



STAFF REPORT

DATE: November 22, 2018

FILE: 0550-04 EASC

TO: Chair and Directors
Electoral Area Services Committee

FROM: David Leitch
Chief Administrative Officer

RE: 2019-2023 FINANCIAL PLAN – ELECTORAL AREA BUSINESS CASES

PURPOSE/PROBLEM

To present strategic business cases for service enhancements and capital project improvements to be considered for inclusion in the 2019-2023 Financial Plan package for electoral areas.

EXECUTIVE SUMMARY

At its September 19, 2018 meeting the Board approved the 2019 financial planning process which included the November 28, 2018 budget meeting for the Electoral Areas Services Committee to present strategic business cases to be considered for inclusion in the 2019-2023 Financial Plan package to be presented to the Board in late January 2019.

Strategic business cases as presented are focused on high priority service enhancements and capital improvements for the electoral area operations and ongoing service delivery. Asset renewal projects which are required to maintain base service levels are not presented with a business case, those are presented in the draft capital plan for each area.

The business cases presented for 2019 financial planning include:

- Area C Re-Direct Funds Q-Cove Sewer Improvements
- Area D Hagel Park Permanent Accessible Washroom
- Area D Re-Direct Booster Pump Station Funds
- Area D Water Plan Study Update
- Enhanced Bylaw Enforcement and Building Inspection Services

Funding for service enhancements are generally funded by requisition or user fee increases as ongoing funding is required to maintain these service levels. Funding for capital projects for the electoral areas are generally funded by reserves with ongoing contributions from the operating budgets or from the Community Works Fund reserves allocated to each electoral area.

The Recommended Budget that will be published in late January will include the base operations budget of the electoral areas, capital budget, reserve balances, and the requisition impact of any recommended business cases. This will allow the Board to make a fully informed decision on the service needs and the total requisition impact to the related users of the service.

RECOMMENDATIONS

1. THAT the report from the Chief Administrative Officer be received.
2. THAT the Committee recommend that the 2019-2023 Financial Plan package include \$100,000 for the Q-Cove Marine Outfall Improvements with funds from the Area C Community Works Fund reserve, and

THAT the following subsections (ii) and (iii) of Board resolution SRD1167/16 to allocate funds from Community Works Funds be rescinded:

- ii) Electoral Area C: Quathiaski Cove Sewer emergency generator \$9,780.
- iii) Electoral Area C: Quathiaski Cove Sewer treatment plan equalization tank transfer pumps replacement \$10,000.

3. THAT the Committee recommend that the 2019-2023 Financial Plan package include \$65,000 for the Hagel Park Permanent Accessible Washroom with funds from the Area D Community Works Fund reserve.
4. THAT the Committee recommend that the 2019-2023 Financial Plan package include \$100,000 for the Craig Road Pressure Zone Upgrade and \$530,000 for the Area D Water Supply Connection Improvements with funds from the Area D Community Works Fund reserve, in addition to \$10,000 to be included in the Area D operating budget.
5. THAT the Committee recommend that the 2019-2023 Financial Plan package include \$30,000 to update the 2012 Area D Water Study.
6. THAT the Committee recommend that the 2019-2023 Financial Plan package include \$91,095 to create a Bylaw Enforcement Officer position at 3 days per week and \$173,190 to create a full-time Building Official position.

Respectfully:


David Leitch
Chief Administrative Officer

for

Prepared by: Myriah Foort, BBA, CPA, CA, Chief Financial Officer

Attachments: 2019-2023 Financial Plan – Electoral Area Business Cases



Business Case Area C Re-Direct Funds Q-Cove Sewer Improvements

1. Executive Summary

With a grant from the Clean Water and Wastewater Fund, the Quathiaski Cove Sewer Extension Project became feasible. In 2018 the grant deadline was extended and the scope was expanded to, amongst other, include two improvements which the Board previously supported to be funded from the Area C Community Works Funds (CWF) reserve:

(SRD 1167/16)

ii) Electoral Area C: Quathiaski Cove Sewer emergency generator \$9,780. iii) Electoral Area C: Quathiaski Cove Sewer treatment plan equalization tank transfer pumps replacement \$10,000.

