

**DATE:** February 5, 2021**FILE:** 1700-02/2021/Function 645**TO:** Chair and Members  
Comox Valley Recreation Commission**FROM:** Russell Dyson  
Chief Administrative Officer

Supported by Russell Dyson  
Chief Administrative Officer  
***R. Dyson***

**RE: 2021 - 2025 Financial Plan – Comox Valley Recreation Complex Service  
Function 645**

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**Purpose**

To provide the Comox Valley Recreation Commission (Commission) with the proposed 2021 - 2025 Financial Plan and work plan highlights for the Comox Valley Recreation Complex service, function 645.

**Recommendation from the Chief Administrative Officer:**

1. THAT the proposed 2021 – 2025 financial plan for the Comox Valley Recreation Complex service, function 645, be approved;
2. THAT the an allocation of \$223,000 BC Safe Restart Grant funding in support of 2021 capital projects for the Comox Valley Recreation Complex service, function 645, be approved.
3. THAT the Comox Valley Recreation Commission support the aquatics centre upgrades to utilize the expected COVID-19 related closure period as summarized in Appendix A, table 2, pending completion of the aquatics facility assessment underway, the pending COVID-19 Resilience Infrastructure Stream grant application, and finalization of the recreation operational and capital plan for funding levels.

**Executive Summary**

This function provides funding to operate and maintain key recreation facilities in the Comox Valley including the sports and aquatics centres. The 2021-2025 financial plan is focused on balancing the budget with expected COVID-19 impacts and related revenue losses with offsetting cost reductions, while utilizing this down time to complete necessary upgrades at the facilities and mitigate future closures and related service and revenue impacts to complete service improvements.

**Highlights include:**

- Based on the 2021 completed assessment roll, the estimated residential tax rate for 2021 would be \$0.2423 per \$1,000 of assessed value, resulting in a tax impact for a property assessed at \$500,000 of \$121.15 (2020 - \$119.00).
- The proposed tax requisition is \$4,820,251 an increase of \$300,000 from 2020 levels at \$4,520,250, to provide some stability to the service with ongoing COVID-19 uncertainties and to ensure sustainable service delivery in the short and long-term. There has been no requisition increase since 2016. Funding will support strategic investment in the aquatics centre through an ongoing aquatics centre closure until the fall of 2021.
- The pandemic is impacting recreation service delivery through 2020-21 including reduced service levels, substantially reduced revenues, increased costs and operational uncertainty. It is proposed

to refocus on capital priorities utilizing the down time to complete some key asset management and service enhancement upgrades.

- This service budget includes \$223,000 COVID-19 restart grant funds to assist with ensuring services are maintained through COVID-19 in 2021 and can resume with an expected fall 2021 service delivery.
- With greater revenues earned at the aquatic centre during the time periods of January - March and September – December, the risk of opening over the spring/summer season would generate a net loss of up to \$1M.
- Overall personnel costs are proposed to decrease by \$306,766 due to adjusted staffing/program service levels. Personnel costs are not reduced at the same level as expected program revenue losses due to the additional COVID-19 measures that have been required to be put in place following provincial health guidelines. The costs to staff the sports centre are 1.5 times that of a regular operational period which puts further pressure on this budget and maintaining services with increased cost pressures;
- Operational costs for the facilities are proposed to decrease for 2021 by \$72,122. Part of the decrease is attributed to a decrease in utility costs, and scheduling for other operational efficiencies and cost reductions throughout the year.
- Staff are committed to completing all operational maintenance and capital projects during the aquatic centre closure. Ongoing reserve contributions support these projects and additional funds are allocated as needed; ongoing asset management implementation will result in a strategic funding strategy moving forward to ensure funds are available to meet ongoing infrastructure investment and to meet community service needs.
- Major maintenance and replacement plans for both the sports and aquatic centres continue to be projected in future years. A \$2.19 million grant application was recently submitted for the sports centre, and there are projects within that project plan that if awarded, could create synergy and efficiencies in procurement and project management with the proposed aquatics upgrades including roof replacement and LED lighting upgrades for both facilities.

