

**DATE:** January 15, 2020

**FILE:** 1700-02/2020/Function 210

**TO:** Chair and Directors  
Electoral Areas Services Committee

Supported by Russell Dyson  
Chief Administrative Officer  
**R. Dyson**

**FROM:** Russell Dyson  
Chief Administrative Officer

**RE:** 2020 - 2024 Financial Plan – Rural Cumberland Fire Protection – Function 210

**Purpose**

To provide the Electoral Area Services Committee with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Rural Cumberland Fire Protection Service, function 210.

**Recommendation from the Chief Administrative Officer:**

THAT the proposed 2020 – 2024 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 main emphasis of the proposed 2020-2024 Financial Plan is the preparation for these increased costs which are anticipated to begin in 2021.

The proposed 2020-2024 Financial Plan includes:

- A residential tax rate of \$0.8937 per \$1,000 of assessed value, which is an increase of \$0.0548 compared to 2019.
- A total revenue of \$229,289 which is an increase of \$5,038 over 2019.
- Personnel costs of \$5,113 which is an increase of \$1,988 over 2019 as a portion of administrative assistant cost is now allocated to fire services.
- Operational expenses in 2020 of \$157,763 which is a decrease of \$11,035 over 2019.
  - Decrease agreement costs due to delay in fire hall construction
- Contribution to reserve of \$58,413 in 2020 which is an increase of \$14,085 over 2019
  - In anticipation of future service agreement increases.

Prepared by:

Concurrence:

**J. Bast**

**D. DeMarzo**

James Bast  
Manager of Fire Services

Doug DeMarzo  
General Manager of  
Community Services

**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: Strategic Drivers**

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

### Financial Plan Overview


A major component of the proposed 2020-2024 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.

The 2020 - 2024 proposed five-year Financial Plan for Rural Cumberland Fire Protection Service, function 210, 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](http://www.comoxvalleyrd.ca/currentbudget).

Table 2 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**

		#210 Cumberland Fire		
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)	
<b>Revenue</b>				
Requisition	183,558	210,000	26,442	
Transfer from Reserves	0	0	-	
Prior Years Surplus	40,693	19,289	(21,404)	
	<b>\$ 224,251</b>	<b>\$ 229,289</b>	<b>\$</b>	<b>5,038</b>
<b>Expenditures</b>				
Personnel Costs	3,125	5,113	1,988	
Operating	168,798	157,763	(11,035)	
Referendum Costs	8,000	8,000	-	
Contribution to Reserve	44,328	58,413	14,085	
	<b>\$ 224,251</b>	<b>\$ 229,289</b>	<b>\$</b>	<b>5,038</b>

Highlights of the 2020 - 2024 proposed Financial Plan for function 210 include:

#### Revenue Sources

The proposed 2020-2024 Financial Plan includes:

- Total tax requisition of \$210,000 in 2020 which is an increase of \$26,442 from 2019.
  - Increase attributed to the CVRD's apportioned cost of the Cumberland Fire Department capital expenditures.
- Estimated prior year's surplus of \$19,289 in 2020.

#### Personnel

- Personnel costs of \$5,113 which is an increase of \$1,988 over 2019 as a portion of administrative assistant cost is now allocated to fire services.

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

#### Operations

The proposed 2020-2024 Financial Plan includes:

- Total operating expenses of \$157,763 which is a decrease of \$11,035 over 2019.
- Village of Cumberland service agreement cost for 2020 of \$142,660, which is a decrease of \$12,570 from 2019.
  - Decrease largely attributed to delay in fire hall construction
- Service agreement costs of \$239,680 in 2021 as fire hall construction is completed, which is an increase of \$97,020 over 2020.
- Funds to conduct an Alternative Approval Process (AAP) seeking elector assent to increase the maximum requisition to meet the service agreement obligations, should it be needed.

#### Capital

The 2020-2024 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.

#### Reserves

The proposed 2020-2024 Financial Plan includes:

- Contribution to reserve of \$58,413 in 2020 which an increase of \$14,085 from 2019 in anticipation of future service agreement increases.
- Funds transferred from reserve to operating in 2021 to 2024 in anticipation of future service agreement increases.

