

## Meeting with the Province Re: Incorporation August 20, 2009

### In Attendance:

John Sternig	TNRD Representative; SPRID Trustee
Ines Popig	Resident; SPRID Chair
Tom Reid	Sussex Consultants Ltd.
Kyle McGauchie	Resident
Colleen Hannigan	Resident
Adam Earle	Resident; SPRID Trustee
Al Raine	Resident
Darcy Alexander	Resident: SPRC General Manager & Vice President
Gary Paget	Ministry of Community and Rural Development
Karen Lynch	Ministry of Community and Rural Development
Nicky Braithwaite	SPRID Administrative Officer

Karen Lynch, Senior Planning Analyst of Ministry of Community and Rural Development reviewed the agenda.

Gary Paget, Senior Executive Director of Ministry of Community and Rural Development, reviewed the role of the Province in the incorporation process. This includes stewardship of the overall system, ensuring statutory requirements are met, creating Letters Patent and providing restructure assistance.

- Letters Patent must include:
  - Date of incorporation
  - Description of boundary
  - Legal Name and class
  - Political and Administrative Structure
  - Appointment of Chief Election Officer and timing of first election
  - Transfer of existing bylaws and services
  
- NOTE: The Letters Patent are approved by cabinet and therefore the Cabinet must incorporate the municipality.

### Proposed Sun Peaks Letters Patent:

Proposed legal name: Sun Peaks Mountain Resort Municipality; this decision should be made at the community level and can be discussed at the upcoming public meetings.

Boundary: formed from input of committee and the public consultation. The Minister will decide the final boundary.

Classification: District Municipality – over 800 hectares and less than 5 ppl/hect.

Committee Input: The committee requested that the CRA be used as the Municipal boundary as it includes all areas of development within the resort. Some of the utilities infrastructures are outside of the ID boundary and would not be included in the Municipality if the ID boundary is used. Fire safety

issues outside of the ID boundary also need to be addressed. It was noted that the boundary has no impact on the title of Crown lands within the municipality. The Minister has the right to decide which boundary is used. If the ID boundary is used, the community will be notified prior to the incorporation vote. The committee is resolved to recommend the CRA boundary. Both will be addressed in the report with the support being on the CRA vs. the ID.

**Political structure:**

- Mayor and 4 councilors
  - The Province could appoint one councilor
    - Objective of appointed councilor: to protect the economic interests of the resort and the Province
    - Options:
      - SPRC appointee
      - Provincial appointeeLegislation has been developed to provide for this. Either option is viable.
    - Key issue: There is a conflict of interest with a SPRC appointee which may include direct monetary gain or inside influence. The appointee cannot use the position on council to advocate personal issues. Regulations could be developed to allow for an SPRC appointee to represent the business of the corporation while still allowing them a vote on council. Such a regulation would have to be approved by Cabinet and therefore there is a chance that the regulation might not be approved. All other personal conflict rules and regulations would be in effect.
    - An SPRC appointee was addressed and supported by the public in the survey. It was noted by the committee the importance of having an appointee who is well versed in the interests and operations of the Corporation and therefore the MDA. The committee made it very clear that they would prefer to have a SPRC appointee. If a SPRC appointee is made, exclusion of conflict of interest guidelines for the SPRC appointee would be very clearly developed and presented to the public. Concern raised that a provincial appointee may not necessarily have the direct interests of the community in mind.
  - Council is able to increase the number of councilors in the future if deemed appropriate.
  - Input: The Committee found this appropriate. The first election will be held approximately three weeks prior to incorporation. This will be stated in the Letters Patent as well as who the Chief Elections Officer will be (TNRD has agreed to do this).

**Upon incorporation:**

SPRID is dissolved and all assets, liabilities, bylaws & local services from SPRID transferred. This also includes all contracts, leases, agreements and employment contracts. An interim corporate officer (ICO) will be appointed. The ICO will be appointed as soon as possible following the positive referendum vote. Their duties would also include conducting the census that establishes the population base used to determine a variety of grants. The census would occur approximately three weeks after the appointment of the ICO.

