



**Date:** 11/06/2023

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

**And To:** Murray Daly, Chief Administrative Officer

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

**Date of Meeting:** Finance-Budget Committee\_Nov08\_2023

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## Short Summary:

2024 – 2028 Provisional Five Year Financial Plan Discussion and Review - Revised

## Voting:

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## Memorandum:

The 2024 – 2028 Preliminary Five-Year financial plan is presented here for the committee's consideration. The total budget is \$68,625,471 which is a reduction of \$330,539 from the 2023 Budget of \$68,956,010.

Included in the 2024 Provisional Five Year is an increase in taxation of 7.5% over the 2023 requisition amount. Given current recessionary pressures, it is expected that the inflation the Regional District has been experiencing over the last couple of years will ease and that inflationary price increases in 2024 will fall in the range of 3.5 to 4.0%. Where practicable these expectations have been built into the remaining years of the 5-year plan. Increases to utility fees have also been built into the five-year plan as inflationary pressures and resistance to increasing the user fees have created the situation where, in some services, the utility rates being charged are barely covering operating costs.

Cost pressures impacting service delivery, and their impact on the annual tax requisitions can vary significantly between the CRD's operating departments. The following is a review of the CRD's operating departments showing the change to tax requisition amounts from 2024, along with a brief discussion regarding some of the reasons behind the year over year changes.

**Administrative Services:** 15.4%, increase of \$623,108

Tax requisitions for Administrative Services, Electoral Area Administration Service, and Governance are increasing by 15.0%, 15.0% and 25% respectively. The increases are due primarily to a substantial increase to Director's remuneration made mid-year in 2023. Similarly, increases were made to Director mileage and travel time rates. As the mileage rate transfers down to staff travel it has a large impact on the overall travel expenses for the various services. Inflationary increases were also made for office supplies, utilities, building maintenance and janitorial costs. These costs have been experiencing substantial upward cost pressures and it is expected to continue, albeit to a lesser degree. Legal expenses have seen significant increase in the last few years. The events giving rise to the increases

have subsided and it is anticipated that legal expenses will return to a more normal level going forward. Labour makes up a big portion of the budget in these services. The creation of the Human Resources Assistant position directly impacts Electoral Area Administration and Administration Services.

Significant cost decreases are budgeted in the IT department as major pieces of hardware were replaced in 2023 using Growing Community funds thus resulting in a reduction of \$151,200. Communication, whose budget is contained in Electoral Area Administration and Administration Services, is budgeting \$107,510 an increase of \$39,800 over 2023 that will be split 50/50 between the two services. Communications is also asking to turn the allocation for one part-time communications specialist to a full-time position. This change has now been included in the budget and reflected by the increase in the General Administration requisition from 12.5% to 15%.

**Airport Services:** 99.1%, Increase of \$557,979

There is a small increase in the Likely & Area Community Services function of \$555. The rest of the increase in this department is a 135% increase in the South Cariboo Regional Airport requisition to service the debt assumed for the runway rehabilitation project.

**Contribution Services:** 3.3%, increase of \$16,201

Contribution Services is comprised of several small functions that contribute funds to third parties that provide services relating to economic development, transit, cemeteries, and the like. The increases are found in the contribution to North Cariboo Cemeteries, increasing the contribution by \$10,000 to \$90,000 for the year and an increase \$7,225 to the North Cariboo HandyDart Service for a contribution of \$79,470 in 2024.

**Grants for Assistance, Director's EA Administration:** currently unknown

Tax requisition amounts for Grants for Assistance and Directors EA Administration have not yet been set. It is expected that 2024 amounts will be similar to 2023 amounts. Currently \$102,322 is budgeted as a place holder in Grants for Assistance, an 81.5% increase over 2023 actuals and \$57,090 in Director EA Administration a \$113.4% increase over 2023 amounts.

**Development Services:** 3.5%, increase of \$31,954

Development Services comprises the Planning Department, Building Inspection, and Bylaw Department. All services are looking at inflationary increases. Planning and Building Inspection are requesting 3.5% increases amounting to deal with inflationary pressures and to undertake some joint projects.

**Emergency Planning:** 1.8%, increase \$18,478

Increases in Emergency Planning are coming from a 6% increase to the requisition for Central Cariboo Search and Rescue to cover the costs of increases in fuel, utilities, telephone, and acquisition of PPE for new and existing membership. An increase of 22% is being made to North Cariboo Search and rescue increasing the contribution to \$18,00 from \$14750. All other requisition in the Emergency Planning department are remaining unchanged from 2023.

**Environmental Services:** 0.2%, increase of \$10,946

For 2024 significant cost increases could happen in the Solid Waste Management Service. At this time no change has been budgeted pending a review of the proposed Solid Waste Management Plan. There is a 3% increase to the requisition for Solid Waste Management (\$391) and Invasive Species is increasing by 3.9% (\$10,555) to offset inflationary pressures and increasing contract costs.

**Library, Culture, and Heritage Services:** 3.6%, increase of \$104,656

The increase is the result of increased service delivery costs in the CRD Libraries. The Library Service tax requisition is up 3.5% (\$93,374) over 2023. Central Cariboo Arts and Culture Service tax requisition is increased by 5% (\$11,282) over the 2023 amount for maintenance of existing service agreement commitments. There is no change to the Heritage Service requisition.

