



REGIONAL DISTRICT OF BULKLEY-NECHAKO

**RURAL DIRECTORS COMMITTEE
SUPPLEMENTARY AGENDA**

Thursday, January 17, 2019

PAGE NO.

2-9

REPORTS

**John Illes, Chief Financial Officer
- General Rural Budgets**

ACTION

Receive

NEW BUSINESS

ADJOURNMENT

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Regional District of Bulkley-Nechako Board Agenda January 17, 2019

To: Chair Newell and Electoral Area Directors
From: John Illes, Chief Financial Officer
Date: January 14, 2019
Re: General Rural Budgets

Attached to this memo are a series of graphs outlining the changes in budget and yearly taxation requisition for the rural shared budgets.

These rural shared budgets include:

Rural Government (both administration and legislative budgets) – this budget contains much of the Electoral Area Directors' travel and remuneration.

Electoral Area Planning – this budget is considered as part of the rural shared budget; however, municipalities contribute to this budget (at their option) on the basis of 2/3 of converted assessments. Electoral Area Planning includes all those services related to land use planning and official community plans (and rezoning applications).

Building Inspection – municipal governments also contribute to this service but on a contractual basis. Municipalities do not contribute to this service by way of taxation.

Development Services – This service provides for general planning services that are not included in Part 26 of the Local Government Act. It also includes GIS services and the processing of ALR applications. While this service is considered a core rural service, both municipalities and electoral areas contribute to this service as this service does provide service to all residents of the Regional District.

Emergency Preparedness Service – This service includes all EOC activities (however, most of the EOC activity costs are recovered from the province), Rural Fire Departments, and general emergency preparedness including EOC and ESS training and response.

Within these last four budgets– on average over 90% of the budget is not discretionary and is based on salary and benefits and distributed costs (such as IT costs and building costs). The remaining costs are associated with staff travel and education and the purchasing of minor supplies and furniture (such as notebooks, desks, chairs, etc). The budgets have been carefully reviewed by staff and the financial department to look for savings.



The Tax rate for the combined Rural Government Services has increased from \$23.02 per \$100,000 in 2014 to an estimated \$38.18 per \$100,000 in 2019. This increase is made up of two important factors:

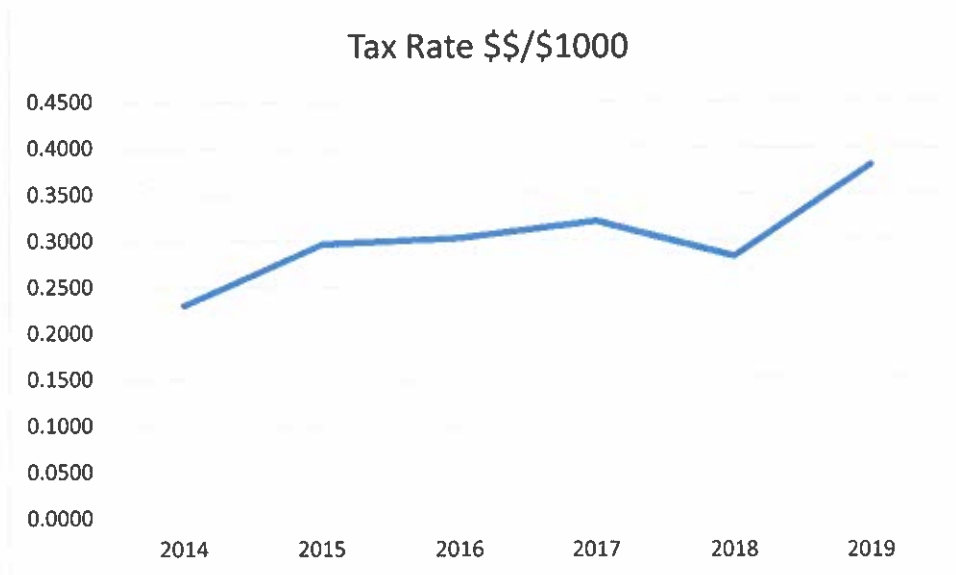
1. A steady increase in Regional District related costs. This includes the inflationary cost associated with wages, benefits and supplies but also the increase in number of employees.

