

Municipality of North Cowichan

Special Committee of the Whole

AGENDA

Tuesday, December 14, 2021, 4:00 p.m.

Electronically

Pages

1. CALL TO ORDER

This meeting will be conducted by video conference using the Cisco Webex platform. This meeting, though electronic, is open to the public and will be streamed live and archived for viewing on demand at www.northcowichan.ca.

Anyone wishing to participate in the meeting, during the 'Public Input' and 'Question Period' portions of the agenda, may do so electronically by joining the meeting using:

- a computer, smartphone, or tablet. Please visit northcowichan.ca/virtualmeeting for instructions on how you can connect to this meeting.
- a telephone, dial 1.844.426.4405, enter the meeting ID 2456 243 0287, and then press # to join the meeting.

2. APPROVAL OF AGENDA

Purpose: To consider any items of business not included in the Agenda, that are of an urgent nature, must be introduced and approved at the time the agenda is adopted. Matters must be taken up in the order that they are listed unless changed at this time.

Recommendation:

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

3. PUBLIC INPUT

Public Input is an opportunity for the public to provide their feedback on matters included on the agenda. The maximum number of speakers to be heard during the public input period is limited to five, with a maximum of three minutes allotted to each speaker. To be added to the speakers list, please:

- click on the 'raise your hand' button, if participating by computer, smartphone, or tablet, or
- dial *3 on your phone

4. BUSINESS

4.1. 2022 Capital Expenditure Plan

Purpose: To provide an overview of major capital projects for 2022 and seek direction regarding proposed supplemental projects. The Chief Financial Officer, Talitha Soldera, will be providing a presentation.

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Recommendation:

THAT the Committee of the Whole direct staff to include the following supplemental items in the 2022 Capital Expenditure Plan:

- *[insert name of supplemental item(s) here] funded through [insert name of funding source(s) here].*

4.2. 2022-2026 Operating Budget

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Purpose: To review and provide direction to staff with respect to the 2022-2026 operating budgets. The Chief Financial Officer, Talitha Soldera, will be providing a presentation.

Recommendation:

THAT the Committee of the Whole:

1. Direct staff to include the following items in the 2022-2026 Financial Plan Bylaw:
 - [Council to identify which of the recommended actions, numbered (i) to (iii) to include]
2. Direct staff to make the following changes in the 2022-2026 Financial Plan Bylaw:
 - [Council to identify which of the recommended actions, numbered (iv) to (vii) to include]

5. NEW BUSINESS

6. QUESTION PERIOD

Question Period is an opportunity for the public to ask brief questions regarding the business discussed during the meeting. To be added to the speakers list, please:

- click on the 'raise your hand' button, if participating by computer, smartphone, or tablet, or
- dial *3 on your phone

7. ADJOURNMENT

Report

Date December 14, 2021
Subject 2022 Capital Expenditure Plan

File:

PURPOSE

To provide an overview of major capital projects for 2022 and seek direction regarding proposed supplemental projects.

BACKGROUND

The Capital Expenditure Plan for 2022 includes over \$35 million in proposed spending. Funding for capital projects can come from a variety of sources:

- General Revenue (property taxes)
- Gas Tax Revenue
- Appropriated Surplus
- Reserve Funds
- Development Cost charges
- Grants and Contributions
- Borrowing

Council's Revenue, Tax and Budget Policy states that Council shall provide adequate capital funding by transferring a minimum of 15% of municipal property tax revenue within Class 1 to Class 9 from the General Operating Fund to the Capital Fund.

DISCUSSION

The continued recovery budget direction received in July included a gradual return to a sustainable capital program from 2022-2026. To this end, the proposed capital program includes:

- *2022 Proposed Tax Contribution* - \$3,200,000 (9.0%)
- *2023 Proposed Tax Contribution* - \$3,900,000 (10.4%)
- *2024 Proposed Tax Contribution* - \$4,700,000 (12.0%)
- *2025 Proposed Tax Contribution* - \$5,400,000 (13.5%)
- *2026 Proposed Tax Contribution* - \$6,100,000 (15.0%)

Municipal Property Improvements

The main projects proposed in 2022 include some improvements to the Municipal Hall, including HVAC components, maintenance needs at several of the other municipal buildings and remediation of the Crofton Fire Hall.

At this time, staff are working with an architectural firm to create a design and construction cost estimate for the Crofton Fire Hall. Staff anticipate needing to borrow for these improvements and will bring more information forward to Council in 2022.

Information Technology

North Cowichan has many technology needs, and in the 2022-2026 plan the majority are for replacement of existing end-of-life hardware and software assets, along with expansion where necessary to account for ongoing security improvements and increases in use. The budget for IM/IT Capital remains relatively stable. While it appears that there is an increase requested due to an early replacement of security-related network components, the contribution to the reserve has been decreased to account for this, leaving the impact on taxation unchanged from the 2021 Financial Plan.

Community Development

The main project for 2022 includes preliminary work related to the Maple Bay Marina improvements.

Police

The new building for the RCMP is currently anticipated to be ready for occupation in 2023. Temporary financing is being used in the interim, taking advantage of short-term interest rates to provide sufficient cash flow for works to date.

Fire Protection

A total of \$120,000 is allocated annually for the replacement of equipment at the fire halls. In addition to these funds, the Fire Truck Replacement Reserve is being accessed for the purchase of an aerial truck for the South End Fire Hall.

Transportation

Included in the Transportation category are fleet replacements from the equipment replacement reserve as well as road and drainage projects. The 2021 flooding has resulted in the need for numerous road and drainage improvements, combined with other essential works for 2022. Staff has an aggressive capital plan that includes a few key and expensive projects such as major works on Genoa Bay Road and Mary Street, Canada Avenue Floodgate and road rehabilitation, and the finalization of improvements on Ford Road.

The 2022 budget reflects slightly less taxation revenue for projects but makes use of additional gas tax funds received in 2021.

Parks and Recreation

There are a number of projects for 2022, including the carry forward of the Cowichan Aquatic Centre (CAC) roof project from 2021.

Looking specifically at parks and trails, major projects include dog parks at Herd Road and Sherman Road, improvements to the Chemainus Highway Sign and the Mt Prevost parking lot, trail sanctioning and wayfinding on Mt Richards and lighting improvements at the Crofton Seawalk.

The Fuller Lake Arena will see some fitness equipment replaced during the year, accessibility upgrades, dehumidifier replacement and roof anchor installation.

CAC, as mentioned previously, will get a new roof in 2022 as the major project for the year funded from appropriated surplus, reserves and contributions from our partners.

Supplemental Items

As noted during the business plan presentations, a few capital supplemental items are proposed for Municipal Buildings in 2022.

The Chemainus Salt Shed needs to be replaced. An engineer investigated a major crack in the retaining wall, and the replacement of structure is recommended.

At the Works Yard, regulations for road salt management recommend installing a containment area to prevent material from entering the drainage system.

During 2021 a consultant designed a roof replacement for the South End Fire Hall with an estimated cost far in excess of the 2021 budget. Additional funds are being requested to carry out this replacement.

The new Chemainus Community Policing office located in the Chamber of Commerce building requires improvements to accessibility. There is an accessibility grant available that the Municipality could apply for as a co-applicant. The grant would fund approximately 75% of the project cost, requiring additional funds to be contributed by the Municipality should Council decide to proceed with this project.

- *Supplemental Funding Options*

There are a few options Council may consider for the supplemental items:

- a) Do not approve – no budget impact, but could result in some environmental contamination from the salt storage and could result in building damage for the South End Fire Hall.
- b) Fund through property taxation – the proposed funding required for all four items totals \$670,000 or 2.08% increase in taxes.
- c) Fund through the Infrastructure Replacement Reserve – this reserve can be used for any capital projects that do not have another reserve, such as municipal buildings, roads and drainage. At the end of 2021, the reserve will total approximately \$830 thousand; thus funding all of the supplemental items from the reserve will mostly deplete the funds, but Council may wish to fund some of them through this reserve.

Fund through Gas Tax funds. The majority of the annual Gas Tax contribution received by the Municipality is typically allocated to the roads program with a small amount to each of the Crofton and Chemainus water systems. The funds can only be used for certain projects; however, should Council wish to use Gas Tax fund to offset the cost of the supplemental items, additional funds can be allocated to the roads program and the previously committed property taxation could be allocated towards the supplemental items. The Gas Tax agreement goes until 2024 and provides approximately \$1.3 million each year to the Municipality.

OPTIONS

(Recommended Option) THAT the Committee of the Whole direct staff to include the following supplemental items in the 2022 Capital Expenditure Plan:

- *[insert name of supplemental item(s) here]* funded through *[insert name of funding source(s) here]*.

IMPLICATIONS

Approving the two salt shed improvements will help ensure that runoff is kept out of the drainage system and that salt needed for the winter can be stored safely.

Additionally, the roof of the South End Fire Hall has already been delayed for one year due to budget constraints. It is beyond its useful life, requiring replacement to protect the structure's integrity.

RECOMMENDATION

THAT the Committee of the Whole direct staff to include the following supplemental items in the 2022 Capital Expenditure Plan:

- *[insert name of supplemental item(s) here]* funded through *[insert name of funding source(s) here]*.

Report prepared by:

[Talitha Soldera]

Talitha Soldera, CPA, CGA
Director, Financial Services

Report reviewed by:



George Farkas
General Manager

Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer

Attachments:

- (1) Capital Expenditure Program 2022 PowerPoint

Municipality of North Cowichan 2022 – 2026 Capital Expenditure Program

Dec 14, 2021

Sources of Financing

- Capital projects are financed through a variety of sources including:
 - General Revenue (Property Taxes)
 - Gas Tax Revenue
 - Appropriated Surplus
 - Reserve Funds
 - COVID Restart Reserve
 - Development Cost Charges
 - Government Grants
 - Other Contributions/Cost Sharing Arrangements
 - Debt

Property taxes are one source of funding for capital

- *2022 Capital Budget \$35.1m*
- *Property Taxes (target \$5.2 million – recommended 15% of Property Taxes)*
 - *2022 Proposed Tax Contribution* - \$3,200,000 (9.0%)
 - *2023 Proposed Tax Contribution* - \$3,900,000 (10.4%)
 - *2024 Proposed Tax Contribution* - \$4,700,000 (12.0%)
 - *2025 Proposed Tax Contribution* - \$5,400,000 (13.5%)
 - *2026 Proposed Tax Contribution* - \$6,100,000 (15.0%)

Capital Expenditure – Summary

	2021	2022	2023	2024	2025	2026
General Government	125,000	68,000	10,000	10,000	10,000	10,000
Municipal Property Improvements	2,585,300	4,000,000	300,000	500,000	425,000	425,000
Information Technology	456,400	305,000	305,000	401,000	255,000	205,000
Community Development	1,959,510	450,000	500,000	500,000	500,000	500,000
Protective Services: Police & Other	27,100,000	20,900,000	-	-	-	-
Protective Services: Fire	1,731,700	970,000	370,000	120,000	970,000	470,000
Forestry	-	-	55,000	-	-	-
Transportation	7,907,680	5,488,550	4,474,410	4,939,142	5,807,573	6,572,963
Parks & Recreation	4,844,090	2,899,967	1,126,000	962,000	1,020,000	1,586,000
Total	46,709,680	35,081,517	7,140,410	7,432,142	8,987,573	9,768,963

2022-2026 Capital Funding Summary

	2021	2022	2023	2024	2025	2026
General Revenue	3,454,155	3,194,201	3,923,410	4,711,142	5,416,573	6,131,963
Gas Tax Revenues	1,104,000	2,500,350	1,163,000	1,222,000	1,222,000	1,222,000
Appropriated Surplus	4,407,870	1,550,712	150,000	-	-	-
Reserve Funds	4,034,656	2,991,551	1,784,000	1,479,000	2,329,000	1,829,000
Development Cost Charges	0	100,000	100,000	-	-	-
Grants	4,722,044	120,000	20,000	20,000	20,000	586,000
Other Contributions/Cost Sharing	386,955	224,703	-	-	-	-
Debenture Debt	28,600,000	24,400,000	-	-	-	-
Total Sources of Financing	46,709,680	35,081,517	7,140,410	7,432,142	8,987,573	9,768,963

2022 Tax Supported Capital

Total Capital Expenditure Plan for 2022 - \$35,081,517

Office Equipment and Furniture	10,000
Municipal Property Improvements	300,000
Information Services	302,500
Fire Halls	120,000
Transportation - P/W and Eng. Capital	71,200
Transportation - Roads	1,083,500
Drainage Capital	534,500
Parks and Recreation	772,501
	<u>3,194,201</u>

2022-2026 Municipal Property Improvements

Projects Include

- ▣ *Municipal Hall Maintenance/Improvements*
- ▣ *Other Building Maintenance*
- ▣ *Crofton Fire Hall Remediation*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	300,000	300,000	300,000	500,000	425,000	425,000
Appropriated Surplus	785,300	200,000	-	-	-	-
Debenture Debt	1,500,000	3,500,000	-	-	-	-
Total Sources of Financing	2,585,300	4,000,000	300,000	500,000	425,000	425,000

2022-2026 Information Technology

Projects include:

- ▣ *Website Replacement*
- ▣ *Orthophoto Update*
- ▣ *Telephone System*
- ▣ *Enterprise Software*
- ▣ *Server Upgrade*
- ▣ *Network Equipment*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	127,000	302,500	305,000	401,000	255,000	205,000
Appropriated Surplus	269,400	-	-	-	-	-
COVID Reserve	60,000	2,500	-	-	-	-
Total Sources of Financing	456,400	305,000	305,000	401,000	255,000	205,000

2022-2026 Community Development

Projects Include

- ▣ *Maple Bay Public Wharf*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Grants and Other	1,344,554	-	-	-	-	-
Appropriated Surplus	330,000	-	-	-	-	-
Reserves	284,956	450,000	500,000	500,000	500,000	500,000
Total Sources of Financing	1,959,510	450,000	500,000	500,000	500,000	500,000

2022-2026 Police

- New RCMP Building

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Borrowing	27,100,000	20,900,000	-	-	-	-
	-	-	-	-	-	-
Total Sources of Financing	27,100,000	20,900,000	-	-	-	-

2022-2026 Fire Protection

Projects Include

- ▣ *South End Pumper/Aerial*
- ▣ *Fire Fighting Equipment*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	215,000	120,000	120,000	120,000	120,000	120,000
Fire Truck Replacement Res.	1,516,700	850,000	250,000	-	850,000	350,000
			-	-	-	-
Total Sources of Financing	1,713,700	970,000	370,000	120,000	970,000	470,000

2022-2026 Transportation

Projects include:

- *Ford Rd Improvements*
- *Canada Ave Floodgate*
- *Genoa Bay Rd & Culvert*
- *Mary St Culvert Replacement*

Sources of Funding	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	2,138,693	1,689,200	2,212,410	2,718,142	3,586,573	4,351,963
Gas Tax Revenue	1,104,000	2,500,350	1,163,000	1,222,000	1,222,000	1,222,000
Appropriated Surplus	2,643,462	200,000	-	-	-	-
Reserve – Equip Replace	1,088,000	979,000	979,000	979,000	979,000	979,000
DCC – Roads	-	100,000	100,000	-	-	-
Other Contributions	93,055	-	-	-	-	-
Grants	840,470	20,000	20,000	20,000	20,000	20,000
Total Sources of Financing	7,907,680	5,488,550	4,474,410	4,939,142	5,807,573	6,572,963

2022-2026 Parks & Recreation

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Parks and Trails Capital	1,871,880	680,000	590,000	515,000	635,000	1,490,000
Crofton Pool	-	-	-	-	-	35,000
Fuller Lake Arena	1,050,000	470,000	385,000	160,000	160,000	10,000
Cowichan Aquatic Centre	1,877,210	1,729,967	23,000	138,000	205,000	23,000
Cemetery	45,000	20,000	128,000	149,000	20,000	28,000
Total	4,844,090	2,899,967	1,126,000	962,000	1,020,000	1,586,000

Sources of Financing

General Revenue	663,462	772,501	976,000	962,000	1,020,000	1,020,000
Appropriated Surplus	379,708	1,150,712	150,000	-	-	-
Grants	2,830,920	100,000	-	-	-	566,000
Reserves and Other	970,000	876,754	-	-	-	-
Total Sources of Financing	4,844,090	2,899,967	1,126,000	962,000	1,020,000	1,586,000

2022-2026 Parks and Trails

- Projects include:

- *Herd Rd Dog Park*
- *Sherman Rd Dog Park*
- *Chemainus Hwy Sign*
- *Mt. Prevost Parking Lot*
- *Trail Sanctioning Mt. Richards*
- *Crofton Seawalk Lighting*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	281,962	575,000	590,000	515,000	635,000	924,000
Appropriated Surplus	303,498	-	-	-	-	-
Grants	1,081,420	85,000	-	-	-	566,000
Reserve	205,000	20,000	-	-	-	-
Total Sources of Financing	1,871,880	680,000	590,000	515,000	635,000	1,490,000

2022-2026 Fuller Lake Arena

- Projects include:
 - *Fitness Equipment Replacement*
 - *Dehumidifier*
 - *Accessibility Upgrades*
 - *Roof Anchor Installation*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	324,000	155,000	235,000	160,000	160,000	10,000
Appropriated Surplus	6,000	300,000	150,000	-	-	-
Grants	-	15,000	-	-	-	-
Reserves	720,000	-	-	-	-	-
Total Sources of Financing	1,050,000	470,000	385,000	160,000	160,000	10,000

2022-2026 Cowichan Aquatic Centre

- Projects include:
 - *Fitness Equipment Replacement*
 - *Roof Replacement*

Sources of Financing

	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
General Revenue	57,500	22,500	23,000	138,000	205,000	23,000
Appropriated Surplus	70,210	850,710	-	-	-	-
Reserve	280,321	632,050	-	-	-	-
City of Duncan	-	224,710	-	-	-	-
Grants	1,749,500	-	-	-	-	-
Total Sources of Financing	1,877,210	1,729,970	23,000	138,000	205,000	23,000

Supplemental Requests

Actions / Projects	Budget	Rationale
Chemainus salt shed replacement	\$100,000	Major crack in retaining wall was investigated by an engineer and replacement of structure is recommended.
Works yard salt containment and wash down construction	\$150,000	Regulations for the management of road salt recommends installation of a containment area to prevent material from entering the drainage system.
Chemainus Community Policing Access *contingent on grant funding	\$85,000	The new office located in the Chamber of Commerce building requires improvements to accessibility. There is an accessibility grant available that the Municipality could apply for as a co-applicant.
SE Fire Hall Roof	\$335,000	In 2021 a consultant designed a roof replacement and estimated the cost at \$465,000. The capital budget allotted in 2021 was \$130,000.

Funding Options for Supplemental

- Taxes – Total increase 2.08%
- Reserves – infrastructure replacement reserve balance Dec 31, 2021 \$830k
 - *Funds cannot be used for water, sewer, LAS*
- Gas Tax – additional transfers in 2021 \$1.3 million
 - *Funds can only be used for eligible projects*

Gas Tax Funds

Unallocated Balance	\$	975,170
2021 Additional Grant		1,304,840
2022 Funding		1,163,000
2022 Roads and Drainage Projects		(2,500,350)
2022 Supplemental Items		<u>(670,000)</u>
	\$	272,660

Recommendation

- THAT the Committee of the Whole direct staff to include the following supplemental items in the 2022 Capital Expenditure Plan:

[insert name of supplemental item(s) here] funded through *[insert name of funding source(s) here]*.

Report

Date December 14, 2021
Subject 2022-2026 Operating Budget

File:

PURPOSE

To review and provide direction to staff with respect to the 2022-2026 operating budgets.