The Rural Cumberland Fire Protection Service has a future expenditure reserve balance of approximately \$162,753 at the end of 2019. Table 3 illustrates the anticipated reserve contributions and annual balances based on the recommendations of the proposed 2020-2024 Financial Plan.

**Table 3: Estimated Reserve Fund Balance**

<b>Future expenditure reserve</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Beginning balance	\$162,753	\$221,166	\$213,158	\$202,764	\$186,298
Contributions to reserve	\$58,413	\$0	\$0	\$0	\$0
Expenditure	\$0	(\$8,008)	(\$10,394)	(\$16,466)	(\$18,929)
<b>Estimated balance at year end</b>	<b>\$221,166</b>	<b>\$213,158</b>	<b>\$202,764</b>	<b>\$186,298</b>	<b>\$167,369</b>

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 \$0.8937 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.8389 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 \$446.85.

**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.

AAP Communications

Should an AAP be required to increase the maximum requisition in future years, staff will develop a communications plan that 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, 2020 budget submission”



**THE CORPORATION OF THE VILLAGE OF CUMBERLAND  
FIRE DEPARTMENT - PROTECTION DISTRICT  
2019-2024 FINANCIAL PLAN**

**BUDGETED EXPENDITURES**

**Operating Expenditures**

**Capital Expenditures**

- Protective gear and equipment
- Electronic tool - cutter or spreader or combination
- Breathing Apparatus Replacement (from capital reserves)
- Fire Engine Replacement (from debt/reserves)
- Fire Engine (from 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**

2019 Approved Budget	2020 BUDGET	2021 BUDGET	2022 BUDGET	2023 BUDGET	2024 BUDGET
<b>\$ 502,050</b>	<b>\$ 490,940</b>	<b>\$ 596,950</b>	<b>\$ 624,730</b>	<b>\$ 636,740</b>	<b>\$ 649,000</b>
7,500	7,500	7,500	7,500	7,500	7,500
16,000	16,000	16,000	-	-	-
-	135,000	-	-	-	-
537,000	-	-	-	-	-
-	-	-	200,000	-	-
-	-	-	-	175,000	-
33,885	33,885	33,885	33,885	33,885	33,885
-	-	348,280	348,280	348,280	348,280
80,000	80,000	80,000	80,000	80,000	80,000
64,100	64,100	64,100	64,100	81,060	81,060
<b>738,485</b>	<b>336,485</b>	<b>549,765</b>	<b>733,765</b>	<b>725,725</b>	<b>550,725</b>
(36,960)	(25,740)	(27,020)	(28,370)	(29,785)	(31,265)
(600)	(600)	(600)	(600)	(600)	(600)
(219,790)	-	-	-	(79,000)	-
(317,210)	(135,000)	-	(200,000)	(96,000)	-
<b>\$ 665,975</b>	<b>\$ 666,085</b>	<b>\$ 1,119,095</b>	<b>\$ 1,129,525</b>	<b>\$ 1,157,080</b>	<b>\$ 1,167,860</b>

**2019 Cycle 8 (net taxable land & improvements for Hospital District purposes):**

	<b>2019</b>	<b>2020</b>
Cumberland Fire Prot SRVA#63	\$ 217,332,638.00	\$ 212,969,942.00
Village of Cumberland	\$ 783,803,150.00	\$ 781,410,795.00
	<b>\$ 1,001,135,788.00</b>	<b>\$ 994,380,737.00</b>

**Cost Sharing % of Annual Expenses**

	2019	21.71%	2020	21.42%		
Cumberland Fire Protection District	144,570	142,660	239,680	241,910	247,820	250,120
Owed by CVRD as per 6 f) Fire Protection Agreement	-	-	-	-	-	-
<b>Cumberland Fire Protection District</b>	<b>144,570</b>	<b>142,660</b>	<b>239,680</b>	<b>241,910</b>	<b>247,820</b>	<b>250,120</b>