



Columbia Shuswap Regional District

An approach to sharing the cost of services provided by the Town of Golden that benefit a population extending beyond its boundaries in Electoral Area A

DISCUSSION PAPER

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Introduction

The Town of Golden (the Town) and Electoral Area A of the Columbia Shuswap Regional District (rural Golden) participate in a number of shared services wherein the service costs are shared between the two local government jurisdictions. Not including CSRD general administration costs, examples of shared services that are funded by taxpayers of

both jurisdictions include: emergency planning, solid waste management, recycling, Golden Arena and Curling Rink, Golden and Area Museum, Golden Municipal Airport, Community Economic Development/Cultural Services, and the Golden Cemetery.

While the Town and Area A have funding partnerships for a variety of services and facilities

in the community, the Town is the owner of other recreational and cultural facilities within the Town that are not subject to a funding partnership. These facilities are managed and maintained by the Town, however, the facilities are used by many individuals and groups in the neighbouring rural area. One of the most contentious issues that has arisen in recent years has been the sharing of costs provided by one local government that benefit the population extending beyond its boundaries. Of particular interest are the debates relating to cost sharing for recreation and cultural facilities. It is not uncommon to find many municipalities provide services that benefit populations outside their boundaries. In large part, the difficulties in enabling cost-sharing can be linked to the fact that there is fragmentation in the system (i.e., two distinct government jurisdictions) and that there is really a mismatch between the administrative boundaries of local government and the catchment or benefitting areas for providing services.

The Town of Golden, like many local governments, is being forced to rethink the scale and organization of public services given the rising costs to deliver these services. The Town is facing tough choices as available revenues fall short of what is needed to provide the desired level of service to the community. One option that is available to the Town to address the broader issue of non-contributing members using and benefitting from Town facilities would be to introduce a two-tiered fee structure for peripheral or non-resident users of a facility.

However, the Town has indicated that it wishes to avoid this approach, primarily because the Town and surrounding Electoral Area enjoy a strong relationship and a long history of cooperation and mutual support, along with the administrative cost of managing a two-tiered fee structure. Both parties recognize the value of working together and wish to find a long term, mutually acceptable funding partnership. In order to protect, develop, and maintain service levels in the community, the Town of Golden Council established a Select Committee in June 2016 entitled *Partnered Services Delivery Review Select Committee*. The

purpose of the committee, which includes members from both elected bodies, is to explore partnership agreements between the Town and Regional District given that there is significant use of Town facilities by rural residents, although these facilities are paid for solely by municipal taxpayers.

One of the biggest challenges in developing a fair and equitable funding partnership between the Town and rural Golden (Area A) is the reluctance of some residents that live outside the Town to pay their fair share of the costs of recreation and cultural services. They are content to obtain the benefit of using the facilities and programs without making contributions to the capital and operating costs. This is an important consideration because one needs to keep in mind that any funding partnership between the Town and Area A will need to be approved by the electors in Area A, and, undoubtedly, some residents will be reluctant to pay anything for a service or program that they currently enjoy at no cost.

What needs to be understood is that regional districts are only mandated to execute a very small number of functions. They act on behalf of municipalities in interactions with the Municipal Finance Authority, they must prepare comprehensive solid waste management plans, undertake emergency planning, and provide administration for rural areas. Apart from these required functions, regional districts are free to undertake a wide range of voluntary services that meet the needs and interests of their residents. This flexibility in providing only requested services allows electoral area residents to only pay for those services in which they wish to participate. The principle of voluntary participation can be problematic, however, because municipalities will frequently provide facilities and services that residents from neighboring rural areas regularly use but never financially contribute to either in terms of construction or the maintenance of the facility.

With the exception of the mandated services described above, a Regional District must first enact a service establishment bylaw if it wishes to establish a service, including shared or joint

services with another jurisdiction. These bylaws outline what the service is, how it will be delivered, who will benefit from the service, and how the costs will be recovered. In most, although not in all, instances, before a service establishment bylaw can be adopted, the assent of the electors is required. The assent of the electors is what gives the regional district the legal authority to levy a tax in respect of a given service or function.

Aside from the requirement for elector assent, some of the other challenges in designing and implementing a fair cost sharing arrangement between the two jurisdictions includes the following:

- It is difficult to measure with any precision the exact benefit received by non-contributing participants;
- How to address the differences in urban and rural expectations and the difficulty of achieving a service level and cost of service that will satisfy all participants?
- How does the CSRD ensure an appropriate degree of influence and control over service levels or service quality when decisions are made exclusively at the municipal level? and;
- How does the CSRD ensure adequate controls over rising facility costs?

The purpose of this *Discussion Paper* is to summarize the decisions that have been taken to date by the *Select Committee on Partnered Services*, to identify the facilities that the Committee believes should be included in a funding partnership, and to recommend a defensible cost sharing formula to guide next steps.

Work to Date

The following background describes the purpose of the *Partnered Services Committee*, the *Committee's* Terms of Reference, and the various recommendations that have flowed from the

Committee during its deliberations over the past year.

Purpose of the Partnered Services Committee

The *Partnered Services Delivery Review Select Committee* was established by Golden Town Council on December 1, 2015. The terms of reference of the committee and its membership were established on June 7, 2016 and are described below. The committee's inaugural meeting was held on August 17, 2016.

The committee's members are as follows:

- Mayor Ron Oszust, Town of Golden
- Councillor Chris Hambruch
- Councillor Bruce Fairley
- Karen Cathcart, CSRD Area A Director
- Stephanie Knaak, CSRD Area A Alternate Director
- Derek Smith, Area A Advisory Committee

The terms of reference of the committee are focused on reviewing the various partnered or shared services that exist between the Town and rural Golden to determine whether the agreements meet the needs of the two jurisdictions.

