



STAFF REPORT TO THE BOARD

DATE OF REPORT May 19, 2022
MEETING TYPE & DATE Board Meeting of May 25, 2022
FROM: General Manager
Community Services Department
SUBJECT: Regional Recreation Phasing – Additional Information
FILE: 8160-20

PURPOSE/INTRODUCTION

The purpose of this report is to provide the Board with additional information on phasing-in the usage-based funding model for nine regionally significant recreation facilities.

RECOMMENDED RESOLUTION

1. That Resolution number 22-319 from the May 11, 2022 Regular Board meeting, be rescinded.
2. That the usage-based funding model for the nine regionally significant recreation facilities being phased-in over three years utilizing current functions as follows, be approved:
 - Year One would be 1/3 based on apportionment by usage and 2/3 based on existing apportionment.
 - Year Two would be 2/3 based on apportionment by usage and 1/3 based on existing apportionment.
 - Year Three would be the implementation of the full usage-based model.

BACKGROUND

At the May 11, 2022 Committee of the Whole Meeting, staff presented options for phasing the implementation of the usage-based funding model.

The Board approved phasing in the usage-based model over three years utilizing regional assessment (Resolution #22-319) as follows:

- Year One would be 1/3 based on apportionment by usage and 2/3 apportioned by an equal assessment to all residents in the region.
- Year Two would be 2/3 based on apportionment by usage and 1/3 apportioned by an equal assessment to all residents in the region.
- Year Three would be the implementation of the full usage-based model.

This was summarized by noting that the newly created Regional Recreation Function would collect all requisition funds for the service. The assessment apportionment would be the same as all regional services, meaning that all areas would contribute to each facility based on that area's assessment.

ANALYSIS

Staff understand the Board's goal to phase-in the implementation of this new funding model to mitigate the financial impact. In further financial review since May 11, 2022, on the assessment portion having all areas contribute to each facility based on that area's assessment, some jurisdictional financial anomalies were discovered that staff felt needed to be brought to the Board's attention. In some jurisdictions, that option actually overemphasized the financial impact.

Examples of anomalies:

1. Electoral Area A would have an overall requisition increase of 7.5% in the first year, then 0.7% requisition increase in the second and third years.
2. Electoral Area D would have an overall requisition decrease of 4.8% in the first year, then 2.6% requisition increases in the second and third years.
3. Electoral Area G would have an overall requisition increase of 29.8% in the first year, then 9.4% requisition decreases in the second and third years.
4. Electoral Area H would have an overall requisition increase of 27.7% in the first year, then 9.9% requisition decreases in the second and third years.
5. North Cowichan would have an overall requisition decrease of 8.8% in the first year, then 1.1% requisition increases in the second and third years.

Please see detailed financial impact breakdowns by area, partially apportioned by regional assessment, by year, in Attachment A.

Some jurisdictions do have the intended effect to mitigate the financial impact by phasing; however, these financial anomalies do not represent the Board's stated intent to mitigate the financial impact, and render this phased-in approach much less palatable.

Staff understand the Board's intent to phase the usage-based funding model financial impacts approximately 1/3 at a time. This is represented in the financial impact utilizing current functions in Attachment B. Although this creates significant extra work and calculations for Finance staff, this is now the recommended option.

Existing functions would be required for partial apportionment using existing funding agreements. Implementation would be as follows:

- Year One would be 1/3 based on apportionment by usage and 2/3 based on the existing apportionment.
- Year Two would be 2/3 based on apportionment by usage and 1/3 based on the existing apportionment.
- Year Three would be the implementation of the full usage-based model.

FINANCIAL CONSIDERATIONS

Financial considerations are presented in the analysis section of this report.

COMMUNICATION CONSIDERATIONS

N/A

STRATEGIC/BUSINESS PLAN CONSIDERATIONS

Under the strategic objective to demonstrate strong fiscal stewardship, is the action item to develop and advance an equitable Regional Recreation funding model.

