

FINAL DRAFT



Ridley Island Property Tax Sharing - Towards a Sustainable Solution

**Prepared for the Ministry of Municipal
Affairs and Housing**

Julian C Paine

March 2, 2018

Overview

In December 2017, the Ministry of Municipal Affairs and Housing (MAH) engaged Julian Paine as a consultant to assist in developing a long term solution for two local governments - the City of Prince Rupert and the District of Port Edward - to share in the revenue derived from industrial property taxes on Ridley Island. Based on an agreement between the two communities in the summer of 2016, a review of existing tax sharing arrangements, first implemented in 1980, was to be undertaken through a facilitated process of engagement between officials of the two local governments. The ministry had been asked by the communities to assist in a review because of the longstanding and continuing disagreements between them on future revenue sharing.

Facilitation Process Goals

Based on the Terms of Reference (TOR) developed by MAH to guide discussions (attached Appendix I), the desired outcomes from the engagement were defined as:

1. To achieve agreement between the two local governments on how to make the existing Ridley Island industrial property tax revenue sharing mechanism , any review process and potential changes in apportionment, clearer, more predictable and sustainable in the long term.
2. ^{s.13}

Facilitation Process Outcomes

After engaging in a process involving both individual and joint conversations and meetings between the consultant and senior local government officials and meetings with both communities' mayors, ^{s.13}
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The report set out below, therefore, represents the consultant's evaluation of the existing situation and ^{s.13}

The Existing Tax Sharing Arrangement - a Short History

The genesis of the current mechanism for sharing of industrial property tax revenue between Prince Rupert and Port Edward was a request to the Province for approval of an extension of the municipal boundary of Prince Rupert to include Ridley Island. The request, that provided a significant new industrial tax base from port development on the island, was approved in March, 1980 through Supplementary Letters Patent (SLPs) under Section 21 of the *Municipal Act* (1979) (now the *Local Government Act* 1996). Based on an agreement between Prince Rupert and the adjoining community of Port Edward, the SLPs also provided that tax revenue received by Prince Rupert from the levy for general municipal purposes on the newly incorporated area would be shared between the two communities.

The key provisions of this sharing arrangement were as follows:

- First \$25,000 in revenue to be split 50:50;
- Costs of servicing the extension area by either municipality to be deducted from the remaining revenue and credited to the entity providing such services; and
- Balance of tax revenue to be shared 80:20 with Prince Rupert retaining the larger share.

The SLPs also provided for the periodic review of the apportionment of revenue set out above - after three years in the first instance and every five years thereafter.

Any changes to the sharing formula resulting from a review, could be implemented only through agreement of the two local governments and with the approval of the Minister. Such an amendment would take effect with no requirement to issue new SLPs.

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three years prior to the first required review, one or other of the municipalities requested clarification from the Province or disputed interpretation of its core elements including the meaning of “revenue” to be shared; inclusion of grants in lieu and permit fees; the appropriate items to be included as “costs of servicing” the extension area; and what was required in a periodic “review”.

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Regardless, a reasonable interpretation of the SLPs would seem to be that the provision of revenue sharing with Port Edward was a condition for approval by the Province of the boundary extension to Prince Rupert. Stated another way, the Province might not have approved such an extension without a revenue sharing agreement being in place.

In October, 1984 the Minister of Municipal Affairs approved an amendment to the original tax sharing arrangement following a review and discussions between the two communities. The amended mechanism agreed to by both local governments, which remains in effect today, included the following key provisions:

- The first \$25,000 provision and the “costs of servicing” Ridley Island were effectively dropped from the formula;
- The share owed to Port Edward remained at 20% of revenues but it agreed to make a payment to Prince Rupert equivalent to 3% of gross revenues to cover any and all costs of servicing that might be incurred and as a contribution to the costs of operating recreational facilities in Prince Rupert;
- The amount to be transferred to Port Edward was reduced to 17% of the gross taxes levied for general municipal purposes plus all grants in lieu paid on the boundary extension area to reflect the payment above; and
- The provision for a review of the agreement every five years was continued.

