



# BOARD REPORT

**TO:** Chair and Directors

**File No:** Bylaw No. 5793

**SUBJECT:** MacArthur Heights/Reedman Heights Waterworks Service Amendment Bylaw No. 5793

**DESCRIPTION:** Report from Jodi Pierce, Manager, Financial Services dated November 28, 2018. Proposed amendment to MacArthur Heights/Reedman Heights Waterworks Service Bylaw No. 5491 to increase the maximum parcel tax requisition.

**RECOMMENDATION:** THAT: "MacArthur Heights/Reedman Heights Waterworks Service Amendment Bylaw No. 5793" be read a first, second and third time this 7<sup>th</sup> day of December, 2018.

## SHORT SUMMARY:

Through the budget process, it has been determined that the MacArthur Heights/Reedman Heights Waterworks capital reserve account is seriously underfunded and even though the maximum parcel tax has been requisitioned each year, the amount going into the capital reserves is not adequate for a water system of this size and age. The current maximum parcel tax requisition limit is the lowest of all CSR District water systems. In order to maintain the ongoing sustainability of the water system, the maximum parcel tax requisition needs to be increased to allow for additional contributions to the capital reserve account.

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<b>VOTING:</b>	Unweighted Corporate	<input checked="" type="checkbox"/>	LGA Part 14 (Unweighted)	<input type="checkbox"/>	Weighted Corporate	<input type="checkbox"/>	Stakeholder (Weighted)	<input type="checkbox"/>
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## BACKGROUND:

A parcel tax's maximum requisition amount can only be increased once every five years to a maximum of 25% without Inspector approval. Through discussion with staff from the Ministry of Municipal Affairs and Housing, the CSR District staff has learned the maximum requisition amount can be amended for an amount in excess of 25% as long as we obtain Inspector approval.

The MacArthur Heights/Reedman Heights Waterworks Reserve Fund is underfunded considering the size of the water system. Staff is recommending the maximum requisition limit be increased to \$100,000 for the parcel tax requisition in the MacArthur Heights/Reedman Heights Waterworks service area to allow for additional contributions to the capital reserve. Implementation of the increase will happen over a number of years and the parcel tax per property will be increased 15% in the first year, and 5% per year thereafter for the foreseeable future. An increased maximum will allow for constant manageable increases for users of the water system as determined through the budget process.

## POLICY:

In accordance with the Local Government Regulation 113/2007 (Regional District Establishing Bylaw Approval Exemption), the tax requisition for a service may be increased by 25% of the baseline every five years without requiring public assent, however, Inspector approval is required for increases beyond 25% or those within the five year window.

**FINANCIAL:**

In 2018, MacArthur Heights/Reedman Heights property owners paid a parcel tax in the amount of \$189 per property (including the provincial collection fee), resulting in total parcel taxes of \$26,250. Staff is recommending a 25% increase to the parcel tax in 2019 resulting in property owners paying a parcel tax of approximately \$237. A further increase of 5% would take place in 2020 and then an estimated 5% increase in each year subsequent until such time that the capital reserve fund is adequately funded for infrastructure replacement in accordance with asset management plans. The current balance of the capital reserve fund for the MacArthur Heights/Reedman Heights Waterworks is approximately \$55,000. Additionally, past practice has been to implement a 25% increase every five years and apply that increase to taxpayers all in one year. The recommended amendment would allow for gradual increases to the parcel taxes over time so the taxpayers would not see such a significant increase at one time.

Additionally the parcel tax and user fees for the MacArthur Heights/Reedman Heights Waterworks is within the average for all the CSRD owned water systems at a combined total of \$709 annually. The average combined parcel tax/user fee amount in CSRD systems is currently \$701 annually.

**KEY ISSUES/CONCEPTS:**

Increases to parcel taxes and user fees are necessary to maintain the ongoing sustainability of the water system.

**IMPLEMENTATION:**

Upon third reading, the Bylaw will be forwarded to the Ministry of Municipal Affairs and Housing for Inspector approval. Upon receipt of Inspector approval, the Bylaw will be brought to a subsequent Board meeting for adoption. Upon adoption, the 2019 budget will include a parcel tax requisition in the amount of \$32,813 or approximately \$237 per parcel.

**COMMUNICATIONS:**

The Electoral Area C Director has consented to the increase. The MacArthur Heights/Reedman Heights property owners will be advised of the increase in the mailout that accompanies the annual utility bills which are distributed in February.

**DESIRED OUTCOMES:**

That the Board approve the recommendation to amend the bylaw.

**BOARD'S OPTIONS:**

1. *Endorse the Recommendation.*
2. *Deny the Recommendation.*
3. *Defer.*
4. *Any other action deemed appropriate by the Board.*



**Report Approval Details**

Document Title:	2018-12-07_Board_FIN_MacArthur Reedman Heights Waterworks.docx
Attachments:	
Final Approval Date:	Nov 28, 2018

This report and all of its attachments were approved and signed as outlined below:

**No Signature - Task assigned to Lynda Shykora was completed by assistant Jennifer Sham**

**Lynda Shykora - Nov 28, 2018 - 11:13 AM**

**No Signature - Task assigned to Charles Hamilton was completed by workflow administrator Portal Administrator**

**Charles Hamilton - Nov 28, 2018 - 11:24 AM**