



# PLANNING AND COMMUNITY DEVELOPMENT COMMITTEE

Thursday, January 21, 2021

Held Electronically in Accordance with Ministerial Order M192  
and Transmitted via the SCRD Boardroom, 1975 Field Road, Sechelt, B.C.

## AMENDED AGENDA

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CALL TO ORDER 9:30 a.m.

### AGENDA

1. Adoption of Agenda

### PRESENTATIONS AND DELEGATIONS

2. Nick Farrer, Director, Sechelt and District Chamber of Commerce  
Regarding Zoning Bylaw Changes for Short Term Rentals (STRs) ANNEX A  
pp 1 - 8
3. Don Cunliffe, Director, Halfmoon Bay Community Association  
Regarding Coopers Green Community Hall Project Verbal

### REPORTS

4. Renewal of Memorandum of Understanding with Halfmoon Bay Community Association for Coopers Green Hall  
General Manager, Planning and Community Development  
**Community Parks (Voting – A, B, D, E, F)** ANNEX B  
pp 9 - 16
5. Dakota Ridge Snow Clearing and Road Maintenance Services Contract Update  
Parks Planning Coordinator  
**Dakota Ridge Recreation Area (Voting – All)** ANNEX C  
pp 17 - 18
6. New Brighton Dock – SCRD Work in 2021  
General Manager, Planning and Community Development  
**Ports Services (Voting – B, D, E, F)** ANNEX D  
pp 19 - 24
7. Gibsons & District Fire Protection 5-Year Capital  
Fire Chief, Gibsons & District Volunteer Fire Department  
**Gibsons & District Fire Protection (Voting – E, F, Gibsons)** ANNEX E  
pp 25 - 29
8. Planning and Community Development Department 2020 Q4 Year End Report  
General Manager, Planning and Community Development  
**Planning and Community Development Services (Voting – All)** ANNEX F  
pp 30 - 49
9. Community Recreation Facilities 2021 Financial Outlook and COVID-19 Implications  
General Manager, Planning and Community Development and  
General Manager, Corporate Services / Chief Financial Officer  
**Community Recreation Facilities (Voting – B, D, E, F, Sechelt, Gibsons, SIGD)** →INSERT  
LATE ITEM  
pp 49a – g

**COMMUNICATIONS**

10. Darnelda Siegers, Mayor, District of Sechelt, dated December 13, 2020  
Regarding Letter of Support - Climate Action Report Card Project ANNEX G  
pp 50
11. Barry Pages, Chair, North Coast Regional District dated December 16, 2020  
Letter to Minister of Fisheries, Oceans and the Canadian Coast Guard regarding  
Fisheries for Communities recommendations. ANNEX H  
pp 51 - 54
12. Stuart Frizzell, President, Sunshine Coast Minor Hockey Association dated  
December 16, 2020  
Regarding update on activities and installation of ice at Sunshine Coast Arena ANNEX I  
pp 55 - 56
13. Andrea Watson, President, Sunshine Coast Skating Club dated December 16,  
2020  
Regarding ice installation at Sechelt Arena and ice until end of May ANNEX J  
pp 57
14. Nicole Huska, Indigenous Liaison Advisor, Centre for Indigenous Statistics and  
Partnerships, Social, Health and Labour Statistics Field, Statistics Canada dated  
December 17, 2020  
Regarding Census 2021 data collection on RVs as permanent dwellings. ANNEX K  
pp 58

**NEW BUSINESS****IN CAMERA**

That the public be excluded from attendance at the meeting in accordance with Section 90 (1) (a) of the *Community Charter* – “personal information about an identifiable individual who holds or is being considered for a position as an officer, employee or agent of the municipality or another position appointed by the municipality.”

**ADJOURNMENT**

**SUNSHINE COAST REGIONAL DISTRICT STAFF REPORT**

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**TO:** Planning and Community Development Committee – January 21, 2021

**AUTHOR:** Tina Perreault, General Manager Corporate Services / Chief Financial Officer  
Ian Hall, General Manager, Planning and Community Development

**SUBJECT:** **COMMUNITY RECREATION FACILITIES 2021 FINANCIAL OUTLOOK AND COVID-19 IMPLICATIONS**

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**RECOMMENDATION(S)**

**THAT the report titled Community Recreation Facilities 2021 Financial Outlook and COVID-19 implications be received;**

**AND THAT for 2021 only, User Fee Revenue be reduced to \$957,100 from \$1,833,906 with the shortfall of \$876,806 be recovered through property taxation;**

