

## REPORT TO THE ELECTORAL AREAS COMMITTEE MEETING OF WEDNESDAY, MARCH 13, 2019

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**SUBJECT**     2019 Electoral Area Budget Review

### **ISSUE**

To present the 2019 Electoral Area (EA) budgets and obtain recommendation from the Electoral Area Committee (EAC) to forward the budgets for final approval to the Capital Regional District Board (Board).

### **BACKGROUND**

The EAC combines the three unincorporated areas within the Capital Regional District: Salt Spring Island EA, Southern Gulf Islands EA and Juan de Fuca 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 groups of participating municipalities, First Nations, and Electoral Areas; and local services are provided to individual municipalities, Electoral Areas, or to groups of residents within local service areas. It is estimated that the CRD currently provides services to over 20,000 Electoral Area residents (2016 census).

The Electoral Area services delivered are guided by the *Local Government Act*, service establishment bylaws, the Board strategic plan, and corporate service plans.

### **Budget Approval Process**

Under the budget direction provided by the Board, review and recommendation for approval of all Electoral Area service budgets, including local services commission budgets, is delegated to the EAC. On September 5, 2018, the Electoral Area Services Committee approved the preliminary budgets for all regional and sub-regional budgets. These budgets were included in the preliminary 2019 CRD Financial Plan also approved by the CRD Board on September 5, 2018 and have now been updated for review by the EAC and recommendation to the Board for the Financial Plan Bylaw review on March 20, 2019.

### **Budget Highlights**

The preliminary budget approval process included a comprehensive review of the operating budgets and capital expenditure plans for all EA services. Changes which have been made in the plans since that time are the result of changes in the estimated surplus or deficit carry-forward amount, or due to the receipt of new information or direction from the EAC. This report addresses the changes in the EA financial plans which have occurred since preliminary approval in September 2018.

## **ALTERNATIVES**

### Alternative 1

That the Electoral Areas Committee recommend to the Capital Regional District Board:  
That the 2019 Electoral Area budgets as presented receive approval.

### Alternative 2

That the Electoral Areas Committee recommend to the Capital Regional District Board:  
That the 2019 Electoral Area budgets as presented receive approval with amendments.

## **FINANCIAL IMPLICATIONS**

The following table highlights requisition revised for final and requisition at the time of preliminary approval in September 5, 2018. The total % change is a year-over-year comparison. Final requisitions reflect all known factors to date since provisional including updates to incorporate both year-end adjustments and committee recommendations. The table excludes changes in the services which only have a local/specified area impact versus an impact on all rate payers. Appendix 1 provides a summary of changes in all services in each of the EA's.

*Table 1: 2019 Final vs Provisional Budget*

|                       | 2019 Final Requisition<br>(2019 Assessment) |          |              | 2019 Provisional Requisition<br>(2018 Assessment) |          |              |
|-----------------------|---|----------|--------------|---|----------|--------------|
|                       | (\$M)                                       | % Change | % Per Avg HH | (\$M)   | % Change | % Per Avg HH |
| Juan de Fuca          | \$1.8                                       | 9.2%     | 7.3%         | \$1.8   | 8.3%     | 8.3%         |
| Salt Spring Island    | \$5.5                                       | 2.0%     | 1.9%         | \$5.5   | 0.9%     | 0.9%         |
| Southern Gulf Islands | \$2.3                                       | 6.3%     | 6.5%         | \$2.3   | 6.1%     | 6.1%         |

Changes in the capital plans since provisional approval which have been recommended through commissions are:

- New projects in the SGI Small Craft Harbours for projects related to Sturdies Bay, Lyall Harbour, and Horton Bay;
- The replacement of a fire truck on Pender Island and additional fire equipment purchases; and,
- The remediation of Gardom Pond Dam on Pender Island.

Capital plans form part of the total CRD capital plan and will be presented for review by the Board on March 20, 2019.

### **Financial Plan Bylaw**

The 2019 Financial Plan summaries for each EA can be found in Appendix 2. The summary highlights changes in requisition over the prior year. The changes over prior year are a result of surplus and/or deficits from the previous years' plan, assessment changes affecting cost sharing, wage and benefit rates, core inflation and any new initiatives directed through commissions or through EA directors. The EA Financial Plan summaries will be incorporated for final approval in the total budget package for March 20, 2019.

Prior to participant billing, final adjustments are made once final BC Assessment information for the region is released. It is anticipated there will be no material changes in assessment data.

### **CONCLUSION**

The 2019 EA budgets have been delegated to the EAC by the CRD Board for review and recommendation. All budgets will be forwarded to the CRD Board for final approval on March 20, 2019.

Overall, the 2019 EA budgets have been prepared based on the service plans and they provide ongoing CRD services which respond to the varying needs of the three EA communities.

### **RECOMMENDATION**

That the Electoral Areas Committee recommend to the Capital Regional District Board:  
That the 2019 Electoral Area budgets as presented receive final approval.

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| Submitted by: | Rianna Lachance, BCom, CPA, CA, Senior Manager, Financial Services |
| Concurrence:  | Nelson Chan, MBA, CPA, CMA, Chief Financial Officer                |
| Concurrence:  | Robert Lapham, P.Eng, Chief Administrative Officer                 |

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Attachments: [Appendix 1 – Change in Requisition from Preliminary to Final](#)  
[Appendix 2 – Final Requisition Reports](#)