RISKS AND TRENDS

Yield Curve, Rising Interest Rates and Inflation

Appendix 4 shows an inverted curve for the Government of Canada benchmark bond yields as of June 30, 2023. Yields on investments greater than one year continue to be lower than investments for less than one year. Compared to the curve over the last two years, rates are higher in the one to seven-year range. As of June 30, 2023, the 10-year Canada benchmark bonds traded at 3.2% (June 2022 – 3.3%; June 2021 – 1.4%).

Over the past 18 months, in response to increases in the inflation rate, the Bank of Canada (BOC) increased the overnight lending rate from 0.25% to 4.75%. There is an expectation that the Bank of Canada is close to the end of increasing rates to tackle inflation. The Bank of Canada target interest rate was 4.75% at June 30, 2023 and the prime rate was 6.95%.

The purchasing power of Metro Vancouver's investments diminishes more rapidly when inflation is higher. In addition, the costs for ongoing and future projects have increased. Canada's year over year inflation rate, as measured by the Canadian Consumer Price Index ("CPI") in June 2023, compared to June 2022, was 2.8%. There has been a steady decline in the inflation rate since its peak of 8.1% in June 2022.

A comparison of the CPI to MVRD's internal rate of return on investments ("IRR") is reflected in Appendix 5. The chart shows that the two rates were closely aligned until 2021, with MVRD's IRR generally higher than CPI. However, when inflation rose sharply between March 2021 and June 2022, there was a significant gap between MVRD's IRR and CPI, indicating a decline in the value of the portfolio. With inflation now falling and maturing investments converted to higher yielding products, the gap has closed and MVRD's IRR is trending higher than CPI.

The gap between CPI and MVRD's IRR, representing the "real return", is compared to MFA's long-term borrowing rate in Appendix 6. Prior to 2020, MFA's borrowing rate was between 1.6% and 3.3% higher than MVRD's real rate of return on its investments. The five-year trend shows the gap peaked in June 2022 to 9.2%, when inflation peaked. With inflation now falling and MVRD's real rate increasing, the gap is trending back to the levels prior to 2020 and was 3.3% at June 2023.

Long-term borrowing in 2023

As interest rates increase, the cost of borrowing for Metro Vancouver also increases. Treasury is carefully monitoring how these increases will affect our debt servicing costs and our budgets.

The MFA long-term borrowing rate for fall 2023 is estimated to be 4.32% based on the rate at end of June 2023. This is an increase in rates as compared to the spring 2023 rate of 4.15% and the fall 2022 rate of 4.09%.

Total long-term borrowing for Metro Vancouver Districts for 2023 will be \$100 million. This will be split \$65M in borrowing by GVS&DD and \$35M in borrowing by GVWD. This is considerably less than the previous forecast due to delays in spending on capital projects.

Temporary borrowing

Metro Vancouver's first draw using MFA's temporary borrowing credit facility was \$50M in February 2023. This was converted to long-term borrowing at MFA's spring borrowing opportunity in June 2023.

ONGOING MATTERS

Environmental, Social and Governance ("ESG")

As part of the *Corporate Investment Policy* approved on November 27, 2020, staff committed to providing an update on the Environmental, Social, and Governance (ESG) investing environment to inform the continued evolution of the Metro Vancouver's investment policy.

Although no reporting requirements exist in Canada, businesses continue to evolve and publish ESG reports. Metro Vancouver remains committed to the principles of ESG and continues to review developments in this area. Treasury staff are working with MFA and other municipalities to understand the evolving frameworks for ESG reporting.

ALTERNATIVES

This is an information report. No alternatives are presented.

FINANCIAL IMPLICATIONS

Overall portfolio returns on investments are increasing as rates increase and maturing investments are re-invested at higher yielding products. In addition, inflation continues to come down from its high levels since mid-2022. Metro Vancouver's rate of return on investments, after considering inflation, have returned to a positive amount.

