

**ISLANDS TRUST COUNCIL/BOWEN ISLAND MUNICIPALITY
PROTOCOL AGREEMENT**

This Protocol Agreement ("Agreement"), dated for reference January 13, 2014 is

BETWEEN:

ISLANDS TRUST COUNCIL
("Trust Council")

AND:

BOWEN ISLAND MUNICIPALITY
("Municipality")

(Referred to as the "Parties")

WHEREAS:

Under Section 9(1) of the *Islands Trust Act*, the Trust Council may enter into an agreement with an island municipality respecting the coordination of activities in the Trust Area;

The Bowen Island Municipality is an island municipality established by letters patent dated 4th day of December, 1999 and has the authority to enter into agreements;

The letters patent for Bowen Island Municipality require the Municipality to enter into an agreement with the Trust Council, with specific content requirements;

Both Parties share responsibility to carry out the object of the *Islands Trust Act* within their relative areas of jurisdiction; and

The Parties meet regularly to discuss respective areas of responsibility and to develop principles, processes and conditions for the coordination of efforts within the Bowen Island Municipality.

NOW THEREFORE, the Trust Council and the Municipality agree as follows:

1.0 PRINCIPLES

The Parties agree to the following principles to guide the development and maintenance of positive relations:

- 1.1 Respect of each others' jurisdiction with a commitment to promoting a spirit of mutual understanding and respect;
- 1.2 A desire to foster open and direct dialogue about each others' directions or concerns;
- 1.3 Recognition of each others' resource limitations and the benefits of working together;
- 1.4 The need to reflect both island community interests and the provincial mandate associated with the *Islands Trust Act* and *Local Government Act*;
- 1.5 A desire to share information in a manner consistent with legislative or legal requirements;
- 1.6 An aim to provide effective and efficient services to Bowen Island Municipality; and
- 1.7 Both parties will utilize best efforts to create a successful Islands Trust/Bowen Island Municipality relationship and acknowledge there is no precedent in this regard.

2.0 POLICY PLANNING PROCESS

- 2.1 The Trust Council will provide the Municipality a 30 day notice of intent for Policy Statement Bylaw Amendments and 30 days to respond to a referral regarding proposed amendments, unless otherwise mutually agreed.

3.0 BYLAW APPROVAL PROCESS

OFFICIAL COMMUNITY PLAN BYLAWS

- 3.1 In recognition of the requirements of the *Islands Trust Act*, the *Bowen Island Letters Patent* and the Agreement between Trust Council and the Ministry of Community and Rural Development, both parties endorse Schedule A as an accurate reflection of the approval process for the Municipality's Official Community Plan bylaws, including amending bylaws. Page 1 of Schedule A reflects the steps in a typical process, while Page 2 of Schedule A illustrates steps that would be taken if the Islands Trust Executive Committee refused or returned an OCP bylaw after the Municipality had given it third reading.
- 3.2 Before it gives first reading to an Official Community Plan bylaw, the Municipality will request its staff to complete a current copy of the Islands Trust's *Policy Statement Directives Check List*, attached to this Agreement as Schedule C.
- 3.3 When initially referring an Official Community Plan bylaw to the Islands Trust Executive Committee (Step 1 of Schedule A), the Municipality will provide copies of any staff reports that it considered prior to the referral, including the completed copy of Schedule C. The Municipality will provide copies of additional materials it considered, if requested by the Islands Trust Executive Committee.
- 3.4 In recognition of its obligations under Section 14.3.c of the *Bowen Island Letters Patent*, the Municipality will not schedule a public hearing regarding a bylaw referred to the Islands Trust at Step 1 of Schedule A until it has received the Islands Trust Executive Committee's comments about the bylaw, or until 45 days have elapsed from the date of referral, whichever is earlier.
- 3.5 When providing its response under Step 2 of Schedule A, the Islands Trust Executive Committee will provide copies of any staff reports, correspondence or other materials that it considered in developing its response.
- 3.6 If either the Islands Trust Executive Committee or the Trust Council *returns* an Official Community Plan bylaw, it will provide the Municipality with clear reasons and directions as to changes to the bylaw that would be required for approval, and any staff reports, correspondence or other materials that it considered in making its decision.
- 3.7 If either the Islands Trust Executive Committee or the Trust Council *refuses* an Official Community Plan bylaw, it will provide the Municipality with clear reasons and any staff reports, correspondence or other materials that it considered in making its decision.

OTHER BYLAWS

- 3.8 In recognition of the requirements of the *Bowen Island Letters Patent*, both parties endorse Schedule B as an accurate reflection of the referral process for all of the Municipality's regulatory bylaws under Part 29 of the *Local Government Act* or any other bylaw of the Municipality that refers to a matter included in the *Islands Trust Policy Statement*
- 3.9 Before it gives first reading to a bylaw that it will refer to the Islands Trust, the Municipality will request its staff to complete a current copy of the Islands Trust's *Policy Statement Directives Checklist*, attached to this Agreement as Schedule C.
- 3.10 When referring a bylaw to the Islands Trust (Step 1 of Schedule B), the Municipality will provide the Islands Trust Executive Committee with copies of any staff reports that it considered prior to the referral, including the completed copy of Schedule C.
- 3.11 When providing its response under Step 2c of Schedule B, the Islands Trust Executive Committee will provide copies of any staff reports, correspondence or other materials that it considered in developing its response.

ALL BYLAWS

- 3.12 To facilitate effective and efficient bylaw approval processes, the parties will encourage their staff to engage in early communications and attempt to resolve concerns about any bylaw of the Municipality that may be considered inconsistent with or at variance to the *Islands Trust Policy Statement*.