Three staff members have been added to the Emergency Services department to manage the changing provincial requirements for emergency operations. The last position added is the recently posted Director of Protective Services. One position has been added to the Building Inspection program to provide support for the partnership with municipalities for building inspection. Municipalities have contributed to this service with contract payments increasing from \$84,558 in 2014 to an estimated \$171,812 in 2019.

2. In the past, each local service (including the five services discussed in this memo) fully utilized the previous year's unspent taxation to lower the current year's taxation. While minimizing the current year's taxation, this has led to a fluctuating level of taxation. When a surplus (described as "taxation from previous years" in the attached charts) was large, taxes would generally decrease even when the budget for that service was actually increasing. In 2019 previous year's taxation dropped from \$360,589 in 2018 to \$217,596 (estimated). This, in itself, has resulted in an increase of taxes of 2 ½ cents per \$1000 in 2019 (or 8 ½% over 2018 levels). The preliminary estimate of actuals is likely conservative. The final figures will likely provide a small amount of tax relief in the budget.

Staff are reviewing the budget to actual analysis and determining if a pattern can be determined. In general, an estimate of budget to actuals is about 80% every year. Factors for every program change this amount and currently cannot be predicted.

The creation of operating reserves in the future will help to maintain more consistent tax rates. This base budget does not include contributions to operating reserves as the initial budget shows an increase to the requisition for 2019. However, contributions to operating reserves are still recommended to smooth taxation for future years.



The expected increase in budgets from 2014 to 2019 based on inflation rates for BC is approximately 13% of 2014 rates. Rural Government Services and Electoral Area Planning have increases below the expected inflationary pressure (you can view this amount under the "Total Budget as % of 2014" rows in the attached chart. Development Services is slightly higher than inflation would predict and both building inspection and emergency services are much higher (in a large part due to the increase in service levels requiring additional staff members).

It is important to note the variability of current year's taxation for each of the services that is a result of the surplus from the previous year being utilized to reduce the current year's taxation.

Besides taxation, funding is also provided by various operational grants and grants in lieu of taxes (most notably the Alcan Grant in Lieu of Taxes provided by the province). These grants are usually static year to year and as a result the "Taxation as % of Budget" generally decreases as the budget for that service increases. Essentially, the smaller the budget for a service, the higher that service is subsidized by provincial or other grants.

Staff allocations are provided for your reference. These are based on salary figures only and do not include the full cost of staffing. Generally, if you include costs associated with staff benefits, staff equipment (i.e. computers), allocated staff expenses (building and IT network expenses) the figure for actual staff cost is an additional 40% to 50% of the base salary amount. Staff allocations are based on a portion of each staff persons salary that spend a portion of their time in that service. This "portion" may change year to year depending on the workplan for each service.



The cumulative market and non-market changes are described near the end of the chart. They are based on 2013 being the base reference year at 100%. The non-market changes cumulative of 10.57% indicates that there has been over 10% of new assessment value (new construction) created in the last five years.

A \$0.01 per \$1000 increase in the taxation rate will create \$29,810 of additional requisition. Similarly, a \$0.01 per \$1000 increase is equivalent to an increase of 2.6% in the scope of this rural budget presentation. Therefore \$11,378 in requisition increase is equivalent to a 1% tax increase. Because such a small increase can greatly change the taxation rate and the taxation (increase or decrease) and because the change in surplus can itself change the tax rate by plus or minus 10%, it is best to use the actual taxation collected per household as a benchmark for reference.

I have provided comparisons from other local service budgets with our Regional District.

