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## FINANCE COMMITTEE

Notice of Meeting on **Wednesday, April 2, 2014, at 9:30 am**  
Board Room, 6<sup>th</sup> floor, 625 Fisgard Street, Victoria, BC

F. Leonard (Chair)  
L. Cross  
J. Ranns

M. Alto (Vice-Chair)  
B. Desjardins  
G. Young

D. Blackwell  
D. Howe  
A. Bryson (Board Chair, ex officio)

S. Brice  
N. Jensen

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### AGENDA

1. Approval of Agenda
2. Adoption of Minutes of March 5, 2014
3. Chair's Remarks
4. Presentations/Delegations
5. Community Works Fund Allocation – Water Supply Infrastructure Upgrades for Pender Islands Fire Hall No.1
6. Upcoming Insurance Renewals – Information
7. Capital Regional District (CRD) Schedule of Capital Reserves
8. McPherson Playhouse Heating, Ventilation and Air Conditioning Systems Upgrade and Dressing Room Area Renovations – Award of Contract 14-1793
9. New Business
10. Adjournment

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*To ensure quorum, please advise Nancy More at 250-360-3024 if you or your alternate cannot attend.*



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**Minutes of a Meeting of the Finance Committee  
Held Wednesday, March 05, 2014, in the Board Room, 625 Fisgard St., Victoria, BC**

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**Present: Directors:** F. Leonard (Chair), D. Blackwell, S. Brice, B. Desjardins, D. Howe, N. Jensen, J. Ranns (9:33), G. Young, A. Bryson (Board Chair, ex officio)

**Staff:** R. Lapham, Chief Administrative Officer; L. Hutcheson, General Manager, Parks and Environmental Services; D. Lokken, General Manager, Finance and Technology; R. Sharma, Senior Manager, Financial Services; N. More, Committee Clerk (recorder)

**Absent:** M. Alto (Vice Chair), L. Cross

**Also Present:** R. Decksheimer and A. Quesnell, KPMG

The meeting was called to order at 9:30 am.

**1. Approval of Agenda**

**MOVED** by Director Brice, **SECONDED** by Director Desjardins,  
That the agenda be approved as circulated.

**CARRIED**

**2. Adoption of Minutes**

**MOVED** by Director Howe, **SECONDED** by Director Brice,  
That the minutes of the December 4, 2013, meeting be adopted as previously circulated.

**CARRIED**

**3. Chair's Remarks:** There were none.

**4. Presentations/Delegations:** There were none.

**5. 2014 Finance Committee Terms of Reference**

D. Lokken spoke to the report.

Director Ranns entered the meeting at 9:33 am.

**MOVED** by Director Brice, **SECONDED** by Director Bryson,  
That it be recommended to the Capital Regional District Board:

That the revised 2014 Finance Committee terms of reference as attached in Appendix A be approved.

**CARRIED**

**6. 2014 Financial Plan Update**

D. Lokken spoke to the report. The Committee discussed the following topics:

- effect of conflict of interest issue on quorum for budget decisions; this topic to be reported to the Board by the Governance Committee
- the meaning of the requisition percentage

- more detail will be included in the budget report to the Board, including individual sheets for municipalities and Electoral Areas, and final adjustments

On the motion, the Committee discussed the Island Corridor Foundation (ICF) funding requisition; for example, whether it was necessary to levy \$600k in 2014, or if \$300k in each of 2014 and 2015 would be sufficient to meet the expected cash flow needs of the ICF project.

**MOVED** by Director Blackwell, **SECONDED** by Director Howe,

- 1) That the 2014 Financial Plan Update be received for information; and
- 2) That the 2014 Financial Plan Update be forwarded to the Capital Regional District Board as part of final budget.

**MOVED** by Board Chair Bryson, **SECONDED** by Director Howe,

That the main motion be amended to add the following:

- 3) That staff be directed to provide comment to the Board at the time of budget deliberations with respect to the need for Island Corridor Foundation funding this year.

**CARRIED**

**MOVED** by Director Blackwell, **SECONDED** by Director Howe,

- 1) That the 2014 Financial Plan Update be received for information; and
- 2) That the 2014 Financial Plan Update be forwarded to the Capital Regional District Board as part of final budget; and
- 3) That staff be directed to provide comment to the Board at the time of budget deliberations with respect to the need for Island Corridor Foundation funding this year.

