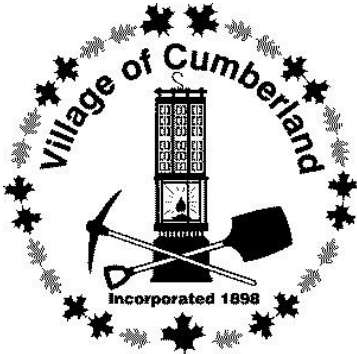


COUNCIL REPORT



REPORT DATE: November 15, 2020
 MEETING DATE: November 23, 2020

TO: Mayor and Councillors

FROM: Michelle Mason, Chief Financial Officer/Deputy Chief Administrative Officer

SUBJECT: 2021-2025 Financial Plan Bylaw and 2021 Utility Rate Amendment Bylaws

RECOMMENDATION

- i. THAT Council receive the 2021-2025 Financial Plan Bylaw and 2021 Utility Fee Bylaws report.
- ii. THAT Council give first reading of 2021-2025 Financial Plan Bylaw No. 1138, 2020.
- iii. THAT Council give first, second and third reading of:
 - a. Water Rates Amendment Bylaw No. 1140, 2020
 - b. Sanitary Sewer Rates Amendment Bylaw No. 1141, 2020
 - c. Solid Waste Rates Amendment Bylaw No. 1142, 2020

PURPOSE

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.

PREVIOUS COUNCIL DIRECTION

Date	Resolution
November 9, 2020	ii. THAT Council direct staff to prepare the public meeting package and the financial plan bylaw for the November 16, 2020 Village Hall/Budget open house to include: <ul style="list-style-type: none"> • addition of 1 FTE administrative and customer service position of \$70,490 annually, • Increase in janitorial hours of \$29,070 annually, • Increase in parks budget operating of \$14,600 annually, • Monetizing of RV sani dump, • Funding the portable toilet in Village Square for twelve months a year,

	<ul style="list-style-type: none"> • Adding Tree management Plan for hazard trees at Lake Park of \$5,000 in 2022. <p>iii. THAT Council direct staff to increase 2021 tax revenue to 4.95%, maximize the property tax cap on Class 2, utilities, and using Class 7, managed forest, to supplement that rate and use growth taxes up to \$80,000.</p>
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BACKGROUND

Process

The 2021-2025 Financial Plan Bylaw No. 1138 is on the agenda for first reading. In addition, the attached Utility Rates Amendment bylaws include utility fees that will generate the utility revenues required in the plan and are on the agenda for the first three readings.

The proposed Plan was provided to the public for further comment at the Village Hall meeting on November 16, 2020 and written comments were accepted up to the end of day November 17, 2020 in order to be included in this report.

The Village has received two written comments prior to the writing of this report. There were four questions and comments provided during the open house. A summary of the Village Hall and written comments follows:

- Comments about the functionality of the website in relation to the new administration and public service position.
 - Staff clarified that the new position would focus on customer service and feedback obtained through being the front line contact person for the Village would create efficiencies and effectiveness for Village communication and one of the focus points for this would be understanding how the website can provide better information.
- What is "Community interface Sixth Street parking improvements" at a budget of \$125,000 for two years.
 - This project will provide upgrades to Sixth Street as per the Village Park masterplan details which can be found on the Village website by searching "plans, reports and studies".
- Concern about the significant tax increases and possible deferral or relief to low income individuals.
 - Information about the Provincial tax deferral program was provided at the meeting and the detailed written comments regarding this concern has been provided to Council in their weekly update.
- Written questions to Council are summarized as follows and suggestions in the written comment have been provided to Council in their weekly update:

- Are there any budget adjustments that can be made to reduce the upcoming tax burden on the local residents?
- Can the village consider a restructuring of its current property tax system to alleviate the burden on low income families and/or increase the tax base on industrial lands to better reflect the economic gains on this land classification?
- Why is the village of Cumberland providing free utilities with its new dumping station and bike wash station which is largely used by outsiders when residents are being charged for these utilities on top of their high property taxes paid? Has Council considered an annual paid pass system/window sticker for non-residents to use this service and/or a pass for non-residents to access the popular bike trails and lake park?
- Is it necessary to spend \$65,000 on a new van for bylaw enforcement at this time?
- The backup plan for the projected \$80,000 revenue growth, should that growth not occur?
 - Discussion took place regarding the use of the financial stabilization reserve fund to supplement unrealized growth taxes in the plan.
- The Cumberland Business Association (BA) asks that Council considers formulating a line item in the budget under Economic Development specifically for supporting your local BA with administrative costs.

All comments received at any time regarding the financial plan will be added to the Council weekly update for review. Staff is recommending that Council give first reading to the 2021-2025 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 14, 2020 and January 11, 2021 for additional readings and final adoption. Council may still make changes to the financial plan bylaw at the December 14, 2020 meeting before third reading. The Utility Rates Amendment bylaws are currently scheduled to come back to Council December 14, 2020 for adoption. The financial plan and tax rate bylaws must be passed before May 15, 2021 to meet statutory deadlines. The utility rate bylaws must be passed before January 1, 2021 to be in effect for the first quarter of 2021. The scheduled reading dates are all within these timeframes.

