

DATE: January 17, 2020
TO: Chair and Directors
Electoral Areas Services Committee
FROM: Russell Dyson
Chief Administrative Officer

FILE: 1700-02/2020/675

Supported by Russell Dyson
Chief Administrative Officer

R. DYSON

RE: 2020 - 2024 Financial Plan – Denman Island Community Facilities – Function 675

Purpose

To provide the Electoral Areas Services Committee with the proposed 2020 - 2024 financial plan and work plan highlights for the Denman Island Community Facilities Service, function 675.

Recommendation from the Chief Administrative Officer:

THAT the proposed 2020 – 2024 financial plan for Denman Island Community Facilities Service, function 675, be approved.

Executive Summary

The Board adopted Bylaw No. 564 at the January 29, 2019 regular meeting to incorporate the request of Denman Island Seniors and Museum Society (DSMS) for the Denman Activity Centre to become a single tax supported service within the Denman Island Community Hall Service.

Highlights of the financial plan include for the Denman Island Community Facilities service include:

- The estimated residential tax rate in 2020 is \$0.1566 per \$1000/assessed value compared to \$0.1179 in 2019.
- The maximum requisition for the service is the greater of \$75,508 or \$0.20 per \$1,000 of assessed property value resulting in a maximum levy in 2020 of \$84,781.
- As a result of increased general maintenance and loss of the potential \$8000 grant the requisition has increased by \$18,000.
- Provide facility operating funding assistance for the Denman Island Recreation Commission Society (DIRCS) and DSMS.
- A former recreation grant of \$8,000 provided by DIRCS, which was funded via the Denman Island Economic Development Service 555, has now been incorporated into the operating costs of this service.
- General Maintenance and repair expenses continue to rise including a planned roof replacement for 2020 for the activity center.

Prepared by:

D. DeMarzo

Doug DeMarzo
General Manager of Community Services

Stakeholder Distribution (Upon Agenda Publication)

Denman Island Recreation Commission Society (DIRCS)	✓
Denman Island Seniors & 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: Strategic Drivers

<p>Fiscal responsibility:</p> <ul style="list-style-type: none"> Operating the community facility continues to look at the long-term capital needs and plans for them accordingly. 	<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 & Museum Society. 	<p>Indigenous relations:</p> <ul style="list-style-type: none"> Projects are not significantly influenced by this driver


Financial Plan Overview

The 2020 - 2024 proposed five-year financial plan for Denman Island Community Facilities Service, function 675, including service establishment information, the requisition summary and the operating 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.

Both DIRCS and DSMS submit a five-year financial plan which includes graduated increases to their yearly operating grant (Appendix A).

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 below.

Table 2: Financial Plan Highlights

 2020 Proposed Budget				
#675 Denman Island Community Facilities				
Operating	2019 Budget	2020 Proposed Budget	Increase (Decrease)	
Revenue				
Requisition	50,000	68,000	18,000	
Prior Years Surplus		145	145	
	\$ 50,000	\$ 68,145	\$ 18,145	
Expenditures				
Operating	50,000	67,601	17,601	
Contribution to Reserves		544	544	
	\$ 50,000	\$ 68,145	\$ 18,145	

Highlights of the 2020 - 2024 proposed financial plan for function 675 include:

Revenue Sources

The proposed tax requisition in 2020 is \$68,000, an increase of \$18,000 from 2019. The two main factors impacting this increase is the reallocation of \$8,000 grant from the Denman Island Economic Development service function 555 as a result of combining the Denman activity centre with the community hall service in 2019 and increased maintenance and repair costs.

Personnel

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

Operations

DSMS and DIRCS are responsible for the operations of the Denman Activity Centre and Denman Community Hall. As a result of increased general maintenance and loss of the \$8000 recreation grant previously provided by DIRCS the requisition has increased by \$18,000.

Capital

There is no CVRD capital associated with this service. However, requests for capital costs for the facilities is reflected in the operations line item of the DSMS and DIRCS budget submissions.

Reserves

There is a future expenditure reserve with an estimated balance of \$53,157 as at December 31, 2019. This balance will be confirmed and updated as part of the recommended budget.

