

<b>Policy Title:</b> Black Creek Oyster Bay Services Committee Financial Planning Policy		<b>Policy Number:</b> P44
<b>Policy Category:</b> Finance		
<b>Approval Date:</b> June 25, 2013		<b>Policy Owner:</b> Financial Services
<b>Approved by:</b> Board		<b>File Reference:</b> 0340-50

**Purpose**

To establish a policy that guides the financial planning process and financial decision making for the Black Creek/Oyster Bay (BC/OB) services committee.

**Scope**

This policy provides a framework for the development, communication and approval process of the Black Creek/Oyster Bay services committee financial plans.

**Statement of purpose**

The Black Creek/Oyster Bay services committee is responsible for the cross jurisdictional governance and oversight of two services being the Black Creek/Oyster Bay fire protection service and the Black Creek/Oyster Bay water service. These two services are responsible for the provision of fire protection and water to residents in the local service area that covers part of Area D of the Strathcona Regional District (SRD) and part of Area C of the Comox Valley Regional District (CVRD).

A financial planning policy for the BC/OB services committee guides the budgeting process by determining the commitment of financial resources to the achievement of CVRD Board strategic priorities for the BC/OB fire and water services. Since economic circumstances and community needs can change from year to year, the BC/OB services committee financial planning policy is intended to guide financial decision making in any given budget cycle.

**Guiding Principles**

The financial plans for the BC/OB services:

- a) Incorporate the priority objectives of the BC/OB fire and water services as part of the Comox Valley Regional District strategic plan. The CVRD Strategic Plan provides the goals and objectives of the Board over the four-year term of office and provides a level of continuity from Board term to term.
- b) Consider the relevant policies as outlined in the CVRD Regional Growth Strategy, the Comox Valley sustainability strategy and electoral area official community plans.
- c) Provide resources to meet the BC/OB services committee’s priority objectives as directed through the CVRD strategic planning process.
- d) Provide financial information that enables the BC/OB services committee to make informed decisions.
- e) Balance the area’s economic environment with ensuring that there is adequate cash flow for service continuity and level of service commitments.

- f) Follow life cycle costing principles in budgeting for capital reserve contributions, asset replacement and maintenance costs.
- g) Build trust through ongoing respect of the work performed by Board members and staff.

### **Policy Statement**

1. **Balanced budget**  
The financial plan for each service must be balanced with revenues available to cover planned expenditures.
2. **Five year plan**
  - a) The financial plans are five year plans.
  - b) The financial plans are intended as a means to manage resources and achieve strategic goals in the most effective manner.
  - c) The financial plans determine the capacity to match community needs with available resources.
4. **Costs of services**  
Each service budget must include all projected costs related to providing the service including a share of general administration costs allocated as per CVRD Board policy.
5. **Reserve funds**
  - a) The financial plans consider reserve fund levels for services that expose the CVRD to a level of risk and/or that require the ongoing replacement and acquisition of capital items. Budgeted reserve contributions strive to balance immediate service needs and tax payer impacts with longer term funding requirements.
  - b) The financial plans consider reserve contribution requirements of the services where an asset management plan is an integral part of the service's long term fiscal management.
6. **Borrowing**
  - a) Borrowing is an appropriate method of financing projects (mostly capital) that have a useful life of at least the term of the debt. The term of the debt is determined by the lifespan of the asset and the capacity of the service to pay for the annual debt servicing costs.
7. **Revenue and expenditures**
  - a) Wherever possible, ongoing operations should be funded from ongoing revenue sources such as taxation and user fees. Reserve funds and/or long term debt are appropriate funding sources for capital expenditures and significant long term projects.
8. **Legal obligations**
  - a) As services of the Comox Valley Regional District, the financial plans for the BC/OB fire and water services are prepared in compliance with the relevant sections of the *Local Government Act*.
  - b) The CVRD five year financial plan is required to be adopted by March 31<sup>st</sup>.
9. **Strategic and regulatory alignment/compliance**
  - a) The financial plans contain resources necessary to meet regulatory requirements such as Vancouver Island Health Authority's (VIHA) *Drinking Water Protection Regulation* in the case of water supply systems.
10. **Timeline and schedule**
  - a) The financial plans for the BC/OB water and fire services are presented to the BC/OB services committee and are included as part of the CVRD financial plan. Table 1 below outlines the timing and content of the financial planning process for the BC/OB services committee.

