

To: CAO for the Fraser Valley Regional District Board

Date: 2019-11-26

From: Mike Veenbaas, Director of Financial Services

File No: 1720-20

Subject: 2020-2024 Regional and Sub-Regional Services – DRAFT Financial Plan

RECOMMENDATION

THAT the Committee of the Whole direct Staff to bring forward the regional and sub-regional service budgets, including feedback provided, as part of the 2020-2024 Financial Plan Bylaw that the Regional Board will consider at its January 2020 meeting.

STRATEGIC AREA(S) OF FOCUS

Support Healthy & Sustainable Community
Provide Responsive & Effective Public Services

PRIORITIES

Priority #1 Waste Management
Priority #2 Air & Water Quality
Priority #5 Outdoor Recreation

BACKGROUND

Each year the five-year financial plan is reviewed, with the updates presented to the various approval bodies for direction and feedback. Meetings will be held in December with each Electoral Area Director regarding local area services specific to their electoral area. Also in December, at the EASC meeting, the draft EA Area Wide Service's financial plans will be presented for discussion/direction. A meeting is scheduled with the Recreation, Culture and Airpark Services Commission on December 3rd for airpark and recreation service budgets. Lastly, we have the presentation and discussion of the regional and sub-regional services.

DISCUSSION

Services that include at least one municipal member are considered either regional or sub-regional services. These include:

Regional Administration, Regional Grants-in-Aid, Indigenous Relations Committee, Search & Rescue, E911, Fire Dispatch, Animal Control, Transit, Solid Waste, Air Quality, Mosquito Control, Invasive Weed Control, Regional Planning, Regional Parks, Hope & District Recreation and Regional Airpark.

Regional District DRAFT 2020 Tax Requisition

Included with this report is a schedule outlining the draft 2020 tax requisition allocation by service area for each member municipality/electoral area. This information is based on the financial plans being presented to the Board for feedback and the 2019 Revised Assessment Roll (most current available information). Included is the property tax impact for an average single family residential home in each jurisdiction.

Budget proposals have been prepared with a target of holding at inflationary increases that can be funded from anticipated new construction (non-market change) assessment growth in the region. Initial new construction assessment estimates were 3%, based in part on prior year's actual results. Updated information released by BC Assessment November 18th as part of their "mid-November" update suggest a more likely amount of 2% should be expected for new construction assessment. This value will be finalized when the 2020 Revised Assessment Roll is released March 31, 2020. As such a number of services now present a potential 1% increase in the tax requisition required to fund the proposed 2020 budget.

For 2020 there are a few specific items that require funding beyond new construction growth that Staff are bringing to the Board's attention:

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|------------------------------------|------------------------------|
| 1. Regional Administration | 5. Regional Solid Waste |
| 2. Regional Fire Dispatch | 6. Regional Grant-in-Aid |
| 3. Regional Mosquito Control | 7. Sub-Regional Parks (West) |
| 4. Regional Air Quality Monitoring | 8. New Position Requests |

Regional Administration

The 2020 budget for Regional Administration includes three items that are reflected in the proposed tax requisition increase. First is the 2-3% estimated inflationary increase for existing expenditures to provide this administrative function. Second is the requirement to accommodate a previous corporate restructure into the permanently funded salary budget. Lastly, Staff are proposing that a \$25,000 legal budget be incorporated into the 2020 budget to allow the Regional Board flexibility to address corporate legal challenges and opportunities. Currently any legal expenses incurred must be absorbed within the existing operations budget through unplanned savings or deferment of expenses. Historically legal expenses were able to be funded from prior year surplus set aside for one-time future expenses. As those surplus funds have been fully utilized, that funding option no longer exists.

Regional Fire Dispatch

The financial plan for 2020 will see the first full year of dispatch operations completed by E-Comm, following the transition completed late February 2019. The proposed tax increase of 7.4% provides the funding necessary to fully annualize the service's operating budget under the new dispatching model.

Mosquito Control

The mosquito control program has seen annual funding increases supported by the Board over the past six years with 2021 planned to be the final adjustment year. The extension to 2021 was presented to and supported by the Board as part of the 2019-2023 financial planning process and provides for 15% increases in 2020 and 2021. The extension request was due to recent floodwater years requiring significant mosquito control efforts. It should be noted that any taxation collected for this service not used in the event of a low water year remains in the service to offset high water and bad mosquito years.