**CARRIED**

## 7. Audit Planning Discussion

D. Lokken introduced Randy Decksheimer, audit partner, and Adam Quesnel, onsite audit manager. R. Decksheimer spoke to the report. The Committee discussed the audit function in relation to the Seaterra Program.

**MOVED** by Director Howe, **SECONDED** by Director Brice,  
That the Audit Planning Discussion be received for information.

**CARRIED**

## 8. Bylaws No. 3939, 3940 and 3944—Capital Reserve Funds for the Galiano Island Community Use Building Service, the Salt Spring Island Public Library Service, and the North Galiano Island Fire Protection and Emergency Response Service

**MOVED** by Board Chair Bryson, **SECONDED** by Director Howe,  
That it be recommended to the Capital Regional District Board:

- 1) That Bylaw No. 3939, "Galiano Island Community Use Building Capital Reserve Fund Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time, and adopted;

- 2) That Bylaw No. 3940, "Salt Spring Island Public Library Capital Reserve Fund Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time, and adopted;
- 3) That Bylaw No. 3944, "North Galiano Island Fire Protection and Emergency Response Capital Reserve Fund Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time, and adopted.

**CARRIED**

**9. Bylaws No. 3930, 3932 and 3933 for Administration of Reserve Funds**

**MOVED** by Director Jensen, **SECONDED** by Board Chair Bryson,  
That it be recommended to the Capital Regional District Board:

- 1) That Bylaw No. 3930 cited as the "Office Facilities Capital Reserve Fund Transfer Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time and adopted;
- 2) That Bylaw No. 3932 cited as the "Family and Children's Court Building Capital Reserve Fund Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time and adopted; and
- 3) That Bylaw No. 3933 cited as the "Family and Children's Court Building Capital Reserve Fund Transfer Bylaw No. 1, 2014" be introduced and read a first and second time, read a third time and adopted.

**CARRIED**

Staff noted that a schedule of the reserves will be provided.

**10. Bylaw No. 3942—Sooke Region Historical Society Service Establishment Bylaw Amendment to Increase the Maximum Allowable Requisition**

**MOVED** by Director Desjardins, **SECONDED** by Director Brice,  
That it be recommended to the Capital Regional District Board:

Bylaw No. 3942, "Sooke Region Historical Society Service Establishment Bylaw No. 1, 2011, Amendment Bylaw No. 2, 2014" be introduced and read a first and second time, and read a third time and adopted.

**CARRIED**

**11. Juan de Fuca (JDF) Electoral Area Director Travel Expenses**

D. Lokken spoke to the report. The Committee discussed Electoral Area Director stipends, and advance notice for extra-ordinary expenses.

**MOVED** by Director Howe, **SECONDED** by Director Blackwell,  
That it be recommended to the Capital Regional District Board:

That the Juan de Fuca Electoral Area Director be reimbursed \$600 for travel relating to his involvement in the construction of the Juan de Fuca Administration Building.

**CARRIED**

**12. 2013 Freedom of Information and Protection of Privacy Act (FOIPPA) Requests by Department**

On the motion, the Committee discussed the following points:

- costs on finding documents are recoverable only after three hours of gathering
- no costs can be recovered for severing information from documents
- examples of regulated reasons for severing information; for example, personal information and legal privilege
- training for staff on proper recording of data at the input stage
- FOI request process

**MOVED** by Director Desjardins, **SECONDED** by Director Jensen,  
That the 2013 Freedom of Information and Protection of Privacy Act (FOIPPA) Requests by Department report be received for information.

**CARRIED**

**13. Service Fee Agreement Re Sewer Charges—City of Colwood**

**MOVED** by Director Jensen, **SECONDED** by Director Brice,  
That it be recommended to the Capital Regional District Board:  
That the CRD agree to terminate the existing Service Fee agreement and enter into and approve a new agreement with the City of Colwood to pay by annual service fee for their share of the annual sewer operating costs within the Liquid Waste Management Core Area and Western Communities on or before August 1.

