

Operations Committee Report

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The committee would like to begin by acknowledging the incredible, productive work that has been done by the Lasqueti Last Resort Society (LLRS), and the accomplishment of creating the health facilities that now exist. The directors, members and the Community have much to be proud and appreciative of. This is a glowing example of how a community can come together to accomplish something of lasting mutual benefit.

With the limited time frame available before the Health Centre referendum, this report is in no way comprehensive or exhaustive. The committee hopes that the information in this document as well as that already shared with the LLRS board, will be helpful and lead to further investigation.

The items that have been researched are coordinated to the items that have been shared with the public to date.

The committee would like to suggest to the LLRS board that further research into the sustainability of the current power systems, including carbon footprint, would be valuable.

Committee members are available and willing to do additional work on items contained in this report, and additional items following the referendum, should the LLRS board deem it useful and desirable.

Communications and public relations

There has been widespread confusion expressed within the community about the function and work of the board of directors and the health centre.

There has been a lack of information in the community about the plans of the LLRS. This has been expressed about the design and size of the Health Centre, about the annual financial reports, and about the site plan build-out options. In a recent example, a statement about a wishlist was shared by the LLRS with the community. It was unclear to community members what the wishlist was for and what it was trying to accomplish. Some community members expressed frustration and a lack of willingness to step forward until the LLRS has been able to clearly communicate what it was hoping to accomplish by issuing this statement.

The committee recommends that LLRS, and specifically the board of directors, increase their communication with the community, and seek community input on its plans and visions. Through wider discussion and input, it is likely that better planning will result, and there will be much more buy-in and support from the community. Open sharing of plans and options before decisions are made, especially on infrastructure, will foster a greater sense of shared ownership of facilities, which is important whether or not the operations are tax-funded. It is also imperative that LLRS clearly and openly communicate any and all costs that it may be requesting the community to collectively spend. This needs to be done with ample time for members of the community to have an appropriate amount of time for input and suggestions.

Financial Reports and Budgets

The committee recommends that the LLRS begin to draw up and to use budgets for each year's operation, forecasting all the expenses and revenues that can reasonably be expected for the coming

years (e.g. a five year plan). In this way, the full costs of owning and operating the facilities can be considered and planned for. It is important for the LLRS to report its budgets and its current and projected financial status in consistent, timely and regular (predictable) intervals.

The committee recommends that a business plan be developed for the future operations of the JFC and the LLRS. We've been informed that this is now in development. Depreciation and replacement costs for buildings and equipment must be included in the budgets.

The committee recommends that a clear distinction be made between capital and operating costs, and that budgets and financial reports be prepared, kept and reported separately for operating and capital revenues, and expenditures, as well as reserves.

It is also recommended that as per commonly observed best practices for organizations, that multiple quotes be sought for goods and services (usually a minimum of three). This needs to be done regularly. Exceptions to this would include emergency situations and for goods and services that are highly specialized and or rare (including proprietary items) , thus limiting the ability to receive multiple quotes.

Separate tracking - When services or materials are volunteered or donated, this should be reported, and tracked, reducing the need for cash and fund-raising. Volunteer and donation tracking would make it simpler to keep a complete and accurate statement of revenues and expenses, including efforts contributed by volunteers.

Administration and Maintenance – A clear distinction between administrative and maintenance costs needs to be made. On some reports, these have been joined together. Under both maintenance and administration, each aspect needs to be separate, so that a clear record of costs for each category is easily available and comprehensible.

Administration – It is strongly recommended that the administrative expenditures be reduced significantly. Currently, the administrator is paid to work 64 hours per month, two eight-hour days per week. This “keeps the doors open and the Health Centre operating”. This costs \$200 per day, and approximately \$20,000 per year. This service is not obligatory to support the nurse, who has historically operated completely on her own, at one of the school's teacherages or the day care centre (Kids Island Centre). It is likely that many current administrative tasks could be done by volunteers for the near future. (This is currently being reviewed, but not well communicated, by the board.) If, in the future, there are more services and revenue available, the administrative position may make more sense, and become financially feasible.

Other Lasqueti organizations and other island health centres operate without significant (and sometimes no) spending on administration, as directors and volunteers do the support work that is needed. Administration costs need to be clearly delineated and reported separately from fundraising and other costs.

Please see the note below regarding best practice guidelines for charitable organizations that do have a budget and operational significance to support paid administrative functions.

