

2022-2026 FINANCIAL PLAN

DISTRICT OF
OAK  BAY



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
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**Corporation of the District of Oak Bay
British Columbia**

For the Fiscal Year Beginning

January 01, 2021

Christopher P. Morill

Executive Director

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OUR OAK BAY

We acknowledge that the land on which the District is located is the traditional territories of the Coast and Straits Salish Peoples. Specifically, we recognize the Lekwungen-speaking people known today as the Songhees and Esquimalt Nations, and that their historic connections to these lands continue to this day.

The District is located on the southern tip of Vancouver Island in British Columbia. The City of Victoria borders. The District of Oak Bay wishes to appropriately recognize the pre-incorporation history of the lands the District now occupies and seeks to develop such context in consultation with the Songhees and Esquimalt Nations.

Oak Bay's west boundary, and the District of Saanich lies to the north. Oak Bay is one of 13 member municipalities comprising the Capital Regional District.

The University of Victoria is partially located in the District, as is a small portion of Camosun College. Additional community landmarks include other public and independent schools, two golf courses, a marina, a yacht club, and a luxury boutique hotel.

Oak Bay is a beautiful seaside community with a population of approximately 18,000, defined by residential neighbourhoods, village centres with local businesses, historic character, a canopy of mature trees, accessible shorelines, and abundance of green space.



A photograph of two children standing on a rocky shore next to a shallow stream. The child on the right is wearing a maroon hoodie, blue shorts, and colorful patterned rain boots, and is using a white net to catch something in the water. The child on the left is wearing a light blue shirt, patterned shorts, and black rain boots. A small glass jar sits on the rocks near the water's edge. The background shows a rocky bank covered in moss and seaweed.

FINANCIAL LEGISLATION, POLICY AND BEST PRACTICES

FINANCIAL PLANNING LEGISLATION

Much of the District's Financial Planning process is guided by the *Community Charter S. 165*. The *Charter* requires the District to adopt a *Five-Year Financial Plan Bylaw* before May 15 annually.

Such a Bylaw must:

1. Set out proposed expenditures, funding sources, and transfers between funds
2. Set policy and objectives related to identified funding sources, distribution of property taxes and the use of permissive tax exemptions
3. Disclose amounts for specific expenditures such as debt interest, debt principal, and capital expenditures
4. Disclose amounts for specific funding sources such as property taxes, parcel taxes, and fees
5. Disclose the use of, and transfer to, specific reserves
6. Council may amend the Financial Plan at any point during the year but will only do so if authorized expenditure limits are likely to be exceeded

Balanced budget: Current revenues, including transfers from reserves, must be sufficient to support current expenditures, including transfers to reserves. Expenditures include those of a capital nature and debt principal.

Example Balance Budget	
Revenues	\$1,000,000
Operating expenses	(900,000)
Accounting surplus	100,000
Add: transfers from reserves	50,000
Less: Capital expenditures	(60,000)
Less: Debt principal payments	(10,000)
Less: Transfers to reserves	(80,000)
Balanced budget:	-

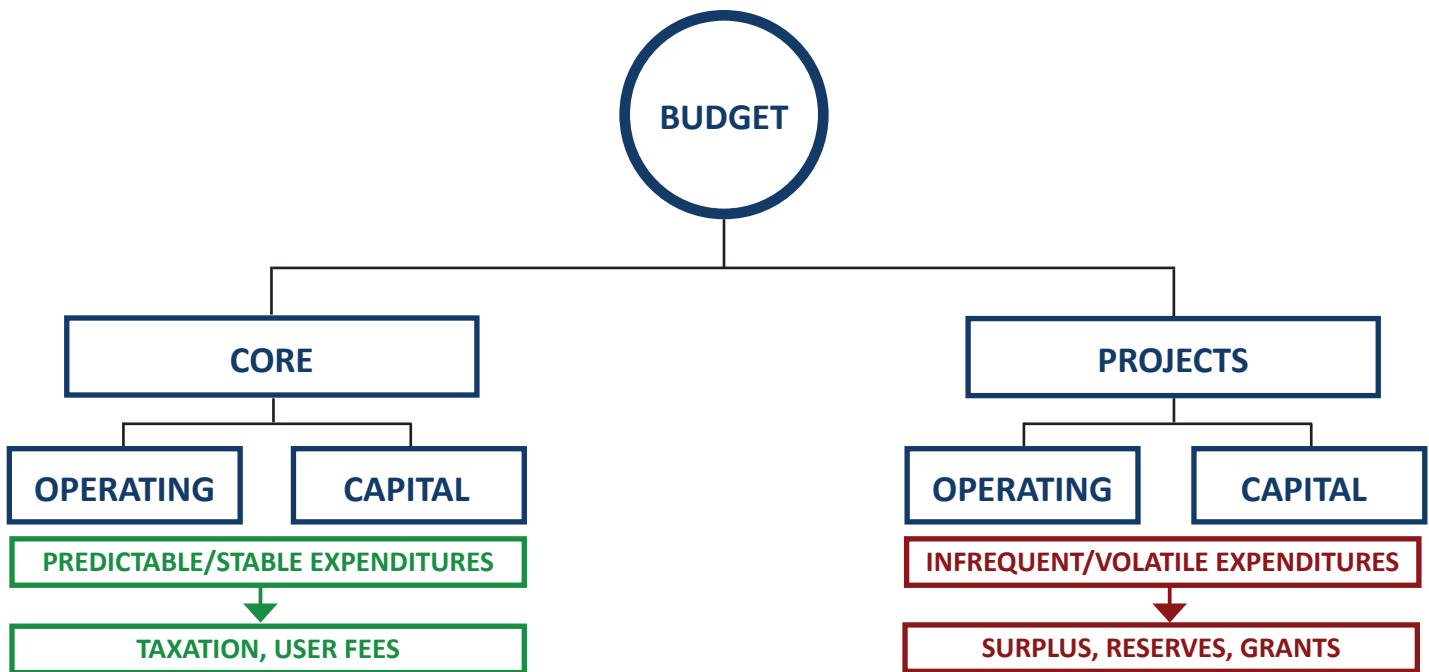
Notice that an *accounting surplus* differs significantly from a *budgetary surplus*.

A *balanced budget* includes expenditures that are not considered expenses under Public Sector Accounting Standards such as *capital expenditures* and *debt principle payments*.

FINANCIAL PLANNING POLICY AND BEST PRACTICE

The District endorses a budget approach that Staff use to carryout budget deliberations. At the November 12th, 2019 Regular Meeting of Council, Council endorsed a budget approach with the following principals:

1. **Service Level Approach:** Staff prepare the budget to deliver community services at the standard directed by Council and legislation. Staff do not increase nor decrease service levels unless directed by Council or external regulation. Staff endeavour to describe the financial impact of service level decisions so that Council can be empowered to make service level decisions with all available information. Furthermore, Staff endeavor to fund and deliver services in the most cost-effective manner. Service delivery expectations will be further considered and refined by Council in 2022.
2. **Alignment of Funding Sources:** Staff recommend aligning expenditure funding sources as follows:
 - *Predictable, stable, and ongoing expenditures* should be funded using predictable, stable revenues such as property taxes and user fees.
 - *Infrequent, volatile, or less predictable expenditures* should be funded using reserves or debt. This will help avoid steep tax increases for capital expenses or significant operating initiatives. Reserve balances should be maintained with annual budget transfers, so funds are available for large, infrequent expenditures.



3. **Carryover of Project Budget:** The Five Year Financial Plan authorizes expenditures over the 5 years. Thus, on January 1, 2022 Staff are authorized to continue spending under the Financial Plan Bylaw 2021 - 2025, No. 4792. Projects that were underway in 2021 will continue, and projects authorized to commence in 2022 will begin. Operations are not necessarily paused while the District embarks on adopting a new Five Year Financial Plan.
4. **Five Year Expenditure Authorization:** Staff endeavor to prepare a Five Year Financial Plan that is as accurate as possible and that reflects Council direction and service-level expectations. In this way, staff work can continue while the Financial Plan is being refined in the first quarter of the year. The 2022 Financial Plan will outline general operations as well as specific initiatives planned for the entire 5 year cycle. Council approval of the Financial Plan Bylaw will be considered endorsement and direction for the listed projects, initiatives and operating expenditures that make up the rolled-up Bylaw totals.
5. **Financial Plan Bylaw Transparency:** the Financial Plan Bylaw is summarized on a high level to maximize operational flexibility while retaining expenditure authorization. The published Financial Plan document will not form part of the Bylaw but will expand the Bylaw detail for transparency.

Financial Plan Bylaw

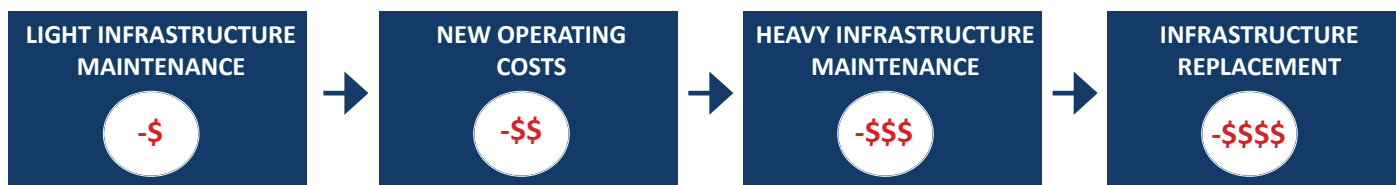
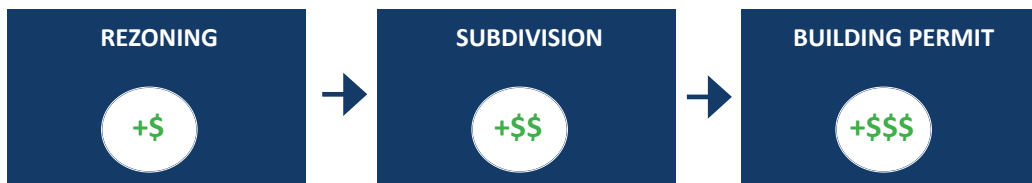
- Legal spending authority
- Summarized on a high-level for operational flexibility

Financial Plan Document

- Minimal legal basis
 - Expands Bylaw in great detail for transparency and accountability
-

6. **Life-Cycle Costing:** Staff will integrate annual life-cycle costs into the Financial Plan when new capital expenditures are approved. Life-cycle costs include the additional operating costs to maintain the asset as well as annualized asset replacement contributions.

7. **Revenue from New Development Taxation (NDT):** NDT revenue is derived from new buildings or newly subdivided lots and are considered taxation revenue from assessed values that did not exist in the year prior. As the District develops, so will the pressure on existing services and infrastructure required to serve new citizens. The District will use NDT revenue to fund the incremental costs of new development including expanded operating expenses, as well as infrastructure maintenance and replacement. It is recommended that the District not use NDT revenue to reduce the tax burden for existing citizens. The practice of using NDT revenue to reduce the tax burden for existing taxpayers is unsustainable and will result in sharper future tax increases and intergenerational funding inequity.



FINANCIAL PLANNING AND REPORTING TIMELINE

Financial Planning	Financial Reporting
<p>January 31 Grant in Aid Deadline</p>	<p>March Audit</p>
<p>February Budget deliberations</p>	<p>May 15 Local Government Data Entry (LGDE) submissions due</p>
<p>March 1 Final Police budget statutory deadline</p>	<p>June 30</p> <ul style="list-style-type: none"> • Quarter 2 end • Statement of Financial Information (SOFI) deadline • Annual Report deadline
<p>March 31 Regional District budget deadline</p>	<p>July Quarter 2 budget reports</p>
<p>April 1st, 2nd, 3rd reading of the Financial Plan Bylaw</p>	<p>September 30 Quarter 3 end</p>
<p>May 14 Statutory deadline for the Financial Plan Bylaw</p>	<p>October Quarter 3 budget reports</p>
<p>October 31 Permissive Tax Exemption Bylaw deadline</p>	<p>November Pre-audit</p>
<p>November Utility rate deliberations and Police Budget deliberations</p>	
<p>December 15 Statutory deadline, Library budget</p>	

Purchasing Bylaw/Policy

The authority to make purchasing decisions, and to bind the Corporation contractually rests with Council unless delegated by Bylaw. The District's "*Delegated Authority of Administrative Functions Bylaw, 2004*" delegates this authority to specific staff within limits.¹

This Bylaw was amended in 2019 to grant this authority to specific Managers, Directors, as well as the Chief Administrative Officer. The District's purchasing Bylaw refers to a recently adopted (2019) Sustainable Procurement Policy which sets purchasing limits and processes for staff. Additionally, the Policy outlines procedures for asset disposal and emergency expenditures. This Policy complies with Municipal, Academic Institution, Schools, and Hospital (M.A.S.H) sector trade requirements and purchasing case law.

1: Bylaw No. 4239, *Delegated Authority of Administrative Functions Bylaw*; Special Meeting of Council December 12, 2019

Reserve Fund Bylaw and Reserves and Surplus Policy

The *Community Charter* empowers Council to establish by Bylaw, reserve funds. These reserve funds may not be spent except for the specified reserve fund purposes, as outlined by the Bylaw. Use of funds are authorized via the annual Financial Plan Bylaw. In early 2020, Council adopted the “*Reserve Funds Bylaw, 2020*”.² which consolidated the already established reserve funds, and repealed ten historical reserve fund Bylaws in the process.

The eight reserve funds specified in this Bylaw include:

1. Machinery and Equipment
2. Fire Machinery and Equipment
3. Heritage
4. Land Sale
5. Park Acquisition
6. Capital Works
7. Alternative Transportation
8. Village Parking

* For more information on fund balances and purposes, please see the Capital Plan section of this Financial Plan.

The District adopted the Reserves and Surplus Policy in 2018. This Policy outlines general objectives of reserves and good reserve background information.

Investment Policy

In early 2020, Council adopted the District’s *Investment Policy, 2020*.³ Wherein section 183 of the *Community Charter* lists the security types that the District may invest in.

These securities include:

1. Securities of the Municipal Finance Authority (MFA)
2. Pooled investment funds under section 16 of the Municipal Finance Authority Act
3. Securities of Canada or of a province
4. Securities guaranteed for principal and interest by Canada or by a province
5. Securities of a municipality, regional district or greater board
6. Investments guaranteed by a Chartered bank
7. Deposits in a savings institution, or non-equity membership shares of a credit union

Prior to 2020, the District’s Investment Policy had not been updated since 2004. The 2004 Policy restricted the District’s investments to MFA pooled funds, chartered banks, or Canadian treasury bills.

The new Policy sets diversification limits and articulates investment objectives in the following order:

1. Preservation of capital
2. Liquidity
3. Return on investment

²: Bylaw No. 4747, *Reserve Funds Bylaw, 2020*; Regular meeting of Council January 27, 2020

³: *Investment Policy, 2020*; Regular meeting of Council January 13, 2020

Asset Management Policy

In 2018, Council adopted the District's *Asset Management Policy*. The Policy captures Council's direction regarding asset management practices and infrastructure renewal in the District, with the fundamental aim of an asset management approach focused on the development of a plan, and execution of a framework that delivers sustainable service delivery. Some of the guiding principles found in the Policy include:

- Sustainable service delivery
- Sustainable service delivery may require innovative solutions, but will leverage lessons learned in other communities

** An additional key deliverable of the asset management program will be the creation and implementation of decision-making tools enabling Council to manage infrastructure risk as a core part of capital planning.*

Expense Reimbursement Policy

At the Regular Council Meeting of October 26, 2020, the District adopted its new *Travel and Expense Reimbursement Policy*. This Policy governs reimbursement for staff travel and accommodation for work-related purposes. The Policy objective is to ensure that travel is properly authorized, care has been exercised to minimize costs, and employees are fairly reimbursed for out-of-pocket expenses.

Department Budget Transfer Policy

At the Regular Council Meeting of October 26, 2020, the District adopted its new Department Budget Transfer Policy. This Policy governs the use of authorized expenditures within department operating and capital budgets.

Property Tax Exemption Policy

Section 165 of the Community Charter requires the District to set out the objectives and policies related to the use of permissive tax exemptions in its annual Financial Plan Bylaw. The following is an excerpt from the Financial Plan Bylaw 2019, No. 4727:

“The objective being to distribute tax burden fairly among properties receiving municipal services, Council makes very little use of its authority to grant permissive tax exemptions. The Policy to date has been to grant permissive exemptions only for land and improvements appurtenant to property already exempted by statute (e.g., churches), portions of municipal land leased or licensed to non-profit organization providing a service complementary to municipal services, and in one case, an institution of childhood learning not statutorily exempt.”

Grant in Aid Policy

In 2015, a Grant Policy working group was brought together to work on a Policy to provide Council with guidance on the evaluation of grant in-aid applications. Council adopted the Policy in 2015. Some of the Policy's features can be summarized as follows:

- Grants should align with the OCP and Strategic Priorities
- Grants should primarily benefit Oak Bay residents
- Grants should not subsidize services normally funded by other levels of government
- One time grants are given preference over recurring
- Grants should not be provided to an individual

Whistleblower Policy – Reporting, Investigation, and Protection

At the Regular Meeting of Council of February 10, 2020, Council adopted the District's *Whistleblower Policy*. The purpose of the Policy is to facilitate the disclosure of wrongdoing that is contrary to the public interest. A Whistleblower Policy encourages a culture where wrongdoing can be addressed quickly and appropriately.

ORGANIZATIONAL PROFILE



ORGANIZATIONAL PROFILE



Department	2021 FTEs	2022 FTEs	Change
Corporate Services	11.50	11.50	-
Financial Services ¹	8.08 ²	8.58	+0.50
Police Department	25.00	25.00	-
Fire Services	28.00	28.00	-
Community Building and Planning	8.10	9.10	+1.00
Engineering and Public Works ¹	47.25	47.25	-
Parks, Recreation and Culture	122.20	130.60	+8.40 ³
Total	250.13	260.03	+9.90

1: Departments may also fund staffing via cost-recovery and/or capital budgets. Such staffing is not reflected in this chart.

2: 0.5 FTE in funding was repurposed from the 2021 fiscal services budget after reducing contracted services; this is not new funding.

3: Funded by increased recreational revenues.

COUNCIL PRIORITIES AND OTHER INITIATIVES

Council Priorities and other initiatives are one-time or infrequent operating projects that do not include capital projects. The initiatives below are a combination of Council-directed priority Initiatives as well as staff recommended initiatives. Initiative progress is recorded and tracked in the Corporate Plan.

Initiatives Funding

These projects are not integrated into the ongoing operating budget, since taxes and user fees fund the operating budget. Integrating these projects into the operating budget would result in significant tax and user fee volatility, meaning that these projects receive funding through grants and any accumulated surpluses, with no impact to tax rates.

Using accumulated surplus to fund expenditures is not generally sustainable since the fund has a finite balance. Legislation prevents the District from budgeting transfers to the accumulated surplus fund, therefore Council exercises discretion when approving the use of accumulated surplus fund.

Staff propose that these projects be funded as proposed in the chart on page 18. However, actual completion of these projects—and the related expenditures—will likely carry forward to future years.



COUNCIL PRIORITIES

The District's annual budget cycle provides Council with the ability to either confirm or adjust priorities each year. Council's 2019-2022 Priorities were identified early in 2019 and confirmed on June 10, 2019, January 16, 2020, January 28, 2021, and November 22, 2021.

Council's Priorities are as follows:

- Ensure access to **diverse housing** options within the built environment by reviewing and planning for community needs while reflecting Oak Bay's unique character
- Achieve **sustainable service** by integrating an Asset Management Program within a long-term Financial Plan
- Provide **service excellence** by optimizing operational effectiveness and fostering public engagement
- Enhance and promote **quality of life** and sense of place by stewarding the community's history, landscape, culture, and amenities within the context of South Vancouver Island
- Demonstrate leadership in fostering **community health and resilience** by committing to economic, environmental, and social sustainability within the District's operations and decision-making

Each year, Council decides which initiatives to fund to advance priorities. Council's decisions are then reflected in budget documents, including annual budgets and the Five Year Financial Plan. Upon approval, funded initiatives are listed in the District's Corporate Plan, which in turn drives departmental work plans. Periodic quarterly updates provide Council with progress reports, thus supporting both transparency and accountability.



SPECIAL INITIATIVES

	2022	2023	2024	2025	2026
Diverse Housing					
Infill Housing - Neighbourhoods (carry-over)	\$120,000	\$ -	\$ -	\$ -	\$ -
Village Area Plans (carry-over)	-	150,000		-	-
Comprehensive Zoning Bylaw Update	-	-	150,000	-	-
Sustainable Services					
Sanitary Sewer Master Plan (carry-over)	10,000	-	-	-	-
Storm Sewer Master Plan	300,000	-	-	-	-
Natural Assets & Green Infrastructure Scoping (new)	50,000	-	-	-	-
Emergency Plan (carry-over)	19,000	-	-	-	-
Facilities Master Plan	64,000	-	-	-	-
Asset Retirement Obligation Review (carry-over)	30,000	-	-	-	-
Facilities Operating Model Development (new)	60,000	-	-	-	-
Sidewalk Patio Regulation Review (new)	50,000	-	-	-	-
Service Excellence					
FOIPPA Training (carry-over)	7,800	10,000	-	-	-
Human Resources Plan Implementation (carry-over)	62,600	-	-	20,000	-
Records Management	54,000	35,000	-	-	-
Network Security Audit (carry-over)	25,000	-	31,000	-	-
Parking Enforcement Services Review (carry-over)	10,000	-	-	-	-
Planning Department Consulting Support (new)	100,000	-	-	-	-
Quality of Life					
Marina Lease Negotiation	172,000	-	-	-	-
Marina Lease Negotiation - Upland Consultation (new)	25,000	-	-	-	-
Deer Management Study (new)	60,700	-	-	-	-
Parks, Recreation and Culture Master Plan	-	-	159,100	-	-
Animal Control Bylaw/Dog Off-leash Policy	-	40,000	10,000	-	-
Community Health and Resilience					
Urban Forest Management - Garry Oak Inventory (carry-over)	25,000	-	-	-	-
CCAWG Recommendation - Coolkit Program (carry-over)	105,800	15,900	-	-	-
CCAWG - GHG Reduction Retrofit Program (carry-over)	20,000	-	-	-	-
Active Transportation Program Options Analysis (new)	125,000	-	-	-	-
First Nations Truth and Reconciliation (new)	50,000	-	-	-	-
Community Energy Plan - District Operations (new)	-	50,000	-	-	-
Community Energy Plan - Community Emissions (new)	-	25,000	25,000	-	-
Total Special Initiatives	\$1,545,900	\$325,900	\$375,100	\$20,000	-

DIVERSE HOUSING

Infill Housing - Neighbourhoods (*carried over from 2020*)

The Infill Housing Strategy is an initiative within the larger Housing Framework that will examine a range of infill housing options based on housing needs, and neighbourhood context considerations.

Duplexes, triplexes, detached suites (e.g., garden suite, laneway house), heritage home conversions, subdivision of larger lots, and townhouses will be reviewed with the community, through a series of public engagement opportunities. The project will conclude with a final report presented to Council, containing a draft policy, design guidelines, and proposed bylaw amendments (to be implemented subsequently as a separate deliverable) as well as a user-friendly field guide.

The project is aligned with Sections 4.3.1 and 4.3.2 of the OCP and is supportive of Council's Priority to "Ensure Access to Diverse Housing Options within the Built Environment" as well as the 2020 Housing Needs Assessment Report.

Village Area Plans (2023)

This initiative will result in area plans being prepared for the Oak Bay Village/Cadboro Bay Road corridor and Secondary Village areas. The Area Plans will consider opportunities for housing in the form of additional multi-family residential and mixed-use development in the village centres and corridor areas.

Plans are proposed for the areas identified, addressing the following:

- Housing Policy
- Residential Form
- Density
- Urban Design (building and streetscape guidelines)
- Transportation
- Servicing
- Private/Public Investment

This project will support Council's Strategic Priority to "***Ensure Access to Diverse Housing Options Within the Built Environment***".¹

Furthermore, the District's Official Community Plan provides additional policy direction to consider the provision of a range of housing opportunities.²

¹: Budget Estimates Committee, April 17, 2019

²: Official Community Plan, 2014, Section 4.3.1

Comprehensive Zoning Bylaw Update (2024)

This initiative will address a range of issues respecting the Zoning Bylaw and the regulation of land use in the District. The update will implement the policy directions provided in the Official Community Plan (OCP), bring the document up to date respecting legislation, best practices, as well as addressing new issues that have arisen since the Zoning Bylaw was updated (No. 3531, 1986).

This update will comprise phases of research, review and analysis, draft Bylaw revisions, community engagement, and preparation of a final Zoning Bylaw update for the legislated approvals process.

The Zoning Bylaw provides for the permitted use of land in Oak Bay, as well as the conditions related to the use of land, for example: lot size and coverage, height, and yard setbacks. The update is intended to produce a more user-friendly document through content reorganization, use of plain language, and to allow for more simplified interpretation and calculations when applying regulations within zones. Implementation of any new policy directions arising from reviews related to housing options will be included in the updated *Zoning Bylaw*.



SUSTAINABLE SERVICE

Sanitary Sewer Master Plan (carry-over)

This Master Plan will incorporate an updated sanitary sewer hydraulic model, a growth capacity analysis, as well as a current asset management and capital improvement plan.¹

Storm Sewer Master Plan (2022-2023)

This Master Plan will incorporate an updated storm sewer hydraulic model, a growth capacity analysis, and current asset management and capital improvement plan. The 2021 Financial Plan approved \$150,000 spending in both 2022 and 2023. The 2022 Financial Plan proposes spending the full \$300,000 in 2022.²

Natural Assets and Green Infrastructure Scoping (new)

Many of the District's infrastructure policy objectives outlined in the OCP include the development of stormwater/rainwater management Bylaws (encouraging low impact development), expansion of capital projects (including better creek-side pathways and daylighting), and consideration of the creek as a natural asset. This project would explore incorporating municipal services related to management of natural assets and green infrastructure. The intent would be to complete this work in conjunction with the Storm Water Master Plan.³

Emergency Communications Plan (carry-over)

The Province is modernizing the Emergency Program Act and all of the associated processes. The strategic plan for the Oak Bay Emergency Program is to enable the District to keep pace with the subsequent changes to legislated accountabilities. This budget item will be used to update emergency plans and processes, buy equipment and materials, as well as train staff and volunteers at a pace that enables the District to maintain a preparedness level appropriate to its size and responsibilities. It will be used in conjunction with the Program's associated budget items and external funding opportunities.

Facilities Master Plan

A strategic Facilities Master Plan that provides a detailed analysis of municipal building conditions, options for replacements or upgrades, as well as potential projects, timelines and costs is being developed. The intent is to create a foundational plan to better manage the District's facilities as assets, factoring in levels of service, community needs, and Council's strategic direction.

An additional \$14,000 has been added to the budget to allow for the highest priority buildings as identified by the Facilities Master Plan.⁴

Asset Retirement Obligation (carry-over)

In August 2018, the Public Sector Accounting Standards Board issued Section 3280. This section comes into effect for the District's 2022 fiscal year end, providing guidance on how to account for, and report asset retirement obligations (ARO). An asset retirement obligation is the legal obligation associated with the retirement of a tangible capital asset. The most common example of an ARO is the legal requirement to dispose of a building containing asbestos in an acceptably safe and environmentally friendly way. The District will need to identify all tangible capital assets that meet the ARO definition and estimate the associated retirement costs.

1: Asset Management Strategy, January 24, 2019 Special Committee of the Whole

2: Asset Management Strategy, January 24, 2019 Special Committee of the Whole

3: November 22, 2021 Council Meeting

4: Asset Management Strategy, January 24, 2019 Special Committee of the Whole

Facilities Operating Model Development (new)

With the exception of Parks, Recreation and Culture, the District does not have a formal facilities management function. Over the years, facility-related work has been carried out piecemeal and reactively. This has resulted in building maintenance issues that have impacted the District's ability to deliver services sustainably.

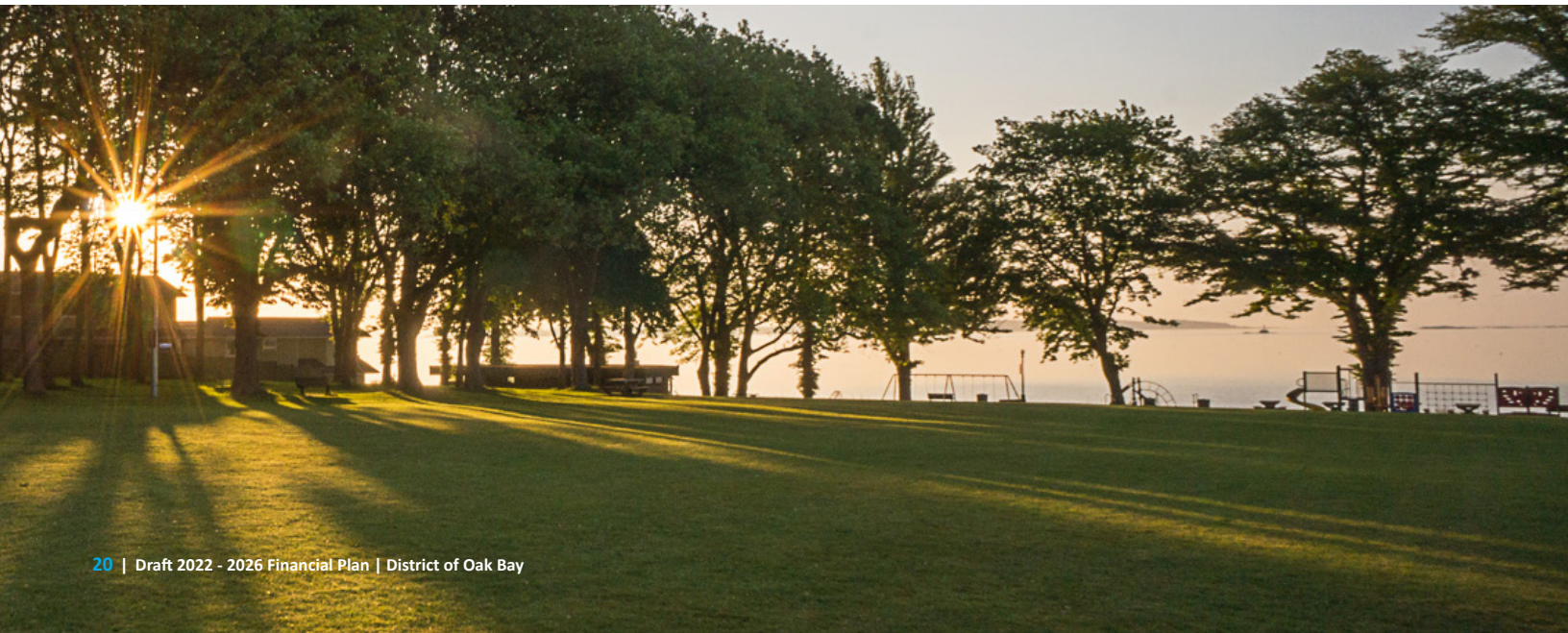
A new project concept that arose out of the District's initial Facilities Master planning work was the idea of establishing the requirements for the District to evolve and implement the Facilities Master Plan.

