



COUNCIL REPORT

Date: January 22, 2024
From: Ken Bjorgaard, Financial Consultant
Subject: Draft Long-Term (2024 – 2038) Financial Plan & Related 2024 Budget

Recommendations:

THAT the 2024 – 2028 financial plan/budget schedule as shown in attached Appendix “B” be approved;

THAT the Financial Sustainability Report (includes the base 2024 budget and long-term financial/asset management plans) be presented to the public for feedback at the budget consultation session scheduled for February 5, 2024, together with the following property tax and utility user rate increases:

Property Taxes:

- 6% increase in property taxes in 2024;
- 8% increase in property taxes in 2024;
- 10% increase in property taxes in 2024;
- ___% increase in property taxes in 2024;
- 4% increase in property taxes in each year from 2025 to 2028 (all property tax increases in 5-year Financial Plan after 2024 are subject to review and change in the next budget cycle in 2025);

Water User Fees:

- 20% increase in water user rates in 2024;
- ___% increase in water user rates in 2024;
- 15% increase in water user rate in 2025 and 2026 and 5% increases in 2027 and 2028 (all water rate increases in 5-year Financial Plan after 2024 are subject to review and change in the next budget cycle in 2025);

Waste & Recycle Depot (WARD) User Fees:

- 20% increase in WARD user rates in 2024;
- ___% increase in WARD user rates in 2024;
- 10% increase in WARD user rate in 2025 and 2026 and 4% increases in 2027 and 2028 (all WARD rate increases in 5-year Financial Plan after 2024 are subject to review and change in the next budget cycle in 2025).

Purpose:

The purpose of this report is to update Council on the Village's Draft Long-Term (2024 – 2038) Financial Plan & related 2024 Budget (Financial Plan/Budget) and to provide a process and schedule for meeting the legislative timeline for adopting the Village's 2024 – 2028 Financial Plan and 2024 Tax Rates Bylaws. The timeline includes the legislative requirement for public consultation on the Village's proposed Financial Plan/Budget.

Background:

The Village of Belcarra's Road Map to Financial Sustainability (Financial Sustainability Report), which includes the Village's Draft Financial Plan/Budget, was presented to the Finance Standing Committee on December 6, 2023. Based on feedback received at the meeting additional OCP and Sasamat Volunteer Fire Department (SVFD) information has been added to the Financial Sustainability Report as shown in attached Appendix "A". The Financial Sustainability Report has also been updated with the latest financial plan/budget information and is available at the following link: [Village-of-Belcarra-Updated Financial-Sustainability-Report.pdf](#)

Financial Sustainability Report

A process and schedule for moving forward with adopting the 2024 – 2028 Financial Plan and 2024 Tax Rates Bylaws is provided in Appendix "B". The process includes a public budget consultation and feedback session scheduled for Monday, February 5, 2024. This session would be a separate meeting before the regular Council meeting and would take place from 6:00 pm to 7:00 pm. Other opportunities for public feedback on the Financial Sustainability Report, after the 2024 – 2028 Financial Plan/Budget is finalized, will be considered as this document is an extensive community report which impacts all Belcarra residents. After receiving and considering public feedback and comment Council is scheduled to provide final approval of the Village's 2024 – 2028 Financial Plan (includes 2024 budget) on February 20, 2024 at the regularly scheduled Council meeting, so that the Financial Plan Bylaw can be prepared.

Discussion:

Property Tax and Utility Rate Scenarios

Three (3) 2024 budget scenarios are shown in the table below and are summarized as follows.

Scenario "A" - 6% increase in property taxes; 20% increase in water user rates (connected & unconnected); 20% increase in WARD user rates

Results in overall 9.5% or \$583.00 increase for those connected to the water system and 8.6% or \$490.00 for those not connected to the water system

Scenario "B" - 8% increase in property taxes; 20% increase in water user rates (connected & unconnected); 20% increase in WARD user rates

Results in overall 10.5% or \$643.00 increase for those connected to the water system and 9.7% or \$550.00 for those not connected to the water system

Scenario "C" - 10% increase in property taxes; 20% increase in water user rates (connected & unconnected); 20% increase in WARD user rates

Results in overall 11.5% or \$704.00 increase for those connected to the water system and 10.8% or \$611.00 for those not connected to the water system

