

Municipality of North Cowichan

Committee of the Whole

AGENDA

Tuesday, December 15, 2020, 6:00 p.m.
Electronically

Pages

1. CALL TO ORDER

This meeting, though electronic, is open to the public. All representations to Council form part of the public record. Proceedings will be streamed live and archived at www.northcowichan.ca.

Members of the public may join this online meeting and participate in the Public Input and Question Period portions of the meeting.

- To join by computer, smartphone, or tablet, visit northcowichan.ca/virtualmeeting for instructions.
- To join by telephone, dial 1.844.426.4405, enter the meeting ID 141 845 2549, and then press # to join the meeting.

2. APPROVAL OF AGENDA

Recommendation:

That the Committee of the Whole agenda be adopted as circulated [or as amended].

3. PUBLIC INPUT

Opportunity for brief verbal and written input from public participants regarding subsequent agenda items.

- **To submit your comments in writing**, please email Agenda@northcowichan.ca by 5:00 p.m. on Monday, December 14, 2020. An Addendum Agenda, with all submissions received, will be published to the website at northcowichan.ca/agendas by 6:00 p.m. on Monday, December 14, 2020.
- **To submit your comments verbally**, use the “raise your hand” button or dial *3 on your phone to be added to the queue. Each speaker will have up to three minutes to share their comments with Council.

4. BUSINESS

4.1. Overview of the Five Year Operating Budget and Capital Expenditure Plan

3 - 105

Purpose: The General Manager of Financial and Protective Services to provide Council with an overview of the proposed 2021-2025 Operating Budget and 2021-2025 Capital Expenditure Program.

Recommendation:

That the Committee of the Whole recommends to Council:

1. That Council approve the following new positions within the 2021 Operating Budget, effective January 1, 2021
 - Procurement Manager
 - Assistant Fire Chief – Inspections
 - Planning Manager
 - Engineering Tech – Environmental.
2. That Council direct staff to add the following supplemental items to the 2021 Operating Budget.
 - [identify items to be added or removed]
3. That Council authorize that the Forest Reserve Fund be used to cover the 2021 operating budget deficit for the Forestry department while the forestry review, public engagement and First Nations consultation are ongoing.
4. That Council approve the Capital Expenditure Program as presented.
5. That Council approve, in principle, the 2021 Operating Budget; subject to a maximum 2.92% net tax increase.

5. NEW BUSINESS

6. QUESTION PERIOD

A 10-minute recess to be provided to give the public an opportunity to submit their questions by email to QP@northcowichan.ca regarding the business discussed at this meeting. Questions will be read out in the order they are received.

7. ADJOURNMENT

Recommendation:

That the meeting be adjourned at ____ p.m.

Municipality of North Cowichan

2021 – 2025 General Operating Budget

December 15, 2020

Budget Process



ns are entered
: plans and the
nual basis

Five Year Increases

2020 COVID Recovery Budget

	2020	2021	2022	2023	2024
Gross tax increase	3.12%	8.47%	5.48%	5.67%	3.96%
Less: Growth	(1.72%)	(1.00%)	(1.00%)	(1.00%)	(1.00%)
Net Tax Increase	1.40%	7.47%	4.48%	4.67%	2.96%

Budget Process to Date

- Managers prepares draft operating and capital budgets
- Senior Leadership Team reviews drafts
- Departmental Business Plans presented to Council
 - Provide context for how Departments are operationalizing Council's Strategic Plan
 - Support Council's budget deliberations

Purpose of the Meeting

- Review COVID Recovery Budget implications
- Review of Key 2021 Budget considerations
- Implications of COVID-19 Safe Restart Grant
 - Eligible Costs
 - 2020/21 Revenue shortfalls and increased operating costs
 - 2021 Eligible projects

Council's 2021 Budget Direction

- In June recovery budget based on reducing capital contribution and maximizing grants to off-set lost revenues
 - focused on taxpayer affordability
 - gradually phasing capital back in over 2021-2022
 - need for 2021 process to be flexible considering unknown future economic impacts due to COVID-19 pandemic and possible second wave
- In November COVID-19 Safe Restart Grant for Province
 - \$4.4 million

Budget 2021 Key Considerations

- Operating Budget Presentation
 - COVID recovery concept endorsed by Council in June
- No short-term direction on forestry program from UBC and Forestry Review
 - No budget for harvesting
- Budget 2020 investments to support delivery of core services deferred to 2021
 - Procurement Manager, RCMP Office Manager, Assistant Fire Chief
- \$48M in borrowing for RCMP detachment over the next three years

2021 Budget Key Considerations cont.

- Recovery Budget
 - Phased Capital cut in 2020 back over 2021 and 2022
 - To phase in return to sustainable tax levels
 - Offset lost revenues and increased expenses due to COVID (potential 2% additional tax increase)
- No longer necessary with COVID-19 Safe Restart Grant

2021 Budget Key Considerations cont.

- Capital Expenditure Plans
 - Have finalized at recovery levels
 - Based on resources available for design and construction
 - Put difference in Infrastructure Replacement Reserve or add projects
- Avoids large tax increase to get to sustainable capital levels in 2022 and 2023

COVID-19 Safe Restart Grant

- Can be used to offset increased operating expenses and lower revenue **due to COVID-19**
 - Eligible Costs
 - *Addressing revenue shortfalls*
 - *Facility reopening and operating costs*
 - *Emergency planning and response costs*
 - *Bylaw Enforcement, Fire Protection and Police*
 - *Technology to improve interconnectivity and virtual communications*
 - *Services for vulnerable persons*

COVID-19 Safe Restart Grant cont.

- Can be used to offset increased operating expenses and lower revenue due to COVID-19
 - This will save a 3% tax increase related to lower recreation revenues in 2021
 - Transforms this budget from a large increase to much more manageable one

COVID-19 Safe Restart Grant cont.

- Can be used to offset increased operating expenses and lower revenue due to COVID-19
 - Leverage grant in 2021 to improve interconnectivity and virtual communications, business continuity
 - *Long lasting benefit*
 - Service to vulnerable persons (homeless)
 - *Term Bylaw position, term Social Planning position*

COVID-19 Safe Restart Grant - Draft

Description	2020	2021	Total
Revenue Shortfall			
CAC Revenue	(240,745)	(1,011,060)	(1,251,805)
Fuller Lake Revenue	(12,327)	(117,270)	(129,597)
	(253,072)	(1,128,330)	(1,381,402)
Additional COVID Expenses	633,035	229,300	862,335
Potential new expenses		641,159	641,159
	633,035	870,459	1,503,494
Grant Allocated	886,107	1,998,789	2,884,896

Five Year Increases COVID-19 Safe Restart Grant

	2021	2022	2023	2024	2025
Gross tax increase	2.33%	5.73%	6.23%	5.73%	4.10%
Less: Growth	(1.60%)	(1.25%)	(1.25%)	(1.00%)	(1.00%)
Net Tax Increase	0.73%	4.48%	4.98%	4.73%	3.10%

Included in above					
RCMP Increase	156,220	923,855	840,251	83,901	
	0.5%	1.59%	1.83%	0.15%	

Major Cost Pressures

- New RCMP Facility will start construction in early 2021-occupancy in 2023
- ~4% increase over 2020 (~2% 2022, 2% 2023)
- Assuming
 - Temporary borrowing initially
 - Full debt payments phased in over 2021-2023

RCMP Debt – 2021 - 2025

	2021	2022	2023	2024	2025
Borrowing (Debentures)	\$21.4m	\$24.4m	\$2.2m		
Debenture Interest	156,220	803,000	1,353,400	1,401,600	1,401,600
Debenture Principal		880,750	1,885,000	1,975,500	1,975,500
Total	156,200	1,683,750	3,238,400	3,377,100	3,377,100
RCMP Share (60.5%)	94,500	1,018,350	1,958,600	2,042,500	2,042,500
Net	61,700	665,400	1,279,800	1,334,600	1,334,600

Operating Budgets - Departments

	2020 Actual Nov	2020 Budget	2021 Budget	Increase (Decrease)	% Change	% 2021 Budget
General Government	5,469,765	6,039,605	6,081,230	41,625	0.7%	15.4%
Protective Services	7,179,996	9,728,460	9,798,560	70,100	0.7%	24.8%
Engineering and Environment	1,408,797	2,169,957	2,359,250	189,293	8.7%	6.0%
Operations	5,336,058	5,817,578	5,979,810	162,232	2.8%	15.2%
Forestry	747,900	940,600	780,970	(159,630)	(17.0%)	2.0%
Planning and Building	1,569,552	1,852,627	1,786,580	(66,047)	(3.6%)	4.5%
Recreation Parks and Culture	6,090,028	8,563,775	8,708,850	145,075	1.7%	22.1%
Debt Servicing	931,428	1,698,578	1,803,700	105,122	6.2%	4.6%
Transfer to Reserves	<u>5,161</u>	<u>1,916,880</u>	<u>2,150,710</u>	<u>233,830</u>	12.2%	5.5%
Total	28,738,685	38,728,060	39,449,660	721,600	1.9%	100.0%

General Government

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Legislative (Mayor and Council)	274,709	316,540	369,190	52,650	16.6%
CAO and Communications	564,660	679,819	729,370	49,551	7.3%
Corporate Services	3,152,835	3,502,689	3,521,410	18,721	0.5%
Financial Services	940,543	997,884	1,020,460	22,576	2.3%
Common Services	679,616	939,868	843,180	(96,688)	(10.3%)
Other General Gov't	138,287	166,455	166,910	455	0.3%
Admin Recoveries	(280,885)	(563,650)	(569,290)	(5,640)	1.0%
Total	5,469,765	6,039,605	6,081,230	41,625	0.7%

Common Services

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Municipal Buildings	184,764	203,718	191,360	(\$12,358)	(6.1%)
Office	76,273	124,310	125,560	1,250	1.0%
Legal	256,462	250,000	252,500	2,500	1.0%
Consulting/Contract	69,739	240,000	186,500	(53,500)	(22.3%)
Audit	50,975	55,000	45,000	(10,000)	(18.2%)
Meetings	3,787	10,000	10,100	100	1.0%
Annual Functions	21,683	19,870	20,070	200	1.0%
Bank Charges	<u>15,934</u>	<u>36,970</u>	<u>12,090</u>	<u>(24,880)</u>	(67.3%)
Total	679,616	939,868	843,180	(96,688)	(10.3%)

Protective Services

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Police Protection	5,029,641	7,268,436	7,286,090	17,654	.2%
Bylaw Services	523,884	517,400	554,680	37,270	7%
Fire Protection	1,443,650	1,744,634	1,755,200	10,566	.6%
Other Protection	<u>182,821</u>	<u>197,990</u>	<u>202,590</u>	<u>4,600</u>	2.3%
Total	7,179,996	9,728,460	9,798,560	70,100	.7%

Police Protection

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
RCMP Contract	3,370,078	5,401,528	5,331,740	(69,788)	(1.3%)
Administration	54,782	38,141	59,240	21,099	55.3%
Clerical	789,627	844,172	906,370	62,198	7.4%
Information Services	85,068	92,342	93,880	1,538	1.7%
Crime Analyst	58,438	101,968	105,100	3,132	3.1%
Restorative Justice	7,100	7,640	7,720	80	1.0%
Building Maintenance	230,606	252,305	241,310	(10,995)	(4.4%)
Guards	<u>433,942</u>	<u>530,340</u>	<u>540,730</u>	<u>10,390</u>	2.0%
Total	5,029,641	7,268,436	7,286,090	17,654	0.2%

