



STAFF REPORT TO COMMITTEE

DATE OF REPORT September 22, 2023
MEETING TYPE & DATE Electoral Area Services Committee of December 20, 2023
FROM: Utilities Division
Operations Department
SUBJECT: Proposed Bylaw Amendments – CVRD Water System Service Areas
FILE: 3900-30

PURPOSE/INTRODUCTION

The purpose of this report is to seek approval for proposed amendments to the: Lambourn Estates; Arbutus Mountain Estates; and Burnum Water System Service areas.

RECOMMENDED RESOLUTION

That it be recommended to the Board:

1. That CVRD Bylaw No. 3034 – Lambourn Estates Water System Establishment bylaw, 2008, be amended to increase the maximum annual requisition limit from \$51,500 to the greater of \$64,375, or an amount that equals the amount raised by applying the property value tax rate of \$0.36400 per \$1,000 to the net taxable value of land and improvements in the service area.
2. That CVRD Bylaw No. 2987 – Arbutus Mountain Estates Water System Establishment bylaw, 2007, be amended to increase the maximum annual requisition limit from \$112,410 to the greater of \$140,512 or an amount that equals the amount raised by applying the property value tax rate of \$1.39085 per \$1,000 to the net taxable value of land and improvements in the service area.
3. That CVRD Bylaw No. 3707 – Burnum Water System Establishment bylaw, 2013, be amended to increase the maximum annual requisition limit from \$59,000 to the greater of \$73,750, or an amount that equals the amount raised by applying the property value tax rate of \$0.61874 per \$1,000 to the net taxable value of land and improvements in the service area.

BACKGROUND

Lambourn Estates Water: The current requisition is at the maximum allowed and was last increased in 2018. It is proposed to expand by an addition of several properties in 2024, with further development expected following inclusion. By increasing the maximum requisition and adding the incorporated property tax valuation as an additional basis for requisition, this water system will be able to maintain its financial viability.

Arbutus Mountain Estates Water: The current requisition is not at the maximum allowed and was last increased in 2017. It is proposed to expand through additional subdivisions. By increasing the maximum requisition and adding the incorporated property tax valuation as an additional basis for requisition, this water system will be able to maintain its financial viability.

Burnum Water: The current requisition is not at the maximum allowed and was last increased in 2018. It is proposed to expand by a few lots once a provincial water license is approved. By increasing the maximum requisition and adding the incorporated property tax valuation as an additional basis for requisition, this water system will be able to maintain its financial viability.

As asset renewal projects are imminent, an increase in the requisition will be required for most utility systems. Most service areas grow and expressions of interest to join the service area have been received. Adding new parcels to a service area where the requisition limit has been reached causes individual parcel taxes to drop. Often user fees are then increased to cover the necessary cost of service. To help address this issue, staff recommend that the method of establishing the requisition limit be changed from a flat 'cap' to a limit that incorporates a property value tax rate. By adding this recovery method via assessed values, the Local Government Act 349 (3) requires a change to be approved by the Inspector of Municipalities.

ANALYSIS

To address the cost of providing the services, a higher requisition limit is required.

Using a requisition limit based on the assessed value of property provides greater flexibility to address increases to the cost of providing services, or service area expansions. The Board retains control over the amount that is to be requisition annually through the budget process.

Parcel taxes will continue to be charged for these services, but with this amendment, the parcel tax will not have to be reduced as new properties join the service area and costs of providing the service increase.

Staff also recommend minor housekeeping/wording changes to update outdated legislative references.

FINANCIAL CONSIDERATIONS

Lambourn Estates Water: The annual cost of providing this water service is recovered by user fees of \$580 per year and parcel tax of \$321. The maximum parcel tax requisition has been \$51,500 for Lambourn Estates or \$321, based on 160 customers.

The proposed new maximum is \$64,375 or \$402 per home based on existing 160 homes. An increase is required because this budget has been at maximum requisition for several years, and several properties are proposed to join.

At the time of this report:

- Operating Reserves are \$51,816 (Reserve range is \$21,000-\$50,000).
- Capital reserves are at \$624.
- Lambourn pays a retroactive allocation adjustment of \$11,249 until 2024.
- Long term debt for treatment plant upgrades totals \$4,956 annually until 2030.

Short- and Long-term Asset Requirements

The reservoir system is at the end of its life and requires replacement.

Arbutus Mountain Water: The annual cost of providing this water service is recovered by user fees of \$280 (proposed increase to \$300 in 2024) per year and parcel tax of \$311. The maximum parcel tax requisition has been \$112,410 for Arbutus Mountain or \$702, based on 160 customers.

The proposed new maximum is \$140,512 or \$878 per home based on existing 160 homes. The budget is not at the maximum requisition limit, but an increase is required because more subdivisions are proposed.

At the time of this report:

- Operating Reserves are \$12,695 (Reserve range is \$14,000-\$50,000)
- Capital reserves are at \$58,838.
- Arbutus Mountain pays a retroactive allocation adjustment of \$4,126 until 2024.
- There is currently no debt for this service.

Short- and Long-term Asset Requirements

Most infrastructure is relatively new with no immediate upgrades required.

Burnum Water: The annual cost of providing this water service is recovered by user fees of \$450 per year and parcel tax of \$520. The maximum parcel tax requisition has been \$59,000 for Burnum or \$567, based on 104 customers.

The proposed new maximum is \$73,750 or \$709 per home based on existing 104 homes. The budget is not at the maximum requisition limit, but an increase is required because several properties are proposed to join.

At the time of this report:

- Operating Reserves are \$44,090 (Reserve range is \$13,000-\$50,000)
- Capital reserves are at \$0.
- Burnum has no retroactive allocation adjustment.
- Long term debt for treatment plant upgrades totals \$12,780 annually until 2045.

Short- and Long-term Asset Requirements

The treatment building and reservoir system has been upgraded. The well systems may require additional upgrades.

COMMUNICATION CONSIDERATIONS

Not applicable.

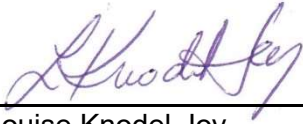
STRATEGIC/BUSINESS PLAN CONSIDERATIONS

The Corporate Strategic Plan includes an objective to demonstrate strong fiscal leadership. The recommended resolution provides a reliable essential service.

Referred to (upon completion):

- ☐ Community Services (*Cowichan Community Centre, Cowichan Lake Recreation, South Cowichan Recreation, Arts & Culture, Facilities & Transit*)
- ☐ Corporate Services (*Finance, Human Resources, Information Technology, Legislative Services*)
- ☐ Operations (*Utilities, Parks & Trails, Recycling & Waste Management*)
- ☐ Land Use Services (*Community Planning, Strategic Initiatives, Development Services, Building Inspection & Bylaw Enforcement*)
- ☐ Strategic Services (*Communications & Engagement, Economic Development, Emergency Management, Environmental Services*)

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Reviewed for form and content and approved for submission to the Committee:

Resolution:

☒ Corporate Officer

Financial Considerations:

☒ Chief Financial Officer