

BC HYDRO GRANTS-IN-LIEU FOR POWER-GENERATING FACILITIES

1. That the BC Hydro Grants in Lieu of Taxes (PILT) with respect to dams, reservoirs and powerhouses available to CSRD each and every year be divided into three components:

a) An apportionment to the following functions:

20% General Government	(010)
10% Electoral Government	(011)
4% Area B Recreation	(330)
4% Golden and District Arena	(340)
3% Area B Fire Protection	(031)
3% Area A Community Parks	(321)
3% Sicamous Rec Centre	(345)
2% Area E Community Parks	(325)

b) An apportionment payable directly for the following:

1% Revelstoke Community Centre

c) Balance of PILT apportioned to those members deemed to be the **Impact Area** as follows:

20% Golden and Electoral Area 'A' EOF

20% Revelstoke and Electoral Area 'B' EOF

10% Sicamous and Electoral Area 'E' EOF

The **Impact Area** component is for the purpose of establishing Economic Opportunity Funds (EOF). The EOF were created specifically as a means of compensating for the loss of economic opportunities on those lands affected by the dams and reservoirs and the resultant economic impacts to the affected communities. As such, the EOF are to provide funding assistance for projects deemed by the participating members and ratified by the Corporate Board to be worthy of support in an effort to stimulate economic development within the impact areas.

Criteria for accessing each EOF will be based on the demonstrable and enduring benefit to the economy of the affected communities at large. The EOF are designed to stimulate economic generators, transportation facilities and infrastructure development supportable jointly by the participating members involved and approved by the Board.

The EOF shall not be used as grant-in-aid funding. The funding formula maintains 50% of the BC Hydro PILT available for the EOF.

All monies extracted from each EOF must be:

- a) Approved by both participating members; and
- b) Ratified by the Board.

2. This Policy amendment is based on direction given in the attached Circular No. 10:14 from the Ministry of Community and Rural Development which forms part of this policy (Appendix A).

1990 03 29
1991 09 12
1993 02 18
2007 06 21
February 24, 2011
March 17, 2011
March 15, 2012

APPENDIX A

MINISTRY OF COMMUNITY AND RURAL DEVELOPMENT CIRCULAR NO 10:14



Ministry of Community
and Rural Development

Local Government Infrastructure
and Finance
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CIRCULAR

Circular No. 10:14
ARCS File #: 195-20

September 24, 2010

To: Selected Regional District Chief Administrative Officers and Chief Financial Officers

Re: Regional District Financial Management of BC Hydro Payments in lieu of Taxes

Purpose:

This circular is intended to provide advice and direction to regional districts (RDs) that receive payments in lieu of taxes in respect of BC Hydro generating facilities.

Background:

BC Hydro makes Payments in lieu of Taxes (PILT) to RDs (and municipalities) in respect of electricity generating facilities located within an electoral area. The current scheme of BC Hydro PILT was introduced in 1989, providing for payments to both municipalities and RDs. The formula for calculating the amount of the payments to individual local governments is not the subject of this circular. However, based on the formula, the amounts of the payments are established by Order in Council on a periodic basis, under the authority of the *Hydro and Power Authority Act*. The current amounts are described in OIC No. 796/08, with 2008 being the base year for the amounts.

Ministry Circular No. 90:09 provided advice and direction to RDs about how the PILT should be managed. This circular updates that advice and direction.

Principles:

The payments by BC Hydro are "in lieu of taxes", for specific facilities, and must be managed by RDs within the framework of financing services. This leads to the following:

- The PILT received for each electricity generating facility should be managed separately in the context of its specific location;
- The PILT must be shown as revenue in the appropriate RD service budgets; and
- The PILT must only be shown as revenue for service(s) for which the service area (SA) includes the location of the specific facility for which the PILT is paid.

Options:

Circular No. 90:09 described three options for managing the PILT in respect of how the payments should be distributed among services. This update describes a broader range of options, as follows:

1. Apply the entire PILT to the general administration service, for which the SA is the entire RD. This option provides for the benefit of the PILT to be region-wide, since it effectively reduces the amount of the general administration requisition. The general administration service can only be used to fund administration costs that cannot be attributed to other services [ref: s. 803.1(1), *Local Government Act*].
2. Apply the entire PILT to another service for which the SA is the entire RD. This option also provides for the benefit of the PILT to be region-wide, but allows the board to direct the funding to another specific region-wide service, as an alternative to the general administration service.
3. Apply the PILT to a group of services for which each of the SAs is the entire RD. This option also provides for the benefit of the PILT to be region-wide. However, the board can determine a particular distribution of the PILT among the other region-wide services. A possible basis of the distribution would be to pro-rate the PILT among those services according to the relative requisition for each service; however, the board could determine any basis of distribution that it wishes.
4. Apply the PILT for the specific facility to the group of services for which each of the SA includes the location of the specific facility. That is, no amount of the PILT should be applied to services that do not include the specific facility. This option is more complex, since the benefit of the PILT will be variable. A specific facility will, in addition to being in the SA for general administration and other region-wide services, be in the SA of services that include:
 - all electoral areas (e.g., electoral area administration);
 - the single electoral area (e.g., grants-in-aid); and
 - potentially, a local or sub-regional area (e.g., fire protection, recreation).

For this option, the board will need to determine how the PILT is to be distributed among the group of services, as follows:

- as a default, the PILT should be pro-rated according to the amount of the requisition for each of the services (from region-wide to local); or
- the board could determine an alternative basis of distribution as it wishes.

Considerations:

Each RD that receives a BC Hydro PILT will have a different set of circumstances, in relation to both the significance of the amount of PILT and the services to which the PILT may be applied. It is recommended that the board make a specific decision on which option to choose, if that has not been done previously. As a financial matter, the "weighted" voting rule will apply for the decision

Should you have any questions or comments regarding this topic, please contact your Financial Officer.



Talitha Soldera
Director
Local Government Finance

Distribution to following Regional Districts:

- Alberni-Clayoquot
- Bulkley- Nechako (re: Alcan MOU)
- Capital
- Central Coast
- Central Kootenay
- Columbia Shuswap
- Comox Valley
- East Kootenay
- Fraser-Fort George
- Fraser Valley
- Kitimat-Stikine (re: Alcan MOU)
- Kootenay Boundary
- North Okanagan
- Peace River
- Skeena-Queen Charlotte
- Squamish-Lillooet
- Strathcona
- Sunshine Coast