The idea is to develop an operating model playbook that defines the following:

- People – roles and responsibilities within the team, as well as broader stakeholder and engagement concepts
- Process – how a facility's "needs" advances through identification, assessment/categorization (*i.e.*, *maintain/replace*), options analysis, prioritization, decision making, and funding allocation
- Technology and Data – how facility information will be stored, maintained, validated, and used – identify trends and generate insights to inform facility management and capital planning decision-making
- Governance and Reporting – how to capture and turn this into consistent reporting and decision making for Council and senior leadership

Sidewalk Patio Regulation Review (new)

Since the beginning of the COVID-19 pandemic, the District has been taking advantage of the Provincial Government's Temporary Expansion of Service Area (TESA) authorizations process. The TESAs allowed businesses to follow a temporary permitting process for the expansion of operational footprints and to allow for the service of food/liquor on public property. The Province has now moved to make these service area authorizations permanent, with an updated application process for Provincial approvals. The appropriate final permitting and approvals process remains within the authorities of local governments. Currently, the District does not have a permanent process or set of guidelines in place. Council directed staff to keep the current temporary regulations and practices related to temporary sidewalks and parking stall patios in place until June 1, 2022. Staff will be requesting an extension to this date. Further, Council directed that a more fulsome discussion regarding the use of public space for liquor and food services be referred to Council priorities planning. It is proposed that this project be completed in several stages with the first one focusing on identifying issues and proposing solutions for Council's consideration. A potential second stage would be required in order to prepare a permanent program for implementation. Any public consultation would be part of this second stage.



SERVICE EXCELLENCE

Freedom of Information and Protection of Privacy Training (carry-over)

This initiative will provide training for Council and Senior Management regarding the Freedom of Information and Protection of Privacy Act. Council and Staff comprehension and compliance with current FOIPPA legislation is critical in daily municipal operations.

Human Resource (HR) Plan Implementation (carry-over)

The purpose of the HR plan is to ensure that the District of Oak Bay has adequate human resources to meet the District's strategic goals. It's about ensuring that we have the right people with the right skills at the right time to deliver on Council's priorities. It is critical that we position the District of Oak Bay as an employer of choice to attract and retain the best talent to ensure future success and sustainability. The various initiatives of the plan will focus on HR planning, attracting and retaining great staff, as well as promoting performance excellence and a commitment to employee safety and wellness.

The HR Plan has the following components and costs:

	2021 Budget	2021 Actual	2022 (carry-over)	2023 Budget	2024 Budget	2025 Budget
Learning and Development	- Integrated into operating budget -					
Employee Engagement	\$20,000	-	\$20,000	-		\$20,000
Performance Feedback and Evaluation	\$10,000	\$1,400	\$8,600	-	-	-
Health and Wellness	- Integrated into operating budget -					
Recognition	- Integrated into operating budget -					
Policy Review	\$14,000	-	\$14,000	-	-	-
Occupational Health and Safety	\$20,000	\$10,000	\$20,000	-	-	-
Total	\$64,000	\$11,400	\$62,600	-	-	\$20,000

Although the District has carried forward project funds for the HR Plan components, it is unlikely that there will be measurable progress on this project in 2022. The Human Resource department is currently over capacity while prioritizing significant operational matters that have primarily included the COVID-19 Pandemic.

Records Management (approved in 2021 - 2025 Financial Plan)

Records Management is an integral component of municipal operations for legislative and productivity reasons. The current system needs updating to incorporate best practices, improve business processes, and ensure regulatory compliance. This initiative is a multi-year undertaking.¹

Network Security Audit (carry-over)

The District is entrusted with important and sensitive personal information, and has a legislated obligation to protect this information. Furthermore, the District's data is a valuable resource supporting the delivery of important community services. This audit will identify potential security vulnerabilities and provide recommendations to ensure the District's systems are protected to industry standards. Such security audits should be conducted once every 3 years.

¹: Budget Estimates Committee, April 17, 2019

Parking Enforcement Services Review (carry-over)

Parking enforcement focuses on the requirements found in the District's Streets and Traffic Bylaw. The Bylaw traffic infraction fines have not been reviewed in over a decade. It is proposed that Council be given the opportunity to provide governance direction on enforcement policy as well as approach.

The scope of this project would include:

- Review and modernization of the District's *Streets and Traffic Bylaw*;
- Review of parking enforcement existing hardware, software and interdepartmental business processes;
- Council engagement on enforcement policy and approach;
- Council engagement on revenue targets;
- Creation of standard operation procedures for parking enforcement.

Planning Department Consulting Support (new)

Many planning department initiatives are considered high priority in the Council's priority list. The District has, however, been unable to achieve some of the originally planned timelines. Day to day operations are also experiencing capacity challenges. There were many contributing factors including some staff vacancies in 2021. The District has contracted with professionals, allowing the department to supplement existing staffing in order to maintain momentum on other important departmental initiatives.



QUALITY OF LIFE

Marina Lease Negotiations (carry-over)

The District of Oak Bay's lease with the Province for the foreshore/aquatic crown lands occupied by Oak Bay Marina expires in December 2022. The Oak Bay Marina's lease with the District of Oak Bay also expires in December 2022. The District will be undertaking a public, competitive process to determine uses/conditions associated with updated lease(s) for the Oak Bay Marina lands, and will require consulting services to support the process.

NEW for 2022 - Upland Consultation - In the event that negotiations proceed to the point of achieving an Agreement-in-Principle or a signed lease, there may be scope for some elements of site design to be refined following public input. This project would allow for public input into those aspects, within defined parameters, such as physical constraints, negotiated agreements as well as budget.

Deer Management Study (new)

Staff was advised in January of 2022 that the District's application for funding under the Provincial Urban Deer Cost-Share Program (2022) was successful. The District was awarded a \$30,400 grant to assist with the \$60,650 project cost.

Funding will enable the following work in 2022:

- Model urban deer habitat-use and distribution patterns based on collected camera data;
- Analyze and compare fawn relative abundance following a second and third year of Immuno-contraceptive (IC) treatment;
- Model the urban deer population density for 2021 and 2022 to quantify population-level response after 2-3 years of IC treatment; and
- Continue with public education, building on citizen engagement undertaken to date, and to ensure that the community knows what to expect going forward.

Parks, Recreation, and Culture Master Plan (2024)

The District of Oak Bay has not undertaken the preparation of a comprehensive Parks and Recreation Master Plan that engages the community to understand their specific interests and needs. The District's Official Community Plan recommends preparation of this Plan given the passion for parks and recreation in the community, and the need for continued upgrading and maintenance of facilities. The project's deliverables will include:

- A community survey to assess existing use patterns, satisfaction, and needs in relation to parkland, sports fields, trails/paths, playgrounds, other park amenities, recreation centres, and recreation programs
- An analysis of existing and forecasted demographics and best practices to support the community needs analysis
- Identification of existing and future community needs for different types and locations of parkland, park amenities, paths/trails, recreation facilities and recreation programs, considering the needs of people of all ages and abilities
- Consideration of the need for upgrading the pool or other amenities at Oak Bay Recreation Centre, potentially in partnership with the School District, to satisfy the needs of students as well as all members of the community.¹

Animal Control Bylaw/Dog Off-Leash Policy

The scope of this project would include a dogs in parks policy review and broader animal control review including the development of a new, modernized Bylaw. Previously these reviews were planned as separate projects but the Parks, Recreation and Culture department will collaborate with Corporate Administration and Strategic Initiatives to realize operational efficiencies and cost savings. In particular, community engagement can be conducted with one comprehensive process instead of two separate processes. Furthermore, Bylaw development

1: Budget Estimates Committee, April 17, 2019, (2) Official Community Plan, 2014, Section 4.6.1 and 4.6.2]

COMMUNITY HEALTH AND RESILIENCE

Urban Forest Management – Garry Oak Inventory (carry-over)

Information collected, and efforts made to conduct an inventory of the Garry Oak, and associated ecosystems in Oak Bays natural areas parks will assist in the design of trail networks and provide a baseline for measuring success of restoration activities. Accumulated data is extremely useful and will be reported to the provincial and federal agencies to track the overall recovery or decline of rare plant species in both Oak Bay area and Canada’s natural parks. The data will also help establish federal funding priorities for recovery activities such as habitat restoration.

CCAWG Recommendation - Coolkit Program (carry-over)

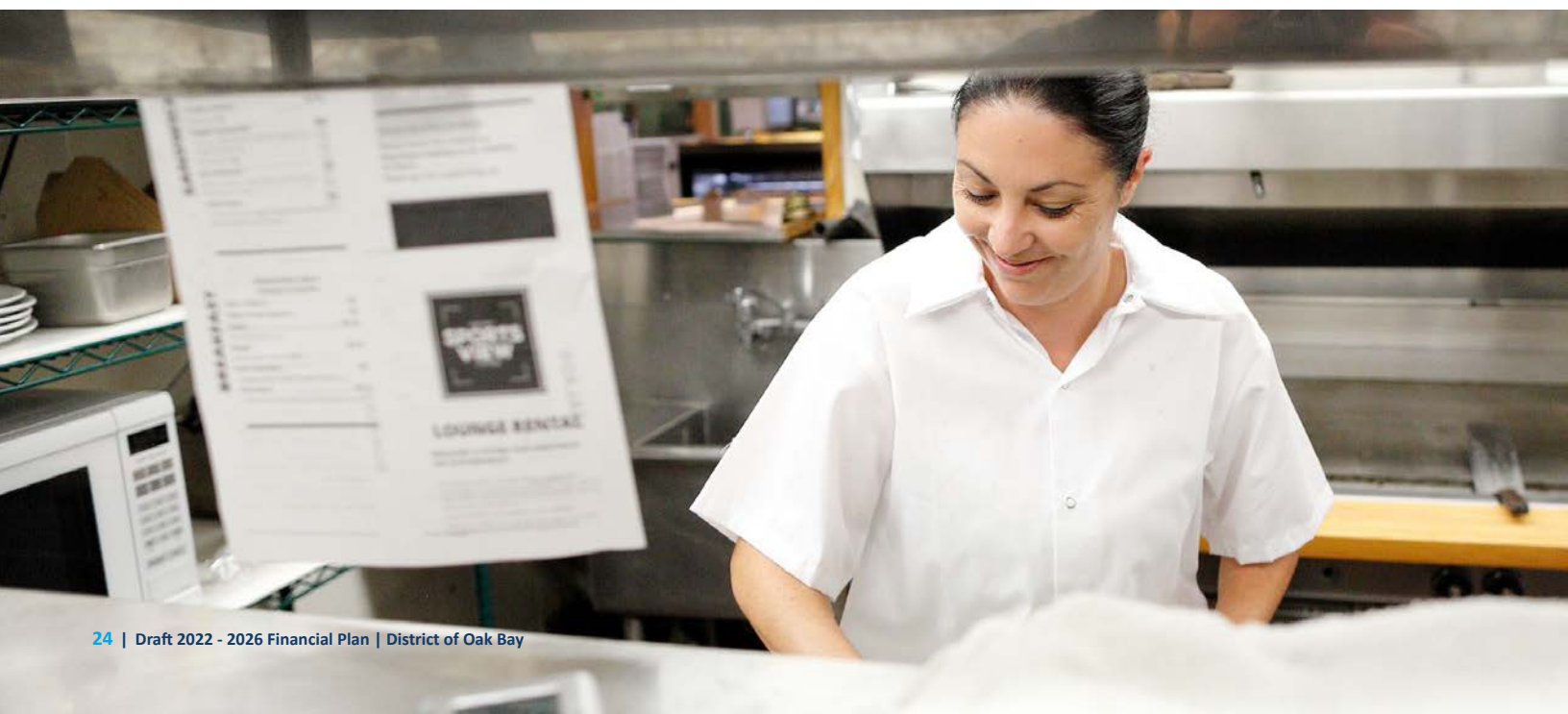
The Coolkit program has been developed through the University of British Columbia (UBC) Forestry program to function as a toolkit to engage with community residents. Its focus is on impacting climate change and urban forestry; with an overall intent to engage the community in a conversation around climate action, to lead to positive action on both public and private lands. The program is designed to involve everyone from individual residents, their families, and communities, to organizations and local governments in determining what climate action they should focus on. One core element focuses on urban forestry, however it also includes items such as urban food gardens, home improvements, car-pooling, and other local forms of active transportation. The program is designed to be applicable at the neighbourhood level to achieve the greatest impact.

CCAWG Recommendation #4 - GHG Reduction Retrofit Program (carry-over)

Recommendation #4 from the District’s Community Climate Action Working Group was to help, *“create two separate programs and associated policies to accelerate GHG and energy reductions for the retrofit and adaptation of existing buildings, and for new building construction.”*

This recommendation is intended to increase energy efficiency and reduce greenhouse gas emissions in both new and existing housing stock. Programs that address new housing stock could include initiatives such as implementing higher levels of the BC Energy Step Code, developing an informational program to promote available rebates and incentives for homeowners, or developing an expedited building permit program.

Budget for this project would fund a consultant to design the program, however on-going operational costs for such a program has not yet been integrated into the Financial Plan.



Active Transportation Program Options Analysis (new)

As a means to set clear objectives related to the development of the District's Active Transportation targets within the Official Community Plan, a program analysis will be conducted that outlines potential options for an Active Transportation program, ranging from status quo funding (\$200,000 of capital per-year for 5 years), to a significantly expanded program with budget of an additional \$800,000 per year for a 5 year period. A significant portion of this program could be made contingent on successful grant applications. The program analysis would include all costs required to fund the design and construction of an expanded active transportation network, including human capital resources, and will address how to develop the following:

- Consultant support for program/project management
- Design work for layout, preferred alignments, traffic analysis
- Outreach and communications to residents, mechanism and resources to receive feedback
- Materials costs and installation, signage etc.
- Coordination of implementation to consider ongoing asset / infrastructure replacement

This Council priority initiative focusses on the initial options analysis and Council decision-making regarding the scope, cost, and expected outcomes of an expanded Active Transportation program.

The funding source to implement the potential results of the options analysis has not been identified by Council and are likely significant.

First Nations Truth and Reconciliation (new)

This initiative funding would be used to secure a contractor or employee to design and deliver education to District staff and Council members on the history of Aboriginal peoples. This will include the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, and more. It will also include skills based training in intercultural competency, conflict resolution, human rights, and anti-racism. This position will foster the District being better able to liaise with First Nations communities in order to build strong, long-lasting, and mutually beneficial relationships for multiple purposes and to advance reconciliation efforts.

Community Energy Plan - District Operations and Community Emissions (new)

This initiative would result in the development of a Community Energy Plan for the District of Oak Bay. The Plan would address District operations as well as opportunities to decrease greenhouse gas emissions and energy use (housing and transportation). Implementing recommendations would require additional funds and be considered a separate project. Council resolved to split this initiative into two separate projects at the November 22, 2021 Council meeting: (1) one plan to address District operations, and (2) one plan to address community emissions.

Additional research for the community emissions project is required to develop a better estimate. However, a \$50,000 placeholder for 2023-2024 has been set out in the Financial Plan, alongside related deliverables which need to be confirmed by the incoming 2022-2026 Council.

CONSOLIDATED FINANCIAL PLAN — 2021 EXECUTIVE SUMMARY

The proposed 2022-2026 Financial Plan is summarized as follows:

	2021 Budget	2022 Budget	\$ Change	% Change
Operating Revenues	\$54.0M	\$52.1M	\$(1.9)M	-3.7%
Operating Expenses	(41.9)M	(44.7)M	(2.8)M	+6.5%
Transfers from Reserves	16.9M	20.5M	3.6M	+21.2%
Capital Expenditures	(21.1)M	(18.9)M	2.2M	-10.4%
Debt Principal	(0.1)M	(0.1)M	-	-
Transfers to Reserves	(7.8)M	(8.9)M	1.1M	+13.7%
Total	\$ -	\$ -		



DISCUSSION OF BUDGETARY TRENDS:

Revenues: Revenues are budgeted to decrease by \$1.9M or 3.7%. This is largely due to a combination of factors:

- Grants (Operating) are budgeted to decrease by \$1.2M due to less use of the COVID-19 Restart Grant. This was a one-time grant provided to the District in late 2020 by the Province. Council elected to use this grant to support revenue losses at the Parks Recreation and Culture (PRC) department. As PRC revenues are rebounding, the District is using less to support operations. Ongoing operating grants such as traffic fine revenue sharing, and small communities grant are forecasted to remain stable.
- Grants (Capital) are budgeted to decrease by \$5.2M. Last year the District had applied to the Investing in Canada Infrastructure [grant] Program in support of the Uplands Sewer Separation project. This application was not successful. Ongoing capital grants such as gas tax are forecasted to increase by \$37,000 in 2022.
- Property taxes are budgeted to increase by 1.5M or 5.4%. Please see a breakdown of this increase below.
- Parks, Recreation and Culture revenues are forecasted to rise by \$2.4M. The department is demonstrating strong demand in its services as capacity limitations have been lifted.

Expenses: Expenses are budgeted to increase by \$2.8M (6.5%). Much of this increase (1.4M) is an increase in Parks, Recreation, and Culture (PRC) operating department expenditures which are offset by more than \$2.4M increase in PRC revenues. Special initiative funding has increased by 16.5% as a result of Council priorities setting on November 22, 2021. These projects are funded by accumulated reserve and not directly by taxation.

Capital Expenditures: Budgeted capital expenditures have decreased by approximately \$2.2M from \$21.1M to \$18.9M. Most of these expenditures (\$13.1M) were envisioned in the 2021 Financial Plan for 2022. The additional \$4.9M are largely composed of carry over projects such as Public Works Vehicle purchases, Fire Truck acquisitions, and the Chiller replacement.

Reserve transfers: The District is rapidly increasing its utility and tax funded transfers reserve to support forthcoming capital expenditures. The District’s recently published draft Sustainable Infrastructure Replacement Plan (SIR) estimates that \$12.8M is the annual sustainable transfer. The 2022 Financial Plan increases the annual transfer to \$8.8M which is 70% of the recommended \$12.8M.

Overall, the Financial Plan results in a **5.4%** tax increase, (or **\$174** to the median residential property) for 2022:

Reason for tax increase:	\$ Amount	Tax increase %	\$ Increase to Median Residential property
Forced growth	\$827,700	2.91%	\$93
Infrastructure (transfer to reserve funding)	570,000	2.00%	64
New staffing to support sustainable service delivery	150,000	0.53%	17
Total	\$1,547,700	5.44%	\$174

PRINCIPLE ISSUES, ECONOMIC FACTORS AND SHORT-TERM RISKS TO THE 2022 - 2026 FINANCIAL PLAN

The 2022 – 2026 Financial Plan has been prepared by integrating known economic conditions and existing Council direction. The leadership team have identified several risks that may impact the future financial results as discussed below:

1. Infrastructure Replacement

The District's recently published draft Sustainable Infrastructure Replacement Plan (SIR Plan) estimates that approximately \$297M worth of the District's assets are past their recommended useful life. The Plan recommends accelerated capital replacement output by 3-5 times per year, estimated to be an additional \$30-60M over the life of this Financial Plan. Council directed the staff return in Q1 of 2022 with options to accelerate capital output to help address the backlog of infrastructure replacement.

The District is currently preparing a number of Master Plans, with the Facilities Master Plan near completion. This Plan will outline facilities replacement and capital maintenance recommendations that will significantly impact the District's Financial Plan.

2. COVID-19

The pandemic had a significant impact on the District's Parks, Recreation, and Culture (PRC) revenue due to ongoing Government regulations that restricted capacity and reduced overall demand. PRC revenues are rebounding quickly but still fall short of pre-pandemic levels. The 2022 Financial Plan net PRC budget (revenues less expenditures) falls short of the pre-pandemic budget by approximately \$1.4M. This shortfall is currently being offset by use of the COVID-19 restart grant. As the pandemic is still ongoing, PRC revenue and expense forecasts may materially change the forecasts that were prepared to inform this Financial Plan.

3. Oak Bay Marina Lease Negotiation

The Oak Bay Marina lease negotiations continues during the writing of this Financial Plan. The results of this negotiation will have an impact on the District's long-term operating budget and investment in capital services.

4. WorkSafe BC Premiums

Worksafe BC premiums continue to rise at a fast pace. Since 2015, the District's total premium expenditure has risen by \$363,000, or 115% (2015 - \$315,000, 2021 - \$678,000), caused by factors such as a:

- (1) rise in total employee payroll
- (2) rapid increase in industry base rates, and
- (3) high organizational experience rating

5. Workforce Labour Shortages

The District is currently experiencing the impacts of workforce labour shortages. Pandemic-related government restrictions on capacities impacted overall demand significantly in 2021. Since then, workforce challenges are impacting recreational revenue to a greater extent than government restrictions. These workforce challenges currently reduce the District's ability to offer a greater volume of recreational programming. This has had a negative impact on the District's ability to recover to pre-pandemic recreational financial performance.

CONSOLIDATED FINANCIAL PLAN — YEAR OVER YEAR CHANGE

Revenue	2021 Budget	2022 Budget	\$ Change	% Change	Comment
Property Value Taxes	\$28,469,200	\$30,016,900	\$1,547,700	5.4%	
New Construction Property Taxes	-	150,000	150,000	0.0%	
Boulevard Frontage Taxes	221,300	232,400	11,100	5.0%	<i>Need to increase over a long period</i>
Grant In Lieu of Taxes	53,300	61,500	8,200	15.4%	<i>UVic PILT</i>
1% Utility Revenue	221,700	223,400	1,700	0.8%	
Property Tax Penalties and Interest	167,800	174,200	6,400	3.8%	
Grants (Operating)	3,050,900	1,852,700	(1,198,200)	-39.3%	<i>Less use of COVID-19 Restart Grant</i>
Grants (Capital)	6,923,700	1,703,100	(5,220,600)	-75.4%	<i>Uplands Sewer Separation declined</i>
Developer Contributions	186,000	-	(186,000)	100.0%	
Investment Income	562,500	662,500	100,000	17.8%	<i>Yields rebounding</i>
Miscellaneous Revenue	15,300	10,300	(5,000)	-32.7%	<i>Use of security deposits declining</i>
Municipal-Regional District Tax	150,000	150,000	-	0.0%	
Facilities Department Revenue	396,200	414,900	18,700	4.7%	
Finance Department Revenue	51,700	51,300	(400)	-0.8%	
Community Building and Planning Department Revenue	907,600	922,800	15,200	1.7%	
Engineering Department Revenue	27,100	22,100	(5,000)	-18.5%	<i>Offsite servicing revenue</i>
Public Works Department Revenue	1,669,800	1,728,000	58,200	3.5%	<i>Per Council December 13, 2021</i>
Sewer Utility Fees	1,414,900	1,472,500	57,600	4.1%	<i>Per Council December 13, 2021</i>
Water Utility Fees	4,798,300	5,027,200	228,900	4.8%	<i>Per Council December 13, 2021</i>
Parks, Recreation and Culture Department Revenue	4,750,600	7,184,200	2,433,600	51.2%	
Total Revenue	\$54,037,900	\$52,060,000	(\$1,977,900)	-3.7%	

CONSOLIDATED FINANCIAL PLAN — YEAR OVER YEAR CHANGE *continued*

Operating Expenses	2021 Budget	2022 Budget	\$ Change	% Change	Comment
Corporate Administration	\$2,747,800	\$2,861,200	\$113,400	4.1%	<i>Election & Risk Management</i>
Oak Bay Tourism	150,000	150,000	-	0.0%	
Facilities	211,100	221,000	9,900	4.7%	<i>Municipal Hall</i>
Finance and IT	1,535,900	1,585,200	49,300	3.2%	
Policing	5,475,400	5,482,100	6,700	0.1%	<i>Not including 2022 bargaining</i>
Fire Protection	5,077,500	5,138,500	61,000	1.2%	<i>Not including 2022 bargaining</i>
Community Building and Planning	1,099,800	1,311,400	211,600	19.2%	<i>50K deer, 133K new staffing</i>
Library	1,128,300	1,162,000	33,700	3.0%	
Engineering Services	1,451,100	1,476,700	25,600	1.8%	
Public Works	3,825,600	3,962,000	136,400	3.6%	
Sewer Utility	802,500	833,600	31,100	3.9%	
Water Utility	3,700,700	3,808,200	107,500	2.9%	
Parks & Recreation	12,113,400	13,514,700	1,401,300	11.6%	
Fiscal	56,000	57,800	1,800	3.2%	
Debt Interest	134,400	134,400	-	0.0%	
Contingencies	285,200	526,200	241,000	84.5%	
Major Crimes Contingency	805,000	885,000	80,000	9.9%	
Special Initiatives	1,327,000	1,545,900	218,900	16.5%	
Total Operating Expenses	\$41,926,700	\$44,655,900	\$2,729,200	6.5%	
Add:					
Transfers from Reserves	16,936,500	20,521,900	3,585,400	21.2%	
Deduct:					
Capital Expenditures	(21,110,600)	(18,921,100)	2,189,500	-10.4%	
Transfers to Reserves	(7,794,500)	(8,862,300)	(1,067,800)	13.7%	
Debt Principal	(142,600)	(142,600)	-	0.0%	
Total	\$ -	\$ -	\$ -	-	

CONSOLIDATED FINANCIAL PLAN — 2021 - 2025

Revenue	2022	2023	2024	2025	2026
Property Value Taxes	\$30,016,900	\$31,552,800	\$32,942,400	\$34,613,600	\$36,046,500
New Construction Property Taxes	150,000	50,000	50,000	50,000	50,000
Boulevard Frontage Taxes	232,400	244,000	256,200	269,000	282,500
Grant In Lieu of Taxes	61,500	53,600	53,800	54,000	54,200
1% Utility Revenue	223,400	227,800	232,400	237,000	241,700
Property Tax Penalties and Interest	174,200	178,000	183,400	189,000	194,800
Grants (Operating)	1,852,700	1,040,400	352,000	352,000	352,000
Grants (Capital)	1,703,100	5,082,400	2,925,800	7,070,000	7,070,000
Investment Income	662,500	695,600	730,300	766,700	805,000
Miscellaneous Revenue	10,300	10,300	10,300	10,300	10,300
Municipal-Regional District Tax	150,000	200,000	200,000	200,000	200,000
Facilities Department Revenue	414,900	427,100	428,100	428,700	428,700
Finance Department Revenue	51,300	51,600	51,900	52,200	52,500
Community Building and Planning Department Revenue	922,800	931,100	931,100	931,100	931,100
Engineering Department Revenue	22,100	17,100	17,100	17,100	17,100
Public Works Department Revenue	1,728,000	1,774,400	1,821,700	1,869,900	1,919,100
Sewer Utility Fees	1,472,500	1,505,000	1,553,300	1,602,000	1,651,200
Water Utility Fees	5,027,200	5,274,100	5,500,300	5,746,400	5,995,300
Parks, Recreation and Culture Department Revenue	7,184,200	8,827,000	9,705,700	9,899,800	10,097,800
Total Revenue	\$52,060,000	\$58,142,300	\$57,945,800	\$64,358,800	\$66,387,400

CONSOLIDATED FINANCIAL PLAN — 2021 - 2025 *continued*

Operating Expenses	2022	2023	2024	2025	2026
Corporate Administration	\$2,861,200	\$2,878,900	\$2,936,700	\$2,995,800	\$3,098,500
Oak Bay Tourism	150,000	200,000	200,000	200,000	200,000
Facilities	221,000	226,400	231,300	236,400	241,300
Finance and IT	1,585,200	1,616,900	1,649,000	1,681,900	1,715,600
Policing	5,482,100	5,590,000	5,709,100	5,827,300	5,908,000
Fire Protection	5,138,500	5,148,500	5,179,800	5,211,800	5,244,500
Community Building and Planning	1,311,400	1,331,800	1,357,500	1,383,500	1,410,200
Library	1,162,000	1,199,800	1,238,800	1,279,100	1,320,700
Engineering Services	1,476,700	1,506,700	1,537,300	1,568,500	1,600,300
Public Works	3,962,000	4,088,100	4,213,700	4,342,600	4,474,400
Sewer Utility	833,600	852,600	871,900	891,900	912,600
Water Utility	3,808,200	3,936,300	4,043,700	4,172,400	4,305,300
Parks & Recreation	13,514,700	14,515,400	14,805,700	15,101,800	15,403,800
Fiscal	57,800	58,600	59,400	60,200	61,000
Debt Interest	134,400	134,400	180,000	305,000	305,000
Contingencies	526,200	836,800	1,108,500	1,380,700	1,658,300
Major Crimes Contingency	885,000	965,000	1,045,000	1,125,000	1,205,000
Special Initiatives	1,545,900	325,900	375,100	20,000	-
Total Operating Expenses	\$44,655,900	\$45,412,100	\$46,742,500	\$47,783,900	\$49,064,500
Add:					
Transfers from Reserves	20,521,900	13,022,100	10,058,000	14,284,700	13,404,700
Debt Proceeds	-	6,000,000	-	5,000,000	-
Deduct:					
Capital Expenditures	(18,921,100)	(21,909,800)	(10,622,400)	(24,266,500)	(17,959,200)
Transfers to Reserves	(8,862,300)	(9,699,900)	(10,457,500)	(11,265,300)	(12,076,600)
Debt Principal	(142,600)	(142,600)	(181,400)	(327,800)	(327,800)
Total Budget Balance	\$ -	\$ -	\$ -	\$ -	\$ -

REVENUE DISCUSSION

TAXATION DISCUSSION

Property value tax is the principal source of revenue for most local governments. It is a tax levied on the value of land and improvements (*i.e. building and fixtures*). Municipalities levy property value taxes based on the tax revenue needs set out in their annual budget (*Financial Plan*). Property value taxes are calculated by applying a set tax rate against the assessed value of a property. Municipal tax rates are annually set by Council, and the assessed values are set independently by BC Assessment.

TAX STABILITY, PREDICTABILITY, COLLECTABILITY

In most years, taxation revenue is predictable and stable with the District's tax base being 96% residential. Therefore, disruptions in non-residential assessments would not interfere with tax revenues enough to significantly impact the predictability of tax revenues overall, in fact, a uniform and significant reduction in assessed values would be unlikely to disrupt such revenues.

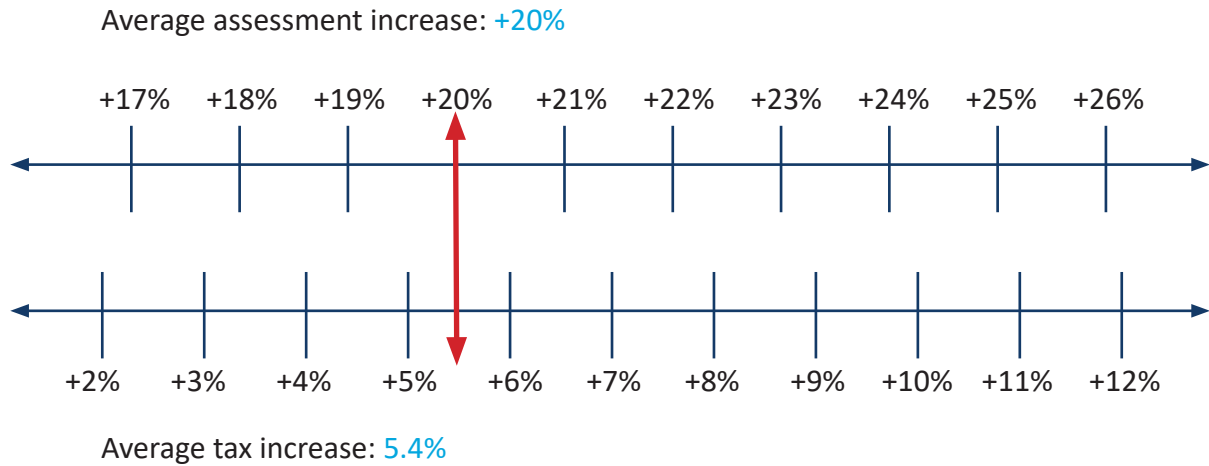
The British Columbia legislated model of property taxation administration is one of the most efficient in the world. Tax revenue collection is highly likely in most cases. *The Local Government Act* requires the District to commence tax sale proceedings in the cases where 3 years of taxes remain unpaid. Section 250 of the Community Charter writes, "*Taxes accrued and to accrue on land and improvements... are a charge that, (a) is a special charge on the land and improvements, (b) has priority over any claim, lien, privilege or encumbrance of any person except the Crown...*" therefore, taxes are discharged, at a minimum, when the property changes ownership or during tax sale proceedings. Tax sale proceedings can result in the property being auctioned (although exceedingly rare), which ensures property taxes are highly collectible.

