



**AMENDED AGENDA  
GOVERNANCE & PRIORITIES COMMITTEE  
MEETING OF MARCH 26, 2015, AT 9:00 A.M.  
COUNCIL CHAMBERS  
CITY HALL, 1 CENTENNIAL SQUARE**

Page

**CALL TO ORDER**

**APPROVAL OF THE AGENDA**

**CONSENT AGENDA**

**ADOPTION OF MINUTES**

1. Minutes from the Regular Meeting held March 12, 2015  
Late Item: Minutes
2. Late Item:  
Minutes from the Special Meeting held March 23, 2015

**DECISION REQUESTS**

3. Johnson Street Bridge Replacement Project Budget Adjustment 5 - 41  
--J. Huggett, Interim Project Manager

**Late Item: Correspondence**

A report outlining the rationale for additional funds for the project that the City will seek to recover through the mediation process.

[Addenda]

4. Seismic Standard - Johnson Street Bridge Replacement Project 43 - 45

5. ~~Use of Parks & Green Spaces for Overnight Shelter~~ **April 2, 2015**  
**GPC**  
~~--R. Woodland, Director of Legislative & Regulatory Services~~

~~A report describing the impacts arising from people taking shelter overnight in City parks and green spaces and seeking Council direction on these issues.~~

6. Skateboarding in the Downtown Core - Public Engagement Results 47 - 147  
--D. Kalynchuk, Director of Engineering & Public Works

- |    |  |           |
|----|--|-----------|
|    | A report outlining public engagement feedback on skateboarding downtown.   |           |
| 7. | Encouraging the Growth of Car Share through Amendment to the Streets & Traffic Bylaw<br>--A. Ashcroft, Senior Planner, Environment               | 149 - 159 |
|    | A report seeking Council approval to amend the Streets & Traffic Bylaw to encourage growth in the availability and use of car share in Victoria. |           |
| 8. | Reserve Fund Policy Review<br>--S. Thompson, Director of Finance   | 161 - 266 |
|    | A report outlining the results of the reserve fund policy review and seeking Council direction on changes to the policy and bylaw.               |           |

## NEW BUSINESS

- |     |   |           |
|-----|---|-----------|
| 9.  | Commemorating Lebanese Immigration to Canada<br>--Councillors Isitt & Thornton-Joe  | 267 - 273 |
|     | A Council member motion requesting staff work with the World Lebanese Cultural Union and report back on possible sites to install a statue. |           |
| 10. | Conference Attendance Requests<br>--Mayor Helps; Councillors Isitt & Loveday  | 275 - 276 |
|     | Requests for Mayor Helps, Councillors Isitt and Loveday to attend the AVICC Conference on April 10 - 12, 2015.                              |           |
| 11. | <b><u>Late Item:</u></b><br>Sharing - Fernwood Green Map<br>--Councillor Thornton-Joe   |           |

[Addenda]

## MOTION TO CLOSE THE MARCH 26, 2015 GOVERNANCE & PRIORITIES COMMITTEE MEETING TO THE PUBLIC

That Governance & Priorities Committee convene a closed meeting that excludes the public under Section 12(6) of the Council Bylaw for the reason that the following agenda items deal with matters specified in Sections 12(3) and/or (4) of the Council Bylaw, namely:

- Section 12 (3) (a) Personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the City or another position appointed by the City
- Section 12 (3) (c) Labour Relations or employee relations
- Section 12 (3) (e) The acquisition, disposition or expropriation of land or improvements, if the Council considers that disclosure might reasonably be expected to harm the interests of the City.
- Section 12 (3) (i) The receipt of advice that is subject to solicitor-client privilege including communications necessary for that purpose.
- Section 12 (3) (k) Negotiations and related discussions respecting the proposed provision of a City service that are at their preliminary stages and that, in the view of the Council, could reasonably be expected to harm the interests of the

- municipality if they were held in public
- Section 12 (4) (b) The consideration of information received and held in confidence relating to negotiations between the City and a Provincial government or the Federal government or both, or between a Provincial government or the federal government or both and a third party.

## **CLOSED MEETING**

## **CONSENT AGENDA - CLOSED MEETING**

## **ADOPTION OF THE CLOSED MINUTES**

12. Minutes from the Closed Regular Meeting held March 12, 2015

### **Late Item: Minutes**

## **DECISION REQUEST**

13. Land Acquisition  
--R. Woodland, Director of Legislative & Regulatory Services
  14. Proposed Municipal Service  
--P. Bruce, Fire Chief
  15. Labour Relations / Proposed Municipal Service  
--K. Hamilton, Director of Citizen Engagement & Strategic Planning
  16. Appointment - Victoria Family Court & Youth Justice Committee  
--R. Woodland, Director of Legislative & Regulatory Services
  17. Intergovernmental Negotiations  
--Councillor Alto
  18. Disposition of Land  
--J. Jenkyns, General Manager, VCC
- ### **Late Item: Report**

## **CONSIDERATION TO RISE & REPORT**

## **ADJOURNMENT**







**Governance and Priorities Committee Report  
For the Meeting of March 26, 2015**

**To:** Governance and Priorities Committee

**Date:** March 19, 2015

**From:** Dwayne Kalynchuk, P. Eng  
Director of Engineering and Public Works

**Subject:** Johnson Street Bridge Replacement Project Budget Adjustment

**Executive Summary**

An additional \$4.8 million is requested for the project due to the additional funds for the project contingency, increased costs due to schedule delay, and additional legal costs for external legal advice and participation in mediation. This will bring the total budget for the Johnson Street Bridge Project to \$97.6 million. It is the project team's opinion that the majority of the additional costs are the responsibility of either the contractor and/or consultants, and the City will be seeking to recover these costs through the mediation process.

Any project requires a contingency fund, which is an allocation of money over and above a contract value and is needed to deal with unforeseen eventualities. Typically, for a project with this risk profile, a contingency is around 10% of the contract value. The initial contingency fund for the Johnson Street Bridge was recommended to be 10% but was reduced to 4%, or \$2,515,000, as target value engineering savings of over \$2 million were identified as potential opportunities to increase the contingency amount. The contingency amount was established in order to meet the construction ceiling level of \$66 million which was approved by Council and for which grant funding was available. To date the only value engineering that has been realized is on the east abutment, which has increased the contingency by \$300,000 bringing the total to \$2,815,000.

Item	Amount
Initial Contingency	\$2,515,000
Value Engineering Savings	\$ 300,000
Current Contingency Commitments	-\$1,344,573
Projected Contingency items	-\$1,870,500
Contingency Shortfall	-\$ 400,000

Based on current commitments of \$1,344,573 to the end of January from the contingency and known but not yet finalized items of \$1,870,500, there is a budget shortfall of \$400,000. While many of the risks related to design, scope and foundation construction are behind us, there are still two more years for the project. An additional \$1.5 million is recommended for other unforeseen eventualities for a total of \$1,900,000. This would increase the total contingency to 7.5%. City Council will continue to be updated on the status of the contingency during the quarterly updates.

The initial work schedule planned for the new bridge to be in operation September 30, 2015. With the fabrication of the steel re-commenced this month, the new bridge will open for use in January 2017. Total project completion will occur in June 2017. Since the funding agreement has a total project completion deadline of March 2017, the City has requested an extension for the Building Canada Fund Contribution Agreement. A similar extension will be applied for the Gas Tax Grant through UBCM.

The 15 month schedule delay will result in additional costs for a number of items including project insurance, city staff, auditors and additional professional services, and are estimated to be \$2.5 million.

The project budget only included external legal assistance for the procurement phase. As the city is currently engaged in mediation involving external legal counsel, it is also recommended that \$400,000 be identified for mediation and on-going external legal advice. The cost of the mediator, which is estimated to be \$10,000 is being shared three ways with the contractor and the consultants. Should it be necessary to proceed to litigation, the allocation for legal services would be reviewed and reported back to Council.

With the majority of the foundation work being completed and fabrication of the bascule underway, there are limited opportunities for cost reductions or savings. However, the public art (\$250,000) and the E&N Train Station (\$204,000) are two possibilities for cancellation to reduce the project cost by \$454,000.

Staff are recommending that \$4.8 million be funded from the Building and Infrastructure Reserve to fund the additional contingency needs, legal costs, and cost due to the delay. This amount could be reduced by \$454,000 for the cost reduction opportunities for public art, and the train station.

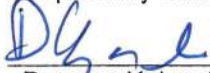
There are limited options for the city other than complete the project and seek resolution of additional costs through the mediation or litigation process. The consequences of halting the project would be substantial shutdown costs, site remediation costs, and additional maintenance costs to keep the existing bridge operational. Also, the federal grants received to date would need to be paid back.

**Recommendations:**

That City Council:

1. Approve an increase in the project budget of \$4.8 million less any acceptable cost reduction opportunities with funding from the Building and Infrastructure Reserve.
2. Direct staff to transfer to the Building and Infrastructure Reserve any costs recovered from other parties.

Respectfully submitted,



Dwayne Kalynchuk,  
P. Eng., Director of  
Engineering and Public  
Works



Jonathan Huggett, P. Eng.  
Project Director



**Report accepted and recommended by the City Manager:**

**Date:** March 20, 2015



### Purpose

The purpose of this report is to outline additional funding needs for the project contingency, increased costs due to schedule delay and additional legal costs for external legal advice and participation in mediation. The City will seek recovery for the majority of these costs from other parties who are responsible for the delay. This report also identifies opportunities to reduce costs.

### Background

At the February 26, 2015 GPC meeting, City Council approved the following motion:

*"That Council direct staff to bring forward options for Council to increase the project contingency, and/or to reduce costs to the March 26, 2015 GPC meeting."*

### Issues and Analysis

#### Current Status of the Initial Project Contingency

Any project requires a contingency fund, which is an allocation of money over and above a contract value. The purpose of the contingency is to permit the Project Manager to deal with unforeseen eventualities on a project without having to return to Council for every small change in the Project requirements. Typically a contingency is around 10% of the contract value. The initial contingency fund for the Johnson Street Bridge was recommended to be 10%, but was reduced to 4%, or \$2,515,000, as target value engineering savings of over \$2 million were identified as potential opportunities to increase the contingency amount. To date the only value engineering that has been realized is on the east abutment which has contributed \$300,000 to the contingency, bringing the total to \$2,815,000. Appendix C from the PCL Contract – Schedule of Prices identified potential upset costs assigned for items based on a risk review and also detailed value engineering targets. Commitments to the end of January from the contingency total \$1,344,573 and are detailed in the table below.

Item	Committed at January 2015
West side archaeological	\$ 50,000
Unforeseen geotechnical conditions	\$ 19,000
Contaminated material removal and disposal	\$ 329,054
Hydro relocation and power supply	\$ 357,426
City services (Telus pole relocation)	\$ 7,533
Environmental permitting	\$ 1,400
City Quality Assurance for steel fabrication	\$ 120,000
Architectural services	\$ 15,000
Resolution of steel fabrication	\$ 123,204
Detailing workshops	\$ 53,156
Supplementary consulting services	\$ 264,600
Utility reference plan	\$ 4,200
<b>Total</b>	<b>\$1,344,573</b>

#### Going Forward Scenario

In moving forward with the Project there are a number of financial considerations:

- Staff have estimated additional known costs to be covered by the contingency.
- An unallocated contingency is recommended for the balance of the project which will last another two years.
- The schedule delay due to the stoppage of fabrication has caused additional costs.
- Additional funds are needed for mediation and legal advice.
- Various claims for additional costs have been made by PCL and MMM, and a mediation process has been established to determine the validity of those claims. This request for approval of an additional contingency fund does not include any additional funds required as a result of the mediation issues. Any additional required funds as a result of the mediation will be dealt with as a separate submission to Council when the mediation is complete.

A projection of remaining known items to be covered by the contingency totals \$1,870,500. The following table identifies the projected items with details provided in Appendix F.

Item	Projected Cost
Fendering	\$ 530,000
Additional landscaping costs	\$ 450,000
Multi-use trail overpass	\$ 100,000
East side archaeological monitoring	\$ 50,000
Additional Owners Quality Assurance Program	\$ 40,000
Requirement for additional seabed land	\$ 50,000
Additional habitat compensation	\$ 173,000
Changes to CCTV cameras and marine lights	\$ 100,000
Environmental permitting	\$ 5,000
Graffiti prevention	\$ 15,000
Generator load bank relocation	\$ 82,500
Unforeseen geotechnical and subsurface issues	\$ 225,000
Imported fill	\$ 50,000
<b>Total</b>	<b>\$1,870,500</b>

With a total contingency of \$2,815,000, reduced by commitments to the end of January of \$1,344,573 and projection of further known items of \$1,870,500, results in a \$400,000 shortfall.

Therefore, the project team recommends additional funds of \$400,000 for the shortfall and an additional \$1.5 million for other unforeseen eventualities, as there are still more than two years until completion of the project, for a total of \$1,900,000. This would place the total contingency at 7.5%. City Council will continue to be updated on the status of the contingency during the quarterly updates.

### Schedule

The initial work schedule identified in the PCL contract identified the date of September 30, 2015 as the date to complete the new bridge and total completion of the project, which would include dismantling of the old bridge and completion of all landscaping was to be done no later than March 2016.

With the fabrication of steel delayed and only re-commencing in March (as noted in Appendix A), the Contractor, along with their fabricator, have re-calculated the project schedule for the balance of the project and are now identifying the new bridge for use, January 2017, and total project completion June 2017 (Appendix B).

This 15 month delay will not comply with the dates presently in our funding agreements with the federal government. The Building Canada Fund Contribution Agreement states that the Agreement will terminate on the earlier of eighteen months after the substantial completion date of the project or March 31, 2017.

Since our funding agreement has a total completion deadline of March 2017, the city has requested an extension for the Building Canada Fund Contribution Agreement from the Federal Minister of Infrastructure, Communities, and Intergovernmental Affairs (Appendix D). A similar extension will be applied for the Gas Tax Grant through UBCM.

### Costs Due to Delay

This schedule delay will result in financial impacts to the city. The 15 month delay translates to additional costs for a number of items including project insurance, city staff and advisors costs, auditors, contribution costs, and additional professional services from the consulting team. A letter (Appendix E) has been provided by MMM Group outlining estimated costs to complete the project by April 2017. While this date is different than the Contractor's completion date of June 2017, the Contractor's schedule does include a shutdown period which will not require consulting services. The proposal includes an extension of on-site Project Manager, on-site Engineer, and extension of MMM office support, including document control, invoicing, and other project control functions. The sub-consultants for the bascule, Hardesty & Hanover ("H&H"), have included additional meetings and field reviews for steel and mechanical components of the bridge. The proposal is based on a Time and Expenses basis and will be closely managed by the Project Team. They are estimated to be \$1,800,000 and are detailed in Appendix E. The delay also adds additional costs to the city including insurance (\$280,000), project staff and advisors, auditors, and contribution

agreement costs (\$420,000).

### Legal Costs

The project budget only included external legal assistance for the procurement phase. As the city is currently engaged in mediation involving both PCL and MMM, and is utilizing external counsel to assist in that process, it is also recommended that \$400,000 be identified for mediation and on-going external legal advice. The cost of the mediator, which is estimated to be \$10,000 is being shared three ways with the contractor and the consultants. Should it be necessary to proceed to litigation, the allocation for legal services would be reviewed and reported back to Council.

### Offsetting Cost Savings

The Project Team continues to look for opportunities to find cost savings for the Project. These are very limited given that:

- The majority of the foundation work is completed; and
- The steel fabrication in China is in progress.

There remain only a small number of items not in either contract that is under city control. These include public art (\$250,000) and the E&N Train Station (\$204,000). Certainly, either item could be deferred, reducing the total project additional funds required by \$454,000.

### Financial Impact

Based on current commitments of \$1,344,573 to the end of January from the contingency and known but not yet finalized items of \$1,870,500, there is a budget shortfall of \$400,000. While many of the risks related to design, scope and foundation construction are behind us, there are still two more years for the project. An additional \$1.5 million is recommended for other unforeseen eventualities for a total of \$1,900,000. This would increase the total contingency to 7.5%. City Council will continue to be updated on the status of the contingency during the quarterly updates.

The total recommended amount of \$4,800,000 could be reduced by \$454,000 for the cost reduction opportunities for public art and the train station.

City will seek recovery for the majority of these costs from other parties who are responsible for the delay through the mediation process.

It should also be noted that those additional funds do not include an amount for either the Contractor's or the Consultant's claims which are subject to mediation.

There are limited options for the City other than complete the project and seek resolution of additional costs through the mediation or litigation process. The consequences of halting the project would be substantial shutdown costs, site remediation costs, and additional maintenance costs to keep the existing bridge operational. Also, the federal grants received to date would need to be paid back.

### Budget adjustment Summary

Description of Costs	Amount
Insurance	\$ 280,000
Additional city costs	\$ 420,000
Professional consulting services	\$1,800,000
Current contingency shortfall	\$ 400,000
Legal costs for mediation	\$ 400,000
Unallocated contingency to completion	\$1,500,000
<b>Total</b>	<b>\$4,800,000</b>

### Options and Impacts

1. City Council approve the additional funding.

**Impact:** The project team will continue to work with the consultant and contractor to complete the project in the amended schedule and the city will seek to recover these costs through the mediation process.

2. City Council not approve the additional funding.

**Impact:** With no additional funds for consulting services for the delay extension, the consultant would halt work, which in turn would affect the construction to the point where the project would shut down. The consequences of halting the project would be substantial shutdown costs, site remediation costs, and additional maintenance costs to keep the existing bridge operational. Also, the federal grants received to date would need to be paid back.

### Recommendations:

That City Council:

1. Approve an increase in the project budget of \$4.8 million less any acceptable cost reduction opportunities with funding from the Building and Infrastructure Reserve.
2. Direct staff to transfer to the Building and Infrastructure Reserve any costs recovered from other parties.

### Attachments

- Appendix A – Letter from PCL dated March 3, 2015 re: re-start of steel fabrication
- Appendix B – Project schedule
- Appendix C – Schedule of Prices PCL Contract
- Appendix D – Letter from Mayor Helps to the Minister of Infrastructure, Communities, and Intergovernmental Affairs re: funding extension request
- Appendix E – Letter dated February 27, 2015 from MMM re: estimated costs to complete the project by April 2017
- Appendix F – Projected contingency to completion
- Appendix G – Contingency Status January 2015





CONSTRUCTION LEADERS

SHARING YOUR VISION. BUILDING SUCCESS.

March 03, 2015

VIA EMAIL: [phan@ztssbridge.com](mailto:phan@ztssbridge.com)

Mr. Paul Han  
 ZTSS Bridge North America  
 1101 Macy Dr.  
 Roswell, GA, 30076

Dear Mr. Han

**RE: ZTSS BRIDGE NORTH AMERICA**  
**Re-start of Steel Fabrication**  
**Our File No.: 04-051200**

This letter is issued as a limited notice to proceed with the fabrication of structural steel, and the removal of stop-work directives issued previously.

For the past several months, ZTSS, PCL, Atema, and representatives of the City's project team, including MMM and H&H, have been working to resolve the issues encountered in July and November 2014. As part of this resolution, certain fabricated steel elements have been scrapped by ZTSS, and replacement steel has been procured. Quality management plans have been revised by PCL, Atema, and ZTSS, and an independent inspection agency contracted to ZTSS to perform additional inspections. The resulting overall Quality Management Plan (QMP) has been approved by the City of Victoria, and represents a substantially different program than that established in early 2014.

In parallel with these efforts, the finalization of design and shop drawing production has continued, through multiple submissions and collaborative workshops in Canada and the USA. As of today, drawings have been approved by Hardesty & Hanover (H&H) for the trusses, orthotropic steel deck (OSD), lower counterweight, and rings. There remain a number of key items to be resolved, including:

- Finalization of updates to the truss and ring fabrication plans
- Finalization of lifting and handling plans

Based on the items contained in these plans that remain to be approved, the following limits are being placed on production until such time as these are resolved and approved.

- Truss fabrication can proceed up until the point of backing bar installation, at which time the revisions in the truss fabrication plan will need to be approved with respect to the backing bar installation methods.
- Ring fabrication can proceed up until the point of middle web assembly and welding, at which time the bracing and welding sequences will need to be resolved and approved by H&H

**PCL CONSTRUCTORS WESTCOAST INC.**

310 – 13911 Wireless Way, Richmond, BC, V6V 3B9  
 Telephone: (604) 241-5200 ♦ Fax: (604) 241-5301 ♦ Website: [www.pcl.com](http://www.pcl.com)





JOHNSON STREET BRIDGE REPLACEMENT  
Re-start of Steel Fabrication  
Page 2 of 2, March 03, 2015

- Cutting of the plates around the 12 o'clock bulkhead cannot proceed until such time as the design is finalized and the shop drawings approved for the elements currently noted as 'ON HOLD' in the returned shop drawings.
- OSD fabrication cannot proceed until the successful completion of the 'mini' mockup, currently scheduled to be completed the week of March 23.
  - Subject to the mockup being approved, OSD fabrication can proceed up until the point of 'super panel' assembly, at which time the OSD fabrication and lifting and handling plans will need to be approved.

As noted above, the scheduled OSD mockup and initial fabrication review remains scheduled to commence March 25, and will be attended by PCL and H&H at a minimum.

The steel fabrication has faced many challenges, and PCL is confident that the team we have selected for the fabrication have the ability, systems, and personnel to successfully complete this very important part of the project.

Trusting this direction meets your present needs, please contact me at your convenience to discuss any questions or concerns you may have.

Regards,

**PCL CONSTRUCTORS WESTCOAST INC.**

Mark Donahue, P.Eng  
Project Manager  
DIRECT LINE: 250 410-0635

MD/rj

cc: Zhang Jian, ZTSS (via email: [jian.zhang@ztsschina.com](mailto:jian.zhang@ztsschina.com))  
Jonathan Huggett, City of Victoria (via email: [jhuggett@jrhugetco.com](mailto:jhuggett@jrhugetco.com))  
Dwayne Kalynchuk, City of Victoria (via email: [dkalynchuk@victoria.ca](mailto:dkalynchuk@victoria.ca))  
Didier Samouilhan, MMM (via email: [samouilhand@mmm.com](mailto:samouilhand@mmm.com))  
Brian Mileo, H&H (via email: [bmileo@hardesty-hanover.com](mailto:bmileo@hardesty-hanover.com))  
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James Callahan, Atema (via email: [j.callahan@atema.com](mailto:j.callahan@atema.com))  
Anna Petroski, Atema (via email: [a.petroski@dotqs.com](mailto:a.petroski@dotqs.com))  
TB/AT/JP/KL/TV, PCL (via email)



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## Appendix C

## APPENDIX C – SCHEDULE OF PRICES

1. <b>Contract Price</b> (Article 4.1 of the Agreement)	\$63,235,000
A. Cash Allowances – (included in Contract Price)	
i. Environmental Permitting and Processing (Appendix G)	\$110,000
ii. Landscaping (Appendix G)	\$880,000
2. <b>Harbour Road Retaining Wall</b>	
i. design and construction	\$390,000
ii. off-Site soil disposal	\$255,000
<i>(To be added to the Contract Price upon written direction under Appendix B – Scope of Work, and managed as Cash Allowance – funding to come from other sources and not from Total Available Funding.)</i>	
3. <b>Project Completion Contingency:</b> (Article 4.2 of the Agreement):	
A. Total Available Funding (Article 4.2 of the Agreement):	\$66,000,000
B. Contract Price (Article 4.1 of the Agreement)	(\$63,235,000)
C. Funding for design consultant – optimizations	(\$250,000)
D. Project Completion Contingency as of Effective Date	\$2,515,000
4. <b>Allocated Contingencies:</b>	
A. Archaeological	\$250,000
B. Unforeseen Geotechnical and Subsurface Conditions	\$600,000
C. Hazardous Materials	\$250,000
D. Girder Span Depth	\$30,000
E. Structural Steel Overrun (see Article 4.4 of Agreement)	\$600,000
F. Imported Fill	\$80,000
G. Hydro Relocation and Power Supply	\$150,000
H. City Services	\$200,000
I. Environmental Permitting and Processing	\$25,000
J. Multi-Use Trail Overpass Bridge (if changed to steel)	\$250,000
K. Additional structural support for Fendering	\$462,500
L. City Quality Assurance for Structural Steel	\$75,000
M. Requirement for additional seabed land	\$50,000
N. Fabrication Shop Drawing – Third Party Detailer	\$50,000
5. <b>Target Value Engineering Amounts:</b> (Article 4.4 of the Agreement)	
A. Replace Indicative Design with attached configuration including shortening of East end span (see Attachment 1 to this Appendix C)	\$900,000
B. Replace West Pier with extended pile configuration	\$125,000
C. Replace Indicative Design of West Abutment (see Attachment 2 to this Appendix C)	\$350,000
D. Reduction of piles under Bascule Pier	\$185,000
E. Lighting – optimizing lighting design	\$500,000

## Appendix D

THE CITY OF VICTORIA



OFFICE OF THE MAYOR

February 2, 2015

The Honourable Denis Lebel  
 Minister of Infrastructure, Communities, and Intergovernmental Affairs  
 66 Slater Street, 8th Floor  
 Ottawa, Ontario  
 K1A 1M8

To the Honourable Minister Denis Lebel:

**Re: City of Victoria – Johnson Street Bridge Replacement Project**

It is with great pleasure that I write to you today, to provide a brief update on the progress that the City of Victoria is making in replacing the Johnson Street Bridge. This project is an excellent example of cooperation between different levels of Canadian government working together to achieve a common goal.

The Johnson Street Bridge provides an important transportation connection into Victoria's central business, entertainment, and tourism districts. It connects the growing residential area of Victoria West and neighbouring municipalities of Esquimalt, View Royal, Saanich, Colwood, and Langford with Victoria's downtown core.

With approximately 30,000 crossings taking place each day, including vehicles, local transit, pedestrians and cyclists, the Johnson Street Bridge is one of the busiest and most important transportation routes in the area. On average, more than 4,000 pedestrians and 3,000 cyclists use the bridge to access Victoria's downtown each weekday.

In 2009, an assessment of the Johnson Street Bridge identified many issues common to other bridges built in the 1920's – extensive corrosion, obsolete mechanical and electrical systems. It was determined that a substantial investment in the bridge would be required to avoid further deterioration, increasing operational costs, and possible closure.

Victoria City Council considered many factors important to the community when determining the bridge's future. These included safety concerns of the current bridge, heritage values, traffic and business disruptions, and accessibility needs for pedestrians and cyclists. After extensive public consultation, City Council decided to build a new bridge.



THE CITY OF VICTORIA



OFFICE OF THE MAYOR

Since signing a contribution agreement for the project with the federal government under the Building Canada Fund in March 2011, the City of Victoria has made marked progress in advancing the construction of the new bridge. Much of the work on the bridge's support piers is complete, and this winter project contractors are planning the single largest concrete pour in the history of the City of Victoria, to advance construction of the main bridge pier.

As you are aware, there have been some unforeseen delays in steel fabrication in China. Project consultants overseeing the fabrication of the main bridge trusses noted that some of the processes being used did not adhere to the required design specification. Work was stopped so that a review could be undertaken to ensure the integrity and safety of the structure. The difficulties have been resolved and work is planned to recommence as of March 1, 2015. Unfortunately, these delays mean that construction will still be in progress on the completion date agreed to in the contribution agreement between the Federal Government and the City of Victoria for the Johnson Street Bridge.

The City of Victoria would like to formally request a one year extension to the agreement, so that cooperation on this project can continue, despite these unforeseen delays.

Once complete, the Johnson Street Bridge Replacement Project will provide long-term benefits for the residents of Victoria, our neighbors in surrounding regions that commute across it daily, and the thousands of Canadians that visit our city each year.

Thank you for your ongoing support for the project and I look forward to hearing from you regarding our request for a funding extension.

Sincerely,

Lisa Helps  
Victoria Mayor

## Appendix E



MMM Group Limited  
 1145 Highway 104, Suite 200  
 Vancouver, BC, Canada V6T 1A9  
 Tel: 604.681.1111 | Fax: 604.681.1111  
 www.mmm.ca

**Project: 5012802**

February 27, 2015

Jonathan Huggett, P. Eng.  
 City of Victoria  
 623 Pandora Avenue,  
 Victoria BC, V6V 3B9

**Ref- Johnson Street Bridge Replacement Project; Supplementary Services - Updated cost to completion**

**Without Prejudice**

Dear Jonathan,

**INTRODUCTION**

In accordance with your request and further to our previous correspondence on this matter, MMM is pleased to provide this summary of our estimated additional fees and expenses through to Project completion. The level of effort required by MMM to complete this Project is directly dependent on the performance of the Contractor and is entirely beyond our control. As such, we propose that any supplementary engineering services be undertaken on a Time and Expense basis. The cost estimates provided herein for the supplementary services to an assumed contract completion date of April 30, 2017 have been prepared on that basis and they should not be considered lump sum costs. If the City prefers a fixed price from MMM for these supplemental services, we will need to adjust our fees to reflect the risk inherent in that approach. However, for further clarity, such a "fixed price", should the City request one, would not include services extending beyond April 30, 2017. Please note that many of these tasks are currently in progress.

**ESTIMATED COST-TO-COMPLETE****1. MMM Site-Based Personnel**

The Contractor has indicated that they anticipate being 13 months late in completing the Project including an anticipated a complete project shut down period. We anticipate the need to continue



our site presence through to the completion of the Project. In response to this delay, to continue providing site contract administration services, we will require additional fees for the following:

- Extension of on-site Project Manager from March 2016 to anticipated completion date of April 30, 2017
- Extension of on-site Engineer (for partial duration)
- Extension of MMM office support services for 13 months including document control, invoicing and other project control functions

The costs associated with the extended duration of the services for the PM and Site Engineer are estimated to be \$ 948 000 but could vary. For clarity, as is the case for all supplemental services identified in this letter, we are proposing that fees associated with the extended duration of the Contract be carried out on a time and expense basis. Should there be extended periods of reduced activity on site, it may be possible to reduce the number of months that 2 site personnel are required. A time and expense approach allows for flexibility in this respect.

## **2. Additional Meetings for H&H**

As directed by the City, H&H has attended additional detailing technical meetings to assist the Contractor in completing its shop drawings and other matters related with refabricating the structural steel elements. We anticipate the current trend to continue until June 2016. We estimate that H&H will be required to attend an additional 80 meetings. Travel costs for the meeting attendance, including airfare, accommodations, meals and other miscellaneous travel costs, are excluded as we anticipate all meetings can be carried out via teleconference.

The associated cost for the supplementary effort under this task, limited to June 2016, is estimated to be **\$47 000**. This may vary depending on the Contractor's performance.

## **3. Additional Field Reviews for H&H**

The City has requested that MMM and H&H provide an increased level of assistance and oversight to the Contractor. We anticipate the City's continued requirements in this respect but again stress that such efforts can be curtailed as desired by the City. In response to this request and in follow-up discussions with both the City and the Contractor, a detailed program of additional field reviews was developed; it is summarized in Table 1.1. The visits noted below are over and above those in H&H's original scope although some of the visits are the subject of previously executed agreements with the City. It is our understanding that these additional field reviews were requested by the City and the Contractor to facilitate the advancement of the Project and to provide the Contractor with additional support from H&H through the completion of the Project.





Key resources from H&H will perform these facility and field observations based on the needs and scope of each visit identified in Table 1.1 below. It is been assumed that the observation staff shall be given unhindered access to the areas of work by the Contractor to adequately observe the construction / fabrication activities. It is anticipated that the shop and field assembly and erection plans will be reviewed in advance of the visits to achieve the level of efficiency we have anticipated.

The site and facility visits included under this task are not considered meetings noted under Section 2 above. Travel costs under this task for the meeting attendance, including airfare, accommodations, meals and other miscellaneous travel costs are included as estimates but will be invoiced as actual costs to the City.

A number of the meetings shown on Table 1.1 have been included under previously executed agreements. These are shown shaded (in grey) in the Table. No additional labour costs are included in this change order request for these activities. However, the shaded items associated with Change Order #5, as captured under previous agreements, were web based conferences. The Contractor has since requested the meetings be held in person. As such, travel costs for these meetings have been included under this change order request.

The anticipated resource demand and duration utilized as the basis of this scope and cost estimate for each of the visits are indicated on Table 1.1 on the following pages.

**TABLE 1.1:**

Description of Visit	No. Visits	Resources	Travel Time
<b>SHOP AND FABRICATION OBSERVATION ACTIVITIES</b>			
<b>Machinery Fabrication-Estimated Duration-6 Months</b>			
Pre-Fabrication Planning Meeting (Kick-off) (Included in CO#5, Item g)	1	Project Engineer Sr. Mechanical Engineer	2 Days
In Progress Fabrication	3	Project Engineer (1 Visit) Sr. Mechanical Engineer	3 Days
Machinery System Shop Assembly	3	Project Engineer (1 Visit) Sr. Mechanical Engineer	3 Days
Vendor and Supplier Visits (Wheels, Forgings)	2	Sr. Mechanical Engineer	2 Days
<b>Machinery Fabrication at Steel Facility-Estimated Duration-3 Months</b>			
Span Support Segment Fabrication	1	Sr. Mechanical Engineer	7 Days



<b>Electrical and Controls Fabrication</b>			
No supplementary visits anticipated	0	N/A	N/a
<b>Structural Steel Fabrication-Estimated Duration-10 Months</b>			
Fabrication Restart and OSD Mock-up	1	Project Engineer Sr. Technical Specialist	7 Days
Truss Assembly Progress	1	Project Lead or Project Engineer	7 Days
Shop Assembly (In Progress/Near Final)	1	Project Lead or Project Engineer	7 Days
Shop Assembly (In Progress/Near Final) (Included in CO#2)	1	Project Lead or Project Engineer	7 Days
Shop Assembly of Span Support Segments and Best Fit Center (Included in CO#2)	1	Project Lead or Project Engineer	7 Days
Shop Assembly of Span Support Segments and Best Fit Center	1	Sr. Mechanical Engineer	7 Days
<b>Miscellaneous Fabrication</b>			
Counterweight Lead Fabrication	1	Project Lead	2 Days

Description of Visit	No. visits	Resources	Travel Time
<b>FIELD AND SITE OBSERVATION ACTIVITIES</b>			
<b>Machinery Installation-Estimated Duration-4 Months</b>			
Field Activity Planning Meeting	1	Sr. Mechanical Engineer	1 Day
Field Activity Planning Meeting (Included in CO#5, Item h)	1	Sr. Mechanical Engineer	1 Day
Span Drive Machinery Initial (Rough) Installation	1	Sr. Mechanical Engineer	3 Days
Span Support System Install and Alignment	1	Sr. Mechanical Engineer	3 Days
Span Drive Machinery Pre-Final Alignment	1	Sr. Mechanical Engineer	3 Days
<b>Electrical and Controls Installation-Estimated Duration-2 Months</b>			
Field Installation Observation	2	Sr. Electrical Engineer	3 Days
<b>Movable Bridge Structure Installation-Estimated Duration-6 Months</b>			
Bascule Pier Construction Progress	2	Project Engineer	3 Days
Ring and Lower Counterweight (Rear	2	Project Lead (1 Visit)	6 Days





Portion) Installation and Alignment		Project Engineer	
Forward Span Install & align	2	Project Lead & Eng (1 Visit)	5 Days

The associated estimated cost for the supplementary effort under this task, including travel expenses, is \$ 280 000.

#### 4. Additional Shop Drawing and Submittal Reviews

The scope of services of this task includes the additional efforts required to review the Contractor's shop drawings and other Contractor submittals, including the submittals of vendors and subcontractors, for conformance with the Contract documents. This includes additional effort required for the review of the technical merit of the submission as well as administration of the shop drawing process as previously communicated to the City. The administrative aspects include the documentation of the shop drawing submissions and status with respect to the time limitations for review. The administrative aspects require one (1) hour of effort per originally submitted item.

The scope under this heading includes the review of an additional 120 shop drawings for the bascule span structure. This quantity was developed based the estimate of the remaining drawings identified by the Contractor for submission. This estimate of effort is based on the history of the shop drawings reviewed to date.

The scope under this heading includes review and response to the aforementioned submittals at an average effort of 4 hours per shop drawing. The scope includes review of the total number of drawings as resubmittals (1<sup>st</sup> Resubmit) as well as 50% of the drawings as second resubmittals. Resubmittals are included at an average effort of 2 hours per shop drawing for 1<sup>st</sup> Resubmit and 1.5 hours per shop drawing for 2<sup>nd</sup> Resubmit.

The scope of the submittal task includes the review of the Contractors minor Submittals (estimated 40 Packages) and additional quality oversight weekly reports (estimated 32 Reports). Minor Submittal Packages are included with one cycle of review at an average effort of 5 hours per submittal. The Quality Oversight Weekly Reports are included at an average effort of 1.5 hours per report for one cycle. This estimate does not include reviews of the Contractor's independently engineered temporary works including its means and methods submittals. Should the City wish that MMM proceed with undertaking reviews of means and methods submittals, we will require meeting with the City prior to undertaking this task.

The cost for the supplementary effort under H&H additional shop drawing and submittals reviews is \$ 223 000



## **5. Additional Responses to Requests for Information and Change (RFIs and RFCs)**

The scope of this additional budget estimate includes development of information for the clarification of the Contractor's interpretation of the Contract documents. RFIs will focus on items requiring clarification or verification to the Contractor in order to execute his scope of work.

In order to establish a budget for this Supplementary Service, we have assumed review and response to seventy-five (75) RFI's at an average effort of 2.5 hours per RFI. We will notify the City if we believe that this number will be exceeded. Additionally, we have assumed that a total of thirty (30) RFCs will be reviewed and responded to at an average effort of 10 hours per RFC.

The associated estimated cost for this supplementary effort is **\$87 000**.

## **6. Additional Contract Review Team**

As requested by the City we have mobilized additional off-site technical, risk management and contract review resources to support the Project. These resources are being utilized on an as-and-when required basis. The level of effort expended addressing the Contractor requests for Change Order is well beyond what could have reasonably been anticipated particularly given the representations that the Contractor was qualified to carry out a project of this technical and contractual complexity. Based on the level of effort to date and the recent requests from the City relating to Contractor claim reviews we anticipate that a budget of **\$150 000** should be established for these additional resources.

## **7. Redesign of Components Subsequent to Issuance of IFDs**

The Contractor has repeatedly requested the redesign of previously completed designed elements. We have expended unanticipated resources in undertaking the redesigns. Redesigned elements include the deck over counterweight structure, the alternate mechanical support system, partial redesign of the flanged girders to accommodate the handrail and the lighting VE as endorsed by the City. For clarity, we have not included for Value Engineering associated with handrails and walkway lighting in the estimate below.

The actual cost of the redesign incurred to date is **\$65 000**

## **8. Contingencies, Urgent and Unforeseen Items**

In addition to the funds requested above, we suggest that the City provide allowances for currently unforeseen items (additional services that are not included) that may occur which are not specifically included in this correspondence.





We recommend an allowance of **\$500 000** be established to deal with resolution of crises situations that need to be dealt with on an urgent basis.

#### **SUMMARY REQUEST FOR CHANGE ORDER**

In the opening paragraphs to this letter we proposed that the City undertake the supplementary services estimated herein on a Time and Expense basis. All of the fee estimates indicated in this letter have been prepared on this basis and do not include any risk for continued substandard or delayed performance of the works by the Contactor. The following summarizes the amounts requested above:

1) MMM Site-Based Personnel	\$ 948 000
2) Additional Meetings for H&H	\$ 47 000
3) Additional Field Reviews for H&H	\$ 280 000
4) Additional Shop Drawing and Submittal Reviews	\$ 223 000
5) Additional Responses to RFIs and RFCs	\$ 87 000
6) Additional Contract Review Team	\$ 150 000
7) Redesign of Components after IFDs	\$ 65 000
Total – Estimated Supplementary Services to Completion	\$ 1,800,000

It is also recommended the City carry an additional contingency for urgent and unforeseen items. If the City is not in favor with our proposed approach to undertake the supplementary services to completion on a Time and Expense basis and/or in full agreement with the fees requested, we suggest that we meet with the City, with our respective legal counsel, in efforts to bring this matter to a close immediately.

Yours truly,

MMM Group Limited

**Angus English, P. Eng.**

Vice President, Regional Manager - Vancouver

c.c. Dwayne Kalynchuk P.Eng. City of Victoria  
Joost Meyboom Dr.sc.tech. P.Eng. MMM Group  
Didier Samouilhan MMM Group

Appendix F Potential known and new charges to the project contingency

Fendering - \$530,000

While the fendering system at the south end and thru the bridge is designed and under construction the protection at the north end still needs to be priced. Also the team is reviewing the harbor operating procedures for tugs passing through the bridge to determine the impact on the north end protection if the procedures are altered and communicating with the adjacent property owners with respect to placement of guide piles as this could affect the design and costing. While the final pricing is unknown at this time, the amount being carried is the price identified in the indicative design.

Landscaping - \$450,000

In the Contract landscaping was identified as a cash allowance item, meaning that the risk of cost overrun remains with the City. The proposal received by PCL is substantially higher than the consultant's estimate. City staff are also reviewing the option of undertaking some of the work with City forces rather than contracted, which could possibly reduce the costs.

Multi-use trail overpass - \$100,000

In Appendix C of the Contract an additional \$250,000 was allocated for the multi-use trail overpass if the structure had to be changed from concrete to steel. Latest estimates place the extra cost at \$100,000. The steel structure is required in order to maintain an appropriate slope to meet accessibility guidelines while providing the necessary clearance for the vehicles. This estimate is based on information for the consultant.

Archaeological monitoring - \$50,000

Originally \$250,000 was allocated for this. Only \$50,000 was used for the excavation on the west side, so it is necessary to provide the same amount for the east side for consultants and First Nations monitoring of the excavators planned on the east approach side. There is less excavation on the east side than the west side so conservatively the same amount as what was expended for the west side is being carried.

Owners Quality Assurance & Quality Control Plan (QA/QC) - \$40,000

With the re-commencement of the steel fabrication, the Owner Quality Control Plan is being increased to provide an additional check on the Contractor's Quality Control. This is based on a quotation for the consultant.

Requirement for additional seabed land - \$50,000

Once the foundations for the new bridge are complete, the seabed land will be sold to the City for the new structure. This is based on an estimate provided by Transport Canada.

Additional habitat compensation - \$173,000

While \$127,000 was allotted in the project budget for habitat compensation, the final review completed by Federal Fisheries identified a larger amount of compensation over the original estimate. This is based on a quotation received by the contractor.

Changes to CCTV cameras and marine lights - \$100,000

CCTV cameras are required to monitor the approaches while the bridge is being lifted or lowered and for bridge security. The change to the bascule pier and pit in the optimized design has increased the number of cameras. Also, now Transport Canada has increased the amount of marine lights on the bascule to advise marine traffic of the bridge operation. This is based on a quotation from the contractor for the CCTV cameras and an estimate from the consultant for the marine lights.

Environmental permitting and processing - \$5000

Funds are revised for numerous provincial and federal permits through the construction of the project. Also, several permits require annual monitoring and reporting. This is based on costs to date.

Graffiti prevention - \$15,000

While the construction site remains the responsibility of PCL, a number of the retaining walls and

foundations have fresh concrete that has the potential of being tagged. Project staff are exploring the possibility of cost sharing an anti-graffiti treatment that will have a long term benefit for the project. This is based on an estimate by the contractor.

Generator load bank relocation - \$82,500

The generator load bank required relocation due to a site conflict with the BC Hydro vault. The move increased the feeder length and a heater was added. This is based on an estimate by the contractor.

Unforeseen geotechnical and subsurface issues - \$225,000

In accordance with the Contract, the Contractor is entitled to claim for unforeseen geotechnical and subsurface issues, if the below-grade conditions were unanticipated by the Contractor at the time of entering into the Contract, and have a material impact on the Contractor's cost and time for the performance

of the work. To date, soft material under foundations and large outcrops of rock in the new roadway are a couple of examples where these funds are necessary. This is based on an estimate by the consultant.

Imported fill - \$50,000

An allowance is provided should imported fill be required for a number of the retaining walls on the west approach. Clean fill is necessary to accommodate proper drainage adjacent to the retaining walls to reduce the potential of uneven shifting of the walls. This is based on an estimate by the consultant.

## Appendix G

		Orginal Contract	Known to January 2015
<b>Project Completion Contingency (as per Schedule C - Schedule of Prices)</b>		<b>\$ 2,515,000</b>	<b>\$ 2,515,000</b>
<b>Allocated Contingency</b>	<b>Contract line</b>	<b>Budget</b>	<b>Committed</b>
A. Archaeological \$250,000	A	\$250,000	\$ 50,000
B. Unforeseen Geotechnical and Subsurface Conditions \$600,000	B	\$600,000	\$ 19,000
C. Hazardous Materials \$250,000	C	\$250,000	\$ 329,054
D. Girder Span Depth \$30,000	D	\$30,000	\$ -
E. Structural Steel Overrun (see Article 4.4 of Agreement) \$600,000	E	\$600,000	\$ -
F. Imported Fill \$80,000	F	\$80,000	\$ -
G. Hydro Relocation and Power Supply \$150,000	G	\$150,000	\$ 357,426
H. City Services \$200,000	H	\$200,000	\$ 7,533
I. Environmental Permitting and Processing \$25,000	I	\$25,000	\$ 1,400
J. MultiUse Trail Overpass Bridge (if changed to steel) \$250,000	J	\$250,000	\$ -
K. Additional structural support for Fendering \$462,500	K	\$462,500	\$ -
L. City Quality Assurance for Structural Steel \$75,000	L	\$75,000	\$ 120,000
M. Requirement for additional seabed land \$50,000	M	\$50,000	\$ -
N. Fabrication Shop Drawing . Third Party Detailer \$50,000	N	\$50,000	\$ 15,000
Add: MMM CO#3 Resolution of China Fabrication QA/QC NCR's \$50,000	O	\$50,000	\$ 123,204
Add: MMM CO #4 Workshop \$53,156	P	\$53,156	\$ 53,156
Add: MMM CO #5 Supplementary Services \$264,600	Q	\$264,600	\$ 264,600
Add: MMM CO #7 Utilitiy XRef \$4,200	R	\$4,200	\$ 4,200
		<b>\$3,444,456</b>	<b>\$ 1,344,573</b>
		<b>Budget</b>	<b>Realized</b>
<b>Value Engineering Savings</b>			
A. Replace Indicative Design with attached configuration including shortening of East end span (see Attachment 1 to this Appendix C) \$900,000		\$900,000	\$ 300,000
B. Replace West Pier with extended pile configuration \$125,000		\$125,000	
C. Replace Indicative Design of West Abutment (see Attachment 2 to this Appendix C) \$350,000		\$350,000	
D. Reduction of piles under Bascule Pier \$185,000		\$185,000	
E. Lighting – optimizing lighting design \$500,000		\$500,000	
		<b>\$1,160,000</b>	<b>\$ 300,000</b>
<b>Remaining Contingency</b>		<b>\$230,544</b>	<b>\$1,470,427</b>

# Johnson Street Bridge Replacement Project Budget Adjustment

March 26, 2015

# Summary

- An additional \$4.8 million is requested for the project
- \$1.9 million for the project contingency
- \$2.5 million for increased costs due to schedule delay
- \$400,000 for additional legal costs for external legal advice and participation in mediation
- This will bring the total budget for the Johnson Street Bridge Project to \$97.6 million



# Project Contingency

- A contingency fund, which is an allocation of money over and above a contract value, is needed to deal with unforeseen eventualities
- The initial contingency fund for the Johnson Street Bridge was recommended to be 10% of the contract value, but was reduced to 4%, (\$2,515,000) to meet \$66 million construction limit
- Target value engineering savings of over \$2 million were identified as potential opportunities to increase the contingency amount
- Value engineering increased the contingency only by \$300,000 bringing the total to \$2,815,000

# Project Contingency

- Current commitments of \$1,344,573 to the end of January from the contingency

Item	Committed at January 2015	Governance and Priorities Committee - 26 Mar 2015
West side archaeological	\$ 50,000	
Unforeseen geotechnical conditions	\$ 19,000	
Contaminated material removal and disposal	\$ 329,054	
Hydro relocation and power supply	\$ 357,426	
City services (Telus pole relocation)	\$ 7,533	
Environmental permitting	\$ 1,400	
City Quality Assurance for steel fabrication	\$ 120,000	
Architectural services	\$ 15,000	
Resolution of steel fabrication	\$ 123,204	
Detailing workshops	\$ 53,156	
Supplementary consulting services	\$ 264,600	
Utility reference plan	\$ 4,200	
<b>Total</b>	<b>\$1,344,573</b>	

# Project Contingency

- Known but not yet finalized items of \$1,870,500

Item	Projected Cost	Governance and Priorities Committee - 26 Mar 2015
Fendering	\$ 530,000	
Additional landscaping costs	\$ 450,000	
Multi-use trail overpass	\$ 100,000	
Eastside archaeological monitoring	\$ 50,000	
Additional Owners Quality Assurance Program	\$ 40,000	
Requirement for additional seabed land	\$ 50,000	
Additional habitat compensation	\$ 173,000	
Changes to CCTV cameras and marine lights	\$ 100,000	
Environmental permitting	\$ 5,000	
Graffiti prevention	\$ 15,000	
Generator load bank relocation	\$ 82,500	
Unforeseen geotechnical and subsurface issues	\$ 225,000	
Imported fill	\$ 50,000	
Total	\$1,870,500	

# Project Contingency

Item	Amount
Initial Contingency	\$2,515,000
Value Engineering Savings	\$ 300,000
Current Contingency Commitments	-\$1,344,573
Projected Contingency items	-\$1,870,500
Contingency Shortfall	-\$ 400,000

- An additional \$1.5 million is recommended for other unforeseen eventualities for a total of \$1,900,000. This would increase the total contingency to 7.5%
- Council will continue to be updated on the status of the contingency at the Quarterly Updates

# Project Schedule

- PCL contract identified the date of September 30, 2015 as the date to complete the new bridge
- Total completion of the project, which would include dismantling of the old bridge and completion of all landscaping was to be done no later than March 2016
- Now identifying the new bridge for use, January 2017
- Total project completion June 2017

# Project Schedule

- 15 month delay translates to additional costs for a number of items
- Project insurance \$280,000
- City staff and advisors costs \$420,000
- Additional professional services from the consulting team \$1.8 million
- City will seek recovery for the majority of these costs from other parties who are responsible for the delay

# Project Schedule

Key Dates	
Steel Fabrication & Shipping	March 1, 2015 – June 5, 2015 (66 weeks)
Bridge Machinery Fabrication	Feb. 23, 2015 – Nov. 23, 2015 (39 weeks)
Bridge Decks – East	June 26, 2015 – Oct. 23, 2015 (17 weeks)
Bridge Decks – West	June 26, 2015 – Sept. 18, 2015 (12 weeks)
Bridge Machinery Installation	Nov. 23, 2015 – Feb 1, 2016 (10 weeks)
Site Shut Down	Feb. 23, 2016 – June 5, 2016 (15 weeks)
Steel Erection	June 5, 2016 – Sept. 18, 2016 (15 weeks)
Bascule Span (Miscellaneous):	Sept. 18, 2016 – Nov 27, 2016 (10 weeks)
Traffic shift/bridge ready for traffic	Jan. 15, 2017
Demolition	Jan. 15, 2017 – April 16, 2017 (13 weeks)
Project completion	June 25, 2017

# Legal Costs

- \$400,000 be identified for mediation and on-going external legal advice
- Cost of the mediator, which is estimated to be \$10,000 is being shared three ways with the contractor and the consultants
- Necessary to proceed to litigation, the allocation for legal services would be reviewed and reported back to Council.



# Offsetting Cost Savings

- Limited given that The majority of the foundation work is completed; and the steel fabrication in China is in progress
- Small number of items not in either contract that is under city control
- Public art \$250,000
- E&N Train Station \$204,000
- Reducing the total project additional funds required by \$454,000 if Council wishes

# Financial Impact

Description of Costs	Amount
Insurance	\$ 280,000
Additional city costs	\$ 420,000
Professional consulting services	\$1,800,000
Current contingency shortfall	\$ 400,000
Legal costs for mediation	\$ 400,000
Unallocated contingency to completion	\$1,500,000
Total	\$4,800,000

Governance and Priorities Committee - 26 Mar 2015

# Recommendations:

That City Council:

- Approve an increase in the project budget of \$4.8 million less any acceptable cost reduction opportunities with funding from the Building and Infrastructure Reserve.
- Direct staff to transfer to the Building and Infrastructure Reserve any costs recovered from other parties.

# Questions?

23 March 2015

Mayor Lisa Helps  
City Hall  
1 Centennial Square  
Victoria, BC  
V8W 1P6

Dear Mayor and Council,

I am writing as Chair of the City of Victoria's Art in Public Places Committee concerning the reports of consideration being given to eliminate the public art component of the new Johnson Street bridge.

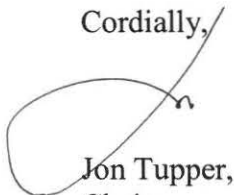
The Committee's work is guided by the Art in Public Places policy. That policy was passed by Council in 2010 and calls for up to 1% of all capital budgets to be dedicated to public art. This follows what is the custom in many municipalities around the world. The initial budget for the public art component for the bridge was \$350,000 roughly .55% of the original budget.

What is troubling is that at the early stages of this project consideration is now being given to eliminating the public art entirely. This will not only be discouraging to the Art in Public Places Committee but the entire arts community. The arts promote and enhance cultural development fostering creative cities and learning communities. The arts employ about 8,200 people locally and generate approximately \$170 million in economic activity. They improve the regions ability to attract skilled workers and provide a competitive advantage as a "destination city" for cultural tourism. Public art in Victoria helps to distinguish our unique identity and are a primary means of public dialogue.

I am deeply disappointed that the current Council is considering a move that will send a clear signal that Victoria places a low priority on the arts. On behalf of the Art in Public Places Committee I would encourage Council to show that it acknowledges the role that the arts play in creating community capacity by making a principles-based decision that acknowledges and supports Council's current Art in Public Places Policy.

While bridges may be beautiful pieces of engineered infrastructure they are not works of art.

Cordially,

A handwritten signature in black ink, appearing to read 'Jon Tupper', with a large, stylized loop at the end.

Jon Tupper,  
Chair  
Art in Public Places Committee  
[jntppr@gmail.com](mailto:jntppr@gmail.com)

cc: ProArt Alliance







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## **Project: 5012802**

March 20, 2015

Jonathan Huggett, P. Eng.  
 Johnson Street Bridge Interim Project Director  
 City of Victoria  
 623 Pandora Avenue  
 Victoria, BC V6V 3B9

## **Ref - Johnson Street Bridge Replacement Project – Moveable Bridge Seismic Performance**

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### **Design Approach Summary**

The Johnson Street Bridge has been designed as a “critical” bridge (similar to the “lifeline bridge” classification as per Canadian Highway Design Code) for the Design Level Earthquake defined to have a return period of 1000 years using AASHTO LRFD Movable Highway Bridge Design Specifications. We have already confirmed that the bridge will remain functional for all vehicular traffic after the Design Level Earthquake. With respect to the bridge performance after a 2500-year return period seismic event, we wish to clarify that the 1:2500 year event is not part of the seismic design criteria specified in the JSB 2012 PDR and was not analyzed in the design. The comment that we made with regard to what could be expected after the 1:2500 year event was in direct reference to the AASHTO LRFD Bridge Design Specifications **Commentary C3.10.5**.

### **JSB Bridge Machinery System**

Hardesty & Hanover utilized the AASHTO LRFD Bridge Design Specifications, Fifth Edition (2010) and the AASHTO LRFD Movable Highway Bridge Design Specifications, Second Edition (2007) with revisions through 2010, for the seismic design of the bascule pier and bascule span. Hardesty & Hanover used the single level, 1000-year return period Design Level Earthquake event as per the AASHTO specifications. The details of various seismic load cases analyzed and predicted seismic performance of mechanical systems evaluated are summarized below.

Hardesty and Hanover has evaluated various seismic load cases in accordance with AASHTO LRFD Movable Highway Bridge Design Specifications associated with the open and closed operations of the bascule span.

### **Load Condition 1A**

Design Level Earthquake:	1000-Year Return Period
Load Applied:	100% of Design Level Earthquake
Span Configuration:	Span in seated Condition, Locks Engaged
Code/Performance Requirements:	Possible loss of movable bridge operation Repairable Damage

#### Results by System:

- ▶ Span Lock System..... Potential damage to lock bar receiver
- ▶ Centering Device and Lateral Restraint ... Potential damage to receiver
- ▶ Operating Machinery ..... No permanent damage anticipated
- ▶ Span Support Machinery ..... No permanent damage anticipated
- ▶ Rear Lateral Restraint ..... Potential damage to restraint beam

#### Notes for this condition

- ▶ Potential damage anticipated is to ancillary systems which can be removed and replaced as necessary to allow operation (opening/closing) of the movable span subsequent to the Design Level Earthquake.
- ▶ As part of the design, special protection features (breakaway features) were included for the overall benefit of the structure in the event of a Design Level Earthquake.
- ▶ It should be noted that the longevity of machinery components subjected to a Design Level Earthquake may be reduced from the overall design life due to the high incidence of load.
- ▶ With span in seated position, vehicular traffic can continue to utilize the structure.

### **Load Condition 1B**

Design Level Earthquake:	1000-Year Return Period
Load Applied:	100% of Design Level Earthquake
Span Configuration:	Span in Opening or Fully Opened Position
Code/Performance Requirements:	<b><i>Condition not required by Code, Not Evaluated</i></b>

### **Load Condition 2A**

Design Level Earthquake:	1000-Year Return Period
Load Applied:	50% of Design Level Earthquake
Span Configuration:	Span in seated Condition, Locks Engaged
Code/Performance Requirements:	No loss of service or permanent damage



Results by System:

- ▶ Span Lock System..... No permanent damage anticipated
- ▶ Centering Device and Lateral Restraint ... No permanent damage anticipated
- ▶ Operating Machinery ..... No permanent damage anticipated
- ▶ Span Support Machinery ..... No permanent damage anticipated
- ▶ Rear Lateral Restraint ..... No permanent damage anticipated

Notes for this condition

- ▶ It should be noted that the longevity of machinery components may be reduced from the overall design life due to the high incidence of load under this condition.

**Load Condition 2B**

Design Level Earthquake:	1000-Year Return Period
Load Applied:	50% of Design Level Earthquake
Span Configuration:	Span in Opening or Fully Opened Position
Code/Performance Requirements:	No loss of service or permanent damage

Results by System:

- ▶ Span Lock System..... Not Applicable for this Condition
- ▶ Centering Device and Lateral Restraint ... Not Applicable for this Condition
- ▶ Operating Machinery ..... No permanent damage anticipated
- ▶ Span Support Machinery ..... No permanent damage anticipated
- ▶ Rear Lateral Restraint ..... Not Applicable for this Condition

Yours truly,

**MMM Group**



Jianping Jiang, Ph.D., P.Eng.  
Vice President  
Bridges, Transportation  
Partner







## Governance and Priorities Committee Report

### For the March 26, 2015 Meeting

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**To:** Governance and Priorities Committee **Date:** March 19, 2015  
**From:** Dwayne Kalynchuk, Director  
 Engineering and Public Works  
**Subject:** Skateboarding in the Downtown Core – Public Engagement Results

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#### Executive Summary

In 2014, Council directed staff report on the impacts of allowing skateboards on downtown streets. Council directed the report address confiscation of skateboards, including implications of using the BC Offence Act for guidance. On November 27, 2014, Council passed the following motion:

- 1) *That Council direct staff to provide a formal opportunity for broader public feedback on the following proposed amendments to the Streets and Traffic Bylaw:*
  - a) *Removing the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core and the 2300 block Trent Street. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.*
  - b) *Requiring users of skateboards and other human powered devices travelling on city streets to follow the same rules of the road as cyclists, and*
  - c) *Eliminating impound provisions specific to skateboards or other human-powered device.*
- 2) *That staff report back to Council in January 2015 with public feedback and proposed changes to the bylaw.*

An online survey was used to solicit broader public feedback on the proposal to allow skateboarding on downtown streets. The City promoted public participation in the survey on the City website and through social media, and reached out to local skateboarding shops and the local skateboarding advocate who had generated an earlier petition on this topic, to ensure the skateboarding community was involved in the decision-making process. Feedback was collected between November 26 and December 31, 2014.

