

AUG 19 2009

Ref: 133244

Mr. Darcy Alexander, Co-Chair
Ms. Ines Popig, Co-Chair
Sun Peaks Incorporation Study Committee
PO Box 1002
Sun Peaks, BC V0E 5N0

COPY

Dear Mr. Alexander and Ms. Popig:

I am pleased to provide the Sun Peaks Incorporation Study Committee (Committee) with a formal offer of restructure assistance. Should Sun Peaks incorporate as a mountain resort municipality following an approved vote, the Province of British Columbia (Province) will provide assistance as described in this letter. This offer is valid until December 31, 2009.

Municipal Restructure Assistance (Per Capita) Grant

If the new municipality is incorporated, the Ministry of Community and Rural Development (MCD) will provide a Municipal Restructure Assistance Grant (Grant) pursuant to the *Local Government Grants Act*. This is an unconditional grant that can be used for any purpose. The total amount of this Grant will depend upon the results of a post-incorporation vote census. The Grant will be calculated on \$150.00 per person, which is typically paid over five years and is the standard assistance for newly incorporated municipalities. Based on a population of 500, this would amount to \$75,000.

Restructure Implementation Grants

Restructure Implementation Grants are for tasks associated with the incorporation of a new municipality. If incorporation occurs, the MCD will provide the following restructure implementation grants.

- A grant of up to \$80,000 to cover the cost of both the incorporation vote, and the election of the first council of the municipality. The Thompson–Nicola Regional District (TNRD) has agreed to administer both the grant and the votes.

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- A grant of up to \$70,000 to cover the cost of an Interim Administrator, appointed by me, as Minister of Community and Rural Development, to help set up the municipality. The TNRD has agreed to administer the grant.

Community and Regional District Grants

The Small Community Grant is an unconditional grant provided to small municipalities (population less than 20,000) to assist them to provide basic services. Grant amounts are based on a formula that factors in a base amount, population and assessment values. Newly incorporated municipalities are not eligible for this grant in their first year; however, the MCD will provide a one-time grant to Sun Peaks, based upon the above funding formula. The grant will be prorated according to the date of incorporation for the new municipality.

Based on a population of 500, and total assessment of \$576,856,956, it is estimated Sun Peaks would qualify for a Small Community Grant of approximately \$232,552 (or \$19,379.33 per month).

Police Services Costs Assistance

In 2007, the Ministry of Public Safety and Solicitor General introduced a new police services costs recovery scheme that requires municipalities with a population less than 5,000 to pay a portion of local policing costs. Since the population of Sun Peaks is under 5,000, the property taxpayers would be responsible for paying a provincial police tax to cover the portion of local policing costs.

Ministry of Transportation and Infrastructure Assistance

The Ministry of Transportation and Infrastructure (MoTI) has provided an offer of assistance for five years for the new municipality. The MoTI will provide road and bridge maintenance service from the date of incorporation to September 21, 2013, plus a cash settlement to cover the remaining portion of the five-year period. The new municipality may opt for a cash settlement anytime during the five-year period. The details of the offer are as follows

	Total Road Length (Kilometres)	Annual Maintenance Cost	Maximum Total Value
Option 1 Controlled Recreation Area	11.7	\$52,293.42	\$261,467.10
Option 2 Improvement District Boundary	11.2	\$49,236.15	\$246,180.75

MoTI staff will also provide technical advice as required to assist the new municipality.

Provincial Rural Tax Refund

Pursuant to section 23 of the *Local Government Act*, the municipality will be entitled to receive an amount based on revenues collected under the *Taxation (Rural Area) Act* for the year of incorporation. The Minister of Finance may forward to the municipality 100 percent of the revenue if the date of incorporation is on or before June 30, or 50 percent of that revenue if the date of incorporation is after June 30.

Ongoing Financial Transfer Programs

The MCD administers a variety of conditional grants that the new municipality will be eligible to apply for. Conditional grants are monies transferred for a specific purpose that may not be used for any other project. Typically, municipalities and regional districts must apply for funding and subsequently meet all the program requirements before funding is released to the local government.