4.0 FINANCIAL AND ADMINISTRATIVE ARRANGEMENTS

- 4.1 To assist the Municipality in planning for its financial obligations pursuant to Section 20 of the Bowen Island Letters Patent, and Section 47 of the *Islands Trust Act*, the Trust Council shall advise the Municipality of the tax requisition estimate by January of each year. By April 1st of each year, the Trust Council shall confirm the tax requisition required to support the operations of the trust council, the executive committee and administrative operations of the trust fund board, subject to Ministerial approval.
- 4.2 The Trust Council will calculate the municipal tax requisition in accordance with the *Islands Trust Act* and Trust Council's Policy 7.2.vi – Municipal Requisition Cost Allocations, adopted December 4, 2013 and attached to this Agreement as Schedule D.
- 4.3 The Trust Council will provide the Municipality a 30-day notice of intent for any proposed amendments to Policy 7.2.vi and 30 days to respond to a referral regarding proposed amendments, unless otherwise mutually agreed.
- 4.4 Agendas and minutes for regular meetings of Trust Council and the Municipality will be provided on a regular basis to the designated staff and copies of reports related to regular meeting agendas will be made available on request. The requirement to provide agendas and minutes may be satisfied by either party if the documents are readily available on a public website or if either party offers the option of an electronic subscription to the documents.
- 4.5 Either Party receiving an inquiry or complaint relating to a matter that is within the jurisdiction of, or may reasonably be of interest to, the other Party shall forward the appropriate information to the other Party within a reasonable period of time.
- 4.6 Both Parties agree to direct concerns regarding administrative requirements, resource allocation and staffing to the respective chief administrative officers.
- 4.7 Unresolved operational matters shall be directed to the respective chief elected officer or their designate.

5.0 INITIATIVES WITH OTHERS

- 5.1 After consultation with the other party, either Party will provide written notice respecting requests for the Federal, First Nation and Provincial governments to enact legislation that may affect the activities of the other Party relative to the Bowen Island Municipality.
- 5.2 In addition to the requirements under the Letters Patent both Parties will endeavour to provide opportunities for the other Party to provide input to or involvement in agreements with other organizations that may impact the activities of the other Party.

6.0 COMMUNICATIONS

- 6.1 The Parties agree to schedule, by October of each year, regular meetings of the Islands Trust Executive Committee and Municipality to review the implementation of the protocol and/or other areas of mutual interest, such as advocacy topics and the conservation work of the Trust Fund Board.

- 6.2 The Islands Trust Executive Committee and/or Trust Council and the Municipality shall provide an opportunity to meet and deal with matters requested in writing, within 14 days of such a request being delivered, unless otherwise agreed to by both parties.
- 6.3 Both Parties will encourage active staff liaison to promote the effective coordination of activities and will provide opportunities for staff to participate in joint activities and meetings such as those related to information and data sharing, professional development, and training.
- 6.4 Both Parties agree to pursue alternate methods of dispute resolution before initiating legal proceedings directed at the other Party.

7.0 CONDITIONS

- 7.1 Nothing in this Agreement shall be construed so as to fetter the legislative discretion of either of the Parties or oblige either of the Parties to adopt or prevent either of the Parties from adopting any bylaw or resolution.
- 7.2 The interpretation of terms used in this Agreement shall be governed by the interpretation provisions of the *Community Charter, Islands Trust Act* and the *Local Government Act*.
- 7.3 This Agreement may be amended by agreements in writing between the Bowen Island Municipality and the Islands Trust Council.
- 7.4 The Chief Administrative Officer of the Islands Trust and the Chief Administrative Officer of the Bowen Island Municipality may enter into Letters of Understanding to provide administrative details for implementing this protocol upon the resolution of both Parties.
- 7.5 Information and notification pertinent to this Agreement shall be delivered to:

Islands Trust Council	Islands Trust 2nd Floor, 1627 Fort Street Victoria, BC V8R 1H8 Fax: 250-405-5155
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Bowen Island Municipality	Bowen Island Municipality Municipal Hall 981 Artisan Lane Bowen Island, BC V0N 1G0 Fax: 604-947-0193
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- 7.6 The officials of each Party who shall be responsible for the notices and the administration of this Agreement are:

Islands Trust Council:	the Chief Administrative Officer of the Islands Trust; and
Bowen Island Municipality:	the Chief Administrative Officer of the Municipality

As evidence of their agreement of the above terms, the Parties have executed this Agreement as set out below:

Signed this 13th day of January, 2014.



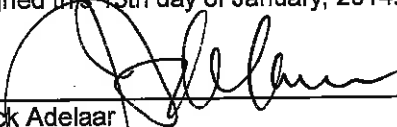
Sheila Malcolmson
Chair, Islands Trust Council

Signed this 13th day of January, 2014.



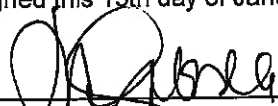
Linda Adams,
Chief Administrative Officer, Islands Trust

Signed this 13th day of January, 2014.



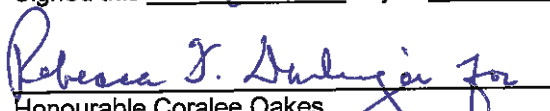
Jack Adelaar
Mayor, Bowen Island Municipality

Signed this 13th day of January, 2014.



Kathy Lalonde,
Chief Administrative Officer, Bowen Island Municipality

Signed this 6th day of February, 2014.

