

**REPORT TO ELECTORAL AREAS COMMITTEE
MEETING OF WEDNESDAY, MARCH 10, 2021**

SUBJECT **2021 Electoral Area Budget Review**

ISSUE SUMMARY

To present the 2021 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: 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 groups of participating municipalities, First Nations, and EAs; and local services are provided to individual municipalities, EAs, or to groups of residents within local service areas. It is estimated that the CRD currently provides services to over 21,000 Electoral Area residents (2020 population estimation).

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

Budget Approval Process

Under direction provided by the Board, review and recommendation of all EA service budgets, including local services commission budgets, will flow through the EAC. On October 14, 2020, the EAC approved the preliminary budgets for all regional and sub-regional budgets. These budgets were included in the provisional 2021 CRD Financial Plan approved by the CRD Board on October 28, 2020. The budgets have now been updated for all known factors through February 23, 2021, and are presented for review and recommendation by the EAC to the Board approval on March 24, 2021.

The provisional budget approval process included a comprehensive review of operating and capital expenditures for all EA services. Changes to the plans since provisional approval are driven by year end results, BC Assessment adjustments (impacting cost apportionment), new information or direction from commissions or EA Directors. This report addresses all changes in EA financial plans since provisional approval in October 2020.

ALTERNATIVES

Alternative 1

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the 2021 Electoral Area budgets be approved as presented.

Alternative 2

The Electoral Areas Committee recommends to the Capital Regional District Board:
That the 2021 Electoral Area budgets be approved with amendments.

IMPLICATIONS

Financial Implications

Tax Requisition

Final requisition reflects all known factors to date, including updates for year-end adjustments, assessment values, and committee, commission, or EA Director direction.

Table 1 compares the 2021 Final to Provisional requisition for each EA. Details of changes from the provisional budget 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: 2021 Final vs Provisional Requisition

	2021 Final (2021 Assessment)		2021 Provisional (2020 Assessment)		\$ Change		% Change	
	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH
JDF	2.5M	\$599	2.4M	\$571	0.03M	\$27.58	1.1%	4.8%
SSI	6.9M	\$1,033	6.8M	\$1,026	0.01M	\$6.96	0.1%	0.7%
SGI	3.3M	\$481	3.2M	\$469	0.06M	\$12.01	1.9%	2.6%

Table 2 compares the 2021 Final to 2020 Final requisition for each EA. Detailed requisition summaries by service area for each EA are included in Appendix A.2 (JDF), B.2 (SSI) and C.2 (SGI).

Table 2: 2021 Final vs 2020 Final Requisition

	2021 Final (2021 Assessment)		2020 Final (2020 Assessment)		\$ Change		% Change	
	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH	\$	Cost / Avg HH
JDF	2.5M	\$599	2.4M	\$569	0.04M	\$29.58	1.5%	5.2%
SSI	6.9M	\$1,033	6.8M	\$1,015	0.08M	\$18.06	1.2%	1.8%
SGI	3.3M	\$481	3.1M	\$457	0.15M	\$24.13	4.6%	5.3%

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

Impact of Assessment

Requisition for each EA is driven by changes in budget and changes in assessment values.

Based on data from BC Assessments, the region experienced an average increase in assessment of 3.8% in 2021. The JDF EA, SSI EA and SGI EA all experienced a higher increase in assessment with 5.7%, 7.3%, and 6.2% respectively. The majority of CRD services are cost

apportioned on the basis of converted assessments. As a result, all EAs assume a larger proportion of service delivery costs. A summary of regional assessment impacts and distribution are included in Appendix D.

Cost per average residential assessment (Cost / Avg HH) 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.

As is the case in 2021, when assessed values grow at a higher rate compared to folios, the % change in Cost / Avg HH will be higher than the % change in requisition as shown in table 2. Table 3 aims to isolate the impact driven by assessment changes vs budget impacts.

Table 3: Change in Cost/Avg HH by Cost Driver (2021 Final vs 2020)

	Changes in Assessment		Changes in Budget		Total Change 2021 Final vs 2020 Final*	
	Cost / Avg HH	%	Cost / Avg HH	%	Cost / Avg HH	%
JDF	\$24.42	4.3%	\$5.16	0.9%	\$29.58	5.2%
SSI	\$14.40	1.4%	\$3.66	0.4%	\$18.06	1.8%
SGI	\$6.28	1.4%	\$17.85	3.9%	\$24.13	5.3%

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

Reconciliations from 2021 provisional to final, by driver, are included in Appendix A.3 (JDF), B.3 (SSI) and C.3 (SGI).

Capital Budget

2021 Capital Plan changes greater than \$100,000 that have been recommended through commissions or identified by staff since provisional approval are summarized below and grouped into three categories: Carryforward, Deferrals, and New or Revised Projects.

Carryforward from 2020 to 2021:

Carryforwards are projects or purchases started in 2020 that will be completed in 2021.

- JDF – Otter Point Fire Service: Fire Truck Replacement
- SGI – Pender Island Fire Protection Service: Fire Truck Replacement

Deferrals from 2021 to 2022:

- JDF – East Sooke Fire Service: Replacement of Squad Car
- SGI – Small Craft Harbour Service: Port Washington Dock Improvement
- SGI – Small Craft Harbour Service: Retreat Cove Dock Facility Upgrades

New Addition and Revised Project Budget in 2021:

- JDF – Community Parks Service: Tennis Court Resurfacing project new addition
- SGI – Small Craft Harbour Service: Anson Road Dock Facility Upgrade revised project budget
- SGI – Small Craft Harbour Service: Swartz Bay Improvements advanced from 2022 to 2021

- SGI – Pender Island Community Parks Service: Einar's Hill By-Pass Route (Multi Use Trail) new addition contingent on the success of the grant application—Investment Canada Infrastructure Program(ICIP), COVID-19 Resilience Infrastructure Stream
- SGI – Magic Lake Sewer Service: Wastewater Treatment Plant Upgrade Phase 2 advanced contingent on the success of the grant application—Investment Canada Infrastructure Program (ICIP), Green Infrastructure Environmental Quality Stream

For a complete listing of the capital plan changes since provisional approval see Appendices A.4 (JDF), B.4 (SSI), and C.4 (SGI).

Safe Restart Grant

In November 2020, the CRD received a \$1.4M allocation from the COVID-19 Safe Restart Grants for Local Government. The program was created to assist local governments impacted by COVID-19. At the December CRD Board meeting, it was resolved the regional grant would be allocated to Regional and Local Area services in alignment with the provincial funding formula summarized in Table 4. For the Regional services, allocation would reside in the Corporate Emergency service.

Table 4: Safe Restart Grant Allocation by Service

Service Area	Grant Allocation (\$)
Regional services	1,246,000
Juan de Fuca	43,000
Salt Spring Island	92,000
Southern Gulf Islands	40,000
Total	1,421,000

Staff have engaged EA Directors to determine their allocation to the following services for each EA. Funds have been fully allocated for all three EAs, as per Tables 5–7 below. All initiatives have been incorporated into 2021 Final budgets.

Table 5: JDF Safe Restart Approved Projects

Service	Initiative	\$
1.325 Community Planning	JDF Electronic Meeting Room Equipment	7,500
1.357 East Sooke Fire	East Sooke Community Hall Revenue Shortfall	3,690
1.408 Community Recreation	Port Renfrew Community Hall Revenue Shortfall	3,982
1.114 JDF Grants-in-Aid	One Time Supplementary GIA Safe Restart	27,828
Total		43,000

Table 6: SSI Safe Restart Approved Projects

Service	Initiative	\$
1.458 SSI Recreation Program	Recreation Program Revenue Shortfall	1,335
1.455 SSI Community Parks	Saturday Market Revenue Shortfall	55,937
1.111 SSI Administration	Electronic Virtual Meeting Improvements	4,800
1.459 SSI Park Land & Pool	Revenue Shortfalls for Pool service	29,928
Total		92,000

Table 7: SGI Safe Restart Approved Projects

Service	Initiative	\$
1.117 SGI Grants-in-Aid	One Time Supplementary GIA Safe Restart 2021	40,000
Total		40,000

Financial Plan Bylaw

The 2021 Financial Plan summaries for each EA can be found in the attached appendices A–C. The summaries highlight changes over the prior year and are driven by year-end results, assessment changes, service delivery impacts, inflation, and new initiatives directed through commissions 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 24, 2021.

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 2021 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 24, 2021.

Overall, the 2021 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 2021 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: Assessment Data