

DATE: February 1, 2018**FILE:** 1700-02/2018/151-153**TO:** Chair and Directors
Electoral Areas Services CommitteeSupported by Russell Dyson
Chief Administrative Officer**FROM:** Russell Dyson
Chief Administrative Officer*R. Dyson***RE:** 2018 - 2022 Financial Plans – Feasibility Studies – Baynes Sound-Denman/Hornby Islands (Area A), Lazo North (Area B), and Puntledge-Black Creek (Area C) – Function 151, 152, 153**Purpose**

To provide the Electoral Areas Services committee with the proposed 2018 - 2022 Financial Plan and work plan highlights for the Area A, Area B, and Area C, feasibility studies services, functions 151, 152, 153.

Recommendations from the Chief Administrative Officer:

1. 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;

2. THAT the proposed 2018 - 2022 Financial Plan for Baynes Sound-Denman/Hornby Islands (Area A) feasibility studies service, function 151 be approved;
3. THAT the proposed 2018 - 2022 Financial Plan for Puntledge-Black Creek (Area C) feasibility studies services, function 153 be approved.

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 the more significant planning work required to support projects like the South Sewer Project, as well as other planning initiatives. 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 2017 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 provides funding for larger initiatives. Area A includes a significant allocation for further development of the South Sewer Project, Area B for further study of the Queens Ditch project and Area C for the Tsolum River Agricultural Planning study.

The following key initiatives are included in the plans:

- further development of the South Sewer Project (function 151);
- assessment of ‘managed retreat’ options for the lower Lazo watershed (function 152);
- completion of phase 1 of an agricultural watershed plan for the lower Tsolum River (function 153);
- determine the feasibility of a rural fire service for the Forbidden Plateau area (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.

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 included in the plans for 2018:

- South Sewer Project – in the summer of 2016, a referendum for the South Sewer Project was defeated and it has been on hold since that time. In 2017, staff worked to analyze various project options and identify a possible path forward. The results of these efforts are expected in spring 2018. Funding for the South Sewer Project is mainly from Area A feasibility funds and grant funding.
- Lower Lazo Watershed – in 2017, staff worked to identify potential options to help mitigate flooding in the lower Lazo watershed. The next phase of this work is planned for 2018 and involves further assessment of a managed retreat option for the area. Funding for this project is provided from Area B feasibility funds.
- Tsolum River Agricultural Watershed Plan – in 2017 staff worked to establish an advisory committee to guide and manage the development of a plan aimed at securing water for agriculture in the lower Tsolum watershed. In 2018 the CVRD will complete phase 1 of an Agricultural watershed plan. The work includes interpreting and compiling existing data, conducting public outreach, and making recommendations for future phases of work.


Funding for this project is provided from Area C services, feasibility funds and grant funding.

- Forbidden Plateau Fire Service – explore options associated with fire protection services on Forbidden Plateau Road.

Tables 1, 2 and 3 below summarize the 2018 proposed budget as compared to the 2017 adopted budget for each of the electoral area feasibility studies budgets. Significant variances from 2017 adopted budget will be discussed in the Financial Plan highlights section below.

The entire 2018 - 2022 proposed five year Financial Plan for these three feasibility studies services, including the requisition summaries and operating budgets, are available through the online budget binder at www.comoxvalleyrd.ca/proposedfinancialplan.

Table 1: Financial Plan Highlights (151)

		#151 Feasibility Studies - Baynes Sound		
Operating	2017 Budget	2018 Proposed Budget	Increase (Decrease)	
Revenue				
Senior Government Grants	1,255,876	1,255,876	-	
Requisition	30,000	30,000	-	
Prior Years Surplus	51,403	20,702	(30,701)	
	\$ 1,337,279	\$ 1,306,578	\$ (30,701)	
Expenditures				
Operating	1,337,279	1,306,578	(30,701)	
	\$ 1,337,279	\$ 1,306,578	\$ (30,701)	

Highlights of the 2018 - 2022 proposed Financial Plan for Area A, function 151 include:

Revenue Sources

Revenue is provide by a combination of tax requisition, CWFs and prior year’s surplus. Highlights include:

- Tax requisition remains at 2017 levels. The residential tax rate is \$0.0205/\$1,000 of assessed value which equate to \$8.20 for a \$400,000 home;
- A large community works contribution continues to be included to fund planning work associated with the South Sewer Project. This amount is unchanged from 2017;
- The 2018 proposed budget includes funds allocated from prior year of \$20,702.


Operations

Operating expenses are focused on professional fees associated with progressing the South Sewer Project. In 2017 staff worked to analyze various project options and identify a possible path forward for the project. Also in 2017 the Kensington Island Developments master development agreement was updated. The results of these efforts are expected in spring 2018.

Personnel, capital and reserves

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

Table 2: Financial Plan Highlights (152)

		#152 Feasibility Studies - Electoral Area B		
Operating	2017 Budget	2018 Proposed Budget	Increase (Decrease)	
Revenue				
Senior Government Grants	85,346	14,708	(70,638)	
Requisition	12,114	12,114	-	
Other Revenue/Recoveries	18,196		(18,196)	
Prior Years Surplus	21,143	6,204	(14,939)	
	\$ 136,799	\$ 33,026	\$ (103,773)	
Expenditures				
Operating	136,799	33,026	(103,773)	
	\$ 136,799	\$ 33,026	\$ (103,773)	

Highlights of the 2018 - 2022 proposed Financial Plan for Area B, function 152 include:

Revenue Sources

Revenue is provided by a combination of tax requisition, CWFs and prior years surplus. Highlights include:

- Tax requisition remains at 2017 levels. The residential tax rate is \$0.0068/\$1,000 of assessed value which equate to \$2.72 for a \$400,000 home;
- A carry forward of CWFs from 2017 towards the lower Lazo watershed study. It is also recommended that an additional \$80,000 of CWFs be committed to fund the next phase of this work;
- The 2018 proposed budget includes funds allocated from prior year of \$6,204.


Operations

Operating expenses are focused on professional fees associated with progressing the next phase of work for the Lower Lazo 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 2: Financial Plan Highlights (153)

		#153 Feasibility Studies - Electoral Area C		
Operating	2017 Budget	2018 Proposed Budget	Increase (Decrease)	
Revenue				
Senior Government Grants	105,000	67,000	(38,000)	
Requisition	13,000	13,000	-	
Other Revenue/Recoveries	34,473		(34,473)	
Prior Years Surplus	62,845	61,877	(968)	
	\$ 215,318	\$ 141,877	\$ (73,441)	
Expenditures				
Operating	215,318	141,877	(73,441)	
	\$ 215,318	\$ 141,877	\$ (73,441)	

Highlights of the 2018 - 2022 proposed Financial Plan for Area C, function 153 include:

Revenue Sources

Revenue is provide by a combination of tax requisition, CWFs, grant funding and prior years surplus. Highlights include:

- Tax requisition remains at 2017 levels. The residential tax rate is \$0.0056/\$1,000 of assessed value which equate to \$2.24 for a \$400,000 home;
- An equal share of CWFs and grant funding from the Agriculture Foundation of British Columbia allocated towards the lower Tsolum River watershed study;
- The 2018 proposed budget includes funds allocated from prior year of \$61,877.

Operations

Operating expenses are focused on professional fees associated with progressing the lower Tsolum River watershed study as well as a feasibility study for the provision of fire service at Forbidden Plateau. Funds are also included for liquid waste management studies in Area C should they be required in parallel with development in the area.

Personnel, capital and reserves

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