The agreement also included a rider in the nature of a reopening provision that if additional recreational facilities available to all area residents were built in Prince Rupert in future, the % share from Port Edward would be amended (presumably increased) to reflect the additional expenses to be shared.

There appears to be little documentation available from the time as to the nature of the “review” or the way in which the revised formula was arrived at. Nevertheless, some important precedents and clarifications of terms were included.

First, “revenue” now clearly included grants in lieu of taxes (provided by the federal and provincial governments and regulated enterprises). Second, the notion that costs for providing services to Ridley Island would be deducted from revenue prior to calculation of shares was removed. This had been an ongoing source of dispute, with Prince Rupert at one point presenting calculations attempting to show that its costs exceeded the revenue derived from the extension area. Third, Port Edward formally recognized that its residents benefited from services delivered and paid for by Prince Rupert and was willing to pay for “unfettered access” to them. It is worth noting that the 1984 budget figure of \$2.2 million cited in the agreement as recreation, includes costs for the Prince Rupert library and museum, indicating the intent for Port Edward to contribute to those facilities as well.

Notwithstanding all that appeared to have been accomplished in arriving at the 1984 agreement, by the time the first periodic review came up for discussion in 1989, the two communities appeared to have had second thoughts on a number of its provisions. Prince Rupert indicated that grants in lieu were not meant to be included. Also, a Performing Arts Center had been built in Prince Rupert and a cost share was calculated for Port Edward.

In response to this stated position from Prince Rupert and an indication that the city was prepared to make only “a payment on account” by the agreed deadline of July 31, 1989 with no agreement on what might actually be owed for that year, Port Edward proposed that the revenue shares revert to the original 80:20 split with a contribution to recreational facilities to be negotiated separately. s.13

s.13 and was designed to encourage Port Edward to enter into substantive negotiations around revenue sharing.

Over the next year the situation escalated with Prince Rupert again withholding a portion of funds owed for 1990 and Port Edward filing suit for payment in the summer of that year based on the 1984 agreement. Legal wrangling continued through April, 1991 when the city agreed to settle the case and paid arrears plus interest based on calculations using the interpretation of the agreement employed up until 1989.

The agreement has operated more or less on this basis up until the present day. When the five year review periods have expired, Prince Rupert has generally put forward arguments that the current formula is inequitable and that Port Edward residents are not paying their fair share of the costs of services they utilize in Prince Rupert. Port Edward has generally countered that it has “reviewed” the existing formula and believes it is fair and does not require change. The Province, despite the fact that the agreement is enabled by provincial authority, has generally avoided direct involvement in the situation.

The Ministry of Municipal Affairs did assist recently in brokering an agreement to address one of the latest sources of conflict between the communities - disposal of solid waste. With the completion of its sewage treatment plant, Port Edward needed a place to dispose of sludge. Prince Rupert landfill capacity was increasingly constrained and needed investment to expand. Provincial environmental regulations precluded out-of-community disposal of sludge at Terrace’s facility.

The arrangement covering 2016 and 2017, provided for payments totalling \$500,000 from Port Edward to cover disposal of sludge and core infrastructure investments in Prince Rupert. The city agreed to remove non-resident dumping fees it had imposed in 2015. These payments were in addition to the 3% Ridley Island revenue payment for city servicing costs and use of recreation facilities which amounted to about \$140,000 per year.

Even this most recent arrangement, however, has resulted in disagreement between the two local governments. Prince Rupert believes that the district committed to “re-negotiating” Ridley Island revenue sharing no later than the end of 2017. Port Edward contends that it agreed only to “review” revenue sharing with the assistance of a provincially appointed facilitator/mediator.

Issue Identification - Current Positions of the Local Governments

Through the numerous bilateral and all-party meetings and conversations that have occurred over the last two months, the views of each municipality on revenue sharing arrangements and the associated issues surrounding financing of area services have become reasonably clear. ^{s.13}

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1. *City of Prince Rupert:*

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the city's concerns have focused on two main issues: Port Edward's "need" for the revenue transfers, especially in comparison to its own often difficult financial situation; and the perception that, other than perhaps the 3% payment for recreation services, the city is effectively subsidizing Port Edward residents for the costs of a number of city services that they utilize. Since user fees rarely cover the full costs of local government services, ^{s.13,s.16}

In a letter to the district last December, Prince Rupert Mayor Lee Brain makes negotiation of a service agreement between the two communities a key condition of an offer to extend the timeframe to "renegotiate" revenue sharing arrangements until the end of 2020 (the next periodic review is due in 2019). ^{s.13}

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2. *District of Port Edward:*

With the exception of the amended arrangements negotiated in 1984, successive district councils have refused to engage Prince Rupert in any formal process that might see fundamental changes to the Ridley Island revenue sharing agreement. In 1990, the district sued the city for payment ^{s.13}

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More recently, in satisfaction of the requirement for a five year joint review of the agreement in 2014, Port Edward Mayor Dave MacDonald wrote to the city indicating that the district had conducted a review and had determined that the current formula was "fair and equitable".

In the same 2014 correspondence, Mayor MacDonald sets out his understanding of the core rationale for revenue sharing in the original SLPs. It is his view that the Province agreed to revenue sharing on Ridley Island as compensation for the fact that Watson Island industrial facilities, that are directly across a narrow channel from the main Port Edward residential area, had been included in the city's tax base.

Thus, since the 1950s, Port Edward residents had endured the negative effects of living adjacent to a pulp mill in terms of air, noise and visual pollution plus the rail traffic that went with the mill but received no financial support for district services. In addition, development on Ridley Island would likely further increase potentially dangerous rail traffic (a controlled road crossing and fencing was only recently installed) and created the possibility of coal and grain dust blowing over the town.

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3. **Joint Views:**

Despite the clear difference of opinion between the two local governments regarding the desirability or need to change the revenue sharing mechanism currently in place, both have shown a willingness to discuss municipal services and their financing. Senior local officials involved in the present facilitated process have identified a number of area services where joint action, s.13

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, could be beneficial and pay

dividends in the longer term.

Industrial Property Tax Sharing - Provincial Perspectives

The Ridley Island tax sharing agreement between Prince Rupert and Port Edward is the longest running arrangement of its kind in the province. During the 1980s, the issue of local government taxation of industry and the use of boundary extensions as a means to capture industrial facilities within a municipal tax base became a policy concern for the provincial government. In 1982, the Province set up a Boundary Extension Task Force through the Ministry of Municipal Affairs and prepared a wide ranging policy paper to guide its deliberations.

At the same time, in the face of a major expansion of coal mining in southeastern British Columbia affecting a number of communities, concerns from the industry about the levels of taxation it might face and a need to determine an appropriate way to share revenues across communities, the ministry brokered a revenue sharing arrangement known as the Elk Valley Tax Sharing Agreement (EVTSA). The EVTSA, which was renegotiated in 2008 again with the assistance of the Ministry, incorporated a number of principles to guide determination of appropriate divisions of industrial revenue amongst local governments.

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From a local government perspective, the overall goal to be achieved is a fair and equitable division of industrial revenues. A number of factors have been proposed by the Ministry to guide municipalities in arriving at that goal. They include:

1. *Workforce Location* - the primary effect of an industrial facility on a local government is the need it creates for services or increases in services to workers resident in the town concerned. Workforce location is seen as a key cost-driver for local governments.
2. *Fiscal Capacity* - the ability of a local government to accommodate an industrial workforce and pay for new services will vary depending on the ability of that municipality to raise revenue from its tax base. Fiscal capacity is generally measured using aggregate property assessments. It is the key determinant in the amount small communities receive from the Province in annual grants to augment local revenues.
3. *Responsiveness* - depending on each communities situation and the service(s) involved, the capacity to absorb new workers using existing infrastructure will vary. Communities with a lower capacity to to respond to growth pressures would receive a greater share of industrial revenues available.
4. *Cost of Services* - if it were possible to define and price a basket of services that any local government might be expected to provide, the actual price of that basket would vary considerably depending on local conditions. In principle, a community that had an unavoidably higher cost to deliver standard services should receive a greater share of revenue than its lower cost neighbour.

It is worth noting that while these criteria recognize that nearby industrial facilities can be cost drivers to local government through the need to increase services, they essentially evaluate them as revenue sources - as an overall potential benefit to communities resulting from growth. What they do not incorporate is any view on potential "dis-benefits" or negative externalities arising from the operation of an industrial concern.

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More recently, in 2015, the ministry negotiated a renewal of the Memorandum of Understanding covering sharing of a pool of industrial tax revenues across seven communities in the Peace River Regional District. Similar to the case in the Elk Valley, community shares of provincially collected industrial property taxes were divided amongst the communities based on a formula designed to equalize their fiscal capacity by



calculating a joint per capita tax base for all communities and allocating a share of pool revenues to each community based on their own situation. In this case, the Fiscal Capacity criterion was key in determining the allocation formula.

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Towards a Sustainable Sharing Arrangement

While it was hoped that a facilitated process of review of the current Ridley Island Tax Sharing Agreement could lead to a substantive engagement and potentially a renegotiated mechanism for allocating revenues to the two local governments, s.13

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What has become clear through this process is that, both historically and today, the conflict between the two municipalities has as much to do with area services, how they are paid for and by whom as the relative shares of revenue allocated under the agreement. Despite the fact that there seems to be a recognition that financing and management of joint services could and should be discussed, the issues around RITSA have proven too divisive to allow this to occur. s.13

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Conclusion

The rationale and circumstances underlying the sharing of revenue from Ridley Island industrial facilities between Prince Rupert and Port Edward, appear as relevant today as when the agreement was first crafted nearly four decades ago. ^{s.13}

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Appendix I
TERMS OF REFERENCE

Appendix II

Community Statistics

1. Population

	2008	2017
Port Edward	630	503
Prince Rupert	14,563	11,522

2. Average House Tax Burden (2016)

	Assessment	\$	Rank	Percentile
Port Edward	197,126	2,639	111	100.0
Prince Rupert	261,764	3,966	51	150.3

- Sum of property taxes and fees applied to average residential assessment
- Rank out of 161 BC communities

3. Assessment Data (2016) - Total Assessments by Class (\$ millions; \$ per capita)

	Port Edward		Prince Rupert	
		p/c		p/c
Residential	49.04	97,499	1,079.30	93,675
Industrial (2, 4, 5)	10.63	22,426	139.33	12,372
All Classes Total	70.95	149,684	1,412.51	125,434

4. Local Government Expenditures (2016)

	Total Budget (\$M)	p/c (\$)	Percentile
Port Edward	2.67	5,299	194.2
Prince Rupert	31.43	2,728	100.0

5. RITSA Payments (2016 \$465,712)

	% of Tax Revenues	% of Total Revenues
Port Edward	31.7 (e)	17.5 (e)
Prince Rupert	2.3	1.3

(e) estimate

Page 17 to/à Page 18

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Terms of Reference (TOR) for a Facilitator – Ridley Island Tax Sharing Agreement

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Background

Supplementary Letters Patent (SLP), issued in 1980, implemented a boundary extension for the City of Prince Rupert to enclose industrial lands on Ridley Island. These SLP established an industrial tax revenue sharing agreement between Prince Rupert and the Village (now District) of Port Edward (see attached SLP).

This boundary extension and industrial tax sharing arrangement were in concert with the development of a grain elevator and a coal loading facility to accommodate coal exports from the northeast's coal industry. Northeast Coal Development, the tax sharing only included municipal property tax revenues and not provincial or regional property taxes.

The 1980 SLP state the following:

“...the tax revenue received from the levy for general municipal purposes established by the City of Prince Rupert within the extension area hereinbefore described shall be apportioned between the City of Prince Rupert and the Village of Port Edward in the following manner:

- (1) The first \$25,000 generated annually shall be divided equally between both municipalities;*
- (2) After the division under (1) above all costs attributable to municipal servicing within the extension area shall be deducted from the remaining tax revenue and shall become the revenue of the municipality providing such services.*

- Costs of such servicing shall be accounted for and audited separately from other municipal services and the information thus obtained shall be made available by the municipality providing the service to the other municipality.*
- (3) The balance of tax revenue remaining after (1) and (2) above shall be divided in the ratio of 80 percent to the City of Prince Rupert and 20 percent to the Village of Port Edward.*
- (4) The apportionment detailed under (1), (2) and (3) above shall be subject to review three years after the first year of levy of taxation on improvements and thereafter at five year intervals.*
- (5) Any adjustments made to the apportionment as a result of such review in (4) above shall be ratified by both Councils, shall be subject to approval by the Minister of Municipal Affairs and shall take effect without further issuance of Supplementary Letters Patent.”*

In 1984, the two Councils reviewed the agreement and settled on an amendment adjusting the revenue split to 83 percent (Prince Rupert) and 17 percent (Port Edward) in recognition of the cost of operating the recreation programs in Prince Rupert used by Port Edward residents (see attached copy of Ministerial Order).

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Attachments:

1. 1980 SLP
2. 1984 ministerial Order



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APPROVED AND ORDERED H.R. 13.1980

Lieutenant-Governor

EXECUTIVE COUNCIL CHAMBERS, VICTORIA H.R. 13.1980

On the recommendation of the undersigned, the Lieutenant-Governor, by and with the advice and consent of the Executive Council, orders that, having received the recommendation of the Minister of Municipal Affairs, supplementary Letters Patent in the form attached hereto do issue providing for an extension of the boundaries of the City of Prince Rupert and for the sharing of certain tax revenues between the City of Prince Rupert and the Village of Port Edward.

lw

Minister of Municipal Affairs

Presiding Member of the Executive Council

(This part is for administrative purposes and is not part of the Order.)

Authority under which Order is made:

Act and section... Municipal Act - Sections 21 and 12(8)

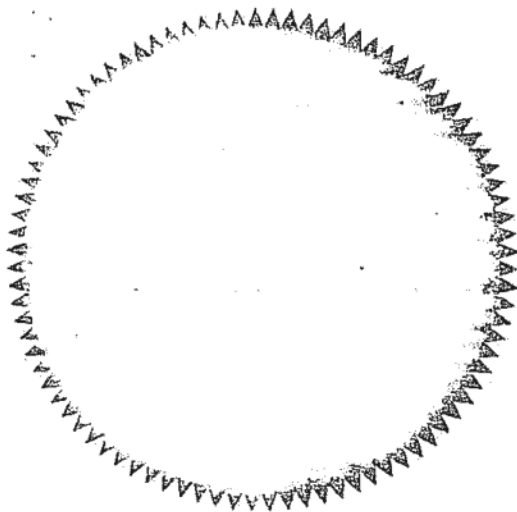
Other (specify)

Statutory authority checked by

GARETH J. DAVIES

(Signature and typed or printed name of Legal Officer)

W. B. Shaw
Lieutenant-Governor



CANADA
PROVINCE OF BRITISH COLUMBIA

ELIZABETH the SECOND, by the Grace of God, of the United
Kingdom, Canada, and Her Other Realms and
Territories, Queen, Head of the Commonwealth,
Defender of the Faith.

To all to whom these presents shall come -

GREETING

Minister of Municipal
Affairs.

(WHEREAS by section 21 of the
(Municipal Act it is provided
(that the Lieutenant-Governor
(in Council may by supplementary
(Letters Patent extend the area
(of a municipality under the con-
(ditions therein set out:

AND WHEREAS by section 12(8) of the "Municipal Act" ✓
it is provided that the Lieutenant-Governor in Council may by
supplementary Letters Patent provide that the tax revenue from
real property designated in the supplementary Letters Patent
shall be shared by the municipality with any other municipality
on a basis provided in the supplementary Letters Patent:

AND WHEREAS a petition has been received from the
Council of the City of Prince Rupert praying that the area
of the municipality be extended to include all and singular
those certain parcels or tracts of land situate, lying and
being as follows:

Commencing at the most northerly corner of Lot
7371, Range 5 Coast District; thence southeasterly and north-
easterly along the southwesterly and southeasterly boundaries
of said Lot 7371 to the point of intersection with a line
drawn parallel to and 152.4 metres perpendicularly distant
westerly from the highwater mark of Porpoise Harbour on
the easterly shore thereof; thence in a general southerly
direction 152.4 metres perpendicularly distant westerly
from the said highwater mark of Porpoise Harbour to the
point of intersection with a line drawn parallel to and
152.4 metres northerly from the highwater mark of Lot 501
(Lelu Island) on the northerly shore thereof; thence in a
general westerly direction parallel to and 152.4 metres
northerly from the highwater mark of Lot 501 (Lelu Island)
to a point which lies due west of the most westerly corner
of Lot 501 (Lelu Island); thence west to the point of
intersection with a north, south line, said line being 1420
metres west of the most northerly corner of Lot 6357; thence
north to the point of intersection with the southwesterly
boundary of the City of Prince Rupert as described in the

British Columbia Gazette under date of April 21, 1966;
thence in a general southeasterly, easterly and southerly
direction along said boundary of the City of Prince Rupert
as described in the British Columbia Gazette under date of
April 21, 1966 to the aforesaid most northerly corner of
Lot 7371, being the point of commencement and containing by
admeasurement 457.91 hectares of land, more or less and
1557.4 hectares of foreshore and land covered by water,
more or less.

AND WHEREAS the conditions and requirements of
said section 21 have been duly complied with:

AND WHEREAS the Council of the City of Prince
Rupert and the Council of the Village of Port Edward have
agreed on a tax sharing formula for the taxes collected from
the extension area hereinbefore described:

NOW KNOW YE THAT by these presents We do order
and proclaim that the tax revenue received from the levy
for general municipal purposes established by the City of
Prince Rupert within the extension area hereinbefore described
shall be apportioned between the City of Prince Rupert and
the Village of Port Edward in the following manner:

- (1) The first \$25,000. generated annually shall be divided
equally between both municipalities.
- (2) After the division under (1) above all costs attributable
to municipal servicing within the extension area shall be
deducted from the remaining tax revenue and shall become
the revenue of the municipality providing such services.
Costs of such servicing shall be accounted for and audited
separately from other municipal services and the information
thus obtained shall be made available by the municipality
providing the service to the other municipality.

- (3) The balance of tax revenue remaining after (1) and (2) above shall be divided in the ratio of 80% to the City of Prince Rupert and 20% to the Village of Port Edward.
- (4) The apportionment detailed under (1), (2) and (3) above shall be subject to review three years after the first year of levy of taxation on improvements and thereafter at five year intervals.
- (5) Any adjustments made to the apportionment as a result of such review in (4) above shall be ratified by both Councils, shall be subject to approval by the Minister of Municipal Affairs and shall take effect without further issuance of supplementary Letters Patent.

AND THAT the area of the City of Prince Rupert be extended by the inclusion therein of the lands and lands covered by water hereinbefore described, and that on, from, and after the date of these supplementary Letters Patent the boundaries of the City of Prince Rupert be defined as follows:

Commencing at a point in Fern Passage, Range 5, Coast District, said point being north 43° east and 263.94 metres distant from the most easterly corner of Section 9, Prince Rupert Townsite, as shown on Registered Plan 923 on file in the Land Title Office, Prince Rupert; thence north $36^{\circ} 15'$ west for a distance of 777.74 metres; thence north $15^{\circ} 45'$ east for a distance of 490.73 metres; thence north $45^{\circ} 30'$ west for a distance of 1030.22 metres; thence south $61^{\circ} 30'$ west for a distance of 5986.27 metres; thence south for a distance of 4471.42 metres; thence south 27° east to the point of intersection with a north, south line, said line being 1420 metres west of the most northerly corner of Lot 6357; thence south to a point which lies due west of the most westerly corner of Lot 501 (Lelu Island); thence east to the point of intersection with a line drawn parallel to and 150 metres perpendicularly distant westerly from the natural highwater mark on Lot 501 (Lelu Island) on the westerly shore thereof; thence in a general easterly direction parallel to and 150 metres northerly from the said natural highwater mark on Lot 501 (Lelu Island) to the point of intersection with a line drawn parallel to and 152.4 metres perpendicularly distant westerly from the natural highwater mark of Porpoise Harbour

on the easterly shore thereof; thence in a general northerly direction parallel to and 152.4 metres perpendicularly distant westerly from the said natural highwatermark of Porpoise Harbour on the easterly shore thereof to the point of intersection with the southerly boundary of Lot 7371; thence westerly, northwesterly and southeasterly along the southerly, southwesterly and northeasterly boundaries of said Lot 7371 to the most southerly corner of Block A of Lot 7381; thence north $71^{\circ} 53'$ east a distance of 45.72 metres, more or less, to the southwesterly boundary of a 3.21 acre parcel as shown on Registered Plan 2096; thence southeasterly and northeasterly along the southwesterly and southeasterly boundaries of the said 3.21 acre parcel, Plan 2096, to the most easterly corner thereof, being a point on the easterly limit of the right-of-way of the Canadian National Railway Plan 1167; thence southerly along the said easterly limit of the right-of-way of the Canadian National Railway Plan 1167, to the northwest corner of that part of Lot 446 as shown on Registered Plan 3005; thence in a general easterly direction along the northerly boundary of the said part of Lot 446, Plan 3005, to the most northerly corner thereof, being a point on the easterly boundary of Block B of Lot 7382; thence in a general northerly direction along the said easterly boundary of Block B to the northeast corner thereof; thence westerly along the northerly boundary of said Block B for a distance of 91.44 metres; thence due north for a distance of 804.67 metres; thence north $72^{\circ} 45'$ east in a straight line to a point which lies due north of the northwest corner of Lot 505; thence due north to a point which lies 5074.92 metres distant north from the northwest corner of aforesaid Lot 505; thence north 16° west a distance of 716.28 metres; thence north

36° 15' west a distance of 2133.6 metres, more or less, to the point of commencement, and containing by admeasurement 5347.89 hectares of land, more or less, and 3374.95 hectares of land covered by water, more or less. All bearings quoted in the above description are astronomic:

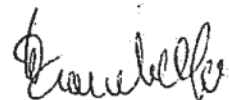
AND THAT the provisions of any zoning, subdivision, and building regulatory by-laws amended to the date hereof of the Skeena-Queen Charlotte Regional District shall remain in force and effect in the extension area as if they were a by-law adopted by the municipality, until amended or repealed by by-law:

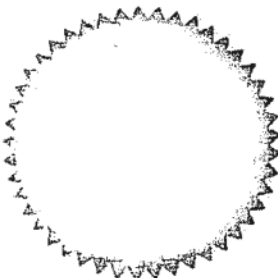
AND THAT the Letters Patent of the City of Prince Rupert be deemed to be amended so as to conform to the premises as and from the date of these supplementary Letters Patent.

IN TESTIMONY WHEREOF, We have caused these Our Letters to be made Patent and the Great Seal of Our said Province to be hereunto affixed.

WITNESS, the Honourable Henry P. Bell-Irving, Lieutenant-Governor of Our said Province of British Columbia, in Our City of Victoria, in Our said Province this 13th day of March, in the year of our Lord one thousand nine hundred and eighty, and in the twenty-ninth year of Our Reign.

By Command:


Provincial Secretary and
Minister of Government Services.



AGREEMENT TO AMEND CITY OF PRINCE RUPERT LETTERS PATENT

APPROVED under Supplementary
Letters Patent issued
March 13, 1980.

BETWEEN

CITY OF PRINCE RUPERT

AND

VILLAGE OF PORT EDWARD

Bill Ritchie
Minister of Municipal Affairs.
October 31st, 1984.

CERTIFIED A TRUE COPY

Sh. Hov
CITY CLERK

APPROVAL NO. 311147

RIDLEY ISLAND TAX SHARING

WHEREAS the Council of the Village of Port Edward and the Council of the City of Prince Rupert have agreed on an amended tax sharing formula for the taxes collected from the extension area known as Ridley Island and legally described in the Supplementary Letters Patent issued on March 13/80.

AND WHEREAS these letters patent make provisions whereby the tax revenue received from the levy for general municipal purposes including grants in lieu of taxation established by the City of Prince Rupert within the extension area shall be apportioned between the City of Prince Rupert and the Village of Port Edward in a prescribed manner and under a specific formula.

AND WHEREAS Section (2) makes provisions for the recovery of costs related to servicing the Ridley Island Industrial development.

AND WHEREAS Section (2) is ambiguous in its intent.

AND WHEREAS the Village of Port Edward Council desires to recognize these costs and in addition recognize the costs related the recreational facilities provided by the City of Prince Rupert and available for area residents utilization.

AND WHEREAS Section (4) of the letters patent provides that the agreement shall be subject to review three years after the first year levy on improvements and thereafter at five year intervals.

AND WHEREAS Section (5) of the letters patent makes provisions for alterations to the letters patent upon agreement of the parties and ministerial approval without further issuance of supplementary letters patent.

NOW THEREFORE be it resolved that the following schedule of revenue sharing be submitted to the Minister of Municipal Affairs for approval.

1. That the Village share of the tax revenue received by the City of Prince Rupert for general municipal purposes and all grants in lieu of taxation be maintained at 20% of gross revenue.
2. That the audited statements covering the revenue sharing agreement shall clearly identify the annual monies transferred to the City of Prince Rupert.
3. That the monies transferred to Port Edward will be reduced to 17% of gross revenue reflecting a 3% payment to the City of Prince Rupert covering any and all expenses incurred in servicing Ridley Island and in addition, recognizing and contributing to the provision of all recreational facilities available in the City of Prince Rupert. (1984 Budget \$2.2 Million)
4. That all monies due to be transferred to the Village of Port Edward shall be so transferred prior to July 31 of each year.
5. That this agreement shall be subject to review five years after the first year levy on improvements and on a regular five year basis thereafter.
6. Letter of Understanding to Letters Patent Amendment June 11, 1984

City of Prince Rupert - Village of Port Edward

In arriving at the attached amendment to the City of Prince Rupert Letters Patent, the Municipalities in question took into account a contribution from the Village of Port Edward to the City of Prince Rupert in recognition of the unfettered availability of recreation and similar facilities in Prince Rupert to the residents of Port Edward.

Both parties agree that, if additional recreational facilities are constructed in Prince Rupert, the percentage contribution of Ridley Island taxation from Port Edward to Prince Rupert will be amended to reflect the additional expense to be shared by the two Municipalities.

CITY OF PRINCE RUPERT


MAYOR


CLERK

VILLAGE OF PORT EDWARD


MAYOR


CLERK