



## **MINUTES OF A MEETING OF THE FINANCE & FACILITIES COMMITTEE**

**Tuesday, September 11, 2018**

**School Board Office - 8:30 a.m.**

Present: D. Stevenson (in the Chair); P. Dorsman, N. Brown Trustees; J. Leiterman, Secretary Treasurer; C. Kennedy, Superintendent; W. Hickey, Director of Facilities; K. Johnson, Assistant Secretary Treasurer; J. Brown, Manager of Finance; J. Carpino, Purchasing Manager

Stakeholder Representation: C. Ratz, S. Rauh (WVAA); R. Willock (WVTA); B. Scott (WVMEA); Danielle Katerberg (DPAC)

### **1. Audited Financial Statements 2017/18**

The Secretary Treasurer reviewed various schedules from the 2017-2018 Audited Financial Statements presented to the Audit Committee at a meeting yesterday.

There was a substantial increase to deferred capital of \$4.6 million, comprised of monies from the Annual Facilities Grant (AFG) from both 2017/18 and 2018/19, the 2017/18 Classroom Enhancement Fund (CEF), School Enhancement Program (SEP) from 2017/18 and 2018/19, and an ITA trades grant from 2016/17. The large CEF and SEP projects include the WVSS South Campus HVAC system and the Irwin Park building envelope and HVAC replacement, still in progress. At the same time, amortization resulted in decrease in deferred capital of \$1.5 million.

This year, tangible capital assets were also reviewed for the first time in many years, as the district still has work in progress at Irwin Park and also at Sentinel, where the sprung structure gym is being constructed. The total increase to work in process is \$519,000, made up of \$395,000 in SEP funding at Irwin Park, and \$124,000 of local capital at Sentinel. The fixed asset increase of \$5 million was reviewed, including the types of capital and how it was spent, as was the \$500,000 work in progress (WIP) increase.

The committee was reminded that Special Purpose Funds are targeted monies and we spend what we receive. A total of \$8.1 million came in from funding streams including AFG, CEF, Federal French, LIF, and Coding and Curriculum, among others. \$7.5 million was spent on operating and \$600,000 was spent on capital projects. Within that, \$213,000 of the LIF was spent on support staff; \$2.3 million from the CEF on teachers; and \$349,000 from CEF on overhead costs, including \$63,000 on enhanced teacher qualification support.

Operating expenses were then reviewed and it was noted that this is the area where the district has some discretion and can try to find efficiencies in services and supplies. Salaries and benefits still account for 87% of our expenses. For 2017/18, operating expenses were budgeted at \$71.2 million, but after increases of \$1.5 million, actual expenses were \$72.7 million. Salaries and benefits rose by \$400,000 as a result of administrative salary lifts and increased EA FTE, but benefits decreased due to younger

Committee members: Dave Stevenson, Pieter Dorsman

staff. Supplies and services costs rose by \$1.1 million, with \$800,000 of that due to increases in utility costs. Required maintenance costs also increased, but a proactive approach to maintenance will be more cost-efficient in the long run versus reactive and usually more expensive repairs. Ratios of operating expenses are virtually unchanged year over year.

The Secretary Treasurer then reviewed operating revenues, which also increased by \$1.5 million over the budgeted amount of \$71 million, due mostly to an increase of \$900,000 in the operating grant due to an increase in student FTE. International enrolment, academies and programs of choice, and rental revenue are the other contributing factors. Again, ratios of funding sources remain stable, but we continue to rely heavily on our locally-generated revenue, which accounts for 17% of our total operating revenue.

At July 1, 2017 we had reserves of \$2.571 million. Ultimately, the 2017/18 budget had a structural deficit of only \$0.134 million. Combined with IT assets purchased and a transfer to local capital to cover Sentinel gym costs, our reserves at July 1, 2018 stand at \$1.966 million. The Secretary Treasurer noted that this is almost \$1 million more than anticipated. This is good news, as after a budgeted structural deficit for 2018/19 of \$0.434 million and \$0.300 million in school account carryforwards, we have anticipated reserves of \$1.232 million at July 1, 2019.

Finally, local capital was reviewed. After the addition of 2017/18 lease income, and less 2017/18 engineer / architect expenses, the July 1, 2018 balance for local capital was \$374,547. This will be spent by November 2018 with the anticipated completion of the Sentinel gym sprung-structure.

Trustee Dorsman thanked the Secretary Treasurer for her clear and informative presentation. The Secretary Treasurer in turn thanked the Assistant Secretary Treasurer and Manager of Finance for all their hard work, as well as the Purchasing Manager, Director of Facilities and finance staff.

Committee Chair Stevenson echoed those thanks and said we are in good hands.

## **2. Update on Capital Projects**

The Secretary Treasurer said that the comprehensive review of summer facilities projects will happen later in the fall, but in the meantime, wanted the committee to have an awareness of what has happened during the last couple of months. The Director of Facilities reported that it had been an incredibly busy summer, but they had a good plan going in and facilities staff have all worked very hard.

The huge Irwin Park envelope and HVAC project is on budget and is on schedule to be completed by mid-November. Students are in classrooms and there is some interior work still to be done but, as planned, the bulk of the remaining work is on the exterior of the building.

The Sentinel sprung-structure gym project was delayed as a result of numerous issues with the ground and site preparation. As a result, the project went back to tender and Legacy Structures was awarded the project. The Director reported he is meeting with the District of West Vancouver this afternoon, regarding permits and planning. He should finalized architectural drawings later today and hopes to break ground next week.

The redesign process in schools was reported to be a success by both the Director and the Secretary Treasurer. The initiative was started in order to address the pinch point between how to maintain and modernize our aging buildings while addressing student and teacher needs. By gathering information and ideas from staff, it has been possible to combine educational needs with necessary infrastructure tasks. This process has allowed for savings and efficiencies by combining projects, and has resulted in less frustration for both facilities and school staff. It was noted that things have been learned during the first year of the process and refinements will continue this year. District Principal Sandra-Lynn Shortall will be distributing applications to schools later in the fall. The Secretary Treasurer said the silos of educational needs vs facilities needs are being broken down, we are able to do more work for the same amount of money, and slowly everyone is getting what they need.

The Director concluded by mentioning that a group of engineers and architects are close to completing assessments of every building in the district. Combined with enrolment projections, these assessments will allow for the completion of our five year capital plan.

Committee Chair Stevenson thanked the Director and his staff for their work and said he looked forward to the bigger presentation later in the fall.

### **3. Adjourn**

**9:08 a.m.**

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Julia Leiterman, Secretary Treasurer