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**REPORT TO MAGIC LAKE ESTATES WATER AND SEWER LOCAL SERVICES  
COMMITTEE  
MEETING OF TUESDAY, DECEMBER 16, 2014**

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**SUBJECT     EXISTING SEWER PARCEL TAX AND IMPLICATIONS**

**ISSUE**

The purpose of this report is to clarify the 2014 Parcel Tax for the Magic Lake Estates Sewer Service and financial implications associated with the various proposed sewer replacement options presented at the November 22, 2014 Open House meeting.

**BACKGROUND**

At the Magic Lake Estates Sewer Open House meeting on November 22, 2014 a question was raised regarding the status of the existing Parcel Tax (2014) of \$415 and financial implications associated with the various proposed sewer replacement options.

The existing sewer service debt was raised in 1998 under Bylaw No. 2609, which authorized the borrowing of \$650,000 for sewer system upgrades. The upgrades, which included major upgrades to Schooner Wastewater Treatment Plant (WWTP), Cannon WWTP Study, Buck Lake Sewer Upgrade Pre-Design, Priority, Galleon Pump Station improvements and Funding of Sewer Works Capital Program report, Buck Lake Outfall, other studies and improvements. The amounts borrowed were \$520,000 and \$130,000 to undertake the various sewer capital projects. In 2009, with the Committee's approval, a lump sum payment in the amount of \$216,900 was made to pay down the loan; the remaining balance at the time of \$130,000 was refinanced and the loan will be retired completely at the end of 2014. The annual debt servicing costs for this loan have been about \$11,000, which represents approximately \$16.00 of the 2014 total sewer parcel tax of \$415 per folio. The balance of the parcel tax (\$397) was used to partially fund operating costs and transfers to capital reserve(s).

As part of the 2015 capital expenditure plan presented to the Committee on November 18, 2014, Schedule "G" shows that \$760,000 is expected to be borrowed in 2015 pending a successful referendum. Assuming this, we will have to pay a 1% fee to MFA (\$7,600) plus one month of interest (December 2015) estimated at \$3,170 ( $5\% * 760,000 * 1/12 = \$3,170$ ). So the total debt servicing cost in the preliminary 2015 budget is \$10,770, about the same as the amount that will be paid in 2014 for the 1999 debt. That's why the parcel tax in 2015 doesn't decrease and was shown as \$415 at the Open House meeting.

The total Parcel Tax breakdown for each option, as presented at the Open House, is shown in the attached figures for both 15 year and 25 year loan amortizations. The Operating and Transfers to Reserve(s) are projected using a 2% per year increase. These amounts may vary depending on the Option chosen and future replacement work. The increase in the Debt is based on the 5-year Capital Plan as forecast for project delivery and future debt payout.

In addition to the above information, the Committee requested the following information:

1. What is the maximum amount that the Committee can raise the Parcel Tax without a referendum?

As per by Bylaw 1873, the maximum amount that may be requisitioned under the Local Government Act for a local service will be the greater or:

- a) \$200,000 dollars or;
- b) an amount equal to the amount that could be raised by a property valued tax rate of \$7.10 per \$1,000, which when applied to the net taxable value of the land and improvements within the service area, will yield the maximum amount that may be requisitioned under the Local Government Act for the service to a maximum of \$1,458,553 on actual assessed value of land and improvements.

2. What was the Parcel Tax prior to 1998/99?

- In 1998 the Parcel Tax was \$344.00 (731 taxable folios) and the User Charge was \$143.00 (517 SFEs).
- In 1999 the Parcel Tax was \$345.00 (730 taxable folios) and the User Charge was \$143.00 (527 SFEs).

3. Do the properties on the Chart Drive septic system pay both a Parcel Tax and User Charge?

The properties on the Chart Drive septic system pay a parcel tax. Those that are connected to the septic system also pay a user charge.

## **ALTERNATIVES**

### **Alternative 1**

That the Magic Lake Estates Water and Sewer Local Services Committee receive this report for information.

### **Alternative 2**

That the Magic Lake Estates Water and Sewer Local Services Committee request additional information from CRD staff.

## **IMPLICATIONS**

### **Alternative 1**

No additional impacts.

**Alternative 2**

Gathering additional information may delay the project and add costs.

