

1. **CALL TO ORDER:**

2. **INTRODUCTION OF LATE ITEMS:**

3. **ADOPTION OF AGENDA:**

4. **ADOPTION OF MINUTES:**

- (a) Minutes of the Grants Advisory Sub-Committee Meeting held in the Board Room, 411 Dunsmuir Street, Nanaimo, BC, on Wednesday, 2016-SEP-21 at 2:05 p.m. *Pg. 2-3*

5. **INFORMATION ITEMS:**

- (a) 2016 Grants Committee Budget *Pg. 4*
- (b) 2016 Synopsis of Grants Awarded/Denied *Pg. 5-6*
- (c) Diane Hiscock, Staff Liaison, distributed a package of information on 2016-SEP-23 regarding the following information to be reviewed and discussed by committee members:
- Terms of Reference *(Pg. 7-9)*
  - Grants Policy and Guidelines *(Pg. 10-18)*
  - Report to Council 2011 PTE Policy Review *(Pg. 19-25)*
  - Application for PTE *(Pg. 26-30)*
  - Security Check Fee Grants *(Pg. 31-32)*
  - Application for Other Grants *(Pg. 33-38)*
  - City of Nanaimo Core Services Review Report *(Pg. 39-44)*

6. **NEXT MEETING:**

The next meeting is scheduled for 2016-NOV-16 at 2:00 p.m. in the Board Room, Service and Resource Centre, 411 Dunsmuir Street.

7. **ADJOURNMENT:**



**MINUTES**  
**GRANTS ADVISORY SUB-COMMITTEE**  
**MEETING HELD WEDNESDAY, 2016-SEP-21, 2:05 P.M.**  
**BOARD ROOM, 411 DUNSMUIR STREET**

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**MEMBERS PRESENT:**

Councillor I. Thorpe, Chair  
Councillor W. Pratt  
V. Alcock-Carter

B. Anderson  
S. Pachkowsky

**MEMBERS ABSENT:**

D. Appell  
B. Sparkes

**STAFF PRESENT:**

D. Hiscock, Manager of Revenue Services  
T. Wilkinson, Recording Secretary

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1. CALL TO ORDER:

The meeting was called to order at 2:05 p.m.

2. ADOPTION OF AGENDA:

It was moved and seconded that the Agenda be adopted. The motion carried unanimously.

3. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Grants Advisory Sub-Committee Meeting held in the Board Room, 411 Dunsmuir Street, Nanaimo, BC on Wednesday, 2016-AUG-24 at 2:00 p.m. be adopted as circulated. The motion carried unanimously.

4. NEW APPLICATIONS:

(a) Nanaimo Disability Resource Centre Society (PTE-01)

Nanaimo Disability Resource Centre Society requested a cash grant for their 2016 taxes, which have already be paid in the amount of \$4,856, for properties leased at #1 & #2 – 4166 Departure Bay Road.

Committee members noted:

- the Nanaimo Disability Resource Centre Society hadn't applied in previous years for a Permissive Tax Exemption as they were not aware of the program.

It was moved and seconded that the Committee deny a cash grant for \$4,856 to the Nanaimo Disability Resource Centre Society for their 2016 taxes for properties leased at #1 & #2 – 4166 Departure Bay Road. The motion carried unanimously.

It was moved and seconded that the Nanaimo Disability Resource Centre Society be awarded a one-time Other Grant in the amount of \$2,500 for their education and training programs. The motion carried unanimously.

(b) Boys & Girls Club of Central Vancouver Island (PTE-03)

Boys & Girls Club of Central Vancouver Island requested a cash grant for their 2016 taxes, which have already be paid in the amount of \$4,362.20, for property leased at 2290 Bowen Road.

Committee members noted:

- the Boys & Girls Club of Central Vancouver Island appears to be in good financial condition and does not demonstrate an extraordinary financial need.

It was moved and seconded that the Committee deny a cash grant for \$4,362.20 to the Boys & Girls Club of Central Vancouver Island for their 2016 taxes for property leased at 2290 Bowen Road. The motion carried.

Opposed: Councillor Pratt and S. Pachkowsky

5. NEXT MEETING:

The next meeting of the Grants Advisory Committee is scheduled for Wednesday, 2016-OCT-19 at 2:00 p.m. in the Board Room, Service and Resource Centre, 411 Dunsmuir Street.

6. ADJOURNMENT:

It was moved and seconded at 2:48 p.m. that the meeting terminate. The motion carried unanimously.

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Chair

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Date

## GRANTS ADVISORY COMMITTEE

## 2016 Grant Applications

## Other Grants 275000 - 1334

OG-01 Nanaimo Volunteer & Information Centre Society \*

OG-02 Vancouver Island University Foundation

PTE-01 Nanaimo Disability Resource Centre (Other Grant awarded for Education/Training Programs)

## Subtotal: Other Grants 275000 - 1334

## Permissive Tax Exemptions Cash Grant 275000 - 1332

PTE-03 Boys & Girls Club of Central Vancouver Island

## Subtotal: Permissive Tax Exemptions 27500 - 1332

## Security Check Grants 275000 - 1329

## Subtotal: Security Check Grants 275000 - 1329

## Totals

2010 Grant	2011 Grant	2012 Grant	2013 Grant	2014 Grant	2015 Grant	2016 Request	2016 Recommend	2016 Awarded	Remaining Budget
									7,000.00
1,293.80	1,408.06	1,397.42	1,443.62	1,501.47	1,526.23	1,551.46	1,551.46	1,551.46	7,000.00
						5,000.00	0.00	0.00	5,448.54
							2,500.00	2,500.00	5,448.54
									2,948.54
									2,948.54
1,293.80	1,408.06	1,397.42	1,443.62	1,501.47	1,526.23	6,551.46	4,051.46	4,051.46	2,948.54
									5,000.00
						4,362.20	0.00	0.00	5,000.00
									5,000.00
									5,000.00
									5,000.00
									5,000.00
0.00	0.00	0.00	0.00	0.00	0.00	4,362.20	0.00	0.00	5,000.00
									2,000.00
									2,000.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,000.00

\*At the 2016-FEB-22 Committee of the Whole Meeting, Council approved this grant in advance until the end of their term (October 2018). The Society will continue to send a letter of request to the Grants Advisory Committee each year prior to the event. A new application must be submitted in 2019.

2016 Budget	14,000.00
Add: Transfer from Council Contingency	
Add: Transfer from Council Contingency	
Add: Transfer from Prior Year	
Less: Grants Awarded	-4,051.46
Remaining Budget	9,948.54



## Synopsis of Grants Awarded/Denied 2016

Organization	Grant Approved by Grants Committee & Council		Letter Sent		Cheque Sent		Amount Granted \$	Reason Grant Awarded/Denied
	Y	N	Y	N	Y	N		

### OTHER GRANTS

Nanaimo Volunteer & Information Centre Society (OG-01)	✓		✓		✓		\$1,551.46	'In Kind' grant for Beban Park Auditorium rental. Funds paid out from Grants cost centre.
Vancouver Island University Foundation (OG-02)		✓	✓			✓	\$5,000.00	Cash grant request towards their Malaspina Theatre seat renewal campaign was <u>denied</u> at the 2016-AUG-24 GAC Meeting. This request would be better suited towards the Culture & Heritage Committee and/or various social clubs.

### SECURITY CHECK GRANTS

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### PERMISSIVE TAX EXEMPTION GRANTS

Nanaimo Disability Resource Centre (PTE-01)								Recommended to be placed on 2017 PTE Bylaw. The Centre's request for a refund of their 2016 property taxes in the amount of \$4,856 was <u>denied</u> . The Committee agreed on a one-time Other Grant in the amount of \$2,500 for their education and training programs. <i>Pending Council Approval.</i>
BC SPCA (PTE-02)	✓		✓			✓		Recommended to be placed on 2017 PTE Bylaw.
Boys & Girls Club of Central Vancouver Island (PTE-03)								Recommended to be placed on 2017 PTE Bylaw. The Club's request for a refund of their 2016 property taxes in the amount of \$4,362.20 was <u>denied</u> , as it appears to be in good financial condition and does not demonstrate an extraordinary financial need. <i>Pending Council Approval.</i>

## Synopsis of Grants Awarded/Denied 2016

Organization	Grant Approved by Grants Committee & Council		Letter Sent		Cheque Sent		Amount Granted \$	Reason Grant Awarded/Denied
	Y	N	Y	N	Y	N		
Nanaimo Auxiliary to Nanaimo Regional General Hospital (PTE-04)	✓		✓			✓		Recommended to be placed on 2017 PTE Bylaw for a one-year period.
Community Futures Central Island (PTE-05)	✓		✓			✓		Recommended to <u>not</u> be placed on 2017 PTE Bylaw, as this application does not fit the criteria for a Permissive Tax Exemption as it primarily helps businesses, which is outside of the mandate of the Committee.
Enchanted Woodland Children's Society (PTE-06)	✓		✓			✓		Recommended to <u>not</u> be placed on 2017 PTE Bylaw, as this is a daycare centre which is a business and doesn't fall into the criteria to apply for a PTE.
Nanaimo Recycling Exchange Society (PTE-07)	✓		✓			✓		Recommended to be placed on 2017 PTE Bylaw for a one-year period.
Basic Christian Community Association (Bethlehem Centre) (PTE-08)	✓		✓			✓		Recommended to be placed on 2017 PTE Bylaw.



