



STAFF REPORT

DATE: September 3, 2019

FILE: 0550-04 Board

TO: Chair and Directors
Regional Board

FROM: David Leitch
Chief Administrative Officer

RE: 2019 SECOND QUARTER FINANCIAL REPORT – CORPORATE & REGIONAL SERVICES

PURPOSE/PROBLEM

To provide the Regional Board with information pertaining to the 2019 work plan and second quarter budget variances for Corporate and Regional services.

POLICY ANALYSIS

As part of the Regional District's communications plan it is vital that the Regional Board and related Commissions and Committees be kept informed as to how the organization is performing with respect to achieving its goals and objectives that were approved in its financial plan. The 2019-2023 Financial Plan was adopted by bylaw on February 28, 2019.

EXECUTIVE SUMMARY

Staff monitor actual results to those projected by the Financial Plan through regular review and monthly reporting provided by the finance department. Quarterly financial reporting to the Board is an important measure for transparency and accountability of the SRD's financial activity.

The mid-year review of actual to budget activity for Corporate and Regional services identifies that the operating budget is trending on budget and comparable to the prior year, and that the capital plan projects are well underway by mid-year. There are no concerns or issues to report to the Regional Board at this time. See below and attached appendices for details. Note that the Electoral Area and Strathcona Gardens second quarter financial report has been provided to those committees and commissions.

RECOMMENDATION

THAT the report from the Chief Administrative Officer be received.

Respectfully:

A handwritten signature in black ink, appearing to read "David Leitch", is written over a horizontal line. Below the line, the name and title are printed.

David Leitch
Chief Administrative Officer

Prepared by: Myriah Foort, CPA, Chief Financial Officer

FINANCIAL SUMMARY

Operating Budget Summary (Appendix A)

As summarized below and detailed in Appendix A, the Corporate and Regional services operating budgets for the second quarter are trending on budget and comparable to the prior year.

OPERATING BUDGET	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance
MEMBER MUNICIPALITIES				
Revenues	\$(922,988)	\$(1,287,991)	\$(365,003)	71.7%
Expenses	732,163	1,287,991	555,828	56.8%
CORPORATE SERVICES				
Revenues	(3,121,823)	(3,394,035)	(272,212)	92.0%
Expenses	1,195,668	3,394,035	2,198,637	35.2%
REGIONAL SERVICES				
Revenues	(1,077,028)	(1,429,032)	(352,004)	75.4%
Expenses	684,296	1,429,032	744,736	47.9%
TOTAL				
Revenues	\$(5,121,838)	\$(6,111,058)	\$(989,220)	83.8%
Expenses	2,612,128	6,111,058	3,498,930	42.7%
(Surplus)/Deficit	\$(2,509,710)	\$-	\$2,509,710	-

Revenues for Corporate and Regional services are at 83.8% of budget for the second quarter. Requisition revenues were recorded in the second quarter after staff sent requests to the Province and Member Municipalities; taxes are received by August 1st. Operational grants for strategic initiatives are recorded and received in the latter part of the year.

Operational expenses are trending to budget and comparable to the prior year at 42.7% of budget spent to date. Corporate and Regional services include member municipality administration, member municipality debt payments and recoveries, general administration and corporate services, corporate office and corporate fleet, finance, information services, strategic initiatives, regional broadband, regional feasibility studies, Strathcona emergency program, 911 answering service, and planning (non part 26). See Appendix A for revenues and expenses summary with narrative comments on each service.

Overall, the operating budget summary identifies that the Corporate and Regional services are trending on budget and comparable to the prior year and there are no issues to report at this time.