In early 2015 staff reviewed and evaluated the feedback received to determine the level of support or opposition to the proposed changes. A full summary of the engagement is attached.

There were 275 respondents, including people who drive, take public transit, bike, walk, and ride skateboards. Most respondents lived in Victoria, were between 30 and 50 years old, and used a car or public transit as their primary mode of transportation. The majority of respondents were supportive of the proposed changes. The results also suggested the non-skateboarding public is generally supportive of allowing skateboarding on downtown streets, as there were more non-skateboarders than skateboarders who participated in the survey.

The majority of respondents also supported the need for safety regulations, such as ensuring anyone skateboarding in the downtown core is visible to drivers and follows the rules of the road.

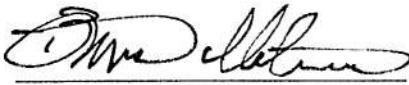
The previous staff report from October 2014 is attached for information.

If bylaw changes are implemented, a communications program will be developed to increase public understanding around how skateboarders can operate in the downtown core. Staff will report back to Council in May 2015 in conjunction with the proposed bylaw amendments.

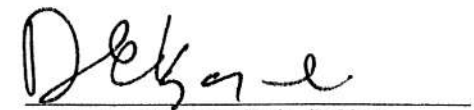
**Recommendation:**

1. That Council direct staff to prepare the following proposed amendments to the Streets and Traffic Bylaw:
  - a) Remove the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core and the 2300 block Trent Street. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.
  - b) Require users of skateboards and other human powered devices travelling on city streets to follow the same rules of the road as cyclists, and
  - c) Eliminate impound provisions specific to skateboards or other human-powered device.
2. That Council direct staff to develop a communications program to increase public understanding around how skateboarders can operate in the downtown core, and report back to Council in May 2015, in conjunction with the proposed Streets and Traffic Bylaw amendments.

Respectfully submitted,

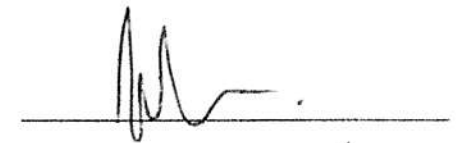
  
 Brad Dellebuur,  
 Acting Assistant Director  
 Transportation and Parking  
 Services

  
 Katie Hamilton  
 Director  
 Citizen Engagement and  
 Strategic Planning

  
 Dwayne Kalynchuk, P.Eng.  
 Director  
 Engineering and Public Works

Report accepted and recommended by the City Manager:

Date:

  
 March 20, 2015

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## Engagement Summary Report

# Skateboarding in the Downtown Core

November 26, 2014 – December 31, 2014

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Executive Summary

Part 1: Introduction, Engagement Objectives and Process Design

Part 2: Communications Tools

Part 3: Engagement Feedback Summary

Part 4: Next Steps

Part 5: Engagement Data



## Executive Summary

Recognizing the growing number of people that use skateboards as a mode of transportation, the City completed a review of the impacts around permitting skateboards in the downtown core.

Currently, skateboard use is not permitted on downtown streets or sidewalks. These restrictions have been in place since the 1990's and in the past individuals breaking these bylaws could have their skateboards impounded.

The City of Victoria is considering permitting skateboard use on downtown streets to remove barriers to skateboarding and to increase the safety of pedestrians on sidewalks. Feedback from the public was sought on the following proposed changes:

- Permitting skateboards on downtown streets, while maintaining the bylaw that cyclists and skateboarders are not allowed on city sidewalks
- Requiring skateboarders travelling on city streets to follow the same rules of the road as cyclists

An online survey was used to solicit feedback from individuals that would be affected by the proposed changes by allowing skateboarding in the downtown core.

The City received 275 surveys from the community including drivers, public transit users, cyclists, skateboarders and pedestrians. The majority of respondents live in Victoria, were between 30 and 50 years old and use a car or public transit as their primary mode of transportation. Given the lower percentage of skateboarders responding to the survey versus the higher number of supportive comments, the survey results suggest the non-skateboarding public is supportive of allowing skateboarding in the downtown core.

Much of the support was not without expressing a need for regulation and safety, such as ensuring anyone travelling in the downtown core is visible to drivers and following the rules of the road. Most of the respondents that were in favour of removing the current bylaw expressed that it was discriminatory and antiquated and that it was time for a change.

A summary of the survey's responses, as well as the complete survey including all comments, can be found at the end of this report.

## Part 1: Introduction, Engagement Objectives and Process Design

### Introduction:

The City of Victoria is considering permitting skateboard use on downtown streets to remove barriers to skateboarding and to increase the safety of pedestrians on sidewalks. Allowing skateboards downtown supports youth and recognizes skateboarding as a legitimate form of transportation.

Currently, bicycles and skateboards are not permitted on sidewalks anywhere in Victoria, but unlike bicycles, skateboards are also not permitted on streets within the downtown core. Skateboarding is currently permitted on City streets outside the downtown core.

An online survey was used to solicit feedback from the community on permitting skateboard use on downtown streets. The feedback received will be used to help inform City Council as they consider the proposed bylaw changes in 2015.

### Engagement Objectives:

The goals of the engaging with the community were to determine the public's opinion on:

- Removing the current restriction against the use of skateboards on downtown streets, while maintaining the bylaw that cyclists and skateboarders are not allowed on city sidewalks
- Requiring skateboarders travelling on city streets to follow the same rules of the road as cyclists

### Process Design:

Community feedback was collected through an online survey hosted on HaveYourSayVictoria.com. The City promoted participation in the survey on their website and through social media.

The skateboarding community was engaged by reaching out to local skateboarding shops including Sitka, Artavi and One Six, along with reaching out to a skateboarding activist in order to ensure the skateboarding community had their say. The target groups for the non-skateboarding audiences included the Downtown Victoria Business Association, the Victoria Youth Council, the Greater Victoria Cycling Coalition, the Victoria Taxi Association, and the Downtown Residents Association.

## Part 2: Communications Tools

The following communications tools were used to create awareness and drive participants towards the online survey and this engagement opportunity:

- Media Release
- Social media
- Website information (Latest News, Have Your Say)
- Staff consultation with community groups
- Direct email invites to target audiences encouraging their participation in the online survey

## Part 3: Engagement Channels

### Phase 1:

The City of Victoria did a small preliminary outreach to targeted community groups. Staff consulted with the Victoria Police Department (VicPD), and also asked for feedback from the Downtown Victoria Business Association (DVBA) and the Downtown Residents Association (DRA). Staff also met with a skateboard advocate who has presented previously to Council on this issue.

Copies of written feedback received from members of the DVBA and the DRA Board were submitted while correspondence and presentations to Council regarding skateboarding downtown and feedback previously received during Official Community Plan consultations were also reviewed. Council then directed staff to provide a formal opportunity for broader public feedback on the following proposed amendments to the Streets and Traffic Bylaw.

### Phase 2:

The online survey was posted on November 26, 2014 and ran until to December 31, 2014.

## Part 4: Next Steps

Council to review all feedback from the public collected via the online survey compiled as they consider permitting skateboard use on downtown streets to remove barriers to skateboarding downtown and to increase the safety of pedestrians on sidewalks.

If the current bylaw is amended by Council, possible next steps for the City could be:

- Engage the public about what rules skateboarders should have to follow when riding on downtown streets
- Follow staff recommendations and revise bylaw to allow skateboarding in the downtown core and create a public education campaign aimed at informing the public about the new bylaw

If the current bylaw is not amended by Council, possible next steps for the City could be:

- Engage the public further on the proposed changes
- Leave the current bylaw as it stands and publically communicate this decision



## Part 5: Engagement Data – What We Heard

The online survey was made up of six questions aimed at engaging the public that live in Victoria, commute within or through Victoria in some form and those who visit Victoria for work or pleasure.

Given the complexity around the subject, the questions were open-ended rather than a closed-ended 'yes' or 'no' question. Open-ended questions were posed in order to gain a broader perspective into the public's support or concern on the topic. Overall, comments were generally supportive outnumbered those that were against allowing skateboarding in Victoria.

There were 275 people that provided responses through the online survey.

*What we heard:*

### Question 1: Where do you live?

- 78.5% lived in Victoria
- 17.1% lived outside Victoria
- 4.4% identified living in the category "other"

### Question 2: What is your age?

- 1.8% 11 – 17 years old
- 18.5% 18 – 30 years old
- 48.4% 30 – 50 years old
- 31.3% 50 + years old

### Question 3: What is your primary mode of transportation through the downtown core of Victoria?

- 42.9% vehicle or public transportation
- 35.6% on foot
- 11.6% bicycle
- 6.9% skateboard
- 2.9% other

### Questions 4 – 6

Given the complexity around the subject, rather than ask a 'yes' or 'no' question regarding support for allowing skateboarding in the downtown core, the following three open-ended questions were posed in order to gain a broader perspective into the public's support or concern on the topic.

Given the varying responses, the numbers below are represented in the following manner:

- Supportive – the comments were in complete support of the bylaw being removed or felt this would be a positive change to make regarding skateboarding in the downtown core

- Not supportive – the comments supported the current bylaw and specifically made reference to not allowing skateboards in the downtown core
- Neutral – the answer had both supportive and not supportive comments, asked a question within the comment, or offered comments that were not relevant to the question being asked

**Question 4: Do you have any comments or concerns around the use of skateboards on downtown streets?**

Supportive – 135

Common themes:

- The current bylaw is outdated, discriminates against a particular group, and change is needed
- Any type of “green transportation” should be encouraged
- Skateboarding is a viable form of transportation

Not supportive – 82

Common themes:

- Streets already crowded with cars, buses and cyclists and adding skateboarders will cause accidents, injuries or worse
- They are not visible enough and don’t have any rules to follow so they would be an ongoing concern for drivers and pedestrians
- There is nothing wrong with the current bylaw and it should not be changed

Neutral – 57

Common themes:

\*Note: common themes in the neutral generally did not provide a direct answer to the question asked or had both for and against comments

- Skateboards should not be allowed on sidewalks
- Concern for youth riding skateboards
- Concern for pedestrian/skateboarder conflicts

**Question 5: Do you have any comments or concerns around skateboarders complying with the same rules as cyclists?**

Supportive – 139

Common themes:

- Yes, if they are going to share the road they should follow the same rules as drivers and cyclists
- They should have to wear helmets and reflective clothing to ensure they are visible to drivers and cyclists
- The safety of everyone using the roads is very important

Not supportive – 60

Common themes:

- They are far different modes of transportation and should not be categorized the same
- Skateboards do not have lights, brakes, or any of the other control devices as a bike and also cannot travel at the same speed as a bike
- Would make bike lanes and roads too crowded

Neutral – 75

\*Note: common themes in the neutral generally did not provide a direct answer to the question asked or had both for and against comments

- Cyclists do not follow the rules of the road and skateboarders would not either
- Rules for cyclists need to be enforced in order to have other rules of the road enforced
- Separate areas for bikes and skateboards are needed, much like many European cities

**Question 6: Do you have any additional comments or suggestions?**

Supportive – 68

Common themes:

- Time for a change
- Old rule and alternate modes of transportation should be encouraged
- Pilot program

Not supportive – 45

Common themes:

- It won't work – too much going on along downtown streets
- Worry from drivers that they might injure a skateboarder

Neutral – 84

\*Note: common themes in the neutral generally did not provide a direct answer to the question asked or had both for and against comments

- Enforcement of rules important

- Helmets and reflective clothes are needed if skateboards allowed on roads

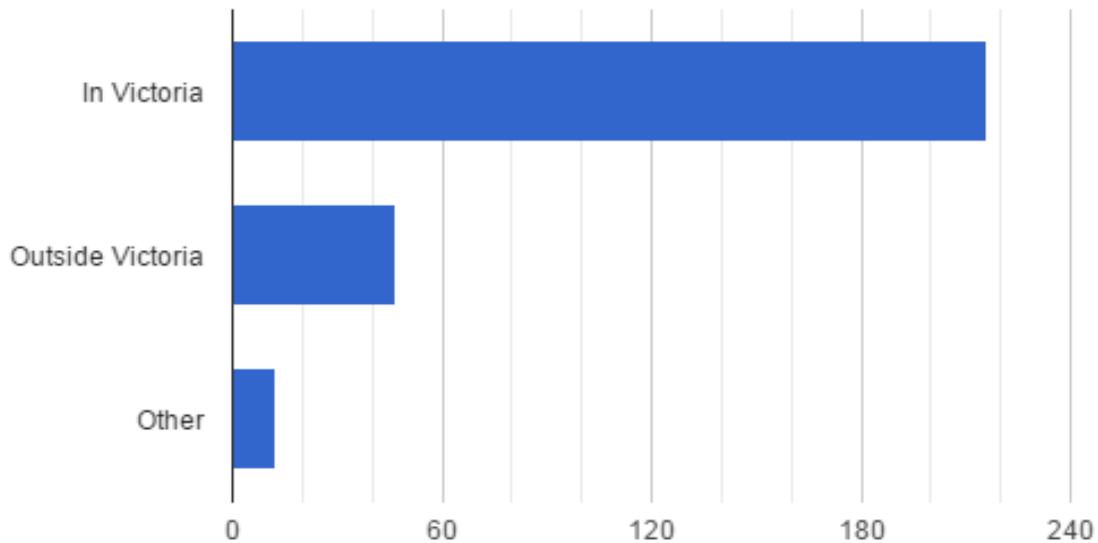
## Appendix A:

# Skateboarding in the Downtown Core Survey Report



# Skateboarding in the Downtown Core Survey Report

## Q1 Where do you live?



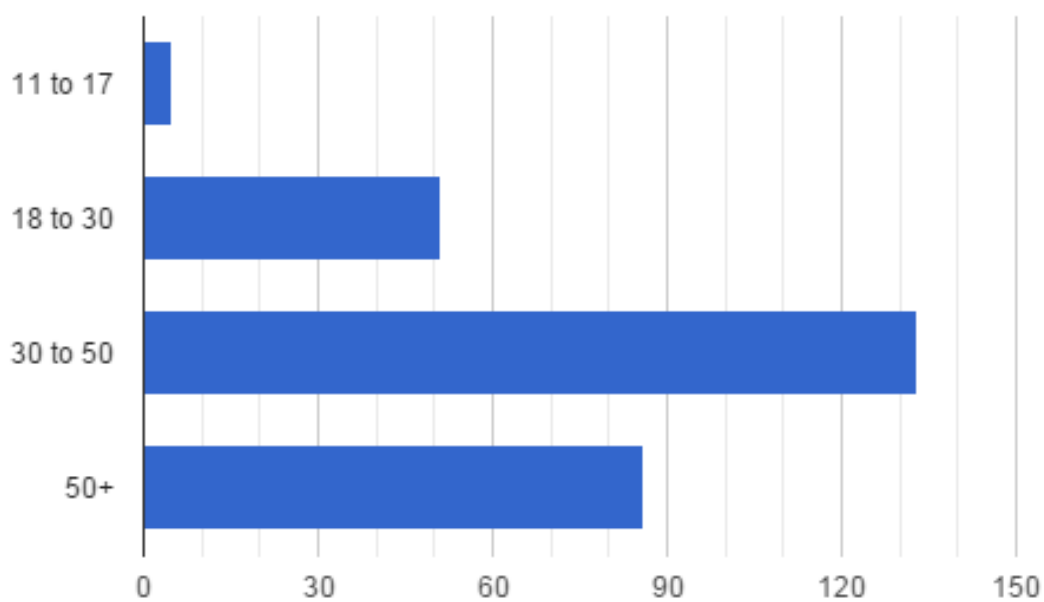
**Total Respondents: 275**

Other:

Esquimalt
mill bay
Oak Bay
Saanich
Saanich
Saanich
Saanich

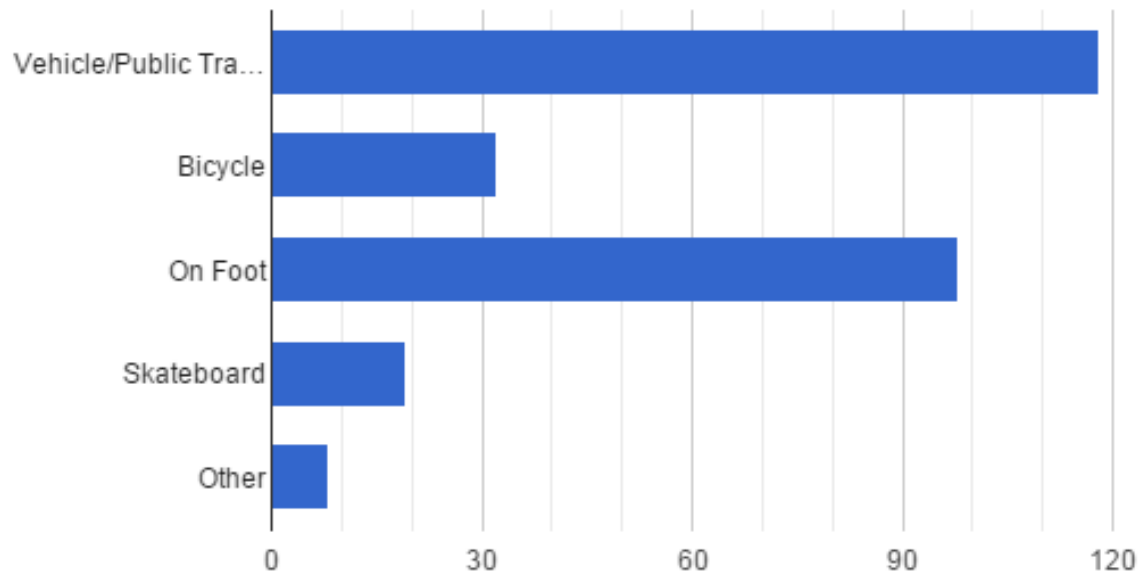
saanich
Saanich
Sooke
Vancouver, born and raised in vic

## Q2 What is your age?



**Total Respondents: 275**

Q3 What is your primary mode of transportation throughout the downtown core of Victoria?



**Total Respondents: 275**

Other:

Bicycle and Skateboard
Longboard
Scooter
scooter
Vehicle AND skateboard
walk, skateboard, bike, drive
wheelchair

## Q4 Do you have any comments or concerns around the use of skateboards on downtown streets?

**Total Respondents: 275**

When they are passing on the little bike lane(a boarder and cyclist)
#1 there is an extremely small virtually non existent # of people who actually use a skateboard as their primary source of transportation on a daily basis. A few more when the spirit moves them or the weather is conducive. We should not prejudice the safety of the vast majority for the benefit of so few.
1- they still are on the sidewalks and I've been nearly run over.  2- if they are on the street, and they hit a car (I've witnessed one last year), they have NO insurance to fix the damages. And it shouldn't be up to the driver if the boarder hits the car.  3- I've seen both cyclists and skateboarders run red lights. We need to make them more accountable for them breaking the law.
About time
Old bylaw was wrong if not illegal
against it
All for it. Active transportation should be encouraged not discouraged.
All the people in the photos are not wearing helmets. If they are going to be treated like cyclists they should HAVE TO wear a helmet.
Allow them the use of the bike lanes or provide w secondary slow lane for them and slower bikes.
allow use of skateboards downtown
Any and all forms of exercise should be encouraged as long as it doesn't pose a danger to pedestrians. Having skateboarders use bike lanes would be a lot better than using sidewalks.
Are they going to have to wear lights back and front at night?

Cars and skateboarders don't mix. There will be casualties.
Are they going to wear helmets by law? Also, skateboarders aren't the type to just stay on the sidewalk. They like to bounce around unpredictable. It's bad enough I have to deal with pedestrians not paying attention thinking the laws don't apply to them, bikes are the same in which nobody follows the rules of the road, and then add another form of transportation that are unpredictable is just a crazy idea.
As a mom of 12 year old boys, I see the benefits of skateboarding as a mode of transportation as it keeps them active and fit. We should not restrict opportunities for anyone to keep active, regardless of age. I think skateboarding should be allowed everywhere, downtown included.
As long as there is good monitoring to ensure the rules of the road are followed, I don't have any concerns.
At the moment the bylaw gives a degree of control. The removal of the bylaw removes that control and will increase the pedestrian vehicle skateboards negative contacts.
Awareness of drivers.
Being hit at anything over walking pace especially by a sharp blunt object at ankle level is medically dangerous. And then then the culprit can just skate away without consequences.
Better on the streets than on sidewalks
Bikes and skateboards are dangerous to walkers and drivers. Both are often on sidewalks . I was nearly knocked over by one on a sidewalk.
Boarders can be difficult to see; they don't wear any protective gear; many drivers would not be able to manoeuvre around them safely. are bicycles impounded presently if a cyclist disobeys the rules of the road? Haven't seen it yet! The police don't have the personnel to cope with present issues within the downtown core: why add skate- or long-boarding to the present burden?
Boards are a quick, efficient way for people to get to work. Drivers in Victoria must watch for all others on the road, is bicyclists, scooters, motorcycles & boarders.
Bus drivers will have to pay more attention when pulling over.
Concerned with skateboarders being reckless, weaving in and out of cars, buses.
Current bylaws are just fine. There should be NO skateboarding on downtown streets EVER
Do no permit skateboards in the downtown core - That's just an accident waiting to happen, if you



make them follow the same rules as cyclist. And if you allow them on the sidewalks, it would be a nuisance.
don't want them on the sidewalks
Downtown driving is busy enough as we share the narrow roads with buses, cyclists and pedestrians.
Downtown sidewalks are not the places for skateboards and  Cycles.  The residents with walkers,  And people walking on the sidewalks don't want to be looking out for people on skateboards, and tourist would  Not bother to go down town.
Downtown traffic is already difficult enough as it is (e.g. rush hour, homeless people walking wherever they want, whenever they want, etc.). Skateboarders in bike lanes will only complicate things more.
Enforce the by-law to STOP cyclists and skateboarders from using the SIDEWALKS!
For traffic issues. I bus everywhere and find that many drivers are impatient with cyclists as it is. I would be worried about any potential injuries this could result in.
From a safety perspective, I would rather see the use of skateboards permitted on sidewalks. My fear is skateboarders will utilize an entire street lane which in mind is unsafe - particularly at night.
Give back the streets to the skateboarders, let us move on and develop a better relationship with such a large, diverse group of individuals.
Go green!
GO green! Allow skaters to skate
Great idea to encourage active transportation! Can we pedestrianize Government St next please? Or perhaps a pilot project....
Having walked to/from work and through d/t for Victoria, I can speak of multiple times where cyclists have endangered my safety by their sidewalk riding.  Given that propensity, I would argue they feel they have immunity from never present traffic police

and/or bylaw enforcement officers.

If we can clean up the cyclist problem first, then and only then should boarders be allowed. If they are allowed, they should have to adhere to the same rules as cyclists (with aforementioned enforcement) which includes helmets.

If freewheeling is permitted, accidents are sure to follow and won't be the boarder hurt, it will be a pedestrian

hazardous to riders and pedestrians. Lack of courtesy

Helmets should be mandatory

Helmets?

Human powered transportation ft!

I 100% support skateboarding in our city, structuring the bylaws to be the same as cyclists and holding skateboarders accountable seems more realistic than treating them like criminals for their choice of transportation!!!

I agree with allowing skateboarders on streets, have a concern about safety - need more dedicated bike lanes to reduce conflict with traffic - on more streets, Douglas Street bike lanes not safe with buses, even worse for skateboarders.

I am concerned about skateboards impeding traffic and endangering themselves and others if allowed on downtown streets.

I am concerned that the city does not do enough to provide skateboard facilities throughout the city. I notice that a playground and basketball hoop are installed in every park, but a skateboard facility is never considered due to the NIMBY mentality that the City typically falls victim to. A simple skateboard or bmx facility (Bench or ramp \$500-1000 each) should be considered part of every park. It is great exercise and teaches valuable life lessons.

I am fine as long as they are not on sidewalks

I am in agreement that they be permitted on downtown streets provided that they follow the rules of the road and that those rules are enforced. They should not be permitted on sidewalks under any circumstances.

I am strongly against allowing skateboarding on the streets and sidewalks of Victoria.

This is a toy. It is NOT a form of transportation.

Why is this even a question? Skateboards belong in skateboard parks. They are meant for recreation and the people who tend to use them will refuse to be regulated. Any efforts toward changing that will cost a fortune and the skateboarders will not generally comply in the end anyway so you are going down a "no win" road.

They are dangerous and the user is generally out of control. Unlike a car the user does not have any safety equipment on. These wheeled toys don't have brakes, for example. So how can this ever be a safe form of transportation?!

There are far too many people on foot on the sidewalks in Victoria, especially seniors and dogs.

The current bylaw that prohibits skateboards anywhere on the streets and sidewalks of Victoria should be MORE strongly enforced.

I believe allowing skateboards on downtown streets is not logical. Transit drivers, taxi drivers, commercial truck drivers, private vehicle drivers, motor scooter and motorcycle operators as well as bicycle operators provide more than sufficient volume for our roadways. Our attention levels do not need further dilution by adding skateboards to the mix.

I believe that permitting skateboards on downtown street will be a mistake. We currently have issues with cars & pedestrians, a skateboarder moves faster than a pedestrian, and a driver may have checked for pedestrians, looked the other direction, and proceeded, only to run into/run over a skateboarder.

I believe that Victoria needs to lighten up. A lot of skateboarders are adults with families, careers....Why is it such an issue? Cyclists are seeming to take over the streets, this is transportation. So is skateboarding. Time to lose the bad rap that come with this recreation and get with the times. It should not be illegal in anyway.

I can't believe this is even being considered. I can envision skateboarders entering the roadway from between parked cars and causing moving vehicles to either hit them or swerve into other moving or parked vehicles.

I disagree with removing the current restriction against the use of skateboards on downtown streets. I think skateboards on already crowded downtown streets is a safety hazard for motorists, pedestrians as well as skateboarders. Skateboards travel quickly making them difficult for motorists and pedestrians to see.

I do not feel it safe to have skateboards on the roads. They are not as stable as bikes. When a boarder has trouble, the only way to stop momentum is to flail and run/hop in the same direction. As a motorist, I have had to implement emergency avoidance measures to prevent major accidents.

I do not skateboard. These bylaws in my opinion do not make any practical sense, the promotion of alternate modes of transportation in my mind are even more important due to the fact that I am unable to contribute to the solution. I drive as a default but would like to see the downtown core as a cleaner car-minimum environment. If a skateboard takes a car off the road it is welcomed.

I do not think having skateboarders on busy roads in the downtown core is a wise idea. There are quite a few large vehicles coming and going in the core at all hours of the business day. Navigating bikes is quite difficult, especially when they are weaving in and out of traffic and splitting the lanes. Skateboards have quite small wheels that do not react well to rocks and road debris.

I do not think skateboarders should be allowed on sidewalks. They could be allowed to use designated bike lanes if the lanes were safe for cyclists which in the downtown core they aren't. The city's recent survey revealed this was a major concern. Unfortunately, the bike lanes are not clearly marked. Green colored bike lanes should be implemented throughout the city.

I feel that people will always skateboard as a means of transportation. The numbers are steadily growing too. Whether it's a completely allowing people to do it, or simply removing the ability to confiscate property, I am a proponent of some sort of rule change.

i feel that skateboarding is a form of transportation, and is no different then walking or biking.

I feel that the downtown area of Victoria is already congested and busy. As I driver in the downtown area, it is hard enough to deal with bicycles, buses, pedestrians, lights, one way streets and parking. You add skateboarders into the mix and you are just adding another obstacle in an area that is chaos in the first place.

I feel they are a healthy, environmentally friendly mode of transport and should be allowed.

i feel they should fully be allowed, i ride a longboard a lot, and use it as a great means of transportation.

I find it to be an inexpensive, eco-friendly mode of transportation.

I have no concerns about skateboards in the downtown core. They are a method of transportation just like any other and a source of fun, community, and skill development for young and old who ride.

I have no issue with Skateboards being used for transportation. If they are doing tricks on steps or railings around the general public, then it becomes more dangerous and needs to be regulated.

I have no problem with skateboarders using downtown streets.

I have peripheral vision issues and I find it difficult to avoid skateboarders on the sidewalk.
I highly encourage it!
I just want to make sure they are wearing helmets! My friends son died earlier this year because he didn't have one on.
I see and hear the argument against skateboarding in the core that skateboards don't have a braking mechanism like bicycles. To those people I would like to say that, as a skateboarder, I would not feel safe and comfortable riding through the core, on the streets (or sidewalks for that matter), if I did not have complete confidence in my ability to safely operate my board in a careful and controlled manner.
I see skateboarders on downtown sidewalks all the time. They are a menace to pedestrians but the skateboarders are young and are unaware of the rules and also don't care
I still believe that people should be disciplined for dangerous behaviour regardless of what method of transportation used but look forward to these restrictions being lifted.
I support the use of skateboards on the roads but there must be limits. No trick riding, no out of control speeds. How that would play out would need to be determined.
I the current law in place is completely ridiculous. Many skateboarders use skateboarding as their primary, and may I say environmentally conscious, mode of transportation. By instilling the current law, the City of Victoria leaves the impression that they don't want Victorians to be environmentally conscious, and physically active. Further, many of the young people of Victoria who skateboard use skateboarding as a healthy physical outlet. It is not fair for young people to be frowned down upon because of a healthy decision that they are making. With limited skate parks to begin with it is sad to see that their choices are being further diminished. As a Child and Youth Care practitioner, I would MUCH rather see youth, young adults, and whoever else making a healthy, social and environmentally conscious decision to skateboard. In my opinion, the current law is completely insane, especially as we are known as the bike capital of the country.. the only difference is that skateboards get a bad rep.
I think allowing skateboarding downtown is a fantastic idea!
I think allowing skateboards on downtown streets will create more accidents, many fatalities & could cause the city to have lawsuits on their hands.
I think ANY wheeled devices for human movement on City streets should be required to observe the same rules. It is dangerous that bicycles are a vehicle and have permitted lanes to follow while on city streets but when they come to a stop light adopt the rule of a pedestrian and compete with them for crossing the crosswalk so that they can use the pedestrian sign to make a "turn" which would not be permitted by a vehicle using the same street. They go faster than pedestrians and often frighten elderly

people. I have no problem with skateboards on streets providing they stay there and don't try to compete with "pedestrians" lanes (sidewalks and crosswalks.)

I think it is a bad decision to allow skateboards. The sidewalks are already congested and to add skateboards to the mix just makes the situation worse.

I think it is great to get them off the sidewalks

I think it will become very dangerous for vehicles and pedestrians crossing the streets, Skateboarders are into speed, not safety.

I think it would be very dangerous for the skateboarders. There is barely room for two cars to pass as it is on most streets downtown without having to dodge skateboarders, also. Unless the city is prepared to make bike/skate lanes in the citycore that do not disappear when there is no room for them. Bikes don't disappear, they just drive into traffic. Skateboarders are normally younger than bikers so we would be risking much more young peoples lives. Is it worth it. Proper bike lanes need to be made in the city probably at the expense of parking along roads. There is just not room for it all. Maybe we need more one way streets with one lane designated for bikes and skateboarders. Certainly some alternative needs to be considered other than just letting skateboarders ride on the roads as they presently are.

I think it's a good idea

I think its a good idea.

I think it's a great idea as fining and taking away skateboards was never a good idea to begin with. Victoria is well known for skateboarding so it should be a normal and accepted thing to see on the streets.

I think skateboarding should be supported, but education is needed. Skateboard movements are unpredictable and travel at different speeds than bikes. Maybe a pilot program is needed to test this idea.

I think skateboards encourage (primarily) young people to be physically active, and as such they should be allowed and encouraged to do so. I also believe they should be considered 'personal vehicles', like bicycles and scooters and should GENERALLY follow the same rules as bikes. See below.

I think skateboards should be allowed downtown.

I think that skateboards should absolutely be aloud downtown. As long as they wear helmets and or other protective gear. And they are safe and respectful of pedestrians, bicycles, cars and any other



modes of transportation including other skateboarders.
I think that skateboards would need to take appropriate precautions if they were skateboarding at night. E.g. lights, or bright vests.
I think they should be able to ride on the streets.
I think they should be permitted on the roads, trying to be a green city yet discouraging green transportation is hypocritical.
I think they should have to wear helmets like bicyclists.
I think they're fine! Why not allow them?
I travel to victoria often and Skateboarding is a great way to get around. For the most part the streets are relatively flat, so stopping quickly has never been a problem.
i would like to be able to skateboard downtown as transportation
I would like to see all skate boarders off of all of the Victoria city streets because a lot of them do not yeald to pedestrians on the sidewalks,and especially the elderly people that have mobility walking problems. Get them off the siode walks,and have them wear helmets on a bicycle lane.
I would like to see them comply to the same rules as cyclists with the exception that between the hours of 10 pm and 6 am they are allowed to use the sidewalks for their own protection.
I'd like to see more people making use of green transportation. It shows that we care about the Earth.
If everyone has their space and the "rules of the road" are inclusive and understood, then I have no concerns whatever. I think skateboarders often have more situational awareness that cyclists and drivers due to being more exposed while moving quickly - so if integrated, they likely would be the least of the problems.
If skateboarders and bikers are sharing a lane, that could cause problems. Bikers are much faster and may feel the need to go around which brings them into vehicle traffic and puts them and the driver now at more serious risk.
If skateboarders are allowed the use if roads in a similar manner to bikes then it will be safer for pedestrians and generally better for Victorians.
If skateboarders on the streets going to be congesting the already heavily congested streets within downtown core. If they are on the sidewalks how will this affect the many locals and tourists that walk

throughout the downtown core. If the Skateboards are within the bike lanes - I am sure that cyclists will not wish to share their lanes as potential for accidents to occur.

If they are licensed, have brakes, horns, insurance, are properly lit at night and obey the rules of the road. I have no problem.

If they were used on the streets, there would be no detection to change the lights. The skateboarder would need to go on the sidewalk anyways to push the button.

If this ridiculous change is actually implemented, then skateboarders -- and cyclists, too, for that matter -- should be compelled to display some kind of license and carry public liability insurance.

I'm not a fan of the idea. Skateboards do not have brakes, and as a cyclist pose a danger.

In bike lanes with helmets

Insane to add skateboards to the already crowded streets. Skateboarders speed and have little regard for pedestrians. We already have motor scooters taking up lots of space and causing problems with people trying to walk down streets and even waiting at bus stops.No boards within downtown core!!!!!!!!!!!!!! Allow them and I will shop only at the malls.

It doesn't seem very safe. There are enough problems with cyclists on the roads when its busy I don't think drivers need to worry about another thing on the roads that could interfere with safe driving. Add the amount of busses that have to pull over t the stops constantly I fear someone will be seriously injured.

it is a great idea

It is discrimination not to allow skateboards as a form of transportation through the downtown core. I agree that skateboards should be allowed on the roads just as bicycles are.

It should be allowed

It should be allowed on both sidewalks and streets (same rules as bicycle). Only in cases of actual problem behavior on the sidewalks should this become a bylaw offence ...

It should be allowed the same as bicycles are.

It should be allowed. Most of these skateboarders have better control over their skateboards than we do over our feet.

It would be great to limit the use to daylight hours only. We're in a condo and the sound of skateboards

pounding the sidewalks often wakes us in the middle of the night to the point where we can't leave our windows open over night.

It would be madness especially at night

No reflective clothing. No lights. Often they wear dark clothing. Oncoming headlights obscure clear vision. Absolutely NO

Its a bad idea because bicycles move faster than skateboards - no serious commuter would ever use a skateboard, they are not faster or more efficient than a bike or public transport

It's almost 2015 and I still refuse to bring my family to your city as you frown upon green transport and hassle kids and grown men for using a hunk of wood for transportation

Take a good look at your policy and another at the overt drug issues your city has I'm not an educated man but I do see that the bylaw is silly and was made by people whom are probably dead

Its ok! Why not!

It's ridiculous to deny someone their form of transportation

It's shocking that this bylaw has been on the books so long. How on earth it's actually legal for a city to implement a policy to take property from someone is mind-boggling.

It's stupid it was banned in the first place

I've almost been run over by skateboarders on the sidewalk as a pedestrian. On the bus I have had a skateboard fall on my leg on the bus and rip it open. I do not think the laws should be changed. Then I would have even more changes of being struck as I walk across the street. Skateboards should not be allowed downtown and, and yes, they should be confiscated.

keep the bylaw as it is. They have not respect for pedestrians. Keep impounding boards if they don't comply.

Keep them off the sidewalks. They go zooming westbound on 700 block of Johnson and just about took out the lady walking in front of me when she shifted direction. They scare the crap out of people because once beside you they sound like a rocket going by. Enforce the bylaws!

Keep them out of traffic

legitimate form of transportation..

Let them ride
let them skate
let them skate! remove the antiquated bylaw and let's continue to build the vibrancy of downtown through inclusion and variety
Love the idea. Bring back skateboards. They are a way of transportation. But maybe make them wear helpmates too. And lights if at night. Same as bikes!
mine would be. whats the real problem with skateboards. i ride skateboards, longboards and ride my bmx downtown and cops are alway stopping me and sometimes or no real reason.  but to be honest seeing this on public feed saying this is going on. here is something better. why not go out to the public or set a date and get a whole bunch of people showing up listening to what you have to say and others and work out the problem and not just causing a bigger problem.  doing this will cause the city more problems as skateboards will get more annoyed and it will make things worse. so how about just leave them skateboard around..if they fall they fall but keep in mind. they are very skilled at doing what they are doing. and if they fall mistakes happen. give them a break  my idea.. hold a big meeting and hear what people really have to say
More concern for fast skateboarders maneuvering around elderly people.
Most do not consider safety enough. I'm concerned about the effect on the skater if they are hit, and the person who hits them.
Most skateboarders on the sidewalk travel at a considerate and responsible speed. They are mindful of others on the sidewalk and are attentive to the flow of 'traffic' and adjust accordingly. However, there are those few who are reckless. Those few scare and startle others on the sidewalk and launch themselves into the street on crosswalks without regard for others (pedestrians or drivers).
My concerns are teenagers form 13-19 and kids under age of 12 have been racing around Victoria sidewalks think they own the sidewalk.
n/a
No
No

No
No
no
no
No amount of signage or rules will make the skateboarders change their ways. They do not follow the rules now about staying off the sidewalks. Downtown Victoria streets are not safe for the elderly in the vicinity of the skateboarders. They will not stick with the bike paths, they will see proposed changes as an opportunity to wonder back to the sidewalks. Just like the cyclists do now - they are constantly on walking paths even though they are clearly marked for no bicycles.
No concerns
No concerns with skateboards on downtown streets, should be the same rules as cycling.
No concerns, majority of people dislike skateboarding for the noise. Not skating itself.
No concerns, skateboarding promotes exercise and green transportation.
No concerns. The responsibility of the skateboard user is what should be regulated, rather than skateboarding in general. Reckless skateboarding should be ticketed, but skateboarding in general is not. I've personally been hit only by disabled people on electric wheelchairs, rather than skateboards.
no issues whatsoever. We should encourage green forms of transportation
No more than any other mode, and much less concern than I have around the behaviour of drivers.
no sidewalks. use bike lanes in core when it makes sense. certain streets too busy. helmets a good idea. lights at night too.
no skateboards on side walks
No to skateboarding on the street. these individuals are a menace to traffic and they zip from street to sidewalk. and they do not obey traffic signals or yields etc.
No, I think it should be legal.
No, I think it's a great idea

no, I think that the skateboarding red zone is antiquated and does not reflect the needs of the demographic who now live and work downtown
No. Let them ride.
Noisy and dangerous
None - cities should take a more progressive additude towards skateboarding in an uburban environment.
None at all. Everyone should be allowed to get from point A - B regardless of how they do.
none what so ever
Nope, I think they should be allowed to skateboard as they please
Nope. Few things make me angrier than longboarders carving turns on the street with no helmet, no brakes, and no sense. Worse thing to drive near. One false move by them and I'm wearing skater all over my windscreen and going counselling for the next year.
Nope. I think we should do it. Green rules.
Not on any sidewalks!! Use the bike lanes and obey rules like all cyclists must. It is a viable transportation alternative but NOT on sidewalks where pedestrians will not have time to avoid collisions.
Not really. Bikes are far more of a hazard to pedestrians.
Not safe. It's a slippery slope. You allow it and there will be more than what was intended. I don't see how they can mix with cars or pedestrians downtown. It's crazy
Of course they should be allowed. It was always pointless and discriminatory that skateboarding was not allowed.
one of the main places i have to pass is centennial square, the security is very poor. I see them drinking out of flasks and kicking out skateboarders when there is illegal drug deals going out in plane sight
Only that it is difficult for skateboarders to travel as quickly as bicycles. Animosity between the groups will flare up if skateboarders use bike lanes.
Only that they aren't allowed.



Perhaps helmets should be enforced as well as reflectors in the evening to aim to prevent accidents and serious injuries.
Police should stop wasting time dealing with skateboards
Population has increased in size...sidewalks have Not!
Primary concern is for the safety of pedestrians on sidewalks and the unpredictability and erratic use of skateboards in regular traffic.
really would like to see a path for bikes and skateboards to share. so close the streets to cars please.
Remove the Red zone.
riders should wear helmits, like cyclists.
roads are for cars buses trucks and bicycles..... they are not for skateboards or other forms of moving traffic that have little or no protection from a fast moving 1 or 2 tons or more of solid moving forms of vehicles
Same rules as cyclists should apply. Skateboarding is a valid, inexpensive mode of transportation.
Seems dangerous to have skateboards on the street, especially when most are young and are less likely to know the road rules.
Should be allowed in bicycle lanes and on most downtown roads but should be banned from major car routes - johnson, pandora, cook, bay etc
should be legal everywhere even sidewalks just like it is in vancouver.
should be same as bicycles
Should not be allowed. They are a menace and a hazard. Make them walk like everybody else
Sidewalks are called that for a reason. Older people some of whom cannot hear that well cannot get out of the way of skateboards. The majority of people using skateboards are young people and kids who don't have any respect for walkers and are quite capable of walking on the sidewalks if they can skateboard.
Skateboarders along with bikes should have right of way
Skateboarders are generally slower than cyclists and less inclined to follow the MVA, as a skateboard is

not considered a vehicle.

Skateboarders have as much control, and are as engaged, if not moreso, than cyclists. The vast majority have the skills and the physical capacity to skateboard safely and should have the right to use their boards as legitimate modes of transportation.

Skateboarders should be using the bicycle lanes on Downtown streets and banned 100% from riding on the sidewalks.

Skateboarders, like those riding bikes, have little protection from cars if they are hit. They carry no insurance so if they suddenly pop out in front of a car and are hit it's a strong chance of serious or deadly injury which the person in the car must deal with. Stronger laws must be passed requiring them to follow the rules of the road, protective gear and liabilities. I would rather they be on the sidewalk.

skateboarding in bike lanes should be legal

Skateboarding in traffic is an idiotic idea.

skateboarding is a great form of transportation and recreational activity.

Skateboarding is a lifestyle that is now time to be embraced by the city of Victoria. Skateboarding has been accepted as a part of the culture in many parts of the world

Skateboarding is not a crime.

Skateboarding should not be allowed on the streets. As I have to drive for work and in the downtown core, I find it is hard enough watching for bicycles and pedestrian that do not obey traffic and street signs. Add to this dark clothing, night time & raining.

skateboards are a mode of transportation and skateboarders should not be treated poorly for having their skateboards downtown.

Skateboards are a safe, environmentally conscious, fun means of transportation, and should not be seen as a menace to our streets, or an unsafe way to get around.

Skateboards are not transportation. They should not be allowed on either sidewalks or roads. They are a recreational toy that should be limited to designated skate parks and away from pedestrians and motorists.

Skateboards are perfect for travelling in the city, and take up even less space than a bicycle. They are also significantly cheaper, making them more accessible.

Skateboards are super practical for students and are another completely reasonable alternative mode of transport to cars.

Skateboards are very dangerous on the roads. Boarders tend to weave in and out of traffic to avoid long lineups. Motorists would not be able to avoid collisions with these individuals.

skateboards could be used in the bike lanes, but not on sidewalks. to dangerour for out aging population

Skateboards do not have brakes so stopping them would seem to be unreliable. They are noisy and riders of skateboards seem to have attitude meaning most don't respect other users of public streets and roads.

Skateboards do not have safety features such as dedicated steering or brakes. Nor do the operators require any form of training. Operator competencies have a vast range from very competent to incompetent. This does not bode well for the safety of all operators or those in their vicinity.

Skateboards don't belong downtown. Vehicles and bicycles seem to have a hard enough time sharing the road without adding another element.

Skateboards don't have brakes or lights, they should not be allowed withing the downtown core.

Skateboards should be allowed downtown. They are a great way to get around. And are another mode of transport that is non-polluting.

Skateboards should be allowed in bike lanes and roads. Allowing boarders on sidewalks may cause space problems unless it is clearly stated that pedestrians have the right of way.

Skateboards should be aloud

Skateboards should be seen as a legitimate transportation mode in and through downtown.

skateboards will have to avoid cars busses and construction sites on the roads

Skaters beware!

Victoria drivers are notoriously bad.

Some of the roads downtown are poorly constructed and are hazardous to all forms of transportation, especially those who travel on skateboards.

Some people aren't fit to play in traffic,just as some aren't fit to drive.
Sounds dangerous, both for the skateboarders and the drivers trying to get around them
Still not addressing bike lane issues
Strongly disagree with allowing skateboards on streets downtown. Motion of boards is unpredictable, faster than pedestrian making them vulnerable to turning traffic. I have never seen a boarder use lights or reflective wear, making them nearly invisible.
Supporting any sort of athletic activity and green transportation alternative is commendable. Also, it would be nice to see local skateboarders be able to skate through the "red zone" while en route to the only skateboard park that the city has provided in Vic West. The city of Victoria should consider another park in the city somewhere. We certainly have enough facilities in place for traditional "ball sports" already. Perhaps a replacement for the Crystal Pool could incorporate a skateboard park.
terrible idea!! so many people walk to work, older people walking downtown, forget it!!
That if forced to use the streets they will default to picking quieter streets that are largely residential. This may encourage them to use those areas as a park, which I have seen in front of my building, damaging property I collectively pay for with other residence. Otherwise I have no issue
The current bylaw should not be amended as it will pose an increasing risk to pedestrians, skate boarders and motorists. There is also the issue as to how will pay for possible injuries caused by skate boarders. They have no insurance through ICBC to cover the cost of damage to second and or third parties. This issue is very crucial.
The difference in speed between cars, bikes, and now skateboards could be a problem.
The lack of an emergency braking system on the boards and the likelihood that the board becomes a projectile when/if the rider parts company with it while in traffic concerns me.
The ongoing noise and the negative attitude displayed towards the elderly are problematic.
The roads are not big enough for all the vehicle types. There is hardly room for cyclists and motorists so how will a boarder pass them? You constantly see cyclists riding on the left hand side, not turning and taking up space. As a cyclist, this makes me uneasy on the right side of the road. Skateboarders, based on what I have seen, would do the same.
The same concerns that I have for cyclists are the same for skateboarding....Helmets and all appropriate safety gear, follow the rules of the road.

What if the people skateboarding/long boarding have never had a drivers license and don't know those rules?

The sidewalks should not be for skateboarding, they should be reserved for pedestrians, which is the mode of transportation which should trump all others in priority.

The subject evolves all around safety. The streets are not designed to handle skateboards weaving in and out of traffic. Big car and skate board not a good combo in an accident

The use of skateboards on downtown streets is an excellent idea. In a time where multi-modal transportation is being supported throughout the region, allowing skateboarders on streets is a positive step forward!

Consideration should be given to requiring helmets for skateboarders (as is required for cyclists, tho I realize that helmets are not mandated by the city)

The use of skateboards should not be allowed on downtown streets.

There are many elderly in Victoria who must use the sidewalks. There is no other option to walk --- unless you suggest walking on the street to avoid skateboards!

there is no good reason why skateboarding should not be permitted as a form of transportation (especially considering it is green) as long as it is being done safely and skateboarders are required to follow the same rules as cyclists.

there is very much a culture of automobiles here in north america so alternate forms of transport are not really accepted or tolerated by motor vehiclists. this needs to be changed

These bylaws have been pure ignorance from the get go.

They are a threat to pedestrians

They are dangerous and disrespectful. I have almost hit skateboarders going the wrong way on streets many times.

They are reckless. They don't seem( in my experience) to have any regard for other sidewalk users or road users. Skateboarders on roads are like super fast pedestrians... Vaunrable!

They are too irratic and unpredictable. It is too dangerous to allow them to intermingle with vehicular traffic.

They don't bother me as a pedestrian or cyclist or when I occasionally drive.
They don't signal. They ddon't have lights. They can't stop safely for unexpected reasons such as a car pulling out in front of them.
They need places to go to have fun and be active! Provide some rules for sidewalk use. But allow!
they should not be on the downtown streets !!
They shouldn't be banned, I can't believe they are.
They weave all over the road, in and out of vehicles. They need to wear helmets.
They will get in the way of an already burdened cyclist community.
They would have to wear helmets and stay off sidewalks. But that makes it difficult for people who are afraid of traffic and don't want to use bike lanes.
This is a positive initiative. We should not deter people from using fuel-free modes of transportation.
This should be allowed, it is no different than cycling.
too dangerous for us having to watch for them and them being aware of what traffic issues are going on around them
Too dangerous! Don't allow it.
Unlike bicycles, skateboards do not have proper brakes. If I am walking downtown, I, as an older person, feel that I would be in danger if the boarder couldn't stop and I couldn't jump out of the way in time.
Use marked bike paths only.
used responsibly, they are a great mode of active transpo for youth
Victoria has a by-law " Removing the current restriction against the use of skateboards on downtown streets "
Now that is a surprise considering every day you see skateboarders on sidewalks in the downtown area. Maybe you should fix that problem first.
We can't allow some common modes of transport and not others.



We should promote all alternative modes of transport that get people out of their cars!
wether someone is operating a, car, motorcycle, bicycle, skateboard or anything else, all persons need to watch where they're going, right of way is a joke, open your eyes.
Why not, streets should be for everyone
yeah I do, so when im making a right or left turn through an intersection with a controlled crosswalk ie right off Pandora st to blanshard and some guy comes flying through the crosswalk on his board and gets run over because In didn't see him because of the speed he is doing on the board, its whos fault??? not mine! I think those are hazard to their health. Bad Idea
Yes
yes but they should behave likes bikes and no worries
Yes I believe they can startle & scare as someone approaches when you are walking which can lead to that person falling.
Yes, any mode of transportation that does not have the ability to brake is a danger to both the user of the skateboard and all other users of the roads and sidewalks. I find this proposal absurd from a safety point of view.
Yes, do not allow on sidewalks as the law is now, and not on any roads downtown.. Walk your boards, and where permitted, they must obey the traffic laws as any motorist!
Yes, people not wearing proper protecting like a helmet and are wearing headphones or texting while skating boarding on the bike lane will get hit by a moving vehicle!
Yes, skateboards on streets and sidewalks have completely unpredictable motions paths, and lack sufficient control and braking, such that they are a hazard to themselves, pedestrians, cyclists, the undersides of cars & buses, small dogs and lamp posts. The noise skateboarders make is aggravating as well.
yes. Governments r trying to get people to stop driving cars. Skateboarding, rollerblading, cycling, etc, are all viable options, regardless of location (downtown or otherwise). The problem is not the mode of transportation, but rather, the handling/operation of the "vehicle". Do not ban any type of transport, but do penalize those that operate/handle the "vehicle" in an inappropriate or unsafe manner.
Yes. I think there will be a lot more accidents.
Yes. It is not a safe form of transportation whatsoever and should not be legal in our downtown core

when road space is already quite limited. As a driver I do not feel safe driving around skateboarders.

Yes. They are some of the most disrespectful road users. They use sidewalks - they do not follow roadway laws properly. and are a general danger.

## Q5 Do you have any comments or concerns around skateboarders complying with the same rule as cyclists?

**Total Respondents: 275**

I agree

I have no concerns around skateboarders using sidewalks, as it is much safer for them. I do not believe pedestrian safety will be affected.

They should follow the same rules.

2 very different things, they should not be held to the same laws.

50% of cyclists don't follow the rules of the road and I would expect less skateboarders and they are harder to see.

A good idea, keeping in mind however, that many cyclists fail to comply with the rules of the road. And for that matter, the number of drivers I see, daily, going through not just late yellow but red lights, indicates that any problems to arise will very likely be related to drivers, and the lack of traffic cops paying attention on our roads (other than when they need to fill quotas perhaps).

A skateboard is not a bike.

A skateboarder should be competent at riding enough that they can obey all the same rules safely.

All of the skate boarders should apply to the rules of the road, and that goes with all of the bicycles as well.

Anything to reduce car usage!

Are you saying cyclists use sidewalks too or bike lanes? Bike lanes (where they exist) is where skateboards should be

As a driver, I am concerned about allowing skaters on the road. While I myself feel confident/competent to ride in such a way, I do fear for others with less skill/ability -young or old.

As long as the same fines apply, I can't see it being an issue.

as long as they are held accountable. In fact I think more attention has to put on the cyclists of Victoria as well.

As the rules are rarely followed and never enforced, this question is absurd

Bicycles should not be operated on sidewalks. People 16 years of age or younger should have to wear a helmet.

Chaos will reign.

Compliance really has nothing to do with this. People will choose to comply, or not with any rules governing what they are doing. This question seems to presume that skateboarders will be less likely to comply than cyclists, which is discriminatory, what the old bylaw is based on, and is what this updated bylaw would be getting away from, no?

Currently cyclists do not follow the road rules and choose when to follow same rules as vehicles and when they wish to use their own. Already the roads downtown heavily congested with cyclists and cars and horse drawn carriages.

Cyclist do not always abide by these rules and there is no way to enforce them so I believe it is moot to discuss the rules.

Cyclists and skateboarders should not be put under the same category. Skateboarding is dangerous, inconsistent.

Cyclists are a high risk of injury or death as it is.... but do atleast have a mechanical advantage to keep up with fast moving vehicle traffic..... skateboards being propelled by a "foot push" only are menaces & a serious distraction to drivers & pede strians. They DO NOT belong on streets or sidewalks.... but rather in the specially developed skate board parks only

Cyclists are ruled by the same rules as motor vehicles. I'm not sure it is appropriate to put skateboards under the same rules. Can skateboards go as fast as a car for sustained periods (as a cyclist often can)? Would need to look at each rule to see if it is reasonable for skateboarding.

Cyclists as it is don't comply with proper rules of the road I find it hard to believe skateboarders will either

Cyclists can be equally as much of a problem. One has to look out for scooters, bikes and boarders while trying to walk from one shop to another, taking our life in our hands! Sidewalks are called sideWalks for a reason !! Get back to reality, WALK.

Cyclists comply with rules?

That's a good laugh.

cyclists don't abide by the rules, in and out of bike lanes, veering from one side of the street to another, not stopping at lights or stop signs, or yield signs, they think they have the right of way so they don't look. Any form of transportation on the streets all need to follow the same rules.

Cyclists don't comply so why would skateboarders? I live right outside the core on Pandora where skateboards are allowed and they don't stay off the sidewalk nor do they stay in the bike lanes. In fact, people constantly skate all over the road. In the evenings (summer included), with a lack of lights and helmets, I fear there will be an accident soon as they can't be seen and come out of nowhere.

cyclists dont comply with the bylaws, you see cyclists riding on sidewalks all the time. Enforcement needs to be increased

CYCLISTS don't comply, so why should skateboarders ?? are you kidding me ??

Cyclists don't follow rules anyways so what will be the difference.

Cyclists don't seem to have rules

Cyclists have brakes. Longboarders don't. This makes it a very different mode of transport.

Cyclists now mostly dont adhere, and who will in force this..

Cyclists obey rules?

Cyclists often don't comply with the rules. I imagine that skateboarders would not either.

Cyclists on a whole barely follow the rules of the road, generally rolling through red lights, barely providing hand signals. I expect boarders to do the same. As a driver it's my responsibility to see them and drive accordingly.

Cyclists wear helmets for their own protection. Most skate boarders do not. If skateboarding is to be a mode of transportation, they should also need to keep safe.

Dangerous!!
Do not allow skate boards in the downtown core.
don't care if anyone complies with any rules as cars are now making the rules by running us over or dooring us or just horning and kjsouting and screaming.
Don't try to get me to change my mind by re-asking the above question!!
Enforce the by-law to STOP cyclists and skateboarders from using the SIDEWALKS!
Even cyclists do not comply with the rules, why would someone on a skateboard? I drive a large vehicle in the downtown core and everyday I have several cyclists squeak by my truck as I am stopped at a light, just to get in front and slow traffic down because I am too large to safely pass the cyclists.
Even if they follow the same rules as cyclists, they don't have as much control as they don't have brakes.
Excellent idea.
Give them the use of the bike lanes.
Geez
Hah!cyclists are dangerous here!If they want to be treated like a vehicle then they need to follow the rules.Skateboards are not the same as cars or bicycles.Different rules need to apply.
Having skateboarders understand and follow the rules of the road is a good approach to regulating skateboarding downtown.
helments and rules of the road would need to be complied with just as a bike or vehicle does.
Helmet laws for adults are rediculous.
Helmets
Helmets should be required
Helmets would HAVE to be enforced. Fines for those without.
How does the city enforce helmet and light laws to skateboarders? Most skateboarders choose not to wear helmets, and lights are near impossible for skateboarders to have on their persons.

How would you educate skateboarders about these rules?
i agree
I agree and encourage lots of marketing of this
I agree that skateboarders should comply with the same rules and cyclists with the exception of mandatory helmets. That law is a huge barrier to sustainable transportation and should be abolished for cyclists as soon as possible. (I know that isn't within the city's powers... But still.)
I agree that skateboarders would yield to pedestrians just like people on bikes do
I agree, however monitoring and enforcement of rules for cyclists is currently sub standard. This needs to improve for both cyclists and skateboarders.
I am a cyclist... downtown bike lanes are disjointed or absent. Can't envision skateboarders sharing the road with cars!! An absurd idea.
I anticipate they will fall into similar bad habits as cyclists if there is not good enforcement. Also I would like to see mandatory helmets, similar to cyclists.
I didn't realize the bicyclists had rules they should be obeying.
I do not have any concerns with this. And i think this is an opportunity for those rules to be better promoted for skateboards, bicycles, and especially for cars. Drivers need to know how bikes are supposed to act on the road.
I don't agree with skateboarders being on the road so No to this question. However, I do think cyclists should be required to be licensed & have some type of insurance.
I don't believe it will be possible for skateboarders to comply with the same rules as cyclists. Skateboards do not have appropriate places to mount lights, mounting on the person is not effective, and skateboards do not have brakes.
i dont really feel safe riding down the road on a bike or skateboard. id prefer the sidewalk
I don't see cyclists following the rules, nor do I see that enforced, I have strong doubts that skaters would be better
I don't see skateboarders using the sidewalks as a big deal, as long as pedestrians have the right of way.



