

To: CAO for the Electoral Area Services Committee
From: Mike Veenbaas, Director of Financial Services

Date: 2019-12-10
File No: 1720-20

Subject: 2020-2024 Electoral Area Wide Services – DRAFT Financial Plan

RECOMMENDATION

THAT the Electoral Area Services Committee direct Staff to include the presented EA Area Wide Service's Financial Plans, along with feedback received by EASC, in 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

BACKGROUND

Each year the five-year financial plan is reviewed, with the updates presented to the various approval bodies for direction and feedback. Meetings have been held with each Electoral Area Director regarding local area services specific to their electoral area. The next step in the process is the presentation of the draft EA Area Wide Service's financial plans to the Electoral Area Services Committee.

DISCUSSION

Services that are provided across all electoral areas are considered "Area Wide Services". These include:

Electoral Area Administration, Regional Library, EA Utility Management, Emergency Management, Animal Control (Area D, E, G & H only), Building Inspection, Bylaw Enforcement, Planning Services and Soil Deposit & Removal.

DRAFT 2020 Tax Requisition

Included with this report is a schedule outlining the draft 2020 tax requisition by service area and the estimated impact on the residential tax rate per \$100,000 of assessment. This information is based on the financial plans being presented to the Committee for feedback and the 2019 Revised Assessment Roll (most current available information).

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 2019 actual results of 3.25%. Updated information released by BC Assessment November 18th as part of their "mid-November" update suggests 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:

1. Electoral Area Administration
2. Regional Library
3. EA Emergency Management

Electoral Area Administration

The 2020 budget for Electoral Area Administration includes four items that are reflected in the proposed tax requisition increase. Three are included in the base budget proposal with the fourth being a recommended change/addition.

For the base budget proposal, 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. Third is the adjustment for the Electoral Area Director remuneration increase approved during 2019.

As a recommended change/addition, Staff are proposing that one half of an Engineering Services Coordinator position be reallocated from Electoral Area Utility Management to Electoral Area Administration to recognize the "general, non-service area" projects that may be assigned to the Engineering Team. Currently funded by all the smaller local area services, this reallocation helps to reduce the financial burden in these smaller service areas and considers how these "general, non-service area" projects often benefit an area beyond a local service area. If this recommendation is not supported, the local area services will need to have their Engineering recovery increased by 4.7%.

Regional Library

At their November 20th Board meeting, the Fraser Valley Regional Library adopted their 2020 financial plan which is funded through an assessment received from member municipalities and FVRD. The FVRD portion covers the provision of regional library services to the electoral areas.

The 2020 budget includes a base increase of \$7,827 on the 2019 assessment of \$265,477 to cover basic inflationary costs. In addition, \$3,745 was include for new items such as increasing the transfer to materials reserve, increasing the materials purchased and some funding for central library support.

The base plus additions impact on FVRD's assessment results in an increase from \$265,477 in 2019 to \$277,049 in 2020, a 4.36% increase. This corresponds to the proposed tax requisition increase for the electoral area regional library service at 4.6%, of which 2% is projected to be covered by growth in the region. The remaining 2.6% represents a tax increase needed to fund the regional library assessment.

Electoral Area Emergency Management

As part of the financial planning process, Staff are proposing two additions to the Emergency Management program budget.

First is the addition of a Emergency Program Assistant to help fulfill the FVRD requirements under the Emergency Program Act. Steps were taken as part of preparing for the Auditor General for Local Government Emergency Preparedness audit and EASC supported the addition of an Emergency Management Specialist. Since then, it has become more apparent that the FVRD emergency program is not meeting the requirements and has much work ahead in order to become fully compliant. A separate information sheet on the position request is included with this memo. The financial impact of this position is estimated to be \$79,950 (wages and benefits).

Second is the addition of funds for completing the emergency exercises and staff training as required under the Emergency Program Act. This would not include Staff time as that is already budgeted throughout FVRD's many services. The costs would be for bringing in trainers, attending offsite training opportunities and purchasing supplies for emergency exercises. This request is for \$25,310.

COST

Much of the cost increases associated with delivering the many area wide services are able to be managed within the non-market change assessment growth. However, the items noted above will have a tax increase on residents as follows:

1. Base Budget

Assessment	Electoral Area Administration	Regional Library	Other Services	Total
\$100,000	\$3.00	\$0.15	\$0.30	\$3.45
\$300,000	\$9.00	\$0.45	\$0.90	\$10.35
\$500,000	\$15.00	\$0.75	\$1.50	\$17.25

2. Changes/Additions

Assessment	Engineering Services Coordinator	Emergency Management Assistant	Emergency Training / Supplies	Total
\$100,000	\$1.00	\$1.65	\$0.55	\$3.20
\$300,000	\$3.00	\$4.95	\$1.65	\$9.60
\$500,000	\$5.00	\$8.25	\$2.75	\$16.00

3. Base Budget plus Changes/Additions

Assessment	Base Budget	Changes / Additions	Total
\$100,000	\$3.45	\$3.20	\$6.65
\$300,000	\$10.35	\$9.60	\$19.95
\$500,000	\$17.25	\$16.00	\$33.25

CONCLUSION

Staff have prepared the proposed 2020-2024 financial plan for EA Area Wide Services. Included in the proposal are options for EASC to consider to address how costs are allocated for electoral area supported projects and to address areas where FVRD needs more resources to meet its obligations under the Emergency Program Act.

COMMENTS BY:

Jennifer Kinneman, Acting Chief Administrative Officer: Reviewed and supported.