



# Regional Board Report

**TO:** Regional Board

**FROM:** Marilyn Rilkoff  
Director of Financial Services

**DATE:** November 16, 2020

**SUBJECT:** 2021 – 2025 Financial Plan Preliminary Items for Discussion

**Voting Entitlement:** All Directors – Unweighted Corporate Vote – Simple Majority – LGA 208.1

---

**Purpose:** To provide the Board with a preview of proposed new items for addition to the 2021 - 2025 Financial Plan. This provides an initial opportunity for the Board to review and discuss any items of interest or concern, and to provide guidance for the preparation of the first draft of the Financial Plan.

## Executive Summary:

On February 18, 2021, the first draft of the Financial Plan will be presented. The proposed tax impacts to each area will be summarized for Board discussion and public input. Staff will prepare the budget in a fiscally responsible manner. Tax rates and impacts will be kept as low as possible, while balancing the inflationary pressure on costs (approximately 1.1% per BC CPI), any effects of the pandemic, carrying out initiatives in the Board's Strategic Plan, and setting aside sufficient reserves for asset replacement strategies.

There are proposed staffing increases, and newly identified capital and operating budget items itemized by service, in Appendix A of this report. The Provincial government has provided a \$1.107m COVID-19 Safe Restart Grant to offset some costs. Staff is not yet able to calculate overall budget impacts for each service, or by partner area at this time, as some key information is not available until year end.

## RECOMMENDATION:

**THAT** the Board receive the 2021-2025 Financial Plan Preliminary Items Report for information.

Respectfully Submitted:

A handwritten signature in black ink, appearing to read "M. Rilkoff".

Marilyn Rilkoff, CPA CMA  
Director of Financial Services

Approved for Board's Consideration

A handwritten signature in black ink, appearing to read "Brian Reardon".

Brian Reardon, CAO

*Prepared by:*

Carol Teschner, CPA CMA, Manager of Financial Services  
Marilyn Rilkoff, Director of Financial Services

---

**Implications of Recommendation:**

Strategic Plan:	The budget process is part of the means for the Board to carry out their strategic plan.
General:	This review provides guidance to staff to prepare the first draft of the budget.
Organizational:	The budget process provides the resources for the organization to carry out its obligations.
Financial:	The budget bylaw is the annual authorization for spending.
Legal/Statutory Authority:	<i>Local Government Act</i> , Part 11, Division 1, Section 374.

---

**Background:**

RDCO staff has identified proposed new budget items. The detailed list in Appendix A was submitted by Department Directors, and is provided to the Board for background purposes in preparation for the February 18, 2021 budget meeting. The impacts of these items will be shown in a detailed budget presentation, and discussion and public input will take place at that time.

**Fiscal Responsibility:**

The Financial Plan preparation will include keeping tax rates and impacts as low as possible while balancing:

- Inflationary cost pressures,
- Carrying out the Board's Strategic Priorities,
- Setting aside sufficient reserves for asset replacement strategies, and
- Balancing any impacts of the COVID-19 Pandemic.

**General Impacts to consider:**

- Salaries: Collective Agreement increases of 2% annually.
- Utilities: estimate 3 – 5 % increase (\$60k)
- BC CPI 12 Month Average: 1.1% vs. 2.5% prior year
- No new services requiring requisitions being added in 2021

**Significant Items:**
**COVID-19 Safe Restart Grants for Local Governments:**

RDCO has received \$1.107m to be used for eligible costs for addressing revenue shortfalls, facility reopening and operating costs, emergency planning and response costs, bylaw enforcement and protective services, computer and other electronic technology to improve interconnectivity and virtual communications, services for vulnerable persons, and other related costs. Each municipality has also received funding directly.

Staff are gathering cost information and will be making recommendations to the Board for the allocation of these funds. The focus will likely be in the areas of improvements to online virtual access for the public, COVID safety, and open parks spaces as this seems to be where the costs are being incurred.

❖ **Operating Change Items over \$20k (See Appendix A):**

- Regional Parks \$41.6k – various line items, primarily planning.
- Solid Waste Management - \$55k for education and programs.
- Solid Waste Collection - \$40k for Transfer Station Service improvements.
- Killiney Beach Water - \$22.5k Repairs and maintenance for lake intake pump.
- North Westside Fire – Decrease \$35k due to legal fees.
- Westside Wastewater Treatment Plant - \$95k Biosolids cost reduction.
- Information Services - \$72k Microsoft Office Licencing (new fee structure, and a portion was previously capital).

❖ **Capital Budget:**

**Total Capital for 2021 is currently estimated at \$15.815m:**

<ul style="list-style-type: none"> <li>• <b>\$8.78m identified for 2021 in last year's 2020–2024 Financial Plan</b> Bylaw Amendment in September. While most are not mentioned in this report, they are anticipated to remain in the new draft plan for discussion in February. The Parks Services Details <u>have</u> been included for 2021, as the current bylaw did not include specific project details. <ul style="list-style-type: none"> <li>▪ General Fund \$2.88m</li> <li>▪ Water Fund \$277k</li> <li>▪ Sewer Fund \$5.6m</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>\$3.835m estimated carryover of 2020 Projects</b> as noted in Appendix A (mainly \$2.23m for Regional Parks, \$125k for Westshore Water, \$993k for Wastewater Treatment Plant). <ul style="list-style-type: none"> <li>• 2020 Carry over items and 2021 Projects to be done in Q1 will be brought forward at the December 10<sup>th</sup> Board meeting as a separate report. It is RDCO practice to obtain approvals for 1<sup>st</sup> Quarter 2021 Capital and any extraordinary operating spending, prior to the March 29, 2021 budget approval.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• <b>\$3.2m estimated additional new items</b> as noted in Appendix A (including \$200k for Transfer Stations, \$225k Falcon Ridge, \$420k Westshore Water, \$177k Regional Rescue Equipment, \$497k WWTP for Painting, New Roof &amp; HVAC Replacement.) <ul style="list-style-type: none"> <li>• Most new capital items listed in Appendix A are typical in nature and will be funded through reserves, grants, or Community Works Funds (CWF). By having prepared for these expenditures in advance in the past, through these reserve and capital transfers, the tax rate impact is evened out over several years. In most cases, the capital expenditures listed will not increase the tax rate.</li> </ul> </li> </ul>

**Significant Capital Item Changes for future years:**

Killiney Beach Water:

2022: \$420k moved from 2020 to 2022

2023: \$3.5m Distribution System Improvements moved from 2022.

Westshore Water:

2023: \$3.7m UV Disinfection system moved from 2022.

**Staffing:**

Budgeted FTE's (full time equivalents) in 2020 were 126.963. Over the next couple of months, staff will be examining the proposed staffing increase recommendations. Staffing would also be shifted internally, resulting in a net increase of 3.25 FTE's. Some of the areas broadly affected:

<b>Service Area:</b>	<b>Description</b>	<b>FTE's</b>
Engineering & Utilities	Hiring an Energy Specialist Engineer, approved Fortis Grant will cover \$100k for 2 years, 2020 included 0.5 FTE, therefor increase of 0.5 FTE	+0.50
Waste Management	Increase administrative support & 2 Students	+0.68
Fire & Protection Services	Increase administrative support	+0.40
Fleet Services	Increase 2 <sup>nd</sup> Mechanic from 0.6 FTE to 1.0 FTE	+0.40
Economic Development	Shifting portion of existing Director's time included in EDC's FTE count to other services that are being managed – Bylaw Enforcement & Dog Control. No change in Dog Control FTE total – adjusted Casual FTE's to offset.	-0.30
Corporate Services	Increase 0.40 FTE for Facility Custodian required by WorkSafe for COVID cleaning standard. Increase 0.50 FTE for a Records Management position. In 2022, this will increase to 1 FTE	+0.90
Information Services	Increase Director's time in the department	+0.24
Human Resources	Reorganization	+0.35
Various	Minor Adjustments – many cost centres	+0.08

**Board Items?**

Are there any other items the Board would like to include or discuss prior to the calculation of the budget?

**Regional Hospital District:**

- ❖ IHA regular capital budget requests typically total \$3 - \$5 million (IHA's letter is normally received in December/January).

**Budget Impacts:**

Budget impacts are not calculated at this time as information to perform detailed calculations and analysis is not yet available:

- ❖ The surplus or deficit for each service will affect the tax rate and amounts available for operating reserves. This information is not yet known until year end is complete.

- ❖ The calculations for tax rates by area are complex as it depends on the combination of services being provided in each area.
- ❖ Changes in annual assessed values are not known, and because growth and market factors vary in each area, some shifts of costs occur between areas for services.
- ❖ Reserve and Capital Transfer amounts are reassessed and updated each year by staff and affect tax rates. Recommendations are based on long term capital needs based on the revised longer term capital plans.

### **To Estimate Impact on Regional Tax Services:**

Because there are so many service areas and combinations of services, there is no one tax rate for an area. Some services are paid for via service agreements. The entire draft budget and impacts will be calculated between now and February 18, 2021.

To get an idea of the impact of an item for regional services only (where all members participate), the following increases in requisitions for a service would produce the following impacts based on 2019 assessments (Note: if the items are funded through reserves, there is no impact to the requisition unless the amount transferred to reserves increases in the operating budget):

- \$ 50,000 increase: .0008 / \$1000 of assessment or \$0.58 on \$734,500 home.
- \$100,000 increase: .0017 / \$1000 of assessment or \$1.25 on a \$734,500 home.
- \$500,000 increase: .0085 / \$1000 of assessment or \$6.24 on a \$734,500 home.

### **Conclusion:**

This background is being provided for information only. Full reporting will be completed through the budgeting process, beginning with the preliminary budget presentation February 18, 2021.

### **Alternative Recommendation:**

The Board may choose to instruct staff to delete or consider additional items in the preparation of the draft budget.

Attachment(s):

- Appendix A – Proposed Budget Items for RDCO 2021 – 2025 Financial Plan