
TO: Regional Parks and Trails Select Committee

MEETING: February 5, 2019

SUBJECT: Report Review - RDN Parks Funding Service Review

At the January 08, 2019 COW meeting the following resolution was carried:

It was moved and seconded that a review of the existing funding mechanism for Regional Parks be incorporated into the new Regional Parks and Trails Master Plan development.

It was moved and seconded that the following motion be referred to the Regional Parks and Trails Select Committee:

That a review of the existing funding mechanism for Regional Parks be incorporated into the new Regional Parks and Trails Master Plan development.

Attached is the RDN Parks Funding Service Review Report that was received at the December 12th, 2017 Board meeting.

STAFF REPORT

TO: Committee of the Whole **MEETING:** November 28, 2017

FROM: Tom Osborne **FILE:** 5810-01
General Manager Recreation and Parks

SUBJECT: RDN Parks Funding Service Review

RECOMMENDATIONS

1. That the RDN Parks and Trails Funding Service Review conducted by Neilson-Welch Consulting be received.
2. That the RDN Parks and Trail Funding Service Review recommendations be implemented for 2018/2019 work plans and the 2019 to 2023 Financial Plan.
3. That the existing Regional Parks Parcel tax be utilized for the 2018 budget year.

SUMMARY

At the Regional Board meeting held January 24, 2017 staff were directed to review the Regional Parks and Trails service funding allocations and bring back a report on options for funding the service in the future. Neilson-Welch Consulting was retained to undertake the service review which has now been completed. Recommendations excerpted from the review are provided as Attachment 1. The review document is provided as Attachment 2.

The review concluded that the level of equity across participating jurisdictions and among individual taxpayers contributing to the Regional Parks Service would be improved by allocating acquisition, capital development and operating costs using a combination (50%-50%) of converted assessment and population for Regional Parks.

In addition, equity among individual taxpayers would be further improved and service pressures can be better met through the introduction of Development Costs Charges (DCCs) in both the Regional Parks and Electoral Area Community Parks service areas.

With the RDN Parks Funding Service Review now complete, the report's findings and recommendations are ready for the Regional Board's review and consideration.

BACKGROUND

As part of the 2016 Annual Budget and Five Year Financial Plan approval process, the Regional Board was considering annual parcel tax increases to the Regional Parks Acquisition and Capital Development Fund. Through this process the Regional Board increased the parcel tax from \$13.00 to \$14.00 for 2016.

During these deliberations by the Board, additional information was requested on other forms of taxation that the Board could use as an alternative to the parcel tax approach for this service area. Staff conducted the review and provided a report titled *Regional Parks Parcel Tax Review (September 8, 2016)* which outlined various forms of taxation alternatives for the Regional Parks Acquisition and Capital Development Fund. Upon receiving the report, the Board opted to maintain the status quo and continue using a parcel tax at \$14.00 until a Regional Services Review was completed.

At the Regional Board meeting held January 24, 2017 staff were directed to review the Regional Parks and Trails service funding allocations and bring back a report on options for funding the service in the future.

As Regional Parks share staff and administrative resources with Electoral Area Community Parks and have similar financial tools that can be used for acquisition and capital development, the consulting team was also requested to consider full RDN parks system in their analysis.

Neilson-Welch Consulting was then retained to undertake the service review per the following scope of work:

1. Review current funding models in use at the RDN for Regional and Community Parks.
2. Research funding models and financial tools in use at other Regional Districts and local governments.
3. Examine the acquisition, development, management and use of Regional and Community Parks and Trails to ensure equity in the service is being met across the RDN's member participants.
4. Based on the review of items 1, 2 and 3 above, propose funding options and recommendations for the RDN Regional Board's consideration.

Neilson-Welch Consulting has concluded the review and their report, provided in Attachment 2, is ready for the Regional Board's review and consideration.

As part of the review, the consultants concluded that the level of equity across participating jurisdictions and among individual taxpayers in the Regional Park Service would be improved by allocating acquisition, capital development and operating costs using a combination (50%-50%) of converted assessment and population for Regional Parks.

In addition, equity among individual taxpayers would be further improved through the introduction of Development Costs Charges (DCCs) to assist in funding land acquisitions and development for Regional Parks.

The report also recommends the RDN continue to separate acquisition funding from operating funding, irrespective of the approaches taken to cost allocation and taxation. It is also recommended that the RDN confirm that the Regional Park Acquisition and Capital Development Reserve Fund has the flexibility required to allow for spending on development projects.

For Electoral Area Community Parks, the Service Review recommends no significant changes in the way funds are collected and used. The report does recommend implementing DCCs for park improvements in the eight service areas.

ALTERNATIVES

1. That the RDN Parks and Trails Funding Service Review conducted by Neilson-Welch Consulting be received, the report's recommendations be added to the 2018/2019 work plans and 2019 to 2023 Financial Plan for implementation, and the existing Regional Parks Parcel Tax be utilized for the 2018 budget year.
2. That the RDN Parks and Trails Funding Service Review conducted by Neilson-Welch Consulting be received, the report's recommendations be considered further by the Board prior to the review of the 2019 Budget and Five Year Financial Plan, and the existing Regional Parks Parcel Tax be utilized for the 2018 budget year.
3. That the RDN Parks and Trails Funding Service Review conducted by Neilson-Welch Consulting be received and alternate Board direction be provided on the funding of RDN regional and community parks.

FINANCIAL IMPLICATIONS

One of the primary recommendations the have been brought forward in the Service Review is to allocate acquisition, capital development and operating costs using a combination (50%-50%) of converted assessment and population for Regional Parks. The existing model allocates acquisition and capital costs based on number of parcels, and operating costs based on population. Figure I.3.2 from the Service Review report and shown below, highlights the financial implications for this change to each participant using the current value collected in 2017 by the 14.00 parcel tax for acquisition and capital costs and by way of population for operational cost.

Figure I.3.2

Impact of Allocating All Costs by Converted Assessment and Population (50-50)

Jurisdiction	Existing Model			Converted Assess & Population (50-50)			Change in Allocation
	Acquisit/Dev	Ops	Total	Acquisit/Dev	Ops	Total	
City of Nanaimo	481,166	797,168	1,278,334	536,770	765,873	1,302,643	24,309
City of Parksville	94,318	110,225	204,543	78,963	112,666	191,630	(12,913)
Town of Qualicum	67,774	78,771	146,545	60,171	85,854	146,025	(520)
District of Lantzville	20,748	31,753	52,501	22,941	32,732	55,673	3,172
Electoral Area A	40,628	62,168	102,796	39,278	56,042	95,320	(7,476)
Electoral Area B	52,794	35,523	88,317	28,822	41,124	69,945	(18,372)
Electoral Area C	19,950	24,733	44,683	23,299	33,243	56,542	11,859
Electoral Area E	47,922	53,950	101,872	47,103	67,208	114,311	12,439
Electoral Area F	41,916	68,034	109,950	42,767	61,020	103,787	(6,163)
Electoral Area G	52,206	65,752	117,958	47,741	68,118	115,859	(2,099)
Electoral Area H	35,350	34,210	69,560	26,918	38,406	65,324	(4,236)
Total Requisition	954,772	1,362,287	2,317,059	954,772	1,362,287	2,317,059	-

As it will take additional time that will extend past the 2018 budget approval cycle to work with participating jurisdictions to amend *Bylaw No. 1231 (2001)*, it is recommended that the acquisition and capital parcel tax and the population allocation of the requisition for operations be maintained for the 2018 budget year.

The report also concluded that Development Cost Charges (DCC's) should be a tool to use in order to meet the future demand for both Regional Parks and Electoral Area Community Parks. When last reviewed in 2011 by the RDN, it was estimated that implementing DCC's could collect in the range of 19 to 24 million dollars over a 30 year period to assist with acquisitions and the development of the Regional Parks system. The DCC program would need to be reviewed in relation to updated acquisition and capital development plans; however, a DCC program could be expected to provide significant funding toward Regional Parks acquisitions and development.

STRATEGIC PLAN IMPLICATIONS

Undertaking the service review on funding for Regional Parks and Trails and Electoral Area Community Parks is in alignment with the RDN Boards Strategic Plan in the following strategic priority areas:

Service and Organization Excellence

- Review the costs and benefits during the investment of regional services.
- Advocate for Active Transportation which includes use of the RDN trail system.
- Recognize recreational services as a core service.

Focus on Relationships

- Look at opportunities to partner with other branches of government and community groups to advance the Regional District of Nanaimo.

Focus Economic Health

- Recognize eco-tourism as a key opportunity in the region.

Focus on the Environment

- Protecting and enhancing our environment in all decisions.



Tom Osborne
tosborne@rdn.bc.ca
November 22, 2017

Reviewed by:

- C. Midgley, Manager of Strategic Initiatives and Asset Management
- W. Idema, Director of Finance
- G. Garbutt, Acting Chief Administrative Officer

Attachments

1. Summary of Recommendations from RDN Regional Parks Funding Service Review
2. Regional Parks and Trails Funding Service Review / Neilson-Welch Consulting

Attachment 1

**Summary of Recommendations from
RDN Regional Parks Funding Service Review**

Topic	Recommendations
Regional Service Funding Model	<p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate land acquisition and development costs among service participants on the combination (50-50) of converted assessment and population, rather than number of parcels.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to replace the property parcel tax for acquisition and development costs with a property value tax.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate service operating costs among service participants on the combination (50-50) of converted assessment and population, rather than population alone.</p> <p>THAT the Board direct staff to undertake a survey of regional parks and trails users, at key times of year, every three-to-five years, to identify and track the home jurisdictions of users.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce a Development Cost Charge to assist in raising funds required for parkland acquisition, and parkland improvements.</p> <p>THAT the Board direct staff to review the existing permit fees charged for special events, filming, and commercial activities, and to propose a new revenue-generating fee schedule.</p> <p>THAT the Board continue its approach of collecting land acquisition and capital development funds separately from funds that are collected to support planning, operations and maintenance.</p> <p>THAT the Board clarify in all materials that monies held in the Regional Parks Acquisition and Capital Development (Reserve) Fund are intended both for land acquisition and capital project purposes.</p>

Topic	Recommendations
Community Services Funding Model	<p>THAT the Board retain its current practice of allocating staffing costs equally across the Electoral Areas.</p> <p>THAT the Board continue to raise service funds using property value taxes.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce local Development Cost Charges to assist in raising funds required for parkland improvements.</p>
Additional Issues	<p>THAT the Board refrain from assuming responsibility, in whole or part, for municipal parks that may possess regional park characteristics.</p> <p>THAT the Board direct staff to work with their counterparts in the Regional District's member municipalities on developing and implementing an integrated planning framework for regional and local parks and trails.</p>



RDN PARKS FUNDING SERVICE REVIEW REPORT

This *Report* has been prepared by Neilson-Welch Consulting Inc. for the Regional District of Nanaimo (RDN). The document is presented for discussion with, and for the sole use of, the RDN. No representations of any kind are made by the consultants to any party with whom the consultants do not have a contract.

NEILSON-WELCH
CONSULTANTS TO GOVERNMENT

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November, 2017

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**RDN
PARKS FUNDING
SERVICE REVIEW
REPORT**

NEILSON-WELCH
CONSULTANTS TO GOVERNMENT

EXECUTIVE SUMMARY

Neilson-Welch Consulting Inc. was retained by the Regional District of Nanaimo (RDN) to undertake the *RDN Parks Funding Service Review*. The purpose of the *Service Review* is to assess and make recommendations on the funding model that is currently used to support the acquisition, development and operation of parks and trails in the RDN's Regional Parks & Trails Service. The assessment of the funding model considers a variety of criteria, the most important of which is equity among participating jurisdictions in the service.

While the funding model of the regional service was identified in the *Review's* terms of reference as the primary focus of the assignment, the consultants were also asked to assess and make recommendations on the funding model in place for the Community Parks & Trails Services in the RDN's seven electoral areas.

