

**DATE:** November 9, 2020**FILE:** 1700-02/2020/556**TO:** Chair and Directors  
Electoral Areas Services Committee**FROM:** Russell Dyson  
Chief Administrative OfficerSupported by Russell Dyson  
Chief Administrative Officer***R. Dyson*****RE: Hornby Island Economic Development – HICEEC Contract Renewal****Purpose**

To recommend a contract extension to December 31, 2023 with the Hornby Island community economic enhancement corporation (HICEEC) for the provision of economic enhancement activities on Hornby Island.

**Recommendation from the Chief Administrative Officer:**

THAT the Directors approve a three-year contract extension to be signed with HICEEC for the provision of economic enhancement activities on Hornby Island.

**Executive Summary**

Highlights for the Hornby Island Economic Development service contract with HICEEC include:

- The existing agreement with HICEEC is expiring on December 31, 2020;
- As per their budget submission for the 2020 – 2024 financial plan for the service, operational grant funding to HICEEC ranges from \$83,000 in 2021 to \$88,026 in 2024.
- A new three-year contract will provide HICEEC with an opportunity to update their 2016-2020 Economic Action Plan, deliver economic development and focus on their goals/accomplishments.

Prepared by:

***D. DeMarzo***

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Doug DeMarzo  
General Manager of Community Services**Stakeholder Distribution (Upon Agenda Publication)**

Hornby Island Community Economic Enhancement Corporation	✓
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**Background/Current Situation**

In 2015, HICEEC completed an extensive community outreach and research effort to refocus our programs around priorities broadly identified by Hornby Islanders. As a result, the 2016 – 2020 Economic Action Plan focuses the organization on enhancing the economic vitality of Hornby Island through initiatives, grants, and investments related to objectives and strategies below. The plan can be found at [www.hiceec.org](http://www.hiceec.org).

As part of the annual budget process an annual plan is presented which focuses on HICEEC four core thematic accomplishments and plans for the upcoming year. The four core thematic are:

1. Expand the Economy
2. Improve affordability
3. Enhance Self-Sufficiency
4. Provide excellent public administration

A contract with HICEEC expires at the end 2020.

**Policy Analysis**

Bylaw No. 3005, 2007 was adopted by the Comox Strathcona Regional District to establish an economic development service for Denman – Hornby Islands (then known as electoral area ‘K’). This bylaw was established as a result of a review of the Comox Valley Economic Development Service resulting in, in part, the withdrawal of Denman – Hornby Islands from the Comox Valley Economic Development Service.

The Denman/Hornby Island Economic Development Service pursuant to Bylaw No. 3005 was jointly funded by taxation from both islands. The Comox Valley Regional District (CVRD) was accountable for the governance, delivery and management of this service.

At the regular meeting of the CVRD Board on October 30, 2012 Bylaw No. 232 being the “Denman Island Economic Development Service Establishment Bylaw No. 232, 2012” and Bylaw No. 231 being “Hornby Island Economic Development Service Bylaw No. 231, 2012” were adopted separating the Denman Island and Hornby Island economic enhancement service into two distinct service functions 556 (Hornby Island) and 555 (Denman Island).

**Options**

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

1. Support the renewal of the contract for a three year term generally under similar terms of the current contract for Economic Development Activities.
2. Support the renewal of the contract for a one year term with specific objectives to include:
  - a. HICEEC report back on community priorities generated by updating their 2016-2020 Economic Action Plan.
  - b. Continued delivery of economic development on Hornby Island.

Staff support option 1.

**Financial Factors**

The Hornby Island Economic Development Service 2020 to 2024 five year plan has approved operation grant funding for HICEEC ranging from \$83,000 to \$88,026 in 2024. The service also has approximately \$32,000 in reserves.

**Legal Factors**

The CVRD has full authority to award grants to Non-profits without a competitive process.

**Regional Growth Strategy Implications**

Planning on Hornby Island is completed by Islands Trust.

**Intergovernmental Factors**

This is a conditional grant to help support the economic activities on Hornby Island so no other intergovernmental correspondence is undertaken.

**Interdepartmental Involvement**

Close coordination between the finance department and community services oversees the Hornby Island Economic Development service.

**Citizen/Public Relations**

This contract and activities of HICEEC has attracted both positive and negative public opinion on Hornby Island. By renewing the contract for a three year term HICEEC is able to continue planning and delivering economic development on the island. It is anticipated the 2016-2020 Economic Action Plan will be updated with input from the public.

Attachments: Appendix A – “HICEEC 2016-2020 Contract”

THIS AGREEMENT made this 26 day of July 2016.

BETWEEN:

**COMOX VALLEY REGIONAL DISTRICT**

600 Comox Road  
Courtenay, British Columbia V9N 3P6

(the CVRD)

AND:

**HORNBY ISLAND COMMUNITY ECONOMIC ENHANCEMENT CORPORATION**, (Letters Patent, Industry Canada June 24, 1996 File 327208-7)

Box 38  
Hornby Island, British Columbia V0R 1Z0

(the HICEEC)

**WHEREAS:**

- A. The CVRD is empowered by Bylaw No 3005 being "Denman-Hornby Islands Economic Development service establishment Bylaw No 3005, March 29<sup>th</sup>, 2007" and amendments thereto, to provide economic development services Hornby Island.
- B. As the CVRD is the legal entity responsible for the provision of the service as established by Bylaw No. 3005, the CVRD shall budget and manage directly for the following costs incurred by the CVRD in connection with the Services:
  - i) administration charge for support services;
  - ii) cost of liability insurance;
  - iii) cost of property insurance; in accordance with the CVRD Support Services and other Cost Allocation Policy, and;
  - iv) management and any other costs incurred by the CVRD in connection with or arising from the Services.
- C. The HICEEC has agreed to provide the service of economic development activities (the "Services"), which includes the activities as listed in Schedule 'A'.

**NOW THEREFORE** in consideration of the mutual premises and covenants herein contained and other good and valuable consideration, the CVRD and the HICEEC covenant and agree as follows:

**PROVISION OF SERVICES**

1. The HICEEC shall provide the Services for the benefit of the residents of Hornby Island, commencing on the first day of January 1, 2016 and ending on the last day of December 31, 2020 (the "Term").
2. By notice in writing given to the CVRD no later than six months prior to the end of the Term, the CVRD may renew this agreement for an additional five years, the renewal to be on the same terms and conditions that applied during the original Term or as agreed upon between the parties in writing at the time of renewal.
3. The HICEEC shall provide the Services in accordance with the terms and conditions set out in this agreement.

**LAND AND PREMISES**

4. The HICEEC shall carry out the Services in and from land and premises that meet the lawful requirements of any authority having regulatory jurisdiction, and that are safe for the use intended.
5. The provision of this service is limited to the list of activities set out in Schedule 'A', unless the HICEEC provides written notice of a change to the list.

**ACCOUNTING RECORDS**

6. The HICEEC shall:
  - a) maintain, at all times, accurate books, records and accounts for the Services, including all receipts and invoices supporting any expenditures in accordance with generally accepted accounting principles applied on a consistent basis from year to year; and
  - b) permit the CVRD to inspect the same at all reasonable times and to make copies thereof.

**REPORTING**

7. The HICEEC shall provide the CVRD within one month of the annual general meeting, a copy of the financial statements prepared by an independent accounting firm, on a review engagement basis.
8. The HICEEC shall provide the CVRD with an annual general report that includes annual objectives and measurements for each activity listed on Schedule A.
9. The HICEEC shall annually provide to the CVRD the list of the HICEEC Executive Committee, including the HICEEC's signing authorities, contact names and phone numbers.

**FUNDING**

10. The CVRD will provide an annual contribution of \$62,000 towards the delivery of Hornby Island economic enhancement activities as per Schedule A.
11. Payment will be as follows:
  - a) \$31,000 will be payable by April 30<sup>th</sup>, in each year of the Term.
  - b) \$31,000 will be payable by August 15<sup>th</sup>, in each year of the Term subject to receipt of reporting requirements.
12. Unexpended funds at the end of each year of the Term shall be returned to the CVRD no later than June 30<sup>th</sup> of the following year.
13. Requests for any additional funding are to be supported by a business case provided by HICEEC on the proposed use of the funds and supported by the HICEEC strategic plan. Approval of any request for additional funding is contingent on sufficient funds being included in the CVRD financial plan or available in the CVRD Hornby Island economic development service future expenditure reserve, and is subject to the approval of the CVRD board.
14. HICEEC will not provide any funding received from the CVRD to any commercial or business undertaking in order for the CVRD to remain in compliance with section 273 of the *Local Government Act* – General Prohibition against assistance to business, which reads as follows:

*273. As a limitation on section 263 (1) (c), (assistance for community benefit), a board must not provide assistance to an industrial, commercial or business undertaking.*

CVRD funds provided to HICEEC for purposes of economic enhancement activities under this agreement must be used for the purposes identified in Schedule A and shall not be used

for other CVRD services. In addition, any CVRD funding used for activities other than those identified on Schedule A in any year of the Term shall be repaid to the CVRD no later than June 30<sup>th</sup> of the following year.

15. The HICEEC shall be responsible for the payment of all expenses associated with the Services, other than the costs paid directly by the CVRD.
16. In the event the HICEEC fails to pay for any expenses associated with the Services, the CVRD shall deduct the corresponding amounts from the funds requisitioned by the CVRD for the Services, and may in its discretion pay such expenses directly.
17. All cheques of the HICEEC disbursing funds shall be signed by the duly appointed signing officers of the HICEEC.

## COMMUNICATION

18. The HICEEC shall include on its website acknowledgement of CVRD as a funding partner and a link to the CVRD website at [www.comoxvalleyrd.ca](http://www.comoxvalleyrd.ca).
19. The CVRD shall include on its website acknowledgement of the HICEEC as the contractor for the delivery of economic development services on Hornby Island and will include a link to the HICEEC website.
20. The key contact for all communication matters between the parties relating to this agreement are as follows:

HICEEC	Executive Director
CVRD	General Manager of Community Services

## INSURANCE

21. The HICEEC shall, at its own expense throughout the term of the agreement, maintain and pay for a comprehensive general liability insurance policy or policies with a limit of not less than \$2,000,000 inclusive per occurrence for bodily injury and property damage. The Comox Valley Regional District shall be named as an additional insured to that policy of insurance and the HICEEC shall furnish the CVRD with a certificate or certificates of insurance as evidence that such insurance is in force including evidence of any insurance renewal or policy or policies. Every certificate, or certificates of insurance, shall include certification by the insurer that the certificate of insurance specifically conforms to all of the provisions required herein.

Maintenance of such insurance and the performance by the HICEEC of their obligation under this clause shall not relieve the HICEEC of liability under the indemnity provisions here and above set forth.

At its sole discretion, the CVRD may take out and maintain additional public liability insurance for the Service, in such amounts and on such terms and conditions as the CVRD deems necessary from time to time. This coverage would be outside of the regular insurance program maintained by the CVRD.

## INDEMNITY

22. The HICEEC hereby agrees to indemnify and save harmless the CVRD, its officers, employees, elected officials and agents against all claims, demands, losses, costs, damages, actions, suits or proceedings by whomever made, brought or prosecuted and in any manner based upon, arising out, related to, occasioned by or attributable to the negligent acts, errors or omissions of, or breach of this agreement by, the HICEEC, its servants, agents, sub-contractors or sub-operators, in providing the services and performing the work of the agreement, excepting always liability arising out of the negligent act or omission of the CVRD.



**TERMINATION**

23. This agreement is immediately terminated, if the HICEEC:
- a) voluntarily winds up its affairs or disbands;
  - b) becomes bankrupt;
  - c) fails to hold a general meeting for a period of eighteen (18) months; or
  - d) fails to maintain itself in good standing under the Canada Corporations Act or similar provincial corporations act.
24. At any time during the Term, either party may terminate this agreement on two (2) months' notice to the other party, and upon the expiration of two (2) months from the date of receipt of such notice, this agreement shall be terminated.
25. If the HICEEC fails to comply with or is in breach of any of the terms and conditions of this agreement, the CVRD may serve written notice on the HICEEC requiring the HICEEC to remedy the default within thirty (30) days from receipt of such notice, and if the HICEEC fails to cure the default or take such steps as may be reasonably taken to correct or remedy the default within such time period, the CVRD may terminate this agreement forthwith.

**EMPLOYMENT RELATIONSHIP**

26. It is understood that this agreement is strictly between the CVRD and the HICEEC and in no way shall be interpreted as an employment relationship between the CVRD and the HICEEC and their employees and/or its agents and/or their employees, and/or its contractors and/or their employees. Should any differences arise between the HICEEC and any of its employees and/or its agents and/or their employees and/or their contractors and/or their employees, they shall be resolved directly between them and the HICEEC in this connection.
27. The HICEEC is responsible to remit all statutory payments in relation to funding provided by the CVRD under this agreement, including Income Tax, Canada Pension contributions, Employment Insurance premiums, and Workers Compensation Board premiums, as applicable for its employees.

**GENERAL**

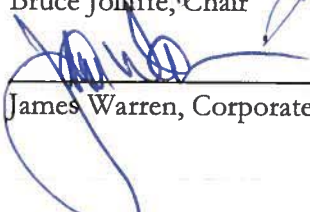
28. This agreement, and any rights or obligations hereunder, shall not be transferred or assigned by the HICEEC without the prior written consent of the CVRD, and any attempt to do so without such consent will be of no force and effect.
29. The provisions herein contained constitute the entire agreement between the parties and supersede all previous communications, representations and agreements, whether verbal or written, between the parties with respect to the subject matter hereof.
30. This agreement shall enure to the benefit of and be binding upon the parties hereto and their successors and permitted assigns.
31. Each of the parties hereto hereby covenants and agrees to execute such further and other documents and instruments, and to do such further and other things as may be necessary to implement and carry out the intent of this agreement.
32. This agreement may not be modified or amended except by an instrument in writing signed by the parties hereto or by their successors or assigns.
33. Wherever the singular or masculine are used herein the same shall be deemed to include the plural or the feminine or the body politic or corporate where the context or the parties so requires.

34. The headings to the sections of this agreement are inserted for convenience only and shall not affect the construction hereof.
35. Time is expressly declared and stipulated to be of the essence of this agreement in respect of all payments to be made hereunder and all covenants and agreements to be performed and fulfilled.
36. Either party may, in writing, from time to time and at any time waive, in whole or in part, the benefit to it of any provision of this agreement or any default by the other party, but any waiver on any occasion shall be deemed not to be a waiver of that provision thereafter or of any subsequent default, or a waiver of any other provision or default under this agreement.
37. All notices, requests and demands required or permitted to be given hereunder shall be given in writing and may be delivered personally, or sent by facsimile transmission to the parties at the addresses on the first page of this agreement. All notices, requests and demands shall be deemed to have been received when telexed or faxed, on transmission; when mailed, on the seventh calendar day after being mailed and when telegraphed or delivered, when actually received.

The parties hereto have executed this agreement as of the day and year first above written.

#### COMOX VALLEY REGIONAL DISTRICT

  
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Bruce Jolliffe, Chair

  
\_\_\_\_\_  
James Warren, Corporate Legislative Officer

#### HORNBY ISLAND COMMUNITY ECONOMIC ENHANCEMENT CORPORATION

  
\_\_\_\_\_  
Authorized Signature

DARRIN BOND, TREASURER  
\_\_\_\_\_  
Name and Title

  
\_\_\_\_\_  
Authorized Signature

Daniel Arbour, Administrator  
\_\_\_\_\_  
Name and Title



**SCHEDULE A**  
**Economic Development Activities for Hornby Island**

HICEEC designs all of its Community Economic Development (CED) activities around its strategic goals and gauges their success by their ability to enhance Hornby Island's economy, resilience, environment and social well-being.

<b><u>Core Economic Development Activities</u></b>	<b><u>Budget</u></b>	<b><u>\$ 18,500</u></b>
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- For organizational infrastructure (fixed costs for staff salaries and remittances, rent, utilities, office expenses, record keeping and financial audits)
- For facilitating board development and engagement

<b><u>Thematic 1: Expand the Economy</u></b>	<b><u>Budget</u></b>	<b><u>\$ 28,500</u></b>
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- 1. Increase year-round rentals
- 2. Visitor shoulder season development
- 3. Increase live/work, commercial & trade amenities
- 4. Attract new families and support new residents
- 5. Support new businesses and collaborations
- 6. Support for the arts sector

<b><u>Thematic 2: Improve Affordability</u></b>	<b><u>Budget</u></b>	<b><u>\$ 10,500</u></b>
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- 7. Ferry advisory committee participation
- 8. Grants for community organizations

<b><u>Thematic 3 Enhance Self-Sufficiency</u></b>	<b><u>Budget</u></b>	<b><u>\$ 4,500</u></b>
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- 9. Promote and invest in green energy
- 10. Promote and support farming and food production
- 11. Promote and incent water conservation

**TOTAL BUDGET \$ 62,000**

Funding received from the CVRD for purposes of CED activities must be used for the purposes identified in this Schedule A and shall not be used for other CVRD services. In addition, CVRD funding used for activities other than those identified in this Schedule A shall be repaid to the CVRD no later than June 30th of the year following the expenditure.