In keeping with the terms of reference assigned to the committee by Golden Town Council, the committee was tasked with evaluating the sharing of costs surrounding the following facilities and services:

- Golden and District Search and Rescue
- General parks and green space management
- Outdoor sports fields and courts
- Golden Municipal Campground
- Mount 7 Rec Plex
- Golden Municipal Swimming Pool
- Golden Seniors Centre
- Golden Civic Centre
- Golden and Area Museum
- Golden Municipal Airport

- Cultural Services
- Community Economic Development
- Golden Food Bank
- Grants in aid
- Golden Curling Rink
- Whitetooth Legacy Fund

The Committee's Deliberations

During the committee's deliberations, the Town argued that the breadth of shared services between the two jurisdictions should be expanded to account for those services and facilities that are available and utilized by both Town and rural residents yet paid for solely by Town of Golden taxpayers. Similarly, the CSRD countered that there are some instances where rural Golden residents pay for certain programs and services that benefit Town residents even though these costs are paid for solely by rural taxpayers. While it was generally recognized that those programs and services paid for solely by rural residents are more limited than the facilities and services paid for solely by Town residents, the committee was mindful of this situation and attempted to factor in these costs as offsets against the Town's costs of paying for certain facilities and services.

The Committee's Recommendations

The Town provides a number of essential services through cost-sharing agreements with rural Golden (Area A of the CSRD). This section summarizes the various services and facilities that are currently being provided for the benefit of residents of the Town and surrounding rural area. Some of the services and facilities have a funding or cost-sharing arrangement in place between the two local jurisdictions, while others do not.

1. Golden and District Search and Rescue (GADSAR)

Background

This service is not a function of either the Town or the CSRD, nor is it subject to a cost-sharing agreement. Instead, the Golden and District

Search and Rescue Association of British Columbia (GADSAR) is a registered non-profit organization based out of the Town of Golden. GADSAR has been committed to providing Golden and surrounding areas with search and rescue services since 1965. GADSAR is currently responsible for providing the services of: mountain rescue, avalanche rescue, ice rescue, technical rope rescue, swift water rescue, backcountry medical rescue, HETS rescue and missing person searches. The organization is operated by a group of community volunteers who are committed to maintaining coverage for all of these rescue services on a 24-hour/day basis. The Town has been contributing \$7,000 per year to GADSAR and has agreed to continue to do so. The CSRD does not make an annual contribution to the organization, but it has made contributions through grants in aid and Community Works Funds (CWF).

Recommendation

No further action to formalize this function as a shared service was contemplated by either party.

2. General Parks and Green Spaces Management

Background

The Town administers and maintains several community and neighborhood parks within its boundaries, as well as the Spirit Square public space, and the 16 kilometer Rotary Trail network. It is recognized that the Town's parks, green spaces, and trail system benefit both Town and rural residents alike. The Town did not reveal specifically what it costs to administer and maintain its parks, public spaces, and trails on an annual basis, but the cost is estimated to be in excess of \$250,000. The CSRD positioned that there is a direct offset to the costs incurred by the Town for park purposes when considering that rural Golden residents support their own Community Parks function that is utilized by and benefits residents of the Town. The Area A Community Parks operating budget for 2017 is \$230,000.

Recommendation

The capital and maintenance obligations within the municipal boundaries for general parks and green spaces is equivalent to that within the electoral area. The offsetting expenditures nullify the need for equalization by ratepayers in either jurisdiction.

3. Outdoor Sports Fields and Courts

Background

The Town's costs to administer and operate outdoor sports fields and courts is not covered by a cost-sharing agreement. It was not disclosed what the Town spends annually to maintain outdoor sport fields and courts. In reviewing the Town's financial plan, there are line items that refer to outdoor rinks, Free Ride Park, KKMP Soccer Fields, and the Spray Park. Although it was generally accepted that rural residents use these facilities, there was no suggestion that these costs should be incorporated into a formal cost sharing agreement.

Recommendation

The committee took no position on this service.

4. Golden Municipal Campground

Background

The Town owns a 72 site campground, located on the Kicking Horse River. There is no cost sharing agreement in respect of the campground. The Town's 2017 financial plan indicates that the campground receives revenue of \$50,000, while its expenses total \$26,600.

Recommendation

The committee took no position on this service.

5. Golden and District Recreation Centre

Background

The Golden & District Recreation Centre located within the Town of Golden serves the residents of Electoral Area A and the Town of Golden. The Town manages and operates the arena pursuant to a contract with the CSRD. Property owners in these jurisdictions support the annual subsidy required to operate and maintain the facility through taxation. The apportionment of costs are provided for in the *Area A and Town of Golden Recreation Local Service Bylaw No. 5076 (1992)*. The costs are shared based on converted assessment on land and improvements in the service area, with an amount equal to 5% of the total requisition being added to the Town and the same amount being deducted from Area A. Put another way, the CSRD's requisition is discounted by 5% from the default apportionment formula, while the Town's portion is increased by 5%. In 2017, based on the apportionment formula, the Town will pay 51.6% of the requisition, while Area A will pay 48.4%.

Recommendation

The committee recommends that no change be made to the funding arrangement for this facility.

6. Golden and Area Museum

Background

This is a shared service regulated by the *Golden and District Museum Operation Grants-in-Aid Specified Area Establishment Bylaw No. 1141, 1982*. The bylaw establishes a specified area comprised of Electoral Area A and the Town of Golden and authorizes the CSRD to make a grant-in-aid to the Golden and District Historical Society to assist in the operation and maintenance of the Golden and District Museum. Costs are apportioned based on converted assessment. In 2017, the Town's portion of the requisition was 46.6%, while the CSRD's share was 53.4%.

Recommendation

The committee does not recommend a change to the funding formula; however, the committee did recommend that the CSRD require the concurrence from the Town annually prior to establishing the requisition amount. The committee also recommends that Council develop a terms of reference for museum operations to rationalize the level of funding support.

