



MINUTES OF A MEETING OF THE FINANCE & FACILITIES COMMITTEE

Tuesday, September 13, 2016

School Board Office - 8:30 a.m.

Present: D. Stevenson (in the Chair); S. Donahue, Pieter Dorsman, Nicole Brown, Trustees; C. Kennedy, Superintendent of Schools; J. Leiterman, Secretary Treasurer; W. Hickey, Director of Facilities; D. Eberwein, Deputy Superintendent; K. Johnson, Assistant Secretary Treasurer; J. Brown, Manager of Finance; N. Mann, Manager of Purchasing and Transportation

Stakeholder Representation: M. LaBounty (WVAA)

Absent: B. Scott (WVMEA); A. Milavsky (DPAC); R. Millard (WVTA)

1. Manager of Purchasing and Transportation

The Director of Facilities introduced and welcomed new Manager of Purchasing and Transportation Nick Mann, who started with West Vancouver Schools about five weeks ago. The Director said he was organized and efficient and called him a great addition to the team.

2. Capital Reporting: SEP and Five Year Capital Plan

The Director of Facilities reported that the additional School Enhancement Funding (SEP) mentioned as a possibility in the June committee meeting is available, and applications must be submitted by September 30. Again, projects must be “shelf-ready” and be able to be completed by March 31, 2017. As well, the Five Year Capital Plan application must be submitted by September 30.

The projects listed on both applications were reviewed, with the WVSS East Annex boiler and HVAC replacement on the SEP highlighted as urgent, as it cracked last winter. Replacement of the Irwin Park HVAC system is the largest and most expensive project, at \$1.4 million, and appears on the Capital Plan application only, as it would not be able to meet the March 31 completion date for SEP. While we do not expect to receive funding for all projects, the Ministry has advised that we keep requesting the same projects year after year until funded, to indicate the ongoing need. The Secretary Treasurer noted that the Ministry has implemented positive changes in the capital department and how funding is applied for, awarded, and tracked. Both she and the Director of Facilities are confident we will receive some funding in this round.

RECOMMENDATION: That the 2016/17 School Enhancement Program application be forwarded to the Board of Education for approval and filing with the Ministry.

RECOMMENDATION: That the 2017/18 Capital Plan be forwarded to the Board of Education for approval and filing with the Ministry.

Committee members: Dave Stevenson, Sheelah Donahue

3. Administrative Procedures 147 and 148 - Privacy

The Secretary Treasurer reported that West Vancouver Schools has two new administrative procedures around privacy: AP 147 – Protection of School District Records When Working Away from the Workplace; and AP 148 – Privacy Breach. They are posted on the district’s public website. These procedures are a result of the continually-evolving use of technology, how we access information, and privacy. While our district has not yet had any incidents, it is important to have these procedures in place. WVAA was asked to let its members know to review the new APs in staff meetings. It was also noted that Director of Instruction Sean Nosek is looking into encryption and the possibilities and challenges surrounding that issue.

4. Transportation Funding

The Secretary Treasurer thanked the Manager of Purchasing and Transportation for effectively dealing with transportation requests, the approval process, parent communications, and coordinating buses and routes for 2016-2017 immediately upon joining the district.

The new transportation funding announcement made by the Ministry in August was reviewed. The funding is designed to target issues experienced particularly by rural districts and is to improve access and increase safety for students. Based on the student location factors used to calculate funding, West Vancouver Schools qualifies for an additional \$84,722 in funding. The funds are not automatically awarded, but need to be applied for by September 30 and are on-going, rather than a one-time initiative.

West Vancouver Schools is among those districts that are already considered to have protected and maintained optimal services for students who qualify according to provincially-set walk-limits. Those districts may still apply for the additional funding and are permitted to re-allocate the monies to other operations in the district.

RECOMMENDATION: That the Board of Education apply for its full allocation under the 2016/17 Transportation Fund.

