

# ALBERNI-CLAYOQUOT REGIONAL DISTRICT Regional Services Finance Models

FOR DISCUSSION • MAY 2025



ALBERNI-CLAYOQUOT  
REGIONAL DISTRICT

# Introduction

The Alberni-Clayoquot Regional District (ACRD) is a federation of three municipalities (Port Alberni, Tofino, Ucluelet), and four Treaty First Nations (Huu-ay-aht First Nations, Yuułu?it?ath Government, Uchucklesaht Tribe, Toquaht Nation), and six electoral areas. Working together, the ACRD is working on an inclusive regional governance project sponsored by the province that is working to engage six non-Treaty First Nations in the region (Hupačasath First Nation, Tseshaht First Nation, Tla-o-qui-aht First Nation, Ahousaht First Nation, Ditidaht First Nation, Hesquiaht First Nation) in a conversation about helping get their voices at the ACRD table.

This document describes finance methods available to the ACRD, to provide service arrangements, cost recovery and finance models with regional partners. It was prepared to support discussions with non-treaty and Treaty First Nations at a meeting to be held in May 2025.

The ACRD operates under the following principles:



### Federation

Electoral areas, municipalities and Treaty First Nations



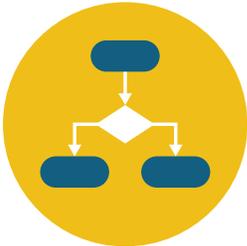
### Partnerships

Support partnerships and collaboration with regional district members



### Advocacy

On matters that are of common interest across the region



### Flexible

Service boundaries, delivery and cost recovery options



### Coordinating

Infrastructure and planning to promote economies of scale



### Responsive

Design services based on communities' needs

Source: BC Government Fact Sheet for Regional Districts in BC

The ACRD recognizes that there is mutual benefit in improving service delivery collaboration with First Nations. Partnering with First Nations and leveraging our resources is consistent with the ACRD's 2024-2027 Strategic Plan priorities.

The ACRD's 2024-2027 Strategic Plan identifies the importance of fuller participation in local governance for First Nations in the region. Engaging non-Treaty First Nations on the ACRD board will support and enrich important work in the region on shared challenges and opportunities, such as climate change, housing, health and wellbeing, transportation, and regional services like recycling and solid waste.

## Strategic Focus Areas



### Planning for a Resilient and Liveable Region

To create liveable, resilient and engaged communities through informed, effective planning.



### Managing our Assets and Infrastructure

To effectively manage our infrastructure to ensure that we are able to maintain high levels of service and mitigate future costs.



### Partnerships and Communications

To achieve mutual benefits from partnering with First Nations, municipal governments and community partners by sharing and leveraging our resources, developing and implementing effective communication practices and aligning our efforts towards common goals.



### Advocacy and Service

To represent and advance the interest of the region with other levels of government and agencies responsible for providing governance and services in our region. Where collaboration creates possible solutions, explore possible service models.

# Services

The ACRD serves approximately 33,500 residents with 59 regional and local services, including water systems, fire protection, land use planning, parks, bylaw enforcement, recreation, and emergency planning.

Individual jurisdictions choose to participate in regional district services when it is in their best interests to do so. They can have a service agreement with the regional district, which are limited to those service(s). When members join the regional district in deeper collaboration, they are referred to as 'service participants' who are part of the 'service area'. Together, members in the service area, make decisions through their regional district directors (the representatives of the jurisdiction), for the delivery and operations of services. Service participants organize delivery of services on a cost recovery basis in the service area.



Government Administration



Regional Hospital District



North Island 911 Emergency Services



Fire Protection



Regional Library



Parks, Trails, Recreation



Planning



Building Inspection



Emergency Planning



Waste Management



Water Systems



Regional Airports

## In addition, the ACRD provides services including:

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1. West Coast Transit
2. Anacla Fire Protection
3. Aquatic Facility (in progress with establishing a service)

The finance models for these three services will be further described in this discussion document to illustrate examples of finance models with regional partners, and specifically First Nations.

