

COUNCIL REPORT



REPORT DATE: November 20, 2019
MEETING DATE: November 25, 2019

TO: Mayor and Councillors
FROM: Michelle Mason, Chief Financial Officer/Deputy Chief Administrative Officer
SUBJECT: 2020-2024 Financial Plan Bylaw and 2020 Utility Rate Amendment Bylaws

RECOMMENDATION

- i. THAT Council receive the 2020-2024 Financial Plan Bylaw and 2020 Utility Fee Bylaws report.
- ii. THAT Council give first reading of 2020-2024 Financial Plan Bylaw No. 1117, 2019.
- iii. THAT Council give first, second and third reading of:
 - a. Water Rates Amendment Bylaw No. 1118, 2019
 - b. Sanitary Sewer Rates Amendment Bylaw No. 1119, 2019
 - c. Solid Waste Rates Amendment Bylaw No. 1120, 2019

SUMMARY

The purpose of this report is to introduce the Financial Plan Bylaw for consideration of first reading and the Utility Rates Amendment bylaws for consideration of the first three readings. If Council wishes to direct staff to make any amendments to the bylaws, staff recommends the direction be given at this meeting, and the amendments will be made before the bylaws are brought back at the next meeting for further consideration.

If Council chooses to move forward with the budget as presented the bottom line proposed increases to municipal revenues for the municipality in 2020 from existing 2019 rate payers are:

- Municipal taxes is 4.62%
- Utility fees is 1.96%
- Frontage taxes is 9.6%.

BACKGROUND

Process

Staff met with Council on November 1, 2019 to review the proposed 2020-2024 Financial Plan. The Council report from that meeting is attached to this report and provides further details of the five year plan being proposed.

During the workshop Council directed staff to make modifications to the plan. The 2020-2024 Financial Plan Bylaw No. 1117 reflects those modifications and the Financial Plan Bylaw is on the agenda for first reading. There were no changes at the workshop to the utility budgets and therefore the attached Utility Rates Amendment bylaws include utility fees that will generate the utility revenues required in the plan.

The makeup of the utility rate structure used to calculate the rates in the attached utility rate amendment bylaws was introduced to Council in 2016 to be used to develop the 2017 and future utility and frontage parcel tax rates. It is a structure that increases utility rates to cover operating costs and increases frontage parcel taxes to cover annual capital underground infrastructure asset renewals over the years 2020 to 2024.

The proposed Plan was provided to the public for further comment at the Village Hall meeting on November 18, 2019 and written comments were accepted up to November 19, 2019.

The Village has received one written comment prior to the writing of this report. There were no comments or feedback provided during the presentation. A summary of the written comment follows:

- The Village needs to build a fire hall/the firemen are so important to Cumberland (fire & highway rescues)/wants to build the fire hall once and build it right.

All comments received at any time regarding the financial plan will be added to the Council reader file for review. Staff is recommending that Council give first reading to the 2020-2024 Financial Plan Bylaw and the first three readings to the Utility Rates Amendment bylaws. The financial plan bylaw is currently scheduled to come back to Council December 9, 2019 and January 13, 2020 for additional readings and final adoption. The Utility Rates Amendment bylaws are currently scheduled to come back to Council December 9, 2019 for adoption. The financial plan and tax rate bylaws must be passed before May 15, 2020 to meet statutory deadlines. The utility rate bylaws must be passed before January 1, 2020 to be in effect for the 2020 year. The scheduled reading dates are all within these timeframes.

Overview of Impacts Proposed

Attachment one is an overview of relevant financial information including the proposed change in taxation revenue from 2019 to 2020. Attachment two provides rate payers with the impact that the proposed 2020-2024 Financial Plan is expected to have on an average single family household, an average strata condo unit, and a commercial property with a median assessed property value in Cumberland.

Please note that the 2020 assessment values and the requisitions for the regional district services school tax, police tax, Municipal Finance Authority and BC Assessment rates for 2020 are still not available in the latter projection.

Property Tax and Utility Rates Impact on an Average Single-family Household

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1117 will result in a 4.62% increase to the average single-family household. The Utility Rates included in the attached rate amendment bylaws increases user fees for the average single-family household by just under 2%. The frontage tax rate increases that will come to Council in the new year will increase for the average single-family household by just over 9%. Overall when taxes collected for other taxing authorities are added and a home owner grant is claimed, the charges to an average single-family household increases 7% from 2019 to 2020.

Translated to dollars, currently proposed 2020 property taxes payable for municipal purposes, other taxing authorities, frontage taxes and utility fees are estimated to increase for an average single-family household by \$170.

Property Tax and Utility Rates Impact on an Average Family Strata Home (i.e. Condos)

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1117 will result in a 4.62% increase to the average multi-family household. The Utility Rates included in the attached rate amendment bylaws increases user fees for the average multi-family household by just under 2%. The frontage tax rate increases that will come to Council in the new year will increase for the average multi-family household by just over 9%. Overall when taxes collected for other taxing authorities are added and a home owner grant is claimed, the charges to an average multi-family household increases 6% from 2019 to 2020.

