

FINANCIAL REPORT – JANUARY 1, 2025, TO JUNE 30, 2025

RECOMMENDATION

That the “Financial Report – January 1, 2025, to June 30, 2025” report 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.

Operating Accounts

Total operating revenues are at 47% of the budget and operating revenues from sale of services are at 52%. Operating revenues from sale of services in Recreation & Parks are at 47% which, when compared to 48% for the same period last year, represents a consistent rate of public participation in recreational activities year over year when compared to budget. Transit Services operating revenues from sales of services are at 48% which is aligned with the budgeted expectation for this point in the year. Building Inspection operating revenues are at 58% of the budget at the end of the second quarter, an increase of over 15% compared to this time last year. This growth can partially be attributed to a surge in permit applications ahead of substantial code changes rolled out in March of this year as well as the implementation of the new fees bylaw, both of which have contributed to higher revenue generation.

Total operating expenditures are at 33% benchmark which is consistent with the second quarter of 2024. The majority of variances at the end of the second quarter are due to timing differences in recording revenues and expenses. Operating expenditure accounts are between 37 and 47% budget, aside from professional fees (18%), community grants (5%), program costs (13%), and transfers to reserves (1%).

Professional fees (18%) are impacted by timing of various studies and contracted services related to current projects, primarily as seen in Human Resources, Building Operations, Health, Safety & Wellness, Regional Growth Strategy, Solid Waste Engineering & Disposal, Intergovernmental, Emergency Planning, Northern & Southern Community Wastewater, Drinking Water/Watershed Protection and Feasibility Study Fund Areas F & G.

Community Grants (5%) reflect the timing of grants to various organizations which will be disbursed later in the year.

Program costs (13%) are impacted by the timing differences in recording expenses. Program costs also include costs to clean up unsightly premises and hazardous properties, for which nominal expenses have been incurred to date this year. The Drinking Water/Watershed Protection rebate programs in Regional & Community Utilities (25%) is currently underway with ongoing distribution of allocated funds. Emergency Planning (4%) is currently utilizing FireSmart Grant funding for program costs as designated in the annual agreements. In addition, as seen in previous years, summer community and youth programs are lower when compared to benchmark as many recreation programs take place in the summer months when schools are closed, and the weather is more favorable.

Expenditures for Debt Interest (32%) and Debt Principal (44%) are lower than budget because of the timing of due dates for debt payments made on behalf of municipalities and the Vancouver Island Regional Library.

Transfers to Reserve (1%) approved in the annual budget are completed and recorded in August every year when tax revenues are received from the Province and the municipalities.

Total operating expenditures are \$69 million or 33% of budget, which reflect the items discussed above and those in Attachment 1.

Overall, total operating expenses (33%) are lower than the 50% benchmark while revenues from sale of services (52%) are slightly higher than anticipated for this point in the year. Services which are predominantly user-pay driven (i.e. recreation and transit) have experienced almost equal to expected levels of operating revenue while maintaining at or lower than expected operating costs during the second quarter of the year.

Capital Accounts

Major capital works underway or beginning in 2025 include Errington Seismic Upgrade Hall #2, Dashwood Firehall Replacement Construction, Solid Waste Phase 3 Construction, Solid Waste Church Road Wastewater Treatment Plant Upgrade/Replacement, Transit Country Club Mall Exchange Upgrade, Transit Operation and Maintenance Facility Phase 1, River's Edge Water Supply Upgrade, Nanoose Bay Water Arbutus Reservoir Replacement, San Pareil Water Shorewood Watermain Looping, Surfside Water New Well and Transmission Main, FCPCC Plant Expansion, ATAD Mixing, Bay Ave Force Main Replacement and Pump Station Genset Upgrade, Influent Pipe Repair, and Chemical Scrubber Replacement, NBPCC Nanoose Force Main Replacement – Phase 1 & 2, GNPCC Departure Bay Pump Station Upgrade, Departure Bay Force Main Twinning, Basement MCC Replacement, Wellington Pump Station Upgrade, Grit & Sedimentation Tank Relining, and Maffeo Sutton Bar Screen Improvement.

Additionally, Nanaimo River Bridge Morden Colliery Trail, Qualicum to ACRD Regional Trail, Errington Community Park Improvements, Jack Bagley Community Park Phase 1 Development, Nelson Boat Launch Improvement, South Wellington Community Centre Facility Upgrade, Lions Park Phase 2 and 3 Improvements, Coats Marsh Regional Park Weir Replacement, Oceanside Place Heat Recovery/Energy Upgrades, and Extension Community Park Improvement are some of the recreation and parks projects currently underway or planned for 2025.

Overall, capital spending is at 11% of budget due to the timing of capital projects. This is an increase of 5% when compared to the second quarter of 2024. 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 (23%), capital grant revenues (6%), and new borrowing (2%). The timing of capital expenditures can be impacted by the scheduling of contracted professionals as well as the availability of construction materials which are dependent on supply chains.

Overall Summary by Division (Attachment 2)

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

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 \$6,580,671.

Date	Description	Awarded Vendor	Awarded Amount (excluding taxes)
April 2025	FCPCC Expansion Construction Professional Indemnity Insurance Premium	Municipal Insurance Association of BC	\$375,700
April 2025	FCPCC ATAD Mixing Motor Control Centre Supply	KJ Controls Ltd.	\$158,994
April 2025	FCPCC Expansion Course of Construction Insurance Premium	Municipal Insurance Association of BC	\$1,420,135
April 2025	GNPCC Grit and Sediment Tank Relining	Tritech Group Ltd.	\$1,985,104
May 2025	Arbutus Reservoir Repair Project	Copcan Civil LP	\$450,650
May 2025	Water Supply Well Drilling and Pumping Test – River's Edge Water Service Area	Red Williams Well Drilling Ltd.	\$337,852
May 2025	Mobile Wireless and Data Services Three (3) Year Contract	Telus Mobility	\$380,288
June 2025	Mandatory Waste Source Separation Coaching Consultant	Tamara Schulman & Associates	\$300,000
June 2025	Supply and Delivery of one (1) used 2023 Volvo Rock Truck	NORS Construction Equipment	\$467,000
June 2025	GNPCC Receiving Environment Monitoring	Great Pacific Consulting	\$549,291
June 2025	Nanoose VFD Training Structure	Container West	\$155,657

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 \$1,037,552.

Date	Description	Awarded Vendor	Awarded Amount (excluding taxes)
June 2025	Microsoft Canada Enterprise Agreement three (3) year term	Microsoft Canada Inc.	\$1,037,552

FINANCIAL IMPLICATIONS

The majority of variances at the end of the second quarter are due to timing differences in recording revenues and expenses. Total operating revenues are at 47% of the budget and operating revenues from sale of services are at 52%. Total operating expenditures are at 33% benchmark and capital spending is at 11% of the budget. Services that are heavily reliant on public participation such as recreation and transit have experienced almost equal to or higher than expected revenue streams at this point in the year.

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's commitment of Fiscal Responsibility and Accountability 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, Deputy Chief Financial Officer
- T. Moore, Chief Financial Officer
- C. Crabtree, General Manager, Corporate and Transportation Services
- L. Grant, Acting Chief Administrative Officer

ATTACHMENTS

1. List of Variances for June 30, 2025 quarterly reporting
2. Overall Summary by Division June 30, 2025
3. Summary of Operating Results by Service June 30, 2025