Referred to (upon completion):

- Communications & Engagement
- Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Emergency Management, Facilities & Transit*)
- Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services, Procurement*)

- Engineering Services (*Environmental Services, Water Management, Recycling & Waste Management*)
- Land Use Services (*Community Planning, Planning – Strategic Initiatives, Development Services, Inspection & Enforcement, Economic Development, Parks & Trails*)

Prepared by:

Reviewed by:



John Elzinga
General Manager

Not Applicable
Not Applicable

Not Applicable
Not Applicable

Reviewed for form and content and approved for submission to the Committee:

Resolution:

Financial Considerations:

Corporate Officer

Chief Financial Officer

Chief Administrative Officer's Comments / Concurrence



Brian Carruthers
Chief Administrative Officer

ATTACHMENTS:

Attachment A – Financial Impacts of 3-Year Phase-In Utilizing Regional Assessment

Attachment B – Financial Impacts of 3-Year Phase-In Utilizing Current Functions

Financial Impacts of 3-Year Phase-In Utilizing Regional Assessment

Regionally Significant Facility		CVRD Jurisdictions													Total
		Electoral Area A	Electoral Area B	Electoral Area C	Electoral Area D	Electoral Area E	Electoral Area F	Electoral Area G	Electoral Area H	Electoral Area I	City of Duncan	Town of Lake Cowichan	Town of Ladysmith	Muni of North Cowichan	
Year One Totals (Phased with Equal Assessment)	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	NET TAXABLE VALUE 2/3	698,138	1,235,083	665,780	438,206	522,031	397,244	415,028	422,394	503,738	491,475	315,909	914,957	3,507,388	10,527,371
	USAGE 1/3	374,042	785,661	355,152	289,431	298,321	88,905	67,367	73,775	100,388	259,323	227,067	465,376	1,878,088	5,262,896
	TOTAL for 2023	1,072,180	2,020,744	1,020,932	727,637	820,352	486,149	482,395	496,169	604,126	750,798	542,976	1,380,333	5,385,476	15,790,267
	Increase / Decrease	274,819	22,175	223,788	-132,534	143,676	-177,834	443,179	384,567	-64,696	-307,232	125,980	27,535	-963,423	N/A
	100% Usage	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	15,790,267
	Difference from 100% Usage	-50,057	-336,475	-44,630	-140,742	-74,700	219,407	280,273	274,822	302,931	-27,250	-138,294	-15,934	-249,352	
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2022 to 2023)	7.5%	0.3%	6.1%	-4.8%	4.8%	-6.9%	29.8%	27.7%	-2.0%	-17.7%	8.8%	1.4%	-8.8%	
Year Two Totals (Phased with Equal Assessment)	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	NET TAXABLE VALUE 1/3	349,048	617,450	332,867	219,097	260,969	198,354	207,485	211,195	251,893	245,713	157,945	457,468	1,753,412	5,262,896
	USAGE 2/3	748,195	1,571,558	710,410	578,948	596,731	177,837	134,754	147,572	200,807	518,725	454,203	930,891	3,756,740	10,527,371
	TOTAL for 2024	1,097,243	2,189,008	1,043,277	798,045	857,700	376,191	342,239	358,767	452,700	764,438	612,148	1,388,359	5,510,152	15,790,267
	Increase / Decrease	299,882	190,439	246,133	-62,126	181,024	-287,792	303,023	247,165	-216,122	-293,592	195,152	35,561	-838,747	N/A
	100% Usage	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	5,634,828
	Difference from 100% Usage	-24,994	-168,211	-22,285	-70,334	-37,352	109,449	140,117	137,420	151,505	-13,610	-69,122	-7,908	-124,676	
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2023 to 2024)	0.7%	2.2%	0.6%	2.6%	1.3%	-4.3%	-9.4%	-9.9%	-4.7%	0.8%	4.9%	0.4%	1.1%	
Cumulative Requisition Increase / Decrease (% from 2022 to 2024)	8.2%	2.5%	6.7%	-2.3%	6.1%	-11.2%	20.4%	17.8%	-6.7%	-16.9%	13.7%	1.8%	-7.7%		
Year Three Totals	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	Proposed \$ of Current Req - 2025	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	15,790,267
	Increase / Decrease	324,876	358,651	268,417	8,207	218,376	-397,241	162,906	109,745	-367,627	-279,982	264,274	43,469	-714,071	N/A
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2024 to 2025)	0.7%	2.2%	0.6%	2.6%	1.3%	-4.3%	-9.4%	-9.9%	-4.7%	0.8%	4.9%	0.4%	1.1%	
	Cumulative Requisition Increase / Decrease (% from 2022 to 2025)	8.9%	4.7%	7.3%	0.3%	7.3%	-15.5%	11.0%	7.9%	-11.3%	-16.2%	18.6%	2.2%	-6.6%	

