

DATE: January 21, 2021

FILE: 1700-02/2021/675

TO: Chair and Directors
Electoral Areas Services Committee

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON

RE: 2021 - 2025 Financial Plan – Denman Island Community Facilities – Function 675

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 financial plan and work plan highlights for the Denman Island Community Facilities Service, function 675.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan for the Denman Island Community Facilities Service, function 675, be approved.

Executive Summary

This service provides financial assistance to the Denman Community Hall and Denman Activity Centre in the form of operating grants by way of agreements with the Denman Island Recreation Commission Society (DIRCS) and Denman Island Seniors and Museum Society (DSMS).

Highlights of the financial plan include:

- The estimated residential tax rate in 2021 is \$0.1439 per \$1,000 of taxable assessed value compared to \$0.1566 in 2020.
- The maximum levy for the service is the greater of \$75,508 or \$0.20 per \$1,000 of assessed property value resulting in a maximum available requisition in 2021 of \$92,489.
- DIRCS and DSMS operational grants remain stable at \$20,000 and \$14,800 respectively to cover core operating costs. DSMS requested a one-time additional \$8,000 in 2021 if successful for a potential HVAC grant from New Horizons.
- The total grants include \$19,000 annual hall upgrades to DIRCS and \$5,000 to DSMS for projects such as heat exchange, preschool improvements, playground, water upgrades, air exchange, outdoor exhibit space, lounge hall flooring, and gym floor refurbishment.
- The requisition remains consistent to 2020 levels of \$68,000 through the use of prior year surplus in 2021 to support additional capital upgrades in the facilities.

Prepared by:

D. DeMarzo

Doug DeMarzo
General Manager of Community Services

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Denman Island Recreation Commission Society	✓
Denman Island Seniors and Museum Society	✓

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: Board Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> Operating the community facility including ongoing maintenance and upgrades to ensure sustainable service delivery. 	<p>Climate crisis and environmental stewardship and protection:</p> <ul style="list-style-type: none"> Projects are not significantly influenced by this driver.
<p>Community partnerships:</p> <ul style="list-style-type: none"> This service provides direct community services to the citizens of Denman Island by partnering with the Denman Island Recreation Commission Society and the Denman Island Seniors and Museum Society. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> Projects are not significantly influenced by this driver.

Rethink Comox Valley / COVID-19 Response and Renewal

On May 12, 2020 the board adopted a COVID-19 renewal plan for the review of service levels and all necessary, critical and functional projects slated for the next five years. Recommended actions for the plan were brought forward to the relevant committees, commissions and partners for review over the summer.

For community halls a key service outcome was responding and partnering with community groups. As such the CVRD hosted a number of community hall meetings inviting all halls to participate to discuss and share ideas for COVID-19 response. Furthermore additional support for community halls is being considered as part of the restart funding.

Economic Recovery Task Force Actions

Not applicable for this service.


Financial Plan Overview

The 2021 - 2025 proposed five-year financial plan for Denman Island Community Facilities Service, function 675, including service establishment information, the requisition summary and the operating budget, is available within the full proposed budget binder, provided in both searchable PDF and e-reader formats, located on the CVRD financial plan web page at www.comoxvalleyrd.ca/currentbudget.

DIRCS and DSMS are responsible for the operations of the Denman Community Hall and Denman Activity Centre. The CVRD contributes an annual grant to each organization under five year agreements. The agreement is set to expire Dec 31, 2021.

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

 2021 Proposed Budget		#675 Denman Island Community Facilities		
Operating	2020 Budget	2021 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	68,000	68,000	-	
Prior Years Surplus	801	19,964	19,163	
	\$ 68,801	\$ 87,964	\$ 19,163	
Expenditures				
Operating	67,601	87,401	19,800	
Contribution to Reserves	1,200	563	(637)	
	\$ 68,801	\$ 87,964	\$ 19,163	

Highlights of the 2021 - 2025 proposed financial plan for function 676 include:

Revenue Sources

The proposed tax requisition in 2021 is \$68,000 consistent with the 2020 budget and future projections remain stable at \$65,000 as additional DSMS grants decrease and transfers to reserve increase.

Personnel

There are no personnel included for this service which is under the portfolio of the General Manager of Community Services.

Operations

Both DIRCS and DSMS submit a five-year financial plan which includes gradual increases to their yearly operating grant (Appendix A). DIRCS operating grant is consistent at \$20,000 through the five year financial plan, DSMS is \$14,800 in 2021, and \$16,700 2022 to 2025.

An additional \$8,000 grant to DSMS was requested in 2021 to top up a New Horizons grant to support additional programming if needed.

In addition to annual operating funding, DIRCS and DSMS facility upgrade funding requests included projects summarized in Table 3:

Table 3

CVRD Capital Improvement Assistance	2021	2022	2023	2024	2025
DIRCs heat exchange	\$19,000*				
DIRCS preschool space improvements		\$19,000			
DIRCS general exterior			\$19,000		
DIRCS playground and other items				\$19,000	
DSMS water upgrades	\$5000				
DSMS air exchange		\$5,000			
DSMS outdoor exhibit space			\$5,000		
DSMS lounge hall flooring				\$5,000	
DSMS refurbish gym floor					\$5,000

*the budget requisition is assuming \$38,000 however this may be covered by other grants including the restart therefore only the \$19,000 is noted above as requested by DIRCS.

Capital

There is no CVRD capital associated with this service. However, the ongoing maintenance and upgrade of the community hall to ensure sustainable service delivery are considered by DSMS and DIRCS when preparing their financial plan as summarized above.

Reserves

There is a future expenditure reserve with an estimated balance of \$55,728 as at December 31, 2020. This balance will be confirmed and updated as part of the recommended budget.

