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**REPORT TO THE FINANCE COMMITTEE
MEETING OF WEDNESDAY, JULY 06, 2022**

SUBJECT Bylaw No. 4498: 2022 to 2026 Financial Plan Bylaw, 2022, Amendment No. 2, 2022

ISSUE SUMMARY

The 2022 to 2026 Financial Plan was adopted on March 16, 2022, and amended on May 11, 2022. Amendments to the Plan are required to authorize revised operating and capital expenditures.

BACKGROUND

The Capital Regional District (CRD) Board approved the 2022 to 2026 Financial Plan (Bylaw No. 4481) on March 16, 2022, and amendment Bylaw No. 4490 on May 11, 2022. 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. Additionally, if required, pursuant to Bylaw No. 3343, any increase in the staff establishment chart requires Board approval and may be presented along with the financial plan or in this case the financial plan amendment.

The following table highlights the 2022 impact of the proposed amendments to the five-year 2022-2026 Financial Plan. Additional explanations are included under the implications section of this report.

SERVICE	DESCRIPTION	BUDGET	FUNDING	NET IMPACT	COMMITTEE / COMMISSION APPROVAL
Electoral Area (EA) Fire Protection	EA Volunteer Fire Service Regulatory Review	Operating	Reserve Fund	\$100,000	CRD Board (via EAC) 10-Feb-2021
Animal Care Services	Animal Control Services Agreement with the District of Saanich	Operating	Contract Revenue	\$271,250	Staff Recommended
Salt Spring Island Pool, Parks, Land, Art & Recreation Program	Land Acquisition	Capital	Donation, Reserve Fund	\$850,000	CRD Board (via commission) 11-May-2022
Saanich Peninsula Wastewater	To include unspent funds from 2021-Concrete Tank Repairs Project	Capital	Reserve Fund	\$500,000	Saanich Peninsula Wastewater Commission 21-Oct-2021

SERVICE	DESCRIPTION	BUDGET	FUNDING	NET IMPACT	COMMITTEE / COMMISSION APPROVAL
Panorama Recreation	Greenglade Playground Replacement	Capital	Grants	\$70,000	Peninsula Recreation Commission 16-June-2022
Beddis Water	Detailed design for Beddis Water Intake Screen project	Capital	Reserve Fund	\$32,725	CRD Board (via EAC) 08-June-2022
Highland/Fernwood Water	Backup Power System	Capital	Reserve Fund	\$25,000	Highland Fernwood Water Service Commission 03-Jun-2022
	Detailed design for Onshore portion of Highland Fernwood Intake project	Capital	Reserve Fund	\$27,000	
Galiano Island Parks	Vault Toilet for Activity Centre	Capital	Reserve Fund	\$6,000	Galiano Island Parks and Recreation Commission 05-May-2022
Regional Parks	Lochside Trail Paving Sidney	Capital	Donation	\$150,000	Staff Recommended
South Galiano Fire Protection	Replace Fire Truck	Capital	Reserve	\$65,000	Staff Recommended
Environmental Resource Management	Accelerated work plan for Aggregate Production contract at Hartland Landfill	Capital	Reserve	\$2,000,000	Staff Recommended
Environmental Resource Management	Detailed design of Landfill Cells 4, 5 & 6	Capital	Reserve	\$2,000,000	Staff Recommended

The proposed Financial Plan amendment Bylaw No. 4498 incorporates these changes, and is attached as Appendix A, inclusive of an updated Schedule A & B.

ALTERNATIVES

Alternative 1

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4498, “2022 to 2026 Financial Plan Bylaw, 2022, Amendment Bylaw No. 2, 2022” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4498 be adopted; and
3. That the amended Staff Establishment Chart as attached in Appendix B be approved.

Alternative 2

That Bylaw No. 4498 be deferred pending further analysis by CRD staff.

IMPLICATIONS

Financial Implications

EA Fire Protection Coordination Service

In February 2021, the CRD Board (recommendation through EAC) directed staff to report back with operational, administrative, and governance strategies to meet and sustain regulatory compliance for EA volunteer Fire Services. Early in 2022, a Request for Qualification (RFQ) was conducted which determined a review would cost in the range of \$80,000-84,000. To advance this work, given current inflationary conditions and to allow for scope refinement, costs are estimated to be up to \$100,000. This initiative will be funded by operating reserve.

Animal Care Services

In March 2022, the CRD received a request from the District of Saanich (Saanich) for the CRD to assume animal care services within Saanich municipal boundaries. Saanich would no longer provide any animal care related services effective June 1, 2022. The CRD, under Bylaw No. 4416 authorizing Animal Care Services, can deliver the service to a municipality or public authority by way of agreement, as required. On May 9, Saanich council approved directly contracting their animal control services to the CRD based on the responsibilities as outlined in the 3-year service agreement.

The agreement began June 1, 2022, and ends on December 31, 2025, with the option for automatic renewal for two additional years ending December 31, 2027. The base contract amount is \$465,000, when prorated for 7 months in 2022, the current year impact is \$ 271,250. Each of the subsequent years will escalate by 3% annually.

This agreement also requires an amendment to the Staff Establishment Chart for the Animal Care Service to add 3.3 full time equivalent staff. In transition, auxiliary staff have been allocated to support the service.

Salt Spring Island Pool, Parks, Land, Art & Recreation Program

The CRD Board (recommendation through the local commission) has approved a capital plan for a potential land acquisition. The acquisition will be funded from reserve and donations.

Panorama Recreation

On May 10, 2022, the Federal Minister of Employment and Social Development awarded the Panorama Recreation Service a grant to install an accessible play structure, a sandbox, barrier-free flooring and other enhancement to the Greenglade Playground Replacement Project.

On June 16, 2022, the Panorama Recreation Commission recommended an amendment to the Greenglade Playground Replacement Project to incorporate the grant to increase accessible functionality of the existing \$250,000 playground replacement project.

Saanich Peninsula Wastewater

The Saanich Peninsula Wastewater Commission endorsed and approved the total project budget for the Concrete Tank Repairs as presented in the 2022-2026 five-year capital plan. An amendment to this project is required to reflect approved work to be carried forward from 2021 into the 2022 capital plan. Project timelines have been adjusted as the result of design requirements, seasonal work restrictions, and contractor availability. Completion of the overall project is still planned for 2022. This project is funded from the capital reserve.

Beddis Water

On June 8, 2022, the CRC Board (recommendation through EAC) approved an increase to the Beddis Intake Screen project, to expand the scope of the project to include onshore design work. The offshore portion was not originally contemplated in the initial design. This project is funded from the capital reserve.

Highland Fernwood Water

On June 3, 2022, the Highland Fernwood Water Commission recommended an increase to the Backup Power System project to include additional funds for detailed design costs expected for 2022. The addition will be funded from capital reserve.

Also on June 3, 2022, the commission recommended an increased scope and budget for the Highland Fernwood Intake Screen project, to accommodate onshore design work, not originally contemplated in the initial design, which is necessary for the successful completion of the project. This will be funded from capital reserve.

Galiano Island Parks

On May 5, 2022, the Galiano Island Parks and Recreation Commission recommended amendment to the 2022 capital plan to increase the total budget for the Activity Centre Vault Toilet project, to be funded by Capital Reserve Fund. This increase is necessary due to higher cost estimates.

Regional Parks

Regional Parks has received a donation from The Emerald Foundation through the Victoria Foundation to continue the work on an existing project (Redevelopment of the Lochside Trail) of

\$150,000. These funds will be combined with existing funds from the department’s paving budget, as planned, to now include the section of the trail from Ardwell Ave. to Mills Road in Sidney.

South Galiano Fire Protection Service

The South Galiano Fire Department planned the fire truck replacement for 2024 in their current capital plan, with an estimated budget of \$600,000. Supply chain delays and inflationary impacts have increased the expected lead time and total cost for the procurement process. Fire truck build and delivery times are anticipated to be up to two years in duration. As a result, staff and the society recommend the service increase the project budget by \$50,000 to \$650,000, and advance \$65,000 into 2022 from 2024, to allow the procurement process to begin this year.

Environmental Resource Management

Staff have identified that the Hartland Landfill’s Aggregate Production project requires an additional \$2,000,000 in 2022, to accelerate aggregate production work originally planned for 2023. This contractor work has advanced into 2022, to ensure aggregate is excavated ahead of construction of landfill cells 4, 5 & 6, beginning in 2023.

Staff have identified that detailed design is required earlier than planned for landfill cells 4, 5 & 6 and associated critical infrastructure, to enable construction of these landfill cells. As a result, staff recommend the service advance \$2,000,000 into 2022, from the Cell 4 Liner Installation project funding identified for 2024. This is to ensure the design of the infrastructure can happen ahead of construction of landfill cells 4, 5 & 6 beginning in 2023 and before cell 3 is full.

CONCLUSION

In compliance with the *Local Government Act*, the proposed amending Bylaw No. 4498 authorizes the changes required to the 2022 to 2026 Financial Plan Bylaw No. 4481, which the CRD Board approved on March 16, 2022, and amended on May 11, 2022.

RECOMMENDATION

The Finance Committee recommends to the Capital Regional District Board:

1. That Bylaw No. 4498, “2022 to 2026 Financial Plan Bylaw, 2022, Amendment Bylaw No. 2, 2022” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4498 be adopted; and
3. That the amended Staff Establishment Chart as attached in Appendix B be approved.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Kevin Lorette, P. Eng., MBA, Acting Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Bylaw 4498, with Schedule A & B

Appendix B: Amended 2022 Staff Establishment Chart