# Budgeting and Apportionment

The ACRD must show equivalence between the benefits and costs of services. Each service has a cost recovery formula. Determining how all these costs are distributed among funds is known as cost allocation. How the revenues are collected is up to the regional government – the ACRD has the power to develop its own funding formulas and change them if, and when, necessary. No ACRD service can budget for a deficit.

Apportionment defines the method used to determine contributions from service participants. Historically, property taxes have been the most common apportionment method, using a system of calculation known as converted assessment. A converted assessment is calculated by taking the assessed value of a property (based on BC Assessment values) and applying a standard rate to that, which varies according to the type of property it is (i.e., residential, commercial, industrial). In the ACRD, most service costs are currently recovered this way from electoral areas and municipalities.

The converted assessments of land and improvements is the default model of the *Local Government Act* when establishing services and is a widely used local government mechanism. This default mechanism has been used since the creation of Regional Districts in the 1960's. However, it does not work well when applied to Treaty and non-Treaty First Nations.

Challenges with using converted assessments finance model includes:

- Fairness and equity are individually defined. For example, does a higher assessed value mean greater ability to pay?
- BC Assessment approach to determining assessed values does not apply to First Nation territories. Land ownership is held by the nation, not individual homeowners.

Due to the fact that the converted land and improvement apportionment model is not overly applicable to Treaty Nations, the ACRD has begun exploring alternative apportionment methods to better share the costs of the services between the participants.

Some other apportionment methods that the ACRD has considered to date include:

- **Dwelling counts:** service cost divided by the number of dwellings
- **Population:** service cost divided by the number of people receiving the service
- **Usage:** service costs based on service use (cost per visit, by volume, by weight, etc.)
- **Land area:** costs divided up by gross land area of service participants

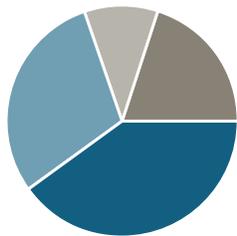
Apportioning costs of services for non-Treaty First Nations participants could not use converted assessments, given that the underlying ownership of non-Treaty First Nations is the federal government.



## Budgeting

With apportionment methods established for each service, the total must be worked into an annual five-year plan. This plan must be adopted by March 31st of each year. For regional districts, this means the service cost apportionment discussions typically start in the fall or winter, as all new service agreements and/or expansions need to be confirmed prior to March 31st.

How regional district service cost apportionment works:



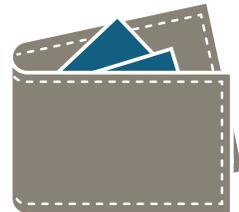
### APPORTIONMENT

How costs are split up between service participants



### REQUISITION

The "bill" sent to service participants for their portion of the service



### COST RECOVERY

How the service participant pays their requisition, or "bill"

Each year, all regional districts are required by provincial legislation to adopt a five-year financial plan bylaw before March 31st. Except for emergency situations, all expenditures must be according to the financial plan and may not exceed proposed funding sources.

## Apportionment

### Examples of Working Creatively Together

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The ACRD has been leading alternative methods for apportionment. Some of the alternative methods that have been discussed include population, dwelling, usage hours, service hours, level of service, set percentage, or a hybrid of multiple apportionment methods. The ACRD has also looked at what the driver of the service is. For example, is it a people-based service or more property based, etc.

This section summarizes examples of current apportionment methods and formulas applied to Maa-nulth First Nations, to provide tangible service delivery cost recovery examples, which might be applied to non-Treaty Nations services of interest.

**EXAMPLE 1:**

# West Coast Transit

The West Coast Transit System was established with funding from Tofino, Ucluelet, Toquaht Nation and Yuułuꞑiꞑath Government. The transit service includes three 18-seater buses, providing a fixed route service seven days a week, connecting the communities of Ucluelet, Tofino, Hitacu, Ty-Histanis, Esowista and Electoral Area C (Long Beach). This was made possible with funding from the communities and negotiations between Alberni-Clayoquot Regional District and BC Transit. The ACRD kickstarted the process and service to meet this essential service need.

West Coast Transit service includes District of Tofino, District of Ucluelet, Area C Long Beach, Yuułuꞑiꞑath Government, and Toquaht First Nation. The apportionment of this service is 50% land & improvements and 50% population.



