

MINUTES of the BUDGET ESTIMATES COMMITTEE 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, Oak Bay, B.C., on Thursday April 5, 2018 at 5:30 PM.

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 people, known today as the Songhees and Esquimalt Nations, and that their historic connections to these lands continue to this day.

PRESENT: Mayor N. Jensen, Chair
Councillor H. Braithwaite
Councillor T. Croft
Councillor M. Kirby
Councillor T. Ney
Councillor K. Murdoch
Councillor E. Zhelka (entered the meeting at 5:37 PM)

STAFF: Acting CAO & Director of Financial Services, D. Carter
Director of Corporate Services, W. Jones
Deputy Director of Financial Services, D. Costin
Acting Director of Building and Planning, D. Jensen
Director of Engineering Services, D. Horan
Manager of Public Works, D. Brozuk
Deputy Director of Corporate Services, D. Hopkins

Mayor Jensen called the meeting to order at 5:31 PM.

The mayor introduced the process by which the Estimates Committee would consider budget items. He expressed appreciation to staff for providing the draft budget noting the complexities involved in its preparation.

The Acting CAO provided a brief introduction to the 2018 Budget noting that it is significantly guided by the Council Strategic Priorities and the Citizen Satisfaction Survey. This year the District implemented a pilot project as part of the ongoing commitment to transparency and public engagement. The Citizen Budget invited residents to advise how they would like to see property tax dollars used related to municipal services and programs.

COMMUNICATIONS

1. ***Strategic Priorities 2018 – 2019***
 - Verbal Update – Director of Corporate Services

The Director of Corporate Services provided a brief overview of Council's 2018 -2019 Strategic Priorities. He acknowledged the leadership shown by Council in identifying important matters and committing to fund them. The priorities identified by Council are funded and included in the 2018 Budget and staff are continuing to make progress on these priorities. The Director of Corporate Services noted that both the Council Strategic Priorities and the citizen identified priorities informed the budget as presented.

2. **2018 Municipal Budget**

- Memorandum. Director of Financial Services, March 30, 2018

The Acting Chief Administrative Officer and Director of Financial Services provided an overview of the 2018 budget as outlined in her memorandum to the Estimates Committee. She noted that property tax is the primary source of revenue for local governments to fund public services. The draft budget represents a 3.23% overall increase in municipal taxation but the total impact on the average single family residence was undetermined at the time of the meeting. She said that the tax lift is expected to remain under 3.23% due to the non-market change that will assist in lowering the overall tax increase.

Ms. Carter outlined the sources of the District's revenue and expenses and said that Capital expenditures are not funded exclusively by taxes, but also by other sources including grants and reserve funds. She highlighted some of the challenges included in balancing this budget. The Fire and Police Collective Agreements expired December 31, 2015 and the CUPE Collective Agreement expired December 31, 2016. The anticipated corresponding tax increase is 2.55% and contingencies are included in the budget to cover these resulting collective bargaining increases. The District's share of the Library Servicing Agreement increased and contributes to a 0.5% taxation increase.

Staff continue to work on asset management planning and associated long term financial planning. In 2017 Council redirected a portion of the Gas Tax Funds towards a separate infrastructure renewal reserve and staff recommend a similar contribution in 2018.

3. **Departmental Budgets (Operating and Capital)**

Administration & Finance:

The Acting Chief Administrative Officer and Director of Financial Services provided an overview of the 2018 budget for the Administration and Finance budget areas. The 1.97% tax increase for other taxing authorities will need to be amended once the rates are finalized for 2018. Payments in lieu will increase from the Provincial and Federal governments but will decrease from the University of Victoria.

The Director of Financial Services outlined the sources of the District's revenue and expenses. License and permits, rental revenues, and cash flow management resulted in revenue increases. Transfers from reserve funds include specific projects that were carried forward from previous years and a separate provincial transfer was received through the Gas Tax Fund for the energy loop for the recreation centre. Expenditure increases were attributed to normal step increments in salaries, and changes to benefit premiums, notably for extended health and dental, that largely offset the reduction in MSP premiums for 2018.