**RECOMMENDATION**

That the Magic Lake Estates Water and Sewer Local Services Committee receive this report for information.

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Craig Gottfred, P.Eng.  
Manager, Wastewater Engineering & Planning  
Infrastructure Engineering

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Peggy Dayton  
Senior Financial Advisor  
Financial Services  
Concurrence

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Peter Sparanese, P.Eng,  
Senior Manager, Infrastructure Engineering  
and Operations  
Concurrence

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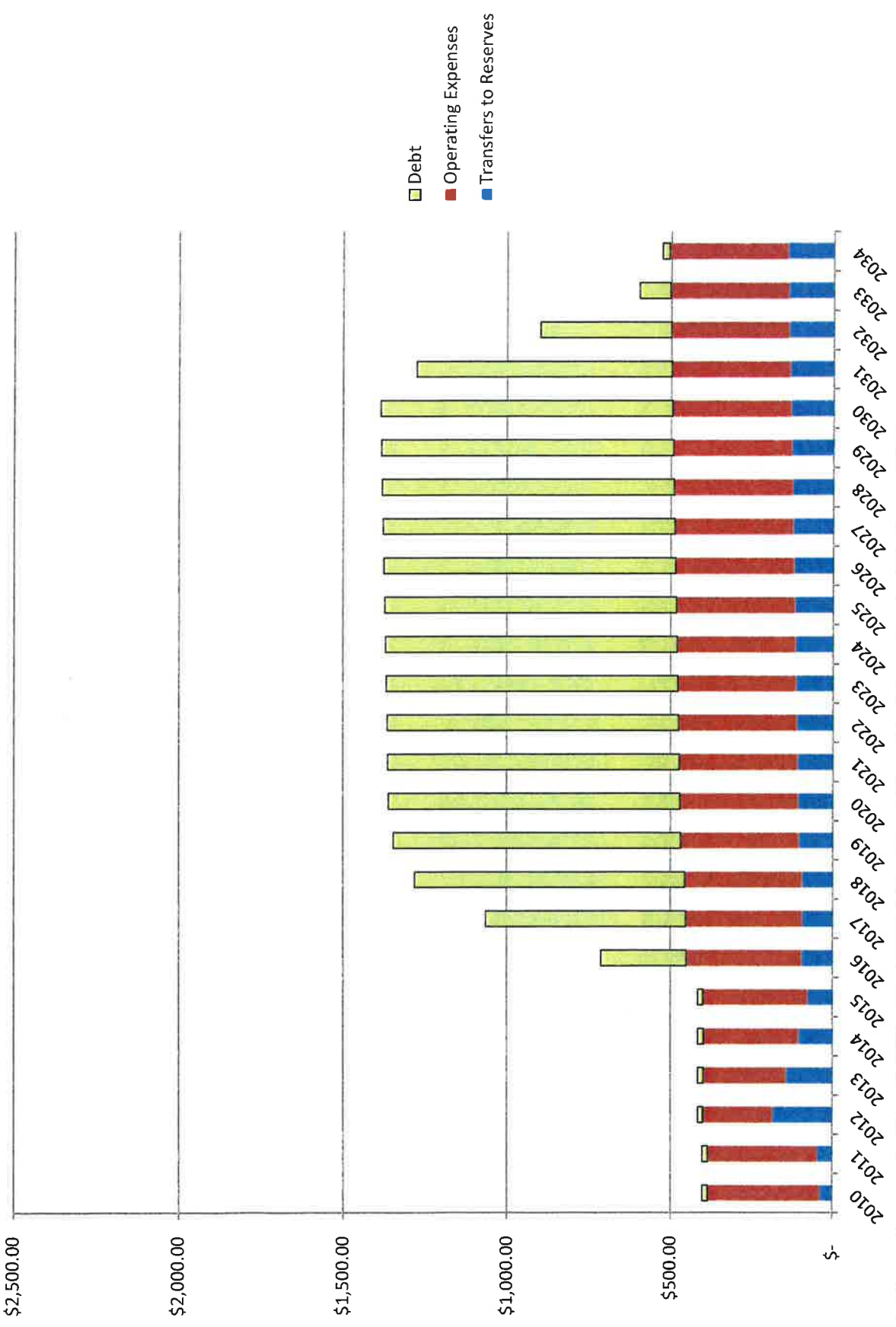
Ted Robbins, B.Sc., C.Tech.  
General Manager, Integrated Water Services  
Concurrence

