

Staff Report to Council

Engineering & Operations and Financial Services

FILE: 05-1615-01-21

REPORT DATE: December 03, 2021 **MEETING DATE:** December 13, 2021
TO: Mayor and Council
FROM: Samantha Maki, Director of Engineering & Operations AND
Cheryl Harding, Director of Financial Services
SUBJECT: Parking Lot Items from November 22, 2021 Business Planning

CHIEF ADMINISTRATIVE OFFICER REVIEW/APPROVAL:



RECOMMENDATION(S):

THAT Council:

- A. Receive for information the "Parking Lot Items from November 22, 2021 Business Planning" Staff Report as presented to Council on December 13, 2021; OR
- B. Other.

PURPOSE

At the November 22, 2021 Business Planning meeting Council identified the following Parking Lot items for staff to report back:

- 1. Water conservation and universal metering
- 2. Business vs Industrial taxation loss on industrial park

Staff also wanted to provide additional information on the Heritage Hall Accessibility interior options.

☒ Information Report

☐ Decision Report

☐ Direction Report

DISCUSSION

Analysis: The following provides the requested information for Council contemplation:

1. Water Conservation and Universal Metering

Generally speaking, on the benefits side, universal water metering promotes water conservation, environmental stewardship, offers residents equitable billing and provides effective detection systems for leaks and water loss. However, there is a significant capital investment as well as administration and maintenance costs that go along with conversion to a metering program.

Financial Considerations:

Although metering for new construction is usually financed by homebuilders and developers, conversion of existing property owners to metering would require consideration of a number of strategies being:

- Creation of a universal metering reserve fund using annual revenues
- Charging users for upfront installation costs
- Acquiring third-party financing through private suppliers
- Accessing provincial and federal funding programs
- Borrowing from the Municipal Finance Authority
- Gradual metering, such as voluntary programs

As per the City's Waterworks Bylaw No. 2343, the majority of businesses, commercial, industrial, institutional properties are already metered and in 2013, agricultural properties and multi-family residences were added as well.

Based on the City's records, there are 2,995 single family homes, 1648 townhomes, 2034 apartments, 4 churches, 56 commercial units and 4 restaurants that are currently unmetered and pay a flat rate. The estimated cost to install one water meter, excluding additional maintenance/administration costs and complex scenarios, is approximately \$1,500. At a high-level, this could amount to an initial capital investment of just under \$4.5M for just the single family properties listed above. This estimate does not include data collection equipment, software, administration costs or contingency.

