



**Date:** 29/11/2018

## **AGENDA ITEM SUMMARY**

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**To:** Chair and Directors, Finance/Budget Committee

**And To:** John MacLean, Chief Administrative Officer

**From:** Scott Reid, Chief Financial Officer

**Date of Meeting:** Finance-Budget Committee\_Dec06\_2018

**File:** 1700-01

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### **Short Summary:**

2019 – 2023 Provisional Five Year Financial Plan Discussion and Review

### **Memorandum:**

The 2019 Provisional Five Year Financial Plan calls for a total tax requisition increase of 3.3 % as compared to the 2018 requisition amount. Similar annual increases are expected for the remaining years in the five year plan. There are increases to some utility user fees in 2019 and increases to user fees for other utility services are expected in the remaining years of the financial plan. The cost pressures impacting service delivery, and the resulting impacts to annual tax requisitions can vary significantly between the CRD's operating departments. A review of each of the CRD's operating departments is provided below showing the change in tax requisition amounts for 2019, along with a brief discussion regarding some of the reasons behind the year over year changes.

1) Administrative Services – 2.5 % increase (\$63,877)

Tax requisitions for Administration Service and Electoral Area Administration Service both increase by 2.5% over prior year requisitions. Governance Service has a 2% year over year increase in tax requisition. Feasibility and Rural Feasibility Reserves are currently sufficiently funded, and no tax requisitions are required for these services in 2019.

2) Airport Services – 22.4 % increase (\$76,928)

The increase in tax requisitions for Airport Services is due, almost entirely, to the addition of the new North Cariboo Regional Airport Service for 2019.

3) Contribution Services – 3.8 % increase (\$14,305)

Contribution Services is comprised of a number of small functions, which contribute funds to third parties providing services relating to economic development, transit, cemeteries, etc. The annual increase in tax requisitions is due mainly to an increase in the North Cariboo Cemeteries Service contribution of \$10,000 and increases of \$2,000 each

to South Cariboo Transit and North Cariboo Handydart Services. The tax requisitions for the rest of the contribution services are largely unchanged as compared to last year.

4) Grants for Assistance – Unknown

Tax requisition amounts for Grants for Assistance Services have not yet been determined. It is expected that 2019 amounts will be in line with amounts requisitioned in 2018.

5) Development Services – 7.5 % increase (\$69,861)

Planning Services require a 2.5% increase in tax requisitions for 2019 to offset inflationary cost pressures. By 2016, Bylaw Enforcement Services had accumulated significant unallocated operating surplus funds. The tax requisition for the service was decreased by 50% in 2017, with a plan to increase the requisition 10% in each of years 2018 to 2021. This plan has been revised now to include a 25% tax increase for 2019, and to adjust only for inflationary factors through the balance of the five year financial plan. The tax requisition for Building Inspection Services is unchanged from 2018.

6) Environmental Services – 5.4 % increase (\$234,548)

Tax requisition increases of 4.5 % for both Rural Refuse, and South Cariboo Solid Waste Services are required due to increasing costs related to compliance with Solid Waste regulations. For the Invasive Plants Service, the financial plan includes a 25% increase, largely as a result of two initiatives; firstly to cover the cost of changing one employee from a 2/3 year part time position to full time, and secondly, to cover the cost of a contribution to the Invasive Species Council of BC for their education programs.

7) Library, Culture, and Heritage Services – 3.7 % increase (\$92,751)

The increase is largely a result of increased service delivery costs in the CRD Libraries. Library Services tax requisition for 2019 is 4 % higher than that for 2018. Central Cariboo Arts and Culture Service tax requisitions are increased by 1% year over year, while Heritage Service tax requisitions are unchanged from prior year.

8) Protective Services – 4.1 % increase (\$171,286)

Capital asset replacement costs and increased operating costs relating to compliance with regulations are placing significant pressure on Volunteer Fire Department budgets. Most are able to accommodate short to mid term requirements with inflationary tax requisition increases of 1.8 % to 3.5 % . However, the Forest Grove VFD needs to increase the 2019 tax requisition by 12.9 % in order to avoid annual deficits in the five year financial plan. The 150 Mile House VFD requires a 25% tax requisition increase in 2019. Electoral Area Planning Services will have a 10.6 % increase in tax requisition, also required to address increasing costs related to growing service requirements.

9) Recreation Services – 0.9 % increase (\$70,767)

Tax requisition amounts for all three of Central Cariboo Recreation, North Cariboo Recreation, and Kersley Arena Services have been increased by 1% for 2019 vs previous

year 2018. Tax requisitions will be the same as last year for the rest of the Recreation Services. Staff anticipate more significant tax requisition increases for sub-regional Recreation Services as the costs associated with asset management and related long term financial planning needs become clearer.

#### 10) Sewer Services – No Change

There are no changes in tax requisition amounts for the three Sewer Services that have them (Lac La Hache, Wildwood, and Red Bluff – Gook Road extension). Significant increases in User Fees are required for both Red Bluff Sewer Service (from \$177 to \$250 annually) and Alexis Creek Sewer (from \$94 to \$125). Staff anticipate new/increased tax requisitions and user fees for Sewer Services as the costs associated with asset management and related long term financial planning needs become clearer.

#### 11) Water Services – 4.5 % increase (\$19,394)

The increase in tax requisition is due entirely to the addition of two new Water Services (Benjamin Water Service and Lexington Water Service). The taxes collected are matched to the costs of debt servicing for moneys borrowed to facilitate asset purchases. The two new services also have User Fees of \$350 (Benjamin) and \$980 (Lexington). Parcel tax and User Fee amounts for the rest of the Water Services are unchanged from those collected last year, though staff anticipate increased tax requisitions and user fees as the costs associated with asset management and related long term financial planning needs become clearer.

#### 12) Streetlighting Services – 4.1 % increase (\$19,394)

Tax requisitions for Streetlighting Services are tied to increasing costs for electrical power.

In summary, the Provisional 2019 – 2023 Five Year Financial Plan includes a total Tax Requisition increase for 2019 of 3.3 % (\$800,667) of which 0.4 % (\$95,553) is attributable to new services (North Cariboo Airport, Benjamin Water, and Lexington Water).

The Cariboo Regional District will receive Community Works Funds in the amount of \$1.8 million (est.) in 2019. The Provisional 2019 – 2023 Five Year Financial Plan includes an allocation of \$1,678,833.

Additional detail is available in the attachments to this agenda item.

**Attachments:**

- 2019 vs 2018 Tax Requisition Changes Summary
- 2019 vs 2018 Tax Requisition Rate Details
- 2019 vs 2018 Utility User Fees Summary
- 2019 – 2023 Financial Plan Community Works Fund Allocations

**Financial Implications:**

As outlined above and in attachments.

**Policy Implications:**

None

**Alignment with Strategic Plan:**

- ☒ Ensuring Sufficient and Sustainable Funding
- ☐ Building on our Relationships
- ☒ Providing Cost Effective High Quality Services
- ☐ Focusing on Being Well Governed

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**CAO Comments:**

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**Options:**

Receipt

**Recommendation:**

That the agenda item summary from Scott Reid, Chief Financial Officer, dated November 29, 2018, with attached Provisional 2019 – 2023 Five Year Financial Plan reports, be received.