Tax Rate for 2019 for:	Per \$1000	per \$100K	per \$250K
Core Rural Services:	0.3818	\$ 38.18	\$ 95.45
Culture (Area A)	0.7982	\$ 79.82	\$199.55
Bulkley Valley Pool	0.5685	\$ 56.85	\$142.12
Culture (Lakes)	0.4974	\$ 49.74	\$124.35
Vanderhoof Pool	0.6034	\$ 60.34	\$150.85
Southside Fire	1.3700	\$137.00	\$342.50
Houston Fire	1.9819	\$198.19	\$496.48
Ft. St. James Sen Trans	0.0796	\$ 7.96	\$ 19.90
Fraser Lake Rebroadcast	0.0950	\$ 9.50	\$ 23.75
Ft. St. James Rebroadcast	0.3188	\$ 31.88	\$ 79.70
Fort Fraser Gov't	0.2940	\$ 29.40	\$ 73.50
Fort Fraser Fire	1.7131	\$171.31	\$428.28

I would be pleased to answer any questions.

Recommendation:

(All/Directors/Majority)

“That the Board receive the Chief Financial Officer’s memo dated January 14, 2019 titled ‘General Rural Budgets’.

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RURAL GOVERNMENT SERVICES	2014	2015	2016	2017	2018	2019
Rural Government Legislative and Administrative						
Taxation Current Year	\$ 152,539.00	\$ 139,531.00	\$ 141,314.00	\$ 141,500.00	\$ 170,314.00	\$ 153,353.00
Taxation Previous Years	\$ 84,104.00	\$ 50,064.00	\$ 60,821.00	\$ 59,893.00	\$ 63,887.00	\$ 87,530.00
Total Taxation	\$ 236,643.00	\$ 189,595.00	\$ 202,135.00	\$ 201,393.00	\$ 234,201.00	\$ 240,883.00
Taxation as % of Budget	75%	66%	68%	67%	75%	70%
Budget - Not Grant Related	\$ 315,434.00	\$ 289,094.00	\$ 298,443.00	\$ 299,046.00	\$ 311,490.00	\$ 345,172.00
Budget to Actual	84%	79%	80%	79%	72%	
Staff allocations	\$ 105,876.00	\$ 95,777.00	\$ 95,777.00	\$ 95,777.00	\$ 95,777.00	\$ 95,777.00
Total Budget as % 2014	100%	92%	95%	95%	99%	109%
Current Taxation as % of 2014	100%	91%	93%	93%	112%	101%
Total Taxation as % of 2014	100%	80%	85%	85%	99%	102%
Electoral Area Planning						
Taxation Current Year	\$ 180,247.00	\$ 199,178.00	\$ 192,153.00	\$ 189,695.00	\$ 177,102.00	\$ 228,475.00
Taxation Previous Years	\$ 39,064.00	\$ 35,964.00	\$ 62,818.00	\$ 53,650.00	\$ 59,448.00	\$ 17,275.00
Total Taxation	\$ 219,311.00	\$ 235,142.00	\$ 254,971.00	\$ 243,345.00	\$ 236,550.00	\$ 245,750.00
Taxation as % of Budget	82%	84%	85%	84%	84%	85%
Budget - Not Grant Related	\$ 266,101.00	\$ 281,138.00	\$ 298,411.00	\$ 288,853.00	\$ 280,930.00	\$ 287,573.00
Budget to Actual	86%	78%	82%	79%	94%	
Staff allocations	\$ 130,688.00	\$ 142,790.00	\$ 150,498.00	\$ 145,072.00	\$ 136,209.00	\$ 148,360.00
Total Budget as % 2014	100%	106%	112%	109%	106%	108%
Current Taxation as % of 2014	100%	111%	107%	105%	98%	127%
Total Taxation as % of 2014	100%	107%	116%	111%	108%	112%
Development Services						
