

SCHOOL DISTRICT 63 (SAANICH)

FINANCE, FACILITIES & TECHNOLOGY COMMITTEE

**Report to the Board of March 15, 2023**

Committee Members:	Trustee Elder Trustee Hickman Trustee Silzer
Staff Support:	Jason Reid, Secretary-Treasurer Dave Eberwein, Superintendent of Schools Megan Cimaglia, Director of Finance Rob Lumb, Director of Facilities – regrets Cody Henschel, Director of Information Technology
Partner Representatives:	Don Peterson, STA Nola Welsh, CUPE – regrets David Mark, SAA COPACS - regrets
Other Attendees:	Chair Dunford, Trustee Vandall & Trustee VanWell

**Committee Meeting**

Tuesday, March 7, 2023

**A. PRESENTATIONS AND QUESTIONS**

No Items.

**B. ITEMS DISCUSSED**

No Items.

**C. ITEMS FOR RECOMMENDATION**

1. Phone System Business Case

**Motion:**

The Committee recommends and I, Trustee Elder move,  
That \$500,000 be allocated from the contingency reserve to fund phone system replacement, and that the contingency reserve be replenished as soon as possible through a combination of allocating phone system operating savings and, to the extent they occur, annual operating savings relative to budget.

2. International Program Fees

**Motion:**

The Committee recommends and I, Trustee Elder move,  
That the Board approve the following International Student Program fee adjustments for the 2024/25 school year:

- Increase tuition fee from \$14,750 to \$15,750;
- Increase homestay placement fee from \$650 to \$750; and,
- Increase application fee from \$250 to \$300.

**D. ITEMS FOR INFORMATION**

1. Fiscal Forecast
2. Report from Budget Advisory Committee

**E. FUTURE AGENDA ITEMS**

- Annual Facility Grant Plan (Apr)
- 2023/24 Capital Plan Bylaw (Apr)
- Fiscal Forecast (Apr)
- Report from BAC (Apr)

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To: Finance Facilities and Technology Committee

Prepared By: Jason Reid

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Subject: Phone Systems Replacement

Date: March 4, 2023

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### **Purpose and Background**

The purpose of this briefing note is to present options to finance the replacement of phone systems.

At the January 18, 2023 meeting of the Finance, Facilities and Technology Committee, Director of Information Technology Cody Henschel presented an update on the implementation of the RefreshEd plan including the progress, goals and the challenges that lie ahead. The most significant challenge is the impact inflationary cost pressures are having on our ability to meet both educational technology goals and necessary renewal of critical infrastructure. The most pressing infrastructure concern are legacy phone systems that are failing and are no longer supported. Continuing to use these phone systems results in increasing risk that schools will not be able to communicate when they need to, and that if a phone system fails completely, we will not be able to recover services in a timely manner.

At the February 15, 2023 meeting of the Finance, Facilities and Technology Committee, the Committee reviewed the 2023 Risk Report and discussed further the increased risk of failure of critical technology infrastructure components, and phone systems in particular. As implementation of a new phone system would result annual cost savings, the possibility of using those savings to recover the capital cost over time was also discussed.

At this meeting, the Committee agreed to request that staff prepare a report for the committee's consideration in March 2023 outlining options to finance the replacement of phone systems.

### **Centralizing and Financing Phone System Replacement**

We have been considering how to finance phone system replacement for several years now, with the impediment being the significant upfront cost of implementation. With unprecedented inflation increasing implementation cost to approximately \$500,000, it is not possible to fund this investment from the annual equipment/infrastructure budgets within schools and/or the IT department. However, it is possible to recover the upfront \$500,000 investment from annual operating cost savings over a 5-6 year period.

Funding phone system maintenance and replacement had historically been a school responsibility. While central support of phone systems has increased significantly in recent years (because this should not be a school responsibility), moving to a centralized

phone system will enable complete centralization of phone system procurement and management going forward. Therefore, in addition to the necessary replacement of legacy phone systems and reducing operating costs, another benefit will be reducing the burden on school administrators to oversee the performance and maintenance of obsolete equipment.