BACKGROUND

In July of 2022, Council resolved to continue with a recovery budget focusing on taxpayer affordability, continued use of COVID funding and a gradual return to a sustainable capital program. The estimated 2022 net tax increase at that time was 5.3-7.8%.

DISCUSSION

Significant Changes to Budget Assumptions

Since July, several changes have been made to the budget assumptions presented to Council.

- *Revenue Reductions:*

Utility companies (Shaw, Fortis, Telus and BC Hydro) do not pay property taxes on pipes and power lines. Instead, they pay to each municipality 1% of the revenue earned within municipal boundaries for the previous year. The partial shut down of the Crofton pulp mill early in the pandemic dramatically reduced revenue earned by BC Hydro within North Cowichan boundaries, resulting in an overall reduction to expected revenue of almost \$200,000.

Additionally, interest rates are at all time lows. This is good for financing, but not good for earning revenue. Based on current interest rates of approximately 0.68% and available reserve fund balances, staff are estimating a \$100,000 decrease in revenues for 2022. During the year, an investment policy will be brought forward for Council consideration to help ensure we are earning as much revenue from our investments as possible while meeting our cash flow needs.

- *Expense Increases*

The settlement of the RCMP contract has resulted in the need to increase our planned expenditures for 2022 by approximately \$300,000. This does not include the retro pay funded from previously set aside surplus.

Another unexpected budget increase is to the Vancouver Island Regional Library. Their financial plan was adopted with an increase for North Cowichan of almost \$100,000 over the 2021 budget.

- *Other Changes to Budget Assumptions*

Offsetting some of the revenue and expense changes is an increase in the non-market change to property assessment for the year. Based on preliminary information from BC Assessment, new investment is predicted to cover 2.0% of the potential tax increase, up from the 1.5% predicted in July.

Also, with the amount spent on the RCMP building thus far, the amount of debt required in 2022 is less than originally planned for, with the majority of the borrowing taking place late in 2022 or early in 2023, reducing the budget required for debt servicing.

Overall, these revenue and expense changes result in a net budget increase of 5.9% over 2021. Staff anticipate more fulsome information on non-market change at the end of December and anticipate being able to increase the percentage even more after that time.

Operating Budget by Department

The operating budget is funded from many sources, including property taxation. For 2022, the operating budget changes are:

	2021 Budget	2022 Budget	Increase (Decrease)	% Change	% 2022 Budget
General Government	\$6,685,540	\$6,607,016	\$(78,524)	-1.2%	15.4%
Protective Services	10,088,010	11,031,428	943,418	9.4%	25.7%
Engineering and Environment	2,761,240	2,430,695	(330,545)	-12.0%	5.7%
Operations	6,114,140	6,195,684	81,544	1.3%	14.4%
Forestry	731,040	729,901	(1,139)	-0.2%	1.7%
Development Serv.	2,022,030	2,147,808	125,778	6.2%	5.0%
Recreation Parks and Culture	8,959,850	9,431,366	471,516	5.3%	21.9%
Debt Servicing	1,803,700	2,322,881	519,181	28.8%	5.4%
Transfer to Reserves	<u>2,150,710</u>	<u>2,093,460</u>	<u>(57,250)</u>	<u>-2.7%</u>	4.9%
Total	\$41,316,260	\$42,990,239	\$1,673,979	4.05%	100.0%

By dollar value, the single largest increase for 2022 is in protective services. This is due to an increase to the RCMP contract of over \$600,000 as well as an increase of \$147,000 for e-comm 911 services as advised by the Province. The protective services category is also increasing due to one-time bylaw costs funded through the use of the COVID grant.

The second largest increase is for debt servicing, which includes interest on debt financing for the new RCMP building as well as short term debt for Fire Department Self Contained Breathing Apparatus approved by Council earlier this year.

Recreation, Parks and Culture is also experiencing a large budget increase as services resume in the Cowichan Aquatic Centre and Fuller Lake Arena. These expenses are offset by increases in user fees.

Details for each department are found in the accompanying PowerPoint presentation (Attachment 1).

New Position Requests

As mentioned in the introductory presentation on November 23, 2021, there are seven new positions described in the Departmental Business Plans that are necessary to achieve Council's strategic goals. Senior Leadership is recommending two positions as the most important for 2022. These are:

- Senior Engineer, Utilities detailed in Attachment 2
- Legislative Coordinator detailed in Attachment 3

For 2022, these positions would have a total impact to taxation of \$89,655 or 0.28%.

The other five positions presented for Council's information are:

- Senior Engineer, Transportation and Development
- Climate Change Specialist
- Business Solutions Specialist
- Planning Technologist
- Indigenous Relations Advisor

(i) *Recommended Action:* that the Committee of the Whole direct staff to include the following position(s) in the 2022 – 2026 financial plan:

- (a) Senior Engineer, Utilities; and,
- (b) Legislative Coordinator.

Ongoing Supplemental Requests

A number of supplemental items with ongoing budgetary impacts were brought forward during business planning. Altogether, these items represent a \$172,000 or 0.53% property tax increase.

- *Information Management (IM)/Information Technology (IT) Requests – Total Budget Impact \$90,000 or 0.28%*

The IM/IT department are proposing three service level increases (security increase, online backup enhancements and Evergreen hardware replacements) that improve the ability to support remote work and ensure recovery and continuity of service in case of disasters, including cybersecurity/ransomware incidents.

- *Operations Requests – Total Budget Impact \$82,000 or 0.25%*

The Operations department are proposing five items designed to improve the useful life of our current assets and improve service levels. Increases to storm video, solar crosswalk maintenance and roof maintenance will ensure that assets are properly maintained and potentially allow for the useful lives of those assets to be extended. Increases to traffic calming and pest control are necessary to respond to calls for service and ensure staff can abide by Council's policy regarding anti-coagulant pest control.

(ii) *Recommended Action:* that the Committee of the Whole direct staff to include the following supplemental item(s) in the 2022 – 2026 financial plan:

- (a) Security Increase \$30,000;
- (b) Online Backup Enhancements \$25,000;
- (c) Evergreen Replacement \$35,000;
- (d) Storm Video \$25,000;

- (e) Solar Crosswalk Maintenance \$10,000;
- (f) Traffic Calming \$20,000;
- (g) Pest Control \$12,000; and,
- (h) Roof Maintenance \$15,000.

One Time Supplemental Requests

Specific to 2022 are six supplemental items for Council's consideration:

- (1) Cemetery Services Plan - \$75,000 increase to property taxes for a consultant to create a plan for expanding the cemetery to meet future needs and expectations while giving consideration to public desires to green and traditional internments, scattering gardens and other associated memorial processes. The consultant will also comment on maintenance management, and long term fiscal planning for the cemetery's operation.
- (2) Mount Prevost Road Maintenance - \$20,000 increase to property taxes to make improvements to Main Road to Satellite Road to sustain the downhill trails.
- (3) Sport Wall of Fame - \$35,000 increase to property taxes for completion of the relocation of the previous wall to the entry way into the Aquatic Centre and an induction ceremony including organization and operation of such an event.
- (4) Integrating Natural Assets into the Asset Management Plan - \$100,000 from Gas Tax Community Works Funds to engage a consultant to begin detailing the natural assets in the Municipality, assigning a value to those assets and establishing a plan for the management of managing those assets into the future.
- (5) Biodiversity Protection Policy - \$50,000 increase to property taxes to assist with implementation.
- (6) Exempt Compensation Review - \$15,000 from surplus to conduct a review of exempt employee compensation and draft a report for Council's information.

The Biodiversity Protection Policy as well as the three parks items are suggested to be funded from property taxation as there are no reserve funds available for these purposes. This would result in a \$180,000 budget increase or 0.56% increase to taxes. Staff suggest using gas tax for the natural asset project as it is an eligible use of these funds and avoids a one time increase in taxes for this special project. Also, as the exempt compensation review is of a small dollar value and an infrequent expense, staff would recommend using surplus funds from previous years to avoid an additional tax impact.

In addition to these supplemental requests, Environmental Services indicated that Implementation of the Environmental Policy, the District Energy Feasibility Study and Climate Change Risk and Vulnerability Assessment could not be completed in 2022 without an additional Climate Change Specialist position. Adding the position, as well as the supplemental items would result in an increase of \$270,000 or approximately 0.84% to property taxes.

(iii) Recommended Action: that the Committee of the Whole direct staff to include the following supplemental item(s) in the 2022 – 2026 financial plan:

- (a) Biodiversity Protection Policy \$50,000;
- (b) Cemetery Services Plan \$75,000;
- (c) Mt. Prevost Road Maintenance \$20,000;
- (d) Sports Wall of Fame \$35,000;

- (e) *Integrating Natural Assets into the Asset Management Plan \$100,000 of Gas Tax; and,*
 (f) *Exempt Compensation Review \$15,000 from surplus.*

Potential Tax Mitigation Options

Staff carefully reviewed all budget lines, reducing where possible while still maintaining current service levels, however, the majority of the tax increase for 2022 is out of Council or staff's control. Increases to protective services account for almost 2.5% increase in taxes and debt servicing another 1.6% for a total of 4.1% increase in taxes. In addition to this a 2.0% increase in wages for union staff is required under the collective agreement and other costs such as hydro and library requisition are not negotiable or discretionary.

Some options that Council may wish to consider to reduce the impact of 2022 property taxation include:

- *Reduction of reserve fund contributions.*

The 2022 budget includes \$2,093,470 in transfers to reserve as follows:

	2022 Budget	Balance as at Dec 31, 2020
Equip Replacement	1,248,060	4,124,170
Infrastructure Replace.	250,000	1,299,858
IT Capital Reserve	117,000	62,000
Cowichan Aquatic Ctr	125,000	586,636
Agriculture	30,000	300,426
Quamichan Lake Water	100,000	318,754
Insurance/Legal Reserve	50,000	176,169
Climate Action/Energy	<u>173,400</u>	<u>542,814</u>
Total	\$2,093,460	\$7,389,827

Staff do not recommend any reductions to the equipment replacement reserve as it includes replacement of all municipal equipment including fire trucks and has significant expenses budgeted within the next few years. Additionally, annual funding is primarily through internal equipment charges designed to ensure equipment can be replaced when it is required.