I don't think it should be a problem.
I don't think skateboarders are able to keep up with the vehicle traffic speed; cyclists at least have a fighting chance. I don't drive (bad vision) but I don't think skateboarders would be safe on the streets.
I don't think they will wear helmets and don't believe they will comply with traffic rules.
I have concerns around both cyclists and skateboarders complying with rules (laws). If skateboarders and cyclists would abide by current rules and these rules be strictly enforced there would not be many issues.
I have concerns with cyclists complying with the same rules as cyclists. Maybe this is an opportunity to use signage or some other method to refresh everyone on the rules of the road.
I have no concerns. It seems reasonable that everybody on the road should have rules to follow.
I have serious concerns that skateboarders would not comply with the same rules as cyclists and doubt that the majority would follow the basic rules.
I like this idea, hopefully will promote the use of helmets for skateboarders.
I see some bicyclists still breaking the rules and the skateboarders I've seen generally don't seem to be anymore observant of the existing rules. So what difference is it going to make if you allow skateboarders. There will be more of them, some will be law abiding while others won't. Also have you considered how the claims will be handled between collisions between vehicles and skateboards. I am sure ICBC isn't too thrilled with that. Also who is going to enforce the rules? More police officers?
I think it should be allowed
I think it will be great. When the cyclists had more rights, the majority stepped up to the plate and educated others. I believe the same will happen with the skateboarding community.
I think it would be a great idea.
i think its a great idea
I think most cyclists don't even follow the rules, I definitely don't think skateboarders will.
I think skateboarders should be able to follow the same rules as cyclists.
I think skateboarders should have the same rules as cyclists same goes for tourists.

I think that this could work fine. If they have a legitimate place to ride, they can be excluded from the sidewalks.

I think the same rules that apply to cyclists on the roads should apply to skateboarders: helmets, signals, etc.

I think they should be treated as cyclist and no longer have their skateboards impounded.

I think this would be a good idea.

I think this would be a great idea for skate boards to have the same rules as cyclists.

I was recently rear ended by a hit and run bicyclist at corner of Yates and Blanshard streets. I had to pay the insurance deductible to have my car repaired. My point is bicycles should be licensed. That way I could have perhaps obtain the number on his plate before he fled the scene.

I wish that restrictions on cyclists were more thoroughly enforced.

I worked downtown for 20 years. I used to run a business downtown. I've see it all....or just when I think I've seen it all city hall comes up with this! It is another example of the civic politicians immature self-serving attitudes. It's been a depressing downward spiral to witness. The "new age" civic politicians are out of touch with what is important and what makes Victoria a liveable city. It will be chaos. Changing the by-law will add more stress and tension in the downtown core than already exists. It will deter even more people from coming downtown. How will allowing skateboarders on the streets and sidewalks of Victoria make Victoria a better place to live for the majority of Victorians?

There is NO way that skateboarders will ever be polite, safe and thoughtful toward others. There is NO way that you will ever be able to regulate safety issues with skateboarders. It's not in their culture! They are by nature self-proclaimed "rebels" and as such are severe hazard on the streets and sidewalks downtown. All anyone has to do is spend a few minutes downtown and you'll see a skateboarder weaving in and out of traffic and onto and off of the sidewalks. They scare dogs too which is a huge problem. Good lord city hall. Why are you trying to destroy this city?

I would like to see the cyclist and skateboarders take a written road test to be aware of road rules especially considering right-of-way.

I'd be more worried about those low-down sit bikes. They are very hard to see in people's mirrors

If anything, most riders will tell you the scariest stories about people who drive cars more than stupid things they have seen people on boards do and being the most vulnerable over motorcycles and bicycles are more likely to be safer.

if i did i would keep those ignorant stereotypes to myself
if on the road, they should comply with the same traffic rules
If only the cyclists complied with the rules of the road, I believe only 10% of cyclist obey road signs or traffic lights!
If skateboarders are allowed to use the streets, they should be dismounting to push the button to activate signals. Sometimes the curb ramps are suitable for bikes, but likely won't be easy for skateboarders to negotiate.
If skateboarders complied with the traffic rules, then there should be no problems. However my experience is that most, not all, have their own agenda when it comes to skateboarding on the streets. The city of Victoria does not have the police force to patrol this kind of transportation with everything else they have to deal with in the down town area.
if these means putting both skateboards and bicycles into one traffic lane I think it is a mistake: though fun to use, skateboards are a very inefficient means of transportation and should be kept out of bike lanes. Bike lanes are for bikes, and cyclists have a hard enough time fighting for their space with cars, they should not have to worry about skateboards. This said, there is no reason why skateboards cannot remain on sidewalks. They take up a small amount of space and most skateboarders share the sidewalk with pedestrians.
If they are allowed then the rules should be the same for skateboarders and cyclists. Obey traffic control devices and use bike lanes.
If they are the same rules as for bikes that drive through red lights, bike through crosswalks when convenient then ride down the roads, or cut across traffic without signalling, then no. I think bikes and skateboarders should be licensed and have to take a test so that they know the rules of the road. Drivers have to do so before being allowed on the roads. They should also have to be covered by some sort of insurance, I think. The one thing that really bothers me about the Victoria area is that BIKE LAWS ARE NOT ENFORCED by police. At the very least, if these people are going to be allowed on the roads then they should be ticketed and have to pay a fine if they do not follow the rules of the road. WHAT IS THE POINT OF HAVING RULES IF THEY ARE NOT ENFORCED?
If they follow the rules like bikes it would be a great idea
If they would comply that would be a step in the right direction. From reading the comments on facebook they seem to be very agaisned any form of control or rule compliance.
If we had European style bike lanes that are totally segregated from traffic and pedestrians then I think skateboarders could coexist on our streets. These lanes are located between parked cars and

sidewalks.

In bike lanes with helmets. Bike and boarders need to abide the rules of the road. Stop signs crosswalks more attention needs to be paid to cyclist, licencing would encourage more responsibility. More enforcement of the rules of the road to alternate modes of transportation.

In sharing the same roads skateboarders need to follow the same traffic laws as bicycles and motorized vehicles. This includes lighting, especially at night, and helmets. Being smaller than either, there are additional concerns about visibility. Someone in an SUV is less likely to see someone on a skateboard than a bicycle for example. There are other questions, especially with regard to something like left turn lanes. Should skateboarders be considered a hybrid between a bicycle and a pedestrian - crossing traffic at pedestrian crossings for example? That would probably be safer. I don't believe skateboards should be used on sidewalks as they're much too fast for the speed of pedestrian traffic. This is especially true in high traffic areas, and in zones frequented by seniors and children. In some countries - like Holland, for example - bicycles (and presumably skateboards) have their own lanes and their own traffic signals.

It is my observation that most cyclists downtown want the best of both worlds! They have dedicated lanes on the streets and also use crosswalks to make turns that would not be permitted under the motors vehicle act or city bylaws. Cyclists, bards, roller skates and any contraption with wheels for moving a human faster that pedestrians must abide by the same rules. If they want to have special treatment, they must abide by rukles that give respect to pedestrians. NO rolling on sidewalks or crosswalks - period!

It should be the same. Exsept skateboarders shouldn't have to go in the bike lane, it should be optional.

It will be interesting to see how this is implemented. Skateboards have no status under the provincial motor vehicle act. There are the issues of helmets and lights. The streets and traffic byaw needs to strictly define skateboards to allow for enforcemen.

it wont work

It won't work.

It would be nice if cyclists complied with the rules for cyclists.

It's a good starting place and grounds expectations in behaviours and rules that most people are familiar with and can anticipate. The current lack of separated bike lanes or continuous bike paths around the city may make the interactions between cars, bikes, and skateboards problematic in some areas.

its hard to compare to a bike because they are more side walk friendly and you can pick it up and

become a pedestrian very easily. whats the laws on scooters?
I've seen a long boarder waiting in the left hand lane waiting to make a turn, it just doesn't seem like a good idea.
Keep the roads for vehicles that can travel at similar speeds safely and also maneuver and stop safely when necessary.
Let them ride
Let us shred!
Makes perfect sense to me. They should need to wear a helmet though if they are to use the bike lanes
makes sense
Makes sense to me.
makes sense, and everyone should use common sense
makes sense.
Many of the skateboarders, and a lot of the cyclists that I have encountered do not follow rules. From travelling the wrong direction on a one-way road, not wearing helmets, or reflective clothing at night. Some cyclists are a cyclist, and then become a pedestrian, then a cyclist again.
More accidents will happen in the cycling lane if skateboarders are allowed to use it
Most cyclists do not comply with 'the rules of the road' and I cannot imagine boarders being any different...another distraction for vehicle drivers to be aware of.
Most cyclists do not obey the rules of the road so I have no faith skateboarders will. And if they did, they have no protection from a car or bus nudging them. It is common downtown to see cyclists riding beside the right hand side of cars that are stopped at a sign or driving slow in heavy traffic. Skateboarders will do the same and they are even harder to see than a cyclist. (Streets that have bike lanes are an exception to this comment)
Most cyclists don't comply with any rules. I have been cut off/ had to swerve to avoid and/ or been stuck behind cyclists rising in the middle of the lane and making turns by swinging out to the middle of traffic on a daily basis when the weather is good. Adding skateboarders to the mix will make driving downtown twice as hard and dangerous

Most likely, there will be low compliance. Think about the demographic you're dealing with.
Most of them don't comply with the current "rules"! Will the rules be amended to deal with cyclists and skateboarders sharing bike lanes? How will this be done in a safe way?
Most skateboarders won't go on the street, preferring the sidewalk. However there are many bikers who also ride on the sidewalks. They are oblivious and don't care about the rules
My biggest concern is with the boarders, cyclists and those in motorized scooters who think they are in some kind of a rodeo while they weave in and out of the paths of the oncoming pedestrians.
My only concern is the potential conflict if skateboarders start filling up bike lanes. Not sure if this actually would be an issue, but I see that it could.
need to follow the same rules as bikes while skating, or if you pick up your board and carry it now your a pedestrian
no
no
No
No
No
no
No
No
no
no
No
No

No
no
No as skateboards don't go that fast.
No because most boarders are extremely safe. It's the few who ruin the image.
No concerns it seems logical
No concerns.
no concerns. common sense should rule. Not many skaters even ride at night. Consider they don't ride up hill or in the rain either. When you consider the number of pathways that are even available to them in the core, we are talking about 4 or 5 blocks total. Give it a shot. Skaters already ride the streets every dry day anyway. Why not make it legal and give everybody a chance to use skateboards responsibly.
No it's exactly that. Share the road and be careful of others that's it
No they should be licensed and insured like cars.
No, that would be a good step.
no, this sounds good.
No.
No.
No.
No.
No.
No.
No. Let them ride.
No... It's a good idea

None
none
None
None.
Nope
nope
nope sounds great
nope, although I don't think skateboarders should be forced to ride on the busy downtown streets
Nope, People have the option to obey the rules, some do, some do not, it has not merit based on their transportation choices.
Not at all!
not at the moment
Not really, though skateboarders are more likely to use sidewalks and roadways.
Not really.
Not sure how easy it will be for skateboarders to comply with this, but think that its worth a shot.
Once again the relatively few Cyclists who "come rain or shine" who actually use the bicycle as their everyday mode of transportation should be licensed and pay ICBC rates of insurance to protect the majority from illegal driving habits i.e. no lights, no helmets and a complete disregard of the rules of the road.
Only that skate boards are not the same as bicycles and have no place on city roads or sidewalks.
part of the 5 mill earmarked for cycling should go to educating cyclists and skateboarders regarding their safety and those of drivers and pedestrians
Perfectly OK.



Rules mean nothing unless enforced!
Rules would be unenforceable, and I seriously doubt efforts would be made to do so.
Same as above
Same rules are good . Enforcement is too rare ,
Same rules should apply with the following changes:  - Helmets should not be req  - Should Not be allowed on major car routes like bicycles are without a bike lane  - Need a provision to prevent people from practicing tricks on downtown streets at night, staying in one place and generating alot of noise for residents
Same rules.
See above.
See above.
see above.....  SAME rules of the road  HELMET at all times  OFF sidewalks
Seems reasonable
seems reasonable.
Should be able to use sidewalks
Skate boarders do not belong on main roads and thoroughfares
Skateboarders are not subject to the MVA; 'Cycle' does not mean skateboard per s 119.
skateboarders don't comply to any rules as is. What makes you think they'd behave on the streets?
Skateboarders except for a few will never comply. Why do cities build skateboard parks ? A huge

number of cyclists don't obey the rules. Just look out the window and in a few minutes count the number of cyclists who disobey the law. Can you imagine skateboarders on Government street during a long holiday tourist weekend. Police & by-law officers have better things to do.
skateboarders or long borders need to comply with the same rules that cyclist do to be safe on the road with traffic!!!
skateboarders should be allowed to skate safely downtown, with rules that can co-exist with bikers, drivers and people on foot
Skateboarders should be permitted to use sidewalks in Victoria.
Skateboarders should be required to follow the same rules as cyclists as it is my understanding that the bike lanes will be shared.  The rules should also include the use of helmets as a requirement.
skateboarders should comply with the same rules as bikes such as helmets etc to allow for proper and safe use of the city roads.
Skateboarders should follow the same rules as cyclists.
skateboarders should have same rules
Skateboarders should wear helmets.
skateboards can ride a lot slower than bikes and skateboarders can even carry them in there arms, so why arent they allowed to use the sidewalks if they don't feel safe?
Skateboards getting respect as fellow road users
Skateboards have no controls for either braking or accurate steering which will inevitably result in injuries and conflict. Again an absurd proposal.
Some cyclists have no regard for the rules of the road. Put a skateboard in their same area and there will be chaos.
sounds good
Sounds like a fine plan. I have no problem sharing a bike lane with a skate boarder.

Sounds possible
Sounds right to me!
sounds sensible to me
Stopping at fourway stop intersections and stoplights should be common sense anyways.
Sure.
That seems like a sensible way to approach it.
That would be fair.
The means of propelling, steering and stopping skateboards is not conducive to public safety on our public roadways..
The same common courtesy as cyclists: use lanes properly, wear helmets (for their own safety), and throw on some reflective gear when it's dark out.
The same rules should apply to skateboarders as to bicyclists. They should also be subject to the same fines as bicyclists.
The sidewalks down town  Are busy with people now  And more in the summer months, keep the skate boards  And cycles away from the downtown sidewalks please.there are not many sidewalks left for people to walk now, if skate boards and cycles are allowed it would be  Awful for people walking
The skateboarders I have witnessed disobey the rules of the road. Although there are some responsible skateboarders; the bad ones outweigh the good ones. The vast majority of them (like cyclists) refuse to wear helmets.
The would have to wear helmets and do proper hand signals.
Their attitude of disrespect will prevail.
There are good cyclists and careless ones. The same would be true of boarders. Do either pay for and

carry insurance and a license to demonstrate their responsibility for safe operation of their chosen mode of transport?
There is absolutely no way that they will comply
They all must obey the same rules.
They aren't vehicles under the motor vehicle act. Are cars going to be required to yield to skateboards in Victoria?
They can go the same speed sometimes but should always wear protective helmets.
they don't pay attention to the rules just like many of the cyclist
They have to wear helmets right? If they are confident enough to ride on the road as a bike/ in a bike lane, I think its ok
they likely wouldn't
They must wear helmets just as cyclists are required to.
they should
they should
They should get a ticket as well if they are not wearing a helmet or texting while on their skateboards.
They should have the same rules as cyclists.
they should have to comply will all rules
they should use bike lanes and wear helmets just like cyclists
They would likely need their own set of rules. I personally don't care if they use the sidewalks either (Safely).
this is a common sense plan
This makes sense to me
This seems only fair that skateboarders exercise the same rules and regulations as cyclists, especially since they will be sharing the road. However, I do not feel that a helmet should be necessary for

skateboarders. My reasoning for this is that cyclists are required to wear a helmet under section 184 of BC's Motor Vehicle Act (MVA). Skateboards are not referenced in the MVA.

Too large a number of cyclists refuse to comply with current regulations and there is no reasonable expectation that the users of skateboards will do any better. I would predict that their behaviour would be worse.

Too many will not comply!

We need to be encouraging active modes of transportation. Streets are public spaces to be used by the people. They are not utilities only to be used by cars.

We should make it safe for people to get around by bike or skateboard.

What are the rules for cyclists?

What exactly are the same rules as cyclists? As far as I understand it's the same rules for car drivers. Except rules regarding bells, being able to lock up the rear wheel, helmets, etc.

What rules. Bicyclists ignore rules and are never charged. Does this mean skateboarders have to stay off sidewalks since cyclists are considered the same as other vehicles.

When one is passing the other, they will have to go into the lane with the cars... and I see such a disregard for cyclists and boarders for drivers. They don't pay attention like drivers do (shoulder check etc) and I've seen drivers having to veer out towards the next lane to them to safely pass the cyclist. Kind of like when the cyclist is passing a bus. They don't check to see if it is safe, they just move.

who will enforce it

works for me

Would prefer them being treated as such than weaving in and out of foot traffic on sidewalks. Portland, OR is a great example to look at. <https://www.portlandoregon.gov/transportation/article/405782>

Yep. It doesn't make sense. They are two different types of transport all together and skateboards are not as easy to control

yes

Yes ....many cyclists do not follow the rules of the road blast through stop signs, no helmets and it is overlooked.

Yes concerned that they have no way of lighting up when it becomes dusk and dark in evening.  
Concerned about driving and not being able to see them.

Yes they are two different things it's like putting skating tickets on your drivers license it's silly and makes no sense

But politicians are not known for making sense

Yes they move way faster than bikes do.

Yes, they will be in cyclists' way.

Yes, they will not follow the rules. Mark my words. I work in the downtown core; they are a constant menace to pedestrians. And they will be a constant menace to traffic if they are permitted on roadways.

Yes. Bicycle users have much more potential for control over their "vehicle" than do skateboarders. Steering and braking on a bicycle are much more manageable on a bicycle being as they have separate controls for both.

Yes. Skateboarding should be on the sidewalk, not on the road. If the sidewalks are too busy, skateboarders should be walking.

Yes. I think that is asinine.

Every mode of transportation has different capacities and risks. Should we ask pedestrians to shoulder check twice and use a hand signal before they turn a corner? That would be idiotic, they are not cars.

Skateboards are not bicycles. They should not be regulated as bicycles. They are slower than bicycles and smaller than bicycles. They require more effort than bicycles, which changes the behaviour of the skater.

Furthermore, many of the regulations governing bicycles are bad. Why apply them to skateboarders?

Like it or not, many things in life require judgment, both on the part of the citizen and the enforcer. Stop trying to make a bylaw to cover every eventuality.

What it comes down to is that everybody has a right to feel safe on the roads and sidewalks. Be considerate of drivers that do not want burned into their brain the image of your broken body on their hood. Be considerate of pedestrians who can be surprised by skaters overtaking them quickly.

And the City needs to be considerate that many skaters are teenagers, and therefore are inherently selfish. If it was possible to regulate teenagers to be more polite, it would have happened centuries

ago.

Stop impounding skateboards, and stop trying to write a rule for e everything. If your staff cannot use discernment, then they are unsuited for the job and should be fired.

Yes. It is hard to imagine that skateboarders wearing helmet and if they were to be ticketed they will complain and get angry.

Yield to people!

## Q6 Do you have any additional comments or suggestions?

**Total Respondents: 275**

Thanks for keeping an open mind

:)

A Skateboard or longboard may be someone's only way of transportation, but

Downtown, everything is such a short distance from each other that people could walk to and from their destination.

Abandon the concept

allow cyclists and skateboarders on downtown streets

Allow skateboarders to use the sidewalk.

Allow skateboarding at city hall centennial square this environment is empty at times andbcould attract tourists and spectator's.

Allowing skateboarders to be on the streets of downtown is commendable as it's a healthy and inexpensive mode of transportation. If our streets can't accommodate all modes of transportation to be safely integrated, then it's a short coming of the design and should be revisited, as opposed to banning or eliminating people's options on how they navigate our city.

As a cyclist & someone who walks into town most weekends for brunch, I support alternative modes of

transportation and equality. This rule was passed in the 90's for a good reason. It is reckless to allow them on the street. Skateboards should not be impounded.

As a person who is mobility impaired, and has no choice to get to work except by taking my car, I say the streets downtown are already hard enough to get through safely. Think about ways to get the cyclists off the roads instead of adding more issues. Or add a significant police presence to make sure that all those who are unlicensed, untrained riders/boarders follow the safety rules!!!!!!

As a skateboarder myself i think it's a good idea. it's not more dangerous to skateboard in the street than to do bicycles.

As above- our main concerns with transportation downtown should be with bad drivers running red lights etc.

As above, all this is for the protection of the boarder, pedestrians and auto drivers!

ban all car traffic downtown and give up on traffic lights. Be happy.

Ban skateboards from city sidewalks and roads.

Banning something that promotes exercise and green transportation in a dt core is ridiculous. Please remove this ban asap, not all of us are "nearly dead" and it's embarrassing.

Barcelona is a good example.dropping the ban and allowing skateboarders to skate famous monuments which endorses tourism in a major way.another amazing example is the LA courthouse in California.Lifted the ban and now have available "safe skate zones" skate parks are great but nothing beats places to skate that were not ment to be skate spots in the first place.consider "centennial square "downtown where they would allow certain days of the week that skaters can enjoy the plaza and that would bring more tourism dollars as Vancouver already experiences in the summer.

be the first city in Canada to legalize skateboarding and truely encourage alternative modes of inner city transportation. How cool is that?

Bicycles should be licenced as they use to be and they should not be allowed on sidewalks along with skateboarders. They just don't care about pedestrians.

Cars should be a secondary form of transportation in the downtown core. Walking, biking, skateboarding, scooting, rollerblading, and any other healthy and/or environmentally friendly form of transportation should be highly encouraged.

Clarify which actions are dangerous on sidewalks ... using sidewalks in a CAREFUL manner should NOT



be an offence unless there is undue care-and-attention
Continued public consultation is key. Utilizing local skateshops and social media as a means to reach out is a good way to go about it.
Please contact me if you need assistance. I am a skateboarder of 25+ years experience. I also helped get a few skatepark built.  jimmywmiller@hotmail.com
Create dedicated, protected bike lanes - similar to Copenhagen Plans - (Jan Gehls - urban plans) - shut down streets in downtown core, create more 2-way streets.....create livelier streets for pedestrians - outdoor cafes, food vendors (carts), more pop up parks downtown - greener more lively city!!
Do not change the current law!!  Downtown is already difficult to drive in, why change an effective bylaw???
do not make it worse
Don't change the rules
Don't do it!
Down town is already to busy without skateboards added to the mix.
Dumb idea
enforce irreverent bike behaviour NOW and set the tone for boarders
Enforce the by-law to STOP cyclists and skateboarders from using the SIDEWALKS!
Fines should be applied to skateboarders disobeying the rules imposed on them in the Downtown core.
Focus on bike lanes
Going from point A to point B on a skateboard shouldn't be illegal. If someone is abusing the law, such as skating on private property after being asked to leave, then fine them.
Good start towards promoting more active transportation. Car free Sunday next perhaps?
Great initiative. Keep up to speed and acknowledge what is happening instead of ignoring it.

How can we be opposed to anything that keeps our community active? As usual I would hope that helmets and proper safety equipment will be used.
How is allowing skateboarding downtown increasing the safety of pedestrians on sidewalks? As I understand it bicycles and skateboards are not allowed on sidewalks. Though this has not deterred there use by non-pedestrian traffic.
I am against this idea
I am all for skateboarding as a mode of transportation.
I am the wife of a skateboarder, the sister-in-law of a professional skateboarder, and the mother of a skateboarder. I have lived in Victoria for almost all of my life. Allowing the use of skateboards in downtown Victoria is way overdue.
I believe in sharing.  Cyclists and skateboarders should be allowed to share both the roadway and the sidewalk with vehicles and pedestrians.  There are times when the roadway is just too dangerous for cyclists and skateboarders to share with vehicles. That's when we feel obliged to share the sidewalk with pedestrians.  Safety first! And safety for all.
I believe the by law banning skateboards on roads should be lifted.
I do feel the by-law should be changed; ie: not be able to confiscate their boards.
I don't agree with personal property (skateboards) being confiscated for bylaw infractions.
I don't skate but I think we should be encouraging more green and efficient ways for people to get around! Skateboarding is so fast and easy, and don't require any parking/lockup. It seems like the ultimate way to travel!
I don't think changing the bylaws is a good idea.
I feel that this perception of skateboards and those who ride them is out-dated and discriminatory. They should not be banned, but subject to rules in order to protect everyone's safety.
I have been run into twice by skateboarders on the sidewalk in the downtown core. Who would know there has been a ban...?

I have nothing against skateboards or their riders, but I do believe that the safest place for them is on the sidewalks.

I heard an interview on the radio the other day about how pedestrian deaths on the roads are not down whereas other road deaths are. It seems the problem is there are no ways to keep people safe from cars in the wet and dark. If pedestrians aren't being super alert and dressed in bright light colours they are sometimes hard to see. A skateboarder is just this problem moving faster! I do not think they should be encouraged to use roads. Not safe! Danger !

I recommend having them wear flashing lights at night. It'll be difficult seeing them if they use bike lanes.

I spend a lot of time (professionally) driving in downtown Victoria and I would express an hearty "NO" to relaxing the current regulations.

I strongly support the use of skateboards in the downtown core and also the decision not to impound them.

I support maintaining the current bylaw - no skateboards within the downtown core. The lack of road room and cyclists not complying with the rules in our downtown is the reason my husband and I always choose to walk rather than drive or bike. Allowing skateboarders will only make it more crowded and less pedestrian friendly as boarders cut pedestrians off when the pedestrian has the right of way but the boarder does not want to stop.

I think it's great that you're trying to accommodate, but I don't think it's safe having skateboards and cycles in the same small lane.

I think people should be allowed to use skateboards and scooters anywhere in our city, as long as they are being as safe as possible - using helmets and obeying the same traffic rules as cyclists. As a community we should welcome the use of all non-fossil fuel based modes of transportation.

I urge the City of Victoria to not consider this change for the safety of drivers, pedestrians as well as skateboarders.

I would like the ban on skateboarding on Victoria streets lifted. Ticket those who are riding reckless.

I would like to note that my primary mode of transportation alternates between foot and skateboard, depending on the weather. A skateboard would be my choice nearly 100% of the time if weather permitted. With that in mind, I would imagine that most skateboarders will not be exercising this mode of transportation during wet and/or rainy days. I'm not sure how this affects the overall demographic when considering repealing this bylaw but it is something to consider. I would also like to note that throughout the 3+ years I have lived in Victoria, I have never once noticed a skateboarder disrupt or

antagonize the flow of vehicle and pedestrian traffic in such a way that it caused an uproar, and I commute through the downtown core on a daily basis. In fact, I see most skateboarders are quite considerate of road and sidewalk users, often picking up their boards to go through large crowds of people rather than try to intimidate or push their way through. And I do not say this in an attempt to be bias since I am a skateboarder. This is a genuine observation.

I would also like to express that skateboarding is a form of "green" transportation. There are no emissions. Riding a skateboard does not take up much room on the roadways. It is also an excellent type of exercise. By eliminating this antiquated bylaw I feel that it would promote a healthier culture that is more environmentally friendly. To me that describes Victoria pretty darn well!

Thank you for offering members of the public to share their opinions.

I would rather deal with skateboarders on the sidewalk then the beggars, buskers, loitering drug dealers and sleepers. Try focusing on that instead of another simple mode of transportation.

I would recommend discussions with the cycling groups in the city if this were to pass in order to inform cyclists how to share the space with skateboarders. Perhaps more could be done with drivers as well (as a reminder to everyone what the expectations are for sharing the road).

I wouldn't recommend forcing skateboarders to wear helmets. Mainly because it just won't work.

If a person is injured by a speeding boarder, who pays the lawsuit, city ?!

If council thinks safety, then you should get on with more important issues. Stop wasting money...

If skateboard use becomes permitted in downtown my family will cease shopping and using other services there.

If such a change took place in response to a vocal and orchestrated minority then one would hope that the Skateboarder would have to be helmeted, have lights fore and aft and have protective gear on such that the rest of us are not penalized when it comes to paying medical bills.

If we allow skateboards on streets we will surely see an increase in injury perhaps even deaths occur. This is a really hard issue. and regardless of the outcome people will be upset.

If you allow skateboarding then increase the penalties for non-compliance.

If you approve this, you might as well approve my crazy carpet for snowy commutes.

If you can roller blade then you should be able to skate

I'm all for road safety for all. Respect for all.
I'm strongly opposed to skateboards being allowed on the streets.
I'm young and still feel allowing skateboards in bike lanes is silly.
Improve infrastructure to support non automobile traffic of all kinds.
In addition to allowing skateboarding in the downtown core, there should be further amenities for skateboarding as an activity. Such as a skateboard park in Beacon Hill Park, Fernwood, or another location to compliment the amenity in Vic West.
In my opinion, boarding should not be allowed on Douglas, Blanshard, Pandora, Johnson, Yates, or Fort Streets. Traffic is chaotic enough without risking the lives of people boarding through these streets.
it sickens me as a person who grew up in victoria that we had to wait this long to be able to skateboard in my home city.
Toronto was great, we could skateboard on the streets and sidewalks, never had a problem with, people , cars , or police. Growing up in victoria as a child in fear of the police taking my transportation, the thing I love the most in my life being stolen from me, by the authorities. I could go on for hours. Traumatized.
It would be awesome if we had streets exclusively for bicycles, skateboards and public transportation ONLY. It is done in Europe in most downtown cores. Our infrastructure seems outdated and too car dependent.
It would be better to refrain from impounding Skateboards and to stop security guards wrestling with them too. I also think Skateboarders who are commuting should wear helmets. If they are doing tricks - maybe write them a ticket for 'stunt skating' in a public thoroughfare.
It's about time skateboards are allowed downtown. It's the only way some people can travel since bikes get stolen like crazy here.
It's about time that the city of Victoria step up to this issue. Skateboarding has been legal in Vancouver for years now and there have been no issues with the skaters in Vancouver.
It's been a long time coming. Allow skateboarding downtown already.
just make sure that the rules are both consistent and enforced.

Keep skateboards off the streets please.
Keep the skateboarders off the sidewalks as someone is going to get injured and if they are allowed to share bike lanes they must comply with the same rules as a cyclist or driver.
Keep the skateboarders off the sidewalks for the sake of the seniors who have money to spend downtown!
Keep them off the streets!
Keep things as they are . There isn't enough boarders on the roads to waste valuable resources worrying about satisfying their needs.
less people in cars the better
Let people get around how they want to as long as it's safe.
Let people use skateboards. Stop wasting police resources on silly bylaws.
Let the people skate!
Lets all of us be curtious with each other on all of the city side walks.
make them pay insurance. It doesn't have to be much, but enough for them to mind what they are doing.
More bike lanes and overpasses please.
More inclusive, more multimodal, the better. I think this a great idea.
Much as I like driving, I wish there were larger "Pedestrian only" areas of downtown Victoria. No cyclist or skateboards either. The noise skateboarders make is aggravating as well.
My preference would be to see skateboarders on the sidewalks, more similar to pedestrians. They would have to ride safely, keep to a reasonable speed, allowing for other sidewalk users to continue to safely share the walk-way. When pedestrians are congesting the sidewalk, skateboarders should dismount.
My suggestion is anyone caught skateboarding and this includes tourists skateboarding in the downtown core will be fined \$300 and skateboard taken till they pay the \$300 to get it back. Anyone caught skateboarding in the downtown core with out protective gear will be charged \$700 and two

weeks of the boarder rights having a skateboard taken. anyone Caught doing skate tricks on side walk and other property and railing will be charge \$1500 if its the same boarder will have rights taken from using skateboard ever again and be screened and monitored.

n/a

Need more skateboard amenities in the city. Its a legitimate mode of transportation in the city.

need some rule about cycists pulling up on right of cars that want to turn right at corners

No

No

No

No

No

no

No

No

No

no

no

NO TO SKATEBORDERS AND BIKES AND TEXTERS ON SIDEWALKS AND STREETS

No.

No.

No.

No. Let them ride.

None.
Pay for parking on Sundays.
Penalize inappropriate handling/operation; don't outright ban any form of transport.
Please do not let skateboarders travel in our downtown core. I do not want to be responsible, legally or conciously, of hitting someone on a board. It's inevitable.
Please keep them off the sidewalks and streets. Confiscations seems reasonable a reasonable consequence for non-compliance
Please let this happen, Victoria doesn't want to be known as no fun city does it???
Police should focus on catching impaired drivers rather than ticketing skateboarders.
removing the ban on skateboards on the streets is a good idea
Rethink more safety issues for young ppl. Helmets?
Same as Question #4.
See above. Moving devices on sidewalks and crosswalks is a problem sen every day downtown! I have spoken with many elderly people who feel the same way. There are enough obstacles on the sidewalks for pedestrians to navigate as it is, with panhandlers, groups assembling and sitting on the sidewalk, etc. PLEASE LET'S IVE SOME RIGHTS BACK TO PEDESTRIANS.
Short answer: I am strongly against legalizing the use of skateboards on the streets and sidewalks in Victoria.  They should be restricted, unconditionally, to the skateboard parks because of the recreational toy that they are.  They are NOT a legal form of transportation. I believe the city could be sued for changing the by-law based on that fact alone.
Should have to wear helmets. protective clothing, signal their intentions ie left or right. I just think it's too dangerous for them alongside traffic, too too easy for an accident to happen and them being severely injured. and who's fault will that be - the motorist?
Should Victoria proceed with allowing this venture I recommend they provide an expedient manner for litigation. Future accidents will no doubt be a direct result of Victoria's folly.



Skate or die.
Skateboard is a useful mode of transportation downtown so we don't have to waste gas money
Skateboarder should wear something reflective so they can be seen especially now with the time change. It is darker at lot soon....Helmet are a must for protecting your head. It may not look cool,but you will live to see another day!
Skateboarders should not be allowed on either sidewalks or roads.
Skateboarders will want to ride in bicycle lanes which would put them in conflict with the MVA.
Skateboarders would have to wear helmets with lights and reflective gear. This would greatly improve their safety as well as the safety of the drivers.
In a perfect world, the city of Victoria would have certain streets or lanes appointed for non vehicle transportation in the downtown area.
Skateboarders=Organ Donors
Skateboarding has been stigmatized for so long, it's time to embrace it as an alternative mode of transportation and entertainment, rather than persecute it.
skateboarding is a form of transport, much like cycling and pedestrians. skateboarding without following appropriate and safe rules is also dangerous. there needs to be a program where cyclists, vehicles and pedestrians can co-exist each with their own choice of transport
skateboarding is a good mode of transportation
Skateboarding is a person-propelled means of transportation; it should absolutely be encouraged over driving. It helps combat obesity problems and does not pollute.
skateboarding is not a crime. please treat it like all other modes of transportation and recreation
skateboarding should be allowed on the sidewalks, parks, and on the trails by the harbor aswell
Skateboards are not a vehicle and should not be allowed on the road. They do not have a light or brakes like a bicycle. This city is difficult enough to drive in without making it worse. We have alot of tourists and tour buses also driving down our narrow streets.I live in downtown and it is a nightmare as it is to frive here without making it worse. If you want people to bike downtown then some effort and money should be put into making it safer for them, first! Why do you do everything backward here? First you build or designate proper areas for bikes and whatever else you want to drive down the roads.

Then you change the lays, I would think.

Skateboards have never been a problem to me as they know I am bigger than them

skateboards should be confiscated if they skate on the sidewalk . Also signs should be posted stating no bikes or skateboards on sidewalks

Skateboards should not be allowed downtown because it would lead to potential collisions with pedestrians and cyclists.

Skateboards should remain out of the downtown core. If I have to compete for sidewalk space with boarders, then that gives me less reason to come downtown Victoria. If the business community wants fewer seniors spending money downtown then go ahead and allow skateboards.

Skaters are family people and I for one won't take my kids to a city that picks on people doing positive things

Start charging admission to the skateboard park in Vic West.

Start dealing with and licensing motor scooters. They can injure pedestrians without consequences as well.

STOP THE DISCRIMINATION.

I also think personal motor vehicle use in the downtown core should banned. Thank you.

Terrible idea forget it!!

Thank you, I hope this moves forward.

thanks for putting this to public opinion!

the addition of skateboarding will make a great addition to the overall feel of Victoria, I think it's a great idea.

The area around Douglas and View is particularly bad for all sorts of minor law breaking . Skateboarders,bicyclists, scooter users,motor vehicles and pedestrians are mostly in non-compliance . I would like to see much more enforcement at this location .

The City of Victoria should consider removing physical barriers put up around the city to prevent skateboarding.

The downtown restrictions on skateboarding should continue.
The downtown streets/roadways are very congested now. If the irresponsible skateboarders are permitted to join the foray, then the Victoria Police will have their hands full because of violations. It will not be a priority for them - understandable
The majority of skateboarders are good people coming from diverse backgrounds. Punish those few who deserve it. Look to our Vancouver and the progressive attitude they have with the past, present and future of skateboarding.
The ONLY safe option, it seems, is a dedicated sidewalk lane or street lanes ONLY for skateboarders, cyclists and kick scooters.
The Portland skateboarding law is a good example for us.
The streets are busy enough already and this will not change no matter how many incentives are given.
The traffic flow in Victoria is already bad. Why introduce another element to make it even worse?
The vehicle traffic in the downtown core needs more ideas to help people slow down, get out of their cars, and make it less loud.
There are a lot of myths about skateboarding that exist from a misunderstanding regarding the culture and the way that society typically deals with something that they do not understand. This is a very similar to the myths that have plagued cyclists for years. Please make a decision based on facts and best practices as opposed to opinion that is based on perception.
There is no reason to impound skateboards for vehicle violations, that is simply stupid. Taking a cheap transportation mechanism out of young/poor people. duh.
There may indeed be responsible skateboarders who can make a case for using skateboards as transportation as proposed BUT deaths of pedestrians (particularly seniors with decreased mobility issues) will skyrocket as will the deaths of the "idiot fringe" of skateboard users who have no concept of the dangers to others or, of the common good not to mention whether or not a certain element of skaters may be under the influence of recreational drugs. Skateboards can not ever be seen as a legitimate form of transportation in the core city streets in a city as busy as Victoria. I personally would be much more reluctant to drive through the downtown core (as I do 3 or 4 times a week at present), to support a vibrant set of downtown business and services if I knew there were going to be skateboarders on the loose zooming on and off sidewalks and through intersections at will. Be very very careful Victoria or lawsuits and deaths will come to haunt you.
There needs to be enforcement to ensure they are not riding on sidewalks which could be devastating

for those with mobility/balance concerns. I would like to see a bylaw remain that allows for confiscating boards of riders that do not follow the rules.
They should be permitted on sidewalks, along with bicycles, as long as they're not injuring anyone.
they will do it anyway, so make it legal
this is a great idea grounded in reality.
This is an interesting development! Should make for a fun downtown.
This is another case of the politicians creating controversy to keep their jobs and the beurocracy!
This is ridiculous.
This is the first city that I have ever lived in, that does not allow skateboarding in dt core. It is and always has been my mode of transportation along with the bus and will continue to be
Try it as a pilot program.
Unless skateboarders are willing to carry insurance like motorists do and unless they are required to have training like motorists do, then they should not be allowed anywhere until they show responsibility.
Victoria needs to do a better at designing transportation infrastructure before it can consider allowing other transportation modes to share the bike lanes. Green bike lanes = greater visibility. Those stencilled white cyclists deteriorate and become less visible to motorists.
We can't keep them off of their boards. Might as well regulate it!
We have taxpayer funded skateboard parks for boarders so they should use them. If we allowed them downtown I believe they would be using any available open concrete area to board on. If they were allowed on our streets they would take over the downtown. Very dangerous for all concerned so I hope the laws are not changed.
We need more enforcement on cyclists that no respect for the rules of the road. No helmets. Going through red lights. Wrong way on one way streets & riding on sidewalks.
While I understand that some people like to use skateboards as transportation, I am not in favour of this for the downtown core where many elderly people and tourists are walking. In my experience, skateboarders are somewhat scary to be around for older folk, especially. It just takes one fall for a

senior citizen to become disabled. Please do not do this.

While it's great for transportation, unless you are installing bike/skateboard lanes like those in Europe which are protected by concrete barriers, I don't think it's a good idea. Let them go on the sidewalk where it's safer.

Why engage the public on this? you're only going to solicit response from a small vocal group that can't put other's interests and rights ahead of thier own. Seems to me an elected council should have the ability to represent their constituents. The Beacon Hill Park flip flop is a perfect example... I supported the changes because i shouldnt have to worry about my kid getting hit by a car in a park. This was drowned out by those that think a scenic drive should be the priority. Don't ask... just do the right thing.

Would have to make sure they all wore helmets which they do not like to do.

Yeah, force insurance on anybody who wants to share the road with cars over the age of 16.

Yes, any and all users of the roadways must be equipped with all required safety gear IE brakes, lights, steering, etc none of which a skateboard is equipped for. Skateboards are a danger to all users be it pedestrians cyclists or motor vehicles. Again a completely absurd proposal which will create further havoc on the roads and sidewalks and ultimately lead to serious injuries and deaths.

Yes.it will keep the hospitals and funeral homes busy with mishaps as we have so many elderly unable to move out of the way quickly and with hearing and sight impairments.

Who will monitor those that are irresponsible skateboard users as many of the cyclists are not monitored.

You might want to look at speeding motor scooters for the handicapped and elderly. They go by at quite the clip and you just better get outta their way because they just yell at you! I've been narrowly missed twice already since September.



## Governance and Priorities Committee Report

For the meeting of October 23, 2014

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**To:** Governance and Priorities Committee      **Date:** October 14, 2014  
**From:** Dwayne Kalynchuk, Director of Engineering and Public Works  
**Subject:** Skateboarding in the Downtown Core

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### Executive Summary

On January 30, 2014, Council directed staff to provide a report on the impacts of allowing skateboards in the downtown core. Council directed the report address confiscation of skateboards, including implications of using the *BC Offence Act* for guidance.

The purpose of this report is to obtain Council direction regarding proposed changes to the Streets and Traffic Bylaw that would:

- remove the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.
- require users of skateboards and other human powered devices to follow the same rules of the road as cyclists, and
- eliminate the circumstances under which a skateboard or other human powered device could be impounded.

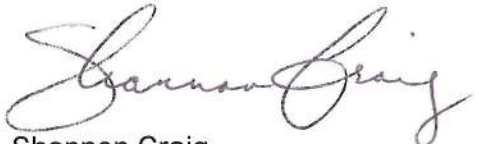
Staff have consulted the VicPD and have asked for general feedback from the Downtown Residents Association and the Downtown Victoria Business Association about potential impacts of a bylaw change, however the specific changes being recommended were not outlined. The primary consideration when reviewing changes to the bylaw, expressed by both City staff and VicPD is safety, both of skateboard users and members of the public. Staff are of the opinion that changing the bylaw to allow skateboard use on downtown roadways would likely have a positive effect on public safety. Skateboarders could then be directed to ride on the road with other traffic, rather than on the sidewalk, to minimize potential conflicts with pedestrians. To mitigate some of the safety concerns associated with skateboards travelling on downtown streets, bylaw changes could be put into place that require skateboarders to follow the same rules of the road as cyclists.

Impoundment of skateboards is a relatively rare occurrence, but has been a useful tool when compliance cannot be achieved by other means. The impound provisions for skateboards noted in the Streets and Traffic Bylaw should be eliminated, given the low number of occurrences annually.

## Recommendation

- 1) That Council direct staff to provide a formal opportunity for broader public feedback on the following proposed amendments to the Streets and Traffic Bylaw:
  - a) Removing the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core and the 2300 block Trent Street. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.
  - b) Requiring users of skateboards and other human powered devices travelling on city streets to follow the same rules of the road as cyclists, and
  - c) Eliminating impound provisions specific to skateboards or other human-powered device.
- 2) That Staff report back to Council in January 2015 with public feedback and proposed changes to the bylaw.

Respectfully submitted,



Shannon Craig  
Policy Analyst  
Legislative and Regulatory Services



Brad Dellebuur  
Acting Assistant Director of Transportation  
Engineering and Public Works



Dwayne Kalynchuk  
Director  
Engineering and Public Works

Report accepted and recommended by the City Manager: \_\_\_\_\_

Date: \_\_\_\_\_



October 16, 2014



## Purpose

The purpose of this report is to obtain Council direction regarding proposed changes to the Streets and Traffic Bylaw that would:

- remove the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core. The current prohibition against the use of bicycles, skateboards and other human-powered devices on sidewalks throughout the city would remain in place.
- require users of skateboards and other human-powered devices to follow the same rules of the road as cyclists, and
- eliminate the circumstances under which a skateboard or other human-powered device could be impounded.

## Background

On January 30, 2014, Council passed the following motion:

That Council:

1. Direct staff to provide a report on the impacts of allowing human powered devices skateboards in the downtown core.
2. Further, the report should address confiscation of human-powered devices skateboards, including implications of using the BC Offence Act for guidance.

Section 124(1)(t) of the BC *Motor Vehicle Act* gives municipalities the authority to regulate and control persons using roller skates, sleighs, skates, skis or other similar means of conveyance on highways in the municipality. The City's Streets and Traffic Bylaw currently prohibits individuals from riding skateboards, bicycles, and other human powered devices on sidewalks anywhere within the city.

The bylaw further prohibits individuals from riding skateboards on streets within the downtown core (see Appendix A), and on the 2300 block of Trent Street. These two area restrictions have been in place since the 1990's, and individuals riding skateboards in the restricted areas may have their skateboards impounded. Relevant excerpts from the Streets and Traffic Bylaw are included in Appendix B. Grey highlighting has been used to highlight key bylaw provisions.

Staff consulted with the Victoria Police Department (VicPD), and also asked for feedback from the Downtown Victoria Business Association (DVBA) and the Downtown Residents Association (DRA). Staff also met with Jake Warren, a skateboard advocate who has presented previously to Council on this issue. Copies of written feedback received from members of the DVBA and the DRA Board are included in Appendix C. Correspondence and presentations to Council regarding skateboarding downtown and feedback previously received during Official Community Plan consultations were also reviewed.

## Issues and Analysis

### Impacts of allowing skateboards in the downtown core

Possible positive impacts of allowing skateboards in the downtown core include:

- open and inclusive attitude towards all forms of transportation
- increased economic activity
- reduction in use of cars for transportation in the downtown core
- traffic calming that may be achieved through having a variety of road users
- making downtown more welcoming
- health benefits for skateboard users, and



- an increase in public safety.

Possible negative impacts of allowing skateboards in the downtown include:

- a decrease in skateboarder and public safety, and
- an increase in noise.

It is difficult to verify or quantify many of these impacts because there is no reliable data available on the number of skateboard users in Victoria, or the number of skateboard trips taken within the city or the downtown core. The Bylaw and Licensing Services Division indicates that, from the period from August 1, 2013 to July 31, 2014, bylaw officers had approximately 400 encounters with individuals riding skateboards in the downtown core. Most of these encounters were with individuals riding on the sidewalk. Bylaw officers estimate that 10 to 15% of the skateboarders they encounter were riding longboards.

A petition presented to Council in support of an end to the impoundment of skateboards and a reduction in the skateboard-prohibited area downtown had approximately 400 signatures. An online petition on the same topic had over 1,000 signatures, with some signatories identifying themselves as skateboard commuters residing in Victoria. Skateboarding was identified as a valued mode of transportation and recreation for the 16-24 age-group during Official Community Plan consultations, with participants at Victoria High and Community Café events, and at a City of Victoria Youth Council workshop expressing a desire to be able to longboard downtown. This anecdotal information suggests some individuals would use their skateboards as a mode of travel on downtown streets, if the current prohibition was lifted.

Safety of both the public and skateboard users is a key concern. VicPD staff expressed concern that skateboards, by design, present a safety issue when ridden in public spaces, due to the lack of control mechanisms (i.e., no brakes or direct steering mechanisms) and the fact that they can become completely uncontrolled projectiles when the rider jumps off or falls off at speed. Other stakeholders expressed concerns that skateboard users present a public safety hazard because they:

- may not be visible to motorists or pedestrians
- may engage in reckless or dangerous behaviour while riding, or
- don't follow the "rules of the road."

For safety reasons, staff recommends the prohibition against skateboard use on sidewalks in the City remain in place. There have been several reports of accidents and injuries to pedestrians from skateboards operated on sidewalks, including a July 3, 2012 incident where two tourists were seriously injured when a skateboarder collided with them on the sidewalk. Staff also recommend the prohibition under the Parks Regulation Bylaw against skateboard use in parks, except where expressly permitted, should continue. This prohibition includes Bastion Square and Centennial Square.

From a transportation perspective, staff support skateboard use on roadways within the City of Victoria, including the downtown core and the 2300 block of Trent Street. A change to allow the operation of skateboards on the road with other forms of traffic would likely have a positive effect on public safety, as skateboarders would be able to ride on the street, rather than on the sidewalk, minimizing potential conflicts with pedestrians.

Some jurisdictions have attempted to mitigate the safety concerns associated with the use of skateboards on roadways by limiting skateboarders to certain streets, prescribing “rules of the road” for skateboarders, or by requiring skateboarders to wear protective gear. For example:

- In Vancouver, skateboards can only be used on “minor streets,” which are streets without lane lines or directional dividing lines. Skateboarders must wear helmets, wrist guards, elbow pads, knee pads, and front and rear reflective equipment.
- In Kamloops, skateboards cannot be used on arterial roads, roads within designated commercial areas, or roads with steep grades.
- In Langford, skateboards cannot be used on Goldstream Avenue and surrounding streets.
- In Portland, Oregon, skateboarders under the age of 16 are required to wear helmets. Skateboarders must follow the same rules of the road as cyclists.

It is difficult to determine whether the mitigation measures identified above are effective in reducing safety concerns, or necessary, considering the topography, traffic speeds and traffic volumes on Victoria’s streets. Engineering and VicPD staff do not report any incidents or safety concerns associated with the use of skateboards on roadways outside of the downtown core, which includes busy arterial roadways such as Blanshard Street and Hillside Avenue. This suggests skateboarders are able to safely navigate City streets without the need for further safety-oriented regulations. However, should Council wish to allow the use of skateboards in the downtown core, staff recommend skateboarders be required to follow the same rules of the road as cyclists. As outlined in the Streets and Traffic Bylaw, those rules include:

- not riding in crosswalks
- riding as far to the right of the highway as practicable, unless making a left turn, and
- not riding abreast of another person on a skateboard.

There are provincial requirements for helmets on cyclists, but no similar province-wide requirements for skateboarders. The Province has confirmed through its response to UBCM resolutions on this topic that helmet requirements for skateboarders are an area of local jurisdiction. While helmets would provide safety benefits to users of skateboards, staff do not recommend a mandatory helmet requirement at this time. Skateboard users are currently able to travel on City streets outside of the downtown core without wearing a helmet and no incidents or concerns relating to helmet use have been identified. A mandatory helmet requirement in Victoria would also create inconsistency for skateboard users travelling over municipal boundaries, as no neighbouring municipalities have mandatory helmet requirements for skateboarders.

VicPD staff noted they would support a bylaw change that required users of skateboards and other human powered devices to wear helmets, and are concerned about bylaw changes that encourage skateboard use without a helmet requirement. VicPD staff feel that doing so would send a message contrary to its efforts to encourage helmet-wearing by cyclists. Notwithstanding the fact that cyclists are governed by provincial legislation, the average citizen would see the messaging as completely inconsistent. It is also VicPD staff’s view that the fact that the current bylaw “allows” skateboard use outside of the downtown core without wearing a helmet, simply because the bylaw is silent on that matter, is not determinative of the issue.

If Council wishes to consider whether helmets, lights at night, and/or other safety-related regulations should be mandatory for individuals using skateboards and other human-powered devices, additional consultation with affected groups is recommended. This consultation would likely include outreach to skateboarders and other user groups through a variety of channels, including social media and the City website, skateboard shops, the City of Victoria Youth Council and the Vic West Skate Park.



Impoundment of skateboards

Section 46 of the *Community Charter* gives Council the authority to pass bylaws that:

- authorize the seizure of things unlawfully occupying a portion of a highway or public place, and
- establish fees that are payable if the owner wishes to recover the thing.

The *Motor Vehicle Act* gives municipalities additional powers with respect to highways, including the power to pass bylaws for the removal, detention or impounding of vehicles unlawfully occupying a portion of a highway or public place, and a scale of fees, costs and expenses for that purpose.

Section 102(3) of the Streets and Traffic Bylaw gives the Director of Engineering, VicPD members, and other authorized persons a general authority to impound things unlawfully occupying streets or public places, including skateboards and other human powered devices. The City currently charges a fee of \$25 for the redemption of an impounded skateboard.

The *Offence Act* sets out processes and requirements that govern the seizure of things for evidentiary purposes. It applies independently of the Streets and Traffic Bylaw. It does not provide useful guidance where things are being removed for non-evidentiary purposes.

Some members of the public have suggested the impoundment of skateboards is discriminatory, as it focuses on one user group. For comparison, cyclists who contravene the Streets and Traffic Bylaw are not subject to impoundment of their bicycles.

Currently, impoundment of skateboards is a relatively rare occurrence. VicPD have not impounded a skateboard in many years, while bylaw officers have only impounded six skateboards over the past three years (2012 – 3 impounds, 2013 – 2 impounds, 2014 – 1 impound). Generally, bylaw officers and police officers are able to remedy non-compliance through education. Impoundment is currently used only when compliance cannot be achieved by other means, or where the non-compliance is repetitive. Tickets are not a useful means of achieving compliance, as there is no obligation on skateboard users to provide bylaw officers with the required personal information.

The impound provisions for skateboards noted in the Streets and Traffic Bylaw should be eliminated, given the low number of occurrences annually. Eliminating this provision will impact how effectively bylaw officers will be able to achieve compliance; however, the ability to skateboard on-street in the downtown core can be expected to reduce violations for riding on the sidewalk.

Other human-powered devices

To date, users of other types of human powered devices (i.e., roller skates, in-line skates and non-motorized scooters) have not presented any concerns. Transportation Division staff estimate that these other modes of transportation represent less than 1% of all trips taken within the city. Although not forming part of Council's direction, it would appear that any bylaw changes with regard to skateboards could also apply to the operation of other human powered devices in the downtown core.

**Options and Impacts**Option 1 – Status quo

Under this option, the prohibition against the use of skateboards and other human-powered

devices in the downtown core would remain in place. The authority to impound skateboards and other human-powered devices would also remain.

Impacts:

- will continue to limit ability of individuals to use skateboards as a mode of travel throughout the city

Option 2 – Direct staff to bring forward bylaw amendments for Council consideration

Under this option, staff would bring forward amendments to the Streets and Traffic Bylaw for Council approval that would allow the use of skateboards and other human-powered devices on roadways throughout the city. Users of human-powered devices would be required to follow the same rules of the road as cyclists. The authority to impound skateboards and other human-powered devices being used in contravention of the Streets and Traffic Bylaw would be eliminated.

Building on the preliminary awareness of proposed changes, a formal opportunity for broader public feedback would be provided before Council makes a final decision on any bylaw changes. Staff would seek feedback for a short period following GPC approval, and share the results prior to Council considering the proposed bylaw amendments.

Feedback from the public would be collected through an online survey hosted on HaveYourSayVictoria.com. Outreach to stakeholders to ensure groups such as downtown business owners, downtown residents, skateboarders, City youth programmers, motorists and transportation companies are aware of the opportunity to provide feedback on permitting skateboarders on streets in the downtown core.

Background information and feedback collected through preliminary conversations would be available online to provide community members with the information they require to submit informed feedback.

Information on how the public's feedback would be used, on-going updates, survey findings and the updated Streets and Traffic Bylaw would be shared with stakeholders through HaveYourSayVictoria.com.

If approved, a coordinated education campaign for the summer of 2015 would be proposed to raise awareness of the bylaw changes, and encourage responsible and safe skateboarding and cycling in the downtown, including information about not conducting either activity on sidewalks. Education would also focus on raising awareness that skateboarding and bicycle use is not permitted on downtown sidewalks. Reported incidents and concerns associated with use of downtown streets by individuals on skateboards and other human powered devices would be closely monitored in order to assess any negative impacts associated with the bylaw changes.

Impacts:

- will allow individuals to use human powered devices to travel throughout the city
- may lead to a reduction in pedestrian/skateboarder conflicts on sidewalks in the downtown core
- may lead to an increase in skateboarder/vehicle conflicts on streets in the downtown core



## Recommendation

- 1) That Council direct staff to provide a formal opportunity for broader public feedback on the following proposed amendments to the Streets and Traffic Bylaw:
  - a) Removing the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core and the 2300 block Trent Street. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.
  - b) Requiring users of skateboards and other human powered devices travelling on city streets to follow the same rules of the road as cyclists, and
  - c) Eliminating impound provisions specific to skateboards or other human-powered device.
- 2) That Staff report back to Council in January 2015 with public feedback and proposed changes to the bylaw.

# Appendix A – Map of Skateboard-Prohibited Area



October 14, 2014  
Page 9 of 17

## Appendix B – Streets and Traffic Bylaw Excerpts

### Definitions

4 In this Bylaw

“human powered device”

means a skateboard, roller skates, in-line skates, or a non-motorized scooter;

### Objects prohibited on streets

102 (1) Without limiting the generality of subsections 101,

- (a) a person must not place, or cause or permit to be placed or left on, above or in a street, sidewalk or other public place any of the following items:
  - (i) an object, obstruction or other thing that is or is likely to be a nuisance, or
  - (ii) a sign, as defined in the Sign Bylaw.
- (b) a person who owns, controls, or possesses an item referred to in paragraph (a) must not permit or cause it to remain on, above or in a street, sidewalk or other public place.
- (c) a person must not place or cause or permit to be placed on, above or in a street, sidewalk, or other public place waste matter of any description, including without limitation, litter, rubbish, garbage, offal, filth, or any noxious, offensive or unwholesome substance or matter;
- (d) a person must not distribute or deliver, or cause or permit to be distributed or delivered in or near any street, sidewalk, or other public place, a pamphlet or any other printed or written matter for the purpose of publicizing an event, fact, product, or thing if the probable result of that action is
  - (i) the matter will be discarded on a street, sidewalk, or other public place by a person receiving the matter, or
  - (ii) passage in or on a street will be impeded or obstructed.

(2) Subsection (1)(a) does not apply to any of the following persons or objects:

- (a) employees or agents of the City while they are acting in the course of their employment;
- (b) articles of trade or commerce lawfully in a street or other public place;
- (c) a portable sign permitted under section 102A of this Bylaw;



- (d) works for which a permit is issued under section 102 or 106 of this Bylaw or under a bylaw passed under section 14 of the *Victoria City Act, 1919*.
- (3) The Director of Engineering, a person authorized by the Director of Engineering, or a member of a police force, on behalf of the City may cause the removal, detention or impounding of an object, obstruction, or thing unlawfully occupying a portion of a street or public place.
- (4) After the detention, removal or impoundment of an object, obstruction, or thing a person entitled to its possession may obtain its release by
  - (a) signing an undertaking that the person will not again place it on, above, or in any street, sidewalk or other public place in contravention of this section, and
  - (b) paying the city the fees prescribed in subsection (5).
- (5) For each detention, removal, and impoundment under subsection (3), the person entitled to possession of an object, obstruction, or thing must pay to the City the applicable fees prescribed in Schedule H.
- (6) As soon as is possible, the Director of Engineering must cause a detained object to be sold, by public auction, to the highest bidder if
  - (a) the person entitled to the possession of the object, within 30 days of its detention, including the date of detention, does not satisfy the requirements of subsections (4) and (5), and
  - (b) it appears to the Director of Engineering that the object has market value.
- (7) The Director of Engineering must cause a detained object to be discarded as garbage if
  - (a) the person entitled to the possession of the object, within 30 days of its detention, including the date of detention, does not satisfy the requirements of subsections (4) and (5), and
  - (b) it appears to the Director of Engineering that the object has no market value.
- (8) The City's Corporate Administrator must apply the proceeds of an auction sale held under this section in the following manner:
  - (a) firstly, deduct the costs of the auction;
  - (b) secondly, deduct the fees payable to the City under subsection (4);
  - (c) finally, pay the surplus, if any, to the person entitled to possession if that person's identity and location are known.