Prepared by:

***J. Zbinden***

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Jennifer Zbinden  
Senior Manager of Recreation Services

Concurrence:

***D. DeMarzo***

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Doug DeMarzo  
General Manager of Community Services

### **Board Strategic Drivers**

The CVRD Board has set four strategic drivers to guide service delivery. Table 1 notes the degree of influence the drivers have on projects and work plans.

**Table 1: Board Strategic Drivers**

<b>Fiscal responsibility:</b> <ul style="list-style-type: none"> <li>• An asset inventory and life cycle costing report was recently completed and will inform future asset management upgrades at both facilities.</li> <li>• The sports and aquatic centres both have major maintenance and replacement plans projected in future years.</li> <li>• A \$2.19 million grant for the sports centre was submitted recently using these recent asset management studies which if successful will significantly alleviate further funding pressures.</li> </ul>	<b>Climate crisis and environmental stewardship and protection:</b> <ul style="list-style-type: none"> <li>• Arena 1/sports centre pool Heat Reclaim Upgrade 11 per cent return on energy savings costs for the facility.</li> <li>• Replacement of Arena 2 ice re-surfacer with an electric model which will improve air quality, and reduces strain on building ventilation system.</li> </ul>
<b>Community partnerships:</b> <ul style="list-style-type: none"> <li>• The sports and aquatic centres serve as a home to many community clubs including minor hockey, ringette, figure skating, lacrosse and swim clubs.</li> <li>• The curling center is operated by the Comox Valley Curling Society under agreement with the CVRD.</li> <li>• Relationships with School District #71 for the provision of healthy programs for students.</li> <li>• Working with member municipalities on a regional low-income pass.</li> </ul>	<b>Indigenous relations:</b> <ul style="list-style-type: none"> <li>• 2021 cultural camp partnerships with Wachiay Friendship centre.</li> </ul>

In response to Strategic Goal 1- Asset Management Outcome the following expenditures are proposed for 2021:

- Include professional fees for:
  - Aquatic centre facility assessment, to ensure investments made in 2021 are the highest need and maximize investment of reserves (\$50,000).
  - Joint aquatic service study (indoor/outdoor) collaboration (\$30,000).
  - Replacement of the aquatic centre sound system (\$30,000)

In response to Strategic Driver - Climate crisis and environmental stewardship and protection – outcome – As part of the Clean BC – low carbon initiative:

- Installation of an EV charging station at the sports centre, aquatic centre and exhibition(\$30,000)
- Replacement of the Arena 2 ice resurfacer (\$225,000)

### **Rethink Comox Valley / COVID-19 Response and Renewal**

The Commission approved the COVID-19 Response and Renewal plan in July 2020. Recreation services plays an important role in the Comox Valley's renewal phase.

The following list provides a snapshot of strategies put forth by the recreation staff to make certain of responsible decision making:

- a) Initiating a conservative flexible opening approach to respond to community uptake, public health directives and fiscal prudence.

- b) Managing operating costs by acknowledging lower revenues with levels of service delivery.
- c) Assessing and returning services on revenue/cost ratios as openings and programs/services are promoted allowing adjustments as needed.
- d) Re-evaluating traditional operating models with a focus on new registration requirements and lesson structure initiatives.
- e) Deferring some capital expenditures such as lighting and sound system upgrades.
- f) Supporting the promotion of healthy lifestyles and invigorating community spirit through physical activity as priority and continue to be catalyst for community connection.

The surplus as identified for 2020 is due to:

- Staffing costs actuals 26 per cent lower compared to the budgeted 2020 fiscal year.
- Utility operating costs savings cover some of the lost revenue.
- Over \$100,000 in capital costs were delayed or cancelled.

Recreation strategic goal highlights:

1. Asset Management – Continue maintenance upgrades during shut down. Utilizing the asset management process through the recently completed facility condition assessment on the sports centre aquatics area providing grant readiness for a COVID Infrastructure Resilience Stream application in early 2021, and upcoming assessment for the aquatics centre for developing long-term upgrade and renewal plans for recreation infrastructure through strategic funding strategies to achieve sustainable service delivery. These studies and facility assessments ensure funds invested maximize the investments made in asset management upgrades, and provides the information needed to create work plans and support grant readiness.
2. Partnership between jurisdictions (including Comox Valley School District, First Nations) – support partnerships for capital improvement and First Nations programming. Support partnerships with clubs/community groups on service delivery (including swim clubs, minor hockey, figure skating, Boys and Girls club).
3. Connectivity – walking connectivity – mapping, signage (Visitor's Centre – Where to Walk maps, Active Comox Valley mapping system for parks, trails).
4. Accessibility (focusing on income) – continue progress of regional low income pass, and promote Active Comox Valley initiatives for low or no cost.
5. Volunteer Engagement – support community groups with their return to play plans. Linking volunteer groups to provide support for various events and activities in our community. (Hosting annual volunteer fair, volunteer recognition program being created).

