

VILLAGE OF SAYWARD



2010 ANNUAL REPORT

Contents of the Annual Report

- Item 1: Message from the Mayor;
- Item 2: Statement of Property Tax Exemptions;
- Item 3: Service and Operation Highlights;
- Item 4: Municipal Services and Operations and Progress;
- Item 5: Declaration of Disqualification of Council Members;
- Item 6: Current and Next Years' Objectives;
- Item 7: Strategic Community Investment Funds Agreement;
- Item 8: Payments Made for Provision of Goods and Services;
- Item 9: Summary.

Appendix A: Audited Financial Statements;

Appendix B: Remuneration and Expenses for Employees and Elected Officials;

Appendix C: Payment for Provision of Goods & Services.



1. Message from Mayor John MacDonald:

On behalf of Council, I am pleased to present the 2010 Annual Report for the Village of Sayward for the reporting period January 1, 2010 to December 31, 2010. The Annual Report includes the 2010 financial statements and highlights some major initiatives and accomplishments.

I need to preface my message by pointing out that the present CAO/CFO was only in office for 10 weeks during 2010 and as a result his exposure to 2010 operations was therefore limited.

Through the commitment of the members of Council and staff, the Village continues to strive to meet and exceed the expectations of the Village of Sayward's residents in the delivery of our public services.

Council Changes. 2010 was the second full year for Council, having had the local general elections in December 2008. During 2010 one Councillor (Heather Wachs) resigned and a by-election was held in March 2010 resulting in the appointment of Councillor Al Braybrook.

The Village applied for a Building Canada Stimulus Fund grant for the rehabilitation of the HVAC system at the Kelsey Centre for \$205K. The Stimulus Fund grant enabled the 35 year old Kelsey Centre HVAC system to be updated and rehabilitated in order to reduce operating costs and greenhouse gases. This involved installing two new furnaces and a solar-powered hot water system. This project was carried out in the late summer and fall of 2010 and was completed under budget. There was a substantial surplus from the HVAC project making it possible to apply for a Change Order to replace three-way valves and zone valves in the proposed new Village Office which would be located in the basement of the Kelsey Recreation Centre. This made it possible to have the basement of the KYC heated properly and controlled by a newly installed supervisory control and data acquisition system (SCADA) which can be remotely controlled from an internet web site.

In 2010 the Village was successful in receiving a Towns for Tomorrow grant for Repairs to Storm and Sanitary Systems in the Village for \$184K. The Towns for Tomorrow project was to reduce storm water infiltration into the sanitary sewer system and repair the sanitary piping. This project also identified, through smoke testing, that a number of properties had diverted storm drains into the sewage system and this was causing problems at the sewage lagoon site. The surplus funds from the Storm and Sanitary Systems was used to apply for a Change Order to replace a deteriorating primary aeration cell in the village's sewage lagoon. The wooden boards enclosing this cell are rotting and need to be replaced and the surplus funds will make that possible so a tender will soon be issued inviting contractors to complete this work.

In the summer of 2010 the Village also received the results of a study into the long term viability of drinking water sources. In addition, an Infrastructure Planning grant was received to aid the search for well water and develop long term financial plans. However, the well-drilling operations which followed proved unproductive so the Village

concentrated on the raw water supply from Newcastle Creek as the only viable option for potable water. After much consultation and at the advice of the new CAO, Council opted to take a new look at the costs quoted for water sanitation (\$4.5 +/- million) and opt for purchasing pre-fabricated off-the-shelf systems rather than using the costly and labour-intensive approach of building everything on-site. Council directed the CAO to seek quotes from companies which would bring in a pre-made water storage reservoir and water disinfection and filtration system. The reservoir would simply be bolted together and the water treatment facility would be skidded in by semi-trailer. Using this method the cost of the installation would be cut to \$1.5 million +/- which is a saving to the village of approximately \$3.0 million: a substantial saving for a small, low tax revenue village like this one. The plan is to build the reservoir first using a Towns for Tomorrow grant in 2011 and to build the water treatment/disinfection unit second in 2012.