Staff also do not recommend reductions to the contributions for infrastructure replacement, IT Capital or Cowichan Aquatic Centre as there are significant capital assets in need of replacement in the coming years. The other reserve funds, however, do not have immediately budgeted projects that would require more funding than is currently available, so contributions could be suspended for one year or more until funds are needed.

Not contributing to the Agriculture, Quamichan Lake Water, Insurance/Legal and Climate Action/Energy reserves for 2022 results in a savings of \$353,400 or 1.1% of taxes.

(iv) *Recommended Action:* that the Committee of the Whole direct staff to reduce the contribution to the following reserve fund(s) in 2022 as part of the 2022-2026 financial plan:

- (a) Agriculture Reserve \$30,000;
- (b) Quamichan Lake Water Reserve \$100,000;
- (c) Insurance/Legal Reserve \$50,000; and,
- (d) Climate Action/Energy Reserve \$173,400.

- *Protective Services budget changes*

Since 2017, the budget for RCMP contract costs has been increased by 2.5% per year in anticipation of the settlement of the RCMP contract. The actual contract settlement is higher than budgeted, requiring an adjustment to the 2022 budget of \$300,000 (in addition to any other increases) to meet the new contract costs.

The Municipality has approved 32 RCMP members. For a number of reasons, the actual number of members is traditionally less than this and the quarterly bills reflect the actual number of members. To help avoid taxing more than necessary for RCMP, the Municipality's annual budget has historically included 95% of the cost provided by the RCMP, or 30.4 members.

Since 2016, the greatest number of members has been 28.31. This has allowed the Municipality to save for the retro pay as a result of the RCMP contract settlement as well as saving for some of the costs related to the new building.

To offset the impact of the immediate \$300,000 increase to base salary amounts, staff recommend using some of the annual surplus RCMP related revenue to phase the increase in over 3 years. In 2022, the budget would be increased by \$100,000, and \$200,000 from the RCMP surplus would be included in revenue; in 2023 the budget would be increased by a further \$100,000, and \$100,000 would come from surplus; and in 2024 the budget would be increased by a further \$100,000. This would result in a \$200,000 reduction to taxes for 2022 or 0.62%.

(v) *Recommended Action:* that the Committee of the Whole direct staff to phase in the RCMP base salary increase over three years, using surplus collected for RCMP purposes to offset costs.

Another option for Council's consideration is changing the percentage of RCMP costs included in the budget. As mentioned, the Municipality traditionally budgets for 95% of costs, or 30.4 members. A reduction to 90% or 28.8 members results in a budget savings of \$312,551 or 0.97%. There is a risk that should the actual membership exceed 28.8 members during the year, there will be insufficient funds collected.

(vi) *Recommended Action:* that the Committee of the Whole direct staff to budget for 90% of total RCMP contract costs in 2022.

- *Other Tax Mitigation Options*

The 2022 budget reflects a small increase in discretionary spending such as staff travel related to training. This was included under the assumption that conferences may return to in-person during 2022. Council may wish to consider reducing staff travel related to training, which would save approximately \$50,000 or 0.16% of taxes.

Legislative (Mayor and Council) expenses were also increased in the 2022 budget to reflect the potential return to in person meetings and conferences. Council may wish to consider reducing

Council travel/training to 2019 levels which would save approximately \$23,445 or 0.07% of taxes.

Council may also wish to consider reducing the contribution from property taxes to capital expenses, however this would result in the delay of some projects. Tax supported capital for 2022 consists of:

Office Equipment and Furniture	10,000
Municipal Building Maintenance	300,000
Information Services	302,500
Fire Halls	120,000
Transportation - P/W and Eng. Capital	71,200
Transportation - Roads	1,083,500
Drainage Capital	534,500
Parks and Recreation	772,501
Total	\$3,194,201

(vii) Recommended Action: that the Committee of the Whole direct staff to:

- (a) Reduce staff travel related to training by (insert number here) for 2022;
- (b) Reduce Council travel/training by (insert number here) for 2022;
- (c) Reduce capital spending in (insert department here) by (insert number here) for 2022.

OPTIONS

(Recommended Option)

THAT the Committee of the Whole:

- (1) Direct staff to include the following items in the 2022-2026 Financial Plan Bylaw:
 - [Council to identify which of the recommended actions, numbered (i) to (iii) to include]
- (2) Direct staff to make the following changes in the 2022-2026 Financial Plan Bylaw:
 - [Council to identify which of the recommended actions, numbered (iv) to (vii) to include]

IMPLICATIONS

Should Council make all of the recommended changes, the net property tax increase for 2022 would be 4.35% as follows:

	2022	
2022 Property Tax Before Changes	\$34,705,954	7.90%
Staffing Requests	89,655	0.28%
Ongoing Supplemental Items	172,000	0.53%
One Time Supplemental Items	180,000	0.56%
Reserve Fund Reductions	(353,400)	-1.10%
Phase in Police Changes	(200,000)	-0.62%
Budget for 90% Police	(312,551)	-0.97%

2022		
Reduce staff travel related to training	(50,000)	-0.16%
Reduce Council travel/training to 2019 levels	<u>(23,445)</u>	<u>-0.07%</u>
	\$34,208,213	6.35%
New Investment		2.00%
Net Property Tax Increase		4.35%

RECOMMENDATION

THAT the Committee of the Whole:

- (1) Direct staff to include the following items in the 2022-2026 Financial Plan Bylaw:
 - *[Council to identify which of the recommended actions, numbered (i) to (iii) to include]*
- (2) Direct staff to make the following changes in the 2022-2026 Financial Plan Bylaw:
 - *[Council to identify which of the recommended actions, numbered (iv) to (vii) to include]*

Report prepared by:

[Talitha Soldera]

Talitha Soldera, CPA, CGA
Director, Financial Services

Report reviewed by:

G

George Farkas
General Manager

Approved to be forwarded to Council:

Ted Swabey

Ted Swabey
Chief Administrative Officer

Attachments:

- (1) 2022-2026 Operating Budget PowerPoint
- (2) Senior Engineer, Utilities Position Request
- (3) Legislative Coordinator Position Request

Municipality of North Cowichan 2022 – 2026 General Operating Budget

December 14, 2021

Budget Process

This sets out “how” to operationalize Council’s plan and internal priorities



Purpose of the Meeting

- Review significant changes to budget assumptions
- Review of key 2022 Budget considerations
- Discuss supplemental requests
- Discuss options to mitigate tax increase

Council's 2022 Budget Direction

- In July continued recovery budget
 - focused on taxpayer affordability
 - gradually returning to sustainable capital program
 - continued use of COVID funding
 - estimated 2022 net tax increase 5.3 – 7.8%

Five Year Increases

2022 Continued COVID Recovery Budget

	2021	2022	2023	2024	2025
Gross tax increase	3.90%	6.80%	6.74%	5.29%	4.54%
Less: Growth	(1.40%)	(1.50%)	(1.25%)	(1.25%)	(1.25)%
Net Tax Increase	2.50%	5.30%	5.49%	4.04%	3.29%

Changes to Budget Assumptions

- Revenue Reductions:
 - *1% utility tax* ~\$200,000
 - *Interest revenue* ~\$100,000
- Expense Increases
 - *RCMP Wage Increase* ~\$300,000
 - *Vancouver Island Regional Library* ~\$98,000

Changes to Budget Assumptions

- Other Changes
 - *New investment up from 1.5% to 2.0% (more information available early in 2022)*
 - *RCMP Borrowing for 2022 reduced*
- Changes result in net budget increase of 5.9%

Five Year Increases

2022 Continued COVID Recovery Budget

	2022	2023	2024	2025	2026
Gross tax increase	7.90%	8.50%	5.77%	3.67%	3.22%
Less: Growth	(2.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25)%
Net Tax Increase	5.90%	7.25%	4.52%	2.42%	1.97%

Budget 2022 Key Considerations

- User fee revenue for Fuller Lake Arena and Cowichan Aquatic Centre
 - Will use return to pre-COVID levels?
- Outcomes of the ongoing Forestry Review
 - No budget for harvesting
- Capital spending requirements
 - Urgent repairs to roads and drainage needed

Continued use of COVID Funding

	2020 Actual	2021 Budget	2021 Actual	2022 Budget
Opening Balance of Unspent Covid Reserve	4,419,000	2,750,808	2,750,808	909,583
Parks and Recreation Operating	988,693	1,515,130	1,228,890	200,000
IT Operating		367,980	201,226	290,490
Bylaw Operating		192,310	119,400	256,160
Public Works Operating		28,990	-	-
General Government Operating	681,400	158,390	88,390	80,000
Total Operating	1,670,093	2,262,800	1,637,906	826,650
Total Capital		310,000	203,319	80,000
Closing Balance of Unspent Covid Reserve	2,748,907	178,008	909,583	2,933

Major Future Cost Pressures

- New RCMP Facility completion in 2023
- Additional e-comm costs \$442,000 in 2023 up to \$709,000 in 2024
- Forest reserve depleted in 2023
- Asset Management/infrastructure replacement requirements

Budget Process to Date

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

Operating Budgets - Departments

	2021 Actual Nov	2021 Budget	2022 Budget	Increase (Decrease)	% Change	% 2022 Budget
General Government	\$ 5,517,572	\$ 6,685,540	\$ 6,607,016	\$ (78,524)	-1.2%	15.4%
Protective Services	5,998,222	10,088,010	11,031,428	943,418	9.4%	25.7%
Engineering and Environment	1,678,641	2,761,240	2,430,695	(330,545)	-12.0%	5.7%
Operations	5,394,451	6,114,140	6,195,684	81,544	1.3%	14.4%
Forestry	475,703	731,040	729,901	(1,139)	-0.2%	1.7%
Development Serv.	1,677,153	2,022,030	2,147,808	125,778	6.2%	5.0%
Recreation Parks and Culture	7,175,894	8,959,850	9,431,366	471,516	5.3%	21.9%
Debt Servicing	1,648,125	1,803,700	2,322,881	519,181	28.8%	5.4%
Tfr to Reserves	<u>0</u>	<u>2,150,710</u>	<u>2,093,470</u>	<u>(57,240)</u>	<u>-2.7%</u>	4.9%
Total	\$ 29,565,761	\$41,316,260	\$42,990,249	\$ 1,673,989	4.05%	100.0%