CONCLUSION

Overall, the investment performance for this period has met expectations. The overall rate of return is expected to be higher over the next several months as rates continue to stay at their current levels and maturing investments are reinvested at the higher rates. A significant percentage of the portfolio will continue to be held in cash for liquidity.

Attachments

Appendix 1 - Investment Results and Comparison to Benchmarks

Appendix 2 - Investment Maturity Charts

Appendix 3 - Investment Holdings and Maximum Limit

Appendix 4 - Government of Canada Benchmark Bond Yields

Appendix 5 - Comparison of CPI Inflation to MVRD's Internal Rate of Return

Appendix 6 - Comparison of CPI Inflation less MVRD's IRR and MFA's Long-term Borrowing Rate

2023 INVESTMENT RESULTS - SHORT TERM PORTFOLIOS				
Comparison to Benchmarks				
	SHORT TERM*	ONE MONTH B/A**	THREE MONTH B/A**	MFA MONEY MARKET FUND
January	0.38%	0.38%	0.40%	0.41%
February	0.37%	0.38%	0.39%	0.41%
March	0.42%	0.39%	0.40%	0.42%
April	0.42%	0.39%	0.40%	0.41%
May	0.42%	0.39%	0.40%	0.41%
June	0.43%	0.41%	0.42%	0.42%
2023 Annualized Estimate	4.88%	4.69%	4.81%	4.97%

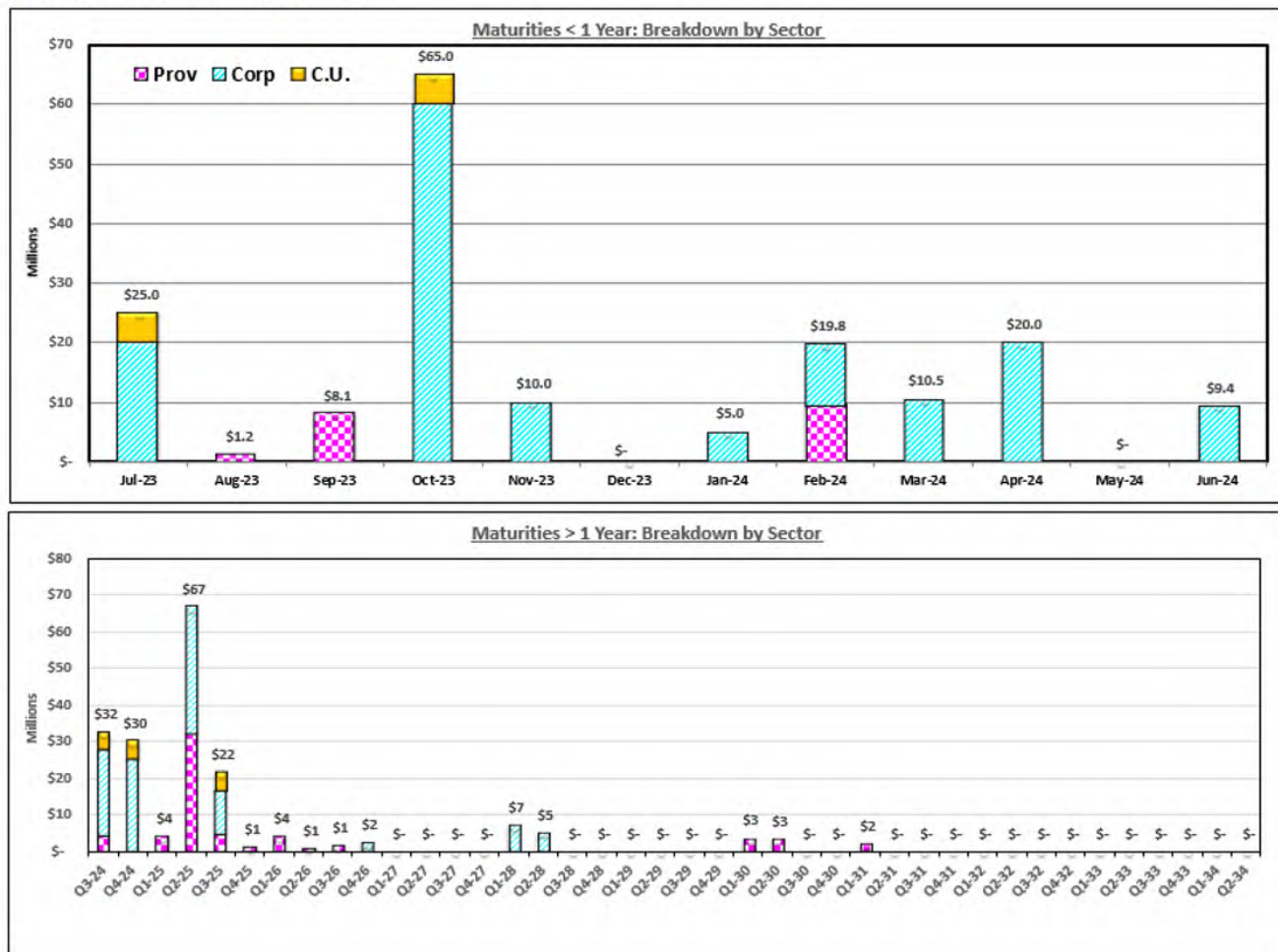
* Includes cash and high-interest savings account balances