Returning to a full program and service levels when feasible given COVID-19 health orders ensures stability for recreation services users which is critical to community recovery. 2021 still remains highly unpredictable and operating costs will likely still increase at a higher ratio compared to revenue intakes. The exception to this rule will be summer camps/cohort programs that will remain cost neutral or increased revenue. The goal through expected ongoing COVID-19 facility closures and limited attendance, is to utilize this opportunity to make significant upgrades to both facilities and minimize future service disruptions and revenue impacts that occur through capital project upgrades. The recreation team looks forward to providing all of our services in the future within our renewed service delivery model with improved facilities to serve the community.


### **Financial Plan Overview**

The 2021 - 2025 proposed five-year financial plan for the Comox Valley Recreation Complexes service, function 645 , including service establishment information, the requisition summary and the

operating and capital budgets, 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](http://www.comoxvalleyrd.ca/currentbudget).

Table 2 on the following page summarizes the 2021 proposed budget as compared to the 2020 adopted budget. Significant variances from 2020 adopted budget will be discussed in the financial plan sections that follow.

Table 2: Financial Plan Highlights

 <b>2021 Proposed Budget</b>				<b>#645 Comox Valley Recreation Complexes</b>			
<b>Operating</b>	<b>2020 Budget</b>	<b>2021 Proposed Budget</b>	<b>Increase (Decrease)</b>				
<b>Revenue</b>							
Grants In Lieu	133,500	138,500	5,000				
Requisition	4,520,250	4,820,251	300,001				
Senior Govt Grants	10,000	223,000	213,000				
Sale Services User Fees	1,891,940	1,138,136	(753,804)				
Other Revenue/Recoveries	55,255	48,255	(7,000)				
Long Term Debt Proceeds	1,006,301	0	(1,006,301)				
Prior Years Surplus	508,797	600,000	91,203				
	<b>\$ 8,126,043</b>	<b>\$ 6,968,142</b>	<b>\$ (1,157,901)</b>				
<b>Expenditures</b>							
Personnel Costs	4,323,407	4,016,641	(306,766)				
Directors Remuneration	15,452	15,452	-				
Operating	2,193,100	2,120,978	(72,122)				
Contribution to Reserve	472,619	669,163	196,544				
Transfer to Other Functions	61,445	2,692	(58,753)				
Debt Charges	1,060,020	143,216	(916,804)				
	<b>\$ 8,126,043</b>	<b>\$ 6,968,142</b>	<b>\$ (1,157,901)</b>				
<b>Capital</b>							
<b>Funding Sources</b>							
Transfer from Reserve	407,750	460,000	52,250				
	<b>\$ 407,750</b>	<b>\$ 460,000</b>	<b>\$ 52,250</b>				
<b>Funding Applied</b>							
Capital Projects & Equip	407,750	460,000	52,250				
	<b>\$ 407,750</b>	<b>\$ 460,000</b>	<b>\$ 52,250</b>				

Highlights of the 2021 - 2025 proposed financial plan for function 645 include:

#### Revenue Sources

- The main source of revenue for the Comox Valley Recreation Complexes Service, function 645 is the tax requisition (70 per cent) which is proposed to increase by \$300,000 to \$4,820,251 in 2021. This increase covers a portion of expected net losses due to COVID-19 closures, and provides some additional funds to ensure that identified upgrade work can occur through the closures, as well as provides some long-term stability for the service by increasing requisition through future uncertainty with the pandemic. The requisition had remained unchanged for the past five years and beyond.
- Sales of services and user fees for 2021 are projected to be \$1,138,136 (16.3 per cent). A decrease of \$753,804 or 40 per cent in comparison to 2020 budgeted revenues. This is a direct result of COVID-19 facility closures and reduced program offerings, including the expected ongoing closure of the aquatics centre until fall 2021.
- Staff continually strive to find new programs/partnerships and ways to increase the participation at the facilities. In particular a large focus towards bubble/cohort programming and outdoor children/youth programming.

- At the proposed budget the surplus carry forward from 2020 is presently estimated at \$600,000; this is being refined through the 2020 year-end process and will be updated to final figures in the recommended budget. Lower than forecast expenditures, primarily in personnel costs due to the Public Health Officer facility closure guidelines. The final surplus will be finalized upon year end completion.
- Recreation services historical low revenue months March-mid September.

### Personnel

The personnel budget for 2021 is proposed to decrease by \$306,766 to reflect the costs associated with:

- decreased programs and service levels;
- scheduling for other operational efficiencies and cost reductions throughout the year such as decreased advertising, contracted services, travel and training costs.

Collective agreement bargaining is slated to begin in the late fall of 2021.

### Operations

Overall operations costs for the facilities are proposed to decrease for 2021 by \$72,122. Part of the decrease is attributed to:

The proposed budget includes a provision for the annual maintenance that is done on the buildings and equipment, for the most part during the shutdown periods scheduled from April-August of each year, however due to the current state of the pandemic the aquatic centre remains closed until September. Staff are committed to working towards completing all operational maintenance during this time in turn the facilities should see less down time due to maintenance work in future years.

2021 minor capital and operating projects scheduled are Arena 2 sprinkler piping and fire safety valve replacements for \$40,000, aquatic centre surge tank replacements for \$18,000 and sports centre pool code upgrades phase 1 to meet updated safety regulatory standards for \$28,000 (an outcome of the pool basin study).

### Capital

In 2020 the Arena 2 condenser was replaced, budgeted at \$189,750 and completed at a final cost of \$160,710, to meet further emergency ammonia regulatory requirements. This upgrade provides for a consistent ice surface, increases energy efficiency and further decreases Arena 2 operating costs.

In 2021, the Arena 2 ice resurfacer is proposed to be replaced, at a cost of \$225,000, as part of the current asset management plan.

There are a significant number of capital projects identified in the life cycle and facility condition assessment plans recently completed and are scheduled for replacement in future years. Appendix A indicates the projects included in the proposed capital plan for 2021-2025.

In consideration of the recent sports centre grant application and expected ongoing closure of the aquatics centre until fall 201, additional capital projects have been identified as opportunities to undertake through this closure period;

- Aquatic Centre decking and change room floors re-epoxied as part of asset and risk management to ensure the safety of our patrons for a cost of \$130,000;
- Aquatic Centre external sign located along Ryan road to be replaced as part of the asset management process for a cost of \$65,000.

- Aquatic Centre LED lighting upgrade as part of the asset management process for a cost of \$45,000.
- Aquatic Centre roof replacement and mechanical upgrades, pending facility assessment underway in early 2021. Project plan may be adjusted following completion of assessment in early spring and with anticipated grant announcement for the sports centre. Project plan will ensure highest priority improvements are completed, with a focus on synergy if the sports centre COVID-19 Resilience Infrastructure Stream (CVRIS) grant is successful. Current estimated budget \$790,000; includes shifting \$130,000 epoxy tile replacement project from proposed 2024 in Appendix A, table 1 to 2021 while the facility is closed.

Due to the current pandemic the continued aquatic centre closure provides the opportunity to complete further capital work recognized through the asset and risk management processes. This may see the facility reducing its maintenance and capital work closures in future years.

Asset management and service enhancement projects have been identified through a recent life cycle assessment of the aquatics centre. Upon further review, some projects could be achieved within fiscal 2021, those that benefit the facility overall with core asset management projects, and improve service levels from an accessibility and COVID-19 safety lens. Staff will be utilizing the asset management process through the recently completed facility lifecycle assessment on the sports and aquatic centre and upcoming detailed assessment for the aquatic centre for developing long-term upgrade and renewal plans for recreation infrastructure through strategic funding strategies to achieve sustainable service delivery.

The CVRD is working through asset management implementation which includes developing long-term capital plans through asset inventory and condition studies, and built from this a financial stability framework utilizing reserves, debt and grant funding when available to maintain and upgrade key community facilities. The focus will be developing incremental and stable requisition and rate increases over the short and long term.