7. Golden Municipal Airport

Background

This is a cost-shared service, with the CSRD's funding contribution regulated by the *Golden Airport Financial Contribution Extended Service Bylaw No. 5122, 1993*. The bylaw authorizes the CSRD to contribute financial aid toward the operating costs of the Golden airport as an extended service. The formula for providing the financial contribution is calculated by apportioning the total cost of the service between the Town and Area A on the basis of the converted value of land and improvements in those areas. In 2017, the Town's share of the operating costs amounted to 46.6%, while the CSRD's share was 53.4%.

The bylaw does not authorize the CSRD to contribute toward capital costs. There was considerable discussion about the capital needs of the airport. A pavement condition assessment of the existing runway, main taxiway system, and primary apron was carried out in 2015. The cost estimate for pavement improvements, runway widening, and lighting system improvements was \$6.43 million dollars in 2015. If grant funding is not available from senior levels of government to address these capital needs, it may be necessary to close the facility within a 5-7 year timeframe.

Recommendation

The committee recommends that the current operational funding formula for the Golden Airport remain unchanged. The committee further recommends that the Town and the CSRD lobby

senior levels of government for financial assistance to address the capital needs of the airport.

8. Cultural Services

Background

From 2006 to 2013, the Town and the CSRD provided joint annual funding from general taxation through Golden Area Initiatives (GAI) to fund a cultural services contract between GAI and Kicking Horse Culture (KHC). In May 2012, the Town gave notice of its intention to terminate the joint venture service agreement between the Town, the CSRD, and the GAI Society, effective December 31, 2013. With the demise of GAI, the Town and the CSRD considered options to provide ongoing funding support for KHC. In 2014, funding support in the amount of \$120,000 per year was shifted from utilizing general taxation to the use of Economic Opportunity Funds (EOF). Golden Town Council wanted to continue with the tax based funding mechanism, but the Electoral Area Director at the time wanted to shift the funding mechanism from general taxation to the use of EOF funding. In fiscal years 2014, 2015, and 2016, funding support for KHC was provided from EOF monies. Starting in 2017, the CSRD and the Town agreed to phase back funding support from general taxation; however, due to a misunderstanding during the 2017 budget development process, the Town did not provide for \$30,000 to come from tax based revenue. Accordingly, a decision was ultimately made to fund the entire \$120,000 from EOF monies in 2017. In fiscal year 2018, it is anticipated that the entire \$120,000 grant contribution will come from general taxation, with the Town and the CSRD being responsible for 50% respectively.

In 2010, KHC launched a summer outdoor concert series at the Town's Spirit Square. The Town provides \$40,000 per year in support of the concert series. There is no formal cost sharing arrangement with the CSRD; however, the CSRD provided a \$10,000 grant in aid to the Summer Kicks concert series in 2015 and 2016.

Recommendation

The committee recommends that the Town and the CSRD each return to a tax funded model for cultural services, effective January 1, 2018. The committee further recommends that the Summer Kicks program be incorporated into the Cultural Services contract with KHC, with the funding breakdown to be 50/50 for traditional cultural services and 75% (Town)/25% CSRD for the summer outdoor concert series.

9. Community Economic Development

Background

The CSRD operates a local service for the provision of economic development for Electoral Area A established by the *Economic Development (Electoral Area A) Service Bylaw No. 5342*. In 2002, the Town and the CSRD established the Golden and Area Community Economic Development Society (dba as Golden Area Initiatives (GAI)), a not for profit society that was incorporated to provide economic development services in the Town and surrounding rural area. GAI delivered community economic development as a shared service between the Town and the CSRD from 2002 to December 31, 2013, through a series of service agreements. The cost sharing formula contained in the service agreements provided that the annual fee would be paid as follows: (a) \$100,000 from the EOF fund, to be paid by the CSRD; and (b) of the remaining amount of an annually approved budget to be paid, each would contribute an amount proportional to the converted assessment values of land and improvements within each of the Town and electoral area for the previous calendar year.

In May 2012, the Town gave notice of its intention to terminate the joint venture service agreement between the Town, the CSRD, and the GAI Society, effective December 31, 2013. During 2013, the Town established a select committee to evaluate the economic development function and to

¹ Given that Director Cathcart formally withdrew her CED/Economic Development proposal, the committee at its meeting on November 1, 2017, withdrew its

recommend a preferred service delivery model for moving forward. The committee ultimately recommended the establishment of a regionally oriented, municipally controlled and administered community economic development service.

Golden Town Council supported the committee recommendation to pursue a municipal staff led model; however, the CSRD did not support the proposal. The Town subsequently advised the CSRD that it considered the matter closed until such time as the CSRD brought forward its own economic development proposal.

At the Partnered Services meeting on May 10, 2017, Director Cathcart submitted a written proposal for a CED/Economic Development model for Golden and surrounding area. The main features of the proposal were as follows:

- \$50,000 per year from both the Town and the CSRD;
- \$180,000 from EOF monies;
- Operate as a 2 year pilot project;
- Hire a CED/ED manager on contract;
- Operate from the BC Visitor Information Centre (BCVIC); and
- Utilize the GAI Society framework to provide overall governance.

Concerns were raised about the cost of the proposal – specifically, the suggestion to operate from the now vacant BCVIC, where operating costs alone would amount to roughly \$85,000 per year. In an email dated July 3, 2017, Director Cathcart withdrew her CED/ED proposal due to lack of support.

Recommendation

The committee recommends that Mayor Oszust, Councillor/Director Moss, Director Cathcart, and the two CAO's meet to discuss the proposal. This meeting has not yet taken place.¹

recommendation that a meeting be held to discuss CED/economic development. Therefore, no further meeting is required at this time.

10. Golden Food Bank

Background

There is no cost sharing agreement in place between the Town and the CSRD in respect of the Golden Food Bank. Moreover, the CSRD does not have an established service to provide designated funding to the Food Bank. The Area Director agreed to provide a \$14,000 annual contribution from discretionary grants-in-aid funds for fiscal years 2016, 2017, and 2018. Town council has agreed to a continuing contribution of \$6,000 per year.