General Government

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Legislative (Mayor and Council)	\$ 286,913	\$ 369,190	\$ 406,981	\$ 37,791	10.2%
CAO and Communications	521,037	698,450	727,593	29,143	4.2%
Corporate Services	3,164,315	3,898,390	3,859,554	(38,836)	-1.0%
Financial Services	1,014,010	1,141,320	1,134,429	(6,891)	-0.6%
Common Services	689,075	984,830	811,229	(173,601)	-17.6%
Other General Gov't	125,917	162,650	247,910	85,260	52.4%
Admin Recoveries	<u>(283,695)</u>	<u>(569,290)</u>	<u>(580,680)</u>	<u>(11,390)</u>	<u>2.0%</u>
Total	\$ 5,517,572	\$ 6,685,540	\$ 6,607,016	\$ (78,524)	<u>-1.2%</u>

Common Services

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Municipal Buildings	\$ 162,902	\$ 193,010	\$ 198,459	\$ 5,449	2.8%
Office	74,514	125,560	128,070	2,510	2.0%
Legal	220,756	252,500	257,550	5,050	2.0%
Consulting/Contract	157,986	326,500	139,200	(187,300)	-57.4%
Audit	41,500	45,000	45,000	0	0.0%
Meetings	847	10,100	10,300	200	2.0%
Annual Functions	15,141	20,070	20,470	400	2.0%
Bank Charges	<u>15,429</u>	<u>12,090</u>	<u>12,180</u>	<u>90</u>	0.7%
	\$ 689,075	\$ 984,830	\$ 811,229	\$ (173,601)	-17.6%

Protective Services

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Police Protection	\$ 3,581,724	\$ 7,281,350	\$ 8,074,030	\$ 792,680	10.89%
Bylaw Services	637,863	762,300	870,500	108,200	14.19%
Fire Protection	1,611,972	1,866,310	1,905,468	39,158	2.10%
Other Protection	<u>166,663</u>	<u>178,050</u>	<u>181,430</u>	<u>3,380</u>	1.90%
Protective Services	\$ 5,998,222	\$ 10,088,010	\$ 11,031,428	\$ 943,418	9.35%

Police Protection

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
RCMP Contract	\$ 1,953,691	\$ 5,331,740	\$ 5,938,463	\$ 606,723	11.4%
Administration	34,955	49,040	165,300	116,260	237.1%
Clerical	803,678	906,370	951,509	45,139	5.0%
Information Services	82,601	93,880	96,668	2,788	3.0%
Crime Analyst	93,784	105,100	110,970	5,870	5.6%
Restorative Justice	7,100	7,720	7,870	150	1.9%
Building Maintenance	174,348	246,770	251,700	4,930	2.0%
Guards	<u>431,566</u>	<u>540,730</u>	<u>551,550</u>	<u>10,820</u>	2.0%
Police Protection	\$ 3,581,723	\$ 7,281,350	\$ 8,074,030	\$ 792,680	10.9%

Fire Protection

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Fire Control	\$ 72,061	\$ 38,120	\$ 39,788	\$ 1,668	4.4%
Fire Inspection	251,142	297,070	283,157	(13,913)	-4.7%
Chemainus Fire Hall	301,077	362,540	374,668	12,128	3.3%
Crofton Fire Hall	267,495	336,630	353,545	16,915	5.0%
Maple Bay Fire Hall	254,623	357,940	368,385	10,445	2.9%
South End Fire Hall	<u>465,574</u>	<u>474,010</u>	<u>485,925</u>	<u>11,915</u>	2.5%
Total	\$ 1,611,972	\$ 1,866,310	\$ 1,905,468	\$ 39,158	2.1%

Engineering and Environment

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Engineering	\$ 1,366,664	\$ 1,945,500	\$ 1,670,965	\$ (274,535)	-14.1%
Energy and Environment	<u>311,977</u>	<u>815,740</u>	<u>759,730</u>	(56,010)	-6.9%
	\$ 1,678,641	\$ 2,761,240	\$ 2,430,695	\$ (330,545)	-11.97%

Environment

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Environmental Program	\$ 191,712	\$ 317,410	\$ 391,890	74,480	23.5%
Environmental Committee	7,132	10,000	10,000	-	0.0%
CAEP Update	50,046	185,440	27,500	(157,940)	-85.2%
Community Energy Projects	5300	90,000	138,000	48,000	53.3%
EV Charger Program	0	21,000	2,000	(19,000)	-90.5%
Building upgrades - energy	1,400	10,000	1,500	(8,500)	-85.0%
Bonsall Cr Watershed	0	50,500	51,510	1,010	2.0%
Somenos Cr	28,188	56,850	50,000	(6,850)	-12.0%
Quamichan Lk Water Quality	8,373	50,000	50,000	-	0.0%
Weed/Mosquito Control	<u>19,826</u>	<u>24,440</u>	<u>37,230</u>	<u>12,790</u>	52.3%
Total	\$ 311,977	\$ 815,640	\$ 759,630	\$ (56,010)	-6.9%

Operations

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Administration	\$ 689,450	\$ 761,240	\$ 739,145	\$ (22,095)	-2.9%
Garbage and Recycling	1,218,618	1,419,560	1,449,365	29,805	2.1%
Roads and Drainage	3,169,189	3,587,040	3,662,923	75,883	2.1%
Cemetery	178,141	162,700	167,248	4,548	2.8%
Wharves	<u>139,053</u>	<u>183,600</u>	<u>177,003</u>	<u>(6,597)</u>	-3.6%
Total	\$ 5,394,451	\$ 6,114,140	\$ 6,195,684	\$ 81,544	1.3%

Roads and Drainage

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Roads	\$ 1,323,664	\$ 1,583,600	\$ 1,605,390	\$ 21,790	1.4%
Snow and Ice Removal	359,881	385,310	393,138	7,828	2.0%
Street Lights	375,092	502,460	512,510	10,050	2.0%
Signs and Road Marking	246,793	293,480	299,320	5,840	2.0%
Drainage	523,637	555,350	589,435	34,085	6.1%
Training and Safety	80,897	87,570	89,310	1,740	2.0%
Other	<u>165,185</u>	<u>179,270</u>	<u>173,820</u>	<u>(5,450)</u>	-3.0%
Road Transport	\$ 3,075,149	\$ 3,587,040	\$ 3,662,923	\$ 75,883	2.1%

Garbage

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Garbage Fees	\$ 1,450,870	\$ 1,529,500	\$ 1,561,465	\$ 31,965	2.1%
Garbage Collection	544,135	598,270	610,176	11,906	2.0%
Recycling	258,279	353,310	361,809	8,499	2.4%
Tipping Fees	379,771	423,000	431,500	8,500	2.0%
Other	<u>36,433</u>	<u>44,980</u>	<u>45,880</u>	<u>900</u>	<u>2.0%</u>
	1,218,618	1,419,560	1,449,365	29,805	2.1%
Transfer to Equipment Reserve	<u>0</u>	<u>109,940</u>	<u>112,100</u>	<u>2,160</u>	2.0%
Total	\$ 1,218,618	\$ 1,529,500	\$ 1,561,465	\$ 31,965	2.1%

Forestry

	2021 Actual 30-Nov	2021 Budget	2022 Budget	2023 Budget	2024 Budget	2025 Budget
Forestry Revenues	112,165	209,150	249,150	99,150	99,150	99,150
Forestry Expenses	<u>475,703</u>	<u>751,040</u>	<u>749,901</u>	<u>506,535</u>	<u>480,500</u>	<u>489,670</u>
Operating Surplus/(Deficit)	(363,538)	(541,890)	(500,751)	(407,385)	(381,350)	(390,520)
From Forestry Reserve	0	541,890	500,751	382,398		0
General Revenue				24,987	381,350	390,520

Planning and Building Services

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Community and Development Planning	\$1,043,568	\$1,315,120	\$1,299,943	\$ (15,177)	-1.2%
Building Inspection	516,478	581,500	722,265	140,765	24.2%
Economic Development – (Chem BIA)	<u>117,107</u>	<u>125,410</u>	<u>125,600</u>	<u>190</u>	0.2%
Total	\$1,677,153	\$2,022,030	\$2,147,808	\$ 125,778	6.2%

Parks and Recreation

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Administration	\$ 206,410	\$ 280,780	\$ 233,620	\$ (47,160)	-16.8%
Swimming Pools	2,247,150	3,604,280	4,025,288	421,008	11.7%
Arena	839,553	999,440	1,043,732	44,292	4.4%
Parks & Playgrounds	2,079,662	2,286,640	2,237,089	(49,551)	-2.2%
Regional Library	1,577,297	1,560,300	1,658,657	98,357	6.3%
Grants in Aid	<u>225,822</u>	<u>228,410</u>	<u>232,980</u>	<u>4,570</u>	2.0%
	\$7,175,894	\$8,959,850	\$9,431,366	\$ 471,516	5.3%

Cowichan Aquatic Centre - Operating

	2021 Actual At Sept 30/21	2021 Budget	2022 Budget	Budget Increase/ (Decrease)	Budget % Increase
CAC Revenues	\$ 420,927	\$ 530,340	\$ 1,138,450	\$ 608,110	114.7%
CAC Expenses	<u>2,702,537</u>	<u>3,549,060</u>	<u>3,953,828</u>	<u>404,768</u>	11.4%
Partners' Share – Operating	(2,281,610)	(3,018,720)	(2,815,378)	203,342	-6.7%
Recovery %	15.58%	14.94%	28.79%		
North Cowichan	1,820,560	2,442,875	2,292,888	(149,987)	-6.1%
Duncan	272,038	371,498	342,551	(28,947)	-7.8%
CVRD Areas & Cowichan Tribes	<u>189,012</u>	<u>204,347</u>	<u>179,939</u>	<u>(24,408)</u>	-11.9%
Total	\$ 2,281,610	\$ 3,018,720	\$ 2,815,378	\$ (203,342)	-6.7%