Regional Air Quality

A significant component of the regional air quality program budget is the operation, maintenance and data analysis of FVRD's air quality monitoring stations. This work has been historically provided by Metro Vancouver, as a regional service provided to other organizations that own monitoring stations. As presented during the 2019-2023 financial planning process, the existing fee for service contract with Metro had not been updated for many years, even though FVRD has seen growth in the number of monitoring stations. The Board supported the continuation of the arrangement with Metro and the 2020 and 2021 financial plans reflect the approved requisition increases of 5% - 6% as the full cost is phased-in.

Regional Solid Waste Levy

The regional solid waste management program is fully funded via the tonnage levy applied to all regional solid waste that is disposed of within the FVRD or leaves the FVRD through a consolidation point (transfer station) on its way for disposal outside of the FVRD. As detailed in past memos to the Board, a combination of factors will likely lead to a decrease in the amount of waste and therefore the amount of the tonnage levy generated to fund this program. Staff are in the process of consulting with municipal solid waste partners regarding options and will be bringing forth recommendations for the Board to provide direction on future program funding.

Grants-in-Aid – Wildsafe BC & Elizabeth's Wildlife Centre

In 2019, a regional grant in aid was provided to Wildsafe BC in the amount of \$15,000 and the British Columbia Conservation Foundation is requesting to extend this relationship. Staff continue to believe this program brings value to the region and recommend funding be provided for a 2020 grant in aid.

Elizabeth's Wildlife Centre received a second grant in 2019 in the amount of \$5,000, funded from all members except City of Abbotsford as they provide funding directly to the centre. Staff are looking for Board direction on the continuation of this grant in aid for 2020.

Sub-Regional Parks (West)

At a November 5th meeting of the Sub-Regional Parks (West) Working Group Staff presented a “Year in Review” for the service (Sumas Mtn., Matsqui Trail & Glen Valley), future proposed work plans and a number of funding options for the group to consider to address proposed operating and capital projects. The four options will be re-presented at the Committee meeting for consideration.

New Position Requests

Staff are bringing forward two new position requests for the Board’s consideration that look to reduce the organization’s risk exposure through proactive systems improvements.

1. Procurement & Risk Specialist

FVRD has never had a dedicated specialist to focus on procurement or risk management challenges and opportunities. As such, these functions operate in a decentralized format dependent on each operating division to interpret FVRD policies and respective legislation in the provision of these tasks. In recent years, there have been opportunities where FVRD could have provided a higher level of organizational protection, preventative actions and exposure limitation had a specialist fully trained in these functions been coordinating the procurement and risk management functions. Staff are proposing the addition of such a position that would be funded via an addition to the Overhead Support fee allocated to all FVRD service areas. Based on a fully loaded (wages & benefits) budget of \$95,000, the overall impact on total tax requisition would be a 0.5% increase.

2. FDM/Fire Dispatch Services Coordinator

Prior to and following the transition to E-Comm, the Fire Dispatch radio communications system and FDM software support has been coordinated through FVRD’s Information Technology Team and the existing Network Analyst and GIS Technician positions. This has resulted in reduced capacity to complete Network and GIS position functions which was hoped may be alleviated through the transition to E-Comm. Since that time it has become clear that the radio communications system and FDM support to regional fire department will continue to need dedicated resourcing to ensure a robust and reliable dispatching/communications system. As such, staff are proposing the addition of a FDM/Fire Dispatch Services Coordinator position. Based on a fully loaded (wages & benefits) budget of \$90,000, it would require a 5.8% increase in the Regional Fire Dispatch Service tax requisition.

Staff will be providing a presentation at the Committee of the Whole meeting to summarize the information contained in this report.

COST

As directed by the Board, the financial plans for regional and sub-regional services will be included in the five-year financial plan bylaw to be considered by the Board at the January meeting.

CONCLUSION

As one of the steps in the regional district financial planning process, recommendations for regional and sub-regional services are being presented for consideration. There a number of items impacting budgets and staff have prepared supporting schedules to help Board Directors provide the requested feedback and direction regarding the financial plans.

COMMENTS BY:

Jennifer Kinneman, Acting Chief Administrative Officer

Reviewed and supported.