

**DATE:** July 23, 2019

**FILE:** 1970-04/2020

**TO:** Chair and Directors  
Committee of the Whole

**FROM:** Russell Dyson  
Chief Administrative Officer

Supported by Russell Dyson  
Chief Administrative Officer

***R. Dyson***

**RE: Permissive Tax Exemption – Sunnydale Golf Society 2020**

**Purpose**

To request committee consideration of Sunnydale Golf Society’s (the Society) application for a 2020 permissive tax exemption.

**Recommendation from the Chief Administrative Officer:**

THAT pursuant to section 391(4)(a) of the *Local Government Act*, a bylaw be forwarded to the board for adoption by October 31, 2019, allowing for a permissive tax exemption for 100 per cent of the taxable land and improvements for the year 2020 for the property known as Parcel A, Plan VIP64403, Land District 15, Folio # 771-000500.000 (Sunnydale Golf Society) with the exception of the portion of Class 06-Business/Other relating to the pro shop operations.

**Executive Summary**

- The Society operates a public recreation golf course on crown land in Electoral Area B that is leased to the regional district by the province and subleased to the Society.
- The Society qualifies under the *Local Government Act* for a 100 per cent permissive tax exemption of taxable land and improvements, excluding the pro shop.
- Approval of the permissive tax exemption would result in a reduction in rural taxes collected of approximately \$20,148 in 2020 (2019 - \$22,621).

Prepared by:

Concurrence:

***K. Broughton***

***B. Dunlop***

Kelly Broughton  
Senior Accounting Technician

Beth Dunlop, CPPA, CPA, CGA  
Corporate Financial Officer

**Stakeholder Distribution (Upon Agenda Publication)**

Sunnydale Golf Society	✓
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**Background/Current Situation**

The Sunnydale Golf Society has submitted a request for a permissive tax exemption (Appendix A). The organization is a non-profit society that provides recreational golf, food and beverage services to its members and to the public. The land on which the golf course resides is owned by the province, leased to the regional district and sub-leased to the Sunnydale Golf Society for a thirty-year period effective May 1, 2002.

The current annual lease rate assessed by the province is three per cent of the society's gross revenue and is subject to review prior to each five year tenure renewal. The lease rate for 2019 was \$19,059 (2018 - \$17,715). The Comox Valley Regional District (CVRD) also collects a \$200 fee for administering the lease.

On August 6, 2013 the CVRD received notification from the Ministry of Forests, Lands, Natural Resource Operations and Rural Development (FLNRO), that the rate for the lease would be increasing to five per cent of gross receipts in 2018. In late 2017, the FLNRO advised the Society that based on the compelling arguments put forward, the ministry has rescinded the proposed lease rate increase as it poses a significant financial burden for the Society. The lease rate will continue to be three per cent of the society's gross revenue for the next five year tenure period commencing 2018.

The property, with the exception of the pro shop operations, is used principally for public athletic or recreation purposes and therefore qualifies for a permissive tax exemption under section 391(4)(a) of the *Local Government Act*. The residential portion of the property is occupied and serves as security for the maintenance and pro shops, clubhouse and other areas of the facility and is also eligible to be considered for exemption. As long as the Society continues to operate the kitchen and bar with their own staff, that portion also remains eligible for the permissive tax exemption.

The Society's requests for permissive tax exemption in past years have been approved by the board and have been supported by BC Assessment.

### Policy Analysis

The Society qualifies for a permissive tax exemption under section 391(4)(a) of the *Local Government Act* as well as under the regional district permissive tax exemption policy as an occupier of property 'used principally for public athletic or recreation purposes'.

Permissive tax exemption bylaws must be adopted by October 31<sup>st</sup> each year in order for permissive tax exemptions to be enacted by BC Assessment for the following year.

### Options

1. To support the permissive tax exemption as recommended.
2. To not support a permissive tax exemption.
3. To support a partial permissive tax exemption.

Since the exemption complies with the CVRD's policy and the *Local Government Act*, option 1 is recommended.

### Financial Factors

A 100 per cent permissive tax exemption for the land and improvements, excluding the pro shop, would result in an estimated overall reduction in 2020 taxes collected as follows:

Provincial - schools, roads, policing	\$10,363
Local - CVRD, 911, waste management	6,145
Comox-Strathcona Regional Hospital District	1,989
Other - VI Regional Library, Courtenay Fire Protection	1,651
<b>Total</b>	<b>\$20,148</b>

**Legal Factors**

In order for the tax exemption under the *Local Government Act* to be enacted, a bylaw must be adopted by the CVRD board by October 31<sup>st</sup> in the preceding year and forwarded to BC Assessment.

**Regional Growth Strategy Implications**

The operation of this public recreational facility assists in achieving the social, cultural and health related goals and objectives of the sustainability strategy since these targets are key factors in a sustainable community and support the public health and safety component of the regional growth strategy.

**Intergovernmental Factors**

Staff liaise with BC Assessment on permissive tax exemption issues to ensure bylaws adopted by the board will be invoked by BC Assessment once received. The CVRD forwards the Society's annual financial statements to the Ministry of Forest, Lands, Natural Resource Operations and Rural Development under the terms and conditions of the CVRD's lease with the province.

**Interdepartmental Involvement**

Not relevant.

**Citizen/Public Relations**

The Society has indicated in their application that the exemption provides them with capital funds to improve the quality of the course and replace older equipment. If the property tax exemption is not granted, the Society will have to consider other revenue sources, an increase in user fees, expense reductions or deferrals of capital projects and acquisitions, in order to meet their annual operating and capital asset/improvement plans.

Commercial golf courses are not eligible for permissive tax exemptions, or any other assistance from local governments and many feel that Sunnydale has an unfair advantage by receiving a property tax exemption. No communication has been received from commercial golf courses in this regard.

Attachments: Appendix A – “Application for Sunnydale Golf Society 2020 tax exemption”



**Sunnydale**  
Golf & Country Club

5291 N. Island Highway Courtenay, B.C. V9J 1S7

Clubhouse (250) 334-3342 • Office (250) 334-3060 • Fax (250) 334-3018 • Email: sunnydalegolf@shaw.ca

Comox Valley Regional District

RECEIVED

File: 1970-04

JUN 28 2019

To: B Dunlop

cc: K Broughton

June 25<sup>th</sup>, 2019

Comox Valley Regional District  
600 Comox Road  
Courtenay, BC  
V9N 3P6

**Delivered by Hand**

Ladies/Gentlemen:

**Re: Application for Sunnydale Golf Society 2020 Tax Exemption**

Please find enclosed our completed Application for Permissive Tax Exemption with all requested supporting documents.

Sunnydale Golf Society is a registered non-profit organization managing a golf recreational facility for the Regional District. The President and Board of Directors have worked diligently on behalf of members and green fee players to offer reasonably priced but challenging golf. Our members rates and green fee rates compare favorably with other 18 hole golf courses in the area. Family memberships continue to be offered to make golf affordable to families with children. Restricted Memberships have been introduced to offer affordable golf to working people. This membership offers weekday golf after 1:00 p.m. and all day privileges on the weekend.

The golf facility caters to various groups. Annual memberships consist of many seniors over 60 years of age and an active junior program run by our Proshop Manager. Open tee times are available for tourists and of course to all citizens of the Comox Valley. Fifty percent of the revenue is derived from green fee players. Sunnydale continues to donate many rounds of golf to various local charities, schools and recreational fund raisers and service groups.

Our Greens Superintendent conforms with the Agriculture and Pesticide Act when applying fertilizer and fungicides. The safety of these products is evident by the habitat we have on our course. Ducks and other birds have been nesting on the course for many years. Deer, raccoon and muskrat also reside on the course and ponds. Bears and cougars have made the occasional stroll through!

The membership also takes an active part volunteering their time to help maintain the gardens, fund raising and many other projects. Over the years work parties have been formed by volunteers for spring clean-up on the grounds, painting of outbuildings, re-roofing the barbecue pit, cutting down broom to help control the spread and numerous other jobs. This saves time and money for the Golf Course. This on-going dedication by members shows that membership at Sunnydale is more than just golfing. There is a sense of belonging and caring that helps make up the whole picture. The Elected Board of Directors, staff and membership join together for the good of Sunnydale.

We very much appreciate your support over the past years and look forward to working with you and your staff to continue making Sunnydale Golf Club an affordable golfing option for the residents of the Comox Valley as well as visitors to the area.

Again, we are asking for the Comox Valley Regional District to grant a 100% tax exemption for Sunnydale Golf Society for the year 2020. If you require any further information please feel free to contact us.

Yours truly,

**SUNNYDALE GOLF SOCIETY**

A handwritten signature in blue ink, appearing to read 'Dave Stevens', is written over a large, faint oval stamp.

Dave Stevens  
President

/gm  
Enclosures





**10. WHAT ARE YOUR CURRENT FEES? (IF APPLICABLE)**

Members: See Attached                      General Public: See Attached

When was your last fee increase? 2019 –Nominal; Junior –Nil

**11. HAS YOUR ORGANIZATION RECEIVED ANY OF THE FOLLOWING IN THE PAST?**

NO    YES

Grant-in-aid    No

Permissive Tax Exemption	Yes	Amount -100% on qualifying property	Year 2019	Purpose -100% Exemption
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Waiver/reduction of fees and charges

**12. DESCRIBE HOW A PERMISSIVE TAX EXEMPTION WILL BENEFIT THE COMMUNITY:**

It will provide us with capital funds to continue to improve the quality of our course and replace old equipment which we could not otherwise afford to do. Further it will provide us with a quality course for seniors, a quality junior program and will be attractive to tourists travelling to this area, all at affordable rates.

**13. PLEASE INCLUDE WITH YOUR APPLICATION COPIES OF THE FOLLOWING:**

- (A) Year to date and immediately preceding years' financial statements;
- (B) Budget for the year in which the permissive tax exemption is being requested;
- (C) If available, the most recent Annual Report;
- (D) Copy of current years Property Assessment Notice; and
- (E) Copy of current years Property Tax Notice if available.

**IF YOU HAVE ANY QUESTIONS ABOUT THE INFORMATION REQUIRED,  
PLEASE PHONE 250-334-6000**



Signature of Applicant  
Dave STEVENS – PRESIDENT

June 25<sup>th</sup>, 2019  
Date

**ALL APPLICATIONS MUST BE SUBMITTED NO LATER THAN JULY 15TH TO  
BE CONSIDERED FOR A TAX EXEMPTION IN THE FOLLOWING YEAR.**