Therefore, the amounts allocated from CWF for the completion of the above-mentioned improvements, can now be redirected to other deteriorating components of the sewer infrastructure system.

On October 10, 2018, the Board (SRD 867/18) supported the execution of a statutory R.O.W agreement for the sanitary sewer marine outfall for the Quathiaski Cove sewer system. The indefinite term of this agreement will ensure that SRD continues to have access for operating a marine outfall for discharging treated effluent from the sewer system including excavation, construction, replacement, repair and safeguarding the outfall infrastructure.

2. Business Problem and Opportunity

The outfall infrastructure is subject to erosion of the sea bed and bank where the upland equalization tank transfer pumps (that will be replaced with grant funds) is located. To protect the mentioned infrastructure, stabilize the bank and to ensure that best management plan practices are followed, it is recommended that the marine outfall improvements are undertaken in 2019 with the other improvements occurring on the system.

3. Proposed Project Objectives

To apply best management practices by improving and protecting sanitary system infrastructure.

4. Business Risks

There are no risks and numerous benefits associated with this proposal. Any remaining funds that are not used for the identified purpose will be returned to the CWF.

5. Cost Benefits Analysis and Proposed Source(s) of Funding

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|------------------------------------|------------------|------------|------------|------------|------------|------------------|
| Q-Cove Marine Outfall Improvements | \$ 100,000 | \$- | \$- | \$- | \$- | \$100,000 |
| Operational Costs (5 yrs) | \$- | \$- | \$- | \$- | \$- | \$- |
| Total | \$100,000 | \$- | \$- | \$- | \$- | \$100,000 |

| b) Benefits | |
|---------------------|---|
| Tangible Benefits | 1) Improving the exposed marine outfall through the application of best management practices; 2) protecting the proposed improved outfall and upland equalization tank transfer pumps from future sea bed and shore-line erosion. |
| Intangible Benefits | Improved credibility of the SRD as a local government that is following best management practices and who are proactively protecting critical infrastructure. |

6. Summary Recommendation

THAT the 2019-2023 Financial Plan package include \$100,000 for the Q-Cove Marine Outfall Improvements with funds from the Area C Community Works Fund reserve.

THAT the following subsections (ii) and (iii) of Board resolution SRD1167/16 to allocate funds from Community Works Funds be rescinded: ii) Electoral Area C: Quathiaski Cove Sewer emergency generator \$9,780. iii) Electoral Area C: Quathiaski Cove Sewer treatment plan equalization tank transfer pumps replacement \$10,000.



Business Case Area D Hagel Park Permanent Accessible Washroom

1. Executive Summary

The need for a permanent accessible washroom facility at Hagel Park has been identified by the community and continues to grow with the parks increasing popularity. This project has had a placeholder in the Hagel Park service plan for consideration in future financial plans through the last five budget cycles. The provision of an accessible facility would enable use for all ages and needs of park users.

2. Business Problem and Opportunity

Hagel Park has developed into Area D's most popular public park for recreation, leisure, and provides a relaxing rural park environment. The park is a well-loved destination park for residents and visitors of Area D alike. With recent amenity upgrades within Hagel Park and an increasingly active user group there is growing popularity of Hagel Park within the community. A permanent washroom facility that meets current accessibility standards is warranted and was identified by the public during the 2016 consultations for the playground replacement.

Although the SRD currently provides one portable facility with weekly maintenance to Hagel Park, it has been deemed insufficient for the volume and needs of park users. The existing platform that houses the portable facility is at the end of its service life and requires replacement to safely house the current facility and requires additional funds even to remain status quo. To provide responsible service delivery, it is in the SRD's best interest to provide a more appropriate facility. A shelter to accommodate an accessible washroom utilizing either an in-ground holding tank or alternative design that keeps in line with the rural nature of the area will provide a more responsible and acceptable level of service for all park users.

Funding for these additional improvements is requested from the Area D community works fund.