**CARRIED**

**14. New Business:** There was no new business.

**15. Adjournment**

**MOVED** by Director Jensen, **SECONDED** by Director Brice,  
That the meeting be adjourned at 10:37 am.

**CARRIED**

\_\_\_\_\_  
CHAIR

\_\_\_\_\_  
RECORDER



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**REPORT TO THE FINANCE COMMITTEE  
MEETING OF WEDNESDAY, APRIL 2, 2014**

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**SUBJECT COMMUNITY WORKS FUND ALLOCATION – WATER SUPPLY  
INFRASTRUCTURE UPGRADES FOR PENDER ISLANDS FIRE HALL NO. 1**

**ISSUE**

To seek Capital Regional District (CRD) Board authority for allocating Community Works Funds to water supply infrastructure upgrades for the Pender Islands Fire Hall No. 1.

**BACKGROUND**

The Pender Islands Fire Hall No. 1 located at 4423 Bedwell Harbour Road is designated to serve as the primary emergency operations center for the Pender Islands. Over the period from 2006-2014, the Pender Islands Fire Protection Society has been implementing an infrastructure upgrade program to ensure this fire hall can fulfill its post-disaster responsibilities effectively. Upgrades include:

- 1) Enhancements to potable water storage and potable water treatment.
- 2) The development of an additional deep well to ensure a sustainable source of potable water for the fire hall and RCMP station located on the adjacent property and connected to the fire hall treatment and storage system.
- 3) Relocation / redesign of the existing fire protection water supply to address an identified rock fall hazard that may compromise the existing system due to earthquakes.
- 4) Improvements to the water supply for fire protection required to meet current standards and firefighter training requirements.

The total cost of this upgrade program is \$176,890. To date, upgrades valued at \$63,000 have been completed, and \$38,890 has been budgeted in 2014 for further work; this brings the total program investment to date to \$101,890.

To help support items 3 and 4 of the program, the Pender Islands Fire Protection Society is requesting a contribution of \$75,000 from the Southern Gulf Islands' (SGI) Community Works Fund (CWF) allocation.

This proposed use of CWF resources is in compliance with the Federal Gas Tax Agreement and the funds are available in the SGI Electoral Area CWF allocation. Furthermore, the SGI Electoral Area Director concurs with this proposed allocation.

**ALTERNATIVES**

That the Finance Committee recommend to the CRD Board that:

1. The Capital Regional District Board authorize the allocation of \$75,000 in Community Works Funds to complete the water supply infrastructure upgrade for Pender Islands Fire Hall No. 1.

2. That an alternative source of funding be identified for completing the Pender Islands Fire Hall No. 1 water supply infrastructure upgrades.

### IMPLICATIONS

The proposed allocation of CWF resources is in compliance with the Federal Gas Tax Agreement, and the funds are available in the SGI Electoral Area CWF allocation.

The water supply upgrade project is critical to ensuring that Pender Island Fire Hall No. 1 can serve as the emergency operations center for the Pender Islands. Other features of the upgrade include: capturing rainwater and protecting the area from groundwater depletion; recycling water used in training; mitigating run-off to surrounding properties; reducing the need to haul water long distances for emergency incidents and thereby reducing greenhouse gas emissions; providing a higher volume of water for firefighting.

### CONCLUSION

CRD Board authority is being requested for using CWF resources to complete the water supply infrastructure upgrades for Pender Islands Fire Hall No. 1 which is designated to serve as the primary emergency operations center for the Pender Islands. This proposed use of funds is in compliance with the Federal Gas Tax Agreement and the CWF funds being requested are available in the SGI's CWF allocation.

The SGI Electoral Area Director concurs with the proposed allocation of CWF funds.

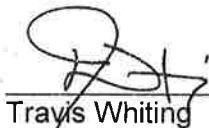
### RECOMMENDATION

That the Finance Committee recommend to the CRD Board that:

The Capital Regional District Board authorize the allocation of \$75,000 in Community Works Funds to complete the water supply infrastructure upgrade for the Pender Islands Fire Hall No. 1.



Rajat Sharma, MBA, CMA  
Senior Manager, Financial Services



Travis Whiting  
Acting General Manager  
Planning and Protective Services  
Concurrence



Diana Lokken, CPA, CMA  
General Manager  
Finance and Technology Dept.  
Concurrence



Robert Lapham, MCIP, RPP  
Chief Administrative Officer  
Concurrence



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**REPORT TO FINANCE COMMITTEE  
MEETING OF WEDNESDAY, APRIL 2, 2014**

**SUBJECT      UPCOMING INSURANCE RENEWALS – INFORMATION**

**ISSUE**

The purpose of this report is to provide the Committee with information on the upcoming insurance renewals for the Capital Regional District (CRD).

