



Date: 17/10/2018

AGENDA ITEM SUMMARY

To: Central Cariboo/City of Williams Lake Joint Committee
And To: John MacLean, Chief Administrative Officer
From: Darron Campbell, Manager of Community Services
Date of Meeting: Central Cariboo Joint Committee_Nov01_2018
File: 8030-20-03

Short Summary:

Central Cariboo Recreation and Leisure Services 2019 Business, Financial and Capital Plans

Voting:

Electoral Areas D, E, F, and Council
Ratification required by CRD

Memorandum:

The attached 2019 business plan goals and financial plan for Central Cariboo Recreation and Leisure Services were developed as part of the annual function management and planning process. These documents are presented to the Central Cariboo Joint Committee for information and endorsement prior to final submission to the Regional District Board.

In addition to the business and financial plans, also attached are the Cariboo Memorial Recreation Complex five-year capital plan and 2019 operational revenues and expenditures budget summary.

All of these documents reflect both the capital and operating implications of completing the West Fraser Aquatic Centre Upgrade Project. The staff time commitments required are also considered in the plans.

2019 Financial Plan Implications

The 2019 requisition is increased by 1% from the 2018 requisition amounting to total taxation of \$3,137,239 with an increase of \$31,061. A 1% increase is included in each year of the five-year financial plan to account for higher operational costs and to account for several major capital projects.

There was no taxation increase in 2018; however, the 2015 requisition was increased by 44% from the 2014 requisition amounting to \$943,553. The increase was required to undertake the pool upgrade project.

The operational costs to the function are projected to increase significantly in 2019 due to additional staff and higher utility costs for the new West Fraser Aquatic Centre as well as new regulatory requirements for the ammonia ice plant. A net increase of \$353,505 to the operating cost of the Complex is included in the budget for 2019.

These updated subsidy cost targets will be reflected in the five-year Facility Management Agreement with the City of Williams Lake. The taxation subsidy paid to the City for operational costs increases at 1.75 percent per year over the term; starting at \$1,947,773 in 2019 to \$2,087,738 in 2023. All revenue generated at the Recreation Complex is retained by the City under the terms of the management agreement.

There is also projected to be a significant increase in revenue in 2019 and forward due to the upgraded aquatic centre and these revenues do off set approximately 50% of the increased operating cost; however, the remaining cost increase is covered by a higher taxation subsidy. It is expected that costs may be reduced with more staff experience operating the new pool mechanical systems, but this reduction will be modest compared to the overall initial cost increase.

The operating budget for the Recreation Complex includes numerous community events and an annual contribution to the Boys and Girls Club of \$15,000, which allows them to provide programming for teens. Community events planned for 2019 include;

- Bike Rodeo
- Banff Film Festival
- Harvest Walk and Run
- Halloween Family Party and Fireworks
- Nutrition Walk and Run
- Canada Day
- Pro-D Day Skates and Swims
- Special Event Themed Skates and Swims
- Tri-Aqua Thon Challenge

The five-year capital plan for the recreation function has varied annual investments amounting to \$2.8 million over the term of the plan. This includes capital spending at the Cariboo Memorial Recreation Complex and the Esler Sports Complex. This relatively high figure reflects the aging mechanical equipment and structural components at the Recreation Complex.

The service has projected capital reserve funds of \$627,738 at the end of 2018. There are planned draws from reserves of \$100,000 in 2019 and again 2020 to support major capital projects. Contributions to capital reserves of \$100,000 per year are planned in 2021-2023 for a total of \$300,000 over the five-year plan.

All outstanding debt for the recreation function was paid off in 2016 and new borrowing for the pool upgrade project was undertaken in 2017. The total amount borrowed for the pool upgrade is \$6.5 million and is scheduled to be paid off in 2037. Remaining debt projected at the end of 2018 is \$6,258,097.

Capital Works at the Memorial Complex and Esler Sports Complex

Included in the financial plan for 2019 are \$890,000 worth of capital works at the recreation complex including upgrading the ice plant, construction of an entrance sign gazebo and replacement of the lobby arena lobby doors. Preparing designs for construction of an additional arena change room is also included.

As in previous years, focus for capital projects at the complex continues to be on items which will reduce utility and maintenance costs or are critical for ongoing operation of the facility. The capital plan for 2019 is consistent with this approach.

A major capital project is planned at the Esler Sports Complex to construct an access road directly off Highway 20 and make major parking and traffic flow improvements on the property, which has an estimated cost of \$4.1 million. A transfer of capital reserve funds is allocated towards this project; however, significant grant funding will also be required for completion.