Fire Protection

	2020 Actual	2020 Budget	2021 Budget	Increase (Decrease)	% Change
Fire Control	57,733	43,685	38,060	(5,626)	(12.9%)
Fire Inspection	170,766	183,449	194,470	11,021	6.0%
Chemainus Fire Hall	295,523	361,771	360,690	(1,081)	(.3%)
Crofton Fire Hall	270,389	333,215	334,440	1,225	.4%
Maple Bay Fire Hall	274,204	352,665	355,740	3,075	.9%
South End Fire Hall	<u>375,035</u>	<u>469,849</u>	<u>471,800</u>	<u>1,951</u>	.4%
Total	1,443,650	1,744,634	1,755,200	10,566	.6%

Engineering and Environment

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Engineering	1,099,757	1,586,402	1,913,500	327,098	20.6%
Energy and Environment	<u>309,040</u>	<u>583,555</u>	<u>445,750</u>	<u>(137,805)</u>	(23.6%)
Total	1,408,797	2,169,957	2,359,250	189,293	8.7%

Environment

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Environmental Program	189,353	209,597	164,810	(44,787)	(21%)
Environmental Committee	0	0	10,000	10,000	100%
CAEP Update	29,067	55,160	0	(55,160)	(100%)
Community Energy Projects	0	30,600	90,000	59,400	194%
EV Charger Program	342	21,000	21,000	0	0%
Building Upgrades – Energy	17,767	0	10,000	10,000	100%
Bonsall Cr Watershed		50,000	50,500	500	1%
Somenos Cr	27,333	44,366	25,000	(19,366)	(44%)
Quamichan Lk Water Quality	24,545	148,642	50,000	(98,642)	(66.%)
Weed/Mosquito Control	<u>20,633</u>	<u>24,190</u>	<u>24,440</u>	<u>250</u>	1%
Total	309,040	583,555	445,750	(137,805)	(23.6%)

Operations

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Administration	526,010	471,242	715,000	243,758	51.7%
Garbage and Recycling	1,241,086	1,278,738	1,334,830	56,092	4.4%
Roads and Drainage	3,279,379	3,748,596	3,586,140	(162,456)	(4.3%)
Cemetery	146,130	149,635	162,150	12,515	8.4%
Wharves	<u>143,453</u>	<u>169,367</u>	<u>181,690</u>	<u>12,323</u>	7.3%
Total	5,336,058	5,817,578	5,979,810	162,232	2.8%

Roads and Drainage

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Roads	1,400,363	1,737,866	1,565,820	(172,046)	(9.9%)
Snow and Ice Removal	368,123	384,609	385,310	701	0.2%
Street Lights	399,178	472,610	502,460	29,850	6.3%
Signs and Road Marking	244,689	307,650	309,300	1,650	0.5%
Drainage	659,282	583,811	554,450	-29,361	(5.0%)
Training and Safety	63,236	85,940	87,570	1,630	1.9%
Other	<u>144,538</u>	<u>176,110</u>	<u>181,230</u>	<u>5,120</u>	2.9%
Total	3,279,379	3,748,596	3,586,140	(162,456)	-4.3%

Garbage

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Garbage Fees	1,371,681	1,389,900	1,403,800	13,900	1.0%
Garbage Collection	574,129	561,588	598,270	36,682	6.5%
Recycling	267,646	337,780	353,310	15,530	4.6%
Tipping Fees	362,582	334,920	338,270	3,350	1.0%
Other	<u>36,729</u>	<u>44,450</u>	<u>44,980</u>	<u>530</u>	1.2%
	1,241,086	1,278,738	1,334,830	56,092	4.4%
Transfer to Equipment Reserve	<u>108,920</u>	<u>108,920</u>	<u>109,920</u>	<u>1,000</u>	0.9%
Total	1,350,006	1,387,658	1,444,750	57,092	4.1%

Forestry - 2021 Options

- Harvesting pause
 - \$592,000 Deficit
- Finance deficit with Forest Reserve
- Includes balance of Forestry Review \$100,000

Forestry

	2020 Actual Nov 30	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Forestry Revenues	315,936	209,150	99,150	99,150	99,150	99,150
Forestry Expenses	<u>747,900</u>	<u>800,970</u>	<u>577,740</u>	<u>586,920</u>	<u>557,320</u>	<u>567,960</u>
Operating Surplus/(Deficit)	(431,964)	(591,820)	(478,590)	(487,770)	(458,170)	(468,810)
From Forestry Reserve	666,440	591,820	478,590	74,571	0	0
General Revenue				413,199	458,170	468,810

Planning and Building Services

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Community and Development Planning	936,645	1,193,678	1,080,720	(112,958)	(9.5%)
Building Inspection	512,453	542,729	580,450	37,721	7.0%
Economic Development – (Chem BIA)	<u>120,454</u>	<u>116,220</u>	<u>125,410</u>	<u>9,190</u>	7.9%
Total	1,569,552	1,852,627	1,786,580	(66,047)	(3.6%)

- 2020 OCP and other plans \$249,500, 2021 - \$125,000

Recreation, Parks and Facilities

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Administration	165,220	197,718	228,770	31,052	15.7%
Swimming Pools	1,784,730	3,545,846	3,588,290	42,444	1.2%
Arena	834,666	968,871	990,730	21,859	2.3%
Parks & Playgrounds	1,537,920	2,091,289	2,112,350	21,061	1.0%
Regional Library	1,533,901	1,533,901	1,560,300	26,399	1.7%
Grants in Aid	<u>233,591</u>	<u>226,150</u>	<u>228,410</u>	<u>2,260</u>	1.0%
Total	6,090,028	8,563,775	8,708,850	145,075	1.7%

Cowichan Aquatic Centre - Operating

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
CAC Revenues	436,647	1,300,655	530,340	-770,315	-59.2%
CAC Expenses	<u>2,398,951</u>	<u>3,697,248</u>	<u>3,511,240</u>	<u>-186,008</u>	-5.0%
Partners' Share – Operating	-1,962,304	-2,396,593	-2,980,900	-584,307	24.4%
Recovery %	18.20%	35.18%	15.10%		
North Cowichan	1,528,185	1,912,433	2,410,030	497,597	26.0%
Duncan	228,350	291,042	366,520	75,478	26.0%
CVRD Areas & Cowichan Tribes	<u>205,769</u>	<u>193,118</u>	<u>204,350</u>	<u>11,232</u>	5.8%
Total	1,962,304	2,396,593	2,980,900	584,307	24.4%

Fiscal Services

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Debt – Interest	528,851	791,125	895,260	104,135	13.2%
Debt - Principal	<u>402,577</u>	<u>907,453</u>	<u>908,440</u>	<u>987</u>	0.1%
Total Fiscal Services	931,428	1,698,578	1,803,700	105,122	6.2%

Changes:

- RCMP Detachment Interest \$156,220
- CAC refinanced (\$42,585)
- Maple Bay Fire Hall refinanced (\$8,320)

Contributions to Reserve

	2020 Actual	2020 Budget	2021 Budget	Budget Increase	Budget % Increase
Equipment Replacement	5,161	1,175,180	1,191,810	16,630	1.4%
Cowichan Aquatic Centre	0	125,000	125,000	0	0.0%
Agriculture	0	30,000	30,000	0	0.0%
Infrastructure Replacement	0	250,000	250,000	0	0.0%
Quamichan Lake Water	0	67,000	100,000	33,000	49.3%
IT Capital Reserve	0	62,000	240,000	178,000	287.1%
Insurance/Legal Reserve	0	50,000	50,000	0	0.0%
Climate Action/Energy	<u>0</u>	<u>157,700</u>	<u>163,900</u>	<u>6,200</u>	3.9%
Total	5,161	1,916,880	2,150,710	233,830	12.2%

Five Year Increases

COVID-19 Safe Restart Grant & Supplemental

	2021	2022	2023	2024	2025
Gross tax increase	4.52%	5.60%	5.58%	5.65%	4.08%
Less: Growth	(1.60%)	(1.25%)	(1.25%)	(1.00%)	(1.00%)
Net Tax Increase	2.92%	4.35%	4.38%	4.65%	3.08%

2021 New Position Requests

	Salary and Benefits	2021 Tax Increase
Procurement Manager	112,800	
Assistant Fire Chief - Inspections	112,800	
Planning Manager	134,000	
Engineering Tech - Environmental	77,600	
Total	437,200	~1.4%

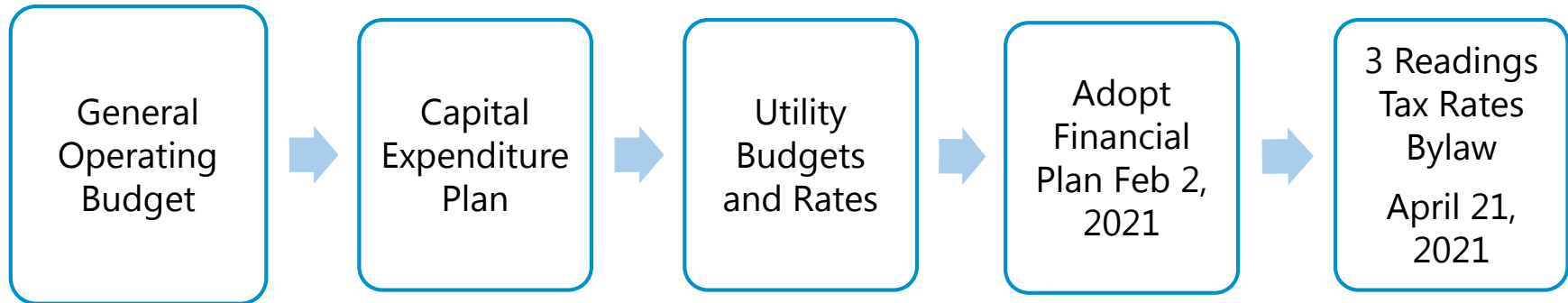
Supplemental Items

Supplemental Items – From Business Plans		Potential 2021 Budget	Funding
Parks and Rec:	Cemetery Master Plan	75,000	Taxes
Engineering :	Ten Year Capital Plan	40,000	Taxes
	Subdivision Bylaw Update	50,000	Taxes
Environmental Services:			
	CAEP Implementation	120,000	CAEP
	Somenos Creek/Lake Management Plan	25,000	Taxes
	Chemainus River Watershed Management Plan	50,000	Taxes
	Biodiversity Protection Policy	25,000	CAEP

Five Year – Staffing Requests

2021	2022	2023	2024	2025
Procurement Coordinator	Program and Events Coordinator	Client Support Specialist	Ability Management/ Return to Work Assistant	Assistant Fire Chief
Assistant Fire Chief Inspections/Prevention	Building Clerk	Parks Employee		
Senior Planner	Planning Technician	Utilities Operator		
Engineering Technologist	Business Applications Specialist	Engineering Admin		
	Assistant Fire Chief Training			

Budget Process - Council



Meeting Schedule -Amended

DATE	MEETING	ITEM
Dec 15, 2020	COW	Operating and Capital Budgets
Jan 12, 2021	COW	Grant and Aid Review and Supplemental Requests
Jan 26, 2021	COW	Utility Budget and Rates Review
TBD	COW	Finalize Financial Plan and Capital Expenditure Plan for Bylaws
Feb 2, 2021	COUNCIL	Financial Plan introduced for first three readings
Feb 17, 2021	COUNCIL	Adopt Financial Plan Bylaws
Feb 9, 2021	COW	Workshop on distribution of tax rates
Feb 23, 2021	COW	Tax Distribution & Finalize Tax Rates
April 15, 202	COUNCIL	Financial Plan introduced for first three readings
April 15, 2021	COUNCIL	Tax Rates Bylaw introduced for first three readings
May 1, 2021	COUNCIL	Adopt Tax Rates and Financial Plan Bylaws

Questions?

