

IMPROVEMENT DISTRICTS

SECTION 16

Improvement Districts

Improvement districts are incorporated public bodies designed to provide local services such as water and fire protection to residents within a specified boundary. They share some of the same characteristics as other forms of local government such as their method of incorporation, representation by locally elected officials and the powers to borrow, charge, and regulate the services they provide. However, they do not have the same powers as municipalities and regional districts to deal with broad community issues such as land use planning, and they are not included within the definition of a local government. As of January 1, 2019 there are 203 improvement districts in the province.

Historical Development

Improvement districts were first established in the 1920s as a method to provide public management for several large irrigation systems in the Okanagan Valley. These systems had been under private management but did not have access to taxation powers.

For a number of years following their introduction, improvement districts continued to be incorporated to manage irrigation or domestic water systems and they were subject to the provisions of the *Water Act* and the *Water Utility Act*. Private water systems were also regulated by the same *Acts* and improvement districts became a convenient vehicle whereby private water systems could be transferred to public ownership when the utility owner became unwilling or unable to operate it.

Improvement districts were gradually given responsibility to administer other local services besides water. This occurred because municipalities were the only other vehicle for providing these services but they were not always a viable solution for small rural communities (regional districts were not created until the 1960s). Therefore, improvement districts became a convenient vehicle for providing other services besides water outside of municipal boundaries. In 1979, the legislation affecting improvement districts was removed from the *Water Act* and the *Water Utility Act* and transferred into what is now the *Local Government Act*.

| | |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Incorporation | Improvement districts are incorporated by the Provincial Cabinet through a type of regulation known as Letters Patent. This is the same method used to incorporate municipalities and regional districts. Some of the provisions included in Letters Patent are the legal name of the improvement district, its boundary, a list of services (also known as “objects”) it may provide, and the number of its trustees and provisions for elections. Currently, improvement districts are only being incorporated where there are exceptional circumstances. The last improvement district incorporation was in 1995. |
| Services | Of the 23 different services that improvement districts may provide the most common one is water. About 79% of all improvement districts have the authority to operate water systems, with the next most common services being irrigation, fire protection, and drainage. About 62% of all improvement districts are authorized to provide only one service. The most services being provided by a single improvement district is seven. |
| Corporate and Other Powers | In addition to the services and powers conferred by their Letters Patent, an improvement district has all the powers of a corporation and is given wide financial, administrative, and regulatory powers under section 697 of the <i>Local Government Act</i> , as well as the power to make bylaws under section 698. Improvement districts also have authority to expropriate land or works [LGA s. 705]. |
| Connections | Improvement districts vary greatly in size. For example, the largest improvement district that delivers water services provides water to 8,187 connections, whereas the smallest one provides only seven water connections. |
| Elected Representation | The affairs of each improvement district are directed by trustees who are elected for a three-year term by the eligible landowners within the improvement district. Typically the smaller improvement districts have three trustees but the larger ones have five or more. The election of trustees takes place at an annual general meeting whose date is set by the trustees. Voter eligibility requirements and voting procedures differ from those for local governments in that voting eligibility requires you to be an owner of property, and voting is done at the annual general meeting. The terms of the trustees are staggered so that only one or two positions become vacant each year. |
| Annual General Meeting | The purpose of the annual general meeting is to provide a report on the condition of the services, a statement of the financial condition of the improvement district, to have the landowners determine the trustees’ remuneration and to elect trustees. The time period for holding the meeting is established in each improvement district’s Letters Patent and is generally between January 1 and May 1. |

Assessment and Taxation

Improvement districts can use taxes, tolls (user rates), and other charges to recover costs for the services they provide. Those that use taxation have the ability to base it on a number of different factors such as parcels, group of parcels, area, value of land or improvements or personal property, or any combination of them. Improvement districts must prepare, mail and collect their taxes, tolls, and other charges.

However, if an improvement district provides fire protection or street lighting, they have the option of having the tax levied and collected by the province on their behalf. Of the 40 improvement districts in this situation, almost all of them use the province to levy and collect their taxes. For improvement districts that levy and collect their own taxes, the Homeowners Grant does not apply and the due date does not have to be July 2. If improvement districts levy and collect their own taxes and a bill remains unpaid for more than 24 months, the improvement district can proceed to tax sale to recover the amount owing. If the property is sold at tax sale, the one-year period of redemption does not exist like it does for municipalities, and the tax sale is absolute.

Finance

Improvement districts may borrow funds from a financial institution by adopting a loan authorization bylaw and registering it with the Inspector of Municipalities. Unlike local governments, improvement districts cannot borrow through the Municipal Finance Authority so they do not have the advantage of borrowing at interest rates lower than commercial rates.

Role of the Ministry

Improvement districts have some oversight by the Ministry of Municipal Affairs and Housing. Some bylaws passed by the trustees must be registered with the Inspector of Municipalities and the bylaws are not in effect until this approval is obtained. In addition, the audited financial statements and the minutes of the improvement district's annual general meeting are reviewed by, and filed with, the Ministry each year. The Ministry encourages the responsibility for improvement district services to be transferred to local governments where there is local support for it.

Updated November 2018