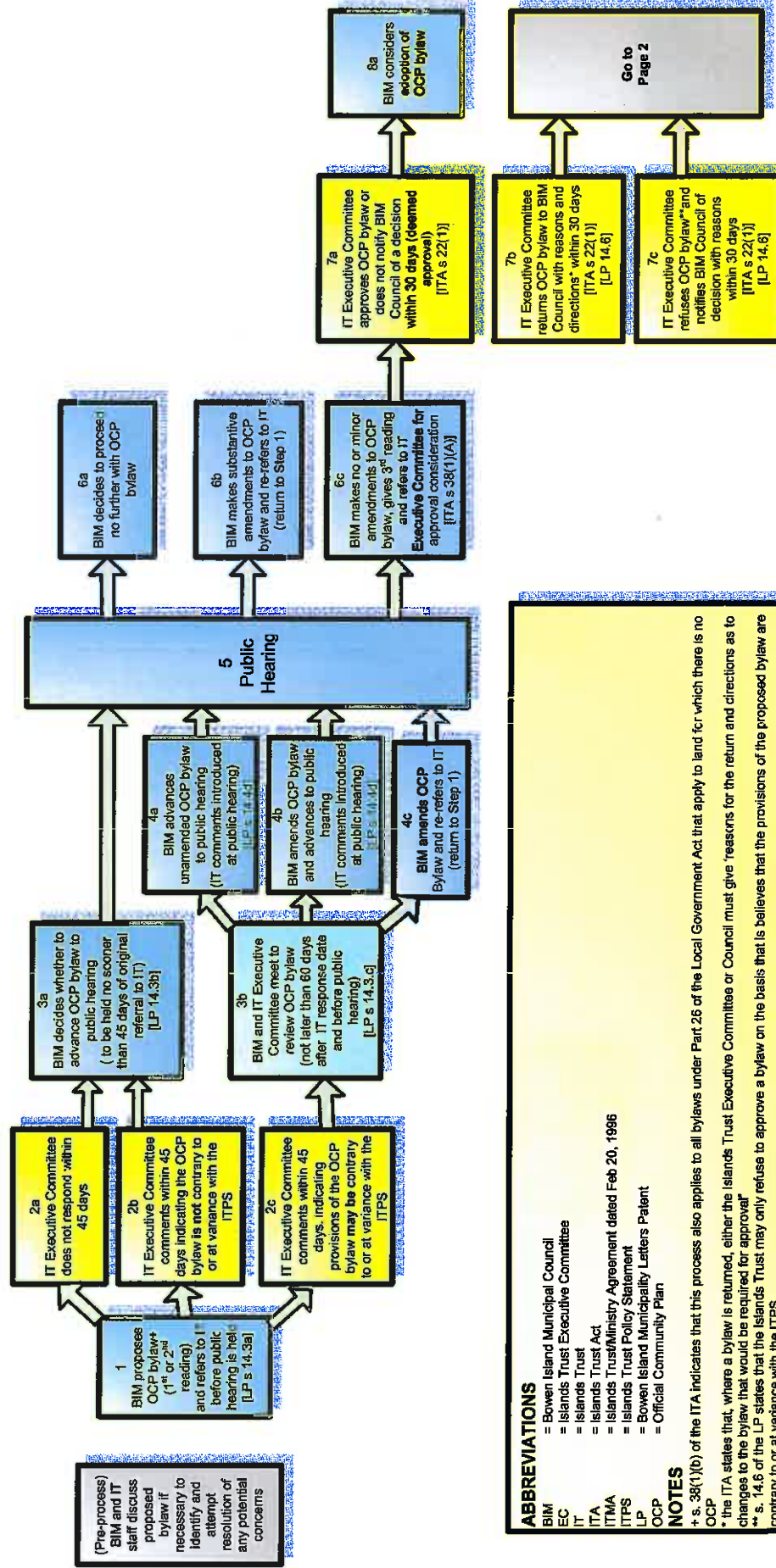


Honourable Coralee Oakes
Minister of Community, Sport and Cultural Development

Schedule A

OCP Bylaw Referral and Approval Process

Schedule A – Islands Trust -- Bowen Island Municipality OCP Bylaw Referral and Approval Process PAGE 1 – Typical Referral and Approval Process



ABBREVIATIONS

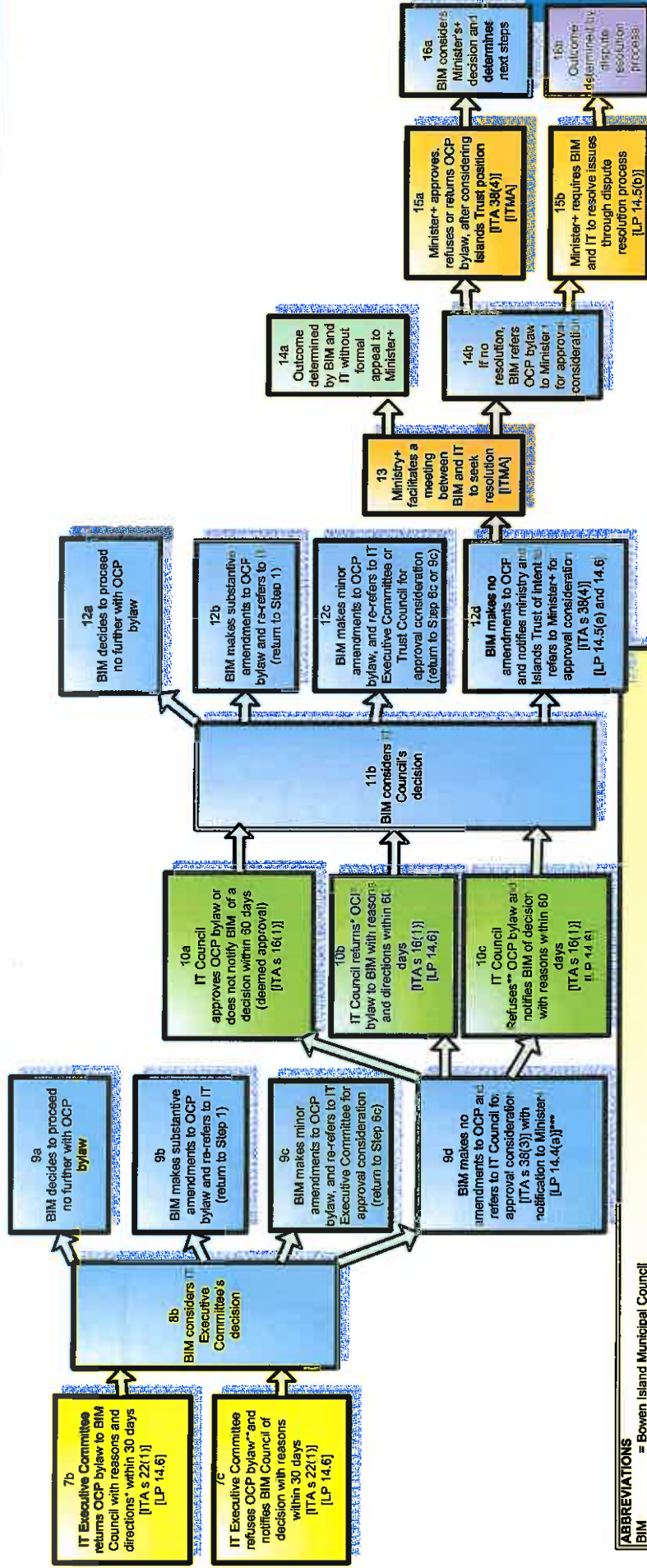
- BIM = Bowen Island Municipal Council
- EC = Islands Trust Executive Committee
- IT = Islands Trust
- ITA = Islands Trust Act
- ITMA = Islands Trust/Ministry Agreement dated Feb 20, 1996
- ITPS = Islands Trust Policy Statement
- LP = Bowen Island Municipality Letters Patent
- OCP = Official Community Plan