To support capital projects at the Esler Sports Complex from the Williams Lake soccer associations, the Williams Lake Minor Softball League and the Williams Lake Slo-pitch League, \$15,000 is also included in the capital budget.

It is worth noting the 2017 capital project to supply additional fitness equipment to make the new gym space functional. With the increased size of the new fitness area there is an opportunity to enhance fitness access for those persons traditionally overlooked by most gyms. New fitness equipment has focussed on adaptive, multi-function, and body weight/resistance centred exercise options and this approach has met with excellent success to date.

Community Works Funding

In 2018, the Regional District invested \$96,500 from its Community Works Fund allocation to upgrade air-handling units and replace exterior lighting with LED. The HVAC units will improve efficiency by 5% and the LED lighting by more than 50%.

In 2019, Community Works Funds are identified to support upgrades to the ice plant, which will increase operating efficiency by an estimated 20% by going to a lower pressure system with improved heat exchangers.

Since 2009, the Regional District has invested over \$1.6 million from its regional allocation for the Community Works Fund in energy efficiency upgrades to the Complex.

Esler Sports Complex Maintenance and Community Projects

Funding is identified throughout the five-year financial plan of up to \$70,000 to support field maintenance at the Esler Sports Complex. Three-year Field Maintenance Agreements with the user groups at Esler expire in 2018 and a Business Plan goal is included to review the agreement terms and consider renewal. The groups at the Esler Sports Complex have been asked to provide a report on the necessity for an increase in their agreement, but one has not been provided to date. In the absence of a report, it is expected that the agreement will be renewed at the existing terms.

This funding is used to reimburse the Williams Lake soccer associations, the Williams Lake Minor Softball League and the Williams Lake Slo-pitch League for actual costs incurred for field maintenance. The intent of the support was to improve the safety of and protect the substantial capital investment in the playing fields, as well as allow the groups to focus their own volunteers and financial resources on other areas, such as managing their buildings on site and increasing player registration for their respective leagues.

The Community Projects funding in 2018 is proposed at \$30,000, which currently includes \$10,000 for a contribution towards development of the mountain bike trail network and trail works with the community group in 150 Mile for \$10,000 as noted in the Business Plan goals.

Annual Fee-for-Service contribution agreements are also in place through the five-year plan with the Scout Island Nature Centre (\$12,500), Williams Lake Cycling Club (\$10,000) and 150 Mile Greenbelt, Heritage and Trails Society (\$3,000) to support maintenance of extensive trail networks by each group.

The financial plan includes a Fee-for Service agreement increase for the cycling club to \$20,000 for 2019 and forward, and the agreement with the 150 Mile trails group was renewed at the same terms for another three years.

Attachments:

1. Central Cariboo Recreation and Leisure Service 2019 Business Plan
2. Central Cariboo Recreation and Leisure Services 2019 Financial Plan
3. Cariboo Memorial Recreation Complex Capital Plan
4. Recreation Complex – 2019 Operating Revenues and Expenditures Summary

Financial Implications:

The 2019 requisition is increased by 1% from the 2018 requisition amounting to total taxation of \$3,137,239 with an increase of \$31,061. A 1% increase is included in each year of the five-year financial plan to account for higher operational costs and to account for several major capital projects.

Capital costs in 2019 are \$890,000 including capital works at the Recreation Complex and Esler Sports Complex. Community Works Funds amounting to \$350,000 are allocated towards the ice plant upgrade project and the Esler access road project requires at least \$3.7 million in grant funding to proceed. The Northern and Rural Communities grant stream under the Investing in Canada Infrastructure Program represents an excellent opportunity to obtain external funding.

The annual financing cost of the \$6.5 million borrowed to complete the pool upgrade project is \$446,652 with payments for principle and interest on the loan.

Policy Implications:

As part of the joint governance approach to the Central Cariboo sub-regional recreation function, the plans are presented for the receipt and review of the Joint Committee prior to submission to the Regional District Board's annual financial planning process.

Alignment with Strategic Plan:

- Ensuring Sufficient and Sustainable Funding
- Building on our Relationships
- Providing Cost Effective High Quality Services
- Focusing on Being Well Governed

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CAO Comments:

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Options:

- 1) Receipt;
- 2) Endorsement of the recommendation;
- 3) Defer

Recommendation:

That the agenda item summary from Darron Campbell, Manager of Community Services, dated October 17, 2018, regarding the Central Cariboo Recreation and Leisure Services 2019 Business, Financial and Capital plans, be received. Further, that the plans be endorsed as presented and that the Recreation Facility Management Agreement between the City and Regional District be updated with the proposed taxation subsidy targets defined in the 2019-2023 financial plan and that the appropriate signatories be authorized to execute the agreement.