

DATE: January 30, 2019**FILE:** 1700-02/2019/151-153**TO:** Chair and Directors
Electoral Areas Services Committee**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer*R. Dyson***RE: 2019 - 2023 Financial Plans – Feasibility Studies – Baynes Sound portion of Area A, Lazo North (Area B), and Puntledge-Black Creek (Area C) – Function 151, 152, 153**

Purpose

To provide the Electoral Areas Services Committee (EASC) with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Electoral Area A (Baynes Sound), Area B, and Area C, Feasibility Studies Services, functions 151, 152, 153.

Recommendations from the Chief Administrative Officer:

1. THAT the proposed 2019 - 2023 Financial Plan for Electoral Area A (Baynes Sound) Feasibility Studies Service, function 151 be amended at the recommended budget stage, to include an allocation of \$40,000 towards Union Bay servicing framework and options development in 2019;

AND FINALLY THAT the proposed 2019 - 2023 Financial Plan for Electoral Area A (Baynes Sound) Feasibility Studies Service, function 151, be approved as amended.

2. THAT the proposed 2019 - 2023 Financial Plan for Lazo North (Area B) Feasibility Studies Service, function 152, be approved.
3. THAT \$35,000 in Community Works Funds from Puntledge-Black Creek (Area C) be committed for the Phase two Tsolum River watershed study, contingent upon a successful grant application under the Investment Agriculture Foundation of British Columbia program for matching funds.
4. THAT the proposed 2019- 2023 Financial Plan for Puntledge – Black Creek (Area C) Feasibility Studies Service, function 153 be amended to include \$35,000 in grant revenue from Community Works Funds and \$35,000 in grant revenue from the Investment Agriculture Foundation of British Columbia program for a pending grant application for Phase two Tsolum River watershed study;

AND FURTHER THAT the proposed 2019 - 2023 Financial Plan for Puntledge – Black Creek (Electoral Area C) Feasibility Studies Service, Function 153 be approved as amended.

Executive Summary

Each of the electoral area feasibility studies services includes a modest annual tax requisition aimed at providing the required revenue to analyze the potential creation of future Comox Valley Regional District (CVRD) services. In addition to tax revenue, a combination of Community Works Funds (CWFs) and grants are used to fund more significant planning work. Projects funded by CWFs must be completed by March 31, 2024 and meet the goals and objectives of the gas tax program. The feasibility studies services are planning services that do not include personnel costs, capital infrastructure or reserves.

Financial Plan highlights for the services include:

- Revenue requirements remain at 2018 levels for all three feasibility functions. Tax revenue is stable across all five years of the planning horizon with no increases planned.
- The use of CWFs and other grants provide funding for larger initiatives. Electoral Area A (Baynes Sound) includes an allocation for south region wastewater management, Area B for further study of the Lazo Creek/Queens Ditch project, and Area C for Tsolum River watershed planning.

The following key initiatives are proposed and recommended:

- Wastewater management planning for Royston and Union Bay (Function 151)
- Servicing options for Union Bay (Function 151)
- Assessment of managed retreat options for the lower Lazo Creek watershed (Function 152)
- Completion of phase one of watershed planning for the Tsolum River watershed and initiation of phase two watershed planning activities (Function 153)
- A conversion study for the Watuco water system (Function 153)
- Liquid waste management studies in Area C , including servicing options for stormwater management in the Saratoga Beach settlement node (Function 153)

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Policy Analysis

The *Local Government Act* (RSBC 2015 c.1) provides that a regional district may operate any service that it considers necessary or desirable for all or part of the regional district.

In the event that a feasibility study results in the establishment of a new service, expenditures incurred through the feasibility studies service towards establishment are transferred to the new service thereby reimbursing the feasibility studies service.

At the September 12, 2016 meeting the EASC approved the following recommendations:

THAT the Board approve the proposed list of members to be invited to participate on the agricultural watershed planning steering committee (AWPSC) as attached in Appendix A of the staff report dated September 7, 2016;

AND FURTHER THAT the Comox Valley Regional District Board provide a letter of support committing to the planning process and establishment of the steering committee as required by the Investment Agriculture Foundation of BC for the AWPPP;

AND FINALLY THAT should the AWPSC be successful in receiving grant funding from the AWPPP, the 2016 Financial Plan and capital expenditure program for Area C Feasibility Studies - Function 153, be amended by adding the Wolf Lake agriculture planning study in the amount of \$140,000 to be funded by grant funding up to the amount of \$70,000 and matching community works funds from Area C.

