

**DATE:** January 30, 2019**FILE:** 1700-02/2019/512**TO:** Chair and Directors  
Committee of the WholeSupported by Russell Dyson  
Chief Administrative Officer**FROM:** Russell Dyson  
Chief Administrative Officer***R. Dyson*****RE: 2019 - 2023 Financial Plan – Regional Growth Strategy Service – Function 512**

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**Purpose**

To provide the Committee of the Whole with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Regional Growth Strategy service, function 512.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2019 - 2023 financial plan for Regional Growth Strategy service, function 512, be received;

AND THAT staff report back to the Committee of the Whole with a recommended budget that reflects the service's confirmed 2018 deficit carry forward and other revised cost estimates for 2019.

**Executive Summary**

The Regional Growth Strategy (RGS) service is the key regional service to guide regional planning and decision-making on sustainability, growth, change and development. The three electoral areas (not including Hornby or Denman Island) and the three municipalities participate in the service. Since 2013, the service has been funded using the reserve fund. The reserve fund will be almost entirely expended at the end of 2019.

- The proposed 2019 tax requisition is \$160,000 (\$57,284 for electoral areas and \$102,716 for municipalities), representing an increase of \$105,850 from 2018. This proposed increase was based on an initial estimate of a \$40,000 deficit carry forward from 2018. As 2018 costs are closer to being finalized, the deficit now sits at \$73,000. This will require a change to the recommended requisition; staff will report back with a revised recommendation.
- Based on an estimated residential tax rate of \$0.0089 per \$1,000 of assessed value, the proposed requisition at the proposed budget stage equaled \$3.56 for a dwelling assessed at \$400,000. This number will be revised however in staff's report back reflecting an additional increase to the requisition.
- The service is staffed with a 0.35 full time equivalent and no changes in staffing are proposed.
- Key work plan items for 2019 include defending the 2018 court challenge, preparation of a regional housing needs report, public outreach and communication, and identification of housekeeping and other minor amendments.

Prepared by:

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Concurrence:

**S. Smith**

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### **Policy Analysis**

The service was established in order to prepare Comox Valley Regional District (CVRD) Bylaw No. 120, being the “Comox Valley Regional District Regional Growth Strategy Bylaw No. 120, 2010”. Service participants include the Village of Cumberland, City of Courtenay, Town of Comox, Vancouver Island portion of Baynes Sound - Hornby/Denman Islands (Electoral Area A), Lazo North (Electoral Area B) and Puntledge-Black Creek (Electoral Area C). The province introduced the Regional Growth Strategy tool to enable collaborative regional planning and inform decision-making on regionally significant matters.

In August 2017 the board passed the following recommendation:

*“THAT as a result of the input received and overall satisfaction with the Comox Valley Regional District Regional Growth Strategy, a five year review is not required at this time;*

*AND FURTHER THAT staff return to the board with revised language in section 5.2 (4) Minor Amendment Process, of the Regional Growth Strategy to better align the process for minor amendments to the Regional Growth Strategy with the Local Government Act so that the strategy can be revised, as a standard amendment in section 5.2 (4);*


*AND FURTHER THAT staff return to the board with a list and analysis of other housekeeping and proposed amendments to the Regional Growth Strategy that could improve the administration of Regional Growth Strategy and still fall within the stated goals and objectives of the strategy.”*

The Board amended Section 5.2(4) by way of standard amendment in December 2018. Staff will be reporting back in 2019 with potential housekeeping amendments to address the third part of the above resolution.

### **Financial Plan Overview**

Table 1 summarizes the 2019 proposed budget as compared to the 2018 adopted budget. Significant variances from 2018 adopted budget are discussed in the financial plan highlights section below.

Table 1: Financial Plan Highlights

 <b>2019 Proposed Budget</b>		<b>#512 Regional Growth Strategy</b>		
<b>Operating</b>	<b>2018 Budget</b>	<b>2019 Proposed Budget</b>	<b>Increase (Decrease)</b>	
<b>Revenue</b>				
Requisition	54,150	160,000	105,850	
Transfer from Reserve	9,676	34,341	24,665	
Prior Year Surplus	68		(68)	
	<b>\$ 63,894</b>	<b>\$ 194,341</b>	<b>\$ 130,447</b>	
<b>Expenditures</b>				
Personnel Costs	49,784	55,261	5,477	
Operating	14,110	99,080	84,970	
Deficit Prior Year	0	40,000	40,000	
	<b>\$ 63,894</b>	<b>\$ 194,341</b>	<b>\$ 130,447</b>	

The 2019 - 2023 proposed five-year financial plan for the Regional Growth Strategy service, including the requisition summary and the operating and capital budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at [www.comoxvalleyrd.ca/currentbudget](http://www.comoxvalleyrd.ca/currentbudget).