RELATIONSHIP BETWEEN ASSESSMENTS AND TAXATION

Municipalities use assessed values to apportion property taxes to individual taxpayers. For instance, if a taxpayer's assessment represents 5% of the entire taxable assessment base, that taxpayer will pay 5% of the municipal property tax budget. A common misconception is that a significant increase in assessed value will necessarily result in a significant increase in property taxes. It is more important for a taxpayer to consider the assessed value in relation to the average assessment increase. It is possible for one's assessment to decrease while taxes increase and vice versa.

ASSESSMENT CHANGE	PROPERTY TAX IMPACT
Lower than average assessment increase/decrease	Individual % tax increase < Total District % tax increase
Average assessment increase/decrease	Individual % tax increase % = Total District % tax increase
Higher average assessment increase/decrease	Individual % tax increase % > Total District % tax increase

The 2022 Completed Assessment Roll indicates a 20% average increase in residential assessed properties. The preliminary property tax increase for 2022 is 5.4%. This means that properties with an assessment change above 20% will incur a tax increase greater than 5.4%.



NEW DEVELOPMENT TAXATION (NDT) REVENUE

New Development Taxation (NDT) revenue is derived from new buildings or newly subdivided lots. In other words, NDT is taxation revenue from assessed values that did not exist in the prior year. Staff have estimated approximately \$100,000 derived from NDT Revenue in 2022 with final NDT numbers available in March, with the release of the revised assessment roll. NDT revenues are currently being set aside to increase the transfer to reserve for infrastructure replacement budget.

FIVE YEAR PROPERTY TAXATION FORECASTS

The draft 2022 – 2026 Financial Plan forecasts an average tax increase of 4.63% for the 5 years and an average increase of \$163 for 2022 through 2026:

	2022	2023	2024	2025	2026	Average
Tax increase	5.44%	4.59%	4.24%	4.91%	3.99%	4.63%
Tax increase \$ to median residential property	\$174	\$155	\$149	\$181	\$154	\$163

Forecasted tax increases are driven by the following factors:

\$ Increase by cost driver	2022	2023	2024	2025	2026
Forced Growth	\$827,700	\$665,700	\$619,500	\$779,900	\$812,800
Infrastructure renewal reserve	\$570,000	\$570,000	\$485,900	\$570,000	\$570,000
New staffing	\$150,000	\$150,000	\$150,000	-	-
Debt retirement/new debt	\$0	\$0	\$84,100	\$271,400	\$0
Total	\$1,547,700	\$1,385,700	\$1,339,500	\$1,621,300	\$1,382,800

% Increase by cost driver	2022	2023	2024	2025	2026
Forced Growth	2.91%	2.20%	1.95%	2.36%	2.34%
Infrastructure renewal reserve	2.00%	1.89%	1.54%	1.73%	1.65%
New staffing	0.53%	0.50%	0.48%	0.00%	0.00%
Debt retirement/new debt	0.00%	0.00%	0.27%	0.82%	0.00%
Total	5.44%	4.59%	4.24%	4.91%	3.99%
\$ Impact to median residential property by cost driver	2022	2023	2024	2025	2026
Forced Growth	\$93	\$76	\$69	\$87	\$90
Infrastructure renewal reserve	\$64	\$64	\$54	\$64	\$64
New staffing	\$17	\$17	\$17	\$0	\$0
Debt retirement/new debt	\$0	\$0	\$9	\$30	\$0
Total	\$174	\$157	\$149	\$181	\$154

BOULEVARD FRONTAGE TAXES

The District levies a boulevard frontage tax subject to the “Boulevard Frontage Tax Bylaw, 1982”. Properties identified in this Bylaw pay a tax based on taxable frontage. The District’s Park’s crew maintains the boulevards adjacent to these properties.

The District has an administrative policy of setting its boulevard tax revenue budget to recover approximately 75% of the boulevard maintenance costs. Boulevard maintenance costs have exceeded budget every year since at least 2017. Staff have increased the boulevard maintenance budget significantly in 2022 to reflect this trend. As such, an increase of the tax will be required. Staff are recommending a 5% per year phased in approach until the 75% ratio is achieved again.

Boulevard Maintenance Budget	2017	2018	2019	2020	2021	2022 Draft
Levy	\$192,766	\$199,500	\$207,816	\$215,300	\$221,300	\$232,500
Increase	4.9%	3.49%	4.34%	3.60%	2.8%	5.0%
Levy/Budgeted Expenses	76%	77%	77%	75%	77%	66%

Boulevard Frontage Tax Budget	2017	2018	2019	2020	2021	2022 Draft
Budget	254,075	259,123	269,476	286,000	286,000	354,600
Actual	266,001	277,087	312,953	328,554	310,132	
Actual/Budget	105%	107%	116%	115%	108%	

BUSINESS IMPROVEMENT AREA

The District levies a business improvement area tax subject to the “*Oak Bay Business Improvement Area Bylaw, 2020*”. Properties identified in this Bylaw pay a tax based on taxable assessment. Taxes collected from this levy are remitted to the Oak Bay Business Improvement Association (BIA). The Oak Bay BIA exists to promote local member businesses and contributes to the community at large. The BIA’s term expires on December 31, 2024 if it is not renewed with another Bylaw.

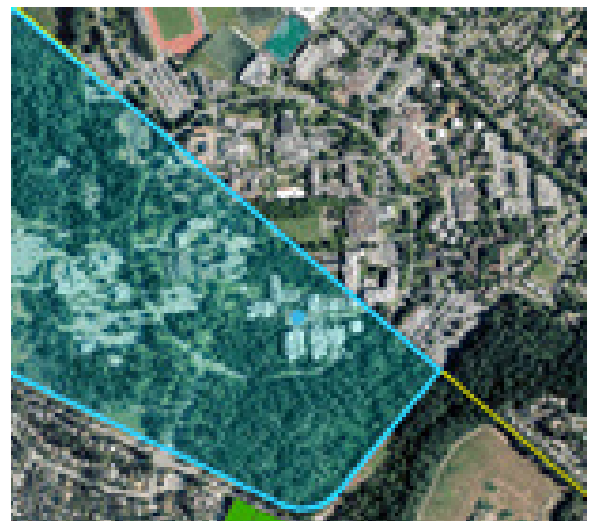
GRANT IN LIEU OF TAXES

Federal Payment in Lieu of Tax: Federally owned properties are generally exempt from taxes pursuant to section 125 of the *Federal Constitution Act, 1867*. Federal properties may, however, be subject to a payment in lieu of taxes pursuant to the federal *Payments in Lieu of Taxes Act*. Two such federally owned, tax exempt properties in the District pay a payment in lieu of tax, and they are: (1) Turkey Head Breakwater, and (2) Trial Island Lighthouse.



Federal grant in lieu payments are generally equivalent to the amount of taxation that would have been due had the properties not been exempt.

Grant in Lieu of Taxes, University of Victoria: The University of Victoria (UVic) is exempt from taxes pursuant to section 54 of the University Act. The University is situated partially in the District of Oak Bay and partially in the District of Saanich. The Ministry of Advanced Education, Skills and Training distributes an annual grant in lieu of taxes to local governments with universities. The funds are apportioned based on the proportional assessed value of university property within the municipality. The total grant fund budget has not changed in many years, with the actual value of the UVic property within Oak Bay assessed at \$351M. The grant in lieu of taxes is equivalent to approximately 2.2% of the taxation revenue that would be due on \$351M of taxable assessment. The foregone taxes demonstrate the District’s significant investment in post-secondary education.



1% UTILITY REVENUE

Pursuant to Section 644 of the *Local Government Act* and the *Hydro and Power Authority Annual Grants Order*, utility companies must pay each municipality 1% of the revenues earned within that municipality in the preceding year. Since this revenue is based on prior year financials and amounts remitted to the District, the budget is very accurate. For 2022, 1% revenues are forecasted as follows:

Utility Company	2021 Budget	2021 Actual	2022 Budget	Change
Shaw Communications	\$28,300	\$28,346	\$27,300	-\$1,000/-3.5%
Telus	\$18,500	\$18,507	\$18,200	-\$300/-1.6%
Fortis	\$38,400	\$38,443	\$41,200	+\$2,800/+7.3%
BC Hydro	\$136,500	\$136,486	\$136,700	+\$200/+0.1%
Total	\$221,700	\$221,782	\$223,400	+\$1,700/+0.8%

MUNICIPAL REGIONAL DISTRICT TAX (MRDT)

The Municipal and Regional District Tax (MRDT) is a tax of up to 3% on the purchase of accommodation imposed in specific geographic areas of the Province (*designated accommodation areas*) on behalf of municipalities, regional districts or eligible entities. The District is a designated accommodation area pursuant to the *Designated Accommodation Area Tax Regulation 93/2013*.

Funds raised by means of the MRDT must be used for a prescribed purpose including tourism marketing and sport hosting marketing. As such, MRDT funds raised in the municipality of Oak Bay are used to fund Oak Bay Tourism.

USER FEES

Section 194 of the *Community Charter* enables Council to impose a fee in respect of all—or part of a municipal service. In general, user fees are charged when the benefit of a service accrues to identifiable individuals, and taxes are levied when the benefit of a service accrues broadly to the public. However, Council has the authority to vary the mix and imposition of taxes and user fees as appropriate.

Below are some of the user fees that the District levies:

Sewer User Fees: The District levies a sewer user fee to recover 70% of the costs to maintain the municipal sanitary sewer conveyance system. The remaining 30% of such costs are recovered by property taxes. The sewer user fee also partially funds an annual transfer to reserve for capital asset replacement and rehabilitation. Sewer user fees are calculated by multiplying the sewer rate by 60% of water consumption for residential properties. Rates are applied to 100% of the water used by properties that are not residential, have mixed use, or have two water meters.

Capital Regional District Sewer User Fee: The District levies a user fee to recover 100% of the operating costs related to providing regional sewer service, including the Core Area Wastewater Treatment Plant. This levy has experienced steep increases for a number of years while the Capital Regional District phased in the cost of construction.

At the Regular Meeting of Council on November 9, 2020, Council elected to recover the regional sewer operating costs via a CRD sewer user fee and the regional sewer debt and capital costs via a CRD property tax levy. At the time of writing this plan, the 2022 Draft CRD budget envisioned a moderate increase to the Core Area Wastewater Operations budget. Thus the CRD Sewer User Fee was not increased for 2022.

Water User Fee: The District levies a water consumption charge and a fixed user fee to recover 100% of the costs related to the provision of retail water. The majority of the costs relate to the purchase of bulk water from the Capital Regional District for distribution to District citizens. The fixed fee recovers 35%, while the consumption fee recovers 65%. For properties with two or less units, the fixed fee is \$0.66 per day or \$240.90 per year.

Solid Waste User Fee: The District levies a solid waste fee pursuant to the District’s Refuse Collection and Disposal Bylaw. The solid waste fee funds a myriad of services described below. The District’s solid waste fee revenue exceeds the solid waste division direct costs but also funds solid waste service infrastructure replacement and general District overhead.

Solid Waste Division Service	2022 Budget	Proportion	Service Description
Solid Waste	\$649,700	39%	Bi-weekly curbside pickup and unlimited drop off at depot
Organics	\$453,100	28%	Bi-weekly curbside pickup
Garden Waste Program	\$207,000	13%	Unlimited drop off at depot, compost sales
Beach Cleanup	\$11,000	1%	2-4 clean up crew days per year or 1 sunken sail-boat removal
Garden Waste Pickup Week	\$108,200	7%	One day per week per property per year curbside garden waste
Recycling Depot	\$196,700	12%	Unlimited drop off at depot
Total	\$1,625,700	100%	



GRANTS (OPERATING)

The District's operating grant budget is comprised of the following four main grants:

1. Small Community Grant
2. Traffic Fine Revenue Sharing Grant
3. Climate Action Revenue Incentive Program Grant (CARIP)
4. Project-Related Grants

Grant	2021 Forecast	2021 Budget	2022 Budget	Change
Small Community Grant	\$145,000	\$150,000	\$145,000	-\$5,000
Traffic Fine Revenue Sharing	\$233,172	\$210,000	\$220,000	+\$10,000
CARIP	\$33,499	\$35,000	\$0	-\$35,000
Project-related Grants	\$66,950	\$97,200	\$0	-\$97,200
COVID-19 Restart Grant*	\$1,472,400	\$2,557,000	\$1,428,600	-\$1,128,400
Other		\$1,700	\$59,100	+\$57,400
Total	\$1,951,021	3,050,900	\$1,852,400	-\$1,198,500

*This grant was remitted to the District in late 2020. Accounting standards require that the grant be recorded as revenue in 2020. The District has transferred it to reserves for use to offset anticipated 2021 and 2022 Parks, Recreation, and Culture revenue shortfalls. The grant is placed in this chart for transparency, however, it will appear as a "transfer from reserve" in the Financial Plan Bylaw.

Small Community Grant: This grant is an unconditional grant paid by the Province to the District. The formula that determines the grant amount is complex, and is phased out as a community grows.

Traffic Fine Revenue Sharing Grant: This grant amount is determined by total Provincial traffic fine revenue collected in the year prior. Oak Bay's share of the funds is determined by the District's policing costs as a proportion of the entire Province's policing costs.

CARIP Grant: The CARIP grant was a conditional grant program that provided funding to local governments that signed the BC Climate Action Charter equal to 100% of the carbon taxes they pay directly to support local government operations. In September 2021 the Province announced that 2021 would be the final year of the program.

GRANTS (CAPITAL)

Gas tax: The Administrative Agreement on the Federal Gas Tax Fund in British Columbia took effect on April 1, 2014. The tripartite Agreement between Canada-British Columbia-UBCM replaced the 2005-2014 Agreement and provides the administrative framework for the delivery of Federal Gas Tax funding to local governments and other recipients in British Columbia over a ten year period (2014-2024).

The Gas Tax fund provides predictable, long-term and stable funding to local governments in British Columbia for investment in infrastructure and capacity building projects. The gas tax allocation table sets out funding through 2024.

2019	2020	2021	2022	2023	2024
\$851,133.48	\$816,756.82	\$816,756.82	\$853,872.73	\$853,873.73	\$890,979.58

In 2014 when the new agreement was signed, the eligible project categories expanded significantly, prompting many communities to change their gas tax revenue recognition practice. Previously, all gas tax revenues had been deferred and listed as a liability on the financial statements until used for eligible projects at which time the revenue was recognized. Since use of the funds is less restricted, the common accounting practice is to recognize the receipt of funds as revenue immediately. In fact, the District's 2018 Audit Findings report recommended this accounting practice (*see Special Meeting of Council agenda May 6, 2019*). Beginning in 2020, the District changed its budget practice to immediately recognize the receipt of gas tax funds as revenue, with these funds being allocated to the District's Infrastructure Renewal reserve within the Financial Plan.

INVESTMENT REVENUE

Investment returns grew considerably from 2015 – 2019 due to two main factors: (1) increased investment balances, and (2) increased money market performance. Approximately 80% of the District's portfolio had been invested in the Municipal Finance Authority's Money Market Fund.

	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual	2020 Actual	2021 Actual
Investment Revenues	340,809	304,755	357,143	744,099	996,143	831,556	xxxx
Investment Revenues Budget	174,000	152,000	130,000	140,000	301,500	825,000	562,500
Cash & Investment Balance	\$35.7M	41.0M	46.5M	54.1M	60.1M	72.2M	xxxx
MFA money market return %	0.85%	0.79%	0.97%	1.65%	1.88%	0.85%	xxxx

The investment return budget has been increased by \$100,000 from 2021 to 2022. The economic impact of the COVID-19 Pandemic resulted in a significantly lower yield in the District's investment funds in 2021. Yields appear to be rebounding moderately. Furthermore, the District has diversified some of its investment funds in higher yielding Municipal Finance Authority portfolios.

	2021 Budget	2021 Budget	Change
Investment Returns	\$562,500	\$662,500	+ \$ 100,000
General Revenue	- 449,000	- 449,000	-
Transfer to Reserve	- 113,500	- 213,500	+ (100,000)
Total budgetary impact	-	-	-

Linking investment returns to reserve contributions is crucial for a number of reasons:

1. There is a legislated requirement to ensure investment returns earned by reserve funds remain within the reserve fund.
2. General-revenue linked investment returns can significantly increase tax rate volatility. For instance, should investment returns fall, tax revenues will have to rise to offset the loss.
3. Investment returns from reserve funds are part of the District's annual, permanent, ongoing funding for infrastructure replacement.

OPERATING DEPARTMENT SUMMARIES



CORPORATE ADMINISTRATION

Administration consists of the Chief Administrative Officer (CAO), the Director of Corporate Services (DCS), the Deputy DCS, the Director of Strategic Planning, the Director of Human Resources, a Communications Specialist, the Executive Assistant to the CAO, and the Mayor, (as well as additional administrative support staff). The CAO is the general manager for the Corporation as a whole, providing guidance and direction to all operating departments, and is the principal advisor to Council. The DCS works closely with Council, is the main link between Council and the public at large and is the contact for information on all Council matters. The DCS is also the custodian of municipal records and is responsible for requests submitted under the BC Freedom of Information and Protection of Privacy Act.

Performance Measures and Statistics

Performance Measure	2020 Actual	2021 Actual	2022 Forecast
Meetings of Council Supported	75	67	60
Meeting minutes posted on time (adopted at next Council meeting)	52	67	60
# FOIPPA requests	32	19	20
Total web pages viewed	2.5M	3.4M	3.5M
FOI requests within statutory deadlines	100%	100%	100%
# Social Media posts	812	837	850
# Social Media followers	2,496	3,246	4,000
Volunteer Hours Contributed to Archives	210	200	200
Archives Research Inquiries conducted	111		
Archives Program (school programs, history talks, special events)	84 (3)	40 (2)	100 (5)

Staffing History and Forecast

Position	2021 FTEs	2022 FTEs	Change
Chief Administrative Officer	1.00	1.00	-
Director of Corporate Services	1.00	1.00	-
Director of Strategic Initiatives	1.00	1.00	-
Deputy Director of Corporate Services	1.00	1.00	-
Director of Human Resources	1.00	1.00	-
Occupational Health and Safety Specialist	1.00	1.00	-
Communications Specialist	1.00	1.00	-
Executive Assistant to the Mayor and CAO	1.00	1.00	-
Secretary III	2.00	0.00	- 2.00
Legislative Assistant	0.00	2.00	+ 2.00
Administration Program Assistant	1.00	1.00	-
Archivist	0.50	0.50	-
Total	11.50	11.50	-

2021 Accomplishments

- Significant progress made on marina lease negotiations
- Recruited Occupational Health and Safety Manager and HR/Strategic Initiatives Assistant
- Completed Council Chambers Audio/Visual technological upgrade, including integration with video communications and webcasting software, to improve opportunities for electronic participation in Council and Committee of the whole meetings and enhance the viewer/participant experience
- Enhanced use of CivicWeb Portal to improve internal and external communications
- Expanded use of meeting management software to improve operational efficiency and effectiveness as it relates to the production of Council/Advisory Body agendas and minutes, resolution (decision) tracking and progress reporting
- Completed key amendments to the Animal Control Bylaw
- Issued Request for Proposals and awarded contract for Animal Control services
- Investigated and consulted on regulatory options for banning single-use plastics
- Continued implementation of corporate records classification and retention system – complete inventory of all in-house and off-sites records, commenced transition to electronic filing, re-organized and improved physical storage/security systems for paper-based files, including all vital records
- Committee and Commission Review – developed and delivered interactive orientation program for volunteers, completed 1 year review of Committee and Commission Policy, initiated recruitment for appointments beginning in 2022
- Initiated agreements database
- Commenced Bylaw and minutes folders integrity projects (Bylaws and minutes accounted for and searchable)
- Advanced deer management research program
- Ran Emergency Operations Centre (until June)
- Advanced revamp of Occupational Health and Safety Program
- Recruited Deputy Director of Finance and Bylaw Compliance Officer
- Developed COVID-19 Communicable Disease Plan and Mandatory Vaccine Policy and program
- Concluded IAFF bargaining
- Coordinated staff flu clinic with 130 participants
- Commenced new FOI Policy and Procedures Manual and implemented new FOI Request checklists and procedures
- Initiated the development of an in-house FOIPPA video-based training program
- Developed and implemented Corporate Project Charter Template and process
- Developed a Public Engagement Framework and Toolkit
- Implemented a standing weekly advertisement in Oak Bay News

2022 Planned Accomplishments

- Implement components of the Human Resource plan
 - » Implement Performance Feedback and Review Policy and Procedures, as well as provide training to managers and supervisors
 - » Implement Learning and Development Policy (including Tuition Reimbursement)
 - » Finalize revamp of Occupational Health and Safety Program
 - » Develop Total Compensation Policy
- Finalize and lead the introduction of new FOI Policy and Procedures Manual
- Launch in-house video-based FOIPPA training program with system for tracking completion
- Complete derelict boat vessel review
- Consult on Turkey Head design
- Complete marina lease negotiations
- Support community discussions on CRD-led Oak Bay Lodge discussions
- Advance deer management
- Committees and Commissions – complete Council-directed policy changes and operational improvements outlined in 1 year review; complete orientation of new members
- If directed by Council, complete Bylaw(s) pertaining to single-use-plastics
- Administer the 2022 General Local Election
- Orientation of new Council (2022-2026 term)
- Commence work on the 2023-26 Council Priority Plan (for completion early 2023)
- Recruit Fire Chief, Deputy Fire Chief, Director of Community, Building, and Planning, Manager of Community Building, and Planning
- Recruit First Nations Relationship Building and Education position
- Continue adapting to COVID-19
- Develop a Social Media Policy
- Develop a Public Engagement Strategy
- Commence foundational work for website refresh

Corporate Administration Operating Budget

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Council	\$131,449	\$169,500	\$172,700	\$3,200	1.9%	
Corporate Administration	1,185,765	1,299,900	1,379,100	79,200	6.1%	Note 1
Human Resources	326,634	490,700	492,500	1,800	0.4%	
Communications	141,281	154,900	166,400	11,500	7.4%	Note 2
Risk Management	382,347	305,000	316,300	11,300	3.7%	
Grants and Fee for Service	231,928	176,100	179,600	3,500	2.0%	
Events	52,768	105,000	106,900	1,900	1.8%	
Archives	42,155	46,700	47,700	1,000	2.1%	
Total Operating Expenses	\$ 2,494,327	\$2,747,800	\$2,861,200	\$113,400	4.1%	
Impact to median residential property				\$12.77	0.4%	

Note 1: Election expense + \$40,000

Note 2: Salary increments



ADMINISTRATIVE AND RESIDENTIAL FACILITIES

The administrative and residential facilities budget is currently a shared responsibility between the senior leadership. In previous Financial Plans, the administrative facilities budget had been blended into the corporate administration operating budget. However, for transparency, the operating budget is now being presented separately. This operating budget does not include the facility operating costs of the Police, Fire, Parks, Recreation and Culture, and Public Works facilities.

The District owns, operates and maintains several administrative buildings including: the Municipal Hall, 1538 Monterey Ave, 1423 Hampshire Ave, 1531 Hampshire Ave, Tod House, as well as the Oak Marina lands. The budget below includes modest transfer to reserve budgets. This funding accumulates in a capital reserve until such time that these reserves are used to fund capital maintenance. Capital expenditures are much larger, more expensive and prolong the building or building component life.

Administrative Facilities

Operating Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Lease Revenue	\$395,444	\$396,200	\$414,900	\$18,700	4.7%	Note 1
Total Operating Revenue	\$395,444	\$396,200	\$414,900	\$18,700	4.7%	
Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Maintenance - 1538 Monterey	\$ -	\$5,000	\$5,100	\$100	2.0%	
Maintenance - 1423 Hampshire	25,594	28,400	29,100	700	2.5%	
Maintenance - 1531 Hampshire	-	5,000	5,100	100	2.0%	
Maintenance - Tod House	8,447	7,500	7,600	100	1.3%	
Maintenance - Municipal Hall	69,034	83,200	90,500	7,300	8.8%	
Foreshore Lease	64,974	65,000	66,300	1,300	2.0%	
Maintenance - Oak Bay Marina	-	17,000	17,300	300	1.8%	
Transfers to Reserves for Facilities	78,472	51,500	39,400	(12,100)	-23.5%	Note 2
Transfers to Tod House Trust	11,253	12,200	12,100	(100)	-0.8%	
Transfers to Marina Reserve	33,800	16,800	37,800	21,000	125.0%	
Total Operating Expenses	\$291,574	\$291,600	\$310,300	\$18,700	6.4%	
Net Operating Budget		(\$104,600)	(\$104,600)	-	0.0%	
Impact to average residential property				-	0.0%	

Note 1: Lease revenue from the Oak Bay Marina lands are contingent on revenue generated from the property's tenants. Revenues were significantly impacted in 2020 as a result of the COVID-19 pandemic and have impaired the 2021 revenues. The 2022 Financial Plan forecasts a modest recovery in lease revenues

Note 2: The tenants of 1538 Monterey Ave. and 1531 Hampshire have elected to cancel their lease effective May 8, 2022

1538 Monterey Avenue

This property was purchased in 2016 using funds in the District's Land Sale Reserve. In 2020, the District entered into a lease agreement with the Victoria Immigrant and Refugee Centre Society (VIRCS) for residential use of the property. The terms of the lease require the tenant to pay for routine interior maintenance and utilities.

VIRCS has provided notice to end the lease effective May 7, 2021. Long-term use of the property will be explored when the District undertakes a Village Area Planning process in 2023 to examine land-uses on the properties to be vacated by VIRCS and the surrounding Oak Bay Avenue area (or earlier if Council directs).

1423 Hampshire Rd & 1442 Monterey Avenue.

The District owns the building at 1442 Monterey Avenue which is used as a branch of the Greater Victoria Public Library, the Monterey Recreation Centre, and several residential units (1423 Hampshire portion). The District contracts with a property management company to manage the residential tenancy in the building.

1531 Hampshire Rd.

This property was purchased by the District in 1990, and in 2020 the District renewed a lease agreement with the Victoria Immigrant and Refugee Centre Society (VIRC) for residential use of the property. The terms of the lease require the tenant to pay for routine interior maintenance and utilities. The District has established a maintenance budget for contingency purposes. Furthermore, any unspent maintenance budgets will be transferred to a facilities capital reserve at year end.

VIRCS has provided notice to end the lease effective May 8, 2022. Long-term use of the property will be explored when the District undertakes a Village Area Planning process in 2023 to examine land-uses on the properties to be vacated by VIRCS and the surrounding Oak Bay Avenue area (or earlier if Council directs).

Tod House

In 2008 the Province of BC gave its 50% share of the Tod House heritage property to the District. Concurrently the Province registered a "Possibility of Reverter" against the property, which states that the Province has granted its interest to the District *"for so long as the land is used for the specific purpose of managing the Tod House Heritage Site"*.

Oak Bay Marina

The Oak Bay Marina lands and facilities are primarily owned by the District of Oak Bay, but also include lands covered by water and foreshore leased from the Province. The District's lease with the Province and the District's sublease with the current lessee (Oak Bay Marina) expire in December 2022. The District is in negotiations to enter into a new 30 year lease.

FINANCIAL SERVICES AND INFORMATION TECHNOLOGY



The Finance department is responsible for the systems and processes that support the financial well-being of the District, providing advice and information to Council, staff, and the public. This department coordinates expenditures through the annual budget process, prepares financial statements and reports, and administers property taxation, utility billing, accounts payable, accounts receivable, payroll, as well as insurance and risk management. It also secures and manages debt and ensures that cash flow is managed so that funds are available to fulfill the Five Year Financial Plan. The department is entrusted with ensuring that financial resources are available for long-term infrastructure replacement based on Council direction, and is also responsible for delivery of front counter service. The Information Technology division is responsible for a wide variety of IT support including:

- Network design
- End-user training and support
- Network security
- Software implementation

The division also maintains and replaces a large inventory of IT hardware including PCs, printers, mobile devices, and phone hardware.

Performance Measures and Statistics

Performance Measure	2020 Actual	2021 Actual	2022 Forecast
\$ Property taxes levied	\$46.7M	\$50.3	\$52.8
# Taxable folios	6,828	6,884	6,895
# Home Owner Grants claimed	4,403	4,366	4,370
# Tax deferment applications	1,112	1,166	1,200
# Cash receipts/bank transactions	33,803	30,089	30,000
# T4s issued	659	633	660
# Accounts Payable invoices	9,803	9,549	9,500
\$ Interest earnings	\$835,000	\$724,000	\$661,000
Distinguished budget report	Awarded	Awarded	Awarded
Canadian Award for Financial Reporting	Awarded	Awarded	Awarded
Help desk tickets	1281	1,009	1,100
Terabytes of data	16	12	14
Email boxes	225	218	227
Email storage	600 GB	840GB	1TB
Emails allowed	Approx. 290,000	288,636	295,000
Emails blocked (spam/phishing)	Unknown	45,612	46,000
Network uptime	Hall: 100%* Henderson: 99.99% NLC: 99.95% Tempest: 99.67%	Hall: 99.98% Henderson: 99.94% NLC: 99.99% Tempest: 99.47%	Service level goal is 98%
Phishing-test success rate	New	New	80%

*There was one event in 2020, impacting many users for approximately 1 day, however users were still able to remain active through the use of office.com

Staffing History and Forecasted Requests

Position	2021 FTEs	2022 FTEs	Change
Director of Financial Services	1.00	1.00	-
Deputy Director of Financial Services	1.00	1.00	-
Manager of IT Projects ¹	0.33	0.33	-
Assistant Accountant	1.00	1.00	-
Financial Analyst	1.00	1.00	-
Payroll Coordinator	1.00	1.00	-
Accounts Payable Clerk ²	0.75	0.75	-
Utility Billing Clerk ³	0.00	0.00	-
Accounting Clerk ⁴	0.00	0.50	+0.50
Treasury Clerk	1.00	1.00	-
Information Technology Technician	1.00	1.00	-
Total	8.08	8.58	+0.50

1: 0.33 funded by taxation, 0.66 funded by capital

2: 25% funded through water utility budget

3: Funded through water utility budget

4: Funded by reduction in contracted services

2021 Accomplishments

- Implemented network security awareness software
- Achieved Government Finance Officer's Association's Distinguished Budget Report
- Contributed to achieving the Canadian Award for Financial Reporting with Corporate Services
- Implemented phase 1 of new payroll software
- Initiated Asset Retirement Obligation review
- Completed payroll transition project
- Rewrote the District's IT Acceptable Use Policy
- Prepared the first draft of the District's Sustainable Infrastructure Replacement Plan
- In partnership with Community Building and Planning, implemented development tracker software
- Drafted Parks, Recreation and Culture Fees and Charges Bylaw for Council consideration
- Undertook network security audit
- Conducted Parking Services RFP

2022 Planned Accomplishments

- Conclude Asset Retirement Obligation review
- Conduct parking services review
- Conduct Utility Billing Process review
- Implement Business Licensing electronic application software in partnership with Building and Planning

Financial and Information Technology Operating Budget

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
School Tax Commission	\$15,440	\$15,400	\$16,000	\$600	3.9%	
Tax Certificate and Information Requests	18,270	16,000	17,000	1,000	6.3%	
NSF Fees	439	2,000	1,000	(1,000)	-50.0%	
Parking and MTI Fines	12,494	18,300	17,300	(1,000)	-5.5%	
Total Revenue	\$46,643	\$51,700	\$51,300	(\$400)	-0.8%	

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Finance General	\$782,756	\$916,100	\$936,800	\$20,700	2.3%	
Parking Enforcement	45,055	47,700	49,600	1,900	4.0%	
Information Technology	523,309	579,600	598,800	19,200	3.3%	
Total Operating Expenses	\$1,351,120	\$1,543,400	\$1,585,200	\$41,800	2.7%	
Net Operating Budget		\$1,491,700	\$1,533,900	\$42,200	2.8%	
Impact to median residential property				\$4.75	0.1%	

POLICE SERVICES



The Oak Bay Police Department has served the residents of Oak Bay since 1906, and has contributed to Oak Bay's reputation as one of Canada's safest communities. The members of the Oak Bay Police Department are committed to partnerships with the community, leading to the sharing in the delivery of police services. The Department pledges to treat all people equally and with respect, to uphold the Canadian Charter of Rights and Freedoms and to serve, protect and work with the community and other agencies to prevent and resolve problems that affect community safety and quality of life.

