

# Report

Date September 26, 2023  
Subject 2024 Regional Recreation Budgets

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File:

## PURPOSE

To receive pre-budget approval for the Cowichan Aquatic Center and the Fuller Lake Area 2024-2028 budgets for the Regional Recreation function.

## BACKGROUND

A referendum for Regional Recreation was held in October 2022 and voted in by residents within the Cowichan Valley Regional District (CVRD). 2023 was the first year of a 3-year phased-in approach for the new usage-based funding model. North Cowichan has two facilities funded through this model – Cowichan Aquatic Center (CAC) and Fuller Lake Arena. This year, North Cowichan received 1/3 of the budgeted expenses, less projected revenue for these two facilities. In 2024 North Cowichan will receive 2/3 of the budgeted expenses less projected revenue and 100% in 2025.

The budgets for Fuller Lake Arena and Cowichan Aquatic Center will still be provided to Council during the Business Plan Presentations in late 2023 with Key Performance Indicators (KPIs); however, staff are seeking Council's support of the budgets prior to providing the numbers to the CVRD.

## DISCUSSION

Due to the Regional District's budget timelines, North Cowichan needs to provide the CVRD with the 2024 budgets for Fuller Lake Arena and Cowichan Aquatic Center by October 6<sup>th</sup>, 2023, to ensure that they can be presented to the commissions and the CVRD board for approval.

Usage for the two facilities appears to be back to normal; therefore, increased user fees and expenses have been added to the 2024 budget. In 2023, the municipal property taxes for these two facilities totalled \$2,317,190, and it is estimated that the total municipal property taxes for 2024 will be \$1,380,046.

### **Cowichan Aquatic Center**

The 2024-2028 budget for the Cowichan Aquatic Center is shown below. User fees are budgeted at \$1,263,287, with CVRD requisition of \$2,419,052 and municipal property taxes of \$888,726. New to the 2024 budget is a transfer to capital reserve to offset the need for increasing tax rates when a major capital expense needs to be completed for a facility. Staff feel that \$200,000 in 2024 is reasonable, with an increase of \$50,000 for the next four years is needed in order to accumulate an appropriate capital reserve for the Aquatic Center.

Capital totals \$390,000, which includes projects such as front reception counter expansion, front entrance accessibility renovations, changeroom ceiling replacement and plumbing shower upgrades. A third of the capital (\$130K) for 2024 will be funded from the CAC Reserve. The current estimated

balance of the reserve is \$207,068.

<b>Cowichan Aquatic Center</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>REVENUE</b>					
User Fees	1,263,287	1,288,547	1,314,318	1,340,604	1,367,416
Areas A, B, C	33,333	0	0	0	0
Area E	10,268	0	0	0	0
Lake Cowichan	4,926	0	0	0	0
Duncan	140,117	0	0	0	0
Cowichan Tribes	51,530	52,561	53,612	54,684	55,778
CVRD Requisition	2,419,052	3,490,302	3,634,468	3,857,954	3,865,290
Transfer from Reserve	130,000	0	0	0	0
MNC Property Tax	888,726	0	0	0	0
<b>TOTAL REVENUE</b>	<b>4,941,239</b>	<b>4,831,409</b>	<b>5,002,397</b>	<b>5,253,242</b>	<b>5,288,484</b>
<b>EXPENSES</b>					
Building Operations	2,047,640	2,088,592	2,130,362	2,172,970	2,216,428
Maintenance	998,949	1,018,614	1,038,670	1,059,128	1,079,989
Office/Administration	997,682	1,019,096	1,040,996	1,063,388	1,086,296
Fitness	306,968	313,107	319,369	325,756	332,271
Transfer to Reserve	200,000	250,000	300,000	350,000	400,000
Capital	390,000	142,000	173,000	282,000	173,500
<b>TOTAL EXPENSES</b>	<b>4,941,239</b>	<b>4,831,409</b>	<b>5,002,397</b>	<b>5,253,242</b>	<b>5,288,484</b>

### **Fuller Lake Arena**

There is a net increase in expenses of approximately \$51,000 in 2024 for the arena. This can be attributed to aging building repairs, maintenance, and an increase in wages for additional spring programming.

The 2024-2028 budget for the Fuller Lake Arena is shown below. Total user fees for 2024 are budgeted at \$299,016, with CVRD requisition of \$982,640 and municipal property taxes of \$491,320. Also new to the 2024 budget for Fuller Lake Arena is a transfer to capital reserve to offset the need for increasing tax rates when a major capital expense needs to be completed for a facility. Staff feel that \$125,000 in 2024 is reasonable, with an increase of \$50,000 for the next four years is needed to accumulate an appropriate capital reserve for the Arena.

Capital totals \$410,000, which includes a partial re-roof on the building. A third of the capital (\$137K) for 2024 will be funded from property taxes, as North Cowichan does not have a current capital reserve for Fuller Lake Arena. Though this is funded from municipal property taxes, as mentioned previously, the overall reduction in property taxes for both facilities is approximately \$937,000 for 2024.

<b>Fuller Lake Arena</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
REVENUE					
User Fees	299,016	308,261	314,426	320,715	327,129
CVRD Requisition	982,640	1,314,928	1,373,245	1,404,398	1,473,422
MNC Property Tax	491,320	0	0	0	0
<b>TOTAL REVENUE</b>	<b>1,772,976</b>	<b>1,623,189</b>	<b>1,687,672</b>	<b>1,725,112</b>	<b>1,800,551</b>
EXPENSES					
Maintenance	789,469	792,819	808,579	824,656	841,063
Office/Administration	246,557	251,219	255,992	260,849	265,784
Programs	201,950	206,651	210,601	214,607	218,704
Transfer to Reserve	125,000	175,000	225,000	275,000	325,000
Capital	410,000	197,500	187,500	150,000	150,000
<b>TOTAL EXPENSES</b>	<b>1,772,976</b>	<b>1,623,189</b>	<b>1,687,672</b>	<b>1,725,112</b>	<b>1,800,551</b>

## OPTIONS

- (Recommended Option)** THAT Council approve the 2024 – 2028 budget for the Cowichan Aquatic Center and Fuller Lake Arena for submission to the Cowichan Valley Regional District as included in the September 26, 2023, report from the Director of Financial Services.
  - Providing budget approval allows staff to forward the 2024 budgets to the CVRD for inclusion in their 2024 Financial Plan by the October 6, 2023, deadline.
- THAT Council amend the 2024 – 2028 budgets to *(insert facility(s) \$ amount increase/decrease to revenue/expense)*

## IMPLICATIONS

With Business Plan presentations being in November, both staff at the CVRD and North Cowichan require direction/approval in order to finalize budget documents. Regional Recreation budget meetings will be held in late November with the commissions, and North Cowichan's two facility budgets are required to be to the CVRD by October 6<sup>th</sup>. If Council wishes to amend the 2024 budgets for either facility, a special Council meeting may be required in order to meet the CVRD's timeline for budgets to Regional Recreation.

## RECOMMENDATION

THAT Council approve the 2024 – 2028 budget for the Cowichan Aquatic Center and the Fuller Lake Arena for submission to the Cowichan Valley Regional District as included in the September 26, 2023, report from the Director of Financial Services.

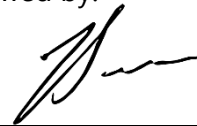
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**Approved to be forwarded to Council:**



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Ted Swabey  
Chief Administrative Officer