**BACKGROUND**

The CRD obtains a number of insurance policies to protect the organization from any potential liabilities. These policies include Commercial General Liability, Public Officials Liability, Marine Liability, Crime and Accidental Death and Dismemberment (AD&D) coverage for CRD Directors, commission members and volunteers.

Typically, insurance policies are renewed on an annual basis. The following table provides information on various CRD insurance policies:

<b>Policy Description</b>	<b>2014 Premium</b>	<b>2013 Premium</b>	<b>Comments</b>
Commercial General Liability (CGL)	TBD	\$ 62,500	Current policy expires Apr 15, 2014
Excess Auto Liability	TBD	\$ 11,939	Current policy expires April 15, 2014
Crime Coverage	\$ 4,161	\$ 4,161	Crime Policy was issued in 2012 for a 3 year term and expires April 2015
Volunteer Accidental Death and Dismemberment	TBD	\$ 2,080	2013 policy was based on 1582 volunteers - 2014 will be based on 1735 volunteers
Group Accidental Death and Dismemberment	TBD	\$ 4,260	2013 based on 537 Board appointed positions - 2014 is based on 628 Board appointed positions
Non Firefighting Activity CGL and Property insurance	\$ 6,380	\$ 6,380	Policy expires March 1, 2015. No change in premium from prior year
Small Craft Ports Liability	TBD	\$ 27,000	12 docks
Public Officials Liability	TBD	\$ 25,000	

TBD = to be determined

The Commercial General Liability Insurance, Volunteer AD&D, Group Accident, and Small Craft Harbours Insurance policies will expire on April 15, 2014. The insurance applications for the above referenced insurance policies have been submitted to our Insurance Broker Aon Reed Stenhouse Inc. The broker is currently marketing our program with several Insurers for the best rates and coverage as by the CRD.

The intention is to renew these policies with the same terms and coverage as the prior year. We have not received any indication from our Broker to the premium costs at this point.

It should be noted that the Property (All Risk) Insurance policy will be renewed on November 15, 2014. In order for its renewal to occur in November the CRD requires an appraisal for buildings and structures for the purpose of establishing the replacement cost for property insurance. The last full appraisal was



completed in 2002 with desktop updates completed annually. The insurance company has requested a new full appraisal before the Property Insurance renewal takes place in November 2014. Staff are preparing the Terms of Reference for the Request For Proposal (RFP) to be issued in early April 2014 for the appraisal of 285 building/structures. The appraisal report will provide a detailed description of each building/structure, the replacement cost new and the cost of reproduction new less depreciation. The RFP will be prepared as per CRD Procurement Policy. The award of RFP will be reviewed and approved by the Board.

**CONCLUSION**

The CRD obtains a number of insurance policies to protect the organization from any potential liabilities. Typically, insurance policies are renewed on an annual basis. This report has been prepared to provide an overview of the policies that are due for renewal. The insurance premiums will be reviewed and approved for payment within staff approved limits.

**RECOMMENDATION**

That the Finance Committee receive this report for information.



Nancy Moore, CRM  
Manager Risk, Insurance & FOI



*lv* Diana Lokken, CPA, CMA  
General Manager, Finance and Technology Dept.

NM:sb

**REPORT TO FINANCE COMMITTEE  
MEETING OF WEDNESDAY, APRIL 2, 2014**

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**SUBJECT CAPITAL REGIONAL DISTRICT (CRD) SCHEDULE OF CAPITAL RESERVES**

**ISSUE**

This report provides the Finance Committee with a schedule of all CRD capital reserves as at December 31, 2013.

**BACKGROUND**

This report is intended to provide information on CRD capital reserves and reserve fund balances as at December 31, 2013. Each service provided by a regional district is set up through a service establishment bylaw or Letters Patent, and has a defined area with funds tracked separately. Services with capital requirements have their own capital reserves if monies are set aside for future capital requirements. There is also an equipment replacement reserve bylaw segmented by each corporate division or service as applicable. Transfers to reserves are generally made from the operating budget.