** Per IIROC BA Rate History

2023 INVESTMENT RESULTS - LONG TERM PORTFOLIOS				
Comparison to Benchmarks				
PERIOD	LT PORTFOLIO	CULTURAL RES	MFA GOVT FOCUSED ULTRA- SHORT BOND FUND (Average Yield*)	MFA BOND FUND (Average Yield*)
January	0.25%	0.19%	0.39%	0.36%
February	0.23%	0.22%	0.39%	0.38%
March	0.26%	0.29%	0.38%	0.36%
April	0.26%	0.31%	0.38%	0.35%
May	0.26%	0.32%	0.41%	0.37%
June	0.25%	0.31%	0.43%	0.40%
2023 Annualized Estimate	3.02%	3.28%	4.75%	4.40%
Average term-to-maturity	1.48 Years	1.42 Years	0.98 Years	3.04 Years

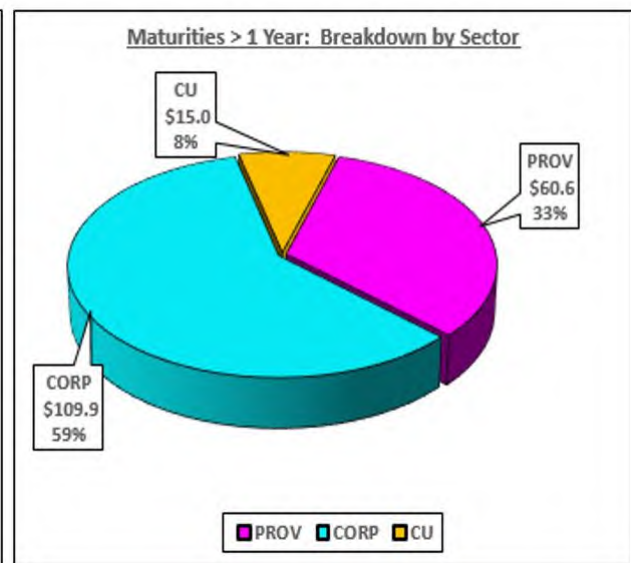
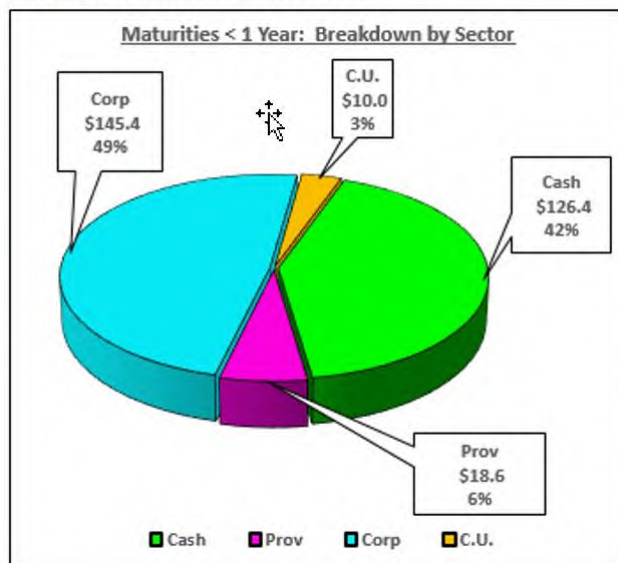
*Starting October 2020, MFA is no longer providing Average Yield in their monthly performance reports. Instead, MFA discloses the Yield to Maturity which is the total return anticipated if securities held in the fund are held until maturity.