- (9) The Corporate Administrator must apply the surplus referred to in subsection (8)(c) in the following manner if the identity or location of the person entitled to the surplus is not known:
  - (a) hold the surplus for one year from the date of the auction;
  - (b) pay the amount of the surplus into the City's General Revenue if the surplus is not claimed within one year from the date of the auction.
- (10) An amount paid into General Revenue under subsection (9)(b) is forfeited to the City.
- (11) An action taken under this section does not preclude the prosecution of a person who contravenes a provision of this Bylaw.

#### Skating on sidewalk

- 115** (1) A person must not ride a human powered device on a sidewalk.
- (2) Subject to subsection (3), a person must not ride a human powered device on a street or path in a public place where signs are displayed stating that the street or path is for pedestrian use only.
  - (3) A person must not ride a human powered device on a street or path within the area bounded
    - (a) on the west by the west side of Wharf Street and the east side of Store Street,
    - (b) on the north by the south side of Herald Street and North Park Street,
    - (c) on the east by the east side of Quadra Street, and
    - (d) on the south by the south side of Fairfield Road, the east side of Blanshard Street, and the south side of Belleville Street.
  - (4) Sections 99(3) to (11) apply to the removal, detention and impoundment of a human powered device that is being ridden in contravention of this section on a street, sidewalk, or path within
    - (a) the area set out in subsection (3), or
    - (b) the 2300 block of Trent Street.

## Schedule H

## Streets and Traffic Bylaw

## Detention, removal and impoundment fees

1. The detention and removal fees, shown in the second column of the following table, that correspond to the weight or type of the item shown in the first column, are payable under subsection 102((4) of this bylaw:

<u>Weight or Type</u>	<u>Detention &amp; Removal Fee</u>
65 kg or less	\$25.00 for a first detention or removal \$100.00 for a second or subsequent detention or removal
over 65 kg	\$40.00 for a first detention or removal \$100.00 for a second or subsequent detention or removal
human powered device	\$25.00

2. The impoundment fees, shown in the second column of the following table, that correspond to the weight or type of the item shown in the first column, are payable under subsection 102(5) of this bylaw:

<u>Weight or Type</u>	<u>Impoundment Fee</u>
65 kg or less	\$5.00 per day, including the first day
over 65 kilograms	\$7.00 per day including the first day
human powered device	\$2.00 per day including the first day

### Appendix C – Written Feedback from Stakeholders

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In our opinion there are far too many regulations that infringe on the freedom of patrons in Downtown. I have no idea why the city feels they have the right to limit a persons options on how they travel from place to place. Any form of travel other then cars should be celebrated not prohibited or limited in any way. We need far less rules and more education with regards to patrons acting with consideration and respect of others. The city needs to empower others to make the right decisions regarding their conduct on various modes of transportation not create and enforce archaic bylaws to limit a persons fundamental right and freedom of movement.

Healthy Regards,

Kurtis Brown  
Chantelle Pasychny

designHouse Salon  
Owners

---

What is to review ?

The skateboarders go up and down Johnson Street all day and night, in my almost three years I have never seen one of them stopped or even spoken to by any officers.

The boards are noisy, 90% of the riders are disrespectful to pedestrians and vehicle traffic

You can see them going the wrong way down lojo every single day

Keep the law and perhaps start enforcement

---

In response the the email sent out last week by the DVBA we wanted to let you know that West End Gallery does not support a review of the skate boarding policy and feels very strongly that skate boarding should not be allowed in the downtown core.

Thank you for your time and consideration involving us in this matter.

Sincerely,  
Amy

West End Gallery  
1203 Broad Street

---

I would like to support the ban on skateboarding on streets in the downtown area for two reasons:

1. It is alarming for drivers to share streets with skateboarders who are not just using their boards as a fuel-free form of transport, but are making large s-curves across the street and performing other "hot-dogging" moves. It happens quite often that a boarder misses the sidewalk lip and stumbles either onto the street or onto the sidewalk.



2. The wheels on most boards make a terrific amount of noise.

If the by-laws were amended to permit safe use of these devices with enforceable penalties for street riders causing traffic hazard, and if the boards were required to use some kind of noise abatement technology on their wheels, then perhaps law-abiding riders could be permitted to use the streets (never the sidewalks). They would have to do so entirely at their own risk, and should be licensed. They ride without lights or helmets or other body protection. They use no signaling to help other users of streets anticipate their movements and vehicle drivers, bicycle riders and pedestrians cannot be expected to bear the responsibility of any injury or damage caused by collision with these unpredictable moving objects.

Overall, since enforcement of traffic behaviour in the city is insufficient, I continue to fear that young and irresponsible riders will pose a street hazard.

---

I own and run a technology company in Bastion Square. I'm writing to voice my opposition to the bylaw prohibiting skateboarding downtown.

I've been annoyed at this bylaw for quite some time. Lifestyle factors are a huge reason why we choose to pay high Downtown Victoria rental costs, and every bylaw we add that makes the downtown area less appealing is sure to have an economic impact, either in terms of lost business or businesses locating elsewhere.

As a concrete example, when I was a student at UVic, I used to avoid the downtown core on my way home to James Bay. More recently, when starting up my company, we also looked at locations outside of the downtown core. Frankly, it was because I'd enjoy my commute home from work a lot more if I could take out my longboard. Ultimately the proximity to restaurants and services won out, but the skateboard bylaw was a factor in my consideration.

Though I'm sure the bylaw was carefully considered, it comes off as arbitrary and unfriendly. If it's a matter of traffic downtown, it seems odd to me that skateboards in particular have been singled out. Why not ban scooters too? Bicycles? Groups of tourists who walk more than three abreast?

Count my voice in opposition.

- Bob Warwick  
Owner, Whole Punk Creators



1715 Government Street  
Victoria, BC  
V8W 1Z4  
250.386.5503

Shannon Craig  
City of Victoria  
No.1 Centennial Square  
Victoria, BC  
V8W 1P6

August 5, 2014

Re: Review of Skateboarding in the Downtown Core

Dear Shannon Craig,

The DRA has reviewed the existing bylaw regarding the prohibition of riding skateboards on sidewalks in the City of Victoria and the streets of the Downtown Core (as identified on the map attached with the letter of June 26, 2014). We have also considered the issues of confiscation and impoundment of skateboards.

The following comments are a summary of the opinions offered on the relevant topics.

#### Environment and Health

- We are all in favour of encouraging and supporting alternative eco-friendly means of transportation, which would include skateboards and rollerblades.
- Skateboarding is a green and active mode of transportation and we don't assume that all skaters will be reckless in their behaviour.

#### Safety

- We are unanimous in recognising that allowing skateboarding on sidewalks is too dangerous and there are too many opportunities for conflicts between different modes of transportation.
- Allowing skateboards on downtown streets and bike lanes seems like a dangerous compromise. Perhaps if/when we get some protected bike lanes it can be considered.

#### Traffic Calming and Infrastructure

- Having a greater variety of users in the road can help to calm traffic. For example, vehicles on Pandora frequently speed on the road right before the bridge. Increasing the variety of users on the road will encourage drivers to slow down.
- Allowing skateboarders to travel on the right hand side of the roadway, or where available, travel in bicycle lanes, should be discussed and considered.

Equality

- It is important that public space feels welcoming to all. There are people in our city that can't afford bikes, or other forms of organized sports like hockey, so skateboarding is a financially feasible alternative and it provides people with a sense of community.
- With the current ban in place, it has discouraged these individuals from frequenting downtown as they feel unwelcome. As an example, a mature adult male (and DRA member) was standing and holding his skateboard on Pandora waiting for a ride to the park when a police van pulled up in front of him and over the loud speaker declared "think about riding and you'll loose it". This was an unnecessary negative police interaction.

Enforcement

- Current enforcement seems to disproportionately impact those with limited or low incomes.
- Without a proper legal definition within the bylaw as to when confiscation and impoundment supersedes the issuance of the appropriate fine, the complainants' objections are valid and justified.
- Confiscation of personal property should only be the last resort.
- The following influenced my opinion on the confiscation / impoundment issue: The City of Victoria's "STREETS AND TRAFFIC BYLAW # 09-079" (<http://www.victoria.ca/assets/City~Hall/Bylaws/bylaw-09-079.pdf>), section 115 (1) & (3), essentially states that a person must not ride a human powered device on (1) a sidewalk, or (3) a street, or a path within the downtown core. The following subsection, 115 (4), goes on to state that, "Sections 99(3) to (11) apply to the removal, detention and impoundment of a human powered device that is being ridden in contravention of this section on a street, sidewalk, or path within (a) the area set out in subsection (3)...". Unfortunately, and quite disturbing, is that it appears to me that the referred to "section 99(3) to (11)" in City bylaw 09-079, does not exist (at least not in the copy provided on the City's website).
- Schedule 'F' of City bylaw 09-079, sets out the fines for contravention of section 115 (3) as follows: \$57.50 for 1st contravention, \$67.50 for 2nd contravention, \$102.50 for 3rd or subsequent contravention. So, since there are fines set out for the contravention of the bylaw, at what point does the enforcement officer have the right to confiscate the citizen's personal property?

While we are unanimous in support of a ban on skateboard use on sidewalks, we fully support skateboarding as a healthy, environmentally friendly, alternate form of transportation. Opportunities remain to improve issues around equality, enforcement and infrastructure in relation to skateboarding downtown, so we would support a review and revision of this bylaw. Thank you for the opportunity to provide feedback on this issue.

Sincerely,



Wendy Bowkett  
Chair  
Downtown Residents Association

cc Dwayne Kalynchuk, Engineering and Public Works Department



# Skateboarding in the Downtown Core





# Council Direction

- 1) Council directed staff to provide an opportunity for broader public feedback on the following proposed amendments
  - Removing the current prohibition against the use of skateboards on roadways within the downtown core and along Trent Street
  - Requiring skateboarders travelling on city streets to follow the same rules as cyclists, and
  - Eliminating impound provisions specific to skateboards
- 2) That Staff report back to Council in January 2015 with public feedback and proposed changes to the bylaw.

# Downtown Core

## City of Victoria Streets and Traffic Bylaw Section 115 - Skating on Sidewalk 115(3) - Human powered device prohibited area



# Public Input Overview

275 respondents, including people who drive, take public transit, bike, walk, and ride skateboards

Most respondents lived in Victoria, were between 30 and 50 years old, and used a car or public transit as their primary mode of transportation

The majority of respondents were supportive of the proposed changes

The results also indicate the non-skateboarding public is generally supportive of allowing skateboarding on downtown streets



# Public Input Overview



The majority of respondents supported the need for safety regulations, such as ensuring anyone skateboarding in the downtown core is visible to drivers and follows the rules of the road

If bylaw changes are implemented, a communications program will be developed to increase public understanding around how skateboarders can operate in the downtown core

# Stakeholder feedback

In Phase One the City:

- Consulted with the Victoria Police Department
- Sought feedback from the Downtown Victoria Business Association and Downtown Residents' Association
- Met with a local skateboard advocate who had organized a petition
- Correspondence and presentations to Council regarding skateboarding downtown and feedback previously received during Official Community Plan consultations were also reviewed.

# Stakeholder feedback

Possible positive impacts of allowing skateboards in the downtown core include:

- open and inclusive attitude towards all forms of transportation
- increased economic activity
- reduction in use of cars for transportation in the downtown core
- traffic calming that may be achieved through having a variety of road users
- making downtown more welcoming
- health benefits for skateboard users
- an increase in public safety

# Stakeholder feedback

Possible negative impacts of allowing skateboards in the downtown include:

- a decrease in skateboarder and public safety, and
- an increase in noise
- possible conflicts with cyclists

# Recommendation

- 1) That Council direct staff to prepare the following proposed amendments to the Streets and Traffic Bylaw:
  - a) Remove the current prohibition against the use of skateboards and other human powered devices on roadways within the downtown core and the 2300 block Trent Street. The current prohibition against the use of bicycles, skateboards and other human powered devices on sidewalks throughout the city would remain in place.
  - b) Require users of skateboards and other human powered devices travelling on city streets to follow the same rules of the road as cyclists, and
  - c) Eliminate impound provisions specific to skateboards or other human-powered device.



# Recommendation

- 2) That Council direct staff to develop a communications program to increase public understanding around how skateboarders can operate in the downtown core, and report back to Council in May 2015, in conjunction with the proposed Streets and Traffic Bylaw amendments.

# Questions from Council







## Governance and Priorities Committee Report For the Meeting of March 26, 2015

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**To:** Governance and Priorities Committee **Date:** March 19, 2015  
**From:** Allison Ashcroft, Senior Planner, Environment  
**Subject:** Encouraging the Growth of Car Share - Streets and Traffic Bylaw Amendment

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### Executive Summary

Car share is a small, but beneficial element of Victoria's multimodal transportation system. This report seeks Council approval to amend the Streets and Traffic Bylaw in order to encourage growth in the availability and use of car share in Victoria.

In the sharing economy, transportation is about accessibility, not ownership. Car share provides an alternative to car ownership and an additional transportation option for residents, businesses, and visitors. Car sharing as a system has been shown to facilitate large reductions in the annual emissions and vehicle ownership of some households while providing affordable access to the benefits of car ownership for other households. The City of Victoria can provide clear policy to encourage car share's growth in a manner that provides mobility benefits and continued emission reductions, as outlined in the Official Community Plan and the Community Energy and Emissions Plan.

Car2go is the largest car share organization operating in Canada. Car2go has expressed an interest in expanding its business into the Victoria market in the Spring of 2015, and has approached City staff to discuss opportunities and barriers to their entry. Car2go, like most other significant for-profit companies operating in the car sharing business, uses a "free-floating" <sup>1</sup> car share service model. In recent years, free-floating car share has emerged as the predominant model for urban car sharing in North America and Europe. Zipcar has recently launched its car sharing service in Greater Victoria with three vehicles stationed at UVic, and has requested a meeting with City staff to discuss opportunities for expansion of their operations into downtown Victoria.

The City's existing clause for car share, contained within the Streets and Traffic Bylaw, does not explicitly allow for free-floating car share. Furthermore, the existing clause, to allow for the use of the public right of way for car share vehicles, pertains only to the operations of non-profit/co-operative car share organizations.

Specifically, this report seeks to obtain Council authorization for an amendment to the existing Streets and Traffic Bylaw. The purpose of this proposed amendment is twofold,

- 1) To include, within the permissible uses for a Street Occupancy Permit, a new car share operating model, known as "free-floating" car share service.
- 2) To establish a price of \$2,000 per year for each "free-floating" car share vehicle issued under the City's Street Occupancy Permit. This proposed price is comparable to the annual charge for other allowable uses under the City's Street Occupancy Permit (e.g. service vehicles), and reflects staff's best assumption of the fair market value of the benefit to be conveyed to these car share organizations.

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<sup>1</sup> Free-floating car share permits one-way, or point to point car sharing. These vehicles have no fixed positioning; the free-floating car share operating model relies on the use of curb space in the public right of way for parking when not in use by a customer.



Staff propose that this price be evaluated after completion of the first year of operation of a free-floating car share organization to determine whether,

- a) the price of \$2,000 per vehicle per year reflects fair market value based on actual use;
- b) additional restrictions should be placed on use of right of way by free-floating car share vehicles;
- c) a maximum number of permits for free-floating car share vehicles should be instituted

In order to properly evaluate the impact and efficacy of free-floating car share on the city's transportation system, as a condition of the Street Occupancy Permit, free-floating car share organizations will be required to submit periodic exception reports and usage statistics (based on GPS technologies deployed in each vehicle), and the results of member surveys.

### Next steps


In light of the recent merger of Victoria Car Share Co-Operative with Modo, Canada's two largest non-profit car share organizations (now doing business as Modo Co-Operative), and the proposed entrance of zipcar and car2go, the two largest car share organizations operating in North America (both for-profit), the landscape for car share in Victoria has changed quickly and dramatically bringing new opportunities for residents, businesses, and the City corporation. As a result, staff are investigating the opportunity to:

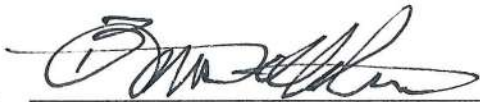
- Use third party car share to complement the City's fleet and operations. This opportunity will be explored in the course of developing the City's overall fleet strategy, identified in the draft budget as a proposed initiative for 2015.
- Standardize and streamline the processes for:
  - Designation of assigned parking spaces in the right-of-way for car share
  - Negotiating and administering development permit parking variances involving car share as a Transportation Demand Management (TDM) measure

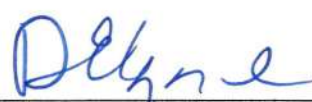
### Recommendations:

1. That Council instruct staff to prepare an amendment to the Streets and Traffic Bylaw in accordance with the draft contained in Appendix A of this report.
2. That Council direct staff to:
  - Update the terms and conditions of the Street Occupancy Permit to include reporting requirements for car share organizations operating under this permit.
  - Perform an evaluation at the end of the one year pilot period, and forward the results and any proposed recommendations for Council's consideration.

Respectfully submitted,


  
Allison Ashcroft  
Senior Planner, Environment

  
Brad Dellebuur,  
A/Assistant Director,  
Transportation and Parking  
Services

  
Dwayne Kalynchuk, P.Eng.  
Director of Engineering and  
Public Works

Report accepted and recommended by the City Manager:

Date:

  
March 20, 2015



## Purpose

*This report seeks Council approval to amend the Streets and Traffic Bylaw to encourage growth in the availability and use of car share in Victoria.*

## Background

Carsharing supports a community's mobility and environmental goals by decreasing road congestion and parking demand; reducing personal car ownership and associated costs; decreasing dependence on fossil fuels while reducing the emission of greenhouse gases and air pollutants; and providing enhanced mobility through the affordable access to vehicles. Car share encourages a multi-modal approach thereby increasing the use of walking, cycling, and taking the bus, in addition to car share.

## Car Sharing Service Models

Car share has moved from niche to mainstream in select cities with the investment in significant sized fleets by one of a few, large multi-national operators. These operators favour a free-floating service model, and as a result this is now the predominant model for urban car sharing in North America and Europe.

A number of different ownership and service models for car share have emerged over the last 15 years, and new models for shared vehicle accessibility continue to emerge that blur the line between traditional ride share, car share, and vehicle leasing. The two primary forms of car share presently operating in Canada are "classic"<sup>2</sup> (two-way) car sharing and "free-floating"<sup>3</sup> (one-way) car sharing. The Victoria Carshare Co-operative employs the classic car sharing model.

As of June 2013, Car2go (owned by Daimler Chrysler) operates in 3 metropolitan markets in Canada (Calgary, Toronto and Vancouver). zipcar (owned by Avis) operates in 2 cities (Vancouver and Toronto). In Vancouver, there are 3 car-sharing organizations with 800 vehicles among them (400 Car2go, 300 Modo, 100 zipcar). Modo is a car share co-operative operating under a similar 2 way car sharing model to the Victoria Car Share Co-Operative; Modo and Victoria Car Share Co-operative announced a merger in January 2015, effective April 2015 the newly merged entity will operate as Modo Co-operative in both Victoria and Vancouver.

## Car share in Victoria

At present, there is only one car sharing organization operating in the Capital Region, the Victoria Car Share Co-operative (since 1996). They currently operate with a fleet of 23 vehicles and have a membership of approximately 800 members. A recently announced merger between Vancouver-based Modo and Victoria Car Share Co-Operative (collectively referred to hereafter as "the Co-Op") is expected to further grow their membership as members will have the ability to book cars both in Victoria and Vancouver, and use Modo's improved technology and infrastructure.

At present, the Co-Op has eight assigned spaces in the City's right of way (all non-metered spaces), and two spaces in City parkades (one in Centennial Square, one in Johnson Street) with an additional assigned space being discussed for Bastion Square. Consistent with the City's Commercial Use of Public Space Guidelines, the Co-Op, as a non-profit co-operative, does not pay fair market value for the exclusive parking benefit of these assigned spaces; there is no fee

<sup>2</sup> Classic car sharing is used for round trips and relies on the use of designated parking spaces for each vehicle in its fleet. Members are typically required to book vehicles in advance and specify rental duration at the time of booking.

<sup>3</sup> Free-floating car share permits one-way, or point to point car sharing. Using smartphone and internet applications and GPS technology "free-floating" car share customers can locate, pick up, and drop off a vehicle anywhere within a car share organization's designated "home area". These vehicles have no fixed positioning; the free-floating car share operating model relies on the use of curb space in the public right of way for parking when not in use by a customer.



for the six dedicated on-street spaces, and receives a 50% discount on the monthly fee for each parkade space (\$80 and \$95 per month discount in Centennial Square and Johnson Street, respectively).

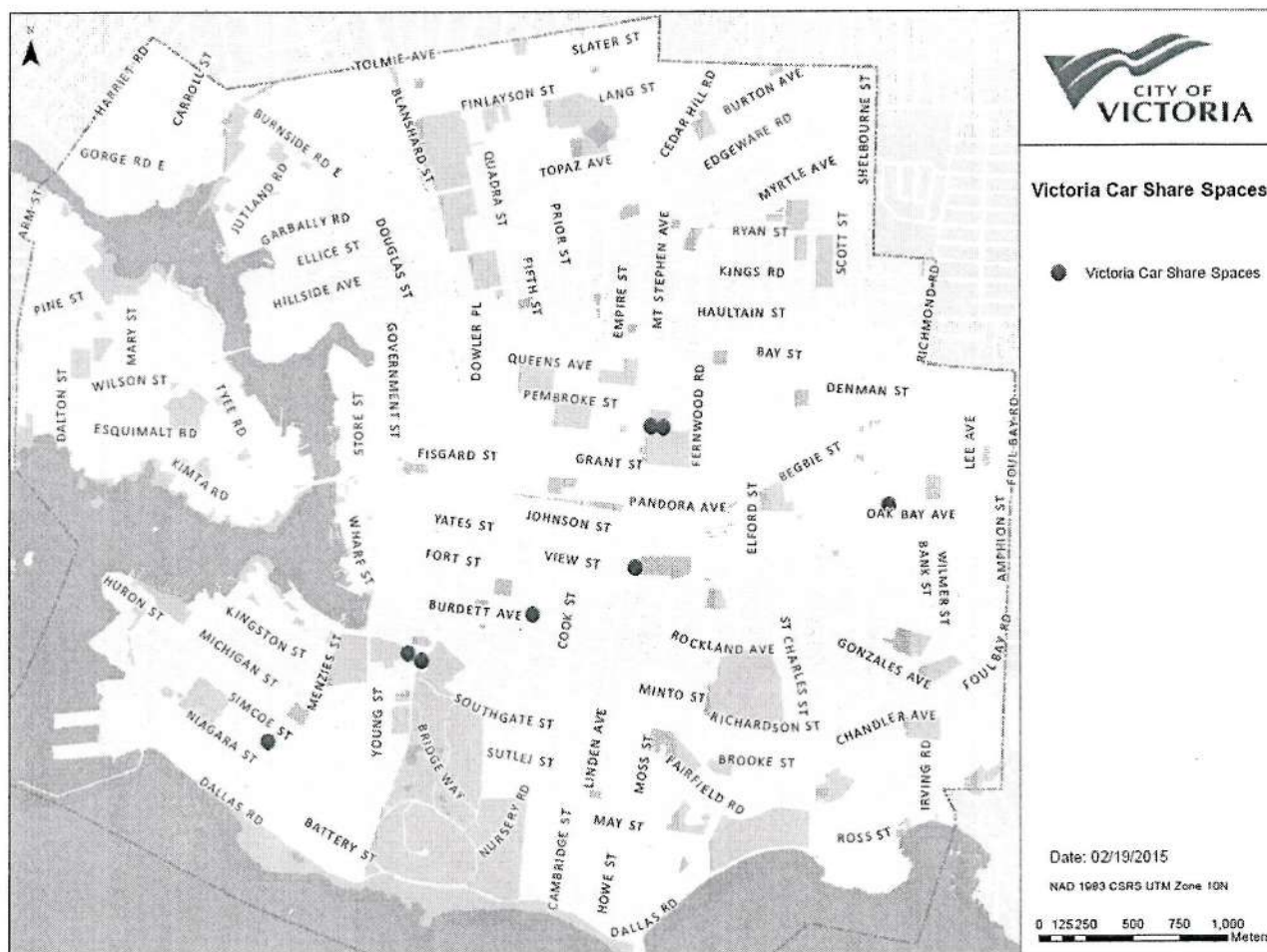


Figure 1 - Assigned On-Street Carshare Spaces

### Recommended Best Practices in Car Sharing Policies by Local Government

Cost savings and convenience are frequently cited as popular reasons for shifting to a shared-use mode. Carsharing users most commonly cite convenient locations and guaranteed parking as major motivation for participation, and carsharing operators most commonly cite lack of access to a dense network of parking spaces for carsharing as a limit to expansion. A study<sup>4</sup> of best practices in local government policy for car share indicates that cities can best increase carsharing participation by making parking spaces available for shared vehicles both on streets and in off-street public lots and garages. This can best be achieved through local government policies which include provisions for on-street parking; exemptions to parking time limits; creation of carsharing parking zones; free or reduced cost parking spaces or parking permits; universal parking permits (i.e. carsharing vehicles can be returned to any on-street location); and, formalized processes for assigning on-street parking spaces.

<sup>4</sup> "Policies for Shareable Cities: A Sharing Economy Policy Primer for Urban Leaders", Shareable and Sustainable Economies Law Center, September 2013. Available for download at [www.shareable.net](http://www.shareable.net)



## Issues & Analysis

A few questions arise related to this proposed amendment, namely:

1. What elements of the bylaw need to be amended to accommodate free-floating car share?
2. Is the City's existing Street Occupancy Permit the most appropriate process for regulating free-floating car share?
3. What is the appropriate price for this permit to reflect the benefit being conveyed for free-floating car share?
4. What are the revenue and cost implications to the City from free-floating car share?
5. What additional terms and conditions of the Street Occupancy Permit may be required specific to free-floating car share?
6. Does car share align with the City's strategic goals and objectives?
7. What are the impacts and opportunities of car share's growth and the entrance of new car share organizations in the Victoria market?

## Bylaw Amendment

Free-floating car sharing varies in its service model from classic car sharing; and, as such, the City's existing clause for car share, contained within the Streets and Traffic Bylaw, does not explicitly allow for free-floating car share. Furthermore, the existing clause to allow for the use of the public right of way for car share vehicles pertains only to the operations of non-profit/co-operative car share organizations. The Co-Op, as a non-profit delivering social benefit to Victoria residents and businesses, has been assigned dedicated on-street spaces and parkade spaces to at no cost and 50% discount, respectively. In accordance with the City's Commercial Use of Public Space Guidelines, it would be inappropriate to provide free parking to for-profit car share organizations, whether free-floating or classic car share.

The draft bylaw amendment is included as Appendix A.

## Accommodating free-floating car share with City's annual Street Occupancy Permits

The most similar instance of unassigned, or floating, parking in the public right of way relate to service holding an annual Street Occupancy Permit. Staff propose to use this permit for free-floating car share as the permissions and restrictions pertaining to these service vehicles are equally appropriate for free-floating car share.

Under the proposed amendment, an annual Street Occupancy Permit would be issued to each free-floating car share vehicle operating in Victoria by a car share organization. Street Occupancy Permits are issued on a calendar year basis. Under this permit, each vehicle displaying a valid decal would be allowed to park within the City's right-of-way in approved zones. Approved zones, per existing Street Occupancy Permits, include on-street metered spaces (other than 20 minute meters) and residential zones.

- In metered spaces, vehicles displaying a valid decal would be allowed to park without paying and without regard to time limit.
- In residential zones, vehicles displaying a valid decal would be allowed to park, and permit the vehicle to remain parked, on the street in a Residential Parking Zone if the driver resides there; is visiting an occupant there; or (c) is transacting business, performing work, or rendering services there.

Under this permit, free-floating car share vehicles would be prohibited from parking in all special use zones, time-restricted zones, and handicapped spaces, unless the car share member using the vehicle meets the criteria for using a handicapped space and a handicapped parking permit is displayed for the duration of the time the car share vehicle is parked within the space designated as handicapped.



### Establishing a price for Street Occupancy Permits used for free-floating car share

In exchange for this annual Street Occupancy Permit, staff recommend that free-floating car share companies be required to pay the fair market value of \$2,000 per vehicle per year. This proposed price is comparable to the annual charge for other allowable uses under the City's Street Occupancy Permit (e.g. service vehicles), and reflects staff's best assumption, at this time, of the fair market value of the benefit to be conveyed to these car share organizations.

The best measure of fair market value is actual usage, but it is difficult to extrapolate the usage in other markets, nor estimate the potential usage in Victoria without making a number of assumptions bearing significant uncertainties. Staff recommend retaining the existing annual fee of \$2,000 per vehicle for the duration of a one year pilot period beginning with the issuance of the first Street Occupancy Permit to a free-floating car share organization. At the end of this pilot period, staff can then perform an evaluation which would include reviewing reports provided by the car sharing organization(s) re: usage statistics, exception reports, and any other formal feedback received in the form of parking complaints, etc. From this review, staff will recommend options to Council as to any additional amendments to the Streets and Traffic Bylaw that may be warranted to i) better manage permits for free-floating car share, and/or ii) more accurately reflect the fair market value of a Street Occupancy Permit issued to a free-floating car sharing organization. Upon completion of the pilot period, staff can present on the summary findings from this evaluation and propose any amendments to the Streets and Traffic Bylaw for Council approval at that time.

### Revenue and Cost Implications to the City from Free-Floating Car Share

- a) **Revenues:** While the proposed permit fee per vehicle is estimated to reflect fair market value, it is difficult to estimate what new revenues will be generated for the City from free-floating car share. In order to estimate the revenue implications, staff would need to estimate the number of permits to be issued for free-floating car share vehicles. Car2go has estimated they would seek to launch service with 50 vehicles, translating to \$100,000 per year in revenues. This wouldn't be 100% new revenues as presumably there will be some displacement of meter revenues from personal vehicles, however, this amount is, and will continue to be, immeasurable. Finally, it is unclear whether the Co-Op or zipcar would be interested in offering free-floating car share service in addition to, or instead of their existing two-way car sharing model with dedicated spaces in residential areas and parkades.
- b) **Expenses:** There is no associated cost to the City for car share, other than the internal fixed costs of amending the Streets and Traffic Bylaw, and administering the Street Occupancy Permits. These costs are not significant and do not require an increase in resources to deliver. Further, there is no reason to believe at this time that there will be a need for greater resources to manage the permits associated with free-floating car share, nor the added complaints regarding parking, etc. that may arise from car share.

Should the City choose to become a member of one or more car share organization in order to use third party car share as a green fleet management strategy then there would be costs to the City associated with that in the form of membership and usage fees. At this time, the cost of using third party car share for flexible corporate fleet is unknown.



### Additional Terms and Conditions of Street Occupancy Permit for Free-Floating Car Share

As other modes of shared mobility emerge, making new transportation options available, the ways in which people utilize each of these modes will change. Data monitoring and reporting is critical to measure the impacts of these new modes on mobility choices, and the efficacy of these modes in achieving the transportation and mobility goals as outlined in the Official Community Plan (OCP) and the community's greenhouse gas reduction strategies and proposed actions as outlined in the Community Energy and Emissions Plan (CEEP).

Under the current authority of the Director of Engineering, additional terms and conditions can be included on Street Occupancy Permits issued to free-floating car share in order to require these organizations to periodically report member, fleet, and usage information in order that staff can monitor and mitigate any challenges arising from free-floating car sharing, as well as, to measure the effectiveness of car share for reducing vehicle ownership, vehicle kilometres travelled, and greenhouse gases in our community.

Presently, the Co-Op is not required to report metrics to the City. In a separate staff report, staff are requesting Council direction to enter into an agreement with the Co-Op to obtain metrics similar to those required as terms and conditions of the Street Occupancy Permit issued for free-floating car share. With the merger, all of the Co-Op's vehicles will be outfitted with Modo's more advanced booking and infrastructure technology which should facilitate the Co-Op's ability to deliver most of this information; absent GPS technology, it may not be possible to issue spatial information regarding travel routes, but average distance and duration of rentals will be possible with Modo's improved booking and infrastructure software.

### Car Share's Alignment with City's Strategic Objectives and Strategies

#### Official Community Plan:

- Transportation and Mobility Goal: Transportation options reduce fossil fuel dependence, help conserve energy and produce low greenhouse gas emissions and other air contaminants.
- Transportation and Mobility Objective: That travel modes function effectively together as a system where road right-of-ways are designed and managed to give priority to pedestrians, cyclists, public transit, and commercial vehicles over single occupancy vehicles.

#### Community Energy and Emissions Plan:

- Greenhouse Gas Reduction Strategy: Develop programs and incentives to support alternative transportation
- Recommended Actions:
  - Promote the location of car-share vehicles at places of employment
  - Support the development of, and advocate for participation in, car and bike sharing programs to reduce car ownership
  - Make opportunities for behavioural change a core focus of transportation planning in the City
  - Explore opportunities to encourage tourists to participate in alternative transportation (e.g. shared bikes for cruise ship passengers)
  - Create, or work with the private sector to create, new incentives for not owning a vehicle, including cycling events and transit events, car-free days, reward programs, etc.



### Impact of New Car Share Organization Entrants to Victoria

In recent years, free-floating car share has emerged as the predominant model for urban car sharing in North America and Europe. Free floating car sharing is more dynamic and spontaneous than classic car sharing. Free-floating and classic car sharing often cater to different types of users, and research indicates they are complementary to one another and to other transportation mode choices. For instance, classic car sharing is more appropriate as a TDM measure for private development as it ensures assigned vehicles remain with the property and are available for use by its residents in perpetuity. Free-floating car share, alternatively, is likely to be more effective than classic car sharing as an extension of public transit and, as an everyday affordable transportation choice for urban dwellers, thereby having a greater opportunity to a) encourage residents and businesses to divest from vehicle ownership and, b) reduce parking congestion downtown.

Presently, Car2go, zipcar, and Modo operate in Vancouver, each occupy a different place in the market for members based on different rate structures, service models, and vehicle types. Staff expect that the newly merged Co-Op will grow the car share market in Victoria, and the entrance of any free-floating car share organization will only further enhance the transportation options provided to Victoria residents, businesses and visitors.

Staff have consulted with the Co-Op about the potential entrance of other car share organizations to the Victoria market, and asked for their feedback. The Co-Op's board members discussed this topic and issued the letter attached in Appendix B to the City. In summary, the feedback from the Co-Op specific to the potential entrance of new car share operators is that they "support the growth of car sharing in Victoria. It is our hope that Car2go complements our service, and that they are able to increase public awareness, and pull in more users to car sharing which would have a long-term beneficial impact on us. However, it is impossible for us to know how Car2go will impact our bottom line. In this small market, we may see a negative impact to revenues in the short and/or long term as consumers share their transportation budgets between the two services."

### **Options & Impacts**

1. Bylaw amendment
  - a. Amend the Streets and Traffic Bylaw to explicitly allow free-floating car share vehicles to operate under an annual Street Occupancy Permit.
  - b. Don't amend the Streets and Traffic Bylaw, thereby inhibiting the emergence of i) free-floating car share, and ii) car share service by for-profit organizations.
2. Permit Fee
  - a. Establish an annual permit fee of \$2,000 per vehicle per year for a pilot period of one year. This fee is comparable to the annual fee for other allowable uses of the City's Street Occupancy Permit (e.g. service vehicles).
  - b. Establish a different annual permit fee based on another fair market value rationale, i.e. permit fees charged in other cities, permit fees for other uses of public right of way (e.g. sightseeing vehicles), or calculation (based on modeled estimate of # of vehicles, hours in use or parked outside of municipality, and hours parked in metered space vs. residential on-street). In Staff's opinion, the use most closely comparable to car share is for service vehicles permitted under the Street Occupancy Permit at an annual cost of \$2,000. Estimating usage to derive an annual fee specific to car share will be very difficult at this time as it will be based on a number of assumptions and uncertainties. Once actual usage statistics are reported by car share organizations, this data may indicate a different fair market value is more representative. At that time, re-evaluation



of the \$2,000 fee may be warranted if the difference between actual use and this fixed fee are significant.

- c. Establish an annual permit fee not based on fair market value to reflect the social and environmental benefits attributable to car share. This option is consistent with the City's Commercial Use of Public Space guidelines which identifies an exception for commercial uses that advance other goals of the City. However, based on models in other cities, and ongoing conversations with Car2go, there is no presumption or need to provide this fair market value exemption, thus no reason for the City to forego this revenue.

### Conclusion

Car share is a small, but beneficial element of Victoria's multimodal transportation system. Car share has the potential to advance many of the City's mobility and climate action goals as outlined in the OCP and CEEP. The car share industry continues to evolve with new operating and service models, such as free-floating car share. One or more free-floating car share organizations desire to enter the Victoria market. This report seeks Council approval to amend the Streets and Traffic Bylaw in order to encourage growth in the availability and use of car share in Victoria.

### Next steps

In light of the recent merger of Victoria Car Share Co-Operative with Modo, Canada's two largest non-profit car share organizations (now doing business as Modo Co-Operative), and the proposed entrance of zipcar and car2go, the two largest car share organizations operating in North America (both for-profit), the landscape for car share in Victoria has changed quickly and dramatically bringing new opportunities for residents, businesses, and the City corporation. As a result, staff are investigating the opportunity to:

- Use third party car share to complement the City's fleet and operations. This opportunity will be explored in the course of developing the City's overall fleet strategy, identified in the draft budget as a proposed initiative for 2015.
- Standardize and streamline the processes for:
  - Designation of assigned parking spaces in the right-of-way for car share
  - Negotiating and administering development permit parking variances involving car share as a Transportation Demand Management (TDM) measure

### Recommendations

1. That Council instruct staff to prepare an amendment to the Streets and Traffic Bylaw in accordance with the draft contained in Appendix A of this report.
2. That Council direct staff to:
  - Update the terms and conditions of the Street Occupancy Permit to include reporting requirements for car share organizations operating under this permit.
  - Perform an evaluation at the end of the one year pilot period, and forward the results and any proposed recommendations for Council's consideration.

APPENDIX A

NO. XX-XXX

**STREETS AND TRAFFIC BYLAW, AMENDMENT BYLAW**

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to amend the Streets and Traffic Bylaw to provide specified parking exemptions for car share organizations.

Under its statutory powers, including sections 8 of the *Community Charter*, 124 and 124 of the *Motor Vehicle Act*, the Council of the Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

**Contents**

**PART 1 – INTRODUCTION**

- 1 Title

**PART 2 – AMENDMENTS**

- 2 Exemption for Car Share Vehicles

**PART 3 – COMMENCEMENT**

- 3 Commencement

**PART 1 – INTRODUCTION**

**Title**

- 1 This bylaw may be cited as the “Streets and Traffic Bylaw, Amendment Bylaw (No.XXX)”.

**PART 2 – AMENDMENTS**

- 2 Bylaw No. 09-079, “Streets and Traffic Bylaw” is amended by inserting the following section 76A immediately after section 76:

**Exemption for Car Share Vehicles**

- 76A (1) In this section:

“Car Share Organization” means an organization which owns ten or more vehicles for the purpose of shared use among its members

“Free Floating Vehicle” means a vehicle owned by a Car Share Organization which is shared among the organization’s members and has no fixed or dedicated public parking space.

- (2) A Car Share Organization may apply to the Director of Engineering for an annual exemption from payment at metered or parking pay station zones

within the City by submitting an application in the form prescribed by the Director of Engineering.

- (3) Upon receipt of the following from a Car Share Organization
  - (a) an application under subsection (2) and
  - (b) a payment of \$2,000 for each of its Free Floating Vehicle used within the City,

the Director of Engineering may issue an annual exemption from payment at metered or parking pay station zones to that Car Share Organization.

- (4) Sections 71(2) to (4) and 72(1) and (2) of this bylaw, do not apply to the driver of a Free Floating Vehicle provided that:
  - (a) the Free Floating Vehicle is owned by a Car Share Organization that holds a valid permit issued under subsection (3); and
  - (b) the Free Floating Vehicle is clearly identified as being owned and operated by the Car Share Organization that holds a valid permit under subsection (3).

#### PART 4 – COMMENCEMENT

##### Commencement

3 This Bylaw comes in to force upon adoption.

READ A FIRST TIME the	day of	201X
READ A SECOND TIME the	day of	201X
READ A THIRD TIME the	day of	201X
ADOPTED on the	day of	201X

CORPORATE ADMINISTRATOR

MAYOR







## Governance and Priorities Committee Report

### For the Meeting of March 26, 2015

**To:** Governance and Priorities Committee  
**From:** Susanne Thompson, Director, Finance  
**Subject:** Reserve Fund Policy Review

**Date:** March 10, 2015

#### Executive Summary

The purpose of this report is to outline the results of the reserve fund policy review and seek Council direction on changes to the policy and bylaw.

As part of the financial planning process and at the request of Council, a review of the City's Reserve Fund Policy was initiated. This review included determining whether the purpose of each reserve fund is still relevant, as well as determining target balances for each reserve.

Based on the findings, the purposes for the majority of the reserves are still relevant. However, it is recommended that the Economic Development Reserve, which is a capital reserve, be eliminated since it has no current funding source and has not been used in more than five years; remaining funds are proposed to be transferred to the Buildings and Infrastructure Reserve. The economic development initiatives in the draft Strategic Plan would be funded through the operating budget; the draft Financial Plan includes \$250,000 in annual funding. There is also overlap between the Financial Stability Reserve and the Fiscal Reserve. The Fiscal Reserve is comprised of three sub-sets: Debt Reduction, Insurance Claims and Working Capital. It is recommended that the Fiscal Reserve be transferred to the Financial Stability Reserve, keeping the sub-sets for Debt Reduction and Insurance Claims, but merging the Working Capital into the main Financial Stability Reserve. Finally, the City has a Strategic Planning Initiatives Reserve that has not been used since 2006. It is recommended that the funding in this reserve, approximately \$143,000, be used to partially fund some capital strategic plan initiatives as determined by Council, such as quality-of-life infrastructure for the Douglas/Blanshard Corridor, park improvements, or cycling network projects.

The proposed methodology for the target balances varies for each type of reserve as outlined in Appendix D. The proposed target balances for many of the reserves are linked to the capital plan; for these capital reserves balances are proposed to be a percentage of replacement value plus investment needs as outlined in the capital plan.

The review findings concluded that the City's reserve policies are strong in addressing what is known. Since 1999, Council has approved significant funding increases for infrastructure investment; the annual contribution to the Buildings and Infrastructure Reserve more than tripled from \$1.5 million to over \$5 million proposed in 2015, and capital spending funded by property taxes increased from \$2.5 million to over \$13 million during the same period. The capital plan incorporates funding identified through asset management plans (for example underground



infrastructure and roads), equipment replacement schedules and ongoing condition assessments for infrastructure such as street and traffic lights, playgrounds and sports fields.

However, due to a significant element of unknown capital needs, especially in relation to facilities, reserve balances need to be higher than if all needs were known to mitigate against unknown risks. A facilities assessment is currently underway, scheduled for completion in October 2015, which will reduce this information gap. At that time, target balances for all the reserves related to City facilities (Buildings and Infrastructure, Recreation, Parking, Multipurpose and Victoria Conference Centre) as well as the associated annual funding contributions to these reserves will be calculated to ensure that sufficient funding is available.

Another information gap is in relation to the Tax Sale Lands Reserve and Parks and Greenways Acquisition Reserve. These reserves are typically opportunistic reserves. However, having a property and parks acquisition plan would enable long-term planning to ensure that sufficient funding is available when opportunities arise.

The City's equipment reserves and the water and sewer utilities' equipment and infrastructure reserves have sufficient funding based on the proposed methodology as do the financial stability reserves for the general fund. The financial stability reserves for the water and sewer utilities have to-date not been allocated any funding and it is recommended that the City start contributing to these reserves through annual surpluses within the utilities. To-date all surpluses for utilities have been transferred to their respective equipment and infrastructure reserves.

**Recommendation:**

That Council:

1. Approve the methodology for determining target balances for each reserve as outlined in Appendix D of this report for inclusion in the Reserve Fund Policy.
2. Transfer the funding in the Economic Development Reserve to the Buildings and Infrastructure Reserve.
3. Transfer the funding in the Fiscal Reserve to the Financial Stability Reserve keeping the subsets of Debt Reduction and Insurance, but merging Working Capital with the main reserve.
4. Amend the Reserve Fund Bylaw, 2004 by:
  - a. Eliminating the Economic Development Reserve
  - b. Eliminating the Fiscal Reserve
5. Amend the Reserve Fund Policy for the water, sewer and stormwater utilities to direct 50% of each utility's surpluses to the respective financial stability reserve until they reach target balances and the remainder to the respective equipment and infrastructure reserve.
6. Direct staff to bring forward options for the use of the funding in the Strategic Initiatives Reserve timed with the report on public input on the draft Strategic Plan.
7. Direct staff to report back on recommended target balances and annual funding contributions for all reserves related to facilities once the facilities assessment is complete.
8. Direct staff to annually report to Council on the status of all reserve funds.

Respectfully submitted,

  
Susanne Thompson  
Director, Finance

**Report accepted and recommended by the City Manager:**

**Date:**

  
March 20, 2015

Attachments:

Appendix A - Reserve Fund Policy

Appendix B - Reserve Fund Bylaw

Appendix C - *Community Charter* Sections 188 and 189

Appendix D - FCS Group Reserve Fund Review Report

Appendix E - Recommended Target Balance Methodology



## Purpose

The purpose of this report is to outline the results of the reserve fund policy review and seek Council direction on changes to the policy and bylaw.

## Background

As part of the financial planning process, a review of the City's Reserve Fund Policy (attached as Appendix A) was initiated with the assistance of an external consultant, FCS Group. This review included determining whether the purpose of each reserve fund is still relevant, as well as determining target balances for each reserve.

The two primary purposes of reserves are to serve as a capital funding mechanism and to mitigate risk. As such, reserves work in conjunction with the City's policies and practices on debt, infrastructure needs and capital plan funding. The following outlines information regarding the City's reserves, debt, infrastructure deficit and capital plan funding.

## Reserves

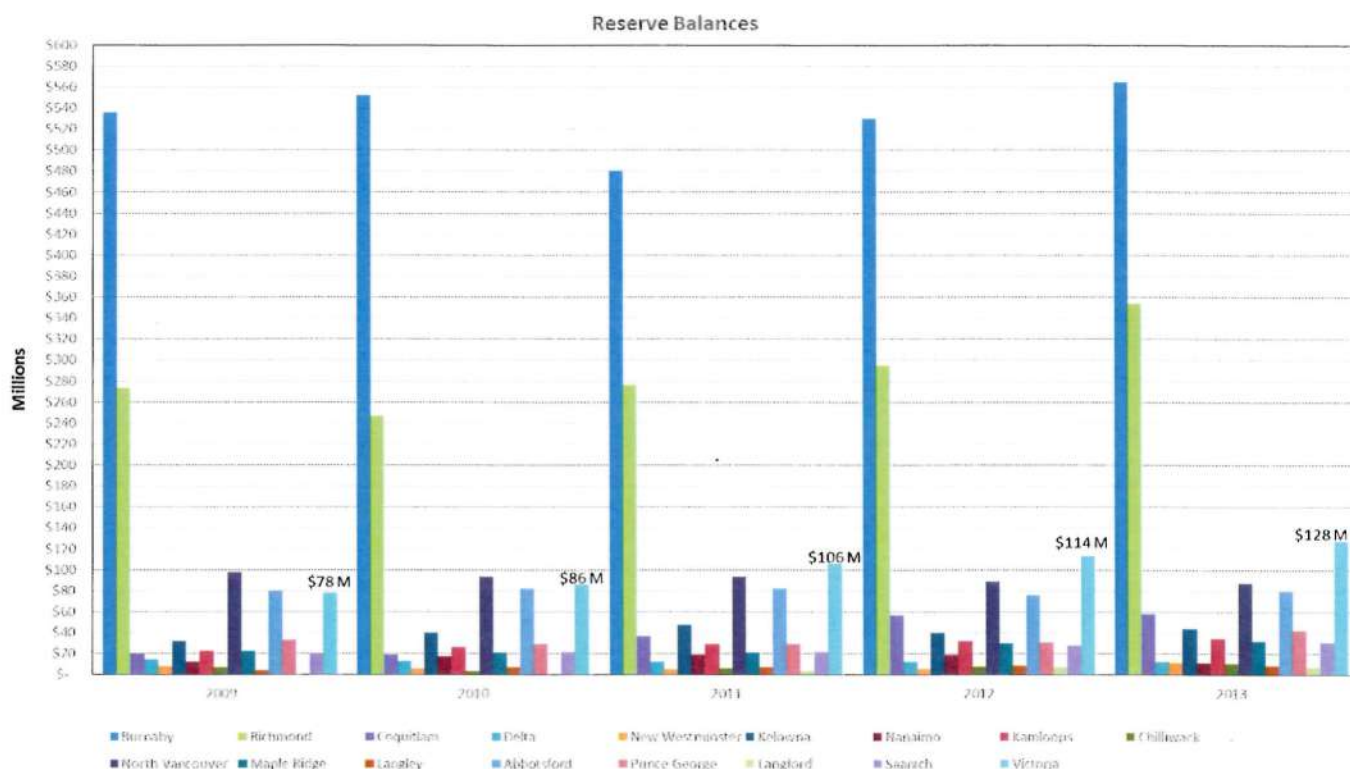
The City's reserves were established by bylaw (Appendix B) under section 188 of the *Community Charter* (Appendix C). The legislation requires that money in a reserve fund must be used for the purpose for which the fund was established. However, Council can make changes to reserve funds, including eliminating them, if the amount in a reserve is greater than what is required for the purpose for which the fund was established. There are some restrictions to this, including that funding in a capital reserve must be transferred to another capital reserve.

The City's Reserve Fund Policy outlines the purposes for each reserve and how the funding can be allocated. The majority of the City's reserves are used for capital purposes. The estimated balances in each reserve at December 31, 2014 total approximately \$158 million as outlined in the following table:

Description	Estimated Balance 31-Dec-14	2015 Budget Contribution	2015 Planned Expenditures/ Commitments	Estimated Balance 31-Dec-15
<b>CAPITAL RESERVES</b>				
<b>Equipment &amp; Infrastructure</b>				
Police				
Police Vehicles, Equipment & Infrastructure	2,165,477	1,000,000	1,566,000	1,599,477
Police Emergency Response Team	238,616			238,616
City				
VCC Equipment and Infrastructure	673,182		250,000	423,182
City Equipment	7,016,893	1,602,500	1,654,820	6,964,573
City Vehicles & Heavy Equipment	5,781,045	1,500,000	2,965,000	4,316,045
City Buildings & Infrastructure	38,568,507	5,378,393	12,681,349	31,265,551
Parking Services Equipment and Infrastructure	5,523,579	807,540	1,737,000	4,594,119
Multipurpose Equipment and Infrastructure	675,018	112,500		787,518
Recreation Facilities Equipment and Infrastructure	945,022			945,022
Archives Equipment	49,728			49,728
Strategic Planning Initiatives	143,532			143,532
Artificial Turf Field	706,150			706,150
Gas Tax	8,439,766	3,200,000	2,492,200	9,147,566
Water Utility Equipment and Infrastructure	8,488,272	1,850,000		10,338,272
Sewer Utility Equipment and Infrastructure	20,614,264	1,680,536		22,294,800
Stormwater Utility Equipment and Infrastructure	0			0
	100,029,052	17,131,469	23,346,369	93,814,152
<b>Economic Development</b>	743,626			743,626
<b>Tax Sale Lands Fund</b>	7,201,808	50,000	3,036,900	4,214,908
<b>Parks and Greenways Acquisition Fund</b>	2,297,832		500,000	1,797,832
<b>Debt Reduction</b>	25,319,981	3,509,187		28,829,168
<b>Local Amenities Reserve</b>	522,121			522,121
<b>Development Cost Charges</b>	8,457,604		53,000	8,404,604
<b>Downtown Core Area Public Realm Improvements</b>	58,090			58,090
<b>Sub-total Capital Reserves</b>	<b>144,630,114</b>	<b>20,690,656</b>	<b>26,936,269</b>	<b>138,384,501</b>
<b>OPERATING RESERVES</b>				
<b>Financial Stability Reserves</b>				
City	2,022,096			2,022,096
Police	928,678			928,678
<b>Fiscal Reserve</b>				
Insurance Claims	3,780,040			3,780,040
Working Capital Fund	3,885,046			3,885,046
<b>Victoria Housing Reserve *</b>	1,901,083	250,000	1,901,083	250,000
<b>Dockside Affordable Housing</b>	239,614			239,614
<b>Climate Action Reserve</b>	505,768	90,000		595,768
<b>Art in Public Places</b>	436,960	135,000	145,000	426,960
<b>Heritage Buildings Seismic Upgrades</b>	19,363			19,363
<b>Sub-total Operating Reserves</b>	<b>13,718,647</b>	<b>475,000</b>	<b>2,046,083</b>	<b>12,147,564</b>
<b>Total Reserves</b>	<b>158,348,761</b>	<b>21,165,656</b>	<b>28,982,352</b>	<b>150,532,065</b>

\*Based on approved applications for funding from the Victoria Housing Reserve.

As the consultant has mentioned in his report, comparatives with other municipalities are not necessarily indicative of what the City should have in its reserves. However, the following table outlining reserve levels in other BC municipalities is provided for information. These balances do not include Development Cost Charges since they are not considered reserves in reporting to the Province.



As the table shows, the City's reserve balances have been increasing over the last number of years.

### Debt

The maximum amount the City can borrow from external sources is set by section 174 of the *Community Charter*. The debt servicing costs cannot exceed 25% of revenues as calculated based on this legislation.

The City's Financial Sustainability Policy guides debt management. It limits debt principal and interest payments, excluding utilities and other self-funded areas, to \$7.8 million. This limitation is in place to ensure there is no increase in property taxes as a result of new debt. This policy does not apply in situations such as the purchase of the property at 812 Wharf Street since that property generates sufficient revenues to offset the repayment of the amount borrowed from reserve (it is self-funded).

The following are the debt management policies in the Financial Sustainability Policy:

### **Debt Management**

The maximum amount that the City can borrow from external sources is set by the Community Charter. Debt should only be incurred for one-time capital expenditures and not for on-going programs. Borrowing for one-time capital expenditures allows the cost of the project to be



spread out over the useful life of the asset. This results in the costs being paid by future beneficiaries as well as current taxpayers.

### Policy 8.0

Debt from external sources should only be incurred for one-time capital projects. These projects should be identified as debt-funded projects in the Five-year Financial Plan and 20-year Capital Plan. A separate report, including a business case, to Council is required seeking approval for proceeding with the borrowing process.

### Policy 8.1

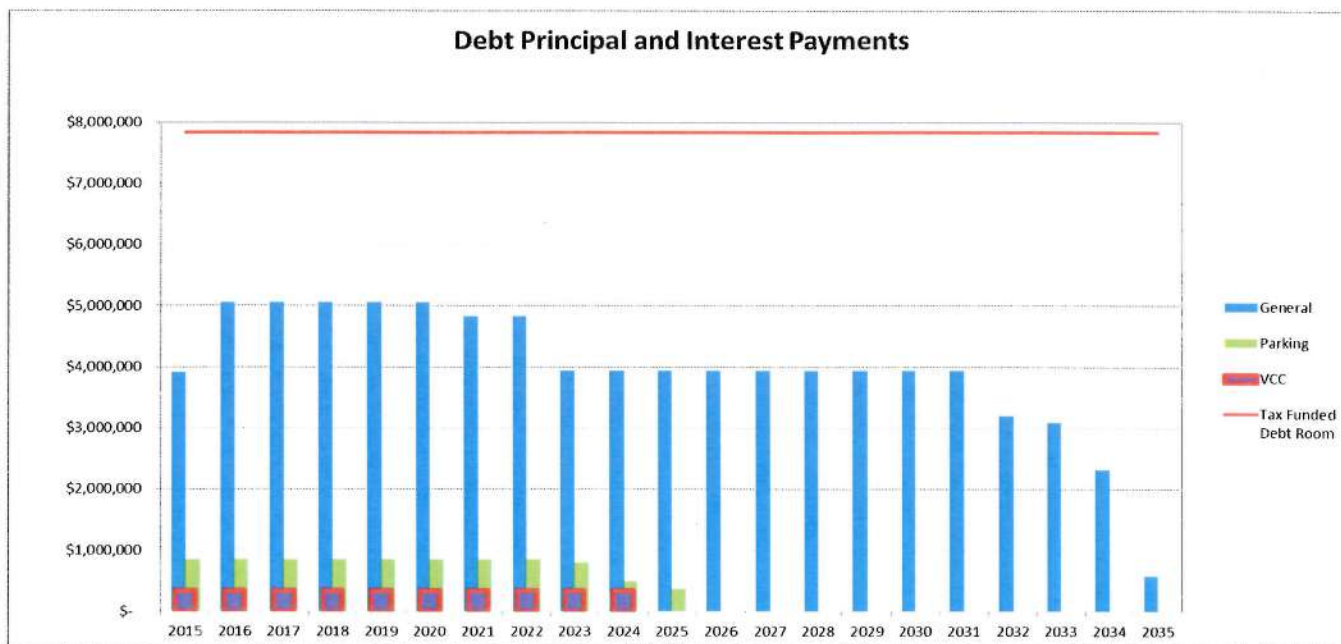
Every attempt should be made to keep the debt servicing charges at the current budget level by adding new debt only in the years when other debt issues are retired. This will ensure that there is no additional budget impact and in turn no increase in property taxes as a result of new debt.

### Policy 8.2

Debt for Self-financed entities (Water Utility, Sewer Utility, Victoria Conference Centre, and Parking Services) can be incurred if supported through a business case, without consideration of Policy 8.1 which only applies to projects that impact on property taxes.

On January 22, 2015, Council directed staff to review the Financial Sustainability Policy including adding internal borrowing through the City's Debt Reduction Reserve that can be used as a revolving loan fund which is repaid over time. This review will be completed in the fall in time for the 2016 financial planning process.

The following table outlines the City's current debt payments as well as estimates for planned debt for the Johnson Street Bridge.



As the chart indicates, the City currently has room to take on additional debt within the existing principal and interest payment budget cap. Council has provided direction regarding the use of internal borrowing within this available room.



