

DATE: January 21, 2021

FILE: 1700-02/2021/670

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 – Hornby Island Community Hall, Function 670**

Purpose

To provide the Electoral Areas Services Committee with the proposed 2021 - 2025 financial plan and work plan highlights for the Hornby Island Community Hall service, function 670.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2021 – 2025 financial plan the Hornby Island Community Hall service, function 670, be approved.

Executive Summary

This service provides financial assistance to the Hornby Island Community Hall in the form of an operating grant by way of an agreement with the Hornby Island Residents and Ratepayers Association (HIRRA).

Highlights of the financial plan include:

- The estimated residential tax rate for 2021 is \$0.0994 per \$1,000 of assessed value compared to \$0.1096 in 2020.
- The maximum levy for the service is the greater of \$20,000 or \$0.16 per \$1,000 of assessed property value, resulting in a maximum requisition for 2021 of \$109,420.
- The tax requisition is forecasted to remain consistent for the five-year financial plan, however due to increases in the HIRRA financial plan over 2021, 2022 and 2024 contract increases are required to be off-set by transfers from reserves.
- Increases are primarily driven by an increase from \$5,100 to \$9,100 contribution to HIRRA core services to cover administration expenses and wage increase costs.
- Increases to wages and benefits to community hall staff rose from \$20,548 in 2020 to \$24,000 in 2021.
- A capital item of \$50,000 will be carried forward for accessibility upgrades from 2020.

Prepared by:

D. DeMarzo

Doug DeMarzo
General Manager of Community Services

Government Partners and Stakeholder Distribution (Upon Agenda Publication)

Hornby Island Residents and Ratepayers Association	✓
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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: 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"> Supporting the Community Hall provides direct community centre services to the citizens of Hornby Island. Island residents make service decisions with modest CVRD support. 	<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 in a future staff report.

Economic Recovery Task Force Actions

Not applicable for this service.


Financial Plan Overview

The 2021 - 2025 proposed five-year financial plan for Hornby Island Community Hall, function 670, 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.

HIRRA is responsible for the operations of the Hornby Island Community Hall and presents their financial plan to the residents in an open meeting each year. The term of the contract with HIRRA expires on December 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

		#670 Hornby Island Community Hall		
		2020 Budget	2021 Proposed Budget	Increase (Decrease)
Operating				
Revenue				
Requisition	69,001	69,001	0	
Transfer from Reserve	23,917	4,468	(19,449)	
Prior Years Surplus	27	26,183	26,156	
	\$ 92,945	\$ 99,652	6,707	
Expenditures				
Operating	92,945	99,652	6,707	
Contribution to Reserves			-	
	\$ 92,945	\$ 99,652	\$ 6,707	

Highlights of the 2021 - 2025 proposed financial plan for function 670 include:

Revenue Sources

The proposed 2021 tax requisition is \$69,001 consistent with the previous five year plan. Transfers from reserves are also used to aid with capital improvements proposed in the five year plan.

Personnel

There are no personnel costs attributed to this service which is under the portfolio of the General Manager of Community Services.

Operations

HIRRA submits a five-year financial plan which includes increases to their yearly operating grant (Appendix A). The increases in the contract from \$41,223 to \$47,694 are focused largely on staffing wage increases and payment to HIRRA core service. A deficit was also prevalent in 2020 due to lost hall rental revenue due to COVID-19.

The financial plan submitted by HIRRA outlines a capital plan which includes a carry forward for \$50,000 in 2021 for accessible washroom and other accessible upgrades with the hopes of leveraging additional grant funding as outlined below in Table 3. These upgrades are funded primarily by reserves to provide a stable requisition.

Table 3

CVRD Capital Improvement Assistance	2021	2022	2023	2024	2025
Wood flooring replacement				\$25,000	
Parking area improvements		\$25,000			
Handicap accessibility upgrades	\$50,000				

Capital

The CVRD owns no capital assets in this service. However, the ongoing maintenance and upgrade of the community hall to ensure sustainable service delivery are considered by HIRRA when preparing their financial plan as summarized above.

Reserves

There is a future expenditure reserve with an estimated balance of \$188,285 as of December 31, 2020. This balance will be confirmed and updated as part of the recommended budget.

Transfers to reserves occur in years there are no capital improvements to maintain a stable requisition and to provide funding for ongoing hall maintenance and upgrades.

Overall the proposed increases to wages and HIRRA core services expenses will have a negative long term impact on the reserve budget by limiting reserve contributions. For example in 2023 where no capital projects are planned the contribution to reserves is \$5,012 and similarly in 2025 a reduced contribution of \$2,461, where in previous years the reserve contribution in non-upgrade years was approximately \$20,000. The expected ending 2025 reserve balance is \$151,280 based on the five year planned transfers to and from reserve therefore reserves are sufficient for known priority projects. Further discussions in 2021 will be undertaken with HIRRA to discuss the long term strategy for managing the maintenance of their hall.

Tax Impacts

- Based on the 2021 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.0994 per \$1,000 (2020 - \$0.1096) of taxable assessed value.
- For a residence with an assessed value of \$500,000, the total tax impact is estimated to be \$49.70 for this service.

Citizen/Public Relations

It is important that Hornby Island residents have access to recreational and cultural opportunities that are affordable and in addition promote and maintain a healthy active lifestyle. HIRRA is able to provide some of these activities at the community hall. HIRRA presents their financial plan to an open meeting to the residents each year for comment and approval prior to forwarding to the CVRD.

Community Hall activities in 2021 will still be restricted due to COVID-19 limits on gathering sizes and restrictions on types of physical activities.