A program of interest for the newly incorporated municipality would be the British Columbia Resort Municipality Hotel Room Tax Transfer Program. This program transfers between 1 percent and 4 percent of the 8 percent Provincial Hotel Room Tax generated within a resort area to a designated municipality for the development of their tourism economy. A mountain resort municipality is eligible for the program, but it must fulfill a number of prerequisites and enter into agreement with the Province to qualify for this program.

With respect to the proposed Harmonized Sales Tax (HST), the Minister of Finance will be considering the impact on the hotel room tax, including the additional hotel room tax and resort municipality initiative, as part of the review leading to Budget 2010. At this time it is not known how the British Columbia Resort Municipality Hotel Room Tax Transfer Program will be impacted by the introduction of the HST.

Issue to be clarified prior to an incorporation vote

Boundary

Currently there are two boundary options. The first option is the current boundary of the Sun Peaks Mountain Resort Improvement District, which is 850 hectares. The second option is the boundary of the Controlled Recreation Area, which is also the boundary for the Master Development Agreement between Sun Peaks Resort Corporation and the Province. Should the Committee recommend a vote, the boundary will be confirmed through the Minister's Order for an incorporation vote.

Implementation Items

While I recognize that the Committee has not yet reached the stage of recommending whether or not a vote should be held, I want to provide direction on the following specific items should a municipality be created.

- *Council:* Section 118 of the *Community Charter* provides that a district municipality having a population less than 50,000 has a council consisting of a mayor and six councillors unless otherwise specified in Letters Patent. I recognize that the small population base of Sun Peaks makes this challenging. Therefore, I have decided that the new municipality will have a council that consists of a mayor and four councillors.
- *Improvement District Services:* The Sun Peaks Mountain Resort Improvement District (SPMRID) will be dissolved on incorporation of the municipality and all assets and liabilities of the SPMRID will be transferred to the municipality.
- *Regional District Services:* Provisions defining the transfer of local services will be provided in the Letters Patent of the regional district. The regional district will continue to provide regional services and may provide some local services at the municipality's request.
- *Letters Patent:* Sun Peaks will be the first municipality incorporated in British Columbia under the mountain resort municipality provisions in the *Local Government Act (LGA)*. MCD staff will discuss the following items with the Committee, which may be included in Letters Patent.
 - Pursuant to section 17 of the LGA, the new municipality would be classified as a district municipality. The requirements for classification of a district municipality are as follows:
 - “...if the area to be incorporated is greater than 800 hectares and has an average population density of less than 5 persons per hectare” (section 17(1) (d) of the LGA). District municipalities have special provisions for drainage works as per section 315.2 of the LGA;
 - Appointment by the Minister of one councillor to the municipal council (section 13(3)(c) of the LGA);
 - Requirements for the Sun Peaks Official Community Plan to be approved by the Minister (section 13(3)(d) of the LGA); and
 - Creation of an advisory body for the municipality, made up of representatives from local interests (section 14.3 of the LGA).

Timing and Process

I understand that the Committee will be holding public meetings in September 2009 and, depending on the public input, will decide whether to recommend to me that an incorporation vote should be held.

Mr. Darcy Alexander and Ms. Ines Popig, Co-Chairs
Page 5

The Committee's role is to consider if there is enough public support to take the idea of incorporation to a vote. If I receive the Committee's recommendation by September 21, it is possible that an incorporation vote could take place in December 2009, resulting in municipal incorporation in the spring of 2010.

Conclusion

This provincial offer represents a package of assistance to support the implementation of a new municipal governance structure for the Sun Peaks community should electors support incorporation.

I congratulate all members of the Committee for your efforts in managing this incorporation study process and I look forward to hearing the Committee's recommendation following the public consultation process.

Sincerely,

**ORIGINAL
SIGNED BY**

Bill Bennett
Minister

pc: Honourable Colin Hansen
Minister of Finance

Honourable Kash Heed
Minister of Public Safety and Solicitor General

Honourable Kevin Krueger
Minister of Tourism, Culture and the Arts

Honourable Shirley Bond
Minister of Transportation and Infrastructure

Dr. Terry Lake, MLA
Kamloops-North Thompson

His Worship Mayor Peter Milobar, Chair
Thompson-Nicola Regional District

Ms. Cathy Watson, Director
Local Government Structure
Ministry of Community and Rural Development