



SPECIAL CORPORATE AND ADMINISTRATIVE SERVICES COMMITTEE

Thursday, November 29, 2018
SCRD Boardroom, 1975 Field Road, Sechelt, B.C.

AMENDED AGENDA

CALL TO ORDER 9:30 a.m.

AGENDA

1. Adoption of Agenda

PRESENTATIONS AND DELEGATIONS

2. Chief Administrative Officer and General Manager, Corporate Services / Chief Financial Officer
Regarding Pre-Budget Overview

⇒ADD:
Pages a-aa

REPORTS

3. General Manager, Corporate Services / Chief Financial Officer
2019 – 2023 Financial Plan Overview
(Voting – All Directors)
4. General Manager, Corporate Services / Chief Financial Officer
Annual Support Service Allocation Policy Review
(Voting – All Directors)
5. General Manager, Corporate Services / Chief Financial Officer
2018 Project Carry-Forward Requests Report
(Voting – All Directors)
6. Senior Leadership Team
2018 Carry-Forwards and 2019 Proposed Initiatives
(Voting – All Directors)
7. 2018 Carry-Forwards and 2019 Proposed Initiatives

Annex A
Pages 1-4

Annex B
pp. 5-12

Annex C
pp. 13-15

Annex D
pp. 16-17

Annex E

Corporate and Administrative Services Functions
110 General Government
113 Finance
114 Admin Office Building Maintenance
135 Corporate Sustainability Services
200 Bylaw Enforcement

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506 Geographic Information Systems
510 Civic Addressing

8. 2018 Carry-Forwards and 2019 Proposed Initiatives pp. 19-24

Planning and Community Development Functions

210 Gibsons and District Fire Protection
212 Roberts Creek Fire Protection
216 Halfmoon Bay Fire Protection
218 Egmont Fire Protection
220 Emergency Telephone - 911
313 Building Maintenance Services
345 Ports Services
400 Cemetery
504 Rural Planning
540 Hillside Development Project
615 Community Recreation Facilities
625 Pender Harbour Pool
650 Community Parks
670 Regional Recreation Programs

9. 2018 Carry-Forwards and 2019 Proposed Initiatives pp. 25-28

Infrastructure Services Functions

312 Maintenance Facility (Fleet)
350 Regional Solid Waste
365 North Pender Harbour Water Service
366 South Pender Harbour Water Service
370 Regional Water Services
387 Square Bay Waste Water Plant
389 Canoe Road Waste Water Plant
390 Merrill Crescent Waste Water Plant
391 Curran Road Waste Water Plant

COMMUNICATIONS

NEW BUSINESS

IN CAMERA

ADJOURNMENT

Sunshine Coast Regional District Pre-Budget Overview

November 29, 2018



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2019 Budget Overview

- 2019-2023 Financial Plan Overview
 - Chief Financial Officer
- Support Services Allocation
 - Chief Financial Officer
- Carry-Forward Requests
 - Chief Financial Officer
- Proposed Initiatives Report
 - Senior Leadership Team (SLT)

