

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, MARCH 09, 2022**

SUBJECT **2022 Electoral Area Budget Review**

ISSUE SUMMARY

To present the 2022 Electoral Area (EA) budgets where they will be forwarded for final approval to the Capital Regional District Board (Board).

BACKGROUND

The Electoral Areas Committee (EAC) combines the three unincorporated areas within the Capital Regional District: Juan de Fuca (JDF) EA, Salt Spring Island (SSI) EA and Southern Gulf Islands (SGI) EA.

The Capital Regional District (CRD) provides a range of regional, sub-regional, and local services to its residents. Regional services are provided to the entire region; sub-regional services are provided to a sub-group of participating municipalities, First Nations, and EAs; and local services are provided to individual municipalities, EAs, or to groups of residents within a local service area. It is estimated that the CRD currently provides services to over 23,400 Electoral Area residents (2021 population estimate).

Services delivered within the EA's are enabled by the *Local Government Act* and service establishment bylaws, they are guided by the Board strategic plan, and service plans.

Budget Approval Process

Section 374 of the *Local Government Act* requires the CRD develop and approve a five-year Financial Plan by March 31 each year, inclusive of all EA services. Under direction provided by the Board, the EAC is delegated the review and recommendation of all EA service budgets, including local service budgets before financial plan approval.

On October 13, 2021, the EAC recommended approval of the preliminary EA service budgets. On October 27, 2021, the CRD Board approved 2022 Service Plans, the 2022 Staff Establishment Chart and the Provisional 2022-2026 Financial Plan, inclusive of EA service budgets.

Since provisional approval, changes to the plan have been incorporated for year-end results, direction from local commissions and committees or EA Directors, and 2022 assessment values (impacting cost apportionment). All commissions and committees have recommended their respective budgets.

The budgets have now been updated for all known factors and are presented for review and recommendation by the EAC for the scheduled Board meeting on March 16, 2022.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the 2022 Electoral Area budgets be approved as presented.

Alternative 2

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the 2022 Electoral Area budgets be approved with amendments.

IMPLICATIONS

Financial Implications

Tax Requisition

Changes from provisional approval are the result of year-end adjustments, assessment value impacts, local commission or committee direction, and EA Director input.

Table 1 compares the changes from Provisional to Final requisition for each EA. Details of these changes are included in Appendix A-1 and A-3 (JDF), B-1 and B-3 (SSI) and C-1 and C-3 (SGI).

Table 1: 2022 Final vs Provisional Requisition

	2022 Final (2022 Assessment)		2022 Provisional (2021 Assessment)		\$ Change		% Change	
	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH
JDF	2.6M	\$663	2.5M	\$609	0.1M	\$54.09	2.9%	8.9%
SSI	7.2M	\$1,103	7.1M	\$1,067	0.2M	\$35.44	2.5%	3.3%
SGI	3.6M	\$527	3.4M	\$497	0.2M	\$30.09	5.2%	6.1%

The final requisition change over the prior year is listed in Table 2 below. Requisition summaries by service area for each EA with changes from 2021 are included in Appendix A-2 (JDF), B-2 (SSI) and C-2 (SGI).

Table 2: 2022 Final vs 2021 Final Requisition

	2022 Final (2022 Assessment)		2021 Final (2021 Assessment)		\$ Change		% Change	
	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH
JDF	2.6M	\$663	2.5M	\$599	0.1M	\$64.43	4.7%	10.8%
SSI	7.2M	\$1,103	6.8M	\$1,034	0.4M	\$69.04	5.8%	6.7%
SGI	3.6M	\$527	3.3M	\$481	0.3M	\$45.74	8.7%	9.5%

Tables 1 and 2 include changes in regional, sub-regional, joint EA, individual EA services and Capital Regional Hospital District (CRHD) requisition but excludes local-specified-defined area services.

Impact of Assessment Values

Included in the total requisition are regional, sub regional and joint electoral area service budgets which are cost shared between participants based on converted assessments.

