

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 January 24, 2019 at 6:00 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.

COUNCIL: Mayor K. Murdoch, Chair  
Councillor, A. Appleton  
Councillor, H. Braithwaite  
Councillor, C. Green  
Councillor, T. Ney  
Councillor E. Paterson  
Councillor E.W. Zhelka (6:08 pm)

STAFF: Interim Chief Administrative Officer, L. Varela  
Director of Corporate Services, W. Jones  
Deputy Director of Corporate Services, D. Hopkins  
Director of Financial Services, D. Carter  
Director of Engineering Services, D. Horan

Mayor Murdoch called the meeting to order at 6:00 pm. He provided a brief introduction to the procedures for this strategic planning workshop session.

COMMUNICATIONS:

1. **Strategic Planning: Asset Management Program Workshop**

The Directors of Engineering Services and Financial Services presented to the Committee regarding the District's asset management including background information on the process to date and on historical Council decisions. The purpose of the presentation was to build a common knowledge base. Staff are requesting consideration of three options for asset management funding including a conservative, steady, or progressive approach that would equate to an approximate \$33 per year tax increase, or a compounding schedule of tax increases estimated to be \$33, \$66, \$100, \$135 (steady) or \$33, \$100, \$168, \$240 (progressive) for the average home in Oak Bay.

In response to questions and discussions from Committee staff indicated that the current five year financial plan includes what Council has already approved and that staff will be bringing forward additional items for Council consideration during the budget process. Staff commented that they would like to shift to a long term financial sustainability plan approach to budgeting that includes planning for 20 years and that development of this plan is scheduled be included in 2019 budget discussions. They said that funding for the completion of the necessary master plans is critical to progressing the District's asset management and infrastructure renewal programs. Staff highlighted that current funding levels, based on a 100 year replacement schedule, are insufficient to complete the present backlog of work required and prevents new work from being proposed and commenced. Staff emphasized that work done in accordance with a plan is the most efficient and cost effective approach.

Committee discussion included providing resources to enable staff to close the gap to sustainable funding that allows replacement of failing assets without acquiring debt; whether funding will primarily be through taxation increases or if other funding is available including options for borrowing; whether creating an infrastructure reserve precludes the municipality from applying for other funding opportunities; establishing an acceptable service level for the District; what resourcing challenges need to be considered in context with other strategic priorities to be included in the 2019 budget; what are the impacts of new development on municipal infrastructure; and that historical funding deficiencies result in frustration for Council, staff and citizens.

*Councillor Ney left the meeting at 7:02 pm.*

The Chair invited public input on this matter.

C. Hobson, Oak Bay resident, asked how Council will communicate a taxation increase to the community. Mr. Hobson said that Oak Bay has not been doing the minimum necessary each year and that he appreciates the progressive thinking for addressing this issue.

G. Ross, Oak Bay resident, stated his support for a more aggressive progressive funding approach to asset management. Mr. Ross asked what the measurement for debt equity is, what the impact to taxes would be, what limits were imposed by the Municipal Finance Authority (MFA) for borrowing, and whether borrowing capacity increases with additional tax increases.

The Director of Financial Services said that each time the District requests to borrow a debt servicing capacity form must be completed. Ms. Carter stated that some reserves are eligible to be used for infrastructure while others are regulated for other purposes. She estimated that debt servicing was approximately nine million dollars and confirmed that a taxation increase would result in a higher borrowing capacity.

A. Meares, Oak Bay resident, requested earlier access to agenda material. Mr. Meares commented that there only seemed to be an increase in charges for offsite services from the house to the main drain. He asked how the developers pay for all of the additional costs described in the staff presentation. Mr. Meares also suggested that Council set priorities around natural assets.

The Director of Engineering Services said that the Subdivision and Development Bylaw captures the engineering service requirements that are imposed from lot line to lot line to the centre of the road of the site and covers provision of service to the new dwellings included in the development.

J. Sultanum, Oak Bay resident, expressed appreciation for the new format for determining priorities. Mr. Sultanum asked if Financial Services had all of the necessary resources and requested that Council fund any additional requirements including staff tools, and software. He said that he was pleased to see the District moving forward with asset management.

G. Ross, Oak Bay resident, requested that detailed figures on borrowing be made available to help demonstrate the need for increases to taxpayers and to obligate successive administrations to stay with a financial plan instead of starting over after

each election cycle. Mr. Ross added that he thinks it is appropriate to pass the costs to the people who live in the dwellings and to establish a pattern that this is an ongoing expense that is amortized.

*Councillor Green left the meeting at 7:45 pm.*

In response to questions from Committee, the Director of Financial Services noted that regulations around the provincial gas tax have loosened in recent years. Ms. Carter added that previous to the last budget cycle, funds were being set aside for the Uplands Sewer Separation Project, and as of last year funds were being allocated to an infrastructure reserve that can be used for projects such as roads, storm sewers, bridges and other similar projects.

The Director of Engineering Services stated that the way to ensure availability of contractors to complete these large undertakings is to plan for these projects and to complete the design cycle a few years in advance, including costing. Mr. Horan said that this approach will allow contractors to also plan ahead and to get the necessary resources in place to facilitate completion of future planned projects.

Committee members indicated that they would like to see additional information on the impacts of borrowing on the Tax Deferral Program and what charges residents would be permitted to defer. In addition Committee noted that policy recommendations should be established to guide asset management practices, including a debt management policy to consider borrowing, and a policy for communications for reporting on capital project progress. The Committee encouraged staff to ensure that sufficient funds were allocated for communicating with the community.

ADJOURNMENT:

2. ***Motion to adjourn***

MOVED and seconded: That the meeting be adjourned.

The meeting adjourned at 8:10 pm.

Certified Correct:

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Mayor

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Deputy Director of Corporate Services