NOTES

- + s. 38(1)(b) of the ITA indicates that this process also applies to all bylaws under Part 26 of the Local Government Act that apply to land for which there is no OCP
- * the ITA states that, where a bylaw is returned, either the Islands Trust Executive Committee or Council must give reasons for the return and directions as to changes to the bylaw that would be required for approval
- ** s. 14.6 of the LP states that the Islands Trust may only refuse to approve a bylaw on the basis that it believes that the provisions of the proposed bylaw are contrary to or at variance with the ITPS.
- *** s. 14.4(b) of the LP states that the minister may provide advice or direction to assist with the review of the bylaw by the Trust Council and to determine if the bylaw may be approved by the Islands Trust Council

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**Schedule A – Islands Trust -- Bowen Island Municipality
 OCP Bylaw Referral and Approval Process
 PAGE 2 – Referral and Approval Process if Islands Trust Executive Committee Refuses or Returns a Bylaw**



ABBREVIATIONS
 BIM = Bowen Island Municipal Council
 EC = Islands Trust Executive Committee
 IT = Islands Trust
 ITA = Islands Trust Act
 ITMA = Islands Trust/Ministry Agreement dated Feb 20, 1996
 ITPS = Islands Trust Policy Statement
 LP = Bowen Island Municipality Letters Patent
 OCP = Official Community Plan

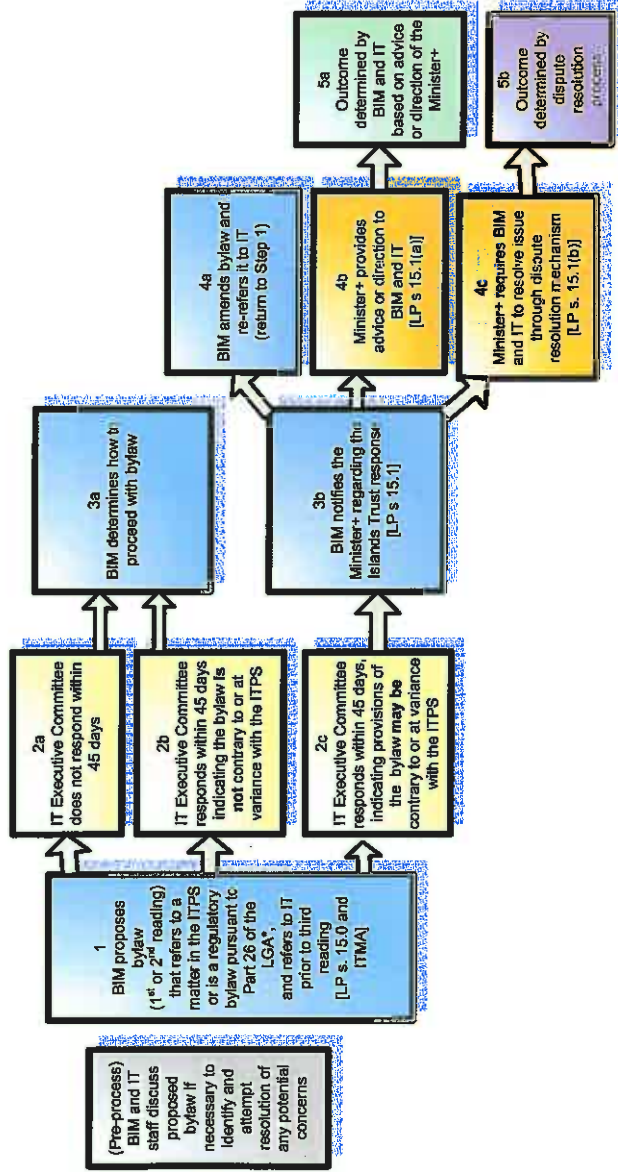
NOTES
 * 'Minister' and 'ministry' refers to the Minister or ministry responsible for the *Islands Trust Act*
 ** the ITA states that, where a bylaw is returned, either the Islands Trust Executive Committee or Council must give reasons for the return and directions as to changes to the bylaw that would be required for approval
 *** s. 14.6 of the LP states that the Islands Trust may only refuse to approve a bylaw on the basis that it believes that the provisions of the proposed bylaw are contrary to or at variance with the ITPS.
 **** s. 14.4(b) of the LP states that the minister may provide advice or direction to assist with the review of the bylaw by the Trust Council and to determine if the bylaw may be approved by the Islands Trust Council

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Schedule B

Non-OCP Bylaw Referral and Approval Process

Schedule B – Islands Trust -- Bowen Island Municipality Non-OCP Bylaw Referral and Approval Process



ABBREVIATIONS

- BIM = Bowen Island Municipal Council
- IT = Islands Trust
- ITMA = Islands Trust/Ministry Agreement dated Feb 20, 1996
- ITPS = Islands Trust Policy Statement
- LP = Bowen Island Municipality Letters Patent
- OCP = Official Community Plan

NOTES

- * s.17.3 of the LP make BIM a party to the ITMA. Part 3 of the ITMA indicates that BIM must refer all regulatory bylaws proposed to be adopted pursuant to Part 29 of the Municipal Act. Part 29 of the Municipal Act was succeeded by Part 26 of the Local Government Act.
- + Minister or ministry refers to the minister or ministry responsible for the *Islands Trust Act*

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Schedule C

**Islands Trust Policy Statement
Directives Check List**



Islands Trust

POLICY STATEMENT DIRECTIVES ONLY CHECK LIST

Bylaw and File No:

PURPOSE

To provide staff with the Directives Only Checklist to highlight issues addressed in staff reports and as a means to ensure Local Trust Committee address certain matters in their official community plans and regulatory bylaws and Island Municipalities address certain matters in their official community plans and to reference any relevant sections of the Policy Statement.

