



REPORT

To: Chair and Directors

Report Number: ENV-BRD-036

From: Rural Budgets Administration Committee

Date: February 17, 2021

Subject: Function 701 North Peace Airport Subdivision Water 2021 Draft Budget

The following recommendation from the January 21, 2021 Rural Budgets Administration Committee meeting is being presented to the Regional Board for its consideration:

RECOMMENDATION: *[Corporate Weighted]*

That the Regional Board include the draft 2021 budget for Function 701 – North Peace Airport Subdivision Water in the 2021 Financial Plan.

BACKGROUND/RATIONALE:

The 2021 Budget Process and 2021 Budget Calendar were approved at the November 12, 2020 Board meeting. The 2021 budget is based on core expenses and presents any proposed non-core expenses as supplemental items, as required.

The 2021 draft budget is currently at \$189,088. This is an increase of \$69,642 or 58.34% from 2020. This is primarily due to funding a deficit and capital expenses. As per the Rural Budgets Administration Committee meeting on December 17, 2020, a \$64,908 Area C – Fair Share allocation was approved to help fund the 2020 capital/operational repairs and upgrades required for this function. An additional \$95,092 in Area C - Fair Share allocation was made for the remainder of the hydrant repairs required for the function. Both of these allocations have been applied within the 2021 Draft Budget.

ALTERNATIVE OPTIONS:

1. That the Regional Board provide further direction.

STRATEGIC PLAN RELEVANCE:

- ☒ Organizational Effectiveness
- ☒ Develop a Corporate Asset Management Program

FINANCIAL CONSIDERATION(S):

Highlights of increases and decreases in the North Peace Airport Subdivision Water 2021 budget include:

Operational Funding Sources:

- Parcel Tax – increase of \$5,000
- Surplus – increase in deficit of \$38,103
- Fees Paid – increase of \$4,000.
- Area C Fair Share – increase of \$64,908
- Area C PRA – decrease of \$47,000.

The net sum of the above increase in revenue is \$25,450.

Operations:

- Wages, benefits, WCB, Contingency – increase of \$14,033.
- Insurance – decrease of \$111.
- General operations – decrease of \$29,661.
- Allocations (Admin and Fleet) – increase of \$3,425.
- Water Charges – increase of \$4,000.
- Transfer to capital reserve – decrease of \$19,255.

The net sum of the above increase in expenses is \$25,540.

Capital Funding Sources:

- Fair Share Reserve – increase \$95,092.

Capital Expenses:

- Capital Infrastructure – increase of \$95,902.

The net sum of the above Capital increase is \$95,902.

The balance of the operational reserve is \$30,211 and the balance of the capital reserve is \$39,481.

COMMUNICATIONS CONSIDERATION(S):

A letter is going to be sent to the service area residents within the North Peace Airport Subdivision water system upon adoption of the 2021 Budget. This letter will notify residents of the parcel tax increase for 2021 and the future increases that will be necessary to sustain this function and build capital reserves for future capital infrastructure upgrades and repairs.

OTHER CONSIDERATION(S):

None.

Attachments:

1. Function 701 North Peace Airport Subdivision Water Draft 2021 Budget and Parcel Tax.