Photo BC Transit

## ACRD West Coast Transit – Funding Option

### Requisition Maximum

\$550,000.00

### Requisition Max as Tax Rate

\$0.294

### Average Assessed Value 2019

Jurisdiction	Average Assessed Value
District of Tofino	861,129
District of Ucluelet	386,769
Electoral Area C - Long Beach	357,923
Yuułuꞑiꞑath Government	228,350
Toquaht First Nation	109,088
<b>Average</b>	<b>388,652</b>

### Option 1: Converted Land & Improvements

Jurisdiction	Converted Land & Improvements	Converted Land & Improvements as %	Converted Land & Improvements Requisition by Area	Residential Tax Rate	Estimated Household Cost based on Average Assessed Value
District of Tofino	141,697,323	58%	318,588	0.225	194
District of Ucluelet	72,672,850	30%	163,396	0.225	87
Electoral Area C - Long Beach	30,086,909	12%	67,647	0.225	80
Yuułuꞑiꞑath Government	164,445	0%	370	N/A*	N/A*
Toquaht First Nation	-	0%	-	N/A*	N/A*
<b>Totals</b>	<b>244,621,527</b>	<b>100%</b>	<b>550,000</b>		

**EXAMPLE 2:**

## Anacla Fire Protection

Service agreement between Huu-ay-aht First Nations and the ACRD for fire protection services by Bamfield Fire Department for community of Anacla (not part of service but instead service agreement). The apportionment of this agreement is based on a dwelling count of each of the communities.



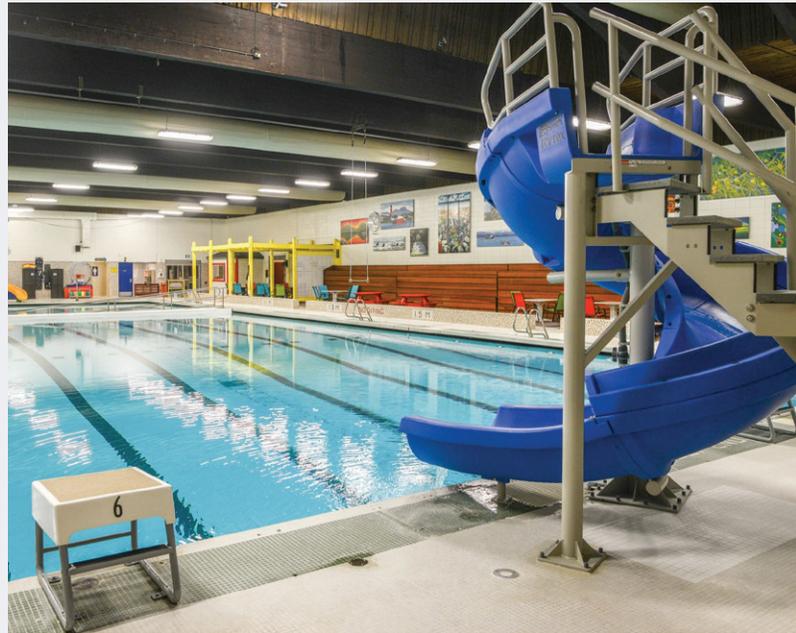
*Photo Amanda-Lee Cunningham*

**EXAMPLE 3:**

# Port Alberni Aquatic Centre

The current facility is owned and operated solely by the City of Port Alberni; however, Echo Pool operations directly benefit Area B (Beaufort), Area D (Sproat Lake), Area E (Beaver Creek), Area F (Cherry Creek), the City of Port Alberni, Tshesahst First Nation, and Hupačasath First Nation.

The Aquatic Feasibility Study has been prepared to provide future development, financing, and governance guidance and planning for the replacement of the current Echo Pool located at 4255 Wallace St., Port Alberni. The Aquatic Feasibility Study is overseen by an advisory committee comprised of ACRD elected officials, City of Port Alberni elected officials, First Nations representatives, and members of the public from each Alberni Valley Electoral area and supported by ACRD and City of Port Alberni staff.



