



MINUTES OF A MEETING OF THE FINANCE & FACILITIES COMMITTEE

Tuesday, June 16, 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. Brown, Manager of Finance and Purchasing; S. Duffield, Manager of Finance and Transportation

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

Committee Chair Stevenson called the meeting to order and acknowledged that we are living and working on the traditional territory of the Squamish Nation and said we very much appreciate our relationship with the Nation. He then gave the floor to the Secretary Treasurer.

1. 21/22 Five-Year Capital Plan

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 March, with receipt of funds after that. The projects for which we were awarded funds for 2019/20 were reviewed at last month's meeting.

The 2021/22 plan was reviewed. The major capital project continues to be seismic upgrades to the interior walls at Sentinel. This will appear on the capital plan every year until funding is received. The current quote of just under \$41 million is being updated. Only seismic work will be considered for funding, not remediation of other issues that could be undertaken at the same time. It is unlikely we will receive this funding, as there are other higher priority seismic projects across the province waiting for funding as well. The two main school enhancement projects include the building enclosure renewal at West Bay at \$1 million and full HVAC replacement at Caulfeild at \$1.75 million. There are a number of projects at other schools, ranging from boiler replacement, to washroom and elevator renewal, to various exterior renewal and sealing projects. Three schools have been listed for consideration for playground enhancement funding: BICS, Lions Bay, and Hollyburn. Each is seeking to create a universal playground and the BICS PAC in particular has been working on local fundraising for several years. The district received \$125,000 in playground funding for Chartwell this year, so it is unclear if we will receive anything next year, but we remain hopeful.

The projects total \$45 million and we will find out in May 2021 how much we will receive. The purpose of these monies is to fill the gap between maintenance funds we receive as part of the operating grant we receive each year, and the Annual Facilities Grant which remains unchanged at \$1.3 million.

RECOMMENDATION: That the 2021/22 Five Year Capital Plan be forwarded to the Board for approval and submission to the ministry.

Committee members: Dave Stevenson, Lynne Block

2. 2020/21 Preliminary Annual Budget

The Secretary Treasurer began by saying that typically, the preliminary budget is a roll-forward of the previous year's figures while we wait for concrete enrolment numbers in September. At this point, with our numbers significantly impacted the COVID-19 pandemic, we needed to take action to ensure that all costs can be met according to current information. She said what is usually a six-month process was completed in six weeks and thanked everyone who has worked hard to pull accurate numbers together now. In particular, she thanked Associate Superintendent Martin and the HR department for identifying staffing changes and minimizing the impact of those changes; the WVTa and WVMEA for working in partnership with HR; principals and vice principals for implementing the necessary changes; managers for taking on new responsibilities and working with fewer staff; the District Leadership Team for their insight and decisive thinking; and finally trustees, who have expressed their confidence in trusting staff to navigate what is an unprecedented and challenging year. This budget is the culmination of teamwork right across the organization and stakeholders, and the Secretary Treasurer said she is very grateful for that.

The 2020/21 Preliminary Annual Budget was reviewed, including the planning cycle and a slight adjustment to the District Leadership Team focus on two key priorities: to provide stability and a sense of certainty for our students, our staff, and our parents, within the parameters of the Phased Education model defined by our Provincial Health Authority; and to continue to grow innovation, including curriculum and assessment, social-emotional learning, technology, and remote learning. She reminded attendees that there are three sources of funding, but that the special purpose fund and capital fund are both targeted funding streams, so the only one where we have any discretion in spending is the operating grant. Traditionally, we been able to rely on locally generated funds, particularly a strong international student program, to boost our revenues. Enrolment figures were reviewed, showing a forecast 45% decrease in international enrolment. As a result, for the 2020/21 school year, international revenue drops to 6% from 13% of our funding, and we will have to rely on the operating grant for 91% of our funding, up from 84% previously.

In real terms, a drop of 233 FTE international students means a decrease in revenue of \$4.4 million. We will also lose \$200,000 in interest on advance fee payments. Our academy offerings have been fine-tuned for next year and there will be a corresponding decrease in revenue of \$200,000 there as well. Despite an anticipated drop in funded FTE students, the basic per pupil funding has been increased, as outlined in last month's meeting. Overall, the net impact on operating revenue is a decrease of \$2.8 million, for a total preliminary operating revenue for 20/21 of \$74.3 million.

Anticipated salary increases for 2020/21 include increased custodial and TTOC costs to align with new health guidelines around sanitation and working when sick. When 2019/20 operating expenses of \$77.3 million are rolled forward and additional salary increases of \$3.6 million are added, total estimated operating expenses for 2020/21 are \$81 million. When applied to our operating revenue, we are left with an estimated structural deficit of \$6.7 million. The main challenge of this budget period is how to cope with this shortfall.