**Protective Services:** 5.7%, increase of \$398,606

The Volunteer Fire Departments budgets have been facing significant pressure from Capital Asset replacement costs and increased operating costs relating to compliance with regulations and inflationary pressure in fuel costs, utilities, and rising insurance rates. Also, Increases were made to Chief and Officer honorariums for 2024 as no increases have been made for a very long time. Most departments are not able to absorb these inflationary pressures and are requiring requisition increases averaging ranging from 10.0% to 15.0%. The common theme among most of the departments is expired turnout gear, SCBA's and hoses.

Departments that have significant increases:

Barlow Creek 15%, increase of \$23,907

The increase is to go to the replacement of aging turnout gear, the purchase of additional SCBA bottles and additional training to accommodate new members. This department will also need to purchase a new tender in 2025. The rate increase is necessary to accommodate the financing of this purchase.

West Fraser Fire 15%, increase of \$19,331

This hall has a tender that is reaching end of life. An extension has been applied for through the Fire Underwriters service to extend it to 2030. If the application is not successful the apparatus will need replacing in 2025. The requisition is being increased to be able to cover the financing costs if replacement happens in 2025.

Miocene: 12.5%, increase of \$22,925

Miocene is scheduled to replace their primary engine in 2024. This is the second of two 12.5% increases to the requisition to accommodate the financing costs of purchasing the new apparatus.

Kersley 25.0%, increase of \$40,426

The department has made a request for a rapid response Brush Truck. This purchase is to be paid through 50% reserves and 50% debt. The requisition is being increased to cover the financing costs of this purchase and to increase it enough so that there is suitable tax revenue to cover the purchase of a new tender that will be necessary in 2030.

**Recreation Services:** 4.5%, increase of \$402,024

At the moment provisional amounts for Central Cariboo and North Cariboo Recreation have been made. It is expected that the numbers contained here will change. North Cariboo Recreation was increased by 4.0% (\$181,361) and Central Cariboo Recreation Service has been increased by 2% (\$ 65,280). No increases have been budgeted to 108 Mile Greenbelt, Kersley Recreation, McLeese Lake Recreation, or the Community Hall Support functions. South Cariboo Recreation has been increased by 20% (\$155,383) to build up capacity to broaden the scope of the service in future years.

**Sewer Services:** 0% increase

There are three services where tax is collected by parcel tax: Lac La Hache, Wildwood and Red Bluff. The Wildwood Parcel Tax was increased by 5% in 2022. No tax increase is anticipated for 2024.

**Water Services:**

All taxes collected for Water Services are by way of parcel tax. Operations are covered by user fees. There are no budgeted increases in the Parcel taxes. Increases to the user fees are anticipated for most services.

The 108 Water System saw a reduction to its parcel tax of 23.9% or \$ 103,500 in 2023. The reduction was due to the service having a substantial and sustainable operating surplus and sufficient and growing reserves and being maintained at its current level.

**Utility Fees:** 3.0% increase of \$50,520

Increases to utility fees charged to users of the sewer and water services range from zero to 10%. These services are subject to increases in utility rates and rising costs in replacement parts and labour. The increases for 2024 are to ensure that fees charged are sufficient to cover their operating costs. Proposed rates can be found in the table attached to this agenda item.

**Streetlighting:** 1.0% increase (\$853)

Tax requisitions for Streetlighting Services are tied to the electrical costs of providing the services. We were informed by BC Hydro that they intend to replace the existing lighting with LED lights and the work is complete. In 2021 small changes to accommodate the extra costs were budgeted for. Now that the switch to LED has occurred savings are starting to appear in the monthly operating costs such that the requisitions for most services have stabilized.

In summary the total Requisition increase for 2024 contained in the 2023 – 2027 Five Year Provisional Financial Plan is \$ 2,240,685 for an overall Tax Requisition increase of 7.5%.

The Community Works Funds agreement with UBCM expires in March 2024. Currently there is no word of a replacement program or a renewal of the existing one. The 2024 – 2028 Five Year Financial Plan includes an allocation of \$3,450,500 for 2024. \$ 1,955,000 is budgeted in the remaining four years of the financial plan. This should substantially use up the unused and unallocated amounts from prior years.

Additional details are provided in the attachments to this agenda item.

### **Attachments:**

2024 Budget by Service Group

2023 vs 2024 Comparative Tax Requisition Changes Summary – revised Nov. 6, 2023

2023 vs 2024 Comparative Ad Valorem Tax Requisition Rate Details – revised Nov. 6, 2023

2023 vs 2024 Utility Fee Summary

2024 – 2028 Financial Plan Community Works Fund Allocations

2024 – 2028 Provisional Five Year Financial Plan Summary – revised Nov. 6, 2023

2024 – 2028 Detailed 5-year Plan – revised Nov. 6, 2023

Tax Reports and Impacts to Representative Area Properties -revised Nov. 6, 2023

### **Financial Implications:**

As outlined above and in the supporting attachments

### **Policy Implications:**

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### **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

**Recommendation:**

That the agenda item summary from Kevin Erickson, Chief Financial Officer, dated November 6, 2023, with attached 2024 – 2028 Provisional Five Year Financial Plan and report, be received.