#### **IV. TERMS OF REFERENCE**

*Adopted 2011-AUG-29; Amended 2012-APR-23*

##### **1. COMPOSITION AND TERM**

The **Grants Advisory Committee** shall be appointed by Council and shall be comprised of:

- ☐ 2 members recommended by the Parks, Recreation and Culture Commission, one from the Cultural Committee, and one from the Recreation Committee
- ☐ 1 member recommended by the United Way
- ☐ 2 Council members as appointed by Council
- ☐ 1 member recommended by the Nanaimo Alcohol and Drug Action Committee
- ☐ 1 member recommended by the Social Planning Advisory Committee
- ☐ 2 members of the general public appointed by Council
- ☐ 1 non-voting Staff liaison recommended by the City Manager

The bodies recommending appointees shall be requested to ensure that the recommended representatives provide a good balance of knowledge in their respective areas of service, and to ensure the commitment and attendance of their recommended representatives.

The maximum term for any member shall be three years.

##### **2. TERMS OF REFERENCE**

The Terms of Reference of the Grants Advisory Committee shall be:

- (a) to advise Council on the amount of financial assistance which the municipality should grant to applicants, including permissive taxation exemptions. Recommendations shall be made in accordance with the guidelines and criteria defined in this Policy;
- (b) to recommend policies to Council with regard to non-statutory tax exemption (Permissive Tax Exemptions under Sections 224 and 227 of the *Community Charter*);
- (c) to make recommendations on requests for the subsidized use of civic facilities and resources as if they were requests for financial assistance ("in-kind" grants);
- (d) to maintain the confidentiality of all matters reviewed by the Committee;
- (e) to provide all applicants with observations, recommendations and/or reasons for the recommendations of the Committee;
- (f) to ensure that civic grant funding does not subsidize activities that are the responsibility of senior governments, as this would represent a downloading of senior government costs to local taxpayers;
- (g) to ensure that priority of funding in all categories shall be given to small organizations, rather than larger ones; and,
- (h) to ensure that grants from the City will be awarded on the basis of demonstrated need for the service within the community.



## **ADVISORY COMMITTEES TERMS OF REFERENCE**

*(adopted 2010-JAN-25)*

The following Terms of Reference apply to all Advisory Committees of the City of Nanaimo unless otherwise noted.

### Appointment and Term

The member(s) of Council will be appointed annually by motion of Council.

Other members will be appointed for a three-year term commencing April 1<sup>st</sup> in the year following a general local government election (*does not apply to PNAC*). At-large members will be appointed by Council. Council will ratify appointments of members recommended by their specific associations.

Members of the Committee will serve without remuneration.

### Chair

The Committee will elect the Chair annually at the first meeting following April 1<sup>st</sup> from amongst its members.

### Meeting Procedures

All points of procedure not specifically provided for in these Terms of Reference shall be decided and determined in accordance with the current Council Procedure Bylaw.

Except where the provisions of the *Community Charter* apply, all Committee meetings shall be open to the public. Where the Committee wishes to close a meeting to the public, it may do so by adopting a resolution in accordance with the *Community Charter*.

The order of business is to be as set out in an agenda package to be provided to Committee members in advance of the meeting date. All decisions of the Committee will be reached by consensus or a majority vote of the members present.

Minutes of the meeting will be adopted by the Committee at its next regular meeting. After adoption, minutes will be circulated to Council for their information. Originals of the minutes will be signed by the Chair of the Committee and forwarded to the Legislative Services Department for safe keeping.

### Reporting to Council

The Committee may report to Council on any issue within its mandate or other issues as requested by Council.



The Committee Chair will present recommendations of the Committee to Council for their consideration.

#### Budget

The annual budget of the responsible department will include funds for the operation of the Committee.

#### Staff Support

Staff support will be determined by the City Manager or his/her designate. Typical support functions include the following:

- Organizing and preparing the agenda, in conjunction with the Committee Chair;
- Distributing the agenda packages to Committee members;
- Taking and preparing draft minutes;
- Managing the files of the Committee, as necessary;
- Maintaining a list of outstanding issues for Committee action;
- In conjunction with the Chair, drafting Committee reports to Council;
- Provide professional advice on issues discussed by the Committee;
- Other duties as authorized by the City Manager or his/her designate



# CITY OF NANAIMO

## COUNCIL POLICY MANUAL

Pages: 1 of 9  
Approval Date: 2011-AUG-29

**SECTION:** FINANCIAL ADMINISTRATION  
**SUBJECT:** Grants Policy and Guidelines

### GRANTS POLICY AND GUIDELINES INDEX

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## GRANTS POLICY AND GUIDELINES

### 1. COMPOSITION AND TERM

The Grants Advisory Committee shall be appointed by Council and shall be comprised of:

- ☐ 2 members recommended by the Parks, Recreation and Culture Commission, one from the Cultural Committee, and one from the Recreation Committee
- ☐ 1 member recommended by the United Way
- ☐ 1 Council member as appointed by Council and that member will serve as Chair of the Committee
- ☐ 1 member recommended by the Nanaimo Alcohol and Drug Action Committee
- ☐ 1 member recommended by the Social Planning Advisory Committee
- ☐ 2 members of the general public appointed by Council
- ☐ 1 non-voting Staff liaison recommended by the City Manager

The bodies recommending appointees shall be requested to ensure that the recommended representatives provide a good balance of knowledge in their respective areas of service, and to ensure the commitment and attendance of their recommended representatives.

The maximum term for any member shall be three years.

### 2. TERMS OF REFERENCE

The Terms of Reference of the Grants Advisory Committee shall be:

- (a) to advise Council on the amount of financial assistance which the municipality should grant to applicants, including permissive taxation exemptions. Recommendations shall be made in accordance with the guidelines and criteria defined in this Policy;
- (b) to recommend policies to Council with regard to non-statutory tax exemption (Permissive Tax Exemptions under Sections 224 and 227 of the *Community Charter*);
- (c) to make recommendations on requests for the subsidized use of civic facilities and resources as if they were requests for financial assistance ("in-kind" grants);
- (d) to maintain the confidentiality of all matters reviewed by the Committee;
- (e) to provide all applicants with observations, recommendations and/or reasons for the recommendations of the Committee;
- (f) to ensure that civic grant funding does not subsidize activities that are the responsibility of senior governments, as this would represent a downloading of senior government costs to local taxpayers;
- (g) to ensure that priority of funding in all categories shall be given to small organizations, rather than larger ones;
- (h) to ensure that grants from the City will be awarded on the basis of demonstrated need for the service within the community.



- (i) to consider appeals by organizations who do not agree with grant recommendations made by City committees. Appeals are limited to a review of the process and are not intended to be a review of the Committee's judgment.

3. CATEGORIES OF GRANT FUNDING

Grant funding will be divided into the following categories:

- ☐ Security Checks
- ☐ Other Grants
- ☐ Permissive Tax Exemptions (Cash Grants)
- ☐ Permissive Tax Exemptions

Recommendations on the amount of grant funding any applicant will be awarded from these categories shall be made in accordance with the guidelines that are outlined in this Policy.

4. YEARLY ALLOCATION FOR GRANT FUNDING

The amount of money available in each category shall be determined by Council during the Financial Plan process each year.