Given these significant infrastructure assets invested by the CVRD to provide recreation services to the region, and the need to maximize available funding for maintaining and upgrading these key community facilities including the Comox Valley Sports Centre, Aquatics Centre and Exhibition Grounds, the department has been focusing on enhancing its asset management practices in recent years as a strategic priority.

The opportunity to apply for the most recent infrastructure grant relevant to this service plus the potential for related projects would significantly alleviate future funding pressures for this service for ongoing asset management improvements to achieve sustainable service delivery for the recreation facilities in the Comox Valley region that provide opportunity for community members of all ages have opportunities to maintain healthy life styles through movement and socialization.

The recreation department has a 10 year asset management plan in place. We currently have a database of all of our assets with information such as the installation date, life expectancy and overall condition. We use the information to plan our capital and operational budgets. Condition assessments are completed of critical assets every one-two years and update the results in the database.

#### Debt

The debt for the Arena 2 ice surface will be retiring in 2021. This will enable increased reserve contributions to fund ongoing facility upgrades to maintain service levels.



The remaining debt servicing pertains to the long-term debt, converted from interim financing and entered into in spring 2020, for the curling centre renovation project. This loan is to be repaid over a ten-year term at an annual cost of \$111,927.

### Reserves

The retirement of a debt issue in 2017 has enabled annual contributions to the capital works reserve across the 2021-2025 financial plan to support the capital works plan and potential asset management items as shown in Table 3. The reserve balances include the projects in the proposed financial plan, as detailed in Appendix 1, table 1.

\$850,000 of the projects currently funded by reserve have been included in the CVRIS grant for the sports centre in early 2021; if awarded in early spring these funds would be released to fund the aquatics centre upgrades that are expected through the facility assessment underway as well as alleviate future asset management pressures for this service.

Due to the expected closure of the aquatics centre until fall 2021 given COVID-19 restrictions, increased costs to operate the facility with COVID-19 measures, and lower seasonal revenues in the spring/summer period, staff are recommending that this aquatics closure period is utilized to complete accessibility and asset management upgrades identified in appendix A, table 2 pending the assessment study with refined project list. If supported, the recommended budget would include the adjusted project plan given the aquatics centre underway, the pending CVRIS grant, and final funding levels.

Annual contributions to the capital works reserve includes repayment of reserve funds used for the heat reclamation project based on an estimated cost savings through reduced energy consumption of \$50,000 per year, in addition to other reserves transfers as applicable to fund the ongoing capital plan to maintain service levels. The asset management plan underway will include the development of a sustainable funding strategy for this high infrastructure based service that requires ongoing upgrade and maintenance to provide service levels for these key community facilities.

**Table 3: Estimated Capital Works Fund Reserve Fund Status**

Capital Reserve	2021	2022	2023	2024	2025
Opening Balance	1,397,696	\$1,495,485	\$1,366,215	\$694,797	\$598,370
Contributions	\$557,789	\$50,730	\$163,582	\$208,573	\$351,298
Withdrawals	(\$460,000)	(\$180,000)	(\$835,000)	(\$305,000)	(\$525,000)
<b>Closing balance</b>	<b>\$1,495,485</b>	<b>\$1,366,215</b>	<b>\$694,797</b>	<b>\$598,370</b>	<b>\$424,668</b>

### Tax Impacts

- Based on the 2021 completed assessment roll and 2021 – 2025 proposed financial plan, the estimated residential tax rate for this service is slated to be \$0.2423 (2020 - \$0.2380) 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 \$121.50 (2020 - \$119.00).

**Citizen/Public Relations**

Participants in the service include the City of Courtenay, Town of Comox, Village of Cumberland and the residents of Electoral Areas A (Part Area A Baynes Sound), B and C. Defined Area A – Denman/Hornby provides a small contribution via a recovery from the Hornby-Denman Rec Complexes Contribution Service, function 607.