Performance Measures and Statistics

Statistics (call types)	2019 Actual	2020 Actual	2021 Actual
Overall file count	4986	4159	4027
Vehicle Collision (all types)	126	84	93
Violation tickets/warnings issued	1178	656	778
Impaired driving offences	23	14	28
Bylaw infractions	212	241	225
Theft from Motor Vehicle	131	124	44
Break and Enter Residential	36	17	16
Theft Under \$5,000	94	73	85
Theft of Bicycle	34	26	27
Mischief (vandalism)	127	99	83
Fraud and cybercrime (with victim)	47	43	60
Liquor Offences	41	32	18
Assaults (common, with weapon, sexual)	31	35	14
Cause Disturbance	25	31	21
Mental Health	71	61	76
Suspicious Person	565	487	368
Assist general public	645	668	771

Staffing History and Forecasted Requests

Position	2021 FTEs	2022 FTEs	Change
Chief Constable	1.00	1.00	-
Deputy Chief Constable	1.00	1.00	-
Sergeant	6.00	6.00	-
Constable	13.0	13.0	-
Total Strength	21.0	21.0	-
Civilian Support Staff	4.0	4.0	-
Reserve Constables	7.0	4.0	-3.0

Oak Bay Police Department Operating Budget

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change
Police Board	\$5,652	\$12,000	\$12,000	\$ -	0.0%
Police Administration	557,408	577,100	598,100	21,000	3.6%
Protective Services	4,167,515	4,597,200	4,563,400	(33,800)	-0.7%
Community Programs	1,100	18,900	19,800	900	4.8%
Integrated Units	168,480	152,500	165,900	13,400	8.8%
Police Building Maintenance	67,395	60,200	63,600	3,400	5.6%
Vehicle Maintenance	57,382	57,500	59,300	1,800	3.1%
Transfer to reserve for Retirement	6,150	8,200	8,200	-	0.0%
Transfer to Capital Reserve	15,450	20,600	20,600	-	0.0%
Transfer to Major Crimes Reserve	82,400	82,400	82,400	-	0.0%
Transfer to Police Vehicle Reserve	46,400	46,400	46,400	-	0.0%
Total Operating Expenses	\$ 5,175,332	\$5,633,000	\$5,639,700	\$6,700	0.1%
Impact to average residential property				\$0.75	0.0%

*Note that the amounts above do not include forecasted collective agreement increases. The District's collective agreements with the Oak Bay Police Association expired in 2021.

2021 Accomplishments

- Purchased BC's first electric marked/operational police vehicle
- Implemented Special Municipal Constable program to address member wellness and reduce costs
- Created a Trauma-Informed Interview Room
- Renovated basement into a Training Room
- Trained OBPD members in mountain bike patrol (trained other agency's members as well)
- Created and implemented new Police Services agreement with Saanich Police Department
- Created and implemented new agreement with RCMP for Police Dog Services
- Installed new CCTV system to enhance security and quality of investigations
- Promoted Constable to Sergeant (reaching milestone of 50% female patrol Sergeants)
- Hired a new Constable – reached 100% staffing level
- Created new Mission, Vision and Values (with OBPD Board)

2022 Planned Accomplishments

- Conduct thorough Strategic Planning Process and create new 3 year Strategic Plan
- Purchase OBPD's first two E-bikes
- Enhance marine response capabilities through MOUs and/or acquisition of small boat
- Enhance recognition of employees and civilians
- Hire additional Special Municipal Constable(s)

FIRE AND EMERGENCY SERVICES

The Oak Bay Fire Department was established in 1937, enacted by Bylaw 848. The Fire Hall is located at 1703 Monterey Avenue. At present, the Fire Department employs 26 career firefighters and two support personnel. Oak Bay Fire Department is a direct provider of emergency and non-emergency services to the following:

- Residents of the Municipality of Oak Bay
- Businesses and customers located within the Municipality of Oak Bay
- Persons attending and working at the University of Victoria
- Residents of the panhandle area of the Municipality of Saanich (automatic response area). Other municipal departments (e.g., Police, Public Works, Parks Department plus Administration)
- Mutual aid partners: Saanich Fire Department, Victoria Fire Department and British Columbia Ambulance Service

The Fire Department is staffed 24-hours, 7 days a week, by four rotating 6-person fire suppression crews. The Fire Chief is the Department Head and normally works Monday to Friday. The Fire Prevention Division works a similar weekday shift. The Fire Department is also the after-hours Public Works and Parks dispatch for emergencies, such as: flooding from a broken water line, a serious sewer leak or municipal trees fallen across a public road or path.

Performance Measures and Statistics

Performance Measure	2020 Actual	2021 Actual	2022 Forecast
Response to Requests for Assistance - Medical	272	389	500
Response to Requests for Assistance - Fire	631	730	730
Response to Requests for Assistance - UVic	55	72	70
Fire Prevention Inspections	236	60	356
Education Sessions	4	0	56
Department Personnel Training Hours	10,724	12,377	13,125
Proportion of fire suppression incidents responded to within 5 minutes (NFPA 1710 standard is 90%)	86%	80%	88%
Average total response time	4:46	4:18	4:20

Staffing History and Forecasted

Position	2021 FTEs	2022 FTEs	Change
Fire Chief	1.00	1.00	-
Deputy Fire Chief	1.00	1.00	-
Assistant Chief	3.00	3.00	-
Captain	1.00	1.00	-
Lieutenant	4.00	4.00	-
Firefighter	16.00	16.00	-
Emergency Coordinator	1.00	1.00	-
Fire Clerk	1.00	1.00	-
Total	28.00	28.00	-

2021 Accomplishments

- Replaced emergency generators
- Replaced thermal imaging cameras
- Embarked on a Fire Master Plan

2022 Planned Accomplishments

- Site preparation and procurement of portable apparatus bay
- Begin procurement for Ladder Truck replacement
- Finish procurement for Engine with Light Rescue
- Emergency Support Services Initiative (Grant)
- Emergency Operations Center Initiative (Grant)

Fire and Emergency Protection Operating Budget

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Fire Administration	\$868,036	\$1,065,100	\$1,082,000	\$16,900	1.6%	
Fire Fighting Force	3,794,554	3,627,800	3,670,500	42,700	1.2%	Note 1
Fire Hall	132,619	161,800	159,500	(2,300)	-1.4%	
Fire Vehicles and Equipment	86,358	89,000	87,900	(1,100)	-1.2%	
Emergency Program	98,740	133,800	138,600	4,800	3.6%	
Total Operating Expenses	\$4,980,307	\$5,077,500	\$5,138,500	\$61,000	1.2%	
Impact to median residential property				\$6.87	0.2%	

**Note 1: The amounts above do not include forecasted collective agreement increases. The District’s collective agreements with the International Association of Fire Fighters Local No. 1856 expired in 2021.*

COMMUNITY BUILDING AND PLANNING

The Community Building and Planning Department works with residents, stakeholders, the development community, and Council to manage change and guide the District's sustainable growth. The department is responsible for long-range land use planning and special projects, and for processing land use applications and Building Permits. The Community Building and Planning Department works with Council and the community to create long-range plans and policies that support our economic, environmental, heritage, and social goals in order to ensure a safe, healthy and sustainable lifestyle for the residents of Oak Bay. The department undertakes the following functions and activities:

- Develops policies and programs that support the vision of the Official Community Plan, Zoning Bylaw and Building Bylaw
- Manages and processes: Board of Variance submissions, Building Permits, Development Permits, Development Variance Permits, Heritage additions, Heritage Alteration Permits, Heritage Revitalization Agreements, Official Community Plan amendments; rezoning proposals, siting and design submissions, and subdivision proposals
- Provides technical and administrative support to the Advisory Design Panel, Advisory Planning Commission, Board of Variance, and Heritage Commission
- Reviews and issues business licenses for businesses operating within the District of Oak Bay
- Provides stewardship of records and files for land use applications, building permits, Bylaw compliance files, and business licenses

Performance Measures, Statistics and Service Levels

Performance Measure	2020 Actual	2021 Actual	2022 Forecast
# Building and Plumbing Permits	647	735	800
# Development Permits	4	4	6
# Development Variance Permits	10	13	15
# Heritage Alteration Permits	1	0	3
# Board of Variance Permits	2	3	2
# Covenant Amendments	0	0	0
# Heritage Register Addition	0	0	3
# OCP Amendments	0	0	0
# Subdivisions	0	2	5
# Zoning Bylaw Amendments	1	1	5
# Business Licenses	633	662	670
# Bylaw Files	270	118	350
# Building Inspection	2042	2209	2500
# Siting and Design	14	15	15
# Land Use Contracts	0	0	23
# Heritage Revitalization Agreements	0	0	1

Staffing History and Forecast

Position	2021 FTEs	2022 FTEs	Change
Director of Community Building and Planning	1.00	1.00	-
Manager of Planning	1.00	1.00	-
Senior Planner	0.00	1.00	+1.00 ¹
Building Official II	1.00	1.00	-
Planner	1.00	1.00	-
Building Official/Plans Examiner	1.00	1.00	-
Bylaw Compliance Officer	1.00	1.00	-
Building/Engineering Licensing Clerk	0.50	0.50	-
Community Building and Planning Clerk	1.00	1.00	-
Development Service and Licensing Clerk	0.60	0.60	-
Total	8.10	9.10	+1.00

**Note 1: This restores the planning staffing level to 2020 levels. Although the overall department FTE count has grown, this growth has been 0.5FTE in Inspections and 0.5FTE in Bylaw Enforcement.*

2021 Accomplishments

- Finalized a Secondary Suites Study
- Commenced Infill Housing Strategy: Options for Oak Bay
- Implemented Developer Tracker Software
- Provided support to Climate Action Toolkit
- Commenced enhanced Bylaw compliance review and hired additional staff for compliance
- Participated in CRD Climate Action Roundtable
- Considered candidates for Allan Cassidy Design Awards
- Produced a Demo Waste Brochure

2022 Planned Accomplishments

- Implement Secondary Suites Program (Bylaw and Policy Development)
- Complete Infill Housing Strategy: Options for Oak Bay
- Complete enhanced Bylaw Compliance Review and Policy
- Complete Noise and Blasting Bylaw amendments
- Commence Community Climate Action Recommendations
- Advance sea level rise regulation in conjunction with CRD climate action initiatives
- Discharge Land Use Contracts
- Develop Allan Cassidy Design Awards Policy and present Awards
- Advance department service excellence through a service review and automation of services
- Migrate electronic filing system and improve records management
- Support Climate Action Tool Kit
- Implement Licensing eApply (in partnership with Finance Department)

Community Building and Planning Operating Budget

Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Business Licenses	\$101,032	\$96,000	\$96,000	\$ -	0.0%	
Dog Licenses	61,401	64,000	64,000	-	0.0%	
Building Permits	836,768	700,000	717,500	17,500	2.5%	
Development Permits	29,750	16,000	17,000	1,000	6.3%	
Subdivision Fees	1,050	1,000	1,000	-	0.0%	
Other Fees and Permits	19,974	30,600	27,300	(3,300)	-10.8%	
Total Revenue	\$ 1,049,975	\$907,600	\$922,800	\$15,200	1.7%	

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Planning	\$500,165	\$522,000	\$524,000	\$2,000	0.4%	
Inspections	267,413	252,000	258,700	6,700	2.7%	
Bylaw Enforcement	135,293	196,100	202,500	6,400	3.3%	
Animal Control	80,232	88,900	90,600	1,700	1.9%	
Deer Management	-	-	-	-	N/A	Note 1
Heritage Commission	187	10,800	11,000	200	1.9%	
Climate Action Grants and Rebates	-	30,000	30,600	600	2.0%	
Total Operating Expenses	\$ 983,290	\$1,099,800	\$1,117,400	\$17,600	1.6%	
Net Operating Budget		\$192,200	\$194,600	\$2,400	1.2%	
Impact to average residential property				\$0.27	0.0%	

*Note 1: See new operating budget item schedule below:

New Operating Budget Items

Reasons for Increase		% Increase	Tax Impact
Additional Planning Dept. Staffing	\$143,300	13.0%	\$0.88
Deer Management	\$50,700	4.6%	\$0.31
Total New Operating Budget Items	\$194,000	17.6%	\$1.19
+ Status Quo Budget	\$1,117,400	1.6%	\$0.27
= Total Building & Planning Budget	\$1,311,400	19.2%	\$1.46

ENGINEERING AND PUBLIC WORKS



The Engineering and Public Works Department is responsible for the District's key infrastructure services including: water distribution, wastewater collection, solid waste collection, and transportation. Under the guidance of Council, the department is committed to developing and renewing Oak Bay's municipal infrastructure and utilities in sustainable ways to meet the community's present and future needs. The team accomplishes this through the following major functions:

- Planning and design of municipal engineering services
- Monitoring infrastructure asset management through asset data collection, analysis, planning, and prioritization
- Managing and supporting capital projects
- Coordinating construction projects to install, rehabilitate or renew storm drains, sanitary sewers and water mains
- Completing construction projects to resurface or replace sidewalks and roads
- Implementing construction projects that deliver safer streets for pedestrians, cyclists, and drivers
- Providing daily operations and maintenance of infrastructure such as sewers, roads, sidewalks, water distribution, traffic control, and street lighting

Performance Measures and Statistics

Performance Measure	2020 Actual	2021 Actual
Storm Mains Replaced (conventional)	405 m	208 m
Storm Mains Replaced (trenchless)	447 m	0m
New Fire Hydrants	4	6
Catch Basins Replaced	29	20
Sanitary Sewer Mains Rehabilitated (trenchless)	3600 m	0 m
Sanitary Sewer Mains Replaced (conventional)	90 m	186 m
Road Rehabilitation Completed	20,941 m ²	16,613 m ² *
Sidewalk Replaced	225 m	250 m
Curb Drops Installed	22	16
CCTV Pipe Condition Assessment: Storm Sewer	13.2 km	13.9 km
CCTV Pipe Condition Assessment: Sanitary Sewer	3.1 km	10.3 km
Storm/Sanitary/Water Service Connections	Demand: 216 Completed: 192	Permitted requests: 172 Completed (ready for completion): 129

*Additional 2840 m² planned but deferred to 2022 due to wet fall

Staffing History and Forecast

Position	2021 FTEs	2022 FTEs	Change
Engineering	11.50	11.50	-
Public Works	35.75 ¹	35.75	-
Total	47.25	47.25	-

1: These is staffing funded by the operating department budgets. The Public Works department also funds 15.75 FTEs through cost recovery and capital budgets.

2021 Accomplishments

- Completed Sanitary Sewer Master Plan
- Completed Municipal Hall renovation project (on schedule and under budget)
- Completed first phase of Facilities Master Plan
- Completed 2015-2021 Sanitary Sewer and Storm Sewer CCTV and condition assessment program
- Commenced Tod House Renovation Project
- Completed ICBC Pavement Markings and Traffic Sign Review
- Completed Cadboro Bay Road/Bowker Avenue Intersection Upgrade
- Initiated Pedestrian and Sidewalk Master Plan (to be completed in 2022)
- Completed Elgin Street to Goldsmith Pathway Widening
- Expanded capital infrastructure program delivery, particularly in water, wastewater, and transportation safety

2022 Planned Accomplishments

- Construction of EV stations (Oak Bay and Henderson Recreation Centres)
- Initiate project definition activity for Asset Management/Maintenance Management Software acquisition
- Initiate work to begin expanding capital infrastructure program output by 3-5x
- Initiate program definition for expanded Active Transportation Program
- Initiate Stormwater Master Plan (planned for 2022-2023)
- Initiate Level of Service definition: Natural Assets and Green Infrastructure Approach to Stormwater Management
- Operationalize Sanitary Sewer/Storm Sewer CCTV and condition assessment program
- Initiate project to define Community and Technical Levels of Service for infrastructure services

Engineering Services Operating Budget

Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Engineering Fees	\$ -	\$20,000	\$10,000	(\$10,000)	-50.0%	
Street Occupancy & Boulevard Fees	5,960	7,100	12,100	5,000	70.4%	
Total Revenue	\$5,960	\$27,100	\$22,100	(5,000)	-18.5%	

Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Engineering Administration	\$1,315,003	\$1,451,100	\$1,476,700	\$25,600	1.8%	
Total Operating Expenses	\$1,315,003	\$1,451,100	\$1,476,700	\$25,600	1.8%	
Net Operating Budget		\$1,424,000	\$1,454,600	\$30,600	2.1%	
Impact to Average Residential Property				\$3.45	0.1%	



PUBLIC WORKS

Public Works Operating Budget

Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Solid Waste Fees	\$1,655,679	\$1,669,800	\$1,728,000	\$58,200	3.5%	Note 1
Total Revenue	\$1,655,679	\$1,669,800	\$1,728,000	\$58,200	3.5%	
Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Yard & Building	\$197,807	\$209,600	\$215,900	\$6,300	3.0%	
Safety Program	29,959	26,300	26,400	100	0.4%	
Stores	113,541	126,800	127,900	1,100	0.9%	
Road Repair	458,828	581,000	601,900	20,900	3.6%	
Drainage	527,920	473,100	493,300	20,200	4.3%	
Street Cleaning	116,783	116,300	119,500	3,200	2.8%	
Leaf Pickup Program	283,231	211,800	228,400	16,600	7.8%	
Snow Removal	73,526	85,800	86,300	500	0.6%	
Noxious Weed Program	5,906	15,300	15,800	500	3.3%	
Street Lighting	157,496	248,600	256,000	7,400	3.0%	
Signs & Traffic Signals	201,775	204,300	210,700	6,400	3.1%	
Solid Waste	1,438,256	1,498,100	1,550,900	52,800	3.5%	
Other Public Works	-	28,600	29,000	400	1.4%	
Total Operating Expenses	\$ 3,605,028	\$3,825,600	\$3,962,000	\$136,400	3.6%	
Net Operating Budget		\$2,155,800	\$2,234,000	\$78,200	3.6%	
Impact to average residential property				\$8.81	0.3%	



SEWER UTILITY



The District currently owns and operates a large inventory of infrastructure that provides sanitary sewer services to its residents. According to the District's recently published Sustainable Infrastructure Replacement Plan, the total replacement cost of the District's water assets exceeds \$137M. The District is increasing its transfer to reserve for infrastructure replacement budget at a rate of \$50,500 per year (or a 2.5% utility rate increase).

Sewer Utility (Municipal)

Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Municipal Consumer Utility Fees	\$1,378,506	\$1,407,600	\$1,463,500	\$55,900	4.0%	
Municipal Property Taxation	603,500	603,500	627,500	24,000	4.0%	
Sewer Utility Penalties	14,455	7,300	9,000	1,700	23.3%	
Total Revenue	\$1,996,461	\$2,018,400	\$2,100,000	\$81,600	4.0%	
Operating Expenses	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Sewer Administration	\$58,336	\$83,800	\$85,000	\$1,200	1.4%	
Sewer Collection	363,410	403,300	423,400	20,100	5.0%	
Repair Program	203,473	294,000	303,400	9,400	3.2%	
Inflow & Infiltration	-	21,400	21,800	400	1.9%	
Transfers to Reserve for Capital	1,215,900	1,215,900	1,266,400	50,500	4.2%	Per SIR Plan
Total Expenses	\$1,841,119	\$2,018,400	\$2,100,000	\$81,600	4.0%	



Sewer Utility (Municipal) - Operating Budget 5 Year Forecast

Revenue Category	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Municipal Consumer Utility Fees	\$1,463,500	\$1,497,500	\$1,545,600	\$1,594,100	\$1,643,100
Municipal Property Taxation	627,500	664,000	685,000	706,300	727,800
Sewer Utility Penalties	9,000	7,500	7,700	7,900	8,100
Total Revenue	\$2,100,000	\$2,169,000	\$2,238,300	\$2,308,300	\$2,379,000

Operating Expenses	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Sewer Administration	\$85,000	\$86,600	\$88,300	\$90,100	\$92,000
Sewer Collection	423,400	433,600	444,000	454,700	465,800
Repair Program	303,400	310,200	317,000	324,000	331,200
Inflow and Infiltration	21,800	22,200	22,600	23,100	23,600
Transfers to Reserve for Capital	1,266,400	1,316,400	1,366,400	1,416,400	1,466,400
Total Expenses	\$2,100,000	\$2,169,000	\$2,238,300	\$2,308,300	\$2,379,000



WATER UTILITY



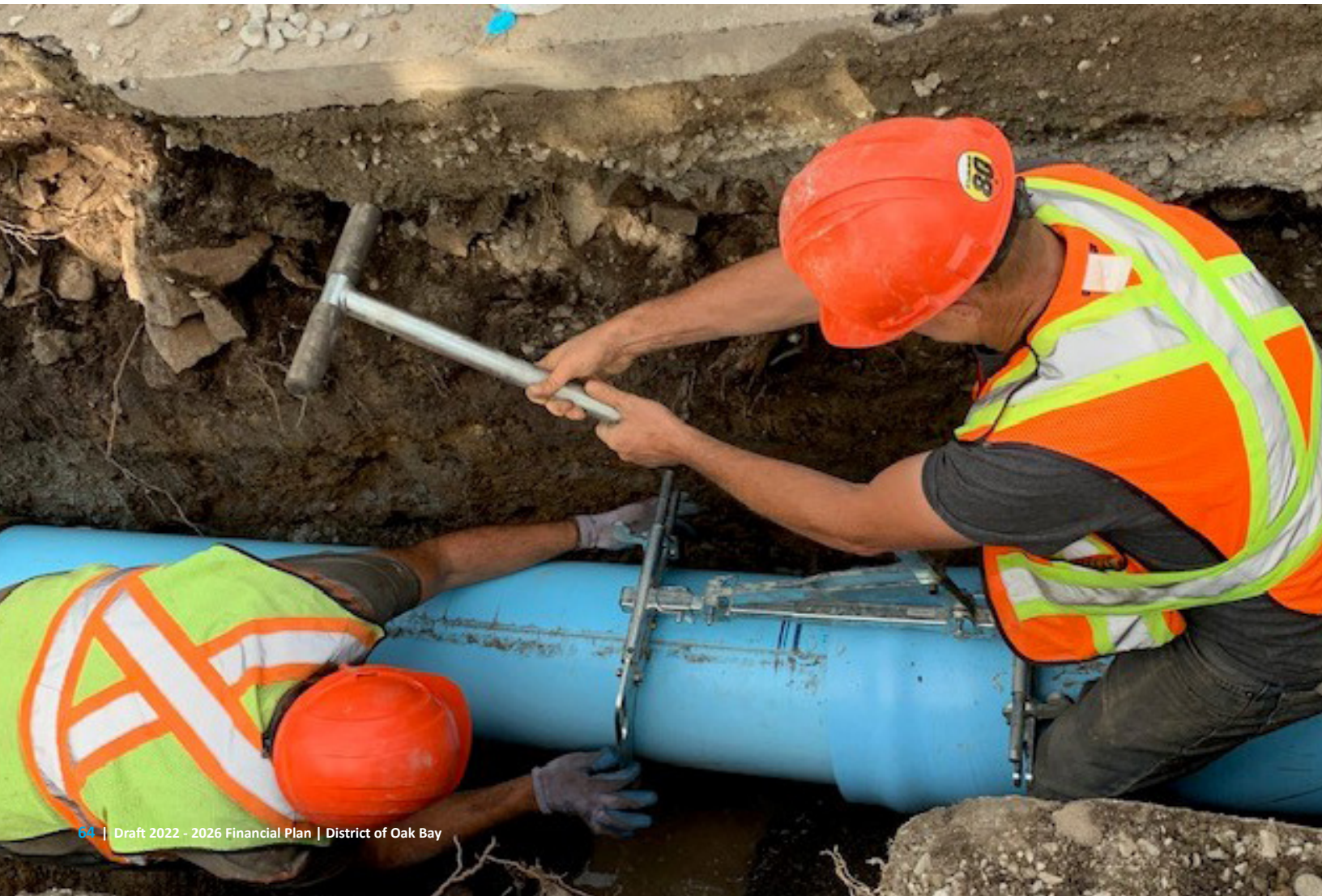
The District currently owns and operates a large inventory of infrastructure providing water services to its residents. According to the District's recently published Sustainable Infrastructure Replacement Plan, the total replacement cost of the District's water assets exceeds \$168M. The District is increasing its transfer to reserve for infrastructure replacement budget at a rate of \$116,000 per year (or a 2.5% utility rate increase). The District purchases its bulk water from the Capital Regional District. Bulk water costs represent approximately 50% of the District's water utility cost and are expected to rise considerably over the next 5 years.

Water Utility - Operating Budget

Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Consumer Charges	\$4,552,548	\$4,647,000	\$4,869,700	\$222,700	4.8%	
Final Reading Charges	7,230	6,000	6,200	200	3.3%	
Penalties	16,112	12,700	13,300	600	4.7%	
Total Revenue	\$4,575,890	\$4,665,700	\$4,889,200	\$223,500	4.8%	
Operating Expenses	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Note
Administration	\$129,723	\$101,400	\$102,900	\$1,500	1.5%	
Maintenance	628,149	829,200	857,000	27,800	3.4%	
Valve Turning	18,900	141,400	146,500	5,100	3.6%	
Backflow Prevention	30,218	21,500	22,000	500	2.3%	
Pumping	11,994	9,100	9,200	100	1.1%	
Collection	169,793	189,100	195,100	6,000	3.2%	
Safety Program	12,193	32,600	32,900	300	0.9%	
Water Purchased	2,387,499	2,376,400	2,442,600	66,200	2.8%	
Transfers to Reserves - Water	965,000	965,000	1,081,000	116,000	12.0%	Per SIR Plan
Total Operating Expenses	\$4,353,469	\$4,665,700	\$4,889,200	\$223,500	4.8%	

Water Utility - Operating Budget 5 Year Forecast

Revenue Category	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Consumer Charges	\$4,869,700	\$5,113,700	\$5,336,800	\$5,581,200	\$5,829,800
Final Reading Charges	6,200	6,000	6,000	6,000	6,000
Penalties	13,300	13,600	13,900	14,200	14,500
Total Revenue	\$4,889,200	\$5,133,300	\$5,356,700	\$5,601,400	\$5,850,300
Operating Expenses	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Administration	\$102,900	\$104,900	\$107,000	\$109,100	\$111,200
Maintenance	857,000	876,300	896,100	916,500	937,400
Valve turning	146,500	150,000	153,600	157,300	161,100
Backflow prevention	22,000	22,500	23,000	23,500	24,000
Pumping	9,200	9,400	9,600	9,800	10,000
Collection	195,100	199,300	203,600	207,900	212,200
Safety program	32,900	33,600	34,300	35,000	35,700
Water purchased	2,442,600	2,540,300	2,616,500	2,713,300	2,813,700
Transfers to Reserves - Water	1,081,000	1,197,000	1,313,000	1,429,000	1,545,000
Total Operating Expenses	\$4,889,200	\$5,133,300	\$5,356,700	\$5,601,400	\$5,850,300



PARKS, RECREATION AND CULTURE

Oak Bay Parks, Recreation and Culture (OBPRC) creates many opportunities for citizens to gather, learn, exercise, and grow. The natural resources of Oak Bay provide an excellent environment for supporting healthy lifestyle choices, and OBPRC operates five recreation centres, two food services outlets, and maintains 29 park spaces, including natural areas, playing fields, beach access, gardens, playgrounds as well as a golf course. In addition to park spaces, the team maintains public irrigated boulevards, municipal hedging, 10,000+ trees in our urban forest, and 300 benches and picnic tables. Oak Bay recreation services include a myriad of programs, available throughout the year, and available to citizens of all ages and abilities. The Culture division supports concerts, studio tours, outstanding artistic merit awards, Oak Bay Arts and Culture Days, and the Arts Alive Public Sculpture program.