5. COORDINATION OF GRANTS-IN-AID PROCEDURES (with the Regional District of Nanaimo)

Funding: The amount raised from the Regional District levy on the City of Nanaimo shall be returned to the City each year on the condition that the funds are used as either basic or supplementary grants to those organizations which have a primary base of operations within the city, but also provide services which are of a benefit to residents outside the City.

6. GUIDELINES FOR MAKING GRANT RECOMMENDATIONS (by category)

(a) SECURITY CHECKS

Statement of Purpose: Security Check grants are awarded to organizations that must have security checks performed by the R.C.M.P. on their employees and/or volunteers and meet the criteria specified below.

Criteria for Awarding Grants:

- ☐ must be able to identify services provided to residents of Nanaimo
- ☐ nonprofit organization
- ☐ sound financial and administrative management
- ☐ demonstrated financial need
- ☐ \$500/year maximum award to any organization from this category (2012-JAN-09)
- ☐ eligible organizations can only apply for financial support from this category once a calendar year (applications reviewed in November)
- ☐ applications for this category must be received by October 31st
- ☐ must adhere to all City of Nanaimo bylaws and policies
- ☐ awards from this category are exclusive of awards from the other categories

Kind of Funding:

- ☐ Security Check Fee Reimbursement

(b) OTHER GRANTS

Statement of Purpose: Applications that don't fit into any categories of any of the granting committees are to be referred to the Grants Advisory Committee for review and recommendation. If the scope of the grant request exceeds the committee's budget, the Grants Advisory Committee can make a recommendation subject to the grant being funded from Council contingency.

Criteria for Awarding Grants:

- ☐ large number of volunteers;
- ☐ registered non-profit society;
- ☐ sound financial and administrative management;
- ☐ financial need;
- ☐ accessible to a large portion of the community;
- ☐ must have a broad base of support;
- ☐ must have another source of financial support;
- ☐ must be local in focus and must adhere to all City of Nanaimo's bylaws and policies;
- ☐ cash grants will not be provided if the organization receives a Permissive Tax Exemption, or where the facility is provided by the City of Nanaimo free of charge or at a substantially reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding.

Kind of Funding:

- ☐ educational funding;
- ☐ emergency funding;
- ☐ capital grants on a matching basis up to a maximum of \$5,000;
- ☐ in-kind funding for facility rental.

(c) PERMISSIVE TAX EXEMPTIONS (Cash Grants)

Statement of Purpose: An organization may only be added to the Permissive Tax Exemption roll for the following year. In some unusual cases it may be appropriate to give an organization a cash grant during the current year.

Criteria for Awarding Grants:

- the property must be recommended for a Permissive Tax Exemption in the following year; and
  - (1) the property qualifies for Permissive Tax Exemption as a Church, Public Hospital, Community Care Facility, or Private School; or
  - (2) the organization can demonstrate an extraordinary financial need;
  - (3) must adhere to all City of Nanaimo's bylaws and policies.

Application Deadline: Will be considered at the time of application for Permissive Tax Exemption.

7. PERMISSIVE TAX EXEMPTIONS

Section 220 of the *Community Charter* identifies certain properties which are exempt from taxation. This section includes property owned and occupied by Her Majesty, the municipality, School Boards, hospitals and churches. As Section 220 exemptions are specifically provided for, Council's discretion is restricted, except in determining the extent of the exemption in certain cases.

Sections 224, 225, 226 of the *Community Charter* identify situations in which Council may exercise discretion in granting full or partial exemptions from taxation. These exemptions must be adopted by bylaw, by the 31<sup>st</sup> of October of the year preceding exemption.

All buildings and properties that receive a permissive tax exemption must be reviewed every three years to ensure that they continue to meet the specific criteria set out in their applicable category. A report to Council with recommendations for their endorsement is done after each review. The Grants Advisory Committee may also review specific organizations annually for various reasons determined by the committee.

In making recommendations to Council, the Grants Advisory Committee should ensure that:

- (a) the goals, policies, and general operating principles of the municipality as a whole are reflected in the organizations that receive municipal support;
- (b) exemptions are not given to services that are otherwise provided on a private, for profit basis, this would provide an unfair competitive advantage;
- (c) the services provided by the organizations should be an extension of municipal services and programs and must fall under the responsibility of local government, senior government program costs must not be transferred to property taxpayers, as this would represent a downloading of senior government costs to local taxpayers;



- (d) the taxation burden resulting from the exemption must be a justifiable expense to the taxpayers of the municipality, the sources of municipal revenue are limited and requests for exemption must be considered in concert with the other needs of the municipality;
- (e) the services provided by the organizations should provide benefits and be accessible to the residents of the City of Nanaimo, and, in an appropriate age range, the organization's regulations must allow all Nanaimo residents to participate at a reasonable fee.
- (f) the organization is adhering to all City of Nanaimo's bylaws and policies.

In order to more clearly specify criteria, Permissive Tax Exemptions will be divided into the following categories:

- ☐ Churches
- ☐ Public Hospital
- ☐ Senior Citizens' Housing Facilities
- ☐ Community Care Facilities
- ☐ Private Schools
- ☐ Recreation
- ☐ Other
  - ☐ Community Services
  - ☐ Community Associations
  - ☐ Arts and Cultural Organizations
  - ☐ Other Permissive Exemptions

## 8. GUIDELINES FOR MAKING RECOMMENDATIONS ON PERMISSIVE TAX EXEMPTION BY CATEGORY

### (a) CHURCHES

General: The buildings set apart for public worship and the land upon which they stand are exempt from taxation under Section 220(1)(h) of the *Community Charter*. Church halls and such lands as Council considers necessary to support the statutory exemption may be considered as an extension of the exemption under Section 224(2)(f).

Policy: The maximum area of land to be exempted from taxation shall be 2 acres of the land upon which the buildings for public worship stand plus the footprint of the building(s) used for public worship (Revised 1986-AUG-25). This exempted area will not exceed the land area of the legal parcel(s) upon which these buildings stand. Church properties which are currently on the PTE roll and do not conform are to be removed.

Buildings for public worship shall be those established by the Area Assessor and will not include a church manse.

### (b) PUBLIC HOSPITALS

General: Buildings set apart and used as a hospital under the *Hospital Act*, except a private hospital under that Act, and the land upon which they stand are exempt from taxation under Sections 220(1)(j) and 220(1)(k) of the *Community Charter*. Council may, by bylaw, under Section 224(2)(h) of the *Community*

*Charter*, exempt any area of land surrounding the exempted building under Sections 220(1)(j) and 220(1)(k).

Policy: Where a building has been identified as a hospital under the *Hospital Act* (except a private hospital) by the Area Assessor, Council will exempt the legal parcel(s) upon which the hospital building stands and any adjoining parcel that Council finds to be necessary to the operation of the hospital.

(c) SENIOR CITIZENS' HOUSING FACILITIES

General: Section 220(1)(i) of the *Community Charter* exempts from taxation a building that was constructed or reconstructed with the assistance of aid granted by the Province after 1947-JAN-01, but before 1974-APR-01, and that is owned and used exclusively without profit by a corporation to provide homes for elderly citizens, together with the land on which the building stands. It also allows Council, by bylaw, under Section 224(2)(h) of the *Community Charter* to exempt, by bylaw, any area of land surrounding the exempted building. Section 224(2)(k) of the *Community Charter* allows Council to exempt from taxation land or improvements for which a grant has been made, after 1974-MAR-31, under the Housing Construction (Elderly Citizens) Act before its repeal in 1996.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands. As it is impossible for any new building to meet this criteria, this section will apply to only seven existing properties: The Mt. Benson Sr. Citizens' Housing Society (tax folios 81301.000; 81312.000; 81315.000; 84328.000), and George R. Pearkes Sr. Citizens Housing Society (tax folios 16006.051; 16006.252; 16006.275).

(d) COMMUNITY CARE FACILITIES

General: Section 224(2)(j) of the *Community Charter*, allows Council to exempt from taxation land and improvements owned or held by a person or organization and operated as a private hospital licensed under the *Hospital Act* or as a licensed community care facility, or registered assisted living residence, under the *Community Care and Assisted Living Act*.

Policy: Council will exempt property that meets the above criteria and is owned or held and operated by a registered non-profit society.

(e) PRIVATE SCHOOLS

General: Section 220(1)(l) of the *Community Charter*, with certain restrictions, exempts private schools from taxation. It also allows Council, by bylaw, under Section 224(2)(h) of the *Community Charter* to exempt from taxation any area of land surrounding the exempted building.