THE REPORT

This report presents the results of the *Service Review*. The document is divided into two parts.

Part I: Regional Parks and Trails Service

The first and largest part of the report focuses on the Regional Parks and Trails Service. Part I is divided into five chapters:

- *Chapter I.1: Current Service* — Chapter I.1 profiles the RDN's Regional Parks & Trails Service. The profile highlights the funding model and financial tools in place today, and the changes that have occurred to service funding since the service's inception. The profile also identifies challenges facing the service.
- *Chapter I.2: Service Funding* — Chapter I.2 outlines the full range of financial tools available to regional districts to assist in funding the acquisition, development and operation of regional parks and trails. The text draws heavily on comparative research undertaken on regional parks and trails services across British Columbia.
- *Chapter I.3: Assessment of Service Funding Models* — Chapter I.3 introduces and applies a set of evaluation criteria for assessing the RDN's Regional Parks & Trails funding model. Included in the list of criteria are:
 - equity across jurisdictions
 - equity among different types of taxpayers
 - effectiveness at raising sufficient revenue for the service
 - transparency in communicating the purposes of monies raised

- *Chapter I.4: Additional Issues* — This chapter examines specific issues that arose over the course of the *Review*, but that do not necessarily fit into the discussions on funding models.
- *Chapter I.5: Summary of Recommendations* — The final chapter summarizes the recommendations on the regional service funding model, and on the issues raised in Chapter I.4.

Part II: Community Parks and Trails Services

The second part of the report examines the funding model in place for the eight Community Parks and Trails Services. Chapter II.1 begins by profiling the services and their funding model. Chapter II.2 then considers the range of financial tools available to regional districts to assist in the acquisition, development and operation of parks and trails at the community level. The current funding model is assessed in Chapter II.3 using the same criteria introduced for the regional service. Recommendations are summarized in Chapter II.4.

FINDINGS

Regional Parks and Trails Service

A number of key findings emerged from the assessment of the funding model for the Regional Parks and Trails Service:

- *Equity (Jurisdictions)* — The level of equity across participating jurisdictions would be improved if all service costs — acquisition, development, operating — were allocated on a combination (50-50) of converted assessment and population. This approach would recognize the service's indirect benefits to the broader region, but also the service's direct benefits to residents in each jurisdiction. Under the current model, costs for acquisition and development are allocated on basis of parcels; operating costs are allocated by population alone.
- *Equity (Individual Taxpayers)* — Equity among individual taxpayers would be improved through the use of a property value tax in place of the current property parcel tax to determine and collect service payments from properties. Equity among individual taxpayers would also be improved through the introduction of a development cost charge (DCC) to assist in funding land acquisitions and development.
- *Effectiveness* — The current funding model, with its reliance on property tax revenues only, does not appear to provide sufficient funding to meet the expressed expectations and interests related to the service. The RDN should consider introducing a regional parks and trails DCC to increase and diversify funding. User fees for special events, filming and other permits should also be reviewed and increased where warranted. The Regional District may also need to increase the overall amount it collects in service tax revenues to support the levels of service expected by residents.

- *Transparency* — Support for regional services increases when funding models are transparent in their use of tax dollars — that is, when funds raised are used in accordance with their stated purpose. At the RDN, transparency in the Regional Parks & Trails Service funding model is enhanced by the separation of acquisition and development funds from operational funds. This separation should continue, irrespective of the approaches taken to cost allocation and taxation. The RDN should also ensure that monies held in its Regional Park Acquisition and Capital Development Fund are identified consistently as funds that are intended for both acquisition and development purposes.

Additional Issues Considered

As noted earlier, over the course of the *Service Review* certain additional issues arose that should be considered, but that do not fit neatly into the discussions on funding models. The first issue concerns the potential for the RDN to assume responsibility, in whole or part, for municipal parks that have regional park characteristics. There are many examples of municipalities in the province that provide region-like parks. Several regional districts have been faced with the prospect of assuming responsibility for these parks; in general, regional districts have been reluctant to accept any responsibility.

The second issue concerns the potential for an integrated approach to parks and trails planning that would take into account municipal and electoral area park systems, along with the regional parks and trails system. There is considerable interest on the part of the RDN and member municipalities to integrate their respective efforts. The upcoming process for updating the *Regional Parks & Trails Plan* provides an opportunity to work together.

Community Parks and Trails Services

The funding model for the Community Parks & Trails Services was assessed using the same evaluation criteria that were introduced for the regional service. Key findings are as follows:

- *Equity (Jurisdictions)* — Inter-jurisdictional equity considerations at the local service level relate to the allocation, across local service areas, of the cost of Parks and Recreation staff who are assigned to services. At the RDN, this cost is allocated in equal portions to the seven electoral areas. This approach may, at first glance, seem unfair given differences between and among the local services. The approach, however, can be supported by a number of points, as explained in the report, and should be maintained.
- *Equity (Individual Taxpayers)* — The RDN should leave unchanged its reliance on property value taxes for the local services — this method of taxation is most equitable for the services. Overall equity would be improved,

however, if RDN introduced a DCC specifically for community parks and trails improvements.

- *Effectiveness* — A new DCC, focused initially on improvements, should be considered. In the future, the tool could be expanded to include land acquisition in the event that the Regional District begins to fund acquisition efforts directly with tax dollars.
- *Transparency* — No issues were identified concerning transparency.

RECOMMENDATIONS

Figure ES.1 presents the consultants' recommendations, for the Board's consideration, from both parts of the report. Included are recommendations on the funding model for the Regional Parks and Trails Service, the additional issues considered, and the funding model for the Community Parks and Trails Services.

Figure ES.1
Recommendations

Topic	Recommendations
Regional Service Funding Model	<p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate land acquisition and development costs among service participants on the combination (50-50) of converted assessment and population, rather than number of parcels.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to replace the property parcel tax for acquisition and development costs with a property value tax.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate service operating costs among service participants on the combination (50-50) of converted assessment and population, rather than population alone.</p> <p>THAT the Board direct staff to undertake a survey of regional parks and trails users, at key times of year, every five (5) years, to identify and track the home jurisdictions of users.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce a Development Cost Charge to assist in raising funds required for parkland acquisition, and parkland improvements.</p>

Topic	Recommendations
	<p>THAT the Board direct staff to review the existing permit fees charged for special events, filming, and commercial activities, and to propose a new revenue-generating fee schedule.</p> <p>THAT the Board continue its approach of collecting land acquisition and capital development funds separately from funds that are collected to support planning, operations and maintenance.</p> <p>THAT the Board clarify in all materials that monies held in the Regional Parks Acquisition and Capital Development (Reserve) Fund are intended both for land acquisition and capital project purposes.</p>
Additional Issues	<p>THAT the Board refrain from assuming responsibility, in whole or part, for municipal parks that may possess regional park characteristics.</p> <p>THAT the Board direct staff to work with their counterparts in the Regional District's member municipalities on developing and implementing an integrated planning framework for regional and local parks and trails.</p>
Community Services Funding Model	<p>THAT the Board retain its current practice of allocating staffing costs equally across the Electoral Areas.</p> <p>THAT the Board continue to raise service funds using property value taxes.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce local Development Cost Charges to assist in raising funds required for parkland improvements.</p>

INTRODUCTION

Neilson-Welch Consulting Inc. was retained by the Regional District of Nanaimo (RDN) to undertake the *RDN Parks Funding Service Review*. The purpose of the *Service Review* is to assess and make recommendations on the funding model that is currently used to support the acquisition, development and operation of parks and trails in the RDN's Regional Parks & Trails Service. The assessment of the model considers a variety of criteria, the most important of which is equity among participating jurisdictions in the service.

The funding model of the regional service was identified in the *Review's* terms of reference as the primary focus of the assignment. The consultants were also asked, however, to assess and make recommendations on the funding model in place for the Community Parks & Trails Services in the Regional District's seven electoral areas.

The findings and recommendations from the *Review* are intended to help the RDN in its efforts to fund parks and trails services in ways that support the purposes of the services, and that are fair to taxpayers throughout the region. The recommendations will also help to inform the development of an updated *Regional Parks & Trails Plan* in 2018.

APPROACH TO WORK

The consultants' approach to the *Service Review* consisted of the following elements:

- *Background Research* — The consultants reviewed a considerable number of documents concerning the regional and community services. Relevant documents from the literature on financial tools used in parkland acquisition, parkland development, and park operation were also reviewed. In all, the list of key documents included:
 - RDN Bylaw 1231 (the establishing bylaw for the Regional Parks & Trails Service)
 - RDN's *2017 Five Year Financial Plan*
 - 2016 and 2017 requisition totals for the regional and community services, parcel totals, converted assessment and population data
 - various staff reports, including the "Regional Parks Parcel Tax Review" (2016), and the "Amendment of the Regional Parks Function to Include Municipalities" (2005)
 - *Regional Parks and Trails Plan* (2005-2015)
 - *Regional Parks DCC Review* (2007)
 - *Regional District of Nanaimo Strategic Plan, 2016-2020*
 - Acquisition Criteria Rating Sheet
 - *2017 RDN Operational Plan*

- *Community Parks & Trails Strategic Plan* (2014)
- studies related specifically to individual community parks and trails in the electoral areas
- all regional park management plans

- *Comparative Research* — The consultants examined the regional and local parks services in ten regional districts across British Columbia. Particular attention was paid to services in the:

- Cowichan Valley Regional District
- Regional District Central Okanagan
- Capital Regional District
- Comox Valley Regional District

Interviews were conducted with senior managers in several cases in order to fully understand the funding models in place.

- *Consultation* — The consultants held one facilitated discussion with the RDN Board of Directors, and one with the Chief Administrative Officers of the member municipalities and the Regional District.¹ For both meetings, background materials and questions for discussion were distributed in advance. Meetings were held, as well, with senior managers at the RDN in Recreation and Parks Services, Finance, and Strategic Initiatives.
- *Report and Recommendations* — The consultants prepared the report for presentation to the RDN Board of Directors.

FORMAT OF REPORT

This report presents the results of the *RDN Parks Funding Service Review*. The document is divided into two parts.

Part I: Regional Parks and Trails Service

The first and largest part of the report focuses on the Regional Parks and Trails Service. Part I is divided into five chapters:

- *Chapter I.1: Current Service* — Chapter I.1 profiles the RDN's Regional Parks & Trails Service. The profile highlights the funding model and financial tools in place today, and the changes that have occurred to service funding since the service's inception. The profile also identifies challenges facing the service.

¹ The CAO's or their designates from all member municipalities were invited. Representatives from Parksville, Qualicum Beach and Lantzville attended, along with the CAO from the RDN. Representatives from the City of Nanaimo were not available.

- *Chapter I.2: Service Funding* — Chapter I.2 outlines the full range of financial tools available to regional districts to assist in funding the acquisition, development and operation of regional parks and trails. The text draws heavily on comparative research undertaken on regional parks and trails services across British Columbia.
- *Chapter I.3: Assessment of Service Funding Models* — Chapter I.3 introduces and applies a set of evaluation criteria for assessing the RDN's Regional Parks & Trails funding model. "Equity" is a key criterion in the exercise — the terms of reference for the *Review* specifically highlight the importance of assessing equity among participating jurisdictions.
- *Chapter I.4: Additional Issues* — This chapter examines specific issues that arose over the course of the *Review*, but that do not necessarily fit into the discussions on funding models. Two issues in particular are addressed:
 - the potential for the RDN to assume responsibility, in whole or part, for municipal parks that have regional park characteristics
 - the potential for an integrated approach to parks and trails planning that would take into account municipal and electoral area park systems, along with the regional parks and trails system
- *Chapter I.5: Summary of Recommendations* — The final chapter summarizes the recommendations on the regional service funding model, and on the issues raised in Chapter I.4.

