



BOARD REPORT

TO: Chair and Directors

File No: Bylaw No. 5765

SUBJECT: Falkland Waterworks Service Bylaw No. 5765

DESCRIPTION: Report from Jodi Pierce, Manager, Financial Services dated November 16, 2017. Proposed amendment to Falkland Waterworks Service Bylaw No. 5362 to increase the maximum parcel tax requisition.

RECOMMENDATION #1: THAT: "Falkland Waterworks Service Amendment Bylaw No. 5765" be read a first, second and third time this 1st day of December, 2017.

SHORT SUMMARY:

Through the budget process, it has been determined that the Falkland 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 one of the lowest 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 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 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 Falkland Waterworks Reserve Fund is underfunded considering the size of the water system; additionally, the distribution system is built using concrete asbestos pipe which has a life span of 60 years. The distribution system is currently 40 years old and the need to fund its eventual replacement must begin immediately. Staff is recommending the maximum requisition limit be doubled for the parcel tax requisition in the Falkland Waterworks 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 not be doubled in the short term. 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 2017, Falkland Waterworks property owners paid a parcel tax in the amount of \$155 per property (including the provincial collection fee), resulting in total parcel taxes of \$35,648. Staff is recommending a 12.5% increase to the parcel tax in 2018 resulting in property owners paying a parcel tax of approximately \$174. A further increase of 12.5% would take place in 2019 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 Falkland Waterworks is approximately \$188,000. 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 fee for the Falkland Waterworks is the lowest of all the CSRD owned water systems at a combined total of \$323 annually. The average combined parcel tax/user fee amount in CSRD systems is currently \$680 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 2018 budget will include parcel tax revenue in the amount of \$40,104 or approximately \$174 per parcel.

COMMUNICATIONS:

The Electoral Area D Director has consented to the increase. The Falkland 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.*

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

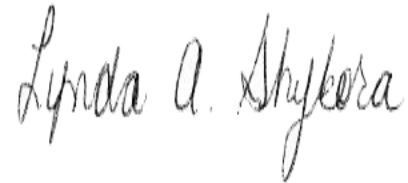
Report Approval Details

Document Title:	2017-12-01_Board_FIN_Falkland Waterworks Parcel Tax.docx
Attachments:	- BL5765 Falkland Waterworks Amendment Bylaw.docx
Final Approval Date:	Nov 18, 2017

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

No Signature found

Darcy Mooney - Nov 17, 2017 - 12:43 PM



Lynda Shykora - Nov 17, 2017 - 2:20 PM



Charles Hamilton - Nov 18, 2017 - 11:16 AM