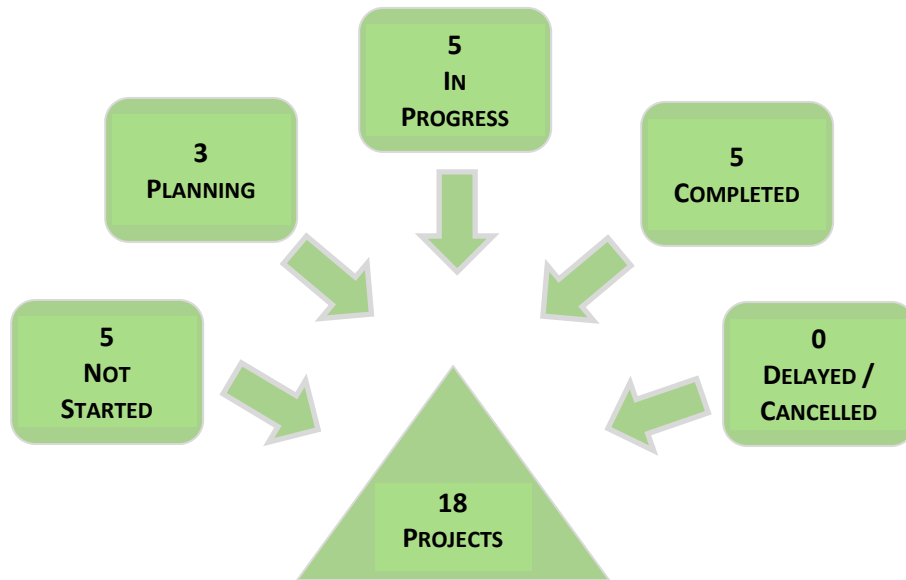
Operating Project Summary (Appendix B)

As detailed in Appendix B and summarized below, the Corporate and Regional services approved operating projects for 2019 indicates that 8 projects are in planning and progress stage and 5 are completed of the 18 approved projects.

OPERATING BUDGET	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance
Corporate Services	\$64,746	\$444,036	\$379,290	14.6%
Regional Services	75,919	316,982	241,063	24.0%
TOTAL	\$140,666	\$761,018	\$620,352	18.5%

Operating projects are maintained within the operating budgets of each service area, however, are identified on an appendix separately in this report due to the fact these are one-time projects and not part of ongoing operations of the respective service. These projects are typically funded by grants or reserves/surplus and are for future planning and strategic initiatives to enhance ongoing service levels.

The 2019 operating projects for Corporate and Regional services include general administration projects for HR and records management, Board strategic initiatives projects, and grant funded emergency program projects. Most projects are well on their way or completed or planned for completion in the third and fourth quarter. The strategic initiatives project list will be updated once the Board has finalized their strategic priorities later in 2019.



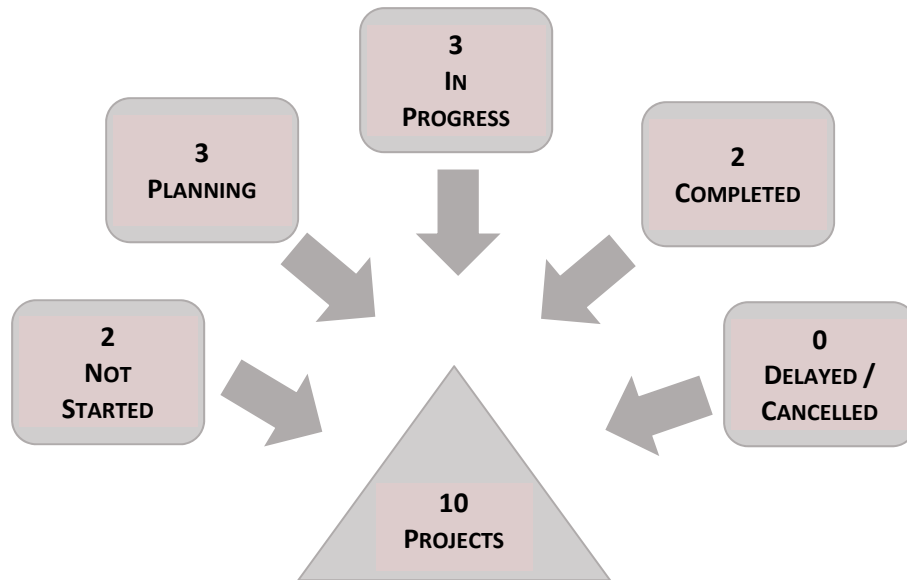
Capital Project Summary (Appendix C)

As detailed in Appendix C and summarized below, the Corporate and Regional services approved capital projects for 2019 identifies that most of the project plan is underway at mid-year with 6 in the planning and in progress stage and 2 completed of the 10 approved projects.

