



POLICY: FINANCIAL BENEFITS FOR EXTERNAL ORGANIZATIONS

SECTION: Finance

POLICY #: FIN-025

PREPARED BY: William Wallace, Director of Finance

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EFFECTIVE DATE: January 9, 2024

SUPERSEDES: FIN-021 Funding to External Organizations (July 26, 2022)

AUTHORIZED:

Gladys Atrill
Mayor

Ron Poole
Interim Chief Administrative Officer

PURPOSE:

This policy focuses on the annual financial benefits provided by the Town in support of specific arts and culture and protective service organizations, as well as for other specific Town partner or service organizations operating in the Smithers service area. The final decision on funding to any organization rests with Town Council. The Town reserves the right to waive or make exception to any part of this "Financial Benefits for External Organizations" policy.

Potential Town financial benefits for external organizations includes Town owned real estate by way of leases, Town granted permissive tax exemptions on properties owned or not owned by the Town, and funding awarded from the Town. Town financial benefits are only available to non-profit organizations or equivalents. The Town cannot financially assist industrial, commercial or business undertakings as specified in Section 25 of the *Community Charter*. Note that in some circumstances those undertakings may be carried on by a non-profit organization and would not be eligible for Town benefits.

POLICY:

1. Town Owned Real Estate:

The Town's continuing implementation of asset management practices and funding for its tangible capital assets (E.g.: buildings, improvements, infrastructure) will reduce real estate benefits available. For existing Town owned real estate leases or agreements on renewal, and for leases with new tenants, the lease terms are to reflect standard commercial/ institutional leasing practices and rates except for the benefit of a market rent modification for non-profit organizations, as follows:

- (a) **Modified Rent** is set at the estimated average annual amount required to fund and pay the property's sustaining capital expenditures (building and site amenities). Capital grant funding raised by the tenant to pay for those costs will reduce future modified rent paid.
- (b) **Electricity, Gas, Town Utilities** (water, sewers, waste) are the tenant's expense.
- (c) **Operating Repairs and Maintenance** (building and site) are the tenant's expense.
- (d) **Property Taxes and Property Insurance** are the tenant's expense.
- (e) **Modified Rental Properties List (January 9, 2024):**
 - (i) Smithers Public Library.
 - (ii) Central Park Building.
 - (iii) Railway Avenue/ Creation Station.
 - (iv) Old Church.
 - (v) Town Office/ Museum Storage.
 - (vi) LB Warner Building.
 - (vii) Ranger Park Building.
 - (viii) Chamber of Commerce/ Visitors Centre.

2. Permissive Tax Exemptions Granted By Town:

PTE's granted by the Town are limited to the following properties (August 22, 2023):

- (a) **Wet'suwet'en Treaty Office Society**
 - (i) Roll # 0238-200, First Avenue.
 - (ii) Roll # 7000-800, Highway 16.
- (b) **Protective Service Organizations**
 - (i) Bulkley Valley Search and Rescue - Airport land lease/ BVSR facility (2042).
- (c) **Partnering Agreement**
 - (i) Cenovus Energy Inc. (Husky) – Site for GL Williams Park (2023-2032).
- (d) **Non-profit Organizations (RDBN Cost Sharing)**

Town owned properties leased or sub-leased to arts and culture organizations eligible for annual operating funding awards which are included in Town-RDBN cost sharing arrangements, currently:

 - (i) Smithers Public Library
 - (ii) Central Park (Central Park Building Society) [Lease expires 04-30-25, PTE review.]

- (iii) Railway Ave. (Creation Station) [Lease expired in 2023, PTE review.]
- (iv) Old Church (Museum) [Lease expires 02-19-24, PTE review.]
- (v) Town Office (Museum – 2nd floor storage) [Lease expires 03-31-31, PTE review.]

3. Annual External Organization Funding From Town:

(a) Smithers Public Library

The Smithers Public Library (“SPL”) became a municipal library under Town of Smithers Bylaw No. 1372 and under Section 3 of the BC *Library Act*. The Town assumed responsibility for providing library services for Smithers and area. Accordingly, the Town appoints the SPL Board of Directors. Funding for SPL falls under Section 10 of the BC *Library Act*. The Town must approve, with or without amendment, SPL’s budget for the next year including the combined Town-RDBN funding.

Town Council’s Finance Committee will review and approve SPL’s base operating funding requests during the Town’s annual budget preparation process (July – December). SPL will be informed by the end of the budget adoption process (normally by March) as to whether any additional project requests have been approved. Operating funding for SPL will be paid monthly, the Town share of Town-RDBN funding less cash outlays the Town pays on SPL’s behalf, including SPL wages and benefits.

- (i) SPL is to deliver by September 30th, the following to the Town’s Director of Finance:
 - The draft annual budget including the combined Town-RDBN funding.
 - The current year-to-date budget compared to actual figures.
- (ii) SPL’s budget will normally be prepared as follows:
 - SPL to increase its annual wages/ benefits costs for its current staffing levels in accordance with its collective agreement or to consult with the Town’s Director of Finance on a suggested allowance if an agreement is not in place.
 - SPL to increase non-labour costs by the annual percentage change specified for the Town’s base operating budget preparation.
 - SPL may request base funding increases for service level changes (operating hours, staffing, programs, events) and separately for non-recurring projects.
- (iii) SPL’s budget is to include a listing of the services and the costs of the services supplied by the Town including but not limited to the following:
 - Supply of library building and land – current rate \$1, plus operating and capital maintenance and repairs.
 - Town paid insurance on building and contents – current cost \$5,000.
 - Town supplied payroll and benefits processing services – current cost \$6,500.

- Town supplied accounting services supporting preparation and audit of annual Financial Statements and Statement of Financial Information – current cost \$3,500.
- (iv) The SPL Board Chair and the Library's Director will be requested to present the SPL annual funding requests at a Town Council Finance Committee meeting in November.

(b) Other Specific Organizations in Town-RDBN Cost Sharing Arrangements

- (i) Funding in this category applies to the following arts and culture organizations ("ACO"):
- Bulkley Valley Historical and Museum Society
 - Bulkley Valley Community Arts Council
 - Smithers Gallery Association
- (ii) ACO's are eligible for approved base funding (Town-RDBN) - as of 2024:
- Bulkley Valley Historical and Museum Society: **\$87,343**
 - Bulkley Valley Community Arts Council: **\$5,972**
 - Smithers Gallery Association: **\$39,366**
- (iii) ACO's are to apply by October 31st for funding for the following year, and are to provide the following information with their annual request:
- Covering letter detailing their funding request.
 - Copy of their most recently approved financial statements.
 - Projected operating budget with revenues for the following year including the requested Town-RDBN funding and a listing of other projected sources of revenue.
- (iv) ACO's may request an increase in base funding equal to the annual CPI-Common (core- inflation) change. ACO's will receive letters by August 31st advising them on what their minimum percentage increase in base funding could be for the following year, as per the Bank of Canada's CPI-Common (core-inflation) change figure published for June.
- (v) ACO's may also request an increase in their next year's base funding above the annual CPI-Common (core-inflation) change. They may also make special funding requests for non-recurring projects, programs or events.
- (vi) ACO's are to present their request(s) at a Council meeting in November.
- (vii) The Town will consider funding requests during the annual budget process and ACO applicants will be informed after final budget decisions (normally by March) whether any additional requests have been approved.

- (viii) Operating grant funds (Town's cost share) will be paid out as follows:
 - Bulkley Valley Historical and Museum Society will be paid monthly.
 - Bulkley Valley Community Arts Council and Smithers Gallery Association will be paid once the Town's budget has been finalized (normally by March).

(c) Other Specific Organizations not in Town-RDBN Cost Sharing Arrangements

Currently the only specific organization eligible to receive annual operating funding from the Town outside of Town-RDBN cost sharing agreements (or by way of Town-RDBN budget coordination) is the RCMP Auxiliary.

If additional specific organizations were added to this category they would be subject to the same criteria as the Auxiliary as set-out below.

- (i) Auxiliary is to apply by October 31st for funding for the following year, and is to provide the following information with their annual request:
 - Covering letter detailing their funding request.
 - Copy of their most recently approved financial statements.
 - Projected operating budget with revenues for the following year including the requested Town funding and a listing of any other projected sources of revenue.
- (ii) Auxiliary will be requested to present their requests at a Council meeting in November.
- (iii) The Town will consider the Auxiliary's funding request during the annual budget process, and it will be informed after final budget decisions (normally by March) whether its requests have been approved.
- (iv) Auxiliary will be paid once Town's budget has been finalized (normally by March).

(d) Impacts of Real Estate and/or PTE Changes on Organizations Grant Funded by Town

The Town may consider increasing its annual grant funding on a temporary or long term basis to Annually Funded External Organizations that are impacted by reduced real estate and/or PTE benefits. The timing of an increase may be matched to the year the benefit decreases. PTE benefit changes begin 2025 and will occur later for organizations with real estate leases expiring after 2024. Approved increase amounts may be less than the benefit reduction.

The Town may fund real estate and/or PTE benefit decreases through a combination of:

- (i) Increased cost recoveries through Town-RDBN cost sharing arrangements (the annual cost recovery amount is to be determined but is projected to be less than \$10,000).
- (ii) Commitment of the annual dividend from the Town's interest in the Wetzin'kwa Community Forest Corporation (WCFC June 30, 2023 financial year dividend \$60,000).
- (iii) Reduced flow through of real estate and PTE savings to asset management plans.