Performance Measures and Statistics

	2018	2019	2020	2021
Total visits	Unknown	1,186,604	502,281	998,934
Financial recovery rate	69.8%	69.7%	46.9%	51.9%
Trees planted on municipal property	117	143	176	88

Staffing History and Forecast

Position	2020 FTES	2021 FTES	Change
Auxiliary Staff	51.6	60.0	+8.4
Regular	70.6	70.6	-
Total	122.2	130.6	+8.4



2021 Accomplishments

- Managed departmental operations and community use of facilities, parks, and programs through the COVID-19 pandemic
- Initiated the process to replace the Chiller in the Arena, due to successful grant application
- Undertook public Wi-Fi upgrades in all Facilities
- Replaced strength equipment in the Fitness Studios
- Resurfaced the outdoor tennis courts at Windsor Park
- Relocated Pickleball courts in Carnarvon Park
- Exceeded budgeted revenues by approximately \$1.1M, reducing reliance on COVID-19 restart grant
- Repaved the lower parking lot at the Oak Bay Recreation Centre

2022 Planned Accomplishments

- Resurface Carnarvon Park tennis courts
- Complete replacement of the Chiller in the arena
- Replace the roof over the arena, sports field, and lounge at the Oak Bay Recreation Centre
- Implementation of the Coolkit program in Oak Bay neighbourhoods
- Participate in hosting the BC 55+ Games in September
- Undertake process to complete the detailed design of a new building at Carnarvon Park as recommended in the Carnarvon Park Master Plan

Parks and Recreation Operating Budget

	Pre-pandemic Budget	2021 Budget	2022 Budget
Revenues	8,921,700	4,749,100	7,184,200
Expenses	13,678,200	12,113,400	13,464,700
PRC Net Cost	4,756,500	7,364,300	6,280,500
COVID-19 Restart Grant Contribution to Operations	-	2,557,000	1,378,600
% of pre-pandemic net cost	-	155%	132%



Parks, Recreation & Culture

Operating Revenue Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change	Comment
Tree Cutting and Planting	\$ 49,242	\$25,000	\$35,000	\$10,000	0.0%	
Henderson	913,359	590,700	819,800	229,100	38.3%	
Henderson Fitness	221,467	200,700	354,200	153,500	76.5%	
OBRC Fitness	373,853	374,300	697,900	323,600	86.5%	
Aquatics	893,226	584,400	1,448,600	864,200	147.9%	
Arena	596,246	572,800	754,800	182,000	31.8%	
Food Services	66,039	58,000	195,900	137,900	237.8%	
Indoor Sports Field	345,915	281,800	350,300	68,500	24.3%	
Sailing	45,472	25,400	41,300	15,900	62.6%	
Licensed Care	910,723	863,500	907,900	44,400	5.1%	
Youth Centre	50,616	13,100	49,900	36,800	280.9%	
Tennis	826,232	552,000	759,600	207,600	37.6%	
Monterey Centre	310,626	352,500	397,900	45,400	12.9%	
Par 3 Golf	227,542	106,400	211,700	105,300	99.0%	
Cultural Events	19,498	20,200	25,200	5,000	24.8%	
Reception Product Sales	52,085	25,000	30,000	5,000	20.0%	
Carnarvon and Windsor Rental	13,073	24,400	14,000	(10,400)	-42.6%	
Field and Park Permits	43,100	46,000	38,600	(7,400)	-16.1%	
HSP Grant	119,120	32,900	50,000	17,100	100.0%	
Library Board	-	1,500	1,600	100	100.0%	
Total Operating Revenue	\$6,077,434	\$4,750,600	\$7,184,200	\$2,433,600	51.2%	



Operating Expense Category	2021 Forecast	2021 Budget	2022 Budget	\$ Change	% Change
Ambassador Program	\$28,359	\$ -	\$ -	\$ -	\$ -
Administration	2,021,795	2,193,200	2,347,800	154,600	7.0%
Building Maintenance - OBPR	2,314,418	2,491,200	2,563,100	71,900	2.9%
Henderson	1,019,291	909,800	1,071,100	161,300	17.7%
Henderson Fitness	242,388	266,900	284,900	18,000	6.7%
OBRC Fitness	243,950	280,900	315,600	34,700	12.4%
Aquatics	927,545	869,900	1,218,800	348,900	40.1%
Arena	252,954	228,400	292,700	64,300	28.2%
Food Services	142,359	158,000	275,300	117,300	74.2%
Indoor Sports Field	163,281	113,300	157,600	44,300	39.1%
Sailing	39,776	23,600	36,000	12,400	52.5%
Licensed Care	665,655	730,700	755,600	24,900	3.4%
Youth Centre	75,833	40,900	71,500	30,600	74.8%
Tennis	486,266	367,200	467,700	100,500	27.4%
Monterey Centre	724,239	818,000	852,700	34,700	4.2%
Par 3 Golf	159,225	212,400	229,500	17,100	8.1%
Cultural Events	54,679	48,500	78,400	29,900	61.6%
Invasive Species Removal	149,929	62,800	83,600	20,800	33.1%
Public Works	18,973	25,600	26,000	400	1.6%
Tree Cutting and Planting	579,401	600,600	639,200	38,600	6.4%
Benches	19,383	31,500	12,900	(18,600)	-59.0%
Playgrounds	596,758	569,000	662,500	93,500	16.4%
Lawn and Garden	257,743	311,700	257,200	(54,500)	-17.5%
Field Maintenance	175,999	215,900	199,200	(16,700)	-7.7%
Boulevard Maintenance	306,313	286,000	354,600	68,600	24.0%
Small Buildings	192,435	223,300	220,600	(2,700)	-1.2%
Leaf Clearing	37,737	34,100	40,600	6,500	19.1%
Total Operating Expenses	\$11,896,684	\$12,113,400	\$13,514,700	\$1,401,300	11.6%
Net Operating Budget		\$7,362,800	\$6,330,500	-\$1,032,300	-14.0%
Impact to average residential property				\$ -	0.0%*

*Offset by CERIP Grant



ASSET MANAGEMENT



STATE OF ASSET MANAGEMENT

Measuring asset management performance is complex. Over the coming years, the District's objective is to be able to answer three broad questions, with respect to asset management progress: (1) How well are we planning, (2) How well are we funding, and (3) How well are we replacing assets?

HOW WELL ARE WE PLANNING?

- Should have Master Plans complete for all major asset classes by 2023
- Water Master Plan complete
- Sanitary Sewer Master Plan complete
- Facilities Master Plan underway
- Stormwater Master Plan 2022-2023

HOW WELL ARE WE FUNDING?

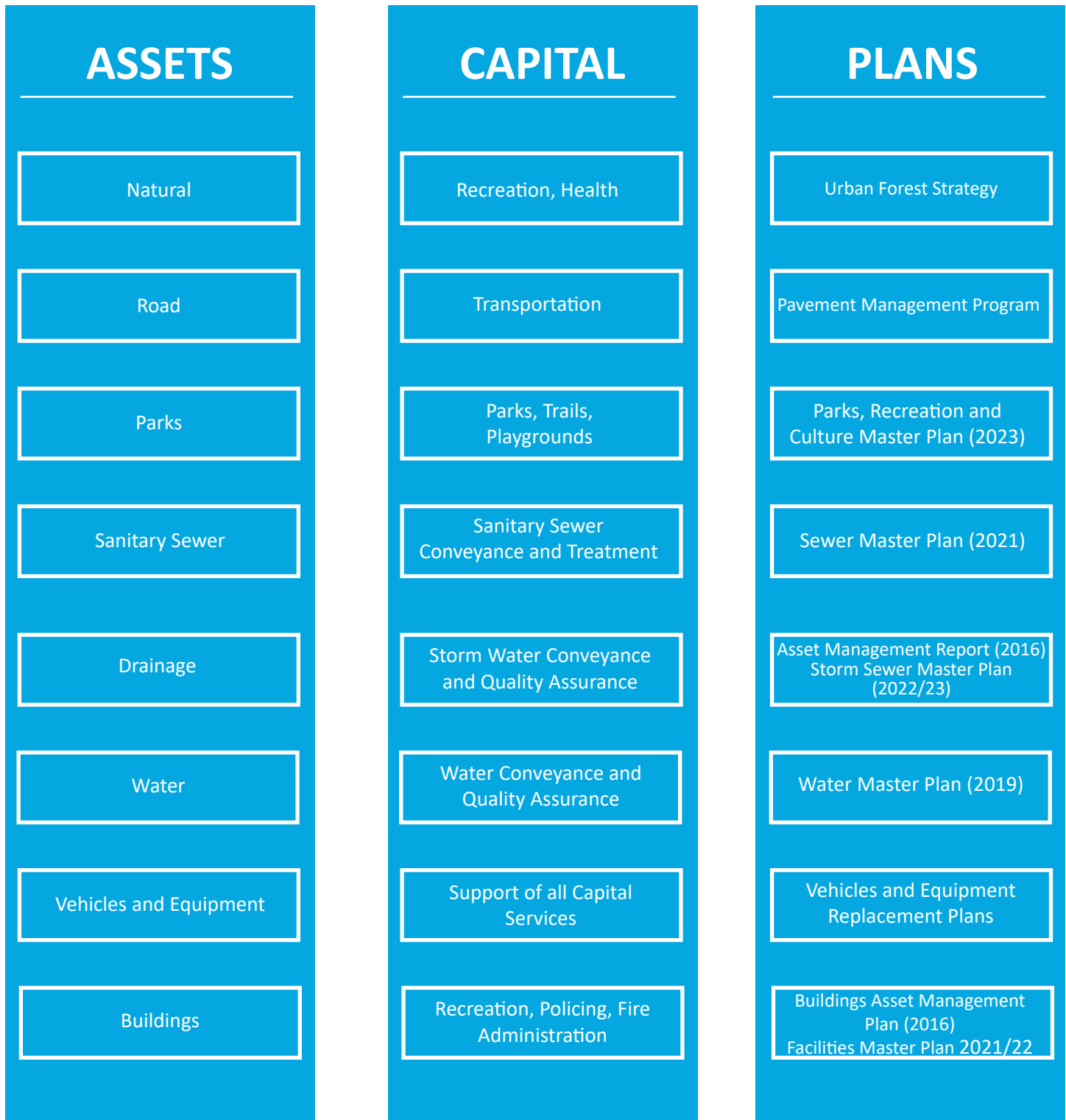
- District has made significant progress increasing annual funding
- District's draft Sustainable Infrastructure (SIR) Plan estimates sustainable annual funding to be \$12.8M (current funding \$9.1M)
- SIR Plan estimates a cumulative infrastructure funding deficit of \$463.5M as 2021

HOW WELL ARE WE REPLACING?

- District has increased capital replacement output alongside funding increase
- SIR Plan recommends increasing capital output by 300 - 500% for road, storm, sewer, and water over the next 15 years

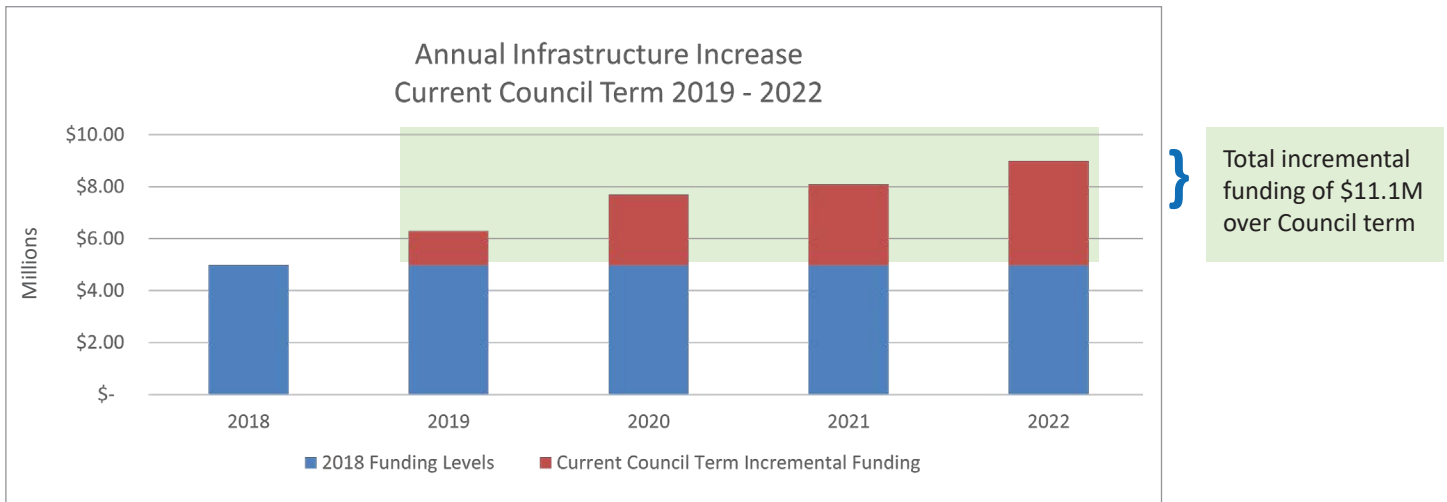
HOW WELL ARE WE PLANNING?

The District provides numerous capital services for the enjoyment of its citizens and visitors as detailed below. Many of these services required significant initial investment, and citizens expect these services to continue uninterrupted well into the future. The District has developed many Master Plans and guiding documents to support the long-term provision of high-quality services.



HOW WELL ARE WE FUNDING?

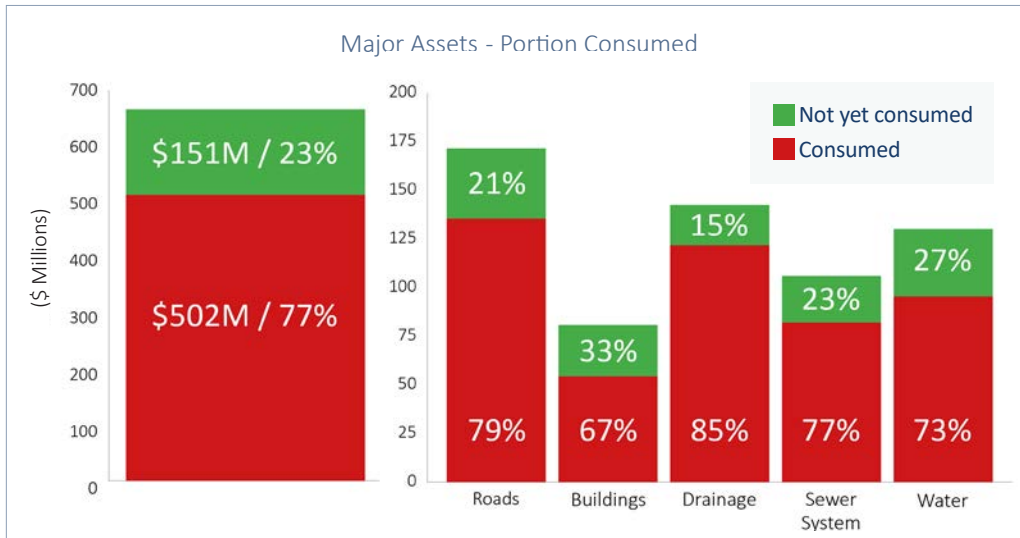
The District has made significant progress toward ensuring sustainable asset replacement is supported by permanent, predictable revenue (taxation and utility fees). The District increased annual funding by \$1.3M in 2019, \$1.3M in 2020, and \$500,000 in 2021. The draft 2022 Financial Plan increases annual asset replacement funding by an additional \$1.0M. Overall, this will result in \$11.1M in cumulative funding being set aside in reserves over the course of the current Council term (2018-2022). A decision to increase taxes by 3% in 2019, 3% 2020, 1.9% 2021, and 2.0% 2022 for asset replacement, will result in an additional \$173.M funding over the next 50 years.



Asset Replacement Funding Scorecard

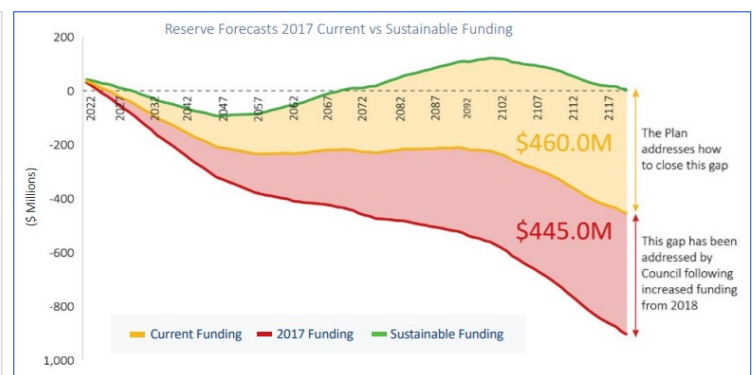
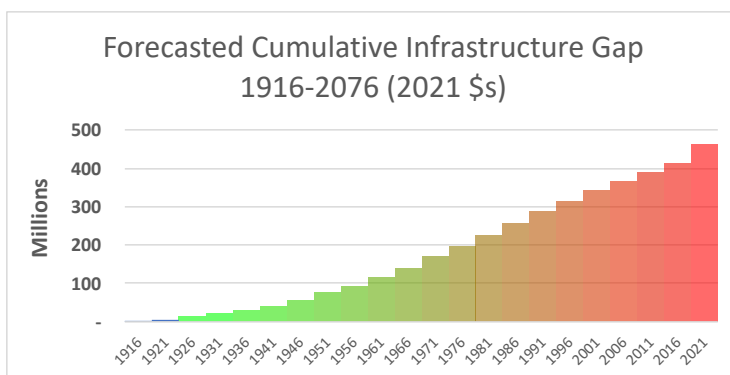
Asset Type	2022 Annual Funding Total \$	Funding Target \$	% Target	Funding Sustainability Rating	Dedicated Funding?
Natural Assets		Unknown			
Park Structures	0.1M	0.2M	60%	Bad	No
Roads	2.0M	3.5M	56%	Bad	No
Facilities	1.2M	2.3M	52%	Bad	No
Vehicles and Equipment	1.0M	1.0M	96%	Great	Yes
Drainage	2.5M	2.5M	100%	Great	No
Sewer Infrastructure	1.2M	1.4M	90%	Good	Yes
Water Infrastructure	1.1M	1.9M	57%	Bad	Yes
Total	\$9.1M	\$12.8M			

The SIR Plan estimated that the replacement value for the District’s depreciable assets is approximately \$653.0M. On average, these assets were estimated to be 77% through their useful lives (“depreciation”). The value of this depreciation is therefore \$502.0M (653.0M X 77%). In other words, sustainable funding would have resulted in the District either replacing or saving for approximately \$502.0M. The District’s reserves available for capital replacement were estimated to be approximately \$38.5M, resulting in a \$463.5M cumulative infrastructure funding gap.



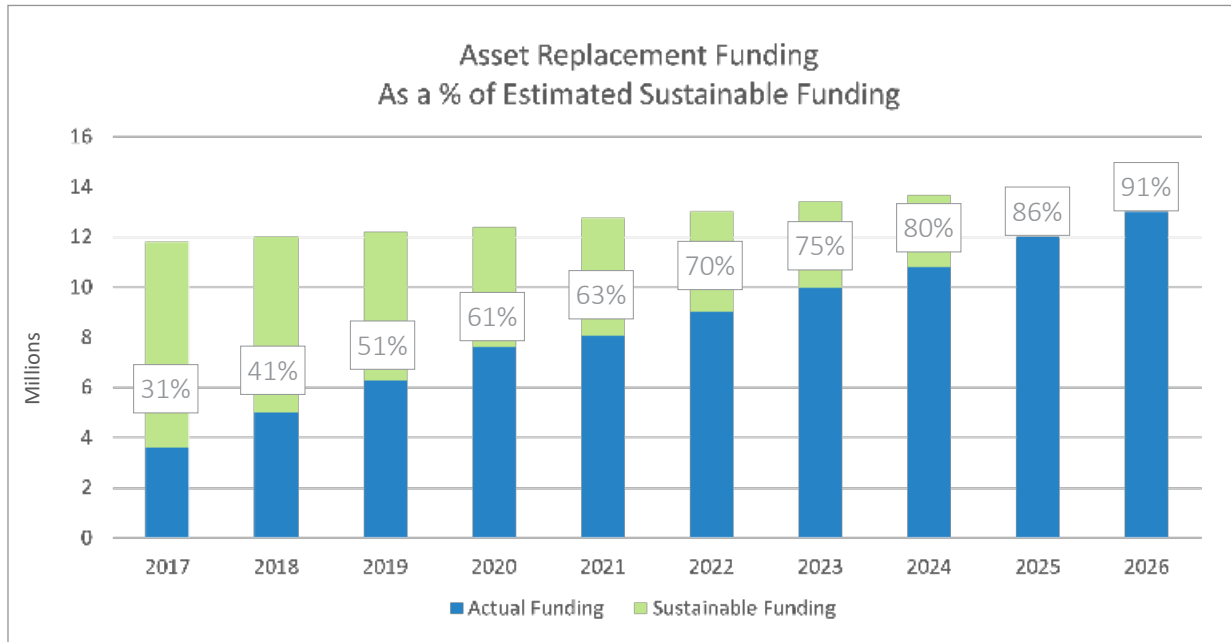
Asset	Replacement Value (except land)	Sustainable Reserve Target	Reserve Balance	Cumulative Infrastructure Funding Gap
Natural Assets	Unknown	\$ -	\$1.2M	(\$1.2M)
Park Structures	6.7M	3.1M	0.4M	2.7M
Roads	171.5M	135.3M	4.6M	130.7M
Buildings	80.7M	54.3M	4.2M	50.1M
Vehicles & Equipment	15.7M	10.3M	6.5M	3.8M
Drainage	142.4M	121.7M	5.0M	116.7M
Sanitary Sewer	105.9M	81.9M	8.7M	73.2M
Water	130.1M	95.4M	7.9M	87.5M
Total	\$653.0M	\$502.0M	\$38.5M	\$463.5M

The District’s cumulative infrastructure funding gap has accumulated over many decades. Council’s efforts to close the annual funding gap has reduced the forecasted 100 year funding gap by \$445.0M.



ASSET REPLACEMENT FUNDING PROGRESS - FIVE YEAR FORECAST

The draft 2022-2026 Financial Plan continues to increase asset replacement funding. Sustainable infrastructure replacement funding is estimated to be \$12.8M in 2021 dollars. The District has made significant progress in closing the infrastructure funding gap since 2017. In 2017, funding levels were estimated to be at approximately 37% of sustainable levels. The draft Financial Plan closes this estimated funding gap to 91% by 2026.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funding Level	3.7M	5.0M	6.3M	7.6M	8.1M	9.1M	10.0M	10.9M	11.9M	12.9M
Estimated Sustainable Funding	11.8M	12.1M	12.3M	12.5M	12.8M	13.1M	13.3M	13.6M	13.9M	14.1M
% Sustainability	31%	41%	51%	61%	63%	70%	75%	80%	86%	91%
Estimated Funding Shortfall	8.1M	7.1M	6.0M	4.9M	4.7M	4.0M	3.3M	2.7M	2.0M	1.3M

HOW WELL ARE WE REPLACING?

The District has increased capital replacement output significantly over the past 5 years. Capital progress output may be measured in the context of the total size and age of the District's existing asset inventory. The District will be providing asset replacement output information in its asset management strategy. This information will be integrated into future Financial Plans.

Some capital replacement output measures may include:

- Physical measurement of assets replaced such as linear or square meters, number of units replaced
- Proportion of system replaced
- Weighted average ages of asset class
- Proportion of asset class beyond recommended useful life
- Condition assessment information by asset class

This information combined with the District's forthcoming Infrastructure Replacement Plan will be used to provide options for Council to consider the pace at which assets can be replaced.



ASSET CLASS INVENTORY

Asset Type	Information and Assumptions
Roads	Staff use pavement unit rates to multiply pavement quantities in order to estimate replacement costs. This estimate should be revised once a pavement condition assessment is complete.
Buildings	Staff used recent insurance appraisals to value the replacement cost of our current inventory stock. Staff also considered the Building Asset Management report prepared by Moore Wilson Architects Inc.
Drainage	Staff use annual replacement cost information from the Opus International Consultants 2016 Asset Management report. Costs have been adjusted for inflation but it is possible that rising costs have outpaced inflation.
Vehicles and Equipment (Fire)	Staff use a detailed apparatus replacement plan to forecast asset replacement costs.
Vehicles and Equipment (Police)	Staff use a succinct Police vehicle and equipment replacement plan to forecast replacement costs. A more detailed plan is underway.
Vehicles and Equipment (General)	Staff use a detailed Public Works vehicle and equipment plan to forecast asset replacement costs.
Vehicles and Equipment (Rec)	A detailed recreation and equipment replacement plan has yet to be developed but is underway. As a result, the estimate above may change significantly.
IT Equipment and Furniture	Staff have developed a detailed PC and IT network hardware replacement plan to forecast asset replacement costs.
Sewer Infrastructure	Staff use annual replacement cost information from the Opus International Consultants 2016 Asset Management report. Costs have been adjusted for inflation but it is possible that rising costs have outpaced inflation.
Water Infrastructure	Staff use annual replacement cost information from the Opus International Consultants 2016 Asset Management report. Costs have been adjusted for inflation but it is possible that rising costs have outpaced inflation.
Natural Assets	No work has been conducted by Staff to quantify all of the District's natural assets but the Urban Forest Strategy estimates 10,000 public trees. Staff will need to analyze current funding levels and future needs.

CAPITAL PLAN



RESERVE PROJECTIONS

Total reserve balances, as of January 1, 2022 are estimated to be **\$57.4M** (The District's 2022 Financial Plan authorizes a maximum transfer of **\$53M** to reserves). Furthermore, the Plan authorizes the maximum use of **\$70M** (forecasted to be \$63.7M per below).

	2022 Opening Balance	2022 Transfer In	2022 Transfer From	2022 Ending Balance
Operating Reserves				
General Fund Operating Surplus	\$6,699,937	\$ -	(\$1,205,100)	\$5,494,837
Sewer Fund Operating Surplus	1,523,386	-	(100,000)	1,423,386
Water Fund Operating Surplus	3,209,906	-	(200,000)	3,009,906
Climate Action	240,392	-	-	240,392
Major Crimes	808,300	82,400	-	890,700
COVID-19 Restart Grant Reserve	2,117,000	-	(1,428,584)	688,416
Total Operating Reserves	\$14,598,921	\$82,400	(\$2,933,684)	\$11,747,637
Capital Renewal Reserves				
Fire Equipment	\$2,141,199	\$399,500	(\$3,440,000)	(\$899,301)
Machinery and Equipment	1,226,360	378,500	(1,887,300)	(282,440)
Capital Works - General Fund	12,971,978	619,200	(1,474,700)	12,116,478
Capital Works - Sewer Fund	4,721,612	1,266,400	(827,800)	5,160,212
Capital Works - Water Fund	1,661,436	1,081,000	(2,626,800)	115,636
Infrastructure Renewal	15,491,989	5,321,400	(5,382,400)	15,430,990
Tod House Trust	338,000	12,100	(335,000)	15,100
Legacy Trust	472,000	-	-	472,000
Total Capital Renewal Reserves	\$39,024,574	\$9,078,100	(\$15,974,000)	\$32,128,674
Capital Reserves (New Capital)				
Heritage	\$2,250,392	\$ -	\$ -	\$2,250,392
Village Parking	963,000	-	-	963,000
Land Sale	38,561	-	-	38,561
Parks Acquisition	479,615	-	-	479,615
Tax Sale Property	1,841	-	-	1,841
Alternative Transportation Infrastructure	14,600	-	-	14,600
Total Capital (New Capital) Reserves	\$3,748,009	\$ -	\$ -	\$3,748,009
Total Reserves	\$57,371,504	\$9,160,500	(\$18,907,684)	\$47,624,320

RESERVE PROJECTIONS *continued*

	2022 Opening Balance	2022 Transfer in	2022 Transfer from	2022 Ending Balance
General Fund Reserves				
Operating Reserves	\$9,865,629	\$82,400	(\$2,633,684)	\$7,314,345
Capital Renewal Reserves	32,641,526	6,730,700	(12,519,400)	26,852,826
Capital Reserves (New Capital)	3,748,009	-	-	3,748,009
Total General Funds Reserves	\$46,255,164	\$6,813,100	(\$15,153,084)	\$37,915,180
Sewer Fund Reserves				
Operating Reserves	\$1,523,386	\$ -	(\$100,000)	\$1,423,386
Capital Renewal Reserves	4,721,612	1,266,400	(827,800)	5,160,212
Capital Reserves (New Capital)	-	-	-	-
Total Sewer Fund Reserves	\$6,244,998	\$1,266,400	(\$927,800)	\$6,583,598
Water Fund Reserves				
Operating Reserves	\$3,209,906	\$ -	(\$200,000)	\$3,009,906
Capital Renewal Reserves	1,661,436	1,081,000	(2,626,800)	115,636
Capital Reserves (New Capital)	-	-	-	-
Total Water Fund Reserves	\$4,871,342	\$1,081,000	(\$2,826,800)	\$3,125,542
Total Reserves	\$57,371,504	\$9,160,500	(\$18,907,684)	\$47,624,320



FIVE YEAR RESERVE PROJECTIONS

Reserve balances for 2022 are expected to be reduced from **\$56M** to **\$47M** in 2026. In this time frame, significant capital expenditures and reserve contributions are forecasted. Over the 5 year period the total reserve contributions are forecasted to be approximately **\$54.2M** Total capital expenditures over the 5 year period are forecasted to be approximately **\$92M** (19.1M of which is grant funded).

	2021 Ending	2022 Ending	2023 Ending	2024 Ending	2025 Ending	2026 Ending
Operating Reserves						
General Fund Operating Surplus	\$6,699,937	\$5,494,837	\$5,451,237	\$5,451,237	\$5,193,737	\$5,193,737
Sewer Fund Operating Surplus	1,523,386	1,423,386	1,273,386	1,273,386	1,273,386	1,273,386
Water Fund Operating Surplus	3,209,906	3,009,906	2,783,906	2,783,906	2,783,906	2,783,906
Climate Action	240,392	240,392	240,392	240,392	240,392	240,392
Major Crimes	808,300	890,700	975,600	1,063,000	1,153,000	1,245,700
COVID-19 Restart Grant Reserve	2,117,000	688,416	-	-	-	-
Total Operating Reserves	\$14,598,921	\$11,747,637	\$10,724,521	\$10,811,921	\$10,644,421	\$10,737,121
Capital Renewal Reserves						
Fire Equipment	\$2,141,199	(\$899,301)	(\$487,801)	(\$156,001)	\$280,499	\$330,099
Machinery and Equipment	1,226,360	(282,440)	(374,540)	(148,940)	(236,840)	(410,840)
Capital Works - General Fund	12,971,978	12,116,478	9,105,278	7,573,178	7,037,778	6,464,978
Capital Works - Sewer Fund	4,721,612	5,160,212	5,959,112	6,645,012	7,359,112	8,123,212
Capital Works - Water Fund	1,661,436	115,636	394,036	731,636	1,168,136	1,720,636
Infrastructure Renewal	15,491,989	15,430,989	15,976,089	17,903,489	15,490,989	15,592,289
Tod House Trust	338,000	15,100	27,200	39,100	50,800	62,500
Legacy Trust	472,000	472,000	472,000	472,000	472,000	472,000
Total Capital Renewal Reserves (New Capital)	\$39,024,574	\$32,128,674	\$31,071,374	\$33,059,474	\$31,622,474	\$32,354,874
Capital Reserves (New Capital)						
Heritage	\$2,250,392	\$2,250,392	\$2,250,392	\$2,250,392	\$2,250,392	\$2,250,392
Village Parking	963,000	963,000	963,000	963,000	963,000	963,000
Land Sale	38,561	38,561	38,561	38,561	38,561	38,561
Parks Acquisition	479,615	479,615	479,615	479,615	479,615	479,615
Tax Sale Property	1,841	1,841	1,841	1,841	1,841	1,841
Alternative Transportation Infrastructure	14,600	14,600	14,600	14,600	14,600	14,600
Total Capital (New Capital) Reserves	\$3,748,009	\$3,748,009	\$3,748,009	\$3,748,009	\$3,748,009	\$3,748,009
Total Reserves	\$57,371,504	\$47,624,320	\$45,543,904	\$47,619,404	\$46,014,904	\$46,840,004

FIVE YEAR RESERVE PROJECTIONS *continued*

	2021	2022	2023	2024	2025	2026
General Fund Reserves						
Operating Reserves	\$9,865,629	\$7,314,345	\$6,667,229	\$6,754,629	\$6,587,129	\$6,679,829
Capital Renewal Reserves	32,641,526	26,852,826	24,718,226	25,682,826	23,095,226	22,511,026
Capital Reserves (New Capital)	3,748,009	3,748,009	3,748,009	3,748,009	3,748,009	3,748,009
Total General Funds Reserves	\$46,255,164	\$37,915,180	\$35,133,464	\$36,185,464	\$33,430,364	\$32,938,864
Sewer Fund Reserves						
Operating Reserves	\$1,523,386	\$1,423,386	\$1,273,386	\$1,273,386	\$1,273,386	\$1,273,386
Capital Renewal Reserves	4,721,612	5,160,212	5,959,112	6,645,012	7,359,112	8,123,212
Capital Reserves (New Capital)	-	-	-	-	-	-
Total Sewer Fund Reserves	\$6,244,998	\$6,583,598	\$7,232,498	\$7,918,398	\$8,632,498	\$9,396,598
Water Fund Reserves						
Operating Reserves	\$3,209,906	\$3,009,906	\$2,783,906	\$2,783,906	\$2,783,906	\$2,783,906
Capital Renewal Reserves	1,661,436	115,636	394,036	731,636	1,168,136	1,720,636
Capital Reserves (New Capital)	-	-	-	-	-	-
Total Water Fund Reserves	\$4,871,342	\$3,125,542	\$3,177,942	\$3,515,542	\$3,952,042	\$4,504,542
TOTAL RESERVES	\$57,371,504	\$47,624,320	\$45,543,904	\$47,619,404	\$46,014,904	\$46,840,004

Note 1: Reserve projections do not include use of Major Crimes Reserve despite the draft budget authorizing expenditures from this reserve.