In December 2010 the Village therefore applied for a grant (Towns for Tomorrow) for \$400,000.00 and planned to supplement this with surplus Gas Tax Fund dollar reserves to install a water storage reservoir above Newcastle Dam. The May 29, 2010 Water Supply Options Report by Highland Engineering and Surveying indicated that a treated water storage reservoir is needed to balance the peak hour flow as well as for storing water for at least five days and to provide fire flow and emergency storage. The proposed reservoir would have 600,000 gallon capacity, would be 30 feet high and have a diameter of approximately 55 feet and would be constructed close to Newcastle dam which is fed by Newcastle Creek. The plan is to pump water from the existing dam into a water treatment facility and from there to the new reservoir where it will gravity-feed to the Village infrastructure. The present dam is not located high enough to ensure that there is sufficient "head" of water pressure for all of the households in the Village. During the summer months, for example, the level of the dam drops dramatically and some properties have reduced water pressure at this time due to increased water usage at the Log Sort. The construction of the reservoir would ensure that the Village's water supply is met not just for potable water but for fire suppression as the Village is in close proximity to forested Crown land. By following this plan, the village should be completely compliant with Vancouver Island Health Authority (VIHA) policy 3.3 and water permit licensing by the Fall of 2012. One knock-on effect will be the elimination of turbidity events resulting in "boil water" advisories. It is also a possibility that the presence of the new 600,000 gallon reservoir may result in lower insurance premiums for residents as the water volume required by code for fire suppression will be more than met.

Until the new system is installed, the Village will continue to work closely with the VIHA's Environmental Health Officer in monitoring water chlorination procedures and it is planning to replace the manual chlorine-injection system with an automatic monitor and pumping arrangement. Meanwhile the Village's Public Works Foreman takes daily readings at the Newcastle Dam water treatment station and also takes daily readings of the outflows at the Village's Sewage Lagoon.

Council appointed a new manager to the Kelsey Recreation Centre who was instrumental in forming a new non-profit organization: the Friends of the Kelsey Centre Society which has secured a range of grants and other funding to supplement the operations of the pool. The new HVAC system together with two newly installed energy-efficient furnaces and a

solar powered hot water system made it possible to cut the fuel bills for the KYC by almost 40%. In addition a new supervisory control and data acquisition (SCADA) system was installed which regulated heat distribution using high quality zone valves to regulate the temperatures of the pool, the hot tub and the building in general thereby making the building more operationally viable.

It is planned to move the Village Office to the basement of the KYC in the new year to make way for a new Sayward Primary Healthcare Clinic to be established in the former building. The costs for moving the offices were to be covered by the sale of municipal equipment, surplus grant funding, grants from two different non-profit groups, volunteer labour and savings in wages and benefits during the period of the move. The move to the KYC involved converting the existing space in the KYC and creating a new multi-purpose space for children's programs and room rental which had advance bookings even before it opened and increased usage from the public with resulting revenue increases. The pool has two lifeguards which resulted in increased swimming time including swimming lessons for local residents and for the elementary and junior school.

Council wishes to recognize and congratulate the many volunteers who assist with programs initiated by the Village and in countless other ways in our local community organizations.

Infrastructure improvements and the livability in our community were high priorities with the 2010 council and will remain as so as we go forward into 2011 and beyond.

Sincere Regards

Mayor John MacDonald

And also on behalf of:

Deputy Mayor Debbie Coates
Councillor Rosemary Croteau
Councillor Norm Kirschner
Councillor Al Braybrook

2010 ANNUAL REPORT

Preamble: it must be pointed out that this 2010 annual report was written by someone who by December 2010 had only been in office for ten weeks. If this report therefore does not cover everything in adequate detail it is because another administrator was in place at the time.

Under Sections 97, 98 and 99 of the *Community Charter*, Council must prepare an annual report, make it available to the public at least fourteen days before an annual report meeting is held and allow submissions and questions from the public at that meeting.

The Annual Meeting is planned for June the 22nd, 2010 at 7:00 p.m. at the Village Offices, 652 K'Husam Way, Sayward, BC. This report was initially accepted for review by a Committee of the Whole which met on June 6, 2011. This report provides residents with the opportunity to review it before its final presentation on June 22 where it will receive public feedback.

2. Audited Financial Statements CC 98. (2) (a)

Audited Financial Statements for the Year Ended December 31, 2010 prepared by Moeller & Company attached as Appendix "A".

