

DATE: January 31, 2019**FILE:** 1700-02/2019/556**TO:** Chair and Directors
Electoral Areas Services Committee**FROM:** Russell Dyson
Chief Administrative OfficerSupported by Russell Dyson
Chief Administrative Officer***R. DYSON*****RE: 2019 - 2023 Financial Plan – Hornby Island Economic Development – Function 556****Purpose**

To provide the Electoral Areas Services Committee with the proposed 2019 - 2023 Financial Plan and work plan highlights for the Economic Development - Hornby Island Service, function 556.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2019 - 2023 financial plan for the Economic Development – Hornby Island Service, function 556, be amended at the recommended budget to include a transfer from reserves in the amount of \$12,500 to support Hornby Island Community Economic Enhancement Corporation's request to support the Hornby Island community bus pilot program;

AND FURTHER THAT the 2019 – 2023 proposed financial plan for the Economic Development – Hornby Island Service, function 556, be approved as amended.

Executive Summary

Highlights of the 2019-2023 financial plan for the Hornby Island Economic Development service include:

- Annual requisition of \$68,933 unchanged until 2021;
- Annual requisition of \$94,000 from 2021 -2023;
- Service delivered through an agreement with Hornby Island Community Economic Enhancement Corporation (HICEEC) expiring on December 31, 2020;
- HICEEC 2019 operating grant is \$87,000;
- \$25,000 request to access future expenditure reserve funds for proposed Hornby Island Arts Centre is included in the 2019 proposed financial plan;
- An additional request received from HICEEC to access \$12,500 of reserve funds in order to support Hornby community bus pilot program.
- Maximum tax requisition in 2019 is \$161,599 based on a maximum tax levy of \$0.278 per \$1,000 of assessed value;
- 2019 estimated residential tax rate of \$0.1169 per \$1,000 of assessed value;
- For a property assessed at \$400,000, the tax levy would be \$46.76.

Prepared by:

T. Ian Smith

T. Ian Smith, MCE
General Manager of Community Services

Stakeholder Distribution (Upon Agenda Publication)

Hornby Island Community Economic Enhancement Corporation	✓
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Policy Analysis

Bylaw No. 3005, 2007 was adopted by the Comox Strathcona Regional District to establish an economic development service for Denman - Hornby Islands (then known as electoral area 'K'). This bylaw was established as a result of a review of the Comox Valley Economic Development Service resulting in, in part, the withdrawal of Denman - Hornby Islands from the Comox Valley Economic Development Service.

The Denman/Hornby Island Economic Development Service pursuant to Bylaw No. 3005 was jointly funded by taxation from both islands. The Comox Valley Regional District (CVRD) was accountable for the governance, delivery and management of this service.


At the regular meeting of the CVRD board on October 30, 2012 Bylaw No. 232 being the “Denman Island Economic Development Service Establishment Bylaw No. 232, 2012” and Bylaw No. 231 being “Hornby Island Economic Development Service Bylaw No. 231, 2012” were adopted separating the Denman Island and Hornby Island economic enhancement service into two distinct service functions 556 (Hornby Island) and 555 (Denman Island).

Financial Plan Overview

Each year the CVRD prepares an updated five-year financial plan that represents the operation of each service from one budget year to the next. The proposed 2019 requisition is \$68,933 which is unchanged from 2018. The proposed 2019-2023 operating grant to HICEEC is \$87,000 which includes the \$25,000 request for funding of the Hornby Island Arts Council.

Table 1 summarizes the 2019 proposed budget as compared to the 2018 adopted budget. Significant variances from 2018 adopted budget will be discussed in the financial plan highlights section below.

Table 1: Financial Plan Highlights



2019

Proposed Budget

#556 Hornby Island Economic Development

Operating	2018 Budget	2019 Proposed Budget	Increase (Decrease)
Revenue			
Requisition	68,933	68,933	-
Transfer from Reserve	605	25,000	24,395
Prior Years Surplus		1,360	1,360
	\$ 69,538	\$ 95,293	\$ 25,755
Expenditures			
Personnel Costs	4,592	3,746	(846)
Operating	64,884	89,806	24,922
Contribution to Reserve	62	1,741	1,679
	\$ 69,538	\$ 95,293	\$ 25,755

The 2019 - 2023 proposed five-year financial plan for the Hornby Island Economic Development Service, including the requisition summary and 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.

Highlights of the 2019 - 2023 proposed financial plan for the service include:

Revenue Sources

The proposed annual tax requisition for 2019 and 2020 is \$68,933. This increases to \$94,000 in 2021 through to 2023. The maximum tax requisition for this service in 2019 is \$161,599 based on a maximum levy of \$0.278 per \$1,000. For a property assessed at \$400,000, the 2019 tax levy is estimated at \$46.76 based on assessed property values of the Hornby Island community.

Operations

Economic enhancement services are delivered to Hornby Island residents on behalf of the CVRD through a service agreement with HICEEC that expires on December 31, 2020. HICEEC initiated a community economic action plan in 2015 which defines the community priorities for HICEEC. In 2016 the action plan was initiated which brought a significant change in focus and priorities. HICEEC believes satisfactory results are being achieved to date. In 2020 HICEEC is intending to update the strategic plan (Appendix A).

The operational grant to HICEEC for 2019 is \$87,000 which includes a \$25,000 reserve contribution. The reserve contribution increases operating costs in 2019 by \$24,922 compared to 2018. In 2020 the operational grant is \$62,000. Future operational grants are proposed at \$83,000 in 2021, \$84,600 in 2022, and \$86,300 in 2023. The HICEEC 2019 budget submission is attached as Appendix B and outlines their planned expenditures for the five year financial plan. Included in the budget submission is proposed increase in the tax requisition of \$68,933 to \$94,000 commencing in 2021.

