

**DATE:** January 10, 2019**FILE:** 1700-02/2019/210**TO:** Chair and Directors  
Electoral Area Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer***R. DYSON*****RE: 2019 - 2023 Financial Plan – Rural Cumberland Fire Protection – Function 210****Purpose**

To provide the Electoral Area Services Committee with the proposed 2019-2023 financial plan and work plan highlights for the rural Cumberland Fire Protection Service, function 210. Further, to introduce and update the committee regarding the identified maximum requisition challenge for the Rural Cumberland fire protection service.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2019 - 2023 financial plan for rural Cumberland Fire Protection Service, function 210, be approved.

AND FURTHER THAT staff bring forward a report for consideration at a future meeting, which recommends amending the establishment bylaw for the Rural Cumberland Fire Protection Service to increase the maximum requisition.

**Executive Summary**

The proposed 2019 – 2023 financial plan is based on the following key aspects:

- A total tax requisition of \$183,558 which is unchanged from 2018.
  - Increases planned for 2020 and 2021 with details included further in this report.
- Total operating expenses of \$177,318
- Contribution to reserve of \$21,955 in 2019 with anticipated balance at December 31<sup>st</sup> of \$138,293.
- Fire protection service is provided by service agreement with the Village of Cumberland.
- The Village of Cumberland capital expenditure program includes a new fire hall.
- Current maximum requisition will be insufficient beyond the 2020 budget year.
- This report includes a recommendation for staff to prepare a report and recommendation to increase the maximum requisition to address the anticipated requisition shortfall.

Prepared by:

***J. Bast***

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James Bast  
Manager of Fire Services

Concurrence:

***I. Smith***

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T. Ian Smith, MCE  
General Manager of  
Community Services**Stakeholder Distribution (Upon Agenda Publication)**

Village of Cumberland	✓
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### Policy Analysis

- Service established in 2011 with adoption of Bylaw No. 192 being the “Rural Cumberland Fire Protection Service Establishing Bylaw No. 192, 2011”
- Provides fire protection services to the properties in defined portions of Electoral Areas A and C.
- November 2016, adoption to Bylaw No. 425 being the “Rural Cumberland Fire Protection Service Establishing Bylaw No. 192, 2011, Amendment No. 2” which increased the maximum requisition for the service by 25 per cent.
- The maximum levy for this service is the greater of \$171,875 or \$1.23 per \$1,000 of assessed value.
- Agreement with the Village of Cumberland for the provision of fire protection services has a term of five years ending December 31, 2022.

### Financial Plan Overview

- A major component of the proposed 2019-2023 financial plan is the Village of Cumberland’s submission which is attached as Appendix A.
- Service agreement cost is calculated as a percentage of the total assessed value of both the Village of Cumberland and the Comox Valley Regional District (CVRD) Service Area.
  - The service is apportioned a percentage of the total operating and capital costs of the Cumberland Fire Department.
- The Village of Cumberland’s submission includes increases to the service agreement cost largely attributed to planned capital expenditure of a new fire hall in the Village.

The proposed 2019-2023 financial plan includes:

- Proposed 2019 tax requisition of \$183,558 which is unchanged from 2018
  - Increases are proposed for 2020 and 2021 with further information included in this report.
- Funds in 2019, to seek elector comment regarding the use of the Alternate Approval Process (AAP) process regarding the maximum requisition shortfall anticipated in 2020.
- Further funds in 2019 to conduct an AAP.


The calculated maximum levy in 2019 is \$267,319.