Policy: Where a building has been identified as meeting the above criteria by the Area Assessor, Council will exempt the legal parcel(s) upon which the building stands and any adjoining parcel that Council finds to be necessary to the operation of the school. The permissively exempt property must be accessible to the general public as identified in 7 (e) above.

(f) RECREATION

General: Section 224(2)(i) of the *Community Charter* permits Council, by bylaw, to exempt from taxation, certain organizations using property as a public park or recreation ground, or for public athletic or recreational purposes.

Policy: Permissive Tax Exemptions will be given to organizations that own property that is maintained and used for public park or recreation purposes if they:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Section 224 of the *Community Charter*;
- (3) meet the general guidelines outlined in 7(a) to 7(f) of this Policy;
- (4) are registered non-profit societies.

(g) OTHER

General: Section 224(2)(a) *Community Charter* permits Council, by bylaw, to exempt from taxation, land or improvements that are owned or held by a charitable, philanthropic, or other not for profit organization that are used for a purpose that is directly related to the purposes of the organization.

- Community Service Organizations

This has been historically interpreted to include organizations that provide service to the community such as social service agencies.

- Community Associations

This can include community associations that provide a place for local communities to meet, engage in activities that enhance the local community, or hold land that is available for community use.

- Arts & Cultural Organizations

This can include organizations that provide or promote arts and cultural activities.

- Other Permissive Exemptions

Policy: Permissive Tax Exemptions may be given to organizations that:

- (1) provide full financial and operating information as requested by the Grants Advisory Committee;
- (2) meet the conditions of Section 224 of the *Community Charter*; and,
- (3) are registered non-profit societies.



## 9. APPEALS

Statement of Purpose The mandate of the Grants Advisory Committee is to review appeals for process issues only. That is, to determine whether the original advisory committee had all the correct information and used the appropriate criteria to make their recommendation. The Grants Advisory Committee will not revisit the actual decision, i.e. whether the correct amount was granted.

### Criteria for Allowing an Appeal:

- ☐ Was the advisory committee's decision based on the application not meeting certain criteria or submitting incomplete or incorrect information? Did the advisory committee misinterpret some of the information submitted?
- ☐ Did the committee notify the applicant of its recommendations two weeks before it was sent to the next level (either to Council or to the Parks, Recreation & Culture Commission), thereby giving the applicant time to respond?
- ☐ Does the applicant believe that the recommendation was based on incorrect or incomplete information? Does the applicant believe its information was misinterpreted?
- ☐ Did the advisory committee have all the information and the appropriate criteria to make its recommendation?
- ☐ Did the advisory committee determine the application should be reconsidered based on this new/different information?

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GrantsPolicyAndGuidelines.docx

Previous Revision/s: 2002-FEB-25, 2000-MAY-08, 2000-FEB-02, 2000-JAN-13, 1998-OCT-19, 1998-JUN-29, 1998-JUN-15, 1998-APR-17, 1997-JUN-16, 1997-APR-28, 1996-DEC-11, 1995-OCT-16, 1994-DEC-05, 1994-FEB-14, 1993-FEB-15, 1993-FEB-08, 1991-OCT-28, 1991-MAY-27, 1991-MAR-18, 1991-FEB-18, 1990-OCT-22, 1990-OCT-22, 1989-APR-06, 1986-AUG-25, 1986-JUL-28, 1985-MAY-09, 1985-JAN-21, 1985-JAN-21, 1984-JUN-18, 1984-FEB-13, 1982-JUN-28

2011-Jul-12

## REPORT TO COUNCIL

FROM: COUNCILLOR DIANA JOHNSTONE, CHAIRPERSON,  
GRANTS ADVISORY COMMITTEE

RE: PERMISSIVE TAX EXEMPTION POLICY REVIEW

☒ Council  
☒ Committee  
☒ Open Meeting  
☒ In-Camera Meeting  
Meeting Date: 2011-Jul-25

### COMMITTEE'S RECOMMENDATION: That Council:

1. Rescind the existing Grants Policy and Guidelines and replace it with the updated version attached to this report; and
2. Provide direction to the Grants Advisory Committee on whether Permissive Tax Exemptions should be given to organizations that primarily provide services to businesses; and
3. Provide direction to the Grants Advisory Committee on whether Permissive Tax Exemptions should be given to organizations that provide services that are available from the private sector; and
4. Send a letter to the Province regarding Council's concern for the downloading of provincial responsibilities and costs.

### EXECUTIVE SUMMARY:

As part of its three-year review of Permissive Tax Exemptions, the Grants Advisory Committee has done a review of the policy and has made some recommendations for changes to the policy. Most of the changes are relatively minor, with the most significant change being to remove "financial need" from the evaluation criteria. An additional change is to eliminate the practice of providing cash grants for property taxes in the year before the PTE comes into effect, except in unusual circumstances.

The Committee would like some direction from Council on a couple of areas; non-profit organizations that provide services to businesses, and organizations that provide services that are also provided by the private sector. Some direction from Council will assist the Committee in reviewing PTE applications and in making future recommendations to Council.

### BACKGROUND:

Part of the mandate of the Grants Advisory Committee is to periodically review the Permissive Tax Exemption (PTE) policy and make recommendations to Council on changes to the policy. The Committee met many times in the last few months and has reviewed the policy in depth.

The issue that the Committee struggled the hardest with is the concept of financial need: should it be applied to PTE applications, and if so, should there be some strict criteria for reviewing each application, or should there be general guidelines that the Committee should consider, but not be bound to follow.

In debating these questions, the Committee was mindful to balance the desire to support volunteer organizations and the great value that they bring to our city with the financial

☒ Council  
☒ Committee  
☒ Open Meeting  
☒ In-Camera Meeting  
Meeting Date: 2011-Aug-29

implications to the general taxpayer when property taxes are exempt. The Committee was guided in their discussion by Council's policy statement on PTEs:

"The City of Nanaimo believes that Permissive Tax Exemptions are an appropriate way to recognize the value of the services provided to the community by non-profit organizations."

Members of the Committee were unanimous in their support of the organizations that apply for PTEs. It is recognized that most of these organizations are providing valuable services to members of our community at a low cost and often with very few resources. Many of these services would not be available at all, if not for a few dedicated people.

On the other hand, these organizations receive municipal services, and if they do not pay for these services through property taxes then the costs are carried by the general taxpayer. Many of these organizations are successful in raising revenues by charging for their services, sometimes through contracts to senior governments. For some of these organizations, paying property taxes would not be a hardship or affect their ability to deliver services. For them, property taxes are a small portion of their operating expenses.

In order to try to develop some consistent policies to evaluate PTE applications, the Committee grouped them into a number of categories so that criteria could be developed that was tailored to the kind of organization that was applying.

- (a) **Churches:** The church building and the land upon which it stands is tax exempt by the *Community Charter*. Council policy, in place since 1986, is to exempt an additional 2 acres of land surrounding the building as long as it is part of the same legal parcel as the church. No additional criteria are considered. The Grants Advisory Committee contemplated a reduction in the 2 acre limit, but ultimately decided not to recommend any change.
- (b) **Public Hospitals:** Similar to churches, the hospital building and the land it sits upon is exempt under the *Community Charter*. Council policy is to exempt any land surrounding the hospital that is necessary for the operation of the hospital. The hospital must meet the definition of a public hospital under the *Hospital Act*, otherwise no other criteria are considered. No changes are proposed for this category.
- (c) **Senior Citizens' Housing Facilities:** This category has some very specific statutory criteria and no new properties can be added. Existing properties exempted under this category are owned by the Mt. Benson Senior Citizens' Housing Society and the George R. Pearkes Senior Citizen Housing Society. No changes are proposed for this category.
- (d) **Community Care Facilities:** Council may exempt land and improvements used as a private hospital under the *Hospital Act* or as a licensed community care facility, or registered assisted living residence, under the *Community Care and Assisted Living Act*. The current policy is to exempt any property that meets these criteria and is owned or held and operated by a registered non-profit society. No changes are proposed for this category.
- (e) **Private Schools:** The *Community Charter*, with some restrictions, exempts buildings used as a private school. As with churches, Council has the option to exempt the land surrounding the private school. Permissive exemption will be recommended by the Committee where the land is necessary to the operation of the school and where the



organization permits the general public to use the land for appropriate purposes. This policy has been amended slightly to confirm that the land must be accessible to all.