Recommendation

No further obligations of either party were contemplated.

11. Grants-in Aid

Background

There is no cost sharing agreement in respect of grant-in-aid payments. The CSRD has a discretionary grant-in-aid service in Electoral Area A, with an annual budget in 2017 of \$72,000. The Town does not have a grants-in-aid program as such, but it does have a sponsorship fund and a permissive tax exemption fund.

Recommendation

The committee recommends that the Town's sponsorship fund combined with annual permissive tax exemptions creates a rough equivalency with the Electoral Area A Grant-in-aid budget.

12. Golden Curling Rink

Background

There is a cost sharing agreement in respect of the Golden Curling Rink that was established pursuant

to *Regional District of Columbia Shuswap Arena and Curling Rink Construction and Loan Bylaw, No. 9, 1966*. The bylaw provides that the cost of operating and maintaining the curling rink shall be apportioned on the basis of total converted assessment values of land and improvements with each of the Town and the Electoral Area. Based on this default formula, the Town share of the requisition amounts to 46.6% of the total, while the CSRD's share is 53.4%.

Recommendation

The committee recommends that the current requisition formula remain in place for this facility/service.

13. Whitetooth Legacy Fund

Background

The Columbia Shuswap Regional District (CSRD) established the Whitetooth Ski Hill function in 1987 to develop and operate a winter recreation facility for the residents of Electoral Area 'A' (rural Golden) and the Town of Golden (the Town). The Whitetooth Ski Hill was initially developed as a community ski hill in the mid-1980s, with the active involvement of the Whitetooth Ski Hill Society.

In 1997, the CSRD received an offer to purchase the facility and following public approval by referendum, the sale to Golden Peaks Resort Inc. took effect in September of that year. The sale generated a significant surplus of funds after the retirement of all related debt and a portion of the sale proceeds going directly to the Whitetooth Ski Society, recognizing their contribution to the establishment of the facility and as payment for the ski hill assets. The surplus, which was invested and managed by CSRD staff, had grown to approximately \$1.2 Million by 2006².

² As at December 31, 2016, the fund balance totals \$1,563,798, with the fund earning approximately \$27,000 per year in interest at current rates.

In 2006, the CSRD Board retained Suda Management to undertake a public consultation process to obtain community input on the potential allocation of the surplus funds for the future benefit of the residents and ratepayers of the local service area. The purpose of the public process was to provide the CSRD Directors with information on the views of the current ratepayers and residents of the local service area. Consultation with the function's participants (i.e., the residents and ratepayers of the Town of Golden and of Electoral Area 'A') was conducted to obtain the participant's views on:

- the potential allocation of funds remaining from the sale of the Ski Hill facility;
- identification of potential projects that may be desired by the ratepayers and residents of the specified area involved; and
- determination of recommended projects and the community's priorities.

The public consultation process was completed in the fall of 2006, following two Open House sessions, and the receipt of over 300 submissions and suggestions for investment of the surplus funds, covering over 60 different community projects.

On April 19, 2007, the Columbia Shuswap Regional District Board adopted the recommendations compiled in the consultant's report on the use of the surplus funds. The report recommended that the Board set aside all of the Whitetooth Ski Hill function surplus funds as 'Seed Funding' for investment in major community assets rather than have the surplus serve as another source of small grant funding that is already available within the community.

In 2011, the community and area Director raised concerns that the funds have not been utilized for the benefit of the community. In April 2011, the CSRD Board decided to undertake a simplified Public Consultation process to review the current Legacy Fund Bylaw and retained the services of Suda Management to hear the area resident's views, to reaffirm priorities, and to see if the

criteria for the administration of the fund should be reconsidered.

Comments and submissions that were received reveal a variety of views with no overall consensus on one specific project to be supported by the Legacy Fund. It should be noted that although the views expressed were limited in number and may not reflect the general views of the community at large, it was observed that all of the comments and submissions received were consistent with the types of projects recommended by the public during the original consultation process in 2006.

During the course of the 2011 public consultation process, no single priority project emerged. A number of consistent messages were received as follows:

- Criteria for legacy fund should be changed to eliminate the repayment requirement and allow for more flexible funding arrangements.
- A number of submissions identified the desire for a "legacy" project of "bricks and mortar" for lasting benefit of the community, such as a multi-use Aquatic Centre/Wellness Centre proposal in the future.
- Significant support for a special use facility to house a variety of community programs such as gymnastics, dance, martial arts, and others with a suggested addition to the recreation complex for such a "Soft Sport" facility/room.
- It was also suggested that the community does not have all the necessary information to make an informed decision at this time.
- Identified a need for a study to provide further information such as a "Gap Analysis" or recreation facility survey/assessment to determine community need, similar to the work done by KH Culture for the Civic Centre project.

- Suggested a referendum is not needed and may be problematic.
- Support for leverage of the funds to maximize community benefit.
- Suggested decisions should be made locally by a Golden area committee.
- Noted there already is funding available for small community groups and projects.

The committee acknowledged that the intent of the fund was to be expended on an initiative that would leave a legacy, not incur an ongoing debt for the community, and did not require another gap analysis or facility assessment. The committee noted that an intake and adjudication process was intended to be developed by the CSRD, but this was not undertaken due to a failure to establish a common vision on what an intake and adjudication process would look like.

Recommendation

The committee recommends that a terms of reference for a citizen advisory committee be developed that would be tasked with making recommendations on the use of the Whitetooth Legacy Fund.³

Other Services not contemplated in the Committee's Terms of Reference

The following three services were not specifically contemplated in the terms of reference for the Partnered Services Select Committee, but these services are discussed briefly below because two of the three services have a formal cost-sharing agreement in place, while the third service has an informal cost sharing arrangement.

