



REGIONAL
DISTRICT
OF NANAIMO

FINANCIAL REPORT – JANUARY 1 TO JUNE 30, 2022

RECOMMENDATION

1. That the Financial Report for the period January 1, 2022 to June 30, 2022 be received for information.

BACKGROUND

The Regional Board is provided with quarterly financial progress statements in order to review budget trends. Other than taxation revenue, which is accrued evenly through the year and shows at 50% of budget, revenues and expenses are incurred as projects are completed. Variances are explained below at an organizational level and specific service variations are explained in Attachment 1.

Total operating revenues are at 65% of the budget. Total operating revenues in Regional and Community Utilities at 69% of the budget reflect the first utility services billing completed at the end of May. Operating revenues from sale of services in Recreation & Parks are at 46% which is just short of where it would be expected at this point in the year. When compared to 26% for the same period last year, this is a strong indicator of a return to near normal levels of service and recovery from the negative impact of the pandemic over the past two years. Transit & Emergency Services operating revenues from sales of services are at 58% which is slightly above the expectation for this point in the year. Building Inspection operating revenues are at 62% of the budget at the end of the second quarter, indicative of an upward trend in construction activity as this industry continues to recover post-pandemic.

Total operating expenditures are at 32% benchmark. The majority of variances at the end of the second quarter are due to timing differences in recording revenues and expenses, in particular the transfers to reserves which do not occur until August each year. Capital spending is at 15% of the budget due to the timing of capital projects and the drawdown accounting approach where transfers from reserves and Development Cost Charge revenues are recorded only when project expenses are incurred.

After weathering the effects of the COVID-19 pandemic over the past two years, current operating results indicate a return to normal or near normal levels of business as services and activities return to levels experienced pre-pandemic. Barring the occurrence of additional restrictions being imposed by Provincial Health Order (PHO) mandates in the future, these positive performance trends can be expected to continue.

Overall Summary by Division (Attachment 2)

The Overall Summary by Division provides an overview of the year-to-date results at a divisional level.

Capital Accounts

Major capital works underway or beginning in 2022 are the Departure Bay Pumpstation and Forcemain upgrades, Chase River Pumpstation and Forcemain upgrades, Grit and Sed Tank Relining, Basement MCC Replacement, French Creek Pollution Control Centre expansion project, Bay Avenue Pumpstation upgrades, Aquaray UV System project, Gabriola Village Trail construction, Meadowood Community Recreation Centre construction, Jack Bagley Park development, Errington Playground construction, Anders Dorrit Park development, Extension Miners Coal Cart project and the Dashwood Volunteer Fire Hall replacement.

Overall capital spending is at 15% of budget due to the timing of capital projects which also impacts professional fees (17%). Capital projects use a drawdown accounting approach where grant revenues and transfers from reserves and Development Cost Charge revenues are recorded when project expenses are incurred which in turn impacts transfers from reserves (17%), capital grant revenues (20%), and new borrowing (11%). The timing of capital expenditures has been residually impacted by the effects of the pandemic emergency due to a general and overarching shortage of labour and materials. The RDN continues to seek new grant opportunities to fund future capital projects.

Operating Accounts

Total operating revenues are at 65% of the budget. The operating revenues from sale of services are at 46% in Recreation & Parks while Transit & Emergency Services operating revenues from sales of services are at 58% and the Building Inspection operating revenues are at 62% of the budget. Total operating revenues in Regional and Community Utilities at 69% of the budget reflect the first utility services billing completed at the end of May.

Operating expenditure accounts are at 35% or more of budget other than professional fees (17%) (impacted by capital as noted above), community grants (0%) and program costs (18%).

Community Grants (0%) reflect the timing of grants to various organizations which will be disbursed in the summer.

Program costs are lower due to the cancellation of a significant number of recreation programs earlier in the year in compliance with the PHO mandates. As well, many recreation programs occur during the summer months when schools are closed, which has not happened by June 30th. Also, program costs include those incurred to clean up unsightly premises and hazardous properties, for which there have been none yet this year. The Drinking Water/Watershed Protection rebate programs in Regional & Community Utilities (18%) and the Green Buildings rebate programs in Planning & Development (30%) are currently underway and expected to be fully allocated by the year-end.

