

# Regional Recreation

## Usage-Based Facility Funding Model



Town of Lake Cowichan Council Meeting

June 28, 2022



# BACKGROUND

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

**7 Other  
Recreation  
Facilities**

**Cowichan  
Aquatic Centre**  
(2008)

# BACKGROUND

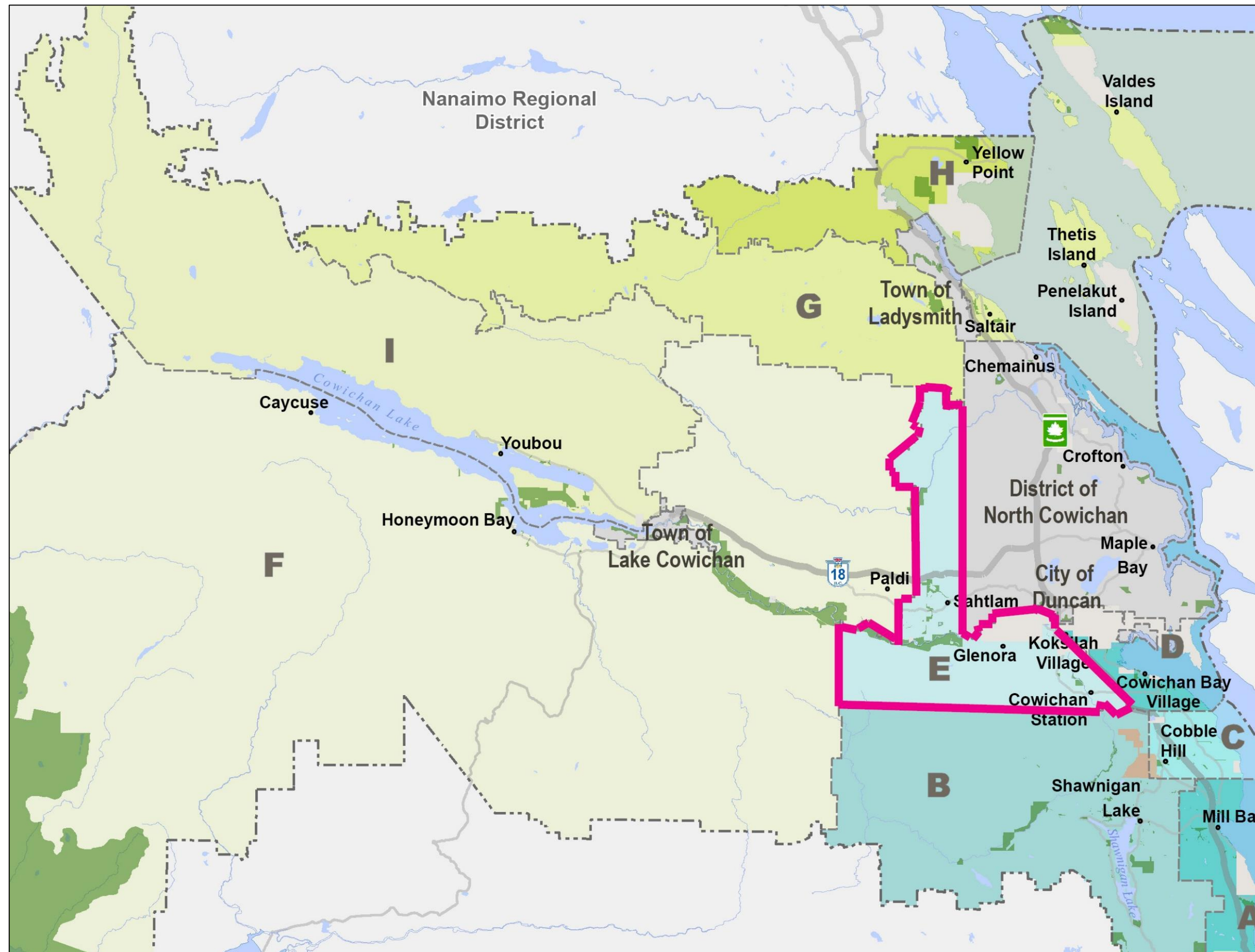
## Cowichan Aquatic Centre



# BACKGROUND

## Electoral Area E

Cowichan Station / Sahtlam / Glenora



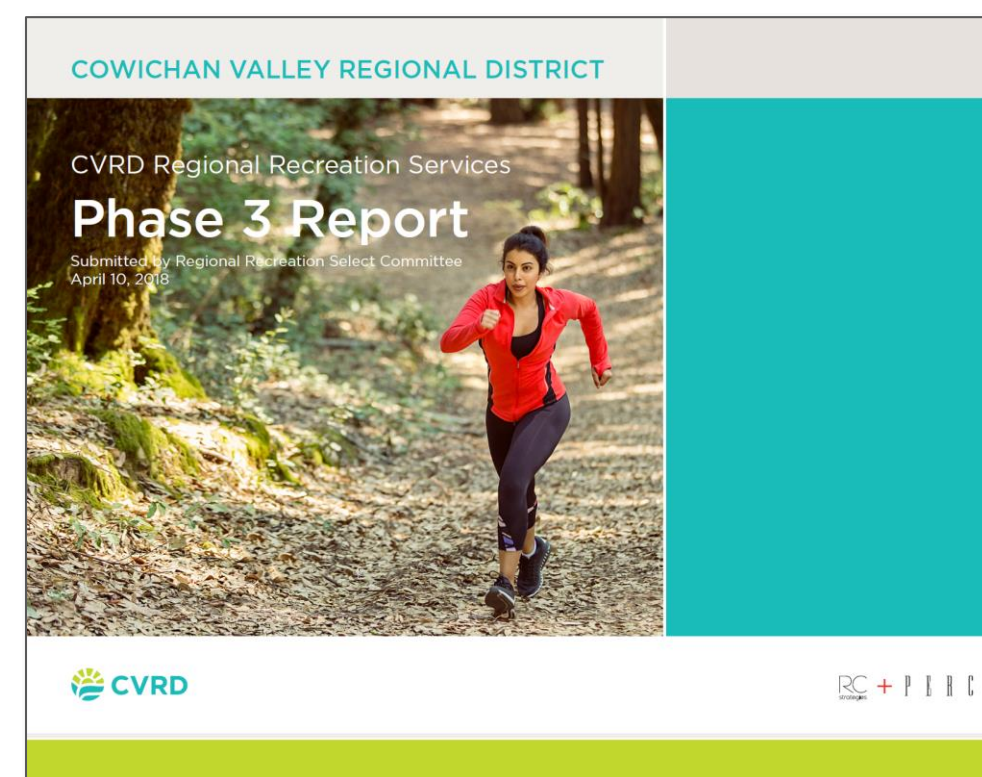
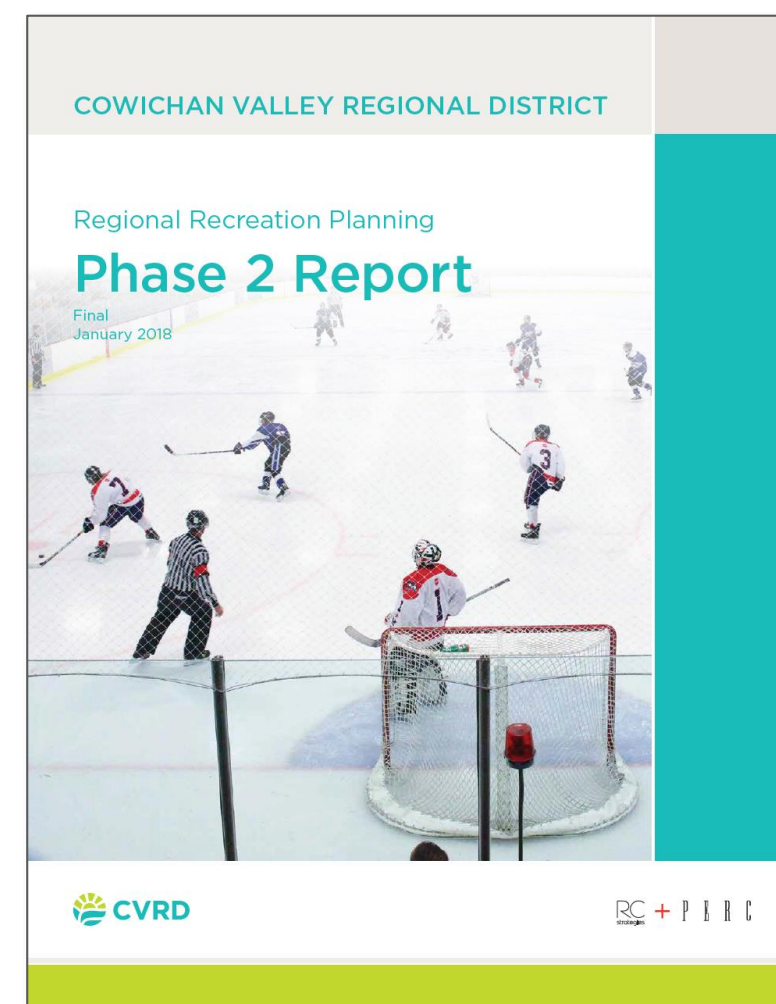
# BACKGROUND

