



MINUTES OF A MEETING OF THE FINANCE & FACILITIES COMMITTEE

Tuesday, May 12, 2020

Online via MS Teams - 8:30 a.m.

Present: D. Stevenson (in the Chair); C. Broady, Board Chair; N. Brown, Board Vice Chair; L. Block, S. Donahue, Trustees; J. Leiterman, Secretary Treasurer; C. Kennedy, Superintendent; K. Martin, S. Nosek, Associate Superintendents; K. Johnson, Assistant Secretary Treasurer; F. De Dios, Director of Facilities; D. Eliasov, Manager of Facilities; J. Carpino, Manager of Purchasing and Transportation; J. Brown, Manager of Finance; S. Duffield, Manager of Accounting

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

Absent: K. Richter (DPAC)

Committee Chair Stevenson welcomed everyone to the first online Finance and Facilities meeting and noted that any questions should be asked via the chat feature.

1. West Vancouver Place for Sport (WVPFS)

The Secretary Treasurer said that the WVPFS contract with the professional fundraiser has been concluded and the fundraising campaign is now on sabbatical, noting this is not an appropriate time to be soliciting donations. The project is still \$1.4 million short of the \$5 million target. Despite that, the good news is that there may be a new federal stimulus package for capital projects, similar to the infrastructure grants for which we have previously applied. The government reached out to sports organizations at both the national and provincial levels, and to local MPs to ask for a short list of their favourite capital projects to be considered as part of this stimulus package. We were contacted by several sports organizations in response to this and have the support of both BC Athletics and Athletics Canada, as well as MP Patrick Weiler as advocates of the WVPFS. This is the kind of project for which the government is looking and a key criteria is that a project be shovel-ready, as the intention is to get people working again. In order for us to meet that stipulation, we need to have project technical drawings prepared and we are moving ahead with that step now. The District of West Vancouver (DWV) is preparing the tender to go out to architectural firms. The estimated \$70k fee for the drawings will be shared between DWV and the school district, using a portion of their respective financial commitments to the project. It was noted that it makes sense to take this step regardless of whether the stimulus package is announced or not, as the project will go ahead in the future in one form or another and such drawings will be required.

2. Five-year Capital Plan Award

The Secretary Treasurer reminded the committee that Capital Plans are filed in June each year for the next school year. Funding announcements are made the following

Committee members: Dave Stevenson, Lynne Block

March, with receipt of funds after that. She said that this was a good news story for the school district, with monies being awarded in three categories.

Under the Carbon Neutral Capital Program (CNCP) we received \$155,324 for building enclosure upgrades at Westcot, Sentinel, and WVSS. These are not full building envelope renewals, but refurbishment and replacement of the building seals, many of which date back to the 1950s and 60s. We were approached by a contractor who suggested this work, which fits within the range and scope of capital funding, and we are undertaking it at these three sites as an experiment to see if it is worth doing it throughout the district. It is hoped that this will not only help in our goal to be a greener, more energy-efficient district, but will reduce utility costs moving forward as well. This work has been ongoing since late March and should be completed by the summer.

School Enhancement funding of \$937,500 was received to allow us to complete phase two of the Ridgeview HVAC upgrades, begun under last year's Capital Plan. The previous mechanical system dated back to the 1940s and the phased approach was a cost-effective way to handle this priority work. Phase two is now underway and should be completed by September.

The third award is for Playground Enhancement, for which we have received \$125,000 for Chartwell to purchase universally accessible playground equipment. Principal Laura Magrath is working with the Chartwell PAC to determine which equipment will be most beneficial.

RECOMMENDATION: That the bylaw for the 2020/21 Five Year Capital Plan be forwarded to the Board for approval and submission to the ministry.

3. 2020/21 Annual Facilities Grant (AFG)

The Secretary Treasurer reported on the decision process behind the AFG, another annual award of funding received for larger maintenance projects. She noted that in past years, efficiencies have been sought around school-based projects that can be completed at the same time as maintenance and repairs. In the current financial climate, however, items on the AFG project slate must be restricted to maintenance items only. The project slate was then reviewed and included health and safety items such as tree clearing at Gleneagles Ch'axá'y, Caulfeild, Rockridge, and West Bay; mechanical projects such as elevator replacement at Rockridge; interior maintenance including flooring replacement at several sites; exterior and ground maintenance including numerous drainage improvement projects and playground soft-surface replacement across the district. As well, tennis court repairs are needed at Sentinel and WVSS. All the projects listed under these 'above the line' categories total \$935,537. A number of other 'below the line' or second tier projects were also reviewed and it was noted that these would only be considered once estimated costs were clearer and only as and when possible, so as not to dip into next year's AFG monies.

RECOMMENDATION: That the 2020/21 AFG Expenditure Plan be forwarded to the Board for approval and filing with the ministry.

4. 2020/21 Preliminary Budget - Funding

Committee Chair Stevenson prefaced the budget revenue presentation by saying that we are in unprecedented times and that the Board and finance department have been working hard to adjust to these new circumstances. The Secretary Treasurer noted that she is a month later than usual in her presentation, which was by design, because it is important to take time to ensure that difficult decisions are as informed as possible. This

Committee members: Dave Stevenson, Lynne Block

month, she is reporting on funding only. The full preliminary budget with revenue and expenses will be presented at the June 16 Finance & Facilities Committee meeting, before being forwarded to the Board for approval at the June 23 regular board meeting.