Part II: Community Parks and Trails Services

The second part of the report examines the funding model in place for the eight Community Parks and Trails Services. Chapter II.1 begins by profiling the services and their funding model. Chapter II.2 then considers the range of financial tools available to regional districts to assist in the acquisition, development and operation of parks and trails at the community level. The current funding model is assessed in Chapter II.3 using the same criteria introduced for the regional service.

Recommendations are summarized in Chapter II.4.



PART I

REGIONAL DISTRICT OF NANAIMO REGIONAL PARKS AND TRAILS SERVICE

**RDN
PARKS FUNDING
SERVICES REVIEW
REPORT**

NEILSON-WELCH
CONSULTANTS TO GOVERNMENT

CHAPTER I.1

CURRENT SERVICE

This chapter profiles the Regional Parks & Trails Service as it exists today. Several elements of the service are outlined; however, the focus is on the service's funding model.

OVERVIEW OF REGIONAL PARKS & TRAILS SERVICE

The RDN was granted authority in 1989 by way of Supplementary Letters Patent to establish and provide regional parks and trails. In 2001, the Regional District converted the function to a regional service, as provided within the framework of the *Local Government Act*. The *Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)* became the establishing bylaw for the service.

The vision for the service was first presented in a 1995 *Regional Parks System Plan*. A subsequent 2005 *Regional Parks and Trails Plan* built on and refined the earlier vision to create a four-part purpose that balances the need to protect natural areas in the region with the desire to promote access to them. As set out in the 2005 document, the *Regional Parks & Trails Service* exists to:

- secure, protect and steward land and water features of environmental significance and wildlife habitat value
- provide rewarding outdoor recreation opportunities
- foster education on and appreciation of the Region's natural environment
- enhance livability for current and future residents of the RDN

The RDN undertakes all facets of regional parks and trails service provision, including system planning, land acquisition, the establishment of management plans for individual regional parks and trails, regional parks and trail development, and the ongoing operation of parks and trails in the system. Land acquisition efforts are guided by acquisition plans and goals, acquisition criteria, and a scoring tool to assist decision-makers in making selections. The management and development of each regional park are governed by a park-specific management plan.²

The Regional Parks & Trails Service today is a true regional service that includes all jurisdictions of the RDN as participants. Full participation, however, has not always been a feature of the service. For the first decade of its existence the regional service received support from the electoral areas only. In late 2000, as the result of a multi-service *Regional Services Review*, the RDN's member municipalities entered into a *Regional Parks Service Agreement* with the RDN to contribute towards the operation and maintenance (but not the acquisition or capital development) of

² The management plan for Beachcomber Regional Park is under development. All other regional parks have plans in place.

regional parks on a per capita basis. In 2006, following a review of the *Agreement*, and in response to increasing demand across the region for large natural parks and trails, the municipalities joined the regional service as participants, and began to contribute to land acquisition and development efforts.

The expansion of the regional service to include all jurisdictions enabled the network of regional parks and trails to grow significantly between 2006 and 2017. In 2006, the system consisted of eight parks, with a total area of 430 ha. Trail development had occurred to the point that by 2006, there were 60 km of regional trails in the system. Today, at the time of writing, the system consists of 12 regional parks covering a total of 2,129 ha, and a network of regional trails approaching 90 km in length.³

FUNDING MODEL

For the purpose of this report, the term "funding model" focuses on the financial tools used by the Regional District to pay the different costs of the service, including costs associated with land acquisition, parks and trails capital development, and planning, operations and maintenance.

Land Acquisition

In the RDN, as in all other regional districts with regional parks services, lands are acquired for regional parks and trails in two basic ways: through direct purchase by the Regional District; and through transfer to the Regional District by others.

➤ Direct Purchase

Direct purchase is an important element of the RDN's acquisition efforts. As in most regional districts, the RDN relies on property tax revenues to fund its purchases. Unlike other regional districts, however, the RDN relies solely on a property parcel tax to raise acquisition funds. Each year, all property owners in the Regional District pay a flat tax for each parcel of land.⁴ The total amount contributed to the service from each participating jurisdiction equals the number of parcels in the jurisdiction, multiplied by the flat parcel tax. The funds raised through the parcel tax are placed into a Regional Parks Acquisition and Capital Development Fund. Monies in the fund are used primarily to purchase lands; however, resources are also used where required to fund major capital improvements in the system, such as bridges and parking areas.

³ Much of the growth in hectares can be attributed to two specific regional parks acquired since 2005, including Mount Benson Regional Park (212 ha) and Mount Arrowsmith Massif Regional Park (1,300 ha).

⁴ To be identified as a parcel for the purposes of taxation a separate tax folio must exist. Rental apartments and individual manufactured homes within manufactured home parks or mobile home parks do not have separate folios. These units are not, therefore, considered parcels, and are not charged the parcel tax.

Prior to 2006, member municipalities were not participants in the regional service. As noted earlier, they did contribute beginning in 2001 to operations and maintenance through a *Regional Parks Service Agreement*. This *Agreement*, however, did not allow for contributions to land acquisition. The flat parcel tax, as the chosen method for funding acquisition, was introduced when the municipalities entered the service.

When it began in 2006, the flat parcel tax was set at a rate of \$10.⁵ The rate remained at this level until 2011 when it was increased to \$11. Between 2011 and 2016, the rate climbed from \$11 to \$14, always remaining a flat, per-parcel amount. In 2016, parcel tax revenues totaled \$950,000; budgeted revenues for 2017 are at essentially the same level. Figure I.1.1 on the following page shows the parcel tax contributions from each jurisdiction in 2017. Also shown for each is the number of parcels.

➤ **Transfer of Lands**

Where possible, lands are acquired by the Regional District through transfers from senior levels of government, non-profit societies, private corporations and, in some cases, individuals. The RDN has secured a number of land transfers from the provincial government in past years. In some instances title of ownership was transferred, as when the province transferred 105 ha of land to create Horne Lake Regional Park. In other instances, the province granted long-term operating leases to the Regional District, or licenses of occupation. The long-term lease of 22 ha at Benson Creek Falls Regional Creek, and the license of occupation granted to the RDN over 1,300 ha in Mount Arrowsmith Massif Regional Park, are examples.

Several regional parks have been established with the help of contributions from the Nanaimo & Area Land Trust (NALT), the Land Conservancy of BC, the Nature Trust of BC, the Nature Conservancy of Canada, Ducks Unlimited and others. These contributions typically take the form of long-term leases or licenses of occupation. Land contributions from private corporations represent an additional tool — Timber West is one corporation that has contributed lands in past years to the regional parks system (e.g., Englishman River). Contributions in the form of gifts from individuals, while less common, do occur periodically. Coats Marsh Regional Park, Beachcomber Regional Park and Little Qualicum River Regional Park were all established, in part, using lands gifted by individuals.

⁵ The parcel tax applied to the electoral areas and the City of Nanaimo in 2006, but was phased in for the other municipalities over five years. The City of Nanaimo began paying in 2006 to support the acquisition of Mount Benson Regional Park, which the City had identified as a priority.

**Figure I.1.1
Parcel Tax (Acquisitions) and Value Tax (Operations)
2017 Requisitions**

Jurisdiction	No. Parcels	Pop (2016)	Parcel Tax Rate	Value Tax Rate	Requisition		
					Acquisition	Operations	Total
City of Nanaimo	34,369	90,504	14.00	0.041	481,166	797,168	1,278,334
City of Parksville	6,737	12,514	14.00	0.036	94,318	110,225	204,543
Town of Qualicum Beach	4,841	8,943	14.00	0.032	67,774	78,771	146,545
District of Lantzville	1,482	3,605	14.00	0.036	20,748	31,753	52,501
Electoral Area A	2,902	7,058	14.00	0.047	40,628	62,168	102,796
Electoral Area B	3,771	4,033	14.00	0.029	52,794	35,523	88,317
Electoral Area C	1,425	2,808	14.00	0.022	19,950	24,733	44,683
Electoral Area E	3,423	6,125	14.00	0.025	47,922	53,950	101,872
Electoral Area F	2,994	7,724	14.00	0.048	41,916	68,034	109,950
Electoral Area G	3,729	7,465	14.00	0.035	52,206	65,752	117,958
Electoral Area H	2,525	3,884	14.00	0.030	35,350	34,210	69,560
Total Requisition					954,772	1,362,287	2,317,059

The Value Tax Rate differs for each jurisdiction because costs for operations are allocated among participating jurisdictions on the basis of population, then collected from individual property owners on the basis of assessment. If costs for operations were allocated and collected based on assessment, the tax rate would be the same.

The transfer of lands through the development process is most commonly used to acquire small parcels of land for community parks. Opportunities also exist at the regional level from time to time, however, to secure land transfers at subdivision or through rezoning. In the RDN at present, a 100 ha parcel of land is being dedicated pursuant to a 20-year phased development agreement to create a regional park in the Fairwinds' Lakes District Neighbourhood (Area E). In 2001, the initial 44 ha Little Qualicum River Regional Park was acquired through dedication at subdivision (later, in 2017, an additional 68 ha was added to the Regional Park through a land donation).

► **Combination of Methods**

It is useful to note that in the RDN, as in other regional districts, regional parks and trails are typically established, or enhanced, using a combination of direct purchases and land transfers. Direct purchases by the RDN are often used to leverage transfers from other agencies that share the Regional District's vision for a particular site.

Parks and Trails Development

Capital projects that are undertaken to develop regional parks and trails include trail improvements, parking areas, washroom facilities, ecosystem protection works, bridges, and other similar works. Major projects are funded through contributions

from the Regional Parks Acquisition and Capital Development Fund, senior government grants (e.g., Federal Gas Tax Sharing),⁶ and operating revenues raised through property value taxes. Capital contributions obtained through the development process are secured in specific cases (e.g., Fairwinds' Lakes District Neighbourhood), but are not common.

Contributions to regional trail development are provided, in some cases, by individual member municipalities and electoral areas that comprise the RDN. For example, Electoral Areas F and G contributed Community Works Fund (CWF) grant monies in 2016 and 2017 to assist in the cost of developing the portions of the E&N Rail Regional Trail that traverse the two Areas. Contributions to development costs come, as well, from community groups that raise funds to assist with specific projects.

Planning, Operations and Maintenance

The RDN raises funds to pay for regional park planning, operations and maintenance using a property value tax. The service costs that are paid using the tax are allocated among participating jurisdictions on the basis of population. The tax, however, is applied to property owners based on assessment. Total tax revenues collected in 2016 were \$1.34 million; 2017 revenues are 2.1% higher at \$1.36 million. The property value tax contributions from the service participants, along with population data, are provided in Figure I.1.1 (page 8).

Challenges Related to Funding Model

The RDN's Regional Parks and Trails Service is facing three key challenges related to funding: increasing demand for the service; rising land values and capital costs; and equity among jurisdictions.

➤ Demand for the Service

The regional parks and trails service in the RDN, similar to services in other parts of the province, provides many benefits to the region and its residents. For example, the service:

- helps to protect, in perpetuity, important natural features, ecosystems and habitats, some of which may be threatened
- offers opportunities to residents and visitors to connect with, learn about, and be active in outdoor, natural environments
- provides a range of ecosystem services to the broader community in the form of improved air quality, nutrient recycling, flood regulation, water supply and treatment, and other benefits

⁶ In 2014, the RDN applied for and received \$2.6 million from the Regionally Significant Priorities Gas Tax under the Federal Gas Tax Sharing program. The funds were used to construct the Coombs to Parksville Rail Trail. Projects that receive these grants are deemed to provide broad, regional benefit.

- draws visitors to the region, and in so doing assists in economic development efforts

The significance of these benefits and the service that provides them tends to rise in tandem with population growth and development. In parts of the province, such as the RDN, that experience sustained growth and urbanization, people become increasingly aware of the importance of protected natural areas and the desire to connect with nature. With increasing awareness comes increasing demand to expand and develop the regional parks and trails system.