At the February 27, 2018 meeting, the CVRD Board approved the following recommendations:

THAT the proposed 2018-2022 Financial Plan for Lazo North (Area B) Feasibility Studies Service, Function 152 be amended to include \$80,000 of revenue in 2018 from Lazo North (Area B) Community Works Funds for phase two of the Lower Lazo watershed study;

AND FURTHER THAT the proposed 2018-2022 Financial Plan for Lazo North (Area B) Feasibility Studies Service, Function 152 be approved as amended.

Financial Plan Overview

The main purpose of feasibility services is to investigate the potential creation of new services required to address the specific issues and needs of each electoral area community. In the event that a feasibility study results in the establishment of a new service, expenditures incurred towards establishment are transferred to the new service.

The feasibility studies services each have a modest tax requisition. Revenue from tax is often combined CWFs and other grant funding sources in order to complete larger and more complex study work.


The following key initiatives are proposed and recommended for 2019 (function listed):

- 151 - South region wastewater management – Analysis of alternatives to the South Sewer Project including further evaluation of partnership opportunities with the Comox Valley Sewerage Service (CVSS). Funding for this project is provided from Area A and Area C CWFs.
- 151 - Union Bay servicing framework and options development – Analysis of servicing options to ensure sustainable infrastructure design, service delivery and cost recovery for the Union Bay settlement node. Funding for this project is provided from Area A feasibility funds.
- 152 - Lazo Creek watershed drainage improvements –Phase two of the Queen’s Ditch drainage improvements options analysis to further assess the viability of the managed retreat option to mitigate flooding. Funding for this project is provided from Area B CWFs and feasibility funds.
- 153 - Tsolum River agricultural watershed planning – Completion of Phase one of an agricultural watershed plan and, pending approval by the EASC at the March 11, 2019 meeting, proceeding with Phase two study work in the Tsolum River watershed. Funding for Phase one was provided from Area C CWFs and grant funding from the Investment Agriculture Foundation of British Columbia (IAFBC). Pending EASC approval and a successful IAFBC funding application, Phase two funding of \$70,000 will be also be provided from Area C CWF with matching funding from IAFBC.
- 153 - Watuco water system conversion study – Analysis of options to convert the Watuco water system to a CVRD water service. Funding for this project is provided from Area C feasibility funds.
- 153 - Area C Liquid Waste Management studies - Servicing options for improved stormwater management in the Saratoga Miracle Beach settlement node and other Liquid Waste Management studies, should they be required in parallel with development in the area. Funding for this work is provided from Area C Feasibility Funds.

Tables 1, 2 and 3 below summarize the 2019 proposed budget as compared to the 2018 adopted budget. Significant variances from 2018 adopted budget will be discussed in the Financial Plan highlights section below.

The 2019 - 2023 proposed five-year Financial Plan for these three feasibility studies services, including the requisition summaries and operating budgets, are 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.

Table 1: Financial Plan Highlights – Baynes Sound Feasibility Studies (151)



2019

Proposed Budget

#151 Feasibility Studies - Baynes Sound

Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Senior Government Grants	1,254,232	1,245,361	(8,871)
Requisition	30,000	30,000	-
Prior Years Surplus	46,599	75,867	29,268
	\$ 1,330,831	\$ 1,351,228	\$ 20,397
Expenditures			
Operating	1,330,831	1,351,228	20,397
	\$ 1,330,831	\$ 1,351,228	\$ 20,397

Highlights of the 2019 - 2023 proposed Financial Plan for Baynes Sound Area A Feasibility Studies, function 151, include:

Revenue Sources Revenue is provide by a combination of tax requisition, CWFs and prior year's surplus.

- Tax requisition remains at 2018 levels. The estimated residential tax rate in 2019 is \$0.0175/\$1,000 of assessed value which equate to \$7.00 for a \$400,000 home;
- Senior government grants consists of community works funds to fund wastewater planning work for the south region;
- The 2019 proposed budget includes a prior year's surplus carry forward of \$75,867.