3. Proposed Project Objectives

To make better strategic decisions about managing and upgrading accessibility within the SRD's parks and facilities. Specifically, to improve park amenities in Hagel Park to accommodate growing usage and needs of users. This project supports the SRD's mission to provide the citizens with a healthy environment and social well-being that leads to a vibrant quality of life through responsible economic development and effective delivery of services. It further aligns with the SRD's core values and visions in that it will better serve a greater range of taxpayers and enhance our service to accommodate all users.

4. Business Risks

There is a significant risk should a permanent accessible washroom facility not be constructed in that a basic need for a variety of park users will not be met.

5. Cost Benefits Analysis and Proposed Source(s) of Funding

Funding is proposed to come from the Area D Community Works Fund reserve. The improvements would not impact current park operating and maintenance costs. Operational costs associated with the facility would be similar to those currently under the existing portable washroom rental agreement and contracted services budget.

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|-----------------------------|-----------------|------------|------------|------------|------------|-----------------|
| Capital Costs | \$65,000 | \$- | \$- | \$- | \$- | \$65,000 |
| Operational Costs (5 Years) | \$- | \$- | \$- | \$- | \$- | \$- |
| Total | \$65,000 | \$- | \$- | \$- | \$- | \$65,000 |

| b) Benefits | |
|---------------------|---|
| Tangible Benefits | An updated and improved park amenity that is more in line with the park accessibility standards to serve and accommodate all park users. |
| Intangible Benefits | Responsible service delivery and a higher standard of park amenity that responds to park users desired improvements for the park and accommodates the increase in park use. |

6. Summary Recommendation

THAT the 2019-2023 Financial Plan package include \$65,000 for the Hagel Park Permanent Accessible Washroom with funds from the Area D Community Works Fund reserve.



Business Case Area D Re-Directing Booster Bump Station Funds

1. Executive Summary

On January 26, 2017 the Board passed the following motion (SRD77/17):

THAT the release of an additional \$400,000 from the Electoral Area D Community Works Fund, totaling \$735,000 for the Area D booster pump station project be approved, and THAT the financial plan be amended accordingly.

At the end of 2016: 1) McElhanney completed the design that fitted the subject property along Craig Road in Electoral Area D, to improve water pressure in the area; and 2) BC Hydro provided a cost estimate to have three-phased power installed at the subject property but failed to produce a detailed design. The Board passed motion SRD77/17, to ensure sufficient funds were available when project was ready to be tendered. Unfortunately, the funds required to bring three-phase power to the subject site for the operation of the station has made the project cost-prohibitive. Therefore, the funds allocated to this project, should be: 1) reduced to have the amount needed to address the pressure problem with on-site pressure pumps for all affected properties; and 2) to re-direct remaining funds to a different project in Area D identified as a higher need; and 3) return the remaining unused funds to the Area D Community Works Funds reserve.

2. Business Problem and Opportunity

2.1 Addressing the water pressure problem in the Craig Road area.

Although a booster pump station would have been the preferred solution to address the water pressure problem, an alternative localized water pressure solution can be explored at an estimated cost of \$100,000 which is substantially less than the original budgeted allocation for a booster pump station.

2.2 Redirecting allocated CWF to install bulk water meter readers and back-flow prevention valves.

Since 2016, when the need for a booster pump station was evident, other deficiencies of the northern Electoral Area D water service has come to light, including the need to:

- a) conserve water by installing water meters on individual properties. Grant funding was applied for in the fall of 2018 totaling \$2.4 million to install water meters to all properties in the Area D water service area. The SRD expects to hear results of the grant application in mid-2019;
- b) replacing the existing four bulk water meter readers with an above-ground chamber, hosting modern readers connected to a Supervisory Control and Data Acquisition (SCADA) system. This will enable the SRD to receive frequent reads and in doing so, be able to better manage the system, and to identify and respond to problems proactively. The City of Campbell River will consider replacing the four bulk readers in 2020. Prior to the potential upgrade the SRD has no ability to measure whether the readers are producing the correct readings. Further, with only one meter read per month at in-consistent frequencies, the SRD is not in a position to determine best management practices. The installation of meter readers will provide the opportunity for accurate measurement of water and most importantly identify inconsistencies and anomalies within the system. The SRD can then be able to better manage its water distribution system rather than being reliant on the City of Campbell River; and
- a) installing back-flow prevention valves to prevent water system pollution between the Area D system and the City of Campbell River's system. The installation of back-flow prevention devices would occur at the same time when bulk water meter readers are installed.

