

---

**MEETING TYPE:** Special Council Meeting  
**MEETING DATE:** February 23, 2023  
**AUTHOR:** Trevor James, CFO, Director of Finance & Administration  
**DEPARTMENT:** Finance & Administration  
**ITEM TITLE:** RFCD 2023-2027 Draft Financial Plan 2nd & 3rd Reading  
**DESCRIPTION:** 2023-2027 Financial Plan

---

## QUESTION

Does the 2023-2027 Financial Plan meet the strategic and operational needs of the District?

## OPTIONS

- A. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be read a second and third time as amended;  
AND THAT the Capital Carryforwards 2022 to 2023 (\$31,718,076) projects, attached to the report from the Chief Financial Officer dated February 23, 2023, be carried over from 2022 to 2023 to allow expenditure in the 2023-2027 Financial Plan.
- B. THAT the 2023-2027 Financial Plan Bylaw 1197, 2023 be held pending additional information or specific requests prior to additional readings.

## EXECUTIVE SUMMARY

Council provided first reading of the Financial Plan Bylaw on January 31, 2023. The annual tax rates bylaw for property taxes must be adopted prior to May 15<sup>th</sup> every year, and the annual Financial Plan Bylaw must be adopted prior to this to set the tax rates. The 2023-2027 Financial Plan Bylaw 1197, 2023 is attached to this report as Appendix 1.

Public input opportunities were provided through a number of different mediums including the in person/virtual town hall. The summary can be found in Appendix 3.

At the first reading, several options were presented:

- a base increase of either 9.95% or 14% depending on Council's decision on how to fund the impact of going from a 70% share of policing costs to 90% and going from an authorized RCMP strength of 18 to 24 over the next 5 years.
- 5.02% of operating supplementals including the option to fund a portion of this amount from the remaining COVID-19 Safe Restart Grant funds

Council selected the option to fund the RCMP as follows:

- 2023 – 7.08% to cover the move from 70% to 90% policing costs and no additional FTE & contractual increases
- 2024 – 2.75% - 2 additional FTE (18 to 20) & contractual increases
- 2025 – 2.50% - 1 additional FTE (20 to 21) & contractual increases
- 2026 – 2.00% - 1 additional FTE (21 to 22) & contractual increases
- 2027 – 3.17% - 2 additional FTE (22 to 24) & contractual increases

This resulted in a base increase of 12.83% for 2023.

Council opted to use \$137,250 of the remaining COVID-19 Safe Restart Grant funding to fund the following operating supplementals:

- Community Engagement Grant
- Community Greening Project – Lake Countree
- Invasive Plant Species Management
- Road Crack Sealing
- Halloween Fireworks Increase
- Fire Prevention Program Increase
- Live! In Lake Country Increase

The remaining \$282,750 of COVID-19 Safe Restart Grant funding would then 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.

Council also opted to fund \$721,203 (4.22%) of operating supplementals using additional tax revenue:

- 2 Seasonal Parks Staff
- 1.5 Bylaw Officers
- Parks, Recreation, and Culture Master Plan Increase
- Inflationary Increase to Mobility Improvement Program Funding
- Paid on Call Firefighter Training Tuition & Fees Increase
- Paid on Call Firefighter Training Wages Increase
- Art Gallery Additional Funding
- Museum Additional Funding

The 12.83% base increase in addition to the 4.22% of tax funded operating supplementals results in a proposed increase of 17.05%.

The projected growth (non-market change) from BC Assessment is 2.32%. On average, this growth number has dropped by 0.31% between the Completed Roll (where the 2.32% is coming from) and the Revised Roll that comes in March and as such the Financial Plan has included 2.00% of growth or \$340,163 in new tax revenue. This has not changed since 1<sup>st</sup> reading.

As such, the proposed tax increase for 2<sup>nd</sup> & 3<sup>rd</sup> readings is 17.05%.

Additional changes and additions are outlined further in this report.

### **KEY INFORMATION**

The proposed financial plan includes a base increase to support existing services, including increases for the updated policing costs from passing the 15,000 population threshold, increases for the road maintenance contract to ensure established year-round levels of service are maintained, the additional 50% of funding the new Deputy Fire Chief position (50% funded in 2022), the remaining impact of the loss of a Fire Servicing Contract, inflationary/contractual increases as well as salaries, wages and benefits adjustments. This is in addition to the other requests outlined above.

New taxes from growth are proposed to partially offset some of the additional costs outlined as part of the base increase to support existing services. This is to reflect that growth in the community represents an additional burden on both the infrastructure and the ability to provide services.

### **DESIRED BENEFIT**

The certainty of funding be provided for 2023 to advance strategic priorities, capital projects, and staffing changes.

### **STRATEGIC RELEVANCE AND COMMUNITY SUSTAINABILITY**

### **REQUISITES**

First reading has already been provided by Council.

## UNINTENDED OUTCOMES

None.

## BACKGROUND/HISTORY

On January 26, 2023 and January 31, 2023 Council did a detailed review of the operational, capital, and supplemental financial plans with the support of staff. This resulted in a proposed tax increase of 17.05% for 2<sup>nd</sup> and 3<sup>rd</sup> readings, made up of a 12.83% base amount and 4.22% of tax funded operating supplementals. \$137,250 of items were one-time funded using COVID-19 Safe Restart Grant funding. These items will return in front of Council when discussing the 2024-2028 Financial Plan to decide whether to continue or alter the funding amounts.

## DISCUSSION/ANALYSIS

### Changes

Since first reading of the bylaw, some other changes have occurred in the capital and operating expenses of the Financial Plan.

### Capital Plan

All capital projects included in the first reading of the bylaw remain in the financial plan other than \$200,000 for 2023-17 "Pelmewash Slope Stability Mitigation" was removed from the 2023 capital budget and deferred to the 2024 budget for consideration.

Included as Appendix 2 is one additional capital budget request, 2023-54 "District of Lake Country Website Redevelopment" at a cost of \$60,000 to be funded from the Financial Stabilization Reserve. This was erroneously omitted from the initial budget package and has since been added for consideration.

Added to the capital expenditures line item is \$31,718,076 in 2023 capital project carry forward requests, \$19,250,000 of which relates to Wastewater Treatment Plant Phase 5 which is grant dependent, if successful the grant would be \$14,116,025 with the remaining \$5,133,975 to be funded by debt contingent on approval.

Capital projects do not always get completed during one calendar year. Each year the unused funds must be carried forward to allow expenditure in the next fiscal year. The list of 2022 capital project carry forward requests have been included as Appendix 3.

Some reasons that not all projects get completed or that there is unspent funding:

- Delay in billing, the project may be complete during the year but not all invoices have arrived. Staff does their best to estimate the remaining invoices, but this is not always possible.
- The project may be complete but there is a period where funds are held back relating to defects or potential defects in a project.
- Weather or timing may not allow a project to be completed prior to December 31.
- Some projects are delayed pending the outcome of other projects or initiatives.
- Some projects are projected as multiyear projects.

### Financial Plan

- The total revenue is \$65,081,094 compared to \$47,319,420 at first reading. The increase is a result of the approved additional requests at first reading and certain funding for both new and carryforward capital projects including expected grant funding and development cost funds used.
- To balance the budget and support carryforward amounts, miscellaneous changes were made to the transfers to reserves.

The proposed increase of 17.05% represents approximately a \$341 increase to the average single-family home valued at \$1,087,000 for 2023 (\$993,000 – 2022) in Lake Country.

### Growing Communities Fund

On February 10, 2023 the BC provincial government announced a \$1 billion "Growing Communities Fund". From the news release:

*“The Growing Communities Fund will provide a one-time total of \$1 billion in grants to all 188 of B.C.’s municipalities and regional districts, which they can use to address their community’s unique infrastructure and amenities demands – such as recreation facilities, parks and water-treatment plants, as well as other community infrastructure. It will help communities prepare for future growth and build the amenities needed to support new home construction, especially with the Housing Supply Act where targets are set.”*

Further to this:

*“These grants will complement existing infrastructure funding (such as sewer, water and recreation facilities) and will be distributed to B.C.’s 188 municipalities and regional districts by the end of March 2023”*

The exact amount the District will be eligible for and the full list of eligible projects which the District could consider using the funds for remains to be seen. However, it is clear that this is a one time funding amount specified for capital projects and as such we do not see it impacting the current year’s taxation requirement. Staff will bring forward a report with options on spending the grant once more facts are known.

#### **APPLICABLE LEGISLATION AND POLICIES**

Section 165 of the *Community Charter* sets out the requirements for a financial plan and section 166 states that public consultation must occur prior to adoption of the financial plan. Adoption of the financial plan must occur prior to May 15.

#### **IMPACT ON INFRASTRUCTURE OR MUNICIPAL SERVICES**

The 2023-2027 Financial Plan supports the various master plans for infrastructure in the District.

#### **IMPACT ON STAFF CAPACITY AND FINANCIAL RESOURCES**

The Financial Plan lays out much of the work plan for staff over the next year.

#### **COMMENTS FROM EXTERNAL AGENCIES, COMMITTEES AND STAKEHOLDERS**

See Appendix 4 for Communication and Engagement Plan.

#### **CONSULTATION AND COMMUNICATION**

See Appendix 4 for Communication and Engagement Plan.

#### **ANALYSIS OF OPTIONS FOR CONSIDERATION**

Option A results in second and third reading of the financial plan bylaw meaning it will come back in March for adoption as amended including the proposed capital carry forwards and the other listed changes to the financial plan.

Option B results in the financial plan bylaw being held pending additional information or specific requests from Council.

Respectfully Submitted,

Trevor James, CFO, Director of Finance & Administration

---

**Report Approval Details**

Document Title:	RFCD 2023-2027 Draft Financial Plan 2nd and 3rd Readings.docx
Attachments:	<ul style="list-style-type: none"><li>- 2023-2027 Financial Plan Bylaw 1197, 2023 at 2nd 3rd 2023-02-23.pdf</li><li>- 2023-54 Capital Request Website.pdf</li><li>- Capital Carryforwards 2022 to 2023.pdf</li><li>- 02-16-2023 Budget Comms and Engagement Report.pdf</li></ul>
Final Approval Date:	Feb 17, 2023

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

**Reyna Seabrook, Director of Corporate Services - Feb 17, 2023 - 10:20 AM**

**Tanya Garost, Chief Administrative Officer - Feb 17, 2023 - 10:22 AM**