Reserves

In 2019 there is a budgeted reserve contribution of \$1,741. The future expenditure reserve balance as at December 31, 2018 was estimated to be \$53,136. The balance will be updated once the 2018 year end has been finalized.

HICCE has requested \$25,000 from the 2019 reserve to put towards the construction costs of a proposed arts centre on Hornby Island. This has been included in the 2019 proposed financial plan.

HICEEC submitted an additional request of \$12,500 to support the Hornby community bus pilot project on January 17, 2019 (See Appendix B).

HICEEC has indicated that future reserve requests may be brought forth to support other projects such as the SPARKS project for the old Hornby firehall. With the additional reserve requests from HICEEC totaling \$37,500 for 2019 the reserve balance will be \$17,377.

Personnel

The personnel costs represent an allocation of the General Manager of Community Services salary. There are no changes in personnel allocation for this service.

Capital

The CVRD does not have any capital associated with this service.

Citizen/Public Relations

The Hornby Island Economic Development Service plays a major role in maintaining, developing and enhancing economic development and sustainability for the residents of Hornby Island. The economic enhancement activities are delivered to Hornby Island residents through an agreement with HICEEC which expires on December 31, 2020. HICEEC has been delivering this service to island residents on behalf of the CVRD successfully for a number of years. HICEEC submits year end financial statements to the CVRD (Appendix C).

HICEEC uses community consultation to assist in determining the development of programs and activities for this service. In 2015 HICEEC initiated an economic action plan based on a broad community survey. This plan will be updated in 2020.

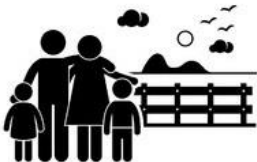
Attachments: Appendix A – “HICEEC Annual Plan”
Appendix B – “HICEEC 2019 Budget Submission”
Appendix C – “HICEEC 2017 Financial Statements”



**Hornby Island Community
Economic Enhancement Corporation**

ANNUAL PLAN

2018



Introduction

In 2015, HICEEC completed an extensive community outreach and research effort to refocus our programs around priorities broadly identified by Hornby Islanders. As a result, the 2016-2020 Economic Action Plan focuses the organization on enhancing the economic vitality of Hornby Island through initiatives, grants, and investments related to objectives and strategies below. To get a better sense of how we arrived at these priorities, we encourage readers to refer to the Economic Action Plan documents, found at www.hiceec.org. In 2016 we set the four core thematic to the year 2020. The set below was for 2016. Projects within each thematic may change from year to year.

Thematic 1: Expand the Economy

1. Increase year-round rentals
2. Visitor shoulder season development
3. Support for businesses
4. Support for the arts

Thematic 2: Improve Affordability

5. Transportation
6. General Community Grants

Thematic 3: Enhance Self-Sufficiency

7. Promote and Invest in Green Energy
8. Promote and Invest in Water Conservation

Thematic 4: Provide Excellent Public Administration

9. Collect Hornby Statistics
10. Administration (incl. annual plan refreshing)

Thematic 1: Expand the Economy

PROJECT 1: Increase year-round rentals	
THEMATIC 1: EXPAND THE ECONOMY	
Year Initiated: 2016	Expected Completion: 2020
Board Lead: Katherine Ronan	
Staff Lead: Daniel Arbour	

1. Purpose

The 2015 Economic Action Plan indicated the lack of year-round rentals on the island, sometimes cited as caused by the trend in vacation rentals growth, secondary owners who do not rent, and a number of dwelling restrictions in some zonings, such as R1. Some ponder why developments such as ISLA (Island Secure Land Association) should not focus on a purely rental model, rather than ownership, while others favour the establishment of hostels, more summer staff accommodation, and new rental developments.

Some view the issue of availability of rentals as an affordability consideration, while others see it more as an element of flexibility in the economy. Some people are not willing to commit to buying a home on Hornby and living here full-time, regardless of the price. The underlying theme is that affordable, secure housing is recognized as the greatest bottleneck to having a more stable, viable, resilient and growing community. Over the next five years, HICEEC will focus on growing year-round rentals and affordable housing stock through targeted tactics and strategies.

In 2016 and 2017 HICEEC supported ISLA financially and with staff capacity. Significant changes in the project proved needed, and in the summer of 2017 the Covenant Holder (the Weiss family), lifted a covenant on number of rentals, which allows the project to proceed on a pure rental basis.

In 2018 we expect to work with ISLA, Makola Development Services, and BC Housing towards securing financing for a 21 unit rental project. Simultaneously we will be engaged in governance discussions with HIRRA, Elder Housing, and ISLA to consider the future of housing efforts on Hornby.

2. 2018 Activities

- a. Support ISLA in growing affordable rental supply on island through administrative, financial, and staff support
- b. Consider the future of housing governance on Hornby with other key organizations.

3. Measure of Success/Target:

- Year-round rental units: goal of having a community year-round rental stock of 33% of resident population. This is based on Canadian rental/ownership long-term balance trend. Our target does not take into account how many households are displaced in the summer on Hornby, which would inflate the number of rental units required.
- Current estimate of total rental households on Hornby: 120
- Current estimate of total year-round households: 450
- Current estimate of rental vs. ownership ratio: 26%

- Number of additional rentals needed to meet 33% target with current population of 950: 28
- Number of additional rentals needed to meet 33% target if the population was 1500: 334

4. Intended Outcomes (created in 2015)

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Review of available strategies to increase rental stock, including providing administrative, planning, and fundraising assistance to the ISLA development	A clear plan supported by HIRRA, HICEEC, and Island Trust for a tax allocation that enables new rental stock.	New year-round rental stock being developed or made available.
Intermediate (2-5 years)	A clear plan supported by HIRRA, HICEEC, and Island Trust for a tax allocation that enables new rental stock.	New year-round rental stock being developed or made available.	15 new permanent year-round rental units
Long term (5 years +)	15 new permanent year-round rental units	30 new permanent year-round rental units	A plan to grow year-round available rentals to 33% ratio of community size.