The RDN does not yet have good data on the volume of visits to its different regional parks and trails (numbers are beginning to be tracked); nor has the Regional District attempted to measure demand through surveys or other qualitative means. It is difficult, therefore, to state definitively that demand for the service is rising. In the discussion with Board Directors, however, the need to grow the service was clear. Directors highlighted the dual desire to protect additional natural areas through acquisition, and to make available existing and new regional parks and trails to growing populations through development.

The park development piece is important to emphasize. Directors on the whole gave voice to the expectation that regional parks acquired by the RDN should be made accessible to the residents of the RDN. Staff echoed this point in separate discussions, and referred to expectations from a growing variety of user groups, including mountain bike clubs, kayak and diving groups, and others.

➤ **Land Values and Capital Costs**

The cost of land on the East Coast of Central Vancouver Island continues to experience upward pressure, as data from BC Assessment help to illustrate. Cost pressures are attributable to a number of factors, including general growth in the region, and the limited supply of land available for acquisition relative to other parts of the province. Regardless of the causes, increasing land values make land acquisition through purchase difficult to pursue.

To date, the RDN has been successful in securing a considerable amount of its lands through partnerships and contributions; efforts to develop new partnerships and attract additional contributions will surely continue. To leverage contributions and to enter into partnerships, however, the RDN needs to have its own funds on hand. As land costs increase, so too does the pressure on existing acquisition reserves, and the demand for new funding sources.

The cost to develop capital infrastructure in regional parks is also facing upward pressure, over-and-above the Consumer Price Index rate of inflation.

Staff note that in 2017 the RDN had to postpone certain capital projects because of higher-than-anticipated contractor bids. Managers from other regional parks systems who were interviewed for the *Service Review* — RDCO, CRD and MVRD are examples — are experiencing the same issue. Costs are escalating as a result of rising material and contractor costs.

➤ **Equity**

In any shared service, ensuring a level of equity between and among members is an ongoing challenge — the RDN's Regional Parks & Trails Service is no exception. An assessment of equity under the current funding model is provided later in Chapter I.3.

CHAPTER I.2

FINANCIAL TOOLS

This chapter reviews the range of tools available to regional districts in British Columbia to fund the various activities that are undertaken in regional parks and trails services. Most of the tools are in use already at the RDN. The information presented draws heavily on the comparative research that was conducted for the *Service Review*.

COMPARATIVE RESEARCH

Pursuant to the *Service Review's* terms of reference, the consultants undertook comparative research on regional parks and trails services across BC. Materials were reviewed and, in several cases, managers were interviewed, from a total of ten regional districts, including:

- Cowichan Valley Regional District (CVRD)
- Capital Regional District (CRD)
- Comox Valley Regional District (Comox Valley RD)
- Regional District Central Okanagan (RDCO)
- Metro Vancouver Regional District (MVRD)
- Regional District Okanagan Similkameen (RDOS)
- Powell River Regional District (PRRD)
- Fraser-Fort George Regional District (FFGRD)
- Regional District East Kootenay (RDEK)
- Regional District Central Kootenay (RDCK)

The consultants gathered information on each regional district's service, size of regional parks system, evolution of the system, and challenges being faced today. Special attention was paid to service funding — more specifically, the tools being used in each regional district to pay for regional parks and trails acquisition, development, and planning, operation and maintenance.

In general, the comparative research confirmed that the range of tools available to regional districts to fund regional parks and trails services is limited. The research also revealed that the primary financial tool used across regional districts to pay for the services is property value taxes. This finding was not unexpected given the nature of regional parks and trails as true public good services.

FINANCIAL TOOLS

Financial tools are identified under each of the main service components, namely land acquisition, parks and trails development, and planning, operations and maintenance.

Land Acquisition

As noted earlier, regional districts acquire land for regional parks and trails in two different ways: through direct purchase, and through transfer to the regional district by others. Figure I.2.1 presents the different tools available to regional districts under each of these approaches.

Figure I.2.1
Land Acquisition Tools

TOOL	DESCRIPTION
Direct Purchase of Land	
Property Value Tax	<p>A property value tax is a tax levied on the assessed value of properties within a service area to raise the revenue necessary to fund the cost of a service. The cost may be allocated among participating jurisdictions on the basis of converted assessment, population, or any other factor or combination of factors. If cost is allocated on the basis of converted assessment, the value tax rate will be uniform throughout the service area.⁷ If cost is allocated on some other basis, such as population, the value tax rate that is applied to collect revenues will vary by jurisdiction. Within each jurisdiction, the rate — however it is determined — will be levied against the assessed value of each property.</p> <p>All regional districts surveyed, with the exception of the Comox Valley RD, use a property value tax to raise funds for land acquisition.⁸ In every case, the value tax is levied against the full assessed value of properties — that is, the value of land and improvements.</p> <p>The amount of tax paid by each property varies based on assessed value. In some of the regional districts, the payment is communicated in information materials as a standard dollar amount per household. The CRD and CVRD, for example, both identify a per-household rate of \$20. This amount, however, reflects the payment that a household with an average residential assessment pays through the property value tax towards acquisition. The actual amount paid by any particular household varies depending on the assessed value of the household relative to the average value in the service area.</p> <p>Most regional districts have land acquisition reserve funds in place to hold the property tax revenues collected for acquisition. These funds promote transparency, ensure that the monies are used for their intended purpose, and help to raise awareness of the importance of ongoing acquisition in regional parks and trails systems. In some cases, regional districts create their acquisition funds within the existing regional parks and trail service — RDCO and MVRD are examples. In</p>

⁷ Allocation on the basis of converted assessment is the default under the *Local Government Act*.

⁸ The Comox Valley service is a sub-regional service in that it does not include the Regional District's member municipalities.

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CONSULTANTS TO GOVERNMENT

TOOL	DESCRIPTION
	<p>these regions, a specific portion of the total tax revenue collected is transferred to the reserve fund. In a few cases — the CRD and CVRD stand out — the regional districts have established separate land acquisition services, with separate value taxes in place, to collect and hold the monies.</p> <p>In the RDOS, RDEK and RDCK, separate services have been established with separate value taxes to collect funds specifically for conservation lands.</p>
Property Parcel Tax	<p>A property parcel tax is levied against each parcel of property in an amount that is not linked to the assessed value of the property. The tax may be a flat tax — i.e., a specific, common dollar amount that is levied against each property. Alternatively, the tax may vary based on the size of property, or the length of frontage.</p> <p>Other than the Comox Valley RD's flat parcel tax, levied for its sub-regional parks service, the RDN is the only regional district in the comparison group that uses a parcel tax to fund land acquisition. The rate per property in the Comox Valley is \$20; the rate in the RDN is \$14.</p>
Development Cost Charges	<p>Development in a regional district results in an increased demand for various regional services, including regional parks and trails. Regional districts have the authority under the <i>Local Government Act</i> to impose development cost charges (DCCs) on new development to recover the portion of the acquisition cost that has been incurred, or that will be incurred, to meet the demand for regional parks and trails generated by new development.</p> <p>Several regional districts in the comparison group charge DCCs to assist in providing regional infrastructure services (e.g., sewer trunk lines and treatment plants). No regional district, however, charges DCCs to assist in the acquisition of lands for regional parks and trails services.</p> <p>In 2011, the RDN came close to implementing the first regional park DCC in BC. A staff report at the time estimated, based on a 2007 consultant's study, that DCCs could help the RDN to collect significant funds over a 30 year period — \$19 million to \$24 million — to assist with the acquisition and development of lands for the regional parks and trails system. The proposed DCC bylaw that was presented did not, however, receive final Board approval.</p>
Transfer of Funds	<p>While not a significant source of revenue, regional districts may receive funds from other agencies towards the purchase of specific properties. In the RDN, the Nature Trust of BC and NALT together raised \$156,000 in 2011 towards the RDN's \$4.8 million purchase of lands for Moorecroft Regional Park. Contributions resulting from fundraising efforts and other initiatives are more typically directed to capital projects.</p>

TOOL	DESCRIPTION
Transfer of Land	
Transfers from Government	<p>Lands suitable for inclusion in regional parks and trails services may be transferred to a regional district, at no cost, by other governments. Transfers may involve the transfer of ownership (i.e., title) over lands, or the transfer of responsibility for lands through long-term leases, licenses of occupation, or other mechanisms. Where ownership is transferred, covenants may be attached to ensure that lands retain their parkland nature. Terms included in leases and licenses of occupation provide the same protection.</p> <p>Regional districts have traditionally relied on the transfer of provincial Crown lands to establish and expand regional parks and trails systems. Today, however, land transfers from the province are less common than before in most parts of the province. The change is attributable, in part, to the need to take into consideration and consult on First Nations' interests in the provincial lands. The change is also attributable in some regions to a decline in the amount of suitable provincial land.</p> <p>Transfers of federal Crown land are less common than those from the province, and face the same challenges related to consultation and lack of supply. Federal transfers do, however, remain a tool to consider, particularly in the form of long-term management leases. The MVRD, among others has leases in place in some of its regional parks.</p>
Transfers from Non-Profit Agencies	<p>All regional districts secure lands for regional parks and trails services through contributions from non-profit societies that exist to protect lands, ecosystems and natural habitats from development.</p> <p>As noted in Chapter I.1, the RDN has several partnerships in place with groups such as NALT, the Land Conservancy of BC, the Nature Trust of BC, the Nature Conservancy of Canada, Ducks Unlimited and others. Transfers from these groups usually occur through long-term management leases or licenses of occupation, so that actual ownership remains with the contributor.</p> <p>Contributions from non-profit groups are often combined with direct purchases of lands by regional districts. In this way, the regional district funds may be seen to leverage investments by others in order to create more extensive regional parks than would otherwise be possible.</p>
Transfers from Other Agencies	<p>Resource companies and others that own large tracts of lands will, at times, transfer ownership of properties, or grant licenses of occupations or rights-of-ways, to regional districts for use as regional parks or trails. In some cases, transfers of ownership may be made to a non-profit agency, which then makes the land available to the regional district for operation through a regional parks and trails service.</p>

TOOL	DESCRIPTION
	In future years in the RDN and in other regional districts, the need for rights-of-way through private lands is anticipated to grow, as demand for new regional trails grows.
Transfers from Individuals	<p>Gifts from individual landowners are another form of land transfer that benefits regional parks and trails services. Individuals are typically eligible to receive tax credits for donations of land that are made.</p> <p>In some cases, individuals may sell lands to regional districts at discounted, below-market rates. In all cases, it is common for covenants to be attached to lands in order to ensure their use as regional parks in perpetuity.</p>
Parkland Transfers at Development	<p>Regional districts can receive property through the development process in the form of land dedications and contributions. Dedications at subdivision, pursuant to section 510 of the <i>Local Government Act</i>, are typically used for community parks services, but may be used for regional parks as well. Contributions provided by developers during the rezoning process, and through phased development agreements, may also benefit regional services. The examples in the RDN of such contributions were identified earlier in Chapter I.1.</p> <p>Municipalities may also use the development process to acquire lands for transfer (ownership or lease) to a regional districts. In such cases, the lands received by the municipality would have regional park characteristics, including a large benefitting area.</p>

➤ A Note on Borrowing

Short- and long-term borrowing are cited by some regional districts as financial tools for use in the acquisition of regional park lands. Both forms of borrowing are, indeed, used by regional districts for acquisition, most often in cases where the amount of funds in reserve are insufficient to take advantage of opportunities that have arisen to purchase desired properties. Short-term borrowing may be undertaken for up to five years without the assent of electors. Long-term loans may have much longer amortization periods, but may require elector assent.⁹

Despite their use, short-term borrowing and long-term borrowing are not considered acquisition tools in this report. In the context of land acquisition, borrowing is essentially a cash-flow management tool that can be used by regional districts to make expenditures before revenues from property taxes and/or DCCs are fully collected. Borrowing may allow regional districts to

⁹ At the RDN, long-term borrowing (20 years) assisted in the acquisition of lands for Moorecroft Regional Park (elector assent was not required as the total outstanding amount of borrowing did not exceed \$5 per thousand dollars of net taxable value of land and improvements). Short-term borrowing is used regularly as required.

acquire lands sooner than they could under a pay-as-you-go system of service funding; but borrowing does not constitute a new source of funding separate from property taxes and DCCs.

