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## REPORT TO ARTS COMMISSION MEETING OF WEDNESDAY, MAY 27, 2026

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**SUBJECT**     **Impact of View Royal Changing Participation Level from Tier 1 to Tier 2 in the Arts Development Service**

### **ISSUE SUMMARY**

The Capital Regional District (CRD) Board has referred a motion with notice to the Arts Commission to review and provide advice to the CRD Board on the matter, along with additional information from staff on the potential process and its implications.

### **BACKGROUND**

On March 11<sup>th</sup>, 2026, the CRD Board deliberated on a motion with notice from Director Tobias related to a letter from View Royal (Appendix A) that requested to change the participation level of View Royal in the Arts Development Service<sup>1</sup>. The Motion with Notice stated:

That the Capital Regional District Board amend CRD Bylaw No. 2884 – Arts & Cultural Support Services Establishment Bylaw No. 1, 2001, to authorize the Town of View Royal to transition from Tier 1 participation to Tier 2 participation in the CRD Arts Service, effective upon adoption of the amendment bylaw.

Following discussion, the CRD Board passed a referral motion:

That this motion with notice be referred to staff to report back on the impact of the Town of View Royal transitioning from Tier 1 to Tier 2 participation in the CRD Arts Service, and report back through the Arts Commission.

The CRD Arts Development Service has always had two different levels of participation. In 2018, through amending Bylaw No. 4127, the relative amount of these levels was clarified into a Tier 1 and Tier 2 structure where Tier 2 contributes 30% of the Tier 1 level. During the deliberations and approval processes of the amending bylaw, the Arts Commission indicated that the purpose of Tier 2's lower contribution was to provide an entry level for new participants.

Currently, Tier 1 includes Esquimalt, Oak Bay, Saanich, Victoria, and View Royal, while Tier 2 includes Highlands, Metchosin, Sooke, and the Southern Gulf Islands Electoral Area.

### **ALTERNATIVES**

#### *Alternative 1*

The Arts Commission recommends to the Capital Regional District Board that staff report back with the necessary amendments to Bylaw No. 2884, "Arts and Culture Support Services Establishment Bylaw No. 1, 2001", to change View Royal's participation from a Tier 1 to a Tier 2 membership level.

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<sup>1</sup> In March 2026, the Arts Commission approved a name change from "Arts and Culture Support Service" to "Arts Development Service."

*Alternative 2*

The Arts Commission recommends to the Capital Regional District Board that View Royal's request for a change in its membership level to Tier 2 be denied, due to financial impacts to other participants and lack of alignment with existing CRD plans and strategies.

*Alternative 3*

That this report be referred back to staff for additional information.

**IMPLICATIONS**

*Alignment with Board & Corporate Priorities*

In the CRD Corporate Plan 2023-26, initiative 10b-1 is to “[s]cale up regional participation in the CRD Arts & Culture Support Service.”<sup>2</sup> The proposed amending bylaw is not aligned with this initiative as it reduces the participation level of a participating jurisdiction, which would result in scaling down regional participation in the CRD Arts Development Service.

*Alignment with CRD Arts & Culture Strategic Plan*

Goal #1 in the 2024-27 Arts Development Service Strategic Plan is to “[s]cale up regional participation in the Arts Service to expand its scope and impact.” The proposed amending bylaw is not aligned to this goal as it would downgrade the participation level of a participating jurisdiction in the Arts Service and/or reduce service levels, which, in turn, would reduce scope and impact.

*Legal & Legislative Implications*

If Alternative #2 is approved by the CRD Board, the proposed amending bylaw would be drafted by staff and brought back to the CRD Board for 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> readings. The CRD Board has the option to approve or reject the amending bylaw at that time.

If the amending bylaw is approved by the CRD Board, it would then be sent to participating jurisdictions for council consent (or consent on behalf in the case of electoral areas) or proceed by way of alternative approval process at the option of the Board. Proceeding by council consent, at least two-thirds of the current participants (Esquimalt, Highlands, Metchosin, Oak Bay, Saanich, Sooke, Southern Gulf Islands, Victoria, and View Royal) must consent to the amending bylaw for it to advance to Inspector of Municipalities review.

Prior to adoption, establishing bylaw amendments must receive Inspector of Municipalities approval. Due to the unusual nature of this tiered structure for service contribution, and the impact this change has on cost-sharing certainty for participants, it is possible that the Inspector of Municipalities may require an alternative participating area approval method, such as a referendum.

If the proposed amending bylaw is approved by the Inspector, then the final stage would be adoption of the amending bylaw by the CRD Board. While unlikely, a regional district Board may choose not to adopt an Inspector-approved bylaw.

Should a bylaw permitting service tier changes or service withdrawal not be approved, View Royal could initiate a service review under the *Local Government Act*. Contrasted with an informal review, typically conducted by staff or consultants, a statutory review may be commenced where

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<sup>2</sup> The Arts & Culture Support Service has been subsequently renamed the Arts Development Service.

no review has occurred in the last three years, no alternative withdrawal process is specified in the bylaw, and has default timelines for review, the option to use a Provincially-appointed facilitator, and cost-sharing provisions.

### *Financial Implications*

The nine current participants in the Arts Service contribute as either Tier 1 (Esquimalt, Oak Bay, Saanich, Victoria, View Royal) or Tier 2 (Highlands, Metchosin, Sooke, Southern Gulf Islands) with Tier 1 apportionment based on 50% population and 50% converted assessments. Tier 2 participation is a lower level of contribution and is calculated as 30% of the Tier 1 level.

Because the cost-sharing formula is constructed in this way, if all participants were to choose to move to Tier 2, then there would be no possible comparison to a Tier 1 level. In such a scenario, all participants would contribute at the same rate, essentially a Tier 1 rate, even though they were listed in the bylaw in the Tier 2 participation group. This precedent could defeat the purpose of the tiered structure and the ability of the CRD to provide cost-sharing certainty to current and potential future participants of this service.

In Budget 2026, View Royal's portion of the requisition related to the Arts Development Service at the Tier 1 level was \$131,538 or 4.2% of the total requisition of \$3,134,020. Based on the current forecast for budget 2027 (from the approved financial plan for 2026-30), if View Royal's participation level was changed to Tier 2, then View Royal's portion would be approximately \$41,603, a savings of \$92,994 compared to the cost-sharing estimate for 2027 at Tier 1 rates.

The earliest that this change could be implemented would be for Budget 2027. The approach of staff would be to consider this change as related to a redistribution of the cost-sharing formula, not to the budget level of the service; however, the Arts Commission could recommend to the CRD Board that the budget is reduced by the difference in View Royal's contribution, or the CRD Board could decide to make this adjustment at any point in its financial planning deliberations.

If View Royal's participation level was changed from Tier 1 to Tier 2, and this change was treated as a modification to the cost-sharing formula with a stable service budget, then the other participants would pay more to offset View Royal's lower requisition amount (see Appendix C for simulation of estimated cost-sharing implications based on approved financial plan for 2026-30).

In summary, if the proposed amending bylaw were passed, then either the other existing participants would need to pay more, or the budget would need to be reduced. If the latter, then the Arts Service would need to reduce the number of grants distributed and the number of arts activities supported (i.e. smaller budget would result in lower service level).

### **CONCLUSION**

The CRD Board charged the Arts Commission with the task of reviewing the impact of the motion with notice to downgrade View Royal's participation in the Arts Development Service from Tier 1 to Tier 2. Staff have advised that the motion with notice is not aligned to the intent of the tiered structure in the bylaw, nor to the CRD Corporate Plan initiative 10b-1 to "[s]cale up regional participation in the CRD Arts Development Service." Additionally, it could create a precedent that would contravene the service's ability to provide cost-sharing certainty to service participants.

**RECOMMENDATION**

The Arts Commission recommends to the Capital Regional District Board that staff report back with the necessary amendments to Bylaw No. 2884, “Arts and Culture Support Services Establishment Bylaw No. 1, 2001”, to change View Royal’s participation from a Tier 1 to a Tier 2 membership level.

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**ATTACHMENTS**

- Appendix A: Letter from View Royal (15 January 2026)
- Appendix B: Consolidated Bylaw No. 2884 (including changes from amending Bylaw No. 4127)
- Appendix C: Simulation of Impact to Cost-Sharing