

To: Fraser Valley Regional District Board

Date: 2023-02-16

From: Kelly Lownsborough, Director of Corporate Services & CFO

File No:

Subject: Financial Plan 2023-2027

RECOMMENDATION

OPTION 1

THAT the Fraser Valley Regional District Board direct Staff to prepare the 2023-2027 FVRD Financial Plan for Public Consultation as presented within this report.

OPTION 2

THAT the Fraser Valley Regional District Board direct Staff to prepare the 2023-2027 FVRD Financial Plan for Public Consultation as presented within this report and as amended during the Regional Committee of the Whole meeting.

BACKGROUND

In accordance with the *Local Government Act* and *Community Charter*, local governments, including regional districts, must annually adopt a Financial Plan. The Financial Plan needs to span a five-year time horizon. The Fraser Valley Regional District has prepared the 2023-2027 **Draft Financial Plan ("the Plan")**, which is summarized in this report and will be presented at the Regional Committee of the Whole.

DISCUSSION

The Fraser Valley Regional District ("FVRD") manages approximately 120 unique service area budgets. These budgets all have distinct purposes, unique tax bases, revenues, and expenses as well as their own designated surplus and reserve balances that can not be shared amongst other service areas. This makes it essential to manage those funds effectively and for the future needs in order to be financially sustainable.

The proposed Plan involves a thorough internal process beginning with reviews of existing budgets, comparison to forecasted dollars for the current year, assessment of needs and justification of requests for any new funding requirements over and above prior years. The timing for this proposed Plan was shifted to post-election to ensure that newly elected board members have full awareness of the budgets being proposed and adopted. The FVRD strives for transparency and accountability in this process. The

Plan is a five-year plan, yet is revisited and approved annually. While required under legislation, producing a five-year plan enables good discipline in financial planning.

Regional District Budgeting

Regional District budgeting can be quite complex. With over 120 unique service areas, each requires diligent management and unlike municipal budgeting, should any one of these budgets be in a financial need or shortfall, dollars from another service area or taxation base, can not be shared, therefore each must be managed effectively. In addition to the multiple budgets, regional districts are not a direct taxing authority so dollars are requisitioned through the Province of British Columbia. Municipalities set their own tax rates and often times do so in advance of property assessments being finalized; sometimes this can yield more than is required. This is not the case for Regional Districts; the funds requested are exactly what the FVRD receives, therefore precision of funding requirements is imperative.

In terms of relating the proposed Plan to the average taxpayer, the FVRD translates the impact of the **Proposed Plan's tax requirements to the impacts for an average residential property**. These impacts change based on the property assessment data; yet this information provides a tool for decision makers.

2023-2027 Financial Plan Approach & Timeline

This Financial Plan is no different than prior years; fiscal management and conservatism is key. Costs are always scrutinized. However, unlike prior years, we continue to learn more about our asset management practices and reasonable reserve balances for asset replacement. The needs are growing greater than the funding will permit. The FVRD has identified assets at risk, whereby the historical tax levels have not kept pace and the reserve balances are insufficient. While staff professional recommendations for reserve contributions or savings have been supported by Electoral Area Directors, these assets remain at risk until such time as those reserve balances can sustain replacement requirements.

British Columbia's inflation continues to be above the national average; at the time of Plan development the inflation rate is nearing seven per cent. Staff continue to focus on securing external funding to offset the tax burden on property owners. In many cases service area budget proposals are below inflationary levels. In cases where the tax requirements exceed inflation, those are highlighted **for the Board's attention**.

The Local Government Act requires the adoption of the Five-Year Financial Plan by March 31st. The timeline for this Plan was shifted due to Elections in late 2022 in order to enable decision making and visibility of the Plan to the new board. A summary of the key milestones are shown below.

Month	Financial Plan Milestones
November 2022	Operational Support funding requirements confirmed by FVRD Board (six service area budgets)
December 2022	Individual Electoral Area service area budgets confirmed by each EA Director (72 budgets)
January 2023	-Municipal CFO consultation -Electoral Area Committee of the Whole; January 19 th & 26 th (8 budgets)
February 2023	-Electoral Area Committee of the Whole; February 2 nd (8 budgets con't) -Regional Committee of the Whole (24 budgets) -Public Consultation
March 2023	Budget adoption

Financial Impacts of Proposed Plan

At the Regional Committee of the Whole, the proposed Plan for Regional and Sub-Regional budgets will be presented. **The increase in tax dollars required (“tax requisition”) for Regional budgets is proposed at \$253K as compared to last year’s tax requirements of \$5.129M.** The tables below show the overall impacts of the total tax dollars required for each of these services as compared to 2022.

