

Improvement District Conversion Guide



**BRITISH
COLUMBIA**

Ministry of Community,
Aboriginal and Women's Services

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Introduction

Improvement districts play an important role supplying public services to residents in many parts of the province. They have traditionally provided the following benefits for residents:

- a high degree of autonomy; and
- low administrative costs, because they are largely run by volunteers.

Residents of improvement districts need to have legitimate reasons to consider changing the way their services are operated and administered. This Guide discusses some of those reasons for considering change.

The process for change is called conversion. This one word sums up a process that culminates with a Cabinet order that revokes the incorporation of an improvement district and transfers responsibility for the administration and operation of its services to a local government, along with its assets and liabilities. The purpose of this Guide is to provide information about the process and the implications for the conversion of improvement districts.

For general information on improvement districts please see:

http://www.mcaaws.gov.bc.ca/lgd/gov_structure/improvement/index.htm

Reasons for Conversion

There are many reasons why residents and trustees of an improvement district may wish to consider looking at conversion.

Typical Issues include the following:

- difficulty in getting volunteers to commit to serving as a trustee, because of the time commitment and the increasing complexities of the operation and administration of improvement district services;
- limited financial resources and difficulty in securing trained, technical staff;
- meeting higher expectations of residents for the level of services;
- limited resources and financial tools to deal with aging or substandard infrastructure (improvement districts are restricted from participating directly in government grant programs);
- conflict with other local government services, such as land-use planning;
- criticisms by residents regarding accountability of trustees;
- liability concerns particularly with respect to water supply and quality issues;
- increasing costs of complying with enhanced provincial regulations and standards particularly in terms of the *Drinking Water Protection Act*;
- difficulty and/or expense in obtaining insurance; and
- dealing with development pressures.

There are two ways of changing the way residents of improvement districts receive services. The legislative provisions governing these are contained in Appendix D.

Municipal Restructuring

In the event of the incorporation of a new municipality or a boundary extension for an existing municipality, improvement districts providing services in the area that becomes a part of the municipality are automatically converted.

Regional District Restructuring

Outside of municipal boundaries, an improvement district can be converted to a regional district service area.

Since most improvement districts are located outside municipal boundaries, the majority of improvement district conversions have been to regional district service areas. Therefore, the focus of this Guide is on converting improvement districts to regional districts. However, the process and principles laid out are also applicable for conversion to municipalities.

Appendix B compares the main features of an improvement district and a regional district service area. A regional district service area is an administrative boundary within which a service is provided to residents for which they pay. A regional board creates a service area by passing a bylaw.

Participants in the Conversion Process

Improvement District

Improvement districts and the owners/residents they serve, have the most at stake in any conversion. Generally, those served by the improvement district will be a part of the decision for change. Their elected representatives, the improvement district trustees, will also play a major role. In addition, a committee may be created to guide and manage the review process by researching, analyzing and discussing possible changes to the improvement district structure.

Regional District

As the local government for unincorporated areas, the regional district is the only option for owners/residents considering an improvement district conversion. Consequently, the regional district board has a pivotal role in considering the impact of conversion on its other services and resources. Generally, the regional district also provides administrative support and critical information about its policies and operations, which are required for the review process.

Ministry (Local Government Department)

The ministry's role includes:

- providing information, advice and guidance on a review process;
- assisting with the development of terms of reference for feasibility studies;
- working with other agencies and local governments involved;
- assisting with funding for administrative costs related to the transfer of services; and
- preparing the legal documents to implement the conversion.

The Conversion Process

Policy Principles

The ministry's approach to improvement district conversions is guided by the following:

- if there is going to be a review process, it should be locally directed and provide unbiased information on which to make an informed decision;
- the review may be led by the improvement district, the regional district or an independent party, but whoever leads the review must recognize it is a joint process;
- the decision on conversion must consider the opinion of local residents;
- all interests in the community must be considered;
- there should be no significant changes to the service area at conversion;
- any outstanding debt at the time of conversion remains the obligation of the same residents to repay; and
- any improvement district reserve funds will transfer to a regional district at conversion and be reserved for the same purpose as they were raised.

Conversion Review

Generally, there are five parts to a review:

- describing the current situation;
- identifying issues or challenges;
- considering the alternatives;
- assessing the implications; and
- determining the need for change.

Appendix A provides information on key questions to be considered in a review. If requested by the improvement district and/or the regional district, the ministry can provide a list of consultants. Funding for reviews can come from a number of different sources such as regional district feasibility reserve funds and/or improvement district general revenue.