Operations


Operating expenses are focused on professional fees associated with progressing analysis of the option to treat wastewater at the Comox Valley Water Pollution Control Centre. In 2018 staff began to analyze service delivery and governance options for a partnership with the CVSS. A carry forward of \$13,600 is included in the proposed budget to complete this work. \$20,000 has also been allocated to complete additional technical analysis planned to support a decision on regional wastewater collaboration. A proposed carry forward of \$1,211,761 is allocated to further development of wastewater management options for the south region.

It is recommended that \$40,000 in professional fees be included in 2019 for the development of a servicing framework for the Union Bay settlement node to support the sustainable delivery of services as development progresses for this area.

Personnel, capital and reserves

There are no personnel, capital or reserve costs associated with the feasibility studies budgets.

Table 2: Financial Plan Highlights Electoral Area B Feasibility Studies (152)



2019
Proposed
Budget

#152 Feasibility Studies - Electoral Area B

Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Senior Government Grants	80,000	65,000	(15,000)
Requisition	12,114	12,114	-
Prior Years Surplus	33,997	31,711	(2,286)
	\$ 126,111	\$ 108,825	\$ (17,286)
Expenditures			
Operating	126,111	108,825	(17,286)
	\$ 126,111	\$ 108,825	\$ (17,286)

Highlights of the 2019 - 2023 proposed Financial Plan for Area B Feasibility Studies, function 152, include:

Revenue Sources

Revenue is provided by a combination of tax requisition, CWFs and prior year's surplus as follows:

- Tax requisition remains at 2018 levels. The residential tax rate is \$0.0060/\$1,000 of assessed value which equate to \$2.40 for a \$400,000 home;
- A carry forward of \$65,000 in CWFs from 2018 towards phase two of the Lazo Creek watershed study;
- The 2019 proposed budget includes the estimate of the prior year's surplus carry forwards totaling \$31,711.


Operations

Operating expenses are focused on professional fees associated with progressing the next phase of work for the Lazo Creek watershed which involves further assessment of a managed retreat option for the area.

Personnel, capital and reserves

There are no personnel, capital or reserve costs associated with the feasibility studies budgets.

Table 3: Financial Plan Highlights Electoral Area C Feasibility Studies (153)

 2019 Proposed Budget #153 Feasibility Studies - Electoral Area C			
Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Senior Government Grants	63,245	5,000	(58,245)
Requisition	13,000	13,000	-
Other Revenue/Recoveries			-
Prior Years Surplus	89,134	37,617	(51,517)
	\$ 165,379	\$ 55,617	\$ (109,762)
Expenditures			
Operating	165,379	55,617	(109,762)
	\$ 165,379	\$ 55,617	\$ (109,762)

Highlights of the 2019 - 2023 proposed Financial Plan for Area C Feasibility Studies, function 153, include:

Revenue Sources

Revenue is provided by a combination of tax requisition, CWFs, grant funding and prior years surplus as follows:

- Tax requisition remains at 2018 levels. The residential tax rate is \$0.0049/\$1,000 of assessed value which equate to \$1.96 for a \$400,000 home;
- A carry forward of \$5,000 in combined CWF and IAFBC funding is included to complete Phase one of the Tsolum River watershed study;
- Staff are recommending that an additional \$35,000 in CWF and an additional \$35,000 in grant funds be included in the recommended budget for Phase two Tsolum River watershed planning work. Proceeding with the Phase two study work will be contingent on the support of the EASC when the Phase one report and recommendations are presented at the March 11, 2019 meeting and a successful grant application with the IAFBC.
- The 2019 proposed budget includes an estimate of prior year's surplus carry forwards totaling \$37,617.

Operations

Operating expenses include \$10,000 for a Watuco water system conversion study and \$27,617 for liquid waste management study work to support development in the Saratoga Miracle Beach settlement node. There is also a \$5,000 carry forward for the completion of the Phase one study work in the Tsolum River watershed.

Staff are recommending that professional fees be increased by \$70,000 in the 2019 recommended budget for the Phase two Tsolum River watershed study. Proceeding with Phase two will be contingent upon EASC support and a successful funding application under IAFBC's Agricultural Watershed Planning Pilot Program.

Personnel, capital and reserves

There are no personnel, capital or reserve costs associated with the feasibility studies budgets.

Citizen/Public Relations

The feasibility studies services investigate the potential creation of new services required to address the specific issues and needs of each electoral area community. Much of the work completed within these services includes consultation with multiple stakeholders and with the general public in project specific areas.