



North Island 9-1-1 Corporation
serving the regional districts of Alberni-Clayoquot, Comox Valley,
Mt. Waddington, Nanaimo (School District #69),
qathet, and Strathcona

File: 9-FIN

November 22, 2018

Sent via email: jhill@rdn.bc.ca

Regional District of Nanaimo
6300 Hammond Bay Rd
Nanaimo, B.C.
V9T 6N2

Attention: J. Hill, Manager of Administration/Corporate officer

Dear Sir:

Re: Annual requisition allocation alternatives

At its regular meeting on October 12th, the North Island 911 (NI 9-1-1) Board directed staff to provide each of the corporation's shareholders a copy of a staff report dated September 17, 2018 which outlines potential options for alternative annual Regional District shareholder requisition apportionments. Prior to undertaking any further deliberation in this matter, the board is seeking consideration and responses from each Regional District shareholder; and further that such responses be forwarded to the next meeting of the NI 9-1-1 board.

It would therefore be greatly appreciated if we could receive your comments at your earliest opportunity, so we may present them to the NI 9-1-1 board at its scheduled regular meeting to be held on Friday, February 1, 2019. Please note the 2019 meeting schedule for NI 9-1-1 will be published following the shareholder inaugural meetings and appointments to the NI 9-1-1 board.

Thank you.

Yours truly,

Kevin Douville
Manager of Financial Planning

Enclosure

DATE: September 17, 2018

FILE: 9-FIN

TO: President and Directors
Corporation Board

Supported by Russell Dyson
Secretary

FROM: Russell Dyson
Secretary

R. Dyson

RE: Options for alternative annual RD shareholder requisition apportionments

Purpose

To provide the Board of the North Island 9-1-1 Corporation (NI 9-1-1) for consideration, potential alternative options for the apportionment of the annual tax requisition.

Recommendation from the Secretary

That the NI 9-1-1 Board continue to support apportioning the Corporation's annual RD shareholder requisition based on the existing method utilizing the prior year's assessment revised roll of net taxable value of land and improvements assessed for hospital purposes within each shareholders' jurisdiction.

Executive Summary

At the conclusion of the presentation of the 2018 – 2022 provisional financial plan at the Board meeting held on November 17, 2017, the Board expressed some concerns regarding the increasing property assessments and differing impacts on the requisition allocation for the shareholder regional districts. As a result, the Board adopted the following motion:

“THAT staff be directed to investigate alternate ways of calculating and allocating the requisition for the North Island 9-1-1 shareholders, including potential implications and impact on stakeholder agreements and report back to the board in 2018”

Subsequently at the regular Board meeting held on June 22, 2018, staff provided a brief update regarding this review and committed to bring back a report to the Board at its October meeting.

Staff have now completed an analysis of possible methods for the apportionment of the annual requisitions to shareholders and have presented the complete calculations and comparisons of four approaches, including the existing method based on assessments, in Appendix A attached. These apportionment options are:

1. By annual assessment based on the prior year's assessment revised roll for hospital purposes (status quo);
2. By population based on the most recently available Statistics Canada census figures;
3. By combination of assessment and population, similar to the model utilized in setting the allocations for Vancouver Island Regional Library member annual levies; and
4. By percentage of total number of shares held by each regional district shareholder.

Side-by-side comparisons of these allocation models, utilizing the 2018 total requisition, are provided in Tables 1 and 2.

Table 1 – Comparison of Allocation Models in Dollars

Tax Requisition Allocation Models Side-by-Side Comparisons in Dollars				
	Tax Requisitions (100% Assessment)	Tax Requisitions (100% Population)	Tax Requisition (50% Assessment) (50% Population)	Tax Requisitions (% of Share Ownership)
RD Comox Valley	\$748,637	\$720,496	\$734,565	\$681,503
RD Strathcona	\$407,145	\$483,793	\$445,469	\$454,335
RD Nanaimo (SD69)	\$667,725	\$508,572	\$588,149	\$567,919
RD Mount Waddington	\$73,091	\$119,511	\$96,301	\$113,584
RD Alberni-Clayoquot	\$296,261	\$335,528	\$315,895	\$340,752
RD qathet	\$192,402	\$217,361	\$204,882	\$227,168
Totals	\$2,385,261	\$2,385,261	\$2,385,261	\$2,385,261

Table 2 – Comparison of Allocation Models by Percentage

Tax Requisition Allocation Models Side-by-Side Comparisons by Percentage of Total				
	Tax Requisitions (100% Assessment)	Tax Requisitions (100% Population)	Tax Requisition (50% Assessment) (50% Population)	Tax Requisitions (% of Share Ownership)
RD Comox Valley	31.39%	30.21%	30.80%	28.57%
RD Strathcona	17.07%	20.28%	18.68%	19.05%
RD Nanaimo (SD69)	27.99%	21.32%	24.66%	23.81%
RD Mount Waddington	3.06%	5.01%	4.04%	4.76%
RD Alberni-Clayoquot	12.42%	14.07%	13.24%	14.29%
RD qathet	8.07%	9.11%	8.59%	9.52%
Totals	100%	100%	100%	100%

Prepared by:

K. Douville

Kevin Douville
Manager of Financial Planning

Concurrence:

B. Dunlop

Beth Dunlop
Corporate Financial Officer

Policy Analysis

Section 4.1 of the NI 9-1-1 Corporation's Shareholders Agreement dated March 31st, 2008 outlines the following with respect to contributions from shareholders:

- 4.1 The Company will, and may in its discretion request from each and every Shareholder in proportion to the Shareholder's percentage holdings in the Company, all funds required to meet the capital, operating and capital asset replacement needs for the Company. The contribution percentage of each Shareholder at the date of this Agreement is as follows:

Shareholder	Contribution Percentage of Funds Required
Comox Valley	30.47%
Nanaimo	27.05%
Alberni – Clayoquot	13.03%
Mount Waddington	3.11%
Powell River (nka qathet)	8.47%
Strathcona	17.87%

Section 4.3 of the shareholders agreement sets the method for determining each shareholder's respective contribution percentage:

- 4.3 Each Shareholder's respective contribution percentage of funds required from time to time by the Company shall be reassessed by the Company annually, on the basis of the prior year's revised roll of taxable value of land and improvements assessed for hospital purposes, within the Shareholders' jurisdiction, commencing from the date of this Agreement, and upon the withdrawal or addition of a Shareholder, any such change to be determined as if a Major Decision of the Board.

The North Island 9-1-1 Corporation is a privately held corporation established and governed by the BC Business Corporations Act.

For additional background, the sharing of costs for library services is set in accordance with section 24(1) of the Library Act [RSBC] 1996 Chapter 264 while for regional districts, the method for determining the tax base of property value taxes is set in accordance with section 384 of the Local Government Act.

Options

The following options are available for the Board's consideration:

1. Retain the existing method for assessing the annual requisition of each Shareholder, based on the prior year's assessment revised roll of tax value of land and improvements assessed for hospital purposes within each Shareholders' jurisdiction; or
2. Proceed with an amendment to the current shareholders' agreement to alter the method for calculating each shareholders' respective contribution percentage of funds to be based on population figures from the most recently available Statistics Canada census data; or
3. Proceed with an amendment to the current shareholders' agreement to alter the method for calculating each shareholders' respective contribution percentage of funds to be based on a combination of assessment and population; or
4. Proceed with an amendment to the current shareholders' agreement to alter the method for calculating each shareholders' respective contribution percentage of funds to be based on a percentage of the total number of shares held by each regional district shareholder.

Staff recommend the Board endorse option 1 at this time supported by the following rationale:

- The nature of federal census data, specifically its five year production cycle, precludes the availability of accurate population figures on an annual basis to support requisition calculations for options 2 and 3.
- With option 4, the number of shares in the Corporation remains predominately static over time and does not allow for consideration of population and/or assessed value changes, including non-market change which could lead to potential weighting discrepancies / variances.

Attachments: Appendix A – "North Island 911 Corporation – Optional 2018 Shareholder Requisition Scenario Comparisons"

North Island 911 Corporation
Optional 2018 Shareholder Requisition Calculation Comparisons

Shareholder Requisition Allocation by Assessment (Current Scenario)			
	2017 Net Taxable Value Regional Hospital Purposes	% of Total	Requisition (100% Assessment)
RD Comox Valley	\$12,221,001,501	31.39%	\$748,636
RD Strathcona	\$6,646,381,997	17.07%	\$407,145
RD Nanaimo (SD69)	\$10,900,182,227	27.99%	\$667,725
RD Mount Waddington	\$1,193,158,276	3.06%	\$73,091
RD Alberni - Clayoquot	\$4,836,275,578	12.42%	\$296,261
RD qathet	\$3,140,845,716	8.07%	\$192,402
Totals	\$38,937,845,295	100.00%	\$2,385,261

Shareholder Requisition Allocation by Population			
	2016 Census Population	% of Total	Requisition (100% Population)
RD Comox Valley	66,527	30.21%	\$720,496
RD Strathcona	44,671	20.28%	\$483,793
RD Nanaimo (SD69)	46,959	21.32%	\$508,572
RD Mount Waddington	11,035	5.01%	\$119,511
RD Alberni - Clayoquot	30,981	14.07%	\$335,528
RD qathet	20,070	9.11%	\$217,361
Totals	220,243	100%	\$2,385,261

Shareholder Requisition Allocation using combination of Assessment and Population (similar to Vancouver Island Regional Library model)										
	2017 Net Taxable Value Regional Hospital Purposes	% of Total	Requisition (50% Assessment)		2016 Census Population	% of Total	Requisition (50% Population)		Total Requisition (50% Assessment 50% Population)	% of Total
RD Comox Valley	\$12,221,001,501	31.39%	\$374,318		66,527	30%	\$360,248		\$734,566	30.80%
RD Strathcona	\$6,646,381,997	17.07%	\$203,573		44,671	20%	\$241,896		\$445,469	18.68%
RD Nanaimo (SD69)	\$10,900,182,227	27.99%	\$333,863		46,959	21%	\$254,286		\$588,149	24.66%
RD Mount Waddington	\$1,193,158,276	3.06%	\$36,545		11,035	5%	\$59,755		\$96,301	4.04%
RD Alberni - Clayoquot	\$4,836,275,578	12.42%	\$148,131		30,981	14%	\$167,764		\$315,895	13.24%
RD qathet	\$3,140,845,716	8.07%	\$96,201		20,070	9%	\$108,680		\$204,882	8.59%
Totals	\$38,937,845,295	100.00%	\$1,192,631		220,243	100%	\$1,192,631		\$2,385,261	100.00%

Shareholder Requisition Allocation by Percentage of NI911 Corp Shares			
	No. of Shares	% of Total	Requisition (Share Ownership)
RD Comox Valley	6	28.57%	\$681,503
RD Strathcona	4	19.05%	\$454,335
RD Nanaimo (SD69)	5	23.81%	\$567,919
RD Mount Waddington	1	4.76%	\$113,584
RD Alberni - Clayoquot	3	14.29%	\$340,752
RD qathet	2	9.52%	\$227,168
Totals	21	100.00%	\$2,385,261

Shareholder Requisition Allocation Models Side-by-Side Comparisons				
	Requisitions (100% Assessment)	Requisitions (100% Population)	Requisitions (50% Assessment) (50% Population)	Requisitions (Share Ownership)
RD Comox Valley	\$748,636	\$720,496	\$734,566	\$681,503
RD Strathcona	\$407,145	\$483,793	\$445,469	\$454,335
RD Nanaimo (SD69)	\$667,725	\$508,572	\$588,149	\$567,919
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