



File No.: 6500-20 – Water Sustainability

DATE OF MEETING: July 28, 2020

TO: Salt Spring Island Local Trust Committee

FROM: Jason Youmans, Island Planner
Salt Spring Island Team

COPY: Gary Holman, SSIWPA Vice-Chair

SUBJECT: Unspent Special Property Tax Requisition Funds

RECOMMENDATION

1. That the Salt Spring Island Local Trust Committee endorse the Request for Decision included as Appendix 1 in the July 28, 2020 staff report and direct staff to forward it to Islands Trust Council.

REPORT SUMMARY

The purpose of this staff report is to provide the Salt Spring Island Local Trust Committee with a Request for Decision (RFD) seeking Trust Council permission to deploy unspent special property tax requisition funds in support of water sustainability initiatives on Salt Spring Island.

BACKGROUND

The LTC last considered this matter at its June 30, 2020 meeting. At that meeting it resolved:

SS-2020-086

It was MOVED and SECONDED,

that the Salt Spring Island Local Trust Committee direct staff to draft a Request for Decision for Islands Trust Council proposing amendment to Trust Council Policy 6.3.2 that would authorize the use of unspent special property tax requisition funds from previous fiscal years on Salt Spring Island Local Trust Committee projects connected to the original project for which the funds were sought, while that original project remains ongoing.

CARRIED

See this [staff report](#) and [memo](#) for further background information.

ANALYSIS

Policy/Regulatory

Rather than requesting a specific Trust Council Policy amendment at the present time, the attached RFD simply recommends that Trust Council authorize the LTC to use unspent special property tax requisition funds on water sustainability projects within its core land use planning function.

The RFD does provide the *option* for Trust Council to request amendments to [Policy 6.3.2](#) if it so chooses.

The RFD has been reviewed by the Director of Local Planning Services. The Director of Administrative Services was unavailable to review the RFD in advance of the July 28, 2020 LTC meeting, but will review it in advance of the September Trust Council.

Issues and Opportunities

Use of Unspent Special Property Tax Requisition Funds

The resolution proposed in the RFD would authorize the LTC to use unspent property tax requisition funds on water sustainability projects that do not rely on its delegated authority under [Bylaw No. 154](#) to coordinate development of water policy across agencies. It would not authorize LTC to use those funds for projects unrelated to water sustainability. If the LTC wishes to use those funds on non-water-related projects, a different resolution would be required.

If the LTC does not resolve to forward this RFD to Trust Council, or indeed if Trust Council does not support the LTC's request, staff will henceforth proceed on the understanding that the only valid use of unspent LTC special property tax requisition funds is the coordination of water sustainability initiatives through SSIWPA and will recommend that unspent funds be used for that purpose during the next budget cycle.

Rationale for Recommendation

- 1. That the Salt Spring Island Local Trust Committee endorse the Request for Decision included as Appendix 1 in the July 28, 2020 staff report and direct staff to forward it to Islands Trust Council.**

This recommendation fulfils LTC direction under resolution SS-2020-086. If Trust Council agrees to the request it will enable the LTC to undertake, or contribute to, water sustainability projects on Salt Spring Island that fit within the LTC's core land use planning function.

ALTERNATIVES

Staff do not propose any alternatives to the recommendation.

NEXT STEPS

Staff will forward the RFD for inclusion in the September Trust Council agenda package.

Submitted By:	Jason Youmans, Island Planner	July 14, 2020
Concurrence:	Stefan Cermak, Regional Planning Manager	July 14, 2020

ATTACHMENTS

1. RFD – Unspent Special Property Tax Requisition Funds



REQUEST FOR DECISION

To: Trust Council **For the Meeting of:** September 15, 2020

From: Salt Spring Island Local Trust **Date Prepared:** July 12, 2020
 Committee

SUBJECT: Policy Interpretation or Amendment – Trust Council Policy 6.3.2 s.6.3

RECOMMENDATION:

That Trust Council authorize the Salt Spring Island Local Trust Committee to use unspent special property tax requisition funds from previous fiscal years to undertake water sustainability projects that do not require coordination through the LTC’s delegated authority under Trust Council Bylaw No. 154.

And

That Trust Council direct staff to amend Trust Council Policy 6.3.2 to address the use of unspent special property tax requisition funds on new programs or initiatives when the original program or initiative remains ongoing.

CHIEF ADMINISTRATIVE OFFICER COMMENTS:

The Special Property Tax Requisition Policy predates Bylaw No. 154, which delegates additional powers to Salt Spring LTC and requires that funding over \$5,000 annually be by special property tax requisition. The recommendations will provide clarity on the use of surplus special tax requisition funds.