Municipality of North Cowichan 2021 – 2025 Capital Expenditure Program

December 15, 2020

Sources of Financing

- Capital projects are financed through a variety of sources including:
 - General Revenue
 - Gas Tax Revenue
 - Appropriated Surplus
 - Reserve Funds
 - Development Cost Charges
 - Government Grants
 - Other Contributions/Cost Sharing Arrangements
 - Debt
- Only general revenue is funded directly from property taxes

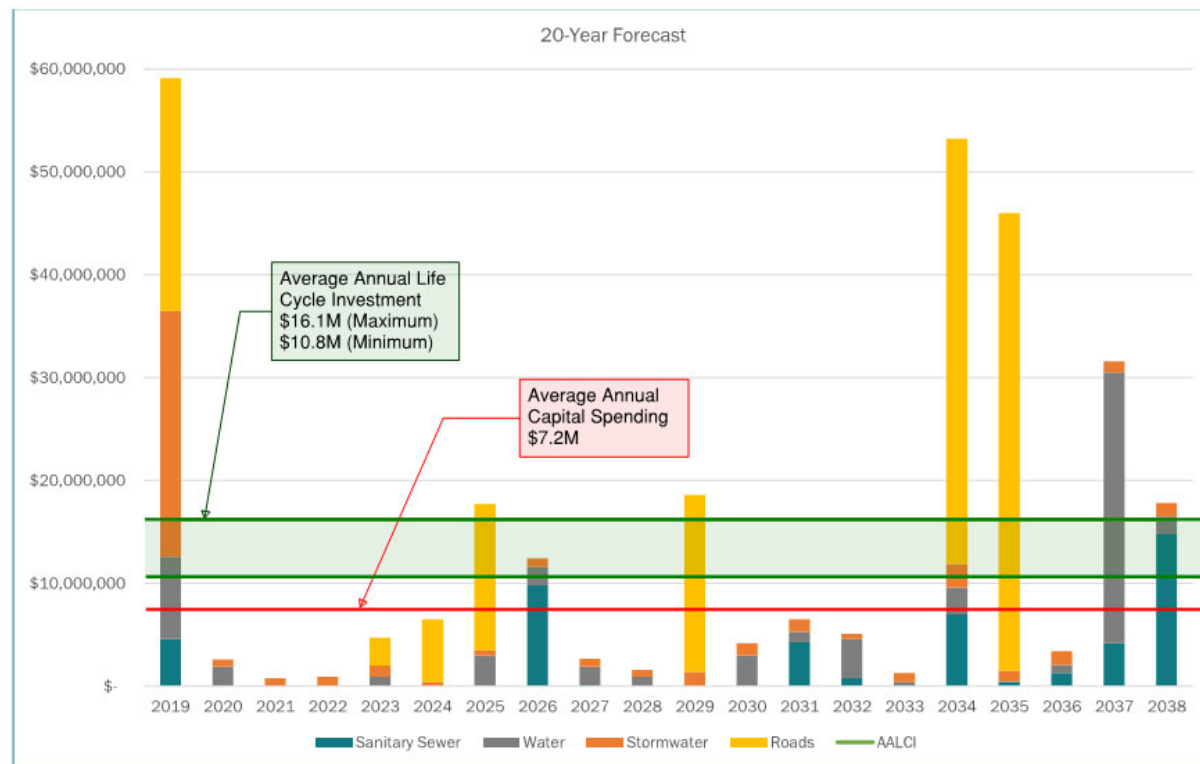
What is the Capital Expenditure Program?

- Physical infrastructure is owned by local governments to enable service delivery
 - Water and wastewater systems
 - Drainage and flood protection systems
 - Transportation systems
 - Civic facilities
 - Parks
 - Fleet
 - It may also include natural resources and the essential ecological functions nature provides
- Capital Expenditure Program is acquiring, replacing, refurbishing and upgrading this infrastructure

Property taxes are one source of funding for capital

- 2021 Capital Budget \$43 million
- Property Taxes (target \$4.9 million – recommended 15% of Property Taxes)
 - 2021 Proposed Budget - \$2,796,000 (8.6%) – COVID 19 Recovery Budget
 - 2020 Budget - \$2,787,200 (9.0%) – COVID 19 Recovery Budget
 - 2019 Budget - \$3,716,600 (12.4%)
- In April 2020 Council gave direction to defer the Revenue, Tax and Budget Policy to move capital towards a sustainable level of 15% to provide financial relief to taxpayers during the COVID 19 pandemic. In June 2020 Council gave direction to extend the deferral of the Revenue, Tax and Budget Policy through 2021 as well.

Asset Management & Capital Projects



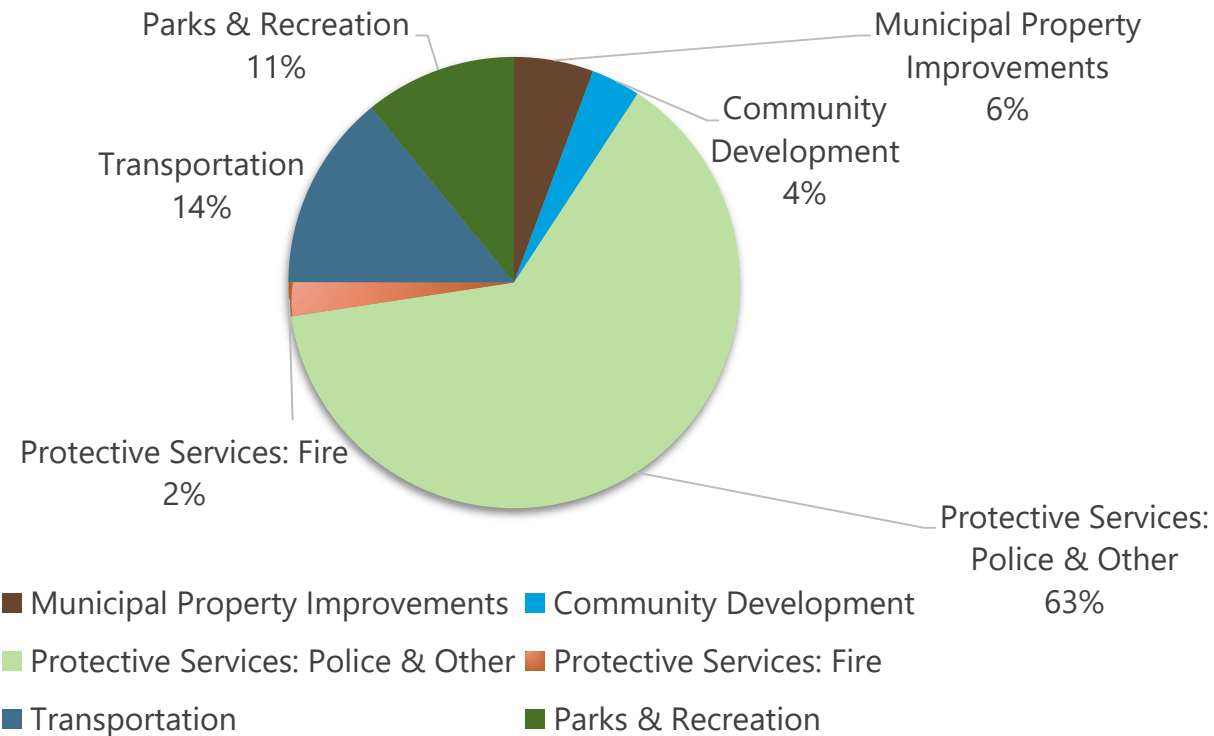
Capital Expenditure – Summary

	2020	2021	2022	2023	2024	2025
General Government	117,500	113,400	68,000	10,000	10,000	10,000
Land Development	-	-	-	-	-	-
Municipal Property Improvements	1,086,000	2,435,000	2,425,000	425,000	1,425,000	1,625,000
Information Technology	420,185	127,000	215,000	300,000	242,000	400,000
Community Development	1,732,440	1,507,440	950,000	500,000	500,000	500,000
Protective Services: Police & Other	5,100,000	27,100,000	20,900,000	-	-	-
Protective Services: Fire	1,053,600	1,040,000	1,150,000	550,000	1,150,000	470,000
Forestry	-	-	-	55,000	-	-
Transportation	7,770,900	6,017,680	3,649,200	4,724,410	4,799,160	3,896,350
Parks & Recreation	3,753,660	4,658,520	875,000	998,000	998,000	998,000
Total	21,034,285	42,999,040	30,232,200	7,562,410	9,124,160	7,899,350

2020-2025 Capital Funding Summary

	2020	2021	2022	2023	2024	2025
General Revenue	2,787,200	2,796,000	3,649,200	4,630,410	5,647,160	5,901,350
Gas Tax Revenues	1,104,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000
Appropriated Surplus	5,997,535	2,358,125	200,000	-	-	-
Reserve Funds	3,452,261	2,237,840	2,335,000	1,784,000	2,329,000	850,000
Development Cost Charges	96,000	-	-	-	-	-
Grants	3,444,200	5,542,220	20,000	20,000	20,000	20,000
Other Contributions/Cost Sharing	153,089	336,855	-	-	-	-
Debenture Debt	4,000,000	28,600,000	22,900,000	-	-	-
Total Sources of Financing	21,034,285	42,999,040	30,232,200	7,562,410	9,124,160	7,899,350