2024 Increases in Municipal Property Taxes, User Rates and Parcel Tax Based on Different % Increases

Based on Estimated Average Value Home 2023 = \$2,412,568 9.25% Market increase over 2022

| | | Scenario "A" (6% increase in property taxes, 20% increase in water user rates, 20% increase in WARD user rates) | | | Scenario "B" (8% increase in property taxes, 20% increase in water user rates, 20% increase in WARD user rates) | | | Scenario "C" (10% increase in property taxes, 20% increase in water user rates, 20% increase in WARD user rates) | | | |
|--|--------------|--|-------------|-------------|--|--------------|-------------|---|--------------|-------------|--|
| FOR AVERAGE ASSESSED VALUE RESIDENTIAL CLASS PROPERTY | 2023 Actual | \$ Levies | % Increase | \$ Increase | \$ Levies | % Increase | \$ Increase | \$ Levies | % Increase | \$ Increase | |
| <u>For Homes Connected to Water System</u> | | | | | | | | | | | |
| Property Taxes | 3,017 | 3,198 | 6.0% | 181 | 3,258 | 8.0% | 241 | 3,319 | 10.0% | 302 | |
| Water User Fee (connected to water system) | 1,543 | 1,852 | 20.0% | 309 | 1,852 | 20.0% | 309 | 1,852 | 20.0% | 309 | |
| Water Parcel Tax | 1,110 | 1,110 | 0.0% | 0 | 1,110 | 0.0% | 0 | 1,110 | 0.0% | 0 | |
| Waste & Recycle Depot (WARD) User Fee | 467 | 560 | 20.0% | 93 | 560 | 20.0% | 93 | 560 | 20.0% | 93 | |
| Total Property Taxes, User Rates & Parcel Tax | 6,137 | 6,720 | 9.5% | 583 | 6,780 | 10.5% | 643 | 6,841 | 11.5% | 704 | |
| <u>For Homes Not Connected to Water System</u> | | | | | | | | | | | |
| Property Taxes | 3,017 | 3,198 | 6.0% | 181 | 3,258 | 8.0% | 241 | 3,319 | 10.0% | 302 | |
| Water User Fee (not connected to water system) | 1,082 | 1,298 | 20.0% | 216 | 1,298 | 20.0% | 216 | 1,298 | 20.0% | 216 | |
| Water Parcel Tax | 1,110 | 1,110 | 0.0% | 0 | 1,110 | 0.0% | 0 | 1,110 | 0.0% | 0 | |
| Waste & Recycle Depot (WARD) User Fee | 467 | 560 | 20.0% | 93 | 560 | 20.0% | 93 | 560 | 20.0% | 93 | |
| Total Property Taxes, User Rates & Parcel Tax | 5,676 | 6,166 | 8.6% | 490 | 6,226 | 9.7% | 550 | 6,287 | 10.8% | 611 | |
| | | | | | | | | | | | |

The 20% increases in water and WARD user rates are reflected in each of the scenarios above as the Asset Management Plan results, as shown below, indicate that these utilities are not setting aside enough funds for the replacement of their assets and infrastructure which will need to be replaced in the future (see funding gaps below). The sustainable annual funding shown below does not include funds that will be needed for new infrastructure or assets.

| Assets Groups (Systems) | Sustainable Annual Funding | Actual Annual Funding* | Difference [Annual Funding - Gap or Excess]* |
|---|----------------------------|------------------------|--|
| Land & Natural Assets | N/A | N/A | N/A |
| Buildings & Components | \$30,454 | As per below | As per below |
| Equipment | \$7,720 | As per below | As per below |
| Fleet | \$41,667 | As per below | As per below |
| Information Systems | \$18,800 | As per below | As per below |
| Multi-Use Pathways, Trails & Road Shoulder (MTRS) Network | \$5,230 | As per below | As per below |
| Stormwater Collection | \$57,576 | As per below | As per below |
| Transportation | \$208,887 | As per below | As per below |
| Subtotal General Capital | \$370,334 | \$570,000 | \$199,666 |
| Waste & Recycle Depot | \$16,083 | \$1,000 | -\$15,083 |
| Water Treatment and Distribution | \$189,320 | \$23,200 | -\$166,120 |
| Grand Totals | \$575,737 | \$594,200 | \$18,463 |

* Reserve Funds are not allocated by asset group for General Capital but are considered part of the funding for all General Capital

Generally speaking, local governments are experiencing cost pressures due to inflation which is causing a strain on operating and capital budgets. A larger property tax increase would allow the Village to set aside more funds in reserves for capital projects that will be subject to inflation. There is always a balance that needs to be achieved between affordability for taxpayers and the cost of providing services including the funds that need to be set aside to renew or replace infrastructure in the future. A “pay as you go” approach which minimizes or avoids external debt means that reserves need to be proactively built up to pay for projects including the effects of inflation on project costs.

It is recommended that the following financial plan property tax and utility rate scenarios to be presented to the public for feedback at the consultation session planned for February 5, 2024, together with the Financial Sustainability Report. The blanks noted below are for any other scenarios that Council wishes to present.

Property Taxes:

- 6% increase in property taxes in 2024;
- 8% increase in property taxes in 2024;
- 10% increase in property taxes in 2024;
- ___% increase in property taxes in 2024;
- 4% increase in property taxes in each year from 2025 to 2028 (all property tax increases in 5-year Financial Plan after 2024 are subject to review and change in the next budget cycle in 2025);

Water User Fees:

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WARD User Fees:

- 20% increase in WARD user rates in 2024;
- ___% increase in WARD user rates in 2024;
- 10% increase in WARD user rate in 2025 and 2026 and 4% increases in 2027 and 2028 (all WARD rate increases in 5-year Financial Plan after 2024 are subject to review and change in the next budget cycle in 2025).

