



**REPORT TO GOVERNANCE AND FINANCE COMMITTEE
MEETING OF WEDNESDAY, NOVEMBER 06, 2019**

SUBJECT **Bylaw No. 4332: 2019 to 2023 Financial Plan Bylaw, 2019, Amendment
Bylaw No. 4, 2019**

ISSUE

The 2019–2023 Financial Plan was adopted on March 20, 2019. Amendments to the Financial Plan are required to authorize the revised operating and capital expenditures.

BACKGROUND

The Capital Regional District (CRD) Board approved the 2019–2023 Financial Plan (Bylaw No. 4291) on March 20, 2019, and amended on April 10, 2019, July 12, 2019 and August 14, 2019. Amendments are required in accordance with Section 374(2) of the *Local Government Act* (LGA), which states that the financial plan may be amended at any time by bylaw to incorporate changes in budget, for certainty. As new information becomes available and pursuant with Section 374 of the LGA, the CRD Board may further revise the financial plan.

The following proposed amendments affect only 2019 in the 5-year 2019-2023 Financial Plan:

Table 1

SERVICE	DESCRIPTION	BUDGET	FUNDING	NET IMPACT	COMMITTEE / COMMISSION APPROVAL
Wills Point Fire Protection	Paving Fire Hall driveway	Capital	Reserve Fund	\$30,000	Willis Point Fire Protection & Recreation Facilities Commission – Sept 24, 2019
	Fire Department bunker gear – replace equipment	Capital	Equipment Replacement Fund	\$5,786	Willis Point Fire Protection & Recreation Facilities Commission – July 23, 2019
South Galiano Fire Protection	Install solar panels on new fire hall	Capital	Grant	\$20,000	EA Director approval of Community Works Funds (CWF) application
Pender Island Fire Protection	Install solar panels and upgrade internal lighting in fire hall	Capital	Grant	\$30,000	EA Director approval of CWF application
			Reserve Fund	\$9,997	

Table 1, continued

SERVICE	DESCRIPTION	BUDGET	FUNDING	NET IMPACT	COMMITTEE / COMMISSION APPROVAL
East Coast Interceptor	3 pumps in the ECI require new wear rings	Capital	Equipment Replacement Fund	\$25,000	N/A
Ganges Sewer Utility	Emergency replacement of outfall section	Capital	Reserve Fund	\$75,000	Emergency repair completed August 2019.
Port Renfrew Sewer	Emergency replacement of hydro pole	Capital	Reserve Fund	\$17,000	Port Renfrew Utility Service Committee – Oct 23, 2019
McPherson Theatre	Emergency building repair due to water infiltration	Capital	Reserve Fund	\$30,000	N/A
SEAPARC	Purchase fitness equipment to outfit the SEAPARC fitness gym – funding from MFA Equipment Financing Program	Capital	Debt	\$227,000	SEAPARC - Sept 12, 2019

The proposed Financial Plan amendment Bylaw No. 4332 is attached as Appendix A and an updated Schedule B, which has been adjusted for the amended capital expenditures, is attached as Appendix B.

ALTERNATIVES

Alternative 1

That the Governance and Finance Committee recommend to the Capital Regional District Board:

1. That Bylaw No. 4332, “2019 to 2023 Financial Plan Bylaw, 2019, Amendment Bylaw No. 4, 2019” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4332 be adopted.

Alternative 2

That Bylaw No. 4332 be deferred pending further analysis by CRD staff.

FINANCIAL IMPLICATIONS

Willis Point Fire Protection

When bids were received to carry out the planned capital paving work for Willis Point Fire Protection, it was strongly recommended that the asphalt thickness be increased from 2 inches to 3 inches and coverage be extended in one area to reduce the potential of edge breakage by loaded fire trucks. Additional capital funds of \$30,000 are required to complete the project, for a

total budget of \$75,000. This additional funding is from the service's capital reserve fund. This budget amendment was approved by the Willis Point Fire Protection & Recreation Facilities Commission on September 24, 2019.

The Commission also approved a budget amendment for the purchase of bunker gear of \$5,786 for the fire department, on July 23, 2019. This was funded by the service's equipment replacement fund.

South Galiano Fire Protection

The Commission applied for and received \$20,000 from the Community Works Fund (CWF) in October 2019, for the installation of solar panels on the new South Galiano Fire Hall. With the Fire Hall under construction, it was a good opportunity to install the new solar panels as part of the Fire Hall build. The solar panels will reduce operating costs for the fire department, and ultimately for the taxpayers of Galiano Island.

Pender Island Fire Protection

The Commission applied for a CWF grant in August 2019 to install new LED lighting, with solar power generation, at the Pender Island Fire Hall. A budget amendment of \$39,997 is required for this installation. \$30,000 in funding was approved under the CWF, with the balance funded from the service's capital reserve fund. It is anticipated that the internal lighting technology upgrades will be better for the environment and produce operating cost reductions for the rate payers of Pender Island.

East Coast Interceptor

Three pumps in the East Coast Interceptor service require replacement of the pump rings now, rather than the scheduled replacement in 2020, due to increased wear. This is to maintain pump efficiency, and reduce the risk of additional pump maintenance and total pump failure. A budget amendment of \$25,000 is required to replace these pump rings, and will be funded from the equipment replacement fund.

Ganges Sewer Utility

Emergency replacement of a section of the service's treatment facility outfall pipe became necessary, due to unexpected failure in August 2019. The cost of the piping replacement was \$75,000, also incurred in August 2019. This results in a capital amendment of \$75,000, to be funded by capital reserve. This amendment will be presented to the Ganges Sewer Local Services Commission in November 2019.

Port Renfrew Sewer

Emergency work at Port Renfrew's wastewater treatment plant requires a capital amendment for:

- Replacement of a hydro service pole at \$7,000; and
- Replacement of failed air diffuser piping for the activated sludge tank at \$10,000.

Both of these capital amendments have been endorsed by the Port Renfrew Utility Service Committee on October 23, 2019, and will be funded by capital reserve.

McPherson Theatre

An amendment of \$30,000 is required to repair long term water damage to the Theatre. The water damage to the building was brought to light by the excess ground water resulting from the Plaza Hotel fire in May 2019. The capital amendment will be funded by the service's capital reserve.

SEAPARC

On September 12, 2019, the Sooke and Electoral Area Parks and Recreation Commission (SEAPARC) made the decision to purchase new fitness equipment to outfit the SEAPARC Leisure Complex fitness gym, rather than lease the equipment. They approved an amendment of \$227,000 to purchase this equipment and fund it using Municipal Finance Authority equipment financing.

The amendment bylaw, No. 4332 replaces, in its entirety, the Capital Expenditure Plan (Schedule B). The new schedule becomes the revised plan which will serve as the upper limit on capital expenditures in each service.

CONCLUSION

In compliance with the *Local Government Act*, the proposed amending Bylaw No. 4332 records the changes required to the 2019 to 2023 Financial Plan Bylaw No. 4291, which the CRD Board approved in March 2019, and last amended in August 2019.

RECOMMENDATION

That the Governance and Finance Committee recommend to the Capital Regional District Board:

1. That Bylaw No. 4332, “2019 to 2023 Financial Plan Bylaw, 2019, Amendment Bylaw No. 4, 2019” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4332 be adopted.

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

BS:ngm

Attachments

Appendix A: Bylaw No. 4332, 2019 to 2023 Financial Plan, Amendment Bylaw No. 4, 2019

Appendix B: Bylaw No. 4332 Schedule B, 2019-2023 Capital Expenditure Plan