5. Budget (2018)

	Cash	Partner Cash	Total
Project Contributors			
Comox Valley Regional District	7,000	0	7,000
Total:	7,000	0	7,000
Project Expenditures			
Research, administration, business planning, fundraising (HICEEC staff)	4,000		4,000
Support to ISLA – Property Taxes	1,800		1,800
Support to ISLA – Director and Land insurance	1,200		1,200
Total:	7,000	0	7,000

6. List of Partners

- HIRRA housing committee
- Island Secure Land Association
- Islands Trust
- CVRD
- Elder Housing

PROJECT 2: Visitor Shoulder Season Development	
THEMATIC 1: EXPAND THE ECONOMY	
Year Initiated: 2014	Expected Completion: Ongoing
Board Lead: Catherine Gray	
Staff Lead: Karen Ross	

1. Purpose:

Hornby Island is a premium tourism destination for visitors from Vancouver Island (58%), the Lower Mainland (>20%), and the Alberta and US northwest markets. In addition to accommodation revenues for B&Bs/resorts and campgrounds, over 120 homeowners derive part of their yearly income from vacation rentals. During the summer, tourism is a major economic driver that supports the market, events, artists, food, and other services.

While there is recognition the island is at capacity in the summer (based on existing infrastructure), there is a clear desire by the community to increase visits in the spring and fall seasons, which would help businesses stay open, while improving predictability, stability, and length of employment opportunities toward of a more year-round profile.

The project will build on the foundational work done in past years to better understand the island's tourism structures, drivers, and opportunities. In 2018, the project's goal will be to continue to make investments in targeted outreach and marketing tactics for shoulder season development.

2. 2018 Activities:

- a. Continue moving to a user-pay model for this work, with public dollars used as seeding leverage.
- b. Continue to produce the Visitor Guide.
- c. Continue to manage hornbyisland.com in partnership with Jake Berman, and associated social media accounts.
- d. Leverage marketing opportunities through Destination BC in line with the Shoulder Season development plan. This year attend our first Wedding tradeshow for the BC market.

3. Measure of Success/Target:

- At least 80 advertisers in the Hornby/Denman Visitor Guide and minimum 50k distribution.
- 3% annual increase in site visits to hornbyisland.com
- New web content
- New web promotions
- Deploy Destination BC monies to leverage island marketing efforts.
- Increased number of spring and fall visits as per ferry figures

4. Intended Outcomes:

Outcomes (produced in 2014)	Expect to see	Like to see	Love to see
Immediate (1 year)	- New Visitor's Guide - Review of Hornby tourism assets and recommendations. - Investments in web assets	- Complementary tourism partnerships with Denman, Comox Valley, and Vancouver Island	- Greater collaboration between Hornby businesses on their marketing strategies.
Intermediate (2-5 years)	- A professional, reflective, and consistent Hornby brand.	- Greater collaboration between Hornby businesses on shoulder season development	- Noticeable increase of Spring and Fall visits.
Long term (5 years +)	- Greater collaboration between Hornby businesses on their marketing strategies.	- Noticeable increase of Spring and Fall visits.	- More consistent tourism-related employment opportunities and conscientious visitors.

5. Budget (2018)

	Cash	Partner Cash	Total
Project Revenue			
Comox Valley Regional District	\$3,950		\$3,950
Destination BC (Province)	10,000	10,000	\$10,000
Hornbyisland.com revenue	10,000	10,000	\$10,000
Visitor Guide and Map	25,700		\$25,700
Total:	\$29,650	20,000	\$49,650
Project Expenditures			
Hornby/Denman Visitor's Guide	25,700		25,700
HI.com		10,000	\$10,000
Shoulder season development	3,950	10,000	13,950
Total:	\$29,650	20,000	\$49,650

6. List of Partners

- HIAC
- Denman WORKS
- Tourism Vancouver Island
- Destination BC



PROJECT 3: Support New Businesses and Collaborations	
THEMATIC 1: EXPAND THE ECONOMY	
Year Initiated: 2014	Expected Completion: Ongoing
Board Lead: Dale Armstrong	
Staff Lead: Karen Ross	

1. Purpose:

Hornby Island does not currently have a Chamber of Commerce to represent and serve the interest of businesses and entrepreneurs on the island. HICEEC de facto provides an opportunity to close this gap by reaching out to businesses to understand key concerns and opportunities, and provide business support services and coordination where appropriate.

2. 2018 Activities:

- Hold 3 Business Forums / Mixers
- Be responsive to requests from the community to provide economic and feasibility analysis as needs arise.
- Support the Hornby Island micro-lending fund, and consider creating an RRSP eligible investment vehicle.
- Support new commercial spaces
- Test out an “Ambassador Training” program for Hornby
- Advocate for internet improvements

3. Measure of Success/Target

- Community Bus operates in 2018 summer and is considered for long-term funding.
- Other activities are carried out and well-attended. Business community engaged in prioritization of opportunities beyond “mixers”

4. Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Opportunities for businesses to network across sectors	At least 40 businesses partake in workshops/mixers	Identification of business gaps and needs that demand collaboration
Intermediate (2-5 years)	Regular/well-attended business development mixers and workshops	HICEEC recognized as a business supportive organization	Cross-sector business collaborations on key gaps and needs
Long term (5 years +)	HICEEC recognized as a business supportive organization.	Cross-sector business collaborations on key gaps and needs	Emergence of new business and community ventures and investments

