

To: CAO for the Fraser Valley Regional District Board

Date: 2019-02-26

From: Mike Veenbaas, Director of Financial Services

File No: 1720-20

Subject: 2019-2023 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 2019-2023 Financial Plan Bylaw that the Regional Board will consider at its March 2019 meeting.

STRATEGIC AREA(S) OF FOCUS

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. At the February EASC meeting, the draft EA Area Wide Service's financial plans were presented and feedback was provided to Staff. A meeting is scheduled with the Recreation, Culture and Airpark Services Commission on March 5th for airpark and recreation service budgets. The last step in the process is 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, Aboriginal Relations Committee, Search & Rescue, E911, Fire Dispatch, Animal Control, Transit, Solid Waste, Air Quality, Mosquito Control, Invasive Weed Control, Regional Planning and Regional Parks.

Regional District DRAFT 2019 Tax Requisition

Included with this report is a schedule outlining the draft 2019 tax requisition allocation by member. This information is based on the financial plans being presented to the Board for feedback and the 2019 Completed Assessment Roll. The schedule also itemizes the proposed requisition adjustments by type or service so Directors can better understand the proposed changes. Included is the property tax impact for an average single family residential home in each jurisdiction.

For 2019 there are a few specific items that Staff are bringing to the Board's attention:

1. Proposed General Tax Increase
2. Regional Fire Dispatch – transition to E-Comm
3. Mosquito Control
4. Regional Air Quality Monitoring
5. Regional Solid Waste Levy
6. Grant-in-Aids – Wildsafe BC and Elizabeth's Wildlife Centre

Proposed General Tax Increase

Since at least 2012, financial plans have not been presented to the Board with a request for a general increase in tax funding. Generally, Staff work to limit annual budgetary increases to that which can be funded through development growth, resulting in no net increase to tax rates. It is acknowledged that exceptions have occurred when a service is experiencing a service specific cost driver and the Board has in turn supported funding increases.

When putting together the 2019 financial plan proposal, it became evident that the many years of increasing costs for the administrative support function required to support each service was having a negative impact on the service's operations budgets and ability to manage fiscally. Examples include increasing expectations around records management, FOI and protection of privacy, enhancing IT infrastructure and security from cyber-attacks and building operational costs increasing at rates higher than CPI. This became further exasperated with the introduction of the Employer Health Payroll Tax in 2019, increasing employee benefit costs by an additional 2%. As such, for the first time, Staff are proposing a general 3% increase for all regional services. These funds will help to ensure the administrative support required of regional services is adequately funded and able to meet increasing needs and requirements. The same 3% increase for electoral area services has been proposed and was supported by the Electoral Area Services Committee. The financial impact from the proposed general increase for an average single family residential equals \$0.95 in Abbotsford, \$1.23 in Chilliwack and \$1.46 in Mission. The range is a result of home values and services provided to each community.

Regional Fire Dispatch

February 2019 marks the completion of the transition from an in-house FVRD fire dispatch model to an external E-Comm fire dispatch model. As noted in the business case on the future of fire dispatch,

presented to the Board in late 2017, there was a cost implication of moving to a full service, more robust fire dispatch model (whether in-house or external). Some budgetary impacts were included in 2018 as part of the first step in the change where additional dispatch staff was scheduled to handle peak call volume shifts. The full budgetary impact is reflected in the 2019 requisition information presented by Staff. With a requisition impact of \$416,360, this service adjustment accounts for just over half of the recommended total requisition adjustment.

Mosquito Control

The mosquito control program has seen annual funding increases supported by the Board over the past five years with 2019 planned to be the final adjustment year. As detailed in the attached briefing note, Staff are recommending the annual increases be extended for a further two years due to recent floodwater years requiring significant mosquito control efforts. In keeping with past annual increases, Staff are recommending a 9.2% increase in addition to the previously recommended 3% general increase. Please note that any taxation collected for this service not used in the event of a low water year would remain in the service and offset future costs.

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 the briefing note states, the existing fee for service contract has not been updated for many years, even though FVRD has seen growth in the number of monitoring stations. Staff are recommending that FVRD continue with the current arrangement which would include an updated fee for service from the current rate of \$143,500 to \$180,000 in 2019 and eventually \$230,000 in 2021 with annual adjustments for CPI thereafter. This amount has been accommodated in the 2019 financial plan within the proposed general tax increase and will require further requisition increases of 5% - 6% in 2020 & 2021 to accommodate the 3 year phase-in.

Regional Solid Waste Levy

The regional solid waste management program is fully funded via the tonnage levy applied to all municipal 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 and in the attached briefing note, 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 have presented options for the Board's consideration and will be looking to reengage on this topic in order to confirm the Board's direction on future program funding.

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

In 2018 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 continue this relationship. Staff have prepared a

briefing note outlining the positives the program has delivered, along with some financial concerns the Board needs to be aware of as the funding model has been in decline. Staff have also included some recommendations regarding specific deliverables from the program should the Board wish to continue.

Elizabeth's Wildlife Centre received a one-time grant in 2018 in the amount of \$5,000, funded from all members except City of Abbotsford as they provided funding directly to the centre. The Board asked Staff to bring forward an option for ongoing financial support that the Board could consider during the 2019 budget discussions. The briefing note refreshes the Board on the centre, its operations and the financial impact of increasing the regional grant-in-aid program to provide funding.

Sub-Regional Services Proposed Requisition Impacts

There are a few budgetary impacts for services that include a smaller number of members:

1. Regional Mapping / GIS – a service provided by FVRD to Village of Harrison Hot Springs and District of Hope for the management of the online mapping tool. This is a direct cost recovery for the GIS Technician time associated with the provision of this service. Many years of small budgetary adjustments has resulted in the requirement for a one-time catch up correction.
2. Agassiz-Harrison Transit – increasing BC Transit operational costs and the depletion of the fuel operating reserve has resulted in a recommended increase in tax subsidy for only the second time since 2014.
3. Hope Transit – upon establishing this service BC Transit came to realize they had significantly under budgeted the financial impact of fuel on the operations. While there has been an increase in funding from First Nation partners, it has not been enough to offset the fuel budget which has resulted in the Staff recommendation to increase the tax subsidy.
4. Fraser Valley Express Transit – the proposed budget for 2019 has been prepared with no change in tax requisition from 2018. Staff will be presenting options for consideration to the Committee should Directors desire to see additional funding placed into reserve for future enhancements, funded from development growth or a general tax increase.
5. Recreation, Culture & Airpark Services – these are still in draft format as they have not yet been presented to or debated by the Commission. Any recommendations from the March 5th Commission meeting will be incorporated into the financial plan bylaw.

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

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 March meeting.

CONCLUSION

As the final step 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 briefing notes to help Board Directors provide the requested feedback and direction regarding the financial plans.

COMMENTS BY:

Paul Gipps, Chief Administrative Officer:

Reviewed and supported