Fiscal Services

	2021 Actual	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Debt – Interest	\$ 732,285	\$ 895,260	\$1,237,172	\$341,912	38.19%
Debt - Principal	<u>915,840</u>	<u>908,440</u>	<u>1,085,709</u>	<u>177,269</u>	19.51%
Total Fiscal Services	\$1,648,125	\$1,803,700	\$2,322,881	\$519,181	28.78%

Changes:

- RCMP Detachment Interest \$343,780
- SCBA Short Term Debt \$174,741

Contributions to Reserve and Reserve Balances

	Projected Balance Dec 2021	2021 Budget	2022 Budget	Budget Increase	Budget % Increase
Agriculture	330,426	30,000	30,000	-	0.0%
Climate Action/Energy	443,114	163,900	173,400	9,500	5.8%
Cowichan Aquatic Ctr	711,636	125,000	125,000	-	0.0%
Equip Replacement	2,550,439	1,191,810	1,248,060	56,250	4.7%
Forestry	883,149	-	-	-	0.0%
Infrastructure Replace.	829,858	250,000	250,000	-	0.0%
Insurance/Legal Reserve	226,169	50,000	50,000	-	0.0%
IT Capital Reserve	302,000	240,000	117,000	(123,000)	-51.3%
Quamichan Lake Water	<u>418,754</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>0.0%</u>
	6,695,545	2,150,710	2,093,460	(57,250)	-2.7%

2022 New Position Requests

	Total Salary and Benefits	2022 Tax Increase
Senior Engineer, Utilities*	154,880	0.07%
Legislative Coordinator	<u>87,040</u>	0.21%
Total Budget Impact	\$241,920	
Impact to taxation for 2022	\$89,655	~0.28%

*Senior engineer funded primarily from utilities

Other Position Requests Presented to Council

- **Engineering** – Senior Engineer Transportation and Development
- **Environmental Services** – Climate Change Specialist
- **IM/IT** – Business Solutions Specialist
- **Planning and Building** – Planning Technologist
- **CAO** – Indigenous Relations Advisor

Ongoing Supplemental Items

Supplemental Items – From Business Plans	Potential 2022 Budget	Funding
Info Technology: Security Increase	30,000	Taxes
Online Backup Enhancements	25,000	Taxes
Evergreen Replacement	35,000	Taxes
Operations: Storm Video	25,000	Taxes
Solar Crosswalk Maintenance	10,000	Taxes
Traffic Calming	20,000	Taxes
Pest Control	12,000	Taxes
Roof Maintenance	15,000	Taxes

One-Time Supplemental Items

Supplemental Items – From Business Plans		Potential 2022 Budget	Funding
Parks & Rec:	Cemetery Services Plan	75,000	Taxes
	Mt Prevost Road Maintenance	20,000	Taxes
	Sports Wall of Fame	35,000	Taxes
Environment:	Natural Assets in AM Plan	100,000	Gas Tax
	Biodiversity Protection Policy	50,000	Taxes
Human Resources: Exempt Compensation Review		15,000	Surplus

Potential Tax Increase

Item	Cost	2022 Tax Increase Proposed	Cumulative
Tax Increase Before Supplemental Items			5.90%
Senior Engineer	\$22,500	0.07%	
Legislative Coordinator	\$67,155	0.21%	
Ongoing Supplemental Items	\$172,000	0.53%	
One Time Supplemental Items	\$180,000	0.56%	
			<u>1.37%</u>
Total Tax Increase			7.27%

Five Year Increases Including Some Supplemental Items

	2022	2023	2024	2025	2026
Gross tax increase	9.27%	8.12%	5.74%	3.65%	3.20%
Less: Growth	(2.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	7.27%	6.87%	4.49%	2.40%	1.95%

Other Supplemental Items Presented

Supplemental Items – From Business Plans	Potential 2022 Budget	Funding
Environmental Policy Implementation	30,000	Taxes
District Energy Feasibility Study	25,000	Taxes
Climate Change Risk and Vulnerability Assessment	100,000	Taxes
**Projects require Climate Change Specialist Position	115,000	Taxes
Total	\$270,000	~0.84%

Potential Tax Mitigations

Item	Budget	2022 Tax Decrease	Cumulative
Tax Increase Including Supplemental Items			7.27%
Discretionary Reserve Transfers			
Insurance Reserve	(\$50,000)	-0.16%	
Agriculture Reserve	(\$30,000)	-0.09%	
Quamichan Lake Reserve	(\$100,000)	-0.31%	
CAEP Reserve	(\$173,400)	-0.54%	<u>-1.10%</u>
Total Tax Increase			6.17%

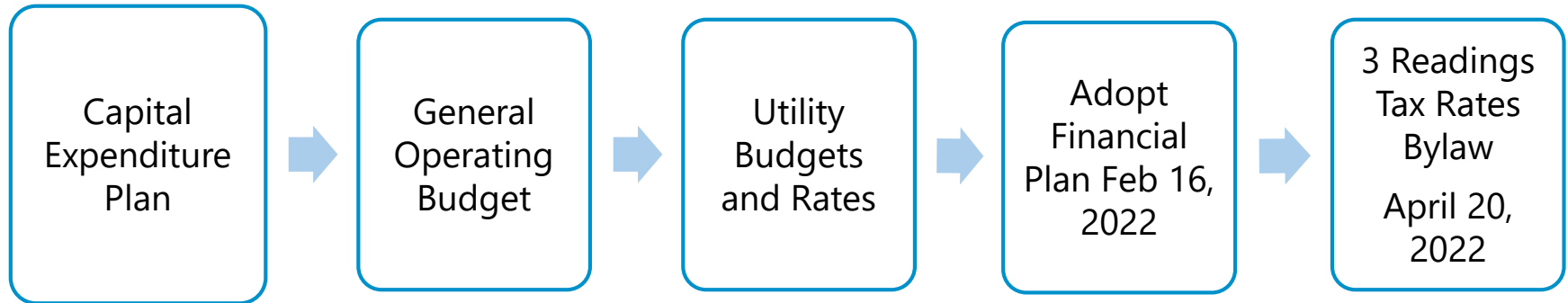
Potential Tax Mitigations

Item	Budget	2022 Tax Decrease	Cumulative
Tax Increase From Previous Slide			6.17%
Police Budget Changes			
Phase in additional pay	(\$200,000)	-0.62%	
Budget for 90% (29 members)	(\$312,551)	-0.97%	
Other Operating Items			
Reduce staff travel related to training	(\$50,000)	-0.16%	
Reduce Council travel/training to 2019 levels	(\$23,445)	-0.07%	<u>-1.82%</u>
Total Tax Increase			4.35%

Five Year Increases Including Some Supplemental Items and Mitigation Strategies

	2022	2023	2024	2025	2026
Gross tax increase	6.35%	11.23%	5.46%	3.65%	3.20%
Less: Growth	(2.00%)	(1.25%)	(1.25%)	(1.25%)	(1.25%)
Net Tax Increase	4.35%	9.98%	4.21%	2.40%	1.95%

Budget Process - Council



Questions?

Report

Date November 30, 2021

File:

Subject Net New Staffing Request; Senior Manager of Engineering (Utilities)

PURPOSE

To consider a Senior Manager of Engineering (Utilities) position to oversee asset management and capital project planning and execution for utilities (water, sanitary and storm systems) within the Engineering Department for 2022.

BACKGROUND

The Engineering Department has been struggling to deliver its capital program. Based on the current backlog of asset replacements and some of the already identified projects that are triggered by capacity issues and compliance with permits, additional staff resources are required.

Related to the undertaking of asset replacements and the construction of new infrastructure to service growth or to meet regulatory requirements, there would be benefits in enhancing our asset management practices. Improving our asset management practices would enable the department to better plan, execute, and strategically assign our resources to undertake a capital program of the magnitude necessary to meet our asset management obligations. The first step in the development of this function is to create a Senior Manager of Engineering (Utilities) position.

DISCUSSION

Alignment with Council's Strategic Plan

This position requested aligns with Council's Strategic Plan as follows and will lead or support several projects that advance some initiatives identified in Council's Strategic Plan:

1. Environment:
 - a. Strengthen environmental policy in all land use planning (Subdivision Bylaw/Engineering Standards Update).
 - b. Relocate the Joint Utility Board Sewage Outfall (support Director with the implementation of special projects).
2. Economy:
 - a. Attracting local businesses and the requisite opportunities and talent requires basic municipal services (water treatment and distribution, sewage collection and treatment, drainage and flood protection and roads and active transportation). Asset Management, the water & sanitary models and the Development Cost Charge (DCC) Bylaw facilitate the development of a coherent capital program and support the provision of basic municipal services.
3. Community:
 - a. Update subdivision bylaw (Subdivision Bylaw Update).

- b. Encourage appropriate development charges and amenities to support great development (Water & Sanitary Models Update, DCC Bylaw Update).
- c. Improve pedestrian safety on Boys Road (support Director with the implementation of special projects).
- d. Continue to implement existing neighbourhood plans (support the Manager of Development Services Group with off-site development impacts).

Request Rationale

Improve Asset Management Planning & Capital Program Delivery

Asset management is an integral part of what the Engineering Department does. The Municipality provides extensive piping networks and pump systems, water reservoirs, water and wastewater treatment facilities, dikes, roads, and active transportation routes.

Based on the Asset Management Investment Plan (2019) prepared by Urban Systems, the Municipality has water, sanitary, storm and road assets with a replacement value of approximately \$950,000,000. The Municipality has a \$63,000,000 backlog of asset replacement work for linear assets alone that needs to be funded and addressed. In order to deal with the next 20 years of asset renewals, which are estimated to be \$252,000,000, plus the backlog, the Municipality needs to be saving \$16,000,000 per year. Year over year capital spending is approximately \$7,500,000. The next few figures show a sense of the amount and nature of work that needs to be done.

