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**REPORT TO CAPITAL REGIONAL DISTRICT BOARD  
MEETING OF WEDNESDAY, JUNE 24, 2020**

**SUBJECT**     **Bylaw No. 4357: 2020 to 2024 Financial Plan Bylaw, 2020, Amendment Bylaw No. 2, 2020**

**ISSUE SUMMARY**

The 2020–2024 Financial Plan was adopted on March 18, 2020, and amended April 8, 2020. Amendments to the Plan are required to authorize revised operating and capital expenditures.

**BACKGROUND**

The Capital Regional District (CRD) Board approved the 2020–2024 Financial Plan (Bylaw No. 4349) on March 18, 2020 and Amendment No. 1 on April 8, 2020 (Bylaw No. 4354). 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 highlights the 2020 impact of the proposed amendments to the 5-year 2020-2024 Financial Plan.

SERVICE	DESCRIPTION	BUDGET	FUNDING	NET IMPACT	COMMITTEE / COMMISSION APPROVAL
Environmental Water Quality	Emergency replacement of the Autoclave	Capital	Equipment Replacement Fund	\$30,000	N/A*
Regional Water Supply	Emergency replacement of Sooke Lake Reservoir intake tower screen	Capital	Capital Funds on Hand	\$1,800,000	Regional Water Supply Commission May 20, 2020
	Delay completion of RWS long term strategic plan	Capital	Capital Funds on Hand	\$(400,000)	
	Deferral of St Giles & Cecilia Meter Replacements	Capital	Capital Funds on Hand	\$(1,000,000)	
	Deferral of Butchart Dam #5 construction	Capital	Capital Funds on Hand	\$(2,900,000)	

**Capital Regional District Board – June 24, 2020**  
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<b>SERVICE</b>	<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>FUNDING</b>	<b>NET IMPACT</b>	<b>COMMITTEE / COMMISSION APPROVAL</b>
Regional Water Supply	Delay start of Sooke Lake Dam Instrument System Improvements	Capital	Capital Funds on Hand	\$(550,000)	Regional Water Supply Commission May 20, 2020
	Deferral of Charters Dam decommissioning	Capital	Capital Funds on Hand	\$(750,000)	
Regional Parks	Acquisition of Regional Parks land	Capital	Reserve Fund	\$2,000,000	N/A
	Sooke Hills Wilderness Parking Lot	Capital	Capital Funds on Hand	\$(200,000)	
	Todd Creek Trestle rebuilding	Capital	Capital Funds on Hand	\$200,000	
Royal Theatre	Replace Seat Toppers	Capital	Reserve Fund	\$45,000	N/A*
Board Expenditures	Wireless Microphones & Teleconferencing	Capital	Capital Funds on Hand	\$26,600	N/A
	Board Video Distribution Equipment			\$(26,600)	
Salt Spring Island Economic Development	Economic Recovery Marketing Program	Operating	Operating Reserve Fund	\$10,000	CRD Board May 13, 2020
Beddis Water	Sky Valley Upper Reservoir Level Control Upgrade	Capital	Reserve Fund	\$32,500	CRD Board April 08, 2020
Fulford Water	Decommissioning of the Reynolds Road strainer facility	Capital	Reserve Fund	\$12,750	Fulford Water Service Commission May 07, 2020
Mayne Island Parks	Rebuild and / or replace playground equipment	Capital	Reserve Fund	\$15,000	Mayne Island Parks and Recreation Commission May 14, 2020

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<b>SERVICE</b>	<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>FUNDING</b>	<b>NET IMPACT</b>	<b>COMMITTEE / COMMISSION APPROVAL</b>
Galiano Island Parks	New Parks at DL79	Capital	Reserve Fund	\$17,000	Galiano Island Parks and Recreation Commission March 05, 2020
	Accessibility Study	Capital	Reserve Fund	\$1,500	
Salt Spring Island Park Land & Pool	Multipurpose room and pool expansion project	Capital	UBCM Grants	\$624,544	Salt Spring Island Parks and Recreation Commission May 26, 2020
	Rainbow Road Aquatic Center Electrical System Repair	Capital	Reserve Fund	\$100,000	Salt Spring Island Parks and Recreation Commission April 27, 2020
			CWF Grants	\$176,500	
Salt Spring Island Transportation	North Ganges Transportation Plan	Capital	Reserve Fund	\$870,500	Salt Spring Island Transportation Commission May 26, 2020
			Capital Funds on Hand	\$85,114	
Juan de Fuca Water Distribution	Deferral of Goldstream AC Pipe Replacement	Capital	Capital Funds on Hand	\$(4,800,000)	Juan de Fuca Water Distribution Commission June 2, 2020
	Reschedule Walfred Road Phase 2 AC pipe replacement project to 2020 from 2021	Capital	Capital Funds on Hand	\$1,200,000	

\* Approval hierarchy has these amendments submitted to Board for approval instead of through commission or committee.