- 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



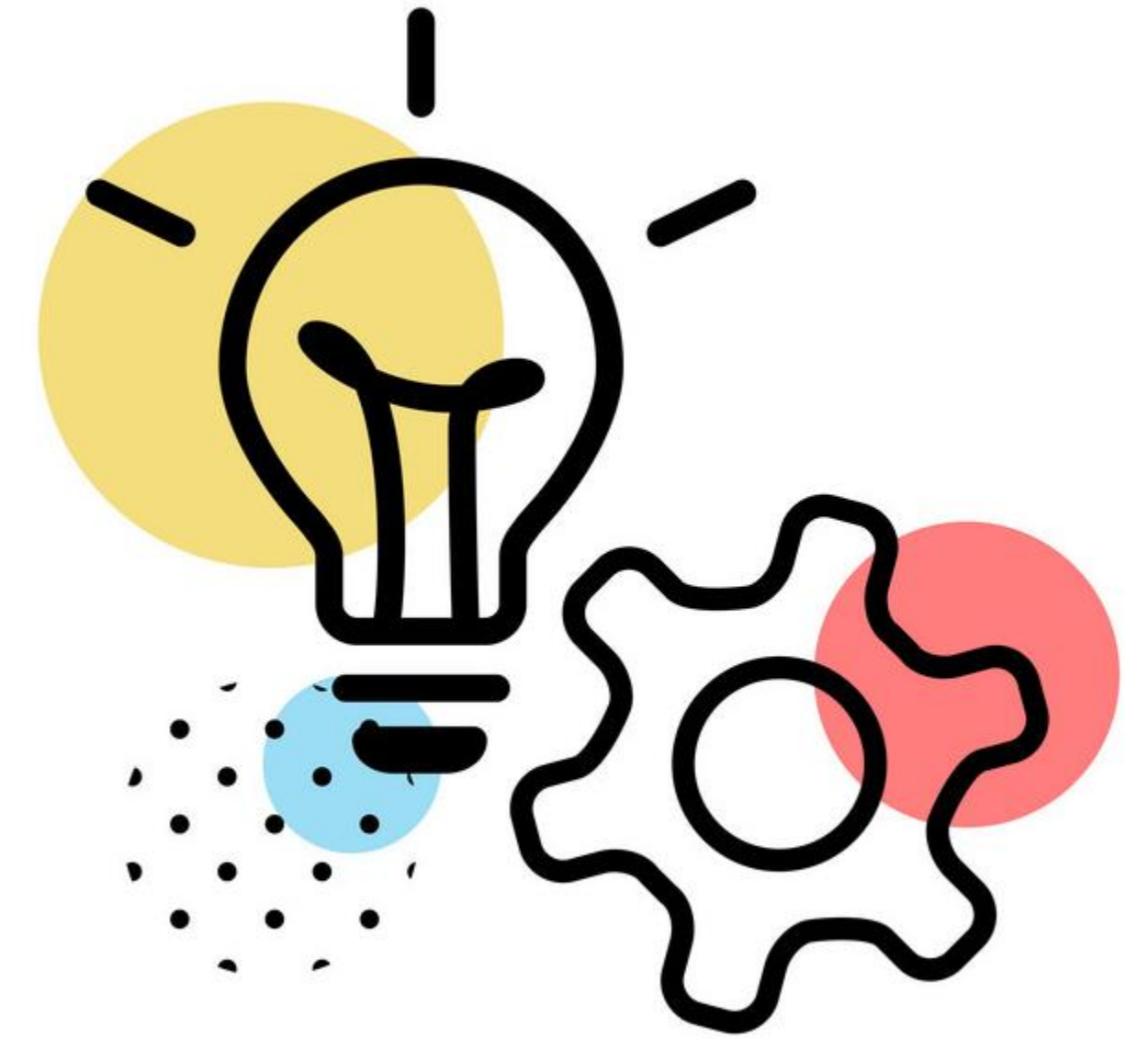
# MOVING FORWARD

**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 users.**



# 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



## 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

## 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

## Funding Now vs. Funding in Future

- New debts in future will require new authorization

# ASSUMPTIONS & PRINICIPLES

## Participation

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



## 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

## 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



## 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

## Phasing-In the New Funding Formula

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



## 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

## 3 Examples for Town of Lake Cowichan (TLC)

### EXAMPLE #1: Cowichan Aquatic Centre

- In 2019, total tax requisition from all jurisdictions: **\$2,881,707**
- In 2019, total tax requisition from TLC: **\$12,200**
- TLC usage of Cowichan Aquatic Centre: **2.25%**
- What TLC would pay under usage-based model (2019): **\$64,838**
- An **increase** of: **\$52,638**

# FINANCIAL IMPLICATIONS

## EXAMPLE #2: Cowichan Lake Sports Arena

- In 2019, total tax requisition from all jurisdictions: **\$1,727,771**
- In 2019, total tax requisition from TLC: **\$404,796**
- TLC usage Cowichan Lake Sports Arena: **30.55%**
- What TLC would pay under usage-based model (2019): **\$527,834**
- An **increase** of: **\$123,038**

# FINANCIAL IMPLICATIONS

## EXAMPLE #3: Fuller Lake Arena

- In 2019, total tax requisition from all jurisdictions: **\$694,280**
- In 2019, total tax requisition from TLC: **\$0**
- TLC usage of Fuller Lake Arena: **1.65%**
- What TLC would pay under usage-based model (2019): **\$11,456**
- An **increase** of: **\$11,456**

## TOTALS FOR TOWN OF LAKE COWICHAN

- In 2019, total tax requisition from all jurisdictions: **\$15,790,267**
- In 2019, total tax requisition from TLC: **\$416,996**
- What TLC would pay under usage-based model (2019): **\$681,270**
- An **increase** of: **\$264,274**

Questions?