3. Statement of Property Tax Exemptions CC 98. (2) (b)

The following properties in the Village of Sayward were provided permissive property tax exemptions by Council in 2009, for 2010 to 2014:

<u>Legal Description</u>	<u>Civic Address</u>	<u>Organization</u>	<u>5 Yr Value of Permissive Exemption</u>
Lot 2, Plan 14387 Sayward District Roll No. 704.022	699 Sayward Rd	Royal Canadian Legion Sayward Valley Branch 147	\$1,574.16
District Lot 1439 Roll No. 27410.000	16 Sayward Rd	Sayward Futures Society	\$2,824.84

4. Statement of Service and Operation Highlights CC 98. (2) (c)

Council:

Council held 23 regular meetings, 5 special meetings and 9 in-camera meetings during 2010.

Members of Council, representing the interests of the Village of Sayward, attended the: Mid-Island Forest Lands Advisory Group, Strathcona Regional District Board, Vancouver Island Regional Library Board, CVRD/SRD Hospital Board; Sayward Harbour Authority, Vancouver Island Coastal Economic Trust, Local Government Leadership Academy, Union of BC Municipalities conference, Vancouver Island and

Coastal Communities conferences and various other seminars for professional development.

Council highlights:

- Council reviewed a VIHA policy on surface water treatment and passed project timelines for the mandated improvements to the drinking water system;
- a report on the future of the water system was received from Highland Engineering in 2010; this report sets the stage for water system improvements going forward; as currently planned, the improvements would have cost \$4.5 M+/- but this will be reduced to \$1.5 million +/- using prefabrication rather than on-site fabrication of facilities
- A successful application was made to the Building Canada Infrastructure Stimulus Fund for the sum of \$204K, with the entire project costing \$310K; use of Gas Tax funds reduced the Village's share of the costs to \$17+/-; the project was intended to rehabilitate the HVAC systems and add an emergency generator to power the building as it is an Emergency Social Services site; the existing HVAC system was 35 years old with minimal upgrades during that time. Now that it is completed the new system will reduce greenhouse gases and the energy footprint of the Centre by about 50%
- A Towns for Tomorrow grant was received for \$184K which covered 80% of the project total of \$230,000 to rehabilitate the Village's storm/sanitary systems, mainly to reduce rainfall induced infiltration into the sanitary system from storm water run-off and from a few resident's homes; funds from the Gas Tax were allocated to this project offsetting all of the Village's portion;
- A one-time grant from the Comox Valley Regional District for \$25,000.00 was received to create a new recycling centre which included a share shed, green waste disposal and bins for recyclables;
- A \$10K grant was received to support well drilling and a financial planning study, as part of the Water Options, secondary treatment requirement but as no wells were located the Village opted not to spend any more money on drilling particularly as the potential locations for productive wells were located too close to the Salmon Estuary Conservation area.
- Greenhouse Gas targets and the OCP change process continued in 2010 with plans to introduce "no idling zones," a bicycle rack at the Kelsey Recreation Centre and the replacement of the Village pickup truck.
- Sayward roads need to be upgraded in phases over the next five years as they were substantially depreciated in the 2010 Audit.
- The budget and tax rate bylaw was approved on May 5, 2010 and Council began new budget deliberations began in November 2010.

Personnel:

Please Note: Names of Personnel will not be used in recognition of the Freedom of Information and Protection of Privacy Act, 1990, Chapter 31 Section 41.

Preamble: The Village Office underwent a major turnover in staff in 2010 which began with the resignation of the Village Administration Receptionist in May 2010 followed by the termination of a CAO contract in September 2010 and the retirement of a Finance Officer in November 2010.