On October 10, 2013, Council endorsed the use of internal borrowing through the City's Debt Reduction Reserve to fund a portion of future options for the Fire Hall #1 and the Crystal Pool and Fitness Centre. The following is the motion:

It was moved by Councillor Madoff, seconded by Councillor Isitt, that the amendment to the motion be amended as follows:

That Council:

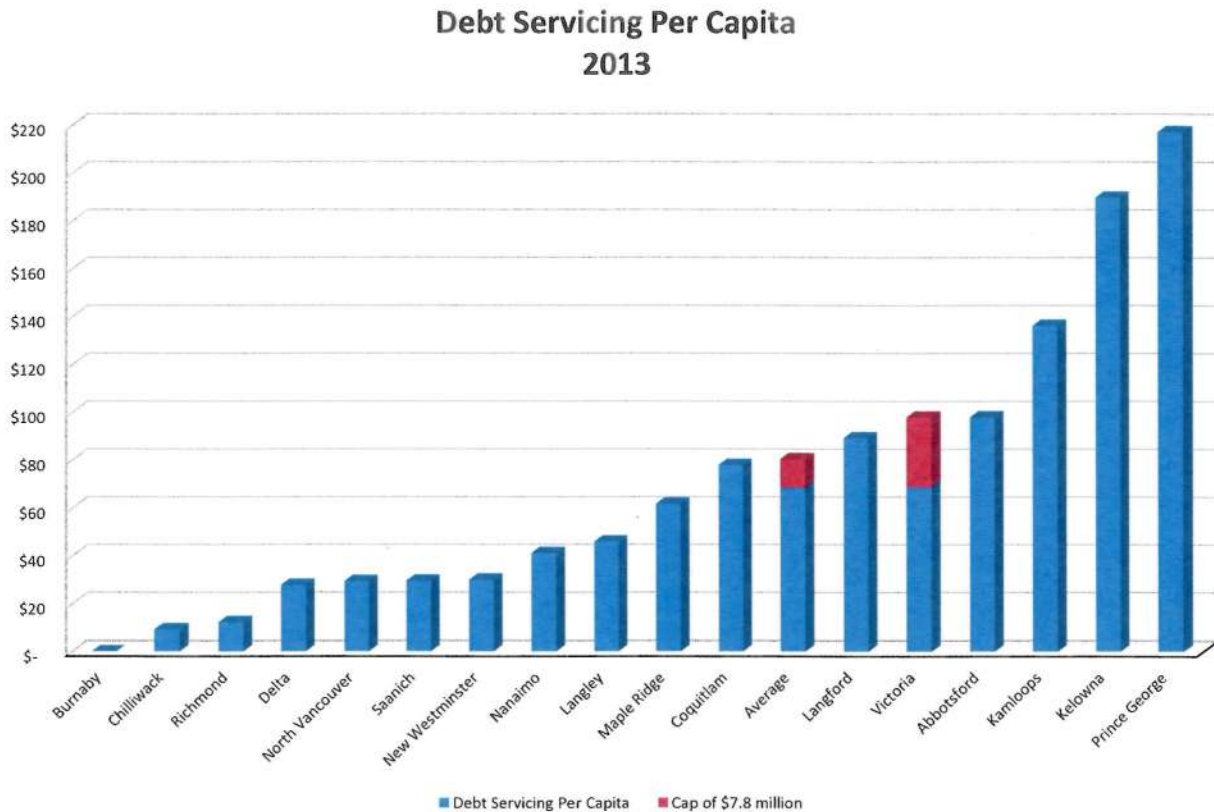
1. Endorse the following funding strategies for the future option for the Crystal Pool and Fitness Centre and the future option for the Fire Hall #1 (amounts to be determined once decisions on options have been made):
  - a. Internal borrowing from the Debt Reduction Reserve
  - b. Grants and partnerships that are consistent with the public ownership and operation of a pool and fitness centre in Victoria and consistent with the Council resolution of October 27, 2011

Based on current interest rates, the funding available within the principal and interest payment budget cap is approximately \$2.7 million. The Debt Reduction Reserve has a balance of approximately \$25 million. The amount of funding available within the \$2.7 million cap is dependent on the life of the capital investment; the City's typical practice is to borrow over a maximum of 15 years, but no longer than the life of the asset which is consistent with legislation.

The following table lists the final year of payment of the City's outstanding debt. This does not include the final \$15.1 million yet to be borrowed for the Johnson Street Bridge.

Final Year	Issue	Description	Total
2020	95	Fire Department Building Upgrades	115,996.55
2022	102	Burnside Gorge Community Centre	221,700.75
	102	City Hall Accessibility	220,817.48
2023	103	Parkades	173,593.98
	105	Parkades	178,093.98
2024	105	Crystal Gardens	340,358.87
2025	110	Parkades	493,693.72
2031	115	Johnson Street Bridge Replacement (CMHC)	743,241.49
2033	79	Multipurpose Arena	360,514.34
2033	80	Multipurpose Arena	390,514.34
2034	81	Multipurpose Arena	390,514.35
2034	130	Johnson Street Bridge Replacement	1,475,096.61

Comparatively, based on 2013 statistics, the City's debt servicing costs per capita is average. With the additional borrowing room within the \$7.8 million cap and assuming the other municipalities do not incur additional debt, the City's debt servicing costs per capita would be higher than the average for these municipalities.



#### Infrastructure Deficit and Capital Plan Funding

Aging infrastructure is a challenge facing most municipalities in North America. The infrastructure deficit has two components: annual capital budget funding and reserve fund levels for infrastructure renewal. This is the total funding needed if only reserve funds were used to fund infrastructure renewal. However, many municipalities, including the City, have policies that use a combination of funding sources such as debt, grants, property taxes and reserves. Therefore, the actual funding needed for annual capital budget spending and reserves is dependent on the policy choices of the municipality. The municipality makes choices in regards to the capital investment it undertakes each year such as:

- Choices between projects or choosing various scope of projects to manage costs;
- Increasing funding through borrowing for which repayment may need a tax increase;
- Applying for grants to offset all or a portion of the cost of projects; and
- Increasing taxes to increase funding

The annual capital investment needs are determined through asset master plans and condition assessments. Asset master plans outline the level of funding that is considered sustainable to maintain current service levels and the priorities for infrastructure investment. The capital budget funding levels have reached sustainable levels for some assets (water), some are close to sustainable levels (storm drains), some projects are shaped through consultation with the community (park upgrades, greenways and bike lanes), some have funding levels that fall short of



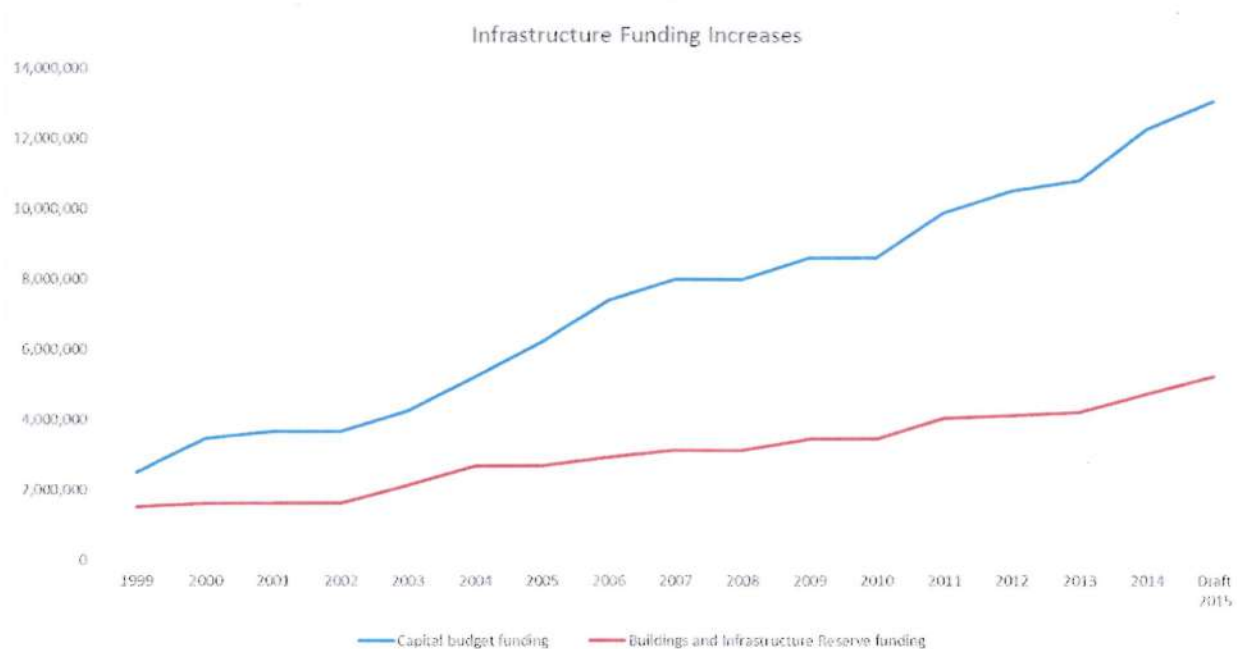
industry-recommended replacement schedules (playgrounds) and some require additional analysis to determine the required funding levels (pavement, facilities, sewer, and street and traffic lights).

Historically, the City's capital plan, for the upgrades and replacement of the City's approximately \$1.9 billion in asset replacement value, has been funded by a combination of property taxes, utility user fees, grants, debt and reserves. Approximately one third of the City's typical \$30-\$35 million capital budget is funded from reserves for investments such as vehicle and equipment replacements, remediation of City properties, and some building upgrades. Larger projects, such as a bridge replacement or construction of an arena, have primarily been funded through debt and grants.

The Financial Sustainability Policy, which is under review, contains funding strategies to address infrastructure funding needs:

1. To increase capital spending:
  - a. Levy an annual 1.5% increase in property taxes (1.25% in 2015)
2. To increase reserve fund levels:
  - a. Transfer all new assessment revenue to infrastructure reserves
  - b. Transfer annual operating budget surplus to infrastructure reserves

Since 1999, the City has significantly increased its infrastructure investment through both reserve fund contributions and annual capital spending as depicted in the following graphs:



## Issues & Analysis

The following summarizes the consultant's review findings. The full report is attached as Appendix D.

### 1. Policy development and purpose of reserves

Policies involve an element of choice. The goal of the policy review is to research best practices and develop the policy rationale to guide decision making.

A reserve is intended to accumulate a fund balance for a defined future need or a potential need. A reserve that is always growing and never used is not accomplishing its purpose. Particularly for capital reserves, fluctuations mean that the reserve is being used and is needed.

In general, there are two primary purposes of reserves: capital funding mechanism (save up in advance of need to smooth impact of large investments); and to address risks of various types. One area of overlap between risk reserves and capital reserves is when insufficient information is available about capital needs. Capital reserves offer both a vehicle for planned funding of known capital needs and also a contingency in the event of capital needs that are large, urgent and unplanned. Therefore, target balances for capital reserves need to be higher in the absence of complete information.

The consultant's findings have concluded that the purposes for the majority of the City's reserves are still relevant, with the exception of the Economic Development Reserve, which has not been used in a number of years and has no current funding sources, and the Fiscal Reserve which overlaps with the Financial Stability Reserve.

## 2. Methodology for Determining Target Reserve Fund Balances

The goal of the review was to develop a methodology for determining the balances for each reserve, rather than determining fixed amounts. The research analyzed the following:

- a. comparisons with other jurisdictions
- b. Government Finance Officers Association best practices
- c. City's own policies and historical commitment to reserve funding
- d. balancing of planned reserves against known capital needs (smoothing the demand)
- e. total existing capital assets to assess the risk of the unknown capital needs.

It is recommended that reserve balances be determined based on the following four categories:

- a. planned capital funding
- b. risk mitigation
- c. dedicated revenue source
- d. planned future obligations

Appendix E outlines the proposed methodology for each reserve.

Based on current information, the City's equipment reserves and the water and sewer utilities' equipment and infrastructure reserves have sufficient funding as do the financial stability reserves for the general fund. The financial stability reserves for the water and sewer utilities have to-date not been allocated any funding and it is recommended that the City start contributing to these reserves through annual surpluses within the utilities. To-date all surpluses for utilities have been transferred to their respective equipment and infrastructure reserves.

A number of the City's reserves are related to facilities (Buildings and Infrastructure, Recreation, Parking, Multipurpose and Victoria Conference Centre.) The target balances for those are dependent on the information currently being gathered as part of the facilities assessment that is scheduled for completion in October. A report will be brought to Council outlining target balances for these reserves at that time. Also, due to the current unknown needs for facilities such as the library, police headquarters, City Hall and the curling club, it is recommended that the annual contributions to reserves, particularly the Buildings and Infrastructure Reserve, be reviewed once the facilities assessment is completed to ensure that sufficient funding is available.



## Recommendations

That Council:

1. Approve the methodology for determining target balances for each reserve as outlined in Appendix D of this report for inclusion in the Reserve Fund Policy.
2. Transfer the funding in the Economic Development Reserve to the Buildings and Infrastructure Reserve.
3. Transfer the funding in the Fiscal Reserve to the Financial Stability Reserve keeping the subsets of Debt Reduction and Insurance, but merging Working Capital with the main reserve.
4. Amend the Reserve Fund Bylaw, 2004 by:
  - a. Eliminating the Economic Development Reserve
  - b. Eliminating the Fiscal Reserve
5. Amend the Reserve Fund Policy for the water, sewer and stormwater utilities to direct 50% of each utility's surpluses to the respective financial stability reserve until they reach target balances and the remainder to the respective equipment and infrastructure reserve.
6. Direct staff to bring forward options for the use of the funding in the Strategic Initiatives Reserve timed with the report on public input on the draft Strategic Plan.
7. Direct staff to report back on recommended target balances and annual funding contributions for all reserves related to facilities once the facilities assessment is complete.
8. Direct staff to annually report to Council on the status of all reserve funds.

## Appendix A – Reserve Fund Policy

<b><i>Policies and Procedures</i></b>	
Reserve Funds	
Authorized by: City Council	Date of issue: September 30, 2004 Revised: September 2, 2014

**Purpose**

The purpose of the Reserve Fund Policy is to provide guidance with respect to the development, maintenance, and use of City Reserve Funds.

**Guiding Principles**

All Reserves Funds must be established, maintained and used for a specified purpose mandated by this policy, statute, or City by-law.

Annual operating surpluses are to be transferred to the Equipment and Infrastructure Reserve or the appropriate Financial Stability Reserve in each fund and used in accordance with the priorities outlined in this policy.

The City shall strive to develop appropriate reserves to meet future financial obligations with respect to City equipment and infrastructure, fiscal needs and employee benefit obligations.

**Primary Objectives**

Reserves shall be established and expended to:

**1. Ensure Stable & Predictable Levies**

The City recognizes that unstable and unpredictable tax levies can adversely affect residents and businesses in Victoria. In order to maintain stable and predictable levies, the City will maintain sufficient reserves to buffer the impact of unusual or unplanned cost increases and revenue reductions over multiple budget cycles.

**2. Provide for Operating Emergencies**

The City is exposed to unusual operating emergencies resulting from inclement weather, catastrophic events, law enforcement issues, environmental hazards and so on. It may not be feasible, or cost-effective, to absorb the costs of such emergencies during one budget cycle. The City will maintain adequate reserves to avoid such emergencies, extensive service interruptions, and prevent risks to infrastructure and public safety.

**3. Finance New Capital Assets**

Use of Reserves for financing new capital assets is an effective means of matching one-time funds to one-time capital projects. In addition, the City requires financial resources to quickly respond to opportunities that could provide capital infrastructure through private sector partnerships, and other alternative service delivery methods.

**4. Safeguard and Maximize Existing Assets**

The City has an inventory of specialized machinery, equipment and technology systems necessary for the efficient delivery of services to the public, which needs to be replaced on well-defined lifecycle standards. The City also has a need to provide insurance against unforeseen losses of these and other assets and claims against its assets where it is found legally liable.



**General Criteria**

Reserves shall be established, maintained and used in accordance with the following General Criteria.

**1. Least Cost to Taxpayers**

Reserves should support the least cost alternative in the long-term for delivering standards of service adopted by Council. This means they will be used to:

- Buffer the effects of large cost increases and revenue reductions and allow time to adjust City service costs or revenue generation to avoid unnecessary tax increases, and
- Provide internal capital financing which is more cost-effective than external borrowing or leasing.

**2. Fairness & Equity to Taxpayers**

Reserves should serve to balance the impact of the operating costs and capital costs, on both current and future taxpayers by:

- Applying Reserves derived from one-time revenue sources to one-time capital or operating projects.
- Applying Reserve Funds and current revenues in a ratio, which recognizes the appropriate sharing of savings from current taxpayers with contributions from future taxpayers (this will likely require repayment of all, or a portion of, Reserves from future rates or user fees).

**3. Meets Statutory and Legal Requirements**

Reserves must meet the requirements of the Community Charter, Federal statutes, City By-Laws or any other contract or judgment enforceable by law.

**4. Meets Accounting Standards**

Reserves must meet generally accepted accounting principles (GAAP) and accounting standards applicable to local governments (PSAB).

**Policy Administration**

The Director of Finance shall be responsible to:

- Ensure the Reserve Funds are established and maintained in compliance with this Policy.
- Conduct an annual review of the Reserve Funds and report the results to City Council.
- On an "as required basis", recommend revisions or amendments to this Policy, due to changes in applicable statutes, accounting standards, or economy.

### **Administrative Criteria**

#### **1. Unique Corporate Purpose**

Reserves must have a unique and specific corporate purpose. Every effort must be made to:

- Reduce complexity by combining amounts with similar purposes
- Eliminating those with redundant or outdated purposes, and
- Re-focus departmental reserves to corporate purposes and strategic plans.

#### **2. Interest and Calculation Method**

All Reserves Funds will earn interest each year. Interest will be calculated based on the audited fund balance at the end of the prior year. The interest rate used will be the determined on an annual basis.

#### **3. Minimum and Maximum Balances**

A minimum and maximum balance shall be established for each Reserve Fund. A minimum balance will ensure that each fund is not depleted to the degree that it is no longer able to serve its intended purpose. A maximum balance ensures that it does not grow beyond its intended purpose.

#### **4. Repayment Period**

A time period shall be specified for the repayment or replenishment of each Reserve Fund to its specified minimum or maximum balance.

#### **5. Business Case Requirements**

A business case shall be provided specifying the purpose, benefits and method of repayment for each proposed Departmental use of a reserve fund, except as provided by statute, City by-law or Council policy. A business case will be subject to the applicable budget, ranking or other prioritization process, and Council approval.

**Reserve Funds**

City of Victoria Reserve Funds are established under the authority of the Community Charter and are each supported by a bylaw that outlines the purpose and use of each fund.

A description of each of the different types of Reserve Funds covered by this policy is outlined below:

**Financial Stability Reserves****Description**

Financial Stability Reserves are required to ensure the ongoing financial stability and fiscal health, of all City Entities. Each reserve is funded from the year-end surplus from the appropriate entity (i.e. Operating Fund, Police Department, Water Utility, and Sewer Utility).

**Guidelines for Using Funds**

A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from the Financial Stability Reserve Funds.

All appropriations from Financial Stability Reserves are to be considered in accordance with the following priorities.

**1. Operating and Environmental Emergencies**

- These appropriations are the highest priority and are based on public safety and demand nature of the expenditure.

**2. Revenue Stabilization and Operating Contingency**

- These appropriations are intended to stabilize the impacts of cyclical revenue downturns and operating cost increases that are largely temporary and not within the City's ability to adjust in the short-term.

**3. Innovation Fund**

- As an incentive to encourage creativity and innovation, appropriations may be made to fund departments and/or workgroups that would like to explore innovative and creative solutions directed towards making the Corporation more efficient and effective.
- Business cases requesting use of these funds require that the replenishment methods be specified. These would include future departmental cost or service level adjustments or additional revenue generation necessary to "top up" the accounts over a three-year period.



## **Equipment and Infrastructure**

### **Description**

Equipment and Infrastructure Reserves are established to create a funding source for buildings and infrastructure capital projects, new equipment purchases and capital equipment replacement programs. Currently, the city has established equipment and infrastructure reserve funds for the following purposes:

- **Police Vehicles, Equipment and Infrastructure** – This reserve is to fund the replacement and purchase of Police vehicles and equipment. This reserve is funded by annual depreciation contributions included in the Police operating budget.
- **Police Emergency Response Team Vehicles and Equipment** - This reserve is to fund the replacement and purchase of equipment for the Regional Emergency Response Team. The reserve is funded by the annual surplus from the ERT Program.
- **Victoria Conference Centre Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the Conference Centre building and furnishings. This reserve is also used to fund equipment replacements and new equipment purchases. The reserve is funded by the annual surplus from the Conference Centre.
- **City Equipment** - This reserve is to fund the replacement and purchase of City equipment. This includes equipment replacement programs, computer equipment and software, office furniture, etc. This reserve is funded by annual depreciation contributions included in the City operating budget.
- **City Vehicles and Heavy Equipment** – This reserve is to fund the purchase and replacement of City vehicles and heavy equipment. This reserve is funded by annual depreciation contributions included in the City operating budget.
- **City Buildings and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Buildings and Infrastructure. This reserve is funded by annual budget contributions that are increasing by \$500,000 per year until the reserve attains an adequate funding level. This increase is subject to annual Council approval.
- **Parking Services Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain the City parkades. The reserve is also used to fund Parking Services equipment replacement and new equipment purchases. This reserve is funded from annual depreciation contributions included in the City's operating budget.
- **Multipurpose Equipment and Infrastructure** – This reserve was established to provide funding for equipment replacement and maintaining the Multipurpose Facility. This reserve is funded by annual depreciation contributions from the City's operating budget and RG Properties.
- **Recreation Facilities Equipment and Infrastructure** – This reserve was established to provide a source of funds to properly maintain City Recreation Facilities. The reserve is also used to fund equipment replacement and new equipment purchases for City Recreation Facilities. This reserve is funded from user fees assessed on tickets to events and facility rentals.



- **Archives Equipment** – This reserve is to fund the purchase and replacement of Archives material and equipment. The funding for this reserve comes from grants and donations.
- **Strategic Planning Initiatives** – This reserve was established to provide a source of funds to help implement Corporate Strategic Planning Initiatives.
- **Artificial Turf Field** - This reserve was established to provide a source of funds for replacement of the Finlayson field carpet and amenities and for future development of artificial turf fields. This reserve is funded from the fees collected from the rental of the Finlayson field.
- **Gas Tax** - The Governments of Canada, British Columbia and the UBCM entered into the Gas Tax Agreement on September 19, 2005. The Agreement is focused on achieving three environmental sustainability outcomes: reduced greenhouse gas emissions, cleaner water and cleaner air. The Community Works Fund provides annual contributions into this reserve.
- **Water Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Water Utility Infrastructure. The reserve is also used to fund Water Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Water Utility.
- **Sewer Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Sewer Utility Infrastructure. The reserve is also used to fund Sewer Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Sewer Utility.
- **Stormwater Utility Equipment and Infrastructure** - This reserve was established to provide a source of funds to properly maintain the Stormwater Utility Infrastructure. The reserve is also used to fund Stormwater Utility equipment replacement and new equipment purchases. The reserve should be funded by annual budget contributions from the Stormwater Utility.

### Guidelines for Using Funds

Use of equipment and infrastructure reserves is restricted to the following types of purchases:

- Major construction, acquisition, or renovation activities as defined in the Capital Asset Policy that add value to the municipal physical assets or significantly increase their useful life. Some examples include:
  - Renovation and construction projects pertaining to new or existing city buildings,
  - Renewal, replacement, enhancement or construction of city infrastructure, sewers, storm drains, water distribution systems, buildings, roads, sidewalks, traffic systems, parks, etc.
- Vehicles and heavy equipment, individual pieces of equipment and ongoing annual equipment replacement programs as defined in the Capital Asset Policy.

**Note:** A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from the Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

**Employee Benefit Obligations****Description**

Reserves for employee benefit obligations will be established where the City is incurring a retirement benefit liability or other employee related liability, which the City is obligated to pay at some future date. Current reserves established include:

- **Police Retirement Benefits** – This reserve is to fund retirement benefits (one month's pay and vested sick leave) accrued to retiring Police officers. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Employee Pension Buybacks** – Police employees are entitled to purchase additional pension service time related to their probation period, provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the Police operating budget.
- **Police Pension Corporation Over Contributions** – This reserve was established to accumulate the City's share of Police pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.
- **City Retirement Benefits** - This reserve has been established to help fund retirement benefits (one month's pay and vested sick leave) accrued to retiring City Employees. This reserve is funded by annual contributions included in the City's operating budget.
- **City Employee Pension Buybacks** - City employees are entitled to purchase additional pension service time related to their probation period provided they were not covered by pension. The City is obligated to pay 50% of the cost once the employee retires or reaches 55 years of age. This reserve was established to fund the City's share of costs for employees purchasing pension service for probation periods. This reserve is funded by annual contributions included in the City's operating budget.
- **City Pension Corporation Over Contributions** - This reserve was established to accumulate the City's share of Firefighter pension over contributions. These amounts are payable to the employee upon retirement. This reserve is funded from pension contributions refunded to the City by the BC Pension Corporation.

**Guidelines for Using Funds**

Use of funds is restricted to the purpose for which each fund was established. Funds may only be accessed to supplement funding a retirement payout.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from these Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*



## **Economic Development**

### **Description**

The Economic Development Reserve has been established to provide a source of funds for capital projects that relate to, or help promote Economic Development within the City of Victoria. This reserve is funded from a budget contribution based on an increase in Business License fees.

### **Guidelines for Using Funds**

These funds are available for capital projects that relate to, or help, promote Economic Development within the City of Victoria. This may include downtown revitalization projects, tourism related projects, construction projects, etc.

**Note:** A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

## **Fiscal**

### **Description**

In order for the City to maintain its Financial Health and meet future fiscal obligations, the City must establish certain fiscal reserves. Currently, the City has established the following Fiscal Reserves:

- **Debt Reduction** – This reserve was established to provide a source of funds to finance internal borrowings, local improvements and paying down the City's outstanding debt. It is currently being funded from the City's share of surpluses identified in MFA Sinking Funds and payment holidays on debt issues.
- **Reserve for Insurance Claims** – This reserve was established to provide a source of funds for liability claims not covered under our Insurance Policies.
- **Working Capital** – This reserve fund was established to ensure we meet cash flow requirements, provide contingencies for unpredictable revenue sources, and provide contingencies for emergencies (such as natural disasters). Currently there is no funding source for this reserve.

### **Guidelines for Using Funds**

**Note:** A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from these Reserve Funds. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.

**Development Cost Charges****Description**

This reserve is required by the Community Charter to account for the proceeds from development cost charges levied against new developments. The reserve is funded from the proceeds of development cost charges levied.

**Guidelines for Using Funds**

Use of these funds is governed by the Development Cost Charge Bylaw and restricted to the funding approved projects as allowed by that bylaw.

**Note:** *An Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, an amendment to the Development Cost Charge Bylaw is required to create additional reserve fund categories, delete categories or shift funds between categories.*

**Tax Sale Lands****Description**

The Tax Sale Lands Reserve was established to account for proceeds from any sales of City land and buildings. This reserve is funded from all sales of City land and buildings.

**Guidelines for Using Funds**

These funds are available for building and land purchases and capital expenditures required for preparing City properties to sell (i.e. remediation, servicing, etc.)

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

**Parks and Greenways Acquisition****Description**

This reserve was established to provide a source of funds for purchasing Park Lands. It is currently funded from 10% of the proceeds of any City land sale.

**Guidelines for Using Funds**

These funds are available for purchasing park lands or lands to be developed into a park.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*



**Local Amenities****Description**

This reserve tracks and accounts for monies received from a developer, for public amenities related to specific developments (i.e. pathways, parks, docks, etc.). This reserve is funded from contributions by Developers.

**Guidelines for Using Funds**

Use of these funds is restricted to the purpose for which each contribution was based on.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

**Victoria Housing****Description**

This reserve has been established to provide a source of funds to help fund housing projects including projects that fall under the Secondary Suite Incentive Program. The reserve is funded by annual contributions included in the City's Operating Budget.

**Guidelines for Using Funds**

Use of these funds is restricted to the funding of housing projects including those that fall under the Secondary Suite Incentive Program.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

**Dockside Affordable Housing****Description**

This is a reserve that has been established to provide a source of funds to help fund affordable housing projects in Dockside. The Dockside Master Development Agreement outlines certain requirements around affordable housing that the developer has to meet. There is an option to provide cash instead of the affordable housing requirements. Those funds would be put into this reserve. In addition, the reserve is funded by 20% of the building permit fees applicable to the Dockside development.

**Guidelines for Using Funds**

Use of these funds is restricted to the funding of affordable housing projects in Dockside.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Climate Action**

#### **Description**

This reserve has been established to provide a source of funds for funding climate mitigation and adaptation strategies that target energy and GHG reductions associated with facilities or transportation of either City-owned assets or Community public lands and services. This reserve is funded by the Climate Action Revenue Incentive Program (CARIP) grants.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of climate change initiatives.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Art in Public Places**

#### **Description**

This reserve has been established to provide a source of funds for art in public spaces and expand opportunities for artists and members of the public to participate in the process. The Arts in Public Places policy outlines the funding formula for this reserve.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of art in public places initiatives.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

### **Downtown Core Area Public Realm Improvements**

#### **Description**

This reserve has been established to assist in funding improvements that tangibly and visibly improve the physical condition, appearance and function of the public realm within the Downtown Core Area and provide a public benefit to the overall surrounding area.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the Density Bonus System described in the *Downtown Core Area Plan*. The *Downtown Core Area Plan* outlines the funding formula for this reserve.

#### **Guidelines for Using Funds**

Use of these funds is restricted to the funding of public realm improvements that support the objectives and policies of the *Downtown Core Area Plan*.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*



## **Heritage Buildings Seismic Upgrades**

### **Description**

This reserve has been established to assist in funding a portion of the cost of seismic upgrading as part of the re-use, retrofit and conservation of eligible heritage buildings within the Downtown Neighbourhood.

This reserve is funded by monetary contributions provided to the City of Victoria as part of the Density Bonus System described in the *Downtown Core Area Plan*. The *Downtown Core Area Plan* outlines the funding formula for this reserve.

### **Guidelines for Using Funds**

Use of these funds is restricted to funding a portion of the cost of seismic upgrading of eligible heritage buildings as described in the *Downtown Core Area Plan*.

**Note:** *A Council Resolution or an Adopted Budget Bylaw is required for all appropriations from this Reserve Fund. Further, a Council Resolution is required to create additional reserve fund categories, delete categories or shift funds between categories.*

**Appendix B – Reserve Fund Bylaw**

NO. 12-016

**A BYLAW OF THE CITY OF VICTORIA**

The purpose of this Bylaw is to amend Schedule “A” of the RESERVE FUND BYLAW, by establishing the Downtown Core Area Public Realm Improvement Reserve Fund and the Downtown Heritage Buildings Seismic Upgrade Reserve Fund.

Under its statutory powers, including section 188 of the *Community Charter*, the Council of The Corporation of the City of Victoria enacts the following provisions:

1. This Bylaw may be cited as the “RESERVE FUND BYLAW, 2004, AMENDMENT BYLAW (2012)”.
2. Schedule “A” of Bylaw No. 04-119, the Reserve Fund Bylaw, 2004, is repealed and the Schedule “A” attached to this Bylaw is substituted for it.

READ A FIRST TIME THIS	<b>12<sup>th</sup></b>	day of	<b>April,</b>	2012.
READ A SECOND TIME THIS	<b>12<sup>th</sup></b>	day of	<b>April,</b>	2012.
READ A THIRD TIME THIS	<b>12<sup>th</sup></b>	day of	<b>April,</b>	2012.
ADOPTED on the	<b>26<sup>th</sup></b>	day of	<b>April,</b>	2012.

**“ROBERT G. WOODLAND”**  
CORPORATE ADMINISTRATOR

**“DEAN FORTIN”**  
MAYOR



## SCHEDULE A

Column 1 – Reserve Fund	Column 2 – Reserve Fund Purpose
Parks and Greenways Acquisition Reserve Fund	For acquisition of land for parks and greenways, and acquisition and construction of improvements on that land
Tax Sale Lands Reserve Fund	For monies received from the sale of City land and buildings, for funding the purchase and development of land and improvements
Equipment and Infrastructure Reserve Fund	For funding building and infrastructure capital projects, new equipment purchases and capital equipment replacement
Financial Stability Reserve Fund	For funding operating and environmental emergencies, for stabilizing the temporary impact of cyclical revenue downturns and cost increases and for funding innovations within City Departments that create efficiencies and enhance the effectiveness of programs
Employee Benefit Obligation Reserve Fund	For funding employee retirement benefit liabilities, and other employee benefit or pension related liabilities
Economic Development Reserve Fund	For funding capital projects that promote economic development within the City
Fiscal Reserve Fund	For funding debt reduction and liability claims, and to provide a contingency for unpredictable revenue shortfalls and emergencies
Local Amenities Reserve Fund	For paying the cost of public amenities
Victoria Housing Reserve Fund	For funding housing projects, including those that fall under the Secondary Suite Incentive Program
Climate Action Reserve Fund	For funding climate action and mitigation projects that promote greenhouse gas reduction, energy conservation, and carbon neutrality
Art in Public Places Reserve Fund	For funding the planning, design, fabrication, acquisition, installation and maintenance of art in public places
Downtown Core Area Public Realm Improvement Reserve Fund	For monies received from the Density Bonus System, for funding amenities and other improvements that tangibly and visibly improve

	the physical condition, appearance and function of the public realm and provide a public benefit to the overall Downtown Core Area
Downtown Heritage Buildings Seismic Upgrade Reserve Fund	For monies received from the Density Bonus System, for funding a portion of the cost of seismic upgrading as part of the re-use, retrofit and conservation of eligible heritage buildings within the Downtown Neighbourhood

## Appendix C – Community Charter Sections 188 and 189

### Division 4 — Reserve Funds

#### Establishment of reserve funds

**188** (1) A council may, by bylaw, establish a reserve fund for a specified purpose and direct that money be placed to the credit of the reserve fund.

(2) If a municipality receives money in respect of any one of the following, the council must establish a reserve fund for the applicable purpose:

- (a) money received from the imposition of a development cost charge, which must be placed to the credit of a reserve fund in accordance with section 935 *[use of development cost charges]* of the [Local Government Act](#);
- (b) money received
  - (i) from the sale of park land,
  - (ii) under section 27 (2) (b) *[disposal of park land]*, or
  - (iii) under section 941 (12) *[provision of park land on subdivision]* of the [Local Government Act](#), which must be placed to the credit of a reserve fund for the purpose of acquiring park lands;
- (c) money received under section 41 (1) (d) *[disposal of highway property that provides access to water]*, which must be placed to the credit of a reserve fund in accordance with that section;
- (d) money received under section 906 (2) *[parking space requirements]* of the [Local Government Act](#), which must be placed to the credit of a reserve fund for the purpose of providing
  - (i) off-street parking spaces, or
  - (ii) transportation infrastructure that supports walking, bicycling, public transit or other alternative forms of transportation;
- (e) except for tax sale proceeds, money received from the sale of land and improvements, which must be placed to the credit of a reserve fund for the purposes of paying any debt remaining in relation to the property and of acquiring land, improvements and other assets of a capital nature.



### Use of money in reserve funds

**189** (1) Subject to this section, money in a reserve fund, and interest earned on it, must be used only for the purpose for which the fund was established.

(2) If the amount to the credit of a reserve fund is greater than required for the purpose for which the fund was established, the council may, by bylaw, transfer all or part of the amount to another reserve fund.

(3) If the current municipal revenue is not sufficient for the amount required to pay compensation in respect of property expropriated or injured or to carry out works referred to in section 32 (3) [*entry on land to mitigate damage*], the council may, by bylaw, use money from a reserve fund to the extent required.

(4) As a restriction on subsection (2), a transfer from a reserve fund established for a capital purpose may only be made to another reserve fund established for a capital purpose.

(4.1) Despite any other enactment, if

(a) money in a reserve fund established for a capital purpose, including a reserve fund under section 935 of the *Local Government Act* established for a capital purpose, is not currently required for that purpose, and

(b) the municipality has another reserve fund established for a capital purpose,

the municipality may use money in the first reserve fund for the purposes of the second reserve fund.

(4.2) If money from one reserve fund is used under subsection (4.1) for the purposes of another reserve fund, the municipality must repay to the first reserve fund, no later than the time when the money is needed for the purposes of that reserve fund,

(a) the amount used, and

(b) an amount equivalent to the interest that would have been earned on the amount used had it remained in the first reserve fund.

(5) As a restriction on subsections (2) and (3), a council may not transfer amounts or use money from a fund required under section 188 (2) (a) [*development cost charge reserve fund*] or (b) [*park land acquisition reserve fund*] unless the bylaw is approved by the minister.

**Appendix D – FCS Group Reserve Fund Review Report**

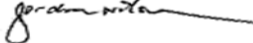




# Project Memorandum

**To:** Susanne Thompson, Director of Finance  
City of Victoria

**Date:** March 13, 2015

**From:** Gordon Wilson, Project Manager 

**RE:** Review of Reserve Funds

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## A. INTRODUCTION

The City of Victoria contracted with FCS GROUP to conduct a review of the City's reserve funds and recommend changes to the City Reserve Fund Policy, which describes the funding source, eligible uses, and basis for calculating the target balance for each fund. The City has been increasing its total commitment of General Fund operating budget to reserve funding over the past decade. As total reserve balances have increased, City policymakers want to better understand the purposes and target balances of the various City reserve funds. The purpose of this memo is to discuss the function of reserve funds in general, review the City's current reserve funds, and recommend changes to the City's Reserve Fund Policy. In this discussion, we will focus on two types of questions:

- Can any of the existing reserve funds be eliminated?
- How much is enough? For a given fund, should there be a target fund balance? If so, how should it be determined?

The recommendations in this memo should be understood as suggestions or "soft recommendations," not "hard recommendations" where there is a clear single right answer. Policies always include an element of *choice*—they reflect organizational values. They are subjective but not arbitrary. They require an effort to look ahead, to understand the effect of interrelated actions and competing objectives, and to be grounded on both reasoning and research. At several points, this memo will suggest how to approach a particular question. We do not mean to imply that there is only one reasonable answer to these questions, but we do hope to illustrate a logical way of thinking about them. Our goal in this analysis is not to eliminate the value choices but to guide them.

Our presumption throughout this memo is that the City intends to continue its Financial Sustainability Policy, which states, among other things, that debt will be incurred only for large one-time projects. This policy requires a strong emphasis on long-term capital planning and reserve funding for capital projects. This policy also contains a limit on property tax-backed debt service that currently is about \$7.8 million per year. The emphasis on accumulating reserves for capital projects helps preserve debt capacity within this cap.

The next section will explain in general terms why the City has reserve funds and what purposes those funds meet. After that, we will evaluate the current lineup of funds, making suggestions about some funds that can be eliminated and their balances transferred into another fund. Finally, we will discuss the question of target balances and how they should be determined. Except for capital funds, the "*target balance*" defines the needed funding level—any balances above the target are surplus. For capital funds, there should be a minimum balance plus fluctuating balances based on a cash flow forecast of capital requirements. This memo also contains two appendices, one with historical inflation data and the other with policy statements by the Government Finance Officers Association.

## B. RESERVE FUNDS AND THEIR PURPOSES

### B1. WHAT IS A FUND?

A reserve fund is, first of all, a segregated fund. In governmental accounting, a *fund* is like a separate pocket in a piece of clothing—money can be put in the pocket, taken out of the pocket, or stored in the pocket, but the money in each pocket is kept track of separately from the money in other pockets. From one fiscal year to another, the money in each fund remains in that fund, until it is taken out and either spent or moved to another pocket.

In a general purpose government such as a municipality, there are typically scores of funds, each one defined by a stated purpose. There can be groups of funds with related purposes—for example, there might be a Water Operating Fund and a Water Capital Fund, used to track different types of revenues and expenditures related to the water system. The term “subfund” means a subsidiary fund whose financial activity is aggregated into a primary fund for reporting purposes. In this example, the Water Operating and Water Capital funds could be treated as subfunds of a primary Water Fund.

The General Fund is the “everything else” fund—the largest and most flexible fund, whose resources can be used for any lawful public purpose. The General Fund can transfer money into any other fund, but funds with more narrowly defined purposes cannot transfer money into other funds unless there is an explicit relationship or overlapping purpose, or unless the transfer is part of a formal interfund loan.

Separate funds are sometimes established by the City Council not because it is legally required, but for convenience in tracking dollars that the Council intends to be restricted to a given purpose and which might require that a balance be carried forward from one year to another. In those cases, the Council can later choose to modify the fund purpose or transfer its balances into another fund. In other cases, a separate fund is legally required, often as a contractual condition of receiving a certain type of revenue, such as grants. Segregating revenue into a separate fund serves as a way to ensure that money is spent in the way intended by the source of the revenue.

There are different broad categories of funds, including operating funds or capital funds. A *reserve fund* is one of those broad categories. A reserve fund is intended primarily to hold money for a planned or potential future expenditure.

### B2. WHAT RESERVE FUNDS DOES THE CITY HAVE?

For our analysis, we reviewed the purpose and status of each of the funds identified in the current City Reserve Fund Policy. The City Reserve Fund Policy, last revised on September 2, 2014, identifies 40 reserve funds used by the City. Of these, 14 primary funds or fund groups are formally established in a City Bylaw.<sup>1</sup> The remaining 26 funds are subfunds of those primary fund groups.

Some of the 40 reserve funds identified in the Reserve Fund Policy are further subdivided into other subfunds. For example, the Development Cost Charges (DCC) Fund separates DCC revenue and expenditures among 6 subfunds—transportation, drainage, sewage, water, park land acquisition, and park development purposes—with separate balances for each subfund. Another example is the Local Amenities Reserve Fund, which has subfunds used to track developer contributions for amenities (such as pathways, parks, or docks) related to specific developments. However, in this analysis we will focus only on those shown in the Reserve Fund Policy.

<sup>1</sup> 13 reserve funds are listed in *Reserve Fund Bylaw, 2004, Amendment Bylaw (2006) – No. 12-016*. Development Cost Charges (DCCs) are established through a separate *Development Cost Charge Bylaw – No. 06.65*, which cites the British Columbia Local Government Act. Section 935 of the Local Government Act requires that DCC revenue be tracked in a separate reserve fund, with subfunds for each of type of improvement to be funded by the DCC.

These funds are shown in Exhibit B-1, along with the City's classification of each fund as operating or capital, and the primary funding source. Operating funds can be used for capital purposes, but under the Community Charter, capital funds cannot be used for operating purposes. The 14 primary funds or groups of funds are shown in bold, while the subfunds are indented.

**Exhibit B-1: Existing City Reserve Funds**

Fund Description	City Classification	Primary Funding Source
<i>Funds recommended for elimination are in red italics.</i>		
<b>Financial Management Reserves</b>		
City Financial Stability Reserve *	Operating	General Fund
Police Financial Stability Reserve *	Operating	General Fund
Water Utility Financial Stability Reserve	Operating	Water rates
Sewer Utility Financial Stability Reserve	Operating	Sewer rates
Debt Reduction *	Operating	General Fund
<i>Insurance Claims</i>	Operating	No ongoing source
<i>Working Capital Fund</i>	Operating	No ongoing source
* Included in General Operating Reserves		
<b>Equipment and Infrastructure Reserve</b>		
Police Vehicles, Equip and Infrastructure	Capital	General Fund
Emergency Response Team Vehicles/Equip	Capital	ERT operating surplus
Victoria Conf Centre Equip and Infrastructure	Capital	VCC Surplus/General Fund
City Equipment	Capital	General Fund
Archives Equipment	Capital	Grants & donations
<i>Strategic Planning Initiatives</i>	Capital	None since 2006
City Vehicles and Heavy Equipment	Capital	General Fund
City Buildings and Infrastructure	Capital	General Fund
Parking Services Equip and Infrastructure	Capital	Charges to operating funds
Multipurpose Equipment and Infrastructure	Capital	General Fund/RG Properties
Recreation Facilities Equip & Infrastructure	Capital	User fees & Rentals
Artificial Turf Field (Topaz Park)	Capital	Field use fees
Gas Tax	Capital	Grants
Water Utility Equipment and Infrastructure	Capital	Water rates
Sewer Utility Equipment and Infrastructure	Capital	Sewer rates
Stormwater Utility Equipment and Infrastructure	Capital	Stormwater rates
<b>Employee Benefit Obligation Reserve</b>		
Police Retirement Benefits	Operating	Charges to operating funds
Police Employee Pension Buybacks	Operating	Charges to operating funds
Police Pension Corporation Over Contributions	Operating	Charges to operating funds
City Retirement Benefits	Operating	Charges to operating funds
City Employee Pension Buybacks	Operating	Charges to operating funds
City Pension Corporation Over Contributions	Operating	Charges to operating funds
<b>Economic Development Reserve</b>	Capital	Business license increment
<b>Development Cost Charges Reserve</b>	Capital	Development fees
<b>Tax Sale Lands Reserve</b>	Capital	Land sales
<b>Parks and Greenways Acquisition Reserve</b>	Capital	Land sales
<b>Local Amenities Reserve</b>	Capital	Development fees
<b>Victoria Housing Reserve</b>	Operating	General Fund
Dockside Affordable Housing Reserve	Operating	Development fees
<b>Climate Action Reserve</b>	Operating	Rebates
<b>Art in Public Places Reserve</b>	Operating	General Fund
<b>Downtown Core Area Public Realm Improvemts.</b>	Capital	Development fees
<b>Heritage Buildings Seismic Upgrades Reserve</b>	Operating	Development fees

### B3. PRIMARY PURPOSES OF CITY RESERVE FUNDS

The City's reserve funds can be categorized as addressing one of four primary purposes.

1. **Dedicated Revenue** – For some of the City's reserve funds, the only purpose of the fund is to segregate the revenue and ensure that fund balances are carried forward from year to year until the money is spent on its intended purpose. The accumulation of a particular fund balance may not matter to policymakers, as long as any revenue received is kept separate until the eligible spending occurs.
2. **Planned Future Obligations** – Employee pensions and benefits create future obligations which require advance planning and reserve funding.
3. **Risk Mitigation** – Some of the City reserve funds are used to *mitigate risks* of various types, such as the risk of a revenue disruption or a sudden, compelling expenditure. For example, a healthy fiscal stability reserve can soften the economic effects of a downturn in the local economy, giving the city more time to make budget adjustments. A financial cushion does not mean that a city can entirely avoid difficult choices, but the reserve can give time for a “soft landing” in the event of a crash.
4. **Planned Capital Funding** – Many of the City reserve funds serve as a *capital funding mechanism*, because planning and saving for a capital expenditure in advance of the need is an alternative to borrowing. Like debt, building capital reserves creates a smooth pattern of expenditures over time. Unlike debt, building capital reserves allows the city to earn interest rather than paying interest, and it preserves financial flexibility.

The last two of these purposes—risk mitigation and capital funding—partly overlap. One reason is that the choice to accumulate reserves to fund capital projects also creates a cushion against risks. For example, a large reserve for a planned capital program also provides a degree of financial protection against reconstruction costs in the event of an earthquake.

In addition, whenever reserves are relied on to fund capital reinvestment in existing assets, there is always a certain amount of risk, because capital planning is never perfect and existing infrastructure can fail without warning. The less current and complete the information about City assets, the more pronounced this risk. Capital reserves can be *both* a vehicle for planned funding of known capital needs and *also* a contingency in the event of capital needs that are large, urgent, and unplanned.

## C. EVALUATION OF EXISTING RESERVES

### C1. COST OF MAINTAINING SEPARATE FUNDS

While the practice of segregating revenues and balances into separate funds clearly can be a useful financial management tool, its use can become excessive. There are two disadvantages worth considering in the decision to create or retain a given fund. First, a narrowly defined fund restricts the City Council's ability to express its current priorities through its funding choices. Secondly, fund accounting creates administrative costs and demands management attention. The more complex the structure of funds and accounts, the more staff time is required to ensure accurate accounting that complies with the purpose of the various funds.

Defining a fund purpose too narrowly can create a situation where the fund is effectively useless. Without periodic pruning, some funds can exist for years with small balances, infrequent activity, no ongoing revenue source, and no planned program of expenditures. With those funds whose separateness is a matter of Council policy choice (as opposed to being legally required), it is worth periodically assessing their usefulness and asking whether they should continue to exist. Otherwise, the City's accounting structure can become increasingly weighted down with dead branches.

## C2. CAN ANY EXISTING FUNDS BE ELIMINATED?

Exhibit C-1 shows each of the reserves along with the 2013 balance and fund activity over the past ten years, including how many years it received revenue other than interest earnings, and how many years there was an expenditure or transfer out. The data source is accounting records provided by City staff. Based on this analysis, as well as discussions with City staff about the purpose of each fund and how it is used, we make suggestions about future use of these funds, including funds that can be eliminated. These suggested changes are shown in the rightmost column of Exhibit C-1.

Exhibit C-2 on the following two pages shows revenues and expenditures for each fund over the past ten years. The revenues exclude interest earnings. The averages in the rightmost column are the average of those years in which the fund had revenues or expenditures.

### Exhibit C-1: 10-Year Historical Summary of Reserve Fund Activity (including selected subfunds)

City of Victoria Reserve Funds Summary of 10-year History	2013 Ending Balance	Average Revenue Transfer	Average Expenditure Transfer	# Years with Revenue	Most Recent Revenue	# Years with Expend	Most Recent Expend	Recommend Continued Use?
<i>Funds recommended for elimination are in red italics.</i> Note: Revenue data excludes interest earnings.								
"Financial Management Reserves" are Financial Stability and Fiscal Reserves combined.								
<b>Financial Management Reserves:</b>								
City Financial Stability	\$1,348,397	\$ 121,605	\$ 27,131	9	2013	1	2004	Yes
Police Financial Stability	1,250,118	496,322	371,847	2	2012	0	N/A	Yes
Water Financial Stability	-	-	-	0	Not Used	0	Not Used	Begin Using
Sewer Financial Stability	-	-	-	0	Not Used	0	Not Used	Begin Using
Debt Reduction	21,255,012	2,355,842	4,609,425	10	2013	1	2010	Yes
<i>Self Insurance</i>	3,733,373	333,333	625,000	3	2006	2	2011	Move to City Financial Stability
<i>Working Capital Fund</i>	3,837,082	-	-	0	N/A	0	N/A	Move to City Financial Stability
<b>Equipment and Infrastructure Fund:</b>								
Police Vehicles, Equipment and Infrastructure	1,657,651	1,122,693	1,049,665	10	2013	10	2013	Yes
Police ERT Equipment and Infrastructure	235,670	49,665	34,716	5	2012	1	2004	Only if required by agreement
VCC Equipment and Infrastructure	602,900	237,116	412,638	8	2013	8	2011	Yes
City Equipment	5,542,460	1,457,500	1,261,839	10	2013	10	2013	Yes
City Archives Equipment	47,645	4,083	-	7	2013	2	2010	Yes
<i>City Strategic Planning Initiatives</i>	141,760	45,333	16,000	3	2006	1	2006	Move to City Equip
Vehicles and Heavy Equipment	5,396,227	1,188,683	1,363,836	10	2013	10	2013	Yes
Buildings and Infrastructure	31,351,148	4,458,211	2,265,756	10	2013	10	2013	Yes
Parking Services Equipment & Infrastructure	5,612,904	271,201	165,308	8	2013	7	2013	Yes
SOFMC Equip & Infr	563,589	96,060	91,394	10	2013	5	2013	Yes
City Recreation Facilities	901,753	22,950	77,314	9	2013	3	2013	Yes
Artificial Turf Field (Topaz Park)	611,327	73,084	-	8	2013	0	N/A	Yes
Gas Tax	6,436,998	3,980,916	794,527	2	2013	2	2013	Yes
Water Utility Equipment and Infrastructure	4,900,973	1,347,179	3,491,700	7	2013	3	2009	Yes
Sewer Utility Equipment and Infrastructure	16,403,688	1,760,919	-	9	2013	0	N/A	Yes
Stormwater Utility Equipment & Infrastructure	-	-	-	0	New Fund	0	New Fund	Yes
<b>Employee Benefit Obligations Fund:</b>								
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Yes
<i>Economic Development Fund</i>	734,445	300,000	1,525,000	5	2008	2	2008	Move to Bldgs & Infrastructure
<b>Development Cost Charge Fund</b>	N/A	777,122	204,298	10	2013	3	2009	Yes
<b>Tax Sale Lands Fund</b>	9,663,642	1,393,442	964,001	10	2013	10	2013	Yes
<b>Parks and Greenways Acquisition Fund</b>	2,269,464	194,554	-	8	2012	0	N/A	Yes
<b>Local Amenities Reserve</b>	441,917	85,443	-	5	2013	0	N/A	Yes
<b>Victoria Housing</b>	1,660,328	516,754	529,711	10	2013	7	2013	Yes
Dockside Affordable Housing	236,656	36,408	-	6	2011	0	N/A	Yes
<b>Climate Action Reserve</b>	380,950	126,275	66,493	4	2013	2	2012	Yes
<b>Art In Public Spaces</b>	301,565	135,000	35,971	3	2013	3	2013	Yes
<b>Downtown Core Public Realm Improvemts</b>	57,373	57,373	-	1	2013	0	New Fund	Yes
<b>Heritage Building Seismic Upgrades</b>	19,124	19,124	-	1	2013	0	New Fund	Yes



**Exhibit C-2: Revenues and Expenditures for City Reserves, 2004-2013**

Total Revenues excluding Interest Income											
City of Victoria Reserve Funds											Average (Non-zero Amounts)
Summary of 10-year History	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
<i>Funds recommended for elimination are in red italics.</i>											
*Financial Management Reserves* are Financial Stability and Fiscal Reserves combined.											
<b>Financial Management Reserves:</b>											
City Financial Stability	\$ -	\$ 294,443	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 121,605
Police Financial Stability	-	25,499	-	-	-	-	-	694,318	769,150	-	496,322
Water Financial Stability	-	-	-	-	-	-	-	-	-	-	-
Sewer Financial Stability	-	-	-	-	-	-	-	-	-	-	-
Debt Reduction	164,279	138,427	784,293	2,600,601	2,501,250	656,893	3,357,702	3,935,529	1,666,851	7,752,594	2,355,842
<i>Self Insurance</i>	400,000	400,000	200,000	-	-	-	-	-	-	-	333,333
<i>Working Capital Fund</i>	-	-	-	-	-	-	-	-	-	-	-
<b>Equipment and Infrastructure Fund:</b>											
Police Vehicles, Equipment and Infrastructure	1,560,000	975,000	995,248	915,000	990,000	1,053,883	1,132,569	1,207,156	1,233,095	1,164,978	1,122,693
Police ERT Equipment and Infrastructure	-	115,289	(80,248)	-	-	54,783	10,193	(38,615)	53,998	14,061	49,665
VCC Equipment and Infrastructure	295,418	497,381	222,104	205,502	-	-	31,218	244,484	109,386	291,433	237,116
City Equipment	1,252,500	1,252,500	1,252,500	1,352,500	1,352,500	1,452,500	1,452,500	1,802,500	1,802,500	1,602,500	1,457,500
City Archives Equipment	-	-	-	1,683	3,778	5,230	7,775	1,719	7,295	1,100	4,083
<i>City Strategic Planning Initiatives</i>	60,000	60,000	16,000	-	-	-	-	-	-	-	45,333
Vehicles and Heavy Equipment	829,688	800,000	1,000,000	1,000,000	1,117,337	1,204,225	1,210,638	1,524,144	1,675,249	1,525,553	1,188,683
Buildings and Infrastructure	1,551,464	818,400	2,148,900	5,260,382	2,168,400	3,511,722	9,822,087	8,163,406	4,685,297	6,452,055	4,458,211
Parking Services Equipment & Infrastructure	200,000	200,000	200,000	200,000	769,611	-	(26,841)	200,000	200,000	200,000	271,201
SOFMC Equip & Infr	50,000	100,000	100,000	100,000	100,000	100,000	100,000	102,900	101,500	106,200	96,060
City Recreation Facilities	17,928	-	19,500	8,612	25,662	25,889	20,877	17,676	20,256	50,153	22,950
Artificial Turf Field (Topaz Park)	-	-	58,791	66,357	72,401	70,565	74,087	82,659	84,673	75,141	73,084
Gas Tax	-	-	-	-	-	-	-	-	5,815,067	2,146,764	3,980,916
Water Utility Equipment and Infrastructure	-	691,196	449,236	3,145,749	616,189	-	-	447,294	1,047,060	3,033,533	1,347,179
Sewer Utility Equipment and Infrastructure	-	55,754	599,650	1,339,331	1,383,424	2,264,788	1,509,083	3,232,384	2,662,775	2,801,083	1,760,919
Stormwater Utility Equipment & Infrastructure	-	-	-	-	-	-	-	-	-	-	-
<b>Employee Benefit Obligations Fund:</b>											
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<i>Economic Development Fund</i>	300,000	300,000	300,000	300,000	300,000	-	-	-	-	-	300,000
<b>Development Cost Charge Fund</b>	170,791	216,387	222,750	416,501	541,237	1,317,601	975,280	395,322	2,657,178	858,176	777,122
<b>Tax Sale Lands Fund</b>	1,188,675	6,340,840	67,884	50,000	1,179,145	1,850,000	1,426,398	950,000	770,000	111,482	1,393,442
<b>Parks and Greenways Acquisition Fund</b>	162,672	741,118	1,116	-	122,855	200,000	148,671	100,000	80,000	-	194,554
<b>Local Amenities Reserve</b>	-	-	-	-	-	49,000	306,313	24,860	17,400	29,640	85,443
<b>Victoria Housing</b>	250,000	250,000	250,000	250,000	597,350	2,356,000	464,193	250,000	250,000	250,000	516,754
Dockside Affordable Housing	-	-	50,457	84,761	54,597	938	27,156	540	-	-	36,408
<b>Climate Action Reserve</b>	-	-	-	-	-	-	187,411	89,884	103,438	124,367	126,275
<b>Art In Public Spaces</b>	-	-	-	-	-	-	-	135,000	135,000	135,000	135,000
<b>Downtown Core Public Realm Improvemts</b>	-	-	-	-	-	-	-	-	-	57,373	57,373
<b>Heritage Building Seismic Upgrades</b>	-	-	-	-	-	-	-	-	-	19,124	19,124

## Exhibit C-2, continued

	Total Expenditures											
City of Victoria Reserve Funds												Average (Non-
Summary of 10-year History	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	zero Amounts)	
<i>Funds recommended for elimination are in red italics.</i>												
"Financial Management Reserves" are Financial Stability and Fiscal Reserves combined.												
<b>Financial Management Reserves:</b>												
City Financial Stability	\$ 27,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,131	
Police Financial Stability	-	-	26,391	-	320,000	-	-	-	-	769,150	371,847	
Water Financial Stability	-	-	-	-	-	-	-	-	-	-	-	
Sewer Financial Stability	-	-	-	-	-	-	-	-	-	-	-	
Debt Reduction	-	-	-	-	-	-	4,609,425	-	-	-	4,609,425	
<i>Self Insurance</i>	-	-	300,000	-	-	-	-	950,000	-	-	625,000	
<i>Working Capital Fund</i>	-	-	-	-	-	-	-	-	-	-	-	
<b>Equipment and Infrastructure Fund:</b>	-	-	-	-	-	-	-	-	-	-	-	
Police Vehicles, Equipment and Infrastructure	958,983	682,876	1,358,063	1,196,760	1,329,389	904,024	943,262	987,851	1,208,362	927,083	1,049,665	
Police ERT Equipment and Infrastructure	34,716	-	-	-	-	-	-	-	-	-	34,716	
VCC Equipment and Infrastructure	143,672	281,445	758,521	173,800	609,313	1,132,688	55,703	145,961	-	-	412,638	
City Equipment	569,715	1,758,661	1,237,617	1,065,155	589,323	1,297,071	1,765,060	2,080,419	1,310,741	944,630	1,261,839	
City Archives Equipment	-	-	-	-	-	-	-	-	-	-	-	
<i>City Strategic Planning Initiatives</i>	-	-	-	16,000	-	-	-	-	-	-	16,000	
Vehicles and Heavy Equipment	313,767	786,448	2,342,749	1,399,961	468,585	1,274,711	1,991,822	883,449	2,759,554	1,417,315	1,363,836	
Buildings and Infrastructure	328,410	901,194	679,873	1,222,804	2,539,450	2,752,564	2,204,774	2,720,533	2,073,580	7,234,377	2,265,756	
Parking Services Equipment & Infrastructure	-	-	-	484,615	23,492	59,079	270,361	136,063	74,387	109,157	165,308	
SOFMC Equip & Infr	-	-	-	-	-	12,595	51,087	13,355	253,339	126,592	91,394	
City Recreation Facilities	-	-	-	-	-	40,576	97,968	-	-	93,399	77,314	
Artificial Turf Field (Topaz Park)	-	-	-	-	-	-	-	-	-	-	-	
Gas Tax	-	-	-	-	-	-	-	-	677,371	911,683	794,527	
Water Utility Equipment and Infrastructure	-	-	-	-	-	4,308,400	2,674,999	-	-	-	3,491,700	
Sewer Utility Equipment and Infrastructure	-	-	-	-	-	-	-	-	-	-	-	
Stormwater Utility Equipment & Infrastructure	-	-	-	-	-	-	-	-	-	-	-	
<b>Employee Benefit Obligations Fund:</b>												
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employee Retirement and Sickleave Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employee Pension Buyback Reserve	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Employee Pension Over Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
<i>Economic Development Fund</i>	-	-	-	50,000	3,000,000	-	-	-	-	-	1,525,000	
<b>Development Cost Charge Fund</b>	609,250	75,000	-	-	-	9,857	-	50,000	277,382	-	204,298	
<b>Tax Sale Lands Fund</b>	1,584,591	1,259,804	1,004,993	485,455	1,127,030	1,152,286	372,389	1,228,144	521,676	903,647	964,001	
<b>Parks and Greenways Acquisition Fund</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Local Amenities Reserve</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Victoria Housing</b>	-	-	150,000	58,250	-	390,174	1,152,848	421,705	1,105,000	430,000	529,711	
Dockside Affordable Housing	-	-	-	-	-	-	-	-	-	-	-	
<b>Climate Action Reserve</b>	-	-	-	-	-	-	-	16,250	116,736	-	66,493	
<b>Art In Public Spaces</b>	-	-	-	-	-	-	-	11,000	26,345	70,569	35,971	
<b>Downtown Core Public Realm Improvemnts</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Heritage Building Seismic Upgrades</b>	-	-	-	-	-	-	-	-	-	-	-	

The following comments address individual funds or groups of funds with similar characteristics. Each fund was created by Council action at some point in the past, with some policy goal in mind at the time. For that reason, our presumption in this review is in favour of retaining any given fund unless we can see the potential for eliminating or reclassifying it without hurting the City's ability to address the underlying policy goal.