*Photo City of Port Alberni*

The Directors continue to discuss a governance model for the proposed sub-regional facility including discussion regarding apportionment method and the impacts to the different areas. In addition, the Directors are exploring a renovation of the existing Echo Aquatic Center facility or a updated design of a new facility that includes a smaller construction estimate as the \$100 million estimate is considered financially prohibitive for the community by the Directors. Once a facility design and governance model is selected a public referendum will be held.

Below is a summary of apportionment options for consideration by elected officials.

## ACRD AV Aquatics Facility – Apportionment Options

### Estimated Annual Borrowing & Operating Costs

\$7,600,000

### Summary of Options – Requisitions by Area

Jurisdiction	Option 1: Converted Land & Improvements	Option 2: 50% Population & 50% L&I	Option 3: 30% Population & 70% L&I	Option 4: Parcel Tax	Option 5: Debt by Parcel Tax & Operating by L&I
Port Alberni	4,390,222	4,909,036	4,701,510	4,758,070	4,661,268
Uchucklesaht	342	1,657	1,131	1,185	963
Area B - Beaufort	197,033	177,442	185,278	228,041	219,881
Area D - Sproat Lake	1,616,057	1,081,963	1,295,601	1,178,708	1,293,800
Area E - Beaver Creek	731,487	803,622	774,768	801,403	783,004
Area F - Cherry Creek	664,860	626,281	641,712	632,593	641,084
<b>Total</b>	<b>7,600,000</b>	<b>7,600,000</b>	<b>7,600,000</b>	<b>7,600,000</b>	<b>7,600,000</b>

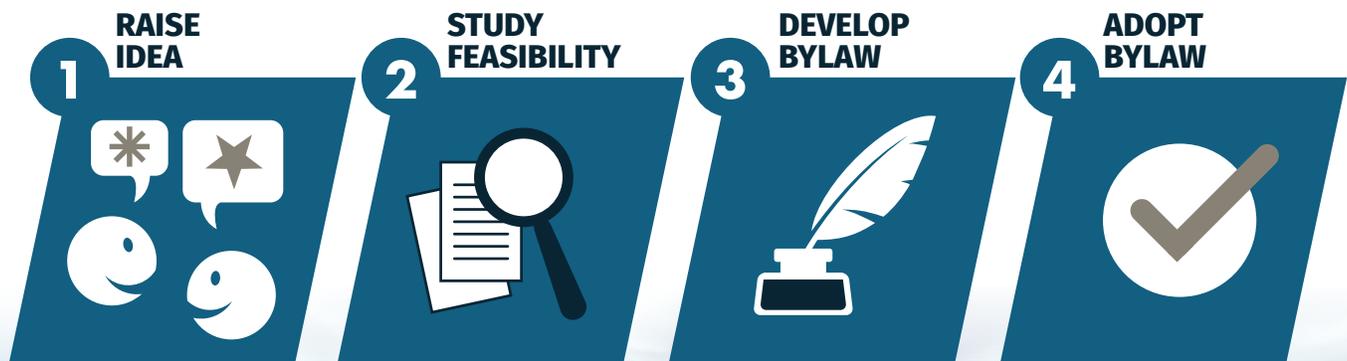
# Service Creation

The ACRD has the authority to create, review, and withdraw the services it provides, except for those mandated by the Province.

Currently, the ACRD has an established process to create or modify services to municipalities, Treaty First Nations and Electoral Areas. This process will require adjustments and collaboration to find a path that can work for non-Treaty Nations and ACRD.