³ Councillor Fairley and Director Cathcart each drafted proposed Terms of Reference for a Whitetooth Legacy Fund Citizens Advisory Committee. The draft Terms of Reference have been circulated to the other committee members for review and feedback.

14. Golden Cemetery

There is a cost sharing agreement in respect of the Golden Cemetery that was established pursuant to *Golden Cemetery Financial Contribution Extended Service Bylaw No. 5123, 1994*. The bylaw provides that the cost of operating and maintaining the cemetery shall be recovered by requisition on money and will be calculated by apportioning the total cost of the service between the Town and rural service area on the basis of converted value of land and improvements in those areas. Based on this default formula, the Town share of the requisition amounts to 46.6% of the total, while the CSRD's share is 53.4%.

Recommendation

None.

15. Mosquito Control

Background

This is a cost-shared service between the Town and the CSRD; however, there is no formal cost sharing agreement. The CSRD's authority to levy a tax for its portion of the annual cost of providing the service is derived from *Area A Mosquito Control Extended Service Bylaw No. 5075, 1991*. The Town has been paying for its portion of the annual cost as if the net cost were apportioned on the basis of converted assessment values in the Town and Electoral Area.⁴ The bylaw provides that "the Columbia Shuswap Regional District may enter into a contractual arrangement with the Town of Golden in the delivery of the mosquito control service, but a search of CSRD and Town records has not revealed the existence of any contractual agreement between the Town and the CSRD.

⁴ Net cost is used here because the service is partially subsidized by an annual contribution of \$12,760 from the Railway Tax Mitigation program.

Recommendation

The committee recommends that the funding and program structure be maintained. Staff recommend that a contractual agreement be ratified between the Town and the CSRD in order to formalize the arrangement.

16. WildSafe BC Program

Background

The Town of Golden has for over 10 years invested in an annual WildSafe/Bear Aware seasonal coordinator to educate the community. In the 2017 budget, the Town contributed \$8,000. There is no cost sharing arrangement with the CSRD; however, the Area Director declared support in principle to an annual financial contribution from the discretionary grant-in-aid budget. \$2,500 was committed in the 2017 budget.

Recommendation

The committee made no recommendation.

The Core Facilities Discussion

After considerable discussion on the various programs and services offered by both the Town and the CSRD, the committee agreed that the most practical way forward to establish a new cost sharing model was to focus on a limited number of key facilities that are not subject to a cost sharing arrangement, but are available to and used extensively by residents of the surrounding Electoral Area.

The four facilities that were chosen include: the Golden Municipal Swimming Pool, the Golden Civic Centre, the Golden and District Senior's Centre, and the Mount 7 Rec Plex. What follows is a summary of the discussions surrounding these four facilities in an effort to justify a funding contribution from the CSRD.

1. Golden Municipal Swimming Pool

Background

Rising operational costs and recent capital expenditures are forcing the Town to pay closer attention to the bottom line for its public aquatic facility. Currently, the Town and the CSRD do not have a cost sharing arrangement in respect of the swimming pool. The swimming pool is primarily funded through the Town's general taxation and user fees. While the CSRD does not contribute to the swimming pool through general taxation, a recent survey by the Town of user visitations revealed that up to 36% of pool visits were from people who reside in the surrounding rural area, and up to 23% of users were visitors to the community. The CSRD did make a one-time contribution of \$275,000 from the Economic Opportunity Fund (EOF) in 2015 toward operating and capital costs of the swimming pool.

Recommendation

The committee recommends that Council develop a proposal to the CSRD for an equitable funding formula for the aquatic facility.

2. Golden Civic Centre

Background

The civic centre building is a large civic building of 3,090 sq. ft. originally built in 1948 of wood construction and concrete foundation. There was a major renovation to the building in 2011 and an updated kitchen in 2012. A Facility Condition Assessment of the civic centre carried out by the Town in 2016 revealed the replacement cost of the building to be \$6.879 million.

It is acknowledged that the civic centre is used by Town residents, as well as by residents of the surrounding rural area. There is no cost sharing agreement for the civic centre so all operational costs are paid for by the Town. The CSRD did provide \$150,000 in Community Works/Gas Tax funding towards a portion of the renovation cost in 2012. The CSRD provided a further \$60,000 in

2013 from the EOF fund towards the cost to upgrade the kitchen at the Civic Centre.

While the committee members acknowledged that a reasonably strong argument could be made for the civic centre to become a shared service, the point was also made that the Town made the choice to invest in the civic centre without any prior consultation with the CSRD. User statistics on municipal vs. rural residents who regularly visit the facility are not available. Anecdotally, it was reported by the Town that roughly 50% of the attendees at various performing arts concerts are rural residents.

Recommendation

The committee generally agreed that there is enough evidence to support the principle of a funding contribution through some type of omnibus shared service bylaw.

3. Golden & District Seniors Centre

Background

The Senior Centre building is a large one-story wood framed building of 4,738 sq. ft. originally constructed in 1996. In 2012, a timber framed entrance was installed. There have been minor interior improvements since then as funding has permitted.

The facility is not subject to a cost sharing arrangement with the CSRD, however, the Town reported that – based on current membership data – it estimates roughly 33% of the people utilizing the facility reside in the neighboring rural area. The Town's financial plan indicates that the Town's costs to operate the building in 2016 was \$2,510, while the 2017 budget indicates an increase to \$16,685.

Recommendation

The committee agreed that there is sufficient rationale for a share funding arrangement for the Golden and District Seniors Centre.

4. Mount 7 Rec Plex (Mt7RP)

Background

The Mt. 7 Rec Plex (Mt7RP) is a two storey concrete block and steel superstructure resting on a full concrete foundation, with a building area of 1,444 sq. meters.

The Mt7RP has been a central recreation venue for the Town and surrounding area since its construction in 1962. In 1980 and 2002 major renovations were undertaken on the facility. The facility is primarily used for activities on its main gymnasium floor and stage area. The building is generally in fair condition and has been kept in acceptable repair on an ongoing basis.

The Mt7RP is a well utilized public facility serving a variety of community needs. It serves many smaller clubs and groups, and it is located in close proximity to local schools, Seniors Centre and other community recreational facilities. The facility receives no funding support from the CSRD. The Town's 2017 financial plan projects expenses of \$130,999, with offsetting revenue totaling \$23,500. This amounts to a net expenditure by the Town of \$107,499.

Recommendation

The committee generally agreed that the facility should be the subject of a cost sharing arrangement. A tracking of users of the facility reveal that usage by rural residents is as much as 35%.

The Town's Core Facilities Cost Sharing Proposal

Following discussion of the Town's core facilities concept, the Town developed a cost sharing proposal for the committee to consider. The basic thrust of the proposal is that the CSRD would make an annual equalization payment to the Town. The amount of the annual payment would be calculated by taking the proportionate use of the facilities by Town vs. rural residents and applying

those percentages against the Town's net annual operating expenses for the four facilities.

The Town subsequently presented the committee with a cost sharing proposal that is included in Appendix I to this *Discussion Paper*. The key features of the proposal are as follows:

- a. The CSRD would develop a Core Facilities Equalization Payment Establishment Bylaw that would authorize the regional district to levy a tax on rural taxpayers for the purpose of making a financial contribution to the four core facilities. In order to adopt such an establishment bylaw, the CSRD will need to obtain the assent of the electors in the rural area;
- b. The cost sharing formula will be based on current and future operational costs, with a built-in mechanism to adjust for inflation. The proposal does not contemplate current, future, or latecomer capital costs for the facilities.
- c. The apportionment of operating costs would be based on the following percentages for each of the four facilities:
 - Civic Centre – 50/50 – Town/CSRD
 - Mt7RP – 70/30 – Town/CSRD
 - Seniors Ctr. – 70/30 – Town/CSRD
 - Swim. Pool – 60/40 – Town/CSRD

The above described proposal was referred to Town and CSRD staff to review the fairness, equity and acceptability of the cost sharing proposal and to develop a recommendation to the CSRD Board on implementation of a new service establishment bylaw and the appropriate elector assent process to be followed.

⁵ Much of the following discussion on an equitable cost sharing formula was derived from a Discussion Paper prepared by Neilson-Welch Consulting entitled *Fraser-Ft. George Regional District Approach to Contributions to the City of Prince George Library Service*, November 2011. Some of the concepts relating to equitable cost

Issues to Consider

As noted, the Town and the Regional District both wish to establish an equitable formula to determine future Electoral Area contributions to the Core Facilities described earlier⁵. Two points make this task particularly difficult:

- First, the determination of equity is a somewhat subjective exercise, in that what may be considered by one party to be entirely equitable may be considered by another to be unfair.
- Second, there is no single correct basis for setting inter-jurisdictional, fee-for-service payments. To be sure, certain approaches are more logical and defensible than others. The "right" approach for determining annual contributions, however, will be simply the one that both parties can agree to.

For the purpose of this exercise, the parties agree that facility usage rates should form the basis of a cost sharing formula.⁶ In developing an approach to an equitable formula, there are a number of issues that are important to explore. These issues are presented and discussed in this section.

Usage Data

Preliminary data collected by the Town confirm that rural residents do, indeed, make use of the four facilities. The Town estimates that the usage rates by residents of the Electoral Area of the four Core Facilities breakdown as follows:

- Civic Centre 50%
- Mt7 Rec Plex 30%
- Senior's Centre 30%
- Swimming Pool 40%

sharing have been referenced with permission of the author.

⁶ There are other methodologies on which a cost sharing formula could be based such as converted assessment, population, per capita costs, and marginal costing, but none of these methods were deemed appropriate by the Committee.

Usage rates is a legitimate measure on which to base an equitable funding contribution. However, rural residents that use the facilities in Golden were not historically asked to identify the jurisdiction in which they live. As such, concise data on the use of the facilities by place of residence has not been readily available until the past few years.

Rising Service Cost

The cost of providing local services is rising throughout BC and is affecting all types of services. The Town of Golden and the CSRD are not immune to this trend.

Some Town representatives point to the service's escalating cost pressures as an argument for higher Electoral Area contributions. This argument may have merit to the extent that cost increases are incurred in the delivery of the same, existing service. The difficulty arises when costs increase as the result of service level changes made at the sole discretion of Town Council.

Because the Electoral Area Director has no say in how the service is provided, or in the setting of service priorities, Electoral Area ratepayers have no control over the ultimate size of the budget. It may not be reasonable for the Town to expect Electoral Area contributions to be open-ended, and to increase automatically as costs rise. Some type of cost ceiling for the purpose of determining rural area contributions may need to be considered.

Proximity to Service

The ability of Electoral Area residents to access these facilities is an important factor to consider in the discussion over contributions. All four facilities, including programming, are located or occur within the Town of Golden. In theory, Electoral Area residents have full access to these facilities. In practical terms, however, the ability of these residents to attend activities at these

facilities is limited by location of, and distance to, the facilities. Residents in communities such as Blaeberry, Donald, Habart Subdivision, and Lafontaine/Lapp Rd. live relatively close to the Town centre. Residents in other rural communities such as Field, Parson, Casteldale, and Harrogate live much farther from the Town centre. Physical proximity to the facilities, however, will remain an issue for many Electoral Area residents in the future.

Alternatives

There are limited alternatives for the Electoral Area to make an annual fee-for-service contribution to the Town in respect of the four Core Facilities. One option would involve the Town recovering a portion of its costs directly from rural users of these facilities instead of from all rural taxpayers through annual CSRD contribution. Under this option, each user outside of the Town would pay a non-resident fee for daily, monthly, or yearly admission to any one of the Core Facilities. This is not a preferred option for the following reasons:

1. Golden Town Council does not wish to implement a two-tiered fee structure due to the administrative costs of such a scheme.
2. Services recovered through property taxation provide the Town with a secure revenue stream to cover expenditures, whereas user fees provide no such guarantee.

That said, the municipality does have the authority to impose a municipal service charge (fee) that differs according to a person's residence or place of business (Section 194(2)(b) of the Community Charter.

In terms of funding, it is difficult to anticipate how much funding this option would provide to the Town. If all existing users of the Core Facilities in the Electoral Area were to pay a non-resident surcharge, the Town – at least theoretically --

would receive a fairly significant annual rural contribution to offset its costs. Not all existing users, however, would choose to pay the non-resident fee to meet the Town's funding needs.

A second alternative would involve converting the four municipally owned and operated facilities to a new or enhanced sub-regional recreation service. Under this option, the CSRD would assume ownership and control of these facilities and both the costs and decisions surrounding these facilities would be shared. The difficulty with this alternative is that the CSRD may have little interest in establishing a shared decision making model in respect of the four Core Facilities. The CSRD has never indicated that it wants to have a say on service levels, budgetary decisions, or changes that the Town Council may be contemplating for these facilities in the longer term.

A third alternative would involve the CSRD establishing a new service that would authorize the regional district to levy a tax on rural area residents for the purpose of making a funding contribution to the Town. In exchange for this contribution, Area A residents will receive access to these four facilities for its residents. The new service, which would be subject to elector assent, could be referred to as the *Core Facilities Funding Contribution Establishment Bylaw*.

A final alternative would be to maintain the status quo; however, Town representatives have signaled that this alternative is simply not financially sustainable and would likely result in service level reductions. Service level reductions may include reduced hours of operation or may lead to facility closures.

Conclusions

A number of conclusions can be drawn from the information presented thus far in the Paper:

- The Electoral Area Director supports the Core Facilities concept and recognizes that the facilities benefit rural area residents.

- The four Core Facilities are Town of Golden assets, provided by the Town for and on behalf of the Golden community. To be sure, these facilities provide benefit to rural residents in the surrounding Electoral Area. But the facilities are not a sub-regional service provided collectively by the Electoral Area and the Town of Golden to their combined populations. The vision, plans and priorities for these facilities are at the absolute discretion of the Town of Golden Council.
- Given the municipal nature of and control over these facilities, it is suggested that the Electoral Area should not be expected to contribute to the cost of providing the service on the same basis as the Town itself. The Electoral Areas should not, therefore, be expected to base contributions on assessment (or converted assessment).
- It is suggested that the contributions from the Electoral Area be viewed as fee-for-service payments. Through their annual taxpayer contributions, the Electoral Area would be purchasing the ability to access and use the facilities for its residents. The CSRD would not participate in the provision of the service or in its governance.
- Access to the facilities is an issue for many Electoral Area residents. In general, greater travel distances mean that Electoral Area residents are less able than their Town counterparts to make use of the facilities and programs. On a related point, the important role of these facilities as cultural and recreation venues does not benefit the rural communities around the Town but simply the resident that choose to use them. The facilities are focused on, and centralized within, the urban core.

Suggested Formula

Usage rates is a legitimate measure on which to base an equitable funding contribution. Although this is the preferred method identified by the Committee, it is not a perfect measure for the following reasons:

1. Historically, rural residents that use the facilities in Golden were not generally asked to identify the jurisdiction in which they live. As such, concise data on the use of the facilities by place of residence has not been readily available until the past few years. It should be noted that at the pool the Town has been tracking use by place of residency for the past three years and for the past year at the Mt7 Rec Plex. Moreover, the Town contends that Senior Centre membership is an exact metric, but it does concede that use of the Civic Centre by place of residency is less reliable. In the absence of accurate usage data over an extended timeframe, the Town representatives have put forward an educated “best guess” as to the Town – rural ratio of facility usage.
2. Actual facility usage only measures the direct benefit that Area A residents receive from the four core facilities. Actual usage does not measure the indirect benefit to Area A that comes from having access to the facilities and from having the facilities nearby.

In developing a fair and equitable cost sharing formula, consideration should be given to whether a “governance discount” should be applied to the cost-sharing figure for Area A. The rationale for a discount is that Area A would have no say in how the facilities are run. The absence of shared decision-making should be reflected in the level of contribution expected of Area A.

Capital Costs

The Town’s cost sharing proposal is based on the operating costs of the four Core Facilities. It is

suggested that the focus continue to be on operating. It is suggested that capital costs associated with the renovation of these facilities, be excluded from the budget figures on which the Electoral Area’s contribution is based. The Town will determine on its own —as is its prerogative — whether and/or how it wishes to manage these assets. The Electoral Area Director would have no say in decisions and should not, therefore, be expected to contribute to the cost of them. As purchasers of the service, however, the Electoral Area should be expected to pay a portion of the additional operating costs that may result from improvements to the facilities.

Cost Impact

To date, the Electoral Area makes no financial contribution towards the operating costs of these facilities. Under the Town’s cost sharing proposal, the contribution for Area A in 2018 would be \$183,571, with the Town’s portion amounting to \$280,744. This value was determined by multiplying the estimated Electoral Area percentage of users of the four facilities by the total operating budget, net of non-tax revenues. The suggested formula would result in a significant increase for the Electoral Area. In view of this conclusion, the parties may wish to consider a phasing-in of the increase over a three-year period (if the parties agree with the formula).

Next Steps

This *Discussion Paper* has been written for review by, and discussion with, the members of the *Partnered Services Delivery Review Select Committee* and, ultimately, Golden Town Council and CSRD Board. In order to advance a funding contribution arrangement as described in this Paper, the committee will need to focus on the following outstanding issues:

1. The parties need to agree on a defensible Town-rural usage ratio for the four core facilities. The Town’s proposal for the 2018 budget year for the four facilities combines would result in rural Golden

assuming a 40% share of the net operating costs. This figure will likely be viewed as excessive to many rural residents, which, in turn, may compromise the CSRD's ability to obtain elector assent.

2. The parties need to agree on whether a "governance discount" should be embedded in a cost sharing formula to recognize that the CSRD will have no say on how the facilities will be operated. Arguably, the governance discount might be contained in the exclusion of capital costs.
3. The parties need to agree on a term for the cost sharing arrangement.
4. The parties should address the issue of a cost ceiling so that there is a threshold over which costs will not increase in any given year.
5. The parties should address whether the agreement should contain a "phase-in" period to help cushion the tax impact to rural residents in the first year.
6. The parties should consider a strategy on how best to sell this initiative to the rural taxpayers. For example, is it the Town's position that it will proceed with a non-resident user fee if elector assent is not obtained to enact a funding contribution bylaw?

APPENDIX I

Town of Golden

Shared Services - 10 Year Estimate

COMBINED

Description		Actuals					Proposed Budget				
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>TOWN OF GOLDEN</u>											
Civic Centre	50%	46,280	46,307	41,097	39,493	37,443	40,931	43,736	44,964	46,308	47,692
Mt7 Rec Plex	70%	18,491	9,924	21,183	84,229	79,672	75,249	64,419	66,240	68,225	70,270
Senior's Centre	70%	-	-	1,061	3,850	1,757	11,679	11,895	12,124	12,357	12,595
Swimming Pool	60%	77,301	86,612	119,989		153,838	157,051	160,694	164,299	168,074	171,911
		142,072	142,844	183,329	127,572	272,711	284,910	280,744	287,627	294,964	302,467
Overall Share %		57%	57%	58%	62%	61%	61%	60%	60%	60%	60%
<u>COLUMBIA SHUSWAP REGIONAL DISTRICT</u>											
Civic Centre	50%	46,280	46,307	41,097	39,493	37,443	40,931	43,736	44,964	46,308	47,692
Mt7 Rec Plex	30%	7,925	4,253	9,078	36,098	34,145	32,250	27,608	28,388	29,239	30,116
Senior's Centre	30%	-	-	455	1,650	753	5,005	5,098	5,196	5,296	5,398
Swimming Pool	40%	51,534	57,742	79,993		102,559	104,701	107,129	109,533	112,050	114,607
		105,739	108,302	130,623	77,241	174,900	182,886	183,571	188,081	192,892	197,812
Overall Share %		43%	43%	42%	38%	39%	39%	40%	40%	40%	40%
Expenses											
All Services:		247,811	251,146	313,952	204,813	447,611	467,796	464,316	475,708	487,856	500,280

Civic Centre

Description		Actuals					Proposed Budget				
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue		-	(64,993)	(24,501)	(26,234)	(26,941)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
Expenses		92,560	157,607	106,695	105,221	101,828	111,861	117,472	119,928	122,615	125,383
Net Expense (Revenue)		92,560	92,614	82,194	78,987	74,886	81,861	87,472	89,928	92,615	95,383
Net Expense Split											
Town of of Golden	50%	46,280	46,307	41,097	39,493	37,443	40,931	43,736	44,964	46,308	47,692
CSRD	50%	46,280	46,307	41,097	39,493	37,443	40,931	43,736	44,964	46,308	47,692
		92,560	92,614	82,194	78,987	74,886	81,861	87,472	89,928	92,615	95,383

Mt 7 RecPlex

Description		Actuals					Proposed Budget				
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue		-	-	(8,346)	(23,926)	(25,485)	(23,500)	(23,500)	(23,500)	(23,500)	(23,500)
Expenses		26,416	14,178	38,608	144,252	139,303	130,999	115,528	118,128	120,964	123,885
Net Expense (Revenue)		26,416	14,178	30,261	120,327	113,817	107,499	92,028	94,628	97,464	100,385
Net Expense Split											
Town of Golden	70%	18,491	9,924	21,183	84,229	79,672	75,249	64,419	66,240	68,225	70,270
CSRD	30%	7,925	4,253	9,078	36,098	34,145	32,250	27,608	28,388	29,239	30,116
		26,416	14,178	30,261	120,327	113,817	107,499	92,028	94,628	97,464	100,385

Seniors' Centre

Description	Actuals					Proposed Budget				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	-	-	-	-	-	-	-	-	-	-
Expenses	-	-	1,515	5,500	2,510	16,685	16,993	17,320	17,653	17,993
Net Expense (Revenue)	-	-	1,515	5,500	2,510	16,685	16,993	17,320	17,653	17,993
Net Expense Split										
Town of of Golden	70%	-	-	1,061	3,850	1,757	11,679	11,895	12,124	12,357
CSRD	30%	-	-	455	1,650	753	5,005	5,098	5,196	5,296
		-	-	1,515	5,500	2,510	16,685	16,993	17,320	17,653
		-	-	1,515	5,500	2,510	16,685	16,993	17,320	17,993

Swimming Pool

Description	Actuals					Proposed Budget				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenue	(55,039)	(60,506)	(60,036)	(348,470)	(72,715)	(73,000)	(75,190)	(77,446)	(79,769)	(82,162)
Expenses	183,875	204,860	260,017	313,573	329,112	334,752	343,013	351,278	359,893	368,680
Net Expense (Revenue)	128,836	144,354	199,981	(34,897)	256,397	261,752	267,823	273,832	280,124	286,518
Net Expense Split										
Town of of Golden	60%	77,301	86,612	119,989	153,838	157,051	160,694	164,299	168,074	171,911
CSRD	40%	51,534	57,742	79,993	102,559	104,701	107,129	109,533	112,050	114,607
		128,836	144,354	199,981	-	261,752	267,823	273,832	280,124	286,518

Notes

Revenue

CSRD EOF Transfer
Sale of Services

(275,000.00)
(73,470.26)
(348,470.26)