

COLUMBIA SHUSWAP REGIONAL DISTRICT

Minutes of a Committee of the Whole (Budget) meeting held February 27, 2019
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
	G. Sulz	City of Revelstoke
	T. Rysz	District of Sicamous
	K. Flynn	City of Salmon Arm
	C. Eliason	City of Salmon Arm (Absent)
	T. Lavery	City of Salmon Arm (Alternate)
	K. Cathcart**	Electoral Area 'A'
	D. Brooks Hill	Electoral Area 'B'
	P. Demenok	Electoral Area 'C'
	R. Talbot	Electoral Area 'D'
	J. Simpson	Electoral Area 'F'

Staff:	J. Pierce	Manager, Financial Services
	S. Haines	Deputy Treasurer
	L. Shykora	Deputy Manager, Corporate Administration Services
	J. Sham	Asst. Deputy Corporate Officer
	B. Payne*	Manager, Information Systems
	D. Mooney	Manager, Operations Management
	G. Christie	Manager, Development Services

*Attended Part of Meeting Only

** Attended via teleconference

CALL TO ORDER

Chair Martin called the meeting to order at 9:32 AM.

BUSINESS GENERAL

Moved by Director Demenok, seconded by Director Brooks Hill:

THAT: the minutes of the January 30, 2019 Committee of the Whole (Budget) meeting, be received.

Carried

The meeting was then turned over to J. Pierce, Manager, Financial Services, who provided an overview of the following topics:

Key Changes from draft 1 to draft 2
Tax summaries by area
Electoral Area taxes

Public consultation

Key changes:

The Financial Services Manager explained that the changes from draft 1 to draft 2 fall into the following four categories:

- Surpluses and deficits finalized;
- Reserve contributions finalized;
- Director changes;
- Minor changes from actuals and staff.

Surpluses and Deficits Finalized:

The Manager, Financial Services explained that the surplus and deficit numbers are now final, while draft 1 was based on estimates. The net surplus for 2018 was \$1,764,247 with a gross surplus of \$1,847,424 and gross deficits of \$83,177. Per the Local Government Act the deficits must be repaid in 2019. The most significant deficit resulted from late information from the Town of Golden with respect to the Golden Arena which required a number of WCB compliance upgrades. There was also a deficit in Area F sub-regional building inspection due to less revenue than expected. Other small deficits were mainly in street lighting as a function of increased BC Hydro costs.

Reserve Contributions Finalized:

The Manager, Financial Services explained that all transfers to and from Capital and Operating Reserves are now finalized. The Capital Reserves at year end total \$18,831,310, which is a net increase of \$4,484,319. The Manager, Financial Services provided an overview of functions which made significant contributions to Capital Reserves in 2018, as well as providing details of significant projects funded out of reserves in 2018. In addition, there was \$54,250 contributed to parkland acquisition funds, which was broken down by area for the Committee. Operating Reserves have been established to assist with tax rate stabilization, as well as planning for non-capital projects which recur regularly but not annually (elections being provided as one example). The balance in the Operating Reserves at year end was \$3,709,491. From this amount, \$643,816 is being utilized in 2019 to assist with tax rate stabilization.

Director Demenok inquired if there are reserve targets and indicated he would like the Board to have some discussion around appropriate targets, particularly with respect to Operating Reserves. The Manager, Financial Services acknowledged the Director's concern and indicated that it is the plan to bring forward a Reserve Policy in 2019. She also reminded Directors that Capital reserves tie into the asset management plan and indicated that most capital reserves are underfunded.

Director Changes:

There were two changes resulting from the Committee of the Whole meeting on January 30, 2019 and that was to increase the annual funding contribution to the SPCA and increase the amount going into Capital reserves for park development in Area C.

Other Minor Changes:

The Manager, Financial Services explained that other changes arose from minor adjustments to actual surpluses and deficits, miscellaneous adjustments and multiple adjustments within one function. The total impact of all changes on the budget is an increase of \$1,874,589, the total impact of all changes on tax requisition is an increase of \$132,748.

The Manager, Financial Services then reviewed key changes from draft 1 to draft 2 by affected area.

