

DATE: January 24, 2020**FILE:** 1700-02/2020/645**TO:** Chair and Members
Comox Valley Sports Centre CommissionSupported by Russell Dyson
Chief Administrative Officer**FROM:** Russell Dyson
Chief Administrative Officer*R. Dyson***RE: 2020 - 2024 Financial Plan – Comox Valley Recreation Complex Service
Function 645****Purpose**

To provide the Comox Valley Sports Centre Commission with the proposed 2020 - 2024 financial plan and work plan highlights for the Comox Valley Recreation Complex service, function 645.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 financial plan for the Comox Valley Recreation Complex service, function 645, be approved.

Executive Summary

This report presents a proposed financial plan for the Comox Valley Recreation Complexes service that includes an increase of \$100,001 to the 2020 tax requisition.

Highlights include:

- Based on an estimated residential tax rate for 2020 of \$0.2429 per \$1,000 of assessed value, the tax levy for a property assessed at \$500,000 would be \$121.45;
- The proposed tax requisition is \$4,620,251 an increase of \$100,001 from the 2019 levels at \$4,520,250;
- Sales of services and user fees for 2020 are estimated at \$1,891,940 (27 per cent of revenue);
- The work plan focuses on the commissions Strategic Goals and in particular partnerships between Jurisdictions. The department will continue to develop partnerships that support and enhance the delivery of recreation services to all citizen in the Comox Valley.
- Overall personnel costs are proposed to increase by \$95,526 for adjusted staff levels;
- Operational costs for the facilities is proposed to decrease for 2020 by \$260,805. Part of the savings is attributed to:
 - completion of ammonia regulatory changes/requirements;
 - completion of the recreation facilities condition assessments and lifecycle report as well as scheduling for other operational efficiencies throughout the year.
- Capital costs include the replacement of the arena 2 condenser budgeted at \$189,750 and replaced/upgraded security systems for both facilities as a safety requirement at \$45,000.
- In response to Strategic Goal 1 – Asset Management – contributions to reserves are to maintain and prolong functional lifespan for facilities.

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Concurrence:

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Board Strategic Drivers

The Comox Valley Regional District (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: Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> • An asset inventory and life cycle costing report was recently completed and will inform future asset management. • The sports and aquatic centres both have major maintenance and replacement plans projected in future years 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> • Arena 1/sports centre pool Heat Reclaim Upgrade 11 per cent return on energy savings costs for the facility. • Replacement of Arena 2 ice resurfacer with an electric model which will improve air quality, and reduces strain on building ventilation system.
<p>Community partnerships:</p> <ul style="list-style-type: none"> • The sports and aquatic centres serve as a home to many community clubs including minor hockey and swim clubs. • The curling center is operated by the CV Curling Society under agreement with the CVRD • Relationships with School District #71 for the provision of healthy programs for students. • Working with member municipalities on a regional low-income pass. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> • UBCM Urban Communities partnering for reconciliation pilot project. Summer 2020 cultural camp partnership with Wachiay Friendship centre.

Core Services for Recreation are attached as Appendix B – “Core Service: Recreation”

Financial Plan Overview

The 2020 - 2024 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.

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

		#645 Comox Valley Recreation Complexes		
		2019 Budget	2020 Proposed Budget	Increase (Decrease)
Operating				
Revenue				
Grants In Lieu	133,500	133,500	-	
Requisition	4,520,250	4,620,251	100,001	
Senior Govt Grants		10,000	10,000	
Sale Services User Fees	1,856,840	1,891,940	35,100	
Other Revenue/Recoveries	57,255	55,255	(2,000)	
Long Term Debt Proceeds		1,006,301	1,006,301	
Prior Years Surplus	782,089	172,363	(609,726)	
	\$ 7,349,934	\$ 7,889,610	\$ 539,676	
Expenditures				
Personnel Costs	4,227,845	4,323,371	95,526	
Directors Remuneration	15,075	15,452	377	
Operating	2,373,941	2,113,136	(260,805)	
Contribution to Reserve	659,104	363,682	(295,422)	
Transfer to Other Functions	13,940	13,949	9	
Debt Charges	60,029	1,060,020	999,991	
	\$ 7,349,934	\$ 7,889,610	\$ 539,676	
Capital				
Funding Sources				
Transfer from Reserve	325,000	347,750	22,750	
	\$ 325,000	\$ 347,750	\$ 22,750	
Funding Applied				
Capital Projects & Equip	325,000	347,750	22,750	
	\$ 325,000	\$ 347,750	\$ 22,750	

Highlights of the 2020 - 2024 proposed financial plan for function 645 include:

Revenue Sources

- The main source of revenue for the Comox Valley Recreation Complexes Service is the tax requisition (70 per cent) which is proposed to increase by \$100,000 to \$4,620,251 in 2020.
- Sales of services and user fees for 2020 are projected at \$1,891,940 (27 per cent) of the 2020 revenue. Staff continually strive to find new programs/partnerships and ways to increase the participation at the facilities.
- The surplus carry forward from 2019 is estimated at \$159,363. In addition, \$13,000 has been carried forward for a portion of the purchase of decision making software for asset management. The prior year's surplus will be confirmed and updated upon completion of the 2019 year-end process.