<https://www.charityintelligence.ca/ratings/rating-methodology>

The article states:

/Charities with administrative cost ratios between 2% and 12.5% (comprising roughly 2/3 of all charities examined by Ci) receive full points for this metric. Charities with administrative costs above 22.5% receive no points for this metric.//

Maintenance and operations

Heating – Attached as Appendix A is a report on the current heating system, which is operating inefficiently due to the inappropriate match between boiler size and the present building area requiring heating. There is a possibility that there are also inefficiencies in the piping of heated water due to how the pipes were installed. This report also recommends that the capital replacement costs of the boiler be accounted for in the annual financial reports and budgets. Research has indicated that the inefficient use of the current boiler is decreasing the heater's total life expectancy.

There is an unreasonably large amount of firewood burned to heat new, moderate sized buildings. How the heat is dispersing warrants further investigation, and the amount of wood burned needs to be reduced significantly, or alternative heating sources considered.

Firewood – This is an item that may see reductions in costs by enlisting community support and volunteer help. People from time to time have trees that they clear for increased light to their homes and gardens, and they would likely donate some of them to community groups. Bucking might be something that people would donate their time and chainsaws to, and splitting and stacking firewood can be a volunteer group activity. At least one Gulf Island has a public volunteer group that contributes firewood services to local community groups and members, and this could happen on Lasqueti Island as well. Splitting and stacking can be social events for the group members. This will be easier to organize when the boiler is being used more efficiently, as there is concern among community members about the large amount of firewood – approximately 16 cords – that is used to heat the cottage and the Health Centre (which really only needs to be heated part-time)

Water – It is not clear in the available reporting structure what the actual cost burden that operation and maintenance of the potable water system is. On the surface, it appears that the system is expensive to run, requiring large amounts of power and labour, in addition to replacement parts. There have been multiple costs associated with the water project, some of which were shared with the Pete's Lake Water users.

The LLRS recently enjoyed the benefit of a visit (without fee) by consultants from MSR Consulting. While they could not offer solutions that would save the LLRS significant amounts of money, there were a few suggestions for improvement that warrant further exploration. They advised that the system could benefit from changes to its current pre-cleaning filter (adding a coarser filter) and that the addition of two finer filters (a 5 and a 20) to be placed in the piping following the pump (relieving resistance), would help alleviate amounts of particulates coming into the water system as well as the work of the pump. The addition of a pressure tank may also help the pump to run less and use less

power. The placement of a turbidity monitor was discussed and more time would be needed to analyze cost of the unit being considered versus the power it would use as well as any gains or losses in the amount of labour resulting from such an installation.

Every effort needs to be made to clarify and reduce the ongoing expenses of the maintenance and operation of the water system. The consultants seemed to think that some of the quotes and costs from the current supplier may be a little more costly than average, suggesting that pricing water equipment and parts from more than one source (as is the case with other products and services) would be advisable.

There is a possibility that there will be changes within the Pete's Lake water operations. It has been articulated by Pete's Lake Water board members that the decisions regarding treatment of the water system will be on-going, with changes likely to occur in approximately two years. If the users of Pete's Lake water decide to go forward with treatment plans, there could be a one-time capital expense said to be approximately \$6,000 (currently unverified) and significant annual user fee increases. These changes will need to be monitored closely and budgeted for as soon as possible.

It is unknown currently whether such capital expenditures would be eligible for support by the Hospital Board at the qRD (or other sources), but this would warrant further exploration.

The addition of potable water treatment to the Pete's Lake water system would likely save money for the Health Centre and the LLRS over the long term.

Electrical Power – There is a high demand for electricity to operate the facilities – largely circulating water – which necessitates the operation of the large generator, especially during winter months. The committee recommends that every effort be made to reduce electricity demands and need to run the generator, especially when current infrastructure needs to be replaced. Efficient and low electrical power demand needs to be a big consideration in renewing operating systems. Every effort needs to be made to keep systems as simple as possible.

Grounds – Our understanding is that the grounds are being constructed and landscaped by a group of volunteers. Volunteerism needs to be encouraged and expanded as much as possible. Ideally there would be no wages or paid time needed for grounds maintenance and care.

Insurance - The approximate \$7,000 annual insurance premium seems to be substantially higher than what other health centres are paying for insurance. Texada Health Centre pays about \$3,500 annually, while Saturna Island pays approximately \$1200.

It is recommended that the Insurance costs of the Health Centre be thoroughly investigated and that multiple quotes be sought in order to determine why the costs of insuring such a small building are coming in as high as they are currently. Additionally, it needs to be determined if the current type of heating (wood) is inflating the costs of insurance premiums.