- All Areas: General Government - minor adjustments to administration fees resulted in less required from operating reserve, no change to taxation. 911 Emergency Response – decrease in contract cost, resulted in tax decrease of \$63. Weed Control – lower surplus than anticipated resulting in an increase to taxes of \$159.
- Electoral Areas only: Electoral Area Government – minor adjustments to administration fees resulted in an increase to taxation of \$1,024. Bylaw Enforcement surplus was lower than expected resulted in a \$438 increase to taxation. Development Services surplus was lower than expected resulted in an \$850 increase to taxation. Special projects – additional costs for Groundwater monitoring in Nicholson and change to the surplus resulting in additional taxation of \$10,238.
- Salmon Arm, Sicamous, Areas C, D, E & F: Shuswap Emergency Program – higher administration fees due to additional Emergency Operations Centre costs results in tax increase of \$45. Shuswap Tourism – project budget decreased for cut to DBC funding, surplus carried forward for unfinished DBC projects, City of Armstrong contributing on a fee for services basis results in a decrease to taxation of \$5,000. Milfoil Control – surplus was less than anticipated decreased that amount going into Operating Reserves but had no effect on taxation.
- Sicamous, Areas C, D, E & F: Shuswap SPCA – increase to annual contribution results in an increase to taxes by \$2,000.
- Areas C, D, E & F: Economic Development – surplus unidentified at draft 1 resulting from a number of projects being carried forward but \$7,500 was identified as excess to reduce taxation.
- All Areas except Golden/Area A: Film Commission – surplus was unidentified in draft one budget and taxes are decreasing by \$1,701.
- Golden/Area A: Arena – increased to taxation of \$75,500 as a result of large deficit.
- Revelstoke/Area B: - error in administration fee results in an increase to taxation of \$575.
- Sicamous/Area E: - reprioritization of projects, no change to taxation
- Area A: Nicholson Fire department had a couple of minor changes as a result of unfinished projects at year end which are funded from reserves and therefore no change to taxation.
- Area B: Preliminary information from City of Revelstoke shows a decrease to taxation of \$22,334 with respect to Area B Recreation.
- Area C: Fire Protection Area C – unfinished siding project at Tappen/Sunnybrae Fire Hall being funded out of capital reserves, correction to administration fee formula results in a tax decrease of \$1,152. Area C Parks – \$1,000,000 potential land acquisition to be funded from Parkland Acquisition funds inadvertently missed being carried forward in draft 1; some realignments of priorities using community works funds; and, an increased contribution to capital reserves, resulting in a increase in taxation of \$85,000.
- Area D: Fire Protection (Deep Creek and Silver Creek) had some projects carried forward using Capital reserves resulting in no changes to taxation.
- Area E: Street lighting functions had small deficits resulting in an increase in taxation of \$57 for Swansea Point Street lighting.

- Area F: Fire Protection – Area F – potential land acquisition was inadvertently not carried forward from the 2018 to the 2019 budget - \$250,000 to be funded using capital reserves. Correction to administration formula on the spreadsheet results in a decrease to taxes of \$22. Street lighting – St. Ives - had a small deficit in 2018 that needs to be repaid in 2019 and the electricity budget was adjusted to accurately reflect costs – means a tax increase of \$162. Building Inspection – Area F – the 2018 deficit was lower than anticipated resulting in a decrease to taxes of \$720. Saratoga Water– adjustment to grant revenue and expenses to account for late invoices received for 2018. No effect on taxes. Area F Parks – the surplus was less than anticipated as late invoices were received; results in a tax increase of \$117.

Tax summaries by area:

The Manager, Financial Services then provided an overview of the latest total tax requisition for each of the member municipalities and electoral areas. For all member municipalities the average residential taxes increased from 2018 to 2019 but there were no significant changes from draft 1 to draft 2, other than Area A and Golden due to the deficit in the Golden Arena function.

The Manager, Financial Services then reviewed the budget comparisons from draft 1 to draft 2 by department:

- Corporate Services and Finance – no significant changes draft 1.
- Information Technology – no changes from draft 1.
- Development Services – no significant changes from draft 1.
- Protective Services - increased transfers from Capital reserves regarding projects that were incomplete in draft 1.
- Environmental Health Services - no significant changes from draft 1.
- Utilities – a number of street lighting systems ended with very minor deficits. No other significant changes from draft 1.
- Parks and Recreation – change to tax requisition for Area C park development, use of Parkland Acquisition funds for potential land acquisition and Golden Arena deficit repayment.
- Economic Development & Tourism – surpluses unidentified in draft 1 and carryforward of projects incomplete at year-end.
- Other – additional community works funds approved in January and February 2019.

Electoral Area Taxes:

The Manager, Financial Services reminded the Committee that taxes collected by the province for school tax, rural tax and police tax are still using the 2018 mill rates. 2019 mill rates are provided in the summer at which time the electoral area tax information sheets will be updated and distributed. It is anticipated that the mill rates will drop for 2019 – usually when assessments go up mill rates go down.

Director Demenok inquired whether the hospital budget had been updated and reflected in the spreadsheets. The Manager, Financial Services commented that she was still awaiting updated information from the Interior Health Authority and as such, had made no changes for Draft 2.

Director Flynn requested that a work plan for the treatment of milfoil be forwarded to the City of Salmon Arm by email for their information.

Director Demenok asked why there was no money being transferred into an Operating Reserve for the Shuswap Emergency Program. The Manager responded that without a policy we do not normally tax to create an operating reserve and that operating reserves are usually created from surplus funds. However, there are also deployment reserve funds that can be used for emergent issues.

Public Consultation:

There were no members of the public in attendance.

ADJOURNMENT:

Moved by Director Demenok, Seconded by Director Rysz:
"THAT the Board adjourn the Committee of the Whole Meeting."
Carried

Adjourned at 10:08 am.

CERTIFIED CORRECT:

CHAIR

CORPORATE OFFICER