- (f) **Recreation:** This category includes property used as a public park or recreation ground, or for public athletic or recreational purposes, such as properties owned by the Nature Trust for British Columbia. Applications under this category are reviewed against the basic guidelines and the Committee will make a recommendation to Council to approve or deny permissive tax exemption. The criteria for this category have been modified to remove the requirement for the applicant to have a long term financial need.
- (g) **Other groups:** The *Community Charter* permits Council to exempt property that is owned or held by a charitable, philanthropic, or other not for profit organization and is used for a purpose that is directly related to that organization. Typically, Council has rejected applications that are for land that is vacant, or is being used to generate revenue (such as a retail operation). These exemptions fall into a number of types:
- Community services (social services provided by not for profits like the St. John's Ambulance Society)
  - Community associations (e.g. Pleasant Valley Social Centre)
  - Arts & Cultural associations (e.g. Nanaimo Art Gallery)
  - Miscellaneous organizations

As with recreational groups, applications under this category are reviewed against the basic guidelines and the Committee will make a recommendation to Council to approve or deny permissive tax exemption. The criteria for this category have been modified to remove the requirement for the applicant to have a long term financial need.

Many of the organizations in the "other" category and some of the recreational organizations occupy property that is owned by the City of Nanaimo. This includes occupants of the Community Services Building and the Centre for the Arts Nanaimo, as well as organizations like the Vancouver Island Exhibition, the Nanaimo Canoe & Kayak Club, the Port Theatre and the Nanaimo Curling Club, just as examples. Some of these organizations are extensions of City services that are provided by non-profit organizations, others are clearly not, and many fall into the grey area in between. There is often confusion about why these properties are taxable when the land and buildings are owned by the City. The answer is that once a City-owned property is occupied by someone else, the property becomes taxable. The City then has the option to require the organization to pay property taxes, or to consider permissive tax exemption.

There were few changes made in the first six categories, and these were all minor changes to clarify the existing policy, or administrative changes to update references to the *Community Charter*. The majority of the discussion was around the "other" category and whether stricter criteria needed to be adopted, particularly around financial need. In the end, the Committee chose to eliminate existing references to financial need and to leave more discretion to the Committee to determine when a PTE is appropriate, subject, as always, to the final approval of Council.

The PTE policy contains the following criteria to be considered by the Grants Advisory Committee when making recommendations to Council on PTEs:

- a) the goals, policies, and general operating principles of the municipality as a whole are reflected in the organizations that receive municipal support;

- b) exemptions are not given to services that are otherwise provided on a private, for profit basis, this would provide an unfair competitive advantage;
- c) the services provided by the organizations should be an extension of municipal services and programs and must fall under the responsibility of local government, senior government program costs must not be transferred to property taxpayers, as this would represent a downloading of senior government costs to local taxpayers;
- d) the taxation burden resulting from the exemption must be a justifiable expense to the taxpayers of the municipality, the sources of municipal revenue are limited and requests for exemption must be considered in concert with the other needs of the municipality;
- e) the services provided by the organizations should provide benefits and be accessible to the residents of the City of Nanaimo, and, within an appropriate age range, the organization's regulations must allow all Nanaimo residents to participate at a reasonable fee;
- f) the organization is adhering to all City of Nanaimo bylaws and policies.

The only change in this section was to add some clarification to item (e) to include the reference to an appropriate age range.

In addition, applicants under the "Recreation" or "Other" categories would have some more criteria to consider:

- a) provide full financial and operating information as requested by the Grants Advisory Committee;
- b) meet the conditions of Section 224 of the *Community Charter*;
- c) are registered non-profit societies.

This section was modified to remove long term financial need as a criteria and to remove a redundant reference to another part of the policy.

#### OTHER CHANGES TO THE POLICY

A section on Heritage Tax Exemptions was removed, as these are reviewed by the Heritage Advisory Committee, who makes recommendations to Council.

The policy was amended to allow the Grants Advisory Committee to review applications annually, for reasons to be determined by the Committee, in addition to the major review every three years. This was added because the Committee wanted to have the flexibility to review an organization annually to see if remained in compliance with the criteria for exemption.

#### CASH GRANTS FOR PTES

Due to the timing required for the passing of bylaws, an organization can only be added to the PTE roll for the following year. The current policy allows for the organization to apply for a cash grant in the current year equal to the amount of the current year property taxes. Past practice with regard to these applications has been inconsistent. The Committee has recommended (and Council approved) any of the following: the full amount of the taxes, the municipal portion only, 50% of the municipal portion, and none at all. The Committee would like to establish a consistent guideline.

When the City pays a cash grant for the entire property tax bill, it is also paying the school, RDN, hospital and other taxes. One of the features of the permissive tax exemption is that it spreads the cost over several taxing authorities, not just the City.

Members of the Committee point out that, in the first year the property is acquired, the applicant will generally only be paying the taxes for a portion of the year. In fact, the taxes may have already been paid, or will be paid as part of the purchase of the property and the organization is only looking for reimbursement. The cost of the taxes is a relatively small part of the transaction. Therefore, the Committee is recommending that the cash grant only be made when there is an extraordinary financial need, i.e. the organization can demonstrate that it cannot pay those property taxes.

#### PROCESS CHANGES

The Committee made some changes to the process that do not require Council approval. This included making some suggestions for improving the application form. The Committee also recommended that all applicants should include the amount of their Permissive Tax Exemption in their budgets. This was in response to the discovery that many of the organizations receiving a PTE did not know how much it was worth, nor did they acknowledge the contribution of the taxpayers.

#### REQUEST FOR DIRECTION FROM COUNCIL

In reviewing some of the organizations who currently receive PTEs, the Committee occasionally struggled with the kinds of services that were being provided. One group of applicants that sparked considerable debate was those organizations that primarily serve businesses in the community, such as the Mid-Island Science, Technology and Innovation Council (MISTIC), Tourism Nanaimo and the DNBIA. The Committee eventually recommended against renewing the PTE for the DNBIA. The Committee considered Council's direction that PTEs are "...an appropriate way to recognize the value of the services provided to the community by non-profit organizations..." and would appreciate if Council would clarify whether this should include organization that primarily provide their services to businesses, rather than the general public.

The Committee also struggled with organizations that are proficient at raising their own revenues through selling their services. Some non-profits are difficult to distinguish from a business and in fact could be considered as being in competition with similar for profit businesses. An example of this would be the Nanaimo Recycling Exchange. To take away the PTE would, in effect, be punishing a non-profit organization that has been successful. If Council has any direction on these "enterprising non-profits", it would assist the Committee to make recommendations that would be acceptable to Council.

The Committee also noted that many organizations are providing social services and are almost entirely funded by the provincial government. Currently, these organizations receive a PTE, which means that their taxes are being paid by local taxpayers through higher property taxes. If the organization was a provincial agency, the City would receive grants in lieu of taxes, meaning that the taxes would be paid through provincial revenue sources. This is essentially a downloading of costs from the Province to the City. The Committee would like to recommend that Council send a letter to the Province regarding its concern for this provincial downloading of responsibilities and costs.

In conclusion, the Committee met several times to review the Permissive Tax Exemption policy in detail. With the exception of the elimination of the criteria for financial need, the changes to the policy are relatively minor.

Respectfully submitted,



Councillor Diana Johnstone  
Chair, Grants Advisory Committee

COUNCIL: 2011-Jul-25

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4. ADOPTION OF MINUTES:

It was moved and seconded that the Minutes of the Regular Finance / Policy Committee of the Whole Meeting held in the Board Room, City Hall on Monday, 2011-JUN-20 at 4:30 p.m. be adopted as circulated. The motion carried unanimously.

5. PRESENTATIONS:

- (a) Mr. B. E. Clemens, Director, Finance, provided a PowerPoint presentation regarding Council's Permissive Tax Exemption policy.

6. COMMITTEE REPORTS:

- (a) Grants Advisory Committee – Permissive Tax Exemption Policy Review (Report originally received 2011-JUL-25)

Councillor Holdom requested that the recommendations be dealt with separately.

It was moved and seconded that Council rescind the existing Grants Policy and Guidelines. The motion carried unanimously.

It was moved and seconded that Council may grant Permissive Tax Exemptions to organizations that primarily provide services to businesses. The motion was defeated.  
Opposed: Mayor Ruffan, Councillors Bestwick, Greves, Holdom, Sherry and Unger

It was moved and seconded that Council may grant Permissive Tax Exemptions to organizations that provide services that are available from the private sector. The motion carried unanimously.