POLICY STATEMENT

The Policy Statement is comprised of several parts. Parts I and II outline the purpose, the Islands Trust object, and Council's guiding principles. Parts III, IV and V contain the goals and policies relevant to ecosystem preservation and protection, stewardship of resources and sustainable communities.

There are three different kinds of policies within the Policy Statement as follows:

- Commitments of Trust Council which are statements about Council's position or philosophy on various matters;
- Recommendations of Council to other government agencies, non-government organizations, property owners, residents and visitors; and
- Directive Policies which direct Local Trust Committees and Island Municipalities to address certain matters.

DIRECTIVES ONLY CHECK LIST

The Policy Statement Directives Only Checklist is based on the directive policies from the Policy Statement (Consolidated April 2003) which require Local Trust Committees to address certain matters in their official community plans and regulatory bylaws and Island Municipalities to address certain matters in their official community plans in a way that implements the policy of Trust Council.

Staff will use the Policy Statement Checklist (Directives Only) to review Local Trust Committee and Island Municipality bylaw amendment applications and proposals to ensure consistency with the Policy Statement. Staff will add the appropriate symbol to the table as follows:

- ✓ if the bylaw is consistent with the policy from the Policy Statement, or
- ✗ if the bylaw is inconsistent (contrary or at variance) with a policy from the Policy Statement, or
- N/A if the policy is not applicable.

Part III Policies for Ecosystem Preservation and Protection

CONSISTENT		DIRECTIVE POLICY
	NO.	
	3.1	Ecosystems
	3.1.3	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification and protection of the environmentally sensitive areas and significant natural sites, features and landforms in their planning area.
	3.1.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the planning, establishment, and maintenance of a network of protected areas that preserve the representative ecosystems of their planning area and maintain their ecological integrity.
	3.1.5	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the regulation of land use and development to restrict emissions to land, air and water to levels not harmful to humans or other species.
	3.2	Forest Ecosystems
	3.2.2	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the protection of unfragmented forest ecosystems within their local planning areas from potentially adverse impacts of growth, development, and land-use.
	3.3	Freshwater and Wetland Ecosystems and Riparian Zones
	3.3.2	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address means to prevent further loss or degradation of freshwater bodies or watercourses, wetlands and riparian zones and to protect aquatic wildlife.
	3.4	Coastal and Marine Ecosystems
	3.4.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the protection of sensitive coastal areas.
	3.4.5	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the planning for and regulation of development in coastal regions to protect natural coastal processes.

PART IV: Policies for the Stewardship of Resources

CONSISTENT		DIRECTIVE POLICY
	NO.	
	4.1	Agricultural Land
	4.1.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification and preservation of agricultural land for current and future use.
	4.1.5	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the preservation, protection, and encouragement of farming, the sustainability of farming, and the relationship of farming to other land uses.
	4.1.6	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the use of adjacent properties to minimize any adverse effects on agricultural land.

CONSISTENT		DIRECTIVE POLICY
NO.		
4.1.7	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the design of road systems and servicing corridors to avoid agricultural lands unless the need for roads outweighs agricultural considerations, in which case appropriate mitigation measures shall be required to derive a net benefit to agriculture	
4.1.8	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address land uses and activities that support the economic viability of farms without compromising the agriculture capability of agricultural land.	
4.1.9	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the use of Crown lands for agricultural leases.	
4.2	Forests	
4.2.6	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the need to protect the ecological integrity on a scale of forest stands and landscapes.	
4.2.7	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the retention of large land holdings and parcel sizes for sustainable forestry use, and the location and construction of roads, and utility and communication corridors to minimize the fragmentation of forests.	
4.2.8	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the designation of forest ecosystem reserves where no extraction will take place to ensure the preservation of native biological diversity.	
4.3	Wildlife and Vegetation	
4.4	Freshwater Resources	
4.4.2	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address measures that ensure neither the density nor intensity of land use is increased in areas which are known to have a problem with the quality or quantity of the supply of freshwater, water quality is maintained, and existing, anticipated and seasonal demands for water are considered and allowed for.	
4.4.3	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address measures that ensure water use is not to the detriment of in-stream uses	
4.5	Coastal Areas and Marine Shorelands	
4.5.8	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the needs and locations for marine dependent land uses.	
4.5.9	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the compatibility of the location, size and nature of marinas with the ecosystems and character of their local planning areas.	
4.5.10	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the location of buildings and structures so as to protect public access to, from and along the marine shoreline and minimize impacts on sensitive coastal environments.	
4.5.11	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address opportunities for the sharing of facilities such as docks, wharves, floats, jetties, boat houses, board walks and causeways.	

4.6	Soils and Other Resources
4.6.3	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the protection of productive soils.