Attachments: Appendix A – HIRRA Proposed Financial Plan

Hornby Island Community Hall 5 Year Budget 2021-2025 - DRAFT

based on 2.0% inflation

Notes	2019		2020			2021	2022	2023	2024	2025
	Budget	Actual	Budget	Actual to Sept 30	Projected	Budget	Budget	Budget	Budget	Budget
	Operating Revenue									
	Surplus/Deficit C/FWD (most recent actuals)	\$ (4,347)	\$ 3,692			\$ 10,425	\$ -	\$ -	\$ -	\$ -
	CVRD - Operations	\$ 46,658	\$ 46,659	\$ 41,223	\$ 41,223	\$ 41,223	\$ 47,694	\$ 60,922	\$ 62,093	\$ 63,296
1	Hall Rentals	\$ 12,500	\$ 17,584	\$ 12,750	\$ 2,067	\$ 2,200	\$ 4,000	\$ 4,080	\$ 4,161	\$ 4,245
	Office/Storage Rentals	\$ 1,800	\$ 1,500	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800
	Total Revenue	\$ 56,611	\$ 65,743	\$ 59,465	\$ 45,090	\$ 45,223	\$ 63,919	\$ 66,802	\$ 68,054	\$ 69,341
	Allocation to Core Services	\$ 5,474	\$ 5,474	\$ 5,092	\$ 3,819	\$ 5,092	\$ 9,019	\$ 9,200	\$ 9,383	\$ 9,571
	Net Revenue	\$ 51,137	\$ 60,269	\$ 54,373	\$ 41,271	\$ 40,131	\$ 54,900	\$ 57,602	\$ 58,671	\$ 59,770
	Operating Expenses									
2	Wages & Benefits (incl Hall Booking Agent)	\$ 20,145	\$ 20,551	\$ 20,548	\$ 17,463	\$ 23,100	\$ 24,000	\$ 24,480	\$ 24,969	\$ 25,469
3	Education / Training	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
	Insurance	\$ 6,242	\$ 6,514	\$ 6,600	\$ 6,951	\$ 6,951	\$ 7,000	\$ 7,140	\$ 7,282	\$ 7,428
	Office Expense (Minutes)	\$ 400	\$ 452	\$ 475	\$ 266	\$ 475	\$ 500	\$ 510	\$ 520	\$ 531
	Publicity / Promotion	\$ 450	\$ 260	\$ 450	\$ 231	\$ 250	\$ 300	\$ 450	\$ 450	\$ 450
	Supplies	\$ 1,500	\$ 1,179	\$ 1,500	\$ 909	\$ 1,000	\$ 1,000	\$ 1,500	\$ 1,500	\$ 1,500
	Telecommunications	\$ 1,400	\$ 1,689	\$ 1,700	\$ 1,229	\$ 1,700	\$ 1,800	\$ 1,836	\$ 1,872	\$ 1,910
	Utilities / Monitoring	\$ 7,000	\$ 7,118	\$ 7,100	\$ 4,770	\$ 7,000	\$ 7,300	\$ 7,446	\$ 7,594	\$ 7,747
4	Fixtures & Equipment	\$ 1,000	\$ 807	\$ 1,000	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
5	Maintenance / Repairs	\$ 11,500	\$ 11,274	\$ 14,000	\$ 14,314	\$ 14,500	\$ 12,000	\$ 12,240	\$ 12,484	\$ 12,734
	Total Expenses	\$ 51,137	\$ 49,844	\$ 54,373	\$ 46,134	\$ 54,976	\$ 54,900	\$ 57,602	\$ 58,671	\$ 59,770
	P&P YE Adjustment									
	Surplus/(Deficit)	\$ -	\$ 10,425	\$ -	\$ (4,863)	\$ (14,845)	\$ -	\$ -	\$ -	\$ -

CVRD Capital / Special Projects	2019		2020			2021	2022	2023	2024	2025
	Budget	Actual	Budget	Actual to Date	Projected	Budget	Budget	Budget	Budget	Budget
Revenue	\$ 28,000	\$ 18,604	\$ 50,000	\$ -	\$ 2,000	\$ 50,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Total Revenue	\$ 28,000	\$ 18,604	\$ 50,000	\$ -	\$ 2,000	\$ 50,000	\$ 25,000	\$ -	\$ 25,000	\$ -

Expense (broken out for each project)	2019		2020			2021	2022	2023	2024	2025
Acoustic Improvement	\$ 28,000	\$ 18,604								
Lighting improvements										
Ductless heat pump (round room)										
Roof Replacement										
Wood flooring replacement									\$ 25,000	
Parking area improvements							\$ 25,000			
Handicap Accessibility upgrades			\$ 50,000	\$ -	\$ 2,000	\$ 50,000				
Total Expenses	\$ 28,000	\$ 18,604	\$ 50,000	\$ -	\$ 2,000	\$ 50,000	\$ 25,000	\$ -	\$ 25,000	\$ -

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Cap / Sp. Projects Surplus/(Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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Operation Fund Balances 2018-19

2018 Fund Balance C/Fwd	\$ 57,458	
2019 Surplus / Deficit	\$ 10,425	
Acoustic Pr. moved to Bldgs Capital Asset	\$ 18,604	Funds not available for use
2019 Fund Balance C/Fwd	\$ 86,488	

NOTES:

- 1) Rental revenue expected to be significantly lower in 2021 given Covid pandemic
- 2) Wages reflect increases implemented in 2020 after HIRRA-wide wage review
- 3) No education/training expected for 2021
- 4) Fixtures and equipment remains in case of breakdown of appliances
- 5) Maintenance and repairs was used in 2020 to repair all the wooden chairs and re-finish wood surfaces in the Hall while it was closed. Expect to only address urgent repairs and maintenance in 2021.
- 6) Capital project planning for Handicap accessible washroom was started in 2020, but major fund-raising (using matching funds from reserves) is expected in 2021.