**AND THAT for 2021, the Community Recreation Facilities Capital renewal funding be reduced to \$269,896 from \$769,896 to offset the reduction in user fee revenue and increase in tax subsidy as a result of COVID-19 implication;**

**AND THAT for 2021, the 5% dedication of user fee revenue to capital renewal be temporarily suspended;**

**AND THAT for 2021, the Community Recreation operating budget be reduced by \$88,741;**

**AND THAT the 2021 Budget amendments be incorporated into the draft 2021-2025 Financial Plan;**

**AND FURTHER THAT staff bring back a report in Q2 2021 on the legislative process and implications of transitioning the Community Recreation Facilities Capital Renewal funding through parcel taxes versus property taxation.**

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**BACKGROUND**

The Sunshine Coast Regional District (SCRD) Board adopted the following resolution on October 8, 2020:

321/20      **Recommendation No. 5**      *Community Recreation Facilities Capital Funding Updated and COVID-19 Implications*

THAT the report titled Community Recreation Facilities Capital Funding Update and COVID-19 Implications be received;

AND THAT the Community Recreation Facilities Capital Funding Update report be referred to a future Committee as part of the 2021 Budget deliberations for further consideration, including additional information on the implications to transitioning capital renewal funding to parcel taxes versus property taxation (ad valorem).

The SCRD Board has also set service levels for 2021, approving all four recreation facilities to be open and operating based on historical practices, within the provincially mandated health orders.

This report provides a preliminary update on 2020 year-end and a financial outlook for 2021. A series of recommendations [or steps] are described for the Boards consideration in preparation of the 2021-2025 Financial Plan process and adoption.

## **DISCUSSION**

Although offerings due to current Provincial Health Orders (PHO) are limited, demand for service was very strong in late 2020. Anecdotally, patrons have expressed a high degree of confidence in the safety protocols at SCRD facilities. Generally, the community has adapted well to the procedural changes such as required pre-registration, mask wearing and new circulation patterns. Service offerings are frequently 100% subscribed.

Based on the understanding that all four facilities will remain open for 2021 and the variable nature of the status of PHO's due to COVID-19, staff have undertaken an analysis of various scenarios for the Community Recreation Budget. As the SCRD's 2021-2025 Financial Plan Bylaw must be adopted by March 31 and Budget deliberations begin on February 1, a Financial outlook is being presented. These options are to amend and balance the 2021 Budget.

Staff have also begun investigating the legislative, procedural and financial implications of transitioning funding of the capital renewal plan from property taxation to parcel taxes. As deadlines to make changes for 2021 have passed, staff are working toward reporting back to the Committee in Q2 2021.

### 2020 Year-End

As reported as part of the verbal update provided to the Planning Committee in December 2020, through continued efforts to manage expenditure and to maximize revenue, the worst-case scenario deficit that was described in July 2020 has not materialized. Preliminary estimates at the time of this report project a year end surplus of \$75,000, noting that final values are still being processed and will be reported as part of Round 2 Budget.

Per the Board's Financial Sustainability Policy, any operating surpluses are transferred to reserves.

### 2021 Financial Outlook and Considerations

In order to develop a 2021 budget, staff have modelled the Board-directed service level of having 4 facilities open, operating as close to pre-pandemic levels as possible/practical, while ensuring compliance with health orders and public health guidance. New public health orders and community response to orders/demand for recreation are impossible to predict accurately.

Options to address this gap in ways that align with the Financial Sustainability Policy and minimize the impact to taxpayers have been explored and are outlined below.

• **Revenue Forecast:**

- Revenue for 2020 was originally Budgeted at \$1,833,906 and was amended down \$1,177,858 in late March in response to COVID-19. Actual 2020 Revenue was \$590,970. Facilities were closed for recreation activities on March 16,2020 with gradual re-openings starting in September 2020. When re-start was contemplated, a potential 2020 deficit was projected, however, proactive management has resulted in a modest surplus, therefore, the need to address a year-end deficit is not required.
- The current 2021-2025 Financial Plan has Community Recreation Facilities [615] Revenue for 2021 Budgeted at \$1,833,906. On the basis of actual post-restart 2020 revenue and on the planned rollout of vaccination, staff have forecasted a projected gradual increase in revenue from the current operational level under the PHO's to approximately 30% of pre-COVID and trending upward to 80% of pre-COVID by year end.
- Several revenue scenarios were contemplated. It is unknown where demand and subsequent revenue will materialize based on the longevity of the PHO's. For example, in Q2 ice facilities typically transition to dry-floor use, therefore, a modest approach was taken for segments of the year with a more positive outlook toward the end of 2021. Therefore, it is recommended that revenue for 2021 be amended to \$957,095 with the shortfall being funded through property taxation.