- The Province meets with TNRD to determine which services are transferred. Once incorporation occurs, the Municipality is fully responsible for all former TNRD services that have transferred to

the Municipality however, in some cases the Municipality may be bound to contract these services from the TNRD for an interim period. After incorporation the municipal council would be free to contract for additional services with the TNRD

- Within two years of incorporation, the municipality would be required to develop an Official Community Plan (OCP) that the Province would approve. This plan must be in line with the master development plan to protect the interests of both the Province and Corporation. All subsequent amendments must also be approved by the Province. Land use regulatory bylaws would be approved by the Province until the OCP is approved. Determining green space and municipal property would be reviewed and decided during the OCP development. The Master development plan is the background for the OCP. (Question for Gary Paget, Is there funding assistance to produce the OCP? – No )
- The Province will also mandate the creation of a Resort Advisory Committee (RAC) that would advise council on the matters specified in Letters Patent (e.g. taxes and regulations). The composition and the length of time that the RAC will be in place will also be stipulated in Letters Patent. If the RAC mandate, composition or duration has to be altered it must be approved by Cabinet. The RAC may include SPRC, non-resident property owners, business representatives and First Nations interests. Tourism Sun Peaks could also be included in one of these committees. Council has the freedom to create other advisory councils if appropriate. The Province feels that all of these interests need to be addressed. The Incorporation Committee agrees but believes that more than one committee must be developed to do this. The Committee may bring forward a recommendation of the composition of these committees. Bylaw for the committee(s) would be developed to determine how the committee operates that would also include how often the committee meets and protocol on how to address the council (if this is not stipulated in Letters Patent). It was suggested by the committee that it would also be prudent to have a limited time advisory committee consisting of ID trustees to help with the continuity of operations. Clarification on how the advisory committee(s) will be presented in the letters patent is required to be put forward prior to the incorporation vote. To cover all applicable interests, the Committee suggests the following RACs:
  - Economic Advisory Committee (includes TSP)
  - Improvement District Transition Advisory Committee (on a time limited basis and also dependant on whether ID trustees are elected to council)
  - First Nations Advisory Committee that represents all area bands including Chu Chua, Lakes District and Kamloops. It should also include a SPRC representative and councilor rep or the Chief Administrative Officer
  - Non-resident Property Owners Advisory Committee re: tourism & community (both non B.C. Canadians and foreign owner members)

**Offer of Provincial Restructure Assistance:**

- Per Capita Transition Assistance Grant
  - To be paid over 5 years and based on population determined by the post incorporation vote census
  - \$150 per person or \$75,000 (based on a population of 500)
- Prorated Small Community Grant

- Prorated on a daily basis
  - Based on a pop of 500 = \$232,552 as of January 1 (amount to be confirmed after the census)
  - Input: The committee is concerned with the fact that permanent residents are used as the basis for calculating the grant. SPR has a considerably larger bed base than a residential base due to the nature of the resort business. The Province recognizes this issue and feels that the hotel tax refund offsets this. It was noted that until the hotel tax regulations are confirmed under the new HST agreement, there is considerable financial risk to incorporation.
- Restructure Implementation Grant(s)
    - Incorporation vote ( up to \$40,000)
    - Interim administrator ( up to \$70,000)
    - Election of first council (up to \$40,000)
  - Offer of assistance from Ministry of Transportation and Infrastructure (BC MoT)
    - BC MoT will provide road and bridge maintenance service up to September 2013 with a cash settlement (equivalent to a full 5 year servicing commitment) at the end of that time
  - Provincial Rural Tax Refund
    - One time grant based on revenues collected under the *Taxation (Rural Area) Act*
    - 100% if incorporation is on or before June 30<sup>th</sup>; 50% if incorporation is after June 30<sup>th</sup>
  - Ongoing Transfer Programs for Municipalities – Sun Peaks may be eligible for a variety of conditional grants.
    - Hotel Room Tax Transfer Program – This is a 1 – 4% refund of the 8% hotel tax. A strategic implementation plan must be developed in consultation with stakeholders and approved by the Province. A detailed report of expenditures must also be submitted. The Provincial budget will be presented Sept 1<sup>st</sup> after which the impact of the HST will hopefully be known. The potential loss of this revenue source will have a major impact on the decision on whether to go ahead with the incorporation vote or not. This source of revenue does not affect the tax levels paid by the owners.
    - Gas Tax Transfer Program (federal/provincial/UBCM) – Must be spent on environmental sustainability (water, transit, usually capital expenditures). This is based on population and would be approximately \$70,000/year (pop. 500). Other application driven infrastructure grants (both Provincial and Federal) may be available.

The following items were discussed as a result of the Province’s presentation:

First Nations Consultation:

Considerable work and consultation has been done with the First Nations and the Province feels comfortable moving forward. A provincial representative will be in attendance at public consultation meeting(s) to address any questions that may arise regarding this issue.