### **a) City Financial Stability Reserve**

This is the general-purpose reserve fund for the General Fund. Because current City practice has been to transfer General Fund operating surpluses (annual revenue minus annual expenditures) either to this reserve or to the Buildings & Infrastructure Reserve after the audit each year, the City Financial Stability Reserve is not only a long-term "rainy day fund"; it also serves as the ongoing fund balance that is available to the General Fund. This fund should clearly continue to exist. The 2013 fund balance was \$1,348,397.

There are two other reserves currently listed separately that are functionally equivalent to the City Financial Stability Reserve: the Insurance Claims Fund (with a 2013 balance of 3,733,373) and the Working Capital Fund (with a 2013 balance of \$3,837,082).

The Insurance Claims Fund originated to cover legal liabilities, since the City was self-insured for liability claims until 2008, when it joined the Municipal Insurance Association. Some claims are still open, but without current activity. This fund is no longer receiving revenue (the last transfer into the fund was in 2006), and the current balance is considered by City staff to be adequate to address remaining claims. Since the payment of liability claims is a proper use of a general reserve fund, the Insurance Claims Fund can be eliminated and its balances transferred to the City Financial Stability Reserve without hurting the City's ability to address the underlying purpose of this fund.

The Working Capital Fund was established in the past, according to the existing Reserve Fund Policy, "to ensure we meet cash flow requirements, provide contingencies for unpredictable revenue sources, and provide contingencies for emergencies (such as natural disasters)." This language would be a good description of the purpose of the City Financial Stability Reserve. The Working Capital Fund has not had revenue (other than interest earnings) nor transfers out in the past ten years, and it duplicates the purpose of the City Financial Stability Reserve. For the sake of clarity about the City's financial management practices, the Working Capital Fund should be eliminated and its balances transferred to the City Financial Stability Reserve.

If the Insurance Claims Fund and Working Capital Funds are included in the City Financial Stability Reserve, the 2013 combined fund balance was \$8,918,852.

### **b) Police Financial Stability Reserve**

This reserve has the same purpose as the City Financial Stability Reserve, but its purpose is restricted to the joint Victoria-Esquimalt Police Department. The Police Financial Stability Reserve is required by the City's agreement with the Victoria-Esquimalt Police Board, so the fund should continue to be maintained. Its target reserve is 2% of the Police operating budget. Its fund balance at the end of 2013 was \$1,250,118. That fund balance figure included a grant from the Province of about \$700,000 (relating to traffic fines), so the local-source portion of the reserve balance was just above \$500,000.

### **c) Water and Sewer Financial Stability Reserves**

These funds are also analogous to the City Financial Stability Reserve, but they are applicable to the water and sewer utilities, respectively. While these two funds are listed in the existing Reserve Fund Policy, the funds have not actually been established in the City accounting system. Instead, utility operating surpluses at the end of each year are transferred into each utility's Equipment &

Infrastructure Fund, for use in planned capital projects. There is no year-end fund balance in the Water Operating and Sewer Operating funds.

We recommend that the Water and Sewer Financial Stability funds be created in the accounting systems and that year-end surpluses be transferred into them until they reach their target balances. The reason for these funds to exist is the same as the reason for the City Financial Stability Fund to exist—because not all sources of risk come from the capital infrastructure. There can be revenue instability or emergency demands for operating expenditures in addition to the risks associated with capital plant-in-service. For this reason it is appropriate to be prepared with either a minimum operating fund balance or a financial stability reserve that is specific to each self-sustaining enterprise. Eventually, this type of fund will also be appropriate for the new stormwater utility.

#### **d) Debt Reduction Fund**

The Debt Reduction Fund is funded by the General Fund. When past debt obligations were retired, the City began setting aside the dropoff in annual debt service requirements and transferring that amount each year to this reserve fund. The result is a growing pool of funds that can be used to avoid future indebtedness or to pay down existing debt. Most recently, funds from this reserve have been committed to serve as a source of internal borrowing for the renovation or replacement of the Crystal Pool and Fitness Centre and the Fire Hall, two major capital projects that would be difficult to undertake without external debt were it not for the availability of this reserve fund. At the end of 2013, the balance of this fund was \$21,255,012. It clearly has a current role in the City's financial administration and should be retained.

This fund is currently one of three Fiscal Reserve funds. However, this category substantially overlaps with the Financial Stability category of funds. If the City agrees with our recommendation that the other two Fiscal Reserve funds (Self Insurance and Working Capital) should be eliminated and their balances transferred to the City Financial Stability Fund, then we also suggest that the category of Fiscal Reserve Fund be eliminated and its remaining fund—the Debt Reduction Fund—be reclassified as part of a new “Financial Management Reserves” category. That reclassification is shown in Exhibit C-1. This reclassification will require a change in the Reserve Fund Bylaw.

#### **e) Equipment and Infrastructure Funds**

This group of funds is defined in the Reserve Fund Bylaw as a single “Equipment and Infrastructure Fund,” but in practical use, its various subfunds function as independent funds. These subfunds include the City's major capital funds, responsible for funding capital investment in different types of buildings, equipment, and infrastructure. The utility capital funds—one each for the water utility, sewer utility, and most recently, the planned stormwater utility—are usually reported separately from the General Fund-related funds.

In the Annual Financial Plan, some of the smaller funds in this group are reported as subfunds of another related Equipment and Infrastructure fund. For example, the Artificial Turf Field Fund balance is often combined with the City Recreation Facilities Fund, while the City Archives Equipment Fund balance is shown as part of the larger City Equipment Fund. However, the smaller funds are tracked separately in the accounting system.

Many of the General Fund-related capital funds receive funding support from the General Fund, either through an annual transfer or from charges to operating departments. Some of the General Fund-related funds do not receive General Fund revenue; instead, they receive dedicated outside revenue that is used to offset capital costs that would otherwise be borne by the General Fund. Because the City shares a police department with Esquimalt through an independent Police Board, “Police” reserves are often categorized and reported separately from “City” reserves.

The individual Equipment and Infrastructure Funds are discussed below.

**Police Vehicles, Equipment and Infrastructure (Police VEI) Fund** – The purpose of this reserve is to set aside money for the replacement and purchase of Police vehicles and equipment. It is funded by charges to the Police Department budget. This reserve is used routinely—ten out of the past ten years. It clearly has utility to the City. Even if this fund were not required by the agreement with the Police Board, this fund should be continued. Its ending balance in 2013 was \$1,657,651.

**Police Emergency Response Team (ERT) Equipment and Infrastructure Fund** – The purpose of this reserve is to fund the replacement and purchase of equipment for the Regional ERT. It is funded by the annual surplus from the ERT Program. Five times in the past ten years, most recently in 2012, the ERT Program has had surpluses that have resulted in transfers into this fund. This reserve has been used for expenditures only once in the past ten years, in 2004. Its 2013 balance was \$235,670. It is a regional fund with contributions from other municipalities, and as such must be kept separate from the Police VEI Fund. We recommend that it continue.

**Victoria Conference Centre (VCC) Equipment and Infrastructure Fund** – The purpose of this fund is to accumulate money for capital reinvestment in the VCC building, furnishings, and equipment. When it was established, the expectation was that it would be funded only by operating surpluses of the Conference Centre. Its 2013 fund balance was \$602,900, having received revenue from operating surpluses in eight of the past ten years. Likewise, it has been used for expenditures in eight of the past ten years. In the past year, VCC capital needs have arisen that are beyond the financial capacity of this fund, so the General Fund has committed funds to meet these needs.

This fund presents the question: why should it be separate from the Buildings & Infrastructure Fund? The reason—at least in concept—rests on the expectation of operating surpluses that would provide enough of a reserve balance to address the periodic capital needs. Segregating the operating surpluses can encourage the VCC to be more self-supporting than it would be if its capital program were a routine part of the Buildings & Infrastructure fund. The existence of a separate fund can help create a presumption of financial independence—a burden of proof for VCC representatives to meet when making funding requests.

At this point, we suggest keeping this fund separate. But the question is worth revisiting a few years from now; the fund's usefulness will depend on whether the recent need for General Fund support is an exception or a new pattern.

**City Equipment Fund** – This reserve is to fund the replacement and purchase of City equipment. This includes computer equipment and software, office furniture, firefighting equipment, and other equipment for most City departments. It does not include vehicles or large rolling stock—that is covered by a separate fund. The City Equipment Fund is funded by charges to departmental budgets. Its balance at the end of 2013 was \$5,558,460. This fund has been used in each of the past ten years. We recommend that it be continued.

**Archives Equipment Fund** – This reserve is to fund the replacement of material and equipment in the City Archives Facility. It is funded by grants or donations specific to the archive function. Its fund balance in 2013 was only \$31,534. In the Annual Financial Plan, the balance for this fund is combined with the City Equipment Fund, but in the internal accounting, it is kept separate. It has received revenue in seven of the past ten years, but it has been used for expenditures only twice during that period.

We agree that it should be kept separate from the City Equipment Fund, because of the dedicated nature of its revenue sources. However, the low visibility of this fund and relatively low fund balance creates the risk that it could be forgotten about when potential eligible expenditures arise, so the archives staff should be reminded to request funding from this dedicated revenue when funding needs arise.



**City Strategic Initiatives Fund** – According to the City Reserve Policy, this reserve was created to set aside funds “to help implement corporate strategic planning initiatives.” The specific initiatives are not articulated in the policy. This fund stopped receiving money (other than interest earnings) in 2006. Other than \$16,000 being transferred to the City Archives Fund in 2006, it has never been used for expenditures. In the Annual Financial Plan, this fund has been lumped together with the City Equipment Fund. Its balance at the end of 2013 was \$141,760. While it is possible that this fund was useful at some time in the past, it is clear that it has outlived its usefulness. We suggest that it be eliminated and its remaining balance transferred to the City Equipment Fund.

**Vehicles and Heavy Equipment Fund** – This reserve is used to fund the purchase and replacement of City vehicles and heavy equipment, such as backhoes or fire apparatus. It is funded by charges to the departments who use these assets. This fund receives revenue and incurs expenditures each year, and its 2013 year-end balance was \$5,204,227. It is clearly useful to the City and it should continue.

**Buildings and Infrastructure Fund** – This is the City’s largest capital reserve, with the broadest scope of responsibility. It is the “everything else” fund when it comes to funding capital reinvestment, supporting capital expenditures for roads, parks, City buildings and, in the past, storm drainage facilities. (A separate stormwater utility is planned to be established in 2016, so responsibility for storm drainage facilities will be shifted to the newly created Stormwater Utility Equipment and Infrastructure Fund.) The Buildings and Infrastructure Fund is funded by annual transfers from the General Fund, which have been increasing by \$500,000 per year in recent years. Its capital program also receives funding from the City’s capital levy and from the growth-related incremental increases in the capital levy. In addition, this fund regularly receives General Fund operating surpluses at the end of each year. Its fund balance at the end of 2013 was \$31,543,148, and it is regularly used to support capital expenditures. It is an important tool in the City’s financial management, and we recommend that it be continued.

**Parking Services Equipment and Infrastructure Fund** – The purpose of this fund is to support capital reinvestment in City parkades and related equipment. It is funded by annual charges to the Engineering Department, which is responsible for the parkades. The fund has received revenue in eight of the last ten years, and it has incurred expenditures in the last seven years, most recently in 2009. Its 2013 balance was \$5,612,904.

Like the VCC and the Save on Foods Memorial Centre (SOFMC), the City’s parkades are revenue-generating facilities, and the reason for segregating that revenue in a separate reserve is to be able to reinvest in the capital needs of those facilities using money generated by the facilities themselves. As evidenced by the 2013 fund balance of this reserve, the parkades have been able to generate enough revenue to build a capital reserve adequate to address future needs. This fund appears to meet its intended purpose, and we recommend that it be retained.

**Multipurpose Equipment and Infrastructure Fund** – “Multipurpose” refers to the Save on Foods Memorial Centre (SOFMC), which is a multi-use arena operated by RG Properties through an agreement with the City, who owns the building. Both RG Properties and the General Fund provide annual funding for this reserve, which is used for capital reinvestment in the arena and its equipment. The 2013 reserve balance was only \$563,589. Contributions come into the fund totaling \$100,000 per year, and in five of the past ten years, the fund has incurred expenditures.

A large public-private venture like an arena is clearly a situation where it is worthwhile to maintain a separate reserve fund, and we recommend that the fund continue to be used. Our concern with this reserve is not the usefulness of the fund, but the question of whether its balance is adequate to the capital needs of the facility. The SOFMC opened in 2005, and its original cost is shown on the City books as \$35.5 million, which means that after ten years, the capital reserve balance is only 2% of original cost. Like other sports and entertainment venues, arenas are subject not just to physical obsolescence but to competitive obsolescence, and renovations can be costly. Without additional

funding being set aside from the operations of the facility itself, the SOFMC could be approaching the same kind of dilemma that the Conference Centre faces now, where urgent capital improvements are proposed with a cost that far exceeds the capacity of its designated capital reserve fund.

**City Recreation Facilities Fund** – This fund is for capital reinvestment in City recreation facilities, supplementing capital funding that is primarily provided by the Buildings & Infrastructure Fund. This reserve is funded by user fees assessed on ticket sales and facility rentals. Its 2013 balance was \$901,753. It regularly receives about \$23,000 per year in revenue, and it has incurred expenditures in three of the past ten years. Our recommendation is that it continue to be used.

**Artificial Turf Field Fund** – The purpose of this fund is to provide dedicated resources toward the eventual replacement of the Finlayson artificial turf sports field at Topaz Park, as well as development of other artificial turf sports fields in the future. It is funded by field use fees. Since it started generating revenue in 2006, this fund has averaged about \$73,000 per year in fee income. Artificial turf fields typically last 15-20 years, so no expenditures have been incurred yet. The fund balance at the end of 2013 was \$611,000. In the Annual Financial Plan, this reserve is combined with the City Recreation Facilities Fund, but within the accounting system, it is tracked separately. This reserve seems to be fulfilling its purpose, and we suggest that it remain as is.

**Gas Tax Fund** – Unlike other funds in this Equipment and Infrastructure category, the Gas Tax Fund does not have funding responsibility for a single group of existing assets. Instead, it provides capital investments to assets for which some other fund is primarily responsible, so long as those investments further the policy purposes of the Gas Tax Agreement among the federal government, provincial government, and the Union of British Columbia Municipalities (UBCM). The policy purposes have historically included achieving reduced greenhouse gas emissions, cleaner air, and cleaner water; more recently the eligibility criteria were expanded to include recreation and tourism. The City has been receiving about \$2 million per year for a decade under this program, and starting in 2014 it will receive more than \$3 million per year. Due to changing accounting rules, this fund was classified as a reserve in 2012. Its 2013 ending fund balance was \$6,436,998. This money must legally be kept separate as a condition of receiving the grant, and we recommend that this fund continue to be used.

**Water Utility Equipment and Infrastructure Fund** – This is the reserve used to set aside funds for water utility capital projects. The water utility is a self-supporting enterprise, and this reserve is funded by water rate revenue. Over the past ten years, the balance in this fund has fluctuated in the way an actively used capital reserve would be expected to fluctuate. Its balance grew from \$1.9 million to \$7.2 million between 2004 and 2008. Then in 2009 and 2010, the fund balance was drawn down to \$335,000 for a major water line replacement project. Since 2010, the reserve balance has been growing again, with a 2013 ending balance of \$4,900,973. This fund should continue to be used.

**Sewer Utility Equipment and Infrastructure Fund** – The purpose of this reserve fund is to set aside sewer rate revenue for use in sewer capital projects. Like the water utility, the sewer utility is a self-supporting enterprise. This reserve has been gradually accumulating money since 2005, with no expenditures yet; a \$30 million sewer line replacement and rehabilitation program has been on hold, pending a decision by the regional district about the location of a wastewater treatment plant. Its 2013 ending fund balance was \$16,403,688. We recommend that this reserve continue to exist.

**Stormwater Utility Equipment and Infrastructure Fund** – This is the City's newest reserve fund, established to provide funding support for capital expenditures related to the planned stormwater utility. The Council has approved the creation of a stormwater utility in 2016, which means that a portion of the capital levy (\$5.1 million) will be shifted to that utility, and it will be self-funded from stormwater rate revenue from that point on.

**f) Employee Benefit Obligations Fund**

The purpose of this reserve is to provide advance funding for future cost liabilities related to employee pensions or other benefits. It currently has six subfunds, three for Police and three for City employees. For each group of employees, the subfunds address the same three types of liabilities:

**Benefits upon Retirement** – the City is obligated to pay one month of pay, plus vested sick leave, at the time of employee retirement. These Police and City subfunds set aside money for that obligation.

**Pension Buybacks** – At one time, employees were entitled to purchase additional pension service time related to their probation period, provided they were not covered by pension. For employees who elected to make this purchase, the City is obligated to fund 50% of the cost once the employee retires or reaches 55 years of age. These Police and City subfunds set aside money to meet that obligation.

**Pension Corporation over Contributions** – These two subfunds—one for police officers and one for firefighters—were established to accumulate the City’s share of employee pension over contributions, which are payable to employees upon retirement.

The first two types of subfunds are paid for by charges to the relevant department budgets. The “Pension Corporation over Contributions” subfunds are paid for by pension contributions refunded to the City by the BC Pension Corporation.

The internal accounting reports we reviewed did not contain fund balance data for these funds. (This is because for technical accounting reasons, these funds are treated as a liability on the City balance sheet rather than an accumulated surplus.) However, the Public Section Accounting Board requires the City to maintain these reserves, and they should be retained.

**g) Economic Development Fund**

At the time of a previous increase in business license fees, the City made a policy commitment to use the incremental revenue for capital projects associated with economic development. The Economic Development Reserve fund was established to keep that incremental revenue separate and ensure that it was used for its intended purpose. Since the time when this reserve was created, the entire annual funding stream from the business license increment has been committed to service debt incurred for economic development-related projects. As a result, since 2008 there has been no additional revenue generated to add to the fund balance. The question has been what to do with the remaining balance—about \$735,000 at the end of 2013. Our suggestion is that since the Victoria Conference Centre capital renovations have been budgeted beginning in 2014 for amounts exceeding \$735,000, this fund can be closed and its remaining balances transferred to the Buildings and Infrastructure Fund. The VCC project clearly qualifies as an economic development-related capital project, so the policy commitment that was made at the time the business license fee was increased has been met. Since this is a primary fund mentioned in the Reserve Funds Bylaw, a change in the Bylaw will be necessary in order to close this fund.

**h) Development Cost Charge Fund**

This fund is used to set aside revenue from development cost charges (DCCs), as required by provincial statute. DCCs are imposed as a condition of development, and this reserve ensures that the money is only spent on public capital improvements related to the type of infrastructure for which the DCC is imposed. There is a DCC (and a subfund) for transportation, water, drainage, sewage, park land acquisition, and park improvements, but they are rolled up into a combined fund amount in the Annual Financial Plan’s yearly report on the status of reserve funds. Because the fund balances are treated as a liability on the balance sheet, the historical analysis we reviewed did not contain fund balance data for the DCC Fund. However, this fund is legally required and should be continued.

**i) Tax Sale Lands Fund**

This fund segregates the proceeds from the sale of City-owned land and buildings. It can be used for the purchase and development of land and improvements, including environmental remediation. Its 2013 fund balance was \$9,663,642. It is routinely used, with revenues and expenditures every year for the past ten years. We recommend that it be retained.

**j) Parks and Greenways Acquisition Fund**

This fund is for acquisition of land for parks and greenways, and it is funded by 10% of the proceeds from the sale of City lands. Even though there is some degree of overlap between this function and that of the Tax Sale Lands Fund, this one has a more specific focus, and by legislation the two funds are kept separate. The Parks and Greenways Acquisition Fund has received revenue in eight of the past ten years, but it has not been drawn on in the past ten years. Its 2013 fund balance was \$2,269,464. Because the key requirement in a park land acquisition program is an acquisition strategy, with acquisition criteria and a prioritized list of target properties or park-deficient neighborhoods, the fact that this fund has not been drawn on in ten years indicates that if such a strategy exists, it is not being pursued actively.

For both this fund and the Tax Sale Lands Fund, the fund balances are high enough to justify creating or updating a formal acquisition strategy, so the City can pursue its acquisition goals deliberately rather than on an ad hoc basis. Property acquisition is inevitably an opportunity-driven business, so unless the City has clear criteria and discipline in following them, it would be easy to end up making a series of poorly coordinated choices. Even though this fund has not been used for the past ten years, we suggest that it be retained, and that steps be taken to address its purpose.

**k) Local Amenities Fund**

The purpose of this fund (and its subfunds) is to segregate developer contributions toward specific capital improvements related to a particular development. These amenities could be parks, pathways, special sidewalks or street lighting, docks, etc.—assets that would be publicly owned but whose primary benefit is to a particular neighborhood. This fund began receiving revenue in 2009; it has not yet been drawn on for any capital improvements. Its use will be subject to individual amenity contribution agreements. The revenue in one year was \$306,000, but the revenue in the other four years ranges from \$17,000 to \$49,000, which suggests that the individual amenity contributions might be so small as to present a challenge to spend the money in a meaningful way. The aggregate fund balance was \$441,917 at the end of 2013. Because this fund is so new, it should be continued for now. Time will be required to see if this approach is very useful in addressing the City's goals.

**l) Victoria Housing Fund**

This fund is used to segregate money committed by the City for housing purposes. It is used to provide grants for housing projects, including projects that fall under the Secondary Suites Incentive Program. It is funded by an annual General Fund transfer which in recent years has been \$250,000 per year. Its 2013 balance was \$1,660,328. This fund is classified as an operating fund because it is used for grants to private parties, so its expenditures do not result in a City-owned asset. However, housing is part of the built environment of a community, and the underlying purpose of this fund is very similar to that of a capital fund. This fund has made grants in seven of the past ten years, which indicates that it is meeting its purpose as a segregated fund, and we recommend that it be retained.

**m) Dockside Affordable Housing**

This fund is designed to provide a source of funds for affordable housing projects in the Dockside neighborhood. The Dockside Master Development Agreement required of the developer either a cash payment or affordable housing set-asides. The cash payments are kept in this reserve, along with 20% of fees from Dockside building permits. The fund must be used for affordable housing projects in Dockside. This fund received a modest amount of money each year from 2007 through 2011 (as little as \$500 and as much as \$85,000 in a given year), and its balance stands at \$236,656 as of the end of 2013. During the eight years since its creation, the fund has not expended any money. We suggest retaining this fund, particularly since it is the subject of a Master Development Agreement. However, given how specific the purpose is, and how small the revenue stream is compared with the magnitude of the policy need, it could be a challenge to spend the money in a way that is meaningful.

**n) Recently Established Funds**

Four narrowly focused reserve funds have been created in the past four years. Because of their relatively recent vintage, it is too soon to evaluate their usefulness as segregated reserves, and we recommend that they all continue for the time being. These funds are the following:

**Climate Action Fund** – To pay for strategies or improvements to reduce energy and greenhouse gas emissions. Funded by rebates and grants. 2013 balance: \$380,950.

**Art in Public Places Fund** – To pay for art in public spaces, funded by the General Fund, following a funding formula established when the fund was created. 2013 balance: \$301,565.

**Downtown Core Area Public Realm Improvements Fund** – For Downtown improvements, funded by density bonus system described in *Downtown Core Area Plan*. 2013 balance: \$57,373.

**Heritage Buildings Seismic Upgrades Fund** – to pay part of cost of seismic upgrades to heritage buildings, funded by density bonus system in *Downtown Core Area Plan*. 2013 balance: \$19,124.



## D. TARGET BALANCES - HOW MUCH IS ENOUGH?

### D1. INTRODUCTION TO TARGET BALANCES

We noted previously the four primary purposes of the City's reserve funds:

- To ensure that dedicated revenue is used only for its specified purpose;
- To set aside money in advance for planned future obligations to employees;
- To mitigate risk by setting aside money for significant, unexpected costs or revenue losses; and
- To set aside money in advance for planned capital projects.

These four purposes of the City's reserve funds are the main consideration when addressing the question, "How much is enough?" Whether a given fund should have a target balance and, if so, how it should be determined, depends primarily on what the fund's purpose is to the City.

#### a) Dedicated Revenue Reserves

For reserve funds whose only purpose is to keep a dedicated revenue stream separate until eligible expenditures occur, there logically is no target balance. For example, with the Local Amenities Reserve it would not make sense to aim for a particular minimum balance, because the revenue entirely depends on whether development occurs in a certain area, something the City does not control. There is also no need to aim for a particular maximum balance—because this fund receives no General Fund support, there are no competing Council priorities that could be funded if this reserve had surplus balances.

#### b) Employee Benefit/Pension Reserves (Planned Future Obligations)

For pensions and other future obligations to employees, the appropriate target balance should be defined through actuarial analysis. If the pension and benefit reserve funding exceeds its target level, any excesses can be returned to the operating funds in proportion to their labor charges. Our understanding is that the City already has actuarial estimates of the required reserves for these funds.

#### c) Risk Reserves

A risk reserve consists of money that is not planned to be spent, but which could be needed in unforeseen and urgent circumstances. A risk reserve should have a defined target balance. If the current balance is less than the target, the City should take action to replenish the reserve over some number of years. If the current balance is above the target, the reserve can be drawn down, or at the very least its interest earnings can be transferred to its related operating fund.

#### d) Capital Reserves (Capital Contingency plus Planned Capital Funding)

Several of the subfunds within the Equipment and Infrastructure fund consist of relatively large, actively used reserves that are relied on for capital investment in both existing and new assets. In general, any reserves that are relied on to fund capital reinvestment in existing assets ("major capital reserves") should have a minimum "capital contingency" to provide cash in the event of capital needs that are large, urgent, and unplanned. The target reserve balance will consist of this minimum capital contingency plus the funding required to meet the cash requirements of the planned capital program.

In addition, two capital reserve funds exist for the purpose of property acquisition—the Tax Sale Lands Fund and the Parks and Greenways Acquisition Fund. Since these funds are not responsible for a group of existing assets, they need not maintain a capital contingency, but they should have a target fund balance that is based on a formal property acquisition strategy.

## D2. RECOMMENDED TARGET BALANCES

Exhibit D-1 summarizes the City's current reserve funds, including their purpose and our suggested basis for calculating their target balance.

**Exhibit D-1: Purpose of Reserves and Suggested Basis for Target Balance**

Fund Description	Primary Purpose of Reserve	Planned Spending?	Target Balance?	Recommended Basis for Target Balance
<i>Funds recommended for elimination are in red italics.</i>				
<b>Financial Management Reserves</b>				
City Financial Stability Reserve *	Risk mitigation	No	Yes	Combined target for General Operating Reserves *
Police Financial Stability Reserve *	Risk mitigation	No	Yes	2% of operating expenses, per agreement *
Water Utility Financial Stability Reserve	Risk mitigation	No	Yes	60 days (16.67%) of operating expenses
Sewer Utility Financial Stability Reserve	Risk mitigation	No	Yes	60 days (16.67%) of operating expenses
Debt Reduction *	Risk mitigation	No	Yes	Combined target for General Operating Reserves *
<i>Insurance Claims</i>	Risk mitigation	No	Yes	Move to City Financial Stability
<i>Working Capital Fund</i>	Risk mitigation	No	Yes	Move to City Financial Stability
* Included in General Operating Reserves				* Target for combined General Operating Reserves is at least 60 days (16.67%) of General Operating expenses
<b>Equipment and Infrastructure Reserve</b>				
Police Vehicles, Equip and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of replacement schedule, subject to agreement
Emergency Response Team Vehicles/Equip	Dedicated Revenue Source	No	No	No target balance unless required by agreement
City Equipment	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of replacement schedule
Archives Equipment	Dedicated Revenue Source	No	No	No target balance
<i>Strategic Planning Initiatives</i>	Dedicated Revenue Source	No	No	Move to City Equipment Fund
City Vehicles and Heavy Equipment	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of replacement schedule
Victoria Conf Centre Equip and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.5% of replacement cost, plus funding of capital program
City Buildings and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.7% of replacement cost, plus funding of capital program
Parking Services Equip and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Multipurpose Equipment and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.5% of replacement cost, plus funding of capital program
Recreation Facilities Equip & Infrastructure	Dedicated Revenue Source	Yes	Yes	Minimum 0.5% of replacement cost, plus funding of capital program
Artificial Turf Field (Topaz Park)	Dedicated Revenue Source	Yes	No	No target balance
Gas Tax	Dedicated Revenue Source	Yes	No	No target balance
Water Utility Equipment and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Sewer Utility Equipment and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Stormwater Utility Equipment and Infrastructure	Planned capital funding	Yes	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
<b>Employee Benefit Obligation Reserve</b>				
Police Retirement Benefits	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
Police Employee Pension Buybacks	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
Police Pension Corporation Over Contributions	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
City Retirement Benefits	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
City Employee Pension Buybacks	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
City Pension Corporation Over Contributions	Planned Future Obligations	Yes	Yes	As determined by actuarial analysis
<i>Economic Development Reserve</i>	Dedicated Revenue Source	No	No	Move to Bldgs & Infrastructure Fund
<b>Development Cost Charges Reserve</b>	Dedicated Revenue Source	No	No	No target balance
<b>Tax Sale Lands Reserve</b>	Planned capital funding	Yes	Yes	Based on acquisition strategy
<b>Parks and Greenways Acquisition Reserve</b>	Planned capital funding	Yes	Yes	Estimated cost of 1.5 hectares land
<b>Local Amenities Reserve</b>	Dedicated Revenue Source	No	No	No target balance
<b>Victoria Housing Reserve</b>	Dedicated Revenue Source	No	No	No target balance
Dockside Affordable Housing Reserve	Dedicated Revenue Source	No	No	No target balance
<b>Climate Action Reserve</b>	Dedicated Revenue Source	No	No	No target balance
<b>Art in Public Places Reserve</b>	Dedicated Revenue Source	No	No	No target balance
<b>Downtown Core Area Public Realm Improvemts.</b>	Dedicated Revenue Source	No	No	No target balance
<b>Heritage Buildings Seismic Upgrades Reserve</b>	Dedicated Revenue Source	No	No	No target balance

The following two sections provide a more in-depth discussion of how we arrived at our recommended basis for target balances. First, we will address risk reserves, then capital reserves.

To summarize in advance: risk reserves should have a target balance that is expressed as a percentage of operating expenses. The capital reserves are of two types: major capital reserves (responsible for a group of existing assets) and property acquisition reserves. The major capital reserves should have a minimum capital contingency plus funding to meet the cash requirements of their capital improvement programs. The two property acquisition funds should have target balances based on an adopted acquisition strategy and the types of properties intended to be acquired.

## E. TARGET BALANCES FOR RISK RESERVES

For the City of Victoria, the risk reserves are comprised of what we suggest be called the “Financial Management Reserves”—the combination of the various Financial Stability Reserve funds and what has in the past been referred to as the Fiscal Reserve funds. Two of the Fiscal Reserve funds are so similar in purpose to the City Financial Stability Fund that we recommend that the three funds be combined. In the rest of this discussion of target balances, we will assume that our recommendations about combining and reclassifying the Financial Management Reserves are accepted by the City.

Within the Financial Management Funds, two of them are related to self-supporting enterprises, the water utility and the sewer utility. These funds have been defined in the Reserve Fund Policy but not actually established yet; we recommend that they be created and used. As we explain below, until these funds are fully funded at their target level, we suggest that not less than 50% of the year-end surplus each year be transferred to each utility’s risk reserve. Eventually, as the stormwater utility is formed and begins to generate revenue from stormwater rates, we recommend that a Stormwater Financial Stability Fund be created and funded as well.

The reserves not associated with self-supporting utilities are “General Operating Reserves”—reserves that are related to General Fund functions. Assuming that the City Financial Stability Fund is combined as recommended, there will be three General Operating Reserves: the City Financial Stability Fund, Police Financial Stability Fund, and the Debt Reduction Fund. The Police Financial Stability Fund has its own target reserve balance specified by the agreement with the Victoria-Esquimalt Police Board, which is 2% of the Police operating budget. At the same time, its reserve fund balance is included in the calculation of the combined target balance for the General Operating Reserves.

Because risk reserves exist to protect against the broadest set of unknown circumstances, their target balances are unrelated to the amount of current infrastructure or a capital program. Instead, target balances for risk reserves are typically expressed as a percentage of either the total operating revenue or total operating expenses of the related operating fund. In this analysis we have chosen to characterize them with reference to operating expenses or the operating budget.

### E1. GFOA BEST PRACTICES – GENERAL OPERATING RESERVES

The Governmental Finance Officers Association (GFOA), the professional association serving local government finance officials in Canada and the United States, has prepared statements of “best practices” to guide local governments in developing their policies and standards. Like this memo, the best practice statements are “soft recommendations”—they acknowledge the variety of local circumstances that local governments can face. However, they are a useful benchmark to consult when developing financial policies.

Three of the best practice statements are relevant to the establishment of a target balance for Victoria’s risk reserves: “Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund” (October 2009); “Replenishing Fund Balance” (February 2009); and “Determining the Appropriate Levels of Working Capital in Enterprise Funds” (February 2011). The full statements are included in Appendix B at the end of this memo.

**a) Target Balance for General Operating Reserves**

With respect to the unrestricted balance in the General Fund, the GFOA Best Practice Statement says that “GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.”

Should Victoria’s General Operating Reserves exceed the minimum recommended by GFOA? Our recommended answer is “no.” In arriving at the two month guideline (which is equivalent to about 16.67%), the GFOA was considering the full range of contingencies that could become the responsibility of the General Fund, including capital contingencies. However, Victoria’s emphasis on building capital reserves in lieu of incurring debt already creates a cushion for capital contingencies. Another type of contingency that is assumed in the GFOA guideline is a sharp drop in revenues. However, Victoria’s revenue structure is relatively stable, relying primarily on property taxes. In the 2014 Annual Financial Plan, estimated property tax income was \$116.2 million, or 79% of the General Fund operating budget (\$146.6 million). Since the risk of revenue volatility is relatively low and the risk of unforeseen capital demands is largely addressed by capital reserves, the general risk profile for Victoria should be considered lower than that of the typical GFOA local government, and the two-month guideline for General Operating Reserves should be adequate.

Exhibit E-1 shows how the GFOA guideline might be applied to the City of Victoria.

**Exhibit E-1: Method of Calculating Target Balance for City Financial Stability Reserve**

Calculation of City Financial Reserve Target Balance		
General Fund 2014 Operating Budget	\$ 146,587,162	
Combined General Operating Reserve Target		\$ 24,500,000
<i>(60 days of General Fund Budgeted Operating Expenses, rounded up)</i>		
Less Other General Operating Reserves (2013 ending balance):		
Debt Reduction Reserve	21,255,012	
Police Financial Stability Reserve	1,250,118	
Total Other General Reserves		22,505,130
Minimum Reserve for City Financial Stability Fund Alone		\$ 1,994,870
<i>Comparison of Target with Actual 2013 Ending Balances:</i>		
Existing City Financial Stability Reserve	\$ 1,348,397	
Insurance Claims Reserve	3,733,373	
Working Capital Reserve	3,837,082	
Combined City Financial Stability Reserve		8,918,852
Debt Reduction Reserve		21,255,012
Police Financial Stability Reserve		1,250,118
Total General Operating Reserves, Year-end 2013		31,423,982
Target Balance, Combined General Operating Reserves		24,500,000
Actual above Target, 2013		\$ 6,923,982
<i>Implications for Debt Reduction Fund:</i>		
Balance that could be spent on retirement of outstanding debt	\$ 6,923,982	
Balance that should be retained or used for interfund loans only	15,581,148	
Total Debt Reduction Fund 2013 ending balance		\$ 22,505,130

In Victoria, the sum of the General Operating Reserves is equivalent to the “General Fund unrestricted ending fund balance” referred to in the GFOA guideline. (One might argue that General Capital Reserves should also be included. However, because the Community Charter forbids using capital reserves for operating purposes, general capital reserves are not as flexible in addressing the full range of fiscal needs, so we excluded them to be conservative.) The General Operating Reserve target balance is 60 days of operating expenses, rounded up to \$24.5 million. The actual 2013 balance for these reserves were about \$31.4 million, \$6.9 million above target. This means that \$6.9 million of the Debt Reduction Fund could be used to retire debt without causing the City to drop below target. The other \$15.6 million in that fund should be retained or used only for interfund loans.

**b) Required Police Operating Reserve**

Separate from the policy target for General Operating Reserves, the agreement between the City of Victoria and the Victoria-Esquimalt Police Board requires that the City maintain a Police Operating Reserve equal to 2% of the Police operating budget. Exhibit E-2 shows that based on the 2014 Annual Financial Plan, this requirement equates to a minimum reserve balance of about \$940,000.

**Exhibit E-2: Required Police Operating Reserve**

Police Operating Reserve Required by Agreement with Police Board	
2014 Police Operating Budget per Annual Financial Plan	\$ 46,946,125
Target Reserve per Agreement (2%, rounded up)	\$ 940,000

**c) Replenishing General Operating Reserves**

The Best Practices Statement on Replenishing Fund Balances recommends that the reserve fund policy include a statement outlining the approach to replenishment, including the time frame within which reserves will be expected to be replenished after having been used. The suggested time frame for replenishment is from one to three years, though extenuating economic circumstances might lead a government to replenish reserves over a longer time frame. For the Victoria reserve policy, we suggest that language be added stating that whenever the General Operating Reserve is brought below the target level, that a replenishment strategy shall be required to be developed and incorporated into the action of drawing down the reserve. The policy should state that under normal circumstances, the General Operating Reserve shall return to its target balance within three years.

There may be some circumstances in which a three-year replenishment cannot be assured or may not be reasonable. For example, the reason for a general reserve draw could be a significant economic slump, where General Fund revenues are expected to eventually recover but the bottom of the economic cycle is unknown. Alternatively, one can conceive of a scenario where a change in provincial law causes a revenue disruption that is expected to be permanent, and which is so severe that the City Council decides to create a “soft landing” for the General Fund operating budget by drawing down the General Operating Reserves over a three-year period of time. In that scenario, where the reduced level of revenues is a permanent change, and operating budgets have been cut severely over a three-year period, it would take a strong policy commitment to begin rebuilding the reserves over even a five-year period of time, much less a three-year period.

One way to make the replenishment process less onerous to the General Fund operating budget process is to rely on annual operating surpluses, which typically occur each year as departments underspend their operating budget. The underexpenditure in the operating budget, plus the overachievement of budgeted revenues (net of the underachievement of budgeted revenues), typically creates a one-time resource each year. Because it is one-time and the magnitude cannot be predicted in advance, prudent budgeting practices call for these surpluses to be used for some non-recurring purpose, which can include capital projects or the accumulation of needed reserves. Currently, the City uses its operating surpluses on one-time expenditures or transfers it into the Buildings and Infrastructure Fund. However, during a period when actual reserves are below the target level, annual operating surpluses should first be committed to reserve replenishment.

If the circumstances are such that a multi-year reserve drawdown appears likely, then the policy requirement for a replenishment plan could also include a requirement for a graduated drawdown. For instance, the drawdown plan could stipulate that the first-year draw could be no more than 50% of available reserves, the second-year draw could be no more than 50% of the remainder, and the third-year draw could be no more than 50% of the remainder, and after three years the replenishment process would have to begin.



A drawdown plan or extended-period replenishment plan that depends on operating surpluses should be for the most extraordinary circumstances, where a severe loss is expected to continue over a multi-year period. If the loss is of a one-time nature—for instance, a major wildfire or a one-time legal judgment against the City—then a scheduled three-year replenishment should be within reach.

In summary, we recommend that the revised Reserve Policy state that a replenishment plan (along with a drawdown plan if the loss is of a multi-year nature) be adopted at the same time as the decision to reduce General Operating Reserves below their target balance, and that under normal circumstances, reserves should be replenished within three years after the drawdown is completed.

#### d) Recommended Utility Operating Reserves

The GFOA Best Practices statement for enterprise funds such as the water or sewer utilities states that “under no circumstances should the target for working capital be less than forty-five (45) days worth of annual operating expenses and other working capital needs of the enterprise fund.”

Should Victoria’s water and sewer operating reserves exceed the minimum recommended by GFOA? Our recommended answer is “yes.” A typical standard operating reserve within the utility industry is 45 days of operating expenses for sewer and 60 days for water. The reason a water utility usually has a higher minimum operating balance than a sewer utility is that most water utilities are more dependent on water consumption as a factor in their rate revenue, whereas sewer utilities often have a flat monthly charge, particularly for single family residential customers. A riskier revenue stream translates into a higher minimum operating reserve balance. In the case of Victoria, both the water and sewer revenue have substantial dependence on metered water consumption. We suggested a 60-day operating reserve for both water and sewer utilities. Exhibit E-3 shows that this equates to \$2.2 million for water and \$600,000 for sewer.

**Exhibit E-3: Target Balance for Utility Operating Reserves**

	Water	Sewer
2014 Operating Budget per Annual Financial Plan	\$ 12,921,850	\$ 3,321,930
Target Reserve (60 days, rounded up)	2,200,000	600,000

We have not seen specific plans for the new stormwater utility, but most stormwater rates are based on some kind of measurement—such as impervious surface area—that is a more-or-less permanent characteristic of a given parcel. For that reason, stormwater revenue is usually the most stable of all the local utility revenue, and a 45-day operating reserve should be adequate for it.

At present the Victoria water and sewer utilities have no operating reserves at all, so establishing them will require a funding commitment. We suggest the same procedure we described above for replenishing General Operating Reserves: rely on annual operating surpluses.

The current Victoria Reserve Fund policy states that the Financial Stability Reserves are “funded from the year-end surplus from the appropriate entity (i.e., Operating Fund, Police Department, Water Utility, and Sewer Utility).” In actual practice, though, water and sewer year-end surpluses have been routinely swept into the related capital fund. Our suggestion is that until the Water and Sewer (and eventually Stormwater) operating reserves are fully funded at the target level, at least 50% of operating surpluses should go first toward funding the reserve.

In relying on operating surpluses to fund the operating reserves, it might take several years to arrive at the recommended operating reserve fund level, but the City will be moving steadily in the right direction. With either utility, it is possible that there would be a rate impact from requiring an operating reserve to be established and funded, because operating surpluses currently committed to capital expenditures would instead be used to build reserve balance. But even if it requires some degree of sacrifice from current ratepayers, we recommend it as a good financial practice.

## F. TARGET BALANCE FOR CAPITAL RESERVES

There are two components of the target balance for the capital reserve: the minimum balance, or “capital contingency” and the cash requirement needed to fund planned capital projects. They are discussed in turn.

### F1. CAPITAL CONTINGENCY (MINIMUM RESERVE BALANCE FOR MAJOR CAPITAL FUNDS)

#### a) How is the Capital Contingency Used?

The capital contingency is the bottom layer of the capital reserve fund balance—the money that is never expected to be actually used. If it is too high, then there is a risk that an unreasonably large amount of resources would be functionally useless. If it is too low, then there is a risk that an emergency capital need could create a disruptive financial demand on the rest of the system.

Because of Victoria’s emphasis on advance funding of capital needs (rather than debt), the capital contingency needn’t be exceptionally large, because the top layer of these reserve funds—the part that is usable for planned capital funding—also plays a “shock absorber” role in the funding of a capital system. For example, if a water system has a capital contingency of \$800,000, with another \$4.1 million saved up for planned future capital projects, then what happens if an emergency capital project costing \$1.2 million arises? Two things will happen. First, the City can dip below its normal minimum balance of \$800,000 to the degree necessary to address the urgent capital need. Second, the planned capital program will be re-evaluated, to see which projects can be delayed because the emergency project has now taken its place first in line. The second option would not be as readily available to another city that had less of a commitment to advance funding for its capital programs. (There is also a third option—borrowing. Of course, one of the purposes of a capital contingency is to minimize the risk of having to borrow. But borrowing is an option, and the fact that the City is so reluctant to borrow is part of what preserves its flexibility to do so when circumstances are most urgent.)

An “emergency capital need” is not limited to situations where some piece of existing infrastructure fails. It can also occur when unexpected conditions cause cost overruns with a previously planned capital project. It can also occur as a result of a time-sensitive opportunity—“if we spend money now, we will save money down the road.” The key attribute of these situations is that they require a timely and unexpected commitment of funds. Those are the conditions under which having a capital contingency, appropriately sized, can help the City avoid debt and also avoid disruptive impacts to current taxpayers or ratepayers.

#### b) Basis for the Capital Contingency

The utility industry has a long history of planning for both capital programs and capital contingencies, and it can provide a useful starting point in developing target capital contingencies for other types of assets as well, including streets and buildings.

There are two ways to develop a capital contingency amount. One approach is to estimate the replacement cost of an expensive single asset that could fail suddenly, and use that specific risk as a benchmark for how much to set aside for unplanned capital costs. Another, more typical way is to estimate the total magnitude of the capital infrastructure for which a given fund is responsible, and then choose a percentage of the cost of those assets.

**c) Replacement Cost of an Expensive Asset**

In the utility business, one way to help choose a capital contingency is to focus on a particularly expensive single asset that could be subject to sudden failure, and then set aside the estimated replacement cost of that asset. For example, a water utility might use the cost of replacing a major water line, or a road system might use the cost of replacing a particular bridge. The disadvantage of this method is that it focuses exclusively on one representative asset, without taking into account the overall magnitude of the assets for which a given reserve might be needed. It also places inordinate emphasis on asset failure as the thing that could warrant use of the capital contingency, when in fact the capital contingency could be drawn on for other reasons as well, such as overruns in the cost of planned capital projects.

However, even if the City decides to use the other method—a percentage of total asset cost—to choose its capital contingency, it is still helpful to use the cost of replacing a particular expensive asset as a “reasonableness check.” For example, if the “percentage of asset cost” method for the sewer utility results in a capital contingency of \$1 million, the City could check the reasonableness of that reserve threshold by asking how much it might cost to replace a major lift station, or how much in cost overruns it might be suddenly responsible for in the construction of a regional treatment plant.

**d) Percentage of Asset Cost**

Within the utility industry, the most common way to set a capital contingency is to focus on a percentage of asset cost, with a typical rule-of-thumb being 1% of the original cost of assets. While replacement cost is a more accurate way to measure the financial impact of potential asset failure, for most utilities the advantage of using original cost is simply that the data is more likely to be available and routinely updated for the full range of assets. Over time and with many utilities, 1% of original cost has been a simple way to define a capital contingency that is useful but not excessive.

**Replacement Cost vs. Original Cost** – However, for very old assets, using “original cost” as a benchmark for asset value can be problematic, because inflation over time increases the difference between original cost and current replacement cost. Exhibit F-1 shows the relationship between original cost and current replacement cost, using data from the Engineering News-Record (ENR) Construction Cost Index from 1914 through 2014. We can see that due to inflation, a building that was constructed in 1914 for \$10,000 would be expected to cost approximately \$1,101,900 in 2014. (A complete table showing all of the ENR Construction Cost Index values from 1908 through 2014 is shown in Appendix A.)

**Exhibit F-1: Relationship Between Original Cost and Replacement Cost**

Engineering News Record (ENR) 20 City Average Construction Cost Index (CCI)				
Year	ENR CCI (yearly avg)	Age (years)	Current Cost as Multiple of Original Cost	Original Cost as Percentage of Current Cost
1914	89	100	110.19	1%
1924	215	90	45.61	2%
1934	198	80	49.53	2%
1944	299	70	32.80	3%
1954	628	60	15.62	6%
1964	936	50	10.48	10%
1974	2020	40	4.85	21%
1984	4146	30	2.37	42%
1994	5408	20	1.81	55%
2004	7115	10	1.38	73%
2014	9807	0	1.00	100%

In addition, according to City staff, the original cost of many of Victoria's old assets—particularly historic buildings and sewer pipes—was not recorded at all, because early cost records were not available and those assets were assumed to be fully depreciated anyway. For this reason, the City staff's recommendation is that the benchmark for determining the appropriate size of a capital contingency be replacement cost rather than original cost.

As a metric, replacement cost has its own challenges. Replacement cost estimates are typically not updated routinely; instead, they are more likely to be part of a periodic engineering assessment that might be updated every several years. In using replacement cost estimates, there are also questions about what the estimate refers to: "as is" replacement or replacement with upgrades required by current code. Property insurance records contain replacement costs for certain specific assets, such as buildings, but not for all assets, and the assumptions made in developing a replacement cost for insurance purposes might not be consistent with the assumptions made in a periodic engineering assessment of an entire group of assets. For more recently built assets (with reliable original cost data), one could also take the original cost and factor it up for inflation since the time of construction. However, that might lead to results that conflict with other estimating methods. For instance, the SOFMC multipurpose arena was placed in service in 2005. Its original cost is shown on the City books as \$35.5 million, and with ten years of inflation, one would expect the replacement cost to be about \$46.9 million. However, the property insurance replacement cost estimate for the arena is \$67.6 million. For any given single asset, those differences could probably be reconciled, but for an entire system of assets, it is not practical to spend the time to do that.

Fortunately, the capital cost contingency is just a guideline, and the total replacement cost is just a way to approximate the degree of risk represented by a given collection of existing assets. It doesn't have to be exact or completely consistent. Also, the target capital contingency level should be rounded off, lest it convey a false sense of precision. The target capital contingency is still a policy choice, albeit one that should be informed by an approximate idea about the magnitude of its potential funding responsibilities, using the best data and methods available.

### e) Suggested Approach to Capital Contingency

Based on the staff's greater confidence in replacement cost data than original cost data, we suggest that the capital contingency for the City's major capital reserves be based on a percentage of the current replacement cost of the assets for which a given fund is responsible. How could the percentage be determined? Utilities are a useful starting point. Since they are capital-intensive, self-supporting enterprises, they have a long track record of capital planning and assessing infrastructure risks. For Victoria, we would suggest focusing on the water utility, since the sewer utility seems to have a large number of assets with unrecorded cost data. Then we can apply the resulting "percentage of replacement cost" guideline to other funds after adjusting for greater or lesser degrees of the risk of an emergency capital spending need.

**Choosing a Percentage for the Water System** – The original cost of water assets is \$60.0 million as of the end of 2013, and 1% of that amount is approximately \$600,000. We are assuming that original cost data is more reliable for the water system than for the sewer system. This comes from another assumption—that the average age of the water system is less than that of the sewer system. Sewer pipes are gravity lines, which can last for well over a hundred years before becoming so obviously impaired that they must be replaced. In contrast, with a pressurized water system, pipe failures can be strikingly obvious, so water lines are typically replaced on shorter intervals than sewer lines. So we have assumed that the water original cost data is mostly but not entirely complete, and that a suitably conservative capital contingency for the water system might be \$800,000 rather than the \$600,000 figure implied by the water original cost data. The 2013 estimated replacement cost of the water system is \$282.8 million, which means that a capital contingency of \$800,000 is approximately 0.3%

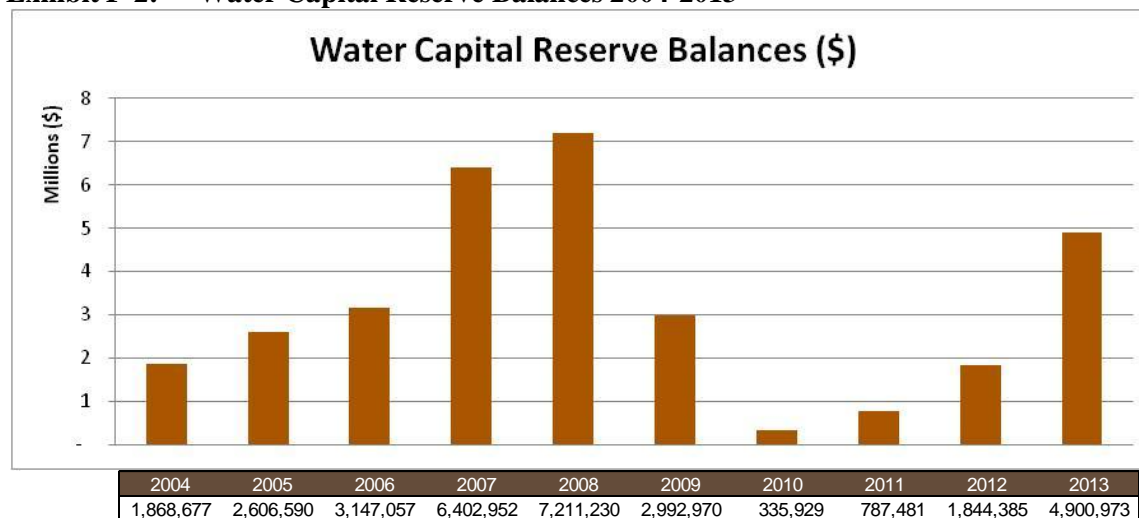
of current replacement cost. That 0.3% factor then becomes our starting point in considering the other reserve funds.

**Illustration of How a Capital Contingency Functions** – Before we turn our attention away from the Water capital reserve, we will use its history to illustrate how a capital contingency should work.

Exhibit F-2 shows the water capital reserve balances from 2004 through 2013. During this ten-year period, the fund balance fluctuated as one would expect a capital reserve to fluctuate, as it saved up money, then spent that money on a major capital project, and then started saving again. The low point was a 2010 fund balance of \$336,000. The implication of choosing an \$800,000 capital contingency is that during the capital planning for the water system in advance of the major pipe replacement program of 2009-2010, the forecast would not show the fund balance dropping to a level of \$336,000; instead, it would be allowed to drop only as low as \$800,000 before either the spending had to stop or the rates had to be raised even more.

Now, let us imagine that in advance of the 2009-2010 capital project, the low point of the forecast was in fact planned to be \$800,000, but that the project costs escalated beyond what had been planned, and the actual fund balance dipped down below the \$800,00 threshold, even as low as \$336,000. Such a series of events should not be assumed to represent a failure of financial planning. In this scenario, the capital contingency is simply doing its job. Beforehand, the capital contingency is telling the City when to stop spending money on a big capital project, or when rates need to be raised even higher. And then, when things turn out to cost more than expected—which sometimes happens—the capital contingency also provides a buffer, so the major capital project can either be completed or reach a logical stopping point without the water system having to incur debt.

**Exhibit F-2: Water Capital Reserve Balances 2004-2013**



**Assessing the Risk for Other Funds** – If the recommended percentage of replacement cost for the water system is 0.3%, what should it be for the other reserve funds?

The risk of surprise asset failure or cost overruns is a function of two things: the regularity and quality of capital planning, and whether the asset is visible or hidden. Pipes and the insides of buildings are invisible and therefore create a higher risk of a surprise; roadways and building exteriors are visible and therefore present less risk of a surprise.

Routine, high-quality capital planning reduces the risk of unexpected capital funding emergencies. Capital planning or facilities assessment that is more sporadic can lead to larger unpleasant surprises.



In addition to the *likelihood* of an unexpected asset failure, the *cost impact* of an asset failure can vary widely depending on the type of asset. For example, if a historical building were to develop a problem that demanded an immediate capital renovation, the cost of that renovation would probably be very high, simply because building codes have changed so much over time, and because a building is such an interconnected set of structural, plumbing, electrical, and mechanical systems that opening up one part of a building often leads to other needed renovations. On the other hand, if a section of roadway were to develop an unexpected problem, then unless the road is supported by a structure (such as a bridge or retaining walls), it is more likely that the cost of fixing the problem can be limited to the scale of the visible problem.

**Suggested Percentage Targets for Capital Contingencies** – Given the above discussion, we suggest that capital funds with funding responsibility for buildings have a higher capital contingency level than the utility funds. Much of the utility plant is invisible, but for that very reason, the routine system planning that is common to water, sewer, and stormwater utilities keeps this particular type of risk manageable. For Sewer and Stormwater reserves, as well as for the Parking Services Equipment & Infrastructure Fund, we suggest that the minimum capital contingency be 0.3% of asset replacement cost, the same as for the Water reserve.

Vehicles and most kinds of equipment are visible and their condition is well known. Therefore, most of their target reserve balances can be a function of their replacement cycles and capital planning. For that reason, we suggest that the City Equipment Reserve and the City Vehicles and Heavy Equipment Reserve have capital contingencies set at 0.3% of asset replacement cost. Unless a different minimum balance is required by the City's agreement with the Victoria-Esquimalt Police Board, we recommend the same capital contingency level for the Police Vehicles, Equipment & Infrastructure Fund. If the agreement requires a certain minimum balance, then of course the reserve policy should match the requirements of the agreement.

Several of the City's capital reserves have substantial funding responsibility for buildings, including the Buildings & Infrastructure Fund, the SOFMC Equipment & Infrastructure Fund, and the Victoria Conference Centre (VCC) Equipment & Infrastructure Fund, and the Recreation Facilities Equipment and Infrastructure Fund. For the Buildings & Infrastructure Fund, which has responsibility for some very old buildings, we suggest a capital contingency of 0.7% of asset replacement cost. For the SOFMC and VCC funds, which have buildings that are newer (SOFMC and VCC) or smaller (Recreation Facilities), our suggestion is that 0.5% of replacement cost would be adequate for a capital contingency.

The Recreation Facilities Equipment and Infrastructure Fund is unusual among this group of funds. It is a relatively small fund that is limited to revenue from user fees and rentals. Most capital investment in parks and recreation buildings is funded by the much larger Buildings and Infrastructure Reserve, which receives a General Fund transfer each year. However, the Recreation Facilities fund is shown here as a major capital reserve because there is a group of assets assigned to it, for which City asset data shows an original cost of \$5.8 million. For that reason, we have suggested a capital contingency for it, based on 0.5% of the replacement cost of its assigned assets.

**f) Application of Suggested Capital Contingency Percentage Targets**

Exhibit F-3 shows estimates for 2013 asset replacement cost and how our suggested capital contingency percentages would apply to each of the major capital reserves.<sup>2</sup> For the Buildings and Infrastructure Fund, using current estimates of replacement cost, a capital contingency at 0.7% would be about \$7.5 million. At the 0.5% threshold, the capital contingency would be \$400,000 for the Victoria Conference Centre Fund, and \$300,000 for the SOFMC Multipurpose Arena Fund.

**Exhibit F-3: Major Capital Reserves and Suggested Minimum Fund Balances**

Fund List	2013 Asset Original Cost	Est. 2013 Replacement Cost	Suggested Min. Reserve (% of Replacement Cost)	Implied Capital Contingency (rounded)
Police Vehicles & Equipment	\$ 11,528,760	\$ 11,528,760	0.30%	\$ 30,000
City Equipment	22,268,615	22,268,615	0.30%	70,000
City Vehicles and Heavy Equipment	29,315,846	29,315,846	0.30%	100,000
Victoria Conference Centre	22,211,759	91,034,100	0.50%	400,000
Buildings and Infrastructure	244,109,795	1,067,826,100	0.70%	7,500,000
Parking Services	6,854,666	53,467,525	0.30%	200,000
SOFMC Multipurpose Arena	35,548,380	67,613,914	0.50%	300,000
Recreation Facilities	5,821,772	25,466,572	0.50%	100,000
Water Equipment and Infrastructure	59,967,667	282,814,789	0.30%	800,000
Sewer Equipment and Infrastructure	28,877,124	332,482,665	0.30%	1,000,000
<b>Total</b>	<b>\$ 466,504,384</b>	<b>\$ 1,983,818,886</b>		<b>\$10,500,000</b>

Again, this capital contingency is unrelated to the size of the planned capital program; instead, it serves as a bottom layer of the fund balance, intended to be unspent. The total fund balance should fluctuate over time above that bottom layer, depending on the magnitude and timing of capital projects. For example, the Buildings and Infrastructure Fund had a 2013 balance of \$31.4 million, but \$7.5 million of that should be considered the fund balance “floor” (i.e., the capital contingency), so the Fund only had \$23.9 million that could be used for a planned capital program related to those assets.

<sup>2</sup> The replacement cost figures here are an amalgamation of several sources and estimating methods. In February 2012, the City staff presented replacement cost estimates to the Council that grouped the assets differently than the major capital reserves. We used those estimates for Water, Sewer, and as the starting point for our estimates of the Buildings and Infrastructure Fund. The February 2012 replacement cost estimate for “Fleet and Equipment” were less than the sum of the original cost figures for Police Vehicles and Equipment, City Equipment, and City Vehicles and Heavy Equipment, so we used the original cost numbers for those three funds. The February 2012 estimates for Roads, Bridges, Street Lighting, and Drainage System all fit within the Buildings and Infrastructure Fund, but the SOFMC Multipurpose Arena, VCC, and Recreation Facilities needed to be broken out from a “Civic Facilities” category. To deal with the SOFMC and VCC, we used an intentionally conservative method—i.e., resulting in the highest overall capital contingency. Because the SOFMC and VCC are relatively recent in construction (2005 and 1989, respectively), we could estimate their replacement cost by taking their original cost and adding inflation. For both the arena and the conference centre, their replacement costs for property insurance purposes were much higher. We subtracted the lower SOFMC and VCC estimates from the “Civic Facilities” category (leaving a higher number for the Buildings and Infrastructure Fund) but then added back the higher insurance estimates for the VCC and Multipurpose reserve funds. Finally, because our original cost data for the Recreation Facilities Fund showed that its assets represent 2.3% of the sum of that fund and the Buildings and Infrastructure Fund, we applied that same 2.3% factor to separate the replacement cost estimate for the two funds as well. All of these machinations lead to obvious uncertainty about the accuracy of the replacement cost estimates, but the City staff feels that the original cost data is even worse in terms of completeness and accuracy, so this is used as our basis for the recommended capital contingencies. Fortunately, the capital contingency is a policy choice, and all that is needed here is for that choice to be based on a rough approximation of the magnitude of capital risks, using the best available data.

## F2. FUNDING THE PLANNED CAPITAL PROGRAM – MAJOR CAPITAL RESERVES

For a major capital reserve, the target balance at any given point in time will be the sum of the capital contingency and the forecasted cash flow requirements of the planned capital program.

### a) Fund Balances Available for Planned Capital Expenditures

Exhibit F-4 below shows the major capital reserves along with the amount of their 2013 fund balances above the capital contingency, in relation to the estimated 2013 replacement cost of the assets. For each reserve, the “fund balance minus capital contingency” represents the portion of the balance that is available to smooth out the peaks and valleys of planned capital expenditures.

**Exhibit F-4: Reserve Balance in Relation to Current Replacement Cost of Assets**

Fund List	2013 Asset Original Cost	Est. 2013 Replacement Cost	Fund Balance FYE 2013	Suggested Capital Contingency	Fund Balance Minus Capital Contingency	Fund Balance minus Capital Contingency as % of Replacement Cost
Police Vehicles & Equipment	\$ 11,528,760	\$ 11,528,760	\$ 1,657,651	\$ 30,000	\$ 1,627,651	14%
City Equipment	22,268,615	22,268,615	5,542,460	70,000	5,472,460	25%
City Vehicles and Heavy Equipment	29,315,846	29,315,846	5,396,227	100,000	5,296,227	18%
Victoria Conference Centre	22,211,759	91,034,100	602,900	400,000	202,900	0%
Buildings and Infrastructure	244,109,795	1,067,826,100	31,351,148	7,500,000	23,851,148	2%
Parking Services	6,854,666	53,467,525	5,612,904	200,000	5,412,904	10%
SOFMC Multipurpose Arena	35,548,380	67,613,914	563,589	300,000	263,589	0%
Recreation Facilities	5,821,772	25,466,572	1,513,080	100,000	1,413,080	6%
Water Equipment and Infrastructure	59,967,667	282,814,789	4,900,973	800,000	4,100,973	1%
Sewer Equipment and Infrastructure	28,877,124	332,482,665	16,403,688	1,000,000	15,403,688	5%
<b>Total</b>	<b>\$ 466,504,384</b>	<b>\$ 1,983,818,886</b>	<b>\$ 73,544,620</b>	<b>\$ 10,500,000</b>	<b>\$ 63,044,620</b>	<b>3%</b>

This shows that taken as a whole, the three reserves that are responsible for vehicles and equipment are funded at between 14% and 25% of estimated replacement cost. Given the relatively short useful life of vehicles and equipment, this percentage would be expected to be high. For building and road-related infrastructure, the amount currently available to fund planned capital expenditures is only about 2% of the estimated current replacement cost. The analogous percentages are 5% for the sewer system and only 1% for the water system at the end of 2013. For the VCC and Multipurpose Arena funds, almost all of their reserves consist of capital contingency, so very little is available for planned capital spending.

How should a program of capital expenditures be converted into a cash flow forecast that includes projected reserve balances in future years? We will show this by focusing on an extended example from the Buildings and Infrastructure Fund. While the tables and projected reserve balances are specific to that fund, the approach can be generalized to the other major capital funds as well.

### b) Example Capital Program for Buildings and Infrastructure Fund

The Buildings and Infrastructure Fund does not have a current master plan that addresses the replacement and renovation of all of its assets, but a 2008 assessment of City facilities is available that at least addresses the majority (though not all) of the assets for which the Buildings and Infrastructure Fund is responsible. We took the 2008 estimates, added estimated inflation to bring it to 2014 constant dollars, and developed an example facilities capital program for a 20-year period.

This example facilities capital program is shown in Exhibit F-5 on the following pages. It reveals annual spending needs that range from \$5 million to \$32 million in any given year. We made some assumptions about “expenditure smoothing,” shifting costs from one year to another to arrive at a less variable spending pattern ranging from \$8 million to \$14 million, still in 2014 constant dollars. To this smoothed pattern of expenditures we added projected inflation over the 20-year forecast period to arrive at a nominal-dollar estimate of the cash flow needs of the capital program.

**Exhibit F-5: Example Facilities Capital Program****Example Facilities Capital Program***Based on City Facilities Assessment (2008)*

Name of Facility	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Aviary/Info Kiosk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,548	\$ 2,162	\$ 3,145	\$ -	\$ -	\$ -
Bastion Square Parkade	112,807	10,894	-	7,326	-	-	35,204	926,958	58,737	21,721	51,569
Beacon Hill Main Administration Offices	314,403	29,747	-	366,379	40,305	56,850	49,624	-	486,551	216,434	65,231
BHP Main Public Washrooms	-	14,203	33,895	34,888	-	1,651	18,720	31,608	144,844	-	11,867
BHP Service Building, Mansard Roof	-	164,066	41,479	23,235	91,255	106,241	101,245	-	31,171	-	-
Burnside Gorge Community Centre	-	-	-	-	427,547	-	70,774	-	-	218,792	-
Cameron Bandstand	77,446	21,328	-	69,713	-	5,055	61,852	-	44,234	5,884	2,919
Centennial Arcade	376,407	294,250	36,967	530,806	-	-	70,924	120,179	38,063	102,879	82,845
Centennial Square Parkade	162,166	410,713	-	-	117,023	-	222,477	262,427	-	12,999	16,466
Chequers Building aka Lookout	221,538	-	-	33,352	-	-	-	-	16,351	-	-
Children's Petting Zoo	33,381	17,130	-	6,025	2,616	-	338	-	17,294	-	5,627
Children's Zoo Gazebos & Shelters (East)	9,480	-	-	-	-	-	-	-	15,388	-	-
Children's Zoo Gazebos & Shelters (West)	9,603	3,722	-	-	-	-	-	-	15,388	-	-
City Hall - New Building	2,091,964	429,703	517,698	1,393,858	349,653	240,663	377,176	208,643	218,449	490,466	239,466
City Hall - Old Building	2,051,677	-	455,105	1,349,410	288,909	151,517	64,351	1,275,443	-	558,850	43,872
Cook @ Dallas Comfort Station	-	22,971	-	445	13,661	-	6,740	-	1,527	-	-
Cook Street Village Activity Centre	-	33,396	135,559	281,308	89,336	137,959	140,532	-	821,431	-	35,891
Cricket Pavilion	138,855	23,183	-	2,953	-	1,795	13,993	-	52,311	24,779	-
Crystal Garden Conference Centre	-	-	-	-	-	409,326	-	122,432	-	-	77,497
Crystal Pool	5,355,029	559,374	85,998	922,088	4,239,067	52,426	672,991	-	-	3,675,013	-
Fairfield Gonzales Community Centre	295,450	8,064	3,252	269,683	-	73,576	125,446	4,876	489,160	41,028	176,063
Fernwood Community Centre	70,113	31,536	37,281	147,541	34,727	472,231	69,221	145,159	89,666	68,374	-
Finlayson Point Shelter	-	5,235	-	-	-	-	2,530	-	-	-	-
Fire Hall # 1	1,385,862	507,848	44,360	1,465,485	133,997	-	545,879	456,493	-	153,984	182,811
Fire Hall # 2	76,768	71,147	-	351,823	-	-	19,032	203,326	153,842	59,004	-
Fire Hall # 3	175,556	62,691	13,969	49,190	25,108	-	69,358	51,425	152,979	-	18,556
Garbage Transfer Station	17,988	16,131	-	-	-	-	3,100	-	-	345	-
Garry Oak Room	-	86,270	44,655	21,932	-	-	68,681	-	61,366	-	-
Gas Pump Shelter	47,128	12,059	-	-	-	-	169	6,614	-	3,296	-
Gonzales Park Comfort Station	-	23,292	12,589	37,538	6,752	-	6,336	-	7,114	-	-
Holland Point Comfort Station	-	22,971	-	445	3,969	3,435	6,740	-	1,527	-	-
Hollywood Park Comfort Station	-	6,416	22,392	24,019	19,102	14,790	10,220	-	-	-	-
Irving Park Comfort Station	-	5,426	26,509	13,443	5,777	4,156	4,334	-	8,936	-	-
Island Saw	-	1,152	30,858	184,680	21,913	129,603	231,150	39,734	-	-	354,499
James Bay New Horizons	193,890	-	18,355	106,714	-	110,834	120,435	194,396	158,426	315,684	12,680
Johnson Street Bridge Controls House	45,619	2,562	-	6,937	-	-	507	-	-	14,944	46,635
Johnson Street Parkade	17,010	-	52,541	9,330	-	-	16,931	-	-	-	85,697
Main Admin. Building And Shops	1,975,549	385,740	536,492	163,047	102,924	425,547	210,229	-	508,900	347,069	246,828
Maintenance Garage and Workshops	73,423	-	35,682	36,676	11,798	-	28,414	-	9,025	-	-
Masonry Block Building (Beside Stores)	5,407	1,785	-	-	-	-	-	-	-	-	-
Memorial Crescent Comfort Station	-	7,066	20,113	25,127	734	-	-	-	-	-	-
Nursery attached to GH 1 and 2	216,560	-	-	135,460	47,425	82,116	-	69,714	-	57,764	-
Nursery Way Comfort Station	-	10,205	38,655	11,569	6,241	4,257	28,510	-	-	-	-

**Exhibit F-5: Example Facilities Capital Program, continued****Example Facilities Capital Program***Based on City Facilities Assessment (2008)*

Name of Facility	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	20-Year Total
Aviary/Info Kiosk	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,887	\$ 10,004	\$ -	\$ -	\$ 53,745
Bastion Square Parkade	17,244	-	371,448	-	60,899	-	-	1,093,874	-	2,768,680
Beacon Hill Main Administration Offices	120,069	-	-	13,941	-	78,552	-	293,713	96,897	2,228,695
BHP Main Public Washrooms	19,030	-	-	-	-	-	-	-	-	310,707
BHP Service Building, Mansard Roof	28,148	-	29,109	29,734	17,357	139,139	-	-	-	802,179
Burnside Gorge Community Centre	-	263,325	-	1,917,545	-	-	-	122,809	1,103,135	4,123,927
Cameron Bandstand	18,319	-	9,725	-	-	60,531	-	-	2,970	379,974
Centennial Arcade	-	-	29,882	-	33,107	149,252	-	284,787	559,083	2,709,431
Centennial Square Parkade	20,799	-	-	-	-	352,169	-	-	250,887	1,828,126
Chequers Building aka Lookout	-	-	94,296	-	-	-	-	46,452	-	411,988
Children's Petting Zoo	-	-	-	-	-	20,889	-	-	-	103,303
Children's Zoo Gazebos & Shelters (East)	-	3,959	-	-	-	17,408	-	-	-	46,234
Children's Zoo Gazebos & Shelters (West)	5,892	3,959	-	-	-	17,408	-	-	-	55,971
City Hall - New Building	562,936	435,879	642,812	936,152	301,284	1,021,213	1,088,892	606,196	776,383	12,929,484
City Hall - Old Building	161,890	-	98,334	344,278	198,720	631,024	974,992	1,210,430	884,631	10,743,432
Cook @ Dallas Comfort Station	-	-	-	-	-	5,296	-	-	-	50,639
Cook Street Village Activity Centre	86,943	32,445	257,934	141,415	-	147,664	-	213,873	-	2,555,689
Cricket Pavilion	34,883	-	-	-	2,842	61,124	-	-	59,286	416,005
Crystal Garden Conference Centre	-	-	-	-	2,009,297	-	-	-	212,450	2,831,002
Crystal Pool	854,910	48,697	1,267,457	87,271	-	2,168,608	204,865	304,713	508,921	21,007,429
Fairfield Gonzales Community Centre	83,708	141,788	88,686	-	106,501	78,357	7,719	-	104,843	2,098,200
Fernwood Community Centre	12,304	-	25,401	-	580,322	317,903	-	38,963	294,428	2,435,170
Finlayson Point Shelter	-	-	-	-	-	4,005	-	-	-	11,771
Fire Hall # 1	5,749	-	187,463	406,298	-	278,053	-	397,285	985,759	7,137,326
Fire Hall # 2	-	-	790,323	-	-	202,198	-	521,512	446,220	2,895,196
Fire Hall # 3	36,177	-	292,125	-	-	14,745	-	91,795	-	1,053,674
Garbage Transfer Station	-	-	-	-	-	5,076	-	-	23,240	65,880
Garry Oak Room	125,266	-	-	-	-	101,115	-	43,679	-	552,965
Gas Pump Shelter	-	448,746	-	-	-	-	-	7,554	104,597	630,163
Gonzales Park Comfort Station	2,606	-	-	-	-	24,371	-	-	-	120,597
Holland Point Comfort Station	-	-	-	-	-	5,296	-	-	-	44,382
Hollywood Park Comfort Station	-	-	-	7,088	-	30,030	-	-	-	134,056
Irving Park Comfort Station	-	-	-	-	-	50,287	-	-	-	118,867
Island Saw	-	46,624	190,290	28,743	31,595	-	-	50,020	-	1,340,861
James Bay New Horizons	-	-	278,413	-	302,783	103,179	85,829	42,042	172,474	2,216,132
Johnson Street Bridge Controls House	9,961	-	-	-	-	20,847	-	44,772	23,655	216,439
Johnson Street Parkade	-	-	3,445,704	352,237	44,889	-	-	38,882	-	4,063,222
Main Admin. Building And Shops	237,986	1,392,554	153,252	-	375,392	370,432	744,756	210,907	623,769	9,011,374
Maintenance Garage and Workshops	-	-	-	-	19,194	19,684	-	-	-	233,896
Masonry Block Building (Beside Stores)	-	-	-	-	-	6,963	-	-	-	14,156
Memorial Crescent Comfort Station	-	-	-	-	-	10,855	12,473	-	-	76,369
Nursery attached to GH 1 and 2	185,387	-	1,238	38,233	-	13,514	-	144,443	-	991,852
Nursery Way Comfort Station	-	-	-	-	6,738	125,289	-	-	-	231,465



**Exhibit F-5: Example Facilities Capital Program, continued****Example Facilities Capital Program***Based on City Facilities Assessment (2008)*

Name of Facility	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Oaklands Community Centre	73,463	-	9,566	28,098	-	98,758	28,907	-	67,396	46,890	261,733
Oaklands Park Comfort Station	-	28,797	36,260	33,727	23,745	-	26,969	-	11,915	-	-
Pandora Administration Offices	304,358	165,560	280,251	556,135	-	149,324	78,656	175,354	60,629	62,660	284,585
Paving Plant	20,829	7,583	-	11,909	-	-	4,430	-	-	3,621	-
Pemberton Park Comfort Station	13,823	21,851	9,301	59,468	-	-	29,429	-	-	-	-
Police Stables	15,168	-	-	17,444	-	5,114	8,506	-	31,618	-	-
Quadra Village Community Centre	385,476	9,245	32,240	95,745	97,902	243,264	100,414	386,084	164,584	-	-
RAP Admin, and Baseball	302,808	119,965	253,149	93,171	19,048	-	30,173	21,851	22,964	13,585	-
RAP Entrance Pavilion Box Office	326,860	119,965	247,023	23,428	767	-	30,173	21,851	527	547	10,827
RAP Soccer Grandstand	554,547	299,912	528,443	1,045,050	-	-	-	83,282	10,760	25,971	27,083
RAP Storage Building	30,378	11,140	-	-	-	-	169	-	-	-	-
RAP Storage Sheds	-	3,672	-	-	-	-	-	-	-	-	-
Repair Shop Attached to Admin Offices	56,836	-	-	19,368	11,985	-	1,008	-	34,561	-	-
Save-On-Foods Memorial Centre	383,622	2,610,116	-	317,022	-	-	2,233,429	-	-	779,112	-
Small Parks Building	33,050	-	-	12,063	10,760	-	12,674	-	28,952	67,319	1,078
Sports Hut	109,756	1,302	-	30,632	-	-	3,800	9,940	2,170	-	-
Stadacona Park Comfort Station	-	-	-	14,816	-	-	16,330	-	11,002	-	-
Storage Buildings & Sheds	105,407	75,726	-	-	-	-	79,009	-	-	14,006	14,380
Stores w/Annex	94,153	19,434	63,632	357,001	49,921	-	-	-	429,415	-	-
Tire Shed @100 Cook St.	1,226	-	-	-	9,409	-	12,435	-	-	-	-
Topaz Park Field House	-	49,327	42,806	65,042	99,860	20,635	134,665	-	28,536	-	-
Topaz Park Service Building	-	6,699	1,151	53,451	1,935	4,294	10,256	-	22,287	-	-
Vic West Park Comfort Station	-	4,713	38,184	22,818	32,757	-	15,824	-	-	-	-
Victoria Conference Centre	8,663,402	434,624	297,729	327,721	336,534	8,549,364	1,320,254	-	-	2,913,726	3,054,988
Victoria Police Headquarters	4,962,807	29,315	916,818	1,199,911	564,264	1,140,530	6,013,931	-	-	1,932,772	-
Victoria West Community Centre	288,154	-	98,309	297,577	155,024	46,852	37,856	47,952	36,423	-	35,085
View Street Parkade	335,741	-	-	50,734	67,808	-	4,397	1,039,941	-	16,314	509,906
McDonald Park Field House & Washrooms	17,560	26,212	799	55,434	-	24,233	135,799	-	7,906	-	-
Ross Bay Cemetery Svc Bldg Washroom	66,515	-	-	14,139	12,873	-	-	2,847	-	2,601	-
Total (2014 Constant Dollars)	\$32,697,021	\$ 7,347,437	\$ 5,100,070	\$12,884,336	\$ 7,574,435	\$12,771,948	\$13,845,829	\$ 5,911,678	\$ 4,574,334	\$12,268,441	\$ 5,956,695
<i>Note: Facilities yet to be included in these estimates include Library as well as Curling Club and other leased buildings.</i>											
Average per Year (Constant Dollars)	11,578,615										
<i>Assumed Expenditure Smoothing:</i>											
Spread 2014 projects over next 5 years	(20,000,000)	5,000,000	8,000,000	1,000,000	6,000,000						
Spread 2025 projects over previous 4 years								4,000,000	4,000,000		4,000,000
Spread 2030 projects over previous 4 years											
Spread 2033 projects over previous 2 years											
Smoothed Total (Constant Dollars)	\$12,697,021	\$12,347,437	\$13,100,070	\$13,884,336	\$13,574,435	\$12,771,948	\$13,845,829	\$ 9,911,678	\$ 8,574,334	\$12,268,441	\$ 9,956,695
Assumed Annual Inflation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Total Facilities Capital (Inflated Dollars)	\$12,697,021	\$12,717,860	\$13,897,865	\$15,171,789	\$15,278,146	\$14,806,188	\$16,532,644	\$12,190,114	\$10,861,710	\$16,007,533	\$13,380,966

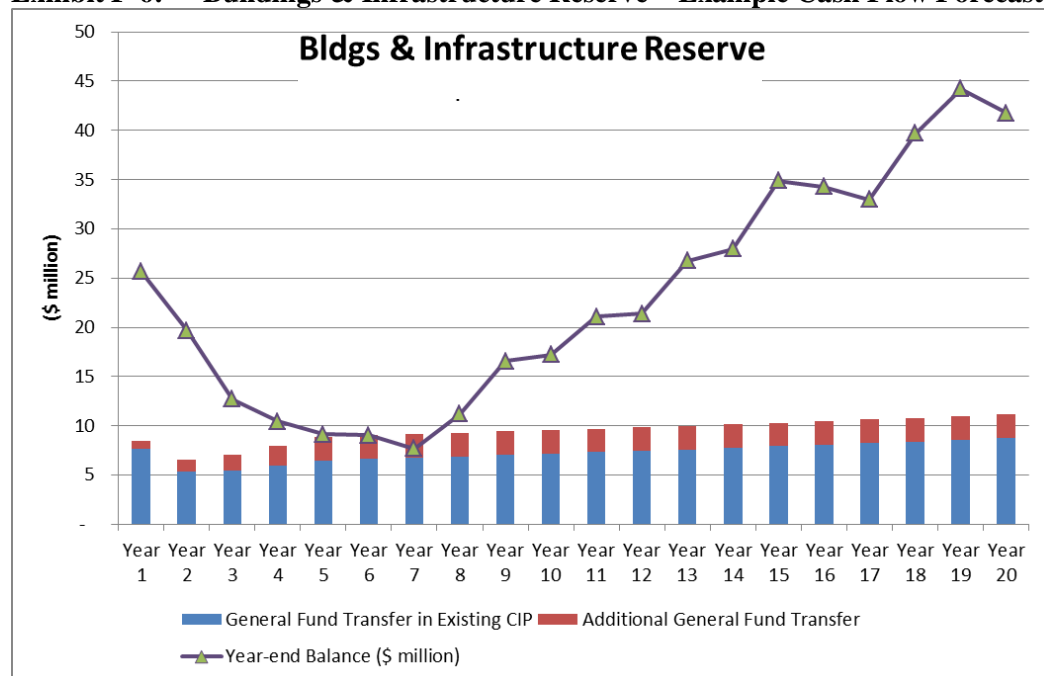
**Exhibit F-5: Example Facilities Capital Program, continued****Example Facilities Capital Program***Based on City Facilities Assessment (2008)*

Name of Facility	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	20-Year Total
Oaklands Community Centre	-	31,760	-	-	208,527	21,530	-	46,497	74,225	997,350
Oaklands Park Comfort Station	-	-	-	-	-	45,404	-	-	-	206,819
Pandora Administration Offices	246,727	-	125,928	-	700,198	74,460	68,142	322,371	99,188	3,754,526
Paving Plant	-	-	-	-	-	6,478	-	-	6,173	61,023
Pemberton Park Comfort Station	-	-	-	-	6,717	46,120	-	-	-	186,709
Police Stables	12,808	-	-	-	-	45,260	-	-	-	135,918
Quadra Village Community Centre	14,634	1,204,774	19,304	15,447	700,658	302,745	961,806	70,490	-	4,804,812
RAP Admin, and Baseball	86,434	-	1,238	29,549	-	59,773	9,315	42,226	75,561	1,180,810
RAP Entrance Pavilion Box Office	24,415	-	1,238	17,757	-	59,773	375	6,710	54,923	947,159
RAP Soccer Grandstand	238,357	-	11,344	79,845	-	124,037	112,957	113,656	81,464	3,336,708
RAP Storage Building	42,376	-	-	-	-	-	-	-	-	84,063
RAP Storage Sheds	6,014	-	-	-	-	-	-	-	-	9,686
Repair Shop Attached to Admin Offices	-	-	6,260	-	52,996	-	-	-	-	183,014
Save-On-Foods Memorial Centre	10,914,569	-	-	-	495,313	12,489,644	-	-	-	30,222,826
Small Parks Building	-	-	-	-	-	20,063	63,261	-	-	249,221
Sports Hut	5,347	-	-	21,683	-	3,076	-	7,252	-	194,959
Stadacona Park Comfort Station	-	-	-	-	5,120	30,742	-	-	-	78,011
Storage Buildings & Sheds	8,225	-	-	-	-	4,285	-	-	22,170	323,207
Stores w/Annex	-	-	6,103	-	-	38,706	-	-	-	1,058,365
Tire Shed @100 Cook St.	-	-	-	-	-	19,684	-	-	-	42,755
Topaz Park Field House	-	-	35,511	-	-	258,949	42,630	36,259	-	814,221
Topaz Park Service Building	-	-	132,623	3,063	6,797	34,799	-	7,521	-	284,874
Vic West Park Comfort Station	-	-	-	-	-	31,054	-	-	-	145,351
Victoria Conference Centre	2,007,201	-	-	-	2,676,156	858,963	-	-	6,494,971	37,935,631
Victoria Police Headquarters	8,192,247	1,925,580	-	565,569	454,516	3,893,372	1,480,852	880,850	3,059,478	37,212,813
Victoria West Community Centre	136,844	71,019	281,681	33,669	74,980	30,443	223,350	28,602	20,097	1,943,917
View Street Parkade	-	-	-	-	393,582	9,175	-	86,452	135,977	2,650,027
McDonald Park Field House & Washrooms	-	-	2,883	-	26,859	3,695	-	-	-	301,379
Ross Bay Cemetery Svc Bldg Washroom	3,561	-	2,502	1,569	-	-	44,939	-	23,743	175,289
<b>Total (2014 Constant Dollars)</b>	<b>\$24,569,980</b>	<b>\$ 6,051,121</b>	<b>\$ 8,880,518</b>	<b>\$ 5,071,102</b>	<b>\$ 9,893,355</b>	<b>\$25,197,608</b>	<b>\$ 6,137,175</b>	<b>\$ 7,457,605</b>	<b>\$17,381,616</b>	<b>\$231,572,305</b>
<i>Note: Facilities yet to be included in these estimates include Library as well as Curling Club and other leased buildings.</i>										
<b>Average per Year (Constant Dollars)</b>										
<b>Assumed Expenditure Smoothing:</b>										
Spread 2014 projects over next 5 years										
Spread 2025 projects over previous 4 years	(12,000,000)									
Spread 2030 projects over previous 4 years		3,000,000	3,000,000	3,000,000	3,000,000	(12,000,000)				
Spread 2033 projects over previous 2 years							2,000,000	2,000,000	(4,000,000)	
<b>Smoothed Total (Constant Dollars)</b>	<b>\$12,569,980</b>	<b>\$ 9,051,121</b>	<b>\$11,880,518</b>	<b>\$ 8,071,102</b>	<b>\$12,893,355</b>	<b>\$13,197,608</b>	<b>\$ 8,137,175</b>	<b>\$ 9,457,605</b>	<b>\$13,381,616</b>	<b>\$231,572,305</b>
Assumed Annual Inflation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
<b>Total Facilities Capital (Inflated Dollars)</b>	<b>\$17,399,792</b>	<b>\$12,904,735</b>	<b>\$17,446,941</b>	<b>\$12,208,266</b>	<b>\$20,087,427</b>	<b>\$21,178,286</b>	<b>\$13,449,510</b>	<b>\$16,100,940</b>	<b>\$23,464,744</b>	<b>\$307,782,476</b>

The bottom line from the example capital program in Exhibit F-5 is the total facilities cost using inflated dollars. Using these forecasted costs, we then prepared a 20-year cash flow projection for the Buildings and Infrastructure Fund, showing the amount of resources that would be required in order to pay for those capital costs.

The results of this cash flow forecast are depicted graphically in Exhibit F-6, and the detailed calculations are shown on Exhibit F-7 on the following page. In keeping with our recommended capital contingency for that fund, this forecast assumes a minimum balance of approximately \$7.5 million.

**Exhibit F-6: Buildings & Infrastructure Reserve – Example Cash Flow Forecast**



In this cash flow forecast, the key question is not the reserve balance but the General Fund transfer required in any given year.

The forecast starts with the General Fund transfers already assumed in the City's revenue forecast and Capital Improvement Program (the blue bars) and then identifies how much additional transfer will be required in order to fully fund the example capital program (the red bars). As it turns out, the additional operating transfer grows gradually to \$2.4 million in Year 5, after which the level is sustained through the rest of the time horizon.

The triangles in Exhibit F-6 show the projected fund balance at the end of each year. In this forecast, the fund balance is drawn down until year 7, when it hits the minimum capital contingency. After that, the fund balance begins to increase through the rest of the forecast period. Its high point is about \$44 million in Year 19. However, well before the City reaches Year 19, the City's periodic capital planning will have provided updated asset condition assessments and cost estimates, so that the projected General Fund transfers and reserve fund balances can be updated.

**Exhibit F-7: Cash Flow Forecast for Buildings and Infrastructure Reserve**

<b>Buildings &amp; Infrastructure Reserve</b>											
<b>Example Cash Flow Forecast</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>	<b>Year 11</b>
<i>Drawn from 2014-2033 CIP plus example facilities capital program</i>											
Beginning Balance	\$31,351,148	\$25,432,524	\$19,497,720	\$12,483,658	\$10,214,676	\$ 8,935,034	\$ 8,823,172	\$ 7,447,537	\$11,004,855	\$16,324,334	\$17,015,913
Revenue:											
Capital Levy	10,192,327	11,925,781	12,480,931	13,483,225	14,470,318	16,754,501	17,856,320	17,938,355	18,824,266	19,684,720	20,453,752
Capital Levy Increase	1,218,354	1,117,858	1,345,710	1,226,075	1,213,940	1,196,986	1,179,108	980,145	1,380,179	708,781	735,145
Transfers In from General Fund per CIP	7,674,600	5,377,893	5,481,251	5,984,677	6,488,171	6,617,934	6,750,293	6,885,299	7,023,005	7,163,465	7,306,734
Additional Gen Fund Transfers	800,000	1,200,000	1,600,000	2,000,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000
Interest Income @ 1.25%	352,694	279,070	198,642	140,983	118,942	110,299	101,060	114,611	169,747	207,082	235,179
Total Revenue	\$20,237,975	\$19,900,602	\$21,106,534	\$22,834,960	\$24,691,371	\$27,079,720	\$28,286,782	\$28,318,410	\$29,797,196	\$30,164,049	\$31,130,810
Information: Total General Fund Transfer	8,474,600	6,577,893	7,081,251	7,984,677	8,888,171	9,017,934	9,150,293	9,285,299	9,423,005	9,563,465	9,706,734
Capital Expenditures:											
<i>Excludes Projects Funded by Grants, Other Funds, Debt, or Cost Sharing</i>											
Facility Projects (from example program)	\$12,697,021	\$12,717,860	\$13,897,865	\$15,171,789	\$15,278,146	\$14,806,188	\$16,532,644	\$12,190,114	\$10,861,710	\$16,007,533	\$13,380,966
Street/Storm/Park/Other Projects (from CIP)	13,459,578	13,117,546	14,222,731	9,932,154	10,692,866	12,385,394	13,129,772	12,570,978	13,616,008	13,464,937	13,917,844
Total Capital Expenditures	\$26,156,599	\$25,835,406	\$28,120,596	\$25,103,942	\$25,971,013	\$27,191,582	\$29,662,417	\$24,761,092	\$24,477,718	\$29,472,470	\$27,298,810
Net Increase/(Decrease) in Reserve Balance	\$ (5,918,624)	\$ (5,934,804)	\$ (7,014,062)	\$ (2,268,982)	\$ (1,279,642)	\$ (111,862)	\$ (1,375,635)	\$ 3,557,318	\$ 5,319,478	\$ 691,579	\$ 3,832,000
Ending Balance	\$25,432,524	\$19,497,720	\$12,483,658	\$10,214,676	\$ 8,935,034	\$ 8,823,172	\$ 7,447,537	\$11,004,855	\$16,324,334	\$17,015,913	\$20,847,912

<b>Buildings &amp; Infrastructure Reserve</b>											<b>20-Year Total</b>
<b>Example Cash Flow Forecast</b>	<b>Year 12</b>	<b>Year 13</b>	<b>Year 14</b>	<b>Year 15</b>	<b>Year 16</b>	<b>Year 17</b>	<b>Year 18</b>	<b>Year 19</b>	<b>Year 20</b>		
<i>Drawn from 2014-2033 CIP plus example facilities capital program</i>											
Beginning Balance	\$20,847,912	\$21,176,004	\$26,503,317	\$27,746,929	\$34,661,806	\$34,069,505	\$32,713,610	\$39,466,165	\$43,990,409		\$ 31,351,148
Revenue:											
Capital Levy	21,228,391	21,939,870	22,555,554	23,185,671	23,667,397	24,158,756	24,659,943	25,176,700	25,185,962		385,822,739
Capital Levy Increase	760,417	598,145	552,201	459,096	468,277	477,644	487,194	497,014	589,316		17,191,587
Transfers In from General Fund per CIP	7,452,869	7,601,926	7,753,965	7,909,044	8,067,225	8,228,569	8,393,141	8,561,004	8,732,224		145,453,287
Additional Gen Fund Transfers	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000	2,400,000		44,000,000
Interest Income @ 1.25%	261,018	296,145	336,958	387,632	426,903	414,802	448,322	518,364	531,144		5,649,597
Total Revenue	\$32,102,695	\$32,836,086	\$33,598,678	\$34,341,443	\$35,029,801	\$35,679,771	\$36,388,600	\$37,153,081	\$37,438,645		\$598,117,209
Information: Total General Fund Transfer	9,852,869	10,001,926	10,153,965	10,309,044	10,467,225	10,628,569	10,793,141	10,961,004	11,132,224		189,453,287
Capital Expenditures:											
<i>Excludes Projects Funded by Grants, Other Funds, Debt, or Cost Sharing</i>											
Facility Projects (from example program)	\$17,399,792	\$12,904,735	\$17,446,941	\$12,208,266	\$20,087,427	\$21,178,286	\$13,449,510	\$16,100,940	\$23,464,744		\$307,782,476
Street/Storm/Park/Other Projects (from CIP)	14,374,812	14,604,037	14,908,126	15,218,300	15,534,676	15,857,380	16,186,535	16,527,898	16,440,541		280,162,112
Total Capital Expenditures	\$31,774,604	\$27,508,772	\$32,355,067	\$27,426,566	\$35,622,102	\$37,035,666	\$29,636,045	\$32,628,837	\$39,905,286		\$587,944,588
Net Increase/(Decrease) in Reserve Balance	\$ 328,091	\$ 5,327,314	\$ 1,243,611	\$ 6,914,877	\$ (592,301)	\$ (1,355,895)	\$ 6,752,555	\$ 4,524,244	\$ (2,466,640)		\$ 10,172,621
Ending Balance	\$21,176,004	\$26,503,317	\$27,746,929	\$34,661,806	\$34,069,505	\$32,713,610	\$39,466,165	\$43,990,409	\$41,523,769		\$ 41,523,769

**Applying this Approach to Other Funds** – The approach demonstrated above—determining the multi-year capital program, then forecasting the cash required to carry it out—should be used not just for the Buildings and Infrastructure reserve but also the other major capital reserves.

For Parking Services and Victoria Conference Centre reserves, the intent has been for the respective programs to generate their own revenues to be transferred into the related capital reserve, rather than relying on property tax revenue. Parking Services is financially healthy, and this assumption of self-sufficiency is warranted. However, with the VCC Reserve, recent years have shown that VCC program revenue cannot by itself fund all of the capital needs of the facility. In both of these cases, the cash flow forecast will show a revenue stream generated by their respective facilities, but in the case of VCC, the forecast will probably also need to contain a revenue line for transfers from the General Fund from property taxes, addressing the gap between the capital needs and the available program revenue.

It is important to observe that unlike other kinds of reserves, with the major capital reserves the target balance cannot be based only on a simple formula, such as a percentage of some quantity such as operating expenses or capital asset value. A formula can only be used for the minimum balance—the capital contingency. But most of the fund balance will consist of dollars set aside for future planned capital costs, and the requirements will fluctuate over the years. For the major capital reserves, there is no substitute for frequent capital planning. We recommend that for each of the major capital reserves other than the vehicle/equipment reserves, a comprehensive system plan be updated not less often than every six years. For the vehicle/equipment reserves, a replacement schedule should be maintained on an ongoing basis. System planning is a type of capital cost, necessary to inform the decision-making with respect to other capital costs.

### F3. PROPERTY ACQUISITION RESERVES

The City has two property acquisition reserves, the Parks and Greenways Acquisition Fund and the Tax Sale Lands Fund. These two funds are not responsible for a group of existing assets, so there is no need for a capital contingency, but they should have a target balance that is a function of a planned acquisition strategy.

In any real estate transaction, the economic advantage depends heavily on the timing of cash needs and who is most motivated to buy or sell. For a given parcel of land, if the City is more motivated to buy than the owner is to sell, then that parcel will come with a high price. For instance, if the property is on the verge of being developed and the City desperately wants to secure the land in public ownership, then the price will be steep. However, if the seller is motivated—for example, if the seller needs to convert property into cash—then a good deal is more likely to be available. The purpose of a property acquisition reserve is to have cash available to take advantage of the good deals at the time they are available. In combination with a proactive, planned land acquisition program, the City can fill in gaps in the park system or other property needs, and do so economically.

#### a) Park Land Acquisition

A planned park acquisition program should include a list of either target properties or criteria for target acquisitions. If there is a list of specific parcels that would be desirable for purchase, then if funding is available, City staff can proactively engage with the property owners. Alternatively (or at the same time), the City's acquisition program can state certain criteria for desirable purchases (ranked into high, medium, and low priorities). For example, the plan could identify certain neighborhoods that are considered park-deficient and then assign a high priority to the acquisition of parcels of at least .5 hectare for development into a neighborhood park in those neighborhoods. The second approach is more opportunity-driven and less proactive, but both can be effective. What would *not* be advisable would be to have a large reserve balance without also having clear criteria



and priorities. A disciplined approach to land acquisition will yield the most favorable result to City taxpayers.

How large should a park land acquisition reserve be? It can logically be tied to the likely cost of acquiring certain types of land. We suggest that the reserve target be tied to the estimated cost of acquiring 1.5 hectares of land in specified park-deficient neighborhoods. (We are assuming that a standard neighborhood park would be at least .5 hectare in size. If Victoria park development standards vary from that assumption, the reserve guideline should be adjusted accordingly.) Because land values will probably rise faster than general inflation, a park land acquisition reserve will probably require a constant, low-level stream of revenue to keep up with the target fund balance, even before any acquisitions draw down on the reserve. Then, when an acquisition is made, the policy should specify a period of time for replenishment of the reserve, such as 3-5 years.

If this fund's revenue stream is limited to 10% of the proceeds of City land sales, a replenishment policy cannot be followed strictly, because the timing of City land sales is uncertain. In order to ensure that reserves drawn down for acquisitions are subsequently replenished within a certain number of years, proceeds from City land sales might need to be supplemented by a reliable source of funding.

#### **b) Tax Sale Lands Reserve**

The Tax Sale Lands Reserve should follow the same concept as the Parks and Greenways Acquisition Reserve. The purpose of the property acquisitions might differ and therefore the basis for the minimum balance might likewise differ. Also, the Tax Sale Lands Reserve is not only for acquisition but also remediation of its acquired properties. But for both of these funds, there should be an acquisition strategy that contains a prioritized list of target properties or a set of prioritized criteria for acquisitions. The recommended target balance should be a function of how much money would be needed in order to acquire some number of hectares or parcels under the acquisition strategy, so that the City can move quickly when an opportunity arises that fits the criteria. After making an acquisition, the fund should be replenished as soon as possible, so the cash can be available to make further acquisitions that fit the strategy.

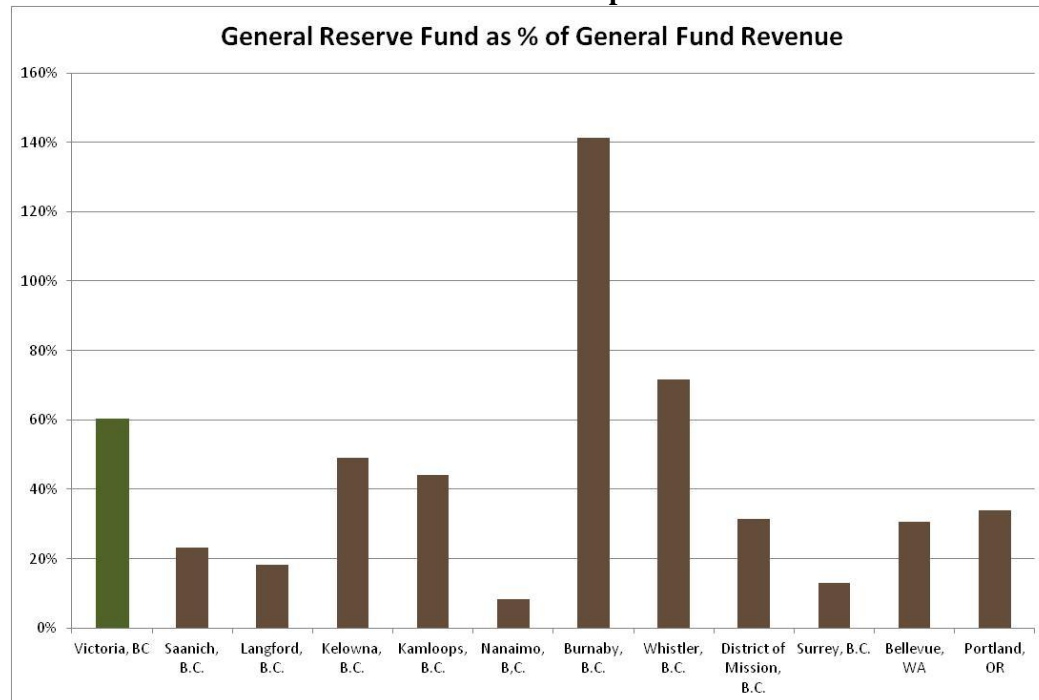
## G. COMPARISON WITH OTHER JURISDICTIONS

Exhibits G-1 and G-2 show a comparison between Victoria and other municipalities in the level of general operating and capital reserves as a percentage of general revenue.

**Exhibit G-1: 2013 General Operating and Capital Reserves as Percentage of General Revenue**

Jurisdiction	Population (as of last census)	Total Non-Proprietary Fund Revenue	Total Non-Proprietary Reserve Fund Balance	General Reserve Fund as % of General Fund Revenue	Sources
Victoria, BC	80,032	\$ 182,294,871	\$ 109,803,000	60%	2013 Annual Report P. 13, 69
Saanich, B.C.	109,752	\$ 130,935,781	\$ 30,336,101	23%	2013 Annual Report P. 74
Langford, B.C.	29,228	\$ 51,742,613	\$ 9,417,169	18%	2013 Annual Report P. 83
Kelowna, B.C.	120,000	\$ 195,836,000	\$ 96,247,000	49%	2013 Annual Report p. 43
Kamloops, B.C.	85,678	\$ 148,845,890	\$ 65,512,417	44%	2013 Annual Report P. 82
Nanaimo, B.C.	83,810	\$ 131,411,642	\$ 10,882,914	8%	2013 Annual Report P. 28
Burnaby, B.C.	234,600	\$ 376,886,202	\$ 532,633,830	141%	2013 Annual Report P. 37 & 50
Whistler, B.C.	9,824	\$ 70,529,487	\$ 50,585,769	72%	2013 Annual Report P.42 & 58
District of Mission, B.C.	36,426	\$ 47,883,530	\$ 15,096,843	32%	2013 Annual Report P.23 & 48
Surrey, B.C.	501,100	\$ 655,326,000	\$ 85,131,000	13%	2013 Annual Report P. 20, 23, 50
Bellevue, WA	131,200	\$ 243,581,000	\$ 74,674,000	31%	2013 CAFR P.20
Portland, OR	603,000	\$ 1,071,898,392	\$ 363,709,535	34%	2013 CAFR P. 45 & 88

**Exhibit G-2: General Reserve Balances - Comparison with Other Jurisdictions**



This comparison pool was drawn mostly from other municipalities in British Columbia, with the addition of two nearby U.S. cities. The source of data was the annual report for each municipality. We excluded reserves and revenue from proprietary funds such as water or sewer utilities, but both operating and capital reserves are included.

The results show that the City of Victoria is at the upper end of the range when it comes to general reserves—the third highest out of the 12 cities surveyed. General reserves as a percentage of general revenues is a measure of conservatism in the municipalities' capital funding strategies as well as how well prepared they are for risks. With combined general operating and capital reserves equaling 60% of annual revenue, the City of Victoria is among the better-funded municipalities in the region.

## H. SUMMARY OF RECOMMENDATIONS

Following is a summary of recommendations:

- Eliminate the Self Insurance and Working Capital funds and transfer their balances to the City Financial Stability Fund.
- Reclassify the Debt Reduction Fund with the Financial Stability reserves into a new category, Financial Management Reserves, and then eliminate the Fiscal Reserve Funds. (Requires change to Bylaw.)
- Establish and fund financial stability reserves for the water and sewer and, eventually, the stormwater utilities.
- Eliminate the City Strategic Initiatives Fund and transfer its remaining balances to the City Equipment Fund.
- Eliminate the Economic Development Fund and transfer its remaining balances to the Buildings and Infrastructure Fund. (Requires change to Bylaw.)
- Articulate in the Reserve Fund Policy the following target balances:
  - ◆ A target balance of 60 days of General Fund operating expenses for the Operating Financial Reserves (consisting of the City Financial Stability Reserve, Police Financial Stability Reserve, and Debt Reduction Reserve balances combined).
  - ◆ Separately, a target balance of 2% of Police operating budget expenses for the Police Financial Stability Reserve, as required by the agreement with the Police Board.
  - ◆ A target balance of 60 days of operating expenses for the Water Financial Stability Fund.
  - ◆ A target balance of 60 days of operating expenses for the Sewer Financial Stability Fund.
  - ◆ When the stormwater utility is created and begins generating operating revenue, a Stormwater Financial Stability Reserve should be created, with a target balance of 45 days of operating expenses.
  - ◆ For each of the financial stability reserves, the policy should state that any action taken that would reduce the fund balance below the target level must be accompanied by a replenishment plan. Under normal circumstances, the replenishment of the reserve should occur over no more than three years.
  - ◆ If the nature of the fiscal emergency is such that a multi-year drawdown from one of the financial stability reserves is necessary, the action should be accompanied by a drawdown plan that states how much of the reserve can be drawn on in any given year. The presumption in such a drawdown plan should be that no more than 50% of the reserve can be withdrawn in the first year, no more than 50% of the remaining balance

can be withdrawn in the second year, no more than 50% of the remaining balance can be withdrawn in the third year, and by the fourth year replenishment must begin.

- ◆ The Employee Benefit Obligation Reserves should have a target balance that is based on actuarial analysis of future obligations.
- ◆ The major capital reserves consist of reserve funds that are relied on for planned capital reinvestment in an assigned group of existing assets. For the major capital reserves, the target balance shall consist of a capital contingency, plus an amount sufficient to allow that fund's capital plan to be funded without requiring the use of debt. The capital contingency shall be based on the following percentages multiplied by the estimated current replacement cost of each fund's assigned assets, rounded off:
  - Police Vehicles, Equipment and Infrastructure Fund: 0.3% (or as required by the agreement with the Police Board)
  - City Equipment Fund: 0.3%
  - Vehicles and Heavy Equipment Fund: 0.3%
  - Buildings and Infrastructure Fund: 0.7%
  - Victoria Conference Centre Equipment and Infrastructure Fund: 0.5%
  - Parking Services Equipment and Infrastructure Fund: 0.3%
  - Save-On-Foods Memorial Center (SOFMC) Fund: 0.5%
  - Recreation Facilities Equipment and Infrastructure Fund: 0.5%
  - Water Utility Equipment and Infrastructure Fund: 0.3%
  - Sewer Utility Equipment and Infrastructure Fund: 0.3%
  - Stormwater Utility Equipment and Infrastructure Fund: 0.3%
- Capital plans or equipment/vehicle replacement schedules should be required to be maintained for each major capital fund and updated not less often than once every six years.
- The City should develop and implement a formal property acquisition strategy for the Tax Sale Lands Reserve and the Parks and Greenways Acquisition Reserve. A target balance should be developed for those two funds that is based on the amount of cash needed to take advantage of opportunities to acquire target properties, and that target reserve should be added to the Reserve Fund Policy. For the Parks and Greenways Acquisition Reserve, we suggest that the target reserve be defined as the cost of acquiring either 1.5 hectares of land, or sufficient land for three neighborhood parks in park-deficient areas. The property acquisition strategy for both funds should also identify the means of replenishment after fund balances are drawn down for a property acquisition.
- The other reserve funds shall not have a target balance.

## APPENDIX A – ORIGINAL COST VS. REPLACEMENT COST

The following table shows the Engineering-News Record (ENR) Construction Cost Index 20-City Average for the years 1908 through 2014. This can be used to create a rough equivalence between the estimated current replacement cost of an asset and its original cost at the time it was placed in service. Depending on which type of data the City has more readily available and considers most reliable, data can either be converted from original cost to current replacement cost or from current replacement cost to original cost.

This conversion should be considered only a rough approximation. It can be used to help the City characterize the approximate level of investment in large numbers of assets, which can serve as the basis for the minimum capital contingency of a capital reserve fund. However, an up-to-date engineering assessment of the current replacement cost is always preferable as a basis for decisions about real capital expenditures.



Engineering News Record (ENR) 20 City Average Construction Cost Index (CCI)					
Year	ENR CCI (yearly avg)	Yearly Increase	Age (years)	Current Cost as Multiple of Original Cost	Original Cost as Percentage of Current Cost
1908	97	4.82%	106	101.10	0.99%
1909	91	-6.19%	105	107.77	0.93%
1910	96	5.49%	104	102.16	0.98%
1911	93	-3.13%	103	105.45	0.95%
1912	91	-2.15%	102	107.77	1%
1913	100	9.89%	101	98.07	1%
1914	89	-11.00%	100	110.19	1%
1915	93	4.49%	99	105.45	1%
1916	130	39.78%	98	75.44	1%
1917	181	39.23%	97	54.18	2%
1918	189	4.42%	96	51.89	2%
1919	198	4.76%	95	49.53	2%
1920	251	26.77%	94	39.07	3%
1921	202	-19.52%	93	48.55	2%
1922	174	-13.86%	92	56.36	2%
1923	214	22.99%	91	45.83	2%
1924	215	0.47%	90	45.61	2%
1925	207	-3.72%	89	47.38	2%
1926	208	0.48%	88	47.15	2%
1927	206	-0.96%	87	47.61	2%
1928	207	0.49%	86	47.38	2%
1929	207	0.00%	85	47.38	2%
1930	203	-1.93%	84	48.31	2%
1931	181	-10.84%	83	54.18	2%
1932	157	-13.26%	82	62.46	2%
1933	170	8.28%	81	57.69	2%
1934	198	16.47%	80	49.53	2%
1935	196	-1.01%	79	50.04	2%
1936	206	5.10%	78	47.61	2%
1937	235	14.08%	77	41.73	2%
1938	236	0.43%	76	41.56	2%
1939	236	0.00%	75	41.56	2%
1940	242	2.54%	74	40.52	2%
1941	258	6.61%	73	38.01	3%
1942	276	6.98%	72	35.53	3%
1943	290	5.07%	71	33.82	3%
1944	299	3.10%	70	32.80	3%
1945	308	3.01%	69	31.84	3%
1946	346	12.34%	68	28.34	4%
1947	413	19.36%	67	23.75	4%
1948	461	11.62%	66	21.27	5%
1949	477	3.47%	65	20.56	5%
1950	510	6.92%	64	19.23	5%
1951	543	6.47%	63	18.06	6%
1952	569	4.79%	62	17.24	6%
1953	600	5.45%	61	16.35	6%
1954	628	4.67%	60	15.62	6%
1955	660	5.10%	59	14.86	7%
1956	692	4.85%	58	14.17	7%
1957	724	4.62%	57	13.55	7%
1958	759	4.83%	56	12.92	8%
1959	797	5.01%	55	12.30	8%
1960	824	3.39%	54	11.90	8%

Engineering News Record (ENR) 20 City Average Construction Cost Index (CCI)					
Year	ENR CCI (yearly avg)	Yearly Increase	Age (years)	Current Cost as Multiple of Original Cost	Original Cost as Percentage of Current Cost
1961	847	2.79%	53	11.58	9%
1962	872	2.95%	52	11.25	9%
1963	901	3.33%	51	10.88	9%
1964	936	3.88%	50	10.48	10%
1965	971	3.74%	49	10.10	10%
1966	1019	4.94%	48	9.62	10%
1967	1074	5.40%	47	9.13	11%
1968	1155	7.54%	46	8.49	12%
1969	1269	9.87%	45	7.73	13%
1970	1381	8.83%	44	7.10	14%
1971	1581	14.48%	43	6.20	16%
1972	1753	10.88%	42	5.59	18%
1973	1895	8.10%	41	5.18	19%
1974	2020	6.60%	40	4.85	21%
1975	2212	9.50%	39	4.43	23%
1976	2401	8.54%	38	4.08	24%
1977	2576	7.29%	37	3.81	26%
1978	2776	7.76%	36	3.53	28%
1979	3003	8.18%	35	3.27	31%
1980	3237	7.79%	34	3.03	33%
1981	3535	9.21%	33	2.77	36%
1982	3825	8.20%	32	2.56	39%
1983	4066	6.30%	31	2.41	41%
1984	4146	1.97%	30	2.37	42%
1985	4195	1.18%	29	2.34	43%
1986	4295	2.38%	28	2.28	44%
1987	4406	2.58%	27	2.23	45%
1988	4519	2.56%	26	2.17	46%
1989	4615	2.12%	25	2.13	47%
1990	4732	2.54%	24	2.07	48%
1991	4835	2.18%	23	2.03	49%
1992	4985	3.10%	22	1.97	51%
1993	5210	4.51%	21	1.88	53%
1994	5408	3.80%	20	1.81	55%
1995	5471	1.16%	19	1.79	56%
1996	5620	2.72%	18	1.75	57%
1997	5825	3.65%	17	1.68	59%
1998	5920	1.63%	16	1.66	60%
1999	6060	2.36%	15	1.62	62%
2000	6221	2.66%	14	1.58	63%
2001	6342	1.95%	13	1.55	65%
2002	6538	3.09%	12	1.50	67%
2003	6695	2.40%	11	1.46	68%
2004	7115	6.27%	10	1.38	73%
2005	7446	4.65%	9	1.32	76%
2006	7751	4.10%	8	1.27	79%
2007	7967	2.79%	7	1.23	81%
2008	8310	4.31%	6	1.18	85%
2009	8570	3.13%	5	1.14	87%
2010	8802	2.71%	4	1.11	90%
2011	9070	3.04%	3	1.08	92%
2012	9308	2.62%	2	1.05	95%
2013	9547	2.57%	1	1.03	97%
2014	9807	2.72%	0	1.00	100%

## APPENDIX B – GFOA STATEMENTS OF BEST PRACTICES

The Government Finance Officers Association (GFOA), the professional association for local government finance officials in Canada and the United States, has prepared Statements of Best Practices with the goal of guiding local governments in setting sound financial policies and practices.

The following three Statements of Best Practices are relevant to the question of target reserve balances:

- Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund (October 2009)
- Replenishing General Fund Balance (February 2011)
- Determining the Appropriate Levels of Working Capital in Enterprise Funds (February 2011)

Following is the text of these three statements.



## GFOA Best Practice

### Determining the Appropriate Level of Unrestricted Fund Balance in the General Fund

**Background.** Accountants employ the term *fund balance* to describe the net assets of governmental funds calculated in accordance with generally accepted accounting principles (GAAP). Budget professionals commonly use this same term to describe the net assets of governmental funds calculated on a government's budgetary basis.<sup>1</sup> In both cases, fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Accountants distinguish up to five separate categories of fund balance, based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts can be spent: *nonspendable fund balance*, *restricted fund balance*, *committed fund balance*, *assigned fund balance*, and *unassigned fund balance*.<sup>2</sup> The total of the last three categories, which include only resources without a constraint on spending or for which the constraint on spending is imposed by the government itself, is termed *unrestricted fund balance*.

It is essential that governments maintain adequate levels of fund balance to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning.

In most cases, discussions of fund balance will properly focus on a government's general fund. Nonetheless, financial resources available in other funds should also be considered in assessing the adequacy of unrestricted fund balance (i.e., the total of the amounts reported as committed, assigned, and unassigned fund balance) in the general fund.

Credit rating agencies monitor levels of fund balance and unrestricted fund balance in a government's general fund to evaluate a government's continued creditworthiness. Likewise, laws and regulations often govern appropriate levels of fund balance and unrestricted fund balance for state and local governments.

Those interested primarily in a government's creditworthiness or economic condition (e.g., rating agencies) are likely to favor increased levels of fund balance. Opposing pressures often come from unions, taxpayers and citizens' groups, which may view high levels of fund balance as "excessive."

**Recommendation.** GFOA recommends that governments establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund.<sup>3</sup> Such a guideline should be set by the appropriate policy body and should provide both a temporal framework and specific plans for increasing or decreasing the level of unrestricted fund balance, if it is inconsistent with that policy.<sup>4</sup>

The adequacy of unrestricted fund balance in the general fund should be assessed based upon a government's own specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, maintain unrestricted fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.<sup>5</sup> The choice of revenues or expenditures as a basis of comparison may be dictated by what is more predictable in a government's particular circumstances.<sup>6</sup> Furthermore, a government's particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.