5. Budget (2018)

	Cash	Partner Cash	Total
Project Contributors			
CVRD	\$5,300		\$5,300
Hornby Businesses			
Hornby Island Micro-Lending Fund		\$10,000	
Total:	\$5,300	\$10,000	\$5,300
Project Expenditures			
Economic Development Facilitator	\$3,750		\$3,750
Two Business mixers + ambassador	\$1,550		\$1,550
Eagles Nest Loans (no public \$ - just private contributions)		\$10,000	\$10,000
Total:	\$5,300	\$10,000	\$15,300

6. List of Partners

- Hornby Island businesses (over 200)
- Hornby Island private investors



PROJECT 4: Support for the Arts Sector

THEMATIC 1: EXPAND THE ECONOMY

Year Initiated: 2014

Expected Completion: 2020

Board Lead: Cath Gray

Staff Lead: Karen Ross

1. Purpose:

An interesting trend is the concern over “gentrification” of Hornby Island as the cost of living increases. ‘Erosion of alternative culture’ was often brought up in the 2015 Economic Action Plan; there is a strong sentiment that artists are the ‘canary in the coal mine’ in terms of preserving the draw and uniqueness of Hornby as a creative and affordable place to be, which in turn supports the broader economy and contributes to our quality of life.

In terms of *which* supports to provide to artists, there is a range of ideas. Artists who responded to the survey listed the following needs as their highest:

- Improving affordability (especially housing)
- More training and development opportunities, and better spaces for art exhibitions and performances
- Financing for businesses and start-ups
- Increase size of the economy

- Make bylaws and policies friendly to business and investment

2. 2018 Activities:

- Continue support to the building of an Arts Centre
- Support efforts to engage the arts community (professional and community) and to create strategic plan.

3. Measure of Success/Target

- Sector ranking for employment: third or higher in 2020

4. Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Discussion with arts sector on opportunities.	Prioritization of opportunities.	Funding for at least one initiative.
Intermediate (2-5 years)	Prioritization of opportunities.	Funding for at least one initiative.	Funding for additional initiatives based on success.
Long term (5 years +)	Regular funding for arts initiatives.	Strengthened arts sector.	Strong island reputation for creativity.

5. Budget

	Cash	In-Kind	Total
Project Contributors			
CVRD	\$4,750		\$4,750
Total:	\$4,750		\$4,750
Project Expenditures			
Support to Art organizations	\$4,750		\$4,750
Total:	\$4,750		\$4,750

6. List of Partners

- Hornby Island Arts Council
- Hornby Festival
- Hornby Island Blues
- Other artist-related non-profits



THEMATIC 2: Improve Affordability

PROJECT 5: General Community Grants	
THEMATIC 2: IMPROVE AFFORDABILITY	
Year Initiated: 2012	Expected Completion: 2020
Board Lead: Darren Bond	
Staff Lead: Daniel Arbour	

1. Purpose

The non-profits sector and other collaborative efforts are critical to Hornby Island's quality of life and economic well-being. For the past number of years HICEEC has offered grant contributions to community organizations for economic enhancement related projects. This initiative provides tax support access to non-profit groups, and to maintain the ability to be flexible around emerging needs over the year for those projects that aren't already covered under the other thematic in this plan.

2. 2018 Activities

- One granting call
- Grant impacts monitored and reviewed annually.

3. Measure of Success/Target:

- At least 3 application that are economically-relevant but not aligned with our plans
- Overall 1:1 minimum matching fund from applicants

4. Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Strategic support to non-profits	Leverage in projects funded	Shared planning and prioritizing between non-profits.
Intermediate (2-5 years)	Strategic support to non-profits	Leverage in projects funded	Shared planning and prioritizing between non-profits.
Long term (5 years +)	Strategic support to non-profits	Leverage in projects funded	Shared planning and prioritizing between non-profits.

5. Budget (2018)

	Cash	In-Kind	Total
Project Contributors			
Comox Valley Regional District	\$5,000		\$5,000
Total:	\$5,000		\$5,000
Project Expenditures			
Grants	\$4,650		\$4,650
Staff / rental space	\$350		\$350
Total:	\$5,000		\$5,000

PROJECT 6: Public Transportation	
THEMATIC 2: IMPROVE AFFORDABILITY	
Year Initiated: 2012	Expected Completion: 2020
Board Lead: Darren Bond	
Staff Lead: Daniel Arbour	

Purpose

To date Hornby Island has not had good access to public transportation. While we are part of the Comox Transit service basin, and pay into this service, the closest transportation node is at Buckley Bay. Meanwhile the island has up to 5,000 people here in the summer, and congestion and parking issues are arising. In 2017 a basic bus trial was conducted as a partnership between HICEEC and the Tribune Bay Outdoors Society, and supported by local businesses. In 2018 we will expand this trial while working with the CVRD to complete a feasibility study for a more permanent service.

2018 Activities

- Partner with the Tribune Bay Outdoor Society and the CVRD to run a fuller public transportation trial on Hornby in July and August.