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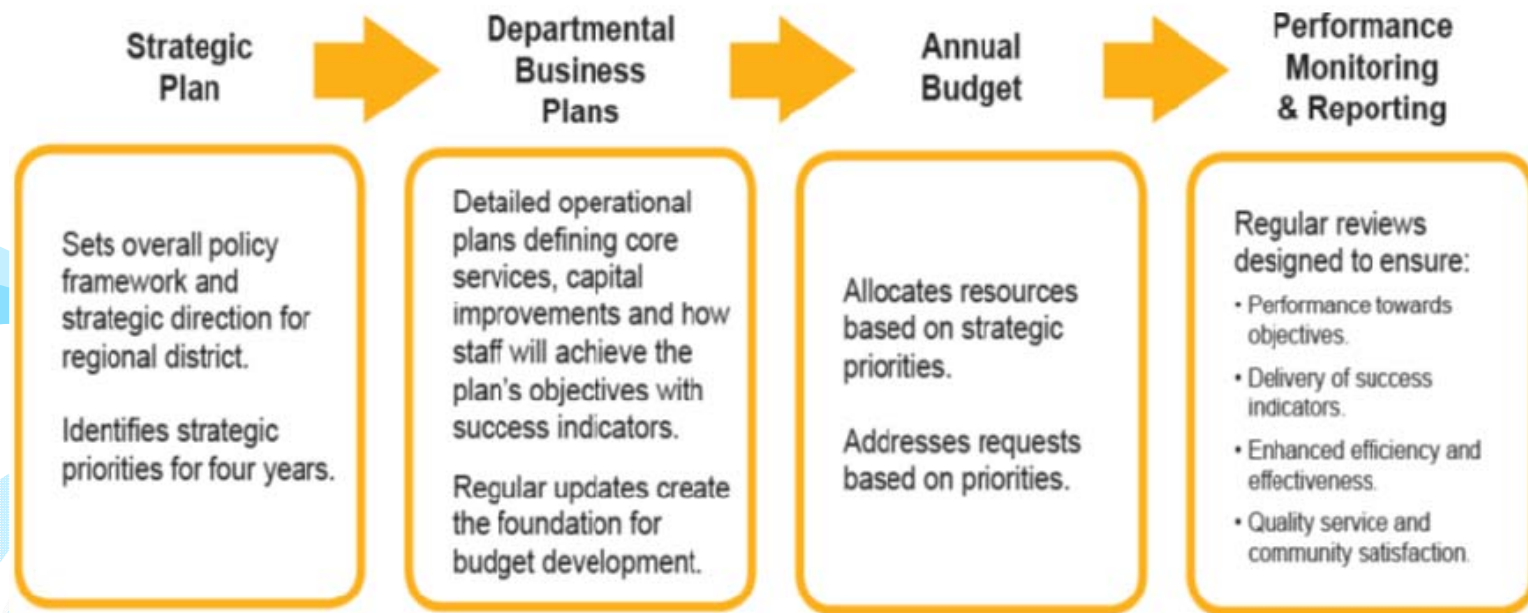


Budget Preparation

- Continual process improvements streamline the 2019 budget package.
- Series of workshops/meetings to prepare, review and analyze the departmental proposals and applied categorization to assist the Board in decision making.



Financial Planning Process



Pre-Budget Step by Step

- Carry-Forwards
- Proposed Initiatives
- Capital Plans
- Human Resource Plan and Wage Allocations
- Base Budget Refinements
- Support Services
- Surpluses / Deficits
- Backup Material Overview



Carry-Forwards

- 2018 projects that are anticipated to roll into the 2019 budget year with the allocated funding.
- These projects are added to the work plan (proposed initiatives) sheet.
- Provides the “big picture” of continued resource requirements and organizational capacity for 2019.

