

DATE: February 4, 2020**FILE:** 1700-02/2020/550**TO:** Chair and Directors
Committee of the WholeSupported by Russell Dyson
Chief Administrative Officer**FROM:** Russell Dyson
Chief Administrative Officer***R. Dyson*****RE: 2020 - 2024 Financial Plan – Comox Valley Economic Development Service –
Function 550**

Purpose

To provide the Committee of the Whole with the proposed 2020 - 2024 Financial Plan and work plan highlights for the Comox Valley Economic Development service, function 550.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 financial plan for the Comox Valley Economic Development service, function 550, be approved.

Executive Summary

Comox Valley Economic Development service, function 550, is primarily delivered by the Comox Valley Economic Development Society (CVEDS) on behalf of participating members in the Comox Valley Regional District (CVRD), and based on terms included in a five year agreement. The agreement expires on March 31, 2020. The CVRD Board has approved a four-month extension to the agreement in order to allow time for further discussions on the provisions of future economic development services.

- The estimated residential tax impact per \$1,000/ assessed value is \$0.0697 or a decrease of \$0.0011 from the 2019 rate.
- For a home assessed at \$500,000, the tax impact in 2020 will be \$34.85.
- Revenue for this service is primarily through tax requisition.
- The primary cost for the service is the operational grant for the provision of:
 - Destination Marketing
 - Visitor Services
 - Core Economic Development Services
- The 2020 financial plan includes an allowance for economic development services based on the final three months of service delivery under the existing contract with CVEDS, followed by a two per cent cost of living increase for the remainder of 2020 and then annual cost of living increases for 2021 through 2024.
- Professional fees for 2020 includes \$30,000 for possible consulting work the CVRD may require to assist in determining the future contract arrangements and / or service delivery model for the service. Should an eventual future contract arrangement require a change to this service's financial plan that can be done at subsequent board meetings or during next year's financial planning process.
- An annual unconditional grant to the Vancouver Island North Film Commission (INFilm) in the amount of \$20,000 is included in the five-year financial plan. The CVRD and INFilm entered into a five year agreement in 2019 with an increased contribution from \$15,000 to \$20,000 per year.

Prepared by:

Scott Smith, RPP, MCIP
General Manager of Planning and
Development Services Branch

Stakeholder Distribution (Upon Agenda Publication)

Comox Valley Economic Development Society	✓
Vancouver Island North Film Commission (INFilm)	✓

Board Strategic Drivers

The CVRD Board has set four strategic drivers to guide service delivery. Not all services will be influenced by all drivers. Table 1 notes the degree of influence the drivers have on projects and work plans.

Table 1 – Strategic Drivers


Fiscal responsibility: <ul style="list-style-type: none"> The 2020 financial plan includes a cost of living adjustment, awaiting the outcome of negotiations for a future agreement. 	Climate crisis and environmental stewardship and protection: <ul style="list-style-type: none"> Projects are not significantly influenced by this driver.
Community partnerships: <ul style="list-style-type: none"> Direct grant of \$20,000 to support the Vancouver Island North Film Commission (INFilm). CVEDS maintain several community partnerships. 	Indigenous relations: <ul style="list-style-type: none"> CVEDS engages directly with the K'ómoks First Nation on economic activities

Financial Plan Overview

The 2020 - 2024 proposed five-year financial plan for the Comox Valley Economic Development service, function 550, including service establishment information, the requisition summary and the operating budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at www.comoxvalleyrd.ca/currentbudget.

Table 2 summarizes the 2020 proposed budget as compared to the 2019 adopted budget. Significant variances from 2019 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 2020 Proposed Budget				#550 Comox Valley Economic Development			
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)				
Revenue							
Grants In Lieu	31,000	31,000	-				
Requisition	1,195,567	1,248,456	52,889				
Sale Services Local Govt	40,000		(40,000)				
Prior Years Surplus	35,692	10,084	(25,608)				
	\$ 1,302,259	\$ 1,289,540	\$ (12,719)				
Expenditures							
Operating	1,288,295	1,284,897	(3,398)				
Contribution to Reserve	13,964	4,643	(9,321)				
	\$ 1,302,259	\$ 1,289,540	\$ (12,719)				

Highlights of the 2020 - 2024 proposed financial plan for function 550 include:

Revenue Sources

The primary revenue for this service is tax requisition which is proposed to increase by \$52,889 for 2020.

At this proposed budget stage, no transfer from reserves is included to reduce the requisition increase. This may be further reviewed once the 2019 year end is finalized.

The 2020 requisition reflects the current participating jurisdictions including Electoral Area A, Electoral Area B, Electoral Area C, the City of Courtenay and the Town of Comox. The Village of Cumberland withdrew from this service effective October 2016 and no longer contributes to the service.

Personnel

There are no CVRD personnel costs allocated to this service, however consideration is being given to allocate a portion of some personnel to enable a more fulsome contract monitoring role for the CVRD.

Operations

The primary cost for the service is an operational grant for economic development services totalling \$1,208,963 for 2020, which is an increase of 1.97 per cent over 2019.

There is also a separate annual unconditional grant to the Vancouver Island North Film Commission for \$20,000. The CVRD and INFilm entered into a new five year agreement in 2019 with an increased contribution from \$15,000 to \$20,000 per year.

Professional fees for 2020 includes \$30,000 for possible consulting work the CVRD may require to assist in determining the future contract arrangements and / or service delivery model for the service.

Capital

There are no capital assets associated with this service. The visitor center is owned by the Society.

Reserves

A reserve has been established for this service to fund future expenditures. The 2020-2024 financial plan includes a modest reserve contribution in 2020 of \$4,643. The estimated balance of this reserve as of December 31, 2019 was \$71,378, after a planned contribution to reserves of \$13,964 pending finalization of the 2019 year-end. This reserve could be used to support future expenditures, as approved by the board.

Tax Impacts

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.0697 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.0708 per \$1,000 of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$34.85.

Citizen/Public Relations

CVEDS has undertaken an extensive strategic planning process with the community to identify priorities, goals and action items that are specific to the CVEDS mandate. That exercise will result in the INNOVATE 2030 document, which may form part of the basis of discussions during future agreement negotiations.