3. Proposed Project Objectives

To resolve water pressure problems through a localized plan with individual assistance to those properties where water pressure problems are experienced; to conserve water; to be able to apply best management practices for the Electoral Area D water system; and to prevent potential pollution of one water system by another.

4. Business Risks

SRD risks not getting accurate water use readings from the old water meters the City uses and continue being unable to verify the readings or being able to properly manage the system with receiving only one in-frequent interval reading per month.



Business Case
Area D
Re-Redirecting Booster Bump Station Funds

5. Cost Benefits Analysis and Proposed Source of Funding

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|--------------------------------------|------------------|----------------|----------------|----------------|----------------|------------------|
| Capital Costs: | | | | | | |
| Craig Rd Pressure Zone Upgrade | \$100,000 | \$- | \$- | \$- | \$- | \$100,000 |
| Water Supply Connection Improvements | \$530,000 | \$- | \$- | \$- | \$- | \$530,000 |
| Operational Costs (5 yrs): | \$1,000 | \$1,500 | \$2,000 | \$2,500 | \$3,000 | \$10,000 |
| Total | \$631,000 | \$1,500 | \$2,000 | \$2,500 | \$3,000 | \$640,000 |

| b) Benefits | |
|----------------------------|---|
| Tangible Benefits | 1) Increased water pressure where needed; 2) Accurate measurement of water; 3) Measurement integrity; 4) Preventing water system pollution. |
| Intangible Benefits | Improved credibility of the SRD as a local government that is following best management practices and who are proactively addressing infrastructure problems and managing the water service to its residents. |

6. Summary Recommendation

THAT the 2019-2023 Financial Plan package include \$100,000 for the Craig Road Pressure Zone Upgrade and \$530,000 for the Area D Water Supply Connection Improvements with funds from the Area D Community Works Fund reserve, in addition to \$10,000 to be included in the Area D operating budget.



Business Case Area D Water Study Update

1. Executive Summary

Various grants to fund infrastructure upgrades are becoming commonplace. When such an opportunity becomes available there is often limited time to prepare a well-documented and substantiated grant application. When a quickly patched together application is reviewed against well-polished applications, the chances of the superior applications to be successful is obvious.

Electoral Area D water system is in dire need of infrastructure upgrades. Without sufficient updated studies and cost analyses from engineering firms, detailing the requirements and cost implications, it is impossible to budget and plan for these upgrades to be done in a timely and responsible manner. In addition, grant funding that could have been used to off-set the upgrade and improvement cost is virtually impossible.

The most recent water study was completed by Koers & Associated Engineering Ltd. in 2012. Regardless of being almost seven years old, it remains to function as the guiding document for operations, upgrades, expansion and infrastructure renewal strategies to the system. It is, however, out of date, in terms of growth strategies and understanding the current systematic demands. Updating the study is essential to stay abreast of the changing conditions and to prepare for future opportunities for funding.

The volatility of the current relationship with the water supplier supports the need for an increase in preparedness when discussing the possibilities of finding alternative sources for both operations and supplemental bulk water supply. Proactive planning to be ready for policy changes and funding opportunities is critical to ensure timely responses when such needs occur.

2. Business Problem and Opportunity

Federal and provincial agencies recognize the benefits of interventions at the local government level and instead of spending government funds, it is redirected towards grants.

To be competitive and position Electoral Area D to receive grant funding, it needs to proactively plan for interventions and seek out funding opportunities. The SRD needs to reposition itself and improve capacity to be successful in having shelf-ready applications that can be submitted when grant opportunities arise.