As noted above the property tax and utility rate increases shown beyond 2024 are subject to review and change in the following year. In other words, the increases are re-established each year with the immediate year (2024 for example) being the only one that cannot be changed once the Financial Plan Bylaw is adopted.

Comparative Property Taxes and Utility Rates in Benchmark Communities

Attached Appendix “C” shows 2023 property tax levels and user rates for Belcarra and its benchmark communities of Anmore, Bowen Island and Lions Bay. When viewing the data, it is important to remember that each community is unique in terms of its assessment base, its geography, its budgetary demands, etc. In other words, no two (2) communities are exactly alike.

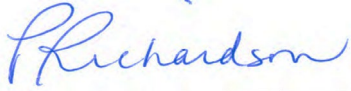
The Ministry’s assigned value of a representative house in Belcarra for 2023, was \$1,825,005; however, this value is artificially low as it is impacted by water lot values on certain properties. The true value of a representative home in Belcarra for 2023 is \$2,412,568 based on negating the impact of the water lots. This updated value and the associated tax impact on this value have been used in the property tax comparisons shown in Appendix “D”.

Attachments:

- Appendix “A” – Official Community Plan (OCP) & Sasamat Volunteer Fire Department (SVFD)
- Appendix “B” – VILLAGE OF BELCARRA 2024 – 2028 FINANCIAL PLAN/BUDGET SCHEDULE
- Appendix “C” – Comparative Property Taxes and Utility Rates with Benchmark Communities



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Concurrence: Paula Richardson,
Chief Administrative Officer

Appendix “A” – Official Community Plan (OCP) & Sasamat Volunteer Fire Department (SVFD)

OCP

As a policy framework plan with a long-range horizon, it is not appropriate to cost all aspects of the OCP. Further investigation, consultation, prioritization and budgeting will have to occur for any items that have financial implications. In other words, an implementation plan will have to be developed for the OCP initiatives which have a monetary impact including the various time periods for implementation. As the OCP initiatives are solidified they can come forward as Spending Package submissions which will be considered within the budgeting and financial planning process.

Implementation of the OCP will thus be incremental over the life of the plan. A local government is not required to implement everything in an OCP, but everything it implements must be consistent with the adopted OCP. Therefore, as a policy tool, the OCP will provide a framework for setting priorities, work plans, and municipal budgets.

Sasamat Fire Service

Fire response & rescue services are not a function or service of the Village of Belcarra. These services are provided through the Sasamat Volunteer Fire Department (SVFD), which is an established Metro Vancouver Regional District (Metro Vancouver) service (established by Supplementary Letters Patent dated January 10, 1980). The SFVD is a regional service, under the auspices of Metro Vancouver, which is cost shared by and undertaken for the benefit of the Villages of Belcarra and Anmore. As such these joint services are requisitioned and funded through Metro Vancouver.

The SVFD is governed by a seven (7) member Board of Trustees with three (3) representatives each from both Belcarra and Anmore Councils and one (1) member from Metro Vancouver.

Recent discussions at the SFVD Board of Trustees have centered around an accelerated timeframe for the replacement of the two firehalls in Anmore and Belcarra. This would require debt financing or borrowing on the part of Metro Vancouver, as Metro Vancouver only recently started to build up a reserve for the firehall replacement costs. As discussions are at an early stage, the magnitude of the capital expenditures and related borrowing for the firehalls has not yet been determined. Once the capital costs and related borrowing are solidified the financial impact on Village of Belcarra taxpayers can be determined.

Appendix “B” - VILLAGE OF BELCARRA 2024 – 2028 FINANCIAL PLAN/BUDGET SCHEDULE
(2024 Budget Cycle)

| DATE(S) | EVENT/TASK | PERSONS | COMMENTS |
|------------------------------|--|--|---|
| Monday February 5, 2024 | Regular Council Meeting – public consultation and feedback session on Long-Term Financial Plan including 2024 Budget | Council CAO & Staff Financial Consultant | Public budget consultation session to start at 6:00 pm and to begin with brief presentation by financial consultant |
| Tuesday February 20, 2024 | Regular Council Meeting – Council consideration and final direction on 2024 – 2028 Financial Plan/2024 Budget | Council | Includes approval of final property tax, water user fee and waste & recycling rate increases. |
| Monday March 11, 2024 | Regular Council Meeting – first, second & third readings of 2024 – 2028 Financial Plan Bylaw and 2024 Utility Rates Bylaw | Council | |
| Tuesday April 2, 2024 | Regular Council Meeting – adoption of 2024 – 2028 Financial Plan Bylaw and 2024 Utility Rates Bylaw | Council | |
| Monday April 22, 2024 | Regular Council Meeting – first, second & third readings of 2024 Tax Rates bylaw | Council | |
| Monday May 6, 2024 | Regular Council Meeting – adoption of 2024 Tax Rates bylaw | Council | |

Appendix “C” - Comparative Property Taxes and Utility Rates with Benchmark Communities