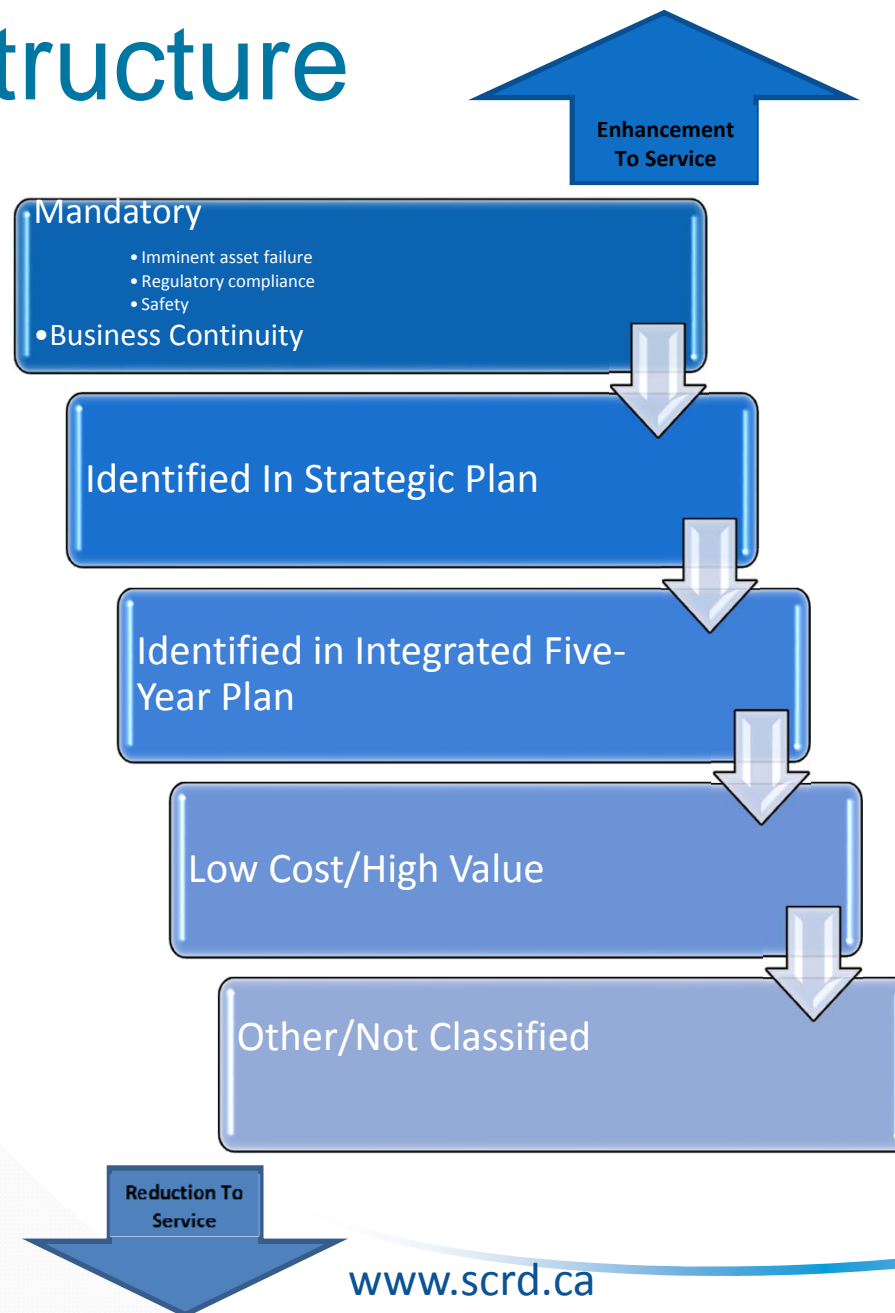


Proposed Initiatives

- Pre-planning for the coming year – projects that require Board approval through the Budget Process.
- At Round 1 Budget (Special Corporate and Administrative Services Committee Meetings) these projects will be presented as Budget Proposals.
- Categories are based on priorities.



Rating Structure



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Rating Structure - Mandatory

a. Imminent Asset Failure:

- An item or Budget Proposal which rates “*Very Poor (9) or Failing (10)*” would be considered mandatory. These conditions will be backed up by Corporate Asset Management Plan, condition assessments, or inspection/maintenance reports either internal or external.

| Physical Condition Grade – Rating Guidelines | |
|--|--|
| 1 Excellent | Asset is like new, fully operable, well maintained, and performs consistently at or above current standards. Little wear shown and no further action required. |
| 3 Good | Asset is sound and well maintained but may be showing some signs of wear. Delivering full efficiency with little or no performance deterioration. Virtually all maintenance is planned preventive in nature. At worst, only minor repair might be needed in the near term. |
| 5 Moderate | Asset is functionally sound, showing normal signs of wear relative to use and age. May have minor failures or diminished efficiency and some performance deterioration. Likely showing modest increased maintenance and/or operations costs. Minor to moderate refurbishment may be needed in the near term. |
| 7 Poor | Asset functions but requires a sustained high level of maintenance to remain operational. Shows substantial wear and is likely to cause significant performance deterioration in the near term. Near term scheduled rehabilitation or replacement needed. |
| 9 Very Poor | Very near end of physical life. Substantial on-going maintenance with short, recurrent maintenance intervals required to keep the asset operational. Unplanned corrective maintenance is common. Renewal (refurbishment or replacement) is expected in near term. |
| 10 Failing | Effective life exceeded and/ or excessive maintenance cost incurred. A high risk of breakdown or imminent failure with serious impact on performance. No additional life expectancy; immediate replacement or rehabilitation needed. |



