

DATE: February 21, 2024

TO: Chair and Directors
Electoral Services Area Committee

FROM: Marc Rutten
Acting Chief Administrative Officer

RE: **2024-2028 Financial Plan Follow-up**

FILE: 540-20 EASC

Supported by Marc Rutten
A/Chief Administrative Officer

M. Rutten

Purpose

To provide additional information as requested during recent budget deliberations.

Recommendations from the Acting Chief Administrative Officer:

1. THAT the following Community Works funding allocations be approved:
 - a. Project 1147 Masters Park in the amount of \$50,000;
 - b. Mottishaw Greenway in the amount of \$30,000;
 - c. Project 1148 Union Bay Playground in the amount of \$175,000;
 - d. Project 1175 Graham Lake Water Treatment Plant in the amount of \$300,000.

2. THAT the proposed 2024-2028 financial plan for the function 310 Graham Lake Water Local Service Area and 307 Denman Island Water Local Water Service Area, be approved including the addition of \$300,000 in Community Works Funds.

3. THAT the proposed 2024-2028 financial plan for the function 621, Baynes Sound, Electoral Areas B and C Parks and Greenways Service, be amended to include \$10,000 in operating funding to support weed control efforts on beach accesses and be amended to replace the \$200,000 in Community Works Funding currently applied to the Lazo Greenway capital project with Capital Works Reserve funding.

4. THAT the proposed 2024-2028 financial plan for the function 621, Baynes Sound, Electoral Areas B and C Parks and Greenways Service, be approved as amended.

Executive Summary

The Electoral Areas Services Committee (Committee) is delegated the authority for 69 of the Comox Valley Regional District (CVRD) services that includes reviewing and endorsing the annual financial plan for each.

- The Committee received presentations and deliberated services over the course of two meetings held February 6 and 7.
- Two items of follow-up resulted from deliberations.
 - Item 1 - 310 Graham Lake Water Service: the use of \$300,000 in Community Works Funds and implications to households.
 - Item 2 – 621 Baynes Sound Area B and C Parks and Greenway: Scope of work reconsideration for the Union Bay Community Hall Playground Replacement and Trail Upgrade project as well as enhanced service for beach access weed control efforts.
- This report includes additional information and analysis and seeks approval for the three remaining proposed service budgets.
- With new information received, a change in funding is required for the Lazo Greenway capital project.
- The recommended budget will be considered by the Board on March 12, 2024.

Prepared by:

Concurrence:

Concurrence:

L. Wiwcharuk

M. Harrison

K. Larose

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Background/Current Situation

The 2024-2028 financial planning process continues to progress well. The vast majority of the review and approval work under the direction of this Committee has been completed.

Throughout a budget process, staff may become aware of new information which leads to a required change. Staff provide the follow update:

- Staff completed a review to confirm whether the Federal Active Transportation grant allowed the use of Community Works Funds (CWF) grant funding to cover the local government share of costs. Staff have confirmed that this is not allowed. An amendment is being recommended to change the proposed funding from CWF to Capital Works Reserve.

310 Graham Lake Water Service

This service was been recently converted to the CVRD. The 2024 workplan includes interim treatment plant maintenance to reduce operational costs and risk; supply main investigations, repairs and rehabilitation; and progress on the water treatment plant. The proposed budget includes the capital project 1175 for the Graham Lake Water Treatment Plant; this project is currently estimated to cost \$3.9 MM and is funded with a \$1.4MM grant, reserves and debt. With such a small number of households included in this service, costs per household is significant.

As part of the financial plan discussions, Directors asked staff to consider using \$300,000 in CWF and asked staff to return with details to show the potential for positive effect on rates.

In summary, with such a large cost to the overall project and a need to grow current reserve balances, staff do not recommend a change in proposed parcel tax and user rates. However, below brings attention to how the additional grant dollars do have a notable impact on this service financially.

- Reducing short term debt by \$300,000 will result in \$16,500 of annual savings or \$182 per household.
- The overall reduced debt load for this project will result in future annual saving of \$29,450 or \$324 per household.
- By keeping parcel tax and user rates at proposed levels, important reserve balances can be built. The rate review scheduled for 2025 will take into consideration this new funding source and future rates will be adjusted.