PART V: Policies for Sustainable Communities

CONSISTENT	NO.	DIRECTIVE POLICY
	5.1	Aesthetic Qualities
	5.1.3	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the protection of views, scenic areas and distinctive features contributing to the overall visual quality and scenic value of the Trust Area.
	5.2	Growth and Development
	5.2.3	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address policies related to the aesthetic, environmental and social impacts of development.
	5.2.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address any potential growth rate and strategies for growth management that ensure that land use is compatible with preservation and protection of the environment, natural amenities, resources and community character.
	5.2.5	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address means for achieving efficient use of the land base without exceeding any density limits defined in their official community plans.
	5.2.6	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification of areas hazardous to development, including areas subject to flooding, erosion or slope instability, and strategies to direct development away from such hazards.
	5.3	Transportation and Utilities
	5.3.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the development of a classification system of rural roadways, including scenic or heritage road designations, in recognition of the object of the Islands Trust.
	5.3.5	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the impacts of road location, design, construction and systems.
	5.3.6	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the designation of areas for the landing of emergency helicopters.
	5.3.7	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the development of land use patterns that encourage establishment of bicycle paths and other local and inter-community transportation systems that reduce dependency on private automobile use.
	5.4	Disposal of Waste
	5.4.4	Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification of acceptable locations for the disposal of solid waste.

DIRECTIVE POLICY	
CONSISTENT	NO.
	5.5 Recreation
	5.5.3 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the prohibition of destination gaming facilities such as casinos and commercial bingo halls.
	5.5.4 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the location and type of recreational facilities so as not to degrade environmentally sensitive areas, and the designation of locations for marinas, boat launches, docks and anchorages so as not to degrade sensitive marine or coastal areas.
	5.5.5 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification of sites providing safe public access to beaches, the identification and designation of areas of recreational significance, and the designation of locations for community and public boat launches, docks and anchorages.
	5.5.6 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification and designation of areas for low impact recreational activities and discourage facilities and opportunities for high impact recreational activities.
	5.5.7 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the planning for bicycle, pedestrian and equestrian trail systems.
	5.6 Cultural and Natural Heritage
	5.6.2 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the identification, protection, preservation and enhancement of local heritage.
	5.6.3 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address the preservation and protection of the heritage value and character of historic coastal settlement patterns and remains.
	5.7 Economic Opportunities
	5.7.2 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address economic opportunities that are compatible with conservation of resources and protection of community character.
	5.8 Health and Well-being
	5.8.6 Local Trust Committees and Island Municipalities shall, in their official community plans and regulatory bylaws, address their community's current and projected housing requirements and the long-term needs for educational, institutional, community and health-related facilities and services, as well as the cultural and recreational facilities and services.

POLICY STATEMENT COMPLIANCE	
	COMPLIANCE WITH TRUST POLICY
	NOT IN COMPLIANCE WITH TRUST POLICY for the following reasons:

Schedule D

**Islands Trust Policy 7.2.vi
Municipal Requisition Cost Allocations**

7.2.vi. Policy

MUNICIPAL TAX REQUISITION CALCULATION
Trust Council: March 10, 2004
Amended: December 6, 2012; December 5, 2013

A. PURPOSE:

To provide guidelines for allocating the Islands Trust annual budget for the purpose of calculating a municipal tax requisition.

B. REFERENCES:

1. *Islands Trust Act, S. 47*
2. *Islands Trust Act, S. 14*
3. *Islands Trust Council Policy 5.5.5 – Trustee Remuneration*
4. *Islands Trust Council – Bowen Island Municipality Protocol Agreement*

C. BACKGROUND:**1. Legislative Framework**

- 1.1 The Islands Trust budget must be developed in accordance with Section 14 of the *Islands Trust Act*.

- 14(1) *On or before March 31 in each year, the trust council must, by bylaw, adopt an annual budget for the trust for the next fiscal year.*
- (2) *Subject to subsection (6), a bylaw under subsection (1) has no effect until it is approved by the minister.*
- (3) *The budget must*
- (a) *show separately revenues obtained from appropriations, including operating grants and anticipated recoveries from taxes levied under sections 48 and 49, and other sources,*
 - (b) *show appropriated surpluses of prior years, and*
 - (c) *set out separately the anticipated expenditure relating to*
 - (i) *operations of the trust council and of the executive committee, except the operations of the executive committee acting as a local trust committee under section 23 (5),*
 - (ii) *general operations of the local trust committees, including the operations of the executive committee acting as a local trust committee under section 23 (5) and excluding the operations referred to in subparagraph (iii),*
 - (iii) *operations of a local trust committee that are additional operations not included within the general operations of all the local trust committees under subparagraph (ii), and*
 - (iv) *administrative operations of the trust fund board.*

- 1.2 Calculation of the municipal tax requisition must be undertaken in accordance with Sections 47(2)(b) and 47(6) of the *Islands Trust Act*.

47(2) On or before April 25 in each year, the minister may deliver requisitions (b) to each municipality in the trust area in relation to

(i) the cost of operations of the trust council and the executive committee, except the operations of the executive committee acting as a local trust committee under section 23 (5), and

(ii) the cost of administrative operations of the trust fund board.

47(6) The amount that is to be recovered by means of requisitions under subsections (2)(a (i) and (2)(b) must be apportioned between the municipalities and the local trust areas on the basis of the converted value of land and improvements in the trust area.

Not mentioned in the *Islands Trust Act* are the budgets for Administration. Administrative units in Islands Trust serve other units within Islands Trust. For example, Mapping Services support Local Planning Services (included in Local Trust Committee operations), Trust Area Services (included in Trust Council operations) and the Islands Trust Fund (included in Trust Fund Board administrative operations). Similarly, Finance, Human Resources, and Information Systems serve all the employees and activities in the Islands Trust. In the detailed budget, and in all financial reporting by Islands Trust, General Administrative expenses are allocated to Trust Council, Local Planning Services and the Islands Trust Fund.

2. Islands Trust Financial System

- 2.1 To achieve the reporting requirements for budgeting purpose, the financial systems used by Islands Trust are organized in two dimensions:
- a. General Ledger Account Number – each revenue and expense category has a General Ledger (GL) number associated with it. For example, “Contract Services” has the GL number 56500.
 - b. Location Code – various operational and political units are assigned Location Codes. For example, Trust Council is Location Code 100.
- 2.2 When Islands Trust budgets are created, dollar amounts for budgets are recorded in the combination of both the GL Account Number and Location Code. For example a \$5,000 budget for Contract Services for use by Trust Council would be recorded as a budget entry to GL account 56500 and Location Code 100 (ie. 56500-100) in the amount of \$5,000.
- 2.3 The Islands Trust fiscal year runs from April 1 to March 31.