It was moved and seconded that Council adopt the Grants Policy and Guidelines as amended. The motion carried unanimously.

It was moved and seconded that Council send a letter to the Provincial and Federal governments regarding Council's concern for the downloading of provincial and federal responsibilities and costs. The motion carried unanimously.

- (b) Grants Advisory Committee – 2011 Grants Advisory Committee Recommendations

Councillor Sherry requested that the recommendations be dealt with separately.

It was moved and seconded that Council award a permissive tax exemption to Applicant PTE-11, Nanaimo Squash Club. The motion was defeated.  
Opposed: Mayor Ruffan, Councillors Bestwick, Greves, Holdom, Johnstone, Patlje, Sherry and Unger





## APPLICATION FOR PERMISSIVE TAX EXEMPTION

Division 7 of the *Community Charter* permits Council to exempt from taxation, property used for certain purposes. Organizations that are successful in receiving a Permissive Taxation Exemption will be exempt from taxes in the following and subsequent years. Permissive tax exemptions are reviewed every 3 years.

Applications for Permissive Taxation Exemptions are first examined to determine whether they meet the requirements of the *Community Charter*. If they do not, they must be rejected by the Grants Advisory Committee. If the application meets the requirements, the Committee will then evaluate the application on the basis of financial need, appropriateness and service provided to the local community. Applicants may be required to appear before the Committee to answer questions with respect to program services, finances or other issues.

In preparation of your application, you are encouraged to submit any appendices that you feel would add to the understanding of your service. Please complete all attached forms even if you are submitting separate attachments. Ensure all questions on the application are completed or the application will be returned. Please type or print clearly.

Please return applications to the Grants Advisory Committee, c/o Diane Hiscock, Finance Department, City of Nanaimo, 455 Wallace Street, Nanaimo, BC, V9R 5J6. If you require further information or have any questions regarding the application, please call Diane Hiscock at 250-755-4413. Applications received after July 1 cannot be placed on the Permissive Taxation Exemption Bylaw for the next taxation year.

The following attachments are also required for consideration:

1. Copy of most recent Society Act Annual Report (Form 11)
2. Most recent Audited Financial Statement (or year-end financial statements)
3. Year-to-date Financial Statements
4. Current Year Budget (income and expenditure) or Year-to-Date Statement
5. Proposed Next Year's Budget
6. List of Directors



# CITY OF NANAIMO APPLICATION FOR PERMISSIVE TAX EXEMPTION

Office Use

ORGANIZATION:		DATE:	
ADDRESS:		PRESIDENT:	
		SENIOR STAFF MEMBER:	
		POSITION:	
		CONTACT:	
TELEPHONE:		TELEPHONE:	
OVERVIEW OF YOUR ORGANIZATION'S PROGRAMS AND SERVICES OFFERED IN THE COMMUNITY:			
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION:			
NO. OF FULL TIME STAFF:		NO. OF PART TIME STAFF:	
NO. OF COMMUNITY VOLUNTEERS:		NO. OF VOLUNTEER HOURS PER YEAR:	
NO. OF MEMBERS:		MEMBERSHIP FEE:	
CLIENTS SERVED, LAST YEAR:		CLIENTS SERVED, THIS YEAR (PROJECTED):	
B.C. SOCIETY ACT REG. NO.:		REVENUE CANADA CHARITABLE REG. NO.:	
CURRENT BUDGET:		LEGAL DESCRIPTION OF PROPERTY:	
INCOME			
EXPENSES:		TAX FOLIO NUMBER:	
NEXT YEAR PROJECTED:			
INCOME:		CURRENT YEAR TAXES (IF KNOWN):	
EXPENSES:			
SIGNATURE:	TITLE/POSITION:		DATE:
<p><b>NOTE:</b> YOUR ORGANIZATION'S MOST RECENT AUDITED FINANCIAL STATEMENTS AND CURRENT FINANCIAL STATEMENTS MUST BE ATTACHED TO THE APPLICATION FORM (INCLUDING A BALANCE SHEET AND INCOME STATEMENT).</p>			

## CITY OF NANAIMO GRANT QUESTIONNAIRE

1. Please describe the work of your organization in this community.

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2. What are your organization's specific priorities for the coming year?

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3. How does your organization ensure that its services address continuing and emerging community needs?

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4. Please describe the role of volunteers in your organization.

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5. Please list grants applied for/received from other governments or service clubs.

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## CITY OF NANAIMO GRANT QUESTIONNAIRE

6. Please provide details of fees for service in your organization, and how costs and fees are determined.

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7. If your organization is a branch of a larger organization, please indicate how this affects the financial and other information you have provided.

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8. If you lease or rent out part of your premises: please note the amount of space rented (sq ft), total square feet of the premises, name of organization renting the space, and the annual rent received.

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9. Please describe your policy and treatment of: capital, reserve or special purpose funds, and year-end surpluses or deficits.

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## CITY OF NANAIMO GRANT QUESTIONNAIRE

10. Please describe current or planned approaches to self generated income.

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11. What will the effect be if you do not receive a Grant in Aid from the City of Nanaimo?

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12. Does your organization require funding to cover the current year's taxes? If so, what amount?

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TAX EXEMPTION APPLICATION.docx





## SECURITY CHECK FEE GRANTS

Each year, Nanaimo City Council sets aside funding for the reimbursement of security check fees incurred by eligible community organizations. This money is available to those community organizations that must have security checks carried out by the R.C.M.P. on employees and/or volunteers.

The criteria set for awarding this grant include the following:

- must be able to identify services provided to residents of Nanaimo;
- non-profit organization;
- sound financial and administrative management;
- must conform to all City of Nanaimo bylaws and policies.

When completing this form, please provide all the information requested. There is a \$500 per year maximum on this grant. Applications for this category are considered throughout the calendar year.

If you require further information about applying for reimbursement of the cost of security checks, please contact Diane Hiscock in the City's Finance Department at (250) 755-4413.



# CITY OF NANAIMO APPLICATION FOR SECURITY CHECK GRANT IN AID

Office Use

ORGANIZATION:		DATE:	
ADDRESS:		PRESIDENT:	
		SENIOR STAFF MEMBER:	
		POSITION:	
		CONTACT:	
TELEPHONE:		TELEPHONE:	
OVERVIEW OF YOUR ORGANIZATION'S PROGRAMS AND SERVICES OFFERED IN THE COMMUNITY:			
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION:			
NO. OF FULL TIME STAFF:		NO. OF PART TIME STAFF:	
NO. OF COMMUNITY VOLUNTEERS:		NO. OF VOLUNTEER HOURS PER YEAR:	
NO. OF MEMBERS:		MEMBERSHIP FEE:	
CLIENTS SERVED, LAST YEAR:		CLIENTS SERVED, THIS YEAR (PROJECTED):	
NUMBER OF SECURITY CHECKS CARRIED OUT IN THE CURRENT CALENDAR YEAR? (PLEASE ATTACH ORIGINAL RECEIPTS)			
WHAT WILL BE THE EFFECT IF YOU DO NOT RECEIVE A SECURITY CHECK GRANT FROM THE CITY OF NANAIMO?			
SIGNATURE:		TITLE/POSITION:	
		DATE:	



## **APPLICATION FOR OTHER GRANTS**

### **REQUIRED INFORMATION, CRITERIA AND KIND OF FUNDING**

The following **must** be attached to this application for consideration of the Grants Advisory Committee:

1. Copy of most recent Society Act Annual Report (Form 11)
2. Most recent Audited Financial Statement (or year-end financial statements)
3. Year-to-date Financial Statements (including both Balance Sheet and Income Statement)
4. A budget for this fiscal year as well as the next fiscal year
5. List of Directors

#### **Criteria for Awarding Other Grants:**

1. large number of volunteers
2. registered nonprofit society
3. sound financial and administrative management
4. demonstrated financial need
5. accessible to a large portion of the community
6. broad base of support
7. other source of financial support
8. must be local in focus and comply with City of Nanaimo bylaws and policies
9. cash grants not provided if organization receives a PTE or where the facility is provided by the City free of charge or reduced rate. Notwithstanding the above statement, organizations facing critical financial difficulties are eligible to apply for emergency funding.