The Secretary Treasurer emphasized that the overarching philosophy that guided their work dealing with the deficit was to minimize harm, to keep our system intact, and to maintain the quality of education for which our district is known, and to minimize impact on our staff. She reviewed our historical spending breakdown, with 86% of funding going to salaries and benefits and 14% on services and supplies. As mentioned

Committee members: Dave Stevenson, Lynne Block

last month, we are already running lean as a district with services and supplies, so we were left with no choice but to look for expense reductions in salaries and benefits.

The first place to find savings, however, was from our reserves. With unanticipated savings for the balance of 2019/20 in areas like TTOC and bussing costs, the revised estimated reserve balance for July 1, 2020 will be \$2.81 million. This is good news, but still left \$3.9 million to find. The list of “extras” that we are lucky to have in this district as a result of international program revenue were reviewed, but while noon-hour supervision aides and day-time custodians are being maintained, all other items have been reduced or put on hiatus for a year, including the innovation grant program and new registrants in the Teacher Enhanced Qualification Fund. This resulted in savings of \$400,000. From services and supplies budgets, savings of \$638,000 were found by reducing all general supplies and equipment replacement budgets by 25%, as well as reductions in professional development and travel, and facilities vehicle replacement and internet/bandwidth capacity re-cabling projects being put on hiatus for next year. Unfortunately, this still left \$2.9 million in savings to be found in staffing.

Reductions in staffing were undertaken with the utmost care and thought. While keeping minimizing harm and maintaining services front-of-mind, they understood changes in this area have a direct impact on people’s lives, as they are not just numbers, but people’s jobs. Decision were made with the utmost seriousness, and the Secretary Treasurer said that for those people who have lost positions, they are sincerely regretful.

When looking at reductions, the first thing considered was staffing costs, not positions. The largest cost was vacation payouts, as a result of staff being unable to take vacation, or not taking vacation during the year. A directive was communicated this spring for staff to use their vacation days, ideally at a time when no replacement is required. By doing so, staff wellness is encouraged and vacation payouts at the end of the year will be reduced. Overtime has also been restricted for the foreseeable future and if it is absolutely necessary, must be approved ahead of time. Other areas of consideration, in priority order, were non-replacement of current postings; non-replacement of known retirements; lay-off of temporary hours; and finally lay-off of permanent hours. Labour force composition was explained, with 56% teachers, 34% exempt staff, and 10% excluded staff. Each group was considered when it came to reductions.

Decreased student enrolment means fewer teachers required and 44% of the remaining savings to be found was a direct result of this decrease, with 16.87 FTE positions removed. This is an adjustment that happens whenever enrolment falls, not just in a pandemic situation. Fewer students means fewer teachers, but if enrolment increases in the fall, some teachers will be hired back. That figure does not represent only job cuts, but also adjustment of current staffing methods at the secondary schools of 9 FTE. By not replacing current postings and retirements (8.2 FTE), a further 21% in savings was found, as well as 11% by reducing hours in some assignments, rather than losing jobs altogether. Lay-offs of temporary and permanent positions (5 FTE each), represented 24% savings. Total staffing reductions of 39.42 FTE resulted in the required \$2.9 million reduction in costs.

The new spending breakdown for 2020/21 shows that 88% of funding will go to salaries and benefits, and 12% on services and supplies. Jobs were lost, but every attempt was made to minimize the impact as much as possible. These were difficult decisions but were necessary and have allowed the district to maintain the status quo as far as educational dollar spending. For each dollar spent in West Vancouver School District,

\$0.85 goes to instruction, \$0.04 goes to administration, \$0.01 to transportation, and \$0.10 is spent on facilities and maintenance. This is unchanged from previous years.

Moving forward, the district has no reserve for future years, as we will need to use the entire estimated amount of \$2,812,313 to help balance next year's budget. This is unprecedented in the district's history. Going forward, we will have no reserves on which to rely to help with future structural deficits. This is a new situation for us and is subject to a number of factors. Evolving estimates around final figures for the 2019/20 budget year, enrolment in September 2020, TTOC and transportation costs in 2020/21, and the number of students in our international program will all have an effect. The pandemic situation and government responses will continue to influence most of these areas. The Secretary Treasurer said she is confident that we have been conservative and safe in our budget planning and that our estimates are as accurate as they can be. There will be changes, but we will work through them. She concluded by saying that the real challenge will come at the end of next year, if the 2021/22 preliminary budget shows a similar deficit. We will have no surplus to help balance the budget and that will mean we have to look at cuts again. She does not anticipate a deficit on the same scale as this year, which means cuts will not be as extreme, but they will be necessary. We must work to keep the 2020/21 budget balanced and prepare as best we can for 2021/22.

Committee Chair Stevenson thanked the Secretary Treasurer and her staff for their hard work and thanked her for her thoughtful and sobering explanation for the issues and solutions. Trustee Block reiterated those sentiments and said she very much appreciated the calm and clear messaging. She said she is confident we are preparing for the worst while hoping for the best and thanked everyone involved in this difficult process.

RECOMMENDATION: That the 2020/21 Preliminary Annual Budget be forwarded to the Board for adoption and filing with the Ministry.

3. Adjourn

9:16 a.m.

Julia Leiterman, Secretary Treasurer