



RAVENSONG AQUATIC CENTRE 2023 - 2027 FINANCIAL PLAN OPERATING AND CAPITAL SEPARATED

RECOMMENDATION

That the Ravensong Aquatic Centre 2023 - 2027 Financial Plan Operating and Capital Separated Staff Report be received for information.

BACKGROUND

At the April 18, 2023, RDN Special Board Meeting, discussion took place regarding amending the *Regional District of Nanaimo District 69 Swimming Pool Service Bylaw 899*.

The following two changes to the Bylaw under consideration at the Special Board Meeting were:

1. To add Electoral Area E to the District 69 Swimming Pool Service joining Electoral Areas F, G, H and the City of Parksville and Town of Qualicum Beach as a participant.
2. To change the tax apportionment funding model from 50% usage / 50% property assessment to 1/3 usage, 1/3 property assessment and 1/3 population.

From this meeting, a series of resolutions were approved including 23-246 as provided below.

23-246 - *That staff be directed to prepare an analysis of the 5-year financial plan for Ravensong pool with operating funds and capital funds separated for the information of the select committee meeting.*

Staff understand that the intent of the Board at this time is not to cancel or cease capital planning but consider options on how operating and capital plans can be funded by current and proposed participants in the *Regional District of Nanaimo District 69 Swimming Pool Service Bylaw 899*. Included and attached to this report is relevant information that explains the criteria used in defining a capital expense.

To ensure RDN tangible capital asset budgeting and accounting guidelines comply with regulations, all tangible capital assets acquired by the Regional District, whether by way of a transfer, exchange, lease, donation, or purchase, are subject to the RDN's Capital Asset Accounting and Budgeting Policy A2.05 (Attachment 1).

The Total Capital Asset Expenditure amount of \$34,187,875 for the Ravensong Aquatic Centre 2023 - 2027 Financial Plan shown in Attachment 2 includes all expenses that meet the criteria of the Table 1 below. The

majority of Ravensong Aquatic Centre capital typically falls within the Building External Improvements and Machinery/Equipment asset classes.

TABLE 1 - CAPITAL BUDGETING THRESHOLDS

Asset Class	Minimum Threshold
Land	Record all as capital
Land Improvements / Parks Infrastructure	\$35,000
Buildings	\$70,000
Building External Improvements (ex: roofing; expansion; siding; HVAC; electrical; plumbing; fire)	\$70,000
Machinery and Equipment	\$10,000
Vehicles	\$10,000
IT Infrastructure, equipment and software	\$10,000
Other Infrastructure (e.g. water, sewer, wastewater, solid waste, etc.)	\$70,000

Tangible Capital Assets (TCAs) with a value under the minimum thresholds shown in Table 1 are considered operating expenses. If it is the intent of the District 69 Swimming Pool Service Select Committee to, at some point, consider funding models for contributing participants that differentiate assessment contributions by separated operating and capital plans, the information contained in Table 1 and the attached RDN Capital Asset Accounting and Budgeting Policy A2.05 (Attachment 1) would be used to identify whether an expense is operating or capital.

The Board will be familiar with other capital budgeting practices of the RDN which includes the use of detailed capital budget summaries. These summaries help communicate the criticality of capital items greater than \$500,000 and information such as annual impact on operating, funding sources and implications if the capital item is not approved are detailed in these one-page summaries.

As Ravensong Aquatic Centre generates revenues from operations, the ability of an aquatic capital expense (i.e. expansion) to generate additional revenue is calculated and shown in the operating plan for each year in the Financial Plan for Ravensong Aquatic Centre. Seen in the operating sections of Attachment 2 and 3, and most notably in 2027, is the impact on both annual operating expenses and revenues an expansion to the facility would have. An expanded and refreshed facility would attract more admissions and program participants, increasing revenues as well as increase operational costs. Accordingly, the Board may wish to consider the relationship between revenues and the capital investment made to facilitate increased usage and the revenues related to that increased usage.

FINANCIAL IMPLICATIONS

Although there are no financial implications for this information report, future Board decisions that may be based on this information should be reviewed in detail prior to decisions being made.

STRATEGIC PLAN ALIGNMENT

Growth Management - Provide effective regional land use planning and responsible asset management for both physical infrastructure and natural assets.

Social Wellbeing - Make the Region a safe and vibrant place for all, with a focus on children and families in programs and planning.

REVIEWED BY:

- M. Manhas, Manager, Capital Accounting and Financial Reporting
- T. Osborne, General Manager, Recreation and Parks
- D. Holmes, Chief Administrative Officer

ATTACHMENTS

1. RDN Capital Asset Accounting and Budgeting Policy A2.05
2. 2023 - 2027 Current Financial Plan Operating and Capital Separated
3. 2023 - 2027 Financial Plan Operating and Capital Separated Ravensong Expansion Removed