### Maximum Requisition Shortfall

- The Village of Cumberland’s 2019 budget submission includes an increase in service agreement costs in each of the five years through 2023.
- Increases are largely attributed to the Rural Cumberland Fire Protection Service’s portion of the planned construction costs of a new fire hall for the Cumberland Fire Department.
- The maximum requisition for this service was increased by 25 per cent for 2017 in anticipation of these escalations, however, this increase will not be sufficient to meet the service agreement obligations beyond 2020.
- In the context of the Village of Cumberland’s submission and planned increases, the service will surpass the maximum allowable requisition of \$267,319 in 2021.
- To increase the maximum requisition in 2019 will require elector assent.
- The proposed 2019 budget includes funds to conduct an AAP seeking elector assent to increase the maximum requisition to meet the service agreement obligations.
- A history of the service and an overview of the AAP process is attached as Appendix B to this report.

Table 1 below summarizes 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.

**Table 1: Financial Plan Highlights**



2019

Proposed Budget

#210 Cumberland Fire

Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Requisition	183,558	183,558	-
Transfer from Reserves	0	0	-
Prior Years Surplus	29,884	18,840	(11,044)
	\$ 213,442	\$ 202,398	\$ (11,044)
Expenditures			
Personnel Costs	3,019	3,125	106
Operating	204,936	177,318	(27,618)
Contribution to Reserve	5,487	21,955	16,468
	\$ 213,442	\$ 202,398	\$ (11,044)

The 2019 - 2023 proposed five-year financial plan for Rural Cumberland Fire 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 the Rural Cumberland Fire Protection service, function 210, include:

#### Revenue Sources

The proposed 2019-2023 financial plan includes:

- Total tax requisition of \$183,558 in 2019 which is unchanged from 2018.
  - Tax requisition increases in 2020 and 2021 attributed to the CVRD's apportioned cost of the Cumberland Fire Department capital expenditures.
- Prior year's surplus of \$18,840 in 2019.

#### Personnel

A portion of personnel costs attributed to the Manager of Fire Services is charged to this service.

#### Operations

The proposed 2019-2023 financial plan includes:

- Total operating expenses of \$177,318 which is a decrease of \$27,618 over 2018.
- Service agreement cost for 2019 of \$162,750, similar to 2018.

Capital

The 2019-2023 proposed financial plan does not include a CVRD capital component as the Rural Cumberland Fire Protection Service is provided by service agreement with the Village of Cumberland.

As there are no CVRD capital assets attributed to this function, an asset management plan has not been developed.

Reserves

The proposed 2019-2023 financial plan includes:

- Contribution to reserve of \$21,955 in 2019 which an increase of \$16,468 from 2018 in anticipation of future service agreement increases and maximum requisition shortfall.

The Rural Cumberland Fire Protection Service has a future expenditure reserve balance of approximately \$116,338 at the end of 2018. Table 2 below illustrates the anticipated reserve contributions and annual balances based on the recommendations of the proposed 2019-2023 financial plan.

**Table 2 – Estimated Reserve Fund Balance**

<b>Future expenditure reserve</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Beginning balance	\$116,338	\$138,293	\$139,872	\$139,833	\$134,828
Contributions to reserve	\$21,955	\$1,579	\$0	\$0	\$0
Expenditure			(\$39)	(\$5,005)	(\$15,955)
<b>Estimated balance at year end</b>	<b>\$138,293</b>	<b>\$139,872</b>	<b>\$139,833</b>	<b>\$134,828</b>	<b>\$118,873</b>

**Citizen/Public Relations**

The Rural Cumberland Fire Protection Service provides for protection of life and property for approximately 450 residences within the local service area.

- Based on 2019 assessed values, the residential tax rate for this service is expected to be \$0.8225 per \$1,000 of assessed value.
- As an example, for a residence with an assessed value of \$400,000 the levy for the service would be approximately \$329.
- The 2018 tax rate for this service was \$0.9915 per \$1,000 of assessed value.

AAP Communications

- Staff have developed a communications plan which includes a mail out to each property owner within the service area, as well as a dedicated webpage with FAQs.
- The mail out and webpage will be used to convey key points and the requirement for electoral assent to increase the maximum requisition to maintain financial sustainability of the service.
- The goal of the mail out and webpage is to seek elector input regarding the use of the AAP to obtain elector assent.