Translated to dollars, currently proposed 2020 property taxes payable for municipal purposes, other taxing authorities, frontage taxes and utility fees are estimated to increase for an average multi-family household by \$125. At this point though, it is unknown how the 2020 assessment values will impact Condo type homes because the assessment values for these properties are expected to increase at a higher rate than single-family homes. Both of these types of properties are taxed at the class 1 tax rate. Therefore, it is possible that if assessment values for condo type homes increase at a higher rate than in previous years, the increase for these types of properties may be higher than this projection that is based on 2019 assessment values.

Property Tax and Utility Rates Impact on a Commercial Property with a Median Assessed Value

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1117 will result in a 4.62% increase to a commercial property with a median assessed value. The Utility Rates included in the attached rate amendment bylaws increases user fees for a commercial property by just under 7%. The frontage tax rate increases that will come to Council in the new year will increase for a commercial property by just over 9%. Overall when taxes collected for other taxing authorities are added, the charges to a commercial property with a median assessed value increases 7% from 2019 to 2020.

Translated to dollars, currently proposed 2020 property taxes payable for municipal purposes, other taxing authorities, frontage taxes and utility fees are estimated to increase for a commercial property with a median assessed value by \$461.

Highlights of The Plan

Attachment three to this report shows 2020 staffing requests. Attachments four and five to this report provide an overview of the five year capital and operating projects proposed in the financial plan over and above base annual operating budgets. Council will recognize the format from the November 1st workshop. All amendments made at that meeting are reflected in the financial plan Bylaw No. 1117.

Council made a resolution at the Committee of the Whole meeting on November 1st to direct staff to make the following changes to the draft 2020-2024 Financial Plan:

- i. THAT Council include the \$21,600 Human Resource Consulting budget for five years in the financial plan for 2020 to 2024.
- ii. THAT Council allocate \$1,000 for the Student Council for 2020 in the 2020 to 2024 Financial Plan funded through Host Amenity Funds.

Further information and highlights of the proposed plan are outlined in the attached Council report dated November 1, 2019 (attachment seven).

FINANCIAL IMPLICATIONS

The bottom line proposed increases to municipal revenues for the municipality in 2020 from existing 2019 rate payers are:

- Municipal taxes is 4.62%
- Utility fees is 1.96%
- Frontage taxes is 9.6%.

The utility rates amendment bylaws attached for Council consideration are only for 2020 quarterly rates so that each year that follows, staff can reconfirm cost estimates and analyze water consumption.

The projected taxes and utility revenue increases (includes growth *) for the years 2021 to 2024 follows:

Revenue Source	2021	2022	2023	2024
Property Taxation (\$)	\$212,500	\$230,220	\$237,530	\$243,810
Property Taxation (%)	6.73%	6.83%	6.60%	6.36%
Utility Fees (\$)	\$73,900	\$78,180	\$64,860	\$66,515
Utility Fees (%)	4.24% *	4.30% *	3.42% *	3.39% *
Frontage Parcel Tax (\$)	\$57,190	\$63,850	\$71,225	\$79,610
Frontage Parcel Tax (%)	11.77%	11.76%	11.74%	11.74%

* Above figures includes growth, actual increases to existing rate payers each year is expected to be less

OPERATIONAL IMPLICATIONS

Finance oversees the financial planning process and all staff are involved in the financial planning process prior to the bylaw coming to Council for consideration.

ATTACHMENTS

1. Financial Position and Proposed Tax Revenue Increase
2. Property Tax Impact on Average Family Households and Commercial Properties
3. Proposed Staff Changes
4. Proposed Five Year Capital Projects
5. Proposed Five Year Operating Projects & Transfers To Reserve
6. 2020-2024 Financial Plan Bylaw No. 1117, 2019
7. Water Rates Amendment Bylaw No. 1118, 2019
8. Sanitary Sewer Rates Amendment Bylaw No. 1119, 2019
9. Solid Waste Collection Fees Amendment Bylaw No. 1120, 2019

STRATEGIC OBJECTIVE

The financial planning process starts with Council setting strategic priorities for the Village. Several projects in the financial plan will achieve these strategic priorities.

CONCURRENCE

None

OPTIONS

1. Receive this report for information.
2. Council may direct staff to make any required amendments to the Financial Plan.
3. Council give first reading of bylaw number 1117.
4. Council may direct staff to make any required amendments to the Utility Rates.
5. Council give first three readings of bylaw numbers 1118, 1119 and 1120.
6. Any other action deemed appropriate by Council.

Respectfully submitted,

Michelle Mason
Chief Financial Officer/Deputy CAO

Tanalee Hesse
Interim Chief Administrative Officer