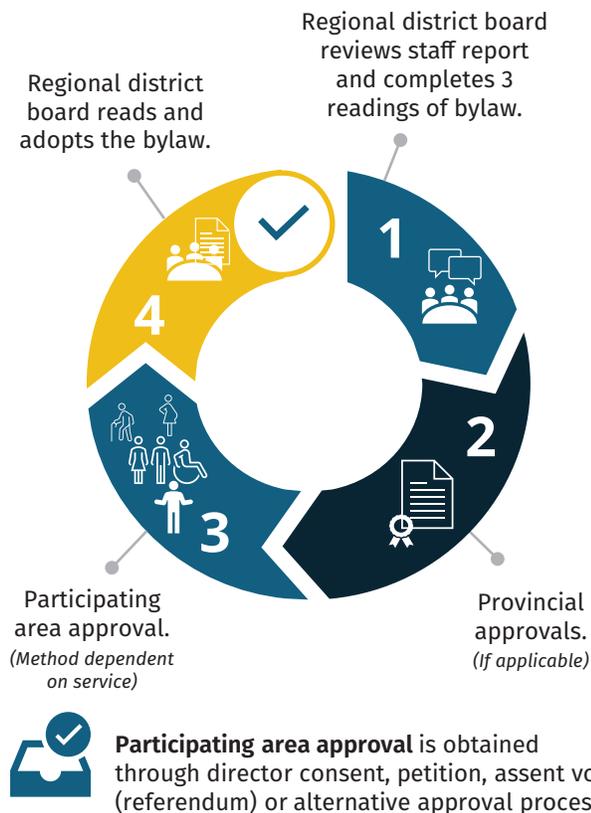
Establishing a service begins with the identification of a service need. From there, the feasibility of the service is typically studied to clarify the purpose and identify the scope, establish costs and delivery standards, establish a process for review, etc. Once the service has been deemed feasible, a service-establishing bylaw is created.

If all relevant parties favour the bylaw in an unweighted corporate vote, the bylaw is adopted, and the service becomes active. Adopted bylaws need the approval of the Inspector of Municipalities and each of the local areas that intend to participate. Local approval can happen through a referendum or be given on behalf of the local area by Council, the electoral area director, or the board itself.



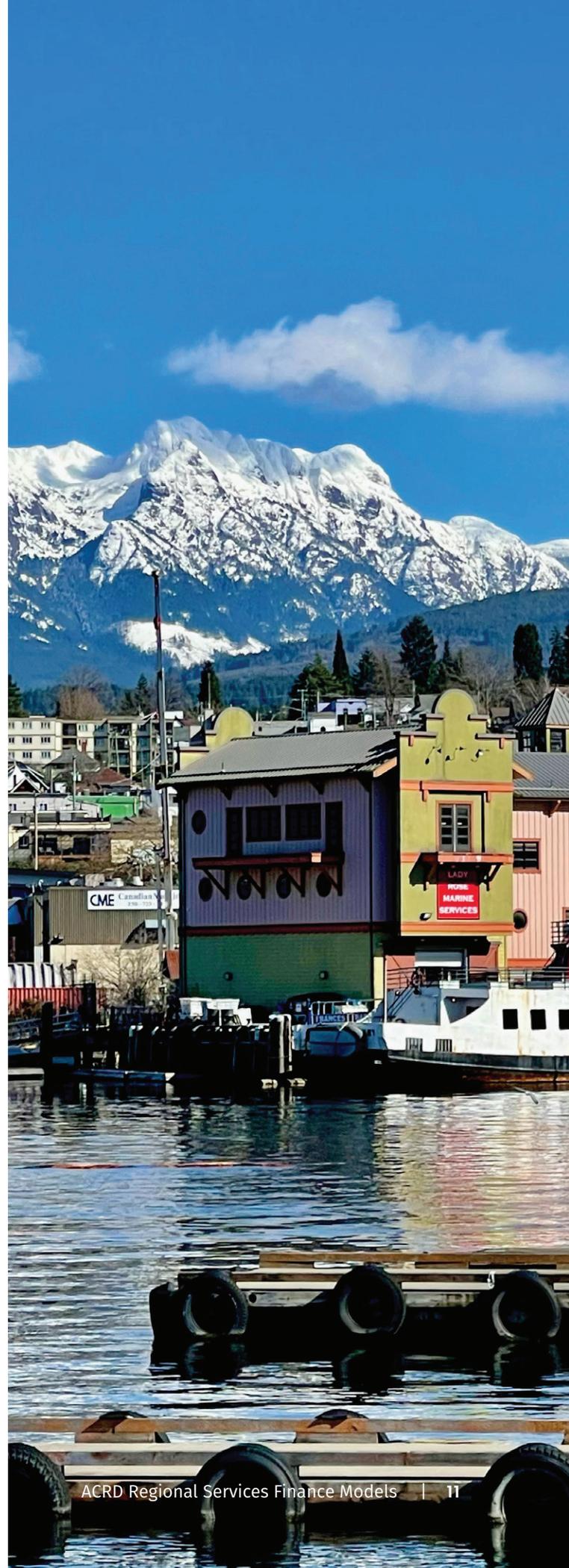
# Establishing Service Approvals

To establish, or change a service area, the ACRD requires approval. The graphic illustrates the general approach for establishing or changing a service area.