- The Village's CAO's contract terminated in September 2010 and a new person was appointed to the position of Chief Administrative Officer and Chief Finance Officer in October 2010;
- The Village's Finance Officer resigned around this time but remained as an on-call contractor and agreed to train an Administration/Finance Clerk in bookkeeping procedures including month-end and year end;
- The Fire Chief held the joint position as Public Works Foreman and spent many volunteer hours responding fire calls and training the members of Sayward's volunteer fire department. In his joint capacity as Public Works Foreman he also oversaw the installation of a new SCADA system to monitor water turbidity levels at Newcastle Dam and to activate a high turbidity warning alarm. The Public Works Foreman kept the streets clear of ice and snow during the winter months and monitored the sanitary and storm sewer infrastructure.
- The part-time Public Works Assistant continued to assist the Public Works Foreman and cover in his absence when necessary.
- A new person was appointed as the Recreation Coordinator in November and a primary task was to set up a new non-profit society: "The Friends of Kelsey Centre" which focused on fund-raising and increasing usage of the Centre. This involved planning the reorganization of the building space, moving the weight room into the basement, opening a newly designed multi-purpose room which is used for children's programs and meeting rentals, recruiting staff, and arranging training for staff.
- A new Emergency Program Coordinator was appointed in January 2010 and the Emergency Social Services Coordinator remained in the post.
- The Village continued to use the services of two custodians who attended to the cleaning at the Fire Hall, Village offices, Kelsey Centre and park washrooms.

Parks, and Water and Sewer Utilities:

- The Village received a Towns for Tomorrow grant for \$184K and utilized \$46K from the Gas Tax for the Village's portion of this \$230,000 project; the Village Administration had been aware that rainfall from storm water was infiltrating into the sanitary sewer system contrary to environmental regulations;
- An automatic chlorine injection system was sourced in the early part of 2010 but not installed at the Newcastle Dam disinfection facility.

- The turbidity meter there was calibrated and connected to a SDADA system making it possible to set off a high turbidity alarm;
- PW staff continued to complete a water main flushing program and a water valve exercising program;
- PW started a new weekly program of flushing of the dead-end water lines to ensure the residual chlorine levels are adequate;
- Several boil-water advisories were issued in 2010 and staff responded by delivering notices directly to homes, adding the information to our website and creating a database and call list. This proved to be a time-wasting and costly exercise.
- The Village therefore subscribed to the “One Call” whereby residents receive a call from an automated system. Village Administration is then informed when residents do not acknowledge receipt of these calls.
- In November, 2010 the Village Administration signed agreements with different organizations to remove snow and this program was well under way by December 2010.

Volunteer Fire Department:

- The Sayward and District Rescue Society ended their road rescue and first responder services in August 2009; discussions with the community ended with overwhelming support of the Sayward Volunteer Fire Department taking on these new duties even at additional cost through taxation;
- The Rescue Society continued to raise funds and were planning to purchase a trailer fitted out for the suppression of forest wildfires

Recreation:

The Kusam Klimb dance was held at the Kelsey Centre, hosted by the Sayward and District Rescue Society; this was the first time in recent memory that the Kelsey Centre was open during the summer, when the children were out of school and during Christmas Holidays; the turnout proved the success of these additional hours; the summer camp was greatly received by the participating children; the Vanderheide’s led the program with a very creative bent; Oscar Daze Ball Tournament consists of a 14 team, double knock out mixed slo-pitch tournament was organized by Michael and Debbie Coates with the proceeds donated to Sayward and District Rescue Society. The Oscar Daze dance organized by the Kelsey Centre staff was a great success; the Centre itself was well used by Daze campers for showers; the pool opened with great community support; young and not-so-young community members turned out continuously and supported the pool and the programs; staff helped organize a Yorke Island visit with Ross Keller in preparation for the Island becoming a protected site managed between the Province and the Federal Government; both the Halloween and the childrens’ Christmas events were well attended; this year the Christmas event also included a craft-fair. There was a teen sleepover that was a success with 17 teens participating. There were activities, games and food enjoyed by all who attended. Mayor MacDonald and Village staff cooked and served breakfast in the morning.

Administration:

- The new CAO/CFO took over as financial and corporate administrator and approving officer. The first task was to carry out an operational review of policies and procedures and this resulted in the ending of paid overtime which was replaced instead by paying staff time-in-lieu which greatly helped to reduce operating costs.
- The CAO/CFO also began to plan a proposed move of Village operations to the Kelsey Recreation Centre to free-up the village office as a future primary healthcare clinic. The new Village Office would make use of existing rooms in the Kelsey Recreation Centre and it was only necessary to build 2” x 4” walls in the former multi-purpose room to create a new Council Chambers which could accommodate 56 occupants. The Fire Chief and CAO planned the internal re-organization of the rooms to ensure that it complied with B.C. Building Regulations and Fire Codes.
- Record-Keeping: The CAO/CFO introduced the use of a new Excel database named “Inventory of Resolutions and Motions” which kept track of all Council resolutions at regular and in-camera meetings. Thanks to this method it can be reported that there were 145 resolutions passed from November 3 (when the system was set up) to December 31, 2010. This database is available to Council members who may wish to carry out research and find out a resolution number on a topic of interest within minutes rather than having to wade through many pages of Minutes. The database therefore is an index of all Council meetings both for regular and in-camera meetings and it is password protected for this reason.
- The CAO/CFO continued with the task of applying for grants and submitted an application for Towns for Tomorrow funding for a proposed reservoir and water disinfection system.
- The CAO/CFO took the lead in managing the HVAC rehabilitation and other projects and prepared spreadsheets to keep track of contract invoices and onsite accountability.
- The Administration/Finance Clerk provided support to the CAO/CFO, transcribing minutes of regular, special and in-camera meetings and providing financial services support assisted by the financial services contractor;
- The new Village website continued to see improvements with the webcams being one of the more popular pages for hits.
- The Share Shed continued to be a success thanks to the generous volunteering support by Bryanne Stacey and Stan Clark who monitored the present operations.

5. Statement Municipal Services, Operations and Progress CC 98. (2) (d)

2010 Objectives

Objective	Outcomes
Infrastructure sustainability	<p>a) A Towns for Tomorrow grant of \$184K (80%) was received and helped offset the costs of this \$230,000 project for rehabilitation to the storm and sanitary systems. The project completed by the summer of 2010 with a surplus of almost \$66k. A Change Order was submitted to the Ministry to use these funds to upgrade the primary cell of the Village's Sewage Lagoon.</p> <p>b) A Building Canada Infrastructure Stimulus Fund grant was received for the Kelsey Center HVAC upgrade and emergency generator project. This was a \$310,000 project with grants covering all but \$17k of the costs. The project was completed by November 2010 with a surplus of almost \$13k and a Change Order was submitted to the Ministry to use these funds to upgrade heating and ventilation work in the new Village Office in the basement of the Kelsey Recreation Centre.</p>
Tourism	<p>a) A new Tourism Task force was planned and one of their objectives was to move forward on tourism signage and to work on the replacement of Kelly's Bridge in the Salmon River Estuary in 2011.</p>
Fiscal sustainability	<p>a) 2011 budget discussions began in November 2010.</p>

6. Declaration of Disqualification of Council Members CC 98. (2) (e)

Nil

7. Statement Current and Next Years Objectives CC 98. (2) (f)

2011 Objectives:

Objective	Measures
Infrastructure sustainability	<p>a) Apply for a Towns for Tomorrow Grant for the sum of \$400,000.00 to build a new water storage facility near Newcastle Dam;</p> <p>b) Apply for an Infrastructure Planning grant to design the pumps and pipes required for a proposed new (skidded-in) water treatment facility.</p> <p>c) Carry out emergency road repairs and transfer funds for Road Reserves for this purpose</p> <p>d) Apply for a grant for a ramp for persons</p>

	<p>with disabilities at the new Village Office location.</p> <ul style="list-style-type: none"> e) Apply for funding to replace Kelly’s Bridge in the Salmon River Estuary. f) Monitor water turbidity at Newcastle Dam and take water turbidity readings upstream and downstream of the dam. g) Lobby Government Ministries to stop logging at logging lot 31511 (beside Newcastle Creek) for 18 months until a new water storage and treatment facility is installed. h) Monitor sanitary systems and monitor sanitary water discharge following rainfalls. i) Install an automatic chlorination injection system at the water disinfection facility at Newcastle Dam j) Request that the Western Forest Products assists in the purchase of chlorine barrels to help offset costs incurred by the Village as a result of high water consumption at the Kelsey Log Sort during the summer months.
Community communications	Add content and links on the Village website www.sayward.ca
Tourism	Create a tourism brochure.
Fiscal sustainability	<ul style="list-style-type: none"> a) Establish reserve funds from the 2010 operating surplus (as identified in the 2010 Audit) and create new reserves where none exist. b) Update the balance of reserves in future annual reports. c) Leverage Gas Tax grant funds and/or use the operating surplus to support the Water Reservoir installation project. d) Apply for Towns for Tomorrow funding for the installation of a “skidded-in” water storage reservoir at Newcastle Dam in the fall of 2011.
Economic Health	<ul style="list-style-type: none"> a) Continue to lobby the Vancouver Island Health Authority to provide funding to furnish and staff a primary healthcare clinic in the former Village Office. b) Promote/advertise the healthcare clinic as an incentive to potential retirees from other provinces to settle here. c) Investigate the possibility of joint-venturing