Capital Expenditures by Department



2021 Tax Supported Capital

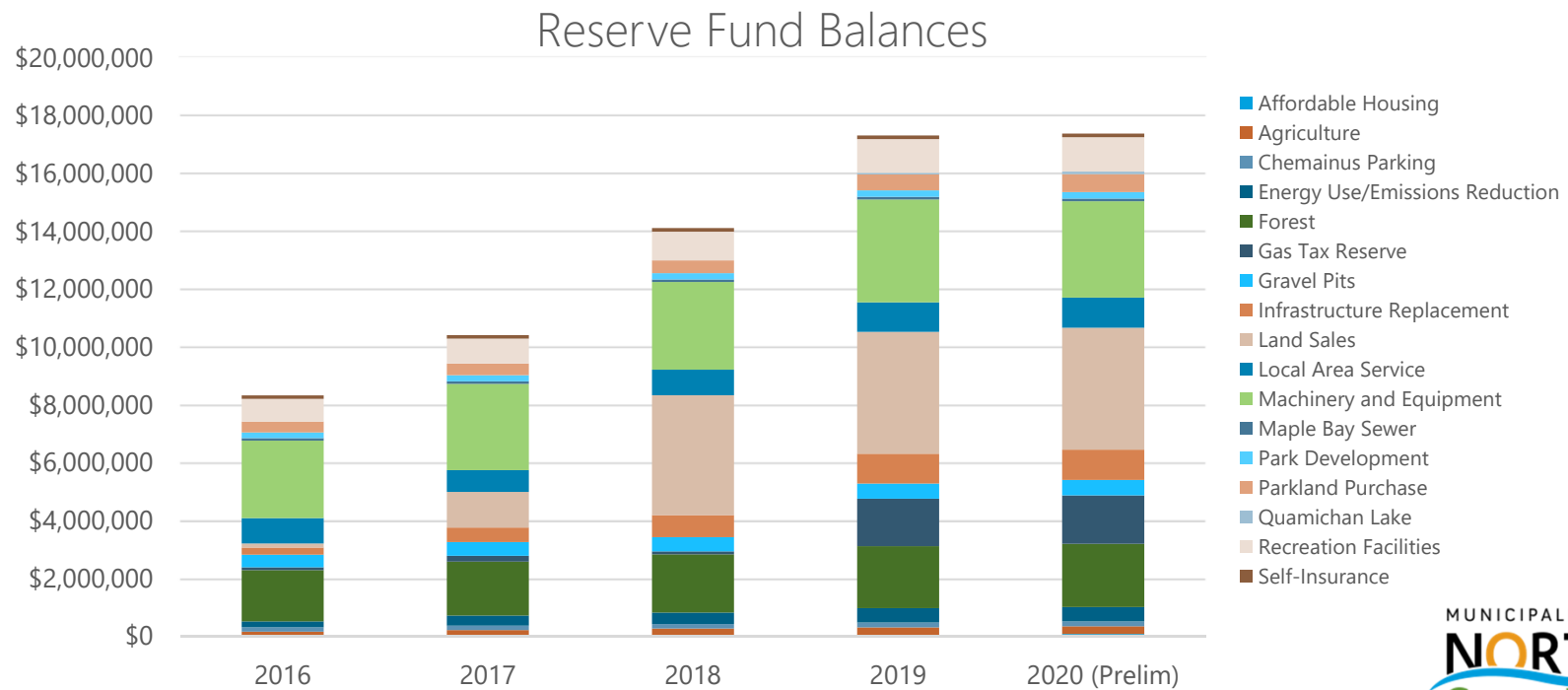
Total Capital Expenditure Plan for 2021 - \$42,999,040

Office Equipment and Furniture	10,000
Municipal Building Maintenance	405,000
Information Services	127,000
Fire Halls	190,000
Transportation - P/W and Eng. Capital	70,000
Transportation - Roads	827,000
Drainage Capital	494,500
Parks and Recreation	672,500
TOTAL	2,796,000

Reserve Fund Balances

	2016	2017	2018	2019	2020 (Prelim)
Affordable Housing	0	22,081	39,497	42,918	75,244
Agriculture	161,894	193,142	226,779	265,031	270,144
Chemainus Parking	151,379	152,547	155,419	167,137	170,362
Energy Use/Emissions Reduction	197,966	348,593	398,762	494,610	496,237
Forest	1,773,911	1,864,667	2,012,439	2,145,499	2,186,895
Gas Tax Reserve	100,340	201,114	104,901	1,641,753	1,673,430
Gravel Pits	433,606	474,363	490,996	523,702	533,807
Infrastructure Replacement	250,000	501,928	761,380	1,028,913	1,048,765
Land Sales	138,257	1,232,543	4,146,465	4,217,773	4,215,180
Local Area Service	881,380	752,833	882,701	1,019,924	1,039,603
Machinery and Equipment	2,675,089	2,982,186	3,030,045	3,558,998	3,333,872
Maple Bay Sewer	87,420	88,094	89,753	91,820	93,592
Park Development	197,931	212,218	216,215	221,194	225,461
Parkland Purchase	377,377	405,359	442,143	553,755	620,452
Quamichan Lake	0	0	0	52,511	85,023
Recreation Facilities	784,201	863,910	996,470	1,169,136	1,191,694
Self-Insurance	117,726	118,634	120,868	123,652	126,037
	<u>\$ 8,328,477</u>	<u>\$ 10,414,212</u>	<u>\$ 14,114,833</u>	<u>\$ 17,318,326</u>	<u>\$ 17,385,798</u>

Reserve Fund Balances 2016 -2020



2021-2025 General Government

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Office Furniture & Equipment	10,000	10,000	10,000	10,000	10,000	10,000
Vehicles	107,500	103,400	58,000	-	-	-
Total	117,500	113,400	68,000	10,000	10,000	10,000

Sources of Financing

General Revenue	10,000	10,000	10,000	10,000	10,000	10,000
Appropriated Surplus	20,000	-	-	-	-	-
Office Vehicle Reserve	87,500	103,400	58,000	-	-	-
Total Sources of Financing	117,500	113,400	68,000	10,000	10,000	10,000

Municipal Property Improvements

- Crofton Fire Hall Upgrade - \$3.5 million (2021-\$1.7m)
 - 2018 Facility Condition Assessment recommended \$1.25 million in repairs and upgrades required within ten years
 - 2019 Seismic Assessment recommended \$900,000 of seismic upgrades
 - 2019 Second Floor Load Rating Study recommended reducing the live load capacity resulting in closure of the second floor assembly space for training

2021-2025 Municipal Property Improvements

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Municipal Hall HVAC	200,000	-	-	-	-	-
Energy Projects	156,000	-	-	-	-	-
Crofton Fire Hall	200,000	1,700,000	2,000,000	-	-	-
Public Works Building	200,000	200,000	-	-	1,000,000	1,200,000
Building Maintenance	330,000	535,000	425,000	425,000	425,000	425,000
Total	1,086,00	2,435,000	2,425,000	425,000	1,425,000	1,625,000

Sources of Financing

General Revenue	305,000	405,000	425,000	425,000	1,425,000	1,625,000
Appropriated Surplus	625,000	530,000	-	-	-	-
CAEP Fund	156,000	-	-	-	-	-
Debenture Debt	-	1,500,000	2,000,000	-	-	-
Total Sources of Financing	1,086,000	2,435,000	2,425,000	425,000	1,425,000	1,625,000

2021-2025 Information Technology

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Sharepoint/Document Manager	35,968	-	-	-	-	-
Enterprise Software	95,477	30,000	30,000	30,000	30,000	30,000
Server Upgrades	200,702	15,000	40,000	25,000	15,000	340,000
Council A/V Equip	-	12,000	-	50,000	12,000	-
Website Replacement	-	-	40,000	80,000	-	-
Network Equipment Replacement	43,038	40,000	-	60,000	150,000	-
Telephone System Replacement	-	-	70,000	55,000	-	-
GIS Upgrade	-	-	35,000	-	35,000	-
Printing Device Replacements	45,000	30,000	-	-	-	30,000
Total	420,185	127,000	215,000	300,000	242,000	400,000

2021-2025 Information Technology Financing

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
General Revenue	300,000	127,000	215,000	300,000	242,000	400,000
Appropriated Surplus	120,185	-	-	-	-	-
Total Sources of Financing	420,185	127,000	215,000	300,000	242,000	400,000

Community Development

- Large projects funded by Land Development Program
- Identified in :
 - Chemainus Town Centre Revite Plan (2011)
 - Crofton Local Area Plan (2015)
 - Maple Bay Planning Exercise (2019)

2021-2025 Community Development

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Develop Parking Lot - Library	146,440	146,440	-	-	-	-
Chemainus Boardwalk	100,000	-	-	-	-	-
Crofton Waterfront / Boat Launch	30,000	-	500,000	500,000	500,000	500,000
Maple Bay Wharf / Waterfront	-	50,000	450,000	-	-	-
Sportsplex Field House	1,456,000	1,311,000	-	-	-	-
Total	1,732,440	1,507,440	950,000	500,000	500,000	500,000

Sources of Financing

Grants	1,067,200	1,067,200	-	-	-	-
Other Contributions	293,900	243,800	-	-	-	-
Chemainus Offsite Parking	50,000	50,000	-	-	-	-
Sale of Land Reserve	321,340	146,440	950,000	500,000	500,000	500,000
Total Sources of Financing	1,732,440	1,507,440	950,000	500,000	500,000	500,000

New Hub Detachment

- ~\$49 million (Province 60% for “Hub”)
- Replaces existing Duncan/North Cowichan Detachment (funded 47% Province, North Cowichan 53%)
- Adds Shawnigan Lake Detachment, South Vancouver Island Traffic, and Forensic Identification Section
- Requires new funding model with the Province
- North Cowichan borrows 100% of the project cost, builds building, and recovers Provincial share through lease payments

2021-2025 Police & Other

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Security Fencing	50,000	-	-	-	-	-
New Detachment - Construction	5,050,000	27,100,000	20,900,000	-	-	-
Total	5,100,000	27,100,000	20,900,000	-	-	-

Sources of Financing

Appropriated Surplus	1,100,000	-	-	-	-	-
Debenture Debt	4,000,000	27,100,000	20,900,000	-	-	-
Total Sources of Financing	5,100,000	27,100,000	20,900,000	-	-	-

2021-2025 Fire Protection

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Fire Fighting Equip	46,900	190,000	300,000	300,000	300,000	120,000
Maple Bay – Engine	85,000	-	-	-	-	350,000
Crofton – Engine/Rescue	85,000	-	-	250,000	-	-
Chemainus – Crew Cab	85,000	-	-	-	-	-
South End – Aerial/Pumpers	751,700	850,000	850,000	-	850,000	-
Total	1,053,600	1,040,000	1,150,000	550,000	1,150,000	470,000

Sources of Financing

General Revenue	28,700	190,000	300,000	300,000	300,000	120,000
Appropriated Surplus	18,200	-	-	-	-	-
Fire Truck Reserve	1,006,700	850,000	850,000	250,000	850,000	350,000
Total Sources of Financing	1,053,600	1,040,000	1,150,000	550,000	1,150,000	470,000

2021-2025 Transportation

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Machinery & Equipment P/W	1,125,000	1,088,000	477,000	979,000	979,000	-
Office Equipment	30,000	10,000	10,000	10,000	10,000	10,000
Road Capital	5,942,000	4,365,180	2,566,500	3,127,800	3,190,400	3,254,200
Crosswalk Lighting	60,400	60,000	61,200	62,420	63,670	64,940
Drainage Capital	492,500	494,500	534,500	545,190	556,090	567,210
Street Light Replacement LED	16,000	-	-	-	-	-
Flood Control (Canada Ave PS)	105,000	-	-	-	-	-
Total	7,770,900	6,017,680	3,649,200	4,724,410	4,799,160	3,896,350