Rating Structure-Mandatory

- b. Regulatory Compliance: adherence and conformance to relevant laws, policies, guidelines, specifications and regulations.
- Examples: Where there is an order by Worksafe BC, mandated standards as governed by the Ministry of Environment (MoE) or Ministry of Health (MoH), will be considered mandatory and included in the Budget.



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Rating Structure-Mandatory

- c. Safety Requirements: to prevent or remedy faults that could cause harm to persons or property if they are not corrected immediately.
- Proposals which clearly fall within the risk matrix red zone based on “*Likelihood*” and “*Impact*” will be considered mandatory and included in the Budget.

| Likelihood | | Slight | Significant | Severe |
|------------|------------|--------|-------------|--------|
| | Definite | | X | X |
| | Moderate | | | X |
| | Slight | | | |
| | Almost Nil | | | |
| | Impact | | | |



Rating Structure-Proposals Required

- Business Continuity:
 - Projects or items required to maintain existing service level.
- ~~Strategic Plan:~~
 - ~~Initiative that directly link or accomplish a strategic objective or success indicators.~~
- ~~Integrated Five-Year Service Plan:~~
 - ~~Moves one or more of the Integrated Five-Year Service Plan initiatives/recommendations.~~
- Low Cost/High Value:
 - A beneficial initiative requiring few resources and with minimal financial impact.
- Other/Not Classified:
 - Item is not specified in one of the criteria above.



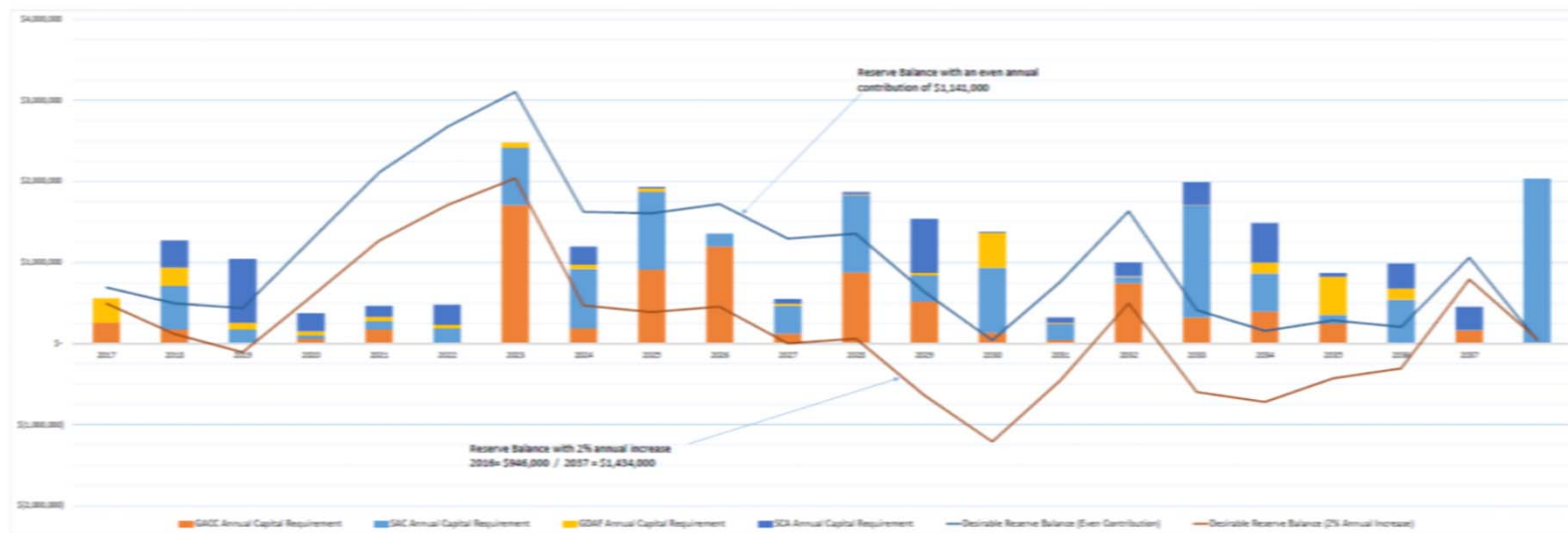
Capital Plans

- For the 2019-2023 Financial Plan, Capital Plans for the following Functions, will be integrated into the Budget:
 - Information Technology [117]
 - Regional Water [370]
 - Community Recreation [615]
- Projects and associated funding will be included in the 5- year Financial Plan with annual reviews.
- Functions with long-term capital plans (in draft) will follow - Ports [345]; Wastewater Facilities [390-394]; Fire Departments [210-218]; and several functions with facilities.
- Capital projects, in those Functions without capital plans, will be presented as Budget Proposals.



Capital Planning Process

RECREATION 20-YEAR CAPITAL PLAN - ALL ASSETS



| ALL ASSETS | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 |
|-------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Accumulated Total | \$ 460,000 | \$ 1,088,000 | \$ 3,020,000 | \$ 3,336,000 | \$ 3,694,000 | \$ 4,326,000 | \$ 5,222,000 | \$ 7,026,000 | \$ 9,094,000 | \$ 11,078,000 | \$ 13,738,000 | \$ 12,847,000 | \$ 16,744,000 | \$ 16,938,000 | \$ 18,322,000 | \$ 17,217,000 | \$ 25,627,000 | \$ 21,083,000 | \$ 22,943,000 | \$ 23,943,000 | \$ 23,743,000 | \$ 25,760,000 |

| Budget Plan - 1.1% Annual Increase/Decrease | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Required Annual Budget | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 1,341,000 | \$ 25,000,000 |
| Desirable Reserve Balance (Even Contribution) | \$ 460,000 | \$ 464,750 | \$ 469,500 | \$ 474,250 | \$ 479,000 | \$ 483,750 | \$ 488,500 | \$ 493,250 | \$ 498,000 | \$ 502,750 | \$ 507,500 | \$ 512,250 | \$ 517,000 | \$ 521,750 | \$ 526,500 | \$ 531,250 | \$ 536,000 | \$ 540,750 | \$ 545,500 | \$ 550,250 | \$ 555,000 | \$ 559,750 | \$ 564,500 |
| Interest | \$ 25,750 | \$ 24,940 | \$ 24,130 | \$ 23,320 | \$ 22,510 | \$ 21,700 | \$ 20,890 | \$ 20,080 | \$ 19,270 | \$ 18,460 | \$ 17,650 | \$ 16,840 | \$ 16,030 | \$ 15,220 | \$ 14,410 | \$ 13,600 | \$ 12,790 | \$ 11,980 | \$ 11,170 | \$ 10,360 | \$ 9,550 | \$ 8,740 | \$ 7,930 |

| Budget Plan - 2% Annual Increase | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | TOTAL |
|--|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Required Annual Budget | \$ 948,000 | \$ 964,000 | \$ 980,000 | \$ 996,000 | \$ 1,012,000 | \$ 1,028,000 | \$ 1,044,000 | \$ 1,060,000 | \$ 1,076,000 | \$ 1,092,000 | \$ 1,108,000 | \$ 1,124,000 | \$ 1,140,000 | \$ 1,156,000 | \$ 1,172,000 | \$ 1,188,000 | \$ 1,204,000 | \$ 1,220,000 | \$ 1,236,000 | \$ 1,252,000 | \$ 1,268,000 | \$ 1,284,000 | \$ 25,000,000 |
| Desirable Reserve Balance (2% Annual Increase) | \$ 460,000 | \$ 477,000 | \$ 494,000 | \$ 511,000 | \$ 528,000 | \$ 545,000 | \$ 562,000 | \$ 579,000 | \$ 596,000 | \$ 613,000 | \$ 630,000 | \$ 647,000 | \$ 664,000 | \$ 681,000 | \$ 698,000 | \$ 715,000 | \$ 732,000 | \$ 749,000 | \$ 766,000 | \$ 783,000 | \$ 800,000 | \$ 817,000 | \$ 834,000 |
| Interest | \$ 14,880 | \$ 13,944 | \$ 13,008 | \$ 12,072 | \$ 11,136 | \$ 10,200 | \$ 9,264 | \$ 8,328 | \$ 7,392 | \$ 6,456 | \$ 5,520 | \$ 4,584 | \$ 3,648 | \$ 2,712 | \$ 1,776 | \$ 840 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |



Human Resource Plan

- Budget Managers review existing staffing allocations and adjust within the existing FTE count to align with operational requirements.
- Key activity is wage allocation - budgeting of cross-functional employee wages to appropriate Functions based on the proposed work plan and core job duties.



2018 Surplus / Deficit Report

- SCRD Financial Sustainability Policy.
- Final surplus / deficit position for 2018 will be reported at Round 2 Budget in March 2019.
- Any surpluses will be transferred into reserves.
- Budget Proposals will provide options for any deficit positions.



Budget Meetings



- Round 1
 - Board reviews Budget Proposals

2018 R1 Budget Proposals by Category

A- MANDATORY - BUSINESS CONTINUITY

| | | |
|---|--|----------------------------------|
| 1 | Function Number – Project Name: | (text) – Project Name |
| | Rating: | Choose an item. |
| | Areas Affected (A-F, Regional, Islands): | (text) |
| | 2018 Funding Required: | \$0,000.00 |
| | Funding Source(s): | (text) |
| | Asset Management Plan Implications: | (text) |
| | Rational / Service Impacts: | (text) |
| | Energy Saving Potential (if applicable): | (text) |
| | Future Funding Implications (if applicable): | (text) |

- Taxation figures are revised for the Board to be aware of the impact of decisions made.
- Public Presentations
- Round 2
 - Board reviews the Budget status and considers Budget Proposals brought forward from Round 1.
- Final Financial Plan Bylaw adoption at March 23, 2018 Board Meeting



Preliminary Tax By Area

- High level preliminary estimate of the overall change in taxation for each electoral area and municipality.
- Based on existing approved service levels and contractual obligations.
- Not representative of taxation impacts to individual property classes (residential, business etc).
- Impacts of BC Assessment will be reflected at Round 1.

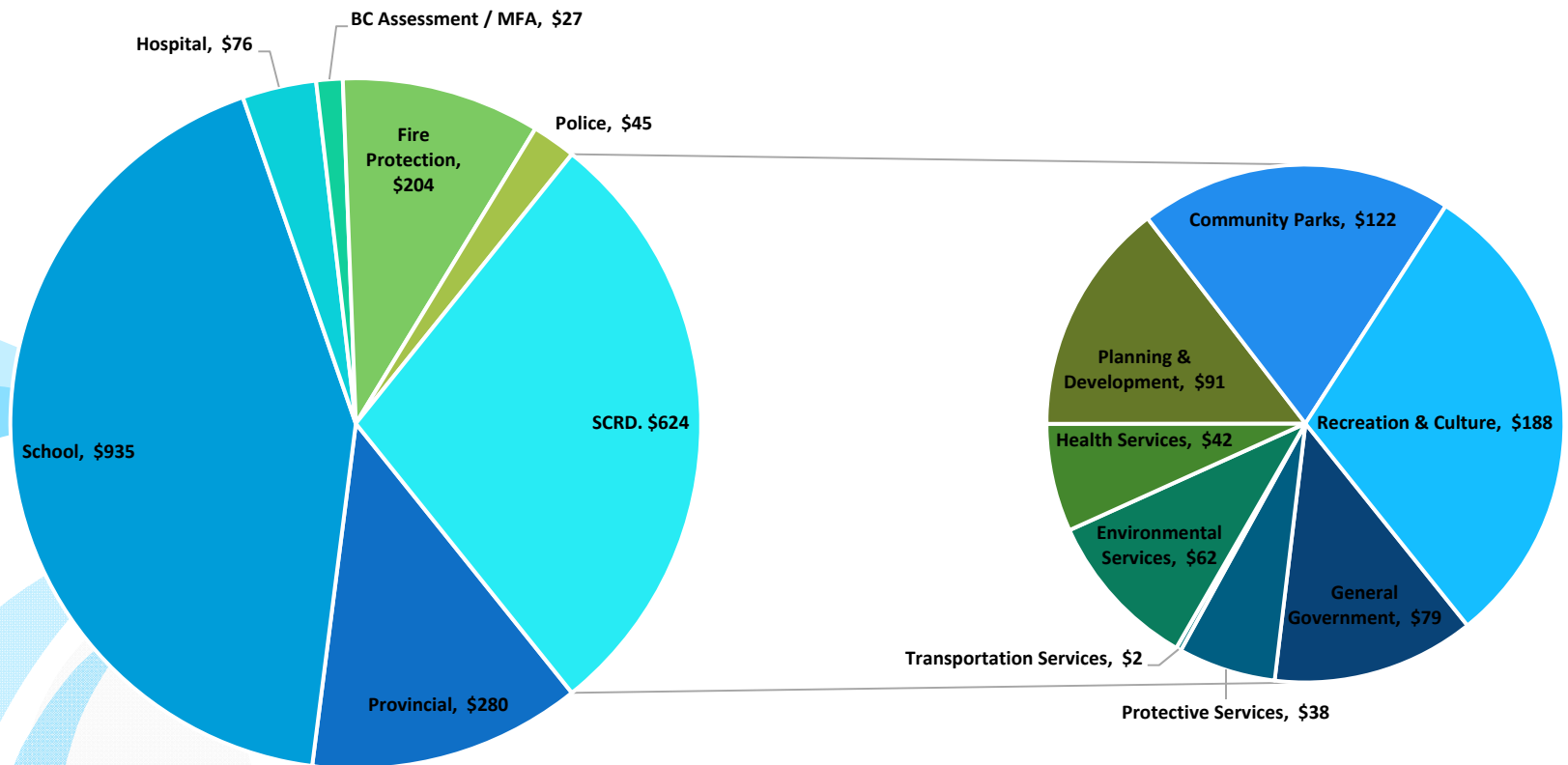


BC Assessment Impacts

- 2019 preliminary property assessment not available until January 1, 2019 and will be provided at Round 1.
- Non-market changes up overall 1.47%
 - attributable to growth but does include other items such as changes in use/zoning or change in exemption status.
- Final Assessment values available April 1, 2019.



Example of how SCRD fits in overall Taxation



| Analysis based on \$500,000 home with 40% Improvements | A |
|--|--------|
| Average Residential % Change | -0.16% |
| Approximate SCRD Portion of Total Tax Bill | 28% |

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Other Considerations for 2019 Budget

Already known impacts to the 2019 Budget:

Tax Implications:

- Collective bargaining and exempt wage increase:
- New staff positions approved in 2018
- Employer Health Tax changes
- Contract increases
- Landfill closure funding

Items with work plan and possible financial implications:

- Curbside Organics and Recycling Collection
- Water Projects – review of project and funding options currently underway
- Utility Rate Reviews – water, wastewater and curbside collection rate
- Protective Services Budgets
- Transit Annual Operating Agreement (AOA)

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Water Supply Projects – report timeline

- Dec 2018 Updated Water Demand Analyses
- Jan 2019 Results Groundwater Investigation - Phase 2
- Feb 2019 Universal Metering - Phase 3
- Feb 2019 Results feasibility study Raw Water Reservoir
- Mar 2019 Update on provincial permits for Chapman Lake project
- Apr 2019 Water Sourcing Policy



Policy Definitions

Financial Sustainability

- Financial Sustainability is the degree to which a government can maintain its existing financial obligations both with respect to its service commitments to the public and financial commitments to creditors, employees and others without increasing the debt or tax burden relative to the economy in which it operates.