1 PURPOSE:

The purpose of this Request for Decision (RFD) is to request permissive interpretation of, or perhaps amendment to, [Trust Council Policy 6.3.2](#) [Special property Tax Requisitions] to allow the Salt Spring Island Local Trust Committee (SSILTC) to direct unspent special property tax requisition funds to projects related, although not identical to, the purpose for which the funds were originally requisitioned.

The SSILTC has accumulated approximately \$85,000 in unspent special property tax requisition funds since the 2016/17 fiscal year. These funds were requisitioned to support the coordination of freshwater planning and policy development on Salt Spring Island. The SSILTC would now like to use these funds to support water sustainability-related projects that fall within the SSILTC’s core land use planning function rather than its delegated coordination function.

2 BACKGROUND:

Issue Background

On June 10, 2013, Trust Council approved [Bylaw No. 154](#), a bylaw that delegates certain additional powers to the SSILTC to support the preservation and protection of water quality and quantity within the Salt Spring Island Local Trust Area. Specifically, Bylaw No. 154 delegates the SSILTC the powers (from *Islands Trust Act* section 8.2(b)) to:

- *coordinate* and *assist* in the *determination* of regional, improvement district and Government of British Columbia policies; and
- *coordinate* the *implementation* and *carrying out* of regional, improvement district and Government of British Columbia policies; and

Bylaw No. 154 also requires that funding for related operations be achieved through a special tax requisition within the Salt Spring Island Local Trust Area, where related expenditures will be \$5,000 or more.

Using its delegated powers under Bylaw No. 154, SSILTC created the Salt Spring Island Watershed Protection Alliance (SSIWPA). The purpose of SSIWPA is to:

- Provide a framework for freshwater resources in the Salt Spring Island Local Trust Area to be managed in a manner that integrates and considers both human and ecosystem needs through integrated planning, policy development and recommendations for implementation by member agencies and organizations;
- Advise on policies of regional, local and provincial government organizations that are related to freshwater resources;
- Coordinate the implementation of those policies.

Since 2013, and consistent with Bylaw No. 154, the SSILTC has used a special property tax requisition to fund SSIWPA's operations. The majority of the annual tax requisition has been used to compensate a coordinator working under contract to coordinate SSIWPA and its member agencies and organizations in determining freshwater priorities on the island. A portion of the tax requisition is also used to fund the communications, education and outreach activities SSIWPA undertakes to promote water sustainability.

Since the 2016/17 fiscal year, the SSILTC has accumulated approximately \$85,000 in unspent special property tax requisition funds. The SSILTC now wishes to deploy all, or a portion, of these unspent funds on land use planning initiatives that concern water sustainability, but do not fall within the coordination function for which the funds were initially requisitioned.

As an example, at SSIWPA's recommendation, the Capital Regional District (CRD) will soon undertake a Water Availability and Climate Change Assessment for Weston Lake, which provides potable water to the Fulford Village area through a CRD-operated service and has expressed a desire for partnership funding from the SSILTC.

There is sound policy support for SSILTC involvement in this project. Weston Lake is specifically identified in the Salt Spring Island Official Community Plan (OCP) as a water body deserving SSILTC's attention for further analysis and planning:

B.5.3.2.17 The Local Trust Committee should support a Weston Lake watershed management plan, a study of the improvement (or replacement) of the water distribution system and the installation of water meters for all users.

The OCP also contains policies that the SSILTC should assist community water system operators in determining their supply potential.

C.3.2.2.5 The Local Trust Committee will continue to cooperate with community water system operators to ensure water supply issues are considered before zoning changes are made. The Committee should also continue to assist in the development of better estimates of projected water demands and supply potential. The Committee could consider zoning changes that would limit land uses with a high water demand. The Committee particularly recognizes that this Plan could critically affect the North Salt Spring Waterworks District's ability to meet future needs and will cooperate with the District to address this issue.

C.3.2.2.8 The Local Trust Committee will consult, assist and cooperate with water districts in supply and demand management by providing data and supporting efforts to coordinate activities.

Under the prevailing interpretation of Trust Council Trust Policy 6.3.2 s.6.2, the LTC would be precluded from using its unspent special property tax requisition funds to support this initiative.

Policy Background

Trust Council Policy 6.3.2 s.6.3 specifies how unspent special levy funds may be used in years subsequent to their requisition if they remain unspent, as follows:

6.3) Any funds, generated through the special requisition, which are unspent at the conclusion of the fiscal year, will be held in reserve for the Local Trust Committee's use in the subsequent fiscal year to:

6.3.1) complete the previously approved initiative or program; or

6.3.2) undertake a new program, subject to a further resolution of the Local Trust Committee to do so.