Parks and Trails Development

Figure I.2.2 presents the different tools available to regional districts to undertake capital projects in regional parks and trails services.

Figure I.2.2
Parks and Trails Development Tools

Tools	Description
Grants from Senior Governments	<p>All regional districts rely on senior government grants to assist in the cost of infrastructure development in regional parks and trails. Grants under the Strategic Priorities Fund (Federal Gas Tax Sharing program), in particular, are pursued and obtained where possible.</p> <p>Other one-time grant programs are also pursued where available, such as the recent Canada 150 Community Infrastructure Program,¹⁰ and the Federation of Canadian Municipalities Green Municipal Fund.</p>
Contributions from Non-Profit Agencies	<p>All regional districts also rely on contributions from regional non-profit societies to assist in the funding of specific works that tend to be selected by the societies based on their particular missions. Metro Vancouver, for example, depends on the Pacific Parklands Foundation to assist in environmental works and other capital projects that promote the Foundation's goals. MVRD, RDCO and most other regional districts rely, too, on regional park associations to raise money for improvements in the specific parks. The RDN has received contributions from, and has benefitted from the fundraising efforts of, non-profit groups across the region.</p>
Land Acquisition Reserve Funds	<p>Rising expectations and costs related to parks and trails development force some regional districts to make use of property tax revenues that are raised, either through parcel or value taxes, for land acquisition. Accessing acquisition funds for development purposes, however, is difficult in several cases, need notwithstanding. In the CRD, for example, gaining access to acquisition funds may require a bylaw change and elector assent. The MVRD is facing the same constraints, as is the CVRD with its separate acquisition service. RDCO and the RDN are reportedly less restricted in their use of acquisition reserve funds for major capital works.</p>
Property Taxes	<p>Property tax revenues that are collected to pay for service operations are used in most (if not all) regional districts to assist with capital development.</p>

¹⁰ The Regional District of Okanagan-Similkameen received funding under this program for regional trails.

Tools	Description
	A unique approach to the use of property taxes for capital works exists in the Cowichan Valley. The CVRD has established a separate service — the Kinsol Trestle service — to raise property tax revenues specifically for use in reconstructing and maintaining the Kinsol Trestle. This approach was taken to ensure strong support for the project, to promote transparency, and to raise the dedicated (and significant) funds required.
Development Cost Charges	The authority of regional districts to impose DCCs for regional park land acquisition was noted in Figure I.2.1. The same authority allows regional districts to use DCCs for regional parks and trails development costs. As with land acquisition, no regional district currently uses, or has ever used, DCCs for regional parks and trails development.
Other	Some regional districts — RDCO and MVRD are current examples — have memorial and other programs that allow individuals to provide funds for benches, picnic tables and similar types of infrastructure. Regional districts may also work with individuals who wish to gift funds (as opposed to lands) for specific works. Monies raised through these initiatives tend to be limited.

Planning, Operations and Maintenance

Figure I.2.3 presents the different tools available to regional districts to fund regional parks and trails planning, operations and maintenance.

Figure I.2.3
Planning, Operations and Maintenance Tools

Tools	Description
Property Taxes	Property value taxes are the primary tool used by every regional district to pay for the operation and maintenance of regional parks.
User Fees	<p>User fee revenues, generated from film permits, special event permits, commercial licenses and other special-use permits, are a secondary source. In all cases, however, user fee revenues are modest at best. Indeed, only three of the regional districts studied for the <i>Service Review</i> — the CRD, RDEK and MVRD — appear able to generate in excess of 5% of total service revenues from user fees.</p> <p>This level of funding is not unexpected given the nature of regional parks and trails. They are designed to provide access to all residents, free of financial and other barriers. Fees for parking and other services have been considered by some regional districts; ultimately, however, such fees were rejected for fear that they would prevent some groups of residents from using parks and trails.</p>

CHAPTER I.3

ASSESSMENT OF FUNDING MODEL

This chapter provides an assessment of the RDN's funding model that is in place today to pay for the Regional Parks & Trails Service. Recommendations for the Board to consider are put forward. The experiences of other regional districts, identified through the comparative research, inform both the assessment and the recommendations.

EVALUATION CRITERIA

As noted in the terms of reference for the *Service Review*, equity among service participants is particularly important as an evaluation criterion. Other criteria, however, are also important to consider. The full list of criteria used in this report includes:

- *Equity (Jurisdictions)* — All member jurisdictions of the RDN — municipalities and electoral areas — are participants in the regional service. Is the service's current funding model fair to all parties? Are there changes to the model, based on approaches taken elsewhere, that would make the system more equitable on the whole?
- *Equity (Individual Taxpayers)* — Is the current funding model, with its reliance on both property value taxes and a flat-rate property parcel tax, fair to the different types of taxpayers who benefit from and pay for the service? Could the model be improved?
- *Effectiveness* — Does the current funding model allow the RDN to raise sufficient revenue for the service, given expectations and key challenges?
- *Transparency* — Is the current funding model clear in communicating to taxpayers and jurisdictions the purposes of monies that are raised?

REGIONAL PARKS & TRAILS FUNDING MODEL

The RDN's Regional Parks & Trails Service was profiled in Chapter I.1. The service's funding model can be summarized by the following points:

- Lands for regional parks and trails are acquired through direct purchase by the Regional District, and through transfer to the Regional District by others. The two methods of acquisition are often used in combination.
- The RDN relies solely on a property parcel tax to raise resources to purchase lands. The parcel tax is a flat tax, in that it is the same amount (\$14) for each parcel, irrespective of the parcel's assessed value. The tax has been increased four times since its introduction in 2006 at \$10.

- Land transfers are pursued from and received by senior levels of government, non-profit societies (e.g., land trusts), private corporations and individuals.
- Capital projects undertaken to make regional parks and trails accessible to users are funded through contributions from the Regional Park Acquisition and Capital Development Fund, senior government capital grants, contributions secured through the development process, and operating revenues that are raised using a property value tax. Funding for regional trails, in particular, is provided in some cases by individual member jurisdictions for the portions of trails that traverse their areas.
- Funds for planning, operations and maintenance are raised using a property value tax. The service costs that the tax is used to fund are allocated among jurisdictions on the basis of population.

ASSESSMENT OF REGIONAL SERVICE FUNDING MODEL

Equity (Jurisdictions)

To assess the funding model's level of equity — or fairness — among jurisdictions, it is useful to consider the benefits received by the different jurisdictions, and the cost of participation in the service for the different jurisdictions.

► Benefits

The *Regional Parks & Trails Service* provides broad, indirect benefits to the region as a whole, including:

- protection, in perpetuity, of important natural features, sensitive ecosystems, landscapes and habitats in the region
- ecosystem services in the form of improved air quality, nutrient recycling, flood regulation, and water supply and purification

Residents in all jurisdictions of the Regional District receive these important, indirect benefits from the service, irrespective of the residents' ability to access the regional parks and trails in the system. Put differently, all residents in the RDN, whether or not they are able to visit regional parks and trails, benefit from efforts to protect the region's natural environment and ecosystem services.

The *Regional Parks & Trails Plan* (2005-2015) recognizes the value of these indirect benefits provided by the service. The protection of natural areas, landscapes, ecosystems and habitats is featured prominently in the vision for the service. The *Plan* also, however, points to the importance of direct benefits to residents who are able to use the regional parks and trails. As set out in the *Plan*, the service exists in part to provide opportunities to residents and visitors to access, learn about, and be active in outdoor natural

environments. The service also is designed to draw visitors to the region, and in so doing to promote economic development. These direct benefits exist for jurisdictions in which residents and visitors are able to easily access and make use of the parks and trails.

Indirect benefits by their very nature are difficult to measure for the service area as a whole, but also for individual jurisdictions within the area. It may be helpful simply to acknowledge that, through its targeting of different landscapes and habitats, and in its efforts to protect key ecosystems, the service provides broad, indirect benefits to the entire region.

Direct benefits are also not easy to measure, but may be approximated in different ways:

- *Actual Usage* — The estimated number of visits to regional parks and trails by residents of different jurisdictions can be used to judge direct benefit. Unfortunately, the RDN does not yet track visitor numbers to its different properties, nor does it conduct periodic surveys to identify the home jurisdiction of different users.
- *Population* — For several local government services, population is considered a proxy measure for usage, and one way to gauge direct service benefit. Population, arguably, is particularly well-suited to parks and trails services which are designed, in part, to be accessed and used by people.
- *Proximity of Regional Parks & Trails* — The proximity of regional parks and trails to individual jurisdictions can be used to assess the level of system access available to residents in each jurisdiction. Figure I.3.1 presents data from the RDN to show the number of regional parks and trails within 60 minutes' driving time, 45 minutes' driving time, and 30 minutes' driving time from a central location in each jurisdiction. The information in the figure shows that, on the whole, access to the regional parks and trails system is uniformly strong for most jurisdictions at the 60 and 40 minute marks (the exception is Gabriola Island which has less access relative to other jurisdictions on account of the need for ferry travel). Access at the 30 minute mark, however, is considerably better for jurisdictions in the north of the RDN (District 69) than in the south, as measured by number of regional parks within easy reach.
- *Expenditures* — It may be argued that spending decisions of the RDN benefit, or have the potential to benefit, different jurisdictions depending on the location of the expenditures. Under this argument, spending of service funds to acquire, develop or operate

**Figure I.3.1
Proximity to Regional Parks and Trails
Driving Times**

Jurisdiction	Place	Number of Parks & Trails Within		
		60 Min.	45 Min.	30 min.
Nanaimo	Nanaimo City Hall	15	10	4
Lantzville	Lantzville District Hall	15	14	9
Parksville	Parksville City Hall	14	14	10
Qualicum Beach	Qualicum Beach City Hall	14	13	10
Area A	Cedar Plaza	14	9	4
Area B*	Gabriola Island Ferry Terminal	6	2	2
Area C	Extension	15	8	4
Area C	East Wellington	16	12	8
Area E	Nanoose Place	14	14	12
Area F	Coombs Country Market	14	14	11
Area G	Sunrise Dr. at Island Highway (19A)	14	13	9
Area H	Lighthouse Community Centre	14	11	8

* Includes ferry travel time.

specific regional parks and trails will benefit the jurisdictions closest to the properties.

Detailed operating and capital budgets (2016 and 2017) were reviewed for the assignment, along with land acquisition guides and criteria, to gauge the fairness of spending in the service. No spending patterns were identified to suggest any disproportionate level of benefit to individual participants. Spending on acquisition is guided by Board-endorsed criteria, including one criterion that calls for "geographical equity". This criterion states that balance between and among electoral areas and sub-regions is an important outcome for the Board.¹¹

Spending on development is modest, given the nature of the service, except in cases where bridges and parking areas must be constructed. Examples of these major capital works exist in both major sub-regions, demonstrating again the sensitivity shown to spatial equity. Spending on operating is also dispersed across the region as shown by annual work plans.

¹¹ Electoral Areas are identified specifically for two reasons: they are spread throughout the entire Regional District; and candidate properties for acquisition are most often located in the rural areas where land costs are (usually) lower relative to those in the municipalities, and where large natural areas of regional significance tend to be situated.