Telus landline services across all of our facilities currently costs \$105,000 annually. The estimated operating costs of the new phone system will be in the range of \$11,000 - \$12,000 per year from ThinkTel. This leads to an operational saving of up to \$94,000 per year and the opportunity to repay the up-front investment in 5-6 years. The primary reason for the large operational savings is moving from site-based pools of lines and phone numbers to a centralized pool of lines with the ability to tune the system as we use it to be as lean as possible while still supporting the district's entire phone needs, including temporarily bursting capacity if needed. As all within-district calls will connect through our local network, this reduces further the need for phone lines in the central pool. As such, the cost savings are only realized when the entire district has migrated to the new system. Any phased approach will result in maintaining the large existing land-line costs plus the new system costs and no real opportunity for the significant savings outlined above. The new system will also change how staff can use and communicate across the district and protracted change management will have a negative impact across our schools.

It is likely possible to finance this investment through an equipment lease using operating savings to fund the lease payments. However, with a lease there is additional financing cost and often reduced flexibility regarding the planned refresh cycle for the equipment.

In my view, the better alternative is to finance the investment using the contingency reserve and then replenish the contingency reserve as soon as possible through a combination of allocating phone system operating savings and accumulated surplus generated to the extent annual actual expenditures are below budget expenditures. As the current contingency reserve balance is \$2,998,441, this allocation would reduce the contingency reserve to \$2,498,441. In the worse case scenario, contingency reserve allocated for this investment would be recovered in 5-6 years, but it could be recovered within a few years.

The contingency reserve may otherwise decline due to other circumstances, and at this time we are forecasting this may be the case. However, I am still comfortable recommending this allocation from contingency reserve because: operating cost savings will exceed the upfront investment in 5-6 years, phone system replacement (whether now or later) is an unavoidable cost, and replacing the system now will address a significant operational risk.

If budget for phone replacement is approved, implementation would occur over the April – June timeframe in a phased approach. Phase 1 would be the design and build for the infrastructure that supports the phone system at the school board office. Phase 2 would

be the first pilot site. We will start at the school board office where we can be in close communication with people and focus on department-by-department transitions. Phase 3 would be the first remote site at a school. Phase 4 would be a quick roll-out to the remaining sites incorporating our learnings from Phase 3. Being that there will be change felt by those using the system, it is important to complete the transition with staff in buildings. If we are not able to complete the changes by the end of June, we would want to resume in September.

**Staff Recommendation:**

That \$500,000 be allocated from the contingency reserve to fund phone system replacement, and that the contingency reserve be replenished as soon as possible through a combination of allocating phone system operating savings and, to the extent they occur, annual operating savings relative to budget.

Respectfully submitted,

Jason Reid  
Secretary Treasurer

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To: Finance Facilities & Technology Committee

Prepared By: Jason Reid  
Secretary Treasurer

Subject: International Student Program Fees

Date: February 27, 2023

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### **Purpose and Background**

The purpose of this briefing note is to recommend the following adjustments to the current [International Student Program Fees](#) for the 2024/25 school year:

- Tuition Fee – increase from \$14,750 to \$15,750
- Homestay placement fee – increase from \$650 to \$750
- Application fee – increase from \$250 to \$300

The tuition fee was last increased from \$13,750 to \$14,750 effective for the 2022/23 school year.

The application fee was last adjusted about 4 years ago, and the homestay placement fee was last adjusted about 7 years ago. These fees fund administrative staffing cost associated with processing applications and homestay placements.

In November 2022, the Board approved increasing the homestay fee from \$1,100 to \$1,200/month effective for new registrations for the 2023/24 school year. The homestay fee for the 2022/23 school year was \$975/month.

The Board establishes tuition and homestay fees for international students per [Policy 25 \(International Student Program\)](#).

### **Proposed Fee Increases**

These fee adjustments are recommended to ensure the program is able to fund annual inflationary cost pressures (driven primarily by wage increases), while at the same time ensuring that fees remain competitive.

