

DATE: January 20, 2021

FILE: 1700-02/2021/210

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON

RE: 2021 - 2025 Financial Plan – Rural Cumberland Fire Protection – Function 210

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 financial plan and work plan highlights for the Rural Cumberland Fire Protection Service, function 210.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan for Rural Cumberland Fire Protection Service, function 210, be approved.

Executive Summary

This service is provided by way of service agreement with the Village of Cumberland. The Village of Cumberland’s submission includes increases to the cost of the service agreement largely attributed to the planned capital expenditure for a new fire hall.

The proposed 2021-2025 financial plan includes:

- A residential tax rate of \$0.7876 per \$1,000 of assessed value, which is a decrease of \$0.0022 compared to 2020.
- Total revenues in 2021 of \$221,319 which is a decrease of \$19,279 over 2020 largely attributed to a lower prior years surplus currently being estimated.
- Personnel costs of \$7,047 which is an increase of \$1,934 over 2020 as a portion of administrative assistant cost is now allocated to fire services.
- Operational expenses in 2021 of \$204,700 which is an increase of \$52,342 over 2020.
 - Increase attributed to fire protection agreement costs from Village of Cumberland which incorporates their new fire hall construction.
- Contribution to reserve of \$9,572 in 2021 which is a decrease of \$65,555 over 2020
 - Reserves sufficient to maintain stable requisition.

Prepared by:

Concurrence:

J. Bast

D. DeMarzo

James Bast
Manager of Fire Services

Doug DeMarzo
General Manager of
Community Services

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Village of Cumberland	✓
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Board Strategic Drivers

The Comox Valley Regional District (CVRD) Board has set four strategic drivers to guide service delivery. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1: Board Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • Service provision by way of agreement, utilizing existing fire department provides for efficiencies and economies of scale by partnering on fire services costs with the Village of Cumberland. 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> • Service provides protection to address increase in wildfire risk as a result of climate change
<p>Community partnerships:</p> <ul style="list-style-type: none"> • Fire protection service provided by way of service agreement with the Village of Cumberland. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver.

Rethink Comox Valley / COVID-19 Response and Renewal

On May 12, 2020 the board adopted a COVID-19 renewal plan for the review of service levels and all necessary, critical and functional projects slated for the next five years. Recommended actions for the plan were brought forward to the relevant committees, commissions and partners for review over the summer.

The service agreement is the largest expense for the service with the new Cumberland fire hall being the main driver of costs. In accordance with the COVID 19 renewal plan, staff will work with Village staff to confirm that only those costs directly attributable to the fire protection service in the rural Cumberland area are reflected in annual service agreement costs.

Economic Recovery Task Force Actions

Not applicable for this service.

Financial Plan Overview

A major component of the proposed 2021-2025 financial plan is the Village of Cumberland’s submission which is attached as Appendix A.


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.

In the context of delays in the construction of the fire hall, and with a board authorized increased maximum requisition in 2017, the Village submission indicates that the CVRD will be able to meet the service agreement obligations into future years without requiring elector assent to increase the maximum requisition.

The 2021 - 2025 proposed five-year financial plan for the Rural Cumberland Fire Protection Service, function 210, including service establishment information, the requisition summary and the operating and capital budgets, 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.

Table 2 below summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 2021 Proposed Budget		#210 Cumberland Fire		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	185,000	200,000	15,000	
Transfer from Reserves	0	0	-	
Prior Years Surplus	55,598	21,319	(34,279)	
	\$ 240,598	\$ 221,319	\$	(19,279)
Expenditures				
Personnel Costs	5,113	7,047	1,934	
Operating	152,358	204,700	52,342	
Referendum Costs	8,000	0	(8,000)	
Contribution to Reserve	75,127	9,572	(65,555)	
	\$ 240,598	\$ 221,319	\$	(19,279)

Highlights of the 2021 - 2025 proposed financial plan for function 210 include:

Revenue Sources

The proposed 2021-2025 financial plan includes:

- Total tax requisition of \$200,000 in 2021 which is an increase of \$15,000 or eight per cent from 2020.
 - Increase attributed to the CVRD’s apportioned cost of the Cumberland Fire Department capital expenditures.
 - Note that the 2020-2024 financial plan included an anticipated \$240,000 requisition planned for 2021 however due to delays in Cumberland’s fire hall construction and based on an updated budget submission from the Village, this was able to be scaled back.
 - The requisition of \$200,000 in 2021 is planned to increase incrementally by \$5,000 annually through the five year plan to \$225,000 in 2025.
- Estimated prior year’s surplus of \$21,319 in 2020 which is \$34,279 decrease from 2020 largely attributed to:
 - Unexpended Alternate Approval Process (AAP) and associated costs, as the requisition level is within the service establishing bylaw limit
 - Village adjustment lowering budgeted Service Agreement costs.

Personnel

- Personnel costs of \$7,047 which is an increase of \$1,934 over 2020 as a portion of administrative assistant and the Manager of Fire Services are now charged to this service.

Operations

The proposed 2021-2025 financial plan includes:

- Total operating expenses of \$204,700 which is an increase of \$52,342 over 2020.
- Village of Cumberland service agreement cost for 2021 of \$197,450, which is an increase of \$61,650 from 2020.
 - Increase largely attributed to fire hall construction.

The proposed 2021-2025 does not include AAP costs as the Village of Cumberland’s submission indicates that the CVRD is currently able to meet its service agreement obligations within the current maximum requisition.

Capital

The 2021-2025 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, a sustainable asset funding model has not been developed. However, utilizing reserves to stabilize future requisition variations and planning with the Village of Cumberland is a key part of budgeting for this service.

Reserves

The proposed 2021-2025 financial plan includes:

- Contribution to reserve of \$9,572 in 2021 which a decrease of \$65,555 from 2020.
 - Based on the Village’s 2021 budget submission, reserves appear sufficient to maintain stable requisition.
- Funds transferred from reserve to operating in 2022 to maintain stable requisition.

The Rural Cumberland Fire Protection Service has a future expenditure reserve balance of approximately \$240,921 at the end of 2020, and \$256,223 by end of 2025.

Table 3 illustrates the anticipated reserve contributions and annual balances based on the recommendations of the proposed 2021-2025 Financial Plan.

Table 3: Estimated Reserve Fund Balance

Future expenditure reserve	2021	2022	2023	2024	2025
Beginning balance	\$240,921	\$250,492	\$249,145	\$250,793	\$252,800
Contributions to reserve	\$9,572	\$0	\$1,648	\$2,007	\$3,423
Expenditure	\$0	(\$1,348)	(\$)	(\$)	(\$)
Estimated balance at year end	\$250,493	\$249,145	\$250,793	\$252,800	\$256,223

Tax Impacts

The 2021 - 2025 financial plan indicates the following residential tax impact:

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.7876 per \$1,000 (2020 - \$0.7898) of taxable assessed value.

- The current maximum levy allowable in 2021 is the greater of \$171,875 or \$1.23 per \$1,000 of assessed value, resulting in a maximum requisition of \$301,300 for 2021.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$393.80 for this service.

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, through a services agreement with the Village of Cumberland.

Attachments: Appendix A – Village of Cumberland, Budget Submission



**THE CORPORATION OF THE VILLAGE OF CUMBERLAND
FIRE DEPARTMENT - PROTECTION DISTRICT
2020-2025 FINANCIAL PLAN**

BUDGETED EXPENDITURES**Operating Expenditures****Capital Expenditures**

Protective gear and equipment replacement
Electronic tool - cutter or spreader or combination
Trailer purchase (small trailer for emergency spill kit)
with environmental materials
Training equipment and facility
Fire Engine (from debt/reserves)
Wildfire bush truck (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

2020 Approved Budget	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET	2025 BUDGET
\$ 490,710	\$ 514,770	\$ 526,400	\$ 536,840	\$ 547,500	\$ 558,360
142,500	7,500	7,500	7,500	7,500	7,500
16,000		16,000	-	-	-
13,000	-	-	-	-	-
-	-	-	20,000	-	-
537,000	-	200,000	-	-	-
-	-	-	-	175,000	-
33,390	33,885	33,885	33,885	33,885	33,885
-	318,990	318,990	318,990	318,990	318,990
80,000	87,500	87,500	87,500	87,500	87,500
64,100	45,680	45,680	45,680	58,520	58,520
885,990	493,555	709,555	513,555	681,395	506,395
(25,740)	(28,430)	(29,850)	(31,342)	(32,922)	(34,578)
(600)	(600)	(600)	(600)	(600)	(600)
(219,790)	-	-	-	(61,000)	-
(452,210)	(7,500)	(223,500)	(27,500)	(121,500)	-
\$ 678,360	\$ 971,795	\$ 982,005	\$ 990,953	\$ 1,012,873	\$ 1,029,577

2020 Revised Roll (net taxable land & improvements for Hospital District purposes):

	2020
Cumberland Fire Prot SRVA#63	\$ 224,730,739.00
Village of Cumberland	\$ 881,307,550.00
	<u>\$ 1,106,038,289.00</u>

Cost Sharing % of Annual Expenses

	2020	20.32%				
Cumberland Fire Protection District	137,830	197,450	199,530	201,350	205,800	209,190
Owed by CVRD as per 6 f) Fire Protection Agreement	-	-	-	-	-	-
Cumberland Fire Protection District	137,830	197,450	199,530	201,350	205,800	209,190