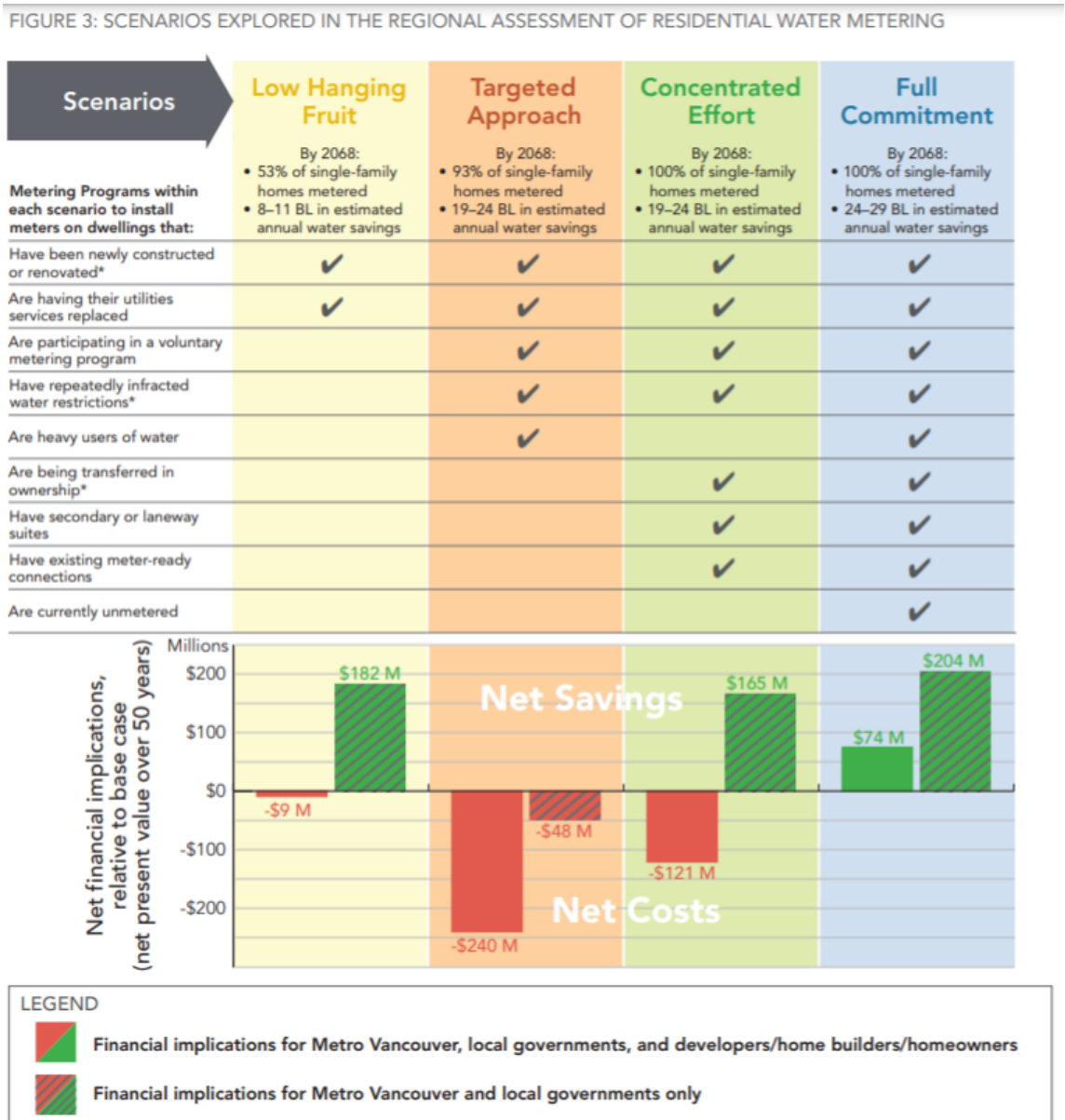
Resource Considerations:

Implementation of a residential water metering program would require creation of a detailed multi-year project plan that included staffing and resourcing needs. This would require planning and co-ordination between departments involved in planning,

implementing, and maintaining water meters, including engineering, operations, IT, billing, finance, corporate services and development services.

Additional Considerations:

Metro Vancouver has established a Best Practice Guide to aid municipalities in the assessment of residential water metering. Metro Vancouver is also currently assessing and discussing their role in the universal water metering initiatives with local municipalities. There are various approaches municipalities can take depending on the desired timeline and upfront costs, which is briefly summarized in Metro Vancouver's figure below:



Link to Metro Vancouver's full *Best Practices Guide*:

<http://www.metrovancouver.org/services/water/WaterPublications/ResidentialWaterMeteringinMV-BestPracticesGuide.pdf>

As the City is unlikely to be able to fund the high capital cost of an aggressive universal metering program, some gradual options to consider include:

- Amending the City's Waterworks Bylaw No. 4323, which is currently being reviewed for other reasons, to include requirements for water meters on any new, replaced or significantly renovated (\$50k or more) single-family properties. This approach would transfer the cost of meter installation to the developer and/or applicant;
- Increasing education and awareness on the usage of water and developing a communications strategy focused on water conservation procedures residents could implement themselves;
- Increasing monitoring and enforcement during annual water restrictions;
- Developing an incentives program to help encourage water conservation;
- Implementing voluntary programs, funded by the City's operating funds; and/or
- Implementing tiered or seasonal rates for water usage, depending on how much or when water is used.

Recommendation:

There is quite a bit of information already available on universal metering programs, including Metro Vancouver's Best Practices Guide and feasibility studies from various municipalities. These documents can be used to help guide the City's water metering initiatives beyond tactics that have already been implemented, such as the 2013 Waterworks Bylaw amendments to include additional properties. With that, staff recommend implementing some of the gradual options outlined above as part of 2023 business planning. This approach will allow the City to move towards a universal metering program over time and the strategies implemented could be reviewed at the staff level every few years to ensure the City's goals are being met.