The proposed Financial Plan amendment Bylaw No. 4357 is attached as Appendix A, including an updated Schedule A and B.

## **ALTERNATIVES**

### *Alternative 1*

1. That Bylaw No. 4357, “2020 to 2024 Financial Plan Bylaw, 2020, Amendment Bylaw No. 2, 2020” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4357 be adopted.

### *Alternative 2*

That Bylaw No. 4357 be deferred pending further analysis by CRD staff.

## **IMPLICATIONS**

### *Financial Implications*

#### Environmental Water Quality

Critical laboratory autoclave equipment, used to sterilize and decontaminate biohazardous material in analytical procedures has failed and needs to be replaced. This is in advance of planned equipment replacement which was near end of useful life. A budget amendment of \$30,000 is required to replace this equipment, and will be funded from the equipment replacement fund.

#### Regional Water Supply

The Sooke Lake Reservoir Intake Tower Screen has recently failed. As a result, a replacement needs to be designed, procured and installed. Replacement of the intake tower requires additional capital funds of \$1,800,000. At the May 20, 2020 meeting, the Regional Water Supply Commission recommended this capital amendment to the CRD Board with funding from capital funds on hand.

At the same meeting, the Commission recommend additional amendments to the 2020 and 2021 capital budgets. The amendments, outlined below, are to delay or defer other projects in response to the screen replacement project. These additional amendments will reflect updated project scheduling to accommodate project delivery capacity resulting from unplanned work.

Delay of the Regional Water Supply long term strategic plan, which establishes expectations for future water demand, water treatment and facilities in the region: Updated terms of reference will be completed this year and a consultant will be retained in 2020; however, \$400,000 of budgeted spending will be moved from 2020 to 2021 to complete the plan in 2021.

Deferral of St Giles & Cecilia Meters that were planned to be replaced in 2020: The project will be deferred to 2021 so that resources can be redirected to the Sooke Lake Reservoir intake tower screen replacement project. The 2020 project budget of \$1,000,000 has been deferred to 2021.

Remediation work on Butchart Dam #5 was planned for 2020. The construction phase of the project has been deferred until 2021 after work on the Kapoor Tunnel is completed in Q4 2020. The 2020 construction phase budget of \$2,900,000 has been deferred to 2021.

Improvements to the Sooke Lake Dam instrument systems will be delayed to Q3 2020 and 2021 so that staff resources can be redirected to the Sooke Lake Reservoir intake tower screen

replacement project, and additional consulting work to address technical complexities can be completed. \$550,000 of 2020 budgeted spending will be moved to 2021.

Charters Dam has been retired from the drinking water system and is being decommissioned. Construction work has been deferred from Q3 2020 to Q1 2021. The 2020 construction phase budget of \$750,000 has been deferred to 2021.

#### Regional Parks

Land Acquisition – The Regional Parks service, in consultation with the CRD Board, has identified several sites that would be beneficial to add to the Regional Parks system. For 2020, the estimated value of the land purchases would be \$2,000,000. This capital amendment will be funded by the service's Land Acquisition Fund capital reserve.

Sooke Hills Wilderness Parking Lot – As a result of a competitive tendering process, the cost to construct the parking lot project is anticipated to come in under budget. Staff recommend amending the capital budget by reducing this project budget by \$200,000.

An additional \$200,000 is required to complete the Todd Creek Trestle reconstruction. A full condition assessment of the timbers and the foundations was not possible until the trestle was disassembled in the rebuilding process and the 2013 heritage timber expert inspection (which formed the basis of the reconstruction tender) did not identify the condition issues. Staff recommend an amendment of an additional \$200,000, to be funded from capital on hand, resulting from the proposed amendment to the Sooke Hill Wilderness parking lot project above.

#### Royal Theatre

An amendment of \$45,000 is required to replace approximately 300 of the most frequently used seats in the Royal Theatre. The seats at the theatre were last replaced in 2002. The capital amendment will be funded by the service's capital reserve.

#### Board Expenditures

In response to COVID-19, CRD Boards and standing committees have moved to electronic or a combination of electronic/in-person meetings. An amendment of \$26,600 is proposed to purchase additional wireless microphones that will ensure physical distancing of participants going forward as well as facilitate the teleconference portion of meetings. A reduction to the Boardroom Video Distribution Equipment capital project of the same amount is proposed to fund this purchase.

#### Salt Spring Island Economic Development

The CRD Board approved a marketing program aimed at supporting island businesses with "buy local" in response to the COVID-19 pandemic event. The marketing program will be delivered online and require marketing and communications support, web-tech support, data collection and coordination. An amendment of \$10,000 is required to the operating budget to conduct this program. Funding will be provided from the operating reserve.

#### Beddis Water

The CRD Board approved an amendment to the capital project to repair the level control system of the Upper Sky Valley Reservoir to enable proper monitoring and to control the system automatically. An amendment of \$32,500 is required to complete this project, funded by the capital reserve.

#### Salt Spring Island Park Land & Pool

A Union of BC Municipalities (UBCM) grant of \$624,544 has been received to begin design work and construction on a multipurpose room at Rainbow Road pool. The Salt Spring Island Parks and Recreation Commission has recommended an amendment to bring forward the project spending from 2022 to 2020 to utilize this grant funding. Total spend in 2020 will be limited to the UBCM grant contribution and funded as such. The total project budget over 2020-2024 remains unchanged. However, the funding source for this portion of the project would be amended from debt funded to grant funded.

A condition assessment of the Rainbow Road pool found the electrical infrastructure in a state of urgent repair and replacement. An amendment of \$276,500 is required to carry out the required repairs and replacement of the electrical system with \$100,000 funded from the capital reserve and \$176,500 from the Community Works Fund in 2020.

#### Fulford Water

Demolition of the existing wooden structure in poor condition at the Reynolds Road Strainer Facility is urgently needed to ensure work safety, maintain a reliable and efficient level of service for potable water supply, and reduce overall risk to the area. The Fulford Water Service Commission recommended an amendment for \$12,750 required to complete this project. This will be funded by the capital reserve.

#### Mayne Island Parks

After a park inspection, the playground had to be closed until it was brought up to standard. The Mayne Island Parks and Recreation Commission determined the playground repairs and improvements should be carried out in 2020 rather than 2021 as originally planned. An amendment is recommended to move forward this capital project from 2021 to 2020. It will remain funded by the capital reserve.

#### Galiano Island Parks

Based on quotes from Requests for Proposals (RFPs), the Galiano Island Parks and Recreation Commission recommended a budget amendment of \$17,000 to install a washroom and fund increased construction costs for new parks at a new property. This additional budget will be funded from capital reserve in 2020 with no impact to other capital projects in the capital plan funded from reserve.

The Commission also recommended a budget amendment to bring forward the Accessibility Study from 2021 to 2020, in order to determine the feasibility and cost of improving accessibility of selected beach access. An amendment is required to move forward the Assessment Study of \$1,500, to be funded by the capital reserve.

#### Salt Spring Island Transportation

RFP results for completing the North Ganges Transportation Plan Phase 2 initiative requires a budget amendment to add an additional \$955,614 to fully fund the project to completion. The Salt Spring Island Transportation Commission recommended this amendment, with the associated funding of \$870,500 from the capital reserve, and \$85,114 from capital funds on hand. The original project budget was estimated at \$1,300,220.

Juan de Fuca Water Distribution

Due to the impacts of the COVID-19 pandemic event and the logistical challenges created with stakeholder engagement, the Goldstream Avenue AC Pipe Replacement project design schedule has been delayed to the fall of 2020. Construction will now begin in the spring of 2021. At the June 2, 2020 meeting, the Juan de Fuca Water Distribution Commission recommended to the CRD Board an amendment to move \$4,800,000 of 2020 budgeted construction costs to 2021. The amendment will be funded by capital funds on hand.

As a result of deferring the construction of the Goldstream Avenue AC Pipe Replacement project to 2021, Phase 2 of the Walfred Road AC Pipe Replacement program is being rescheduled to 2020 from 2021. At the same meeting, the Commission recommended an amendment to move \$1,200,000 of 2021 budgeted spending to 2020, funded by capital funds on hand.

**CONCLUSION**

In compliance with the *Local Government Act*, the proposed amending Bylaw No. 4357 authorizes the changes required to the 2020 to 2024 Financial Plan Bylaw No. 4349, which the CRD Board approved on March 18, 2020, and amended on April 8, 2020.

**RECOMMENDATION**

1. That Bylaw No. 4357, “2020 to 2024 Financial Plan Bylaw, 2020, Amendment Bylaw No. 2, 2020” be introduced and read a first, second, and third time; and
2. That Bylaw No. 4357 be adopted.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, CPA, CMA, Chief Financial Officer
Concurrence:	Kristen Morley, J.D., General Manager, Corporate Services & Corporate Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

**ATTACHMENT(S)**

Appendix A: Bylaw 4357, with Schedule A and B