The Secretary Treasurer began by emphasizing the Board's goals defined in the 2019-2022 Board Strategic Plan: Educational Excellence; Visionary Leadership; and Successful Transitions. Accountability is key, and she said we strive to be approachable and make processes and decisions as open and transparent as possible. These values guide the work that she and her team do on the budget and she said her watchword is transparency. She said that in these times, visionary leadership is imperative and she and her team are doing their very best to make thoughtful decisions and see into an uncertain future as clearly as they can. In line with the Strategic Plan, she is trying to future proof the organization by attempting to plan for two years from now, and seeking to maintain business practices that promote a stable and sustainable organization. We always try to be as predictable as possible and while in the past, that has been a fairly easy exercise, due to the nature of the school sector, this year that has really changed. Instead, we are having to try to be as nimble and agile an organization as we can, while ensuring that business practices support what has to happen in this changing educational climate.

The budget planning process was reviewed and the two key priorities for the District Leadership Team are unchanged: maintaining services in the classroom; and providing stability and a sense of certainty for our parents, students, and staff. The funded student FTE is the main driver of funding and the preliminary operating grant is always based on February enrolment predictions, which are generally lower than the year before. Enrolment estimates are always conservative in order to budget responsibly, and typically increase by the September 30 1701 report. Despite other challenges, the Secretary Treasurer said she is fairly confident that preliminary funded FTE numbers will increase to current levels in the fall.

For the preliminary budget, the operating grant will be based on 6964 funded FTE, but it is anticipated that will increase to last year's level of 6997 FTE by the fall. The dramatic shift, however, is in international fee-paying FTE and it is this decrease that will inform the rest of the budget conversation. There will be a 45% decrease in international fee-paying enrolment - an unprecedented drop after years of steadily increasing demand. International enrolment was identified as a risk several years ago, given that it provided 12-13% of our budget each year. The International Program department staff were successful in their efforts to diversify the countries from which we attracted international students in order to mitigate that risk. What no one anticipated, was a situation where we would lose all countries all at the same time, and the challenge moving forward will be how to manage that drop in revenue.

For 2020/21, the international program revenues have dropped to 6% of our preliminary budget, down from the 13% which had been consistent for the last 13 years. As a result, we now need to rely on the operating grant to fund 91% of the programs in our district, rather than 84% as in years past. An additional challenge is the significant and previously-unannounced changes to the operating grant made by the government, which have resulted in a \$92/student FTE increase in the grant. The increase is intended to cover the Employer Health Tax and support staff service improvement allocation, which were previously separate grants, resulting in an initial net increase of \$54 per student FTE. The remaining net increase of \$38 is intended to cover the cost of the support staff labour settlement. The result was an increase in FTE funding of \$269,292. There were also increases in Unique Student Needs funding and Supplemental funding,

Committee members: Dave Stevenson, Lynne Block

but the Carbon Tax Grant and Education Grant have been eliminated. The overall result is a total net increase in operating grant funding of \$461,332.

There are, however, significant unfunded costs that must be accounted for in 2020/21. In addition to the support staff labour settlements for both 19/20 and 20/21 noted above, a reduction in CEF overhead funding, as well as a 10% reduction in CEF salary and benefit funding must be absorbed. These unfunded costs will total \$786,445, resulting in an overall shortfall of \$325,113 in 20/21 MOE funding support. While this is not as large as the shortfalls in other Metro districts, managing this will be a challenge.

The impact upon operating revenue was reviewed. As a result of the \$92/student FTE increase, there is an increase of \$27,000 in MOE operating grant funding despite the loss of 32.64 regular FTE. However, the loss of 233 international FTE results in a \$4 million loss in locally-generated revenue, along with a \$200,000 loss associated with interest on international fees paid in advance. There may also be a reduction in academy offerings, with an associated loss of \$200,000 in gross revenue.

In all, a net decrease in operating revenue of \$4.5 million, coupled with a preliminary estimated increase in operating expenses of \$.8million, will result in an unprecedented 2020/21 estimated structural deficit of \$5.3 million.

Our reserves balance will be better than anticipated at July 1 as the result of a budget surplus for 2019/20, leaving \$2,375, 255 for future years. That will be wiped out, however, by the huge structural deficit for 20/21 and \$2,988,408 will still need to be resolved through cost savings. Salaries and benefits account for 88% of our operating expenses, with the remaining 12% being services and supplies. For years, we have reduced costs related to services and supplies and it is cut to the bone, which means the district can only look to salaries and benefits to find savings. The challenge will be to find the necessary cost reductions in a thoughtful, sustainable manner, while keeping the goal of educational excellence the priority.

Committee Chair Stevenson thanked the Secretary Treasurer for her presentation and clear outline of the challenges with which we are presented. He said there is lots of work to be done in the coming weeks by both staff and trustees and it will not be easy, but that they will work hard to protect classrooms and students first. The Secretary Treasurer said that all Metro districts will be using their reserves and everyone is delving into cutting expenses. She does not have any figures around teacher FTE at this time, but said that all departments in the district would be touched in some way. It was pointed out that some teacher reductions will be based solely on reduced international student numbers, as not as many course sections will be needed. She assured people that decisions are being considered with the utmost seriousness, as that they are very cognizant that this is much different than cutting service costs and that people's lives will be touched.

5. Adjourn

9:22 a.m.

Julia Leiterman, Secretary Treasurer

Committee members: Dave Stevenson, Lynne Block