Table 1- BC/OB services committee financial planning schedule

Budget Type	Timeline	Time Period	Content
Proposed consolidated CVRD financial plan (Includes BC/OB services)	January of new budget year	Consolidated year 1	<ul style="list-style-type: none"> <li>• Consolidated budget year 1</li> </ul>
Proposed Service Budgets (5 year plan)	January to February new budget year	5 years	<ul style="list-style-type: none"> <li>• Budget summaries – 5 years with prior year to date actuals</li> <li>• Staff reports for service budgets</li> </ul>
Recommended	February/March of new budget year	5 years	<ul style="list-style-type: none"> <li>• Budget summaries – 5 years with prior year to date actuals</li> <li>• Budget summaries reflect changes made to proposed budgets</li> <li>• Changes are initiated from the BC/OB committee members or staff based on new and/or updated information.</li> </ul>
Recommended (Included in the CVRD financial plan bylaw)	March of new budget year with 1 <sup>st</sup> , 2 <sup>nd</sup> , 3 <sup>rd</sup> reading of budget bylaw (CVRD board)	5 years	<ul style="list-style-type: none"> <li>• Financial plan and capital expenditure program bylaw and full 5 year service operating and capital budget summaries</li> </ul>
Adopted (Included in the CVRD financial plan bylaw)	March of new budget year with final reading of budget bylaw (CVRD board)	5 years	<ul style="list-style-type: none"> <li>• Financial plan and capital expenditure program bylaw and full 5 year service operating and capital budget summaries</li> </ul>

11. Presentation of the financial plan

- a) The financial plans are provided to the BC/OB services committee and the CVRD Board in open session.
- b) The five year proposed financial plans include the five year line item budget for each service.
- c) The financial plans are presented in a format that enables the BC/OB committee to make informed decisions.
- d) The BC/OB services committee financial planning policy will be presented to the committee for information purposes at the beginning of each annual financial planning cycle.

12. Public Access – publication of details

- a) Financial plans are presented in open session at all committee meetings throughout the budgeting process.
- b) Financial plan summaries and presentation materials are posted on the CVRD website throughout the proposed, recommended and adopted stages.
- c) Notice of meetings are posted and available to the public on the CVRD website.
- d) Meeting agendas and minutes are posted and available to the public on the CVRD website.

13. Approvals

- a) Service budgets are approved and/or amended throughout the financial planning cycle at the committee level through discussion and committee recommendations.
- b) The CVRD Board shall only make changes of an administrative nature, such as a mathematical correction, subsequent to any budget approvals by the BC/OB services committee.
- c) The BC/OB fire and water services financial plans are included in the CVRD financial plan bylaw that is adopted by the CVRD Board prior to March 31<sup>st</sup> in each year.

14. Amendments

- a) Budget amendment requests, that arise after the financial plan is adopted, are considered by the Board throughout the budget year. During the year, budget amendments are considered by the BC/OB committee and if approved are consolidated into the financial plan and capital expenditure program bylaw amendment. This amendment is approved each year for that current financial plan at the November CVRD Board meeting.

15. Cost Allocation Process

Under a principle of fairness, the cost allocations for all fire protection services managed by Oyster River Fire Rescue (ORFR), including Black Creek - Oyster Bay Fire Protection, will be conducted as follows:

- a) Annually the ORFR fire chief will prepare a consolidated operational budget submission with estimates that support the day-to-day activities of all the fire protection services under ORFR purview (i.e. Greater Merville and Mt Washington).
- b) The combined operational grant submission will then be apportioned to each fire protection service area based on the current year total assessment values of all the areas being served which would then be recovered by the Black Creek – Oyster Bay Fire LSA by way of a transfer from other functions.
- c) All capital costs for each of the relevant fire protection service areas will continue to be budgeted independently in their respective service budgets and paid for by their specific group of participants. Additionally, other direct operational, personnel, reserve management and debt servicing costs that fall under the direct management of the Comox Valley Regional District will also be independently accounted for in each respective service area budget.
- d) Annually share the cost allocations information with the Electoral Areas Services Committee.

**Revision History**

<b>Approval Date</b>	<b>Approved By</b>	<b>Description of Change</b>
August 11, 2020	Board	Housekeeping
February 23, 2021	Board	Addition of Section 15