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REPORT TO REGIONAL PARKS COMMITTEE MEETING OF WEDNESDAY, JUNE 23, 2021

SUBJECT **Regional Parks – Service Level Review**

ISSUE

This report provides financing options to support the regional parks and trails current service level requirements.

BACKGROUND

The Regional Parks Division protects and manages more than 13,000 hectares of natural areas on southern Vancouver Island and the Southern Gulf Islands. Thirty-one regional parks help protect the region's biodiversity, three regional trails provide linear greenways and 3,700 assets are found throughout the system. The regional parks and trails network is part of a spectrum of parks and protected areas located throughout the region, providing recreation opportunities for people of all ages and abilities, connecting people with natural areas and communities, and conserving biodiversity. Regional Parks continues to face challenges in achieving service levels, as well as in addressing service gaps.

At its March 27, 2019 meeting, the Parks & Environment Committee directed staff to identify options during the 2020 budget process for service level adjustments to sustain Capital Regional District (CRD) Regional Parks service delivery. At the October 23, 2019 meeting, staff presented sustainable service delivery report cards that identified that financial and human resources were no longer sufficient to meet current asset renewal demands. That meeting resulted in two motions related to sustainable service delivery: 1) that an additional \$925,000 be requisitioned each year for capital reserves to fund the refurbishment and replacement of existing assets; and 2) that staff report back in 2020 on strategies to ensure that sufficient funding is in place in future years to sustain the Regional Parks service.

At its November 13, 2019 meeting, the Board approved an extension to the Land Acquisition Fund (LAF) for 10 years. At its October 28, 2020 meeting, the Board approved a \$1 increase per average residential household every year from 2021 until 2025. The Board did not support utilizing the LAF to resource increased costs associated with the additional land acquisitions.

At the November 25, 2020 Regional Parks Committee meeting, a Regional Parks Revenue Generation Strategy 2021-2024 was presented. At this time, the Regional Parks Committee referred the matter back to staff to report back to the committee with a set of revisions. At the February 24, 2021 committee meeting, staff presented alternatives for implementing the revenue strategy. The Regional Parks Committee directed staff to report back during the Regional Parks Strategic Planning process on additional options for parking revenues in Regional Parks.

Staff have undertaken various initiatives to make the regional parks and trails system more efficient and cost effective, such as an organizational review of its current structure, streamlining business processes, restructuring operational areas and optimizing assets. In 2021, in line with a development of corporate-wide financing guidelines, reserve levels were reviewed to further optimize planned use and source of funds. Most recently, following a request from the Chief

Administrative Officer, CRD Regional Parks has undertaken a comprehensive service level exercise. This exercise will help identify CRD Regional Parks' ongoing needs to meet core service levels now and into the future. Gaps identified in financial and human resources will be used to justify a 2022 budget adjustment for CRD Regional Parks. However, as part of the preparation of the 2022 Initiative Business Case, the assessment of core service level needs relative to existing resources has identified a significant gap such that staff have also evaluated alternative funding models, including using a combination reserve contributions and debt financing to manage the funding requirements for long-term investments in land and major capital projects.

ALTERNATIVES

Alternative 1

The Regional Parks Committee recommends to the Capital Regional District Board:

That staff be directed to report back to the Committee as part of the service planning process with a recommended financing option for future investments in land and major capital works that incorporates finance guidelines currently under development.

Alternative 2

That this report be referred back to staff for additional information.

IMPLICATIONS

Financial Implications

The service level review has identified gaps in services, as well as differences between the available staff hours and an estimate of hours required to maintain service levels, as defined and in place. The gaps and differences are significant and are driven by changing social, economic and environmental events that staff believe are likely to accelerate. The difference translates to additional resource requirements to be considered in the upcoming service planning and financial planning processes.

In response to the review, and based on estimates, alternative financing strategies for the service are currently under development.

A number of options are available, including use of reserves and use of debt. Staff have recently reviewed reserves and optimal use of debt at a corporate level, across services, driven by Board priorities and the Corporate Plan. Based on these findings, a new financing guideline is being developed and the Parks service was identified for further review in planning for 2022.

Preliminary findings suggest that the optimal financing strategy for the Parks Service would introduce a greater share of funding from debt on both land and capital expenditures. The financing guideline establishes a methodology to assess optimal use of funds, while also ensuring healthy corporate health financial indicators remain strong.

A staff report on the corporate review work and financing guideline will be presented to the Finance Committee at its upcoming July meeting.

Utilization of borrowing can magnify capital investment and reduce the burden on revenue requirements while still supporting service level delivery today. All of the regional economic indicators point to the rate of land appreciation outpacing the cost of borrowing.

Funding options are under development and staff recommend that the option to introduce a greater share of debt be included for future investments in land and major capital projects approved for Regional Parks.

If approved, the funding strategy and model would utilize existing tax requisition capacity to fund a significant increase in operational capacity and implement incremental long-term borrowing for investments in land and capital, according to financing guidelines that optimize the use of debt, where appropriate.

Social Implications

From 2010 to 2020, visits to regional parks and trails have increased by more than 60% from 5.2 million in 2010 to 8.6 million in 2020. 2020 has been typified by the efforts required to manage against the spread of COVID-19. The public appreciated the value that regional parks and trails played in managing personal health during these trying times. As a result of increased pressures on the system, the vast majority of regional parks and trails resources are being directed to high-profile areas with high visitation to address regional parks safety and satisfaction.

Environmental & Climate Implications

Regional parks and trails are an integral part of the CRD's green infrastructure that help mitigate impacts of climate change while themselves being greatly impacted by climate change. The regional parks system is vulnerable to the stresses and shocks associated with increased frequency and intensity from extreme weather events caused by climate change. This is evidenced by the amount of clean-up work that needs to be done by staff after wind events and excessive rain. It takes months of staff time to deal with weather event clean-up, which takes them away from core duties.

Regional Growth Strategy Implications

The Regional Growth Strategy indicates an intent to protect, enhance and expand natural areas and to provide recreation areas. With increasing population and changing population demographics, there will be ongoing increased demands on the regional park system.

Alignment with Existing Plans & Strategies

The current Board Strategic Plan priority initiative under Climate Action and Environmental Stewardship is to "Ensure appropriate funding for parks and trails infrastructure, improvements and maintenance by updating the Regional Parks Strategy with consideration to ecological, recreation and reconciliation principles, land acquisition capacity, and expanded partnerships with First Nations." Actions and key deliverables to date include: renewing the Land Acquisition Fund for an additional 10 years; development of an asset management plan; \$925,000 increase in the operating budget to address deficiencies and asset replacement; additional staffing; restructuring areas; and optimizing assets – to make the regional parks and trails system more efficient and cost effective.

Service Delivery Implications

To address increasing pressures on the regional parks and trails, additional resources are required to meet existing service levels, as well as fill gaps in existing services.

CONCLUSION

In 2021, in line with a development of corporate-wide financing guidelines, reserve levels were reviewed to further optimize planned use and source of funds. Most recently, CRD Regional Parks has undertaken a comprehensive service level review exercise. This exercise will help identify CRD Regional Parks' ongoing needs to meet core service levels now and into the future. Gaps identified in financial and human resources will be used to justify a proposed 2022 budget adjustment for CRD Regional Parks that could be more effectively managed by borrowing for investments in land and capital.

RECOMMENDATION

The Regional Parks Committee recommends to the Capital Regional District Board:

That staff be directed to report back to the Committee as part of the service planning process with a recommended financing option for future investments in land and major capital works that incorporates finance guidelines currently under development.

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