

DATE: February 28, 2019

FILE: 1700-02/2019/645

TO: Chair and Members
Comox Valley Sports Centre Commission

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON

**RE: 2019 - 2023 Recommended Financial Plan – Comox Valley Recreation
Complex Service – Function 645**

Purpose

To provide the Comox Valley Sports Centre Commission (Commission) with the 2019 - 2023 recommended financial plan for the Comox Valley Recreation Complex Service, function 645, which updates the proposed financial plan presented to the Commission on February 5, 2019.

Recommendation from the Chief Administrative Officer:

THAT the 2019 - 2023 recommended financial plan for Comox Valley Recreation Complex Service, Function 645 be amended as outlined in the staff report dated February 28, 2019 with no increase to the tax requisition in 2020;

AND FINALLY THAT the 2019 - 2023 recommended financial plan for Comox Valley Recreation Complex Service, Function 645, be approved as amended.

Executive Summary

The 2019– 2023 proposed financial plan and work plan highlights for functions 645 – 649 was presented to the Commission on February 5, 2019, on the basis of a staff recommendation, the commission proposed an amendment to reflect a two per cent increase in requisition. Since that time the 2018 year-end surplus has been finalized indicating a total surplus carry forward into 2019 of \$782,089. An increase to the tax requisition is not necessary at this time.

The impacts to personnel costs resulting from the recently negotiated Unites Steel Workers (USW) agreement have also now been identified. This report summarizes the personnel cost impacts and recommends activities and projects in 2019 that the prior year's surplus can support.

Highlights include:

- 2019 tax requisition remains unchanged from 2018;
- Increase to 2019 professional fees by \$215,000 to assist with;
 - Recreation Review Implementation (\$25,000)
 - Asset Management planning for Aquatic Centre (\$80,000)
 - Registration software implementation (\$75,000)
 - Website integration for online registration (\$10,000)
 - Regional Hardcourt Outdoor Study (\$25,000)
- Increase personnel costs to address new collective agreement (approx. \$59,205 per year);
- Include capital project for Annual IT Infrastructure (\$30,000);
- Include capital project for machinery and equipment - replacement of wellness centre/fitness studio exercise equipment (\$80,000);
- Include capital project for building improvements– Sports Centre exterior sign replacements (\$40,000).

Prepared by:

J. Zbinden

Jennifer Zbinden
Senior Manager of Recreation Facilities

Concurrence:

T. Ian Smith

T. Ian Smith, MCE
General Manager of Community Services

Option

1. To approve the 2019 - 2023 recommended financial plan for Comox Valley Recreation Complex Service, function 645 as presented.
2. To direct staff to increase the requisition by two per cent to support future reserve and asset management requirements.

This report provides updates to the 2019-2023 proposed financial plan presented to the Commission on February 5, 2019. Now that the 2018 year end surplus has been finalized, staff are recommending updates to the proposed financial plan as indicated in this report and recommend that consideration of an increase to the tax requisition be deferred until 2020 when the results of the recreation review and asset management plan are available. This large surplus was unanticipated by staff. As part of the recreation review processes are being developed that will help address this situation in future and assist staff to better manage the 645 finances.

Personnel

The new collective agreement with USW 1-1937 has been ratified for a four-year term. The personnel costs in the recommended 2019-2023 financial plan reflect the new agreement with an incremental impact of an average of \$59,205 per year over the preliminary personnel cost increases previously included in the proposed financial plan.

Operations

Two additional minor capital items:

- \$2,600 for staff computer upgrades/additions and;
- \$5,000 for staff office renovation/relocations.

An asset management plan review for the CVRD Sports and Aquatic Centre facilities will take place in 2019 with a report coming forward to the Commission when complete. The report will provide an assessment of the two facilities and provide recommendations of the financial support required to maintain the facilities. An increase in the annual requisition may need to be considered effective 2020 in order to address recommendations and priorities coming out of the asset management planning report.

A recreation review for the CVRD Sports and Aquatic Centre facilities was completed in September 2018. This report provided recommendations for the recreation department to assist with items such as the budgeting process, strategic planning, staffing, employee engagement and principles to setting program fees. The implementation of this plan is currently underway and \$25,000 has been included in the 2019 recommended budget to achieve results.

Capital

Additional allowances included for the continued implementation of the recreation management software, replacement of wellness centre/fitness studio exercise equipment, annual IT infrastructure repairs/updates and for the improvement of the exterior Sports Centre signs.

Reserves

The estimated Capital Works reserve tables below are provided for comparison at both the proposed and recommended budget stages. An additional \$250,471 is being contributed to reserves as a result of the 2018 surplus and the expenditures also now reflect project needs in the recommended budget.

Table 1: Estimated Capital Works Reserve Status as at Proposed Budget

Capital Reserve	2018	2019	2020	2021	2023	2023
Opening Balance	\$627,147	\$708,432	\$843,005	\$810,494	\$869,320	\$754,260
Contributions	\$261,707	\$309,573	\$221,489	\$213,826	\$159,940	\$88,690
Withdrawals	(\$180,422)	(\$175,000)	(\$254,000)	(\$155,000)	(\$275,000)	(\$250,000)
Closing balance	\$708,432	\$843,005	\$810,494	\$869,320	\$754,260	\$592,950

Table 2: Estimated Capital Works Reserve Status as at Recommended Budget

Capital Reserve	2018	2019	2020	2021	2023	2023
Opening Balance	\$627,147	\$1,021,594	\$1,256,638	\$1,210,917	\$1,299,778	\$1,152,957
Contributions	\$574,869	\$560,044	\$248,279	\$243,861	\$128,179	\$55,097
Withdrawals	(\$180,422)	(\$325,000)	(\$294,000)	(\$155,000)	(\$275,000)	(\$250,000)
Closing balance	\$1,021,594	\$1,256,638	\$1,210,917	\$1,299,778	\$1,152,957	\$958,054