



BOARD REPORT

TO: Chair and Directors

File No: Bylaw No. 5764

SUBJECT: Cedar Heights Waterworks Service Bylaw No. 5764

DESCRIPTION: Report from Jodi Pierce, Manager, Financial Services dated November 2, 2017. Proposed amendment to Cedar Heights Waterworks Service Bylaw No. 5362 to increase the maximum tax requisition.

RECOMMENDATION #1: THAT: "Cedar Heights Waterworks Service Amendment Bylaw No. 5764" be read a first, second and third time this 16th day of November, 2017.

SHORT SUMMARY:

Through the budget process, it has been determined that the parcel tax amount requisitioned from each property within the Cedar Heights Waterworks Service Area would be reduced, as a result of the Lakeview Heights Subdivision connection to the Cedar Heights system which increased the number of properties within the service area. The current maximum parcel tax requisition limit is low, which means when additional properties are included, the amount per property decreases to maintain the allowable maximum requisition limit. In order to maintain the same parcel tax rate per property as in previous years, the establishing bylaw requires an amendment to increase the maximum tax requisition.

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 CSR D 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 Cedar Heights Waterworks Reserve Fund is underfunded considering the size of the water system; additional revenue is required to help fund eventual upgrades. Parcel taxes are requisitioned as a total amount for the whole service area, rather than as an amount per parcel. As a result, when the maximum parcel tax requisition amount is met, parcel taxes for each individual parcel decrease whenever additional parcels are added to the service area. This limits the ability to generate additional revenue to cover the costs of the expanded system. Staff is recommending the maximum requisition limit be doubled for the parcel tax requisition in the Cedar Heights Waterworks to allow the same parcel tax per property be maintained as the previous year, and to allow for additional room for modest increases in the parcel tax amount over the next several years.

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 2017, Cedar Heights property owners paid a parcel tax in the amount of \$141 per property (including the provincial collection fee), resulting in total parcel taxes of \$62,500. During 2017, an additional 42 properties were added to the system and will be required to pay parcel taxes beginning in 2018. Without an increase to the maximum requisition amount, the parcel tax per property would actually decrease to \$129 per property (total parcel tax remains at \$62,500). By supporting an increase to the maximum requisition, the parcel tax per parcel will remain at \$141 and an additional \$5,700 in revenue will be realized. No further increases to the Cedar Heights Waterworks parcel taxes are under consideration for the 2018 budget year. The current balance of the capital reserve fund for the Cedar Heights Waterworks is approximately \$420,000 with \$60,000 being budgeted in 2018 for PRV station upgrades. 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.

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 2018 budget will include parcel tax revenue in the amount of \$68,200 or approximately \$141 per parcel.

COMMUNICATIONS:

The Electoral Area C Director has consented to the increase. The Cedar Heights representative on the Regional Water Advisory Committee has been advised of the intention to increase the maximum parcel tax requisition limit.

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.*

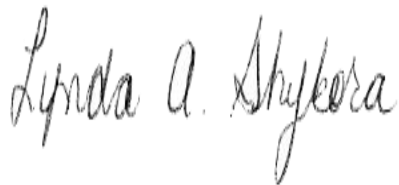
Report Approval Details

Document Title:	2017-11-16_Board_FIN_Cedar Heights Parcel Tax Amendment.docx
Attachments:	- BL5764 Cedar Heights Waterworks Amendment Bylaw.docx
Final Approval Date:	Nov 6, 2017

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

No Signature found

Darcy Mooney - Nov 6, 2017 - 11:36 AM



Lynda Shykora - Nov 6, 2017 - 12:16 PM



Charles Hamilton - Nov 6, 2017 - 1:32 PM