Taxation Current Year	\$ 227,293.00	\$ 278,683.00	\$ 265,296.00	\$ 291,039.00	\$ 238,327.00	\$ 278,648.00
Taxation Previous Years	\$ 56,331.00	\$ 65,933.00	\$ 79,845.00	\$ 67,236.00	\$ 89,026.00	\$ 54,563.00
Total Taxation	\$ 283,624.00	\$ 344,616.00	\$ 345,141.00	\$ 358,275.00	\$ 327,353.00	\$ 333,211.00
Taxation as % of Budget	88%	89%	82%	88%	88%	83%
Budget - Not Grant Related	\$ 323,761.00	\$ 385,430.00	\$ 421,690.00	\$ 406,410.00	\$ 370,900.00	\$ 401,757.00
Budget to Actual	80%	79%	84%	78%	85%	
Staff allocations	\$ 166,092.00	\$ 191,386.00	\$ 201,167.00	\$ 206,199.00	\$ 179,799.00	\$ 211,300.00
Total Budget as % 2014	100%	119%	130%	126%	115%	124%
Current Taxation as % of 2014	100%	123%	117%	128%	105%	123%
Total Taxation as % of 2014	100%	122%	122%	126%	115%	117%
Building Inspection						
Current Year Taxation	\$ 85,229.00	\$ 141,041.00	\$ 168,887.00	\$ 197,523.00	\$ 131,367.00	\$ 215,812.00
Taxation from previous years	\$ 62,194.00	\$ 22,974.00	\$ 4,514.00	\$ 21,317.00	\$ 73,431.00	\$ 24,773.00
Municipal Contracts	\$ 84,558.00	\$ 89,542.00	\$ 103,340.00	\$ 104,464.00	\$ 157,991.00	\$ 171,812.00
Total Taxation and Contracts	\$ 231,981.00	\$ 253,557.00	\$ 276,741.00	\$ 323,304.00	\$ 362,789.00	\$ 412,397.00
Taxation and Contracts as % of Budget	75%	79%	80%	83%	83%	85%
Budget - Not Grant Related	\$ 310,981.00	\$ 322,557.00	\$ 345,741.00	\$ 390,789.00	\$ 435,274.00	\$ 484,272.00
Budget to Actual	93%	99%	94%	81%	94%	
Staff allocations	\$ 167,038.00	\$ 165,769.00	\$ 178,002.00	\$ 200,220.00	\$ 242,824.00	\$ 263,590.00
Total Budget as % 2014	100%	104%	111%	126%	140%	156%
Current Taxation as % of 2014	100%	165%	198%	232%	154%	253%
Total Taxation and Contracts as %	100%	109%	119%	139%	156%	178%
Emergency Services						
Current Year Taxation	\$ 104,839.00	\$ 182,810.00	\$ 163,943.00	\$ 159,671.00	\$ 198,834.00	\$ 362,791.00
Taxation from previous years	\$ 64,722.00	\$ 33,186.00	\$ 54,717.00	\$ 51,248.00	\$ 74,797.00	\$ 33,455.00
Total Taxation	\$ 169,561.00	\$ 215,996.00	\$ 218,660.00	\$ 210,919.00	\$ 273,631.00	\$ 396,246.00
Taxation as % of Budget	87%	81%	85%	85%	85%	89%
Budget - Not Grant Related	\$ 195,060.00	\$ 268,202.00	\$ 256,214.00	\$ 249,591.00	\$ 323,752.00	\$ 446,367.00
Budget to Actual	83%	80%	80%	70%	90%	
Staff allocations	\$ 67,246.00	\$ 131,438.00	\$ 143,609.00	\$ 131,478.00	\$ 199,241.00	\$ 252,602.00
Total Budget as % 2014	100%	137%	131%	128%	166%	229%
Current Taxation as % of 2014	100%	174%	156%	152%	190%	346%
Total Taxation as % of 2014	100%	127%	129%	124%	161%	234%

