



March 25, 2021

Ref: 265545

John Smith, Chair
Sorrento-Blind Bay Municipal Incorporation Study Committee
Email: smithbevjohn@yahoo.com

Dear John Smith:

I am pleased to provide a conditional commitment of financial restructuring assistance to the Sorrento-Blind Bay Municipal Incorporation Study Committee (Committee). The commitment is dependent on a vote outcome in favour of incorporation and final approval by Cabinet upon my recommendation as Minister of Municipal Affairs.

I understand that public engagement will occur over the spring and summer to inform residents of the benefits and trade-offs of potentially incorporating a new municipality for the communities of Sorrento and Blind Bay. It is my view that it is important to provide the provincial conditional commitment of restructuring assistance now so that the community will be aware of the transitional funding available to assist in moving from rural governance as part of an Electoral Area to a municipality.

Provincial Restructure Assistance

The total amount of restructure assistance for Sorrento-Blind Bay, if municipal incorporation comes to pass, is nearly \$5.35 million for transition and implementation. The Ministry of Municipal Affairs, the Ministry of Transportation and Infrastructure, and the Ministry of Finance would contribute to the total amount of provincial assistance, as outlined below and further described in "Appendix A".

Table 1: Conditional Provincial Assistance Offer Estimated Value

	TOTAL
Ministry of Municipal Affairs - Restructure implementation and assistance grants	\$1,760,450
Ministry of Transportation and Infrastructure - Continued annual road maintenance (5 years, ~95km)	\$2,500,000
Ministry of Transportation and Infrastructure - Rehabilitation on very poor – poor rated roads	\$700,000
Ministry of Finance - Rural tax rebate (50%)	\$391,580
TOTAL PROVINCIAL ASSISTANCE	\$5,352,030

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Eligibility for Other Grants and Programs

In addition, once established, the new municipality would be eligible for ongoing supports in the form of annual grants and transfers, such as the Small Communities Grant and the Federal-Provincial Gas Tax Agreement, and the ability to apply for various infrastructure programs.

The annual Small Communities Grant assists municipalities in providing core services; the amount considers population, base amount, and assessment values. If established, the municipality would be eligible to sign the Gas Tax Community Works Fund Agreement, which is based on a per capita formula with \$50,000 base funding. The municipality would also be eligible to apply to the Investing in Canada Infrastructure grant program streams, cost-shared by the Government of Canada, the Province of British Columbia, local governments, and other partners.

Public Process, Timing, and Vote

With the Offer in place and public engagement planned for spring/summer 2021, the Committee is approaching the point of considering whether to recommend proceeding with a vote to the Columbia Shuswap Regional District (CSRD) Board.

I expect the Committee and the CSRD Board to determine if municipal incorporation is of enough interest and importance to the community that electors should have an opportunity to vote on incorporation. I would appreciate hearing input from the Committee on the proposed boundary, classification of the municipality, and the process for naming the municipality before deciding whether to order an incorporation vote.

I look forward to continuing to support this study and process in order to best meet the needs of residents in the community.

Sincerely,



Josie Osborne
Minister

pc: Greg Kylo, MLA, Shuswap
Kevin Flynn, Chair, Columbia Shuswap Regional District
Paul Demenok, Director, Electoral Area 'C', Columbia Shuswap Regional District
Charles Hamilton, Chief Administrative Officer, Columbia Shuswap Regional District
Tara Faganello, Assistant Deputy Minister, Local Government Division
Duncan Jillings, Director, Tax Policy, Ministry of Finance
Ryan Evanoff, Senior Manager, Development Services, Transportation Services Branch,
Ministry of Transportation and Infrastructure
Erik Lachmuth, District Manager, Transportation, Okanagan Shuswap District,
Ministry of Transportation and Infrastructure
Kevin Plummer, Manager, RCMP Contract Accountability and Relationships,
Policing and Security Branch, Ministry of Public Safety and Solicitor General
Kailey Laidlaw, Senior Planning Analyst, Governance and Structure
Allan Neilson, Local Government Consultant, Neilson Strategies

Appendix A:

Detailed Restructure Assistance Offer

Further information on the overall provincial assistance Offer is described below:

1. Municipal Restructure Assistance:

- Per Capita Grant (\$250 per-capita grant - \$1,175,000 total). Per capita amount will be granted pursuant to the *Local Government Grants Act* and Regulation. The amount is based on historic, population, and community factors.
 - This amount is for discretionary spending and may be best used to off-set immediate costs, establish a reserve fund, or consider developing governance tools, such as a Code of Conduct.
 - The exact amount of the grant will be further refined based on a final population count.
- Small Communities Grant (\$75,450 in the year of incorporation)
 - Municipalities with a population under 18,000 receive a grant based on a formula that accounts for population and property assessments. This amount is pro-rated based on an incorporation in November 2022.
 - Under the Local Government Grants Regulation, a municipality would be entitled to a full Small Communities Grant (estimated at \$485,000) in each year following the incorporation, which is separate and in addition to this Offer.

