

Regional Recreation

Usage-Based Facility Funding Model



North Cowichan Council Meeting

June 15, 2022



BACKGROUND

**Fuller Lake
Arena**
(late 1960's)

**7 Other
Recreation
Facilities**

**Cowichan
Aquatic Centre**
(2008)

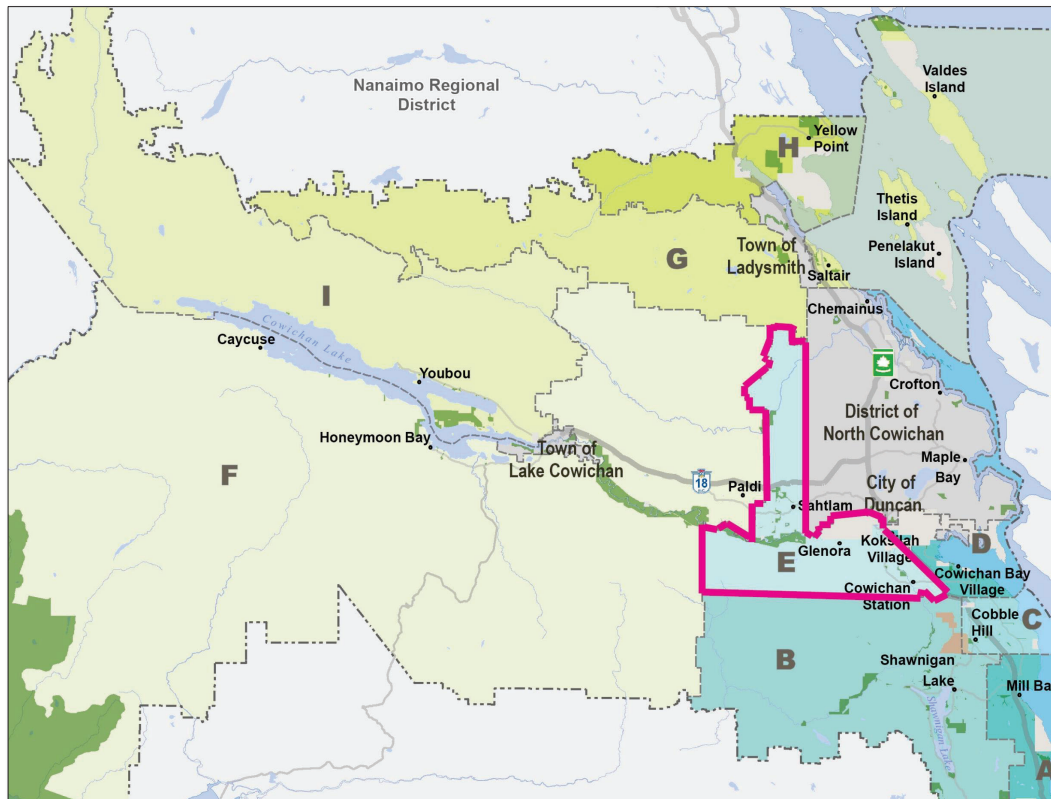
BACKGROUND

Cowichan Aquatic Centre



BACKGROUND

Electoral Area E Cowichan Station / Sahtlam / Glenora



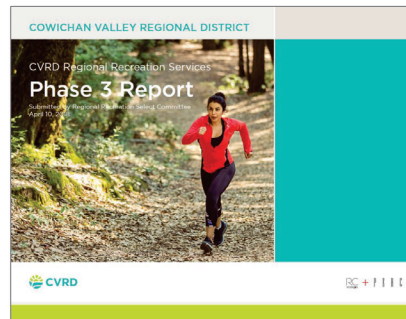
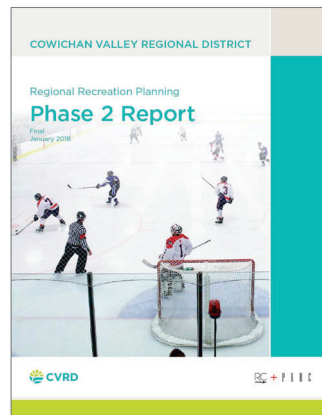
BACKGROUND

- The CVRD Board directed that a review of funding for Recreation across the region be conducted.
- North Cowichan and Duncan chose not to re-impose two-tiered fees until that review had been concluded.
- Since October 2015, the CVRD has undertaken a Regional Recreation planning initiative.

BACKGROUND

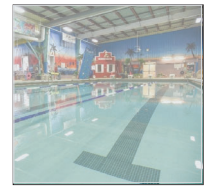
This Regional Recreation initiative included the following four phases:

- **Phase 1:** Initial Public Engagement to Identify Gaps
- **Phase 2:** Determine Geographic Residency of Major Facility Users
- **Phase 3:** Identify Potential Regional Funding Models
- **Phase 4:** Regional Recreation Strategic Plan



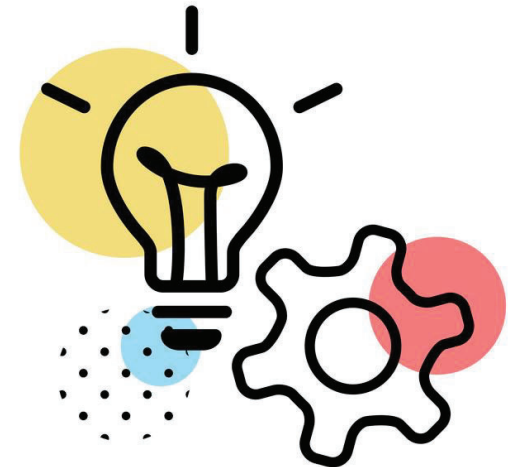
MOVING FORWARD

In August of 2019, the Board passed a resolution to approve, in principle, funding nine regionally significant recreation facilities on the basis of the residency of uses.