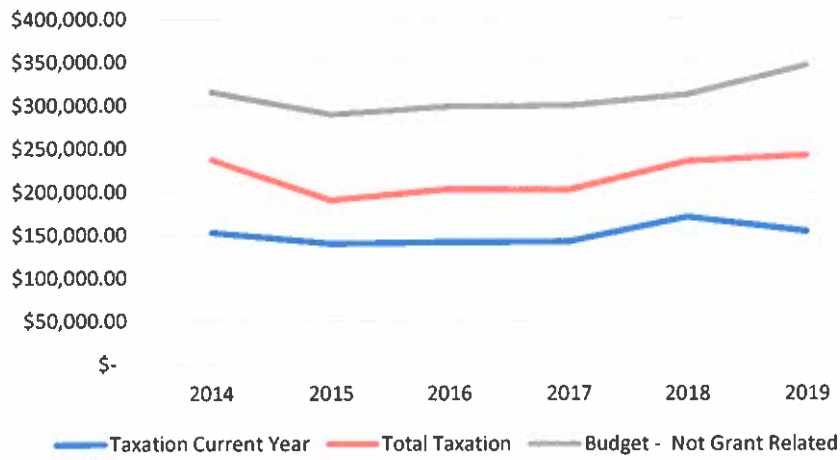
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NET EFFECT	2014	2015	2016	2017	2018	2019
Current Year Taxes	\$ 750,147.00	\$ 941,243.00	\$ 931,593.00	\$ 979,428.00	\$ 915,944.00	\$ 1,239,079.00
Previous Years Taxes	\$ 306,415.00	\$ 208,121.00	\$ 262,715.00	\$ 253,344.00	\$ 360,589.00	\$ 217,596.00
Contracts	\$ 84,558.00	\$ 89,542.00	\$ 103,340.00	\$ 104,464.00	\$ 157,991.00	\$ 171,812.00
Total	\$1,141,120.00	\$1,238,906.00	\$1,297,648.00	\$1,337,236.00	\$1,434,524.00	\$1,628,487.00
Change Year over Year		\$ 97,786.00	\$ 58,742.00	\$ 39,588.00	\$ 97,288.00	\$ 193,963.00
Total Taxation and Contracts as % of 2014	100%	109%	114%	117%	126%	143%
Total Current Year Taxation	100%	125%	124%	131%	122%	165%
Net Change in Taxation Rate Since 2014	95%	116%	114%	117%	106%	136%
Tax Rate \$\$/\$1000	0.2302	0.2960	0.3028	0.3211	0.2832	0.3818
Tax per \$100,000	\$ 23.02	\$ 29.60	\$ 30.28	\$ 32.11	\$ 28.32	\$ 38.18
Tax per \$250,000	\$ 57.55	\$ 74.00	\$ 75.70	\$ 80.28	\$ 70.80	\$ 95.45

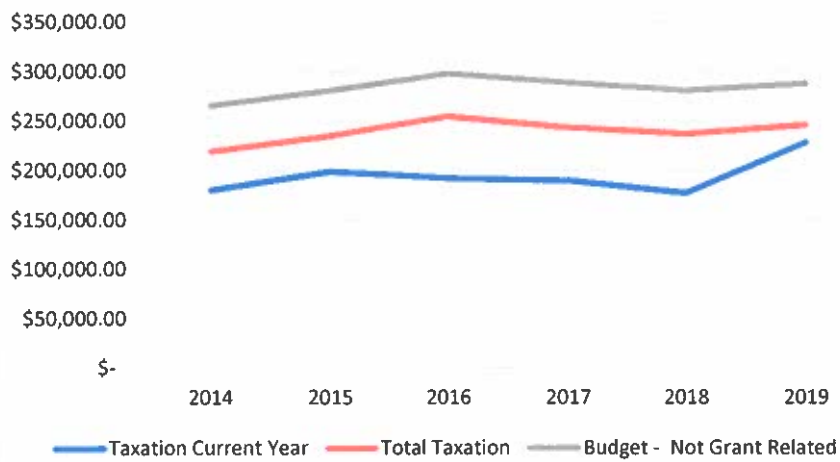
	100.0%	105.2%	108.3%	109.1%	111.3%	115.3%	121.3%
Non Market Change		3.4%	1.8%	0.5%	1.3%	1.5%	1.5%
Non Market Change (Cumulative)		3.40%	5.29%	5.85%	7.21%	8.88%	10.57%
Market Change		1.83%	1.12%	0.18%	0.84%	2.07%	3.69%
Total Market/No Market (Cumulative)		105.2%	108.3%	109.1%	111.3%	115.3%	121.3%
Total Salaries	\$ 636,940.00	\$ 727,160.00	\$ 769,053.00	\$ 778,746.00	\$ 853,850.00	\$ 971,629.00	
Base Salary Change as of 2014	100%	114%	121%	122%	134%	153%	
Less Inflationary Wage Change (Real 2014 \$\$)		112%	116%	115%	124%	138%	