D. PROCEDURE:

1. Calculation of a Municipal Tax Requisition

- 1.1 The calculation of a municipal tax requisition will be undertaken as follows:
- a. From the approved budget in a fiscal year, a “Municipal Pool” will be calculated to represent the net amount of expenses and revenues that a municipality is responsible for contributing to, as defined in Section 47(2)(b) of the *Islands Trust Act*.

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- b. Once the Municipal Pool is calculated, the amount attributed to a municipality will be calculated in accordance with Section 47(6) of the *Islands Trust Act* and will be based on the proportion of the Converted Assessed Values of the municipality compared to the total Converted Assessed Values for the entire Islands Trust Area.

2. Calculation of the Municipal Pool

- 2.1 Budgeted expenses in the approved Islands Trust budget for a fiscal year that will be wholly included (except as noted in D.2.2.2) in the Municipal Pool include:
 - a. All Trust Council Expenses (location codes: 100 – Trust Council, 110 – Executive Committee, 150 – Trust Area Service)
 - b. All Islands Trust Fund expenses (location codes: 210 – Islands Trust Fund, 220 – ITF cost recovery for NAPTEP activities)
- 2.2 Specific expenses embedded in the location codes noted in D.2.2.1 that will be excluded from the Municipal Pool include:
 - a. Costs for Elections. Rationale – Islands Trust election costs are for local trust committee (LTC) members only and island municipalities bear the costs of their own elections.
 - b. Costs for Elected Officials Liability insurance coverage. Rationale – elected officials liability coverage primarily protects trustees for actions that occur while acting on an LTC and the Islands Trust Indemnification Bylaw does not indemnify Municipal Trustees for claims made against them in the course of their municipal duties.
 - c. Costs for the operation of the Local Planning Committee. Rationale – the Local Planning Committee advises Trust Council regarding land use planning matters, primarily related to the operations of local trust committees.
 - d. Costs for the employer Canada Pension Plan (CPP) contribution. Rationale – the trustee remuneration amount paid to island municipality trustees is below the income threshold before CPP deductions are authorized on trustee income. The portion of each trustee's remuneration allocated to the Trust Council budget is the same as the amount paid to island municipality trustees. Therefore, the portion of each trustee's remuneration would not attract any CPP deductions, nor the equivalent employer contribution. Note: health and dental benefits are budgeted in the LTC location codes because Municipal Trustees are not eligible for health and dental benefit coverage according to *Islands Trust Council Policy 5.5.5 - Trustee Remuneration*.
- 2.3 Budgeted expenses in the approved Islands Trust budget for a fiscal year that will be partially included in the Municipal Pool include:
 - a. Mapping Services expenses (location code 540), less any project budgets that are specifically directed to LTCs.
 - i. Allocated to the Municipal Pool at a rate of ~~20%~~~~30%~~. Rationale - Mapping Services staff indicate that ~~70%~~~~80%~~ of their time is spent servicing LTCs and Local Planning Services, and ~~20%~~~~30%~~ of their

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time is spent servicing Trust Area Services and the Islands Trust Fund.

- b. Administration expenses from location codes 810, 820, 830 and 999.
 - i. Allocated to the Municipal Pool at the Administrative Allocation Rate defined annually in the approved budget as "Total budgeted costs for Trust Council plus Islands Trust Fund divided by the Total Operational Units expenditure budget". An example illustrating calculation of the Administrative Allocation Rate is included in Appendix C.
- 2.4 As some budget items in location codes 810, 820, 830, or 999 may serve only parts of the organization instead of the whole organization. These budget items will be examined annually to determine the percentage to be allocated to the Municipal Pool. For example, if a particular budget item in Administration only applied to local planning services, then 0% would be allocated to the Municipal Pool.
- 2.5 Amortization Expense will be included in the Municipal Pool at one-third of the Administrative Allocation Rate (ie. $27.3\%/3 = 9.1\%$). Rationale -- About one-third of current assets being amortized are acquired under capital leases and, other than a small charge to interest from the capital lease payments, the amortization budget is the only budget line recording the expense of these assets. Other assets are budgeted as operating expenses, and they are only capitalized if they meet the tangible capital asset cost threshold of \$5,000. Using the example Administrative Allocation Rate, 9.1% of the Amortization budget will be added to the Municipal Pool.
- 2.6 Contribution to Surplus - When a Contribution to Surplus is budgeted, the treatment regarding the Municipal Pool may vary depending on the purpose of the Contribution to Surplus:
 - a. A general Contribution to Surplus that supports the overall operation of the Islands Trust will be added to the Municipal Pool as an expense at the Administrative Allocation Rate.
 - b. If a Contribution to Surplus is specifically targeted to an activity that benefits only a portion of the Islands Trust, then the proportion treated as an expense in the Municipal Pool will be determined at the time by mutual agreement between the Treasurers of the Islands Trust and each island municipality.
- 2.7 Islands Trust Revenues will be examined annually to determine if any should be allocated to the Municipal Pool in order to offset expenses. The calculation of revenues that will be allocated to the Municipal Pool will be based on logic similar to that used to calculate expenses. A list of the various Islands Trust revenue budget lines and how they are treated in contributing to the Municipal Pool are included in Appendix B.

3. Communications

- 3.1 The Islands Trust Treasurer will estimate the municipal tax requisition for each fiscal year, based on the initial draft of the Islands Trust budget that is reviewed by Trust Council in December of each year.

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- 3.2 All documents used by the Islands Trust Treasurer to estimate the municipal tax requisition will be provided to the Treasurer of an island municipally for review by December 31 of each year, with a request that the island municipality Treasurer submit any concerns about the accuracy and completeness of the municipal tax requisition calculation by February 28 of the following year.
- 3.3 During its consideration of its annual budget in March of each year, the Islands Trust Council will be provided with any responses received from island municipality Treasurers in regards to the accuracy and completeness of the municipal tax requisition calculation.
- 3.4 This policy will be attached to the *Islands Trust Council – Bowen Island Municipality Protocol Agreement*

4. Policy Amendment

- 4.1 This policy will be effective upon adoption and will not be applied retroactively.
- 4.2 Any changes to the policy will be effective upon adoption and will not be applied retroactively to any prior fiscal years.