2. Pre-Incorporation Grants:

- Incorporation Referendum (estimated at \$30,000, assuming the CSRD administers the vote)
- Inaugural Election (estimated at \$30,000, assuming the CSRD administers the election)
- Interim Administration (estimated at up to \$100,000) to manage the start-up and establish ongoing administration for the new municipality

3. Post-Transition Grants

- Community Planning Grant (\$100,000)
 - Provided to the new municipality to assist in the transfer of planning services from the regional district to the new municipality.
- Service Transition Grant (\$100,000)
 - Provided to the new municipality to assist in the transfer of services from the regional district to the new municipality and to stabilize the increased costs for the remaining electoral area.

4. Indigenous – Local Government Collaboration

- Initial Collaboration Grant (\$150,000)
 - Funding for joint First Nation-Local Government initiatives. Initiatives could include but are not limited to relationship building forums, cultural revitalization projects in many different forms, and protocol agreements.
 - Further details on administration and conditions of the funding and scope of projects will be further detailed by the Ministry.
 - The Ministry is currently in discussions with Indigenous Nations on how foster productive relationships with local governments and will be exploring various implementation measures.

5. Ministry of Transportation Operations

- Ongoing maintenance and operations of the road network in Sorrento-Blind Bay commencing for 5 years on the date of incorporation. The estimated value of continued maintenance is \$2,500,000.
- MoTI will retain jurisdiction of the Trans-Canada Highway (Highway 1), as an arterial highway, through the municipal area.
- MoTI will provide ad hoc development services and operational advice as required (e.g. occasional phone calls/meetings) to assist with the transition of outstanding development application and road and bridge maintenance for a period of up to 12 months from the date of incorporation.

6. Ministry of Transportation Road Resurfacing

- Road Resurfacing estimated at \$700,000.
 - MoTI will provide currently planned road resurfacing as originally planned within 5 years from the date of offer, as per below.

Road	Length
Cedar Drive	1.84 km
Centennial Drive	1.62 km
Balmoral Road	2.95 km
Waverly Road	1.40 km
Eagle Bay Road	4.70 km

- MoTI will also provide additional road resurfacing beyond what was originally planned on segments of road that were identified as being in very poor or poor condition. This road resurfacing will be delivered within 5 years from the date of incorporation, as per below.

Road	Length
Arnheim Road	0.202 km
Bayview Road	0.343 km
Corriano Road	0.140 km
Davidson Road	0.530 km
Dieppe Road	0.628 km
Dunkirk Road	0.290 km
Elson Road	1.700 km
Evergreen Place	0.070 km
Falaise Road	0.080 km
Forest View Place	0.335 km
Garroway Road	0.580 km
Gillespie Road	0.430 km
Glengarry Place	0.102 km

7. Ministry of Finance

- Estimated Rural Tax Rebate (\$391,580)
 - The exact amount of the grant will be based on actual 2022 rural taxes levied.
 - The *Local Government Act* provides that the Minister of Finance may pay a new municipality 50% of the Province's revenue under the *Taxation (Rural Area) Act* for the current year if it incorporates after June 30.
 - If incorporation takes place prior to June 30, then 100% of the revenue may be payable to the municipality. New municipalities are also subject to receive any taxes in arrears. Any outstanding taxes will also be deducted from this final rural tax rebate.

8. Ministry of Public Safety and Solicitor General

- Under the *Police Act*, the provincial government provides policing and law enforcement to rural/unincorporated areas and municipalities under 5,000 population, while municipalities with more residents provide, and bear the costs of, policing and law enforcement within their boundaries.
- Due to the timing of the potential incorporation in Fall 2022, there will be no changes in policing responsibility (from provincial to municipal) until at least April 1, 2027, and then only if the population of the municipality exceeds 5,000 residents in the 2026 Canada Census.