

Date March 25, 2020
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Subject Rushmere Water System Parcel Tax Roll Bylaw

REQUEST

Adoption of Bylaw No. 2991, Rushmere Water System Parcel Tax Roll Bylaw.

OPTIONS

1. THAT Bylaw No. 2991 cited as “Regional District of East Kootenay – Rushmere Water System Parcel Tax Roll Bylaw No. 2991, 2020” be introduced.
2. THAT Bylaw No. 2991 cited as “Regional District of East Kootenay – Rushmere Water System Parcel Tax Roll Bylaw No. 2991, 2020” not proceed.

RECOMMENDATION

Option 1

BACKGROUND/ANALYSIS

The Rushmere Utility Advisory Commission has requested that the RDEK offer an opportunity for commutation (prepayment) of the debt portion of the parcel tax in conjunction with the upcoming financing renewal of the Municipal Finance Authority (MFA) debenture.

The Rushmere Water System Establishment Bylaw No. 2006 was adopted in 2007 for the purpose of constructing and operating a water system to serve Rushmere. The bylaw enacted collection of the parcel tax with an annual maximum requisition of \$81,500 or the product of \$10.00 per \$1,000 of the taxable assessed value of land and improvements, whichever is greater. The Bylaw did not allow for commutation.

Adoption of the proposed Parcel Tax Bylaw will enable the RDEK to offer Rushmere property owners a one-time opportunity for commutation in 2020. Staff support the commutation opportunity given that the number of parcels is relatively small.

SPECIFIC CONSIDERATIONS

Financial – Budget

Creation of a parcel tax roll bylaw will not result in changes to the 2020 – 2024 Financial Plan.

Financial – Parcel Taxes

The 2020 parcel tax for Rushmere is estimated at \$1,705, which includes \$1,115 for debt costs and \$590 for operating costs. If one or more properties elect to pre-pay the debt portion of the parcel tax, Finance will create and administer a second parcel tax for the operating portion of the parcel tax until the debenture is fully paid in 2040. This will result in a slight increase to salaries, benefits and shared overhead charged to the service.

Financial – Debenture Principal Balance/Estimated Commutation Amount

The principal balance at the time of renewal will be \$699,478. There are 44 taxable parcels in the water service area, so the cost of commutation for each parcel is estimated at \$15,897.

Financial – Parcel Tax Roll

The Bylaw instructs the Collector to create a parcel tax roll for the service. This step is not required as the Rushmere parcel tax roll was created in 2011.

Timeline

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| • April 3, 2020 | Adoption of Rushmere Parcel Tax Roll Bylaw |
| • Early May, 2020 | Letters mailed to all property owners |
| • August 15, 2020 | Deadline for payment from property owners to RDEK |
| • September 15, 2020 | Deadline for RDEK confirmation to MFA |

Process

Following introduction, Bylaw No. 2991 will be considered for three readings and adoption on April 3, 2020.

Attachment