Individual reserve fund projections are outlined below:

Climate Action Reserve

The District was a signatory of the BC Climate Action Charter, and under the Charter, the District commits to becoming carbon neutral in corporate operations, measuring and reporting progress and creating more energy efficient communities. As a signatory, the District was eligible to receive 100% of the carbon taxes paid during the year as a rebate. Proceeds from this rebate have been transferred to the District's Climate Action Reserve since 2012.

In May of 2021, the Provincial Government announced that the program would be wrapping up in 2021 with 2020 being the last reporting period.

Major Crimes Reserve

Annually, the Police Board budgets for a transfer to the major crime reserve. These funds are set aside pursuant to the annual budget request from the Police Board.

Fire Machinery and Equipment Reserve Fund

The Fire Machinery and Equipment reserve fund was originally established pursuant to Bylaw No. 3773, "*Fire Machinery and Equipment Depreciation Reserve Fund Bylaw, 1993*". This Bylaw was recently repealed and replaced by Bylaw No. 4747, the "*Reserve Funds Bylaw, 2020*". Money in this fund, and interest earned on it shall only be used for extending the useful life, upgrading or replacement of fire machinery and equipment.

Two of the Fire Department's major pieces of apparatus are due for replacement between 2022-2023: (1) Engine with light rescue, and (2) 75-ft Ladder Truck. These vehicles are expected to cost over \$3.2M. The Fire Machinery and Equipment reserve balance was approximately \$2.1M at the beginning of 2022. As a result of these purchases, the reserve is expected to be negative. Staff intend to temporarily borrow from other reserves in order to fund purchases.

Heritage Reserve Fund

Money in this fund and interest earned on it shall only be used for land development projects and other capital projects designed to augment land development projects. The principal proceeds in this reserve were generated from the net profit from the Municipality's development of the Wessex Close subdivision in 1980-81.

Machinery and Equipment

The Machinery and Equipment reserve fund was originally established pursuant to Bylaw No. 2074, "*Reserve for Machinery and equipment By-law*" and Bylaw No. 3773, the "*Machinery and equipment Depreciation Reserve*". These Bylaws were recently repealed and replaced by Bylaw No. 4747, the "*Reserve Funds Bylaw, 2020*". Money in this fund, and interest earned on it, shall only be used for extending the useful life, upgrading or replacement of machinery and equipment.

Much of the District's fleet is due for replacement—and will be replaced in the next 5 years, however, reserve funding levels are believed to be sustainable for the long term. For further information on the asset replacement funding, please see the State of Asset Replacement Funding section of this Financial Plan.

Parks Acquisition Reserve Fund

Under the Section 510 of the *Local Government Act*, an owner of land being subdivided into three or more lots must either provide park land, or pay cash in lieu. Section 188 of the *Community Charter* requires that such payments are credited to a statutory reserve fund. This reserve fund may only be used for the purpose of acquiring new park lands.

Capital Works Reserve Fund

This reserve fund was originally established through Bylaw no. 3775, the “*Capital Works and Equipment Reserve Fund Bylaw*”. This Bylaw has since been repealed, and replaced with Bylaw No. 4747, the “*Reserve Fund Bylaw, 2020*.” The primary purpose of the Capital Works Reserve Fund is to provide a means of financing major repairs or replacement of physical assets while moderating tax increases. Annual contributions for water main replacement and sewer rehabilitation are directed to this reserve, among other transfers.

*Note that this fund is consolidated into one balance in the District’s annual public sector accounting standard financial statements. For budgeting purposes, the District has separated the capital works reserve into three funds: general, sewer and water. The District is entering an era of significant infrastructure replacement. As a result, the District’s Capital Works reserve is forecasted to decrease slightly over the next 5 years, despite significant investment annual transfers. Capital Works Reserve funded projects include:

Projects	2022	2023	2024	2025	2026
Fire Department Projects	0.7M	-	0.1M	0.1M	-
Marina	-	0.5M	-	-	0.2M
Foreshore	0.1M	0.9M	0.1M	-	-
Sanitary Sewer Rehabilitation	0.8M	0.5M	0.7M	0.7M	0.7M
Water main Replacement	2.6M	0.9M	1.0M	1.0M	1.0M
Parks and Recreation	0.2M	0.4M	1.1M	0.7M	0.9M
Other	0.4M	0.5M	0.1M	0.4M	0.2M
Total Use of Reserve 2022-2026	4.8M	3.7M	3.1M	2.9M	3.0M
Total Transfers in 2022-2026	3.0M	3.2M	3.4M	3.6M	3.7M
Net Transfers	-1.8M	-0.5M	+0.3M	+0.5M	+0.7M

Alternative Transportation Infrastructure Reserve Fund

Section 525 of the Local Government Act permits a local government to collect a payment in lieu of off-street parking as a condition of a building permit. These payments must be placed in a reserve. Such payments were deposited to the City’s Village Parking Reserve, established under Bylaw No. 3631, the “*Parking Reserves Fund Establishment Bylaw, 1989*”.

Subsequent to the establishment of the City’s Village Parking Reserve, legislation was enacted to allow Council to use the reserve for transportation infrastructure supporting walking, bicycling, and public transit, in addition to the provision of new off-street parking. The District then created its Alternative Transportation Infrastructure reserve pursuant to Bylaw No. 4422, the “*Alternative Transportation Infrastructure Reserve Fund Establishment Bylaw, 2008*”.

Infrastructure Renewal Reserve

This reserve was established by administrative practice and not by Bylaw. The District established this reserve through budget deliberations in 2017. The City receives approximately \$800k in gas tax funds via the Union of BC Municipalities on an annual basis. These funds are deposited into the infrastructure renewal reserve. In 2019, Council directed that property taxes be increased by 2% so that an annual transfer could be established.

The Infrastructure Renewal Reserve funded projects 2022-2026 include:

Projects	2022	2023	2024	2025	2026
Pavement Management	1.6M	1.9M	2.1M	2.4M	2.4M
Marina	-	0.8M	0.3M	0.4M	-
Foreshore	-	0.3M	-	-	-
Uplands Sewer Separation	0.2M	1.5M	0.7M	2.2M	2.2M
Storm Sewer Rehabilitation	1.0M	0.4M	0.8M	0.9M	0.9M
Transportation Safety	0.5M	0.5M	0.6M	0.6M	0.6M
Active Transportation	0.3M	0.2M	0.2M	0.2M	0.2M
Parks and Recreation	1.6M	1.0M	-	2.3M	0.8M
Other	0.2M	0.3M	0.3M	0.2M	0.2M
Total Use of Reserve 2022-2026	5.4M	6.9M	5.0M	9.2M	7.3M
Total Transfers in 2022-2026	5.3M	5.9M	6.5M	7.0M	7.7M
Net Transfers	-0.1M	-1.0M	+1.5M	-2.2M	+0.4M

Legacy Trust

The Legacy Trust consists of various bequests made to the Municipality for specific purposes, such as improvements to the Seniors' Activity portion of the Monterey Centre or the Public Art Fund.

Tod House Trust

The Tod House Trust was established to fund repairs to the historic residence at 2564 Heron Street, which was jointly owned by the Municipality and the Province. In 2008 the Province gave its share to Oak Bay, but only "for so long as the land is used for the specific purpose of managing the Tod House Heritage Site". Correspondence with the Province suggests that if the property use were to change, the District will pay to the Province 50% of the market value of the property at the time that its use changed. The Trust is built up from the net rental revenue.

Upland Sewer Separation Gas Tax Reserve Fund

The District has accumulated and set aside \$6.1M in gas tax funds specifically for the Uplands sewer separation project. These funds were classified as a liability in the District's financial statements due to the public nature of the commitment to this specific project until December 13, 2021. At the December 13, 2021 Regular Meeting of Council, Council adopted the following resolutions:

"THAT the Gas Tax funds dedicated to the Uplands Sewer Separation Project, found in Note 3 of the District's Financial Statements be disencumbered and be made available for general infrastructure expenditures per the terms of the 2014 - 2024 Community Works Agreement;

AND FURTHER THAT Council direct staff to dedicate a portion of its property tax funded Infrastructure Renewal Reserve to the Uplands Sewer Separation Project (subject to Provincial grant approval) in the 2022-2026 Financial Plan."

Subsequent to this resolution, funds in the Uplands Sewer Separation Gas Tax Reserve were transferred to the District's Infrastructure Renewal Reserve and were made available for general infrastructure renewal. A portion of the District's other funds in the Infrastructure Renewal Reserve has been dedicated to the Uplands Sewer Separation project in the 2022-2026 Financial Plan.

DEBT MANAGEMENT FIVE YEAR FORECAST

The District may choose to incur debt to finance capital expenditures. The *Community Charter* and Municipal Liabilities Regulation establishes debt limits for the District. The maximum amount of debt a municipality may undertake is subject to the liability servicing limit. A municipality may not incur debt if the total annual debt servicing cost is greater than 25% of the annual controllable sustainable revenues.

Municipal long-term borrowing in BC must occur through the Municipal Finance Authority (MFA), and the financing must be undertaken by the municipality's regional district. This legislated relationship creates a joint and several-liability between the regional district members. The MFA has the legislated authority to levy taxation on all taxable properties within BC. These factors create a strong institutional, governance framework that helps the MFA retain a triple-A credit rating, and exceptionally lowers borrowing costs on behalf of BC municipalities.

When municipalities borrow, principal payments are invested by the MFA. Investment earnings are returned to the borrowing municipality via reduced principal payments. For instance, in 2004, the District borrowed \$4.7M to upgrade the Oak Bay Rec Centre, with debt forecast to be paid off in 2023. Over the 20 years, the District's debt principal will have been reduced by approximately \$1.86M. These debt principal reductions are referred to as "actuarial adjustments".

In the 2022 – 2026 Financial Plan, the District's annual controllable sustainable revenues will exceed \$48M, making its annual liability servicing limit approximately \$12M. Annual debt servicing costs are not expected to exceed \$632,800, which amounts to approximately 5.3% of the District's liability servicing limit. Debt payments including interest and principal for the next 5 years are forecasts as follows:

Year	Beginning Balance	New Debt ¹	End Balance	\$ Principal	\$ Interest	\$ Total Payments	\$ Actuarial	% Liability Servicing Limit ²
2021	\$1,030,324	-	\$703,497	142,594	134,378	276,972	184,233	2.3%
2022	\$703,497	-	\$360,327	142,594	134,378	276,972	200,574	2.3%
2023	\$360,327	6,000,000	\$6,000,000	142,594	134,378	276,972	217,733	2.2%
2024	\$6,000,000	-	\$5,818,600	181,400	180,000	361,400	-	3.0%
2025	\$5,818,600	5,000,000	\$10,490,800	327,800	305,000	632,800	Unknown	5.3%
2026	\$10,490,800	-	10,163,000	327,800	305,000	632,800	Unknown	5.3%

1: New debt for Carnarvon Park Building with 30-year amortization, presumed debt interest rate of 2.0%

2: Assumes a 2.5% annual increase to controllable sustainable revenues

The SIR Plan estimates that the District will incur \$1.3B in infrastructure replacement costs between 2022 and 2121. Approximately 36% of this (or \$469.7M) is forecasted to occur over the next 25 years. The forecasts indicate that even with rapidly increasing reserve contribution funding, the District will need to incur between \$175M and \$220M to replace its infrastructure between 2026 and 2076.

Approval of the Electors

Local governments may undertake long-term capital borrowing through a loan authorization Bylaw. The Bylaw must include the purpose of the borrowing, the maximum amount to be borrowed and the maximum duration of the borrowing; for regional district loans the specific service that the loan relates to must also be specified. All loan authorization Bylaws must receive approval of the Inspector of Municipalities before any borrowing can be done. In most cases, approval of the electors (municipalities) or participating area approval (regional districts) is required before the Bylaw can be adopted.

Per the *Municipal Liabilities Regulation*, approval of the electors is not required so long as the annual cost of debt servicing does not exceed 5% of annual controllable sustainable revenues.

It is estimated that the District can issue an additional \$32.5M in debt before exceeding the Approval-free Liability Zone as calculated below:

Estimated annual controllable sustainable revenues	\$48.0M
5%	\$2,400,000
Highest annual debt servicing 2022-2026	\$632,800
Remaining Approval-free Liability Zone debt servicing available	\$1,767,200
Assumed long term interest rate though MFA	3.0%
Assumed actuarial adjustment capitalization rate	2.25%
Gross debt required for additional \$1,767,200 annual debt servicing	\$32,500,000



CAPITAL BUDGET SUMMARY BY DEPARTMENT

Capital Expenditures	2022	2023	2024	2025	2026	Total
Corporate Administration	\$265,000	\$120,000	\$ -	\$ -	\$ -	\$385,000
Finance and IT	277,000	275,000	297,000	457,000	255,000	1,561,000
Police Department	84,700	115,500	118,000	133,000	142,300	593,500
Fire Protection	4,136,000	50,000	172,000	88,300	400,000	4,846,300
Engineering and Public Works	6,822,900	11,923,000	7,058,500	13,454,400	13,401,300	52,660,100
Parks, Recreation and Culture	3,042,900	1,473,400	1,177,400	8,294,000	1,920,800	15,908,500
Sewer Utility	927,800	667,500	680,500	702,300	702,300	3,680,400
Water Utility	2,964,800	7,285,400	1,119,000	1,137,500	1,137,500	13,644,200
Total	\$18,521,100	\$21,909,800	\$10,622,400	\$24,266,500	\$17,959,200	\$93,279,000
Funding Sources:						
Reserves	\$17,913,800	\$11,520,400	\$8,423,900	\$12,922,400	\$11,615,100	\$62,395,600
Fees and Charges	138,000	140,800	143,600	145,000	145,000	712,400
Grants	849,300	4,228,600	2,034,900	6,179,100	6,179,100	19,471,000
Taxes	20,000	20,000	20,000	20,000	20,000	100,000
Borrowing	-	6,000,000	-	5,000,000	-	11,000,000
Total	\$18,921,100	\$21,909,800	\$10,622,400	\$24,266,500	\$17,959,200	\$93,679,000

CAPITAL BUDGET SUMMARY BY ASSET CLASS

Capital Expenditures	2022	2023	2024	2025	2026	Total
Building	\$3,367,000	\$1,787,700	\$542,700	\$7,137,800	\$803,000	\$13,638,200
Vehicle	5,327,300	552,000	338,000	571,500	860,000	7,648,800
Equipment	2,087,800	1,442,200	1,155,700	1,859,000	1,609,000	8,153,700
Road	2,858,400	3,818,500	2,991,500	3,234,500	3,251,000	16,153,900
Drainage	1,160,000	6,186,500	3,575,000	9,276,400	9,276,400	29,474,300
Land Improvement	228,000	170,000	220,000	347,500	320,000	1,285,500
Sewer	927,800	667,500	680,500	702,300	702,300	3,680,400
Water	2,964,800	7,285,400	1,119,000	1,137,500	1,137,500	13,644,200
Total	\$18,921,100	\$21,909,800	\$10,622,400	\$24,266,500	\$17,959,200	\$92,499,300
Funding Sources:						
Reserves	\$17,913,800	\$11,520,400	\$8,423,900	\$12,922,400	\$11,615,100	\$62,395,600
Developer Contributions	-	-	-	-	-	-
Fees and Charges	138,000	140,800	143,600	145,000	145,000	712,400
Grants	849,300	4,228,600	2,034,900	6,179,100	6,179,100	19,471,000
Taxes	20,000	20,000	20,000	20,000	20,000	100,000
Borrowing	-	6,000,000	-	5,000,000	-	11,000,000
Total	\$18,921,100	\$21,909,800	\$10,622,400	\$24,266,500	\$17,959,200	\$93,679,000

CORPORATE ADMINISTRATION **Corporate Administration Capital Plan**

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
EDRM System	Equipment	265,000	-	-	-	-
Website Upgrade (carry-over)	Equipment	-	120,000	-	-	-
Total Corporate Admin Capital		\$265,000	\$120,000	-	-	-

Electronic Document Management System

An EDRMS will efficiently and systematically manage the District's electronic and paper documents throughout the life cycle of the document (*from creation to destruction*). Records will be shared with all individuals who need access, and it will support the automatic enforcement of consistent policies and styles across the District, as well as ensure that Oak Bay is in compliance with Provincial and Federal legislation. As the EDRMS project progresses and electronic records are more readily accessible, it will allow the District to reduce the physical space required to store paper documents and physical records, and will keep vital records safe from physical hazards like fire, floods or other damage.

Website Upgrade (\$60K carried forward + new funding requested)

The current municipal website is a key tool for citizen communication and public engagement in need of revision. This project would upgrade the website to refresh the look and feel, improve navigation, optimize search capabilities, as well as provide for content management functionality. This project will support communications, service excellence and address a recommendation to invest in the website from the Mayor's Task Force on Public Engagement. Phase 2 of this project proposes the development of an internal intranet for staff use. Project scoping of phase 2 has not been fully developed.

This project has been deferred until 2023, and the project budget has been increased by 60k to in order to accommodate the upgrade of the Parks, Recreation, and Culture website.



FINANCIAL SERVICES AND INFORMATION TECHNOLOGY



Financial and ICT Administration Capital Plan

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
IT Project Management Div Projects	Equipment	170,000	170,000	170,000	170,000	170,000
Network and Other IT Hardware	Equipment	85,000	70,000	22,000	112,000	50,000
PC Hardware Replacement	Equipment	20,000	35,000	105,000	175,000	35,000
IT Master Plan and Security Audit Items	Equipment	<< under review >>				
Total Corporate Admin Capital		275,000	275,000	297,000	457,000	255,000

IT Project Management Division

This division was created in late 2020. The majority of costs incurred in this division are for staffing and the remainder is for software acquisition and consulting. The leadership team is responsible for prioritizing the activities in this division, as it is intended to support corporate operations and Council strategic goals.

Network Switch and other IT Hardware

This capital project includes the following multi-year components:

	2022	2023	2024	2025	2026
Network Switch Replacement	-	-	-	\$64,000	-
Firewall	\$8,000	-	-	\$4,000	-
Phone system upgrade (new)	\$60,000	-	\$15,000	\$1,200	-
Uninterruptible Power Supply	-	\$1,100	-	\$5,800	-
Servers	\$7,400	\$61,900	-	-	-
Backups	-	-	-	-	-
Wireless Access Points	-	-	-	-	-
Fiber Optics	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Oak Bay Recreation Centre Camera System (carry-over)	-	-	-	\$30,000	-
Contingency	\$4,600	\$2,000	\$2,000	\$2,000	\$45,000
Total	\$85,000	\$70,000	\$22,000	\$112,000	\$50,000

The \$60,000 phone system upgrade is a new item for 2022. The support for the District's phone system ends in 2022. The District is investigating a few options: (1) sourcing new support, (2) purchasing new hardware supported by the current provider, or (3) invest in a cloud-based phone-tree management system that would require new phone hardware, and additional on-going operating costs. The leadership team will evaluate such options when a business case is prepared in 2022. If option three is recommended, additional ongoing operating funding would be requested prior to implementation.

PC Hardware Replacement

The Information Technology (IT) division deploys and maintains over 250 pieces of hardware for over 300 users. This inventory is valued at nearly \$200,000 and does not include printers or network hardware. Staff have established annual reserve contributions so that the financial impact of hardware replacement is not volatile. In 2020, the PC Hardware Replacement program was accelerated, funded primarily by savings in the Network Hardware replacement capital program. This was necessary to support a shift to remote working, as well as security patching, and a unified support model.

IT Master Plan

As part of the 2019-2022 Council priorities, an Information Technology (IT) Master Plan has been developed. IT is a corporate division whose primary function is to support internal department business processes. The departments deliver external services to the community as directed by Council. The IT Master Plan provides in-depth information related to IT support of District operations. The plan also contains many recommendations that need to be considered by the leadership team. The leadership team is charged with weighing risk versus cost implications for recommending resources in support of Council-directed community services.



POLICE SERVICES



Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Police Vehicle Replacement	Vehicle	-	70,000	70,000	70,000	70,000
Police Electric Bikes	Equipment	10,000	-	-	-	10,800
Police Computer Equipment Replacement	Equipment	67,400	30,500	33,000	48,000	46,500
Traffic Enforcement Equipment	Equipment	-	5,000	5,000	5,000	5,000
Police Building Repairs	Building	7,300	10,000	10,000	10,000	10,000
Total Oak Bay Police Capital		84,700	115,500	118,000	133,000	142,300

Police Vehicle Replacement

The Police Department maintains a small fleet of patrol vehicles and administrative vehicles. The replacement cycle of these vehicles ranges from 6 to 10 years. The department is reviewing options for deploying reduced emission vehicles. Total cost of the vehicles includes manufacturing and transportation as well as outfitting with equipment and branding.

Police Electric Bikes

Oak Bay Police Department will purchase two e-bikes in 2022, in an effort to enhance visibility on bikes while increasing our patrol area on bikes. The objective is to reduce patrol hours in vehicles and replace it with patrol hours on bikes. These e-bikes will be able to carry gear required for various patrol activities and enable the rider to travel much faster so that they are able to attend calls across the District without delay.

Police Computer Equipment Replacement

Information Technology for the District's police force is managed by the Saanich Police Department (SPD). The SPD advises on an IT equipment replacement plan, including equipment expenditures forecasted to be approximately \$225,000 over the next 5 years.

Traffic Enforcement Equipment

The Police Department maintains a small annual budget to replace traffic enforcement equipment to meet the priority of Traffic Safety.

Police Building Repairs

The Police Department operates out of an aging facility and plans for pending maintenance work and building enhancements to allow for safe and efficient use of space.

FIRE AND EMERGENCY SERVICES

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Engine with light rescue (carry-over)	Vehicle	1,300,000	-	-	-	-
Site Preparation: Portable Apparatus Bay (carry-over)	Building	250,000	-	-	-	-
C-Can Based Training Prop (carry-forward)	Equipment	300,000	-	-	-	-
Ladder Truck with Heavy Rescue (carry-over)	Vehicle	2,050,000	-	-	-	-
Thermal Imaging Protective Equipment (carry-over)	Equipment	36,000	-	-	-	70,000
Gas Detection Protective Equipment	Equipment	50,000	-	-	-	-
Fire Hall Building Repairs (new)	Building	40,000	-	-	-	-
Electric Pickup Truck	Vehicle	90,000	-	92,000	-	190,000
Mobile Data Terminals	Equipment	20,000	-	-	-	-
Technical Rescue Protective Equipment	Equipment	-	50,000	-	-	-
Vehicle-Extrication Protective Equipment	Equipment	-	-	80,000	-	-
Fire Hose and Appliances	Equipment	-	-	-	88,300	-
Fire Personal Protective Equipment	Equipment	-	-	-	-	140,000
Total Fire Department Capital		\$4,136,000	\$50,000	\$172,000	\$88,300	\$400,000

Engine with Light Rescue (carry-over)

This capital project would replace the District's 1990 Fire Engine (Engine) with a new National Fire Protection Association (NFPA) and Underwriter's Laboratories of Canada (ULC) compliant Engine. The primary standards that govern the design, maintenance, performance and replacement lifecycles for motorized fire apparatus are; ULC S515, NFPA 1901 and Canadian Fire Underwriters Survey. Under these standards, Engines and Quints are permitted to operate in a primary capacity for 15 years and have a reserve capacity of 5 years. Thus a 20-year maximum service lifecycle is the industry standard.

The 1990 Engine reached the end of its service lifecycle in February of 2010. This Engine is now 10 years past-due for replacement. Consequently, no credit is extended towards the Districts current Fire Underwrite Survey (FUS) Grading. When current procurement and build times within the fire apparatus industry are considered; it is projected that this Engine will not be physically replaced until late 2022. Delaying this purchase will negatively impact the Districts current FUS Grading, ultimately resulting in an increased financial cost of fire insurance for residents, businesses and institutions.

Site Preparation: Portable Apparatus Bay (carry-over)

This capital budget funds the installation of a leased portable apparatus bay, and the renovation of a 1963 era apparatus bay door. The initial capital funding will be used to prepare for and install the portable apparatus bay while improving the apparatus bay door. After the initial install and renovation, monthly lease payments will require ongoing funding. Leasing a portable apparatus storage bay will create space for a modern 100+Foot Quint that is designed to meet the needs of the community.



Conceptual Drawing Courtesy of Extreme Portable Buildings

The dynamics of the legacy 1938/1962 Oak Bay Fire Department (OBFD) fire station has created apparatus design issues for the past 30 years. Both the 1990 Engine and the 2002 Quint were designed to fit into the station rather than be optimized to serve the community. The fire station is well beyond its useful life cycle however, replacement will take time. The addition of the portable apparatus bay, and renovation of the door will buy the District time to plan for replacement. The current lease option of the portable apparatus bay provides financial flexibility and will allow the District to allocate capital towards the renewal of the fire fleet, which will ensure excellent service delivery. Leasing allows the District to consider the long-term plan for the fire station. The portable apparatus storage carries a number of lease buy out options.

C-Can Based Training Prop (\$100K carry-over + \$200K new funding request)

This is a capital project to install a new C-Can Based Training Prop (Prop) near the fire station. The previous Financial Plan factored in the re-purposing of the old Drill Tower. Upon completion of an Engineering inspection conducted by Accuren Industrial Services in November of 2020, the Tower was condemned. Originally, there was hope the re-purposing would lead to some cost savings on a new training structure, unfortunately this is not possible due to years of deterioration from exposure to sea air.

Over the past decade there has been a constant increase in the mandatory training requirements placed on firefighters in BC and across the country. These regulations have been further complicated by the fact that Oak Bay Firefighters have seen training spaces and opportunities diminish as the community grows and matures.

This business case proposes the purchase of a prefabricated Sea Can Training Structure in order to ensure that Oak Bay Firefighters have a safe, effective and secure training space now—and in the future. The proposed structure is modest, and will meet a significant amount of the Departments training needs. Furthermore, it will provide the Oak Bay Police an opportunity for on-site Tactical Training. It takes into consideration that this training space will be required and incorporated into a new fire station at some point in the future, as it is completely portable. The proposed structure would provide cost-recovery opportunities with the ability to host more training events. The addition of Sea Can Training Props provides a simple, effective, and cost-efficient solution that is both adaptable, and sustainable for the future. Creating this new training space, with a combination of legacy and new materials supports this culture. It will ensure that Oak Bay Firefighters secure a safe, realistic, and adaptable training location for the long-term.

Ladder Truck with Heavy Rescue Capabilities

This capital budget would fund the replacement of the 2002 68-foot Quint with a new modern NFPA and ULC compliant 100+ Foot Quint in 2022. The primary standards that govern the design, maintenance/ performance and replacement life cycles for Engines are ULC S515, NFPA 1901 and the Canadian Fire Underwriters Survey. Under these standards, Quints are permitted to operate in a primary capacity for 15 year, and a reserve capacity for an additional 5 years, with a maximum service life cycle of 20 years. This is permitted as long as the prescribed preventative maintenance and performance testing is completed and documented throughout the life of the apparatus.

The 2002 Quint will reach the end of its service life cycle in July of 2022. This 2002 Quint is the only Aerial Device serving Oak Bay. Due to the age of the 1990 Engine, the Quint is also the only backup Engine serving Oak Bay. When current procurement and build times within the fire apparatus market are considered, it is likely that this Quint will not physically be replaced until early to mid 2022. Delaying this purchase beyond the 2022-23 budget years could negatively impact the current Fire Insurance Grading and is likely to increase the financial cost of fire insurance for residents, businesses and institutions within the District.

The OBFD fleet has not been expanded since 1962. Due to its small size, it simply lacks the capacity to compensate for an Engine or Quint that is reaching the end of its service life cycle. Larger Fire Departments have additional capacity within their fleets to negate this type of compression. The lean nature of the OBFD makes it critical that FUS replacement schedules are judiciously maintained. Compliance with these standards will manage fire insurance costs and protect the community from undue risk and liability associated with operating expired fire equipment.

This purchase would result in the current 68-foot aerial ladder truck being replaced with a 100-foot ladder truck.

The current 2002 Quint had to be built with a 75-foot Aerial Device in order to accommodate fire station limitations. When the 2002 Quint arrived, it did not fit lengthwise into the apparatus bay. Unfortunately, the solution was to physically cut-down the Aerial Device to make it fit, resulting in a reduced Aerial Device with total length of 68-feet. The net change from 85-feet to 68-feet represented a 20% reduction in the overall reach. The current condition of the fire fleet is such that investment in a new Engine and new 100+Foot Quint to meet community needs—is critical.

In order to accommodate the 100+Foot Quint, new apparatus storage is required. The new apparatus storage adds approximately 17.5% in life-cycle costs, but the Quint would have an additional 47% servicing potential. The 100ft ladder would also assist the District in maintaining strong relationships with the three core municipalities of Victoria, Saanich and Esquimalt.

Photo Courtesy of Spartan Fire Apparatus



Thermal Imaging Protective Equipment (carry-over)

Thermal Imaging Cameras (TICs) are a significant expenditure and have been integrated into the equipment reserve-funded replacement program by staff. TIC's provide firefighters the gift of sight in dark and smoky conditions and is arguably the single most important advancement in the global firefighting industry in the past 20 years. TIC's expedite search and rescue as well as fire attack when seconds count. This Capital Project will allow the OBFD to ensure the replacement of this critical safety equipment and manage health and safety over the long-term.

Over the past 20 years the use of lightweight synthetic composites in building construction materials and furnishings has created a fire environment that is extremely challenging. Fires in 2022 do not 'burn hotter' than they did in the past, instead today's fires reach peak temperatures more rapidly, generating extremely dark toxic smoke conditions quickly while expediting structural collapse. TIC's allow firefighters to work efficiently in these extremely dark toxic smoke conditions. TIC technology is constantly advancing, and replacement should occur every 5 years. By reinvesting in state-of-the-art TIC's the District will be making significant strides towards meeting this evolving threat and optimizing firefighter effectiveness.

Gas Detective Protective Equipment

Gas Detectors are one of the most effective tools for protecting first responders from unseen and unknown atmospheric hazards. They provide a means of early detection and allow firefighters to take precautionary steps to protect themselves and the citizens they serve. This Capital Project will allow the fire department to ensure the replacement of this critical safety equipment and manage health and safety over the long-term.

There is a continual need to actively manage Gas Detectors in order to protect the health and safety of firefighters. Wear and tear on the internal electronic components of Gas Detectors at incidents and during training are major stressors. The electrochemical sensors within Gas Detectors are always "working" as they are constantly exposed to the atmosphere. These factors are compounded when continual advancements in technology render legacy Gas Detectors obsolete, and after 5 years of service, replacement is warranted to ensure reliability and optimum performance. By reinvesting in Gas Detectors the District will be making significant strides towards maintaining this critical safety equipment.

The life-cycle costs have been integrated into the District's equipment replacement plan and will be funded by annual reserve contributions.