Annual contributions to reserve are \$500 to \$2,900 annually, with an estimated ending balance for 2025 of \$67,944, with no budgeted transfers from reserve in the five year financial plan.

Tax Impacts

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.1439 per \$1,000 (2020 - \$0.1566) of taxable assessed value.
- The maximum levy for this service is the greater of \$75,508 or \$0.20 per \$1,000 of taxable assessed value resulting in a maximum available requisition in 2021 of \$92,489.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$71.95 for this service.

Citizen/Public Relations

It is important that Denman Island residents have access to recreational and cultural opportunities that are affordable and, in addition, promote and maintain a healthy active lifestyle. The CVRD assists in this endeavour by partnering with both DIRCS and DSMS in supporting these facilities.

Budgets in 2021 reflect significant decreases in services to public as a result of COVID 19.

Attachments: Appendix A – Five Year financial plan for DIRCS and DSMS

Denman Island Recreation Commission Society

Financial Budgets	2021	2022	2023	2024	2025	Assumptions
REVENUE						
CVRD - Operational Grant	20,000	20,000	20,000	20,000	20,000	\$5000 per quarter remains unchanged
CVRD - Capital Repairs Grant	19,000	19,000	19,000	19,000	19,000	
Donations	1,000	3,000	3,000	3,000	3,000	2021 Reduced due to COVID19
Hall Rentals	5,000	11,000	11,000	11,000	11,000	2021 Reduced due to COVID19
TOTAL REVENUE	45,000	53,000	53,000	53,000	53,000	
EXPENSE						
Operating & Administrative						
Bookkeeping / Booking Agent	3,480	5,100	5,100	5,100	5,100	2021 Reduced due to COVID19
Administration Expenses	1,000	2,100	2,100	2,100	2,100	2021 Reduced due to COVID19
Bank Charges, Interest, & Loan Repayment	1,500	0	0	0	0	Loan is paid off in 2021
Total Operating & Administrative	5,980	7,200	7,200	7,200	7,200	
Insurance & Permits						
Building Insurance	9,000	9,200	9,400	9,400	9,400	
Event Insurance/Costs	0	570	570	570	570	2021 Reduced due to COVID19
Permits, Fees & Licenses	0	620	620	620	620	2021 Reduced due to COVID19
WCB Expense	120	120	120	120	120	
Total Insurance & Permits	9,120	10,510	10,710	10,710	10,710	
Building & Grounds						
Porta Pottie	0	600	630	630	630	2021 Reduced due to COVID19
General Maintenance	3,000	5,000	5,000	5,000	5,000	2021 Reduced due to COVID19
Major Repairs & Upgrades	19,000	19,000	19,000	19,000	19,000	
Janitorial	4,000	4,000	4,000	4,000	4,000	
Total Building & Grounds	26,000	28,600	28,630	28,630	28,630	
Utilities						
Telephone & Internet	1,400	1,400	1,400	1,400	1,400	
Hydro	1,300	1,300	1,300	1,300	1,300	Hydro & Propane: may decrease when Blackberry School vacates (2021) and if we install Heat Pump.
Propane & Firewood	1,200	1,200	1,200	1,200	1,200	
Total Utilities	3,900	3,900	3,900	3,900	3,900	
TOTAL EXPENSE	45,000	50,210	50,440	50,440	50,440	
NET INCOME	0	2,790	2,560	2,560	2,560	

Denman Seniors and Museum Society
Five Year Financial Plan
For the years ending August 31
Five Year Forecast

Assumptions/Explanations

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	
REVENUE						
Rentals	\$ 5,000	\$20,000	\$20,000	\$20,000	\$20,000	2020-21 Income reduced due to COVID closure
Gym Fees	2,500	18,000	18,000	18,000	18,000	2020-21 Income reduced due to COVID closure
Donations & Fundraising	-	3,500	3,500	3,500	3,500	2020-21 Cancelled fundraising events due to COVID
GST Rebate	500	500	500	500	500	
DSMS Memberships	400	400	400	400	400	
CVRD Rec Grant Funds (3)	8,000	-	-	-	-	2020-21 \$8k to be requested to top up applied for \$25k grant from New Horizons.
Tess Truman Fund	2,700	2,700	2,700	2,700	2,700	
CVRD Cap & Op Grant (2)	19,800	21,700	21,700	21,700	21,700	Assumed no increase in agreed amount.
	<u>\$38,900</u>	<u>\$66,800</u>	<u>\$66,800</u>	<u>\$66,800</u>	<u>\$66,800</u>	
EXPENSES						
Bookkeeper, Booking Agent, Janitor	\$ 16,400	\$16,400	\$16,400	\$16,400	\$16,400	
Utilities	8,500	9,700	9,700	10,185	10,185	2020-21 Reduced due to COVID closure. Assume increase every 2 years of 5%.
Insurance	7,500	7,500	7,500	7,500	7,500	2023-24 Assume an increase in insurance rate of 5%.
General Maintenance	1,500	18,200	18,200	17,715	17,715	2020-21 Reduced due to COVID closure resulting in loss of income.
Capital Improvements (1)	5,000	5,000	5,000	5,000	5,000	
Gym Equipment & Supplies	-	10,000	10,000	10,000	10,000	2020-21 Eliminated cost due to COVID closure resulting in loss of income.
	<u>\$38,900</u>	<u>\$66,800</u>	<u>\$66,800</u>	<u>\$66,800</u>	<u>\$66,800</u>	
NET INCOME (LOSS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

NOTES:

- 1 - Comprised of 25% of CVRD Cap & Op Grant
- 2 - Contract is to be renewed every 2 years.
- 3 - Grant must be applied for each year.