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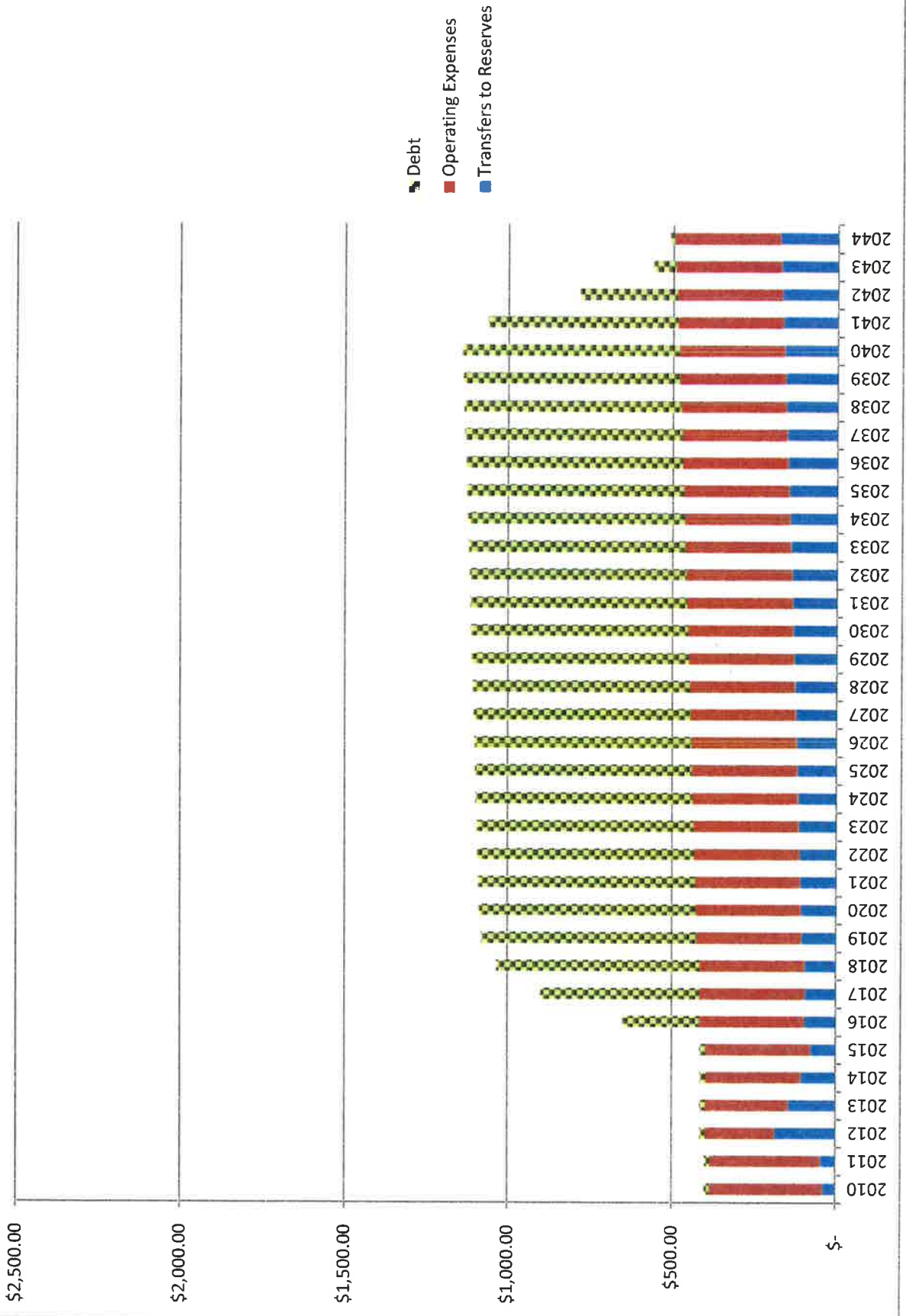
**ATTACHMENTS:**

