

**Date:** 26/02/2020

**To:** Chair and Directors, Policy Committee

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

**From:** Kevin Erickson, Chief Financial Officer

**Date of Meeting:** Policy Committee\_Mar05\_2020

**File:** 340-50

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## Short Summary:

Review of Administration Charges Policy

## Voting:

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## Memorandum:

At the June 26, 2019 Policy Committee meeting, the Committee approved changes to the Administration Charges Policy recognizing the addition of 2700 square feet of floor space from the creation of a dedicated Emergency Operations Centre. The Board subsequently endorsed those changes in July 2019. The Administration Charges policy states that:

All clearly identifiable costs shall be charged directly to the function or capital project involved, including:

Building Expenses, for the three administrative offices, excluding rent where applicable, comprised of telephone, internet, hydro, gas, water, sewer, building maintenance, computer maintenance, equipment rental/repairs/maintenance and janitorial costs, will be allocated to various functions on the basis of square footage as follows:

### Prior to July 10<sup>th</sup>, 2019:

Library Network	10%
Planning	5%
Building Inspection	6%
Bylaw Enforcement	3%
Environmental Services	10%
Protective Services	2%
Electoral Area Administration	32%
General Administration	32%

### **Post July 10<sup>th</sup>, 2019**

Library Network	8%
Planning	5%
Building Inspection	5%
Bylaw Enforcement	2%
Environmental Services	8%
Protective Services	2%
Emergency Planning	15%
Electoral Area Administration	27.5%
General Administration	27.5%

The change in allocation has had an impact on the amount allocated to the Emergency Planning service. The quarterly allocation has risen from an average of \$43.71 per quarter to \$6,646 per quarter. Thus, if the allocation amounts remain steady the annual Administration costs allocated to Emergency Planning will be somewhere around \$26,500.

Although a significant increase from previous years, the increase was not unexpected. In recognition of the change in policy, the 2020 Emergency Planning budget has been increased by \$35,000 to accommodate the increase in cost.

### **Attachments:**

- 1) Administration Expense Quarterly Allocations 2016 – 2019
- 2) Pre-July 2019 Administration Expense Percentages
- 3) Post-July 2019 Administration Expense Percentages

### **Financial Implications:**

The increase in cost was anticipated and budgeted for. The current year's requisition has been set to cover the increased costs.

### **Policy Implications:**

Currently square footage is used to Allocate Administration Charges. To change the amount allocated to Emergency Planning will require rewriting policy so that Administration costs are allocated on some other basis than square feet or arbitrarily assigning percentages for allocation to the different departments.

Square footage is measurable and easily determined. Amounts allocated do not vary greatly from quarter to quarter and are therefore easy to anticipate and budget for.

As the budget has already accommodated the increase in cost, it is recommended that the Administration Charges Policy, as amended on July 10<sup>th</sup>, 2019, remain in force.

### **Alignment with Strategic Plan:**

- ☐ **Communication:** Facilitate communication strategies throughout the entire Cariboo Regional District that meet the needs of residents, community stakeholders, and other levels of government.

- ☐ **Planning:** Intentionally plan services and activities of the CRD to prepare for future needs of residents and community stakeholders.
- ☐ **Economic Sustainability:** Foster an environment to ensure the economic sustainability of CRD communities and the region.
- ☐ **Governance:** Ensure that CRD governance policy and practices are intentional, transparent, and respectful.

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### **CAO Comments:**

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### **Options:**

- 1) Receipt;
- 2) Endorse the recommendation;
- 3) Defer.

### **Recommendation:**

That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated February 26, 2020 regarding a review of the Administration Charges Policy changes made July 10, 2019, be received. Further, that the Administration Charges Policy remain as amended on July 10, 2019.