Measure of Success/Target:

- Regular, affordable bus service
- Reduced GHG emissions
- Fewer drinking-and-driving occurrences
- Improved community engagement to Vision 2020

Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Summer bus service trial	Private sector contributions	Positive report from CVRD for long-term funding
Intermediate (2-5 years)	Recurring summer bus service	Expanded public service and Possibility of SD 71 contract	Electric bus as vehicle
Long term (5 years +)	Recurring summer bus service	Expanded public service and Possibility of SD 71 contract	Electric bus as vehicle

Budget (2018)

	Cash	Partner Cash	Total
Project Contributors			
CVRD Feasibility fund	\$8,000		\$8,000
Comox Valley Regional District	\$10,000	8,000	\$10,000
HICEEC	10,000		10,000
Hornby Businesses	10,000	10,000	10,000
Total:	\$18,000	\$10,000	\$28,000
Project Expenditures			



Service contract	\$10,000	10,000	\$20,000
Staff	\$2,250		\$2,250
Feasibility (CVRD-led)	\$8,000	8,000	8,000
Total:	\$20,250	\$10,000	\$30,250

THEMATIC 3: Enhance Self-Sufficiency

PROJECT 7: Promote and Invest in Green Energy	
THEMATIC 4: ENHANCE SELF-SUFFICIENCY	
Year Initiated: 2014	Expected Completion: 2020
Board Lead: John Heinegg Staff Lead: Daniel Arbour	

1. Purpose

In recent years, the growing relative cost of transportation, including ferries, gas, and electricity, has put noticeable cost pressures on Hornby businesses and households. For many, the island's dependency on BC Ferries and BC Hydro and rising costs has become a critical issue. In relation to the stated goals of the Hornby Island Community Vision statement, it is arguable that these two areas have seen the least progress towards the intended island vision. The purpose of this initiative is to identify, and invest in constructive ways to improve the island's green economy, with a focus on clean energy and transportation systems.

2. 2018 Activities:

- Work with HIES and Hornby School towards a solar project on school grounds.
- Consider options to procure an electric bus instead of the blue diesel bus.

3. Measure of Success/Target:

- At least one of the two projects above move ahead by 2019.
- Reconvene the Energy and Transportation steering group.

4. Intended Outcomes:

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Emergence of an Energy and Transportation Steering Group	Prioritization of potential actions and ideas worth investigating.	A multi-year energy and transportation plan.
Intermediate (2-5 years)	Prioritization of potential actions and ideas worth investigating. One project is implemented per year.	A multi-year energy and transportation plan.	Seed investments in pilot alternatives with strategic partners.
Long term (5 years +)	Ongoing tangible investments in alternatives with strategic partners	Some level of community ownership or management of key energy and transportation systems	Significant reduction in dependence to oil, and more economic benefits or less costs related to E&T systems.

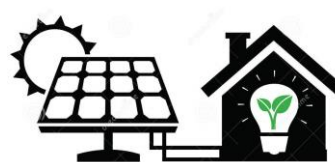
5. Budget (2018)

	Cash	Partner Cash	Total
Project Contributors			
HICEEC	\$1,000		\$1,000
Total:	\$1,000		\$1,000

Project Expenditures			
Staff	\$1,000		\$1,000
Total:	\$1,000		\$1,000

6. List of Partners

- SD71, HIES
- Comox Valley Regional District



PROJECT 8: Promote and Incent Water Conservation	
THEMATIC 4: ENHANCE SELF-SUFFICIENCY	
Year Initiated: 2016	Expected Completion: 2020
Board Lead: Darren Bond	
Staff Lead: Karen Ross	

1. Purpose

Water is one of Hornby Island's most precious, and often scarce, resources. It is also seen as a major obstacle to support for development. Working with partners, we will investigate the best ways to improve water storage on the island, including consideration of community water systems, incentives to home-owners to invest in rainwater catchment, and education and outreach.

2. Activities

- Continue support to Hornby Water Stewardship in implementation of the 2016 Water plan, including: awareness and education, individual action, research and data, community infrastructure, planning (home and zoning), and regulation/compliance.
- Part of the plan includes a more holistic EBCP – ecosystem-based conservation plan – engaging expert outside consultants and university bodies to recommend Hornby-wide action areas.

3. Measure of Success/Target:

- At least one recommendation in the plan is being pursued and implemented

4. Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Plan for how HICEEC can support water conservation goals	Identification of funding opportunities	Grant applications for higher-level government funding
Intermediate (2-5 years)	Identification of funding opportunities for infrastructure and/or household incentives	Incentive program for water storage and management	Critical mass of homeowners invests in water storage and filtration.
Long term (5 years +)	Incentive program for water storage and management	Critical mass of homeowners invests in water storage and filtration.	There is enough community water storage to support the island's use year-round.

5. Budget (2018)

	Cash	In-Kind	Total
Project Contributors			
Comox Valley Regional District	\$4,000 carry-over + \$3,000		\$7,000
Total:	\$7,000		\$7,000
Project Expenditures			
Water Stewardship projects	\$3,000		\$3,000
Ecosystem Based Conservation Plan	\$4,000		\$4,000
Total:	\$7,000		\$7,000

6. List of Partners

- Heron Rocks Friendship Centre (Water Stewardship Project)
- Conservancy Hornby Island
- Islands Trust
- Forests, Lands and Natural Resources Operations
- Island Health
- Hornby Natural History

THEMATIC 5: PROVIDE EXCELLENT PUBLIC ADMINISTRATION

PROJECT 9: Collect Hornby Statistics	
THEMATIC 5: PROVIDE EXCELLENT PUBLIC ADMINISTRATION	
Year Initiated: 2015	Expected Completion: 2020
Board Lead: Darren Bond	
Staff Lead: Daniel Arbour	

1. Purpose

Businesses, individuals, and non-profit organizations need accurate local information to make good decisions, and set priorities. Following the result of the Economic Action Plan, we intend to continue providing information services that help inform public dialogue and knowledge about the state of Hornby's economy.

2. 2018 Activities

- Publish and maintain existing statistics
- Determine key new indicators and begin collection, such as in the following areas:
 - Population, employment and income, housing (ownership and rental), sectoral (e.g., tourism), communications, retail behaviours, taxation, energy and use (public, ALR), water

3. Measure of Success/Target:

- HICEEC website area for statistics
- At least one other organization or business provides feedback on the usefulness of our information service.

4. Intended Outcomes

Outcomes	Expect to see	Like to see	Love to see
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Immediate (1 year)	List of key statistics	Creation of HICEEC website area for stats	Publishing of available existing stats
Intermediate (2-5 years)	Creation of HICEEC website area for stats	Publishing of available existing stats	Publishing of targeted new statistics of relevance
Long term (5 years +)	Publishing of targeted new statistics of relevance	Utilization of data and trends for analysis	Common backing of organizations' plans using HICEEC-provided statistics

5. Budget (2018)

	Cash	In-Kind	Total
Project Contributors			
Comox Valley Regional District	500		500
Total:	500		500
Project Expenditures			
Create indicators and section on website	500		500
Total:	500		500

6. List of Partners

- BC Ferries
- Islands Trust
- CVRD
- Province of BC
- Statistics Canada
- Real Estate sector
- Destination BC

PROJECT 10: Office and Administration	
THEMATIC 5: PROVIDE EXCELLENT PUBLIC ADMINISTRATION	
Year Initiated: 2012	Expected Completion: 2018 and ongoing
Board Lead: Darren Bond	
Staff Lead: Daniel Arbour	

1. Purpose:

Living on an island requires cooperation and collaboration to address challenges and capitalize on opportunities. HICEEC appreciates the role the organization is mandated with, which is to help foster an economy that reflects Hornby Island values. The organization benefits from core funding from Hornby Island taxpayers, through the Comox Valley Regional District, and as such intends to provide the best possible governance and administration of these funds. In addition, HICEEC aims to leverage its funds by a factor of at least 1:1, via grants, delivery partnerships, and volunteer engagement.

2. Activities:

- Provide administrative support to multiple initiatives
- Identify potential new board members

- c. Implement our strategic direction and create annual plans and budgets
- d. Develop multiplier effects for each project
- e. Communicate activities and results

3. Measure of Success/Target:

- Monthly report of financials to Board with early notification of under and overruns
- Bulls-eye variance of actuals to budget
- Leveraged monies by a factor of at least 1:2

4. Intended Outcomes:

Outcomes	Expect to see	Like to see	Love to see
Immediate (1 year)	Efficient use of resources, effective community engagement, and good governance	Engaged and responsible Board of Directors	Emergence of Steering Groups for key initiatives.
Intermediate (2-5 years)	Efficient use of resources, effective community engagement and proper administration and governance	Diverse Board of Directors and excellent succession processes for Staff and Board.	HICEEC recognized as a professional organization that is the “go-to-place” for furthering business and economic initiatives
Long term (5 years +)	Efficient use of resources, effective community engagement, and proper administration and governance	HICEEC recognized as a professional organization that is the “go-to-place” for furthering business and economic initiatives on Hornby.	HICEEC has achieved successful investments that have measurable benefits and impacts on Hornby Island.

5. Budget (2018)

	Cash	In-Kind	Total
Project Contributors			
Comox Valley Regional District	\$22,000		\$22,000
HICEEC Board members		\$3,000	\$3,000
HIRRA		\$2,000	\$2,000
Total:	\$22,000	\$5,000	\$27,000
Project Expenditures			
Board mtgs (excl. projects)		\$5,000	\$5,000
Staff/Administrator	\$9,250		\$9,250
Prof. Serv/Consult	100		100
Bookkeeping	1,000		1,000
Web/Technical	250		250
Audit/Legal	2,000		2,000
Travel	200		200
Conference/Wrksp	50		50
Supplies/Transport	1,000		1,000
Catering/Food	400		400

Mktg/Communication	1,350		1,350
Printing	100		100
Rent / Mtg space rental	700		700
Insurance	1,450		1,450
Tel/Internet	1,500		1,500
Total:	\$19,350	\$5,000	\$24,350

6. List of Partners

- Comox Valley Regional District
- Hornby Island Residents & Ratepayers Association



2018 Annual Budget Summary

Income and Expenditures	CVRD Funds	Partners Cash	Total
Thematic 1: Expand the Economy			
Project 1: Increase year-round rentals	\$7,000		\$7,000
Project 2: Visitor shoulder season development	\$3,950	\$45,700	\$49,650
Project 3: Support businesses and collaborations	\$5,300	\$10,000	\$14,800
Project 4: Support the arts	\$4,750		\$4,750
Thematic 2: Improve Affordability			
Project 5: Grants for community organizations	\$5,000		\$5,000
Project 6: Transportation (incl. Feasibility funds)	\$10,000	\$20,000	\$30,250
Thematic 3: Enhance Self-Sufficiency			
Project 7: Promote and invest in green energy	\$1,000		\$1,000
Project 8: Promote and incent water conservation (incl. carry-over funds)	\$7,000		\$7,000
Thematic 4: Provide excellent public administration			
Project 9: Collect / publish key island information and statistics	\$500		\$500
Project 10: Office & administration	\$22,000	\$5,000	\$27,000
TOTAL	\$66,250	\$70,700	\$146,950

Five Years Financial Plan (2018-2022)					
Revenue	BUDGET 2018	2019	2020	2021	2022
CVRD Contract and Feasibility	62,000	62,000	62,000	62,000	62,000
Other revenue (cash)	\$63,700	53,300	53,300	53,300	53,300
Total Revenue	133,700	115,300	115,300	115,300	115,300
Expenses (tax funds only)					
Core Activities/ Administration	22,000	18,950	22,000	22,000	22,000
Thematic					
1. Expand the economy	21,000	18,550	30,750	30,750	30,750
2. Improve affordability	15,000	17,250	5,250	5,250	5,250
3. Enhance self-sufficiency	4,000	4,000	4,000	4,000	4,000
Total Expenses	62,000	62,000	62,000	62,000	62,000