Expenditures for Debt Interest (48%) and Debt Principal (41%) are slightly lower than budget because of the timing of debt payments made on behalf of municipalities and the Vancouver Island Regional Library.

Transfers to Reserve (0%) approved in the annual budget are completed and recorded in August every year when tax revenues are received from the Province and the municipalities.

Transfers to Other Gov't/Agencies (19%) reflect the timing of funding disbursements to other local governments and/or organizations as they pertain to agreements in place.

Total operating expenditures are \$49 million or 32% of budget, which reflect the items discussed above and those in Attachment 1.

Summary of Operating Results by Department (Attachment 3)

The Summary of Operating Results by Department lists the total year-to-date revenues and expenditures for services within each organizational division at June 30. The majority of the variances at the end of the second quarter are due to the timing of capital and operating projects and the related revenue accruals.

Contract Awards

During the second quarter, the following contracts (greater than \$100,000) were awarded by the Regional District of Nanaimo totaling \$5,962,366.

Date	Description	Awarded Vendor	Awarded Amount (excluding taxes)
April 2022	Nanoose Bay Peninsula (Dorcas) Watermain Replacement	David Stalker Excavating Ltd.	\$899,191
April 2022	Jack Bagley Site Work & Sports Court	Milestone Equipment Contracting Inc.	\$852,735
April 2022	GNPCC Gas Flare Consultant	Allnorth	\$119,900
April 2022	Regional Landfill Wheel Loader	Great West Equipment	\$385,398
May 2022	Cranberry and Dashwood VFD Fabric Structures	SpanMaster Structures Inc.	\$279,934
May 2022	Regional Landfill Water Analytical Services	Element	\$150,000
June 2022	Regional Landfill North Slope Closure Materials Supply	Western Tank and Lining Ltd.	\$285,971
June 2022	Regional Landfill North Slope Closure Construction	Secure Energy	\$1,859,370
June 2022	Whiskey Creek Water Upgrade Construction	Tritech Group Ltd.	\$997,403
June 2022	Boulton Drive Community Park Improvements	David Stalker Excavating Ltd.	\$132,464

Direct Contract Awards

During the second quarter, the following non-competitive direct contracts (greater than \$100,000) were awarded by the Regional District of Nanaimo totaling \$1,545,095.

Date	Description	Awarded Vendor	Awarded Amount (excluding taxes)
April 2022	Regional Landfill Biogas Flare Supply	Westech	\$144,013
April 2022	Water Services SCADA PH2 Construction	Houle Electric	\$171,700
June 2022	Microsoft Enterprise Renewal Licencing Agreement	Microsoft	\$631,722
June 2022	Zero Waste School Education	Nanaimo-Ladysmith Public School District and the Qualicum School District	\$350,000
June 2022	Northshore and Qualicum Interceptor Manhole Repairs	Knappett Industries	\$247,660

FINANCIAL IMPLICATIONS

The majority of variances at the end of the second quarter are due to timing differences in recording revenues and expenses and the residual impacts of the pandemic. Total operating revenues are at 65% of the budget. The total operating expenditures are at 32% benchmark and capital spending is at 15% of the budget. With virtually all PHO restrictions and mandates implemented in response to the COVID-19 pandemic now removed, there are strong indications that the RDN is recovering well from these past restrictions as services and activities return to pre-pandemic levels.

STRATEGIC PLAN ALIGNMENT

Quarterly financial progress statements provide information to identify budget trends and to allow for improved financial planning. This directly supports the Board governing principles to “Be Transparent and Accountable” and to “Show Fiscal Restraint” through prudent use of tax dollars and to deliver the services expected by residents of the Region as cost effectively and economically as possible.

REVIEWED BY:

M. Manhas, Acting Director of Finance & Acting General Manager, Corporate Services
D. Holmes, Chief Administrative Officer

ATTACHMENTS

1. List of Variances for June 30, 2022 Quarterly Reporting
2. Overall Summary by Division June 30, 2022
3. Summary of Operating Results by Department June 30, 2022