

MINUTES of a special meeting of the COMMITTEE OF THE WHOLE of the Municipal Council of The Corporation of the District Of Oak Bay, held in the Council Chambers, Oak Bay Municipal Hall, 2167 Oak Bay Avenue, Victoria, B.C, on Thursday March 12, 2020 at 6:00 P.M.

We acknowledge that the land on which we gather is the traditional territory of the Coast and Straits Salish Peoples. Specifically we recognize the Lekwungen-speaking peoples, known today as the Songhees and Esquimalt Nations, and that their historic connections to these lands continue to this day.

PRESENT: Mayor K. Murdoch, Chair
Councillor A. Appleton
Councillor H. Braithwaite
Councillor C. Green (arrived at 6:04 p.m.)
Councillor T. Ney
Councillor E. Paterson
Councillor E.W. Zhelka (arrived at 6:07 p.m.)

STAFF: Chief Administrative Officer, L Varela
Director of Corporate Services, D. Hopkins
Director of Financial Services, C. Paine
Director of Engineering Services, D. Horan
Director of Parks, Recreation and Culture, R. Herman
Director of Strategic Initiatives, S. Bagh
Director of Building and Planning, B. Anderson
Chief Constable, A. Brinton
Fire Chief, D. Hughes
Manager of Human Resources, B. Donnelly
Superintendent of Public Works, D. Brozuk
Recorder, A. Nurvo

CALL TO ORDER:

Mayor Murdoch called the meeting to order at 6:00 p.m.

COMMUNICATIONS:

1. Oak Bay Track Resurfacing

The Director of Parks, Recreation and Culture provided a summary of his report and advised that the existing track at Oak Bay Highschool needs resurfacing. The timing of the work coincides with the upcoming Francophone Games and the organizing committee is currently raising funds for this project. The District is requested to contribute \$50,000 of the total estimated project cost of \$240,000 - \$250,000. This amount is currently not included in the draft Fine Year Financial Plan. The Director advised that there is a considerable amount of community use of the track, and in staff's opinion, it is appropriate for Council to consider this funding request.

Ms. Randi Halls, the Principal of Oak Bay High School, addressed Council and stated that three weeks of good weather is needed to remove and replace the damaged artificial turf, and that this work will be done under warranty at no cost to the School District. She stated the surface of the

track to be replaced is very different and the same problems will not arise. Ms. Halls advised that the School District and Kiwanis Club have committed funds for this project. She stated that this is a multi-stage project, with the first stage being to resurface the track, then moving forward to make the inside field more usable. She advised that the track will remain as an athletic field in the long term.

MOVED and seconded: That it be recommended that Council provide direction to staff further to the request of School District No. 61 for a District contribution of up to \$50,000 towards resurfacing the running track at Oak Bay High School.

CARRIED

2. New Construction Taxation Revenue

The Director of Financial Services provided an introduction and advised that this is new taxation revenue that did not exist in the prior year that resulted from new construction. He stated that new construction usually causes increased expenses, such as new infrastructure, policing, community services, and more, so it is prudent to set these funds aside to cover the cost of the new service expenses when they arise. Mr. Paine advised that staff recommend that these funds be added to the transfer to the reserve for infrastructure, but that Council may also choose to use these funds to offset the proposed tax rate increase.

MOVED and seconded: That it be recommended that Council direct staff to increase the reserve infrastructure for renewal budget by the amount equal to the increase in the 2020 New Development Taxation revenues.

CARRIED

Mayor Murdoch invited input from the public, but no comments were provided.

3. Summary and Overview

The Director of Financial Services reviewed a PowerPoint presentation and provided an overview of the Draft Financial Plan 2020, Version 4.

The Director of Financial Services provided a summary of impacts from COVID-19, and advised that the greatest impacts are expected to be in investment returns and Parks, Recreation and Culture revenues. Investment return forecasts are impacted due to recent Bank of Canada rate cuts. Mr. Paine advised that we do not expect any direct tax impact for 2020 but the reserve balances and sustainable funds will be impacted. Parks, Recreation and Culture revenues have been impacted to date by approximately \$10,000 due to cancellations; however these should be offset by some program expenditures also being reduced. The District could use contingency funds, or staff could request Council to amend the Financial Plan Bylaw, or any additional costs could be offset from accumulated surplus. There is also some risk to Council and staff in shifting priorities since staff is spending a significant amount of time considering policies and procedures, with the result that service delivery will be impacted.

The Director of Financial Services reviewed updates to the draft Financial Plan since Version 3. He noted that the Plan will have to be further revised to adjust investment returns and projections. He reviewed budget principles used to develop the five year Plan, the budget process and timelines. He advised that following today's meeting, unless Council makes changes to the draft Plan, staff will be directed to begin expenditures on the 2020 projects included in the Plan before adoption of the Financial Plan Bylaw. Mr. Paine said that a report will be coming to Council by

the end of March to review principles of grants-in-aid, followed by review of submitted grant applications.

MOVED and seconded: That Council remove the Francophone Games grant application from consideration as part of the general grant-in-aid funds and consider it separately.

CARRIED

The Director of Financial Services continued with an overview of the draft Financial Plan and the projected tax increases during the five year Plan, and stated that the 2020 tax increase is 8.1%, resulting in a median residential increase of \$241.

4. Asset Management

The Director of Financial Services reviewed the District's assets, the services provided, and the current Master Plans in place which were developed to support all of these assets and services. Staff have identified a sustainable funding target of \$10 million. Mr. Paine stated that the Financial Plan makes significant progress with healthy reserve contribution amounts to support our asset management practices, which in 2020 will lead to reaching 82% of the funding target.

The Director of Financial Services reviewed the types of reserves and how they are established, and advised that currently the District has reserves totaling \$47 million. He advised that life cycle costing attempts to quantify the cost of a capital asset over its life span and includes all operating, maintenance and capital costs. Mr. Paine reviewed the forecast of reserve balances over the next five years.

Council discussed the impact of the novel Coronavirus and the possibility of reviewing special projects and initiatives, as set out on page 13 of the Plan, and noted that while these do not have any direct tax impacts, they do affect staff capacity, and reconsideration may provide some available funds for whatever unforeseen circumstances may arise.

The Director of Financial Services advised that if revenues continue to fall in Parks, Recreation and Culture, the District would have to find another way of funding the shortfall, and stated that we can use contingencies or cut spending in current operations to offset the lost revenue.

Mayor Murdoch invited members of the public to speak to the matter, and there were no comments provided.

5. Parks, Recreation and Culture Capital Plan

The Director of Financial Services reviewed the capital plan for Parks, Recreation and Culture and advised that all of the items represent replacement of existing capital services in order to continue with existing service levels, with the exception of the Carnarvon Park new building and enhancements. He advised that all of the projects are funded by the capital works reserve or infrastructure renewal reserve. Staff responded to questions from Council.

Council suggested that staff prepare orders of magnitude costs for the Oak Bay Recreation Centre parking lot paving project, for Council to consider alternative configuration and use of the property.

The Director of Engineering Services advised that the amount included in the Financial Plan is strictly limited to operational maintenance of replacing the paved surface. Any further review of options on how the parking is arranged, grades, alternative coatings, or other changes, requires analysis, design and community consultation, which would affect the current funds available and staff's capacity to complete the project.

MOVED and seconded: That staff be directed to include in the Carnarvon Park design element an analysis of potential alternate uses, funding options and partnership opportunities for discussion.

CARRIED

With Councillors Paterson and Zhelka opposed

Mayor Murdoch invited public input. There were no comments provided.

6. **Engineering Services, Public Works, Sewer Utility, and Water Utility Capital Plans**

The Director of Financial Services reviewed the capital plan for Engineering Services and answered questions from Council.

Mayor Murdoch advised that Saanich has received a response from the Province that it is considering a pilot project in the fall, and that Saanich will be asking if the District wishes to participate in this region-wide pilot project to reduce speed limits to 40 km/hr, which would be confined to secondary roads, and that details of this project are still to be finalized.

RECESS AND RECONVENE:

The meeting recessed at 8:13 p.m. and reconvened at 8:18 p.m. with all members of Council present.

The Director of Financial Services reviewed the capital plan for the Public Works Department and advised that all of these items are replacing existing equipment, with no increase in scope. Staff answered questions from Council.

Council commented that it would be valuable to revise the Plan to include the average life span of major assets and equipment since this is important for Council and the public to explain the need for the replacement.

The Director of Financial Services reviewed the Sewer Utility and Water Utility capital plans and answered questions from Council.

Mayor Murdoch invited members of the public to provide comments.

Kim Colpman, Oak Bay resident, stated that she had concerns regarding the budget for storm and sewer, since there are no specific projects identified but the Master Plan shows \$800,000 allocated for 2020. She questioned how this will be spent this year, whether it will be done based on administrative discretion, and whether funds can be allocated to future projects for new development.

Mayor Murdoch advised that Council is not involved in determining funding allocation and leaves it to staff to prioritize which projects will be completed in the current year.

The Director of Engineering Services advised that the Sewer Master Plan includes a capital improvement plan, and identifies which pipes are to be replaced next, the system capacity, prioritization of projects and the associated rationale.

7. Financial Plan Wrap Up

The Director of Financial Services reviewed the summary table (page 22) setting out the major projects included in the five year Financial Plan, which includes the staff recommended priority order.

Mayor Murdoch requested if Council wished to make any changes to the Plan to reduce the 2020 tax increase. Council questioned whether the Deputy Director of Corporate Services could be delayed until next year due to the reconfiguration of Municipal Hall this year.

The Chief Administrative Officer stated this position was essential for continued functioning, to provide redundancy as well as to ensure completion of regular tasks such as agendas, minutes, and the review of committees and commissions. She advised there is no staff capacity to make use of the approved consulting budget, and those funds will cover the cost of this position.

Council asked what the plan was to accommodate staff during the Municipal Hall renovations.

The Chief Administrative Officer stated that coordinating that project is difficult for staff to do from the side of their desk, and this would be handled by the new Facilities Manager position. She stated that the project is at risk based on the ability to identify and secure suitable alternative space.

Council spoke in support of the requests for additional staffing, and noted that the District has been understaffed for many years, that providing sufficient staff is critical to be able to complete all the work that needs to be done, and that the expectations of staff from Council and the public have continued to increase.

Council reviewed the special initiatives (page 13) and noted that some items might require further decision from Council before they move forward and that there is an opportunity for Council to revisit these in the event of unforeseen financial changes.

The Director of Financial Services advised that the situation will become more clear within the next few months while staff develop the work plan and review financial resources,. He confirmed staff's commitment that in the event of significant financial impacts, the Financial Plan will be reviewed, including the identified special initiatives.

Mayor Murdoch thanked staff for the new budget process and expressed appreciation for the work of the leadership team, and stated that the tax increase is acceptable when we consider the scale of what we are attempting to accomplish.

MOVED and seconded: That staff be directed to prepare the 2020 - 2024 Financial Plan Bylaw by incorporating all Committee direction.

CARRIED

ADJOURNMENT:

8. **Motion to Adjourn**

MOVED and seconded: That the meeting be adjourned at 9:18 p.m.

CARRIED

Certified Correct:

Chair

Director of Corporate Services