APPENDIX A

The following is a list of the Location Codes in the Islands Trust financial system with each location defined in terms of how it would be described in the Islands Trust Act, section 14(3)(c), or as Islands Trust Administration.

Location Description	Location Code	Description of how Location Code fits into Budget Section in Islands Trust Act
Trust Council	100	"operations of Trust Council and Executive Committee"
Executive Committee	110	"operations of Trust Council and Executive Committee"
Trust Area Services	150	"operations of Trust Council and Executive Committee"
Islands Trust Fund	210	"administrative operations of the Trust Fund Board"
ITF - recovery	220	"administrative operations of the Trust Fund Board"
Victoria planning office	510	"general operations of the Local Trust Committees"
Ganges planning office	520	"general operations of the Local Trust Committees"
Gabriola planning office	530	"general operations of the Local Trust Committees"
Mapping Services	540	Administration
By law Enforcement	580	"general operations of the Local Trust Committees"
Director of LPS	590	"general operations of the Local Trust Committees"
Executive Islands	610	"general operations of the Local Trust Committees"
Denman	615	"general operations of the Local Trust Committees"
Gabriola	620	"general operations of the Local Trust Committees"
Galiano	625	"general operations of the Local Trust Committees"
Gambier	630	"general operations of the Local Trust Committees"
Hornby	635	"general operations of the Local Trust Committees"
Lasqueti	640	"general operations of the Local Trust Committees"
Mayne	645	"general operations of the Local Trust Committees"
N. Pender	650	"general operations of the Local Trust Committees"
Salt Spring	655	"general operations of the Local Trust Committees"
Saturna	660	"general operations of the Local Trust Committees"
S. Pender	665	"general operations of the Local Trust Committees"
Thetis	670	"general operations of the Local Trust Committees"
Exec on LTCs	675	"operations of the executive committee acting as a local trust committees"; this location code also includes costs for the Executive Committee members serving as chairs of local trust committees (travel costs plus 50% Executive remuneration)
Victoria Admin office	810	Administration
Chief Admin Officer	820	Administration
Finance/HR/Info Systems	830	Administration
Trust-wide general	999	Administration

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APPENDIX B: Revenue Budget Lines Categorized for Municipal Pool Calculations

Revenue Category	Municipal Pool Treatment	Rationale
Fees & Sales (eg. Development application fee; sales of OCP maps)	Excluded	Fees and Sales relate solely to activities of the Local Trust Committees, whose activities are excluded from the municipal tax requisition calculation.
Provincial Grant (general Regional District grants or Strategic Community Investment grants)	Included in the Municipal Pool	Provincial funding is for the whole organization, including Local Planning Services. Using the Administrative Allocation Rate would reflect the ratio attributed to Trust Council and Islands Trust Fund.
Property Taxes	Excluded	Property taxes are collected from the non-municipal Local Trust Areas.
Municipal Tax Levy	Excluded	This policy addresses the calculation of the municipal tax levies.
Special tax levies on individual Local Trust Areas	Excluded	Special tax levies relate solely to activities of the Local Trust Committees, whose activities are excluded from the municipal tax requisition calculation.
Appropriations from Surplus	<p>Appropriations specifically identified for Trust Council, Trust Area Services or Islands Trust Fund are included at 100% of the appropriation amount.</p> <p>Appropriations specifically identified for Local Trust Committees or Local Planning Services are excluded.</p> <p>Appropriations specifically identified for Administrative Services, or general appropriations to reduce property taxes are included in the Municipal Pool at the Administrative Allocation Rate</p>	<p>100% of expenses for the same operational units are included in the Municipal Pool</p> <p>Activities relating to Local Trust Committees or Local Planning Services are excluded from the Municipal Pool</p> <p>Expenses for Administrative Services are allocated to the Municipal Pool at the same percentage. Non-specific appropriations are allocated to the Municipal Pool at the same rate as Administrative expenses which are also non-specific to a particular operational unit.</p>

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Revenue Category	Municipal Pool Treatment	Rationale
Interest income	Included at the percentage defined by the Administrative Allocation Rate	Administrative revenue is allocated to the Municipal Pool at the same rate as Administrative expenses.
Income from grants	<p>Grant income specifically identified for Trust Council, Trust Area Services or Islands Trust Fund are included at 100% of the budgeted revenue amount.</p> <p>Grant income specifically identified for Local Trust Committees or Local Planning Services are excluded.</p> <p>Grant income specifically identified for Administrative Services, are included in the Municipal Pool at the Administrative Allocation Rate</p>	<p>Expenses for these operational units are 100% included in the Municipal Pool.</p> <p>Expenses for these operational units are excluded from the Municipal Pool.</p> <p>Expenses for Administrative Services are included in the Municipal Pool at the Administrative Allocation Rate.</p>
Miscellaneous income	Treated the same as general grant income	
Other Income – NAPTEP, ITF cost recovery	If budgeted, then 100% included in the Municipal Pool.	Islands Trust Fund costs are 100% allocated to the Municipal Pool. (Note: normally income in this category does not contain a revenue budget. The category is used to isolated fees from NAPTEP applications once the funds are received.

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APPENDIX C: Example Calculation of the Administrative Allocation Rate

\$ Millions

\$ 1.0	Trust Council budget
0.5	Islands Trust Fund budget

\$ 1.5	Sub-total for Trust Council and Islands Trust Fund
4.0	Local Planning Services budget

\$ 5.5	Total Operational Units expenditure budget
1.5	Administrative Services budget

\$ 7.0	Total Expenditure Budget

The Administrative Allocation Rate in this example is $\$1.5/\$5.5 = 27.3\%$