Board, Staff, and Partners

HICEEC Board of Directors – 2017/2018

John Heinegg, Board Chair
Darren Bond, Treasurer, HIRRA rep & HR
Katherine Ronan, Secretary
Catherine Gray, Vice-chair, HIRRA rep & HR
Dale Armstrong
Carlyn Bishop
Gina-Rae Horvath
John Grayson

HICEEC Staff

Daniel Arbour, Administrator
daniel@hiceec.com
250.335.1199

Karen Ross, Economic Development Facilitator
karen@hiceec.com
250.335.1199

Hornbyisland.com (Partner)
Jake Berman
sales@hornbyisland.com

HICEEC Governance Partners





CVRD Economic Development Services Contract with HICEEC: 2018- 2022

Budget Assumptions, Changes, and Possible Capital Investment

Dec. 15, 2018

Overview of operating allocation

HICEEC is appreciative of the opportunity to manage economic development services for Hornby Island on behalf of CVRD. In 2015 we produced a 5 years Economic Action Plan which defines our priorities, and which we revise each year. 2018 was a landmark year in which many of our project advanced significantly. The organization continues to serve multiple functions – including acting as a de facto Chamber of Commerce; as the Destination Marketing Organization; and as the broad Economic Development Corporation that hosts key projects (such as affordable housing and working towards an Arts Centre), and investing in green infrastructure. Over the past 4 years we have increased our budget by \$30k from other sources on an ongoing basis, in addition to securing occasional strategic provincial and foundation grants.

Looking ahead this year, we are not planning major revisions for this service contract. In the last year of the contract, in year 2020, we expect to update the Strategic Plan after we re-engage the community towards a 2040 Vision (we have been driven by the 2020 Vision produced in 2002 to inform our priorities).

Budget Assumptions

HICEEC assumes that the requisition will be maintained at the same amount each year to 2020. This five year term has been a fixed price contract, with a static requisition, which means we've been falling behind on the cost of living increases. We expect to review the yearly amount and make recommendations in 2020/2021 as we look to re-negotiate the contract with CVRD.

As it stands, we understand the economic development reserve for HICEEC sits at about 50k after we successfully worked with CVRD to allocate a 25k grant to the ISLA affordable housing project. This year we are requesting that the next \$25,000. be released, and put towards construction costs for the proposed new Arts Centre Building (Hornby Island Arts Council). HIAC is in stage 2 negotiations with I.C.E.T. for funding, and have several active grant proposals for the matching funds. They have also been successfully fund-raising this year, netting \$65,000. at a successful art auction event. This project has wide-spread community support.

Another initiative that could request funds is the proposed Sparks project at the old firehall. The board of HICEEC have not greenlighted the Spark as a possible investment recommendation, pending completion of a compelling business plan and securing of senior-level funding. We will advise CVRD staff well in advance if Spark, or as any other projects, advance to the point that our Board does green-light their support and make a request from the Hornby Island Economic Development Reserve.

Capital Investments

HICEEC does not intend to pursue capital investments in 2019 for our organization itself. Work that we did in 2016-2018, in assisting ISLA in funding for the Beulah Creek Affordable Housing Project – a proposal supported by HICEEC, HIRRA, and the Island Trust – has resulted in BC Housing becoming committed, to the tune of \$2.6 million (26 units), at this stage. An accomplishment that will have far reaching impact.

Hornby Bus

Based on the success of bus pilot project in the summers of 2017 and 2018, (HICEEC allocated \$10,000 in our 2018 operating budget), and completion of a favourable Feasibility Study that was commissioned by the CVRD in 2018, trials on bus service will continue into 2019. The Study recommended a four-month operating time frame, extended from 2 operating months in 2018. We expect that HICEEC will need to continue their support, as will local businesses, for 2019. This is a budget line item of \$12,250. from HICEEC and we will work to solicit \$10,000. directly from local taxpayers/businesses.

Following recommendations made in the Feasibility Study, we anticipate that the CVRD will have a more active role, moving forward. We have been in discussion with Director Daniel Arbour and Mike Zbarsky (Transit Manager), and are requesting that the CVRD “Action Needed” recommendations in the Study, are implemented. Specifically, \$33,000. in operating budget and another estimated \$7000. in resources. Mike currently has \$20,000. in the draft budget. As Hornby taxes have been contributing about 60k per year to Comox Transit, we have been anticipating increasing levels of delivery from the Valley Transit function. Bottom line: If the CVRD funds are not increased in 2019, the bus will not have funds to run for the 4 months recommended, and will tailor back, as needed. On a side-bar, the 2018 Comox Valley Vital Signs report, shows Hornby Island poverty rate, at 28.3% of the population, that is the highest in the Valley. Not everyone can afford to own a car.

Looking to the future of bus service on Hornby Island, the December, 2018 meeting of HIRRA passed a motion to pursue the procurement of an electric bus. Specifically:

As the Residents and Ratepayers of Hornby Island, we want to be part of a global solution in reducing Greenhouse Gas emissions, to protect our environment.

While thinking globally, we intend to act locally and lower our carbon footprint, through:

- supporting public transportation
- supporting the use of a zero emissions electric bus, instead of one burning fossil fuels

Moved by Karen Ross, seconded by Daniel Siegel, that HIRRA write a letter of support for a Hornby Bus Steering Committee, facilitated by HICEEC, to apply for funding to acquire an electric bus, and associated infrastructure, to provide public transportation on Hornby Island. All in favour, 2 abstentions.