5. Administrative Savings Plan

The Secretary Treasurer reminded the committee of the announcement last June by the Ministry that the second round of the administrative savings program was discontinued for the 2016-2017 school year, meaning that West Vancouver Schools does not need to find approximately \$284,000 in savings. There is no increased funding, but districts now have some flexibility to apply those monies elsewhere.

In the first year of the Ministry-mandated program, West Vancouver Schools was required to find \$333,668 in savings from our operational accounts, and this is an ongoing obligation. These savings have been found, mostly through infrastructure spending reductions, rather than cuts in services.

6. **Audited Financial Statements 2015-2016**

The Secretary Treasurer distributed and reviewed excerpts from the draft audited financial statements, focusing on each of capital, special purpose and operating funds, with particular attention paid to items related to operating expenses and revenues for 2015/16. We have landed almost exactly where we were forecasted to, and while we have enough in reserves to get through 2016/17, subsequent years continue to be a concern.

There was an increase in deferred capital of \$2.5million, comprised of three routine capital grants and bylaw capital from the 2015/16 and 2016/17 annual facility grants. It was explained that deferred revenue is recognized when it is spent, rather than when the grant is received. Tangible capital assets were reviewed, with additions totalling \$3.7 million, funded through a combination of deferred capital, special purpose and operating funds. Special purpose funds were also reviewed, and it was explained that these funds are targeted to specific purposes and what is not spent is carried forward to the next fiscal year. A portion of funds carried forward were spent in 2015/16, for a total of \$6.3 million in targeted special funds received, and \$6.4 million spent.

Operating expenses were then discussed, with an actual expenditure of \$70 million compared to a budget of \$67 million. The \$3 million difference was due to increases in salaries and benefits (\$2.1 million), and supplies and services (\$0.9 million). The Secretary Treasurer made special mention of the efforts of administrators and staff to use supplies etc. as efficiently as possible. She also thanked the Director of Facilities for pursuing and securing a \$15,000 water rebate after a leak at WVSS. It was noted, too, that it is not possible to cut salaries and benefits, so classes have to be configured in as cost-effective a manner as possible, without compromising student learning. This year, our divisions are tighter than ever before, as we become increasingly subject to budgetary pressures.

Operating revenues were reviewed, again with an increase of \$3 million. Revenues had been budgeted at \$65 million, but a \$1.1 million increase in the operating grant, increased international enrollment, and programs of choice, resulted in actual revenues of \$68 million. Locally-generated revenues continue to be critical, with 17% of our budget coming from those programs.

The operating fund incurred a net structural deficit of \$1.9million. We typically incur structural deficits every year, necessitating a draw on reserves, and this continues to be cause for concern. With \$2 million available for 2016/17 and a preliminary budgeted structural deficit of \$1.5 million, it is currently estimated that there will be only \$1.2 million in reserves for future years. The goal for 2017/18 must be to build a balanced budget. Our reserves did have a better opening balance than expected, after a prior period adjustment regarding a benefit surplus, but even with those funds, the reality is that all reserves will be used in 2017/18, leaving nothing to cover any structural deficit in 2018/19 and years beyond.

Student FTE drives the budget, and the international program and programs of choices bring in students from other districts. Salaries and benefits continue to be the largest expense and risk for districts, we need to balance the cost of adding a division to accommodate a few students with the additional revenue those students would bring. Moving forward, capital projects cannot be funded through operating grants, as was sometimes the practice in the past. The AFG of \$1.2 million has not increased in 12 years, but the addition of the SEP has helped somewhat with smaller projects. The Director of

Committee members: Dave Stevenson, Sheelah Donahue

Facilities is in constant communication with the capital department, and our proven ability to complete jobs on time and on budget has increased Ministry trust in our district. This positive relationship is important in the grant application process.

The message first communicated at the end of last year is unchanged – 2016/17 will be about close examination of all costs moving forward, increasing efficiencies, and finding savings wherever possible, in order to create a balanced budget in 2017/18.

RECOMMENDATION: That the 2015/16 Audited Financial Statements be forwarded to the Board of Education for approval and filing with the Ministry.

7. **Adjourn**

9:45

Julia Leiterman, Secretary Treasurer