Capital reserves provide financial flexibility to meet long term financing requirements for the ongoing renewal/replacement of existing assets, service enhancements and growth. These capital reserves are used to fund capital projects necessary to maintain our existing infrastructure. The value of capital reserve funds at December 31, 2013 is approximately \$62.7 million. Please refer to Schedule 1 for a list of capital reserves as at December 31, 2013. Information on these reserves is provided annually in the CRD Financial Report.

**CONCLUSION**

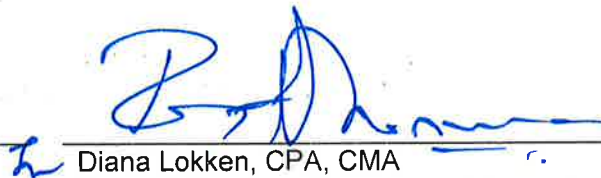
Reserve funds are established for specific services. These funds are established per the *Local Government Act*. The attached schedule is provided for information purposes.

**RECOMMENDATION**

That the Finance Committee receive this report and forward to the Capital Regional District Board for information.



Rajat Sharma, MBA, CMA  
Senior Manager, Financial Services



Diana Lokken, CPA, CMA  
General Manager, Finance and Technology Dept.



Robert Lapham, MCIP, RPP  
Chief Administrative Officer  
Concurrence

RS:sb

Attachment: Schedule 1 – CRD Capital Reserves

## CRD Schedule of Capital Reserves

As of December 31, 2013 Comparative to 2012

	2013	2012
	\$	\$
<b>Regional</b>		
Equipment Replacement Fund	20,882,519	19,606,980
Feasibility Study Reserve Fund	201,154	198,293
Office Facilities & Equipment Reserve	3,972,799	4,493,749
Regional Parks Capital Reserve Fund	2,156,204	2,279,411
Solid Waste Capital Reserve Fund <sup>1</sup>	8,829,494	8,368,884
	<u>36,042,170</u>	<u>34,947,317</u>
<b>Sub-Regional</b>		
Royal Theatre Capital Reserve Fund	458,375	340,197
S.P.W.W.S. Sewer Debt Reserve Fund	3,008,879	2,385,498
Sooke Pool Capital Reserve Fund	242,174	89,963
Saanich Peninsula Ice Arena Facility Capital	602,539	420,173
Sooke Community Park Capital Reserve	525,983	342,223
Trunk Sewers and Sewage Disposal Facilities	6,163,454	5,652,651
Northwest Trunk Sewer Capital Reserve Fund	1,126	1,104
Northeast Trunk Sewer Capital Reserve Fund	25,891	25,395
Central Saanich Treatment Plant Capital Reserve	707,504	693,946
Sidney Treatment Plant Capital Reserve Fund	644,697	632,343
Saanich Peninsula Water Supply Capital	7,909,869	7,196,133
McPherson Theatre Capital Reserve	1,752,551	1,738,591
	<u>22,043,042</u>	<u>19,518,217</u>
<b>Local</b>		
Shirley Fire Reserve Fund	61,655	60,473
Southern Gulf Islands Capital Fund	181,832	134,229
Sooke Community Park Capital Fund	108,158	106,086
Langford Community Park Reserve Fund	24,444	24,197
Pender Island Park Land Reserve Fund	31,650	31,043
Salt Spring Island Park Land Acquisition	514,889	505,023
Salt Spring Island Parks & Recreation	461,892	375,843
Southern Gulf Islands Small Craft Harbour	1,216,487	1,204,426
Galiano Island Parks & Recreation Capital	53,929	60,980
Saturna Island Park Land Reserve Fund	2,797	2,743
Mayne Island Park Land Reserve Fund	58,042	23,887
North Pender Island Fire Capital Reserve	230,849	291,687
Pender Island Parks & Recreation Commission	61,185	112,266
Saturna Island Parks & Recreation Commission	38,134	25,020
Willis Point Fire & Recreation Capital Reserve	34,331	167,730
Port Renfrew Solid Waste Capital Reserve Fund	16,105	15,797
Magic Lake Sewer System Capital Reserve	306,184	205,161
Ganges Sewer LSA Capital Reserve Fund	73,729	98,021