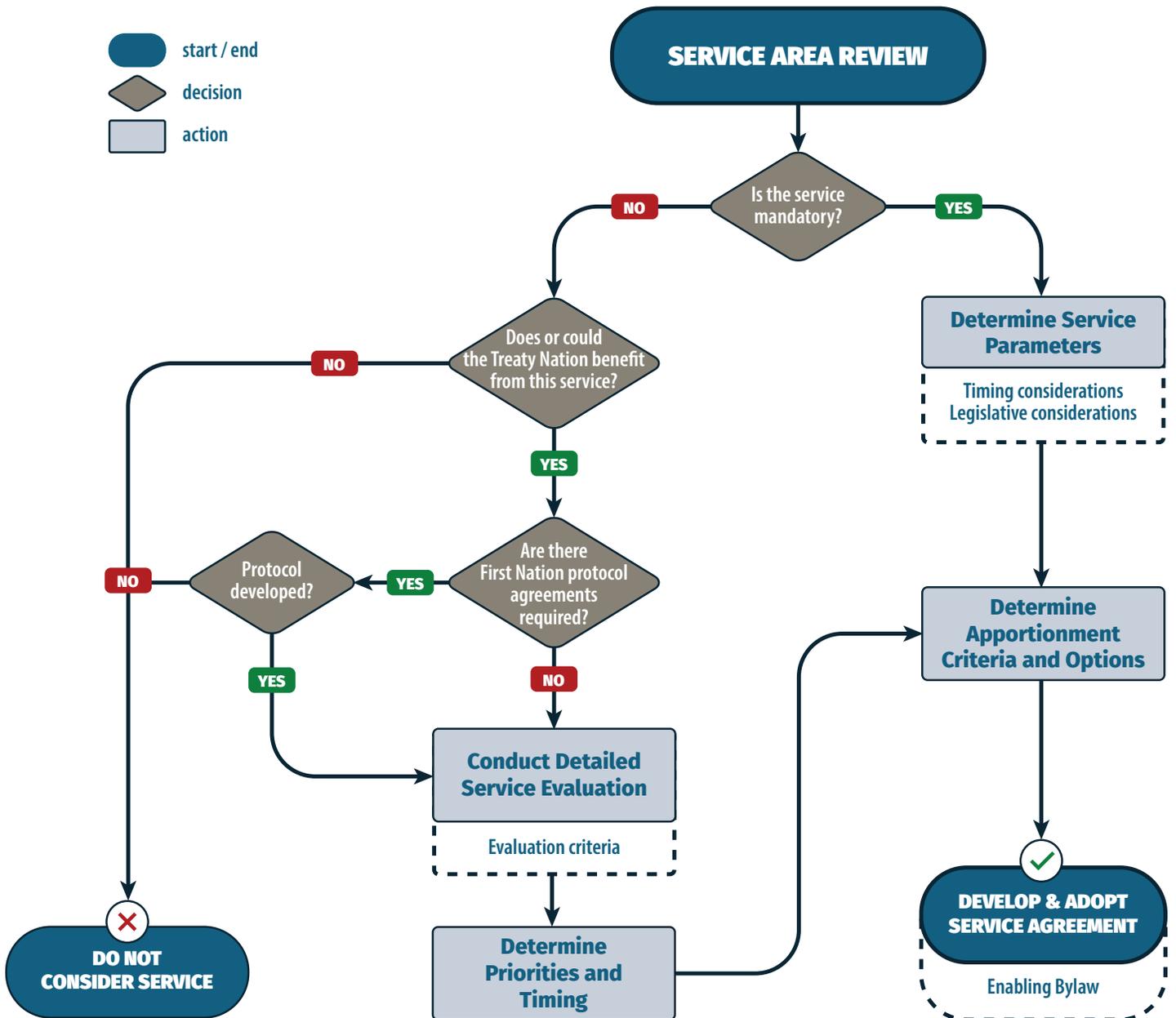
Source: BC Government Fact Sheet for Regional Districts in BC