#### **Kind of Funding Provided for Other Grants:**

1. educational funding
2. emergency funding
3. capital grants on a matching basis up to a maximum of \$5,000
4. in-kind funding for facility rental





# CITY OF NANAIMO APPLICATION FOR GRANT OTHER GRANTS

Office Use

ORGANIZATION:		DATE:	
ADDRESS:		PRESIDENT:	
		SENIOR STAFF MEMBER:	
TELEPHONE:		POSITION:	
FAX:		CONTACT:	
EMAIL:		TELEPHONE:	
OVERVIEW OF YOUR ORGANIZATION'S PROGRAMS AND SERVICES OFFERED IN THE COMMUNITY:			
GEOGRAPHIC AREA SERVED BY THE ORGANIZATION:			
NO. OF FULL TIME STAFF:		NO. OF PART TIME STAFF:	
NO. OF COMMUNITY VOLUNTEERS:		NO. OF VOLUNTEER HOURS PER YEAR:	
NO. OF MEMBERS:		MEMBERSHIP FEE:	
CLIENTS SERVED, LAST YEAR:		CLIENTS SERVED, THIS YEAR (PROJECTED):	
B.C. SOCIETY ACT REG. NO.:		REVENUE CANADA CHARITABLE REG. NO.:	
CURRENT BUDGET:		DO YOU REQUIRE A RENTAL SUBSIDY? IF SO, HOW MUCH?	
INCOME			
EXPENSES:		DO YOU REQUIRE A CASH GRANT? IF SO, HOW MUCH?	
NEXT YEAR PROJECTED:			
INCOME:		TOTAL GRANT REQUESTED:	
EXPENSES:			
SIGNATURE:	TITLE/POSITION:	DATE:	

**NOTE: YOUR ORGANIZATION'S MOST RECENT AUDITED FINANCIAL STATEMENTS, CURRENT FINANCIAL STATEMENTS AND BALANCE SHEET AND INCOME STATEMENT MUST BE ATTACHED TO THE APPLICATION FORM (SEE COMPLETE LIST OF REQUIRED ATTACHMENTS ON BACK OF THIS FORM).**

## CITY OF NANAIMO GRANT QUESTIONNAIRE

1. What is the main purpose of your organization?

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2. Describe the work your organization does in this community.

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3. What other agencies provide similar services?

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4. How is your organization different than those organizations providing similar services in question 3. above?

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5. Describe who your clients are.

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6. Where do your clients live?

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**CITY OF NANAIMO  
GRANT QUESTIONNAIRE**

7. Describe the needs of your clients.

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8. What are your organization's specific priorities for the coming year?

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9. How does your organization ensure that its services address continuing and emerging community needs?

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10. Describe your organization's community support.

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11. Describe the role of volunteers in your organization.

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12. What are your organization's problems and how are they being addressed?

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## CITY OF NANAIMO GRANT QUESTIONNAIRE

13. Provide details of fees for service in your organization, and how costs and fees are determined.

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14. If your organization is a branch of a larger organization, indicate how this affects the financial and other information you have provided.

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15. Provide details of any funds that are controlled by your organization that are not part of your operating income. Also provide details of any capital, special purpose bequests, endowments or reserve funds.

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16. Describe your policy and treatment of year-end surpluses or deficits.

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17. Detail current and/or planned revenue-generating activities of your organization.

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**CITY OF NANAIMO  
GRANT QUESTIONNAIRE**

18. List grants applied for/received from other governments or service clubs.

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19. Name other organizations or individuals who can endorse your organization. Provide names and telephone numbers.

Name:	Telephone No.:
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Name:	Telephone No.:
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Name:	Telephone No.:
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20. Identify previous grants from the City of Nanaimo and other agencies and describe how your organization ensured funding went towards the program identified.

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21. What do you plan to use the City grant for this year?

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22. What will the effect be if you do not receive a Grant from the City of Nanaimo?

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**If you have any questions, call Diane Hiscock at 250-755-4413**

# PERMISSIVE TAX EXEMPTIONS AND GRANTS

## BACKGROUND AND CONTEXT

### Introduction

In 2015, Nanaimo spent about **\$8.7 million in total on these items, an increase of 1.5% over the prior year**. Grants were \$5.1 million, Permissive and Revitalization Tax Exemptions (PTEs) were \$1.6million and rent subsidies \$2.2 million. For the purpose of this review, Grants have been interpreted broadly to include social, cultural and recreational grants as well as operating grants/subsidies to major agencies. Financial support from a municipality is sometimes a requirement for funding from other levels of Government.

### Linkage to the City of Nanaimo Strategic Plan

Grants and PTEs are given to organizations that promote economic health, social equity and cultural vitality.

### Focus of the Review

The purpose of this service review is to assess the processes used in awarding, administering and monitoring grants, sub market rents and PTEs and identify areas for improvement.

### Allocation by Type of Funding and Organization

Grants accounted for about 66% of the total, PTEs about 18% and sub-market rents 25%.

**184** organizations benefitted from these programs but 11 received 72 % of the total, and the top four (The Port Theatre, NEDC, VICC, and the Nanaimo Museum) received over 58%. An individual organization may receive funding from all three types of funding: PTEs, grants, and sub-market rents. At least one organization, the VICC, pays no property tax, not because it receives a PTE; but because it operates out of a municipal building, which is statutorily exempt from tax. Had VICC been subject to tax and granted a PTE and been charged a rent at the same level as the Port Theatre, the total cost would have risen to about \$11 million.

Three quarters of the sub-market rent category is attributed to three organizations (The Port Theatre, the Nanaimo Museum and McGirr). These sub-market rents are all estimates based on what the properties might be rented for and the amounts are highly speculative. Moreover, other organizations, such as the Vancouver Island Convention Centre (VICC) are not allocated rents because they are treated as municipally owned. A table with additional details on the allocation of Grants, Permissive Tax Exemptions and Sub-market Rents for 2015 is provided in Appendix 18, page 209.

### Departmental Responsibilities

Four departments are responsible for some part of the total spent on grants, sub- market rents and PTEs.

Department	Responsibilities
Culture & Heritage	<ul style="list-style-type: none"> <li>Provides operating and project grants</li> <li>The principal liaison for operating subsidies to outside agencies, such as the DNBIA, NEDC, VICC, the Port Theatre and Nanaimo Museum.</li> </ul>
Social and Protective Services	<ul style="list-style-type: none"> <li>Administer community service and social development grants</li> </ul>
Parks, Recreation and Environment	<ul style="list-style-type: none"> <li>Administer travel assistance grants for sports and other recreational grants.</li> </ul>
Finance	<ul style="list-style-type: none"> <li>Administers Permissive Tax Exemptions</li> </ul>



## GRANTS AND PERMISSIVE TAX EXEMPTIONS

### Grants

In 2015, **\$5.1 million** was provided in grants. There are **15 cash grant programs**, as shown below, but the vast majority (72%) of the funds were provided as operating subsidies to four organizations, NEDC, VICC, the Port Theatre and the Nanaimo Museum. NEDC and VICC are the subject of separate reports. Most other funds are provided for social and cultural reasons.

#### Cash grant programs

1. Culture and Heritage Operating Grants
2. Culture and Heritage Project Grants
3. Downtown Residential Conversion Tax Exemption Program
4. Heritage Home Grant Program
5. Heritage Façade Improvement Grant Program
6. Nanaimo Hospitality Grant Program (Tourism)
7. Tourism Development Fund (Tourism)
8. Sport Event Hosting Grant Program (Tourism)
9. DNBIA Event Fund
10. DNBIA Façade Grant Program
11. Program Development Fund
12. Community Service Grant Program
13. Social Development Grant Program
14. Grants Advisory Committee Programs (PTEs And OTHER)
15. Travel Assistance Grant Programs (Parks)

### Permissive Tax Exemptions (PTEs)

In 2015 the City gave **\$1.6 million** in PTEs, 14% higher than 5 years earlier. The increase was due mainly to the increase in taxes over that period as the major successful applicants are unchanged. 108 applicants were successful in 2015. The top four applicants received 38% of PTEs.

Municipalities are permitted under the Community Charter, Part 7, Division 7, to exempt certain properties from municipal tax for up to 10 years, such exemptions are called Permissive Tax Exemptions (PTE). Relevant details of the Charter is provided in Appendix 18, page 210.