CAPITAL PROJECTS	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance
Corporate Services	\$441,859	\$886,910	\$445,051	49.8%
Regional Services	7,500	4,957,500	4,950,000	0.2%
TOTAL	\$449,359	\$5,844,410	\$5,395,051	7.7%

The small portion of overall spend to date is primarily due to the Connected Cost project with a 2019 budget in the amount of \$4,950,000 but little spend to date. This project could not commence until the project plans and funding agreements are finalized with the Federal and Provincial governments which were recently received. Another major project on hold is for the records management system that was put on hold awaiting the re-hire of a new Record Management Coordinator; this position has been vacant for the majority of 2019.

The remaining Corporate and Regional service capital projects are well underway or completed including the corporate office renovations, the director portal, and the Vadim server upgrade. Appendix C details approved projects and related status updates.



Attachments:

- Appendix A: Operating Budget Summary
- Appendix B: Operating Project Summary
- Appendix C: Capital Project Summary
- Appendix D: Quarterly Report Legend

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
Member Municipalities					
100 - Member Municipality Administration					
Revenues	(373,071)	(375,986)	(2,915)	99.2%	Trending on budget and comparable to prior year.
Expenses	182,247	375,986	193,739	48.5%	
(Surplus)/deficit	(190,824)	-	190,824		
190 - Member Municipality Debt					
Revenues	-	-	-	-	Municipal Finance Authority (MFA) debt payments for member municipalities Campbell River and Sayward.
Expenses	549,916	912,005	362,089	60.3%	
(Surplus)/deficit	549,916	912,005	362,089		
192 - Member Municipality Debt - Campbell River					
Revenues	(548,453)	(903,098)	(354,645)	60.7%	MFA debt flows through the SRD as guarantor; spring and fall scheduled debt payments. Recovery from municipalities.
Expenses	-	-	-	-	
(Surplus)/deficit	(548,453)	(903,098)	(354,645)		
196 - Member Municipality Debt - Sayward					
Revenues	(1,464)	(8,907)	(7,443)	16.4%	MFA debt flows through the SRD as guarantor; spring and fall scheduled debt payments. Recovery from municipalities.
Expenses	-	-	-	-	
(Surplus)/deficit	(1,464)	(8,907)	(7,443)		
TOTAL					
REVENUES	(922,988)	(1,287,991)	(365,003)	71.7%	
EXPENSES	732,163	1,287,991	555,828	56.8%	
(SURPLUS)/DEFICIT	(190,824)	-	190,825		

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
Corporate Services					
110 - Administration - General Government					
Revenues	(3,020,070)	(3,251,446)	(231,376)	92.9%	Trending on budget. Requisition revenues recorded; grants for corporate projects in strategic initiatives outstanding.
Expenses	-	-	-	-	
(Surplus)/deficit	(3,020,070)	(3,251,446)	(231,376)		
111 - Administration - Management Services					
Revenues	-	-	-	-	Trending on budget; reserve transfer to occur in Q3. Records management and HR project detail in Appendix B.
Expenses	523,064	1,344,272	821,208	38.9%	
(Surplus)/deficit	523,064	1,344,272	821,208		
113 - Administration - Financial Services					
Revenues	-	-	-	-	Trending on budget. Purchasing bylaw review underway; plan to present to Board in fall 2019.
Expenses	304,839	619,849	315,010	49.2%	
(Surplus)/deficit	304,839	619,849	315,010		
114 - Administration - Corporate Office Space					
Revenues	(81,753)	(122,589)	(40,836)	66.7%	Trending on budget. Building repairs undertaken during renovation. Debt payments outstanding for fall 2019.
Expenses	106,009	218,974	112,965	48.4%	
(Surplus)/deficit	24,256	96,385	72,129		
116 - Administration - Information Services					
Revenues	-	-	-	-	Trending on budget. New IT staff position funded partial year, hire scheduled for fall 2019. Reserve transfer in Q3.
Expenses	181,523	469,604	288,081	38.7%	
(Surplus)/deficit	181,523	469,604	288,081		
117 - Administration - Vehicle Pool					
Revenues	(20,000)	(20,000)	-	100.0%	Trending on budget; transfers to capital reserve for future fleet replacement occur in Q3.
Expenses	8,019	30,200	22,181	26.6%	
(Surplus)/deficit	(11,981)	10,200	22,181		
118 - Administration - Strategic Initiatives					
Revenues	-	-	-	-	Work continues on the Board's strategic initiatives. See Appendix B for detail.
Expenses	72,213	461,136	388,923	15.7%	
(Surplus)/deficit	72,213	461,136	388,923		
119 - Administration - Fiscal Services & Capital					
Revenues	-	-	-	-	Capital transfers to general capital reserves occur in Q3.
Expenses	-	250,000	250,000	0.0%	
(Surplus)/deficit	-	250,000	250,000		
TOTAL					
REVENUES	(3,121,823)	(3,394,035)	(272,212)	92.0%	
EXPENSES	1,195,668	3,394,035	2,198,367	35.2%	
(SURPLUS)/DEFICIT	(1,926,154)	-	1,926,155		