With the proposed fee increase, standard fees for a full year would increase from \$28,850 to \$30,000, which are comparable with [SD61 \(Victoria\) 2024/25 school year fees](#).

**Staff Recommendation:**

That the Board approve the following International Student Program fee adjustments for the 2024/25 school year:

- Increase tuition fee from \$14,750 to \$15,750;
- Increase homestay placement fee from \$650 to \$750; and,
- Increase application fee from \$250 to \$300.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Reid".

Jason Reid  
Secretary Treasurer

JR/klg

	Prior Year Actual 2021	Prior Year Actual 2022	Amended Budget	Current Budget	Revenue/ Expenditures to January 31, 2023	Projected Revenue and Expenditure	Variance From Budget	Notes
<b>Revenue</b>								
621 Consolidated Revenue Grants	(73,905,419)	(76,549,164)	(76,774,842)	(76,704,473)	(38,813,448)	(76,704,473)	-	
627 Indig. Northern Affairs Canada (INAC) Recovery	2,886,687	3,079,193	3,552,472	3,552,472	1,776,236	3,552,472	-	
629 Other Ministry Of Ed Grants <i>includes Pay Equity, Ad hoc MOE grants, Grad adult funding, Labour Settlement Funding</i>	(3,400,931)	(1,135,484)	(965,650)	(3,557,019)	(374,803)	(3,557,019)	-	
629 Classroom Enhancement Fund (CEF)	(6,953,957)	(8,912,124)	(10,684,163)	(10,684,163)	(5,160,467)	(10,684,163)	-	
630 Federal Grants <i>French Odyssey Grant, Jordan's Principle</i>	-	(39,492)	-	-	-	-	-	
641 Other Ministry Grants <i>ERASE Grant</i>	-	(183,610)	(10,500)	(10,460)	(10,460)	(10,460)	-	
645 Instructional Cafeteria Revenue	(125,874)	(184,506)	(68,000)	(68,000)	(114,354)	(68,000)	-	
646 Local Education Agreements/Direct Funding Indig.	(2,886,687)	(2,723,698)	(3,552,472)	(3,552,472)	(1,776,236)	(3,552,472)	-	
647 International and Out of Province Students	(3,064,401)	(5,738,618)	(6,396,665)	(6,396,665)	(6,501,706)	(6,295,265)	(101,400)	Note 1
649 Misc. Fees & Revenues <i>includes ad hoc grants received, recovery revenue from shared services, funding from municipalities</i>	(666,238)	(497,986)	(277,324)	(399,830)	(435,023)	(399,830)	-	
651 Community Use Of Facilities	(8,694)	(30,242)	-	-	(28,962)	(34,962)	34,962	
659 Other Rentals & Leases	(357,692)	(380,542)	(390,000)	(390,000)	(241,736)	(390,000)	-	
660 Exchange (Gain) Loss	1,110	(1,207)	-	-	(476)	(476)	476	
661 Interest On Short Term Deposits	(218,358)	(204,761)	(480,000)	(480,000)	(339,544)	(592,610)	112,610	
662 Appropriated Surplus (prior years carry forward amounts)	-	-	(3,214,237)	(1,653,237)	-	(1,653,237)	-	Note 2
672 Student Fees/Certifications	(98,350)	(108,010)	(75,000)	(75,000)	(38,050)	(75,000)	-	
<b>Total Revenue</b>	<b>(88,798,804)</b>	<b>(93,610,251)</b>	<b>(99,336,381)</b>	<b>(100,418,847)</b>	<b>(52,059,029)</b>	<b>(100,465,495)</b>	<b>46,648</b>	
<b>Expenses</b>								
105 Salaries - P/VP	4,632,111	4,781,071	5,053,500	5,091,572	2,737,885	5,040,978	50,594	
111 Salaries - Teachers (incl. POSR)	38,742,007	40,715,557	40,142,419	40,186,168	20,662,818	41,266,112	(1,079,944)	Note 3
307 - Teacher remedy	987,367	1,639,055	1,747,363	1,747,363	539,093	1,747,363	-	
Teacher remedy unspent	-	-	-	-	-	-	-	
122 Salaries - Support Staff (incl. In Service, WCB and First Aid)	8,642,755	8,541,427	8,997,266	9,725,894	4,562,672	9,404,042	321,852	Note 4
123 Salaries - Other Professionals	3,303,738	3,223,078	3,406,632	3,413,094	1,843,907	3,422,418	(9,324)	
131 Salaries - Educational Assistants	5,434,859	5,409,004	6,428,890	6,408,274	2,597,402	5,899,066	509,208	Note 5
143 Support Staff Replacement Costs	566,773	636,057	442,534	442,534	290,842	648,717	(206,183)	Note 6
146 Teacher Replacement Costs	2,692,913	3,473,416	3,526,016	3,600,777	1,939,950	3,848,090	(247,313)	Note 7
	65,002,523	68,418,665	69,744,620	70,615,676	35,174,569	71,276,786	(661,110)	
200 Benefits	15,519,136	16,612,271	17,192,623	17,080,451	7,994,632	17,205,353	(124,902)	
	15,519,136	16,612,271	17,192,623	17,080,451	7,994,632	17,205,353	(124,902)	
Services & Supplies								
Services	2,950,331	4,823,714	5,151,057	5,275,571	3,112,710	5,174,171	101,400	
Pro-D & Travel	490,829	457,956	819,922	836,103	356,339	836,103	-	
Rentals & Leases	105,124	137,659	169,000	174,000	92,051	174,000	-	
Dues & Fees	353,722	385,591	327,528	337,528	234,146	337,528	-	
Insurance	157,887	187,184	165,460	167,460	198,047	167,460	-	

Projection for Discussion Purposes - Actual Results May Differ From Projected

Prepared by Megan Cimaglia



	Prior Year Actual 2021	Prior Year Actual 2022	Amended Budget	Current Budget	Revenue/ Expenditures to January 31, 2023	Projected Revenue and Expenditure	Variance From Budget	Notes
Supplies	1,083,497	2,879,215	3,198,136	4,214,023	1,943,287	3,214,023	1,000,000	Note 8
Utilities	1,534,300	1,484,676	1,608,035	1,608,035	745,655	1,608,035	-	
	6,675,690	10,355,995	11,439,138	12,612,720	6,682,235	11,511,320	1,101,400	
Total Expenses	87,197,349	95,386,931	98,376,381	100,308,847	49,851,436	99,993,459	315,388	
Transfer from operating for purchase of capital assets	1,280,575	1,035,089	850,000		-	-	-	
Transfer to local capital for asset replacement reserve	82,250	109,982	110,000	110,000	-	110,000	-	
(Surplus)/Deficit	(238,630)	2,921,751	-	-	(2,207,593)	(362,036)	362,036	
					Opening Contingency Reserve	(2,998,441)		
					Estimated School and District Carry Forwards	1,000,000		
					Estimated Closing Contingency Reserve	(2,360,477)		

**Amended Budget** is the February *Amended Annual Budget*, which was approved by the Board on February 15, 2023.

**Current Budget** is the current working budget.

*Certain comparative figures have been restated to conform with current year's presentation*

**Variance comments:**

**Note 1** - International tuition revenue is projected to exceed budget with 255.9 FTE (budget of 250 FTE). Overall revenue is expected to be below budget due to lower than budgeted homestay fees (note no impact on overall budget as we will pay out less homestay fees).

**Note 2** - Appropriated surplus consists of budgeted carry forwards of \$996,516 and a placeholder of \$656,721 for committed but not yet confirmed Support Staff Labour Settlement Funding.

**Note 3** - Teacher salaries negative variance is due to:

- Higher than budgeted average teacher salary (after revision for new collective agreement rates).
- 2 teachers acting as vice principals being backfilled by teachers (majority of the salary for these teachers is still recorded with teacher salaries, but is budgeted on the PVP line).
- HR noted that a higher number of teachers are receiving category changes to 5+ than in recent past.
- A variety of other small factors.

**Note 4** - Support Staff salaries positive variance is mainly due to hiring lag for vacant positions.

**Note 5** - Education Assistant (EA) salaries positive variance is due to several factors:

- Hiring lag in deployment of EA funding.
- Estimated continued understaffing due to inability to consistently fill all EA positions.
- EAs taking unpaid time off.
- All positions are budgeted at the continuing rate of pay, but about 10% of positions are staffed with temporary employees who earn \$1.34 less per hour.

**Note 6** - Support Staff Replacement Costs negative variance is due to higher than budgeted use of sick and emergency leave.

**Note 7** - Teacher Replacement Costs negative variance is due to higher than budgeted use of sick and emergency leave.

Supplemental employment benefit top up is predicted monthly at the average of what we paid over the last fiscal year. This is a significant source of uncertainty in the forecast as payments vary significantly month to month based on number of leaves and timing of receipt of paperwork from staff.

**Note 8** - Assumption made in preparing this forecast is that departments and schools will spend their services and supplies budgets as allocated, other than the following:  
(\$1,000,000) expected school and district carry forward  
(\$101,400) estimated lower than budgeted homestay fees paid out

(\$1,101,400)



## BUDGET ADVISORY COMMITTEE MEETING

Thursday, February 23, 2023

3:00 pm, Board Room

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### Committee Members:

Keven Elder, Chair  
Susan Hickman, Trustee  
Nola Silzer, Trustee  
Dave Eberwein, Superintendent of Schools  
Paul McKenzie, Asst Superintendent - regrets  
Peter Westhaver, Director of Instruction - regrets  
Carly Hunter, Director of Instruction  
Jason Reid, Secretary Treasurer  
Megan Cimaglia, Director of Finance

Don Peterson, STA  
Heather Simpson, STA - regrets  
Nola Welsh, CUPE  
Laura Mackie, CUPE  
Sean Hayes, SAA - regrets  
Tassie Harris, SAA  
Spencer Gray, SISP - regrets  
Megan Misovic, COPACS

Other Attendees: Chair Tim Dunford, Trustee Teri VanWell, Trustee Elsie McMurphy

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### Meeting Notes

- Committee Chair Elder welcomed committee members and guests and acknowledged the meeting was being held on the territory of the WSÁNEĆ people.
- The committee reviewed the meeting notes from the January 26, 2023 BAC meeting. Secretary Treasurer Reid noted that the two recommendations from BAC in January were approved by the Board at the February Board meeting. These recommendations were approval of the BAC terms of reference, and approval of the 2023/24 Budget Process Consultation Plan.
- Secretary Treasurer Reid presented the February Facts Package. The committee discussed the contents of the package including the 2023/24 to 2032/33 enrolment forecast, February fiscal forecast, 2023 Risk Report, historical budget changes, and trends in key balances and operating budgets. Specific topics discussed included: enrolment forecast assumptions, enrolment uncertainty at SIDES, the relationship between enrolment and funding, international program enrolment, and how the fiscal forecast and risk assessment report will inform budget planning and the budget consultation process.
- Committee Chair Elder noted that the next BAC Meeting will be Thursday, April 6, 2023, 3:00-5:00pm, and outlined next steps in the process.
- Secretary Treasurer Reid noted that at the next meeting on April 6<sup>th</sup> the committee will review:
  - Estimated 2023/24 budget balance (reflecting Provincial Budget 2023 and funding rates to be announced March 15<sup>th</sup>)
  - Draft Multi-year Financial Plan Reporting
  - Budget implications of specific initiatives to improve student achievement in identified strategic priority areas
  - Engagement Plan for Community Budget Meeting and Survey
- Committee Chair Elder adjourned the meeting.

Next meeting: **Thursday, April 6, 2023, 3:00-5:00pm**