

# APPROACHES TO BUILDING A BC TRAIL FUND



Outdoor Recreation  
Council of BC

Photo by Northern BC Tourism/Jongsun Park

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## Executive Summary

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The BC Trails Strategy identified inconsistent and insufficient funding as a key issue in the sustainable development and maintenance of BC trails. In response, the Outdoor Recreation Council of BC and the Provincial Trails Advisory Body prepared research to better understand the issue and to recommend steps on how to build a BC trail fund as a possible solution. This report advances the initial recommendations and provides an outline and a toolkit for the next phase in building a BC trail fund.

First, the report provides a trail fund vision. It outlines the goals and priorities of a fund which are direct responses to some of the challenges BC trails face. Second, the research conducted is summarized. Eight diverse funds were investigated to understand how a new fund may be built and to identify desired characteristics. Third, the options are evaluated. The research found that there are three main characteristics that should be defined: the purpose, the structure, and the sources. Using this framework, all possible characteristics are laid out and considered.

Finally, recommendations and next steps are outlined. Three possible fund designs are presented that could be successfully pursued under different circumstances. To better understand those circumstances, it is recommended that potential recipients, supporters, partners, and contributors be approached. Next, it is recommended that the fund option that is most compatible with interest levels be pursued. The recommendations outline conditions that suggest when each fund should be pursued.

The report also suggests characteristics for the fund to ensure long term success. Namely, it is recommended that the fund be adaptable and proactive; that it ensure long-term funding; and that it encourage collaborations and promote trail stewardship

This report should be used as a guide and a toolkit for building a BC trail fund. The next steps and decision-making processes are facilitated by tools in this document that outline how each step can be achieved.

## Introduction: The Trail Fund Vision

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BC has 40,000 km of officially recognized trails that receive visits from millions of British Columbians each year. They support a multitude of outdoor recreation activities, promote tourism, stimulate economic activity, aid rural development, encourage healthy lifestyles which can reduce healthcare spending, and help protect and preserve historical sites and Indigenous culture. Yet, trails are not receiving sufficient funding. For trail maintenance, organizations rely on volunteers and community groups who are experiencing burnout and who face limited access to funds, especially for trail maintenance. As such, British Columbians are reporting closed trails, deteriorating trail conditions, and overcrowding.

The goal of the BC Trail Fund is to help resolve the issue of insufficient and inconsistent trail funding to better overcome the challenges trails face and to better promote their benefits. The vision is for this fund to:

- Provide reliable and consistent access to funds for existing trails
- Prioritize funding for community groups and volunteers
- Leverage funds from different sources
- Provide an efficient and effective way for people and organizations to support trails
- Obtain funds that are not easily accessible by community groups and volunteers

With sizeable investments, it is possible for this fund to also grow to support:

- New trail development
- Trail programs such as those that promote safety, accessibility, equity, or Indigenous stewardship
- More applicants, besides community groups, who also require help in accessing funds for trail projects

*Table 1* shows a more detailed explanation of how the fund can help overcome challenges and amplify benefits.

**Table 1: Trail Fund Vision Explained**

Fund Action	Effects
Focus on funding existing trail infrastructure maintenance and improvements.	Currently there is not sufficient funding for trails and trail infrastructure, and funding available is prioritized for new trails. Funds dedicated to trail maintenance will help relieve the backlog of trail work in the province.
Prioritize community groups and volunteers.	Community groups and volunteers take care of a significant number of trails, but they have difficulties accessing funds. Funding volunteer and community groups will help leverage motivated individuals, in-kind contributions, and skilled workers that are in these groups.
Ease the administrative requirements of accessing funds.	Community groups and volunteers do not always have the resources, expertise, or knowledge necessary to obtain current trail funding options which can come from inconsistent and differing sources. Furthermore, trail project authorizations and grant processes can be complicated. The fund can facilitate the grant-seeking process by providing a clear starting point for fund-seekers and by guiding them through the process. This may enable more groups to work on trails.
Specialize in trail projects.	It allows for funds to be used in an efficient and effective manner.
Provide a clear point of contact for trail investment.	British Columbians enjoy millions of trail trips each year, yet it can be unclear where people and organizations can

	<p>contribute to province-wide maintenance and development of trails. This fund provides a clear point of contact that may motivate new and increased investments in trails.</p>
<p>Consolidate and leverage funding from different sectors.</p>	<p>It can be difficult to directly link trail benefits as an outcome of a trail project. Yet, trails have benefits in many sectors including health, recreation, infrastructure, tourism, rural development, and economic development. For example, local trail users will report, based on their observations, increases in tourism or increases in the physical well-being of their communities due to trail development. However, if there are no official counts on trail users, it is difficult to definitively prove that a trail development is the promoter of these positive changes. As such, this can create barriers to obtain funding from specific sources.</p> <p>Consolidating and leveraging funds from different sectors will allow for the continued growth of all trail benefits by enabling different sectors to invest in trails without committing to the management of trail projects.</p>
<p>(With sizable investments) Support trail development.</p>	<p>New trail development can further promote trail benefits; new trails encourage more users which can also lead to better physical health, increased tourism, and increased spending.</p> <p>New trails can also help manage crowds and mitigate environmental damages that happen from overcrowding.</p>
<p>(With sizable investments) Support programs such as:</p> <ol style="list-style-type: none"> <li>1. Indigenous Stewardship, Cultural Preservation and Education</li> <li>2. Equity</li> <li>3. Accessibility</li> <li>4. Safety and Outdoor Education</li> </ol>	<p>Trail benefits can be largely amplified through programs that promote specific values and encourage typically disadvantaged groups (like minorities, women, or people with diverse abilities) to use trails.</p>
<p>(With sizable investments) Support other applicants besides community groups.</p>	<p>Other organizations also have difficulty accessing funds for trail projects and can benefit from access to more funds.</p>

## BC Fund Research

The objective of this research is to inform how a trail fund may be built, to understand important characteristics of successful funds, and to outline the options available. A fund refers to any organization or account that can collect, store, and distribute funds to projects that advance the fund's objectives. *Table 2* provides an overview of eight diverse funds that were reviewed. Notably the Off-Road Vehicle (ORV) Trail Fund, the Parks Enhancement Fund, the BC Parks Foundation, and the Habitat Conservation Trust Foundation were reviewed the most thoroughly and with interviews. As such, a more detailed description of these four funds can be found in *Appendix B1: Detailed Fund Research*.

**Table 2: Overview of BC Funds**

	Purpose	Structure	Sources
ORV Trail Fund	Support ORV trails and, safe & responsible ORV trail use	Special Account ( <i>Special Accounts Appropriation and Control Act</i> ) managed by RSTBC	ORV License Fees
Parks Enhancement Fund	Enhance provincial park services and protect conservation & heritage values of parks	Special Account ( <i>Special Accounts Appropriation and Control Act</i> ) managed by BC Parks	BC Park themed license plates (largest); stumpage fees; general donations; direct donations to parks or project; commemorative gifting; and surcharge on camping reservations
BC Parks Foundation	Enhance and protect parks by promoting and supporting public interest, engagement, involvement, and contributions to parks	Foundation	Partnerships; donations (largest); merchandise sales; and initial \$10 million endowment from BC government
Habitat Conservation Trust Foundation	Improve conservation of fish, wildlife, and their habitats by funding conservation projects and environmental education	Foundation and Legislative Trust	Surcharge license revenue (62%); restricted contributions and court awards (17%); investment income (16%); special permits auction (2%); land management revenue (1%); sales of education material and educational contributions (1%); and general donations (1%)

BC Arts Council	Support arts and cultural activities across BC communities	Agency of BC government	BC Government (annually through legislation)
Northern Development Initiative Trust	Grow economy of central and northern BC	Corporation	Investment income from the initial \$185 million investment from the government
Via Sports	Transform and scale impact of sport	Non-profit Organization	Provincial government funding, federal government funding, private sector funding, events, interest income, contributions in kind, strategic partnerships, and other
Rural Dividends	Assist rural communities in strengthening and diversifying economies	BC Government Fund Program	Government

## Key Findings

### *3 Key Characteristics: Purpose, Structure, and Sources*

In all the reviewed funds, the purpose<sup>1</sup>, structure<sup>2</sup>, and sources<sup>3</sup> are three common characteristics that enable their creation and operation. It is common for these characteristics to be linked. For example, the *purpose* of the ORV fund is to support ORV trails. Logically, the *source* is ORV license fees, and the *structure* is a special account which enables the collection, storage, and distribution of the license fee revenue. Since the three characteristics are most often linked, it is important they be considered simultaneously when creating the BC trail fund.

### *There Are Various Ways to Build a Successful Fund*

The research illustrated how many different types of funds exist and how they can all be successful. More importantly, it enabled the identification of options. The next section of this report breaks down some key fund components to better evaluate the options available.

### *Successfully Building a Fund Depends on Circumstances*

The reviewed funds were often created in response to current needs, circumstances, or as a solution to a problem. For instance, the creation of the BC Parks Foundation was partly driven by a need to better enable donations to parks. The ORV Trail Fund was created by an opportunity born from the development of ORV regulations. The Habitat Conservation Trust was created

<sup>1</sup> Purpose refers to what the fund aims to achieve.

<sup>2</sup> Structure refers to any legal, financial, legislative, or managerial frameworks necessary for the fund to be able to collect, store, and distribute funds.

<sup>3</sup> Sources refer to incoming fund revenues.



when hunters, fishers, and anglers identified the importance of conservation and demanded a surcharge be placed on their licenses to better ensure habitat and wildlife conservation. In each case the needs, circumstances, or problems drove the creation of each fund. When developing the BC trail fund, it will be important to evaluate and leverage current needs, circumstances, and problems that could drive its creation.

## Evaluations of Options

The evaluation of options is guided by the research. The purpose, structure, and sources are the three main characteristics that should be determined before building the trail fund. As such, this evaluation outlines what options a BC trail fund has for each of the characteristics. Please see the *Appendix A: Tool 1* for quick reference and overview of the options.

### Purpose

The purpose refers to what the fund aims to achieve and how it may do so. This report assumes that the main purpose of the fund is to:

- 1) Provide reliable and consistent funding that will help better overcome the challenges trails face and to better promote their benefits
- 2) Support work on *existing* trails and trail infrastructure, and
- 3) Support the community groups and volunteers that perform this work.

Given considerable investments, this fund may also support other types of projects. Alternatively, this fund may choose to also support other projects if they are able to drive more investments. The variables outlined below illustrate decisions that can impact how the fund achieves its purpose.

### Variable 1A: Type of Projects

This variable outlines possible projects and helps establish a framework to decide which projects to prioritize. As seen in *Table 3*, the two main categories are (1) trail work, and (2) programs, promotions, and education.

**Table 3: Types of Trail Projects**

Trail Work	Programs, Promotions, and Education
a) Maintenance and Improvements of <i>Existing Trails and Trail Infrastructure</i> <sup>4</sup>	a) Indigenous Stewardship, Cultural Preservation and Education
b) Construction of <i>New Trail Infrastructure</i>	b) Equity
c) Construction of <i>New Trails</i>	c) Accessibility
	d) Safety and Outdoor Education

<sup>4</sup> This may be further divided into continual maintenance and deferred maintenance

Trail work is related to the trail itself and its surrounding infrastructure (such as signage, parking lots, outhouses, bridges, etc.). Trail work is further divided into categories that may help differentiate between costs and authorization requirements. The second category is programs, promotions, and education. This category is for projects that help enhance the value and benefits of trails. It is further divided into potential areas of focus.

### Variable 1B: Potential Recipients

The recipients will be the ones that carry out the trail projects. As such, considerations for who is eligible to apply for funding are important. The following are categories for potential recipients. It may be in the fund's best interest to only support a handful of these groups depending on the purpose of the fund and the amount of funds available. For some of these groups, it may be more appropriate to arrange partnerships. For instance, they may be co-funders.

**Table 4: Potential Recipients**

Group	Notes
Non-Profit Organizations and Community Groups	<i>Recommended they be prioritized</i>
First Nations	
Local Governments	Municipalities or Regional Districts
Corporations	e.g., Community Forests
Government Agencies	e.g., RSTBC, or BC Parks
Individuals	<i>Not recommended</i>

### Variable 1C: Project Sizes

The total size is significant simply because a large fund can support more projects. Arguably, the larger the size, the more likely it is to achieve its purpose and the broader purpose it may have. This section suggests that the fund should start by supporting small projects and as its total size increases, then it may support larger projects. Supporting smaller projects first, would both enable the fund to support more organizations while also supporting more maintenance costs (as maintenance costs are typically lower). As seen in *Table 5*, an option may be to follow a tiered system.

**Table 5: Tiered System Example**

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Trail Work Project Costs	Below \$7,000	\$7,000 - \$20,000	\$20,000 - \$100,000	\$100,000 - \$500,000	Above \$500,000

Given limited funding, tier 1 projects can be supported. With incremental funding, new tiers can be added. It is recommended that higher tier projects be evaluated with more scrutiny. Higher tier

projects may also require more fund matching. The tiers shown in *Table 5*, are based on survey data, reference data from other funds, and research on trails costs. To reference trail costs, see *Appendix B2*.

## Variable 1D: Applicant Evaluation

The applicant evaluation process is an area that requires significant consideration. It is important that the fund promote projects that are aligned with its purpose. The purpose proposes that the fund **prioritize work on existing trails, prioritize community groups, and provide reliable and consistent funding**. There may also be times when a fund source is significant, and it requires certain factors to be weighed more heavily. The following is a list of considerations that may be made when determining the evaluation criteria. This is not an exhaustive list, nor do all these topics need to be considered in every application. In fact, it is recommended that the application process be as simple and streamlined. It is also recommended that larger projects consider more of these topics.

- Amount of maintenance
- Number of volunteer and in-kind contributions
- Indigenous led or co-led
- Addresses equity issues (such as increasing trail access for disadvantaged groups)
- Benefits to the community
- Supports or encourages tourism
- Promotes collaboration between user groups
- Protects the environment and/or promotes environmental stewardship
- Is safe and/or promotes safety
- Promotes or increases accessibility
- Protects, promotes, and teaches cultural or historical values

## Structure

The structure refers to the legal, financial, legislative, and managerial mechanisms that allow funds to be collected, stored, and distributed.

## Variable 2A: Structure

Throughout the research, eight different possible structures emerged. They each have their own advantages and disadvantages and are suitable under different circumstances. *Table 6* describes the eight structures. Below the table is a discussion on some of the advantages and disadvantages of the structures.

**Table 6: Structure Descriptions**

<b>Special Account</b>	A special account is an account that is formed in the <i>Special Accounts Appropriation and Control Act</i> . It is a provincial government account that is typically managed by a government agency. The ORV Trail Fund and the Parks Enhancement Fund are both examples of special accounts.
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<b>Legislative Trust</b>	A legislative trust is, as the name suggests, a trust formed through legislature. The trust exists in a provincial government account. The trust collects revenues and distributes them to a managing party. The Habitat Conservation Trust is an example of a legislative trust. When it was created, the managing party was the government itself. Today, the managing party is the Habitat Conservation Trust Foundation.
<b>Foundation</b>	A foundation is a charitable organization. It is typically independent of the government. That being said, the government may fund the creation of a foundation. For instance, the BC Parks Foundation received a \$10 million dollar endowment from the government when it was created. The Habitat Conservation Trust Foundation is another example of a foundation.
<b>Partnership with a Foundation</b>	A partnership with a foundation may occur when a party has funds available to distribute but the party is unable or unwilling to set up its own foundation and grant process. Instead, the party partners with an existing foundation who already has a financial system and grant process in place. The party would likely pay a management fee to the existing foundation. In turn, the foundation manages the funds for them. The Forest Enhancement Society's partnership with the HCTF is an example.
<b>Provincial Government Fund Program</b>	A provincial government fund program is typically created when a grant program aligns with current political priorities. The sources would likely come from the government's general revenues and the fund program would be managed by an appropriate sector of the government. An example is the Rural Dividends Program.
<b>Non-Profit Organization</b>	A non-profit organization may manage a grant program. For example, viaSports is a society that makes grants available to sport organizations.
<b>Corporation</b>	A corporation may distribute, collect, and hold funds. The Northern Development Initiative Trust is an example.
<b>Local Government Funds</b>	Local governments such as a municipality or a regional district may create their own fund. The research did not come across a fund like this, but it may be worth further investigation given that local governments might have interests in local trail development and may have access to different revenue sources.

The advantages of a **legislative trust** or a **special account** are that their regulatory frameworks enable funds to be protected and if a reasonably consistent source is found, then funding is sustainable. If set up with a continuous source, the fund stream requires less effort to maintain. The disadvantage is that a continuous fund source must be identified, and it likely requires a fee, tax, or fine system which may be slow to create.

The advantages of a **foundation**, a **partnership with a foundation**, or a **charitable non-profit organization** are that they can accept a variety of sources and may be able to seek sources that cannot be obtained in a government fund (e.g., federal grants). The disadvantage is it may be



difficult to accept regulated sources (unless they are trustee of a legislative trust). These types of funds require more effort to maintain (such as marketing, advocacy, or fundraising efforts) and it may be challenging to fundraise for trail maintenance.

The advantages of a **foundation**, a **non-profit organization**, or a **corporation** are that they are independent and as such have their own decision-making power. That being said, certain sources may have requirements for how their contributions are used. In the past, the provincial government has funded the set-up costs of foundations, corporations, and non-profit organizations.

The advantages of a **partnership with a foundation** are that it relieves some of the set up and financial management costs of a new foundation. It can also benefit from a foundation's existing brand equity. The disadvantage is that depending on the partnership agreement, there may be limits on what the fund can do.

The advantages of a **provincial government fund program** are that the government can fund and manage the program. The disadvantage is that the fund would likely need to align with government priorities and the fund is likely unprotected so the government may have the ability to remove funds.

The advantages of **local government funds** are that they have a direct link to revenues from residents. The disadvantage is that there would need to be multiple funds or partnerships.

## Variable 2B: Management

Management is an essential part of the fund structure because it determines or guides many of the daily operations. A few options for who may manage or play a role in the decision-making process are a board, fund staff, interest groups, or government bodies.

## Sources

Sources refer to where the fund revenue will come from. It is encouraged for revenues to come from different sources because diversification makes the fund more sustainable in the long run. The two variables, type of source and type of contributor, categorize sources to help identify new sources and to better understand what type of mechanisms are necessary to support them.

## Variable 3A: Type of Source

The type of source explains how funds enter. It is the incoming flow of revenues.

### 1) Large Sum

A large sum is characterized as a large revenue that comes in once or periodically. Large sums require acquisition efforts each time they are obtained. Most large sums will be completely used except for endowments. Endowments use investment income rather than the large sum itself; this is an advantage because it creates a sustainable source of revenues. The disadvantage of an

endowment, when compared to other large sums, is that it must be much larger to create a similar impact.

## 2) Continuous Stream

A continuous stream is characterized by a continuous flow of revenues, such as that of a fee or tax. These streams likely have higher set-up costs because a management mechanism must be established and, in the case of certain streams, accompanying legislation is also required. Another significant challenge faced with a continuous stream, is identifying a stream that will be popular and that is sizable enough to create an impact. That being said, once established, continuous streams tend to be reliable and tend to not require continual acquisition efforts.

## Variable 3B: Type of Contributor

There are two types of contributors: government and non-government. They have been divided as such because certain fund structures are better suited for one or the other. Once the sources have been chosen, this category can aid in identifying which fund structure to pursue.

### 1) Government

A government source is one in which the government provides the funds or one in which there is significant government involvement required in the collection or distribution of funds.

### 2) Non-government

A non-government source is one in which there is no government involvement. They may come from individuals or from private organizations.

## Sources Framework

Together, the two variables form a framework that helps identify new sources. In the *Recommended Fund Designs* section, the framework is used to describe which sources are best suited for each fund design. *Table 7* illustrates the different types of sources by using the variables as a framework. *Appendix A: Tool 2* provides a more specific list of possible sources.

**Table 7: Source Framework**

	Large Sum	Continuous Stream
Government	Government Grants, Contributions, & Endowments	Taxes, Fees, and Fines <sup>5</sup>
Non- Government	Donations, Sponsorships, and Grants	Creative Agreements <sup>6</sup>

<sup>5</sup> Taxes, fees, and fines typically require a legislative framework to be able to charge and collect the revenues. Examples of this type of fund are the ORV license fees of the ORV Trail Fund (legislated by the Off-Road Vehicle Act and the Special Accounts Appropriation and Control Act) and the fishing, hunting, and angling license fees of the Habitat Conservation Trust Fund (legislated by the Wildlife Act).

<sup>6</sup> Creative agreements refer to a continuous stream from a non-government entity. For example, this may be a company committing a percentage of their profits to the fund or a service provider adding a surcharge to their service and donating that surcharge to the fund.

## Recommendations

The recommendations are the next step in the process of building a trail fund. They provide a framework that facilitates the decisions-making process. The research, and the evaluation of options, guided the formation of these recommendations.

### Recommended Fund Designs

The recommended fund designs are three possible funds which are suitable for different conditions. Their designs were made by considering the three characteristics (purpose, structure, and sources) simultaneously. This section describes the fund designs and their advantages and disadvantages. It is recommended that one of the three designs be pursued depending on the circumstances

#### Option 1: Independent Fund

An independent fund is one with its own independent decision-making powers. It is the most flexible, yet it requires the most effort to maintain. Since it is the most flexible, it is best suited to host unique or complicated fund collection and distribution processes. This fund would likely require significant set-up and maintenance efforts; as such, it is best if it is large. Set-up and maintenance costs include but are not limited to establishing the necessary financial and legal frameworks, proactively and continuously seeking funds, designing and managing the grant process, supporting staff, and building brand equity.

**Table 8: Independent Fund Design**

<b>Purpose</b>	The purpose, as outlined in the purpose section, is to provide consistent and reliable funding, prioritize work on existing trails, and prioritize community groups and volunteers.
<b>Structure</b>	<p>An independent fund has its own decision-making capacity but, it can have close ties to the government and the government may sit on a decision-making board. Options for this fund include</p> <ul style="list-style-type: none"> <li>- A Foundation (Like BC Parks Foundation, like HCTF)</li> <li>- A Non-Profit (Like ViaSports)</li> <li>- A Corporation (Like NDIT)</li> </ul> <p>It is recommended that the fund structure allow for the fund to receive donations, endowments, and contributions. As such, a foundation or other charitable organization is likely the best option.</p> <p>Potential options for hosting this fund may be the ORC or a new organization<sup>7</sup></p>

<sup>7</sup> The provincial government has financed the start of various funds including the BC Parks Foundation (\$10 million), the NDIT (\$180 million) and ViaSports.

## Sources

The fund should be built in a way that allows it to accept funds from many sources. The capability to accept diverse sources is one of the key strengths in this design. It is recommended that the fund:

1. Utilize its capability to accept diverse sources by proactively seeking funding opportunities
2. Begin by pursuing a large and secure source to sustain its first few years (later it may pursue smaller or more complicated streams)
3. Involve government
4. Serve to consolidate funding options from different sources

The following are recommendations of which type of source may be pursued. For a list of actual potential sources please reference *Appendix A: Tool 2*.

### *Government Large Sum: Recommended*

It is recommended that this fund pursue various contributions, endowments, and grants from different governments (federal, provincial, and local). It may also pursue funding from different branches of government (health, tourism, forestry, parks, rural development, etc.). The trail fund can provide a new way for governments to contribute to trails without needing to manage the trail projects.

### *Non-Government Large Sum: Recommended*

It is recommended that this fund seek large donations and sponsorships from the private sector. These large contributions should ideally be ones that community groups are currently unable to access.

### *Government Continuous Stream: Not Recommended*

A government continuous stream is a regulated stream such as a fee, fine, or tax. While this can be a sustainable source of funding it is not recommended because there has not been a source identified that is currently worth pursuing. Furthermore, it is more complicated for an independent fund to receive this type of source because on top of creating a financial and legislative process, this source also requires processes that redirect revenues to the fund. One such example is the Habitat Conservation Trust Foundation's legislative trust process. If a sizable government continuous stream is identified and supported by the public, then it may be worthwhile to reconsider this source.

### *Non-Government Continuous Stream: Potential*

These would likely be creative agreements such as a company donating 1% of profits to trails. After initial funding has been secured, if a company is interested in donating through a creative agreement, then this source type may be pursued.



## Option 2: Partnership with a Foundation

This type of fund is ideal when one or a few large sources are secured, when these sources require minimal maintenance efforts, and when the grant process is straightforward. The key advantage of this approach is that the set-up and management costs are lower because it can benefit from the existing foundation's established processes. That being said, the capabilities of this fund will largely depend on the partnership agreement. Some disadvantages of this fund are that there may be limits on the grant process involvement, it may be difficult to manage numerous sources, and it may be less proactive in seeking new funding opportunities.

**Table 9: Partnership with a Foundation Design**

<b>Purpose</b>	The purpose, as outlined in the purpose section, is to provide consistent and reliable funding, prioritize work on existing trails, and prioritize community groups and volunteers.
<b>Structure</b>	<p>This fund would be created as a partnership with an existing foundation. The fund would benefit from the existing financial framework of a well-established foundation.</p> <p>It is recommended that the fund form a partnership with a foundation that has an aligned purpose</p> <p>Potential Partners:</p> <ul style="list-style-type: none"> <li>- HCTF<sup>8</sup></li> <li>- BC Parks Foundation<sup>9</sup></li> </ul>
<b>Sources</b>	<p>The ability of this fund to receive different revenue sources will completely depend on the partnership agreement. Large amounts of funding coming from one source are preferable because they simplify the partnership. However, depending on the partners flexibility, other types of funding may be possible. It is recommended that this fund:</p> <ol style="list-style-type: none"> <li>1) Seek one or few large sources that can sustain it such as contributions or endowments</li> <li>2) Seek a large sum from government</li> </ol> <p><i>Large Sum (Government and Non-Government): Recommended</i></p> <p>One or a few large sums are recommended because as mentioned earlier, they facilitate the partnership. Seeking endowments, contributions, sponsorships, and donations are encouraged. Sources that require less maintenance efforts are especially encouraged. This fund should be cautious of relying on funds that require continuous acquisition efforts (such as yearly grant applications) or continuous marketing and advocacy efforts. Continuous acquisition efforts imply the need for more staff; if this need is too great then</p>

<sup>8</sup> HCTF has experience managing funds on behalf of other organizations. If HCTF is the partner the trail fund would need to align with HCTF conservation values.

<sup>9</sup> With the BC Parks Foundations there are concerns regarding the optics of having a BC-wide trail fund in the BC Parks foundation.

an independent fund design becomes more favourable as it has more flexibility.

*Government Continuous Stream: Not Recommended*

A government continuous stream is a regulated stream such as a fee, fine, or tax. This source is not recommended given that it requires additional financial and legislative processes that may further complicate the partnership with a foundation. In the future, it may be worthwhile to reconsider this source if a sizable source with public support is identified, and if the partnership agreement allows for the source revenues to be collected and distributed.

*Non-Government Continuous Stream: Not Recommended*

A non-government continuous stream likely requires its own separate agreement with a third party. The partnership with a foundation may limit or complicate how creative agreements are made with third parties. It is best to keep the sources simple to facilitate the foundation partnership. Therefore, unless a creative agreement can be very straightforward and simple, it is recommended a non-government continuous stream not be pursued.

### Option 3: Provincial Government Fund

A provincial government fund is characterized by significant provincial government involvement. This fund is ideal if the government is willing to contribute significant funds, but they want to oversee the financial management. This fund design is also favourable if regulated source revenues (such as fee, fine, or tax revenues) are used. The disadvantages of a provincial government fund are that it is harder to receive private funding, there may be lower grant process involvement, and it may be less proactive in seeking new funding opportunities

A government fund may be built as a special account or a government fund program. A special account is preferable because it is protected, and it is better structured to receive funding from various sources. A government fund program should only be pursued if the other options are not viable; this is mainly because fund programs are typically not protected and rely on policy decisions. That being said, a fund program can be an effective funding option in the short term.

**Table 10: Government Fund Design**

<b>Purpose</b>	The purpose, as outlined in the purpose section, is to provide consistent and reliable funding, prioritize work on existing trails, and prioritize community groups and volunteers.
<b>Structure</b>	Two options:  1) Special Account <i>Recommended</i> because the funds are protected (they are legislated) and it can be built with the capacity to accept funds from different sources.

	<p>2) Government Fund Program</p> <p><i>Not recommended</i> because funds are not protected, and it is unlikely to be able to accept other fund sources. It is recommended this fund only be pursued if no other fund can be created.</p> <p>Both funds require significant government involvement and initiative.</p>
Sources	<p>Special Account</p> <p><i>Government Large Sum: Recommended</i></p> <p>For a special account, the government can attribute a starting balance to the account from their budget. It is recommended this be pursued.</p> <p><i>Non-Government Large Sum: Potential</i></p> <p>It is possible for special accounts to receive donations. However, the Parks Enhancement Fund has experienced challenges in having people donate because people perceive their donations to be going towards the government. Unfortunately, there does not seem to be a way to bypass this because a special account is a government account.</p> <p><i>Government Continuous Stream (Regulated Sources): Recommended</i></p> <p>A key benefit of having a special account is that it is well suited to receive regulated fund sources such as fee, fine, or tax revenues. As such, if a viable source is identified, it is recommended it be pursued.</p> <p><i>Non-Government Continuous Stream: Not Recommended</i></p> <p>Such a source is not recommended because it seems unlikely that non-government contributors would agree to give a continuous flow of funds to a government fund.</p> <p>Government Fund Program</p> <p><i>Government Large Sum: Recommended</i></p> <p>This is likely the only source for this fund. This fund would likely be created if trails become a political priority.</p> <p><i>All Other Sources: Unlikely</i></p> <p>As a government fund program, all other sources are unlikely.</p>

## Creating the Fund - Short Term Actions

The recommended next steps are outlined below. Steps 1 to 5 encompass the immediate and short-term recommendations, while step 5 also include long-term considerations.

## Step 1: Assess Interest Levels of Potential Recipients

The desired outcomes of this step are to:

- 1) Better assess interest in a trail fund
- 2) Understand if any changes need to be made before continuing, and
- 3) Raise awareness of the fund

It is known that there is interest in having access to more reliable and sustainable trail funding and that organizations in BC are interested in trail funds. A BC survey<sup>10</sup> asked trail-related organizations about the type of trail projects they undertake and their funding. The survey was primarily answered by non-profit organizations. It found that 48% of organizations cannot take on trail projects due to a lack of funding. Furthermore, most respondents indicated that if trail funding were to become available, they would be extremely likely to apply. The survey found that 97% of the organizations<sup>11</sup> maintained trails, and 73% of them also maintained existing trail infrastructure.

It has yet to be evaluated whether the BC Trail Fund that is proposed in this report will meet the needs of British Columbians and properly address the issues surrounding funding. As such, it is recommended that feedback be received from potential recipients, namely community groups and volunteers. *Table 11* recommends an approach for receiving feedback from such groups.

**Table 11: Approach to Assessing Potential Recipient Interest Levels**

<b>Goal</b>	Facilitate conversations to measure interest levels and whether the fund vision aligns with the needs of community groups and volunteers.
<b>Action</b>	Present the trail fund vision
<b>Medium</b>	Direct conversations with stakeholders AND/OR a webinar
<b>Audience</b>	<p>Suggestions</p> <ul style="list-style-type: none"> <li>- Trail survey respondents</li> <li>- ORC members</li> <li>- Groups related to PTAB</li> </ul>
<b>Questions</b>	<ul style="list-style-type: none"> <li>- Are they interested in a trail fund?</li> <li>- Do they expect the trail fund will meet their needs? If not, what would need to change?</li> <li>- How much funding do they need? How much funding would they want?</li> <li>- Are they interested in endorsing the fund?</li> </ul>
<b>This step is complete when</b>	Interest levels from potential recipients indicate that the fund would be helpful. If other challenges or barriers are encountered, then it is recommended they be addressed before continuing.

<sup>10</sup> [BC Trail Survey Findings](#)

<sup>11</sup> These are organizations that actively worked on trails in 2018 and 2019.



## Step 2: Gather Supporters and Contact Potential Partners

The desired outcomes for this step are to:

- 1) Gather support for the fund
- 2) Assess number of supporters available
- 3) Raise awareness of the fund
- 4) Assess partner alignment with trail fund if a partnership with a foundation is being considered

Supporters are those that are interested in endorsing the fund. They may play a key role in persuading large contributors to invest in the fund.

**Table 12: Approach to Gather Supporters**

<b>Goal</b>	To bring together groups of people or organizations that are interested in endorsing the fund.
<b>Action</b>	Present the trail fund vision
<b>Medium</b>	Direct conversations with stakeholders and/or public petitions
<b>Audience</b>	<p>1) <i>Organizations and people that directly or indirectly benefit from trails</i></p> <p>This is an opportunity to engage with potential recipients that were not contacted for feedback in step 1. Additionally, because trails have many direct and indirect benefits, even those not eligible to receive funding may still be interested in endorsing the trail fund. Suggestions:</p> <ul style="list-style-type: none"> <li>- Public (especially trail users)</li> <li>- Indigenous Tourism BC</li> <li>- Indigenous Peoples<sup>12</sup></li> <li>- BC Chamber of Commerce and/or Business Council of BC<sup>13</sup></li> <li>- Tourism Industry Association of BC</li> <li>- BC Hotel Association</li> <li>- Wilderness Tourism Association of BC</li> <li>- UBCM (Union of BC Municipalities)<sup>14</sup></li> <li>- BC River Outfitters Association</li> <li>- Federation of Mountain Clubs of BC</li> <li>- Trails BC</li> <li>- MBTA</li> <li>- Horse Council of BC</li> <li>- Back Country Horsemen of BC</li> </ul>

<sup>12</sup> Trails in BC are largely on the unceded traditional territories of BC First Nations. Engaging with Indigenous peoples is a starting point to ensure their voices are heard, and to advance reconciliation efforts.

<sup>13</sup> Economic sector - trails can encourage economic spending, tourism, and rural development which may help with economic recovery.

<sup>14</sup> Trails have many local benefits that local governments may be interested in enhancing.

	<ul style="list-style-type: none"> <li>- IMBA</li> <li>- BC Snowmobile Federation</li> <li>- BC Federation of Drift Fishers</li> <li>- BC Marine Trails</li> <li>- Four Wheel Drive Association of BC</li> <li>- Cross Country BC</li> <li>- Kootenay Adaptive Sport Association</li> <li>- Quad Riders Association of BC</li> <li>- BC Lodging and Campground Association</li> <li>- Backcountry Lodges of BC Association</li> <li>- Adventure Tourism Coalition</li> <li>- Recreational Canoeing Association of BC</li> <li>- BC Lapidary Society</li> <li>- BC Off-Road Motorcycle Association</li> <li>- CPAWS</li> <li>- Elders Council for Parks in BC</li> </ul> <p>2) <i>Potential partner foundations</i> Potential partner foundations should also be contacted if a partnership is being considered.</p>
<b>Questions</b>	<ul style="list-style-type: none"> <li>- Are they willing to endorse the fund?</li> <li>- Are there other ways they are willing to support the fund? (e.g., Research)</li> <li>- (For potential partners) Is the trail fund a good match for the partner foundation?</li> </ul>
<b>This step is complete when</b>	Key supporters have been contacted AND (if partnership is being considered) when potential partners have been evaluated.

### Step 3: Assess Interest Levels of Contributors

The desired outcomes for this step are to:

- 1) Assess who is interested in contributing to the fund
- 2) Estimate sizes of potential contributions
- 3) If possible, obtain funding commitments

The information collected in this step will help determine whether there are enough potential contributions for the trail fund to be built, and it will help inform which fund design to pursue.

**Table 13: Approach to Assessing Contributor Interest Levels**

<b>Goal</b>	To facilitate conversations that will help measure interest in contributing to the fund.
<b>Actions</b>	<ol style="list-style-type: none"> <li>1) Utilize the list of possible sources <i>Appendix A: Tool 2</i>, to identify priority sources. These will help identify the potential contributors.</li> <li>2) Prioritize large contributors. The goal of this step is to find sufficient potential contributions. Larger contributions are beneficial because they may allow the fund to be built faster.</li> <li>3) Present the trail fund vision <ul style="list-style-type: none"> <li>○ At this point it is recommended that trail fund <i>endorsements</i> be highlighted or that trail fund <i>supporters</i> be involved.</li> <li>○ It may also be beneficial to highlight the specific <i>benefits of trails</i> and <i>issues</i> that arise when trails are not maintained.</li> </ul> </li> </ol>
<b>Medium</b>	Direct conversations with stakeholders
<b>Audience</b>	The audience are the potential contributors.
<b>Questions</b>	<ul style="list-style-type: none"> <li>- Are they interested in contributing?</li> <li>- How much are they interested in contributing?</li> <li>- Will we need to develop mechanisms to support their contributions? (e.g., regional filters, filters by priority area, requests to sit on board, etc.)</li> </ul>
<b>This step is complete when</b>	There is strong commitment or intention to commit funds and if the estimated fund income is enough to build the trail fund. The potential sources and estimated size of funds should be known.

#### Step 4: Choose the Fund Option Most Compatible with Interest Levels

The desired outcome for this step is to:

- 1) Choose a fund structure to pursue

Re-evaluate the three fund designs with the information of what the potential sources may be. *Table 14*, suggest conditions to help identify which design is most suitable for the circumstances. If none of the fund designs are well suited, then revisit the evaluation of options and design a new fund or find new sources that suit one of the three fund designs.

**Table 14: Guidelines to Help Identify Suitable Fund Design**

Independent Fund
<p>An independent fund should be pursued:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> IF the fund can secure funding for the set-up costs and for the necessary staff to manage the fund</li> <li><input type="checkbox"/> AND IF an independent fund is preferred to a partnership with a foundation OR a partnership is not possible</li> </ul>

An independent fund is preferred to a partnership with a foundation:

- IF the application process is extensive and if it would benefit from having a unique set-up that cannot be accomplished through a partnership with a foundation
- IF the fund will be able to build a strong brand equity and motivate more contributions than it would through a partnership
- IF large amounts of funding are obtained
- IF there are many sources OR IF funding sources require complicated processes

#### Partnership with a Foundation

A partnership with a foundation should be pursued:

- IF the set-up cost of an independent fund is too high
- AND IF a partnership agreement that is compatible with the fund's goals can be established

A partnership with a foundation is preferable:

- IF fund revenues come from a small number of large endowments or contributions
- IF the application process is simple (in other words if the partner foundation can manage the application process)

#### Government Fund

A government fund (special account or fund program) is preferable:

- IF government sources are the main or only sources

A special account fund should be pursued

- IF government is only willing to make a large contribution to trails if government manages the fund
- OR IF a suitable regulated continuous fund source is identified

A government fund program should be pursued

- IF government is only willing to make a large contribution to trails if government manages the fund
- AND IF a special account fund cannot be set up

## Step 5: Build the Fund

Based on the research, this section suggests actions and recommends specific fund characteristics.

### Suggested Actions

It is recommended that the three key characteristics (purpose, structure, and sources) of the trail fund be reviewed to evaluate whether they are likely to work harmoniously. The *Appendix A: Tool 1 Building a Trail Fund Checklist and Recommendations*, is especially helpful to review the

options as they relate to the more specific details of fund building. Additionally, *Appendix B3* provides advice and considerations for building a trail fund that emerged from conversations with people involved in the trail sector or with BC funds. It is recommended this be done before building the fund.

At this point, the fund should begin to take form. The next steps may include:

- Establishing legal, financial, or legislative processes
- Determining management and management processes
- Creating guiding documents (such as a mandate, strategic plan, etc.)
- Developing a grant process

### Characteristics for Long-Term Success

To ensure the long-term success of the trail fund. It is recommended that it aim to encompass the following characteristics. There are suggested actions below each characteristic that describe how it may be achieved.

#### *1. Adaptable and Proactive*

An adaptable and proactive approach will allow the fund to grow and evolve with the surrounding environment. The fund should have the capacity to collect up-to-date information. This data will ensure the fund is meeting the needs of its stakeholders and it will allow the fund to make informed decisions. Overall, this will help engage stakeholders and keep the fund relevant.

#### Actions

- Develop policies that enable growth and adaptation
- Develop an information collection system that will alert when trails require increased attention such as recurring trail audits<sup>15</sup>
- Update trail benefit information<sup>16</sup>
- Consistently evaluate operating landscape and seek new funding opportunities
- Communicate with stakeholders to evaluate their satisfaction

#### *Ensure Long Term Funding*

Long-term funding is essential for the success of the fund. The following actions are ways in which long-term funding can be ensured.

#### Actions

- Secure a continuous stream or a significant endowment
- Diversify fund sources

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<sup>15</sup> It seems that an issue in the BC trail sector is that there is no updated information on the state of trails. As such, it is difficult to estimate how much funding is needed and what the impact of those funds may be.

<sup>16</sup> Updated trail benefit information can help persuade contributors that directly or indirectly benefit from trails.



- Legislate trail funding or maintenance requirements<sup>17</sup>
- Maintain good fiscal management and transparent policies

### *Encourage Collaborations and Promote Trail Stewardship*

BC is a large province, and its trail system is extensive. Throughout the research, it has become increasingly clear that efforts are required from different areas to maintain it. For one, even if the trail fund were to become incredibly large, it would still require the support of landowners, land managers, and trail workers. Everyone's capacity must be matched to achieve the best outcome.

#### Actions:

- Support land management entities such as BC Parks, RSTBC, and local governments.
- Promote collaborations between governments, First Nations, community groups, and users<sup>18</sup>
- Promote trail stewardship<sup>19</sup>

## Concluding Message

This report provides a systematic approach to building a trail fund. Its goal is to provide the reader with a guide for understanding fund models and a plan to build a new fund. The first part of the report provides the reader with a vision for a BC trail fund. Next, research, key findings, and options are presented to help the reader understand the basis and rationale behind the recommendations. Finally, recommendations and suggestions are outlined to guide the reader in the next steps of building a trail fund.

### *Limitations*

The recommendations and suggestions in this report are based on research conducted in 2021. They depend on the accuracy and fair presentation of information and data collected through interviews, discussions, and review of available documents. They are further limited by the availability of information and data in 2021. When following this report, readers are encouraged to re-assess the information, recommendations, and suggestions presented with current information and data. This report is not exhaustive. Therefore, readers are also encouraged to assess options beyond this report. There are other ways to approach building a fund that are not outlined. Reliance placed on the information presented in this report is done at the reader's own risk. The author and the Outdoor Recreation Council of BC disclaim any associated liability.

<sup>17</sup> Legislation can set clear requirements and responsibilities for trail maintenance or funding. See the following link for an example of a US Trail Stewardship Act. <https://www.fs.usda.gov/managing-land/trails/trails-stewardship-act>

<sup>18</sup> This can be collaborative projects such as co-funded trails; or the fund can bring together funding from different sectors that may not otherwise work together (for example: funding from tourism, health, and infrastructure could all help fund a trail).

<sup>19</sup> Trails rely on trail stewards that help build and maintain.

## Appendix A: Toolkit

### Tool 1: Building a Trail Fund Checklist and Recommendations

This tool serves as a guide to build a trail fund. It uses the variables developed in the consideration of characteristics section. This is not an exhaustive list, rather a starting point for important considerations and discussions.

Checklist	Recommendations
<p><b>Purpose:</b> As outlined in the purpose section, is to <i>provide consistent and reliable funding, prioritize work on existing trails, and prioritize community groups and volunteers.</i></p>	
<p><b>Variable 1A: Type of Projects</b> Pick one or more.</p> <p><i>Trail Work:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Maintenance and Improvements of <i>Existing Trails and Trail Infrastructure</i><sup>20</sup></li> <li><input type="checkbox"/> Construction of <i>New Trail Infrastructure</i></li> <li><input type="checkbox"/> Construction of <i>New Trails</i></li> </ul> <p><i>Programs, Promotions, and Education:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Indigenous Cultural Preservation and Education</li> <li><input type="checkbox"/> Equity</li> <li><input type="checkbox"/> Accessibility</li> <li><input type="checkbox"/> Safety and Outdoor Education</li> </ul>	<p>Begin with <i>Trail Work: Maintenance and Improvements of Existing Trails and Trail Infrastructure.</i></p> <p>Add other options</p> <ol style="list-style-type: none"> <li>1) If funds allow, OR</li> <li>2) If other options will draw in significant support or increases in funding</li> </ol>
<p><b>Variable 1B: Potential Recipients</b> Pick one or more:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Non-Profit Organizations and Community Groups</li> <li><input type="checkbox"/> First Nations</li> <li><input type="checkbox"/> Local Governments</li> <li><input type="checkbox"/> Corporations</li> <li><input type="checkbox"/> Government Agencies</li> <li><input type="checkbox"/> Individuals</li> </ul>	<p>Begin with <i>Non-Profit Organizations and Community Groups.</i> If funds allow, add other options.</p>
<p><b>Variable 1C: Project Sizes</b> Pick one or more</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Tier 1: Below \$7,000</li> <li><input type="checkbox"/> Tier 2: \$7,000 - \$20,000</li> <li><input type="checkbox"/> Tier 3: \$20,000 - \$100,000</li> <li><input type="checkbox"/> Tier 4: \$100,000 - \$500,000</li> <li><input type="checkbox"/> Tier 5: Above \$500,000</li> </ul>	<p>Begin with <i>Tier 1.</i> If funds allow, add other options.</p>

<sup>20</sup> This may be further divided into continual maintenance and deferred maintenance

<p><b>Variable 1D: Applicant Evaluation</b></p> <p>Develop one or more of these topics as criteria for applicant evaluation</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Amount of maintenance</li> <li><input type="checkbox"/> Amount of volunteer and in-kind contributions</li> <li><input type="checkbox"/> Indigenous led or co-led</li> <li><input type="checkbox"/> Addresses equity issues (such as increasing trail access for disadvantaged groups)</li> <li><input type="checkbox"/> Benefits to the community</li> <li><input type="checkbox"/> Supports or encourages tourism</li> <li><input type="checkbox"/> Promotes collaboration between user groups</li> <li><input type="checkbox"/> Protects the environment and/or promotes environmental stewardship</li> <li><input type="checkbox"/> Is safe and/or promotes safety</li> <li><input type="checkbox"/> Promotes or increases accessibility</li> <li><input type="checkbox"/> Protects, promotes, and teaches cultural or historical values</li> </ul>	<p>As the fund is being built, re-evaluate the purpose of the fund and the stakeholders involved. Then assess whether these topics are a relevant and necessary part of the applicant evaluation.</p> <p>Evaluate more of these topics for larger projects. It may be too burdensome for small organizations requesting small grants to consider many impact areas.</p>
<b>Structure</b>	
<p><b>Variable 2A: Structure</b></p> <p>Pick one</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Special Account</li> <li><input type="checkbox"/> Legislative Trust</li> <li><input type="checkbox"/> Foundation</li> <li><input type="checkbox"/> Partnership with a Foundation</li> <li><input type="checkbox"/> Provincial Government Fund</li> <li><input type="checkbox"/> Non-profit</li> <li><input type="checkbox"/> Corporation</li> <li><input type="checkbox"/> Local Government Funds</li> </ul>	<p>Pick the structure based on the sources. Certain structures are better suited for certain sources.</p>
<p><b>Variable 2B: Management</b></p> <p>Pick one or more</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> board (representing different groups and/or sectors)</li> <li><input type="checkbox"/> fund staff</li> <li><input type="checkbox"/> interest groups (such as non-profit outdoor recreation organizations)</li> <li><input type="checkbox"/> government bodies</li> </ul>	<p>As the fund is being built, re-evaluate the purpose of the fund and the stakeholders involved. Then assess who is best suited to manage the fund and to evaluate applicants.</p>

Sources	
<p><b>Variable 3A: Type of Source AND Variable 3B: Type of Contributor</b></p> <p>Where do your sources mainly come from?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Government Large sum</li> <li><input type="checkbox"/> Government Continuous stream</li> <li><input type="checkbox"/> Non-government Large sum</li> <li><input type="checkbox"/> Non-government Continuous stream</li> </ul> <p>Is the structure well suited to support these sources?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Yes</li> <li><input type="checkbox"/> No</li> </ul> <p>If NO, are those sources vital?</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Yes, then adapt your structure to support those sources, pick a different structure, or find new sources</li> <li><input type="checkbox"/> No, then focus on the other sources that do suit your structure</li> </ul>	<p>Assess interest level from probable contributors and estimate sizes of contributions. Then use the variables to categorize the types of contributions; this will aid in visualizing how these funds will impact the fund. Use this information to assess which structure is most suitable.</p>

## Tool 2: List of Possible Sources

The list provides potential fund sources. This is not an exhaustive list. Please note, some of these sources may require specific application criteria such as regional filters or specific project deliverables.

<p><b>Government Large Sum</b></p>	<p><i>Contributions or endowments from:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Provincial Government - general</li> <li><input type="checkbox"/> Provincial Government Ministries<sup>21</sup> <ul style="list-style-type: none"> <li><input type="checkbox"/> Environment &amp; Climate Change Strategy</li> <li><input type="checkbox"/> Forests, Lands, Natural Resource Operations &amp; Rural Development</li> <li><input type="checkbox"/> Health</li> <li><input type="checkbox"/> Indigenous Relations &amp; Reconciliation</li> <li><input type="checkbox"/> Jobs, Economic Recovery, and Innovation</li> <li><input type="checkbox"/> Tourism, Arts, Culture and Sport</li> <li><input type="checkbox"/> Transportation &amp; Infrastructure</li> </ul> </li> <li><input type="checkbox"/> Local Governments<sup>22</sup> <ul style="list-style-type: none"> <li><input type="checkbox"/> First Nations</li> <li><input type="checkbox"/> Regional Districts</li> </ul> </li> </ul>
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<sup>21</sup> Trails benefit many sectors; thus, certain ministries may be specifically interested in contributing.

<sup>22</sup> Trails have local benefits; thus, it may be beneficial to seek funding or partnerships from local governments.

	<ul style="list-style-type: none"> <li><input type="checkbox"/> Municipalities</li> <li><input type="checkbox"/> Federal Government</li> <li><i>Government grants<sup>23</sup>:</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> British Columbia           <ul style="list-style-type: none"> <li><input type="checkbox"/> <a href="#">Community Gaming Grants</a> (lotteries)</li> <li><input type="checkbox"/> Investing in Canada Infrastructure Program - BC - <a href="#">Community, Culture and Recreation Infrastructure</a></li> <li><input type="checkbox"/> Investing in Canada Infrastructure Program - BC - <a href="#">Clean BC Communities Fund</a></li> <li><input type="checkbox"/> Infrastructure Grants</li> <li><input type="checkbox"/> Economic Recovery Grants</li> </ul> </li> <li><input type="checkbox"/> <i>Canada</i> <ul style="list-style-type: none"> <li><input type="checkbox"/> <a href="#">Forest Innovation Program</a></li> <li><input type="checkbox"/> <a href="#">Strategic Innovation Fund</a></li> <li><input type="checkbox"/> <a href="#">Western Economic Diversification Canada</a></li> <li><input type="checkbox"/> <a href="#">EcoAction Community Funding Program</a></li> <li><input type="checkbox"/> Investing in Canada Infrastructure Program</li> <li><input type="checkbox"/> Gas Tax Funds</li> <li><input type="checkbox"/> Carbon Tax Funds</li> </ul> </li> </ul> </li> </ul>
<p><b>Non-Government Large Sum</b></p>	<p><i>Caution:</i> Some of these sources may already provide trail funding to organizations. It is important to consider whether the trail fund will be substituting existing trail funding streams. It is best to pursue sources that trail organizations are not able to easily access.</p> <p>When pursuing these sources consider incentives for investing such as tax receipts, increased brand exposure, or support for their customer base.</p> <p><i>Donations, sponsorships, or private grants from:</i></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> General public or major individual investors</li> <li><input type="checkbox"/> Mining, oil &amp; gas, forestry, or energy       <ul style="list-style-type: none"> <li><input type="checkbox"/> Teck</li> <li><input type="checkbox"/> Fortis</li> <li><input type="checkbox"/> Mining Association of BC</li> <li><input type="checkbox"/> Interior Forest Association</li> <li><input type="checkbox"/> Coastal Forest Association</li> <li><input type="checkbox"/> BC Hydro</li> <li><input type="checkbox"/> Columbia Basin Trust (regionally focused)</li> </ul> </li> <li><input type="checkbox"/> Sporting goods manufacturers and retailers       <ul style="list-style-type: none"> <li><input type="checkbox"/> Arc'teryx</li> <li><input type="checkbox"/> MEC</li> <li><input type="checkbox"/> Patagonia</li> <li><input type="checkbox"/> Canadian Tire</li> <li><input type="checkbox"/> Sports Check</li> </ul> </li> </ul>

<sup>23</sup> Depending on the trail fund set-up, it may be eligible to apply for grants.



	<ul style="list-style-type: none"> <li><input type="checkbox"/> BC Bike companies (e.g., Norco)</li> <li><input type="checkbox"/> Canadian Independent Bicycle Retailers Association (CIBRA)</li> <li><input type="checkbox"/> Big Motorized</li> <li><input type="checkbox"/> Cabela's</li> <li><input type="checkbox"/> Major corporations based in BC or with a large BC presence <ul style="list-style-type: none"> <li><input type="checkbox"/> A&amp;W</li> <li><input type="checkbox"/> Telus</li> <li><input type="checkbox"/> Jim Pattison Group</li> <li><input type="checkbox"/> Lions Gate Entertainment</li> <li><input type="checkbox"/> Vancouver Airport Authority</li> <li><input type="checkbox"/> Bosa Properties</li> <li><input type="checkbox"/> Polygon Family of Companies</li> <li><input type="checkbox"/> Northland Properties</li> </ul> </li> <li><input type="checkbox"/> Banks &amp; credit unions</li> <li><input type="checkbox"/> Outdoor recreation service providers <ul style="list-style-type: none"> <li><input type="checkbox"/> Guided tours</li> </ul> </li> <li><input type="checkbox"/> Events</li> <li><input type="checkbox"/> <a href="#">BC Real Estate Foundation</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Columbia Basin Trust</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Island Coastal Economic Trust</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Northern Development Initiative Trust</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Island Coastal Economic Trust</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Northern Development BC</a> (grants)</li> <li><input type="checkbox"/> <a href="#">Strategic Priorities Fund</a> (grants)</li> <li><input type="checkbox"/> <a href="#">BC Healthy Communities Society</a> (grants)</li> </ul>
<p><b>Government Continuous Stream</b></p>	<p><i>Taxes, Fees, and Fines</i></p> <p>There are two approaches to pursuing this fund source. One is to redirect revenues from an existing tax, fee, or fine. The second is to create a new tax, fee, or fine. Some of the following suggested sources may already exist.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Gas tax</li> <li><input type="checkbox"/> Tourism accommodation tax (<i>Municipal and Regional District Tax</i>)</li> <li><input type="checkbox"/> Property tax</li> <li><input type="checkbox"/> Outdoor recreation equipment/sporting goods tax</li> <li><input type="checkbox"/> Commercial recreation license fees (e.g., adventure tourism operator)</li> <li><input type="checkbox"/> Outdoor recreation event fees</li> <li><input type="checkbox"/> Fines for harmful<sup>24</sup> outdoor recreation activities</li> <li><input type="checkbox"/> Trailhead parking fees</li> <li><input type="checkbox"/> Campground fees</li> <li><input type="checkbox"/> Resource roads authorization fees</li> </ul>

<sup>24</sup> Could be for damages caused on environmentally sensitive, or culturally sensitive areas.

	<ul style="list-style-type: none"> <li><input type="checkbox"/> Outdoor recreation courses fees (e.g., avalanche safety, snowmobiling, skiing, first aid, etc.)</li> <li><input type="checkbox"/> Resource extraction (e.g., stumpage fees)</li> <li><input type="checkbox"/> Annual BC trail pass fee</li> </ul> <p>Considerations:</p> <ul style="list-style-type: none"> <li>- Taxes or fees increase prices which may discourage people from doing that activity. Typically, one does not want to discourage positive activities.</li> <li>- It may be acceptable to regulate some activities, even if they are generally positive. (For example, ORVs are regulated.)</li> <li>- People may be willing to accept new fees or taxes if it will provide them with a benefit.</li> </ul>
<p><b>Non-Government Continuous Stream</b></p>	<p><i>Creative Agreements</i></p> <p>They require direct partnerships with the fund provider. These partnerships provide a continuous stream of funds. The following are ideas for what these agreements may be.</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Optional annual trail passes</li> <li><input type="checkbox"/> Outdoor Adventurer Card<sup>25</sup> (like a <a href="#">SPC Card</a>)</li> <li><input type="checkbox"/> 1% of profits for trails<sup>26</sup></li> <li><input type="checkbox"/> Self-imposed fees on attractions, accommodations, retail, food, guides, lessons, events, etc.<sup>27</sup></li> <li><input type="checkbox"/> Merchandise sales</li> <li><input type="checkbox"/> Partnership with map apps such as Trail Forks or Strava</li> <li><input type="checkbox"/> Sources in the <i>government continuous stream</i> category may be suitable for creative agreements if they are pursued on a voluntary basis.</li> <li><input type="checkbox"/> Sources in the <i>non-government large sum</i> may be suitable candidates for creative agreements.</li> </ul>

<sup>25</sup> People purchase a membership and get exclusive deals at participating locations. Membership revenue would go to the trail fund. It requires partnerships with corporations.

<sup>26</sup> For example, a sporting good company commits 1% of profits to the trail fund.

<sup>27</sup> For example, for every sale, \$1 will go to the trail fund; or for every tour, \$1 will go to the trail fund

## Appendix B: Research

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### 1: Detailed Fund Research

#### The Off-Road Vehicle Trail Fund

The Off-Road Vehicle Trail Fund (ORV Fund) aims to support the construction and maintenance of off-road vehicle (ORV) trails; and to support and promote the safe and responsible use of ORVs. It was created by the BC provincial government when they were developing regulations for ORVs (which included licenses for ORVs). A reason the ORV sector supported the ORV regulations was that they would help track their vehicles and protect them from theft. It was agreed that part of the ORV license fee revenues should be reinvested into the ORV sector, which was done by creating the ORV Fund. It is unlikely that the ORV Fund would have been created without the creation of ORV regulations.

##### *Type of Fund*

The ORV Fund is a special account within the BC government. Its financial structure exists within the government and it is protected by law. Namely, it is part of the *Special Accounts Appropriation and Control Act*. The act protects funds from being used for purposes that it is not intended for. The RSTBC staff have found this protection to be imperative. The fund is officially called the Off-Road Vehicle Trail Management Sub-Account, of the Forest Stand Management Fund Special Account.

The fund is also enabled by the *Off-Road Vehicle Act* which establishes ORV regulations and allows the Insurance Corporation of BC (ICBC) to charge and collect ORV license fees.

Recreation Sites and Trails BC (RSTBC) administers the fund. Since the fund operates on a yearly cycle, there is a cyclical demand for staff. In other words, workload related to the fund may be high at times and low at others. No one works on the fund full-time year-round. The fund requires several administrative steps which include:

- Developing and running a grant process
- Creating a website that hosts information
- Creating and operating an applicant evaluation system
- Hosting a panel for applicant evaluations
- Having staff available to answer questions, to review applications and final project reports, and to visit the project sites

The BC Power Sports Coalition (BCPSC) are responsible for part of the applicant evaluation and are the main stakeholders that are consulted. The BCPSC is a representative group of the 3 main ORV user groups.

##### *Fund Revenues*

The source of funds are the ORV license registration fees that are collected by ICBC. The ORV license fee is a one time \$48 fee per vehicle.

The planned yearly total size of the ORV fund is between \$100,000 to \$250,000 depending on the growth of the fund. Funding is available yearly from 2018-2022. The fund receives approximately 30 to 40 applications per year. Applicants may receive:

- \$1,000 to \$20,000 for ORV trail construction and maintenance
- \$1,000 to \$10,000 for safe and responsible use of ORVs

#### *Fund Distributions*

A minimum of 25% of funds goes to the safe and responsible use of ORVs. Additionally, funds are divided equally among ATVs, off-road motorcycles, and snowmobiles. If funds of one group are not completely used, they may be transferred to another group or saved for the following year.

Applicants are evaluated based on RSTBC scoring and BCPSC scoring. Scoring is mostly qualitative. Furthermore, applicant projects must be aligned with the fund objectives, be a legal entity, have all required authorization, have available funds to match the ORV grant, and provide details of their project and its impacts.

## Parks Enhancement Fund

The BC Parks Enhancement Fund aims to enhance the services offered in provincial parks and to protect the conservation and heritage values of parks. It was created at a time when the BC Parks budgets were being cut. The leadership team at BC Parks knew there were people interested in contributing to parks and they wanted to provide a way for the public to donate to parks. The Parks Enhancement Fund was thus created. The fund accepts donations and receives revenues from other sources. Notably, the fund has found it challenging to receive donations because the public feels as if they are donating to the government. Regardless, the fund has been successful; especially in receiving revenue from the license plates program.

#### *Type of Fund*

The Parks Enhancement Fund (PEF) is a special account within the BC government. Like the ORV Fund, the PEF is enabled by the *Special Accounts Appropriation and Control Act*. The Act establishes what revenue the fund may receive and outlines how funds may be utilized.

The PEF is administered by BC Parks. Currently, there are two staff members that work on the fund full-time, and two staff members and a manager that work on the fund part-time. Among their tasks, they manage fund operations, improve processes, and update information. Apart from the PEF staff, several committees are formed to determine how the funds will be used. They are organized by fund allocation and they involve BC Parks staff.

#### *Fund Revenues*

The PEF started with an initial balance of \$100,000 and with the capacity to accept other revenue such as donations, stumpage fees, funds from agreements, and sale income (from maps,

informational material, educational products, promotional products, services, and advertising space).

The largest source of revenue is from the License Plate Program. The license plate program is a partnership between the government and ICBC. They offer specialty BC Parks-themed license plates for \$50 (and \$40 for a renewal). Net proceeds go to the PEF.

Other revenues sources include:

- Stumpage fees which generate between \$5,000 - \$100,000 per year
- General donations which generate around \$100,000
- Direct donations to parks or project which generate variable revenues
- Commemorative gifting which does not generate significant fund (It tends to break-even)
- Surcharge on camping reservations which is newer and tend to break-even

### *Fund Distributions*

The PEF distributes funds on a yearly basis. Decisions are made by committees in a quick and intense review process. The committees' decisions are driven by policy set out in the *Special Accounts Appropriation and Control Act*; and more specifically by the six key purposes of the PEF. All funds must go towards improvements and cannot be used for recurring costs or operations. BC Parks staff advises that it may be beneficial to leave some flexibility in distribution criteria to allow for unique projects that may not exactly fit within the criteria.

\$240,000 are distributed to community partners and volunteers through a grant process. The funds are distributed evenly in each of the six regions. Furthermore, \$400,00 are allocated to stand-alone capital projects that are managed by BC parks staff.

## BC Parks Foundation

The BC Parks Foundation's aims to enhance and protect parks by promoting and supporting public interest, engagement, involvement, and contributions to parks. It catalyzes support and resources. The Foundation was in part created to better enable and encourage the public to contribute to BC Parks.

### *Type of Fund*

While the foundation is the official charitable partner of BC Parks, it is independent of the government and of BC Parks. It funds projects that are above and beyond the regulatory responsibilities of the government. The foundation makes all decisions regarding the distribution of funds. Key elements to the operation of the foundation are a board of directors, strategic plans, bylaws, purpose, charitable status, legal structure, staff, offices, and budgets.

### *Fund Revenue and Distribution*

The fund received an initial endowment of \$10 million from the BC government. Current revenue sources include partnerships, donations, and merchandise sales; of those three, donations are the most significant. Factors that enable the foundation's success are a strong brand equity



(driven by iconic BC Park locations and brand image), the public's goodwill for parks, motivated people, and a defined purpose.

Funds are distributed to a variety of projects and programs. Funding decisions are made by the BC Parks Foundation with guidance from their strategic plans. The BC Parks Foundation does not run grant applications.

The BC Parks Foundation informed that the difficulty of fundraising is often underestimated. Fundraising can be highly competitive. Fundraisers often compete with organizations with big fundraising teams. Additionally, fundraising for the environment can be difficult because it competes with emotive causes (such as health or education), and it can be hard to define tangible inputs and outcomes for the environment.

The BC Parks Foundation also informed of other challenges a BC trail fund may face if set up as a fundraising foundation. For one, a BC trail fund would be competing with local groups. BC's large land size and a foundation's lack of control over the land may also pose challenges. Finally, funders do not like to fund annual recurring costs; this is a challenge if the trail fund is focused on maintenance.

## Habitat Conservation Trust Fund

The Habitat Conservation Trust Foundation (HCTF) aims to improve the conservation of fish, wildlife, and their habitats by funding conservation projects and environmental education. The creation of the fund was driven by hunters, anglers, trappers, and guide-outfitters who asked the BC government to impose a surcharge on their activity licenses. They saw the benefits of conservation and were willing to pay for conservation work beyond the basic government expectations. The surcharge placed on their licenses allowed the fund to be created. The fund was created as an internal government trust. During the first 25 years, the government was the trustee and made all final decisions. In 2008, the HCTF was created as an independent charitable organization and it became the trustee. The HCTF board now makes the final decisions.

### *Type of Fund*

The HCTF, as it exists today, has two key elements—the trust fund and the foundation. First, the Habitat Conservation Trust Fund is a legislative trust established in part 3 of the *Wildlife Act*. The Act enables the trust to receive funds and transfer the funds to the trustee. The Act also defines what assets the trust may receive, defines what the money may be used for, and names the HCTF as trustee.

Second, the HCTF is a non-profit charitable foundation that acts as the Trustee of the Habitat Conservation Trust Fund. It is governed by Part 3 of the *Wildlife Act*, the *HCTF's constitution and bylaws*, and the *HCTF strategic plan*. Running the HCTF requires qualified staff which includes great financial managers and people reviewing the grant process. The HCTF advises that about 11 full time staff are required to run a trust of around \$40 million. Their team includes a CEO, a CFO, program managers (to oversee officers), an administrative coordinator, communication team or manager (for the website and press releases), and finance officers.

### *Fund Revenue*

The HCTF has several sources of funding. It receives license fees from the legislative trust and directly receives other funds such as donations, investment income, restricted contributions, and court awards. The following revenue distribution is based on averages from the 2019/20 financial statement.

- Surcharge Revenue: 62%
  - Surcharge on freshwater fishing, hunting, trapping, and guide outfitting licenses sold in BC. These are collected by the government and transferred to the HCTF.
- Restricted Contributions and Court Awards: 17%
  - Restricted contributions and court awards may be directly given to the foundation.
- Investment Income: 16%
  - Investment income from endowments managed by HCTF. In 2008, the provincial government provided a \$9 million endowment. The HCTF advises that endowments may be more reliable than other sources of income. Investment income tends to be stable which allows for better control and the ability to plan long term.
- Special Permits Auction: 2%
- Land Management Revenue: 1%
- Sales of Education Material and Educational Contributions: 1%
- General Donations: 1%

The total fund size is currently about \$40 million per year, and it awards around 370 grants each year. It is estimated the foundation receives between 500-1000 applicants each year. To-date it has funded about 2980 conservation projects, awarded \$189 million in grants, and purchased about 25,000 hectares of conservation land.

### *Fund Distributions*

The HCTF funds conservation projects and environmental education. It currently has 11 different types of grants each of which follow their own application processes. Typically, grant applications will be evaluated by experts in the related field (for example biologists) and final decisions are made by the HCTF board.

Common factors in the grant processes include

- a Conditional Grant Agreement
- a Certificate of Insurance for General Liability (CGL)
- No upper limit on funding requests but a 5-year limit to project funding, and higher amounts of funding requested require more scrutiny
- Upon completion, the HCTF will evaluate if projects achieved their goals. This is done through in person visits and by sending a final report.

To help manage the variety of grants the foundation staggers deadlines and structures their programs so the workload does not all pile up at once. The biggest intake period is November to December, at which point they will only focus on intakes. In the summer, they can focus on other

tasks such as on-site visits. Another key part to successfully managing the grant programs is good grant management software.

The HCTF operates on a fiscal year so project applications typically happen every year. Multi-year projects must apply for funding every year. However, the foundation can carry funding forward after each fiscal year.

## 2: Costs of Trail Work

Trail costs vary depending on what type of work is required, who will be performing the work, where the project is located, and material costs. It is generally accepted that trail maintenance costs tend to be lower than trail construction costs. If trail maintenance is deferred, then trail maintenance costs can also be high. Similarly, improvements and upgrades to existing trails may also pose higher costs. It is also generally accepted that trail work led by non-profit organizations can be cost effective because they are supported by volunteer workers and other in-kind contributions like machinery. Overall, the ORC survey, that was primarily answered by non-profit organizations, found that annual trail project costs are likely to be below \$25,000<sup>28</sup>.

Maintenance costs can vary from hundreds of dollars to hundreds of thousands of dollars. An ORC survey that was primarily answered by non-profit organizations found that the median annual cost of trail maintenance per organization in 2018 and 2019 was \$5000 and \$6500 respectively<sup>29</sup>. In recent years, the ORV trail fund has supported trail projects below \$20,000 (averaging around \$8,000 per project) and they are typically trail maintenance projects run by non-for-profit organizations<sup>30</sup>. In the United States, a Washington State trail fund grants projects up to \$150,000<sup>31</sup>, and a trail stewardship fund grants between \$2,000-\$20,000<sup>32</sup>. Municipal trails maintenance costs in Canada have been estimated to be \$4,000 per kilometer<sup>33</sup>. The differences between these numbers may be explained by the magnitude of the projects, the number of volunteers involved, and whether it was deferred maintenance (as deferred maintenance costs are usually higher) or trail improvements.

Costs for the construction of new trails ranges from tens of thousands of dollars to millions of dollars. The ORC survey that was primarily answered by non-profit organizations found that the median annual cost of trail construction per organization in 2018 and 2019 was \$10,000 and \$12,000 respectively<sup>34</sup>. Comparatively, trail development projects funded by the BC Rural Economic Recovery Grants averaged \$469,000 per project.<sup>35</sup> Other projects funding new trail construction ranged from hundreds of thousands to millions of dollars.

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<sup>28</sup> [BC Trail Survey Findings](#)

<sup>29</sup> [BC Trail Survey Findings](#)

<sup>30</sup> [2020 ORV Trail Fund Recipients](#)

<sup>31</sup> [Washington State Trail Fund](#)

<sup>32</sup> [Trail Stewardship Fund](#)

<sup>33</sup> [Municipal Trail Cost Per Kilometer](#)

<sup>34</sup> [BC Trail Survey Findings](#)

<sup>35</sup> [Rural Economic Recovery Grants](#)

### 3: Advice and Considerations for Fund Building

The following are advice and considerations that have come from conversations. These statements come from different sources and are sometimes contradictory. Many are based on opinions.

#### *For setting up a fund:*

- A trail fund may be limited by the capacity of BC Parks, RSTBC or other land managers. If we want it to be successful a good foundation needs to be in place.
- Funds tend to support work above and beyond the basic requirements because people like to invest in improvements
- The set up of a fund will likely depend on political buy in
- Investment income from an endowment can be more reliable than license fees
- A challenge for a trail fund is the large size of BC and the relatively small population
- Source and size of revenues will help determine which structure is best
- If this is a fund that supports a significant amount of maintenance costs, we may be removing the responsibility of maintenance from landowners/managers. This may inspire them to fund new trails which would increase the maintenance costs over time.

#### *For fund operations:*

- It is very important to have a strong financial manager or team (a CFO, an accountant)
- Ensure projects have all required authorizations (are shovel ready) before granting funds
- Ensure funds are protected and used for their intention (ensure people can not use them as they please)
- It is important to have clear criteria that your grant process can follow
- Leave some flexibility for unique projects that may not exactly fit the criteria but are still worth pursuing
- Consider different evaluation criteria for different project types and sizes
- Consistency in scoring is important
- Quantitative scoring is easier to evaluate than qualitative scoring

#### *About building a foundation:*

- When setting up a foundation, you need to consider the overhead costs of running it
- Fundraising is harder than most expect
- Fundraising for trail maintenance may be challenging because people may feel that maintenance is the government's responsibility and people do not like to fund recurring costs
- Brand equity is important to drive revenue (some hesitation around the ability to build a brand based on BC trails)
- Foundations tend to be more nimble/flexible than government funds

*About partnering with a foundation:*

- Could consider partnering with another NGO to handle administration. In this case it would not be necessary to set up all the existing infrastructure needed to handle the financial management and run a grant program.

*About government funding trails:*

- Trails are essential infrastructure and should be funded by government
- As taxpayers we can ask government where to spend and we can ask for an increase in trail expenditures (we can ask them reallocate funding from services like roads)
- Donations to a government fund can be limited because people feel like they are writing a check to government
- Government typically requires funds to be spent within a fiscal year