While not particularly clear in its writing, staff understand the intent of this policy direction is to see that requisition funds are first and foremost spent on the activities for which they were requisitioned, as supported by s.6.2, which reads:

6.2) The Local Trust Committee must not authorize the expenditure of funds, generated through the special property tax requisition, for any purpose other than that for which the requisition was approved.

Under the Islands Trust legislation, Special property tax requisitions must be requested annually. As such, Policy 6.3.2 was written with the expectation that a program supported by the special property tax requisition would be completed at the end of the fiscal year. Policy 6.3.2 does not adequately address on-going programs supported by special property tax requisitions.

If, upon completion of the special project in its entirety, funds still remain unspent, these funds may at that time be used by the Local Trust Committee to undertake a new program. In the current context, SSIWPA remains an ongoing project, and as such it is expected that annual special tax requisition funds will be used to support its operations.

3 IMPLICATIONS OF RECOMMENDATION

ORGANIZATIONAL:

None

FINANCIAL:

The unspent special property tax requisition funds are already in Islands Trust accounts. Any proposal to spend them would require amendment to the Islands Trust budget.

Public sector budget and funding management often see that unspent funds related to projects of significance carry into a new fiscal year as surplus funds that remain allocated to the particular project(s) for which they were originally assigned. Islands Trust Council follows this principal for strategic plan and operational projects in their annual budget process. To do otherwise for special requisitioned funds would deviate from the standard historical practice of Islands Trust.

In addition, SSIWPA is not an agency with inherent perpetual continuance. Budgeting for SSIWPA is undertaken on a year-by-year basis with no contemplated longer-term financial plan. In the absence of a long-term financial plan, requisitioning funds that generate more than is needed for the immediate fiscal year is to plan for a surplus for which there may be no necessitated spending. Public consultation regarding requisitioning for a surplus has not been undertaken, which is also a requirement for special levy funding.

POLICY:

The SSILTC is requesting that Trust Council provide a favourable interpretation of, or potential amendment to, Trust Council Policy 6.3.2.

IMPLEMENTATION/COMMUNICATIONS:

If Trust Council agrees to the SSI LTC's request and the LTC subsequently resolves to allocate funds to one or more non-coordination water sustainability planning projects, staff will provide this information to Islands Trust finance department to update the budget accordingly.

FIRST NATIONS:

None

OTHER:

None

4 RELEVANT POLICY(S):

Trust Council Policy 6.3.2

Trust Council Bylaw No. 154

5 ATTACHMENT(S):

Trust Council Policy 6.3.2

Trust Council Bylaw No. 154

RESPONSE OPTIONS

Recommendation:

- 1) *That Trust Council authorize the Salt Spring Island Local Trust Committee to use unspent special property tax requisition funds from previous fiscal years to undertake water sustainability projects that do not require coordination through the LTC's delegated authority under Trust Council Bylaw No. 154.*

And

- 2) *That Trust Council direct staff to amend Trust Council Policy 6.3.2 to address the use of unspent special property tax requisition funds on new programs or initiatives when the original program or initiative remains ongoing.*

Alternative 1: Amend Trust Council Policy 6.3.2

If Trust Council finds that Policy 6.3.2 is excessively restrictive regarding LTC use of unspent special property tax requisition funds, it could consider the following potential amendments:

That Trust Council amend Trust Council Policy 6.3.2 as follows:

- *By deleting subsection 6.2*
- *By amending subsection 6.3 to read, "Any funds generated through the special tax requisition which are unspent at the conclusion of the fiscal year will be held in reserve for the Local Trust Committee to use at its discretion by way of resolution."*

Staff Comment: These amendments would represent a considerable departure from current policy and provide LTCs with significantly greater latitude to use unspent special property tax requisition funds.

Alternative 2: Retain Trust Council Policy 6.3.2

If Trust Council is satisfied that Policy 6.3.2 is appropriate, it need not direct staff to propose amendments as suggested in Recommendation 2 above. Instead, LTCs that wish to deviate from the policy would have to approach Trust Council directly, as SSILTC is doing now.

Alternative 3: Take No Action

If Trust Council is satisfied that Policy 6.3.2 is appropriate and that the SSILTC should not deviate from it, Trust Council should not carry the proposed recommendations 1 and 2 above. In this event, staff will

proceed on the assumption that the only valid use of unspent SSILTC special property tax requisition funds is the coordination of water sustainability initiatives through SSIWPA and will recommend that unspent funds be used for that purpose during the next budget cycle.

Prepared By: Jason Youmans, Island Planner, Salt Spring Island Team

Reviewed By/Date: