



CENTRAL COAST REGIONAL DISTRICT

TO: Darla Blake, CAO,

FROM: Donna Mikkelson, CFO

SUBJECT: REPORT on 2013 TAX LEVY INCREASE – July 11, 2013

Board Meeting

JUL 11 2013

CCRD ITEM *c(d)*

RECOMMENDATION:

THAT the Report on 2013 Tax Levy Increase dated July 11, 2013 be received.

BACKGROUND

At the June meeting of the board, the CAO was requested to prepare a response to the Chair regarding the particulars (rationale, use of funds) associated with the increase in property taxes and that the response form a part of the July meeting agenda. This request was in response to the Chair's verbal report to the board in which he noted that he had received questions from the public in this regard. The following will assist the CAO in responding to this request for information.

The board of directors considered Five-Year Financial Plan Reports in 3 consecutive meetings, commencing at the December 13, 2012 board meeting.

The following is an excerpt from the Preliminary Five Year Financial Plan Report 2013-2017 presented at the February board meeting:

Tax Requisition

As shown on Page 2 (Tax Requisition Summary by Function), this report contemplates and asks the board of directors to consider an overall tax levy increase from last year, of \$268,000 or 58.6%. The board of directors will be concerned about an increase of this magnitude and should consider the tolerance of the ratepayers in this regard. Generally, when discussions occur, the board will need to have some assurance that service levels would or will increase to the same extent as the tax requisition levels.

And in the March report to the board:

As shown on Page 2 (Tax Requisition Summary by Function), this report contemplates and asks the board of directors to consider and discuss an overall tax levy increase from last year, of \$144,000 or 31.3%, which is reduced from the 58.6% increase presented last month. The board of directors will continue to be concerned about an increase of this magnitude.

It was at this meeting, that the budget was adopted with no amendments by the board. The fact that board and staff members are now fielding several questions from the public, cannot be a surprise to anyone.

Rationale/Use of Funds

There are five main components of the tax levy increase to regional district ratepayers. The information below is quoted from the report already provided to the board of directors at the March meeting:

1. Land Use Planning

The strategic plan, as adopted by the board of directors, notes the need to address all outstanding policy matters to improve operational efficiencies and ensure compliance with provincial legislation. The increase in the Land Use Planning function would be used to develop a situational analysis specifically related to the Planning function with a view to begin preparations for updated Official Community Plan, Zoning and Subdivision bylaws. The increase also recognizes the role of administrative staff actively involved in providing the service to the public.

Although the land use planning function is not on the list of strategic priorities, it is being presented with a projected increase with the rationale that "policy matters", or updating bylaws, remains on the strategic priorities. This is at the discretion of the board.

2. Library

The Library function is not on the regional district's Strategic Priorities list. The increase is a directive from the Vancouver Island Regional Library board, which determines the levy for our local ratepayers based on property assessments and population statistics. There is no opportunity to reduce the tax levy.

3. General Operations

The General Operations (Administration) function is set to absorb a large increase for a variety of reasons. From the perspective of the Strategic Priorities document, expenses associated with the increase include addressing outstanding policy matters (bylaws), the establishment of the Denny Island water service and enhancement of organizational governance capabilities (board and staff development and education). One-time expenses associated with recruiting and hiring a new CAO are contributors to the added costs. A \$10,000 contingency has also been recorded.

Options for reducing the tax levy may include the following:

- (a) Reducing the number of attendees at UBCM and AVICC (currently 2 each)
- (b) Eliminating board governance session/education (\$11,550)

Except for determining a lower level of compensation for Administration, there doesn't appear to be other room to manoeuvre since funds have already been committed.

4. Swimming Pool

The increase to the Swimming Pool function is attributable to maintenance of the aging facility. The Commission has increased the payroll costs significantly in the hopes of having the building operational prior to a May 1st start date, thereby lengthening the season. Any proposed reduction to the tax levy may have serious consequences associated with a potential inability to operate the service. Already, several items have been put forward to 2014

5. Thorsen Creek Waste & Recycling Centre

The following is excerpted from the February report and bears repeating: The Strategic Priorities document states that the strategy is to ensure the landfill's life cycle is optimized and directed efficiently and that financial sustainability must be addressed. This is a significant undertaking in terms of acquiring the human resources necessary to implement the planning already undertaken and to begin the process of updating the Solid Waste Management Plan. It also involves the removal of metals and other material from the site in order to extend the operating life of the property. The revenue generated by this increase provides a contingency of only \$36,000 to undertake several initiatives **which will not go far enough to address the serious issues associated with this function**. The board will need to consider their priorities in this regard – at present, the contingency may only be enough to generate a Solid Waste Management Plan, and nothing else beyond the maintenance contract. Board direction is requested.

Respectfully submitted,



Donna Mikkelson, CFO