Figure 1 shows the linear assets (excluding roads) for the entire Municipality that are beyond their Expected Useful Life (EUL) (red), within five years of reaching their EUL (orange), or within 5 to 10 years of reaching their EUL.

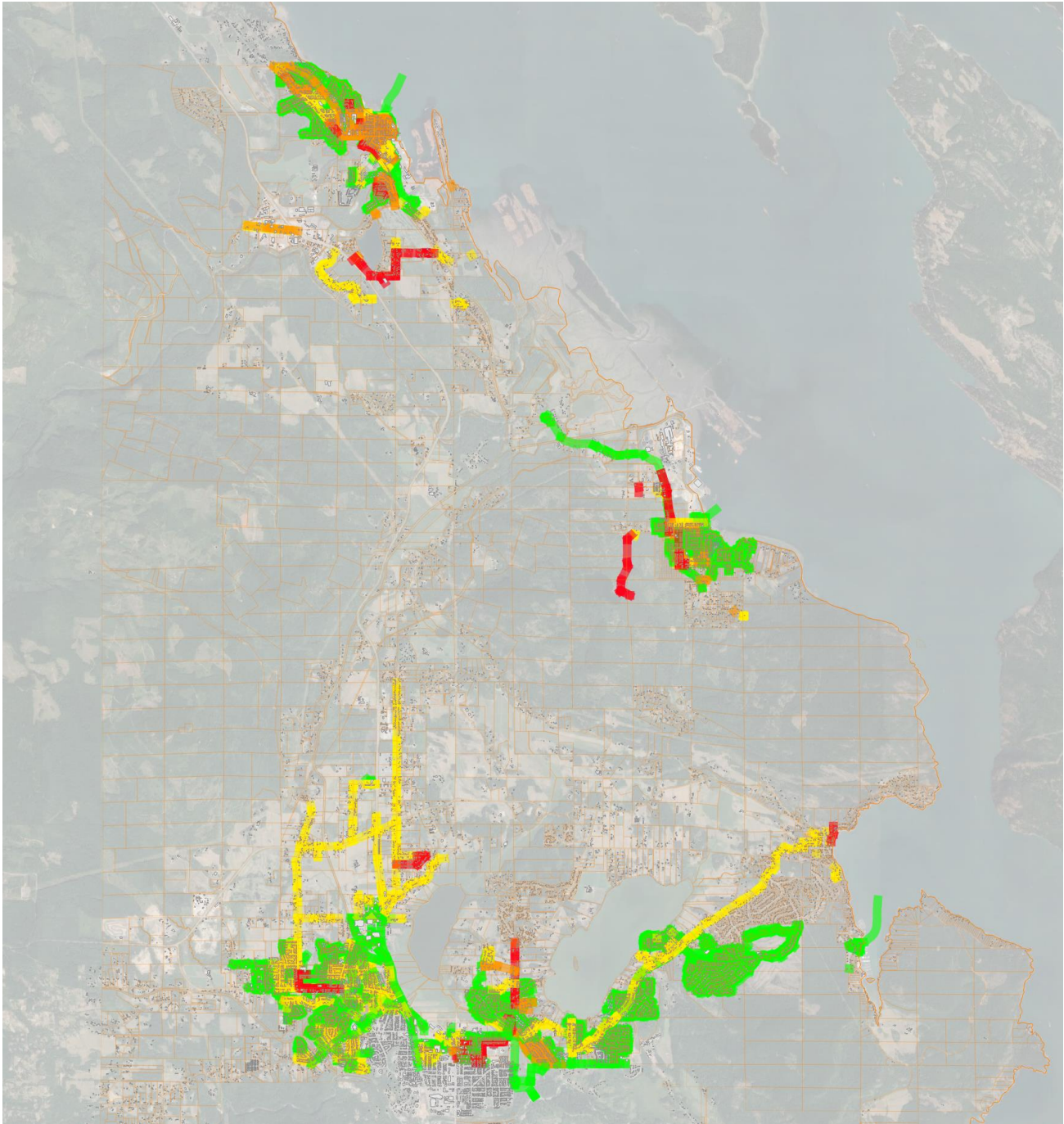


Figure 1 Linear assets (excluding roads) that are beyond their EUL, or within the end of their EUL, within the next ten years.

Figure 2 are examples of tuberculated cast iron pipes. Tuberculation reduces the ability of the pipe to convey water to the point where there may be insufficient water flow for fire-fighting. Further, due to the reduction in conveyance, and during times when water velocities are high such as when water mains are being flushed or when a hydrant is in use, there can be a degradation in water quality.



Figure 2 Examples of tuberculated cast iron pipe.

Figure 3 are examples of Corrugate Metal Pipe (CMP) culverts where the bottom of the culverts have rusted out. This is a fairly common problem with CMP culverts, particularly as they near the end of their EUL. When this happens, water can run outside and beneath the culvert, eroding away the soils, potentially triggering a wash-out and failure of the road under which the culvert is conveying water.

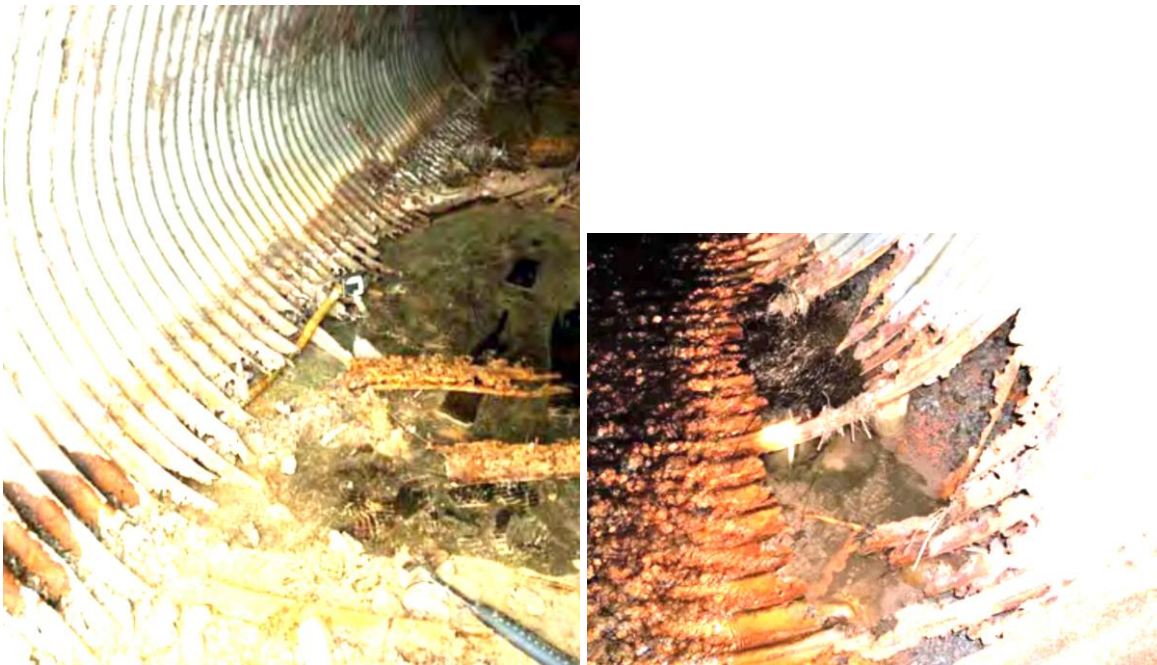


Figure 3 Examples of failing Corrugated Metal Pipe (CMP) culverts.

Address Effects of Climate Change and Adaptation

Drainage System: We need to update our drainage design standards to account for climate change, implement best management practices (green infrastructure), and control post-development runoff. In

the urban areas, we need to examine what would be involved in updating our master drainage plan and potentially developing stormwater management models for the urban areas.

Roads: Impacts to roads arise primarily due to drainage issues and the erosion that results from failing culverts or culverts with inadequate capacity. As it is inevitable that some roads will overflow, the Municipality needs to make sure that the said roads are protected to withstand the predicted more frequent and intense storms.

Sanitary Systems: We need to reduce Inflow and Infiltration (I&I) within the sanitary collection system. Not doing so will result in an increase in sanitary pump station overflows, pipes will reach capacity sooner than otherwise, and the performance of our treatment systems will be compromised due to hydraulic overloading. With the anticipated more frequent and more intense storm events, the effects of climate change will exacerbate the problem.

Water Systems: We need to develop more aggressive water conservation measures due to high water use in the summer months. Most of the increased water use can be attributed to lawn watering. In some cases, we need to examine ways to increase the amount of available water where conservation measures are not enough.

Improve Service to the Public

Engineering deals with a significant number of requests from the public. Some of which are relatively straightforward, and others are more significant. The more significant requests are typically entered in our Calls for Service (CFS) system. At present, Engineering has 242 outstanding issues tracked in the CFS system.

Analysis of Resource Requirements

While the Municipality needs to increase the amount of money being collected and deposited into reserve fund accounts to fund the replacement of existing assets, this money cannot be effectively utilized if the Engineering Department is not sufficiently staffed to undertake/oversee the capital work that needs to be performed. At current staffing levels the department has the capacity to execute approximately \$3,000,000 of capital project-related work. Utilizing consultants increases the capacity of the department but staff capacity is required to acquire consulting services and oversee the work of consultants. Presently, there is very limited capacity for asset management planning and execution, and for the undertaking of studies to set up future projects.

The Engineering Department is proposing to create two new positions; a Senior Manager of Engineering (Utilities) and a Senior Manager of Engineering (Transportation and Development Services). Staff are seeking to create only one of the two positions at this time: the Senior Manager of Engineering (Utilities), which is the higher priority. The Senior Manager of Engineering (Utilities) will help determine future resource needs if approved.