- This mail out and webpage are in addition to the legislated requirement for advertising and notice for the AAP process.

Attachments: Appendix A – “Village of Cumberland, 2019 budget submission”  
Appendix B – “Overview of service and AAP process”



**THE CORPORATION OF THE VILLAGE OF CUMBERLAND  
FIRE DEPARTMENT - PROTECTION DISTRICT  
2018-2023 FINANCIAL PLAN**

**BUDGETED EXPENDITURES**

Fire Control Administration  
Volunteer Fire Fighters  
Fire Hall  
Fire Fighting Tools and Equipment  
Fire Dept. Vehicles  
Special Operating Projects

**Operating Expenditures****Capital Expenditures**

Capital Rescue Tools  
Electronic tool - cutter or spreader or combination  
Fire Boat environmental materials - oil suppression  
Breathing Apparatus Replacement (from capital reserves)  
Fire Engine Replacement (from debt/reserves)  
2nd Response Fire Truck Replacement (from debt/reserves)  
Rescue Fast Response Replacement (from debt/reserves)  
Fire Hall Land Purchase Annual  
Fire Hall Construction Annual  
Capital Reserve Contribution  
Equipment Financing for Fire Fleet

**Total Capital Expenditures**

Less Operating Grants  
Less Other Revenues  
Less Borrowing (new lease)  
Less Transfer in from Capital Reserves

**Shared Budget**

<b>2018 Approved Budget</b>	<b>2019 BUDGET</b>	<b>2020 BUDGET</b>	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>	<b>2023 BUDGET</b>
\$ 211,320.00	\$ 217,810.00	\$ 222,170.00	\$ 253,880.00	\$ 258,960.00	\$ 264,140.00
125,820.00	150,010.00	163,290.00	179,280.00	182,070.00	184,920.00
19,835.00	20,535.00	20,950.00	21,870.00	21,810.00	22,750.00
22,000.00	22,000.00	22,000.00	22,000.00	22,000.00	22,000.00
42,550.00	44,630.00	45,520.00	46,430.00	47,360.00	48,310.00
123,690.00	45,335.00	9,500.00	9,500.00	9,500.00	9,500.00
<b>\$ 545,215</b>	<b>\$ 500,320</b>	<b>\$ 483,430</b>	<b>\$ 532,960</b>	<b>\$ 541,700</b>	<b>\$ 551,620</b>
7,000	7,500	23,000	23,000	23,000	23,000
16,000	16,000	-	-	-	-
5,000	5,000	-	-	-	-
-	-	147,615	-	-	-
537,000	537,000	-	-	-	-
-	-	-	537,000	-	-
-	-	-	-	-	267,500
33,390	33,390	33,390	33,390	33,390	33,390
-	-	222,000	342,000	342,000	342,000
80,000	120,000	120,000	120,000	120,000	120,000
35,200	70,420	78,230	147,250	161,060	200,050
<b>713,590</b>	<b>789,310</b>	<b>624,235</b>	<b>1,202,640</b>	<b>679,450</b>	<b>985,940</b>
(48,375)	(36,960)	(25,725)	(26,985)	(28,310)	(29,705)
(800)	(600)	(600)	(600)	(600)	(600)
(219,790)	(219,790)	-	(387,000)	-	(167,500)
(317,210)	(317,210)	(144,000)	(150,000)	-	(100,000)
<b>\$ 672,630</b>	<b>\$ 715,070</b>	<b>\$ 937,340</b>	<b>\$ 1,171,015</b>	<b>\$ 1,192,240</b>	<b>\$ 1,239,755</b>

**2018 Revised Roll Assessment (net taxable land & improvements for Hospital District purposes):****2019-2023**

Cumberland Fire Prot SRVA#63	\$ 178,681,751.00
Village of Cumberland	\$ 606,398,200.00
	<u>\$ 785,079,951.00</u>

**Cost Sharing % of Annual Expenses****22.76%**

Cumberland Fire Protection District	153,090	162,750	213,340	266,520	271,350	282,160
Owed by CVRD as per 6 f) Fire Protection Agreement	-	-	-	-	-	-
<b>Cumberland Fire Protection District</b>	<b>153,090</b>	<b>162,750</b>	<b>213,340</b>	<b>266,520</b>	<b>271,350</b>	<b>282,160</b>



## **Overview: Rural Cumberland fire protection service, AAP to increase maximum requisition**

The Comox Valley Regional District (CVRD) will need to increase the maximum requisition for the fire protection service to fulfill its service agreement obligations with the Village of Cumberland. The following information will be useful for the Directors when considering the issues and the options available to meet these obligations.

### **History of the Rural Cumberland fire protection service**

- In 2011 the Cumberland Fire Protection Improvement District ceased operations and by way of Order in Council, the Ministry transferred the obligation to the CVRD. This service protects properties within defined portions of electoral areas “A” and “C”
- Bylaw No. 192 being the “Rural Cumberland Fire Protection Service Establishing Bylaw No. 192, 2011” sets the maximum allowable taxation requisition for the Rural Cumberland fire protection service
- The CVRD entered into a service agreement with the Village of Cumberland for fire protection services with the residents of the local service area and the Village sharing in the capital and operating costs of the Cumberland Fire Department.
- The Village of Cumberland began a capital program for the construction of a new fire hall and fire engine.
- In the context of its capital program, the 2016 budget submission of the Village indicated that the proposed 2016-2020 financial plan would surpass the maximum allowable requisition in 2017.
- The regulation under the *Local Government Act (RSBC) LGA*) titled *Regional District Establishing Bylaw Approval Exemption Regulation* enables the service establishment bylaw to be amended by increasing the maximum requisition by twenty-five percent once every five years without obtaining Inspector of Municipalities approval.
- In February of 2017 the establishment bylaw No. 192 was amended to increase the maximum requisition by twenty-five percent. Given Cumberland’s long range plans for fire protection, the rural Cumberland fire protection service’s maximum requisition will be surpassed by 2020.

In the context of the 2017 maximum requisition increase, the CVRD will require Inspector approval and elector assent to increase the requisition in advance of 2020.

The proposed 2019 budget includes funds to seek elector comment regarding the use of an Alternate Approval Process (AAP), with further funds allocated to conduct an AAP seeking elector assent to increase the maximum requisition to meet the service agreement obligations.

**Overview:****Overview of the Alternate Approval Process**

The AAP is a common way for local governments to find out the wishes of the public. It's also an efficient legislative mechanism outlined in the *Community Charter*, which can be used to obtain electoral assent without the expense of a referendum.

- An AAP may be the least costly method to gain elector assent if the matter is seen to be in the public interest and is not contentious.
- Unlike referenda, the AAP process does not rely on electors showing up to cast their vote, but rather is used to measure the number of electors within a specific area who oppose an initiative.
- Authority for a local government to adopt a bylaw is granted if fewer than 10% of eligible electors vote against the bylaw by submitting elector response forms.
- People who live in or own property within the service area may be able to participate in the AAP process.
- Legislated requirements for an AAP include:
  - Two separate Notices through advertisements in local newspapers are provided, starting at least two weeks in advance of the 30 day response form start date.
  - Each Notice provides information on the matter to be approved as well as the time and location where electors can sign the response form against the matter.
  - Electors have 30 days after the second Notice to submit response forms.
  - After 30 days the corporate officer counts the number of electors who have submitted response forms.
  - If more than 10% of the total number of eligible electors have submitted response forms the matter is considered opposed by the public, and the local government may consider a referendum if it still wishes to proceed.
  - If less than 10% of the electors submit response forms against the matter, it is considered approved and the local government can adopt the bylaw.

For more information visit: [https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/governance-powers/alternative\\_approval\\_process\\_guide.pdf](https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/governance-powers/alternative_approval_process_guide.pdf)