The problem is that most grants require local government fiscal contributions, which excludes stacking through using Community Works Funds. The success rate for getting grants increases when the application can include proof that contribution funds are readily available and do not need to be raised through borrowing.

3. Proposed Project Objectives

To proactively plan and have studies shelf-ready to seek and administer funding when opportunities arise.

4. Business Risks

SRD risk losing significant amounts of money, in staff time spent on preparing failed grant applications, but also by not receiving grant funding, which is normally available in large amounts. As time passes without undertaking upgrades identified in the 2012 water study (water main renewal, transmission main design and construction, Design of the York main upgrade and construction, etc.) the age of the system wears down the system even more. This may lead to unforeseen breaks that required emergency repairs without having any funds to pay for the work.

Additionally, by not having an updated water study for the Area D water system the SRD's capital plan and funding strategies will not be built on reliable information, thereby putting risk to the system and sustainable service delivery.

5. Cost Benefits Analysis and Proposed Source of Funding

Increasing SRD's capacity to seek and be successful in applying for grant funds that can be off-set using grant money instead of requisition and user fee increases.

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|-----------------------------|-----------------|------------|------------|------------|------------|-----------------|
| Capital Costs | \$- | \$- | \$- | \$- | \$- | \$- |
| Operational Costs (5 Years) | \$30,000 | \$- | \$- | \$- | \$- | \$30,000 |
| Total | \$30,000 | \$- | \$- | \$- | \$- | \$30,000 |



Business Case Area D Water Study Update

| b) Benefits | |
|----------------------------|--|
| Tangible Benefits | Increased: 1) Capacity to undertake engineering studies that will improve grant application successes and identify priorities in upgrades and maintenance requirements; 2) provide funding to budget and plan for the carrying out of upgrades and improvements of the infrastructure to maintain service delivery. |
| Intangible Benefits | Improved: 1) credibility of the SRD as a local government that applies fiscal responsibility and good management practices of its assets; and 2) reduces the risks associated with breaks in the system without having funds to cover the repair costs. |

6. Summary Recommendation

THAT the 2019-2023 Financial Plan package include \$30,000 to update the 2012 Area D Water Study.

Business Case

Enhanced Bylaw Enforcement and Building Inspection Services

1. Executive Summary

The demand for service for bylaw enforcement and building inspection continues to grow and exceeds the capacity of the existing staff complement. An opportunity has been identified that will increase the overall capacity of the Community Services branch and effectively manage workloads and enhance overall service delivery of both the bylaw enforcement and building inspection services. Specifically, by increasing capacity in the bylaw enforcement service by severing the position from the existing shared bylaw/building role and increasing the position from 2 days per week to 3 days per week, as well as increasing the existing building official position to a full time 5 days per week position from the current 3 days per week.

2. Business Problem and Opportunity

The Community Services Branch is experiencing an increase in workloads associated with both the bylaw enforcement and building services. Back in late 2015, the Board approved increasing this shared building official/bylaw enforcement officer position to full time, whereby one employee would dedicate two days to bylaw enforcement and three days to building. This arrangement has been in effect for two years and has been found to be insufficient in managing the workloads of both departments.

Bylaw Enforcement Service

There are currently approximately 50 open bylaw enforcement files that are at varying stages of enforcement; many files are still active from 2017 and 2016 and some from prior years. The current arrangement does not allow for bylaw enforcement files to be addressed or dealt with in a timely manner. This has resulted in low credibility with the public in dealing with enforcement issues. Adding to the existing situation is the bylaw enforcement services 2019 workplan, which includes a number of necessary policy and regulatory updates, including a full review of the SRD's ticketing bylaw, in addition to dealing with the backlog of enforcement files.

Building Service

To date, the SRD has taken in 58 building permits for 2018 and processed 55 permits in 2017 and 50 permits in 2016. The current arrangement does not allow building services workload to be effectively handled during the busy season and has resulted in some concern amongst applicants. Adding to the current issue is the 2019 building services workplan which, in addition to the general building permit and inspection requirements, includes a full review of the building bylaw.

