



REPORT

To: Electoral Area Directors Committee

Report Number: ADM-EADC-034

From: Tyra Henderson, Corporate Officer

Date: May 20, 2021

Subject: Function 280 – Rec & Culture Facilities and Services Grants Bylaw 2424 Ministry Feedback

RECOMMENDATION #1:

That the Electoral Area Directors Committee recommend that the Regional Board rescind third reading of Recreation and Cultural Facilities and Services Grants-in Aid Amendment Bylaw No. 2424, 2020, given February 25, 2021 and re-read the bylaw for a third time as amended to replace the previously stated individual maximum requisition rates for each Electoral Area with a single maximum requisition rate applicable in all participating areas, and to remove Electoral Area D as a participating area.

BACKGROUND/RATIONALE:

The Regional Board first considered Amendment Bylaw 2424 on January 14, 2021. Bylaw 2424 was drafted to amend Bylaw 669, to authorize an expansion to the scope of Function 280, Rec and Cultural Facilities Grants in Aid. Under the original Bylaw 669, Recreation and Cultural Facilities Grant in Aid were limited to grants to community organizations for **operational costs** of operating community recreation facilities. The amendment was written to expand the scope of the function to add the authority to provide grants for the delivery of recreational and cultural *services and programs* in the rural areas, and the authority to provide grants for *capital projects* undertaken to improve community facilities.

Upon initial review, the Ministry of Municipal Affairs requested that the bylaw be amended to specify only the Electoral Areas as part of the service area boundary, rather than the entire Regional District. They confirmed that facilities and programs, that may be offered in a municipality, for the benefit of electoral area residents, would be eligible for grant funding, even if the facilities and programs were not located in the service area boundary of the function, and therefore, the municipalities did not need to be included in the service area boundary. Essentially, the participating areas, and the service area should be the same.

The Board rescinded and re-read Amendment Bylaw 2424 to reflect only the Electoral Areas as being captured in the service area boundary on February 25, 2021, and the bylaw was sent back to the Ministry for approval.

The Ministry, upon further review of the bylaw, identified that the bylaw included a different maximum requisition and tax rate for each participating Electoral Area, which was carried forward from the Conversion Bylaw 669, 1990. The existence of varying tax rates, by participating area, was approved in 1990 when the service was converted from an SLP into a Service Establishment Bylaw, however, variable tax rates across participating areas are no longer acceptable and the Ministry will not approve the bylaw with different rates.

There are two options that will address Ministry feedback, as explained below.

The bylaw could be amended to specify a single maximum requisition rate that, when applied in all areas, is acceptable, and generates an appropriate amount of revenue to fund the customary annual grants in aid applications received and approved in each of the Electoral Areas. This is the option that has been recommended by staff and captured in the attached draft amendment Bylaw 2424. However, in order to generate revenue from each Electoral Area, for distribution in the electoral area in which the funding was generated via taxation, which aligns with historic Function 280 grant in aid annual spending patterns, staff also proposes to delete Electoral Area D as a participant. They have the lowest current maximum requisition (\$20,205 or \$0.207/\$1,000) and historically have not utilized this function even to that level.

As shown in the table below, you can see that Area D pays into the function but has not utilized any grants since 2018.

Area D			
	Requisition	Budgeted Grants	Grants Given
2018	\$ 21,249.00	\$ 3,000.00	\$ 2,300.00
2019	\$ 17,864.00	\$ 3,000.00	\$ -
2020	\$ -	\$ 3,000.00	\$ -
2021	\$ 5,798.00	\$ 3,103.00	\$ -
Total	\$ 44,911.00	\$ 12,103.00	\$ 2,300.00

Attached is a tax calculation based on a maximum of the greater of \$480,000, or a requisition of \$0.075/\$1,000. The tax rate of \$0.075/\$1,000 is much lower than the current tax rate, and will generate more revenue, due to the marked increase in assessed values since the bylaw was converted in 1990. The current bylaw allows for a total overall requisition of \$240, 715, with varying amounts from each electoral area, and tax rates for each area ranging from \$0.20 to \$0.34/\$1,000.

Option 2 is to split the current function that includes all four electoral areas. This would mean removing three electoral areas from the existing function, leaving it for the remaining Electoral Area, and initiating new service establishment bylaws for the other three electoral areas. In this scenario, each Electoral Area would have its own grant in aid function for rec and cultural facilities and services, which could be tailored to suit the electoral area, with a unique maximum requisition and tax rate.

The challenge with splitting the function, would be the requirement for elector assent. The Ministry has confirmed that these new services would require assent of the electors, even though the PRRD currently has the authority to operate *the same service* under Establishment Bylaw 669. Only one area would remain in the original function, through a bylaw amendment that would reduce the service area boundary to a single electoral area, and the other three electoral areas would need to establish new, stand-alone functions for recreation and cultural facilities operational and capital project grants in aid, and service delivery grants.

ALTERNATIVE OPTIONS:

1. That the Electoral Area Directors Committee recommend that the Regional Board rescind third reading of Recreation and Cultural Facilities and Services Grants-in Aid Amendment Bylaw No. 2424, 2020, given February 25, 2021 and authorize further amendments to the bylaw to remove all but one Electoral Area from the service area boundary and establish a maximum requisition for the function for the single remaining electoral area; further, that the Regional Board authorize service establishment bylaws be drafted to create new service functions for recreation and cultural grants in aid for the three Electoral Areas no longer included in Function 280 (Bylaw 669 as amended) for consideration by the Regional Board.
2. That the Electoral Area Directors Committee recommend that the Regional Board rescind first three readings of Recreation and Cultural Facilities and Services Grants-in Aid Amendment Bylaw No. 2424, 2020, abandon the bylaw, and revert to the authority and requisition limits* provided under Conversion Bylaw 669, which is limited to grants for rec and culture facility operation costs only, and does not provide the authority to fund capital projects or programs and services.

**If this option is chosen, conversion of SLP #23 (rec programs, community services, regional parks, and invasive plants) for Function 275, (Regional GIA) would be proposed by staff. That SLP has been left untouched to date, in anticipation that the amendment to expand the scope of Function 280 would provide the authority to the rural directors to provide grant funding in ways previously done under 275 and which are now known to be outside of the scope of authority provided in that SLP. The Directors may recall that careful examination of SLP#23, and grants issued under Function 275, revealed that the SLP had been relied upon to offer grants that were not in fact authorized by SLP #23 and allocated under Function 275.*

STRATEGIC PLAN RELEVANCE:

☒ Not Applicable to Strategic Plan.

FINANCIAL CONSIDERATION(S):

Please see the attached draft tax rate calculation for information regarding the proposed new tax rate for all electoral areas (except Area D, which will no longer participate) if the proposed bylaw amendments are recommended by EADC and approved by the Board.

COMMUNICATIONS CONSIDERATION(S):

None at this time.

OTHER CONSIDERATION(S):

None at this time.

Attachments:

1. DRAFT Recreation and Cultural Facilities and Services Grants-in Aid Amendment Bylaw No. 2424, 2020 (amended in response to Ministry feedback)
2. Tax Rate Calculation

External Links:

1. [Report ADM-BRD-112 re: Function 280 Recreation and Cultural Facilities Grants - Bylaw 2440](#)
(previously received, January 14, 2021, Item 11.3)
2. [Report ADM-BRD 154 Function 280 – Rec & Culture Facilities and Services Grants – Bylaw 2424,](#)
(previously received February 25, 2020, Item 11.4)