Table 1-2021 Forecasted Revenue:

	Historical Actuals by Month		2021 Projections		
	3 year average 2017-2019	2020 Actuals	Estimated Revenue	Basis for Estimate	% of 3 yr avg.
January	233,459	150,979	60,000	Q4 2020	
February	156,167	171,855	60,000	Q4 2020	
March	165,563	80,585	60,000	Q4 2020	
April	131,220	(22,055)	39,366	3 yr avg.	30%
May	122,088	(5,983)	36,626	3 yr avg.	30%
June	93,440	10,104	46,720	3 yr avg.	50%
July	93,345	(616)	46,673	3 yr avg.	50%
August	161,601	(4,169)	80,801	3 yr avg.	50%
September	159,099	42,098	95,459	3 yr avg.	60%
October	174,430	63,213	122,101	3 yr avg.	70%
November	179,641	60,475	143,713	3 yr avg.	80%
December	207,045	44,483	165,636	3 yr avg.	80%
	1,877,100	590,970	<b>957,095</b>		

• **Temporary Reduction of Capital Renewal Funding:**

- Reports presented in July 2020 for the Community Recreation Facilities restart implications and potential deficits, staff was asked to come back with potential options to address these shortfalls. As part of the annual review of Community Recreation Facilities Capital funding, a potential temporary reduction of capital funding was introduced ([September 2020 Corporate and Administrative Services Committee meeting](#)) for consideration. Multiple scenarios that include a one-time

- reduction of \$500,000 from the 2021 contribution to Community Recreation Capital were entered into the Community Recreation Capital model. Some of the potential scenarios include the retirement of aging facilities. A lifecycle audit is expected to be completed this year for the Gibsons and District Aquatic Facility and the Sunshine Coast Arena that will provide additional information for scenarios that include facility retirement.
- The decision to make any amendments to reduce the Community Recreation Capital Renewal funding by \$500,000 for 2021 was deferred for further discussion and consideration as part of the 2020 year-end and 2021 Budget. Although the impetus for the deferment has shifted to mitigate revenue shortfalls for 2021 versus 2020 deficits, it is recommended that for 2021 the Community Recreation Facilities Capital renewal funding be reduced to \$269,896 from \$769,896 to offset the reduction in user fee revenue and increase in tax subsidy as a result of COVID-19 implications.
- **Temporary Suspension of User Fee Contribution to Capital Renewal:**
    - In 2010/11 when the 12% HST was transitioned back to 5% GST, the Board approved that 5% of user fee revenue be directed to capital renewal. These funds currently fund capital items outside of the critical items funded through the above capital renewal plan like the replacement of fitness equipment in 2018/19. An average of \$89,600 is contributed annually. With a priority to sustain operations, this commitment is recommended to be suspended temporarily such that all fee revenue supports operations.
    - With the projection of a modest 2020 surplus, these funds will be available to fund items outside of the plan such as 2021 Budget proposals.
- **2021 One-Time Base Budget Amendments:**
    - Staff have done a careful work-through of each operating budget line to identify opportunities to reduce or defer items in response to actual operating conditions. Just over \$88,741 can be cut from the 2021 budget on a one-time basis. This figure recognizes that some lines have increased: required cleaning supplies and PPE; specialty advertising relating to service changes. Therefore, this one-time reduction is recommended.
- **Additional Considerations:**
    - **2021 Budget Proposals:** There are several Budget Proposals coming forward for the 2021 Budget. Some of these are proposed to be funded through taxation.
    - **Delay Sechelt Aquatic Centre Heat Pump Replacement:** During pre-budget meetings, staff advised that a heat pump at SAC had failed. This equipment is not essential to operations but increases energy efficiency. In bringing forward the idea, staff commented that analysis was needed to determine if/how the equipment was replaced. Further research shows that due to modified operations through 2020 it is difficult to assess the impact of failure/replacement. At Round 1, staff will recommend that this proposal, which was suggested to be tax-supported, be deferred to 2022.

- **Provincial COVID-19 Re-Start Funding-** A report was provided to the [December 17, 2020 Infrastructure Services Committee](#) with options for funding allocations. As indicated in the report, the SCRD received a smaller share of funding as a Regional District versus those of municipalities. Options for funding allocations will be put forward as part of the Round 1 Budget Deliberations, however, at this time, there are no options toward the Community Recreation service [615] with the rationale that this is a function with member municipal participants.