(Source: Public Sector Accounting Board Statement of Recommended Practice; Indicators of Financial Condition; SORP 4; May 2009)



Policy Statements

1. Growth in Revenue

2. Fees & Charges

3. Alternative Revenues

4. One-time Revenues

5. Service Demands

6. Costs of Existing Services

7. New Service or Major Enhancement

8. Demand Management & Efficiencies

9. Service Reviews (non-statutory)

10. Capital Maintenance & Replacement

11. Capital Projects

12. Carry-forward Projects

13. Debt Management

14. Reserve Funds & rate Stabilization

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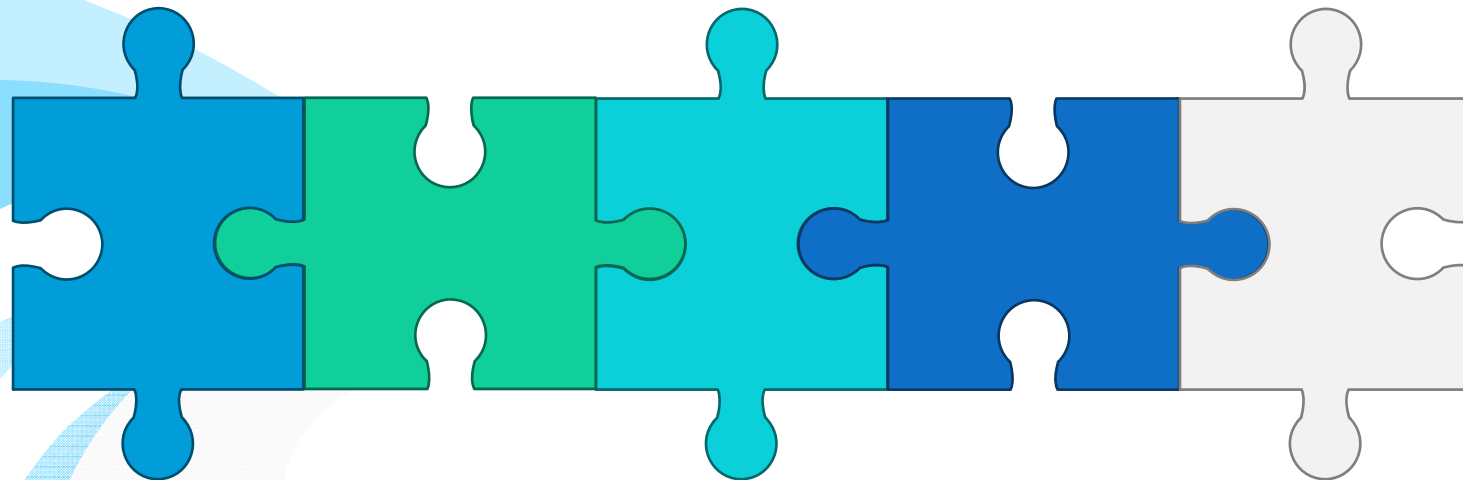


Policy in Practice

*Budget
Proposals*

*Asset
Management
Plan*

*Debt
Management
Policy*



*Debt
Policy*

*Annual Fee &
Charges
Review*

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Budget Documents

- 2018 Approved Budget Documents can be found on the SCRD website at:
<http://www.scrd.ca/files/File/Corporate/Finance/2018%20Adopted%20Budget%20%28Web%20Version%29.pdf>
- Items include detailed Financial Plans of each service
 - Description of Service
 - Bylaw Authority
 - Taxation and participant info
- Guiding Documents include:
 - Property Taxation and Assessments
 - Support Services and HR Staffing Plans
 - Reserves and Debt



**Do you have
any questions?**



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