The Committee expressed concern that since the 2007 presentation proposed taxes have gone from an \$80 savings to a \$105 increase due in part to the loss of the school tax savings credit. The proposed municipal tax rate increases will negatively affect the outcome of the vote. Residents, especially non-residents may not support this tax increase, particularly since Sun Peaks is second only to Whistler as the highest property tax in the Province. It was noted that due to the unique nature of this resort municipality, school tax relief should be given. Provincial representatives explained that the school tax rate reduction is a formula based tax savings which can change year over year as variables change and

should not be used as a major factor in the decision to incorporate. They also noted that one of the other benefits of incorporation is the local autonomy and increase in services the resort would have over the current system. The Committee agreed but questioned the formula for calculating the credit and the reason that this had changed from the earlier presentation to the public.

Next Steps:

- Public meetings: requirement to hold public meetings to gather input on the report
- A recommendation to the Minister
- Timing of incorporation vote:
  - In order to have a vote December 5<sup>th</sup>, a recommendation to the Minister is required during week of Sept 21<sup>st</sup> (an email recommendation is fine)
  - It is still possible for incorporation within 2010;
  - If a recommendation is received by November 4<sup>th</sup>, the incorporation vote would be January 23, 2010; if the recommendation is received by November 12<sup>th</sup> then the incorporation vote would be on January 30, 2010. This would mean an election of Mayor and councilors would be held either May 1<sup>st</sup> or 8<sup>th</sup>. (The financial information in the report becomes stale in May 2010.)

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The meeting concluded with the Committee informing the Provincial representatives of their concerns that the present financial formula will likely not work for resort municipalities and that a September public presentation is not possible until the financial commitments are resolved including the Hotel Room Tax issue. A sub-committee will take these concerns to the Minister and local MLAs.

It was pointed out that the following dates need to be kept in mind while considering the next steps:

- The order to the Minister must be made by Oct 21<sup>st</sup> for a Jan 9<sup>th</sup> vote.
- For a Jan 16<sup>th</sup> referendum, the Minister's order would be required by Oct 28<sup>th</sup>
  - The recommendation must be received by Oct 26th
  - Public meetings would need to be held prior to this (approximately Oct 16<sup>th</sup>).
  - A Committee meeting to develop the recommendation would be held Oct 24<sup>th</sup>
  - Newsletter would need to be sent out by 3<sup>rd</sup> week in Sept.

Committee members pointed out that resort communities are different due to the fact of lower population but high assessments as well as the fact that services must be provided for a much larger population than the actual residential base. Based on the population of similar communities, Sun Peaks has 4.2 times the number of dwellings. Is there any prospect of negotiations? Provincial representatives can't offer more than presented.

Other items to note:

- Email any questions to Karen. She will be away at the end of Aug & beginning of September.
- There must be 80 days between the Minister's order and the referendum vote.
- The timing between a positive vote and the first election is dependent on whether Cabinet is sitting and when Letters Patent get approved.
- TNRD has agreed to accept mail in ballots.

*Provincial representatives left at 12:56 p.m.*

It was recognized that any increased financial support in the proposed new Municipality would have to come through lobbying the Minister and MLAs. The committee is concerned that accepting the financial conditions offered by the Province at this time will negatively impact incorporation support. It was noted that the negative sentiment in the community which is expressed mostly by the non resident property owners is that incorporation means higher taxes and services that are not a priority for nonresident property owners most of whom are mainly winter only visitors. There was concern that the financial message at the previous public meeting was that school tax relief meant lower total property tax and now we are about to present higher taxes and no school tax relief. The school tax issue could be a psychological turning point.

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Additional grants may be available however they are subject to application and should not be counted on. It was also noted that the catalyst of this process was the hotel tax to fund tourism and community initiatives and the school tax relief and without these initiatives, it may be difficult to attain a positive referendum vote.

Going forward Darcy Alexander, Ines Popig, Al Raine and John Sternig will meet with Kevin Krueger and Terry Lake immediately following the budget announcement. Darcy is to set this up and confirm with the others. Items to be addressed are:

- HST and its affect on the Hotel Tax
- Small Communities Grant calculation
- School Tax relief

Following the meeting with MLAs Krueger and Lake, a letter will be written addressing the appointed councilor and the preferred composition of the advisory committees.

Tom Reid will be available after Sept 16<sup>th</sup>.

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