Once the review is complete, the participants will need to present the study findings to the community and, based on public input; decide whether to proceed with the formal transfer requirements. Community consultation can be done in a number of ways:

- an information mail-out/brochure;
- community meetings;
- open houses; or
- a combination of the above.

If a review is desired to ascertain the condition and/or upgrading for the improvement district's water system, sewer system, groundwater, or storm water drainage facilities, there is also a provincial grant program to help fund the study costs. Grants of up to \$10,000 are available for regional districts for this purpose. Information about the program can be found at: http://www.mcaws.gov.bc.ca/lgd/pol_research/grants.html

Implementation Process

For an improvement district conversion to be implemented, the regional district will be required to pass a *regional district service area establishment bylaw*. The regional district and improvement district can choose from two options, for when this bylaw should be passed.

Option 1: The regional board can pass the service area establishment bylaw prior to the Cabinet order that dissolves the improvement district and transfers responsibility for its services to the regional district. The service area establishment bylaw must receive the assent of the electors either by a petition, alternative approval process, or a referendum.

This option is typically used when the construction and financing for a capital project to upgrade the service infrastructure forms part of the conversion proposal. Since elector assent is required under this option, it gives more certainty to the decision to convert. Further information about this process can be found in Appendix A.

Option 2: The regional board can pass a service area establishment bylaw after the Cabinet order has been passed that dissolves the improvement district and transfers responsibility for its services to the regional district. In this case, the Cabinet order can exempt the service area establishment bylaw from elector assent.

Option 2 is typically used when there has been a good public consultation process and the owners/residents affected have indicated strong support for the conversion.

Financial Assistance

When a Cabinet order has been approved to dissolve an improvement district and transfer responsibility for its services to a regional district, the ministry may provide a Restructure Implementation Grant to assist the regional district with the administrative costs associated with the conversion. These costs can include the integration of accounting and billing processes as well as the transfer of files, licences, easements, contracts and equipment.

The administrative costs associated with converting an improvement district vary depending on population and the number of services and the number of connections to the water system involved. The minimum amount for a Restructure Implementation Grant is \$5,000. This amount would cover the conversion of an improvement district that provides a single service, such as water, and has a small number of water connections.

Improvement districts with more than one service and larger populations, or a greater number of water connections, may be eligible for a larger Restructure Implementation Grant, shown in the following table.

	Less than 100 water connections or a population less than 100	100 to 500 water connections or a population between 100 and 500	Greater than 500 water connections or a population greater than 500
Single service other than water	\$5,000	\$5,000	\$10,000
Single service – water only	\$5,000	\$10,000	\$15,000
Multiple services but not water	\$5,000	\$10,000	\$15,000 - \$20,000
Multiple services including water	\$5,000	\$15,000	\$15,000 - \$25,000

In most cases, the grant is designed to cover all the costs of conversion. However, there may be a few exceptional circumstances where the grant will not cover all of the costs.

Regional districts should address a letter to the ministry when reviewing a potential conversion so that the ministry can confirm its eligibility and the amount of the grant. The grant will be paid to the regional district upon completion of the conversion.

Questions and Answers Around Conversion

Introduction

It is important to fully understand the implications for conversion and this section explores common questions. The discussion emphasizes things that *do not* change, things that *do* change and things that *may* change. In the case of changes, the discussion highlights measures that may be taken by the provincial government as a part of the order dissolving the improvement district and by the regional district once it assumes responsibility.

The questions address the following areas:

- political representation;
- organizational issues;
- service issues; and
- financial issues.

Political Representation

Will we lose access to locally elected representatives?

The regional district board is ultimately responsible for the services that are transferred from an improvement district. However, it is recognized that the knowledge of the services that the improvement district trustees possess are valuable to the regional district board.

Therefore, when conversion takes place regional district boards are encouraged to utilize the knowledge of trustees by appointing them to management committees or commissions when conversion takes place. The roles can range from being an advisory body to the board, or the board may delegate full operational and administrative responsibility to the committee/commission. Options for delegation are described in Appendix C.

It should be noted that the regional district board has wide discretion to [delegate](#) responsibility for most decisions to the committee or commission. However, it cannot delegate the ability to pass bylaws. A typical, management committee or commission will develop budgets, recommend tax and user rates, develop capital plans, recommend service construction standards, oversee contracts, and deal with any issues related to the management and operation of the former improvement district services.

How will voter eligibility change?

In a municipality or regional district the [eligibility requirements](#) in the *Local Government Act* allow all residents and one land owner per parcel to vote. Corporations are not eligible to vote in a regional district or municipal government election or referendum.

Organizational Issues

What will happen to improvement district staff?

Provincial labour relations law require a regional district to honour the provisions of improvement district collective agreements and employee contracts at the time of conversion. However, the regional district may need to adjust its workforce in order to operate and administer services efficiently. It may already have staff, for example a public works department, which can operate the services formerly provided by the improvement district. Alternatively, it may wish to contract out this operation.

What happens to the ownership of lands, easements or statutory rights-of-way?

The Cabinet order dissolving the improvement district will transfer title for all lands, easements and rights of ways in the name of the improvement district to the regional district. Once the regional district takes responsibility for the improvement district a request will be made to the Land Title Office to transfer the ownership of lands, easements or statutory rights-of-way from the improvement district into the name of the regional district.

What happens to water licences?

The Cabinet order dissolving the improvement district will transfer all rights and licences to the regional district. Upon the request of the regional district, Land and Water BC will transfer any water licenses held by an improvement district to the regional district.

Service Issues

Will the area that benefited from the improvement district services continue to do so?

Yes. If the regional district has not already created a service area for each service transferred from an improvement district to a regional district, the Cabinet order dissolving the improvement district will establish the service area for each service. This means that the people receiving or benefiting from a service before conversion will continue to receive and benefit from the service afterwards.

Will the standard of service suffer through conversion?

In the case of water and sewerage disposal there are provincial standards that must be met and conversion may be designed to alleviate concerns about water safety or environmental protection.

However, for most services there are no provincial requirements. Local residents get the level of service they want and are willing to pay for. Even if the regional district determines that a service should meet a higher standard, the new standard does not have to be implemented immediately upon conversion.

Financial Issues

Does conversion increase the assessed value of land and improvements?

Assessed values are based on market values determined by an independent agency. These values are unaffected by whether a service is provided by an improvement district, a municipality, or a regional district.

Will conversion increase general liability and insurance costs?

In BC, close to 160 municipalities and regional districts (out of 182) have pooled their common risks by participating in a non-profit insurance co-operative called the Municipal Insurance Association (MIA). The MIA's mission is to maintain the liability insurance coverage needed for its members' financial security, stabilize liability insurance costs and provide risk management education to assist members in preventing claims. The MIA's insurance rates are generally more comprehensive and less expensive than commercial underwriter policies. Therefore, the cost of general liability coverage after conversion are generally reduced by a substantial amount. In some cases, the regional district's insurance costs are unaffected by conversion.

Will the way costs are recovered for services change?

At the time of the conversion, the regional district inherits the rate structure in place for the improvement district. Those rates, and the basis for those rates, remain in place until the regional district board changes them. It is recommended that after conversion the regional district review the basis for these rates with a view to implementing any changes in the year following the conversion.

Will the level of cost-recovery change?

The levels will not necessarily change, or at least, not more than they would have changed if the improvement district was still in place. Change will depend on the condition of the physical assets related to the service, operating and administrative costs and the basis on which the regional district decides to recover costs.

Will residents lose access to budget decisions?

Annually, regional districts are required to develop a five-year financial plan and to provide an opportunity for the public to comment on it. The regional district is also required to prepare a report at the request of the residents, to explain how rates are calculated. Any long-term borrowing by a local government must go through a process that includes public input. Provincial approval is required for long-term borrowing.

In addition to these accountability provisions, residents can contact their electoral area director and advisory committee or commission members at any time to make their concerns known about their services.

How will residents pay for services?

The regional district may have the ability to receive payment of bills by electronic means for user rates. Taxes will be collected as part of the provincial tax bill.

After conversion, will there be access to capital funding for sewer and water projects?

Senior levels of government have developed grant programs to share the capital costs of projects for water and sewer systems. While these programs are generally available for a limited time, new programs may be developed. Local governments are eligible to apply for funds under these types of programs but improvement districts are not eligible.

Does conversion impact the GST rebate on goods and services?

Both local governments and improvement districts are eligible for the rebate on the goods and services tax.

What happens to money held in a reserve fund by the improvement district?

The Cabinet order dissolving an improvement district would ensure that any renewal reserve funds or capital expenditure charge funds that an improvement district has at the time of transfer to a local government can only be used for the same purposes for which the reserve funds were established and for the benefit of the same residents.

What happens to outstanding debt that the improvement district still owes at conversion?

The Cabinet order dissolving an improvement district will ensure that all outstanding capital debts remaining at the time of dissolution are to be paid by the residents of the former improvement district only.

What happens to an improvement district's operating funds at the time of conversion?

A regional district will not be able to spend operating funds on any other services than the ones transferred from the improvement district.

Further Information

For more information on local government restructuring please contact:

Ministry of Community, Aboriginal and Women's Services

Local Government Department

Telephone: (250) 387-4060

Fax: (250) 387-7972

E-mail: <mailto:lgsi@gems9.gov.bc.ca>

Website: www.mcaaws.gov.bc.ca/lgd/gov_structure/improvement/index.htm

APPENDIX A: Sample Improvement District Conversion Study

INTRODUCTION

The purpose of this study is to outline the implications for the conversion of Sample Improvement District to the ABC Regional District.

BACKGROUND

A. General Description

The Sample Improvement District was incorporated by Letters Patent issued by Cabinet order on the _____ day of _____, 20 _____. It is located _____ and is responsible for the operation and administration of the following services: _____. The history of these services is _____. There are _____ parcels of land within the boundary of the Sample Improvement District and its population is estimated to be about _____. The land-use within the community can generally be described as _____.

B. Representation

The elected board of trustees for the Sample Improvement District consists of _____ members. An election is held annually at an annual general meeting that is held between _____ and _____ each year. The terms of the trustees are staggered so that only one or two vacancies occur in any year. The trustees generally meet about _____ times a year at _____ and they are paid a remuneration of \$ _____. The policy of the trustees for members of the public to attend these meetings is _____. The trustees have director's liability insurance in the amount of \$ _____. The trustees have passed an indemnification bylaw that provides for legal costs incurred by a trustee in the performance of their duties, to be paid by the Improvement District.

C. Administration

The Sample Improvement District has offices located at _____. The building was acquired in 19 _____ and provides space for _____. The Sample Improvement District has general liability insurance in the amount of \$ _____ for the building and all other assets. The following staff positions were created by the trustees to administer the Improvement District's services: _____. The trustees have passed an indemnification bylaw that provides for legal costs incurred by an officer in the performance of their duties, to be paid by the Improvement District. The administrative staff is/is not covered by a collective agreement.

D. Finance

The total taxable assessed values for land and improvements within the boundary of the Sample Improvement District for the last year available is \$ _____ and the number of folios and the taxable assessed values by class are _____ (this information is only available for improvement districts that operate fire departments or street lights). The total outstanding long-term debt for the Sample Improvement District as at December 31, 20 ____ was \$ _____ and the annual cost to produce audited financial statements is \$ _____. To finance its costs, the following cost recovery methods are used (e.g. taxes, tolls, capital expenditure charges, other charges). The current operating budget was passed on the _____ day of _____, 20 ____ and the capital budget was passed on the _____ day of _____, 20 _____. The Sample Improvement District maintains a renewal reserve fund for the purpose of _____ and the balance in the fund as at December 31, 20 ____ was \$ _____.

E. Operations

The following staff positions or contract arrangements were created by the trustees to operate its services _____ . These staff are/are not covered by a collective agreement. Standards of construction were adopted by the trustees on _____. There is a full/partial set of as-built drawings for the water/sewer system. The last engineering assessment of the Improvement District's capital works is dated _____. Based on the engineering assessment, a plan to construct and finance improvements to the capital works was passed by the trustees on _____.

3. CURRENT ISSUES

The following issues have been identified in relation to representation for the Sample Improvement District as well as its administration, finance and operations.

A. Representation

-
-

B. Administration

-
-

C. Finance

-
-

D. Operations

-
-

4. CONVERSION OF THE SAMPLE IMPROVEMENT DISTRICT TO THE ABC REGIONAL DISTRICT

Based on policies adopted by the ABC Regional District, the conversion of the Sample Improvement District would result in the following changes.

A. Representation

For a transitional period, a committee/commission will be created by the regional board and will be delegated responsibility for the following:

The composition of the committee/commission will be ____ members who will be appointed/elected. The annual cost is estimated to be \$ _____.

B. Administration

The Regional Board will create a service area bylaw before/following conversion.

The building owned by the Sample Improvement District will be maintained/closed.

General liability insurance in the amount of \$ _____ already exists and will apply to the building and other assets.

The contracts for the administrative staff will be transferred to the Regional District at conversion and it is proposed that they will be integrated within the Regional District/their positions will terminate with appropriate compensation.

C. Finance

At conversion, the Regional District will assume the tax, toll and charging bylaws of the Sample Improvement District. Within the following year it is intended that the basis for the taxes will be _____. The basis for the tolls will be _____. The capital expenditure charge will be _____.

The cost of administration for the services transferred to the Regional District and allocated to the budgets for these services is estimated to be \$ _____.

It is expected that the operating and capital costs for the next five years will be _____.

It is expected that the tax rates for the next five years will be _____.

It is expected that the tolls for the next five years will be _____.

It is expected that the capital expenditure charges for the next five years will be _____.

D. Operations

The contracts for the operations staff will be transferred to the Regional District at conversion and it is proposed that they will be integrated within the Regional District/their positions will terminate with appropriate compensation. The operation of the services will be undertaken by regional district staff/contracted.

The standards of construction are similar to/will be changed to, the Regional District's.

It is proposed that the following capital projects will be undertaken within the following time period.

5. IMPACT OF CONVERSION ON ISSUES

Based on the policies of the ABC Regional District and the policies of the province as outlined in the Improvement District Conversion Guide, the conversion of Sample Improvement District will address the issues identified in Section 2 of this study through the following means:

A. Representation

-
-

B. Administration

-
-

C. Finance

-
-

D. Operations

-
-

APPENDIX B: Comparison of Regional and Improvement District Structure

FEATURE	REGIONAL DISTRICT SERVICE AREA	IMPROVEMENT DISTRICT
Implementation	<ul style="list-style-type: none"> • created by regional district bylaw • consent of electoral area director required or assent of voters • Inspector of Municipalities approves most establishment bylaw 	<ul style="list-style-type: none"> • Lieutenant Governor in Council relatively unfettered in incorporating, expanding or dissolving improvement districts • Letters Patent are the incorporating document • petition of residents normally required
Representation	<ul style="list-style-type: none"> • represented on the Regional Board by the electoral area director (elected triennially) • the Board may delegate administrative responsibility to a local management committee with appointed members 	<ul style="list-style-type: none"> • represented by chair and two or more trustees • terms are for 3 years but are staggered so one or more members are elected in each year
Service Responsibilities	<ul style="list-style-type: none"> • no mandatory services • services are established by the Regional Board at the request of the residents 	<ul style="list-style-type: none"> • no mandatory services • smaller range of permissive services than municipalities • services are established by Cabinet
Administration of Services	<ul style="list-style-type: none"> • services administered by the Regional Board or delegated to a local management committee or commission • regional district staff required as necessary to facilitate administration and operation of services. 	<ul style="list-style-type: none"> • services administered by the trustees • Secretary required and other staff as necessary to facilitate administration and operation of services
Fiscal Capacity	<ul style="list-style-type: none"> • access through the regional district to conditional local government grants only • province levies and collects taxes on behalf of the regional district • residents pay provincial rural services levy • cannot vary burden of taxes among different classes of assessment • any residual Home Owner Grant can be applied against taxes levied for local services 	<ul style="list-style-type: none"> • no access to conditional or unconditional local government grants • property taxes levied and collected by the improvement district except for street lighting and fire protection services which are levied and collected by the Provincial Surveyor of Taxes • residents pay provincial rural services levy • any residual Home Owner Grant can be applied against taxes levied for fire protection or street lighting services only • trustees can determine classes of assessment and the burden of taxes accordingly
Financing of Capital Works	<ul style="list-style-type: none"> • short and long term borrowing is available through the Municipal Finance Authority 	<ul style="list-style-type: none"> • fire protection and street lighting financed through Provincial Surveyor of Taxes • all other services financed through the Ministry of Finance
Community Planning Implications	<ul style="list-style-type: none"> • Regional Board responsible for planning with input from the Advisory Planning Commission if one is established • co-ordination of planning with local management committee if one is established, or between regional district departments 	<ul style="list-style-type: none"> • community planning rests with Regional Board even though improvement districts provide services with planning implications
Provincial Supervision	<ul style="list-style-type: none"> • procedural rules and safeguards are explicit in legislation • supervision is limited to boundaries, borrowing and legality 	<ul style="list-style-type: none"> • procedural rules and safeguards are not always explicit in legislation • supervision is extensive • bylaws are registered with the Inspector of Municipalities

APPENDIX C: Comparison of Administrative and Elected Commissions

FEATURE	REGIONAL DISTRICT ADMINISTRATIVE COMMITTEE OR COMMISSION	REGIONAL DISTRICT LOCALLY ELECTED LOCAL COMMUNITY COMMISSION
General	<ul style="list-style-type: none"> • appointed members • the Board may delegate administrative and operational responsibility to a local management committee or commission • board can decide which services will be subject to delegation • board can determine the extent of delegation ranging from full operational and administrative decision making or advisory powers only • board can not delegate law making powers 	<ul style="list-style-type: none"> • elected commissioners • approval by voters • board can determine the extent of delegation ranging from full operational and administrative decision making or advisory powers only • board can not delegate law making powers
Representation	<ul style="list-style-type: none"> • commission or committee may include the electoral area director or not • standing committee requires that at least one member be a board director • commission or committee represented on the Regional Board by the electoral area director (elected triennially) 	<ul style="list-style-type: none"> • four members elected from the community plus the electoral area director form the commission • commissioners can be elected annually or triennially
Implementation	<ul style="list-style-type: none"> • created by regional district delegation bylaw • no consent of electoral area director or assent of voters required 	<ul style="list-style-type: none"> • created by regional district bylaw • approval of the electors required
Administration of Services	<ul style="list-style-type: none"> • regional district staff required as necessary to facilitate administration and operation of services 	<ul style="list-style-type: none"> • regional district staff required as necessary to facilitate administration and operation of services
Provincial Supervision	<ul style="list-style-type: none"> • procedural rules and safeguards are explicit in legislation • supervision is limited to boundaries, borrowing and legality 	<ul style="list-style-type: none"> • procedural rules and safeguards are explicit in legislation • supervision limited to boundaries, borrowing and legality

APPENDIX D: Legislation

LOCAL GOVERNMENT ACT**Incorporation of a new municipality**

- 7 (1) On the recommendation of the minister under subsection (2), the Lieutenant Governor in Council may, by letters patent, incorporate the residents of an area into a new municipality.
- (3) If an existing municipality or improvement district is located inside a new municipality incorporated under subsection (1), the Lieutenant Governor in Council must dissolve the existing municipality or improvement district by repealing its letters patent.

Dissolution of improvement district

- 30 The Lieutenant Governor in Council may
- (a) dissolve an improvement district wholly or partly in a municipality,
 - (b) transfer to the municipality any or all of the assets, rights, claims and obligations of the district on conditions that may be considered advisable, and
 - (c) specify that the bylaws of the improvement district continue in force in the part of the improvement district that is inside the municipality until amended or repealed by the council.

Dissolution of improvement districts

- 735 The Lieutenant Governor in Council may dissolve an improvement district and may make any disposition of its assets that appears equitable.

Dissolution of an improvement district and creation of a regional district service area

- 781 (1) If an improvement district is dissolved under section 735 or a local area under the *Local Services Act* ceases to exist, and the land comprising the improvement district or local area is in a regional district, the Lieutenant Governor in Council may, by order, do one or more of the following
- (a) provide that all or part of the land be a service area under this Part;
 - (b) allocate and assign or transfer to the regional district any asset or liability, whether real or contingent, of the improvement district or local area under the terms and conditions the Lieutenant Governor in Council considers necessary or advisable and in a manner that the Lieutenant Governor in Council considers just and expedient;
 - (c) specify that the bylaws of the improvement district or any enactment relating to the local area continue in force in the part of the improvement district or local area that is in the regional district until they are amended or repealed by the board;
 - (d) specify a period within which a bylaw must be adopted under subsection
- (2) If provision is made for a service area under subsection (1), the board must adopt a bylaw in respect of the service that
- (a) Meets the requirements of section 800.1 [required content] for an establishing bylaw, and
 - (b) is adopted in accordance with section 802 [*amendment or repeal of establishing bylaw*] as if it were a bylaw amending an establishing bylaw
- (3) A bylaw under subsection (2) is deemed to be an establishing bylaw for the service in respect of which it is adopted.
- (4) A bylaw under subsection (2) must be adopted within the period specified in the order of the Lieutenant Governor in Council under subsection (1) or, if no period is specified, within a reasonable period after that order comes into effect.
- (5) If no period is specified in the order under subsection (1), the Lieutenant Governor in Council may, in a later order, specify a period and, if this is done, a bylaw under subsection (2) must be adopted within the period specified.