2021-2025 Transportation Financing

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
General Revenue	1,406,000	1,391,500	1,824,200	2,597,410	2,672,160	2,748,350
Gas Tax Revenue	1,104,000	1,128,000	1,128,000	1,128,000	1,128,000	1,128,000
Appropriated Surplus	3,918,900	1,552,125	200,000	-	-	-
Reserve – Equip Replace	1,125,000	1,088,000	477,000	979,000	979,000	-
DCC – Roads	96,000	-	-	-	-	-
Other Contributions	105,000	93,055	-	-	-	-
CAEP	16,000	-	-	-	-	-
Grants	-	765,000	20,000	20,000	20,000	20,000
Total Sources of Financing	7,770,900	6,017,680	3,649,200	4,724,410	4,799,160	3,896,350

2021 Transportation

	General Revenue	Fuel Tax	Appropriated Surplus	Reserves	Grant	Other
Engineering Office Equip	10,000	-	-	-	-	-
Mach & Equip P/W	-	-	-	1,088,000	-	-
Crosswalk Lighting	60,000	-	-	-	-	-
Roads Capital	827,000	1,128,000	1,552,125	-	765,000	-
Drainage Capital	494,500	-	-	-	-	-
Flood Protection	-	-	-	-	-	93,055
Total	1,391,500	1,128,000	1,552,125	1,088,000	765,000	93,055

2021-2025 Parks & Recreation

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Parks and Trails Capital	477,150	1,807,920	385,000	500,000	500,000	500,000
Crofton Pool	20,000	-	-	-	-	-
Fuller Lake Arena	336,000	1,093,100	350,000	375,000	375,000	375,000
Cowichan Aquatic Centre	2,900,510	1,757,500	122,500	123,000	123,000	123,000
Cemetery	20,000	-	17,500	-	-	-
Total	3,753,660	4,658,520	875,000	998,000	998,000	998,000

Sources of Financing

General Revenue	737,500	672,500	875,000	998,000	998,000	998,000
Appropriated Surplus	195,250	276,000	-	-	-	-
Grants	2,377,000	3,710,020	-	-	-	-
Reserves and Other	443,910	-	-	-	-	-
Total Sources of Financing	3,753,660	4,658,520	875,000	998,000	998,000	998,000

Parks and Recreation

- The proposed 2021 capital plan for Parks and Recreation is largely dependant upon successful grant submissions for the following grant programs:
 - Investing in Canada Infrastructure Program - \$1,992,000:
 - *COVID-19 Resilience Infrastructure Stream* - \$1,700,000
 - *Community Culture and Recreation* - \$292,000
 - Community Economic Recovery Infrastructure Program - \$720,000
 - Tourism Dependant Communities Fund - \$998,020
- If any of the grant submissions are not successful, the 2021 capital plan will be amended to maintain funding from general revenue at \$672,500

Parks and Trails

- Increased investment in Parks and Trails results from Council's adoption of the Parks and Trails Master Plan in January, 2017
- The Master Plan provides direction for the resourcing, development, management, provision, and expansion of our parks and trails over the next 15 years

2021-2025 Parks

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Tennis Courts / Pickleball	25,000	-	-	-	-	-
Kin Beach Gazebo/Washroom	150,000	428,500	-	-	-	-
Evans Park – Parking/Barn Upgrades	50,000	-	-	-	-	-
Herd Rd Park Upgrades	-	105,250	-	-	-	-
Playground Replacement	22,000	-	100,000	-	-	-
Waterwheel Park Lighting	80,000	178,000	-	-	-	-
Chemainus Highway Sign	-	70,500	-	-	-	-
Other Parks Projects	55,000	195,000	45,000	200,000	200,000	200,000
Total	382,000	977,250	145,000	200,000	200,000	200,000

Sources of Financing

General Revenue	335,000	221,200	145,000	200,000	200,000	200,000
Appropriated Surplus	47,000	167,800	-	-	-	-
Grants	-	588,250	-	-	-	-
Total Sources of Financing	382,000	977,250	145,000	200,000	200,000	200,000

2021-2025 Trails

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Cross Trail	15,500	-	-	-	-	-
Way Finding	-	97,910	-	-	-	-
Mt Tzouhalem Parking Lot	-	173,760	-	-	-	-
Trail Development	15,000	400,000	200,000	300,000	300,000	300,000
Crofton Seawalk Lighting	64,650	159,000	40,000	-	-	-
Total	95,150	830,670	240,000	300,000	300,000	300,000

Sources of Financing

General Revenue	55,000	108,000	240,000	300,000	300,000	300,000
Appropriated Surplus	24,650	64,000	-	-	-	-
Grants	-	658,670	-	-	-	-
Forest Legacy (Cross Trail)	15,500	-	-	-	-	-
Total Sources of Financing	95,150	830,670	240,000	300,000	300,000	300,000

2021-2025 Fuller Lake Arena

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Re-Roof	100,000	870,000	-	-	-	-
Board Replacement	-		-	-	150,000	150,000
Facility Lighting	100,000	-	-	-	-	-
Parking Lot Renewal	85,000	43,100	-	-	-	-
Fitness Room Upgrades	-	-	35,000	-	-	-
DHW Upgrade, Dehumidifier Upgrade	-	115,000	150,000	-	-	-
Other Capital	51,000	65,000	165,000	375,000	225,000	225,000
Total	336,000	1,093,100	350,000	375,000	375,000	375,000

Sources of Financing

General Revenue	185,000	330,000	350,000	375,000	375,000	375,000
Appropriated Surplus	51,000	-	-	-	-	-
Grants	-	763,100				
Reserves	100,000	-	-	-	-	-
Total Sources of Financing	336,000	1,093,100	350,000	375,000	375,000	375,000

Main Arena Roof Replacement

- Remove and replace the existing main roof over ice surface. Include the installation of anchor points for site safety / roof access. May extend consideration to side roofs directly adjacent to the main roof.
 - Sustains long-term operation of the facility
 - Sustains service levels for the community

2021-2025 Cowichan Aquatic Centre

	2020 Budget	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Fitness Expansion	2,705,410	-	-	-	-	-
Fitness Equipment	22,500	22,500	22,500	23,000	23,000	23,000
Replace Vehicle	30,000	-	-	-	-	-
Security System Upgrade	72,600	-	-	-	-	-
Equipment	24,500	35,000	22,500	-	-	-
Re-Roof	-	1,700,000	-	-	-	-
Other	45,500	-	77,500	100,000	100,000	100,000
Total	2,900,510	1,757,500	122,500	123,000	123,000	123,000

Sources of Financing

General Revenue	122,500	57,500	122,500	123,000	123,000	123,000
Appropriated Surplus	72,600	-	-	-	-	-
Reserve	280,321	-	-	-	-	-
City of Duncan	48,089	-	-	-	-	-
Grants	2,377,000	1,700,000	-	-	-	-
Total Sources of Financing	2,900,510	1,757,500	122,500	123,000	123,000	123,000

Aquatic Centre Roof Replacement

- Project Cost \$1,700,000
 - Roof is at the end of its useful life
 - The new roof will have an increased R value
 - Fall protection restraints will be added to the roof assembly
- Funding
 - Investing in Canada Infrastructure Program Grant \$1,700,000

Questions?

2021 – 2025 Budget Recommendations

December 15, 2020

Recommendation# 1:

THAT the Committee of the Whole recommends to Council:

- THAT Council approve the following new positions within the 2021 Operating Budget, effective January 1, 2021:
 - Procurement Manager
 - Assistant Fire Chief – Inspections
 - Planning Manager
 - Engineering Tech – Environmental

Recommendation# 2:

THAT the Committee of the Whole recommends to Council:

- THAT Council direct staff to add the following supplemental items to the 2021 Operating Budget.
 - *[identify items to be added or removed]*

Recommendation# 3:

THAT the Committee of the Whole recommends to Council:

- THAT Council authorize that the Forest Reserve Fund be used to cover the 2021 operating budget deficit for the Forestry Department while the forestry review, public engagement and First Nations consultation are on-going.

Recommendation# 4:

THAT the Committee of the Whole recommends to Council:

- THAT Council approve the Capital Expenditure Program as presented.

Recommendation# 5:

THAT the Committee of the Whole recommends to Council:

- THAT Council approve, in principle, the 2021 Operating Budget; subject to a maximum 2.92% net tax increase

Report

Date	November 24, 2020	File:
To	Committee of the Whole	
From	M. Frame, General Manager, Financial and Protective Services	Endorsed:
Subject	Information Report for 2021 Procurement Position Request	

Purpose

To provide Council with information regarding the 2021 supplementary budget request for a permanent procurement position as presented in the draft 2021 Financial Services Business Plan.

Background

North Cowichan's Procurement Policy was implemented in 2015, and since that time, updates have been made to it to improve process efficiencies and public transparency. However, there is a growing expectation to conform to best practices laid out by the Auditor General for Local Governments (AGLG), the Local Government Management Association (LGMA) and meet the Canada Free Trade Agreement regulations. Currently, each department is responsible for handling all aspects of their competitive processes, with Financial Services providing a more supportive role, such as implementing procurement management software and posting and facilitating any procurement processes.

A request for the creation of this new position was first introduced in 2018 and was initially approved by Council in 2020, but was subsequently deferred to 2021, due to budget reductions in response to the COVID-19 pandemic. Staff are returning to Council as part of the 2021 budget deliberations to request a permanent resource be hired in 2021. This position would be responsible for the operation of the supply chain management function for the District. Annual base compensation is anticipated at \$94,000.

Discussion

Financial Services does not have the resource capacity to fully support procurement for the organization to adapt to the best practices laid out by the AGLG and LGMA. Since 2015, procurement has been handled through Accounts Payable. Our Accounts Payable/Procurement Coordinator is a qualified Supply Chain Management Professional; however, accounts payable is a very high volume and high priority function. Procurement can only be supported when time is made available by juggling accounts payable duties.

North Cowichan has made many strides to improve the accountability and transparency of our procurement. We implemented a [Procurement Policy](#) and have significantly increased the number of procurements that now go through a competitive process. However, there are some areas where we are deficient in meeting the requirements established under that policy and opportunities for improvement in meeting best practices. Improving Financial Services procurement oversight will reduce our liability and provide better value.

Departments are challenged with the time and resources required to complete the competitive process effectively. There is an inherent risk when performed off the corner of the desk by managers who are not qualified in procurement. Decentralized procurement leads to a lack of consistency between departments. Inadequate resource time invested could expose risk and missed opportunities for improved transparency and value for taxpayers.

The risk related to procurement should not be understated. Multiple trade agreements govern procurement. Contractors and suppliers are getting more sophisticated regarding procurement, and failed procurement processes routinely lead to lawsuits. Consistency in procurement reduces the District's legal liability. A staff scan of other B.C. municipalities shows that similar-sized municipalities have 2 or 3 dedicated procurement positions to manage procurement effectively.

It is impossible to completely quantify the savings related to using proper procurement processes, but we can see savings given the range of prices for a given procurement process. The amount saved in the table below is the difference between the winning proponent and the average price quoted. It is reasonable to assume that reducing direct awards would provide additional savings.

Procurement Metrics

	2019	2018	2017	2016
# of Competitive Processes	49	60	41	35
Value of Procured Projects	\$6,784,485.63	\$5,590,988.08	\$7,437,983.63	\$7,283,522.99
Amount Saved (from competitive process)	\$684,288.40	\$171,734.08	\$680,500.74	-
Direct Awards (over \$10K purchases):				
Total Direct Awards	85	54	57	64
Value of Direct Awards	\$4,305,075.86	\$1,858,179.43	\$2,998,664.87	\$3,099,570.17

Options

Staff anticipate formally asking Council for direction on budgeting for the procurement position in January 2021 when Council considers supplemental items as part of budget 2021 deliberations. Options for Council to consider at that time may include:

- Option 1: Council direct staff to include a procurement position in the 2021 Budget effective February 1, 2021.
- Option 2: Council direct staff to include a procurement position in the 2021 Budget effective May 1, 2021.
- Option 3: Council does not support a procurement position.

Implications


If supported by Council, this position will:

- reduce the District's risk by using the procurement process more consistently;
- increase the savings realized from procurement;
- increase operating efficiencies in departments experiencing significant capacity pressure (e.g. Engineering Department);
- allow additional procurement functions to be undertaken such as vendor management and social procurement; and,
- result in a new permanent staffing cost, estimated at a \$94,000 annual base salary, plus 27 percent of base salary to cover benefits.

Recommendation

That Council accept the General Manager, Financial and Protective Services November 24, 2020 report for information.

Report

Date	December 8, 2020	File:	
To	Committee of the Whole		
From	M. Frame, General Manager, Financial and Protective Services	Endorsed:	
Subject	Assistant Fire Chief - Inspections		

Purpose

To consider the establishment of an Assistant Fire Chief position in the 2021 Budget.

Background

The Assistant Fire Chiefs were identified as key positions in the 2018 Fire Services Review. Investment in the Assistant Fire Chiefs positions would provide the essential resources required to meet the Municipality's obligation under section 36 [municipal duty to inspect hotels and public buildings] of the [Fire Services Act](#) (the "Act") and continue to leverage the enormous financial advantage of using Paid on Call Volunteer Fire Fighters as highlighted in the 2021 Fire and Bylaw Services Business Plan presentation dated December 8, 2020.

North Cowichan's inability to perform the fire inspections mandated under the Act leave the Municipality wide open to liability should an incident occur, which could have been mitigated had an inspection been completed. On December 18, 2019, after Council adopted the [Frequency of Fire Inspections Policy](#) (the "Policy"), they deferred the consideration of establishing a full-time Assistant Fire Chief position until after Council had been provided with a cost analysis and options (an excerpt from the minutes of that meeting are provided below).

Fire Inspection Policy

Councillor Toporowski arrived at 2:02 p.m.

It was moved and seconded:

That Council direct staff to establish a regular system of fire and life safety inspections of hotels and public buildings in which the frequency and method are to follow the Fire Services Act by implementing the Fire Inspection Policy attached to the Manager of Fire and Bylaw Services December 18, 2019 report.

CARRIED

It was moved and seconded:

That Council defer the motion, to include a full-time Assistant Fire Chief to implement the Fire Inspection Program in the 2020 budget, pending a staff report on cost-recovery and analysis of options.

CARRIED

Although North Cowichan has a 0.4 full-time employee (FTE) devoted to fire inspections and investigations, this does not provide sufficient staff resources to perform the number of inspections

required under the *Act*, as advised by staff on December 18, 2019. Council initially approved the FTE in 2020. However, it was deferred to the 2021 budget considerations in response to the COVID pandemic.

Discussion

This FTE would implement a risk-based inspection system, including self-inspections and online reporting for lower risk occupancies and physical inspections on higher risk occupancies. The FTE would incorporate a fire prevention and public education role, assist Fire Halls with their preplanning, and help coordinate a daytime emergency response.

Although Council adopted the Fire Inspection Policy in 2019, it did not ultimately authorize the staffing resources necessary to implement it. The Policy requires that inspections be carried out at least once every 12 months for buildings used for residential (i.e. hotels, motels and apartments), institutional, services industry/office – business, retail and high industrial hazard business, with some exceptions for inspections to be extended up to 24 or 36 months. One full-time inspector can do approximately 500 inspections per year; however, North Cowichan has 1700 plus properties that could require fire and life safety inspections based upon the current “frequency-based” system of inspections.

Staff has engaged [FireWise Consulting Ltd.](#) to perform a Simplified Community Risk Assessment (CRA) to assist in developing a risk reduction plan to mitigate or minimize community risk of fire through fire prevention measures, and identify options for providing an inspection program based on “risk” rather than mandatory “frequency”. The study, which will be completed by January 2021, will include fee for service options, demographic, geographic, building stock, fire experience, hazards, and economic profiles. It will categorize risks based on probability and impact and will be the basis of North Cowichan’s regular system of fire inspections. Following receipt of the study, an amendment to the Policy will be drafted for Council’s consideration. A full-time employee is required to implement the system (both the current “frequency-based” and proposed “risk-based” systems).

Options

Option 1 (recommended): That Committee of the Whole recommend to Council that Council direct staff to include an Assistant Fire Chief position in the 2021 Budget effective January 1, 2021.

Option 2: Council does not include an Assistant Fire Chief position in the 2021 Budget.

Implications

- The financial implications of a new FTE position are estimated at a \$94,000 annual base salary, plus 20% to cover benefits, offset by any inspection revenue.
- The position will reduce risk related to fire inspections, as non-compliance with the *Fire Services Act* leaves the Municipality open to liability for damage, injury or death in the event of a fire that could have been prevented if the Municipality had complied with a regular system of fire inspections established under the Policy.
- The position will reduce staff resource time spent completing inspections by changing to a “risk-based” inspection system, including self-inspections for low-risk occupancy, third party inspections and fees for some inspections to be implemented.


- It is estimated \$25,000 could be recovered in the first year and up to \$50,000 in subsequent years through inspection fees.

Recommendation

That Committee of the Whole recommends to Council that Council direct staff to include an Assistant Fire Chief position in the 2021 Budget effective January 1, 2021.

Attachment: Frequency of Fire Inspections Policy

Report

Date	December 8, 2020	File:
To	Committee of the Whole	
From	Rob Conway, Director, Planning and Building	Endorsed: 
Subject	Information Report for 2021 Planning Manager Position Request	

Purpose

To provide Council with information regarding the 2021 supplementary budget option for a permanent Planning Manager position as presented in the draft 2021 Planning and Building Department Business Plan.

Background

The 2019-2022 Council Strategic Plan identified the review and update of many of the Municipality's land use and planning documents as priorities. These include:

- Re-write the Official Community Plan
- Renew the Zoning Bylaw
- Update the Subdivision Bylaw
- Update the Strategic Agricultural Plan
- Strengthen Environmental Policy in all land use planning

Council has also identified community engagement, housing, environment, economy and community as strategic priority areas and has identified actions within the Council Strategic Plan and by resolution of Council related to those broad strategic priority areas. Many of these actions fall to the Community Planning team of the Planning and Building Department to accomplish.

Business planning and the annual budgeting process are intended to ensure that core planning services are funded and that adequate resources are available for achieving Council priorities. The 2021 Planning and Building Department business plan has been prepared based on staff resources currently available. This report provides options for expanding resources in the Department, as a way of accelerating timelines for achieving Council priorities if desired by Council.

Discussion

Planning and Building Department Structure:

The Planning and Building Department is comprised of four teams: Building Inspections, Community Planning, Development Planning and Administrative Support. Of the five professional planning staff in the department, 3.4 are allocated to Development Planning and 1.6 to Community Planning. Much of the department's planning staff resources are used for administering the Municipality's land use and planning regulations, with approximately one third reserved for community planning work. The department's ability to deliver community planning services is constrained by the number of staff available to do that work.

2021 Business Plan:

The 2021 Business Plan for the Planning and Building Department seeks to deliver core planning and building inspection services and to advance the actions and priorities in Council's Strategic Plan using available resources. Without a doubt, the dominant community planning project to be undertaken in 2021 is the Official Community Plan (OCP) update. It cannot be understated how significant that project is, both in terms of the resources and organizational focus needed to see it through to a successful conclusion, and its implications for other priority projects of Council and further planning work necessary to implement the updated OCP. Because of the scope and importance of the OCP update, it is identified as the principal deliverable in the 2021 Planning and Building Department Business Plan. Other major community planning initiatives have not been identified in the 2021 Business Plan because they would shift focus away from the OCP review. Most are dependant on the OCP to be completed first. If the OCP update is completed in 2021, it is expected that the Zoning Bylaw review and update to development permit guidelines would commence in 2022. Other community planning projects such as local area plans and updates to the strategic agricultural plan likely won't occur until after 2022.

Accelerating Community Planning Priorities:

Advancing Council's community planning priorities involves more than just hiring additional staff or consultants. There are a sequence and rhythm to community planning processes that are not conducive to reviewing and updating multiple plans and policies concurrently. There are other constraints, such as the resources required from other departments to support community planning processes, the availability of Council, and the public's capacity to participate in multiple community engagement processes. As the Municipality is expected to be undertaking at least four major community planning and community engagement projects in 2021 (OCP Update, Municipal Forest Review, Master Transportation Plan, JUB Outfall), the organizational and community capacity for undertaking other initiatives in 2021 may not be available even if additional funding were to be obtained.

Once the OCP update is completed, existing community planning resources will be available to shift to other priorities. However, the list of community planning projects and priorities Council has is long, and the OCP update will likely identify other projects and implementation actions. Completing this work using current resources will take years. Each major planning project (e.g. comprehensive bylaw updates, local area plans, and secondary plans) can take between 6 months and two years to complete. To increase the number of community planning initiatives that can be undertaken and shorten the time required to complete projects, a combination of increased project funding and more staff dedicated to community planning projects is needed.

Option for Increasing Community Planning Capacity:

Staff anticipate formally asking Council for direction on budgeting for additional resourcing in

January 2021 when Council considers supplemental items as part of budget 2021 deliberations.

Options

Option 1 – Deliver Community Planning Services using existing community planning resources.

This option does not have any impact on the budget beyond inflationary increases, but the capacity for accomplishing community planning projects will be constrained, and some community planning projects identified in the Council Strategic Plan will not be completed within this Council's term.

Option 2 – Hire a Project Planner on a contract basis

Hiring a Community Planner on a contract would provide additional capacity for managing planning projects on a short-term basis. It would allow some of Council's priority projects to be advanced sooner than would otherwise be possible. Funding such a position would have similar budget implications as hiring a full-time Senior Planner (see estimates noted in Option 3). The continued need for this position would be reviewed annually. A contract position would not increase organizational capacity to undertake community planning work in the longer term, and it would not develop internal experience, knowledge and expertise to expand North Cowichan's community planning capacity in the longer term.

Option 3 – Hire a Senior Social and Housing Planner

During the 2020 budget process, Council considered creating a new "Senior Social and Housing Planner" position that would provide more capacity for addressing issues such as affordable housing, homelessness, poverty and the opioid crisis. A report regarding that position was provided at the February 19, 2020 Council meeting and is included with this report as Attachment 1. The annual cost of this position is estimated at \$122,500, *including* benefits.

A Senior Social and Housing Planner would allow progress to be made on Council's housing and social planning priorities, but it wouldn't necessarily provide the skill set and capacity for progressing on many of the community planning projects in Council's Strategic Plan. A Senior Planner who is a generalist with a background in community planning, environmental planning and social planning would be more versatile given the department's size and the diverse nature of planning work needing attention.