621 Baynes Sound Area B and C Parks and Greenway

Two areas of follow up were identified for this service.

Union Bay Community Hall Playground Replacement and Trail Upgrades

As a part of and to support the service budget deliberations, staff presented information related to CWF. Considering the existing reserve levels in this service, the proposed budget included the use of CWF for three capital projects. One of these projects was the Union Bay Community Hall Playground Replacement and Trail Upgrades.

As part of the discussions, Directors asked staff to reconsider the scope of the playground and trail project and determine whether additional CWF or reserve funding is recommended.

In summary, staff have met with the Union Bay Community Hall's design consultant and reviewed the proposed conceptual plan and the corresponding Class D cost estimates for the project. The Class D estimate (\$320,000) is beyond the original proposed funding for the project (\$200,000). Discussions with the design consultant clarified that the community hall is not expecting further funding from the CVRD to cover additional costs beyond the \$200,000, but rather the community hall was planning to seek other grant opportunities to make up for any funding shortfall. Staff proposed that the project could be phased. The first phase could support trail upgrades towards the Union Bay Nature Park from the community hall and Tappin Street as well as accommodate a new playground on the existing playground footprint. The second phase could involve earthworks to expand land area within the community hall's property to support additional playground structures as desired. Staff are of the opinion that \$200,000 in funding for a rural playground is fair and adequate and will most likely be sufficient to cover Phase I work. For reference, the playground at the Fanny Bay Community Hall was constructed for under \$100,000.

Enhanced service beach access weed control

Directors asked that staff consider adding an additional \$5,000 to \$10,000 to the proposed budget for further weed control at beach access. Staff have reviewed and are estimating \$10,000 in operating as a sufficient level of funding for this item. Addressing invasive plants within beach accesses not currently managed by the CVRD would require permission from the Ministry of Transportation and Infrastructure which has jurisdiction over these accesses to water. Managing future beach accesses within the CVRD is guided by the CVRD Beach Access Inventory (2011) which provides guidance on improving beach accesses in a systematic manner.

Options

310 Graham Lake Water Service Follow up Options

1. That the Committee accept the additional information provided for the 310 Graham Lake Water service and endorse proposed budget including amendments.
2. That the Committee direct staff to provide additional information and analysis. A further meeting will be required in order to meeting timeline for CVRD recommended budget.

621 Baynes Sound Area B and C Parks and Greenway Follow up Options

Union Bay Community Playground and Trail Upgrades

1. That the proposed budget be approved as presented by staff on February 7 with a \$175,000 contribution to the Union Bay Community Playground and Trail Upgrade project.

2. That the proposed budget be approved as presented by staff on February 7 with a \$175,000 contribution to the Union Bay Community Playground and Trail Upgrade project. Staff will explore possibility of additional funding for future phases of this project within the 2025 budget cycle.
3. That the proposed budget be amended to provide a higher contribution for the project in 2024. The funding for the increased contribution can be drawn from the Future Expenditure reserve.
4. That the Committee direct staff to provide additional information and analysis. A further meeting will be required in order to meeting timeline for CVRD recommended budget.

621 Baynes Sound Area B and C Parks and Greenway – Enhanced Weed Control at Beach Accesses

1. That the proposed budget be amended to include \$10,000 for the enhanced weed control at beach accesses.
2. That the proposed budget be amended to include an amount greater or less than \$10,000 for the enhanced service.

For each of the above services and options provided, staff recommend option 1.

Financial Factors

Information included within body.

Strategic Considerations - Strategic Drivers									
Fiscal Responsibility	✓	Climate Crisis and Environmental Stewardship and Protection	✓	Community Partnerships	✓	Indigenous Relations	✓	Accessibility, Diversity, Equity and Inclusion	✓

The annual financial process is an essential component to fiscal responsibility. The planning process continues to be strengthened through greater levels of financial analysis, standardizing data, improving long range projections and progressing with principles of asset management. Throughout the process, staff provide elected officials information needed for community decision making.

Citizen/Public Relations

Public Engagement is facilitated through the CVRD Engage website. Information related to follow up will be updated within the recommended budget. Citizens continue to have opportunity to provide feedback and ask questions.