Affordable Housing

We have included a budget amount for investigations into Hornby becoming a MRDT receiving area. One of our core values at HICEEC is to facilitate affordable housing development. With the entry of B.C. Housing on the building end of the first project, we are looking to the future. Perhaps funds from an MRDT levy could be partially funneled into further efforts on the affordable housing front.

Please don't hesitate if you have any questions relating to our proposed budget and status.

Karen Ross

Economic Enhancement Officer, HICEEC

karen@hiceec.com

HICEEC- Revised Five Year Financial Plan (2018-2022)

Revenue	Budget 2018	Budget 2019	Budget 2020	Budget 2021	Budget 2022
CVRD Contract	<u>\$62,000</u>	<u>\$62,000</u>	<u>\$62,000</u>	<u>\$83,000</u>	<u>\$84,600</u>
Total Revenue	\$62,000	\$62,000	\$62,000	\$83,000	\$84,600
Expenses	Budget <u>2018</u>	Budget <u>2019</u>	Budget <u>2020</u>	Budget <u>2021</u>	Budget <u>2022</u>
Core Activities (Administration)	\$19,000	\$22,500	\$24,000	\$25,500	\$27,000
Programs & Projects					
Community Capacity Building (Grants)	\$10,000	\$5,700	\$6,000	\$11,900	\$11,900
Expand the Economy (Shoulder Season)	7,500	2,000	7,000	8,900	9,000
Expand the Economy (Affordable Housing)	12,000	7,000	7,000	7,200	7,200
Expand the Economy (Attract/Support New Residents)	1,000	0	0	5,000	5,000
Expand the Economy (Infrastructure for Commercial/Industrial)	1,000	0	0	1,200	1,200
Expand the Economy (Business Support)	5,000	4,750	5,000	6,000	6,000
Expand the Economy (Support for the Arts)	2,000	4,800	5,000	6,000	6,000
Improve Affordability (Ferry Advisory Com.)	500	0	0	500	500
Improve Affordability (Bus transportation)	0	12,250	4,500	5,000	5,000
Self Sufficiency (Green Energy)	1,500	1,000	1,500	1,800	1,800
Self Sufficiency (Food Production)	1,500	0	0	2,000	2,000
Self Sufficiency (Ecosystem Conserve)	1,000	2,000	2,000	2,000	2,000
Total Expenses	\$62,000	\$62,000	\$62,000	\$83,000	\$84,600

HORNBY ISLAND COMMUNITY ECONOMIC ENHANCEMENT CORPORATION
Financial Statements
Year ended December 31, 2017
(Unaudited - see Notice to Reader)

Notice to Reader
Statement of Financial Position
Statement of Operations and Changes in Net Assets


**Cloutier
Matthews****CHARTERED
PROFESSIONAL
ACCOUNTANTS****NOTICE TO READER**

On the basis of information provided by management, we have compiled the statement of financial position of Hornby Island Community Economic Enhancement Corporation as at December 31, 2017 and the statement of operations and changes in net assets for the year then ended. We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these statements may not be appropriate for their purposes.



Chartered Professional Accountants

Courtenay, B.C.

April 26, 2018

HORNBY ISLAND COMMUNITY ECONOMIC ENHANCEMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
(Unaudited - see Notice to Reader)

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 6,626	\$ 25,488
Accounts receivable	4,663	3,230
GST receivable	<u>3,815</u>	<u>1,908</u>
	15,104	30,626
INVESTMENT IN PARTNERSHIP	18,000	18,000
LOANS RECEIVABLE	<u>12,164</u>	<u>4,080</u>
	<u><u>\$ 45,268</u></u>	<u><u>\$ 52,706</u></u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 760	\$ 769
Due to related party	<u>-</u>	<u>7,000</u>
	<u>760</u>	<u>7,769</u>
<u>NET ASSETS</u>		
UNRESTRICTED	26,508	33,937
INVESTED IN PARTNERSHIP	<u>18,000</u>	<u>11,000</u>
	<u>44,508</u>	<u>44,937</u>
	<u><u>\$ 45,268</u></u>	<u><u>\$ 52,706</u></u>

Approved by the Directors _____ Director

HORNBY ISLAND COMMUNITY ECONOMIC ENHANCEMENT CORPORATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2017
(Unaudited - see Notice to Reader)

	<u>2017</u>	<u>2016</u>
REVENUE		
Grant Income		
CVRD	\$ 62,000	\$ 62,000
Regional	-	\$ 4,613
Provincial	-	10,000
CVRD Reserve	-	25,000
Advertising Revenue		
Visitor Guide	26,603	22,997
www.hornbyisland.com	4,825	3,714
Other Revenue	<u>2,003</u>	<u>1,388</u>
	<u>95,431</u>	<u>129,712</u>
EXPENSES		
Advertising and promotions		
Community Marketing Advertising	31,384	17,597
www.hornbyisland.com	825	4,180
Bad debt expense	1,750	-
Insurance	1,552	2,740
Interest and bank charges	380	-
Professional fees	2,725	1,460
Programs		
Program grants	14,375	12,315
Islanders' Secure Land Association	4,513	32,000
Program materials and office expenses	5,611	2,743
Telephone and internet	1,864	2,332
Compensation		
Economic Development Facilitator	11,222	10,892
Coordinator/administrator wages	14,019	12,984
Employee benefits	3,504	3,794
Sub-contracts	2,053	760
Travel expenses	<u>83</u>	<u>719</u>
	<u>95,860</u>	<u>104,516</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	(429)	25,196
OPENING NET ASSETS	<u>44,937</u>	<u>19,741</u>
ENDING NET ASSETS	<u>\$ 44,508</u>	<u>\$ 44,937</u>