Capital costs included a number of carry forward projects including the purchase of financial statement software, items identified through an IT audit, phone system upgrade, Tod House Chimney maintenance and Oak Bay Marina roof and structural repairs.

Building and Planning:

The Director of Financial Services summarized the budget for the Building and Planning Department. Budget increases include salary increments and funding for the Plans Examiner

position. Additionally there are funds allocated for the secondary suites, Heritage Conservation Area, and sea level rise planning.

The Acting Director of Building and Planning and Director of Financial Services responded to questions from Council on consulting fees for sea level rise, consideration of flood mitigation planning, funds for deer control, and pest and animal control.

Engineering Services:

The Director of Engineering Services outlined the department's focus in 2018 including delivering on their strategic and multi-year capital projects and operational projects as outlined in the budget. He noted that this year's budget is similar to 2017 with some changes including reductions in the consulting budget, removal of the sundry contracts, and an increase in salaries for the Stores Operations for temporary support to respond to increasing municipal servicing and related administration. A carry forward item includes the procurement of asset management software and the final phases of the GIS upgrade remaining from 2016.

Staff responded to questions from Council about road repairs, street lighting costs, lamp standard and railing maintenance, clean water and waste water fund, cost recovery rates for storm sewers, village parking, and ticket fines.

Discussion ensued around several key projects including the traffic signal upgrade at Oak Bay Avenue and Foul Bay Road, the Henderson Water Main Project, foreshore protection funding, and consideration of asset management funding.

PUBLIC PARTICIPATION PERIOD

4. The following speakers addressed Committee during Public Participation Period:
J. Sultanum, Oak Bay Resident, asked questions and received responses from staff as follows:
 1. Question: Are there opportunities to apply for federal or provincial grants to mitigate the issues at McNeill Bay?
Response: Once the project scope is more clearly defined it will be more practical to apply for funding this project and it will be a good candidate to apply for available grants and additional funding in the future.
 2. Question: The new OCP defines several development permit areas and allows the municipality to charge fees for development permits and building permits. Why is the District not charging development permit fees?
Response: The purpose of the development permit is to ensure development guidelines of and desires of Council are achieved before obtaining a building permit, not to generate revenue. Development Cost Charges (DCCs) and Amenity Fees are currently under review and would require developers to pay for future impacts of development and provide community contributions for those impacts.

Mr. Sultanum expressed appreciation for the DCC work underway and suggested Development Permit fees be charged in addition to offset rising costs associated with increasing service requests to the Building and Planning Department.

E. Paterson, Oak Bay Resident, expressed concern over the condition of municipal infrastructure and the status of asset management. She noted that there is an improvement to infrastructure funding in the 2018 budget, but there is still a significant gap in required funding. She encourages Council to articulate why the gap exists and what the plan is to bring the infrastructure to a reasonable and acceptable state to the community.

J. Richardson, Oak Bay Resident, raised questions and received the following responses:

1. Question: What are the costs associated with the secondary suite study and how were funds spent?

Response: Funds were budgeted several years ago for several items including secondary suites, housing strategy, and infill projects. The \$60,000 included in this budget for secondary suites is the carry forward budget from those original funds.

2. Question: Is there any planning for the ongoing debt service and operational money for when the sewage treatment plan comes online? How will that be implemented, collected through taxation or an addition to existing water and sewer charges?

Response: Oak Bay has been slowly increasing costs to reduce the burden to residents. Information is not presently available but costs are ramping up and are currently being allocated through the sewer fund.

ESTIMATES BUDGET DOCUMENTS:

5. *Summary of Adjustments*

There were no adjustments made at this time.

MOVED and seconded; That the meeting of the Estimates Committee be concluded and review of the budget be continued at the next Estimates Committee Meeting scheduled for April 12, 2018, at 5:30 PM.

CARRIED

ADJOURNMENT:

The Estimates Committee meeting was adjourned at 7:50 PM.

Certified Correct:

Chair

Director of Corporate Services