Tax Impacts

- Based on the 2020 completed assessment roll, the estimated residential tax rate for this service is expected to be \$0.1566 per \$1,000 of taxable assessed value.
- The 2019 residential tax rate for the service was \$0.1179 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 \$78.30.

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.

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

**Denman Seniors and Museum Society
Five Year Financial Plan**

For the years ending August 31

REVISED

	Actual		Five Year Forecast				
	2018	2019	2020	2021	2022	2023	2024
INCOME							
Rentals	\$ 19,280	\$ 24,480	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Fees - Fitness Centre	17,869	16,384	18,000	18,000	18,000	18,000	18,000
Donations	-	1,883	2,000	2,000	2,000	2,000	2,000
Fundraising	2,666	4,560	500	4,500	500	4,500	500
Drop-in Fees - Lounge & Gym	2,441	2,336	2,000	2,000	2,000	2,000	2,000
Donations - Cash	1,010	1,145	1,000	1,000	1,000	1,000	1,000
Miscellaneous & GST Rebate	620	807	500	500	500	500	500
DSMS Memberships	480	120	400	400	400	400	400
Canada Summer Job Grant	-	4,311	-	4,000	-	4,000	-
CVRD Rec Grant Funds	8,275	8,293 (1)	8,000	8,000	8,000	8,000	8,000
Tess Truman Fund	-	2,717	2,700	2,700	2,700	2,700	2,700
CVRD Cap & Op Grant	-	-	29,325 (2)	19,800 (2)	28,800	31,650	22,100
	<u>\$ 52,641</u>	<u>\$ 67,036</u>	<u>\$ 84,425</u>	<u>\$ 82,900</u>	<u>\$ 83,900</u>	<u>\$ 94,750</u>	<u>\$ 77,200</u>
EXPENSES							
Contract & Professional	\$ 13,246	\$ 17,912	\$ 16,000	\$ 22,500	\$ 22,500	\$ 22,500	\$ 22,500
Utilities	8,652	8,858	9,100	9,400	9,700	10,000	10,300
Insurance	5,952	6,171	6,400	6,700	7,000	7,400	7,800
General Maintenance & Repair	8,131	16,028	34,025	20,075	22,800	26,800	10,800
Equipment & Supplies	4,503	4,816	8,500	9,800	11,300	13,000	15,000
Miscellaneous	1,698	2,311	2,300	2,400	2,500	2,600	2,700
Fundraising	1,210	503	100	450	100	450	100
Canada Summer Job Grant	-	4,311	-	4,000	-	4,000	-
CVRD Rec Grant Funds Utilized	8,275	8,293 (1)	8,000	8,000	8,000	8,000	8,000
	<u>\$ 51,667</u>	<u>\$ 69,203</u>	<u>\$ 84,425</u>	<u>\$ 83,325</u>	<u>\$ 83,900</u>	<u>\$ 94,750</u>	<u>\$ 77,200</u>
NET INCOME (LOSS)	<u>\$ 974</u>	<u>-\$ 2,167</u>	<u>\$ -</u>	<u>-\$ 425</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes:

- Income:
- Rentals 2019- a one-time rental for daily home care classes for 6 months for additional rent of \$6,000. Not included subsequently.
 - Fundraising 2019 has an Auction net proceeds of \$4,000. Forecasted again 2021 and 2023
 - (1) CVRD Rec Grant Funds This grant is used for fitness activities and is separate from CVRD tax funding for the purpose of maintenance and operations. Section 5.4 of the service agreement with CVRD.
 - (2) CVRD Cap & Op Grant 2019 funding of \$10,000 was received at the very end of DSMS 2019 fiscal year and was carried forwarded to be added to the 2020 funding of \$19,325. The 2021 funding \$19,800 is per the CVRD service agreement.
- Expenses:
- Contract & Professional There is an additional position of Building Manager at \$6,500 per year beginning 2021
 - Utilities Effective 2020, costs were increased annually at approximately:
 - 3%
 - Insurance 5%
 - Equipment & Supplies 15%
 - Miscellaneous 5% includes ad & promo, licences & memberships, office & admin
 - Fundraising See Fundraising income comment