Fire Hall Building Repairs (new)

This capital budget would fund the replacement of the fire apparatus bay door operators as well as the replacement of the air conditioning unit.

Replacement of the fire apparatus bay door operators that open and close the heavy wooden bay doors is necessary, as they are past their expected service life, having been installed in the mid 1990's. A failure in one of the door operators occurred in 2021 and forced an emergency replacement. Proactive replacement of the remaining 3 door operators and associated safety equipment is critical to ensure that a high level of reliability and safety is maintained.

Replacement of the office air conditioning unit, and purchase of an additional air conditioning unit in the upstairs dorm areas is also included. The office air conditioning unit is currently failing and at the end of its service life. The expansion of air conditioning to the upper-level dorm area allows for a more efficient cooling of the area - eliminating a patchwork of portable air conditioners and fans currently in place.

Electric Pickup Truck

This Capital budget will fund the replacement of the 2008 Toyota Camry Sedan (Camry) in 2022 with a new Hybrid or true Electric 4x4 Pick-Up Truck (Pick-Up). The change from a Camry to a Pick-Up is intended to provide the fire department with an appropriate tool for the job. The Camry currently serves as a logistics and on-call duty officer vehicle. The Camry is a medium sized 4-door sedan style passenger car, and it is not well suited for use in the fire service. The Camry does not have an NFPA 1901 compliant lights and sirens safety package. A new Pick-Up would be NFPA 1901 compliant, have added safety features and be much more useful.

In addition to the fact that the Camry is not suited for the role that it currently fills, it is starting to show its age. The vehicle is a hybrid but, it is first generation technology and significant repairs to the battery system are looming. By the time of replacement, the Camry will be 15 years old, and it will have an estimated 150,000 to 160,000 kilometers. Furthermore, the lack of an NFPA 1901 compliant lights and sirens package restricts it to non-emergency use. A new Pick-Up will provide a vehicle that is much safer, more effective, able to function post-disaster and contribute towards the Districts environmental stewardship. OBFD staff are currently researching replacement options and anticipate that a true Electric Pick-Up will be available by 2022.

Mobile Data Terminals

Replacement of existing Mobile Data Terminals on Fire Apparatus as they are at the end of their service life is needed. These Data Terminals provide critical information regarding location, nature and details of emergency calls and are integral to the computerized dispatch of fire apparatus.

Technical Rescue Protective Equipment

The two primary standards that govern the use, care, and replacement of Technical Rescue Equipment (TRE) are NFPA 1983 and WorkSafe BC Part 32. These standards require that all “soft-goods” be replaced after 5 years of active service. They also require replacement if TRE is physically damaged or contaminated with chemical or biological substances. Soft goods comprises all harnesses, ropes, webbing and anchor straps while hardware represents carabiners, pulleys, belay devices, tripods, stretchers and all the supporting safety equipment. TRE replacement has been integrated into the fire equipment replacement plan and funded by annual reserve contributions.

Vehicle-Extrication Protective Equipment

Vehicle extrication equipment is a significant expenditure and staff have integrated the equipment into the reserve-funded replacement program. The automotive industry is constantly working to reduce weight and improve the strength of vehicle structural components with the introduction of High- Strength, Low Alloy-Steel and Hydro-Formed Parts yielding significant advancements. Jaws of Life can now become obsolete in as little as 5 years. Scheduled replacement of such equipment is required to meet these challenges. This Capital Project will allow the District to ensure the replacement of this critical safety equipment over the long-term.

Fire Hose and Appliance

The two primary standards that govern the use, care, and replacement of the Fire Hose and Appliance (FHA) are NFPA 1962 and WorkSafe BC Part 31. These standards require ongoing maintenance and testing. If the FHA is physically leaking or becomes damaged, replacement is typically required. During a pre-budget audit of firefighting equipment in 2019, it was evident that a significant amount of fire hose and appliances were in poor condition, or past the end of its service life cycle. Major renewal of equipment has been prioritized and this is the final step in the 6 year process.

Personal Protective Equipment (carry-over)

Personal Protective Equipment (PPE) is the protective ensemble that firefighters wear while responding to fires, vehicle accidents, fire alarms and other calls. Arguably, PPE sees the most wear and tear of any safety equipment in use with firefighters. This Capital Project will allow the District to ensure the replacement of this critical safety equipment while managing safety and risk over the long-term.

Within the global firefighting industry, the occurrence of cancer within firefighters has become a significant occupational hazard. If the District is able to prevent a single presumptive firefighter cancer claim the savings are substantial. Such claims can cost hundreds of thousands of dollars and can significantly impact WorkSafe premiums for years. Such an illness would have a severe impact on an individual, their family, and the organization. PPE manufacturers are engineering new features into their garments that protect against carcinogens. By investing in these new protective features the District will be making significant strides towards managing this threat.

The life-cycle costs have been integrated into the District's equipment replacement plan and will be funded by annual reserve contributions.



ENGINEERING AND PUBLIC WORKS



Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Facilities Capital Program						
Tod House Improvements (carry-over)	Building	483,000	-	-	-	-
Tod House Improvements (grant-dependent)	Building	400,000	-	-	-	-
Marina Structural Repairs (carry-over)	Building	50,000	1,386,000	266,000	392,000	223,900
Work Order Management Infrastructure (carry-over)	Equipment	25,000	-	-	-	-
Feasibility Study - Fire Hall/Police Station	Building	100,000	-	-	-	-
Municipal Hall Refurbish (carry-over)	Equipment	109,200	-	-	-	-
Facilities Contingency	Building	50,000	50,000	50,000	50,000	50,000
Asset Management Software Phase 1: Scoping	Equipment	50,000	-	-	-	-
Asset Management Software Phase 2+: Implementation	Equipment	<i>Project costs not yet determined as significant scoping required</i>				
Transportation Safety Improvements	Road	500,000	500,000	600,000	612,000	624,200
Transportation Safety Improvements - 2021 Projects	Road	200,000	-	-	-	-
Pavement Management Program	Road	1,599,400	1,860,400	2,129,200	2,406,000	2,406,000
Storm Sewer Rehabilitation	Drainage	690,000	420,000	800,000	850,000	850,000
Storm Sewer - New Assets	Drainage	270,000	-	-	-	-
Uplands Sewer Separation	Drainage	200,000	5,766,500	2,775,000	8,426,400	8,426,400
Active Transportation Program	Road	204,000	208,100	212,300	216,500	220,800
Active Transportation Program – carry-over portion	Road	100,000	-	-	-	-
Active Transportation Program – contingency	Road	125,000	-	-	-	-
Electric Vehicle Stations	Equipment	50,000	-	-	-	-
McNeill Bay/McMicking Point Foreshore Erosion Mitigation	Road	80,000	1,200,000	-	-	-
Foreshore Infrastructure	Road	50,000	50,000	50,000	-	-
Public Works Vehicle & Equipment Replacement	Vehicle	1,887,300	482,000	176,000	501,500	600,000
Total Engineering Services Capital Plan		\$7,222,900	\$11,923,000	\$7,058,500	\$13,454,400	\$13,401,300

FACILITIES CAPITAL PROGRAM

Tod House Improvements (partially contingent on grant funding)

In 2019, the District engaged a consultant to identify practical solutions for the conservation of the Tod House consistent with heritage conservation best practices. The consultants completed and delivered an assessment to the District in 2020. The assessment identified approximately \$300,000 - \$400,000 in deferred maintenance repairs that were high priority as well as an additional \$400,000 - \$500,000 to conform to heritage conservation best practices.

In late 2020, the Province introduced a grant program entitled the Community Economic Recovery Infrastructure Program (CERIP). The program, (which funds 100% of project costs), included a Unique Heritage Infrastructure stream focusing on the conservation, repair, and rehabilitation of cultural heritage infrastructure. The District submitted a grant application, however it was not successful.

On July 30, 2021, the Province issued a news release to announce the new, \$30-million 150 Time Immemorial grant program to be administered by the First Peoples' Cultural Foundation and Heritage BC. The Cultural Heritage Infrastructure stream provides up to \$500,000 for eligible projects. The District submitted an application for this stream in November of 2021.

Marina Structural Repairs (carry-over)

The District-owned (and leased out) Marina buildings need ongoing maintenance to keep them operational. The Marina facilities are currently leased to Oak Bay Marine Group Ltd. The lease expires at the end of 2022. The District of Oak Bay is currently negotiating a new 30 year lease.

A recently completed draft Facility Condition report identifies capital maintenance needs of the facility. Capital maintenance has been deferred until 2023—pending completion of the lease negotiations.

Work Order Management Infrastructure (carry-over from 2019)

This project was approved in the 2019 Financial Plan but no spending has occurred to date. This capital project will add workstations for the Foremen/Lead Hands in Public Works, including two new workstations, as well as improve existing workstations. Currently, work-order management and maintenance management is conducted using traditional paper-based methods. These paper-based records are then integrated into the computer-based management system, creating an unnecessary duplication of work.

This project was deferred as it has become necessary to reconsider workstation orientation as a result of the COVID-19 pandemic and may be further deferred accordingly.

Facilities Contingency

This contingency budget would be used for unexpected capital expenditures. In early 2020 the heaters in the mechanic's shop failed. It was a 25-year-old heavily-used forced air heater. The system heated the 3-bay garage area, a fabrication shop, and office area. The heater was assessed as unrepairable, resulting in the installation of a new energy-efficient radiant heating system. This system is expected to reduce energy consumption by approximately 50%. Reduced costs stemming from a more efficient energy consumption will exceed the capital cost of the new system over the life of the asset.

Asset Management Software - Phase 1: Scoping

The District's Asset Management practice assessment in 2016 included a significant recommendation to acquire an asset management software tool. The intent of the tool is to better enable the District to follow best practices for asset and maintenance management, including managing asset data, preventative/corrective maintenance planning, tracking, capital works planning, and infrastructure analysis.

Council committed \$100,000 in the 2016 budget for this project, but the project was deferred because the new Director of Engineering and Public Works assessed that the project requirements analysis was incomplete. In addition, the Director of Engineering and Public Works assessed that the project would be best completed once some other key asset management program activities were finished. Based on the progress of the Asset Management Program, this project is now considered a fundamentally important linchpin to support further development and delivery of other key Asset Management Program projects.

This initiative, as it is currently defined, is limited to Project Definition activities. The full scope and cost of the software tool is not yet defined. Staff are required to devote significant time and effort in 2021-2022 to identify requirements, develop the scope, likely costs, and make recommendations to Council on appropriate software acquisition.

Transportation Safety Improvements

This program aims to deliver projects to improve on safety for all road users within the district. Projects delivered under this program include crosswalks, traffic-calming initiatives, intersection improvements, and other safety-related capital works.

Pavement Management Program

The aim of the Pavement Management program is to develop a sustainable road surface rehabilitation program that achieves a specific service level while maintaining best value for money. The District's Pavement Management Study, completed in 2013, identified over \$2M of road rehabilitation that would need to occur annually, in order to maintain the pavement conditions identified in that year.

Storm Sewer Rehabilitation

This program captures the refurbishment or replacement of Storm Sewer Mains that have reached end of service life. Based on asset management program targets, the program gradually increases capital expenditures for Storm Sewer Rehabilitation to \$1.1M per year. The program has been underfunded in recent years: the 2016 budget was \$212,000, the 2017 budget was \$117,000 (funded from reserves) and the 2018 budget was \$265,000.

Consistent and predictable funding for Storm Sewer Rehabilitation is essential to ensure that capital projects are done efficiently and with best value for money. This funding commitment allows a more cost-effective planned approach to repairs and rehabilitation, as opposed to a more expensive and reactive approach to repairs.

Storm Sewer Rehabilitation – New Assets

These projects represent either new infrastructure, or project definition studies to identify requirements and preliminary designs/costing for new infrastructure related to the storm drainage system.

This budget includes:

- A sub-catchment modelling & condition assessment of St. Patrick Pump Station which will determine the requirements related to outfall relocation, and a McNeill Bay erosion project requirement
- New storm main assets to be determined by the Engineering Department

2022	Cost
Sub-catchment modelling & condition assessment of St. Patrick Pump Station	\$30,000
New Storm Main Projects	\$240,000
2022 Total	\$270,000

Uplands Sewer Separation (Partially Grant Funded)

The Uplands neighbourhood currently has a single sewer system that accommodates both sanitary sewage and storm water flows. During heavy rainfall, the storm water volume exceeds the capacity of the system and a combination of storm water and raw sewage discharges into the shallows ocean waters at the Rutland Road and Humber Road pump stations. Separating combined sewers and eliminating overflows at the Humber and Rutland pump stations is necessary under BC's Municipal Wastewater Regulation. In October 2016 Council committed to a plan to separate combined sewers in the Uplands. The plan involves constructing approximately 5km of new storm mains, progressively diverting storm water flows from homes and catch basins to the new storm sewers. This plan has the added benefit of reducing the volume of storm water in the sanitary sewer system, enabling the District to take positive steps towards meeting its sewer flow commitments under the Core Area Liquid Waste Management Plan.

Refreshed estimates for the project were prepared in early 2022:

Humber Construction	Class B	\$8,832,000
Rutland Detailed Design	Class B	\$415,000
Rutland Construction	Class C	\$16,347,300
Total		\$25,594,300

The District is preparing a third application to the Investing in Canada Infrastructure Grant Program (ICIP). This program provides up to 73.33% funding for eligible projects.

Funding Source	Funding Proportion	Funding Total
ICIP (Provincial Government)	33.33%	\$8,531,500
ICIP (Federal Government)	40.00%	10,237,800
District of Oak Bay (Reserves)	26.67%	6,825,000
Total	100.00%	\$25,594,300

Active Transportation Program

This Capital Program represents an active transportation program focusing on issues such as bicycle lanes, pathways, and pedestrian-friendly infrastructure improvements.

Electric Vehicle Stations

At the January 30, 2020 Special Meeting of Council, Council asked staff to include an initiative in the 2020 – 2024 Financial Plan to install electric vehicle charging stations. At the January 25, 2021 Regular Council meeting, Council reviewed a number of options and the construction of stations is expected to occur in 2022. Council also resolved to levy a \$1 per hour user fee for the electric vehicle stations to potentially offset life cycle cost for revenue to be reinvested in infrastructure replacement.

McNeill Bay/McMicking Point Foreshore Erosion Mitigation

This project includes two separate studies identifying options for the mitigation of ocean erosion on McNeil Bay and McMicking Point. The project will incorporate considerations from the new Sea Level Rise Study.

Year	Component	Amount
2021	Project definition, concept planning, public engagement	\$30,000
2022	Preliminary and detailed design	\$50,000
2023	Construction	\$1,200,000

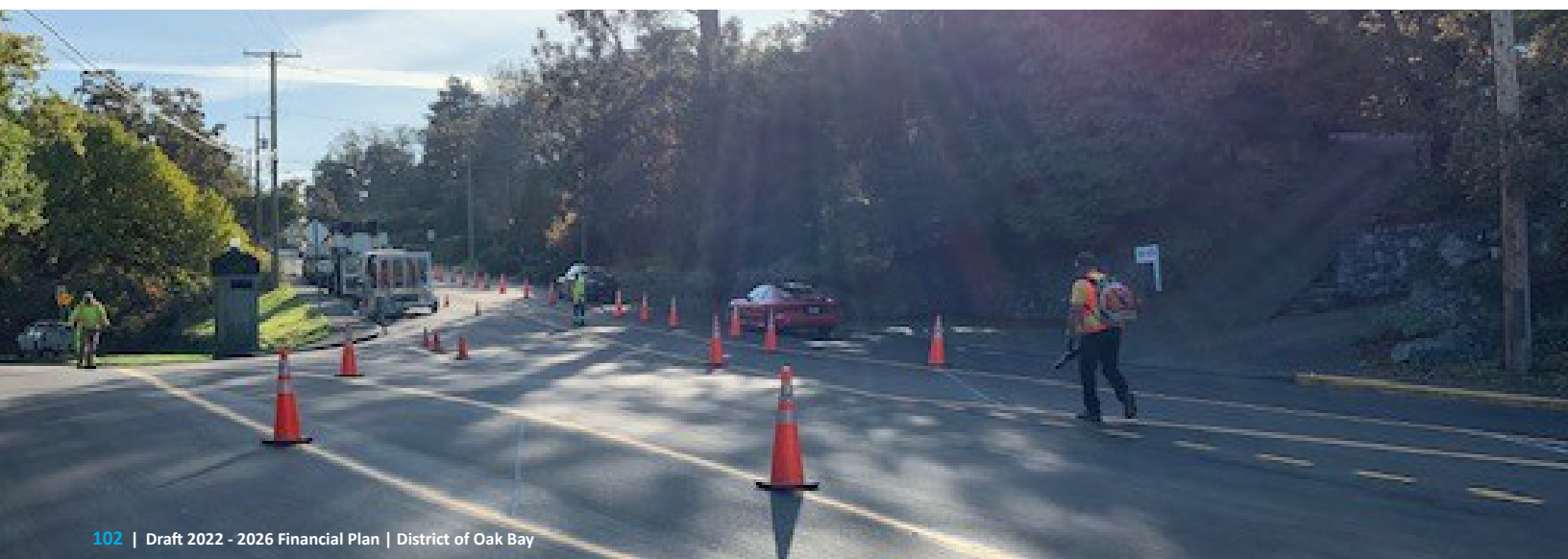
The construction costs are unknown at this time and will be better defined once detailed design is complete. This new infrastructure would require an increase to the ongoing operating budget.

Foreshore Infrastructure

The natural areas along the foreshore of the District—including Willows Beach, Oak Bay, McNeill Bay and other areas— are extremely popular for walkers. The metal railings used for pedestrian safety in these areas are exposed to the elements, especially salt-water spray, resulting in accelerated corrosion and failure of the railings. As part of an ongoing safety program, the District conducts periodic railings maintenance to refurbish or replace these railings. This annual program also addresses minor repairs to stairs and other foreshore access points.

Public Works Vehicle and Equipment Replacement

Much of the District’s fleet is due for replacement and will be replaced in the next 5 years, however, reserve-funding levels are believed to be sustainable for the long-term. For further information on the asset replacement funding, please see the State of Asset Replacement Funding section of this Financial Plan.



SEWER UTILITY



Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Sewer Main Rehabilitation & Manhole Replacement	Sewer	827,800	517,500	680,500	702,300	702,300
Sewer Capital - New Assets	Sewer	100,000	150,000	-	-	-
Total Sewer Utility Capital Plan		\$927,800	\$667,500	\$680,500	\$702,300	\$702,300

Sewer Main Rehabilitation & Manhole Replacement

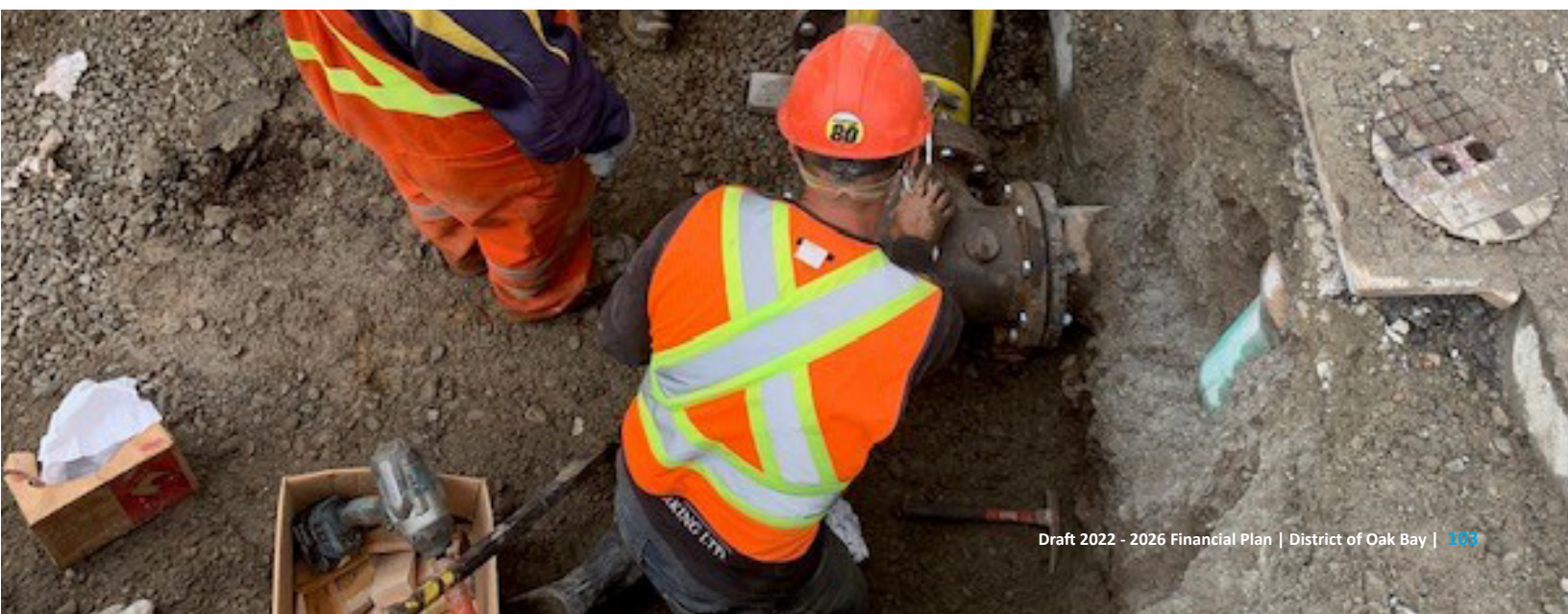
As part of the sanitary sewer asset management, Engineering Services replace or refurbish portions of approximately 100 km of sanitary sewer mains that service the District. These main replacements are typically done as conventional excavations or, if possible, via less disruptive and less expensive trenchless rehabilitation, such as cured-in-place-pipe lining. The aim of this work is to install a new pipe or extend the life span of an existing pipe for another 50-70 years. There are 1,316 sewer manholes or utility access holes. District staff either refurbish, replace, or install new manholes on a regular basis to ensure the sanitary sewer system can be maintained and operated effectively.

Sewer Capital - New Assets

These projects represent either new infrastructure, or project definition studies to identify requirements and preliminary designs/costing for new infrastructure related to the sanitary sewer system.

2022	Cost
Capital Requirements to Support Sanitary Sewer Master Plan, Flow Monitoring equipment	\$25,000
Remote Monitoring/SCADA for Sanitary Sewer, project definition	\$25,000
Beach Drive (Hibbens to Rippon), options analysis and project definition	\$50,000
2021 Total	\$100,000

2023	Cost
Remote Monitoring/SCADA for Sanitary Sewer, implementation	\$150,000
2022 Total	\$150,000



WATER UTILITY



Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Water Main & Hydrant Replacement	Water	2,376,800	918,600	975,400	992,500	992,500
New Service Connections	Water	138,000	140,800	143,600	145,000	145,000
Water Distribution System Remote Monitoring Upgrade	Water	80,000	-	-	-	-
Morth Oak Bay Pump Station Consolidation & Water Main Upgrades	Water	250,000	6,000,000	-	-	-
Water Distribution System Studies & Capital Projects	Water	120,000	226,000	-	-	-
Total Sewer Utility Capital Plan		\$2,964,800	\$7,285,400	\$1,119,000	\$1,137,500	\$1,137,500

Water main and Hydrant Replacement

A portion of the District's 115 km of water main are rehabilitated or replaced each year as part of the Water Distribution System Master Plan.

The 2022 plan for water main rehabilitation represents a significant increase in output. This change comes in response to the significant backlog of water infrastructure work identified in the District's asset management work between 2016 and 2019. The Water Master Plan, followed by the staff's significant work in 2020 to flesh out a more robust capital improvement program for water infrastructure, enables the District to accelerate much needed water main replacements. This acceleration represents the first step in a multi-year program to address the maintenance backlog and sustain the current levels of service for water distribution.

The District has 494 hydrants to service firefighting needs. Each year, hydrants are replaced, or new hydrants installed as part of the annual capital refurbishment plan, which falls within the Water Distribution Master Plan.

Water Distribution System Remote Monitoring System

This project would include the installation of new Supervisory Control and Data Acquisition remote monitoring equipment at the Pressure Reducing Valves at Lansdowne and Middowne stations to properly monitor and control water pressure in several of Oak Bay's pressure zones and identify water losses. This work will include longer-term options analysis and costing for system-wide remote monitoring upgrades.

North Oak Bay Pump Station Consolidation and Water Main Upgrades

This multi-year project comes from a major recommendation from the Water Supply System Master Plan. Currently in the options analysis/project definition phase, the aim of the project is to define a consolidation and renewal program of several pump stations and mains in North Oak Bay.

Water Distribution System Studies and Capital Projects (carry-over)

There are new projects that will require funding to pursue, as part of the water distribution system capital improvement program. The water distribution system capital improvement program is a result of the District's Water Master Plan that was completed in 2020.

2021	Cost
Detailed Condition Inspections and Investigation of Backup Power, Pump Stations and Pressure Reducing Stations (Study and capital project definition)	\$50,000
Cross-border Connection (Victoria and Oak Bay) Technical Investigation (Project Definition)	\$10,000
Cross-border Connection (Saanich and Oak Bay) Technical Investigation (Project Definition)	\$10,000
Water Asset Management Strategy update study	\$50,000
2021 Total	\$120,000

2022	Cost
Cross-border Connection (Victoria & Oak Bay) Implementation/Construction	\$26,000
Cross-border Connection (Saanich & Oak Bay) Implementation/Construction	\$200,000
2022 Total	\$226,000



PARKS, RECREATION AND CULTURE

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Total Facilities Program		2,035,700	291,700	166,700	6,635,800	469,100
Total Vehicle and Equipment Replacement Program		828,200	961,700	740,700	1,260,700	1,081,700
Total Parks and Playground Replacement Program		89,000	150,000	200,000	327,500	300,000
Public Art	Land Improvements	40,000	20,000	20,000	20,000	20,000
Capital Contingency	Building	50,000	50,000	50,000	50,000	50,000
Total Parks, Recreation and Culture Capital Plan		\$3,042,900	\$1,473,400	\$1,177,400	\$8,294,000	\$1,920,800

Parks, Recreation and Culture Facilities Program	Asset Type	2022	2023	2024	2025	2026
OBRC Facilities Maintenance	Building	116,500	13,000	110,700	22,000	359,400
OBRC Roofing - Arena, Lounge, ISF	Building	1,450,000	-	-	-	-
OBRC Parking Lot Rehabilitation Options	Land Improvements	99,000	-	-	-	-
Henderson Building Maintenance	Building	37,000	-	-	-	58,100
Henderson Gym Roof Replacement	Building	-	266,000	-	-	-
Monterey Building Maintenance	Building	-	12,700	56,000	83,800	51,600
Monterey Roof	Building	-	-	-	1,530,000	-
Parks Facilities	Building	28,200	-	-	-	-
Carnarvon Park Building Design and Build	Building	305,000	-	-	5,000,000	-
Total Facilities Program		\$2,035,700	\$291,700	\$166,700	\$6,635,800	\$469,100

Oak Bay Recreation Centre Facilities Maintenance

This capital budget includes replacement of flooring, exterior doors, fitness centre flooring systems, exterior lighting, cedar siding, exterior painting, interior lighting, replacement of windows, counter replacement, and tennis bubble court resurfacing.

Oak Bay Recreation Centre Roofing - Arena, Lounge, ISF

Approved in the 2021-2025 Financial Plan, this project involves replacement of the roof over the arena, indoor sports field, and Sports View Lounge.

Oak Bay Recreation Centre Parking Lot Rehabilitation Options

This budget is the carry-over from the parking lot repaving project in 2021. The lower parking lot was successfully repaved. The upper parking lot has not been repaved pending the review of Bowker Creek stability considerations.

Henderson Building Maintenance

This capital budget includes capital maintenance to the gym floor, chimney removal, millwork, and window replacement.

Henderson Gym Roof Replacement

This project involves replacement of the roof over the gymnasium at the Henderson Recreation Centre.

Monterey Building Maintenance

This capital budget includes the replacement of exterior and interior lighting, linoleum, automatic front doors, and flooring

Monterey Roof

This capital budget would fund the removal and replacement of all the roofing, gutter, and downspout systems at the Monterey Recreation Centre. It includes 6-line items in the OBPRC capital plan document scheduled for 2025. The current roofing systems were installed in 2000. A roofing audit in 2013 recommended that the roofing systems be replaced by 2023 if certain conditions were met at the time of report, which they were. By 2025 the systems will have reached their recommended lifespan and be several years past the date recommended in the 2013 report. The current conditions reflect the age, and the gutters require regular checking and repair. Waiting too long results in damage to wood structures underneath leading to a significant increase in costs once exposed. Another key upgrade would be to add tie-in points and guardrails to protect staff and contractors on the roof.

Parks Facilities

This capital budget includes the Anderson Hill Park kiosk and capital maintenance of Quimper Park washrooms.

Carnarvon Park Building Design and Build

This project involves demolition of the old building and construction of a new two-story building, as recommended in the Carnarvon Park Master Plan. The building design would be conducted in 2022.

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
PRC Vehicle & Equipment Replacement Program						
OBRC General Equipment	Equipment	227,000	79,000	216,500	486,100	328,800
OBRC Chiller	Equipment	571,500	-	-	-	-
OBRC Air Unit	Equipment	-	817,000	-	-	-
OBRC Cardio Equipment Replacement	Equipment	-	-	250,000	-	-
Electric Zamboni Replacement	Equipment	-	-	250,000	-	-
Motor Control Centres (OBRC)	Equipment	-	-	-	700,000	-
Solar System (OBRC)	Equipment	-	-	-	-	700,000
Henderson General Equipment	Equipment	14,000	-	-	51,600	-
Monterey General Equipment	Equipment	-	5,700	24,200	23,000	52,900
Parks Equipment	Equipment	15,700	60,000	-	-	-
Total Vehicle & Equipment Replacement Program		\$828,200	\$961,700	\$740,700	\$1,260,700	\$1,081,700
PRC Parks & Playground Program						

Oak Bay Recreation Centre General Equipment

This capital budget includes the replacement of an edger, pool filters, a boiler, ducts, a fire alarm system, floor scrubbers, pool controllers, an air compressor, air handling equipment, an ice machine, a walk-in cooler, patio furniture, and kitchen exhaust system.

Oak Bay Recreation Centre Chiller

This project involves replacement of the chiller—which is a significant piece of the refrigeration infrastructure in the arena. The chiller is at the end of its expected lifespan, and needs to be replaced during an Arena shutdown year. The District was awarded a grant through the Community Economic Recovery Infrastructure Program to cover approximately \$524,000 of the project.

Oak Bay Recreation Air Unit

This project involves the life cycle replacement of the desert-air dehumidification system for the pool natatorium at the Oak Bay Recreation Centre (OBRC).

Oak Bay Recreation Centre Cardio Equipment Replacement

This capital budget fund involves the life cycle replacement of all cardio equipment, which includes treadmills, steppers, stationary bikes (i.e., recumbent), elliptical trainers and hand ergometers.

Motor Control Centres

This project is the replacement of the Motor Control Centers (MCC) for the OBRC. This is a life cycle project for a system that was installed in 1973. The MCC's are original equipment and are critical pieces of the electrical distribution system for the OBRC. The equipment has far exceeded its expected life, is deemed obsolete, and does not meet current standards and codes. The switchgear is worn and does not give correct feedback. Parts are no longer available, requiring costly and time-consuming repairs when equipment fails. The switchgear is not protected from shorting and surging properly, allowing incidents to cause more damage than would be normal. The MCC was thermal scanned in 2021, and although there were only a couple minor issues, the system is so old and fragile that a major event could cause severe damage to equipment and personnel, leading to a long and costly emergency shutdown.

