



BOARD REPORT

TO: Chair and Directors

File No: Bylaw No. 5796

SUBJECT: Eagle Bay Estates Waterworks Local Service Amendment Bylaw No. 5796, 2019

DESCRIPTION: Report from Jodi Pierce, Manager, Financial Services dated April 12, 2019. Proposed amendment to Eagle Bay Estates Waterworks Local Service Bylaw No. 5112 to increase the maximum parcel tax requisition.

RECOMMENDATION #1: THAT: "Eagle Bay Estates Waterworks Local Service Amendment Bylaw No. 5796, 2019" be read a first, second and third time this 16th day of May, 2019.

SHORT SUMMARY:

Through the budget process, it has been determined that the Eagle Bay Estates 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 \$30,313 which is the lowest total maximum of all CSRD 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.

VOTING: Unweighted LGA Part 14 Weighted Stakeholder
Corporate (Unweighted) Corporate (*Weighted*)

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 CSRD 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 Eagle Bay Estates 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 Eagle Bay Estates 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 5-10% 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 for those within the five year window.

FINANCIAL:

In 2019, Eagle Bay Estates property owners are paying a parcel tax in the amount of \$329 per property (including the provincial collection fee), resulting in total parcel taxes of \$30,313. Staff is recommending a 5-10% increase to the parcel tax in 2020 resulting in property owners paying a parcel tax of approximately \$358 depending on the 2020 budget. A further increase of 5% would take place in 2021 and 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 Eagle Bay Estates Waterworks is approximately \$143,000. 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.

For 2019, the parcel tax and user fees for the Eagle Bay Estates Waterworks is less than the average for all the CSRD owned water systems at a combined total of \$583 annually. The average combined parcel tax/user fee amount for all CSRD owned water systems is currently \$694 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 2020 budget will include a parcel tax increase of approximately 5-10%.

COMMUNICATIONS:

The Electoral Area C Director has consented to the increase. The Eagle Bay Estates 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.*

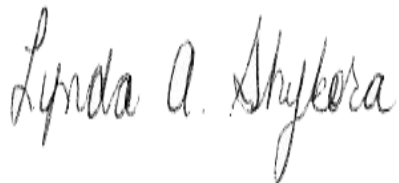
LIST NAME OF REPORT(S) / DOCUMENT(S) AVAILABLE FROM STAFF:

1. List reports

Report Approval Details

Document Title:	2019-05-16_Board_FIN Eagle Bay Estates Waterworks Amendment Bylaw.docx
Attachments:	- BL5796 2019 Eagle Bay Estates Local Service Amendment Bylaw.docx
Final Approval Date:	May 3, 2019

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



Lynda Shykora - May 3, 2019 - 11:55 AM



Charles Hamilton - May 3, 2019 - 1:38 PM