Regional Service Area Budgets

	Service	Total 2022 Tax Requisition	Total 2023 Tax Requisition	Increase Decrease (-)
101	Regional Administration	\$ 1,310,970	\$ 1,394,450	\$ 83,480
105	Grants-in-Aid Regional	-	32,410	32,410
106	Indigenous Relations	77,620	79,950	2,330
247	Fire Dispatch	1,911,920	1,978,590	66,670
400	Mosquito Control	460,000	478,400	18,400
401	Air Quality Management	621,490	640,130	18,640
601	Regional Development	746,500	777,820	31,320
	Total Regional Taxation	\$ 5,128,500	\$ 5,381,750	\$ 253,250

Sub-Regional Service Area Budgets

	Service	Total 2022 Tax Requisition	Total 2023 Tax Requisition	Increase Decrease (-)
204	Building Inspection (HHS)	\$ 22,400	\$ 23,300	\$ 900
240	Search & Rescue	127,520	181,060	53,540
255	Animal Control	435,700	470,300	34,600
301	FVRD Regional Airpark	113,390	127,790	14,400
306	Transit: Chilliwack, Kent, HHS, Area D	229,240	236,120	6,880
307	Transit: Fraser Valley Express	762,890	776,000	13,110
308	Transit: Hope	196,240	208,220	11,980
430	Invasive Weed Control	149,730	155,720	5,990
602	Regional Mapping/GIS	26,340	29,870	3,530
700	Regional Parks (East)	1,149,640	1,205,610	55,970
709	Hope Aquatic Centre & Arena	1,624,000	1,705,200	81,200
710	Hope & Area Recreation	191,230	200,760	9,530
735	Sub-Regional Parks (West)	1,188,980	1,216,760	27,780
	Total Sub-Regional Taxation	\$ 6,217,300	\$ 6,536,710	\$ 319,410

The total increase in tax dollars required for sub-regional service area budget is \$319K as compared to **last year's tax** requirements of \$6.217M.

Electoral Area-Wide Service Area Budgets have been endorsed by the EA Directors. A summary of the finalized Plan for Electoral Area-Wide Service area budgets is shown below.

	Service	Total 2022 Requisition	Total 2023 Requisition	Increase Decrease (-)
102	Electoral Area Administration	\$ 1,573,670	\$ 1,688,670	115,000
204	Building Inspection	373,860	388,800	14,940
205	Emergency Management *	248,670	293,380	44,710
207	Bylaw Enforcement	184,000	199,240	15,240
256	Animal Control – Area D, E, G & H	57,800	60,000	2,200
603	Electoral Area Planning	921,540	945,000	23,460
701	Regional Library	329,810	343,990	14,180
	Total EA Area-Wide Taxation	\$ 3,689,350	\$ 3,919,080	\$ 229,730

** 2022 values represent total taxation prior to one time additional funding being applied*

Key Decisions

At the Regional Committee of the Whole, staff will be seeking support for recommendations on budgets proposed with new projects or initiatives and / or tax increases greater than inflation and an overall endorsement to proceed with public consultation. In addition, there will be decisions for additional funding of \$50K for Chilliwack Search and Rescue. Further, this year marks the second year of a formal request for submissions on Regional Grants-in-Aid. For context, in 2021 a report was brought forward to the Board to change the Regional Grants-in-Aid process to an annual call for proposals. For the 2023 Plan, there were five requests submitted for Regional Grants-in-Aid, totalling \$32.4K. The table below shows the list of submissions:

Applicant	Purpose of Funding	Requested Amount
Chilliwack Community Arts Council	Chilliwack Mural Festival and street festival	\$5,000
Fraser Valley Mountain Bikers Association	Development of Volunteer Trail Builder Training Program	\$13,640
Hemlock Valley Homeowners Association	Community related events and expenditures, and information & muster point directional signage	\$3,950
Sasquatch Mountain Ski Club	Purchase communication equipment for safe operations	\$6,820
Stroke Recovery Association of BC	Stroke Recovery Program to assist stroke survivors develop skills & self-empowerment	\$3,000

The FVRD strives for the appropriate level of information to share with the Board for governance in **decision making**. **While we are pleased to share each service area's proposed financial plan details**, staff received feedback from the Board last year to focus on key decisions only. To that end, a modified approach was **taken through this year's Plan** development process. All proposed service area budgets are included in presentation materials, yet only those with new proposed projects and / or tax impacts greater than inflation are included as topics for decisions and discussions. All proposed financial plans are however included for questions and / or presentation should the Board request.

COST

There are no costs directly associated with this report. Once adopted, the proposed 2023-2027 Financial Plan bylaw will become the current Plan.

CONCLUSION

The proposed Fraser Valley Regional District 2023-2027 Financial Plan has been conservatively prepared and represents the feedback and direction received at various stages including the FVRD Board, individual Electoral Area Director budget reviews and three Electoral Area Committee of the Whole budget reviews to date.

Next steps in the Financial Plan process are to conduct online public consultation on the Plan. Should the Board wish to proceed with any options other than staff recommendations, staff will amend and then prepare the materials for public consultation.

COMMENTS BY:

Jennifer Kinneman, Chief Administrative Officer: Reviewed and supported