
MEETING TYPE: Special Council Meeting
MEETING DATE: January 31, 2023
AUTHOR: Trevor James, CFO, Director of Finance & Administration
DEPARTMENT: Finance & Administration
ITEM TITLE: RFCD 2023-2027 Draft Financial Plan 1st Reading
DESCRIPTION: Report back on options for applying COVID-19 Grant Funding

NOTE: This report should be read in conjunction with "[RFCD 2023-2027 Draft Financial Plan](#)" from the January 26, 2023 Special Council Meeting.

QUESTION

At the January 26 meeting Council provided additional direction to staff to come back with additional options particularly surrounding use of the remaining COVID-19 Safe Restart Grant Funds. Does the 2023-2027 Financial Plan meet the strategic and operational needs of the District?

OPTIONS

COVID-19 Safe Restart Fund Allocation & Operating Supplementals

1. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be amended as follows:
 - a. The following \$858,453 (5.02%) of operating supplementals be funded using additional taxation revenue:
 - i. 2 Seasonal Parks Staff
 - ii. 1.5 Bylaw Officers
 - iii. Community Engagement Grant
 - iv. Community Greening Project – Lake Countree
 - v. Invasive Plant Species Management
 - vi. Parks, Recreation, and Culture Master Plan Increase
 - vii. Inflationary Increase to Mobility Improvement Program Funding
 - viii. Road Crack Sealing
 - ix. Halloween Fireworks Increase
 - x. Fire Prevention Program Increase
 - xi. Paid on Call Firefighter Training Tuition & Fees Increase
 - xii. Paid on Call Firefighter Training Wages Increase
 - xiii. Art Gallery Additional Funding
 - xiv. Museum Additional Funding
 - xv. Live! In Lake Country Increase

AND THAT the \$420,000 of remaining COVID-19 Restart Grant Funding be used to fund \$210,000 of Transportation projects in place of the Capital Reserve Fund and \$210,000 of Protective Services projects in place of the Fire Facilities and Equipment Reserve.

2. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be amended as follows:
 - a. The following \$438,453 (2.56%) of operating supplementals be funded using additional taxation revenue:
 - i. 2 Seasonal Parks Staff
 - ii. 1.5 Bylaw Officers

- iii. Paid On Call Firefighter Training Tuition & Fees Increase
- iv. Paid On Call Firefighter Training Wages Increase
- v. Art Gallery Additional Funding
- vi. Museum Additional Funding
- vii. \$69,250 of the Inflationary Increase to Mobility Improvement Program Funding

AND THAT the \$420,000 of remaining COVID-19 Restart Grant Funding be used to fund the following operating supplementals:

- viii. Community Engagement Grant
- ix. Community Greening Project – Lake Countree
- x. Invasive Plant Species Management
- xi. Parks, Recreation, and Culture Master Plan Increase
- xii. Road Crack Sealing
- xiii. Halloween Fireworks Increase
- xiv. Fire Prevention Program Increase
- xv. Live! In Lake Country Increase
- xvi. \$68,750 of the Inflationary Increase to Mobility Improvement Program Funding

3. THAT The 2023-2027 Financial Plan Bylaw 1197, 2023 be amended as follows:

a. The following \$721,203 (4.22%) of operating supplementals be funded using additional taxation revenue:

- i. 2 Seasonal Parks Staff
- ii. 1.5 Bylaw Officers
- iii. Parks, Recreation, and Culture Master Plan Increase
- iv. Inflationary Increase to Mobility Improvement Program Funding
- v. Paid On Call Firefighter Training Tuition & Fees Increase
- vi. Paid On Call Firefighter Training Wages Increase
- vii. Art Gallery Additional Funding
- viii. Museum Additional Funding

AND THAT \$137,250 of the remaining COVID-19 Restart Grant Funding be used to fund the following operating supplementals:

- ix. Community Engagement Grant
- x. Community Greening Project – Lake Countree
- xi. Invasive Plant Species Management
- xii. Road Crack Sealing
- xiii. Halloween Fireworks Increase
- xiv. Fire Prevention Program Increase
- xv. Live! In Lake Country Increase

AND THAT the \$282,750 of remaining COVID-19 Restart Grant Funding be used to fund \$141,375 of Transportation projects in place of the Capital Reserve Fund and \$141,375 of Protection Services projects in place of the Fire Facilities and Equipment Reserve.

Base Increase – Impact of Policing Options

A. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 include the following increases to address policing costs:

- a. 2023 – 8.25% (Total Base increase of 14%)
- b. 2024 – 2.75%
- c. 2025 – 2.50%
- d. 2026 – 2.00%
- e. 2027 – 2.00%

B. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be amended to include the following increases including a partial offset from the Policing Reserve to address policing costs:

- a. 2023 – 4.20% (Total Base increase of 9.95%)
- b. 2024 – 4.20%

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- c. 2025 – 4.20%
 - d. 2026 – 4.20%
 - e. 2027 – 0.00%

1st Reading Options

- A. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be read a first time as amended.
- B. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be referred back to staff.

EXECUTIVE SUMMARY

As mentioned above, this report was prepared as directed by Council after the initial meeting for the 2023-2027 Draft Financial Plan where staff was given direction to come back with more options on how to use the remainder of the COVID-19 Safe Restart Grant funds. It has been determined that \$420,000 of COVID-19 Safe Restart Grant funds are available for 2023.

At the initial meeting on January 26, 2023, the draft financial plan included the base tax increase related to option A (14% base) with only the operating supplementals with no impact on property taxes included.

Prior to providing 1st reading, as there are countless permutations for how the grant could be used on operating and/or capital, staff was directed to provide some options and recommendations for ways the COVID-19 Safe Restart Grant funds could be used. Staff indicated that they would come back with 3 options:

- An option that utilizes the entirety of the remaining grant funds on operating items, reducing the potential tax increase for 2023 however acknowledging these amounts will need to be funded with taxation to continue in 2024 and beyond.
- An option that utilizes the entirety of the remaining grant funds on capital items, therefore preserving \$420,000 worth of reserves to help with the health of reserves on an ongoing basis helping partially offset the fact that rising construction and materials costs have impacted long term capital plans.
- An option that utilizes a portion of the remaining grant funds on operating items and a portion on capital items, a mixture of the pros and cons listed above.

COVID-19 Safe Restart Fund Allocation & Operating Supplementals

Option 1 – This option is funding all operating supplemental requests using taxation for a total of \$858,453 or approximately 5.02% in addition to whichever base increase is selected based on policing options and using the entirety of the remaining COVID-19 Restart Grant funding to reduce impact on capital reserves.

This would fund:

- \$210,000 of Transportation Projects:
 - 2013-14 Woodsdale Road Construction would go from:
 - \$1,250,000 – Community Works Fund (Gas Tax)
 - \$273,895 – Capital Works Reserve (term used interchangeable with “Capital Reserve Fund”)
 - \$1,326,105 – Road Development Cost Charges
 - To:
 - \$1,250,000 - Community Works Fund (Gas Tax)
 - \$210,000 - Financial Stabilization Reserve (via COVID-19 Safe Restart Grant Funds)
 - \$63,895 – Capital Works Reserve
 - \$1,326,105 – Road Development Cost Charges
- \$210,000 of Protective Services Projects:
 - 2023-27 Firefighter Personal Protective Equipment
 - \$150,000 from Fire Facilities and Equipment Reserve to Financial Stabilization Reserve (via COVID-19 Safe Restart Grant Funds)
 - 2023-33 Fire & Rescue Power Tools

- \$75,000 originally to be funded from Fire Facilities and Equipment Reserve to only \$15,000 from the Fire Facilities and Equipment Reserve and the remaining \$60,000 funded from the Financial Stabilization Reserve (via COVID-19 Safe Restart Grant Funds)

We utilize our Capital Reserve Fund/Capital Works Reserve primarily in Transportation and Parks but also for other capital items. Preserving a portion of this reserve would help partially offset some of the significant cost increases we are seeing on construction costs. Fire equipment and vehicles have also been an area with significant cost escalations which is why using the other half on capital projects in this area would be helpful for the long term outlook of this department's capital plans.

Option 2 - involves using the remaining \$420,000 in the COVID-19 Safe Restart Grant to fund certain operating supplementals. In this option using \$420,000 still leaves \$438,453 of other supplementals to be funded through taxation. In this option the proposed items to be funded through taxation relate to staffing and ongoing art gallery and museum funding while the grant/reserve portion is being allocated to the other projects. It is a lot easier to change the direction of something such as the Community Engagement Grant or Community Greening Project on a year by year basis than it is when it comes to staffing and there are staff occupying those positions which is the logic for which projects are funded through tax vs. which are one time funded through the grant/reserve.

Option 3 - is a middle ground between Option 1 & 2 and involves using \$137,250 of the remaining \$420,000 of COVID-19 Safe Restart Grant funding on operating supplementals and \$282,750 of it on capital items. This would result in replacing \$141,375 of the Capital Works Reserve funding for 2013-14 Woodsdale Road Construction and \$141,375 of the Fire Facilities and Equipment Reserve funding for 2023-27 Firefighter Personal Protective Equipment. The additional operating items to be funded through taxation in this option compared to option D is the Parks, Recreation & Culture Master Plan increase and the Inflationary Increase to Mobility Improvement Plan (MIP) funding. These have been suggested as these have a stacking impact year over year. For example, one time funding the \$214,000 using the reserve/grant this year means that \$214,000 still goes towards the reserve. However, raising the tax amount means \$214,000 on an ongoing basis. When the 4th of the 4 recommended 1.25% increase does occur it would mean increasing on top of the existing \$214,000 as opposed to an initial \$214,000. The intention of the master plan was to have 4 consecutive 1.25% increases to get the funding level for facilities replacement in order. This similar logic applies for trying to catch up the MIP plan to inflation.

Please see Attachment 1 for breakdown of Options 1, 2 and 3 and their impact on the potential tax increase in addition to the 9.95% - 14% base increase based on the policing decision.

Policing Impact Options on Base Increase

Option A – Results in approving a base tax increase of 14% which includes the following RCMP costs:

- 2023 – 8.25% - move from 70% to 90% and also includes 1 additional FTE (18 to 19) & contractual increases
- 2024 – 2.75% - 2 additional FTE (19 to 21) & contractual increases
- 2025 – 2.50% - 1 additional FTE (21 to 22) & contractual increases
- 2026 – 2.00% - 1 additional FTE (22 to 23) & contractual increases
- 2027 – 2.00% - 1 additional FTE (23 to 24) & contractual increases

The above uses a placeholder of 3% contractual increases however is subject to change based on the upcoming new collective agreement (current agreement covers April 1, 2017 – March 31, 2023). Please note the impact of the additional officer including all direct and indirect charges is approximately \$200,000 in 2023.

Option A does not include any of the operating supplemental requests other than the ones that have no impact on taxation.

Option B – This option changes the policing funding to utilize the Policing Reserve to smooth out increases:

- 2023 – 4.20% - 1 additional FTE (18 to 19) & contractual increases
- 2024 – 4.20% - 2 additional FTE (19 to 21) & contractual increases
- 2025 – 4.20% - 1 additional FTE (21 to 22) & contractual increases

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- 2026 – 4.20% - 1 additional FTE (22 to 23) & contractual increases
 - 2027 – 0.00% - 1 additional FTE (23 to 24) & contractual increases

This would budget using \$703,000 in year 1, \$462,000 in year 2 and \$154,000 in year 3 of the Policing Reserve. While this smooths out the increase, it also means that there would be less in the Policing Reserve for future policing capital assets.

Respectfully Submitted,
Trevor James, CFO, Director of Finance & Administration

Report Approval Details

Document Title:	RFCD 2023-2027 Draft Financial Plan 1st Readng.docx
Attachments:	- Supplementals Attachment.pdf - 1197, 2023-for 2023-01-26 1st reading.pdf
Final Approval Date:	Jan 30, 2023

This report and all of its attachments were approved and signed as outlined below:

Reyna Seabrook, Director of Corporate Services - Jan 30, 2023 - 4:28 PM

Tanya Garost, Chief Administrative Officer - Jan 30, 2023 - 4:31 PM