Capital Items included in Repairs & Maintenance

	2019	2020	2021	2022	2023	2024
Repairs & Maintenance						
General	2,398	3,000	3,000	3,000	3,000	3,000
Concrete Pad		2,000				
Upstairs lighting upgrade		3,500				
Fitness Centre Equipment repair & replacement	707		3,000	3,000	6,000	
Mansard Roof Replacement		22,725	7,275			
Duct cleaning	729	1,000	1,000	1,000	1,000	1,000
Roof Maintenance	2,662	1,000	1,000	1,000	1,000	1,000
Lawn mowing/snow removal	805	800	800	800	800	800
Water System Upgrade					6,000	
Lounge flooring					3,000	
Heating Upgrade				6,000	6,000	
Gym Floor	5,778					5,000
Museum	2,949		4,000			
Museum Outdoor Exhibit Space				8,000		
	<u>16,028</u>	<u>34,025</u>	<u>20,075</u>	<u>22,800</u>	<u>26,800</u>	<u>10,800</u>

This proposed five year financial plan does not exactly match the timing in the Board's five year strategic plan. Some major projects (including roof replacement and heating upgrade) were moved to other years to balance to the grant funding.

The final year of this plan shows minimal CVRD Capital and Operation grant funding. It does not include unforeseen major projects.

Denman Island Recreation Commission Society

	2020 Budget	2021	2022	2023	2024	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	3,000	3,000	3,000	3,000	3,000	
Hall Rentals	11,000	11,000	11,000	11,000	11,000	
TOTAL REVENUE	53,000	53,000	53,000	53,000	53,000	
EXPENSE						
Operating & Administrative						
Bookkeeping / Booking Agent	5,000	5,000	5,100	5,100	5,100	
Administration Expenses	2,000	2,000	2,100	2,100	2,200	
Bank Charges, Interest, & Loan Repayment	2,700	1,500	0	0	0	Loan is paid off in 2021
Total Operating & Administrative	9,700	8,500	7,200	7,200	7,300	
Insurance & Permits						
Building Insurance	9,000	9,000	9,200	9,400	9,400	Will explore options to reduce cost i.e. shared coverage with other non-profits buildings on DI.
Event Insurance/Costs	550	550	570	570	570	Includes: supplies, food, child care.
Permits, Fees & Licenses	500	600	620	620	620	
WCB Expense	110	120	120	120	120	
Total Insurance & Permits	10,160	10,270	10,510	10,710	10,710	
Building & Grounds						
Porta Pottie	600	600	600	630	630	
General Maintenance	5,000	5,000	5,000	5,000	5,000	
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	28,600	28,600	28,600	28,630	28,630	
Utilities						
Telephone & Internet	2,100	2,100	2,100	2,100	2,100	
Hydro	1,300	1,300	1,300	1,300	1,300	Hydro use may decrease after Blackberry School vacates 2021(?)
Propane & Firewood	1,200	1,200	1,200	1,200	1,200	
Total Utilities	4,600	4,600	4,600	4,600	4,600	
TOTAL EXPENSE	53,060	51,970	50,910	51,140	51,240	
NET INCOME	-60	1,030	2,090	1,860	1,760	

**DENMAN ISLAND RECREATION COMMISSION SOCIETY
(Community Hall)
5 Year Capital Projects Budget Projection 2020-2024**

2020 External Building Repairs & Internal Lighting

Fix outside Back Hall & deck area, movable fencing for stage creation, fix shingles, painting, some landscaping	\$5,000
Repairs to East & South facing exterior walls - shingles	\$5,000
Add soffits above library, repair paint work around front of building	\$3,000
Improve stage & front hall lighting	\$6,000
Total	\$19,000

2021 External Building Repairs & Kitchen Upgrade

Fix playground side of building - shingles, painting, landscaping	\$6,000
Playground upgrades	\$4,000
Upgrade kitchen appliances, cubboards	\$9,000
Total	\$19,000

2022 Internal & External Building Repairs

to be determined in 2020	\$19,000
Total	\$19,000

2023 Internal & External Building Repairs

to be determined in 2021	\$19,000
Total	\$19,000

2024 Internal & External Building Repairs

to be determined in 2022	\$19,000
Total	\$19,000