Community Services

Due to the service demand in bylaw enforcement this requires other staff to spend time meeting emergent priorities and takes focus away from other community services including parks, planning, and environmental services. Existing staff resources are not sufficient to effectively manage current workloads and provide effective service delivery. The inability to complete projects on schedule is compromising the SRD's credibility in the community as an effective and responsive organization.

3. Proposed Project Objectives

To improve the overall delivery of services within the Community Services Branch.

Bylaw Enforcement Service

To address the SRD's low credibility with respect to bylaw enforcement and have the capacity to improve on response times and enforcement outcomes. The addition of a dedicated bylaw enforcement officer will allow the SRD to hire an individual that is qualified and experienced in the field and able to commit 100 percent of their time to bylaw enforcement. This will allow for more timely delivery of enforcement matters including response times for complaints and resolution of enforcement files.

Building Service

To more effectively deliver building services to the community. The creation of a full-time permanent Building Official position will increase the capacity of the Community Services Branch to more effectively deliver building services. Having a full-time building inspector will enable the building official to fully commit to building services, which in turn will improve on the delivery of building permit and inspection times. Further, removing the bylaw enforcement component from this position will improve the likelihood of retaining and/or recruiting a building inspector.

Community Services

To enhance bylaw enforcement and building services to improve the overall delivery of all services within the Community Services Branch. The current shared position arrangement has led to the two Community Services managers often having to take on bylaw enforcement work that the building inspector is unable to address and thereby impacting other services, including environmental services, parks and planning. The enhancement of the



Business Case

Enhanced Bylaw Enforcement and Building Inspection Services

bylaw enforcement and building services will in turn alleviate some of the work that has been overflowing to the Parks and Planning Manager and Community Services Manager and provide better service overall.

4. Business Risks

There are no risks and numerous benefits associated with this proposal, including increased credibility with respect to bylaw enforcement, as well as improved building and overall community services. Alternatively, it is likely that there are risks associated with not enhancing bylaw enforcement and building services.

5. Cost Benefits Analysis and Proposed Sources of Funding

The bylaw enforcement budget would require an increase to enhance the service to 3 days per week, as well as a budget for furnishings and IT equipment for a new employee. This service is shared by all four Electoral Areas.

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Bylaw Enforcement Officer Salary Increase | \$12,800 | \$13,056 | \$13,317 | \$13,583 | \$13,855 | \$66,611 |
| Bylaw Enforcement Officer Benefits Increase | \$3,840 | \$3,917 | \$3,995 | \$4,075 | \$4,157 | \$19,984 |
| Bylaw Enforcement Officer Furnishings & IT equipment | \$4,500 | \$0 | \$0 | \$0 | \$0 | \$4,500 |
| Total | \$21,140 | \$16,973 | \$17,312 | \$17,658 | \$18,012 | \$91,095 |

The building inspection budget would require an increase to enhance the service to 5 days per week for a full-time building official position. This service currently only services Area D.

| a) Total Costs | FY19 | FY20 | FY21 | FY22 | FY23 | Five Year Total |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Building Official Salary Increase | \$25,600 | \$26,112 | \$26,634 | \$27,167 | \$27,710 | \$133,223 |
| Building Office Benefits Increase | \$7,680 | \$7,834 | \$7,990 | \$8,150 | \$8,313 | \$39,967 |
| Total | \$33,280 | \$33,946 | \$34,624 | \$35,317 | \$36,023 | \$173,190 |

| b) Benefits | |
|----------------------------|--|
| Tangible Benefits | Increased resource capacity to complete work plan items in accordance with negotiated deadlines and service delivery expectations. |
| Intangible Benefits | A more sustainable work environment. Increased credibility of SRD as an organization due to its ability to complete projects and address bylaw complaints in a timely manner. Ability to meet expectations of area directors and their constituents. |

6. Summary Recommendation

THAT the 2019-2023 Financial Plan package include \$91,095 to create a Bylaw Enforcement Officer position at 3 days per week and \$173,190 to create a full-time Building Official position.