MATURITIES BY SECTOR AS AT JUNE 30, 2023



April	0.26%	0.31%	0.38%	0.35%
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MATURITIES BY SECTOR AS AT JUNE 30, 2023



METRO VANCOUVER

INVESTMENT HOLDINGS AND LIMITS AS AT JUNE 30, 2023

	(% of total portfolio)	
	Corporate Policy Limit	Investments as at June 30, 2023
Canada	100.0%	0.0%
Provinces rated AA- or better by S&P (or equivalent)		
British Columbia	50.0%	0.0%
Saskatchewan	50.0%	0.0%
Provinces rated A- or better by S&P (or equivalent)		
Alberta	30.0%	0.0%
New Brunswick	30.0%	0.0%
Ontario	30.0%	2.8%
Quebec	30.0%	6.5%
Manitoba	50.0%	2.3%
Nova Scotia	30.0%	0.7%
Newfoundland	30.0%	0.5%
Prince Edward Island	30.0%	0.0%
Subtotal	50.0%	12.8%
Municipal Finance Authority of BC	15.0%	5.3%
<i>Government Term 11-30 years</i>	5.0%	0.0%
SCHEDULE I/II BANKS		
Bank of Montreal	20.0%	19.3%
Bank of Nova Scotia	20.0%	12.3%
CIBC	20.0%	10.2%
Royal Bank of Canada	20.0%	3.1%
TD Bank	20.0%	3.3%
HSBC Bank Canada	15.0%	2.0%
National Bank of Canada	15.0%	11.9%
Manulife Bank	15.0%	8.1%
Canadian Western Bank	15.0%	6.7%
BC CREDIT UNIONS		
Vancity	20.0%	0.0%
CoastCapital	20.0%	0.0%
Blueshore	20.0%	0.0%
First West	20.0%	0.0%
Prospera	20.0%	3.0%
Gulf & Fraser	20.0%	2.0%
Subtotal	50.0%	5.0%
<i>BC Credit Union Long 2-5 years</i>	30.0%	0.0%
Caisse Central Desjardins	5.0%	0.0%