ASSUMPTIONS & PRINCIPLES

- Zero Sum Result
- Governance Linked to Funding
- Debt
- Funding Now vs. Funding in Future
- Participation
- Current Capital
- Changes to Ownership or Operating Entity



ASSUMPTIONS & PRINCIPLES

Zero Sum Result

- Shift who pays in the current funding model for regionally significant recreation facilities
- No intent to change the overall level of funding

ASSUMPTIONS & PRINCIPLES

Governance Linked to Funding

- You Pay = you are involved in the governance
- A need to ensure all contributing jurisdictions are represented

ASSUMPTIONS & PRINCIPLES

Debt

- Taxpayers in the jurisdictions that authorize debt for regionally significant recreation infrastructure, need to assume it
- Taxpayers will only participate in funding of debt service charges associated with that function, if they agreed to the debt initially

ASSUMPTIONS & PRINCIPLES

Funding Now vs. Funding in Future

- New debts in future will require new authorization

ASSUMPTIONS & PRINCIPLES

Participation

- All jurisdictions need to participate in the function for the new funding formula to work effectively



ASSUMPTIONS & PRINCIPLES

Current Capital

- Operating budgets and short-term capital budgets are both required to maintain a current level of service
- Significant additions to a facility and/or incurring long term debt to develop a new facility need to be treated separately

ASSUMPTIONS & PRINCIPLES

Changes to Ownership or Operating Entity

- No changes to the ownership or operating entity of facilities are required
- Current collaboration / cooperation is sufficient

REFERENDUM

On October 28, 2020, the CVRD Board approved a referendum to seek elector approval to implement usage-based funding of the nine regionally significant recreation facilities be held in conjunction with local government elections in October 2022.

ADOPTING NEW FUNDING FORMULA

- 1) 2021 / 2022 Facility Use Analysis
- 2) Presentation to Board of Financial Implications to Jurisdictions
- 3) Provincial approval of a proposed service bylaw
- 4) Voter Approval
- 5) Creation of New Region-Wide Recreation Function
- 6) Phasing-In the New Funding Formula
- 7) Updating the Usage Data
- 8) Mandated Review



ADOPTING NEW FUNDING FORMULA

Creation of New Region-Wide Recreation Function

- Would set a limit of total funding which allows some variance and emergency capital funding
- Intended to replace current funding through existing functions

ADOPTING NEW FUNDING FORMULA

Implementing the Funding Process

- Each facility operator would prepare their budget, clearly identifying the requisition amount
- CVRD Finance would allocate requisitions based on usage

ADOPTING NEW FUNDING FORMULA

Phasing-In the New Funding Formula

- New funding model would be phased-in over three years
 - **1st year:** 1/3 of funding allocated on the basis of usage (new model) and 2/3 based on existing
 - **2nd year:** 2/3 of funding allocated on the basis of usage (new model) and 1/3 based on existing
 - **3rd year:** All net costs apportioned on basis of usage

ADOPTING NEW FUNDING FORMULA

Updating the Usage Data

- 5 year data collection cycle would be adopted
- Rolling average of past 3 data collection cycles moving forward



ADOPTING NEW FUNDING FORMULA

Review of Governance & Funding for New Function

- New funding model would have built-in review period
- This will potentially improve the funding model and governance system

FINANCIAL IMPLICATIONS

3 Examples for Municipality of North Cowichan (MNC)

EXAMPLE #1: Cowichan Aquatic Centre

- In 2019, total tax requisition from all jurisdictions: **\$2,881,707**
- In 2019, total tax requisition from MNC: **\$2,371,950**
- MNC usage of Cowichan Aquatic Centre: **50.15%**
- What MNC would pay under usage-based model (2019): **\$1,445,176**
- A **decrease** of: **\$926,774**

FINANCIAL IMPLICATIONS

EXAMPLE #2: Fuller Lake Arena

- In 2019, total tax requisition from all jurisdictions: **\$694,280**
- In 2019, total tax requisition from MNC: **\$694,280**
- MNC usage of Fuller Lake Arena: **52.50%**
- What MNC would pay under usage-based model (2019): **\$364,497**
- A **decrease** of: **\$329,783**

FINANCIAL IMPLICATIONS

EXAMPLE #3: Cowichan Lake Sports Arena

- In 2019, total tax requisition from all jurisdictions: **\$1,727,771**
- In 2019, total tax requisition from MNC: **\$0**
- MNC usage Cowichan Lake Sports Arena: **23.80%**
- What MNC would pay under usage-based model (2019): **\$411,209**
- An **increase** of: **\$411,209**

FINANCIAL IMPLICATIONS

TOTALS FOR MUNICIPALITY OF NORTH COWICHAN

- In 2019, total tax requisition from all jurisdictions: **\$15,790,267**
- In 2019, total tax requisition from MNC: **\$6,348,899**
- What MNC would pay under usage-based model (2019): **\$5,634,828**
- A **decrease** of: **\$714,071** (or 11.2%)

A photograph of a person standing on a rocky outcrop, looking out over a vast landscape. The landscape features a calm lake in the foreground, surrounded by dense evergreen forests. In the background, there are rolling mountains under a clear sky. The word "Questions?" is overlaid in a large, teal font.

Questions?