Financial Impacts of 3-Year Phase-In Utilizing Current Functions

Regionally Significant Facility		CVRD Jurisdictions													Total
		Electoral Area A	Electoral Area B	Electoral Area C	Electoral Area D	Electoral Area E	Electoral Area F	Electoral Area G	Electoral Area H	Electoral Area I	City of Duncan	Town of Lake Cowichan	Town of Ladysmith	Muni of North Cowichan	
Year One Totals (Phased with Current Functions)	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	CURRENT FUNCTIONS 2/3	531,601	1,332,446	531,456	573,476	451,140	442,677	26,145	74,405	445,904	705,389	278,011	901,910	4,232,811	10,527,371
	USAGE 1/3	374,042	785,661	355,152	289,431	298,321	88,905	67,367	73,775	100,388	259,323	227,067	465,376	1,878,088	5,262,896
	TOTAL for 2023	905,642	2,118,107	886,607	862,907	749,461	531,582	93,512	148,180	546,292	964,712	505,079	1,367,286	6,110,899	15,790,267
	Increase / Decrease	108,281	119,538	89,463	2,736	72,785	-132,401	54,296	36,578	-122,530	-93,318	88,083	14,488	-238,000	N/A
	100% Usage	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	15,790,267
	Difference from 100% Usage	-216,595	-239,112	-178,954	-5,472	-145,592	264,841	-108,610	-73,167	245,097	186,664	-176,192	-28,981	476,071	
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2022 to 2023)	3.0%	1.6%	2.4%	0.1%	2.4%	-5.2%	3.6%	2.6%	-3.8%	-5.4%	6.2%	0.7%	-2.2%	
Year Two Totals (Phased with Current Functions)	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	CURRENT FUNCTIONS 1/3	265,760	666,123	265,688	286,695	225,536	221,306	13,071	37,197	222,918	352,641	138,985	450,888	2,116,088	5,262,896
	USAGE 2/3	748,195	1,571,558	710,410	578,948	596,731	177,837	134,754	147,572	200,807	518,725	454,203	930,891	3,756,740	10,527,371
	TOTAL for 2024	1,013,956	2,237,681	976,098	865,643	822,268	399,142	147,825	184,769	423,725	871,366	593,188	1,381,779	5,872,828	15,790,267
	Increase / Decrease	216,595	239,112	178,954	5,472	145,592	-264,841	108,609	73,167	-245,097	-186,664	176,192	28,981	-476,071	N/A
	100% Usage	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	5,634,828
	Difference from 100% Usage	-108,281	-119,538	-89,463	-2,736	-72,785	132,401	-54,297	-36,578	122,530	93,318	-88,083	-14,488	238,000	
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2023 to 2024)	3.0%	1.6%	2.4%	0.1%	2.4%	-5.2%	3.7%	2.6%	-3.8%	-5.4%	6.2%	0.7%	-2.2%	
Cumulative Requisition Increase / Decrease (% from 2022 to 2024)	5.9%	3.2%	4.9%	0.2%	4.9%	-10.3%	7.3%	5.3%	-7.5%	-10.8%	12.4%	1.4%	-4.4%		
Year Three Totals	Currently Pay (\$)*	797,361	1,998,569	797,144	860,171	676,676	663,983	39,216	111,602	668,822	1,058,030	416,996	1,352,798	6,348,899	15,790,267
	Proposed \$ of Current Req - 2025	1,122,237	2,357,220	1,065,561	868,378	895,052	266,742	202,122	221,347	301,195	778,048	681,270	1,396,267	5,634,828	15,790,267
	Increase / Decrease	324,876	358,651	268,417	8,207	218,376	-397,241	162,906	109,745	-367,627	-279,982	264,274	43,469	-714,071	N/A
	Total Requisition by Area	3,667,795	7,572,933	3,656,786	2,750,402	2,981,768	2,562,791	1,487,622	1,386,828	3,249,606	1,733,412	1,424,382	2,002,460	10,898,302	45,375,087
	Annual Requisition Increase / Decrease (% from 2024 to 2025)	3.0%	1.6%	2.4%	0.1%	2.4%	-5.2%	3.6%	2.6%	-3.8%	-5.4%	6.2%	0.7%	-2.2%	
Cumulative Requisition Increase / Decrease (% from 2022 to 2025)	8.9%	4.7%	7.3%	0.3%	7.3%	-15.5%	11.0%	7.9%	-11.3%	-16.2%	18.6%	2.2%	-6.6%		