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
Regional Services					
149 - Regional Broadband					
Revenues	(312,839)	(358,200)	(45,361)	87.3%	Planning underway. Awaiting funding agreements and sign-off from federal and provincial governments.
Expenses	3,714	358,200	354,486	1.0%	
(Surplus)/deficit	(309,125)	-	309,125		
150 - Feasibility Studies - Regional					
Revenues	(25,277)	(25,277)	-	100.0%	No studies yet to be funded in 2019.
Expenses	275	25,277	25,002	1.1%	
(Surplus)/deficit	(25,001)	-	25,002		
272 - Strathcona Emergency Program					
Revenues	(324,372)	(627,614)	(303,242)	51.7%	Trending on budget for year to date. 50% of budget is grant funded activity for 2019; see Appendix B for detail.
Expenses	280,424	627,614	347,190	44.7%	
(Surplus)/deficit	(43,947)	-	43,948		
275 - 911 Answering Service					
Revenues	(412,536)	(415,937)	(3,401)	99.2%	On budget; SRD's portion of North Island 911 Corporation budget similar to prior years.
Expenses	399,622	415,937	16,315	96.1%	
(Surplus)/deficit	(12,914)	-	12,914		
510 - Planning (Non Part 26)					
Revenues	(2,004)	(2,004)	-	100.0%	Insufficient funds to support substantive work in this service.
Expenses	260	2,004	1,744	13.0%	
(Surplus)/deficit	(1,744)	-	1,744		
TOTAL					
REVENUES	(1,077,028)	(1,429,032)	(352,004)	75.4%	
EXPENSES	684,296	1,429,032	744,736	47.9%	
(SURPLUS)/DEFICIT	(392,732)	-	392,732		

TOTAL OPERATING BUDGET SUMMARY

REVENUES	(5,121,838)	(6,111,058)	(989,220)	83.8%
EXPENSES	2,612,128	6,111,058	3,498,930	42.7%
(SURPLUS)/DEFICIT	(2,509,710)	-	2,509,710	