If Council wishes to make any changes to the attached bylaws, staff recommends the changes be made at this meeting. The following process would be recommended if Council wishes to changes the bylaws that are presented with this report:

- Provide changes to the bylaw in a resolution from the bylaws presented
- Give first reading of the financial plan bylaw and the financial plan bylaw will come back to Council as read a first time for further consideration at the December 14th meeting with the changes included
- If Council wishes to change the utility rates bylaws from the bylaws presented, staff recommend that the changes be given in a resolution then Council give the first three

readings of the bylaws in order to move the process forward for adoption prior to January 2021.

Overview of Impacts Proposed

Attachment one is an overview of relevant financial information including the proposed change in taxation revenue from 2020 to 2021. Attachment two provides rate payers with the impact that the proposed 2021-2025 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 2021 assessment values and the requisitions for the regional district services school tax, police tax, Municipal Finance Authority and BC Assessment rates for 2021 are still not available in the latter projection.

Property Tax and Utility Rates Impact on an Average Single-family Household (Attachment 2)

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1138 will result in a 4.93% 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 4%. The frontage tax rate increases that will come to Council in the new year will increase for the average single-family household by just under 7%. New to 2021 is a parcel tax for the water supply upgrades debt of up to \$66 per parcel. 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 8% from 2020 to 2021.

Translated to dollars, currently proposed 2021 property taxes payable for municipal purposes, other taxing authorities, frontage and parcel taxes and utility fees are estimated to increase for an average single-family household by \$269 (\$22/month).

Property Tax and Utility Rates Impact on an Average Family Strata Home (i.e. Condos) (Attachment 2)

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1138 will result in a 4.93% 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 5%. The frontage tax rate increases that will come to Council in the new year will increase for the average multi-family household by just under 7%. New to 2021 is a parcel tax for the water supply upgrades debt of up to \$66 per parcel. 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 9% from 2020 to 2021.

Translated to dollars, currently proposed 2021 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 \$236 (\$20/month).

Property Tax and Utility Rates Impact on a Commercial Property with a Median Assessed Value (Attachment 2)

We expect that the impact of the municipal portion of taxes as proposed in Bylaw 1138 will result in a 4.93% 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 over 3%. The frontage tax rate increases that will come to Council in the new year will increase for a commercial property by just under 7%. New to 2021 is a parcel tax for the water supply upgrades debt of up to \$66 per parcel. Overall when taxes collected for other taxing authorities are added, the charges to a commercial property with a median assessed value increases 6% from 2020 to 2021.

Translated to dollars, currently proposed 2021 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 \$471 (\$39/month).

Highlights of The Plan

Attachment three to this report shows 2021 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 Committee of the Whole meetings. All amendments made at those meetings are reflected in the financial plan Bylaw No. 1138 with the exception of Council direction to “Monetize the RV sani dump”. Staff will need to analyze this in 2021 for a possible budget amendment that would be required.

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 2021 to 2025.

Further information and highlights of the proposed plan are outlined on the Village website at: <https://cumberland.ca/financial-plan/>.

ALTERNATIVES

1. Council may make any changes to the Financial Plan and give first reading of the changed bylaw.
2. Council consider including COVID-19 recovery funding toward reduction of taxation in the 2021-2025 Financial Plan.
3. Council may make any changes to the Utility Rates and give readings of the changed bylaws.
4. Council can direct staff to bring back further information before considering the bylaws.
5. Not proceed with any action at this time.

STRATEGIC OBJECTIVE

- Healthy Community
- Quality Infrastructure Planning and Development
- Comprehensive Community Planning
- Economic Development

FINANCIAL IMPLICATIONS

The bottom line proposed increases to municipal revenues for the municipality in 2021 from existing 2020 rate payers are:

- Municipal taxes is 4.93%
- Utility fees is 3.58%
- Frontage taxes is 6.97%.

The utility rates amendment bylaws attached for Council consideration are only for 2021 quarterly rates so that each year that follows, staff can reconfirm cost estimates and analyze water consumption. Both water and sewer increases are around 2%. The big adjustment to the utility fees in 2021-2025 are the increases (\$17 per year) to solid waste collection fees for significant increases to collection and landfill costs.

Revenue Source	2021	2022	2023	2024	2025
Property Taxation (\$)	\$158,340	\$169,775	\$183,830	\$195,250	\$157,230
Property Taxation (%)	4.93%	4.92%	5.08%	5.13%	3.93%
Utility Fees (\$)	\$47,955	\$76,460	\$91,600	\$92,550	\$86,450
Utility Fees (%)	3.58% *	4.26% *	4.89% *	4.71% *	4.21% *
Frontage Parcel Tax (\$)	\$41,995	\$44,600	\$46,000	\$47,600	\$51,230
Frontage Parcel Tax (%)	8.65% *	8.45% *	8.04% *	7.7% *	7.69% *
Estimated Parcel Tax for Water Supply Debt (\$)	\$111,800	\$111,800	\$111,800	\$111,800	\$111,800

The proposed taxes and utility revenue increases for the years 2021 to 2025 follows:

* Above utility and frontage parcel tax revenues includes growth, actual increases to existing rate payers each year will vary from the above revenue increases

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. 1138, 2020
7. Water Rates Amendment Bylaw No. 1140, 2020
8. Sanitary Sewer Rates Amendment Bylaw No. 1141, 2020
9. Solid Waste Collection Fees Amendment Bylaw No. 1142, 2020

CONCURRENCE

None

Respectfully submitted,

Michelle Mason
Chief Financial Officer/Deputy CAO

Clayton Postings
Chief Administrative Officer