



**REPORT TO PARKS & ENVIRONMENT COMMITTEE
MEETING OF WEDNESDAY, OCTOBER 23, 2019**

SUBJECT **Regional Parks – Sustainability**

ISSUE

The Capital Regional District (CRD) Regional Parks' service levels are not sustainable without adjustment between land acquisition, capital and operating funding.

BACKGROUND

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 the Regional Parks service.

In 2000, the CRD Board established the Land Acquisition Fund. The Land Acquisition Fund was initially set at a rate of \$10 per average residential household and generated \$1.6 million per year to purchase land for regional parks and trails. In 2010, the Board extended the Land Acquisition Fund for another ten years and increased the rate by \$2/year until 2014 when it reached the current rate of \$20 per average residential household until 2019.

The regional park system has grown from just over 8,400 hectares in 2000 to over 13,000 hectares in 2018. Visits to regional parks and trails have also increased by more than 40%, from 5.2 million in 2010 to 7.5 million in 2018. Some high-value facilities, such as trestles, bridges and dams, are approaching the end of their expected useful life, and renewal investment is required so they can continue to provide safe and enjoyable services to park visitors. Pressure on park resources is expected to increase with population growth, increased visitation and the acquisition of more parkland.

In 2014, Regional Parks embarked on an asset management improvement initiative. The purpose of this initiative is to ensure that the Regional Parks asset management practices are aligned with industry best practices and standards to support sustainable service delivery. The aim of this initiative was to:

- Define the level of service and ensure the delivery is reliable and safe.
- Develop an integrated asset management program that provides improved clarity, performance measure and transparency with respect to capital planning, capital project implementation, maintenance planning and operational planning.
- Integrate a formal risk management methodology to support decision-making when prioritizing allocation of our resources.
- Build our information system (i.e., asset registry) to improve transparency and enhance our informed decision-making processes.

This information has resulted in a Regional Parks Sustainability Service Delivery Plan Report Card (Attachment 1) for the Regional Parks service as well as an infrastructure status report for each regional park and trail (Attachment 2). The report cards show that our financial and human

resources are no longer sufficient to meet our current asset renewal demands. Without significant additional funding, service levels within regional parks and trails will be affected in terms of reliability, safety, accessibility and environment impacts. In addition to increased capital investment in existing physical assets, there is also a need for improved staffing levels in the field for managing and protecting these assets and ensuring safe and compliant visitation for almost 8 million visitors to regional parks and trails annually. Staff have brought forward an increased service level request for five Parks Operations positions, detailed in the accompanying staff report on this agenda *2019-2022 Parks & Environment Service Planning*.

ALTERNATIVES

That the Parks & Environment Committee recommend to the CRD Board:

Alternative 1

1. That the Land Acquisition Fund be renewed for an additional 10 years (2020-2029) at a levy of \$15/household; and,
2. That land acquisitions be funded with an averaged contribution from community partners at an additional 25% (equivalent to \$5/household); and,
3. That an additional \$925,000 be requisitioned each year for capital reserves to fund the refurbishment and replacement of existing assets; and,
4. 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.

Alternative 2

1. That the Land Acquisition Fund be renewed for an additional 10 years (2020-2029) at \$20/household, and
2. That an additional \$925,000 be raised each year for capital reserves to fund the refurbishment and replacement of existing assets; and,
3. That staff be directed to report back with a review of service levels and management options to support a sustainable Regional Parks service within the existing funding envelope, prior to the 2020 budget being considered by the Board in March 2020.

ECONOMIC IMPLICATIONS

The CRD is charged with managing close to half a billion dollars' worth of engineered and natural assets. As the system expands, it is necessary to develop a sustainable funding framework to protect, enhance and maintain these assets.

The completion of the Regional Parks Sustainable Service Delivery Plan Report Card provides an overview of the Regional Parks service, a summary of the condition of its assets and a snapshot of the service's financial state to help inform the regional parks future asset renewal program and ensure ongoing service delivery.

The report cards show that the total current replacement value for all Regional Park built infrastructure over the current lifespan is estimated at \$105 million. Regional trail infrastructure

costs make up 43.5% of asset replacement value (\$40 million). The 2019 Regional Parks budget for engineered asset renewal is approximately \$1.57 million; however, the sustainable annual asset renewal funding needed is approximately \$2.5 million. Therefore, the current annual revenue contributions to capital are approximately \$925,000 less than the sustainable reinvestment level. This is for renewal and refurbishment of current assets only and does not include future new builds.

A 25% reduction in the land acquisition fund levy of \$5/household, from the current \$20/household to \$15/household, represents the capital shortfall needed to fund the renewal and refurbishment of the existing infrastructure. Total funding for land acquisition can be maintained at the current level by working with the community to bring this 25% of the overall funding forward for new acquisitions. By working with non-profits, conservancy organizations, other levels of government, legacy donors and community funders, the CRD can maintain the land acquisition program at the equivalent of \$20/household, or approximately \$3.7 million averaged on an annual basis.