**Nanaimo's PTE Policy** (revised in 2011), requires that PTEs be given only under the following circumstances:

- a. The goals, policies, and general operating principles of the municipality as a whole are reflected in the organizations that receive support;
- b. Exemptions are not given to services that are otherwise provided on a private, for profit, basis, this would provide an unfair advantage;
- c. The services provided by the organizations should be an extension of municipal services and programs and must fall under the responsibility of local government, senior government program costs must not be transferred to property taxpayers as this would represent a downloading of senior government costs to local taxpayers.

The criteria set out in the Policy seem sensible and, in most cases, reasonably easy to apply. All buildings and properties that receive a PTE must be reviewed by the Grants Review Committee every three years to ensure they continue to meet specific criteria set out in their applicable category. Our review of the major successful applications, indicate that the eligibility criteria have been applied correctly. There are few changes in the status of major successful applicants over time and the three year review period could be extended to five years, saving Committee and staff time. The Grants Review Committee can review matters more frequently if circumstances dictate.

One minor matter that may require more frequent attention concerns organizations that move. The PTE remains with the property, which may be rented to ineligible tenants.





## BENCHMARKING

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### Permissive Tax Exemptions (PTEs)

Nanaimo's PTE policies are close to those of other municipalities in many respects. Some, such as Prince George have tried to restrict the growth in the cost of PTEs by imposing a cap on the amount it is prepared to pay. This initiative failed due to adverse public reaction. However, other municipalities, such as Kamloops and North Vancouver, have successfully imposed a cap. Caps may be applied in an across the board cut or selectively with some applicants receiving 100% and others less. Kamloops requires the PTE for new recipients to be phased over a three-year period.

Note that in 2015, a PTE/RTE of \$121,000 was given to the Island Corridor Rail Foundation, an organisation that the RDN decided not to continue funding in 2016.

### Sub-market rents

The majority of the funds allocated to this category are artificial, in the sense that they are estimates and not based on actual rents. Comparisons with other areas are not relevant since each may use different methods of estimation.



## SIGNIFICANT FINDINGS AND RECOMMENDATIONS

Findings	Recommendations
<ul style="list-style-type: none"> <li>The cost of PTEs rises as property values increase and as mill rates rise. Others have capped PTEs and grants. Should Nanaimo follow suit, and, if so, should caps be applied equally across all recipients or should some be protected?</li> </ul>	<ul style="list-style-type: none"> <li><b>No cap should be applied.</b> Caps lead to controversy and are unnecessary since the majority of the funds are going to relatively few applicants. It makes more sense to monitor more carefully the provision of funds to those organizations, than apply rough justice to all.</li> </ul>
<ul style="list-style-type: none"> <li>The full extent of the benefits being provided to individual organizations is currently not known or taken into account by the various granting and PTE bodies, when making decisions.</li> </ul>	<ul style="list-style-type: none"> <li><b>Understand and consider all forms of financial assistance</b> (PTEs, grants and submarket rents) received by applicants when providing funds.</li> </ul>
<ul style="list-style-type: none"> <li>For organizations such as the VICC, that operate out of municipal buildings and are not subject to tax, Property tax and sub market rent is not allocated. Hence the "true" cost of the organization is not evaluated.</li> </ul>	<ul style="list-style-type: none"> <li><b>Where Property tax and sub market rents are not shown</b> e.g. in the case of municipal properties, <b>provide an estimated value</b>, to ensure some consistency in evaluating the comparative financial support provide to each organization.</li> </ul>
<ul style="list-style-type: none"> <li>Major operating subsidies of over \$100,000 do not appear to be receiving adequate financial scrutiny, nor are there sufficient quantitative performance measures provided to judge how successful the recipients have been in meeting their goals.</li> </ul>	<ul style="list-style-type: none"> <li><b>Improve the level of financial scrutiny in respect of major operating subsidies.</b> Include in this clarification of mandates and expectations against which performance can be measured. <b>Give Finance a lead role in applying this scrutiny. This would diminish the role of the Director of Culture &amp; Heritage considerably and the current vacant position can be eliminated.</b></li> </ul>
<ul style="list-style-type: none"> <li>Evaluating PTE applicants is time consuming for staff and Committee members (with reviews every 3 years). Today it is up to the staff to track situations when tenants change occupancy.</li> </ul>	<ul style="list-style-type: none"> <li><b>Review of PTEs should last 5 years rather than 3.</b> Landlords of tenants receiving PTE should be obliged to report change of occupancy or face repayment of any PTE received after the tenant leaves. However, PTEs in excess of \$100,000 should be monitored annually to see if there are any exceptional circumstance that may warrant change, as is the case with the Island Rail Corridor Foundation below.</li> </ul>
<ul style="list-style-type: none"> <li>In 2015 a PTE/RTE of \$121,000 was given to the Island Corridor Rail Foundation, an organisation that the RDN decided not to continue funding in 2016.</li> </ul>	<ul style="list-style-type: none"> <li><b>Consider not renewing</b> this assistance in light of the RDN decision to cease funding this organisation.</li> </ul>

## APPENDIX 18 – PERMISSIVE TAX EXEMPTIONS & GRANTS

### Allocation of Grants, Permissive Tax Exemptions and Sub-market Rents 2015

Organization Name	Grant \$000	PTE \$000	Sub-market Rent \$000	Total \$000	% of all Grants PTEs & Rents
Port Theatre	579	286	1,104	1,969	21
NEDC	1,483*		8	1,491	16
VICC	1,267***	**	-	1,267	14
Nanaimo Museum	355	7	266	628	7
McGill	120	41	297	458	5
DNBIA	230	-	-	230	2
Nature Trust	-	164	-	164	2
Loaves & Fishes	137	4	-	141	2
Nanaimo Art Gallery	124	12	-	136	1
Island Corridor	-	121		121	1
SPCA	75	6	20	101	1
<b>Total top 11</b>	<b>4,371</b>	<b>641</b>	<b>1,695</b>	<b>6,707</b>	<b>72</b>
<b>Total top 4</b>	<b>3,684</b>	<b>612</b>	<b>1,687</b>	<b>5,983</b>	<b>60</b>
<b>173 others</b>	<b>725</b>	<b>976</b>	<b>539</b>	<b>2,240</b>	<b>28</b>
<b>Grand Total</b>	<b>5,096</b>	<b>1,617</b>	<b>2,234</b>	<b>8,947</b>	<b>100</b>

Note: In all cases advisory committees assist City managers. The Downtown Nanaimo Business Improvement Association (DNBIA) and the Tourism Section of the Nanaimo Economic Development Association (NEDC) provide other grants. Grants provided by NEDC and DNBIA are not included in the table above to avoid double counting as both organizations receive a substantial part of their funding from the City.

\* The grant of \$1,483,000 given to NEDC include \$1,375,000 operating, \$40,000 Sports Grants and \$68,000 for Tourism Development.

\*\* Municipally owned not subject to tax

\*\*\* Includes rental payments by City for use of VICC facilities





#### Permissive Tax Exemptions & Relevant details of the Community Charter, Part 7, Division 7 Charter

Municipalities are permitted under the Community Charter, Part 7, Division 7, to exempt certain properties from municipal tax for up to 10 years, such exemptions are called Permissive Tax Exemptions (PTE).

Section 24 of the Charter gives municipalities authority to exempt:

- property owned by a not-for-profit corporation;
- property owned by a local authority; and
- property owned by a public authority and occupied by another authority or not-for-profit.

Section 25 provides authority to exempt eligible partnering, heritage, riparian, cemetery or golf course property for any period set out in the exempting bylaw. Key to these exemptions is the ability to make agreements with property owners respecting the extent of the exemption and the conditions under which it will be offered. These agreements may require owners to satisfy conditions, such as placing a restrictive covenant on the property or repaying the exemption amount under specified circumstances

Section 26 provides authority to exempt land or improvements or both, from the municipal portion of property value taxes for the purposes of encouraging various types of economic, social or environmental revitalization within a community. Revitalization tax exemption programs may apply to a small area or areas, a certain type of property or properties, a particular activity or circumstance related to a property or properties, or an entire municipality

Exemptions under Section 24 automatically provide exemptions from school, RDN, hospital and other taxes. Exemptions under other sections do not.

Nanaimo's PTE policy was reviewed in July 2011 and a report submitted to Council by the Chair of the Grants Advisory Committee. That report recommended fairly minor changes to the policy. The Report's findings were broadly accepted and became policy in August 2011.