*includes MFA HISA

*includes MFA HISA

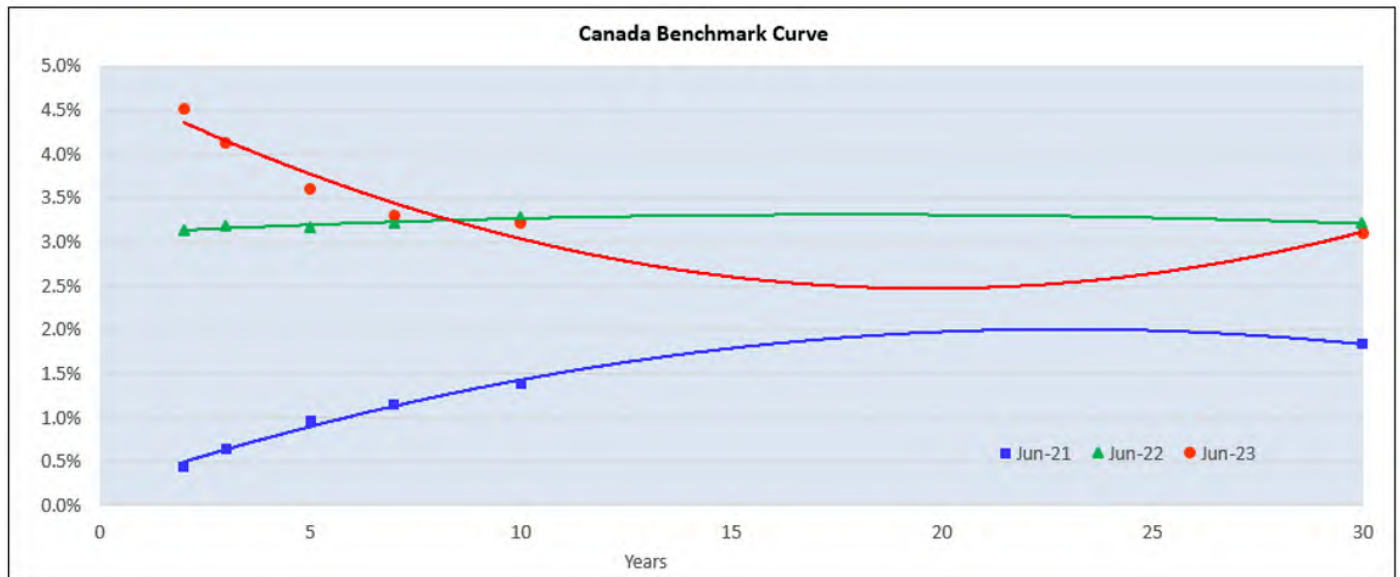
*includes HISA

*includes MFA HISA

*Includes CWB Savings & HISA

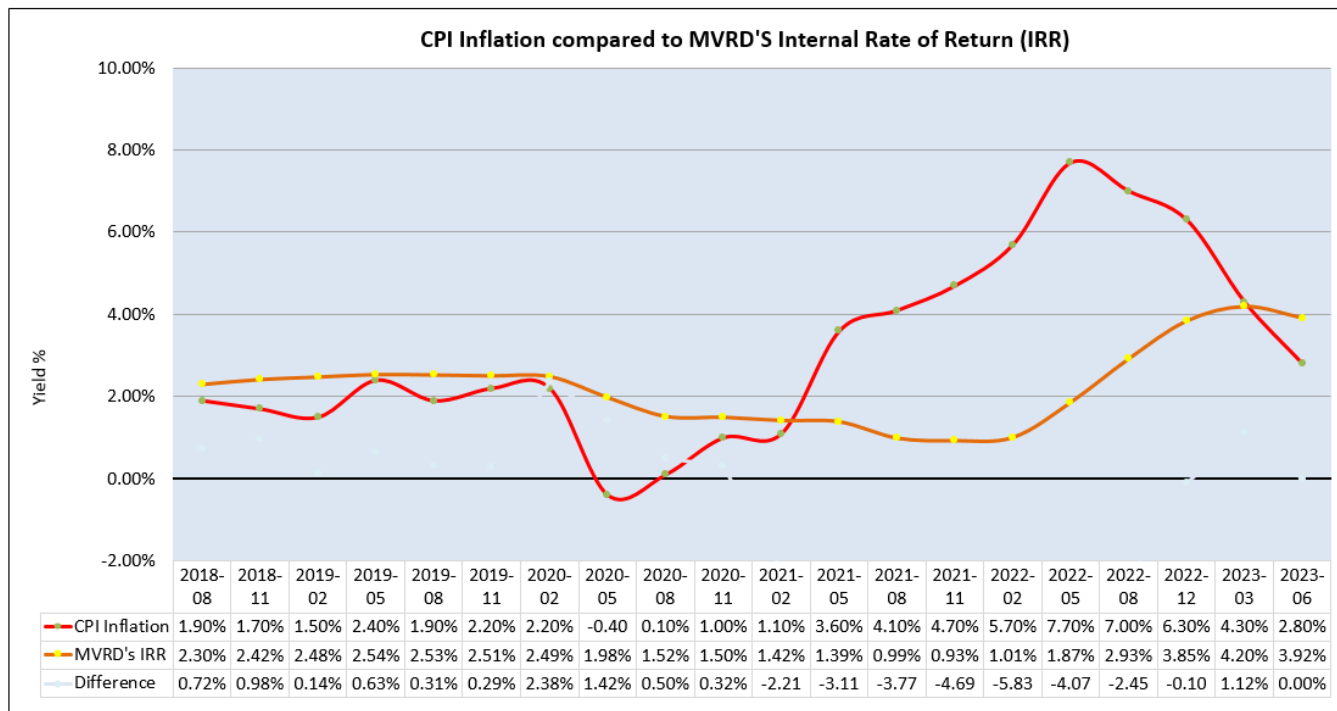
APPENDIX 4

The curve for Government of Canada benchmark bond yields as of June 2023 continues to be in an inverted shape. Yields on investments greater than one year continue to be lower than investments for less than one year. Compared to the curve over the last two years, rates are higher in the one to seven year range. As of June 30, 2023, the 10-year Canada benchmark bonds traded at 3.2% (June 2022 – 3.3%; June 2021 – 1.4%).



APPENDIX 5