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments
CORPORATE SERVICES					
111 - Administration - Management Services					
1 Occupational Health & Safety Review	-	25,000	25,000	0.0%	Not Started - Scheduled for completion in Q4.
2 Records Management	1,868	31,000	29,132	6.0%	Not Started - On hold pending hire of records coordinator.
	1,868	56,000	54,132	3.3%	
118 - Administration - Strategic Initiatives					
3 Asset Management Planning	473	68,000	67,528	0.7%	In Progress - RFP awarded late June, planned presentation to Board early October.
4 Community Health Network	52,280	149,361	97,081	35.0%	In Progress - SCHN Coordinator continues to work in the region on various initiatives.
5 Broadband / Connectivity Coverage	10,054	90,000	79,946	11.2%	In Progress - Contracts awarded and work underway for last-mile and Connected Coast planning.
6 Advocacy-BC Ferries	-	4,000	4,000	0.0%	Not Started - Insufficient funds. Awaiting update of Board strategic priorities.
7 Advocacy-Senior Govt Issues	-	5,000	5,000	0.0%	Planning - UBCM support and materials.
8 Climate Change / Sea Level Rise	-	2,000	2,000	0.0%	Not Started - Insufficient funds. Awaiting update of Board strategic priorities.
9 First Nations Engagement Strategy Review	72	40,000	39,928	0.2%	Planning - Anticipate hiring coordinator position to progress workplan including C2C workshop.
10 Unallocated Strategic Initiatives	-	29,675	29,675	0.0%	Not Started - Pending update of Board strategic priorities.
	62,878	388,036	325,158	16.2%	
TOTAL CORPORATE SERVICES	64,746	444,036	379,290	14.6%	
REGIONAL SERVICES					
272 - Strathcona Emergency Program					
11 Area D FireSmart Planning Grant	2,923	5,728	2,805	51.0%	Completed - Started in 2018, finished in 2019. Final documentation received from UBCM.
12 Quadra Island FireSmart Planning Grant	1,034	7,578	6,544	13.6%	Completed - Started in 2018, finished in 2019. Final documentation received from UBCM.
13 Cortes Island Wildfire Training Grant	(187)	4,069	4,256	-4.6%	Completed - Started in 2018, finished in 2019. Final documentation received from UBCM.
14 Group Lodging Facilities	1,400	24,475	23,075	5.7%	In Progress - Seacan still needs painting and more cots need to be purchased.
15 Regional Community Wildfire Protection Plan	-	175,000	175,000	0.0%	Planning - Contract has been awarded by Board.
16 Emergency Social Services Project	-	5,332	5,332	0.0%	Completed - Carry forward from 2018; project completed in 2017/2018.
17 Salmon River/White River Flood Risk	56,510	70,000	13,490	80.7%	Completed - Final acceptance documentation has been received from EMBC.
18 Regional Group Lodging Supply Cache	14,240	24,800	10,560	57.4%	In Progress - Seacan still needs painting and more cots need to be purchased.
	75,919	316,982	241,063	24.0%	
TOTAL OPERATING PROJECTS	140,666	761,018	620,352	18.5%	

Function	2019 Q2 Actual	2019 Budget	\$ Variance	% Variance	Comments	
CORPORATE SERVICES						
111 - Administration - Management Services						
1	Records Management System	-	105,000	105,000	0.0%	Not Started - On hold pending hire of records coordinator.
2	Speaker Queue System / Clocks	-	10,000	10,000	0.0%	Planning - RFP has been posted.
3	Multi-Device Replacement	-	30,000	30,000	0.0%	Planning - Printer and peripheral replacement carried over from 2018. Planning for 2019.
4	Director Information Portal	2,144	14,750	12,606	14.5%	Completed - Project significantly under budget utilizing internal staff resources.
		2,144	159,750	157,606	1.3%	
113 - Administration - Financial Services						
5	Asset Management Software	-	50,000	50,000	0.0%	Not Started - Pending completion of Asset Management Plan in fall 2019.
6	Vadim Server Replacement	-	8,000	8,000	0.0%	In Progress - Scheduled for completion in Sept 2019.
		-	58,000	58,000	0.0%	
114 - Administration - Corporate Office Space						
7	990 Cedar St Building Renovations	439,715	664,605	224,890	66.2%	In Progress - Anticipated to be fully expended in 2019.
		439,715	672,605	232,890	65.4%	
118 - Administration - Strategic Initiatives						
8	External Website Development	-	4,555	4,555	0.0%	In Progress - Website completed and in service 2018, final upgrades to occur by end of 2019.
		-	4,555	4,555	0.0%	
TOTAL CORPORATE SERVICES		441,859	886,910	445,051	49.8%	
REGIONAL SERVICES						
149 - Connected Coast						
9	Connected Coast Broadband	-	4,950,000	4,950,000	0.0%	Planning - Planning work continues for the Connected Coast initiative. Funding agreements received.
		-	4,950,000	4,950,000	0.0%	
272 - Strathcona Emergency Program						
10	Strathcona Emergency Program Small	7,500	7,500	-	100.0%	Completed - Antenna with 2 VHF/UHF antennas and 2 HF antennas purchased.
		7,500	7,500	-	100.0%	
TOTAL REGIONAL SERVICES		7,500	4,957,500	4,950,000	0.2%	
TOTAL CAPITAL PROJECTS		449,359	5,844,410	5,395,051	7.7%	