➤ Participant Costs

The allocation of acquisition and development costs among participating jurisdictions based on number of parcels is not common in regional district funding models for regional parks and trails. Number of parcels does not take into account differences across jurisdictions in total converted assessment. Converted assessment, as a measure, is widely considered to reflect a jurisdiction's ability to pay; allocation of costs on the basis of converted assessment is accepted as the fairest approach for cost sharing in services that provide broad, indirect benefits.

Allocation of costs for planning, operations and maintenance on the basis of population is another relatively unique approach for regional parks and trails services specifically. As a proxy measure for service usage, population is used to allocate costs in cases where level of service usage is considered important, but where data on actual usage do not exist. The reliance on population places considerable value on the direct benefits of the Regional Parks & Trails Service to residents. The important indirect benefits to the region as a whole that are related to the protection of natural areas and ecosystems receive less emphasis under this approach.

Across British Columbia, the full costs — acquisition, development, planning, operations and maintenance — in most if not all regional parks and trails services are allocated among participating jurisdictions on the basis of converted assessment alone. This basis, as noted, recognizes the indirect, broad benefits of the service, and is considered by many to reflect each jurisdiction's ability to pay for the service. The reliance on converted assessment entirely, however, may not sufficiently recognize the direct benefits of the service. These benefits are identified in the RDN's materials as being important. They were also recognized as important during the *Service Review* discussion with the Board.

An approach that allocates all service costs among participating jurisdictions on a combination (50-50) of converted assessment and population would recognize both the indirect benefits and the direct benefits that the Regional Parks & Trails Service is designed to provide. In the RDN, this approach would be bolstered by the general level of parity in access to the regional parks system, and in expenditures across the region.

➤ Conclusion

The discussions on benefits provided to jurisdictions and costs allocated to jurisdictions under the current Regional Parks & Trails Service funding model suggest that the current funding could be made fairer. Specifically, allocation across jurisdictions of acquisition and development costs, as well as costs related to planning, operations and maintenance, on a combination (50-50) of converted assessment and population would increase inter-jurisdictional equity. This approach would recognize and balance the

service's indirect benefits to the region as a whole, and the direct benefits to each jurisdiction.

Figure I.3.2 uses 2017 data to show how this change would impact each jurisdiction in actual dollar terms. As evident from the figure, most jurisdictions would face relatively modest change.

Equity (Individual Taxpayers)

The RDN's use of a flat parcel tax to raise the allocated funds for land acquisition represents a unique approach to taxation in regional parks and trails services, and a unique use of the parcel tax tool. Parcel taxes, in general, are used to assist in funding major infrastructure costs associated with local government utilities — for example, the construction and replacement of a water or sewage treatment plant. These utilities provide direct benefit only to properties that are physically connected to the systems, or that have the ability (but choose not) to physically connect. Put differently, local government utilities "exclude" properties that cannot connect to the services. This characteristic of exclusion is considered a "private good" attribute. Parcel taxes are considered a useful and equitable tool to assist in the funding of local services with private good characteristics.

Regional parks and trails are pure public good services. They are designed to provide access to all (i.e., to exclude none), and to benefit everyone. Such services, it is generally acknowledged, are most equitably funded using property value taxes.

Figure I.3.2
Impact of Allocating All Costs by
Converted Assessment and Population (50-50)

Jurisdiction	Existing Model			Converted Assess & Population (50-50)			Change in Allocation
	Acquisit/Dev	Ops	Total	Acquisit/Dev	Ops	Total	
City of Nanaimo	481,166	797,168	1,278,334	536,770	765,873	1,302,643	24,309
City of Parksville	94,318	110,225	204,543	78,963	112,666	191,630	(12,913)
Town of Qualicum	67,774	78,771	146,545	60,171	85,854	146,025	(520)
District of Lantzville	20,748	31,753	52,501	22,941	32,732	55,673	3,172
Electoral Area A	40,628	62,168	102,796	39,278	56,042	95,320	(7,476)
Electoral Area B	52,794	35,523	88,317	28,822	41,124	69,945	(18,372)
Electoral Area C	19,950	24,733	44,683	23,299	33,243	56,542	11,859
Electoral Area E	47,922	53,950	101,872	47,103	67,208	114,311	12,439
Electoral Area F	41,916	68,034	109,950	42,767	61,020	103,787	(6,163)
Electoral Area G	52,206	65,752	117,958	47,741	68,118	115,859	(2,099)
Electoral Area H	35,350	34,210	69,560	26,918	38,406	65,324	(4,236)
Total Requisition	954,772	1,362,287	2,317,059	954,772	1,362,287	2,317,059	-

Figure I.3.2 shows that allocating all costs on a combination of converted assessment and population would shift slightly the overall cost burden among jurisdictions. The Existing Model allocates acquisition and development costs based on number of parcels, and operating costs based on population.

Value taxes differentiate among individual properties on the basis of assessed value, which is considered a measure of a property owner's ability to pay. Owners of properties with higher than average assessed values within a service area are expected to pay more towards the cost of the service than are owners of properties with lower than average assessments. In this way, property value taxes are considered progressive. Flat parcel taxes, conversely, would be considered by many to be regressive.

The difficulty with the flat parcel tax is exacerbated further by the fact that all parcels, regardless of property class, are charged the same rate. In a value tax system, Class 4 (Major Industry), Class 5 (Light Industry) and Class 6 (Business) properties would pay different (higher) rates than Class 1 (residential) properties.

Equity as it relates to individual taxpayers needs to also consider whether there are different groups of stakeholders who contribute to the demand for the service, and who stand to benefit from the service, but who do not share in the cost of the service under the current model. The one stakeholder group that stands out at present is development. As noted earlier in the report, new development adds to the demand for new regional parks and trails in the RDN. Under the current funding model, however, there is no mechanism in place to require new development to contribute funding for additional acquisition and development of lands. The introduction of a DCC to assist with acquisition and development costs would make the funding model fairer for all taxpayers.

➤ **Conclusion**

The assessment demonstrates that the level of equity among individual taxpayers in the regional service would be improved through the use of a property value tax, in place of the current property parcel tax, to determine and collect service payments from properties. Equity among individual taxpayers would also be improved through the introduction of a DCC to assist in funding land acquisitions and development.

Effectiveness

Does the current funding model, with its reliance on property taxes as the sole source of revenue, allow the RDN to raise sufficient funds for the service, given the expectations of residents and elected officials, and in view of key challenges? It is difficult to answer this question definitively until the RDN has completed its anticipated update (beginning in 2018) to the *Regional Parks & Trails Plan*. The process through which the *Plan* is updated will:

- clarify or confirm the fundamental purpose and goals of the service, as determined by the Board
- review the existing inventory of parks and trails
- confirm and articulate the anticipated need for additional regional parks and trails, based on the expectations of the broader regional community for the

protection of natural areas, and for opportunities to connect with, be active in, and learn about the natural environment

- identify the most important types of properties to acquire on a go-forward basis
- refine existing acquisition criteria
- consider parks and trails development needs
- examine staffing and other operational and maintenance resource levels
- quantify the anticipated costs of acquisition, development and operations in the coming years

Through the update to the *Plan*, the Board will be able to determine whether the current funding model can be used to raise sufficient revenues, or whether additional revenue-generating tools should be considered.

The need for an updated *Plan* notwithstanding, it does appear to be the case, based on consultations and the review of materials, that the service requires more funds to meet existing needs and expectations related, in particular, to acquisition and development. In plain terms, people in the RDN want more regional parks and trails, and they want to be able to use them. More funds could be obtained by simply increasing the taxes charged against property owners. Increases of this sort may, indeed, be part of the solution;¹² however, funds could also be raised by introducing a regional parks and trails DCC (referred to earlier), and by undertaking efforts to increase, where possible, fees for special events, film permits and other services.

It is not being suggested that the RDN introduce a wide range of fees for those who use the regional parks and trails system. Too many user fees may inadvertently undermine the ability of all residents in the RDN to access the system. What is being suggested is to increase user fees for specific permits in an effort to increase the total amount of user fee revenue available in the service. At present, the RDN generates essentially no such revenues. By contrast, user fees at other regionals districts, including the CRD and MVRD, account for 5% to 8% of total service revenues.

➤ **Conclusion**

The current funding model does not appear to provide sufficient funding to meet the expressed expectations and interests for the service. The RDN should consider introducing a regional parks and trails DCC to increase and diversify funding. User fees for special events, filming and other permits should also be reviewed and increased where warranted. The Regional District may also need to increase the amount it collects in service tax revenues from the service area in order to meet increasing level of service demands.

¹² The tax amount collected per property in the RDN is much lower than the amount collected on an average property in the CRD and RDCO.

Transparency

Support for regional services increases when funding models are transparent in their use of tax dollars — that is, when funds raised are used in accordance with their stated purpose. At the RDN, transparency in the Regional Parks & Trails Service funding model is enhanced by the separation of acquisition and development funds from operational funds. This separation should continue, irrespective of the approaches taken to cost allocation and taxation.

Questions related to transparency often arise in regional park services in discussions on spending for land acquisition and park development. Many of the regional districts reviewed for the assignment — CRD, RDCO, MVRD and CVRD stand out — are facing pressures to develop lands that have already been acquired. All of these regional districts are looking to their acquisition reserve funds as much-needed sources of revenue. In certain cases — RDCO, for example — the purpose of the reserve fund clearly includes parks and trails development costs. In other regional districts the flexibility is less clear. Officials in these other places who wish to use reserve funds for both acquisition and capital are finding it necessary to seek explicit approval from electors, who may consider the funds to be earmarked for acquisition only.¹³

In the RDN, transparency in the use of capital funds is not a major concern. The reserve fund that is used to assist in both the cost of acquisition and the cost of development is clearly identified in key RDN materials as the Regional Parks Acquisition and Capital Development Fund. In certain materials (e.g., service budget sheets), the fund is identified in short-hand as an acquisition fund. These instances should be corrected to include reference to major capital. In all instances, the Fund should be referred to as the "Regional Parks Acquisition and Capital Development (Reserve) Fund".

➤ Conclusion

The RDN should continue to separate acquisition and development funding from operating funding, irrespective of the approaches taken to cost allocation and taxation. The RDN should also ensure that monies held in its Regional Park Acquisition and Capital Development (Reserve) Fund are identified consistently as funds for both acquisition and development.

RECOMMENDATIONS ON REGIONAL SERVICE FUNDING MODEL

Based on the assessment of the RDN's current funding model for the Regional Parks & Trails Service, the following recommendations are provided for the Board's consideration:

- THAT the Board work with participating jurisdictions to amend *Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)* to allocate land acquisition and development costs among

¹³ It is understood that the CRD will be appealing to electors on this point in 2018.

service participants on the combination (50-50) of converted assessment and population, rather than number of parcels.

- THAT the Board work with participating jurisdictions to amend *Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)* to replace the property parcel tax for acquisition and development costs with a property value tax.
- THAT the Board work with participating jurisdictions to amend *Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)* to allocate service operating costs among service participants on the combination (50-50) of converted assessment and population, rather than population alone.
- THAT the Board direct staff to undertake a survey of regional parks and trails users, at key times of year, every three-to-five years, to identify and track the home jurisdictions of users.
- THAT the Board, pursuant to section 559(2) of the *Local Government Act*, introduce a Development Cost Charge to assist in raising funds required for parkland acquisition, and parkland improvements.
- THAT the Board direct staff to review the existing permit fees charged for special events, filming, and commercial activities, and to propose a new revenue-generating fee schedule.
- THAT the Board continue its approach of collecting land acquisition and capital development funds separately from funds that are collected to support planning, operations and maintenance.
- THAT the Board clarify in all materials that monies held in the Regional Parks Acquisition and Capital Development (Reserve) Fund are intended both for land acquisition and capital project purposes.