Based on data from BC Assessment, the region experienced an average increase in assessment of 21.6% in 2022. JDF, SSI and SGI all experienced higher increases than the average for the region, rising 28.9%, 31.4%, and 35.0% respectively.

When assessments increase greater than average in one area, the % share of costs in that area will also increase. As a result of assessments, all EAs are assuming a larger proportion of service delivery costs. Appendix D contains key assessment data points for each EA and a graph showing the assessment and folio change by participant for the region.

Increases in assessments also impacts the theoretical calculation of an 'Average Residential Assessed Value' included in Appendix A-2, B-2, and C-2. The impact is greater if the rate of change in assessed values outpaces the rate of change in folios in an area. All three EAs experienced a higher rate of change in assessed values than folios. This drives the 'Average Residential Assessed Value' of a household up and reflects a higher cost to the average household.

Table 3 summarizes the change in cost per average household and separates the change driven by assessments vs driven by changes in budget.

Table 3: Change in Cost/Avg HH by Cost Driver (2022 Final vs 2021)

	Change in Assessment		Change in Budget		Total Change 2022 Final vs 2021 Final**	
	Cost / Avg HH	%	Cost / Avg HH	%	Cost / Avg HH	%
JDF	\$49.17	8.2%	\$15.26	2.6%	\$63.43	10.8%
SSI	\$31.97	3.1%	\$37.07	3.6%	\$69.04	6.7%
SGI	\$27.68	5.8%	\$18.06	3.7%	\$45.74	9.5%

*Cost/Avg HH includes CRD and CRHD services, but excludes local/specified/defined services

(Cost / Avg HH) - The cost per average residential assessment is a theoretical calculation that provides a directional indicator on impacts to a rate payer. The Cost / Avg HH does not reflect factors that vary by home, such as service participation and actual value. This calculation is most directly impacted by changes in apportionment, folios and assessed values. It can be used as an approximation of cost per household if a home is valued at or near the 'Average Residential Assessed Value' in App A-2, B-2 and C-2.

Capital Budget

The 2022 Capital Plan has been adjusted since provisional approval. All changes have been recommended through local commissions or committees, the EA Director or identified by staff through review with the EA Director.

The Final 2022 Capital Plan Summary overview by service for each EA is included as Appendix A-4 (JDF), B-4 (SSI) and C-4 (SGI).

A summary of all changes since provisional approval by project for each EA is shown in Appendix A-5 (JDF), B-5 (SSI), and C-5 (SGI).

Financial Plan Bylaw

The 2022 Financial Plan summary for each EA can be found in the attached appendices A–C. The summaries highlight changes over the prior year and provisional. Changes are driven by year-end results, assessment changes, service delivery impacts, inflation, and new initiatives directed through local commissions and committees or EA directors. The EA Financial Plan summaries will be incorporated for final approval in the consolidated CRD Financial Plan at the special Board meeting on March 16, 2022.

As in prior years, final adjustments are made ahead of billing with the release of BC Assessment final data for the region. This is typically distributed at the end of March. No material changes or impacts are expected.

CONCLUSION

The 2022 Electoral Area budgets have been delegated to the Electoral Areas Committee by the CRD Board for review and recommendation. All budgets will be forwarded to the CRD Board for final approval on March 16, 2022.

Overall, the 2022 Electoral Area budgets have been prepared based on the service plans and they provide ongoing CRD services which respond to the varying needs of the three Electoral Area communities.

RECOMMENDATION

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the 2022 Electoral Area budgets be approved as presented.

Submitted by:	Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services
Concurrence:	Nelson Chan, MBA, FCPA, FCMA, Chief Financial Officer
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

ATTACHMENT(S)

Appendix A: Juan de Fuca Electoral Area
Appendix B: Salt Spring Island Electoral Area
Appendix C: Southern Gulf Islands Electoral Area
Appendix D: 2022 Assessment Data