2. Business versus Industrial Taxation Loss on Industrial Park

The industrial park is assigned classifications for property tax purposes by BC Assessment. The classifications are based on the operations of the respective tenants.

As of the 2021 Assessment Roll the assignment of classifications is currently comprised of:

- Phase 1 - 61% light industry and 39% business;
- Phase 2 - 1% light industry and 99% business;
- Phases 3 and 4 – 100% business, although there were no buildings constructed at time of 2021 assessment roll preparation.

During business planning, Council requested the amount of taxation loss resulting from the industrial park being assessed at Class 6 Business instead of Class 5 Light Industry.

If the industrial park was assessed at 100% light industry for all four phases instead of being primarily business class, at 2021 values, the additional taxation amount would work out to approximately \$1.2 million as shown in Table 1.

Table 1

Phase	Business Class 6 Assessment Value	% of Total Assessment Assigned to Business Class 5	Mill Rate Difference: Light Industrial Class 5 vs. Business Class 6	Taxation Loss
1	\$ 49,892,000	39%	2.0483	\$102,194
2	226,947,000	99%	2.0483	464,856
3 *	122,242,420	100%	2.0483	250,389
4 *	174,349,350	100%	2.0483	357,120
Total	\$ 573,430,770			\$ 1,174,559

* Estimated assessment values used for phases 3 and 4 since they are either only partially constructed or construction has not commenced.

Additionally during business planning, the Chief Administrative Officer advised the overall square footage of the buildings is coming in less than permitted by zoning.

Therefore, the lower density results in reducing taxation by \$4 million at the business class rate or by \$5 million at the light industry rate as shown in Table 2.

Table 2

Phase	Permitted Square Footage	Actual Square Footage	Taxation Loss at Business Class 6 Rate	Taxation Loss at Light Industry Class 5 Tax Rate
1	1,516,635	647,728	\$ 689,143	\$ 873,131
2	2,502,609	1,154,744	1,168,630	1,480,631
3	1,765,281	493,622	1,073,192	1,359,714
4	2,077,435	863,785	1,024,237	1,297,688
Total	7,861,960	3,159,879	\$ 3,955,202	\$ 5,011,164

Summary

If all four phases of the industrial park were classified as 100% light industry and built at the permitted level of density, the additional taxation over the current taxation levels would have amounted to a further \$6.2 million (Table 1 \$1.2 million + Table 2 \$5 million).

3. Heritage Hall Accessibility – Additional Information

For clarity, Option 2 – Interior Lift (\$270k) would include a hydraulic lift specifically for accessibility purposes. The code requirements of such a lift does not allow it to be used for freight or equipment. The lift would also require constant pressure for operation, meaning it is not automatic and the user would need to continually push a button to move up or down, similar to the current operation of the stairwell lift.

If a small scale hydraulic elevator is desired, which would be automatic and multi-purpose, it would cost \$320-335k and require the installation of a small machine room and modifications to the fire panel in the building in order to meet code requirements.

The associated maintenance costs would also increase by \$1k/year, for a total of \$3k/year.

The cab size for either option outlined above would be similar and could comfortably accommodate 2-3 people. The exact scope and location (in place of existing vault, existing southern stairwell or other) of the Interior Lift or the Elevator would be determined as the design progressed.

All options would be funded by the General Facilities Reserve, with \$50k anticipated to come from an accessibility grant.

COUNCIL STRATEGIC PLAN ALIGNMENT

- ☐ Principled Governance ☐ Balanced Economic Prosperity ☒ Corporate Excellence
☐ Community Spirit & Wellbeing ☐ Transportation & Infrastructure Initiatives

Transparency in the business planning process demonstrates responsible financial management in support of the Corporate Excellence Strategic Priority.

FINANCIAL IMPLICATIONS

- ☐ None ☐ Budget Previously Approved ☐ Referral to Business Planning
☒ Other

Council decisions with corresponding budget values will be incorporated into future business planning.

PUBLIC PARTICIPATION

- ☒ Inform ☐ Consult ☐ Involve ☐ Collaborate ☐ Empower

KATZIE FIRST NATION CONSIDERATIONS

- Referral ☐ Yes ☒ No

SIGN-OFFS**Written by:**

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Cheryl Harding,
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Reviewed by:

Mark Roberts,
Chief Administrative Officer

ATTACHMENTS

None.