	<p>with First Nations or other partners in a “waste to energy” initiative using waste wood from Western Forest Products.</p> <p>d) Investigate the possibility of generating hydro power from Newcastle Creek.</p> <p>e) Complete the building of Kelly’s Bridge and work with local groups to promote tourism in the Salmon River Estuary.</p>
Parks, Recreation and Culture	<p>a) Build a skateboard park near the Kelsey Recreation Centre</p> <p>b) Re-open the former bowling alley at the Sayward Mall and create this space as an annex to the Kelsey Recreation Centre</p> <p>c) Purchase paddle boats for hire at the Village Pond for use during summer months (patrons supervised by a lifeguard).</p> <p>d) Install disability assistive equipment in the swimming pool to facilitate persons with disabilities.</p> <p>e) Install bathrooms/change rooms in the Kelsey Centre for persons with disabilities</p> <p>f) Install a ramp outside the basement of the KYC for persons with disabilities.</p> <p>g) Renew the siding to the KRC and complete the internal painting</p> <p>h) Add an extraction fan to the pool storage room.</p> <p>i) Purchase a large inflatable toy for programs and for rental during events.</p> <p>j) Purchase floor curling equipment for seniors</p> <p>k) Establish a seniors drop-in centre at the KYC</p>

8. Strategic Community Investment Funds Agreement

The Village is required to report on the amount and projected use of the SCI funds as part of the 2010 objectives, a new reporting requirement as a result of receiving the SCI funds earlier in 2009 and for 2009.

Noted below are the funding amounts and categories for SCI funds in 2010 and 2010.

Assured Funds	Use	Date Received	Amount Received
Small Communities Grant	Local Government Services	July 31, 2010	\$87,143.00

The Village received a major portion of the funds for fiscal year 2010 in 2010.

**SCI Funds intended use, performance targets and progress made:
Small Community Portion of the SCI Funds**

Intended Use	Performance Targets	Progress made in first reporting period (by June 30, 2010)	Progress made in second reporting period (by June 30, 2011)
Improve services funded as a result of the SCI funds increase and not affect previously funded services.	Pass an annual tax rate bylaw with no reduction in services.	In 2010 Council approved a 3.54% tax increase over the 2009 tax rate however that meant there were cuts made to services.	Not required at this time

9. Summary

The year 2010 was the second year of this Council in office. One Councillor resigned and one by-election was held to appoint a new Councillor.

There was a substantial staff turnover in the Village Office this year. The former receptionist and finance clerk resigned in May 2010. Then the former CAO left in October 2010 when his contract terminated and a new CAO/CFO was recruited and appointed in October. The Finance Officer retired shortly afterwards and a Finance/Administration Clerk was appointed by Council prior to the CAO's arrival. As the Finance/Administration Clerk had no previous municipal financial experience the former Finance Officer was contracted for a limited time to provide bookkeeping support services to the incoming CAO/CFO and to train the Finance/Administration Clerk. It was important to try to provide continuity in financial reporting as the former Finance Officer had been responsible for the Village's General Ledger accounting up to November, 2010.

Several significant grants were received to update and rehabilitate two major pieces of village infrastructure. The village opted to abandon searching for water wells and proceed with planning a new reservoir and water disinfection facility at Newcastle Creek using pre-fabricated units rather than fabricating the units which will result in substantial savings in capital expenses. If all goes well and Towns for Tomorrow grants are received, the Village plans to be compliant with VIHA water standards and regulations by the fall of 2013.

With prudent fiscal management and timely strategic planning the Village should exceed its potential for livability and sustainability into the future.

Colum A. Mc Cready, CAO/CFO

June 5, 2011.