Solar System

This project would involve the removal, disposal, and replacement of the solar system on the roof above the aquatic area of the OBRC. Ideally the project would replace the existing solar water heating system installed in 1984 with a photovoltaic system to generate electricity, or a combination panel that could generate electricity and hot water if cost effective. The existing system has been re-configured over the years and is currently used as a domestic water pre-heat. It has become quite corroded, leaks large amounts of water, and requires significant regular maintenance for very little return. It has far exceeded its lifespan and some sections are decommissioned because of failure. The surface area it occupies could be put to better use as demands from the facility have changed.



Henderson General Equipment

This capital budget includes the replacement of a bouncy castle, a boiler, heating circulation pumps, and a water heater.

Monterey General Equipment

This capital budget includes the replacement of exhaust fans, furnaces, a dishwasher, roof exhaust, and a fire alarm system.

Parks Equipment

This capital budget includes the replacement of a flagpole, a fields verticutter, and the implementation of a tree inventory system.

Capital Purchase/Project	Asset Type	2022	2023	2024	2025	2026
Carnarvon Park Tennis Court Resurfacing (carry-forward)	Land Improvement	89,000	-	-	-	-
Henderson/Kiwanis Park Playground Equipment	Land Improvement	-	150,000	-	-	-
Windsor Playground	Land Improvement	-	-	200,000	-	-
Lafayette Park Playground Equipment	Land Improvement	-	-	-	70,000	-
Carnarvon Park Master Plan - Park Design	Land Improvement	-	-	-	257,500	-
Henderson Court Resurfacing	Land Improvement	-	-	-	-	300,000
Total Parks & Playground Replacement Program		89,000	150,000	200,000	327,500	300,000

Carnarvon Park Tennis Court Resurfacing (carry-over)

At the July 12, 2021 Council meeting, Council passed a resolution directing staff to resurface the tennis courts at Carnarvon Park for a cost not to exceed \$88,950. The District intended on carrying out the resurfacing in summer of 2021. However, the industry has experienced supply shortages which have caused substantial delays in the shipping of the necessary materials to the point where the warranty on the installation and use of those materials would not be honored. The materials must be installed within a specific temperature range, and with a significant stretch of dry weather. Consequently, this project has been delayed until 2022.

Henderson/Kiwanis Park Playground Equipment

This project involves replacement of the playground equipment at Henderson Park in the same location, using the same footprint.

Windsor Playground

This project involves replacement of the playground equipment at Windsor Park in the same location, using the same footprint.

Lafayette Park Playground Equipment

This project involves replacement of the playground equipment at Lafayette Park in the same location, using the same footprint.

Carnarvon Park Master Plan – Park Design

This project involves detailed design and production of a construction drawing package for all elements included in the Carnarvon Park Master Plan (save for the building, which is being addressed separately).



OPERATING IMPACT OF NEW CAPITAL SERVICES

As new capital is acquired and constructed, the District is subject to increased operating costs to maintain such capital. For example, when a road is built, the District must then maintain that road and keep it clear of debris. Furthermore, often the community forms an expectation that the capital service will continue in perpetuity, and thus the infrastructure will be replaced at the end of its life. As a result, staff endeavor to present the full life-cycle costs of capital budget items so that Council may consider the entire financial impact of budget approval.

Below you will find the new capital items being considered in the scope of this Financial Plan. “New” capital does not include capital expenditures for maintaining or replacing existing capital services. For instance, the replacement of an existing road is not a new capital expenditure because the ongoing operating and maintenance costs of that capital will already be integrated into the operating budget. New capital includes a brand-new capital service or enhancement to existing capital services.

New Capital Expenditures	Capital Cost*	Capital Cost Year	Life Cycle Costs*
Electric Vehicle Charging Stations	\$65,000	2022	\$165,000
Uplands Sewer Separation	\$25,600,000	2023-2026	\$29,718,300
EDRM System	\$265,000	2022-2023	\$640,000
Carnarvon Park Building Construction	\$5,000,000	2025	\$29,600,000
New storm sewer assets	\$240,000	2022	\$472,500
McNeill Bay erosion mitigation assets	\$1,280,000	2022-2024	\$2,180,000
New sanitary sewer assets	\$250,000	2022-2023	\$418,750
Water distribution system, new assets	\$446,000	2022-2024	\$496,000

Electric Vehicle Charging Stations Life Cycle Costing

Cost type	Amount	Comment
Capital Cost	\$65,000	2020 options analysis + 2020 capital expenditure
Operating, maintenance, utilities	\$100,000	10 years, \$10,000 per year
Total	\$165,000	

At the January 25, 2021 Regular Council meeting, Council resolved to levy a \$1 per hour user fee for the electric vehicle stations. This may offset life cycle cost as revenues may be reinvested in infrastructure replacement.

Uplands Sewer Separation Life Cycle Costing

Cost type	Amount	Comment
Capital Cost	\$25.6M	
Operating, maintenance, utilities	\$4.1M	\$51,250 per year x 80 years
Total	\$29.7M	

The new infrastructure that results from the Uplands Sewer Separation project is expected to have a useful life of approximately 80 years. The total life cycle costs are estimated to be \$29.7M. Annualized over 80 years, this is approximately \$371,300 per year, and is equivalent to a 1.26% tax increase, or \$41 to the median residential property.

Electronic Document Records Management System

Cost type	Amount	Comment
Capital Cost	\$265,000	
Operating, maintenance, utilities	\$375,000	15 years, \$25,000 per year
Total	\$640,000	
Annualized Cost	\$42.667	15 year life span
Equivalent tax increase %	0.16%	
Equivalent tax increase \$	\$5.13	Annually to the average residential property

Carnarvon Building Life Cycle Costing

Cost type	50 Years	75 Years
Capital Cost	\$5,000,000	\$5,000,000
Operating, maintenance, utilities	\$10,550,000	\$15,825,000
Operating Revenue	(\$1,850,000)	(\$2,775,000)
Component Replacement*	\$5,112,100	\$8,770,759
Total	\$18,812,100	\$26,820,759
Annualized Cost	\$376,242	\$357,610
Equivalent tax increase %	1.42%	1.38%
Equivalent tax increase \$	\$45.78	\$43.51

New Storm Sewer Assets

Cost type	Amount	Comment
Capital Cost	\$270,000	
Operating, maintenance, utilities	\$202,500	\$2,700 per year x 75 years
Total	\$472,500	
Annualized Cost	\$6,033	75 year life span
Equivalent tax increase %	Negligible	
Equivalent tax increase \$	Negligible	Annually to the average residential property

McNeill Bay Erosion Mitigation

Cost type	Amount	Comment
Capital Cost	\$1,280,000	
Operating, maintenance, utilities	\$900,000	\$12,000 per year x 75 years
Total	\$2,180,000	
Annualized Cost	\$29,066	75 year life span
Equivalent tax increase %	0.11%	
Equivalent tax increase \$	\$3.29	Annually to the average residential property

New Sanitary Sewer Assets

Cost type	Amount	Comment
Capital Cost	\$250,000	
Operating, maintenance, utilities	\$168,750	\$2,250 per year x 75 years
Total	\$418,750	
Annualized Cost	\$5,583	75 year life span
Equivalent tax increase %	Negligible	
Equivalent tax increase \$	Negligible	Annually to the average residential property

Water Distribution System, New Assets

Cost type	Amount	Comment
Capital Cost	\$346,000	
Operating, maintenance, utilities	\$150,000	\$2,000 per year x 75 years
Total	\$496,000	
Annualized Cost	\$6,613	75 year life span
Equivalent tax increase %	Negligible	
Equivalent tax increase \$	Negligible	Annually to the average residential property

GLOSSARY

Accounting Surplus: An accounting surplus is revenues less expenses. It does not include expenditures made for capital, on debt principal or transfers to or from reserves. Local governments may budget for an accounting surplus or deficit but not a budget deficit or surplus. See the definition of a balanced budget

Accrual: An accounting method measuring the financial performance and position of an organization by recognizing economic events when they happen, regardless of when the related cash actually changes hands. For instance, revenue is recognized in the financial statements when earned, not when received.

Accumulated Surplus: The accumulated surplus is a pool of accumulated funds resulting from all historical budgetary surpluses. Budgetary surpluses result in funds remaining in accumulated surplus (unappropriated) or transferred to reserve (appropriated).

Appropriated: When a fund is appropriated, it is subject to certain restrictions on what the fund can be used for.

Approval of the Electors: Approval of the electors is required when a local government decision may have a significant impact on the community over the longer term. Some examples are: (1) Long-term borrowing (loan authorization) for municipalities, (2) Disposal of certain utilities other than a water or sewage system, (3) Exchange or other disposal of parkland, (4) Liabilities under some types of agreement, or (5) Removing the reservation or dedication from property.

Approval-free Liability Zone: The approval-free liability zone is 5% of controllable and sustainable municipal revenue. Once the total annual cost of servicing liabilities exceeds the five percent approval free limit, all subsequent borrowing must receive elector approval.

Balanced Budget: A Financial Plan where the sum of current revenue, transfers from reserves and debt proceeds, equals the sum of current operating expenditures, debt principal payments plus capital expenditures.

Capital Asset: An asset that has physical substance, is used to supply a service, lasts longer than a year and is not for sale in the ordinary course of operations.

Capital Expenditure: The expenditure of monies for the purchase or construction of a capital asset.

Deferred Revenue: Refers to payments received in advance for services which have not yet been performed. The most common form of deferred revenue in municipal accounting consists of Development Cost Charges that are advanced payments for future capital services needed as a result of growth.

Financial Plan: This term is used interchangeably with “budget” but will also usually refer to the 5 year budget Bylaw.

Forced Growth: costs that the District must incur to continue to provide existing services at the same service level. For instance, collective agreement increases, inflation and contractual increases are forced growth factors. Forced growth is not increases to service delivery costs resulting from elective changes or enhancements to existing programs.

Fund: A pool of money set aside for a specific purpose.

FTE (Full Time Equivalent): A statistic to compare staffing levels between departments, organizations, or years. It is calculated by dividing the total number of hours that one full-time staff member would work during a year.

LGDE (Local Government Data Entry): The LGDE forms provide a standardized financial measure of local government activities over the previous fiscal year. Local governments must annually submit their forms by May 15th to the Ministry of Municipal Affairs and Housing. These forms are a standardized presentation of a local government's financial position and activities, such as assets, liabilities, revenue, expenditures, over the course of the previous fiscal year (based on the audited financial statements).

Life-Cycle Costs: Full life-cycle costs refer to the total costs incurred by a piece of capital during the entirety of its useful life. For instance, the full life-cycle costs would include the acquisition or construction cost, maintenances costs, and the cost of ongoing annual repairs and maintenance for continued provision of the capital service.

Liability: Liabilities are present obligations a reporting entity has to others arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefit.

Municipal Finance Authority (MFA): The Municipal Finance Authority of British Columbia (MFA) was created in 1970 to contribute to the financial well-being of local governments throughout BC. The MFA pools the borrowing and investment needs of BC communities through a collective structure and is able to provide a range of low cost and flexible financial services to our clients equally, regardless of the size of the community. The MFA is independent from the Province of British Columbia and operates under the governance of a Board of Members appointed from the various Regional Districts within the province.

New Construction Taxation Revenue: Taxation revenue that results from taxable land or buildings that were not subject to taxes in the previous year. For example, newly built taxable buildings, previously exempt taxable property, newly subdivided land, or valuation increase due to zoning amendments.

Official Community Plan: Under the *Local Government Act* Section 875, an OCP is a statement of objectives and policies to guide decisions on planning and land use management, within the area covered by the plan, respecting the purposes of local government.

Operating Costs: Expenses which are related to the operation of a business, or related device, component, piece of equipment or facility.

Revenue: Income from business services and fees.

Reserve Fund: A fund established by Bylaw for a specific purpose. Monies placed in a reserve fund can only be used for the purpose for which the reserve was established.

RFP: A Request For Proposal is issued at an early stage in a procurement process, where an invitation is presented for suppliers to submit a proposal on a commodity or service.

Service Plans: These plans depict the operating costs/revenues and related performance measures of a District Department.

SOFI (Statement of Financial Information): The SOFI is a financial statement prepared pursuant to the *Financial Information Act*. The SOFI contains audited financial statements, as well as other mandated schedules including the schedule of remuneration and expenses, as well as the schedule showing payments made for the provision of goods or services.

Special Initiatives: One-time operating projects that are outside the normal course of work performed by staff.

Sustainable Infrastructure Replacement Funding: This refers to the annual funding that is required so an asset can be replaced at the end of its useful life without borrowing.

APPENDIX A: PRELIMINARY 2020 FINANCIAL RESULTS

Revenue	2021 Budget	2021 Preliminary	YTD %	Preliminary Variance
Property Value Taxes	\$28,469,200	\$28,470,841	100.0%	\$1,641
Boulevard Frontage Taxes	221,300	220,858	99.8%	(442)
Grant In Lieu of Taxes	53,300	76,011	142.6%	22,711
1% Utility Revenue	221,700	221,784	100.0%	84
Property Tax Penalties & Interest	167,800	242,400	144.5%	74,600
Grants (Operating)	3,050,900	657,920	21.6%	(2,392,980)
Grants (Capital)	6,923,700	8,436,952	121.9%	1,513,252
Developer Contributions	186,000	186,000	100.0%	-
Investment Income	562,500	727,480	129.3%	164,980
Miscellaneous Revenue	15,300	21,471	140.3%	6,171
Municipal-Regional District Tax	150,000	44,613	29.7%	(105,387)
Facilities Dept. Revenue	396,200	399,521	100.8%	3,321
Finance Dept. Revenue	51,700	46,643	90.2%	(5,057)
Building & Planning Dept. Revenue	907,600	1,058,451	116.6%	150,851
Engineering Dept. Revenue	27,100	(2,460)	-9.1%	(29,560)
Public Works Dept. Revenue	1,669,800	1,655,679	99.2%	(14,121)
Parks & Recreational Dept. Revenue	4,750,600	6,103,508	128.5%	1,352,908
Sewer Utility Fees	1,414,900	1,392,961	98.4%	(21,939)
Water Utility Fees	4,798,300	4,721,371	98.4%	(76,929)
Total Revenue	54,037,900	54,682,004	101.2%	644,104

APPENDIX A: PRELIMINARY 2020 FINANCIAL RESULTS *CONTINUED*

Operating Expenses	2021 Budget	2021 Preliminary	YTD %	Preliminary Variance
Corporate Administration	2,747,800	2,466,992	89.8%	280,808
Oak Bay Tourism	150,000	75,210	50.1%	74,790
Facilities	211,100	173,284	82.1%	37,816
Finance & IT	1,535,900	1,355,352	88.2%	180,548
Policing	5,475,400	4,971,893	90.8%	503,507
Fire Protection	5,077,500	5,007,404	98.6%	70,096
Building & Planning	1,099,800	972,721	88.4%	127,079
Engineering Services	1,451,100	1,316,322	90.7%	134,778
Public Works	3,825,600	3,691,707	96.5%	133,893
Parks and Recreation	12,113,400	11,935,548	98.5%	177,852
Library	1,128,300	1,124,144	99.6%	4,156
Sewer Utility	802,500	694,365	86.5%	108,135
Water Utility	3,700,700	3,389,626	91.6%	311,074
Fiscal	56,000	75,798	135.4%	(19,798)
Debt Interest	134,400	134,378	100.0%	23
Contingencies	285,200	89,593	31.4%	195,607
Major Crimes Contingency	805,000	-	0.0%	805,000
Special Initiatives	1,327,000	476,700	35.9%	850,300
Total Operating Expenses	41,926,700	37,951,037	90.5%	3,975,664
Add:				
Transfers from Reserves	16,936,500	6,660,931	39.3%	10,275,569
Deduct:				
Capital Expenditures	(21,110,600)	(6,775,295)	32.1%	(14,335,305)
Transfers to Reserves	(7,794,500)	(14,001,886)	179.6%	6,207,386
Debt Principal	(142,600)	(142,594)	100.0%	(6)
Total	\$ -	\$2,472,124		\$(2,472,124)

These preliminary financial results are unaudited. Staff are currently completing all financial transactions to compile the 2020 Financial Statements. Staff estimates that final results may be between +/- \$500,000 of the preliminary results.

APPENDIX B: BASIS OF ACCOUNTING AND BUDGETING

The accounting policies of the District conform to Canadian Generally Accepted Accounting Principles for local governments and the Consolidated Financial Statements are prepared as prescribed by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants. The District uses various funds to account for its revenues and expenditures. The revenue in each fund may be spent only for the purpose specified in the fund. Each fund belongs to one of five categories: general, parks and recreation, sewer, water, or reserve. General funds are used for general government and protective services. Recreational funds are used for the day-to-day operations of the District's Parks, Recreation and Culture department. Water and Sewer funds are self-financed utilities, except for a general fund contribution to the sewer fund. Both utility funds are used for operating and capital purposes. Reserve funds accumulate revenue and interest that will be used to pay for major capital expenses in future years.

All funds, (general, sewer utility and reserves) are accounted for on the accrual basis. Sources of revenue are recognized when earned. Revenue unearned in the current period is reported on the balance sheet as deferred revenue.



APPENDIX C: FINANCIAL PLAN BYLAW

THE CORPORATION OF THE DISTRICT OF OAK BAY

BYLAW NO. XXXX

A Bylaw to authorize the Financial Plan for the years 2022 to 2026

The Municipal Council of The Corporation of the District of Oak Bay in open meeting assembled enacts as follows:

1. Schedule “A” attached hereto and forming a part of this Bylaw is hereby adopted as the Financial Plan of The Corporation of the District of Oak Bay for the calendar years of 2022 to 2026
2. This Bylaw may be cited as the Financial Plan Bylaw 2022, No. XXXX.

READ a first, second and third time by the Municipal Council on: XX/XX/XXXX

ADOPTED and FINALLY PASSED by the Municipal Council on: XX/XX/XXXX

Mayor

Director of Corporate Services

Sealed with the Seal of The Corporation
of the District of Oak Bay.

	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Revenue					
Property Taxes	\$30,166,900	\$31,602,800	\$32,992,400	\$34,663,600	\$36,084,100
Parcel (frontage) Taxes	232,400	244,000	256,200	269,000	282,500
Other Taxes	86,700	88,400	90,200	92,000	93,800
Fees and Charges					
Sales of Service	9,179,900	9,566,500	9,952,500	10,363,300	10,782,000
Other Fees and Charges	1,037,600	1,046,400	1,047,400	1,048,000	1,048,000
User Fees	8,912,200	10,601,400	11,527,400	11,769,700	12,016,900
Interest	1,153,300	1,190,200	1,230,300	1,272,300	1,316,400
Grants and Other Governments	2,300,800	5,661,400	3,504,800	7,649,000	7,649,000
Other	241,800	240,200	243,500	246,800	250,200
Total Revenue	\$53,311,600	\$60,241,300	\$60,844,700	\$67,373,700	\$69,522,900
Expenses					
General Municipal	28,578,700	29,123,500	30,321,300	30,947,700	31,965,000
Protective Services	13,227,200	13,393,900	13,462,000	13,716,600	13,945,600
Water	4,104,900	4,248,700	4,372,500	4,518,500	4,669,600
Sewer	3,647,700	3,781,200	3,919,700	4,063,800	4,213,600
Debt Interest	134,400	134,400	180,000	305,000	305,000
Total Expenses	\$49,692,900	\$50,681,700	\$52,255,500	\$53,551,600	\$55,098,800
Accounting Surplus	3,618,700	9,559,600	8,589,200	13,822,100	14,424,100
Add:					
Transfer from Reserve Funds					
Capital Works	5,926,300	3,751,500	3,188,300	2,989,600	3,046,800
Climate Action	125,800	15,900	25,000	-	-
Fire Equipment	3,440,000	411,500	423,800	247,200	400,000
General Surplus	4,486,200	1,578,800	514,100	444,800	170,600
Infrastructure Renewal	5,805,400	6,917,300	5,017,600	9,223,800	7,618,300
Machinery and Equipment	1,887,300	482,000	176,000	501,500	600,000
Major Crimes	885,000	965,000	1,045,000	1,125,000	1,205,000
Tod House Trust	335,000	-	-	-	-
Amortization	2,735,300	2,872,100	3,015,700	3,166,400	3,324,800
Debt proceeds	-	6,000,000	-	5,000,000	-
Deduct					
Capital Expenditure	(18,921,100)	(21,909,800)	(10,622,400)	(24,266,500)	(17,959,200)
Transfers to Reserves					
Capital Works	(3,907,100)	(3,597,000)	(3,701,600)	(3,802,000)	(3,740,600)
Fire Equipment	(399,500)	(411,500)	(423,800)	(436,500)	(449,600)
General Reserve	(40,300)	(41,400)	(42,700)	(44,000)	(45,400)
Infrastructure Renewal	(5,361,400)	(5,964,500)	(6,521,900)	(7,128,300)	(7,736,600)
Machinery and Equipment	(378,500)	(389,900)	(401,600)	(413,600)	(426,000)
Major Crimes	(82,400)	(84,900)	(87,400)	(90,000)	(92,700)
Tod House Trust	(12,100)	(12,100)	(11,900)	(11,700)	(11,700)
Debt Principal	(142,600)	(142,600)	(181,400)	(327,800)	(327,800)
Budgetary Surplus	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule "A", Continued

Objectives and Policies regarding:

1. Funding Sources
2. Property Value Tax Distribution
3. Permissive Tax Exemptions

1. Funding Sources

1.1. Revenue from Property Value Taxes - Objectives and Policies

The Municipality has a property tax base within which 97.6% of the value is in the Residential class. The high percentage of Residential value, which by its nature is spread over a very large number of properties as opposed to being concentrated in a single industry or sector, enhances the dependability of the property tax as a revenue source. The higher the proportion of total revenue attributable to the property tax, the more predictable are actual revenues for the year and the lower is the likelihood of a shortfall relative to the budgeted revenue amount.

On the other side of the issue, whereas with respect to alternative sources of revenue such as user fees there may be scope for the individual taxpayer to make choices that affect the amount paid, the amount of the value-based tax levy for a parcel of land is something over which the owner has virtually no control.

The objective of Council with respect to the property tax, therefore, is to achieve a balance between the revenue predictability that this source provides on the one hand, and the goal of restraining the growth of the property value-based tax burden on the other.

Council policy is to use the property tax levy to balance the expenditure side of the budget for each year after examining the potential for sustainable revenues from all other sources.

1.2. Revenue From Parcel Taxes - Objectives and Policies

A parcel tax is a tax levy on land, the amount of which is not a function of the assessed value of the land. It can be the same amount for every parcel regardless of size, or it can vary with the area or frontage of a parcel.

Only in limited circumstances is a parcel tax an alternative to a property value-based tax. It can only be applied to properties receiving a particular service and cannot be used for the funding of general services.

With the property tax taking into account the value of improvements as well as land, there is a higher probability, compared to a parcel tax, that it will be related to ability to pay.

The objective of Council with regard to the parcel tax concept is to ensure that its use is fair in light of the actual distribution of the benefits conferred by the service that it is intended to fund.

Council policy to date has been to use the parcel tax only to cover part of the cost of maintaining boulevards on a limited number of streets where this service is provided by the Municipality. With the value of the service directly related to the amount of boulevard to be maintained, the parcel tax in this case is based on frontage.

1.3. Revenue From Fees - Objectives and Policies

Fees charges for specific services form a large part of the municipal revenue stream, adding approximately another 50% to the amount raised by the property value-based tax levy.

The largest component of user fee revenue is that which is generated from the Municipality's recreation programs. The objective of Council is to ensure that recreation user fee revenues cover all of the direct program costs, and to maximize the coverage of fixed overhead costs as well.

Council policy is to review recreation user fees annually, against the backdrop of the regional market.

Much smaller than recreation fee revenue, but still significant in terms of the property value-based tax increase that would be required to replace it, is the solid waste collection and disposal charge, which is a fixed amount for each collection unit (e.g., a dwelling unit or small business) served by municipal crews. The principal objective, with respect to the use of a solid waste charge rather than the property value-based tax is to avoid double-charging properties that, due to volume and the nature of the equipment used, must contract privately for solid waste collection services.

Council policy is to recover 100% of its solid waste disposal and collection costs through the solid waste fee.

The Municipality also operates a water distribution system. Its fiscal objective, with respect to the system, is to cover the associated costs on a user-pay basis, and the policy in this regard is to set water consumption rates and connection fees at a level which achieves this goal without any requirement for subsidization from the property value-based tax.

The Municipality's sewer system is also operated as a utility, which has traditionally been funded through the property value-based tax, with minor contributions from connection fees.

With large capital costs forthcoming in order to comply with the Capital Regional District's Core Area Liquid Waste Management plan, along with the Provincial Municipal Sewage Regulation, Council has set an objective of funding a greater portion of sewer utility costs from user fees.

With household water consumption closely tied to capacity requirements in the sewer system, Council has determined to raise 70% of its sewer utility costs from a water consumption-based user fee by policy.

1.4. Revenue From Other Sources - Objectives and Policies

Revenue in the "Other Sources" class consists primarily of appropriations from internal municipal reserve funds. The proportion of total revenue from this source will vary significantly from one year to the next.

The principal objective with respect to the use of reserve funds is to finance capital asset depreciation and avoid the use of such funds to offset ongoing operating costs. The rationale for this being that the latter would not be sustainable in the long-term, and would eventually require a property value-based tax spike.

Council policy is to use its reserve funds to finance capital works which, in the main, are not undertaken by municipal crews and which therefore may increase or decrease in the amount of the expenditure budget that they represent without affecting the permanent workforce.

1.5. Proceeds From Borrowing - Objectives and Policies

The objective of Council is to maintain its long-term debt servicing costs at a manageable level by replacing infrastructure on an incremental "pay as you go" basis.

Council policy is to limit the creation of long-term debt to the financing of large capital projects, which cannot efficiently be undertaken on an incremental basis, or where such an approach would not be adequate to meet requirements with respect to public safety, health or senior government regulations.

The objective for short-term borrowing, (less than 5 years) is to maintain the outstanding debt at a relatively constant level so that with the amortization of the debt on a project so financed, further investments in the assets of the Municipality can be made without tax impact. The amount of short-term debt that can be outstanding at any one time is relatively low—pursuant to the requirements of the Community Charter. Projects funded in this manner therefore tend to be relatively small; alternatively, the short-term debt may represent only part of the overall funding package.

2. Property Value Tax Distribution

With non-residential properties representing a very small proportion of the total tax base, taxing other classes at a high multiple of the residential rate would be of relatively small benefit to the homeowner, while imposing a disproportionate burden on business property owners and their commercial tenants.

The municipal business tax rate as a multiple of the residential tax rate, therefore, is very low relative to most local governments throughout British Columbia. There is no property in the Industry class, and only a small amount in the Recreation class.

The objective of Council is to distribute future property value tax increases equitably among the three main classes of property within the Municipality.

The policy is to adjust the tax rate ratios each year so that the increase on the average individual property is approximately the same for each of the main classes.

There is one property in the Farm class. The value of the property, however, is in its residential use, and the policy is to set the Farm tax rate so as to produce for that one property a municipal tax levy comparable to what it would have been had it remained in the Residential class and increased in assessed value at a rate comparable to other residential properties in its immediate neighbourhood.

3. Permissive Tax Exemptions

The objective being to distribute the tax burden fairly among properties receiving municipal services, Council makes very little use of its authority to grant permissive tax exemptions.

The policy to date has been to grant permissive exemptions for land and improvements appurtenant to property already exempted by statute (e.g., churches). These exemptions have also been extended to portions of municipal land leased, or licensed to a non-profit organization providing a service complementary to municipal services, and in one case, an institution of childhood learning not statutorily exempt.

APPENDIX D: 2020 - 2022 CONSOLIDATED BUDGETS AND ACTUALS

Revenue	2020 Actual	2021 Actual	2021 Budget	2022 Budget
Property Value Taxes	\$26,525,158	28,470,841	\$28,469,200	\$30,166,900
Boulevard Frontage Taxes	215,418	220,858	221,300	232,400
Grant In Lieu of Taxes	77,529	76,011	53,300	61,500
1% Utility Revenue	220,371	221,784	221,700	223,400
Property Tax Penalties & Interest	156,913	242,400	167,800	174,200
Grants (Operating)	4,247,362	657,920	3,050,900	1,852,700
Grants (Capital)	936,824	8,436,952	6,923,700	1,703,100
Developer Contributions	-	186,000	186,000	-
Investment Income	834,759	727,480	562,500	662,500
Miscellaneous Revenue	7,239	21,471	15,300	10,300
Municipal-Regional District Tax	66,621	44,613	150,000	150,000
Facilities Dept. Revenue	401,064	399,521	396,200	414,900
Finance Dept. Revenue	49,388	46,643	51,700	51,300
Building & Planning Dept. Revenue	847,502	1,058,451	907,600	922,800
Engineering Dept. Revenue	61,338	(2,460)	27,100	22,100
Public Works Dept. Revenue	1,596,610	1,655,679	1,669,800	1,728,000
Parks & Recreational Dept. Revenue	4,798,406	6,103,508	4,750,600	7,184,200
Sewer Utility Fees	1,366,587	1,392,961	1,414,900	1,472,500
Water Utility Fees	4,829,931	4,721,371	4,798,300	5,027,200
Total Revenue	47,239,020	54,682,004	54,037,900	52,060,000

APPENDIX D: 2020 - 2022 CONSOLIDATED BUDGETS AND ACTUALS *CONTINUED*

Operating Expenses	2020 Actual	2021 Actual	2021 Budget	2022 Budget
Corporate Administration	2,198,291	2,466,992	2,747,800	2,861,200
Oak Bay Tourism	138,500	75,210	150,000	150,000
Facilities	160,205	173,284	211,100	221,000
Finance & IT	1,284,662	1,355,352	1,535,900	1,585,200
Policing	4,565,489	4,971,893	5,475,400	5,482,100
Fire Protection	4,839,102	5,007,404	5,077,500	5,138,500
Building & Planning	886,431	972,721	1,099,800	1,311,400
Engineering Services	1,264,567	1,316,322	1,451,100	1,476,700
Public Works	3,572,248	3,691,707	3,825,600	3,962,000
Parks and Recreation	10,649,319	11,935,548	12,113,400	13,514,700
Library	1,200,414	1,124,144	1,128,300	1,162,000
Sewer Utility	574,962	694,365	802,500	833,600
Water Utility	3,136,214	3,389,626	3,700,700	3,808,200
Fiscal	86,385	75,798	56,000	57,800
Debt Interest	134,378	134,378	134,400	134,400
Contingencies	10,835	89,593	285,200	526,200
Major Crimes Contingency	-	-	805,000	885,000
Special Initiatives	130,619	476,700	1,327,000	1,545,900
Total Operating Expenses	\$34,832,621	\$37,951,037	\$ 41,926,700	\$ 44,655,900
Add:				
Transfers from Reserves	5,747,586	6,660,931	16,936,500	20,521,900
Deduct:				
Capital Expenditures	(5,904,382)	(6,775,295)	(21,110,600)	(18,921,100)
Transfers to Reserves	(10,800,572)	(14,001,886)	(7,794,500)	(8,862,300)
Debt Principal	(142,594)	(142,594)	(142,600)	(142,600)
Total	\$1,306,435	\$2,472,124	\$-	\$-



DISTRICT OF
OAK  BAY