In addition to the funding shift outlined above, staff also propose the exploration of a number of strategies to ensure that sufficient funding is in place in future years to sustain the Regional Parks service. These strategies include:

- Maintenance optimization: refine maintenance plans to extend asset life cycles and minimize life cycle costs.
- Capital plan strategies: reduce the portion of the capital budget allocated to acquiring new assets and increase the budget for asset renewal correspondingly.
- Demand management: identify opportunities to efficiently deliver the most valued park services while minimizing life cycle infrastructure costs in areas of low demand.
- Risk management: accept a certain level of risk for low-consequence assets and mitigate priority risks.
- Procurement strategies: tender renewal work in groups at times that exploit favourable market conditions; use design specifications to minimize life cycle costs.
- Level of service adjustments: accept reductions in level of service for specific assets and programs.
- Asset renewal programs: develop a pavement and land protection renewal program to optimize the cost-effectiveness of maintenance and renewal activities.
- Grants and donations: identify and align renewal projects with applicable funding opportunities. Undertaking infrastructure renewal through grant opportunities is not always feasible as a strategy since very few grant programs include rehabilitation or replacement in their eligibility criteria. Most infrastructure grant programs relate to creating new infrastructure.
- Revenue opportunities: identify new revenue generating ideas (additional parking fees) or increase user charge rates (permits).

Future additional requisition increases may be required to fund significant new infrastructure or to address unforeseen failures of existing priority assets.

SOCIAL IMPLICATIONS

The Resident Survey, conducted by the CRD in 2017, provides strong evidence that the public supports the continuation of the Land Acquisition Fund for another 10 years and as well as an increase in funding to operate regional parks and trails.

The Land Acquisition Fund Priorities Survey, conducted in 2018, offered preliminary information about public views regarding regional parks and trails funding priorities. In this survey 89% of participants were in favour of extending the Land Acquisition Fund and 39% were supportive of using the fund for purposes beyond acquiring land and associated costs.

Regional park visitation statistics indicate an upward growth trend in annual use (46% increase since 2010). Higher visitor use puts utilization pressure on existing infrastructure, creating an increased need for ongoing maintenance or earlier replacement of assets.

If built infrastructure is not adequately maintained and renewed, public safety issues will rise and visitor experience may decrease. Inadequate funding to renew or maintain our major assets, such as trails, trestles and bridges, will lead to major recreational and transportation corridors being closed. The reputation of the CRD having a world class regional park and trail system will be negatively impacted. This will also have a negative impact on the local economy, as the parks system draws close to 8 million visitors a year.

ENVIRONMENTAL IMPLICATIONS

Regional parks and trails are integral to the quality of life in the region. They play a unique role in conserving natural and biological diversity, maintaining ecological life-support systems essential to a healthy and sustainable environment, and preserving cultural heritage values and recreational opportunities.

Regional park visitation statistics indicate an upward growth trend in annual use. Infrastructure, such as dams and culverts, if inadequately maintained or not renewed, could impact fish and wildlife habitat or cause other environmental damage through incremental issues or catastrophic events.

If visitor-related infrastructure (trails, bridges) is not adequately maintained and renewed, visitors can trample fragile vegetation, erode soil, pollute water and frighten wildlife.

GROWTH MANAGEMENT IMPLICATIONS

The regional population is increasing. In 2018, the population was 413,000, up 12.4% from 2011. 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 increasing demands on the existing regional park system. Sustainable service delivery needs to consider and plan for the environmental and social carrying capacity of the parks and trails.

CONCLUSION

As the park system expands and the number of people who enjoy our parks grows, resources as currently allocated are no longer sufficient to meet either current or future demands. There are increasing pressures to build new, and maintain and replace existing park assets.

The Board has committed to land acquisition to meet the growing conservation and outdoor recreation needs of residents in the region and the anticipated needs of future generations. To meet this commitment, staff propose that the land acquisition levy be reset at \$15/household, with an additional 25% funding to be raised from community partners. This approach, coupled with various budget optimization strategies, will maintain the buying power of the land acquisition fund as it is currently established, ensure adequate funding for renewal of existing infrastructure and maintain service levels for regional parks and trails into the future.

RECOMMENDATIONS

That the Parks & Environment Committee recommend to the Capital Regional District Board:

1. That the Land Acquisition Fund be renewed for an additional 10 years (2020-2029) at a levy of \$15/household; and,
2. That land acquisitions be funded with an averaged contribution from community partners at an additional 25% (equivalent to \$5/household); and,
3. That an additional \$925,000 be requisitioned each year for capital reserves to fund the refurbishment and replacement of existing assets, and;
4. 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.

Submitted by:	Jeff Leahy, RPF, Senior Manager, Regional Parks
Concurrence:	Larisa Hutcheson, P.Eng., General Manager, Parks & Environmental Services
Concurrence:	Robert Lapham, MCIP, RPP, Chief Administrative Officer

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Attachments: Attachment 1 – Regional Parks Sustainable Service Delivery Plan Report Card
Attachment 2 – Infrastructure Report Cards for all Parks and Trails