CHAPTER I.4

ADDITIONAL ISSUES

Over the course of the *Service Review*, certain additional issues arose that should be considered, but that do not fit neatly into the discussions on funding models. Two issues emerged as being particularly important to examine:

- the potential for the RDN to assume responsibility, in whole or part, for municipal parks that have regional park characteristics
- the potential for an integrated approach to parks and trails planning that would take into account municipal and electoral area park systems, along with the regional parks and trails system

Each of these issues is reviewed briefly in this chapter of the report.

MUNICIPAL PARKS

Municipalities are responsible for providing a range of local parks to their respective populations. Some of the parks are acquired and designed to provide benefit to small areas within cities, typically one or two neighbourhoods. These parks are often referred to as "tot lots" or neighbourhood parks. Municipalities also provide larger parks that are designed to benefit section of cities, and that may host sports equipment, playgrounds and other improvements. These parks are in some cases referred to as district parks. Several municipalities provide more significant parklands and trails with large catchment areas that may transcend municipal boundaries. These properties, often called city parks or destination city parks, may feature high quality sport fields, field houses and other facilities.

In addition to these various municipal park types, a number of municipalities provide large parks and trails that appear to many observers to be regional in nature. These parks may protect significant natural areas, ecosystems and habitats, and may showcase important regional landscapes. They often feature trail systems through the lands, but are otherwise essentially undeveloped. Some are large enough to protect and promote the provision of ecosystem services.

There are many examples of municipalities in the province that provide these region-like parks. The Cities of Surrey, Burnaby, Delta and Richmond, and the District of North Vancouver in the MVRD all have significant, natural parks that complement the regional park system. Kelowna, Kamloops, Vernon and Salmon Arm are a few of the many examples from the Interior. On the Island, Victoria and Saanich are good examples, as is the City of Nanaimo in the RDN with parks such as Westwood Lake and Linley Valley, and conservation areas such as Buttertubs Marsh.

Several regional districts have been faced with the prospect of assuming responsibility for municipal parks that possess regional park qualities. In general, regional districts have been reluctant to embrace such parks for a number of reasons:

- A decision to accept responsibility for one municipal park inevitably leads to requests from other municipalities, as well as raised expectations. Many municipalities, as noted earlier, control and operate parks that have regional qualities, including large benefitting areas. A regional district that agrees to take responsibility in one case could quickly find itself overwhelmed by demands to take responsibility over others' parks.
- The original decisions to acquire the land, establish and operate a park, and make ongoing investment in the park, were made by the municipal council, not the regional district board. Had the regional board been involved in past decisions, a different type of park may have emerged, established to address a different purpose and achieve different goals.
- There is not always agreement with respect to what constitutes "regional qualities". Improvements (e.g., paved trails) or activities in some large municipal parks may be not support the purpose of the regional parks and trail system.
- Municipalities that do transfer responsibility over key parks to the regional district may have a difficult time "letting go". Decisions made by the regional board may not be supported by the municipality or its residents that use the park. In such cases, the potential for conflict between jurisdictions would be high.
- Municipalities that transfer control through leases or licenses of occupation may decide that they want control back at the end of the contract. In these cases, the regional district and park users could face uncertainty and disruption over the future purpose of the park and the goals the park was intended to achieve. In Metro Vancouver, the City of Burnaby leased Burnaby Lake to the MVRD to operate within the regional park system. Burnaby has decided to not renew the lease in 2021. This decision has caused anxiety among park user groups and others who value the park's ecosystem services and other features, and who view the regional park system as an important source of protection.

The MVRD is proceeding cautiously with respect to Burnaby Lake Park, and on the broader issue of assuming responsibility for other municipal properties. No other regional district surveyed for the study is contemplating or encouraging any transfer of existing municipal parks.

In the consultation with decision-makers at the RDN, the transfer of responsibility issue did not generate discussion or interest. The creation of a park in the Lantzville Foothills was identified as a topic for further discussion between the municipality and the RDN. No such park, however, exists today.

INTEGRATED PLANNING

There is considerable interest on the part of RDN and its member municipalities to integrate regional and local parks and trails planning on a go-forward basis. Integration could help to link parks and trails systems, reduce overall planning costs, and achieve sub-regional and region-wide environmental and active-living goals. Integrated planning also would help jurisdictions to identify important parks and trails gaps, and set acquisition and development priorities accordingly.

The process for updating the *Regional Parks & Trails Plan* in 2018 provides an opportunity to bring together planning efforts.

RECOMMENDATIONS

Based on the discussion on the additional issues raised in this chapter, the following recommendation are presented to the Board for consideration:

- THAT the Board refrain from assuming responsibility, in whole or part, for municipal parks that may possess regional park characteristics.
- THAT the Board direct staff to work with their counterparts in the Regional District's member municipalities on developing and implementing an integrated planning framework for regional and local parks and trails.

CHAPTER I.5

ADDITIONAL ISSUES

Part I of this report has presented an assessment of the funding model in place for the RDN's Regional Parks and Trails Service. The recommendations presented for the Board's consideration are summarized in Figure I.5.1.

Figure I.5.1
Summary of Recommendations

Topic	Recommendations
Regional Service Funding Model	<p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate land acquisition and development costs among service participants on the combination (50-50) of converted assessment and population, rather than number of parcels.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to replace the property parcel tax for acquisition and development costs with a property value tax.</p> <p>THAT the Board work with participating jurisdictions to amend <i>Regional District of Nanaimo Regional Parks and Trails Service Area Conversion Bylaw No. 1231 (2001)</i> to allocate service operating costs among service participants on the combination (50-50) of converted assessment and population, rather than population alone.</p> <p>THAT the Board direct staff to undertake a survey of regional parks and trails users, at key times of year, every three-to-five years, to identify and track the home jurisdictions of users.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce a Development Cost Charge to assist in raising funds required for parkland acquisition, and parkland improvements.</p> <p>THAT the Board direct staff to review the existing permit fees charged for special events, filming, and commercial activities, and to propose a new revenue-generating fee schedule.</p> <p>THAT the Board continue its approach of collecting land acquisition and capital development funds separately from funds that are collected to support planning, operations and maintenance.</p>

Topic	Recommendations
	<p>THAT the Board clarify in all materials that monies held in the Regional Parks Acquisition and Capital Development (Reserve) Fund are intended both for land acquisition and capital project purposes.</p>
Additional Issues	<p>THAT the Board refrain from assuming responsibility, in whole or part, for municipal parks that may possess regional park characteristics.</p> <p>THAT the Board direct staff to work with their counterparts in the Regional District's member municipalities on developing and implementing an integrated planning framework for regional and local parks and trails.</p>

PART II

REGIONAL DISTRICT OF NANAIMO COMMUNITY PARKS AND TRAILS SERVICES

**RDN
PARKS FUNDING
SERVICES REVIEW
REPORT**

NEILSON-WELCH
CONSULTANTS TO GOVERNMENT

CHAPTER II.1

CURRENT SERVICE

There are eight separate Community Parks & Trails Services, one in each of Electoral Areas A, B, E, F, G and H, and two in Electoral Area C. The services exist to:

- provide opportunities and amenities for outdoor leisure and recreation
- protect local natural features
- provide trail connections to parks, public places, beaches and other community destinations
- protect important local heritage and cultural features

Together, the services offer 202 parks that cover over 600 ha of land. With the exception of the 286 ha 707 Community Park on Gabriola Island (Electoral Area B), the individual community parks are relatively small in size, and are acquired, designed and developed to benefit local communities within the electoral area. There are very few trails at present in any of the services.

With advice and guidance from local advisory committees, the RDN undertakes a full range of functions under each Community Parks & Trails Service, including park planning, land acquisition, parks and trails development, and ongoing operation and maintenance of parks and trails. Parkland acquisition efforts are guided by park- and trail-related policies in each electoral area's *Official Community Plan*, and by other considerations. In the District 69 electoral areas, acquisition criteria and scorecards are outlined in the 2014 *Community Parks & Trails Strategic Plan (Electoral Areas E, F, G & H)*.

A few community parks in the different services have management plans — 707 Community Park is an example. By and large, however, management plans are not in place and are not required for most parks and trails.

FUNDING MODEL

The transfer of land for community park purposes through the development process is the primary method used by the RDN to acquire parks and trails for the eight Community Parks & Trails Services. Section 510 of the *Local Government Act* requires every owner of land that is being subdivided to provide, without compensation, 5% of the land for parks.¹⁴ The same section allows the RDN to require owners to provide monies in lieu of dedication. The monies are placed in reserve funds where they are used in accordance with policies in the specific electoral area's *Official Community Plan* related to community parks and trails. Where possible, dedicated lands or funds-in-lieu are used by the RDN to leverage additional resources through partnerships with other agencies. The Regional District

¹⁴ Section 510(3) provides some exemptions related to number of lots created, size of lots being created, and subdivision that results in the consolidation of lots.

is currently pursuing several partnership opportunities, for example, with School Districts 68 and 69.

Community parks and trails are developed, for the most part, using a combination of senior government grants and property tax revenue. Grant revenues consist primarily of Community Works Fund (CWF) monies, provided to the RDN for its electoral areas through the Federal Gas Tax Sharing program. CWF funds may be used within electoral areas for a wide variety of infrastructure works, including parks and trails improvements.

Figure II.1 shows the CWF funds spent under the Community Parks & Trails Services in the past two years. Certain electoral areas, it should be noted, spent additional CWF funds to assist with portions of regional trails that traverse the specific electoral areas. Electoral Area G, for example, contributed \$110,000 in CWF monies to the E&N Rail Regional Trail to assist with the portion of the trail within Area G. Area F's contribution to the same trail (referenced earlier) totaled \$350,000. Electoral Area A contributed \$18,000 to the Morden Colliery Regional Trail (and \$42,000 in earlier years). None of these costs is reflected in Figure II.1.1.

Figure II.1.1
Community Works Fund Support for
Community Parks & Trails (2016 & 2017)

Area & Local Project	2016	2017
Area A SFN Sport Court Upgrade		300,000
Area B Gabriola Village Trail Huxley Park Upgrades Skatepark Whalebone Park Beach Access	17,745	7,678 234,000 12,000 25,000
Area C	n/a	n/a
Area E Claudet Community Park Blueback Community Park Es-hw Sme~nts Park Jack Bagley Field	19,100 50,000 22,140	7,860 10,000
Area F Cranswick Road Trail Carruthers Road Trail	13,110	18,010
Area G Area H	n/a n/a	n/a n/a

Operations and maintenance for the each Community Parks & Trails Service are funded by property value tax revenues that are generated within the specific service area (which, in every electoral area except for Area C, consists of the entire electoral area). Value taxes are levied against all properties (land and improvements). Figure II.1.2 shows the 2017 value tax rate and total requisition for each service area.

Challenges Related to Funding Model

One of the key funding model challenges facing the Community Parks & Trails Services concerns the cost of parks and trails development. Most of the community parks in the electoral areas are undeveloped in their natural state. As populations and the levels of residential development increase, expectations for outdoor recreation amenities and other improvements are likely to increase, as well. There will be pressure on the RDN to make funds available for increased park development. Added to the challenge is the concern noted earlier in the discussion on regional parks and trails related the rising cost of materials and labour.

A second challenge relates to the allocation of RDN staffing resources among the services in the different electoral areas. Areas may seek assurance that they are getting their "fair share" of resources, and/or not paying for services used by others.

Increasing land values may be less of an issue for the Community Parks & Trails Services than for Regional Parks & Trails, because of the reliance of parkland dedication in the acquisition of local parkland. Land owners in the electoral areas who wish to subdivide for development must dedicate 5% of the land, or provide (at the option of the RDN) a payment-in-lieu of dedication equal to the value of the land. The 5% requirement applies irrespective of the value of the land. The value of payments-in-lieu of dedication increases in tandem with the value of land.