		Emergency Services -	
	Emergency Services- Manager Position Hired	Additional Building Inspector Added 2017-2018	Emergency Services - Regional Fire Chief Increased to full time and half time Clerk Added Director of Protective and Emergency Services added

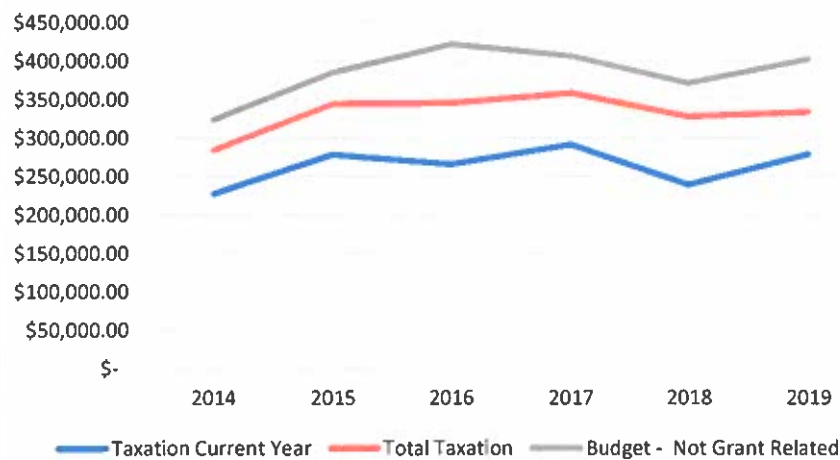
Rural Government



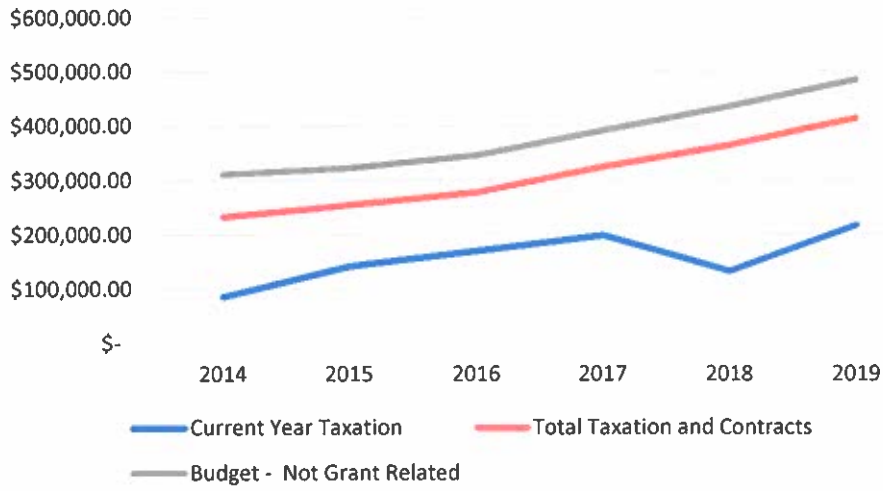
Electoral Area Planning



Development Services



Building Inspection



Emergency Services