CORPORATE & REGIONAL SERVICES

Member Municipalities

- 100 - Member Municipality Administration
- 190 - Member Municipality Debt
- 192 - Member Municipality Debt - Campbell River
- 196 - Member Municipality Debt - Sayward

Corporate Services

- 110 - Administration - General Government
- 111 - Administration - Management Services
- 113 - Administration - Financial Services
- 114 - Administration - Corporate Office Space
- 116 - Administration - Information Services
- 117 - Administration - Vehicle Pool
- 118 - Administration - Strategic Initiatives
- 119 - Administration - Fiscal Services & Capital

Regional Services

- 149 - Regional Broadband
- 150 - Regional Feasibility Studies
- 272 - Strathcona Emergency Program
- 275 - 911 Answering Service
- 510 - Planning Non Part 26

ELECTORAL AREA SERVICES

Electoral Areas

- 130 - Electoral Area Services - Administration
- 131 - Electoral Area Services - Election Services
- 135 - Gas Tax (CWF) Projects
- 340 - Liquid Waste Management
- 500 - Planning
- 501 - Planning - Geographic Information Systems
- 502 - Planning - Bylaw Services
- 630 - Vancouver Island Regional Library

Area A

- 120 - Area A Grants In Aid
- 151 - Area A Feasibility Studies
- 245 - Sayward Valley Fire Protection Local Service Area
- 271 - Area A Kyuquot/Nootka Emergency Program
- 364 - Area A Kyuquot/Nootka Solid Waste Disposal
- 368 - Sayward Valley Refuse Disposal Service Unit
- 370 - Solid Waste Local Service - Sayward Valley
- 534 - House Numbering Area A Sayward-Bloedel
- 554 - Area A Economic Development
- 677 - Kyuquot Community Hall
- 680 - Sayward Valley Recreation & Community Hall LSA

ELECTORAL AREA SERVICES (continued)

Area B

- 126 - Area B Grants in Aid
- 157 - Area B Feasibility Studies
- 250 - South Cortes Island Fire Local Service Area
- 374 - Electoral Area B Refuse Disposal Grounds SA
- 376 - Cortes Island Refuse Collection
- 535 - House Numbering Area B
- 617 - Community Parks Electoral Area B
- 697 - Heritage Conservation - Electoral Area 'B'

Area C

- 127 - Area C Grants in Aid
- 132 - Wharves
- 158 - Area C Feasibility Studies
- 255 - North Quadra Island Assistance Response
- 331 - Quathiaski Cove Sewer
- 332 - Quathiaski Cove Sewer Extension #1
- 536 - House Numbering Area C
- 555 - Area C Economic Development
- 618 - Community Parks Electoral Area C
- 685 - Quadra Island Community Hall Subsidy LSA
- 698 - Heritage Conservation - Electoral Area 'C'
- 770 - Electoral Area C Street Lighting

Area D

- 123 - Area D Grants in Aid
- 133 - Oyster River Dike
- 154 - Area D Feasibility Studies
- 210 - Campbell River Fire Protection Specified Area
- 285 - Building Inspection
- 290 - Area D Animal Control
- 295 - Noise Control Extended Service
- 297 - Soil Deposit & Removal Control Extended Service
- 298 - Unsanitary Premises Extended Service
- 318 - Craig Road Water
- 319 - Electoral Area D Water
- 533 - House Numbering Area D
- 614 - Community Parks Electoral Area D
- 750 - Electoral Area D Street Lighting
- 785 - Transit - Area D
- 790 - Oyster River Bank Protection Local Service Area

STRATHCONA GARDENS

Strathcona Gardens

- 640 - Strathcona Gardens
- 641 - Strathcona Gardens - Administration & Concession
- 642 - Strathcona Gardens - Aquatics, Fitness & Rehab
- 643 - Strathcona Gardens - Facility Operations
- 644 - Strathcona Gardens - Ice & Other Programs