Personnel

The personnel budget for 2020 is proposed to increase by \$95,526 to reflect the costs associated with:

- the collective agreement wage increases of two per cent;
- implementation of the recently completed recreation review and pool safety audit;
- to ensure compliance with Technical Safety BC;
- ensure public safety at pool facilities to comply with Lifesaving Society;
- implement Recreation Review staffing changes;
- maintain aging infrastructure and extend facilities' lifespan.

Operations

Overall operations costs for the facilities is proposed to decrease for 2020 by \$260,805. Part of the savings is attributed to the early completion of ammonia regulatory changes/requirements, the completion of the recreation facilities condition assessments and lifecycle report as well as scheduling for other operational efficiencies throughout the year. 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.

2020 minor capital projects scheduled are mezzanine upgrades totalling \$10,000 and Arena 2 sprinkler piping upgrades to meet new safety regulatory standards for \$10,000.

Capital

In 2019 the Arena 2 dehumidifier was replaced, at a cost of \$160,000, as part of the current asset management plan.

In 2020, the arena 2 condenser is proposed to be replaced, at a cost of \$189,750, to meet further emergency ammonia regulatory requirements. This upgrade is providing a consistent ice surface, increasing energy efficiency and further decreasing arena 2 operating costs.

There are a significant number of capital projects identified in the asset management plan and are scheduled for replacement in future years. Appendix A indicates the projects included in the proposed capital plan for 2020-2024.

Debt

The debt for the Arena 2 ice surface will be retiring in 2021. This will enable increased reserve contributions to fund capital/operational projects.

The remaining loan is interim financing for the curling centre renovation project which is slated to be converted to long term debt in the spring 2020 Municipal Finance Authority debt issue.

Reserves

The retirement of a debt issue in 2017 has enabled annual contributions to the capital works reserve across the 2020-2024 financial plan to support the capital works plan and potential asset management items as shown in Table 4.

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.

Table 4: Estimated Reserve Fund Status

Capital Reserve	2019	2020	2021	2022	2023	2024
Opening Balance	\$1,008,002	\$1,260,019	\$1,275,951	\$1,220,628	\$1,279,108	\$1,059,532
Contributions	\$559,104	363,682	\$189,677	\$248,480	\$220,424	\$200,726
Withdrawals	(\$307,087)	(\$347,750)	(\$245,000)	(\$190,000)	(\$440,000)	(\$200,000)
Closing balance	\$1,260,019	\$1,275,951	\$1,220,628	\$1,279,108	\$1,059,532	\$1,060,258

Tax Impacts

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.2429 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.2531 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 \$121.45

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.

Attachments: Appendix A – “2020 – 2024 Proposed Capital Project Summary”
 Appendix B – “Core Service: Recreation”

Appendix A – Proposed Capital Projects

Capital Project	Project Budget	Anticipated Schedule
Security Systems (both facilities)	\$ 45,000	2020
Phone System	45,000	2020
Network Fibre	18,000	2020
Condenser R2 (regulatory requirements)	189,750	2020
Aquatic Centre 25 metre pool heater	25,000	2020
Aquatic Centre Exterior Signage	25,000	2020
Arena 2 dressing room AHU2	20,000	2021
Arena 2 Ice Resurfacer- Electric	225,000	2021
Mezzanine Upgrade Phase 2 (finish)	80,000	2022
Arena 1 & 2 ice LED	100,000	2022
Sports Centre main pool circulation pump	10,000	2022
Fibre Optics	300,000	2023
SCADA	70,000	2023
Fitness Equipment (phase 2)	80,000	2023
Vehicle Replacement	60,000	2024
Sports Centre change room floors Safety Phase 2 Finish	60,000	2024
Arena 1 Sound System	50,000	2024
Arena 1 Flooring	60,000	2024
Total	\$ 1,462,750	

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.



Core Service: Recreation

CVRD owns and operates the Comox Valley Aquatic Centre (pool facilities), Comox Valley Sports Centre (two ice sheets, wellness centre and pool facilities) and Comox Valley Curling Centre. Administration and operation oversight of the facilities and programs is delegated to the Comox Valley Sports Centre Commission.

The Commission undertook its own strategic planning session in spring 2019. The following outcomes and initiatives are affirmed through the Commission's independent plan.

Key service outcomes:

- ✓ Supporting the health of citizens
- ✓ Asset management
- ✓ Partnerships between jurisdictions and external stakeholders
- ✓ Connectivity to recreational services
- ✓ Accessibility to recreational services
- ✓ Volunteer engagement
- ✓ Cooperation with School District 71 facilities
- ✓ Greenhouse gas and environmental impact reduction
- ✓ Partnerships with K'ómoks First Nation

Initiatives (Proposed for 2020-2024 budget)

Key Projects	Strategic Drivers	Costs	Public Engagement	Timing
1. Implementation of the CVRD Sports Centre Strategic Plan 2019-2021	F, C, P, I	\$		2020-2021
2. Opportunities for organizational improvement including information technology supports, management structural changes	F, C	\$		2021
3. Implementation of a low-income regional pass *	F, P	\$		2020
4. Energy reduction improvements such as: switching to LED lighting; evaluating heat reclamation potential; and acquisition of an electric ice resurfacing equipment	F, C, P	\$		2021
5. Enhanced programming with First Nations involvement *	P, I	\$		2020

* - depends on partner collaboration and advocacy with partners is encouraged

Strategic Drivers: F = fiscal responsibility; C = climate crisis; P = community partnerships; I = Indigenous relations