Facilities Rentals – Rental of the meeting room of the Health Centre, as well as other facilities, like the respite suite, need to have a rate that is reasonable and fair, designed to encourage use, but also set to cover as much of the actual costs of operation as possible. While it is reasonable to rent for health-related events at a low price, it would also be reasonable to set rates in accordance with ability to pay (e.g. sliding scale). Non health-related meetings, such as the Lasqueti Local Trust Committee and qRD meetings, could be priced considerably higher, so that these and similar organizations contribute more towards the operating costs of the Health Centre.

Membership – The committee recommends a review of membership dues, and encourage enhanced memberships at higher cost, which might include, for example, five meeting space uses. While low cost rentals are favourable to the community; this does not mean facility use should be free of charge. The Arts Centre is currently charging \$3.00 per hour for space rental or 10% of profit if that applies.

Allocation of costs to Health Centre

While calculation of floor areas of the three buildings is one basis for allocating LLRS costs to the Health Centre, it does not seem logical to assume that 70% of the total expenses are attributable to the Health Centre. As examples, the Health Centre does not need to be heated most days (as it is not being used), and it therefore would not seem reasonable to attribute 70% of the heating and firewood costs to the Health Centre. The electrical demands of the Health Centre alone would not require more than a fairly modest solar array, battery bank and inverter system. The 70% question also holds true for the operation of the water system. Additionally, very few of the administrative duties are directly related to the Health Centre or the nursing services.

A fair allocation could be based on actual use of utilities (heating, power, water), as if the health centre were stand-alone. Alternatively, it could be based on the estimated portion of shared utilities due to the health centre under a full build-out scenario. Presumably, under a full build-out scenario, there would be some efficiency gains by having utilities centralized and shared (otherwise this negates the benefits of shared utilities), so the latter would likely be somewhat lower than the former. It does not seem reasonable to attribute to the Health Centre the additional cost caused by systems that are presently oversized for the current infrastructure (since such costs are due to future and yet-to-be-built infrastructure).

Volunteers and Paid Workers

It is common that difficulties arise when there is a mix of volunteers and paid workers on a project or work site. When a mix of paid and volunteer workers is needed, issues need to be carefully examined and discussed, before problems arise. Resentments occur, and people often stop volunteering. It is not uncommon that people become hurt and angry, believing that their contributions have been disrespected. Often this occurs without communicating the issues to the organizers. When it is necessary or desirable to have paid workers and volunteers, it is important that the paid work is awarded transparently and fairly, and that everyone – especially the volunteers – knows what is going to happen and why it is needed, and is confident in the process.

Tax Requisition and Volunteers & Donors

It is quite possible that, should the tax requisition be approved and go forward, donations and volunteers will be much less common, as people will feel that they are already paying the costs of the Health Centre through property taxation.

Appendix A

Report on Heating of Health Centre

Information supplied by LLRS:

Health Centre uses 70% of Services Building's output (based on present square footage)

Champion wood boiler has a 10 year life span

Ben's hours to put wood in heater: 1 hour per day

Maintenance total for 2017:

labour \$13,932.94

WCB 954,79

total \$ 14,887.73

70% of total = \$10,421.41

Wood used in 2017 – 16 cords, mixed species

We used alder only for BTU rating

BTUs – Alder 19.5 million per cord

Fir 26.5 million per cord

70% of 16 cords - 11.2 cords of alder

equivalent in fir - 8.3 cords

Cost of straight out purchase of 8.3 cords of fir delivered, \$350 per cord = \$2,905

Maintenance hours to feed boiler based on 7.5 months (225 days) of use @ one hour per day @ \$25 per hour = \$5,625 70% allocated to Health Centre = \$3,937.50

Replacement cost of wood fired boiler given a 10 year lifespan:

heater \$13,000

freight 250

installation 1,000

total \$14,250

70% of total 9,975 over a ten year period, \$997.50 per year

Annual cost of running heater based on these figures

maintenance (fire and clean heater) \$3,937.50

firewood 2,905

replacement 997

total \$7,839.50

Size of heater is inefficient until the appropriate amount of square footage is being heated, based on the heater's designed output. Thus it follows that the costs are being magnified by the inefficiencies at

present.

The Operations Committee concludes that the cost of heating the Health Centre, 2,188 square feet, is not currently cost effective, and recommends that alternative sources of heat be researched and considered. It might be possible that an alternate heat source could be linked to the current system installed in the building. Propane, heat pumps and pellet stoves have been mentioned as possible alternatives, at least until the build-out on the site makes the boiler able to function more efficiently.