As part of the discussion in December, a suggestion was made to explore a cost sharing project or re-allocate COVID19 Re-start funds from member municipalities toward the Community Recreation Facilities service. Staff continue to explore this as legislative considerations also need to be investigated.

- **Emerging item-Sechelt Aquatic Center Fire Sprinkler System Repairs:** An early January sprinkler leak and subsequent investigation reveals there are issues with the condition of the SAC sprinkler piping. The issues appear related to corrosion and/or biological growth and occurred despite meeting best practice for preventative maintenance on the system. Working in coordination with Sechelt Fire Department and industry experts, staff are developing a comprehensive inspection and repair plan on an urgent basis. Addressing this item is mandatory. Staff will bring forward more information as it becomes available.

#### *Operational Implications*

The approach described in this report is aimed at protecting service levels (to the extent permitted under health orders) balanced against long-term financial sustainability.

The uncertainty of the resolution of the global pandemic may result in further requests for operational subsidies for Community Recreation.

#### *Financial Implications*

Currently the 2021 Budget for Community Recreation facilities [615] includes the historical user rates and tax subsidy. The table below shows the financial implications if the above recommended amendments were incorporated into the 2021-2025 Financial Plan as well as draft estimates if the Budget Proposals coming forward to Round 1 are all approved. Estimated tax rates have also been provided for analysis.

	Recommended		
	Current 2021 Budget	One-time Amendments (2021)	W/ Budget Proposals
<b>Revenues</b>			
Property Tax	5,139,221	5,337,688	5,517,429
User Fees	1,833,906	957,100	957,100
Frontage & Parcel Taxes	1,698,073	1,698,073	1,698,073
Other	342,262	342,262	342,262
<b>Total Revenue</b>	<b>9,013,462</b>	<b>8,335,123</b>	<b>8,514,864</b>
<b>Expenses</b>			
Support Services	835,609	835,609	835,609
Salaries, Wages & Benefits	3,465,684	3,465,684	3,465,684
Operating Expenses	1,763,198	1,674,457	1,794,198
Interest on LTD	924,662	924,662	924,662
Amortization Expense	951,368	951,368	951,368
<b>Total Expenses</b>	<b>7,940,521</b>	<b>7,851,780</b>	<b>7,971,521</b>
<b>Other</b>			
Transfer to Reserve Fund	849,994	260,396	260,396
Debt Principial Repayment	1,174,315	1,174,315	1,174,315
Unfunded Amortization	(951,368)	(951,368)	(951,368)
Capital Expenditures	-	-	60,000
<b>Total Other</b>	<b>1,072,941</b>	<b>483,343</b>	<b>543,343</b>
Rates impact per \$100,000	97.60	101.36	104.78
Avg. Residential Rate (\$500K home)	487.98	506.82	523.89

## STRATEGIC PLAN AND RELATED POLICIES

The information provided in this report is consistent with the Board's Strategic Focus Area of Asset Stewardship as well as the Financial Sustainability Policy.

## CONCLUSION

Demand for recreation services was very strong in late 2020 with the community adapting well to the new safety protocols due to COVID-19. This positive response and proactive fiscal management, a modest year end surplus is estimated.

Based on the understanding that all four facilities will remain open for 2021 and the variable nature of the status of PHO's due to COVID-19, options to amend the 2021-2025 Financial Plan were provided. It is recommended that the following one-time changes be made for 2021: user fee revenue be reduced to \$957,100 from \$1,833,906 with the shortfall of \$876,806 be recovered through property taxation; the capital renewal funding be reduced to \$269,896 from \$769,896; the 5% dedication of user fee revenue to capital renewal be temporarily suspended; and that the operating budget be reduced by \$88,741.



There are also other emerging items which need to be considered prior to the adoption of the 2021-2025 Financial Plan which include the 2021 Budget Proposals, recommended project deferrals, options for the provincial COVID-19 Re-Start Funding and any implications from the Sechelt Aquatic fire sprinkler repairs.

Staff have also begun investigating the legislative, procedural and financial implications of transitioning funding of the capital renewal plan from property taxation to parcel taxes. As deadlines to make changes for 2021 have passed, staff are working toward reporting back to the Committee in Q2 2021.

Reviewed by:			
Manager	X – G. Donn (Recreation) X – K. Robinson (Facility Services) X – K. Doyle (Asset Management)	Finance/CFO	X – T. Perreault
GM		Legislative	
CAO	X – D. McKinley	Other	