Attachment: Appendix A – Proposed Capital Projects

## Appendix A – Proposed Capital Projects

Table 1: Capital Projects Proposed

Not including (Comox Valley Sports Centre CVRIS Grant Application projects)

Capital Projects (PROPOSED)	Project Budget	Anticipated Schedule
<b>Machinery &amp; Equipment</b>		
Arena 2 Ice Resurfacer - Electric	\$225,000	2021
Sports Centre main lobby heat/cool unit	\$25,000	2021
AHU A2 dressing room	\$20,000	2022
Arena 1 compressor replacements	\$80,000	2022
Aquatic Centre Security system	\$30,000	2022
Sports Centre main pool circulation pump	\$10,000	2022
Arena 1 Dehumidifier	\$160,000	2023
Arena 1 stereo system	\$50,000	2023
Arena 1 chiller gasket replacement	\$45,000	2024
Arena 1 score clock	\$35,000	2024
**LED lighting upgrade for both arenas	**\$225,000	2025
<b>Building Improvements</b>		
EV charging stations (all 3 locations) – carry forward from 2020	\$30,000	2021
Aquatic Centre stereo system – carry forward from 2020	\$30,000	2021
**Sports centre roof replacement	**\$325,000	2023
Aquatic Centre re-epoxying deck and change room floors	\$130,000	2024
Arena 1 lobby flooring replacement	\$50,000	2025
Sports and Aquatic Centre parking lots	\$250,000	2025
<b>Information Technology</b>		
Replacement of registration software	\$150,000	2021
**Fibre Optics	**\$300,000	2023
SCADA refrigeration plants	\$70,000	2024
<b>Vehicles</b>		
Vehicle replacement – F150	\$40,000	2022
Vehicle Replacement – Honda Fit	\$25,000	2024
<b>TOTAL</b>	<b>\$ 2,305,000</b>	

\*Ongoing asset management projects included in proposed financial plan funded by reserves.

\*\*Currently funded by reserves that could be funded by the pending CVRIS grant, would alleviate funding pressures and provide additional funding for aquatics centre and other future upgrades; total \$850,000.

Table 2: Recommended Capital Projects for the Aquatic Centre during expected closure

Capital projects (RECOMMENDED)	Project Budget	Anticipated Schedule
**Aquatic Centre re-epoxying deck and change room floors	**\$130,000	2021
Aquatic Centre Ryan road sign	\$65,000	2021
Aquatic Centre pool area LED lighting	\$45,000	2021
Aquatic Centre Roof replacement (*Assessment)	*\$400,000	2021
Aquatic Centre Architectural /Mechanical Upgrades (*Assessment)	*\$150,000	2021
<b>Total</b>	<b>\$790,000</b>	

*\*Project plan to be finalized pending facility assessment in early 2021 and outcome of CVRIS grant application for sports centre, recommendation to commit reserve funds in recommended budget to utilize down time in aquatics centre to complete major upgrades. Expect the aquatics study and grant announcement to occur in early spring, which would require an amendment to the capital plan for final project list and allocation of reserves and grant funding. This is placeholder to support major facility investment in the aquatics centre to utilize the closure to reduce future downtime and related service and revenue impacts.*

*\*\*The proposed financial plan in table 1 identifies the epoxy deck project to be completed in 2024; the recommendation is to move this project to 2021 to utilize the expected closure time.*

Table 3: CVRIS Grant Application Capital Projects

(Submitted in the CV SPORTS CENTRE CVRIS GRANT APPLICATION PROJECTS)

Capital projects (CV Sports Centre CVRIS GRANT Application)	Project Budget	Anticipated Schedule
Sports Centre pool roof replacement	\$425,000	2021
Fibre Optics	\$300,000	2021
Arena 1 & 2 and Aquatic Centre LED lighting & Solar Panels	\$140,000	2021
Change rooms/Guard rooms Accessibility & safety upgrades	\$397,000	2021
Emergency doors/touchless controls	\$105,000	2021
Mechanical upgrades	\$432,000	2021
Fees & contingencies	\$395,800	2021
<b>Total*</b>	<b>\$2,194,800</b>	

*\*Financial Plan will be amended to include these projects if grant is successful. \$850,000 of these projects currently included in proposed capital plan funded by reserves, which could be reallocated to the aquatics centre and other future upgrades to these facilities.*

All projects approved in the financial plan will be procured in accordance with Bylaw No. 510 and the board approved Procurement Policy.

Any project the board wishes to receive additional information on prior to the procurement and/or contract award should be highlighted at this time.