Individual jurisdictions choose to participate in regional district services when it is in their best interests to do so. They can have a service agreement with the regional district, which is limited to those service(s). When members join the regional district in deeper collaboration, they are referred to as ‘service participants’ who are part of the ‘service area’. Together, members in the service area make decisions through their regional district directors (the representatives of the jurisdiction) for the delivery and operations of services. Service participants organize the delivery of services on a cost-recovery basis in the service area.



# Approval for Services

It is important to note that the first question in the decision tree asks whether the service is mandatory. For the First Nations of the Maa-nulth Treaty, this meant the two services that the Treaty requires participation in – government services and regional hospital district. The ACRD has no other mandatory services, while other regional districts will likely have additional or different mandatory services.



# Service Agreements Versus Service Participation

Service Agreements provide a voice, in terms of how the agreement is developed and the services are provided. Service Participation provides a voice and a vote.

## Service Agreements

A service agreement is a contract between governments. It stipulates what services are being purchased and how they will be paid for. Many First Nations in BC have signed service agreements with regional districts and municipalities, either to receive services or to provide them. While service agreements can share similar clauses and structures, they also vary widely depending on the local context, the service being delivered, and the payment structure for the service. The CivicInfo BC website ([www.civicinfo.bc.ca](http://www.civicinfo.bc.ca)) provides examples of service agreements between First Nations and local governments. The Federation of Canadian Municipalities also provides a Service Agreement Toolkit ([fcm.ca/en/resources/fnmcp/service-agreement-toolkit](http://fcm.ca/en/resources/fnmcp/service-agreement-toolkit)).

## Service Participation

Service participation refers to how regional district members take part in voluntary and mandatory services. For ACRD's Treaty First Nation members, service participation has required the amendment of the particular service bylaw to include the new participant. Given the unique considerations for Treaty First Nations (e.g., limited tax rolls, small populations), service participation sometimes required more creative apportionment methods that differed from the method used in the existing service bylaw.



## Service Participation for Non-Treaty Nations

This discussion document provides examples of service establishment approaches and apportionment methods used with ACRD member Treaty First Nations. While the examples could be applied to non-Treaty Nations looking to participate in ACRD services, there will likely be adjustments to service arrangements, processes and financing formulas, to match the interests of non-Treaty Nations and to work within both governments' regulatory context.

The ACRD recognizes the importance of fuller participation with non-Treaty First Nation neighbours in regional governance and services. Improved regional service delivery will enrich the ACRD's ongoing work on shared challenges and opportunities, and help improve delivery of services like emergency services, transportation, water service, waste management, among others.

Through interviews with elected Chiefs and senior staff from non-Treaty Nations, the ACRD has heard that the needs and services of interest to non-Treaty Nations are diverse. Due to proximity of services in the Alberni Valley, Hupačasath First Nation and Tseshaht First Nation, are likely to be more interested in service delivery relationships, collaborative initiatives and involvement in decision-making with neighbouring municipal partners, like the City of Port Alberni. For west coast non-Treaty Nations (Tla-o-qui-aht First Nation, Ahousaht First Nation, Ditidaht First Nation, and Hesquiaht First Nation), medical transport, marine docks, and longer-term parking facilities in nearby communities are some of the unique and practical service opportunities to explore.

Moving forward, regardless of current provincial regulatory constraints, it is in the best interests of all to advance a strong cooperative working relationship between the ACRD and non-Treaty First Nations. Finding creative tools and pathways for service participation, will be required to support us as neighbours in working better together. The ACRD has a desire to advance discussions that build shared understanding, trust, mutual respect, and be a partner in finding creative solutions, that best fit the unique needs of each non-Treaty First Nation in the region.





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