



VILLAGE OF BELCARRA
Financial Plan Public Consultation
Regular Council Meeting
Monday, April 12, 2021
7:00 pm on Zoom



As a result of a resident enquiry below, the following information has been provided by the Financial Consultant:

“Could you please provide the rational (the bases of the Plan) for the proposed increases so that their legitimacy and necessity can be evaluated, other than at the last moment before the meeting.”

Overall increases are supportable based on the Village of Belcarra net debt position (see table below) and the relatively low levels in its reserves and surpluses, which are well below those of comparable or benchmark communities (see comparisons in budget document on Council agenda). The build up of the Village reserve and surplus balances to more reasonable levels will in part move the Village towards a net asset position as opposed to its current net debt position.

Village of Belcarra’s Financial Position			
	2020 Year-End	2019 Year-End	2018 Year-End
	(unaudited)		
Financial Assets	\$2,531,737	\$2,062,667	\$1,850,225
Financial Liabilities	\$3,962,108	\$4,179,609	\$4,342,633
Net Debt	\$(1,430,371)	\$(2,116,942)	\$(2,492,408)

The increases in the Village general, water and WARD (Waste & Recycle Depot) operating funds are being driven by specific factors, including the following:

General

- Increased operating costs and inflationary increases
- The need to generate enough funds to be transferred to general reserves for future asset replacements/renewals and to increase the general fund surplus to a healthier level to provide enough funds to finance operations before property taxes are collected (occurs in middle of the year). Ultimately sufficient general reserve and surplus balances will allow the Village to avoid or minimize borrowing for asset replacements, thereby saving taxpayers interest costs

Water

- Increased water costs from Metro Vancouver
- Increased water conveyance costs from the District of North Vancouver
- Increased water usage which translates into increased water costs
- Allocation of centralized support costs from the general operating fund to ensure that the water utility pays its fair share of support costs and is not being subsidized by the general taxpayer. Utilities need to be self-sustaining in that user fees need to cover all of the operating/capital costs associated with the utility

- The need to generate enough funds to be transferred to the water reserve for future infrastructure replacements/renewals, for new water infrastructure including that related to increase water flows for firefighting purposes, and to increase the water operating fund surplus to a healthier level to provide enough funds to finance water operations before utility fees are collected (in middle of the year) and to provide for emergency expenditures. Ultimately sufficient water reserve and surplus balances will allow the Village to avoid or minimize borrowing for critical water infrastructure, thereby saving users interest costs.

WARD

- Increased contractor costs for the pick-up and disposal of refuse, recyclables and organics from the depot, which is partly driven by more materials being dropped off at the depot
- Allocation of centralized support costs from the general operating fund to ensure that the WARD utility pays its fair share of support costs and is not being subsidized by the general taxpayer. Again, utilities need to be self-sustaining in that user fees need to cover all of the operating/capital costs associated with the utility.
- The need to generate enough funds to be transferred to reserves for future asset replacements/renewals at the depot, and to increase the WARD operating fund surplus to a healthier level to provide enough funds to finance WARD operations before utility fees are collected (in middle of the year) and to provide for emergency expenditures. Ultimately sufficient reserve and surplus balances will allow the Village to avoid or minimize borrowing for critical WARD infrastructure, thereby saving users interest costs.

Overall, the question becomes how rapidly should the Village move towards a healthier financial position while balancing the need for affordability? Three (3) potential financial scenarios, with different property tax and user fee increases and related outcomes, have been highlighted on the Council agenda for public comment in order to help Council achieve this all-important balance.