The Role and Cost of This Position

This position will focus on the short and long-term planning of water, sanitary, drainage and flood protection infrastructure, oversee the infrastructure design team, and support the Operations Department with the operation and maintenance of all water, sanitary, drainage and flood protection assets. This position will be responsible for the following areas of expertise:

1. Water, sanitary, drainage and flood modelling.
2. Asset management processes.
3. Design of water, sanitary, drainage and flood protection infrastructure.
4. Sewage and water treatment.
5. Land development processes as it relates to servicing.

Until Council approves the creation of a Senior Manager of Engineering (Transportation and Development) position, this position will also assist the Director with overseeing and addressing issues related to transportation.

This position will also assist with the assessment of further resource needs.

OPTIONS

1. **(Recommended Option)** THAT Council direct staff to include a Senior Manager of Engineering (Utilities) position in the 2022 Operating Budget.
2. (Alternative Option) THAT Council direct staff to defer the following projects included in the 2022 Engineering Business Plan; the 10-year capital plan, the subdivision bylaw/engineering standards update, the DCC bylaw update, the master drainage plan update and model development, and the pedestrian improvements on Boys Road.

IMPLICATIONS

The cost of this new position is \$121,000 (excluding benefits). The position will be funded from the following sources: \$97,000 from utilities fees (sanitary and water) and \$24,000 from general taxation (roads and drainage).

If Council does not approve the creation of this position, some key projects required to improve the management of assets and identification of the requisite upgrades triggered by development, as well as some capital projects, will be delayed or deferred. The affected projects are:

1. 10-Year Capital Plan;
2. Subdivision Bylaw/Engineering Standards Update;
3. DCC Bylaw Update;
4. Water Models Update (Chemainus, Crofton, South End);
5. Sanitary Models Update (Chemainus, Crofton, South End);
6. Master Drainage Plan Update and Model Development;
7. Pedestrian Improvements on Boys Road;
8. Chemainus/Crofton STP Screen Upgrades;
9. Chemainus/Crofton STP Thickener Upgrades;

10. JUB STP Outfall Project;
11. Chemainus STP Municipal Waste Regulation Registration; and,
12. EGBC-driven business process improvements.

The completion of the OCP, followed by updating our various master plans and models, is important work that enables the updating of the DCC Bylaw. The DCC Bylaw is the mechanism by which the Municipality can collect funds from ongoing development to fund the off-site impacts of development. If the DCC Bylaw update does not occur, this represents a lost revenue opportunity to help offset the cost of development-related impacts to the Municipality's infrastructure.

RECOMMENDATION

THAT Council direct staff to include a Senior Manager of Engineering (Utilities) position in the 2022 Operating Budget.

Report prepared by:



Clay Reitsma
Director, Engineering

Report reviewed by:



Ted Swabey
Chief Administrative Officer

Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer

Report

Date November 23, 2021
 Subject Net New Staffing Request (Legislative Coordinator)

File:

PURPOSE

To consider replacing the former 'Corporate Services Clerk' position which was removed from the 2020 operating budget with a new 'Legislative Coordinator' position for 2022.

BACKGROUND

In 2019, when Council dissolved all eight of their select advisory committees (i.e., Agricultural, Audit, Chemainus, Community Planning, Environmental, Forestry, Parks and Recreation, and the Sports Wall of Fame), the Corporate Services Clerk position was not filled after it became vacant. During the budget meetings in February 2020, Council was advised that although the position had been removed from the 2020 operating budget, that it would be necessary to fill the position if Council were to bring back a full complement of committees.

Since 2019, six new committees and advisory bodies (i.e., Forestry, First Nations Relations, Public Engagement, and Environmental Advisory Committees, and the OCP Advisory Group and OCP Ambassadors), which meet on a monthly, quarterly or an ad hoc basis, have been established; the Board of Variance was since formed; and regular Committee of the Whole meetings are now scheduled on a monthly basis.

Due to the breaches of the open meeting rule by committee members earlier this year, the Manager of Legislative Services or the Deputy Corporate Officer must now attend all OCP Advisory Committee and OCP Ambassador meetings to ensure that procedural protocols are being adhered to and to provide advice and guidance to the Chairs. This further impacted Legislative Services resources which were already operating from a deficit to create greater work / life imbalances and increase the risk of mental health conditions, such as job burnout.

DISCUSSION

With the general local election occurring in 2022, and the responsibilities entailed with managing an election, the Legislative Services department will be challenged, especially in 2022, with staying on top of their core duties without this additional resource.

The duties were previously handled by the Corporate Services Clerk have now fallen to the Deputy Corporate Officer, leaving them with little to no time to assist the Manager with project work and falling behind on other tasks, unless their personal time is used to complete that work.

This position will create a better work / life balance for the Manager and the Deputy Corporate Officer and enable them to complete the majority of their core duties during regular work hours. Simply put, Legislative Services does not have the resource capacity to continue at its current pace, let alone managing any new committees which Council may establish. This need is heightened in 2022 with the upcoming general local election which will become their main focus of attention. Although, the

Manager and the Deputy Corporate Officer receive additional compensatory hours intended to offset their (personal time) evening hours while attending Council, Committee of the Whole and committee meetings, that are intended to encourage a reasonable work life balance, the reality is that if taken, the department would either fall further behind on project deliverables or they would have to work evenings or weekends to catch up.

To demonstrate the need for this position, Legislative Services staff began tracking their hours and how they spent their time over the past year. The data in the table below is taken from the first six months of 2021 and has been used to anticipate the amount of personal time that staff will need to use to maintain the current level of service to meet expectations. The areas in green identify where the greatest impact to current workloads this position would have an impact on.

Average daily hours spent on:	Manager		Deputy		Admin Assist	
	Ave Hrs	% of Reg Hrs	Ave Hrs	% of Reg Hrs	Ave Hrs	% of Reg Hrs
Responding to Emails	1.8	26%	1.1	16%	1.0	14%
Phone calls	0.8	11%	0.8	11%	0.1	1%
Attending meetings	1.7	24%	1.5	21%	0.1	1%
Pre-meeting tasks	1.8	25%	2.0	29%	2.5	36%
Post-meeting tasks	0.3	4%	0.6	9%	1.4	20%
Providing legislative support to other departments	0.6	8%	0.6	9%	0	0%
Completion of Council tasks	1.1	16%	0.5	7%	0	0%
Completion of Department projects	1.2	17%	0.5	7%	1.0	14%
Other daily tasks	0.7	10%	0.8	11%	0.8	11%
Average total daily hours worked	10	141%	8.4	120%	6.9	99%
Regular hours per day	7		7		7	
Personal hours used per day	(2.9)	(41%)	(1.4)	(20%)	-	-

Summary of Legislative Coordinator Position

This position would be responsible for coordinating in-person and virtual committee meetings, which includes preparing agendas, notices, Chair scripts, taking minutes, providing procedural and legislative advice and guidance, assisting with motion formation, assigning follow up tasks, performing research and analysis, and ensuring municipal webpages related to the various committees are kept current.

We would be looking for someone with a sound knowledge of municipal processes and committee functions, such as taking meeting minutes and providing advice in regards to meeting procedures; understands parliamentary rules of procedure, and is aware of corporate administrative policies and practices, and relevant Provincial legislation, including the *Freedom of Information and Protection of Privacy Act of BC*, the *Community Charter*, the *Local Government Act*, and municipal bylaws.

It is important that they be able to exercise independent judgement, attention to detail, discretion and problem solving; while handling sensitive and confidential information. While many of our committee meetings begin in the late afternoon, many extend into the evenings, so they must be able to work occasional evenings.

This position is being proposed as an exempt position in accordance with section 11(3)(b) of *Public Service Labour Relations Act* due to:

- the potential of their involvement in a confidential advisory capacity in relation to their participation as the recording secretary at a closed committee meeting,
- the increased responsibilities for providing advice in relation to provincial legislation, municipal bylaws and policies, applying procedural/parliamentary rules, and assisting the Chair with the formation of motions from that of the Corporate Services Clerk position, and
- that this position is considered senior to the exempt Administrative Assistant position within the department.

OPTIONS

1. **(Recommended Option)** THAT the Committee of the Whole recommends that Council direct staff to include a Legislative Coordinator position to the 2022 Operating Budget.
2. THAT the Committee of the Whole recommends that Council direct staff to remove the 'update to the Council Procedure Bylaw', 'implementing electronic meeting processes', 'bylaw and policy audit' and the 'policy for use of gender neutral language and pronouns' from the Business Plan.

IMPLICATIONS

The department demands lack adequate staff resources to complete departmental projects and follow-up actions within regular working hours and continuing at the current pace is not sustainable.

It is consistent with Council's commitment of '*accountable general administration and effective customer service*' and their service priority to '*have an efficient and well-run municipality*'. Although a specific action was not identified under Council's Strategic Plan objective to '*provide responsive, efficient, transparent and engaged service that contributes to the value of the community*' this position is crucial to Legislative Services compliance with that objective and being able to complete the key actions in the Organizational Strategic Plan, which include:

- audit and update existing Council policies, harmonize with corporate policies;
- audit and update existing bylaws, repeal outdated bylaws (the review of the Council Procedure Bylaw was included in the Business Plan as part of this action);
- update Council report templates; and
- develop and adopt consistent corporate forms and templates.

This position would ensure that all committee meetings were receiving the same procedural advice, followed the open meeting rule, appropriate advice was given, especially in the formation of motions when making recommendations to Council and enable the department to address bylaws and policies that were unclear, outdated, deficient or inconsistent with provincial legislation or other municipal bylaws and policies rather than just noting them on a future to-do list. Legislative Services staff must use their personal time to move the above actions forward as there is simply not sufficient staff resource time to complete these actions in addition to their daily tasks. To continue to rely on personal staff time to complete these actions is unsustainable.

RECOMMENDATION

THAT the Committee of the Whole recommends that Council direct staff to include a Legislative Coordinator position to the 2022 Operating Budget.

Report prepared by:



Michelle Martineau
Manager, Legislative Services

Report reviewed by:



Ted Swabey
Chief Administrative Officer

Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer