

DATE: January 15, 2020**FILE:** 1700-02/2020/Function 228**TO:** Chair and Directors
Electoral Areas Services Committee**FROM:** Russell Dyson
Chief Administrative Officer

Supported by Russell Dyson
Chief Administrative Officer
R. Dyson

RE: **2020 - 2024 Financial Plan – Bates/Huband Fire Protection – Function 228****Purpose**

To provide the Electoral Areas Services Committee with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Bates/Huband Fire Protection Service, function 228.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 Financial Plan for the Bates/Huband Fire Protection Service, function 228, be approved.

Executive Summary

- This service is provided by way of service agreement with the Town of Comox.
- The 2019 budget was based on projections from the Town's 2018 budget submission.
- The 2019 service agreement costs were higher than projected resulting in a minor deficit in 2019 to be covered in the proposed 2020 budget.
- This deficit is addressed in 2020 by way of reduced contributions to reserves and does not affect the 2020 requisition.

A focus of this proposed 2020-2024 Financial Plan is the preparation for the increased agreement costs anticipated in 2022 and 2023 regarding the Town's purchase of a new ladder truck.

The proposed 2020-2024 Financial Plan includes:

- A residential tax rate of \$0.4628 per \$1,000 of assessed value, which is an increase of \$0.0066 compared to 2019
- Tax requisition of \$44,000 which is unchanged from 2019.
- Personnel costs of \$6,743 in 2020, an increase of \$2,006 over 2019 as a portion of administrative assistant cost is now allocated to fire services.
- Operational expenses of \$31,544 in 2020 which is an increase of \$2,409 from 2019, largely attributed to increased service agreement costs.
- Contribution to reserve of \$3,267 in 2020 which is a decrease of \$8,042 from 2019

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Concurrence:

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Stakeholder Distribution (Upon Agenda Publication)

Town of Comox	✓
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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- 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. 	<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 Town of Comox. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • This service is not significantly influenced by this driver

Financial Plan Overview

A major component of the proposed 2020-2024 Financial Plan is the Town of Comox’s budget submission which is attached as Appendix A.


Service agreement cost is calculated as a percentage of the total assessed value of both the Town of Comox and the CVRD’s Bates/Huband Fire Protection Service Area. The service is apportioned a percentage of the total operating and capital costs of the Comox Fire Department.

In 2018 the Town of Comox was not able to provide a 2019 budget submission and consequently staff based the 2019 Financial Plan on projections from the 2018 budget submission. When the Town’s invoice was received in December 2019, it was higher than projected in their 2018 Financial Plan and has resulted in a minor deficit for 2019. This deficit was carried forward to 2020 and in order to not increase the 2020 requisition, the contribution to reserves has been reduced.

The 2020 - 2024 proposed five-year Financial Plan for the Bates/Huband Fire Protection Service, function 228 , including service establishment information, 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.

Table 2 on the following page summarizes the 2020 proposed budget as compared to the 2019 adopted budget. Significant variances from 2019 adopted budget will be discussed in the Financial Plan sections below.

Table 2: Financial Plan Highlights

		#228 Bates/Huband Fire		
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	44,000	44,000	-	
Prior Years Surplus	1,181	0	(1,181)	
	\$ 45,181	\$ 44,000	\$	(1,181)
Expenditures				
Personnel Costs	4,737	6,743	2,006	
Operating	29,135	31,544	2,409	
Contribution to Reserve	11,309	3,267	(8,042)	
Deficit Prior Year	0	2,446	2,446	
	\$ 45,181	\$ 44,000	\$	(1,181)

Highlights of the 2020 - 2024 proposed Financial Plan for function 228 include:

Revenue Sources

The proposed 2020-2024 Financial Plan includes:

- A total tax requisition in 2020 of \$44,000 which is unchanged from 2019.
- The proposed budgets for 2022 and 2023 includes transfers from reserves for the CVRD’s apportioned costs of the Town of Comox’s planned purchase of a fire truck.

Personnel

The proposed 2020-2024 Financial Plan includes:

- Personnel costs of \$6,743 in 2020, an increase of \$2,006 over 2019 as a portion of administrative assistant cost is now allocated to fire services.
- A portion of the personnel costs attributed to the Manager of Fire Services are apportioned to this service.

Operations

As a result of the unanticipated increased service agreement costs from the Town, the operational costs in 2019 were \$42,975 which was \$13,840 higher than projected. The operational costs for the proposed 2020-2024 Financial Plan are based on the Town’s 2020 budget submission.

The proposed 2020-2024 Financial Plan includes:

- Total operating costs for this service are \$31,544 which is an increase of \$2,409 from 2019 and is largely comprised of the Town of Comox service agreement.
- Service agreement costs of \$29,952 in 2020
- Service agreement costs of \$42,634 in 2022 and \$43,210 in 2023 which includes the CVRD apportioned cost of the Town’s new fire truck.

Capital

As the Bates/Huband Fire Protection Service is provided by way of service agreement with the Town of Comox, the proposed 2020-2024 Financial Plan does not include a capital component.

As there are no CVRD capital assets attributed to this function, a sustainable asset funding model has not been developed.

Reserves

The proposed 2020-2024 Financial Plan includes:

- Contributions to a future expenditure reserve of \$3,267 in 2020 which is a decrease of \$8,042 from 2019 in order to maintain the tax requisition at the prior year level.
- Funds transferred from reserves to operating in 2022 and 2023 for the CVRD apportioned costs of planned purchase of a fire truck.

Table 3 illustrates the anticipated reserve contributions and annual balances based on the recommendations of the proposed 2020-2024 Financial Plan.

Table 3: Estimated Future Expenditure Reserve Status

Future expenditure reserve	2020	2021	2022	2023	2024
Beginning balance	\$49,504	\$52,771	\$60,862	\$56,101	\$50,587
Contributions to reserve	\$3,267	\$8,091	\$0	\$0	\$7,504
Expenditure	\$0	\$0	(\$4,761)	(\$5,514)	\$0
Estimated balance at year end	\$52,771	\$60,862	\$56,101	\$50,587	\$58,091

Tax Impacts

The 2020 - 2024 Financial Plan indicates the following residential tax impact:

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.4628 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.4562 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$231.40

Citizen/Public Relations

The Bates/Huband Fire Protection Service provides for protection of life and property for approximately 118 parcels within the local service area.

Attachments: Appendix A – “Town of Comox budget submission”

	2018 Actual	2019 Budget	2020	2021	2022	2023	2024	Total
Core	\$1,157,152.52	\$1,272,150.00	\$1,296,254.00	\$1,253,962.00	\$1,251,670.00	\$1,277,241.00	\$1,303,343.00	\$6,382,470.00
Functional	44,577.10	38,790.00	38,940.00	39,090.00	39,860.00	40,660.00	41,470.00	200,020.00
Core Function	1,201,729.62	1,310,940.00	1,335,194.00	1,293,052.00	1,291,530.00	1,317,901.00	1,344,813.00	6,582,490.00
Sp Proj	78,035.04	102,750.00	10,000.00	10,000.00	-	-	-	20,000.00
sub	1,279,764.66	1,413,690.00	1,345,194.00	1,303,052.00	1,291,530.00	1,317,901.00	1,344,813.00	6,602,490.00
Capital	218,972.29	400,000.00	25,000.00	-	650,000.00	650,000.00	30,000.00	1,355,000.00
sub	1,498,736.95	1,813,690.00	1,370,194.00	1,303,052.00	1,941,530.00	1,967,901.00	1,374,813.00	7,957,490.00
Rescue 36	(20,354.53)	(18,637.00)	(22,931.00)	(23,392.00)	(23,860.00)	(24,334.00)	(24,822.00)	(119,339.00)
Total Cost	1,478,382.42	1,795,053.00	1,347,263.00	1,279,660.00	1,917,670.00	1,943,567.00	1,349,991.00	7,838,151.00
	\$76,002,206.00	\$97,097,626.00						
	3,777,613,700.00	0.02011910	0.02223208	0.02223208	0.02223208	0.02223208	0.02223208	0.02223208
Share	29,743.73	39,907.77	29,952.46	28,449.51	42,633.80	43,209.54	30,013.11	
Billed	27,605.02	na						
Owing from 2018	\$2,138.71	\$2,138.71						
2019 Billing		\$42,046.48						