Highlights of the 2019 - 2023 proposed financial plan for Regional Growth Strategy, function 512, include:

#### *Revenue Sources*

For the past six years, the board has opted to fund the RGS service using reserve funds in order to keep the tax requisition low. The reserve fund was initially established in 2011/2012 in order to fund a five year review (if deemed necessary by the board). However, in 2013, the board opted to use the reserve fund to support the operational requirements of the service and therefore no contributions to the reserve have since been made. This presents a risk to the overall sustainability of the service.

In 2019, \$34,341 is recommended as transfer from reserve. A larger transfer from reserve to support operations is not recommended. Continued reliance on this funding strategy would deplete the fund completely (estimated \$7,044 will remain in reserve). Transfer from reserve in the amount of \$34,341 will offset the impact on the proposed increase in requisition slightly in 2019. Beginning in 2019, an increase in requisition is proposed in order to stabilize and, beginning in 2020, through planned contribution to reserve, re-build the service and provide a framework for regional collaboration and decision- making.

The 2019 proposed budget included a total requisition of \$160,000 (\$57,284 for electoral areas and \$102,716 for municipalities). This amounted to an increase in tax requisition of \$105,850 over 2018. The estimated residential tax rate for this service is \$0.0089 per \$1,000, representing \$3.56 for a dwelling assessed at \$400,000. Staff will report back with an updated budget table to reflect the revised deficit carry forward from 2018 (\$73,000 versus \$40,000 in Table 1, above) and the related revision to the recommended increase in the 2019 tax requisition.

*Personnel*

The RGS service is staffed with a 0.35 full time equivalent divided between the CVRD's Long Range Planner and Senior Manager of Planning and Protective Services. No changes in personnel are proposed.

*Operations*

Arising from a court challenge in 2018 (to be defended in 2019), legal costs to December 31, 2018 amount to \$74,000 exceeding the \$8,000 budgeted for legal costs in 2018. This has, in part, resulted in a 2018 YTD deficit of \$73,000 to be carried forward to 2019. The deficit was estimated at the proposed budget stage to be \$40,000; however a clearer picture is now known and staff recommends a report back to make adjustments to the recommended budget.

The 2019 proposed budget includes \$50,000 in legal fees and \$40,000 in other professional fees relating to the cost of defending the court challenge in 2019 as well as undertaking any data collection and public outreach that the board would like to undertake in 2019. These numbers will also be discussed for possible increase in staff's next report.

Having opted not to undertake a five year review in 2017, the board will next be required to consider whether to undertake a five year review in 2022. \$30,000 has been included in the proposed 2022 budget to cover the cost of a review should the board elect to do so (\$20,000 in other professional fees and \$10,000 in advertising/communications fees).

Key work plan items in 2019 include:

- Court challenge;
- Update Bylaw No. 274, being the "Comox Valley Regional District Regional Growth Strategy Fees and Charges Bylaw, 2014" to align with a recently approved amendment to Section 5.2 ("Amendments to the RGS");
- Report back to the board on "minor housekeeping and other amendments" per the board's August 2017 resolution;
- Prepare a scope of work for a regional housing needs assessment<sup>1</sup>; and
- Undertake public outreach initiatives to increase awareness of the RGS as a regional planning framework for decision making.

An increase to the requisition is required to enable staff to deliver the above projects and enable re-investment in the reserve fund beginning in 2020.

*Capital*

This service does not have any capital expenditures.

*Reserves*

A reserve fund was established in 2011 with a contribution of \$54,822 to support a five year review. An additional contribution made in 2012 brought the balance to \$119,453. In 2013, the board directed that no further funds be contributed to the reserve and further directed that the reserve funds be used to fund the service to stave off any increase to the tax requisition. From 2014 to 2018

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<sup>1</sup> Amendment to the *Local Government Act*, chapter 1, (RSBC, 2015, c. 1), in late 2018 requiring all local governments to prepare a housing needs report to be used in consideration of any application to amend an RGS or Official Community Plan bylaw. Staff proposes to undertake a regional approach to development of this report. The province has announced that \$5 million in grant funding will be made available through the Union of BC Municipalities to assist in undertaking this work. Staff will pursue grant funding.

funds were drawn from the reserve to support operation of the service. The RGS reserve fund will nearly be fully expended in 2019, with a remaining estimated balance of \$7,044, thus requiring an increase in requisition to support the service.

**Citizen/Public Relations**

Staff will develop a consultation plan, as required, for each of the proposed 2019 work plan items. The proposed budget includes \$40,000 for “other professional fees”. This money will be used to assist with data collection and analysis, as well as public education efforts that cannot otherwise be delivered by the 0.35 FTE that is allocated to the service.