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REPORT TO THE ELECTORAL AREA SERVICES COMMITTEE MEETING OF WEDNESDAY, MARCH 14, 2018

SUBJECT 2018 Electoral Area Budget Review

ISSUE

To present the 2018 Electoral Area budgets and obtain recommendation from the Electoral Area Services Committee (EASC) to forward the budgets for final approval to the Capital Regional District Board (Board).

BACKGROUND

The Electoral Area (EA) Services 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 EASC. On November 1, 2017, the EASC approved the preliminary budgets for all regional and sub-regional budgets. These budgets were included in the preliminary 2018 CRD Financial Plan approved by the CRD Board in December 2017.

Budget Highlights

The November 2017 budget approval process included a comprehensive review of the operating budgets and capital expenditure plans for all EA services. Changes that 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 EASC. This report addresses the changes in the EA financial plans that have occurred since preliminary approval in November 2017.

At the October 18, 2017, meeting of the EASC, a motion was passed to transfer the balances in each of the EA's Feasibility Study Reserve Funds back to the EA's. This will result in a one time, significant reduction in the tax requisition for each of the EA's, as reflected in the final budgets. Details about all other changes are described in Appendix 1 to this report.

ALTERNATIVES

Alternative 1

That the Electoral Area Services Committee recommend to the Capital Regional District Board:
That the 2018 Electoral Area budgets as presented receive approval.

Alternative 2

That the Electoral Area Services Committee recommend to the Capital Regional District Board:
That the 2018 Electoral Area budgets as presented receive approval with amendments.

FINANCIAL IMPLICATIONS

The following table summarizes the total percentage increase for each EA, which is significantly impacted by the one-time adjustment for the Feasibility Study Reserve Fund.

	Final	EASC Nov 1
Salt Spring Island	2.40%	3.51%
Juan de Fuca	1.85%	3.47%
Southern Gulf Islands	4.51%	5.76%

The increase excludes changes in the local/specified/defined area services as only participants in each service are impacted, versus the EA as a whole.

The actual change in the tax rate a resident will see on their annual bill will vary depending on other local/specified/defined areas service they participate in and their individual 2018 assessment values (the preliminary budgets were based on 2017 assessment values).

CONCLUSION

The 2018 Electoral Area budgets have been delegated to the EASC by the CRD Board for review and recommendation. All budgets will be forwarded to the CRD Board for final approval on March 21, 2018.

Overall, the 2018 Electoral Area budget has been prepared based on the service plans and provide ongoing CRD services that respond to the varying needs of the three Electoral Area communities.

RECOMMENDATION

That the Electoral Area Services Committee recommend to the Capital Regional District Board:
That the 2018 Electoral Area budgets as presented receive final approval.

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

RL:PD:nm

Attachments: Appendix 1 – Change in Requisition from Preliminary to Final
Appendix 2 – Final Requisition Reports