Option 4 – Hire a Planning Manager

Administering complex community planning projects is senior-level work that should be overseen by staff with experience in project management, developing plans and bylaws and community consultation processes that involve diverse interests and stakeholders. Hiring a Senior Planner with managerial experience and an ability to complete a broad range of planning assignments would allow for structural changes within the Planning and Building Department. It would increase capacity and resiliency and better position the Department to undertake new planning initiatives and regular updates and reviews to existing plans and bylaws. Such a position, if created, could offer the following:

- Ability to independently undertake planning projects and assignments;
- Knowledge and experience to successfully supervise and direct consultants and planning staff;
- A generalist skillset, with familiarity with community planning, social planning and environmental planning;
- Capability for managing large development applications;

- Ability to undertake managerial and supervisory tasks, thereby creating more time for other senior management to participate in planning projects and other duties; and,
- Experience to effectively mentor and develop junior planning staff.

Summary and Conclusion:

This report is meant to provide options for expanding North Cowichan's capacity for undertaking community planning projects. In addition to the staffing resources, additional funding will also be required for funding individual projects. A combination of administration capacity, project funding and strategic project scheduling is needed to accelerate the pace at which community planning projects are initiated and completed.

If Council wishes to expand administrative capacity for community planning, hiring a Planning Manager (Option 4) would be the staff recommended option. Directives in Council's Strategic Plan for updating many of the Municipality's land use plans and regulations and demand for further community planning work in the future arising from the OCP review suggest that the Planning and Building Department will be deeply involved in community planning projects for years to come. Improving the Department's administrative capacity through hiring a Planning Manager will allow it to make better progress on community planning initiatives that would otherwise not be possible with existing resources.

Implications

The annual base salary of a Planning Manager is estimated at \$111,543, excluding benefits. Based on a recent salary survey of exempt staff compensation, this is slightly lower than the median pay rate for this position in similarly sized municipalities elsewhere in British Columbia.

Additional resourcing for community planning will expand the capacity for initiating and completing projects. Maintaining community planning resources at current levels will allow community planning projects to be accomplished, but at a slower pace.


Recommendation

That Council accept the Director of Planning and Building's December 8, 2020 report for information

Attachments:

Attachment A – February 19, 2020 report re: Senior Social and Housing Planner Position

Report

Date	February 19, 2020	File:
To	Council	
From	Rob Conway, Director of Planning and Building	Endorsed: 
Subject	Senior Social and Housing Planner Position– Implications of not hiring	

Purpose

To advise Council which social and housing priorities identified within the 2019-2022 Corporate Strategic Plan may be achieved during the term, based upon current staffing capacities.

Background

Presentations to the Committee of the Whole on February 3, 2020 and the February 11, 2020 Special Council meeting on the 2020 Planning and Building Department Business Plan and the 2020-2024 General Operating Budget identified a "senior social and housing planner" as a staff position Council may wish to consider funding as a way to advance a number of its Strategic Plan priorities. At the February 11, 2020 Special Council meeting, Council discussed and debated the merits of the position and ultimately decided not to fund it in the 2020 budget. During Council's deliberation on the position there were questions about how housing and social planning services could be delivered with existing resources and how the position relates to the services provided by the CVRD's Regional Housing Service. This report is intended to provide Council with information regarding the proposed position, and to outline work that can be accomplished on Council's housing and social planning strategic priorities utilizing existing resources.

Discussion

What is social planning?

Social planning is about improving the well-being and quality of life of people. It is a process that involves collaboration with citizens, non-profit agencies, local government departments, provincial and federal agencies, community leaders and local business to address complex issues of accessibility, equity, affordability, safety and public health.

Demands for Social Services:

Housing and social planning are public services that have traditionally been provided by the senior levels of government. Despite past practice, local governments are increasingly involved in housing and social planning issues as the provincial and federal government have moved away from providing social services and the need for such services within communities has become more acute.

Due to the demand for these services and the impact of not providing them has on communities, the Municipality has become increasingly involved in issues of housing affordability, homelessness and the opioid crisis. Council's 2019-2022 Strategic Plan indicates Council's intention to maintain and expand housing and social planning services.

Current Resources and Capacity:

In response to increased demand for social planning services in the Cowichan Region and community needs identified in the Visions 2020 planning process two decades ago, Social Planning Cowichan was established as a charitable society in 2004 to provide social planning services within the Cowichan region. The organization is partially funded by the CVRD's Social Planning Service, which will provide \$51,000 to Social Planning Cowichan in 2020, of which approximately \$20,000 is funded by North Cowichan.

A new CVRD Regional Housing Service was established by referendum in 2018 for the purpose of assisting the Cowichan Housing Association with costs associated with providing programs and services related to affordable housing and homelessness prevention in the Cowichan Valley. The Service has two primary goals;

1. To increase local funds for affordable housing in order to leverage funds from other sources and to incentivize the development of affordable and attainable housing options in the Cowichan region.
2. To increase the capacity of local communities to develop affordable housing projects by providing expertise, knowledge and support.

The total 2020 budget for the service is \$765,000, of which approximately \$246,500 is funded by North Cowichan property owners. \$252,000 of the 2020 budget is allocated to operating the service with the remainder held in a reserve fund for affordable housing projects.

The Municipality presently does not have dedicated staff for housing and social planning issues or for advancing Council's housing and social planning agenda. Resourcing for housing and social planning is provided by the Chief Administrative Officer (CAO), senior management and community planning staff. The time that any individual staff member has to allocate to housing and social planning issues is small due to various other duties and competing priorities and none of these staff have specialized training or direct experience with housing and social planning. This ad hoc structure has allowed the Municipality to respond to emerging social issues and participate in social planning initiatives involving other partners, but the approach draws staff resources away from core services and other Council priorities. Current resources do not afford any additional capacity for expanding the level of service for housing and social planning issues without reducing service levels elsewhere.

Anticipated Capacity with Social and Housing Planner Position:

The ideal candidate for the position would be an experienced senior planner with expertise in social planning and housing, but also with a solid understanding of community planning in the municipal context. The candidate would be adept at building relationships, advocating for resources with municipal partners, and capable of delivering on the Municipality's objectives and priorities. The establishment of a dedicated social and housing planner position would allow the Municipality to accelerate the pace at which housing and social policy objectives are achieved and would better position the Municipality to respond to current and emerging challenges related to the cost and availability of housing, the opioid crisis, and the general health and well being of North Cowichan residents.

Specific duties associated with the position include:

- Promote and facilitate affordable housing, social equity, cultural diversity and community health.
- Liaise and develop strong relationships with non-profit agencies, community organizations, local first nations, provincial and federal agencies, and adjacent local and regional governments.
- The coordination and management of affordable housing and other housing and social planning projects.
- Coordinate, compile and maintain housing data.
- Facilitate and develop community partnerships.
- Prepare and administer social and housing policies.
- Participate in community planning processes, including the official community plan, local area plans, comprehensive land use planning.
- Undertake assignments involving the application of specialized knowledge in the analysis of community and social planning policy, legislation and best practice.
- Work collaboratively with Council, North Cowichan staff, external agencies, stakeholders and the public to achieve housing and social planning objectives.

Council Strategic Priorities and Projects:

Priorities from the 2019-2020 Council Strategic Plan that involve housing and social planning are:

SERVICE:	✓	Maintain the existing high level of service in the community
	✓	Identify potential new sources of review
ENGAGEMENT:	✓	Support community groups and organizations
	✓	Work collaboratively with regional government partners, ensuring a strong relationship with the CVRD
	✓	Lobby the CVRD, provincial and federal governments to support North Cowichan through grants, funding and tax revenues
HOUSING:	✓	Seek opportunities to partner and support affordable housing initiatives
	✓	Create opportunities for new forms of housing
	✓	Explore opportunities for additional housing that meets the needs of the community
ENVIRONMENT		"... lead in environmental policies and practices to support the future health of our community (purpose statement)
ECONOMY		"...attract and retain great talent and sustainable business, and have opportunities for all" (purpose statement)

Housing and social planning projects that are not specifically identified in Council's Strategic Plan, but which Council has explicitly supported through resolutions or implicitly supported through policy, including:

- Implementation of the Cowichan Attainable Housing Strategy.
- Participation on the Community Action Team.
- Participation in a Housing Needs Assessment with the CVRD and other member municipalities.
- Facilitation of the new Cowichan District Hospital and the new high school.
- Administration of the affordable housing reserve fund.
- Development of housing and social planning policy through the OCP review.
- Participation with the CVRD in the BC Childcare Space Planning Grant and application for funding from the Community Childcare Space Creation Program.
- Partnering with the Community Land Trust on affordable housing projects at Sherman Road and Willow Street.
- Establishment of the Safer Community Plan and the Corridor Safety Office.
- Exploring affordable housing options for municipally-owned properties.
- Interaction with land owners, developers and non-profit housing providers about prospective affordable housing projects.

Relationship to CVRD's Regional Housing Service and Social Planning Service:

Housing and social issues are not easily contained within municipal boundaries and such issues are often better regionally or inter-regionally. CVRD's Regional Housing and Social Planning Services are being effectively delivered by Cowichan Housing Society and Social Planning Cowichan and current and future resources that North Cowichan Council allocates for housing and social planning priorities within the Municipality should not be considered a substitute for these important regional initiatives. Similarly, while the Cowichan Housing Society and Social Planning Cowichan are valuable allies that help to promote and facilitate affordable housing and social planning in the Cowichan region, including North Cowichan, they have neither the mandate nor capacity to provide direct resourcing for Council's priorities and directives. However, by working in partnership with these organizations the Municipality can make effective use of existing resources and utilize those resources to help both North Cowichan and the Regional District realize their objectives. Cowichan Housing Society and Social Planning Cowichan are resources that complement and facilitate North Cowichan's housing and social planning priorities.

Conclusion:

"Opportunity Cost" is the cost of what has to be given up when making choice. In the context of the senior social and housing planner, the opportunity cost can be thought of as the work and accomplishments that cannot be achieved if the position is not created. While it is difficult to be precise about what won't be accomplished if Council decides to not create the new position because there is an ability to shift existing resources between priorities. The following list attempts to summarize some of the anticipated implications of not filling the position and continuing to use existing resources for providing housing and social planning services as well as implications if capacity is expanded by creating the new position.

Maintaining existing capacity means:

- Responsibility for delivering priorities will be shared among senior staff and community planning staff to the extent possible.
- Response to emerging issues and opportunities will tend to be reactive.
- Affordable housing projects initiated by North Cowichan or projects that involve the Municipality as a partner will require project management services to be contracted or be undertaken by a partner that may not be directly accountable to the Municipality.
- Staff will need to be selective about participating in housing and social planning initiatives due to capacity constraints.
- Some of Council's priorities may be delayed until staff resources are available, or until opportunities and circumstances are conducive to their delivery.
- Progress on Council priorities will be more dependant on other projects (e.g. OCP, local area plans) rather than stand-alone initiatives.

Expanding capacity through the creation of a new position means:

- Time that senior staff and community planning staff currently spend on housing and social planning issues can be re-allocated to other priorities.
- Funding and other resources from senior government can be more readily identified, accessed and leveraged.
- A more strategic and pre-emptive approach to current and emerging social issues can be taken.
- The Municipality can better participate in building the relationships and partnerships that are needed to address challenging social issues.
- Expectations may be raised about North Cowichan's responsibility for providing affordable housing and social services.


Implications

The annual cost of a senior social and housing planner, including wages and benefits, is \$120,000. This represents a tax rate increase of 0.20% in 2020 and 0.19% in 2021.

Recommendation

For information (no recommendation).

Report

Date	December 8, 2020	File:
To	Committee of the Whole	
From	David Conway, Director, Engineering	Endorsed: 
Subject	Information Report for 2021 Environmental Technologist Request	

Purpose

To provide Council with information regarding the 2021 Operating Budget Supplemental Budget request for a permanent environmental technologist position in the draft 2021 Environmental Services Business Plan.

Background

North Cowichan began a significant effort around environmental policies and initiatives upon the adoption of the original Climate Action and Energy Plan (CAEP) and the general taxation to fund its implementation that was adopted in 2014. Staff were assigned responsibilities that included support for the Environmental Advisory Committee of Council (EAC). For a time, BC Hydro funded almost all the costs of a full-time staff member to manage this area of work from within the planning department, assisted by the engineering department (instrumental in developing the CAEP with consultants). The BC Hydro funding was eventually exhausted and the planning staff person left the municipality, while the demands on current staff to implement the CAEP and address an increasing scope of other environmental issues continued to grow. The formal accountability for environmental services was eventually transferred to the Engineering Department from planning. It became a core service for the Engineering team to deliver by a single full-time technologist. The technologist coordinates and administers a broad range of environmental programs, monitoring and reporting activities, most of which are mandated by larger governments.

Council approved a new specialist position in 2019 to provide additional staff capacity toward Council's strategic priority to improve water quality in the Quamichan and Somenos lakes, update the CAEP, and implement and support other environmental initiatives.

As part of operationalizing Council's 2019-2022 Strategic Plan, existing Environmental Services staff have been working beyond capacity to deliver on: an environmental review of corporate and development projects; water quality, waste reduction and recycling initiatives; completing and implementing the remodelled CAEP; acting on opportunities toward Council's acknowledgement of a climate emergency in July 2019; and, will soon be heavily involved in reinstating and supporting the EAC, alongside other continuing and anticipated emergent environmental priorities of Council. These initiatives and priorities are on top of the pre-existing tasks and, in many cases, mandated routine business of the environmental services function as outlined in the 2021 Environmental Services Business Plan presented to Committee of the Whole on December 8, 2020.

Council's on-going interest in seeing increased service levels and outputs from the environmental services function and the increased service-level of having environmental services work cross-functionally as part of major Council priority project teams and through providing internal advisory service to other lines of business has put significant pressure on the two current staff members, beyond the team's capacity to deliver.

Staff are requesting that Council consider a request to establish a permanent full-time Environmental Technologist position as part of the 2021 budget deliberations. This position would be within the Engineering department, falling under the Environmental Services team. The position would have a broad function of working with the public, Council, and developers in protection of the environment. Within a scope that would allow the existing senior staff to perform higher-level tasks consistent with the Strategic Plan, including fulsome support to the new EAC, implementing the CAEP and supporting the OCP project and related environmental work.

Discussion

It is evident that the demand on the Environmental Services team will continue to increase, particularly with the re-establishment of the EAC, and it will become increasingly challenging to meet the objectives set by Council, the Province and other levels of government. An Environmental Technologist position will enable existing senior staff to focus on higher priorities of Council, such as Chemainus water, Quamichan Lake, Somenos Lake, CVRD watershed function, ensuring beach health, implementing CAEP, the integrated Climate Action Plan and other matters.

The following list identifies some of the routine duties that would be undertaken by the proposed technologist position that is currently performed by existing senior environmental services staff:

- Initial response to requests and complaints (~2000/yr)
- Field work investigating Riparian Area Protection Regulation and Water Sustainability Act, waste, infractions
- Sampling lake water (could include beaches)
- Support for meetings and events (getting the word out about the environment)
- Supporting development approvals – review of submissions
- Preparing and filing waste and recycling reports
- Coordinating water conservation and restrictions

The above list of duties represents over 100 hours spent per month on average by existing staff. It does not take into account overtime and other hours spent or missed opportunities to advance other initiatives. The new CAEP and implementing the Climate Action Plan, plus support for the EAC, will be better supported through the addition of an environmental technologist.

Eliminating the summer student position will reduce net annual cost increase and increase the effectiveness of the existing environmental services staff. The proposed Environmental Technologist would perform the typical environmental awareness projects in schools and waste reduction, contamination in recycling, without the annual time investment in recruiting, selecting, onboarding, training and supervising a short-term student position.

Implications

If supported by Council, this position will:

- Significantly increase the Department's capacity to advance Council's Strategic Priorities in 2021 (e.g. CAEP implementation, Climate Action Strategy, Biodiversity Protection policy).
- Improve capacity and response times for interdepartmental reviews/supporting other lines of business in applying an "environmental lens" on service delivery and major projects – most significantly the OCP project.
- Result in a permanent staffing cost, estimated at approximately \$71,102 annual base salary, plus 27 percent of base salary to cover benefits. If Council approved this position, Engineering would no longer hire an environmental summer student at an annual cost of approximately \$16,000. The savings would be applied to offset the new position's cost, for a total new salary cost of \$55,102 (new technologist base salary less the cost of summer student).

Options

Staff anticipate formally asking Council for direction on budgeting for the Environmental Technologist position in January 2021 when Council considers supplemental items as part of Budget 2021 deliberations. Options for Council to consider at that time may include an Environmental Technologist position in the 2021 Budget effective February 1, 2021, or May 1, 2021.

Recommendation

That Council accept the Director of Engineering's December 8, 2020 report for information.

Report

Date December 8, 2020
To Committee of the Whole
From Don Stewart, Director of Parks and Recreation
Subject 2021 Forestry Budget Options

File:

Endorsed:



Purpose

To provide Council with information and options for balancing the 2021 Forestry Department operating budget while the forestry review, public engagement and First Nations consultation are on-going.

Background

As presented in the 2021 Forestry Business Plan to the Committee of the Whole on December 8, 2020, the anticipated Forestry Department's operating budget reflects no anticipated harvesting in 2021 while the forestry review, public engagement and First Nations consultation continue. The 2021 Forestry budget is estimated to generate \$209,000 in revenues with \$801,000 in expenses resulting in an anticipated deficit of \$592,000 for 2021.

Under Council's *Forestry Program - Allocation of Profits Policy (attached)*, 50% of net revenue would be allocated to the Forestry Reserve (developing, maintaining and expanding the Municipal Forest Reserve), 20% to the Forest Legacy Fund (legacy grants and capital projects), and 30% to General Revenue (to offset property taxes). Given the anticipated deficit of approximately \$592,000, there will be no profit allocations in 2021.

Staff have submitted a grant application to the FireSmart Community Funding and Supports Program to conduct treatment prescriptions for the identified high-risk areas and critical infrastructure as per the Community Wildfire Protection Plan. Depending on the outcome from the treatment prescriptions, staff may come back to Council to seek direction on the recommended actions from the treatment prescriptions, which may include harvesting opportunities. A summary of the treatment prescriptions results will be presented to Council for consideration in the third quarter of 2021.

Discussion

To date, revenue from harvesting has covered all of the Municipality's forestry-related expenses. No planned harvesting in 2021 does eliminate direct harvesting costs and reduce some other forest management costs, but silvicultural obligations and service level expectations (related to land management and access) remain relatively constant for 2021. Every effort has been made to reduce forestry operating costs in the preparation of the 2021 budget through savings where possible.

Any permanent change to staffing levels to further reduce forestry-related expenses will be contemplated in future budget years, if required by the outcome of the forestry review, the public engagement and First Nations consultation processes, and once the future-state service levels in relation to the Municipal Forest Reserve and forestry-related activities are better understood.

Balancing the 2021 budget, as mandated for local governments under legislation, will require either using the Forest Reserve Fund, increasing taxes or some other combination. If harvesting were to be suspended indefinitely upon conclusion of the on-going review, engagement and consultation in 2021, the Forest Reserve Fund can only offset the forestry related costs for approximately two more years at the current balance and current level of operations. Beyond the two years, other funding sources or a significant reduction in service levels concerning the forest reserve will need to be considered.

Options

There are two general options and one hybrid option available to Council to balance the 2021 Forestry Budget:

Option 1 (Recommended): That the Forest Reserve Fund be used to cover the 2021 budget deficit for the Forestry department.

Option 2: That funds be allocated from general revenue (increased taxation) to cover the 2021 Forestry department budget deficit.

Option 3: That the 2021 budget deficit for the Forestry department be covered by 50% through the Forest Reserve Fund and 50% from general revenue.

Implications

Option 1 (Recommended)

Using the Forestry Reserve Fund to balance the forestry budget in 2021 will decrease the projected balance of \$1.14 million by approximately \$592,000. While this is a viable option for 2021, staff caution that continuing depletion of the Forestry Reserve Fund in future budget years will present a risk to the Municipality in the event of a forest fire within the Municipal Forest Reserve. The Forestry Reserve Fund is the contingency fund available to the Municipality to cover firefighting costs of wildfire within the Reserve, while ensuring required silviculture activities are conducted.

Option 2

Balancing the forestry budget could also be achieved through increasing taxes (general revenue) by approximately 1.9% (\$592,000). This option is less consistent with previous Council comments and formal direction to staff on preparation of the 2021 recovery budget and is insensitive to the continuing economic instability for the community presented by COVID-19 as the pandemic continues into 2021.

Option 3

Forestry related costs could also be covered using a combination of increasing taxes by 0.95% with the balance of \$296,000 to cover the deficit taken from the Forestry Reserve Fund. This would result in a reduction in potential tax implications to cover forestry-related costs and reduce the decrease of available funds in the Forestry Reserve Fund to a lesser extent than Option 1. This option is still less than fully consistent with previous comments and direction from Council to staff on preparation of the 2021 recovery budget and demonstrates some insensitivity to the pandemic's continuing economic and financial impacts on the community.

Recommendation

That Committee of the Whole recommend to Council that the Forest Reserve Fund be used to cover the 2021 operating budget deficit for the Forestry department while the forestry review, public engagement and First Nations consultation are on-going.

Attachments: Forestry Program - Allocation of Profits Policy.pdf

COUNCIL POLICY: FORESTRY PROGRAM – ALLOCATION OF PROFITS

Council Approval Date: June 1, 2016

Department: Forestry

Amended:

1. PURPOSE

To set policy on the distribution of the Municipal Forestry program profits.

2. POLICY

2.1. That Council set policy to distribute future Municipal Forestry program profits as follows:

- a) 50% to the Forest Reserve Fund (with a target balance of \$2,100,000 - \$1,400,000 for land acquisition to add land to the Municipal Forest Reserve and \$700,000 for unforeseen incidents);
- b) 20% to the Forest Legacy component of Forest Reserve (with a target balance of \$250,000); and
- c) 30% to the General Revenue Fund.

Note: This policy replaces November 1, 1995 and April 16, 2014 Forest Program Profit Distribution policies.