Cedars of Tuam Water Capital Reserve Fund	10,068	8,862
Port Renfrew Sewer System Capital Reserve	10,003	6,484
Magic Lake Estates Water System Capital	485,778	440,598
Port Renfrew Sewer & Water System Capital	75,032	43,701
Salt Spring Island (Highland) Water System	38,416	53,599
Lyll Harbour/Boot Cove Water Service Area	4,945	4,850
Surfside Park Estate Water Capital Reserve Fund	13,972	20,609
Skana Water Service Capital Reserve	35,665	32,353
Sticks Allison Water Capital Reserve	1,243	1,219
Wilderness Mountain Water Capital	60,248	55,406
Cedar Lane Water Capital	76,770	71,939
Beddis Water Capital Reserve	90,116	53,955
Fulford Water Capital Reserve	5,370	1,903
Salt Spring Island Park Service Area Capital Reserve	25,851	25,355
Salt Spring Island Parks Capital Reserve	40,298	25,030
Salt Spring Island Pool Facility Capital Reserve	56,453	47,528
SSI Emergency Capital	47,728	47,772
East Sooke Fire Capital Reserve	880	863
SSI Harbours	124,108	102,614
	4,679,236	4,489,252

<b>Total Capital Reserves *</b>	<b>\$ 62,764,448</b>	<b>\$ 58,954,786</b>
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#### Notes

1. Does not include Hartland Closure/Post Closure costs which are included as a liability on the balance sheet (\$7.2 Million) or the Waste Reduction Sustainability Operating Reserve Fund (\$9.1 million)
2. Does not include Capital Region Housing Corporation and Capital Regional Hospital District



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**REPORT TO FINANCE COMMITTEE  
MEETING OF WEDNESDAY, APRIL 2, 2014**

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**SUBJECT McPHERSON PLAYHOUSE HEATING, VENTILATION AND AIR  
CONDITIONING SYSTEMS UPGRADE AND DRESSING ROOM AREA  
RENOVATIONS**

**ISSUE**

A capital project to update McPherson Playhouse heating, ventilation, air conditioning systems and dressing room area renovation needs to be undertaken. This report is being provided as background information on the scope of the project. A separate report will be circulated to the Finance Committee awarding the contract for this project.

**BACKGROUND**

The McPherson Playhouse is a heritage building in the City of Victoria that was originally constructed in 1914 and upgraded with a major renovation in 1965. The Playhouse provides a venue for a variety of performing arts groups, with the maximum seating capacity of 772 spectators.

The building space, ventilation air and domestic hot water are heated with a hot water heating system. Heated water is supplied from the adjacent Victoria City Hall building conventional gas boiler plant through underground piping. The current heating system is not energy-efficient; there is inadequate ventilation and no space cooling system in the building. The current indoor environment is not desirable for spectators. In addition, the existing dressing room area has many constraints and is found to be uncomfortable by the various user groups.

The Royal and McPherson Theatre Society has tendered a contract to upgrade the current heating and ventilation systems, install an air conditioning system and renovate the dressing room area. The tender is scheduled to close on April 1.

The Society has contracted CRD environmental engineering staff to act as project manager for this project. All of the tenders will be evaluated by CRD engineering staff against the tender call requirements, and a separate report recommending approval of contract to the successful bidder will be circulated to the Finance Committee on April 2.

The Playhouse is scheduled to be closed for all functions from July 1 to October 10, 2014 to accommodate this project.

**FINANCIAL IMPLICATIONS**

This project has been included in the Board approved Capital Plan, with funding coming from the reserve held at the CRD. There is no borrowing authority for the building so all capital works are funded by either Society ticket sales or annual requisition to the CRD.

**CONCLUSION**

The Society has tendered a contract to upgrade the current heating and ventilation systems, install an air conditioning system and renovate the dressing room area. The tender closes on April 1. This project has been included in the CRD Board approved Capital Plan and will be funded by McPherson Capital Reserve held at the CRD. A separate report recommending approval of the contract will be circulated to the Finance Committee on April 2.

**RECOMMENDATION**

That the Finance Committee receive this report and forward to the Capital Regional District Board for information.



Rajat Sharma, MBA, CMA  
Senior Manager, Financial Services



*for* Diana Lokken, CPA, CMA  
General Manager, Finance and Technology Dept.



Robert Lapham, MCIP, RPP  
Chief Administrative Officer  
Concurrence

RS:sb