In establishing a policy governing the level of unrestricted fund balance in the general fund, a government should consider a variety of factors, including:

- The predictability of its revenues and the volatility of its expenditures (i.e., higher levels of unrestricted fund balance may be needed if significant revenue sources are subject to unpredictable fluctuations or if operating expenditures are highly volatile);
- Its perceived exposure to significant one-time outlays (e.g., disasters, immediate capital needs, state budget cuts);
- The potential drain upon general fund resources from other funds as well as the availability of resources in other funds (i.e., deficits in other funds may require that a higher level of unrestricted fund balance be maintained in the general fund, just as, the availability of resources in other funds may reduce the amount of unrestricted fund balance needed in the general fund);<sup>7</sup>
- Liquidity (i.e., a disparity between when financial resources actually become available to make payments and the average maturity of related liabilities may require that a higher level of resources be maintained); and
- Commitments and assignments (i.e., governments may wish to maintain higher levels of unrestricted fund balance to compensate for any portion of unrestricted fund balance already committed or assigned by the government for a specific purpose).

Furthermore, governments may deem it appropriate to exclude from consideration resources that have been committed or assigned to some other purpose and focus on unassigned fund balance rather than on unrestricted fund balance.

Naturally, any policy addressing desirable levels of unrestricted fund balance in the general fund should be in conformity with all applicable legal and regulatory



constraints. In this case in particular, it is essential that differences between GAAP fund balance and budgetary fund balance be fully appreciated by all interested parties.

**Notes:**

- 1 For the sake of clarity, this recommended practice uses the terms GAAP fund balance and budgetary fund balance to distinguish these two different uses of the same term.
- 2 These categories are set forth in Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which must be implemented for financial statements for periods ended June 30, 2011 and later.
- 3 Sometimes restricted fund balance includes resources available to finance items that typically would require the use of unrestricted fund balance (e.g., a contingency reserve). In that case, such amounts should be included as part of unrestricted fund balance for purposes of analysis.
- 4 See Recommended Practice 4.1 of the National Advisory Council on State and Local Budgeting governments on the need to "maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures" (Recommended Practice 4.1).
- 5 In practice, a level of unrestricted fund balance significantly lower than the recommended minimum may be appropriate for states and America's largest governments (e.g., cities, counties, and school districts) because they often are in a better position to predict contingencies (for the same reason that an insurance company can more readily predict the number of accidents for a pool of 500,000 drivers than for a pool of fifty), and because their revenues and expenditures often are more diversified and thus potentially less subject to volatility.
- 6 In either case, unusual items that would distort trends (e.g., one-time revenues and expenditures) should be excluded, whereas recurring transfers should be included. Once the decision has been made to compare unrestricted fund balance to either revenues or expenditures, that decision should be followed consistently from period to period.
- 7 However, except as discussed in footnote 4, not to a level below the recommended minimum.

*Approved by the GFOA's Executive Board, October, 2009.*



## GFOA Best Practice

### Replenishing General Fund Balance

**Background.** It is essential that governments maintain adequate levels of fund balance to mitigate risks and provide a back-up for revenue shortfalls.

The adequacy of unrestricted fund balance<sup>1</sup> in the general fund should be assessed based upon a government's specific circumstances. Nevertheless, GFOA recommends, at a minimum, that general-purpose governments, regardless of size, incorporate in its financial policies that unrestricted fund balance in their general fund be no less than two months of regular general fund operating revenues or regular general fund operating expenditures.

If fund balance falls below a government's policy level, then it is important to have a solid plan to replenish fund balance levels. Rating agencies consider the government's fund balance policy, history of use of fund balance, and policy and practice of replenishment of fund balance when assigning ratings. Thus, a well developed and transparent strategy to replenish fund balance may reduce the cost of borrowing. However, it can be challenging to build fund balances back up to the recommended levels because of other financial needs and various political considerations.

**Recommendation.** GFOA recommends that governments adopt a formal fund balance policy that defines the appropriate level of fund balance target levels. Also, management should consider specifying the purposes for which various portions of the fund balances are intended. For example, one portion of the fund balance may be for working capital, one for budgetary stabilization, and one for responding to extreme events. This additional transparency helps decision makers understand the reason for maintaining the target levels described in the fund balance policy.

Governments should also consider providing broad guidance in their financial policies for how resources will be directed to fund balance replenishment. For example, a policy may define the revenue sources that would typically be looked to for replenishment of fund balance. This might include non-recurring revenues, budget surpluses, and excess resources in other funds (if legally permissible and if there is defensible rationale). Year-end surpluses are an especially appropriate source for replenishing fund balance.

Finally, a government should consider including in its financial policy a statement that establishes the broad strategic intent of replenishing fund balances as soon as

economic conditions allow. This emphasizes fund balance replenishment as a financial management priority.

Governments are subject to a number of factors that could require the use of fund balances. It is therefore incumbent on jurisdictions to minimize the use of fund balance, except in very specific circumstances. Replenishment should take place in a prompt fashion with amounts that have been used to ensure that the jurisdiction is properly prepared for contingencies. With the foundation of a financial policy in place, governments should use their long-term financial planning and budget processes to develop a more detailed strategy for using and replenishing fund balance. With these criteria in mind, the government should develop a replenishment strategy and timeline for replenishing fund balances as soon as possible, and that is still appropriate to prevailing budgetary and economic conditions and that considers the following:

1. The policy should define the time period within which and contingencies for which fund balances will be used. This gives the public a sense for how fund balance is being used as a “bridge” to ensure stable cash flow and provide service continuity.
2. The policy should describe how the government’s expenditure levels will be adjusted to match any new economic realities that are behind the use of fund balance as a financing bridge.
3. The policy should describe the time period over which the components of fund balance will be replenished and the means by which they will be replenished. Frequently, a key part of the replenishment plan will be to control operating expenditures and use budget surpluses to replenish fund balance. The replenishment plan might also specify any particular revenue source that will aid in the replenishment of fund balances. For example, if the government has a volatile sales tax yield, it might specify that yields that are significantly above average would be used to replenish fund balances.

Generally, governments should seek to replenish their fund balances within one to three years of use. However, when developing the specifics of the replenishment plan, governments should consider a number of factors that influence the rate and time period over which fund balances will be replenished. Factors influencing the replenishment time horizon include:

1. The budgetary reasons behind the fund balance targets. The government should consider special conditions that may have caused it to set its fund balance target levels higher than the GFOA-recommended minimum level. For example, if targets are higher because the community has very volatile cash flows, then the government would want to build the fund balances back up more quickly compared to governments with more stable cash flows.
2. Recovering from an extreme event. An extreme event, such as a natural disaster, that has required the government to use a portion of its fund balance, may make

- it infeasible to replenish the fund balance as quickly as normal, depending upon the severity of the event.
3. Political continuity. Replenishing fund balance takes political will, and that will is often strengthened by the memory of the financial challenge that caused the use of fund balances in the first place. If the governing board and/or management are already committed to a particular financial policy, the replenishment strategy should be as consistent as possible with that policy in order to maximize political support.
  4. Financial planning time horizons. Fund balances should typically be replenished within the time horizon covered by the organization's long-term financial plan. This puts the entire replenishment plan in context and shows the public and decision makers the expected positive outcome of the replenishment strategy.
  5. Long-term forecasts and economic conditions. Expectations for poor economic conditions may delay the point at which fund balances can be replenished. However, in its replenishment plan the government should be sure to set a benchmark (e.g., after fund balances have dropped to a certain point below desired target levels) for when use of fund balance is no longer acceptable as a source of funds.
  6. Milestones for gradual replenishment. A replenishment plan will likely be more successful if it establishes replenishment milestones at various time intervals. This is especially important if replenishment is expected to take place over multiple years (e.g., if you are starting from 75% of your target, set a goal to reach 80 percent of target in one year, 90 percent in two years, and 100 percent in three years).
  7. External financing expectations. A replenishment plan that is not consistent with credit rating agency expectations may increase the government's cost of borrowing. It is important that the logic used by the government to develop the replenishment plan be communicated in an effective fashion to external lenders.

#### Notes:

- 1 Unrestricted fund balance comprises the committed, assigned, and unassigned fund balance categories.

#### References.

GFOA Best Practice, "Appropriate Level of Unrestricted Fund Balance in the General Fund," 2009.

For a fuller explanation of the concept of "bridging" in financial distress, please visit GFOA's financial recovery website at [www.gfoa.org/financialrecovery](http://www.gfoa.org/financialrecovery).

*Approved by the GFOA's Executive Board, February, 2011.*



## GFOA Best Practice

### Determining the Appropriate Levels of Working Capital in Enterprise Funds

**Background.** Enterprise funds distinguish between current and non-current assets and liabilities. It is possible to take advantage of this distinction to calculate working capital (i.e., current assets less current liabilities). The measure of working capital indicates the relatively liquid portion of total enterprise fund capital, which constitutes a margin or buffer for meeting obligations.

It is essential that a government maintain adequate levels of working capital in its enterprise funds to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenses) and to ensure stable services and fees.

Working capital is a crucial consideration, too, in long-term financial planning. Credit rating agencies consider the availability of working capital in their evaluations of continued creditworthiness. Likewise, laws and regulations may speak to appropriate levels of working capital for some enterprise funds.

**Recommendation.** GFOA recommends that local governments adopt a target amount of working capital to maintain in each of their enterprise funds. Ideally, targets would be formally described in a financial policy and/or financial plan.

GFOA recommends that governments use working capital as the measure of available margin or buffer in enterprise funds. Although as previously stated, working capital is defined as current assets minus current liabilities, government finance officers should be aware of certain characteristics of working capital that affect its use as a measure. Specifically, the “current assets” portion of working capital includes assets or resources that are reasonably expected to be realized in cash (e.g., accounts receivable) or consumed (e.g., inventories and prepaids) within a year, which leads to two considerations for an accurate calculation of working capital:

- Strength of collection practices. An appropriate allowance for uncollectibles should be established and the amount of the receivable that is expected to be collected in cash within one year should be determined in a manner that is consistent with the collection practices of the government. If the accounts receivable collection practices of the enterprise fund are inconsistent or weak, then less of the accounts receivable amount should be reported as current assets.
- Historical consumption of inventories and prepaids. The amount of inventories and prepaids included in current assets should be a realistic



estimate of the amount that will be consumed in one year based on a historical usage pattern and current operating levels (inventories) or based on the time periods to which the items relate (prepaids).

Because the purposes, customers, and other characteristics of enterprise funds can vary widely, GFOA recommends that governments develop a target amount of working capital that best fits local conditions for each fund. However, GFOA recommends that under no circumstances should the target for working capital be less than forty-five (45) days worth of annual operating expenses<sup>1</sup> and other working capital needs of the enterprise fund.\* A target of 45-days would only be appropriate for those enterprise funds with the least amount of need for cushion or buffer.

In order to arrive at a customized target amount of working capital, governments should start with a baseline of ninety (90) days worth of working capital and then adjust the target based on the particular characteristics of the enterprise fund in question (using 45 days as the minimum acceptable level). The primary characteristics to think about when customizing a working capital target are presented below. The appendix to this Best Practices provides more detailed considerations for these characteristics as they pertain to common types of government enterprise funds.

- Support from general government. Some enterprise funds may be supported by general taxes or transfers from a general government. These enterprise funds may require lower levels of working capital if they are supported by these contributors. For a heavily subsidized enterprise fund the 45-day minimum working capital recommendation contained in this Best Practice might be met through support from the general government, if a financial buffer or cushion for the enterprise fund is to be provided by the general government (or other outside contributor).
- Transfers out. If the enterprise fund is expected to make a transfer to the general government or to some other fund, then this sort of claim on the enterprise fund's assets may call for higher levels of working capital to maintain flexibility. Transfers could include an enterprise fund's contributions to overhead/support functions, subsidies granted to other operations, or any other transfer of resources. Regardless of the rationale of the transfer, governments should take into account the claim on working capital when setting a target amount.
- Cash cycles. Does the enterprise fund experience large peaks and valleys in its cash position during the year? For example, a water enterprise fund may experience significantly higher levels of cash on hand during the summer months compared to the winter. Volatile cash cycles call for higher levels of working capital. Another consideration is the length of the billing cycle. A longer billing cycle would call for higher levels of working capital because the enterprise fund will have longer durations between major infusions of cash.
- Customer concentration. Is the enterprise fund dependent on a few customers for a large portion of its revenues or is the customer base diversified? For example, a port enterprise fund may be dependent on a few major shippers or commerce in a niche product. Lower customer

concentration may mean that the enterprise fund can safely operate with lower levels of working capital.

- Demand for services. Does the enterprise fund face a steady demand for service or is demand potentially volatile, thereby leading to volatility in of income? For example, the demand for utility services is steady compared to demand for air travel. Also consider the impact of competitive position on demand. Direct competitors or the availability of reasonable substitutes could lead to greater volatility in demand for the enterprise fund's services. More volatility implies greater need for working capital margins.
- Control over rates and revenues. Does the enterprise fund have the ability to change rates, implement new charges, or otherwise raise revenues from its customers in a simple fashion? For example, transit enterprise funds are often constrained from raising rates by political pressure. Other enterprise funds may be subject to a rate control board. Those that face competitors in their market may have less effective control over their rates and revenues. More revenue constrained enterprise funds may need higher levels of working capital.
- Asset age and condition. What is the age and condition of the enterprise fund's infrastructure? Older infrastructure has greater exposure to extraordinary repair needs. Enterprise funds with newer and/or well maintained capital assets may be able to operate with less working capital than other enterprise funds.
- Volatility of expenses. Are the expenses of the enterprise fund volatile or does the enterprise fund have a high degree of control over its expenses? For example, the expenses of a solid waste enterprise fund tend to be fairly stable throughout the year. In another example, water or sewer enterprise funds may be more vulnerable to large expense spikes from extreme weather. Enterprise funds with more stable expenses can safely operate with less working capital than other enterprise funds.
- Control over expenses. Consider the enterprise fund's level of fixed and variable costs and the ability to reduce variable costs in response to lower revenues. For instance, if a convention center does not book an event, it does not need to hire temporary help and incur other expenditures in support of the event. An enterprise fund with a high percentage of operational costs which vary depending upon revenues or operating levels may operate with lower levels of working capital.
- Management plans for working capital. Working capital includes assets, which can include both truly unrestricted resources and resources that have internal limitations placed upon them (e.g., board-designated) and/or that may be committed for future capital spending. These amounts may appear as unrestricted on the balance sheet but, in actuality, may be unavailable in the future to serve as a buffer or tool to help manage financial risk. If these types of limitations exist, the working capital target should be adjusted to arrive at an amount that represents a true amount available as a tool to manage financial risk.
- Separate targets for operating and capital needs. Depending on the nature of the enterprise fund, governments might also consider designating separate targets for operating and capital needs, especially when the enterprise fund is very capital intensive. For example, there might be a separate amount identified for equipment replacement or debt service. In such a case, targets

should be separately evaluated based on the particular features of the isolated amounts.

- Debt position. Enterprise funds often carry significant amounts of debt, which is used to acquire capital assets. The amount and type of debt an enterprise fund carries can have important ramifications for working capital targets. For example, an enterprise fund with a large amount of variable rate debt may need additional buffer to manage the risk associated with interest rate volatility. In addition, uneven and increasing or lump-sum debt principal payments to be made in future years may raise the amount of working capital that the enterprise fund should maintain. Viewing the amount of working capital in this broader context will help ensure that resources are available to make debt payments as they come due.

**Notes:**

- 1 The recommendation is to use annual operating expenses which include depreciation expense. If, however, annual depreciation expense is significantly more or less than the anticipated capital outlays of the next period to be paid from working capital consideration should be given to adjusting the benchmark. An appropriate adjusted benchmark may be annual operating expenses - annual depreciation expense + capital outlays of the next period to be paid from working capital.

\* Subject to the exception for heavily subsidized enterprises, described later in this Best Practice.

*Approved by the GFOA's Executive Board, February, 2011.*

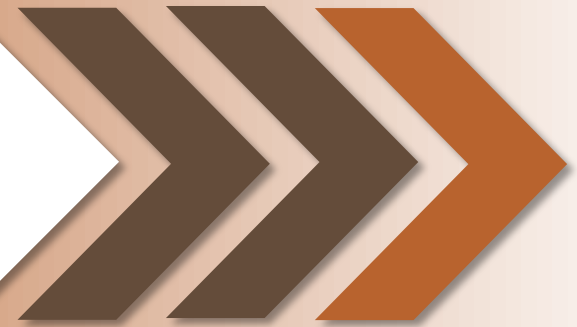


## Appendix E – Recommended Target Balance Methodology

Fund Description	Primary Purpose	Target Balance?	Recommended Basis for Target Balance
<b>Financial Stability</b>			
City Financial Stability Insurance Debt Reduction	Risk mitigation	Yes	60 days (16.67%) of General Operating expenses
Police Financial Stability	Risk mitigation	Yes	Per agreement (2% of operating expenses)
Water Utility Financial Stability	Risk mitigation	Yes	60 days (16.67%) of operating expenses
Sewer Utility Financial Stability	Risk mitigation	Yes	60 days (16.67%) of operating expenses
Stormwater Utility Financial Stability	Risk mitigation	Yes	45 days (12.5%) of operating expenses
<b>Equipment and Infrastructure</b>			
Police Vehicles, Equipment and Infrastructure	Planned capital funding	Yes	Minimum of 0.3% of replacement cost, plus funding of replacement schedule, subject to agreement
Emergency Response Team Vehicles/Equipment	Dedicated revenue source	No	No target balance
City Equipment Archives Equipment Strategic Planning Initiatives	Planned capital funding Dedicated revenue source Dedicated revenue source	Yes No No	Minimum 0.3% of replacement cost, plus funding of replacement schedule
City Vehicles and Heavy Equipment	Planned capital funding	Yes	Minimum 0.3% of replacement cost, plus funding of replacement schedule
VCC Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.5% of replacement cost, plus funding of capital program
City Buildings and Infrastructure	Planned capital funding	Yes	Minimum 0.7% of replacement cost, plus funding of capital program
Parking Services Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Multipurpose Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.5% of replacement cost, plus funding of capital program
Recreation Facilities Equipment and Infrastructure Artificial Turf Field (Topaz Park)	Planned capital funding/Dedicated funding source	Yes No	Minimum 0.5% of replacement cost, plus funding of capital program No target balance
Gas Tax	Dedicated funding source	No	No target balance
Water Utility Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Sewer Utility Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
Stormwater Utility Equipment and Infrastructure	Planned capital funding	Yes	Minimum 0.3% of replacement cost, plus funding of capital program
<b>Employee Benefit Obligations</b>			
Police Retirement Benefits	Planned future obligations	Yes	As determined by actuarial analysis
Police Employee Pension Buybacks	Planned future obligations	Yes	As determined by actuarial analysis
Police Pension Corporation Over Contributions	Planned future obligations	Yes	As determined by actuarial analysis
City Retirement Benefits	Planned future obligations	Yes	As determined by actuarial analysis
City Employee Pension Buybacks	Planned future obligations	Yes	As determined by actuarial analysis
Fire Pension Corporation Over Contributions	Planned future obligations	Yes	As determined by actuarial analysis
<b>Economic Development</b>			
Development Cost Charges	Dedicated revenue source	No	No target balance
Tax Sale Lands	Planned capital funding	Yes	Based on acquisition strategy
Parks and Greenways Acquisition	Planned capital funding	Yes	Based on acquisition strategy
Local Amenities	Dedicated revenue source		No target balance
Victoria Housing Dockside Affordable Housing	Dedicated revenue source Dedicated revenue source		No target balance No target balance
Climate Action	Dedicated revenue source		No target balance
Art in Public Places	Dedicated revenue source		No target balance
Downtown Core Area Public Realm Improvements	Dedicated revenue source		No target balance
Heritage Buildings Seismic Upgrades	Dedicated revenue source		No target balance







# Reserve Fund Policy Review

March 26, 2015



## Purpose of Review

- ◆ **Understand purpose of each fund**
  - Can any of the existing funds be eliminated or combined with another fund?
- ◆ **Target balances - how much is enough?**



## Basic Assumptions

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- ◆ **City intends to continue Financial Sustainability Policy**
  - Reserves are the primary capital funding strategy, in order to minimize the use of debt
- ◆ **To address target balances, we looked at:**
  - Guidelines from professional associations
  - Common practices of other jurisdictions
  - The City's stated intentions at the time a reserve was created
  - The City's subsequent actual practices
  - We assume that one goal of capital funding strategy is to minimize disruption to existing services and smooth out the financial demands on citizens



## Reserve Funds

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- ◆ **Our review focused on the 40 reserve funds identified in existing Reserve Fund Policy**
  - 14 primary reserve funds are established in a City Bylaw
  - 26 are subfunds of the primary reserve funds



# Primary Purposes of City Reserves

- ◆ **Dedicated Revenue**
  - Only purpose is to keep money separate until it is spent on designated purpose
- ◆ **Planned Future Obligations**
  - Employee pensions and benefits
- ◆ **Risk Mitigation**
  - Fiscal stability reserves, a cushion for risks such as revenue disruption or sudden, compelling expenditures
- ◆ **Planned Capital Funding**
  - Saving in advance for capital expenditures allows debt to be avoided

***Note: Risk and Capital funds have overlapping purposes:***

- A healthy capital reserve also mitigates risk
- Capital funds that are responsible for a certain type of assets always have an element of risk for unplanned capital





# Review of Reserve Fund Lineup

Fund Description	Primary Purpose of Reserve
<i>Funds recommended for elimination are in red italics.</i>	
<b>Financial Management Reserves</b>	
City Financial Stability Reserve *	Risk mitigation
Police Financial Stability Reserve *	Risk mitigation
Water Utility Financial Stability Reserve	Risk mitigation
Sewer Utility Financial Stability Reserve	Risk mitigation
<i>Begin to use Water/Sewer Fin. Stability Reserves.</i>	
Debt Reduction *	Risk mitigation
<i>Insurance Claims *</i>	Risk mitigation
<i>Working Capital Fund *</i>	Risk mitigation
<i>Combine Insurance Claims and Working Capital with City Financial Stability, and reclassify Debt Reduction Fund.</i>	



# Review of Reserve Fund Lineup

Fund Description	Primary Purpose of Reserve
<b>Equipment and Infrastructure Reserve</b>	
Police Vehicles, Equip and Infrastructure	Planned capital funding
Emergency Response Team Vehicles/Equip	Dedicated Revenue Source
City Equipment	Planned capital funding
Archives Equipment	Dedicated Revenue Source
<i>Strategic Planning Initiatives</i>	Dedicated Revenue Source
<i>Move to City Equipment Fund.</i>	
City Vehicles and Heavy Equipment	Planned capital funding
Victoria Conf Centre Equip and Infrastructure	Planned capital funding
City Buildings and Infrastructure	Planned capital funding



# Review of Reserve Fund Lineup

Fund Description	Primary Purpose of Reserve
<b>Equipment and Infrastructure Reserve, continued</b>	
Parking Services Equip and Infrastructure	Planned capital funding
Multipurpose Equipment and Infrastructure	Planned capital funding
Recreation Facilities Equip & Infrastructure	Dedicated Revenue Source
Artificial Turf Field (Topaz Park)	Dedicated Revenue Source
Gas Tax	Dedicated Revenue Source
Water Utility Equipment and Infrastructure	Planned capital funding
Sewer Utility Equipment and Infrastructure	Planned capital funding
Stormwater Utility Equipment and Infrastructure	Planned capital funding



# Review of Reserve Fund Lineup

Fund Description	Primary Purpose of Reserve
<b>Employee Benefit Obligation Reserve</b>	
Police Retirement Benefits	Planned Future Obligations
Police Employee Pension Buybacks	Planned Future Obligations
Police Pension Corporation Over Contributions	Planned Future Obligations
City Retirement Benefits	Planned Future Obligations
City Employee Pension Buybacks	Planned Future Obligations
City Pension Corporation Over Contributions	Planned Future Obligations



# Review of Reserve Fund Lineup

Fund Description	Primary Purpose of Reserve
<b><i>Economic Development Reserve</i></b> <b>Move to Bldgs and Infrastructure Fund.</b>	Dedicated Revenue Source
<b>Development Cost Charges Reserve</b>	Dedicated Revenue Source
<b>Tax Sale Lands Reserve</b>	Planned capital funding
<b>Parks and Greenways Acquisition Reserve</b>	Planned capital funding
<b>Local Amenities Reserve</b>	Dedicated Revenue Source
<b>Victoria Housing Reserve</b>	Dedicated Revenue Source
Dockside Affordable Housing Reserve	Dedicated Revenue Source
<b>Climate Action Reserve</b>	Dedicated Revenue Source
<b>Art in Public Places Reserve</b>	Dedicated Revenue Source
<b>Downtown Core Area Public Realm Improvemts.</b>	Dedicated Revenue Source
<b>Heritage Buildings Seismic Upgrades Reserve</b>	Dedicated Revenue Source





## Target Balances – How much is enough?

**Depends on primary purpose of reserve:**

- ◆ **Dedicated Revenue**

- No target balance

- ◆ **Planned Future Obligations**

- Target balance based on actuarial analysis

- ◆ **Risk Reserves**

- Target balance based on Government Finance Officers Association (GFOA) guidelines
- Replenishment method should be included in policy



# Risk Reserves

## ◆ General Operating Reserves

- Includes City Financial Stability, Police Financial Stability, Debt Reduction, Self Insurance, and Working Capital funds
- Target balance: 60 days General Fund operating expenses – \$24.5 million
- Current reserve balance exceeds this target
- Replenishment plan should be specified upon drawdown below target

## ◆ Police Financial Stability

- Agreement requires 2% of operating budget - \$940,000

## ◆ Water and Sewer Financial Stability

- 60 days of operating expenses (about 16.5%)
  - Water \$2.2 million
  - Sewer \$600,000
- Suggest committing at least 50% of operating surpluses until fully funded
- Eventually Stormwater Financial Stability Fund as well



# Target Balances – How much is enough?

## ◆ Capital Reserves

- For ***major capital reserves***, target balance should be the sum of:
  - *Capital contingency* (minimum fund balance, not available for planned capital expenditures)
  - *Projected cash requirements* needed to fund capital program without borrowing
- For ***property acquisition reserves***, target balance should be based on representative acquisitions under formal acquisition strategy.



# Capital Contingency – Suggested Approach

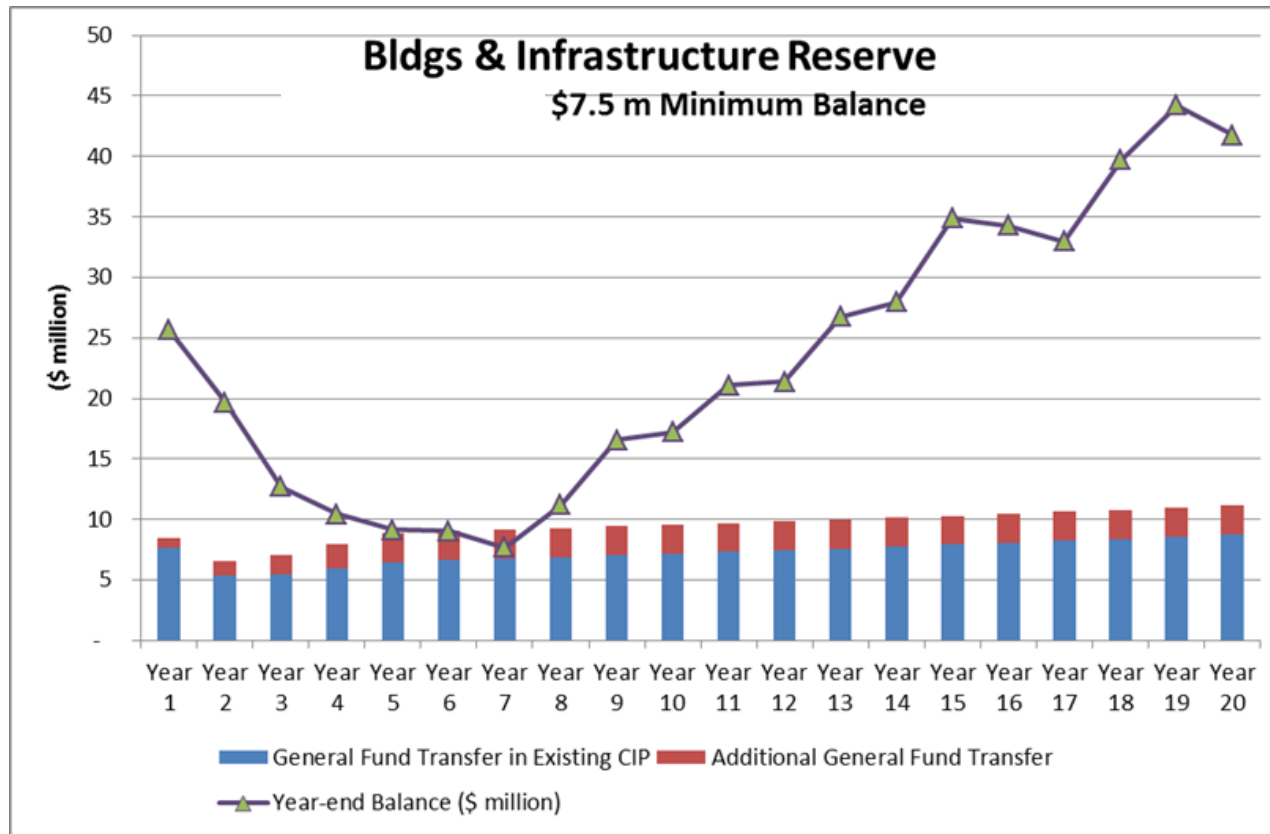
## Major Capital Reserves:

Fund List	Est. 2013 Replacement Cost	Suggested Min. Reserve (% of Replacement Cost)	Implied Capital Contingency (rounded)
Police Vehicles & Equipment	\$ 11,528,760	0.30%	\$ 30,000
City Equipment	22,268,615	0.30%	70,000
City Vehicles and Heavy Equipment	29,315,846	0.30%	100,000
Victoria Conference Centre	91,034,100	0.50%	400,000
Buildings and Infrastructure	1,067,826,100	0.70%	7,500,000
Parking Services	53,467,525	0.30%	200,000
SOFMC Multipurpose Arena	67,613,914	0.50%	300,000
Recreation Facilities	25,466,572	0.50%	100,000
Water Equipment and Infrastructure	282,814,789	0.30%	800,000
Sewer Equipment and Infrastructure	332,482,665	0.30%	1,000,000
<b>Total</b>	<b>\$ 1,983,818,886</b>		<b>\$ 10,500,000</b>



# Example of Capital Cash Flow Forecast

- ◆ Example Buildings & Infrastructure capital program about \$13-16 million/year, based on 2008 facilities assessment
- ◆ Cash flow forecast assumes \$7.5 million capital contingency
- ◆ The key question here is not reserve fund balance but General Fund transfer, shown by red & blue bars
- ◆ Blue bars show General Fund transfer currently shown in capital plan
- ◆ Red bars show additional General Fund transfer needed to fund \$13-16 million per year in capital spending







## **Target Balance – Major Capital Reserves**

- ◆ **Formulas can be used for capital contingency, but there is no formula for the largest part of the target balance, which is the planned capital funding**
  - Frequent capital planning is an unavoidable responsibility that comes from policy of avoiding debt
- ◆ **We recommend that comprehensive system plans be updated at least every six years**



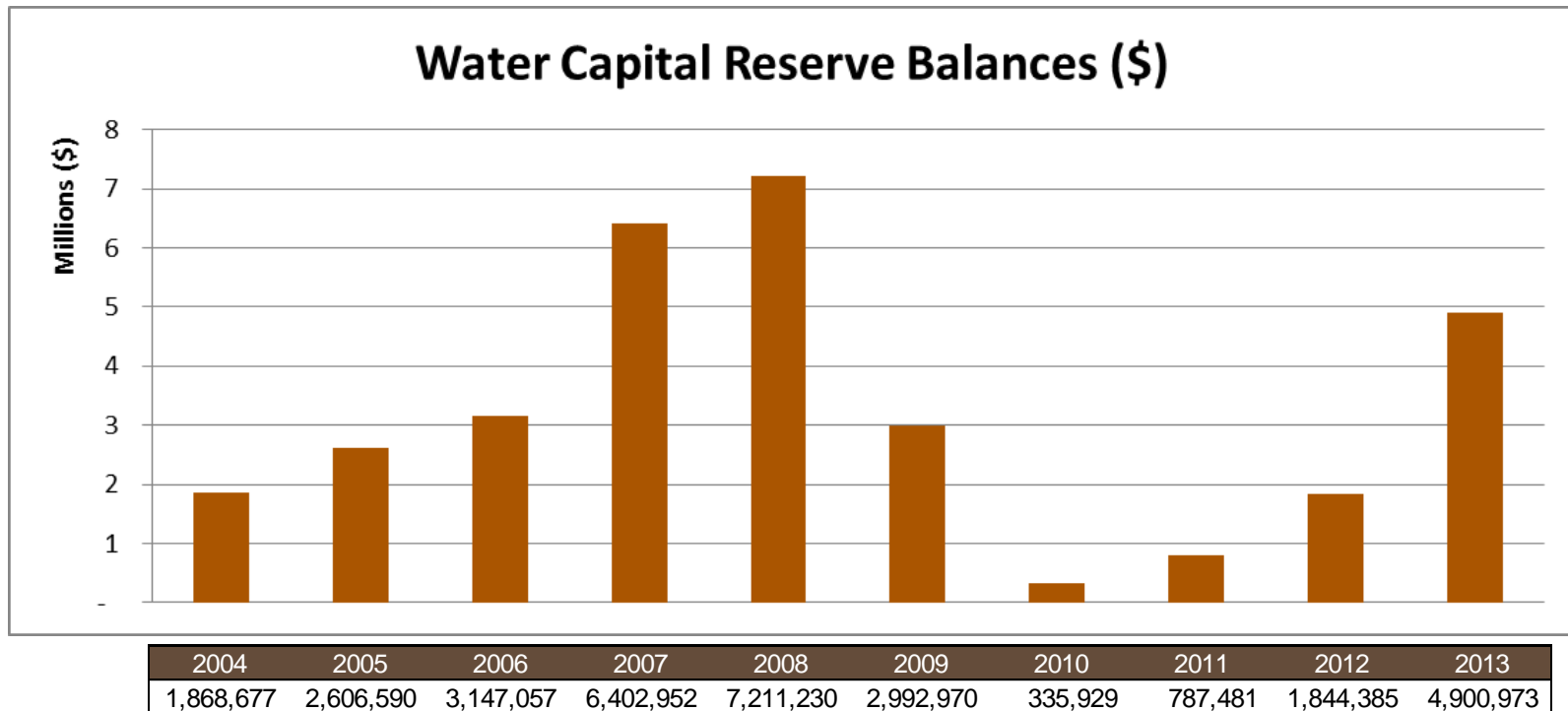
## **Target Balance – Property Acquisition Funds**

- ◆ **Property acquisition funds should have target balance based on types of assets to be acquired, from formal acquisition strategy**
- ◆ **For example, Parks and Greenways strategy should have:**
  - List of target parcels or criteria for priority acquisitions
  - Suggested target balance is enough money to acquire three neighborhood park sites
  - Replenishment strategy should identify time frame and alternative source of funding if sales of City lands are insufficient



# Reserves Are There to Be Used

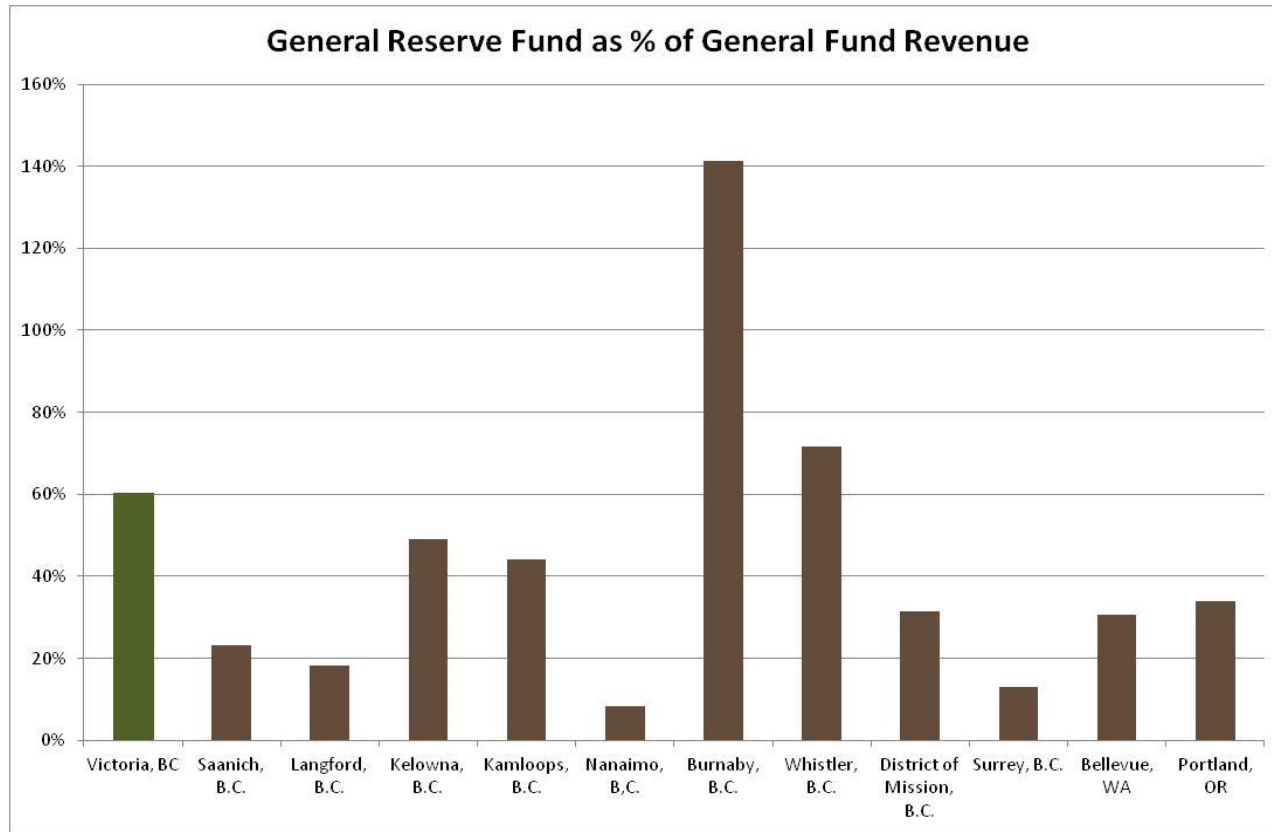
- ◆ For example, Water Capital Reserve fund balance grew until 2009-2010, when it was drawn down in a major water main replacement project
- ◆ Now being replenished again
- ◆ Fluctuations in a reserve balance simply mean that it is being used





# Comparison with Other Jurisdictions

- ◆ **2013 General Operating and Capital Reserves as Percentage of General Revenue**
  - This measures conservatism in capital funding strategies and preparation for risks.
  - Victoria has among the highest percentages in this comparison pool





## **Summary Observations**

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- ◆ **General operating reserves are adequately funded in relation to GFOA Best Practices**
- ◆ **Water and sewer financial stability reserves should be funded also**
- ◆ **A few reserve funds can be eliminated or reclassified**
- ◆ **“Dedicated revenue” reserves do not need a target balance**
- ◆ **We recommend target balance formulas for risk reserves and capital contingencies**





## **Summary Observations**

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- ◆ **For major capital funds, target balance is sum of capital contingency and cash needed to fund capital program**
- ◆ **Victoria has a serious commitment to reserve funding of capital needs – Financial Sustainability Policy**
- ◆ **The City appears to do a good job of funding that commitment based on what is known**
  - However, gaps remain in what is known
- ◆ **Comprehensive system planning can address gaps in what is known, allowing target balances for major capital reserves to be forecasted**
- ◆ **For property acquisition reserves, target balance should be based on acquisition strategy**



# Questions?

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Cover photos by

“British Columbia legislature building” by Ryan Bushby

“Sunken Garden at Butchart Gardens” by Warfieldian



**Council Member Motion**  
**for the Governance and Priorities Committee meeting of March 26, 2015**

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**Date:** March 12, 2015      **From:** Councillors Isitt and Thornton-Joe  
**Subject:** Commemorating Lebanese Immigration to Canada

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**BACKGROUND**

The World Lebanese Cultural Union - BC Council has requested the co-operation of the City of Victoria in identifying potential sites within the City for the installation of the statue "The Lebanese Emigrant," commemorating immigration from Lebanon to Canada and the contribution of Lebanese-Canadians to Canadian society.

The Lebanese-Canadian community has offered to cover all costs relating to the installation of the statue.

**MOTION**

BE IT RESOLVED THAT Council directs staff to work with the World Lebanese Cultural Union - BC Council and the local Lebanese-Canadian community to identify and report back to Council on potential sites within the City of Victoria for the installation of the statue "The Lebanese Emigrant," including possible sites in the City right-of-way, plazas, greenspace or parks in proximity to Downtown Victoria or Victoria Harbour that would be suitable for this statue.

Respectfully submitted,

Handwritten signature of Ben Isitt.

Councillor Ben Isitt

Handwritten signature of Charlayne Thornton-Joe.

Councillor Charlayne Thornton-Joe

Attachments.

Letter from World Lebanese Cultural Union - BC Council



MAYOR'S OFFICE  
FEB 26 2015  
VICTORIA, B.C.

**World Lebanese Cultural Union (WLCU)**  
**British Columbia Council**

23 February 2015

Dear Mayor Lisa Helps and Victoria City Council Members:

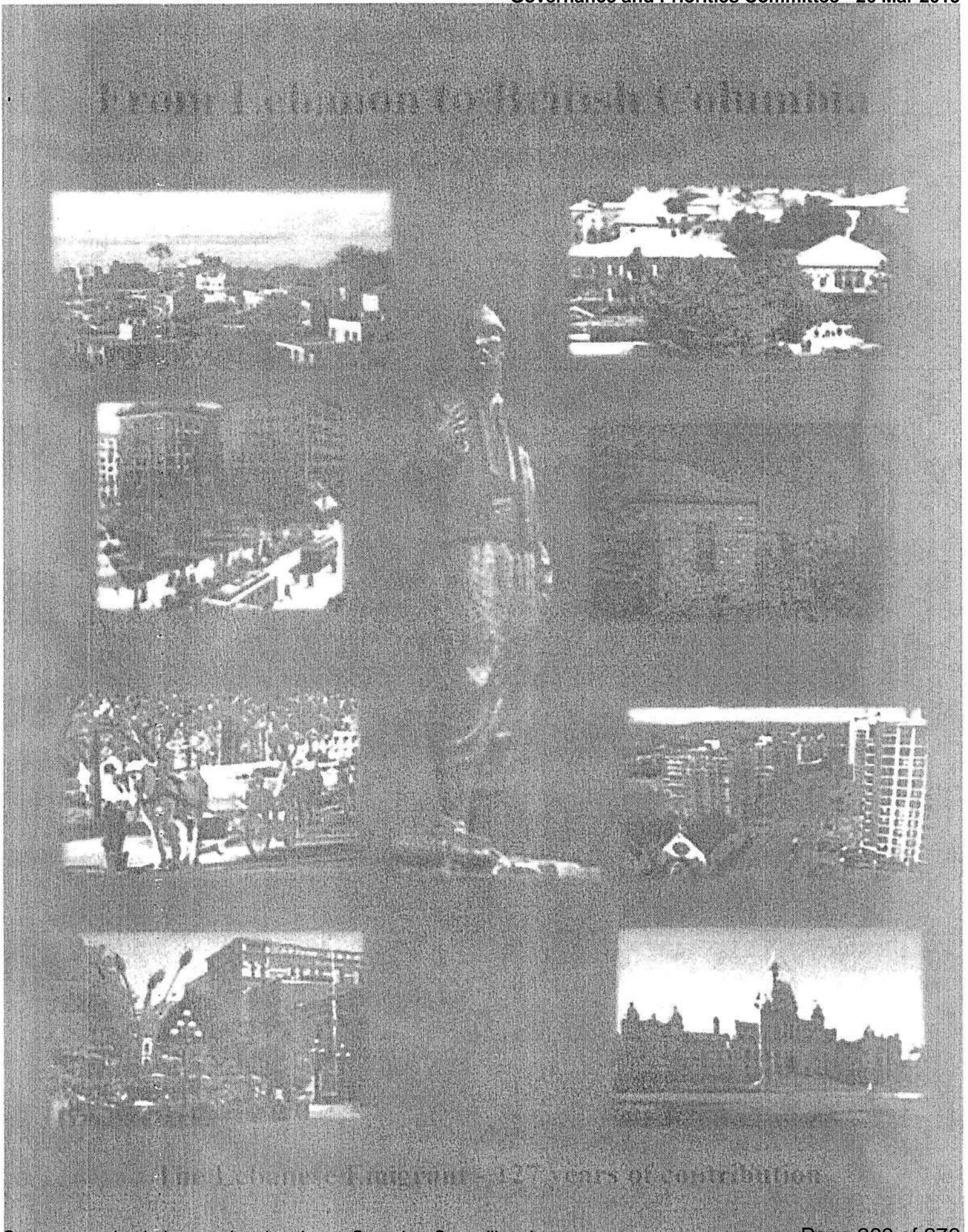
We would like to submit for your consideration a project to erect a statue in the City of Victoria to commemorate the arrival of the first Lebanese emigrant to British Columbia 126 years ago.

We have attached a detailed project plan and express our willingness to present, as a gift to the city of Victoria, a statue entitled "The Lebanese Emigrant." This statue is a token of our appreciation to the province that welcomed our ancestors and continues to welcome emigrants from Lebanon. The WLCU - BC Council commits to cover all costs related to this project.

Kindly inform us of the date the Council is scheduled to discuss this proposal that we may attend and provide all the necessary information. We are also ready to meet with the planning committee whenever this is useful. In the hope of a favourable outcome for this request, I am,

Yours sincerely,

John Badr  
WLCU-BC Council President  
Info@wlcu.org





## From Lebanon to British Columbia

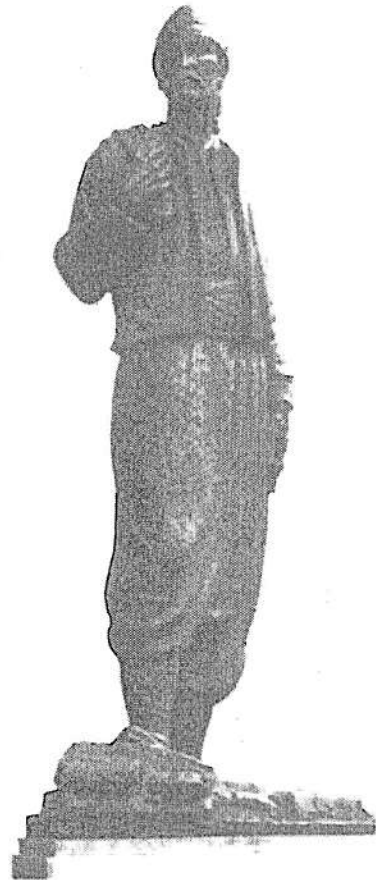
### INTRODUCTION:

The BC Council of the World Lebanese Cultural Union is proud to submit to the Victoria City Council this proposal for a permanent site for "The Lebanese Emigrant" statue. Commemorating the 127<sup>th</sup> year anniversary of the arrival of the first Lebanese emigrants to British Columbia, this bronze statue concretizes the link between the peoples of Canada and the Lebanese who immigrated to their shores.

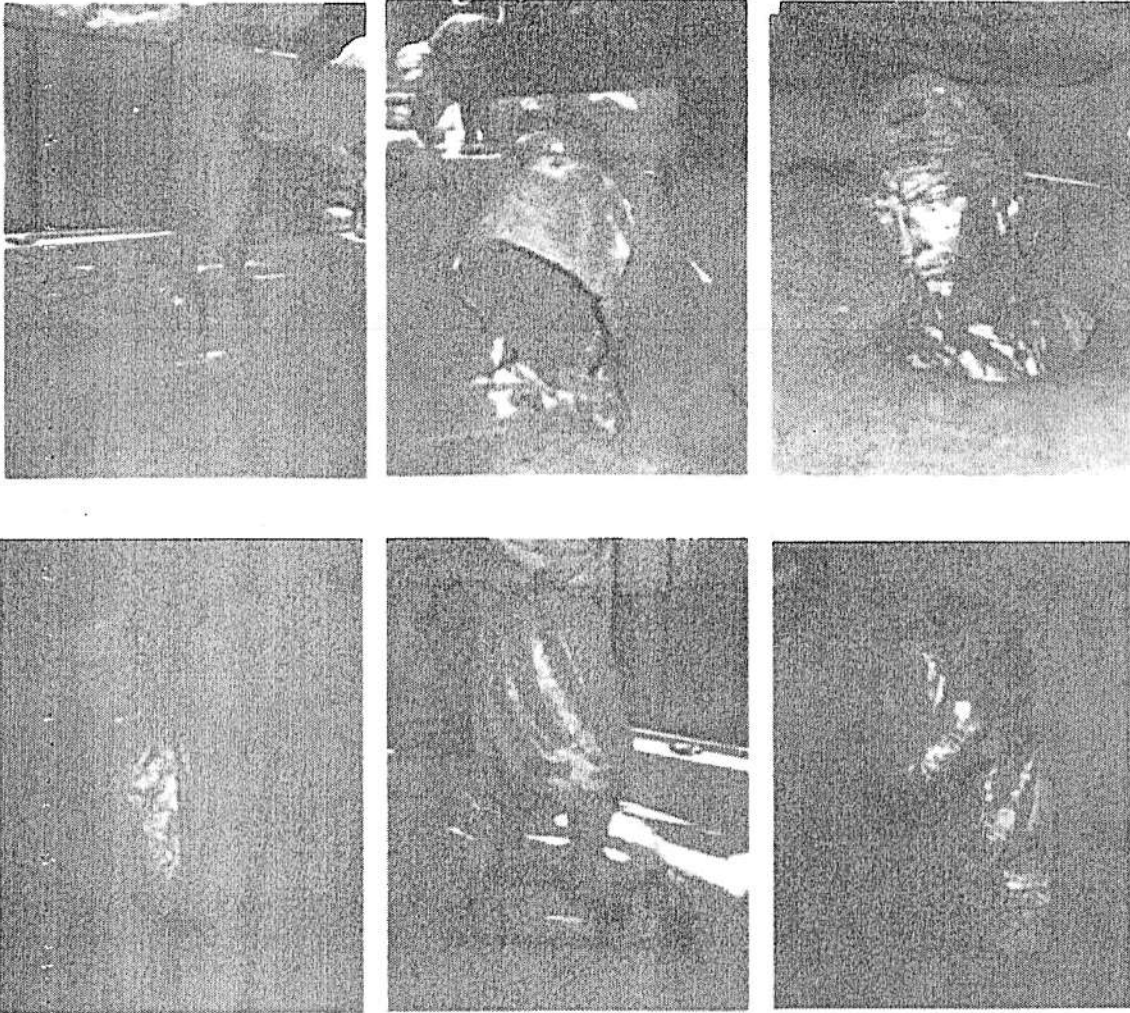
### BACKGROUND:

The World Lebanese Cultural Union (Canadian Registered charitable organization # 82537 1149.RR) is part of a world-wide association, which serves as an umbrella for several groups active in British Columbia, including The Lebanese Canadian Society of BC, The Christian Canadian Lebanese Association - Victoria, and the BC Youth Chapter. Numerous members of these groups are descendants of the first Lebanese settlers who arrived in Montreal in 1882 to escape economic hardship and religious and political persecution under the Ottoman Empire. *The first Lebanese in the province were two brothers, Abraham and Farris Ray, who began their careers in Victoria as itinerant peddlers in 1888, their brothers Richard joined them in 1889.* By the end of the 1880s the first Lebanese families began to arrive in Vancouver, and establish their homes in the Lower Mainland. Among the Lebanese pioneers on the west coast, the names of Rahi (became Ray), Shumas, Saba, Naaoom, Mussallem, Haddad, Gillette, Brady and Kalley stand out. Some of them went to Vancouver Island to work in the forestry industry, and some settled in Victoria as peddlers.

To cement the ties that bind the Lebanese Diaspora to life in western Canada, the WLCU, encouraged by a verbal approval from Mayor Alan Lowe (1999-2008), had arranged for the shipment of the statue "The Lebanese Emigrant" for placement in Victoria. Designed and executed by Mr. Ramiz Barquet, a sculptor and Mexican national of Lebanese decent, this statue is one of few identical pieces standing prominently in various cities around the world: Mexico City, Beirut, Brisbane, Melbourne, Accra, and soon we hope, Victoria. "The Lebanese Emigrant" represents the world-wide spread of Lebanese culture as well as the love, honor and respect Lebanese emigrants feel for the nations that so generously received them.



**MAKING OF THE STATUE:**

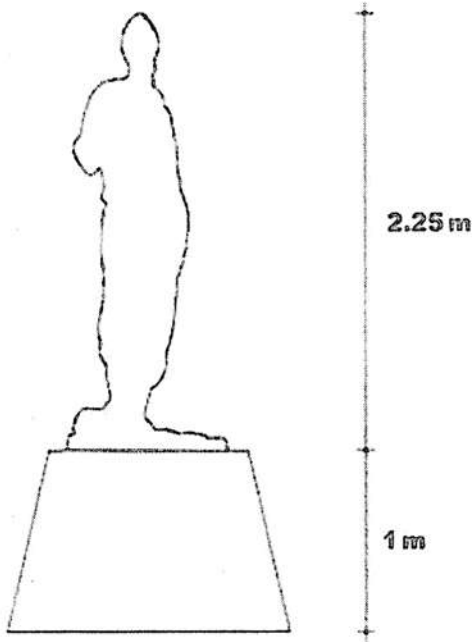


The statue was manufactured in Mexico and brought to Victoria by boat. It is currently standing in a private location at Douglas Street, at the corner of the Traveler's Inn Hotel. *The Lebanese Canadian community is ready to fund the cost of moving and mounting the statue to a new and permanent location.*

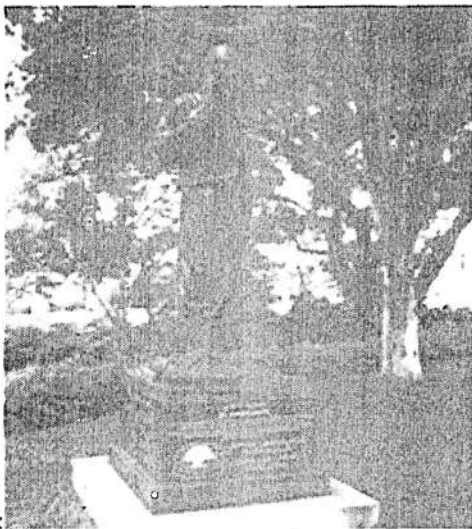
**DONATION TO THE CITY:**

The WLCU hopes the City of Victoria will accept our gift of "The Lebanese Emigrant" statue as a token of appreciation to the province that welcomed our ancestors for the last 127 years with open arms and provided them freedom, opportunity and a bright future.

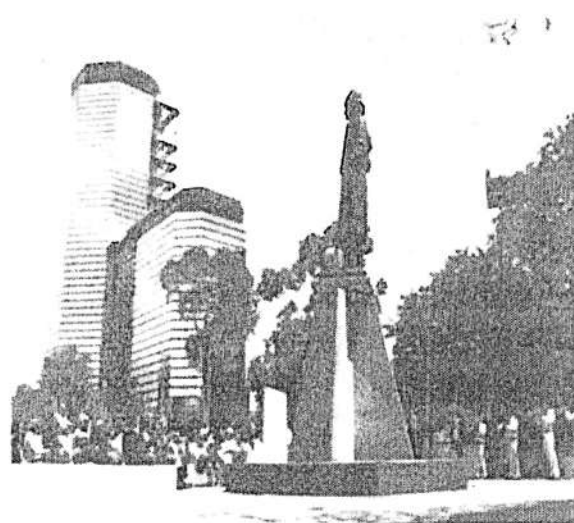
**STATUE SPECIFICATIONS:** "The Lebanese Emigrant" is made of high quality bronze, 2.25 metres high and weighs 600kg. The statue could sit atop a stone base with a 2 x 2 m footprint and measuring 1 m high.



**THE ARTIST, Ramiz Barquet:** A Mexican national of Lebanese descent, Ramiz is the creator of several monumental sculptures on permanent public display in Puerto Vallarta and worldwide



*El-Emigrante Libanes (The Lebanese Emigrant) 2010*  
Brisbane, Queensland, AUSTRALIA



*El-Emigrante Libanes (The Lebanese Emigrant) 1979*  
Mexico City, MEXICO

**PROPOSED SITE:**

We request a placement in the Downtown of Victoria. The waterfront area being a focal point for the Lebanese since their arrival to Victoria, might be the best area to erect "The Lebanese Emigrant." The next best option would be the space in the centre of a large roundabout; the business district with many streets and plazas features a suitable metropolitan setting. We look forward to working with you to find a suitable placement for this statue to commemorate the Lebanese emigrant experience in BC.

**CONCLUSION:**

The World Lebanese Cultural Union – BC council and the Culture & Heritage Affairs committee of the World Lebanese Cultural Union (NGO) would like to express its utmost gratitude for the support of the Victoria City Council and its officers in their involvement with this project, helping to provide a space to erect a statue that symbolises and commemorates 127 years of contribution by the Lebanese community to British Columbia.

**To Contact us:**

Dr Nick Kahwaji,

[Nick.Kahwaji@wlcu.org](mailto:Nick.Kahwaji@wlcu.org)

(o) 604 469 1861.. Cell 604 773 1462

Georges Murr

[Georges@alibabapizza.ca](mailto:Georges@alibabapizza.ca)

250 885 8571







## Governance and Priorities Committee Report

For the Meeting of March 26, 2015

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**To:** Governance and Priorities Committee **Date:** March 12, 2015  
**From:** Pam Delaney, Executive Secretary  
**Subject:** Association of Vancouver Island and Coastal Communities (AVICC) Conference to be held in Courtenay, BC on April 10 – 12, 2015

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### Recommendation:

- Approve the attendance and associated costs for Councillor Isitt and Councillor Loveday to the Association of Vancouver Island Coastal Communities AGM and Convention to be held in Courtenay, BC April 10 – 12, 2015

The approximate cost for attending is:

<i>Registration</i>	\$150.00
<i>Hotel</i>	\$250.00
<i>Travel</i>	\$75.00
<i>Meals &amp; Incidentals</i>	\$100.00
<b>Cost per person</b>	<b>\$575.00</b>

- That Council approves the attendance of Councillors Isitt and Loveday at the AVICC AGM and Convention
- Forward the motion to the March 26, 2015 Council meeting.

Respectfully submitted

A handwritten signature in black ink, likely belonging to Pam Delaney.

Pam Delaney  
Executive Secretary

Report accepted and recommended by Councillor Isitt:

A handwritten signature in black ink, likely belonging to Councillor Isitt.

Councillor Loveday:

A handwritten signature in black ink, likely belonging to Councillor Loveday.

Date:

March 12, 2015



## Governance and Priorities Committee Report

For the Meeting of March 26, 2015

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**To:** Governance and Priorities Committee **Date:** March 18, 2015  
**From:** Pam Delaney, Executive Secretary  
**Subject:** Association of Vancouver Island and Coastal Communities (AVICC) Conference to be held in Courtenay, BC on April 10 – 12, 2015

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### Recommendation:

- Approve the attendance and associated costs for Mayor Lisa Helps to the Association of Vancouver Island Coastal Communities AGM and Convention to be held in Courtenay, BC April 10 – 12, 2015

The approximate cost for attending is:

<i>Registration</i>	\$150.00
<i>Hotel</i>	\$250.00
<i>Travel</i>	\$75.00
<i>Meals &amp; Incidentals</i>	\$100.00
<b>Cost per person</b>	<b>\$575.00</b>

- That Council approves the attendance of Mayor Lisa Helps at the AVICC AGM and Convention
- Forward the motion to the March 26, 2015 Council meeting.

Respectfully submitted

Pam Delaney  
Executive Secretary

Report accepted and recommended by Mayor Lisa Helps:

Date:

  
 March 18 2015