

COLUMBIA SHUSWAP REGIONAL DISTRICT

Minutes of a Committee of the Whole (Budget) meeting held February 17, 2017
in the Board Room of the Regional District Office, Salmon Arm, BC

Note: The following minutes are subject to correction
when endorsed by the Committee at the next Committee meeting.

PRESENT

Chair:	R. Martin	Electoral Area 'E'
Directors	C. Moss	Town of Golden (Absent)
	M. McKee	City of Revelstoke (Absent)
	K. Flynn	City of Salmon Arm
	C. Eliason	City of Salmon Arm
	T. Rysz	District of Sicamous (Absent)
	K. Cathcart	Electoral Area 'A'
	L. Parker	Electoral Area 'B'
	P. Demenok	Electoral Area 'C'
	R. Talbot	Electoral Area 'D'
	L. Morgan	Electoral Area 'F'
Staff:	C. Hamilton	Chief Administrative Officer (Absent)
	J. Pierce	Manager, Financial Services
	C. Kraft	Deputy Treasurer
	L. Shykora	Deputy Manager, Corporate Administration Services
	B. Payne	Manager, Information Systems
	D. Mooney	Manager, Operations Management
	G. Christie	Manager, Development Services

CALL TO ORDER

Chair Martin called the meeting to order at 9:34 AM and the meeting was turned over to J. Pierce, Manager, Financial Services.

BUSINESS GENERAL

Presentation/Overview of draft two of the five year Financial Plan (2017 Budget) by J. Pierce, Manager, Financial Services. The Financial Services Manager provided an overview of the following topics:

Key Changes from Draft 1 to 2
Tax Summary by Area
Electoral Area Taxes
Questions
Public consultation

Key Changes:

- Thomas Brook was recently annexed into City of Revelstoke, resulting assessment changes have been incorporated into this draft. Change will shift some of tax burden onto the City of Revelstoke, as well as Electoral Area only functions will shift onto other Electoral Areas.
- Updated Corporate Administration mandates are included in binder re: implementation of community sewer in Area C.
- Surpluses and deficits are now actual amounts. 2016 contributions to and from capital and operating reserves have been finalized.
- Director changes have been incorporated.

Surpluses and Deficits:

The final page of the five year financial plan shows total net surplus which will be carried forward to opening balances for 2017. \$840,000 has been transferred to operating reserves to stabilize future tax requisitions, the difference has been utilized to fund projects or reduce taxes in 2017. Deficits must be repaid in the next fiscal year per the Local Government Act.

Transfers to Reserves:

Approximately \$15,000,000 in capital reserves at the end of 2016, increase of \$2.5 million. Included in this were contributions to parkland reserves from Tappen, Sorrento/Notch Hill, Falkland and Scotch Creek.

Significant projects funded out of reserves in 2016 included:

- Milfoil truck
- Chiller replacement at Golden Arena
- Silver creek fire water tender completion
- Turnout gear and SCBA's for other Fire Departments
- Golden arena renovations and Zamboni batteries
- Sunnybrae Park and Mt Tuam park improvements
- Eagle Bay Water upgrades

2016 was the first year of transferring funds into operating reserves. \$1.1million was transferred, \$65,000 of which will be used in 2017 for tax rate stabilization. The balance to be used in future years to maintain tax rates. Director Martin asked if the CSRD will continue to put money into these reserves? Manager, Financial Services noted that the amounts and balances will fluctuate. The goal isn't to build these reserves to levels similar to capital reserves, rather to have enough of reserve to avoid huge swings in tax rates year over year. Director Martin asked if staff have considered setting a maximum for these reserves? The Manager noted staff hasn't yet, but are looking at doing that. Budget spreadsheets are completed over 10 years, so the goal is to utilize these reserves by end of 2021 (five years). The CSRD won't hold these balances into perpetuity, instead will try to utilize in short term.

Director changes:

- Director Talbot increased the tax requisition for Area D parks to increase the amount going into operating reserves for allocation to future projects.
- Director Cathcart added \$15,000 for additional mosquito treatments in rural Golden outside the existing service area. This increase will be funded entirely by rural areas.
- The Parson Hut project in area A will be funded through gas tax instead of reserves, reducing taxes.
- Kicking Horse Culture will be funded out of tax starting in 2018. The Area A contribution is budgeted at \$60,000, so Director Cathcart has requested a 50% contribution in 2017 to reduce tax swing in 2018. Draft 1 had full \$60,000.

Director Talbot enquired regarding a \$5,000 increase in the Area D Grant in Aid? Manager, Financial Services noted that this has not been done, and will result in an additional increase of about 1%. Director Talbot requested this change be made. ACTION: Increase Area D Grant in Aid by \$5,000.

Other changes:

Other changes between drafts 1 and 2 can be divided into three categories:

1. Surplus/deficit amounts different than projected
2. Miscellaneous adjustments to reflect actual expenditures
3. Multiple adjustments within a function.

The total impact of these changes is increase in budget of about \$1million, but decrease in tax requisition of \$17,000.

Surplus funds were higher than anticipated for General Government, Shuswap Emergency Program, Area D Dog Control, Area F Building Inspection, Film Commission, and Cottonwoods, Sunnybrae, Falkland and Anglemont Waterworks. The General Government surplus will go into an operating reserve to minimize the 2018 tax requisition as this will be the first year of taxation for this function.

Director Morgan enquired regarding the reason for the surplus in Anglemont Waterworks? The Manager, Financial Services explained that this was due to planned work that was not complete at the end of 2016. The work has been budgeted again in 2017, the surpluses will be spent at that time.

Director Talbot asked if the change to Falkland Waterworks was just the surplus from 2016? The Manager, Financial Services confirmed this and noted that incomplete projects in 2016 have carried forward to 2017.

Regarding functions where surpluses were lower than expected, all were a function of expenses paid late in year. Bylaw enforcement related to an additional legal bill. The total impact on the budget of surplus adjustments was an increase of \$690,000, while the impact on the tax requisition was \$1,892.

Other minor adjustments all related to BC Hydro invoices, and resulted in an increase in the budget and tax requisition of \$353.

Other Changes:

- Electoral Area Government had a higher surplus than expected which was transferred into operating reserves. Other minor adjustments relating to supplies were recorded resulting in an increase in the budget of \$51,000, with a \$7,000 decrease in tax.
- Admin Overhead and IT had a higher surplus than expected which was transferred into operating reserves. Other minor adjustments were made resulting in a \$33,000 increase to the budget, and \$2,000 increase to the tax requisition.
- Area B Fire and Recreation had a higher surplus than anticipated as well as increased contract amounts per the City of Revelstoke. As a result the budget increased \$36,800 and the tax requisition increased \$36,700.
- Swansea Point and Malakwa Fire Departments had higher surpluses than anticipated. After some minor adjustments relating to hydro bills, the budget increased \$600 and the tax requisition decreased \$1,500.
- Area F Fire Departments budget was increased by \$40,000 as a result of revised capital equipment requirements. This purchase was funded from reserves so there was no impact on the tax requisition. Director Morgan enquired what the new requirements were for. The Manager, Financial Services explained they were SCBA units that were mistakenly overlooked in Draft 1.
- 911 Emergency Telephone had a higher surplus than anticipated, as well as the contracted amount to the Central Okanagan Regional District was less than anticipated. This is a function of assessment values for CSRD and the other Regional Districts participating in this service. Our assessment rate didn't grow at the same rate as other Regional Districts so our portion of the contract is less. This budget was decreased \$5,600 and the tax requisition decreased \$8,000. All savings have been applied to reduce the tax requisition as we have significant reserves in this function.
- Golden/Area A Emergency Program had a lower surplus than anticipated due to high actual costs. This is a shared service agreement; the Town of Golden provides information in January/February not leaving much time for adjustment of our budget. The increase in actual costs was due to training as well as an ice jam event in late December. Director Cathcart asked why there had been no dialogue surrounding these expenditures? Manager, Financial Services explained that as part of the Shared Services Agreement with the Town of Golden, they simply provide financial information at year end and any surpluses/deficits are adjusted. The contracted amount hasn't changed, but the ice event took the program over-budget. Director Martin noted that it would be interesting to see a breakdown of the costs for this program. The Manager, Financial Services noted that only unrecoverable costs would have been included, and that she will pass along any

information received in the future.

- Area C/F Dog Control surpluses were higher than anticipated. Additional funds were transferred to operating reserves, resulting in an increase in the budget of \$5,500 and a decrease in the tax requisition of \$3,400. Director Morgan noted that these functions seem to be under budget every year, the Manager, Financial Services commented that they may not always.
- Street lighting budgets were adjusted to reflect actual expenditures relating to increased hydro. The budgets increased \$1,500 and the tax requisition increased \$1,000. Chair Martin asked if BC Hydro provides anticipated future costs? Manager, Financial Services explained that they do not. Director Demenok noted that the Blind Bay Street Lighting Reserve is about \$98,000, and asked if we are targeting \$120,000. Manager, Operations Management noted that we don't currently have a target in mind. Director Eliason noted that BC Hydro is switching to LED lights and the CSRD should ask for these going forward.
- Community Works Funds were updated to include additional 2016 expenses as well as new projects approved in January 2017. Total impact on budget was increase of \$44,500, no impact on the tax requisition. Director Demenok asked if this program will stay the same? The Manager, Financial Services noted that the amounts have not been adjusted in the last number of years and no changes are expected. Director Demenok asked what happens to surplus funds from completed projects? Manager, Financial Services noted that these amounts go back into the fund.
- Liquid Waste Management Plans had higher than anticipated surpluses in Area E and North Shuswap, South Shuswap Surplus was lower. Contributions to operating reserves were reduced resulting in total decrease to the budget of \$4,800 and a decrease to the tax requisition of \$10,000.
- Golden cemetery had higher surplus than expected, Revelstoke cemetery was lower. Budget increased \$34,000, tax requisition decreased \$16,600.
- GIS/Mapping had higher surplus than anticipated, resulting in an increase in the budget of \$2,000 and a decrease in the tax requisition of \$5,700.
- Development Services had a higher surplus than expected, while Planning/Special Projects had a lower surplus from carrying forward the governance grant. The budget increased \$23,400 while the tax requisition decreased \$400. Director Morgan asked which grant is deferred? The Manager, Financial Services explained that the CSRD received \$50,000 from the Ministry in 2016, the unspent portion of which has been carried forward to 2017 to offset expenses.
- Area A Mosquito Control had a higher surplus than anticipated. Additional treatments totaling \$15,000 were added, increasing the budget by this amount and increasing the tax requisition \$14,900.
- Shuswap Tourism had a higher surplus than anticipated due primarily to the DBC project. Destination BC has a March yearend so the grants don't match our year end and all incomplete projects were rolled forward. The budget increased \$39,000 but the tax requisition decreased \$800.
- Area A Economic Development was adjusted to only tax for 50% of the total annual contribution in 2017. Both the budget and tax requisition decreased \$30,000.
- Area A parks had a higher surplus than expected as well as the Parson Hut project will be funded using Community Works Funds. Area D parks had a higher surplus than anticipate, resulting in an increased contribution to operating reserves. The budget was increased \$14,000, and the tax requisition was increased \$5,100.
- The Golden Curling Rink had a higher than anticipated surplus so a transfer to operating reserves was added. This increased the budget \$6,900 and decreased the tax requisition \$250.

Area Tax Summaries:

The Manager, Financial Services noted that the amounts reflect the latest total tax requisition, not the change between drafts. Taxes by area as well as the change between drafts were reviewed:

- Salmon Arm has a decrease from 2016 of 0.9%
- Sicamous has a decrease of 1.1%

- Revelstoke has a decrease of 9%
- Golden has an increase of 4.8%

Regarding the Electoral Areas, it was noted that specified area services are not included, only area-wide Services are in these analyses. As well, the annexation of Thomas Brook into the City of Revelstoke has resulted in increases to most Electoral Areas:

- Area A decreased 1.9% from 2016
- Area B decreased 12%
- Area C increased 2.4%
- Area D increased 1.0%
- Area E decreased 0.4%
- Area F decreased 0.3%

Director Morgan asked the Manager, Financial Services to explain the difference between Total Assessment and Converted Assessment. She explained that there are multipliers for the converted assessments:

- Residential = 1.0
- Business = 2.45
- Industry = 3.4
- Utilities = 3.5.

If a residence is assessed at \$100,000, and the tax bill is \$1,000, a business with the same assessed value would have a tax bill of \$2,450. Municipalities can change these multipliers to structure their rates differently, Regional Districts cannot. That being said, residential tax is more relevant for most people.

Director Demenok thanked staff for removing parcel taxes from the Electoral Area Summaries.

Electoral Area Taxes:

The Manager, Financial Services noted that CSRD taxes have been updated for Draft #2, but Provincial, Hospital and Other Agencies haven't changed as staff won't receive that information until this summer. It was noted that a 3.5% increase is expected for the North Okanagan/Columbia Shuswap Regional Hospital District. This increase from draft 1 was due to projections received from Interior Health. Director Flynn asked whether operating reserves could be utilized to stabilize tax rate fluctuations for the Hospital District? The Manager, Financial Services noted that is our goal. Staff plan to increase the 2017 tax rate to reduce the 2018 increase. The Regional Hospital District had been building a significant reserve that held flat for a few years. Now, the money being collected isn't sufficient to fund commitments and the reserves are dwindling. Staff are trying to get to a point over the next five years where the tax rates are consistent.

Director Morgan noted that the Thompson Nicola Regional Hospital District numbers may change as well as a major project at Royal Inland Hospital was just announced.

The Manager, Financial Services noted that staff has also provided pie charts to go with these spreadsheets, showing the breakdown for Regional District taxes compared to Provincial, Hospital and Other Agency taxes. ACTION: Director Demenok requested an electronic copy of this chart. ACTION: Director Morgan requested that this information also be taken to the incorporation meeting in Area F.

Questions:

Director Demenok enquired regarding Waverly Park? Manager, Financial Services noted it was on her "to-do list".

Public Consultation:

There were no members of the public present at this meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:42 a.m.

CERTIFIED CORRECT

CHAIR

CHIEF ADMINISTRATIVE OFFICER