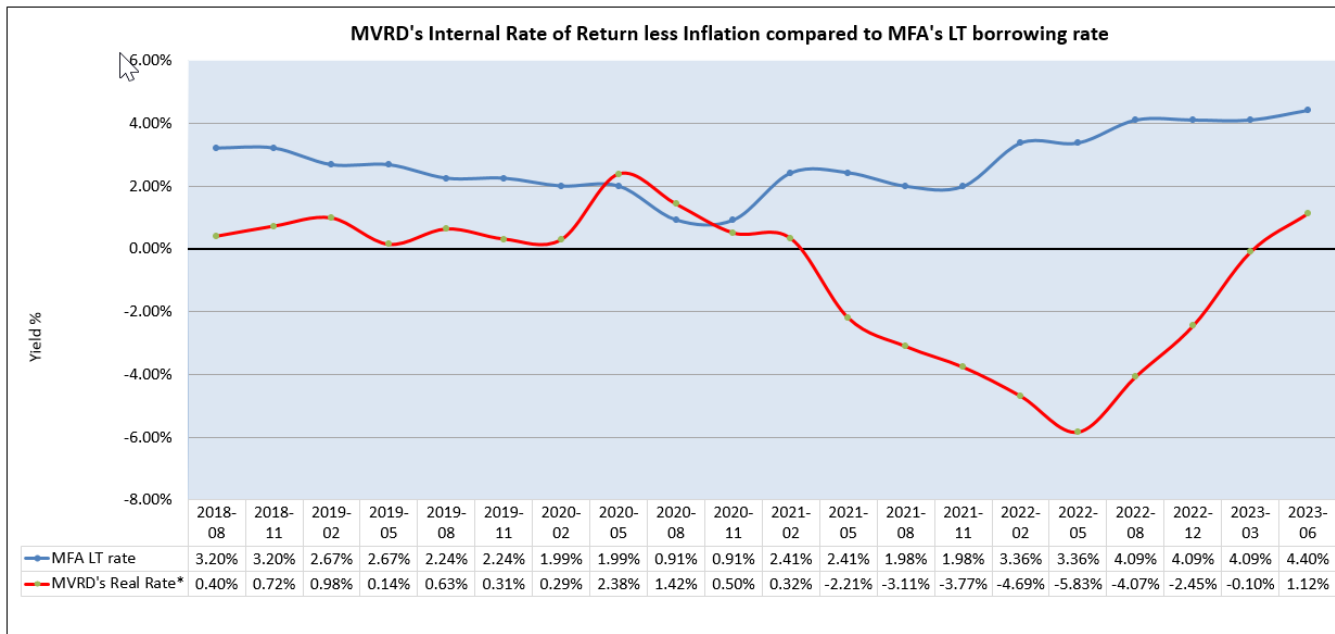
Comparing the CPI Inflation rate to MVRD's Internal Rate of Return (IRR), the CPI rate was equal to or less than MVRD's IRR from 2018 up until early 2021. In 2022, inflation rose sharply, reaching a high of 8.1% in June. The gap between the inflation rate and MVRD's IRR was also the largest at this time, but has been trending lower as inflation has come down and MVRD's investments are converted to higher yielding products increasing the IRR. As of June 30, 2023 the rate of inflation was slightly less than MVRD's IRR, resulting in a real rate of return on MVRD's investments of 1.1%.



APPENDIX 6

This graph compares MVRD's internal rate of return (IRR) less the CPI Inflation Rate to the MFA's interest rate for long-term borrowing. This is to illustrate the real rate of return MVRD is earning on its investments compared to what it is paying to borrowing from MFA long term.

Prior to 2020, MFA's borrowing rate was between 1.6% and 3.3% higher than MVRD's real rate of return on its investments. The five-year trend shows the gap peaked in June 2022 to 9.2%, when inflation peaked. With inflation now falling and MVRD's real rate increasing, the gap is trending back to the levels prior to 2020 and was at 3.3% in June 2023.



*MVRD's Real Rate is MVRD's Internal Rate of Return on Investments less the Consumer Price Index (CPI) inflation rate

To: Finance Committee

From: Harji Varn, General Manager, Financial Services
Chief Financial Officer

Date: September 6, 2023

Meeting Date: September 14, 2023

Subject: **Manager's Report**

RECOMMENDATION

That the Finance Committee receive for information the report dated September 6, 2023, titled "Manager's Report".

Finance Committee Work Plan

Attachment 1 to this report sets out the Committee's Work Plan for 2023. The status of the Committee's key priorities is shown as pending, in progress, or complete together with the quarter that each is expected to be considered by the Committee.

Update on Metro Vancouver's DCC Program

As the region continues to face significant challenges associated with population growth, post covid inflation, climate change events and overall affordability, Metro Vancouver cannot delay the delivery of critical infrastructure required to support development across the region. Regional affordability and financial sustainability are key Board priorities, and therefore the Board Chair activated a Financial Plan Task Force to explore all methods to reduce increases to the average annual rates to rate payers.

Staff approached the capital plan with a lens to moving projects of lower risk and projects that could not be completed due to market and capacity limits out of the 5-year financial plan window. This work accomplished a reduction in the 5-year capital plan of \$650M. Second, staff determined required remaining funding for the capital plan and brought forward a recommendation that aligns with the Board direction to have growth pay for growth by accelerating the development cost charge program during the 5-year financial plan window.

In April 2023, the Metro Vancouver Board endorsed moving toward a one-per-cent assist factor for water and liquid waste development cost charges (DCCs), and implementing a new parkland acquisition DCC and moving it to a 1% assist factor within the 2024-2028 Financial Plan, and directed staff to approach the 2024-2028 financial plan with targets of 12% for 2024, 11% for 2025, 5% for 2026, and 5% for 2027.

Metro Vancouver is currently analyzing the impact of DCC rate increases on the housing market, and on overall economic viability and long-range regional affordability, and will be engaging with member jurisdictions, in region First Nations, industry, and the public in the coming weeks. Starting on September 19, 2023, Metro Vancouver will be engaging on the proposed revisions to DCCs, and will be hosting online information sessions for member jurisdictions, industry, and the public. The

incremental increases in DCC's in the table below are significant, however are primarily due to significant cost increases in the Metro Vancouver capital program, and need to be phased in over three years to mitigate against ongoing inflation and potential delays in development across the region.

Please see the table below for estimated per unit costs increases to total DCCs across the region. Metro Vancouver looks forward to dialogue on the proposed DCC increases over the coming weeks and anticipates bringing forward increased rates along with the 2024 budget and 2024-2028 Financial Plan in October.

TOTAL REGIONAL DCC	Existing		Step 1		Step 2		Step 3 1%	
VSA								
Residential Lot Development Unit	\$	10,027	\$	21,941	\$	29,196	\$	34,133
Townhouse Dwelling Unit	\$	8,679	\$	19,874	\$	26,406	\$	30,861
Apartment Dwelling Unit	\$	6,249	\$	13,392	\$	17,873	\$	20,906
Non-Residential (per square foot)	\$	5.02	\$	10.84	\$	14.37	\$	16.78
NSSA								
Residential Lot Development Unit	\$	9,992	\$	21,203	\$	28,385	\$	33,214
Townhouse Dwelling Unit	\$	8,482	\$	19,277	\$	25,748	\$	30,113
Apartment Dwelling Unit	\$	6,291	\$	13,099	\$	17,548	\$	20,533
Non-Residential (per square foot)	\$	5.06	\$	10.54	\$	14.04	\$	16.40
LISA								
Residential Lot Development Unit	\$	10,005	\$	17,126	\$	24,058	\$	28,512
Townhouse Dwelling Unit	\$	8,452	\$	15,208	\$	21,423	\$	25,404
Apartment Dwelling Unit	\$	6,303	\$	10,610	\$	14,906	\$	17,663
Non-Residential (per square foot)	\$	4.93	\$	8.09	\$	11.43	\$	13.56
FSA								
Residential Lot Development Unit	\$	12,946	\$	22,886	\$	30,218	\$	35,270
Townhouse Dwelling Unit	\$	11,086	\$	20,296	\$	26,865	\$	31,375
Apartment Dwelling Unit	\$	8,530	\$	14,396	\$	18,956	\$	22,108
Non-Residential (per square foot)	\$	6.69	\$	10.95	\$	14.49	\$	16.91

Attachments (Doc# 57223374)

1. 2023 Finance Committee Work Plan

ATTACHMENT 1

Finance Committee 2023 Work Plan

Report Date: September 14, 2023

Priorities

1st Quarter	Status
Review and Endorse Committee 2023 Priorities and Work Plan	Complete
Review 2022 External Audit Plan	Complete
Review First 2023 Progress	Complete
Municipal Borrowing Requests for MFA Spring 2023 Issue (If Applicable)	Complete
2022 Summary: Tender / Contact Award Information	Complete
Financial Policy Review (as required)	Pending
Long Term Financial Plan	Complete
TransLink Federal Gas Tax Application	Complete
Development Cost Charge Update	Complete
2nd Quarter	Status
2022 Audited Financial Statements	Complete
2022 External Audit Findings Report	Complete
Review 2022 Final Results	Complete
Review Second 2023 Progress	Complete
GVS&DD DCC Revenue Fund Expenditure Bylaw	Complete
Procurement and Real Property Contracting Authority	Pending
2022 Statement of Financial Information	Complete
Wet Weather Pricing	Complete
Long Term Financial Plan	Pending
Board Budget Workshop Review	Complete
3rd Quarter	Status
Review 2023 Third Progress	Complete
Municipal Borrowing Requests for MFA Fall 2023 Issue (If Applicable)	Complete
Financial Policy Review (as required)	Pending
Long Term Financial Plan	Pending
TransLink Federal Gas Tax Report	Complete
4th Quarter	Status
Review 2023 Fourth Progress	In progress
Municipal Borrowing Requests for MFA Spring 2023 Issue (If Applicable)	Pending
Financial Policy Review (as required)	Pending
Annual Budget and Five Year Financial Plan	In progress
Long Term Financial Plan	Pending