Figure II.1.2
Community Parks & Trails Services
Value Tax Rate and Requisition (2017)

Jurisdiction	Value Tax Rate	Converted Assessment	Total
Electoral Area A	0.150	132,107,639	198,490
Electoral Area B	0.224	123,656,725	277,000
Electoral Area C (Extension)	0.095	72,499,538	68,807
Electoral Area C (East Wellington)	0.236	37,989,937	89,679
Electoral Area E	0.067	212,954,769	142,080
Electoral Area F	0.109	142,929,996	156,240
Electoral Area G	0.068	186,536,303	126,623
Electoral Area H	0.165	112,747,856	186,520
Total All Electoral Areas			1,245,439

CHAPTER II.2

FINANCIAL TOOLS

This chapter reviews the range of tools available to regional districts in British Columbia to fund the various activities that are undertaken in community parks and trails services. Most of the tools are in use already at the RDN. The information presented draws on the comparative research that was conducted for the *Service Review*.

FINANCIAL TOOLS

Financial tools are identified under each of the main service components, namely land acquisition, parks and trails development, and planning, operations and maintenance.

Land Acquisition

Tools available specifically for local parks and trails acquisition are outlined in Figure II.2.1.

Figure II.2.1
Land Acquisition

Tools	Description
Dedication through Subdivision	All regional districts with community parks and trails services acquire lands for local parks and trails through the subdivision process, pursuant to section 510 of the <i>Local Government Act</i> . Included under this tool is the option, available in electoral areas with OCP policies on park location and type, to take monies-in-lieu of lands from owners seeking subdivision approval.
Dedication through Rezoning	The rezoning process offers another opportunity to regional districts for the acquisition of lands for community parks and trails. 707 Community Park on Gabriola Island was created using lands that were dedicated through rezoning in exchange for density transfers.
Land Transfer from Governments	Regional districts acquire some community parks and trails through transfers from senior governments. The RDCO recently acquired important lands from the province through long-term lease in the Westside Electoral Area. Other regional districts have acquired beach access points, in part, through the transfer of road ends from the Ministry of Transportation and Infrastructure (MOTI). MOTI provides rights-of-way to regional districts through permits or licenses of occupation. The CRD has a memorandum of understanding in place with MOTI that focuses on licenses of occupation, and that outlines the rights and responsibilities of both parties. The CSRD also obtains access from MOTI in the form of licenses of occupation. Rights-of-way are provided by senior governments in some cases to

Tools	Description
	provide community trails, including trails that make use of local roads in electoral areas (such roads are owned and controlled by MOTI).
Contributions from Others	Non-profit community associations, private companies and individuals provide lands in certain instances for local parks and trails. In some cases, ownership of the lands is transferred through title; in other cases, transfers of responsibility for operations occur using leases and licenses of occupation.
Development Cost Charges	Regional districts have the authority to impose DCCs to assist in the cost of acquiring (and developing) community parks and trails. Of the regional districts surveyed for this report, only the Comox Valley RD has a local parks DCC program in place. RDCO had a program for the former Westside Electoral Area prior to 2006. This program, however, transferred to the West Kelowna municipality upon incorporation.
Property Value Taxes	Property value taxes are used primarily for planning, operations and management, but are also relied on in some cases to assist with land acquisition. Property tax revenues were identified by the CVRD as an important acquisition resource.

Parks and Trails Development

Figure II.2.2 identifies the tools available to assist in developing community parks and trails.

Figure II.2.2
Parks and Trails Development

Tools	Description
Senior Government Grants	Senior government grants are relied on as a significant source of funding for community parks and trails development in many regional districts. The most important fund is the Community Works Fund (CWF), paid to municipalities through the Federal Gas Tax Sharing program. Other infrastructure funds also provide development funds. Several local parks in the electoral areas of many regional districts received funding under the aforementioned Canada 150 fund.
Contributions through Partnerships	Regional districts may receive assistance with development costs from school districts and other agencies under agreements to co-develop and provide local parks.
Amenities through Rezoning	Regional districts can negotiate amenity contributions from land owners during the rezoning process to assist with capital projects in local parks.
Contributions from Others	Regional districts may receive funds for capital works (e.g., playgrounds, tennis courts, etc.) from local non-profit associations. Several

Tools	Description
	associations conduct fundraising campaigns to assist with specific development projects. Private companies will, at times, be another source of such funds. Donations from individuals are a third type of contribution for parks and trails development. Donations may be made as part of fundraising campaigns, as stand-alone gifts, or through commemorative and other programs aimed at providing furniture (e.g., benches) and equipment (e.g., playgrounds).
Development Cost Charges	DCCs may be imposed to assist in funding local parks and trails development, in addition to acquiring land. As noted previously, however, only one of the regional districts examined for this report (Comox Valley RD) has community parks and trails DCCs in place.
Property Value Taxes	Property value taxes are used in most regional districts to assist with local parks and trails development.

Planning, Operations and Maintenance

Regional districts rely primarily on property value tax revenues to pay for the planning, operation and maintenance of community parks and trails. Cost-sharing agreements with school districts, contributions from community associations, and park user fees represent other tools. Where available, however, these other sources typically offset the need for taxes only to a modest degree.

CHAPTER II.3

ASSESSMENT OF FUNDING MODEL

This chapter provides an assessment of the RDN's funding model that is in place today to pay for the eight Community Parks & Trails Services. The assessment is conducted using the same evaluation criteria that were used in the assessment of the regional service. Recommendations for the Board to consider are put forward. The experiences of other regional districts, identified through the comparative research, inform both the assessment and the recommendations.

COMMUNITY PARKS & TRAILS FUNDING MODEL

The RDN's Community Parks & Trails Services was profiled earlier in the report in Chapter II.1. The services' funding model can be summarized by the following points:

- Lands for community parks and trails are acquired, primarily, using the authority in section 510 of the *Local Government Act* dealing with parkland dedication, or payments-in-lieu, at subdivision.
- Community parks and trails are developed using a combination of CWF monies, other senior government grant programs, and property tax revenues. Contributions from other agencies also assist.
- Funds for planning, operations and maintenance are raised using property value taxes, unique to each service area.

ASSESSMENT OF COMMUNITY SERVICES FUNDING MODEL

The assessment of the local services funding model makes use of the same evaluation criteria presented earlier for the regional service model.

Equity (Jurisdictions)

Each of the eight Community Parks & Trails Services in the RDN has its own service area and budget. Most of the costs incurred to provide each service are determined by taxpayers in the specific, local service area, through the service's local advisory commission and the Electoral Area Director. Costs determined in this way are unique to the specific service, and are not allocated across other areas.

The cost of Parks and Recreation staff assigned to support the Community Parks & Trails Services is the exception. This cost is allocated across the electoral areas in equal portions (\$80,234 in 2017).¹⁵ This method of allocation may, at first glance, seem unfair given differences between and among the local services. The approach, however, can be supported by a number of points:

¹⁵ The two services in Electoral Area C are each billed one-half of one portion. The result is that base staff costs are allocated equally among the seven electoral areas.

- All of the local services require a certain base amount of parks staff time to administer and operate properly. Every service requires and receives this base support and is expected to pay for it.
- Staff are required periodically to spend considerable amounts of time and energy on specific tasks in each of the electoral areas. Examples of such tasks include the processing of subdivision dedications, the assessment and development of partnership opportunities, and the management of CWF-supported capital projects. The workload associated with any particular service shifts over time in response to needs that arise. All of the services, however, make significant demands on staffing resources from time to time.
- Much of the cost incurred by the RDN to operate and maintain community parks and trails, and to undertake capital projects, relates to work that is performed by contractors under park-specific contracts. These costs are kept separate from the RDN staffing costs, and are not shared among local service areas.
- A consistent, equal allocation of costs, rather than a changing and erratic approach that attempts to reflect varying workload projections in each service every year, promotes funding and taxation stability.

Figure II.1.1 in Chapter II.1 of the report provides information on the spending of CWF monies in the different electoral areas in 2016 and 2017. The significant differences in the chart may suggest to some that there is a level of inequity across the local services. No such inequity, however, exists. The CWF is a long-term, annual program that allocates federal gas tax revenues to all electoral areas on a *per capita* basis. CWF monies are not unconditional grants since they must be used for capital projects that fit into one of the eligibility categories. The range of categories is sufficiently broad, however, to provide electoral areas with considerable autonomy over spending.

The significant differences in CWF spending between and among electoral areas in Figure II.1.1 indicate only that some electoral areas have chosen to spend their CWF grants on projects in services other than community parks and trails. The differences do not point to any major inequity.

➤ **Conclusion**

Based on the assessment of the local services against the inter-jurisdictional equity criterion, the RDN should refrain from making changes to its current approach to allocating the cost of staff assigned to support the community services.

Equity (Individual Taxpayers)

The property tax that is imposed to help pay the cost of each Community Parks & Trails Service is a value tax, levied to all property owners within the service area on the basis of assessment (land and improvements). This arrangement provides for equity among individual taxpayers.

Development that occurs in the electoral areas contributes to the provision of parkland and trails through the subdivision dedication provision of the *Local Government Act*. The Regional District has the authority to require new development to pay a DCC, in addition to dedicating land during subdivision, to assist further in meeting land acquisition costs, and in helping to fund parks and trails development. For a DCC to be viable in helping to fund acquisition costs, however, the RDN would need also be providing funds for acquisition (DCCs are intended to pay only a portion of the total cost). At present, the RDN relies almost entirely on the subdivision dedication process and transfers from other agencies to acquire parks and trails at the local level.

A DCC is an option to consider for help in funding local parks and trails improvements. In several electoral areas in the RDN, development is strong and would almost certainly be able to pay a modest DCC for park and improvements. The introduction of a charge in all or some of the electoral areas would bring much-needed revenue to meet increasing demands for parks and trails infrastructure. The charge would also promote equity among taxpayers.

➤ Conclusion

Based on the assessment of equity between and among individual taxpayers, the RDN should leave unchanged its reliance on property value taxes for the local services. The RDN should consider introducing a DCC specifically for community parks and trails improvements.

Effectiveness

It is difficult to determine whether the current funding model allows the Regional District to raise sufficient funds to meet all service needs. It can be noted, however, that rising expectations and increased growth will result in greater needs, including the potential need for greater amounts of service funding. Tax rates can be raised, as always; however, additional funding sources in the form of DCCs (as noted) and user fees may also be available. The RDN has a strong track record of collaboration with other agencies to help contain costs. These efforts will continue to benefit the services.

➤ Conclusion

A new DCC should be considered. Initially, the DCC should be focused on improvements. Over time, the tool could be expanded to include land acquisition in the event that the Regional District begins to fund community park acquisition efforts directly with tax dollars.

Transparency

The funding model for the *Community Parks & Trails Services* is relatively simple and straightforward. Funds raised in each service area are spent only on community parks and trail expenses incurred in that area. Transparency does not appear to be an issue.

RECOMMENDATIONS ON COMMUNITY SERVICES FUNDING MODEL

Based on the assessment of the RDN's current funding model for the Community Parks & Trails Services, the following recommendations are provided for the Board's consideration:

- THAT the Board retain its current practice of allocating staffing costs equally across the Electoral Areas.
- THAT the Board continue to raise service funds using property value taxes.
- THAT the Board, pursuant to section 559(2) of the *Local Government Act*, introduce local Development Cost Charges to assist in raising funds required for parkland improvements.

CHAPTER II.4

SUMMARY OF RECOMMENDATIONS

Part II of this report has presented an assessment of the funding model in place for the RDN's eight Community Parks and Trails Services. The recommendations presented for the Board's consideration are summarized in Figure II.4.1.

Figure II.4.1
Summary of Recommendations

Topic	Recommendations
Community Services Funding Model	<p>THAT the Board retain its current practice of allocating staffing costs equally across the Electoral Areas.</p> <p>THAT the Board continue to raise service funds using property value taxes.</p> <p>THAT the Board, pursuant to section 559(2) of the <i>Local Government Act</i>, introduce local Development Cost Charges to assist in raising funds required for parkland improvements.</p>