- Option 1 - 15year Amortization
- Option 1 - 25year Amortization
- Option 2 - 15year Amortization
- Option 2 - 25year Amortization
- Option 3 - 15year Amortization
- Option 3 - 25year Amortization

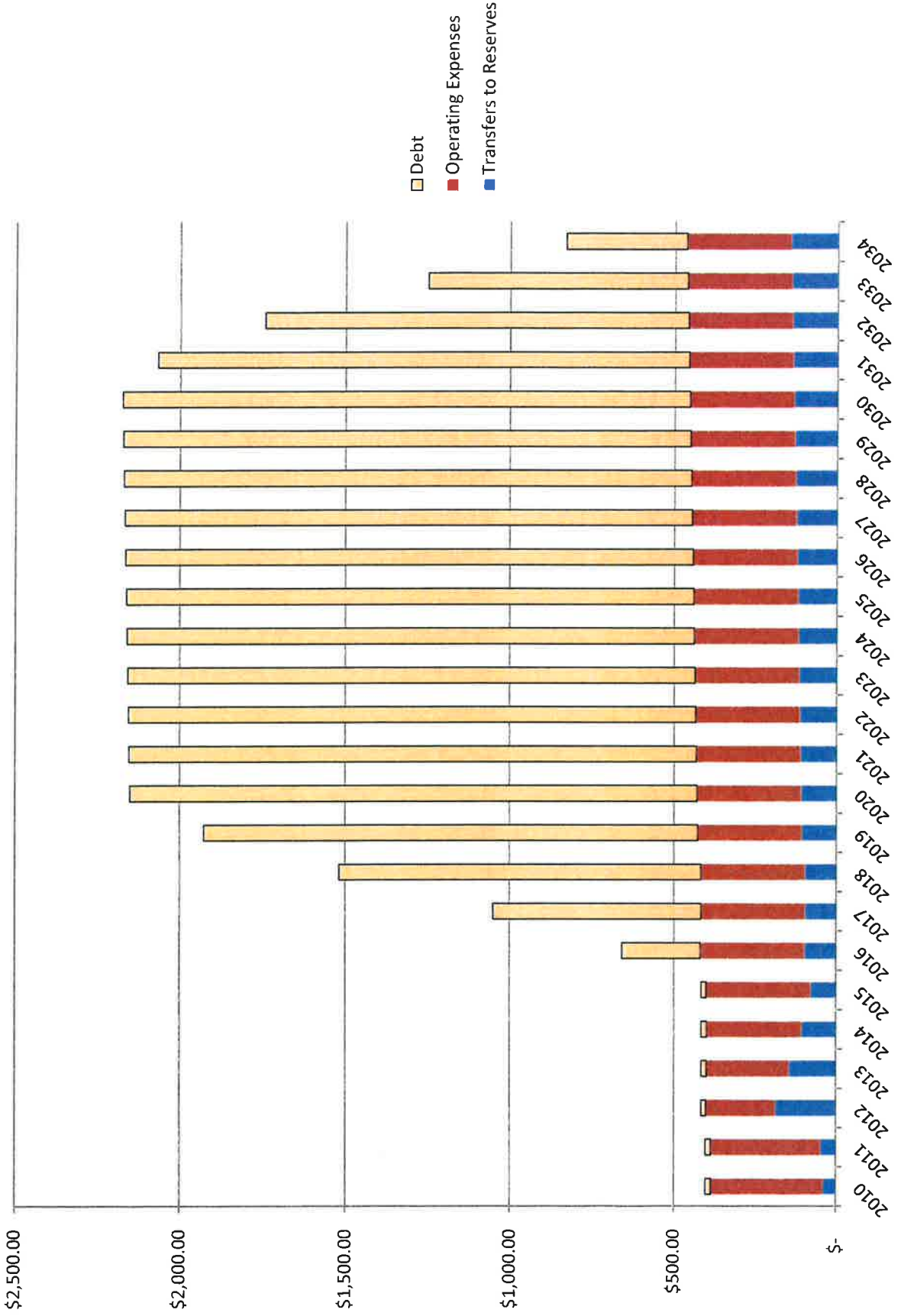
# Magic Lake Estates - Option 1 - 15 Year Ammortization



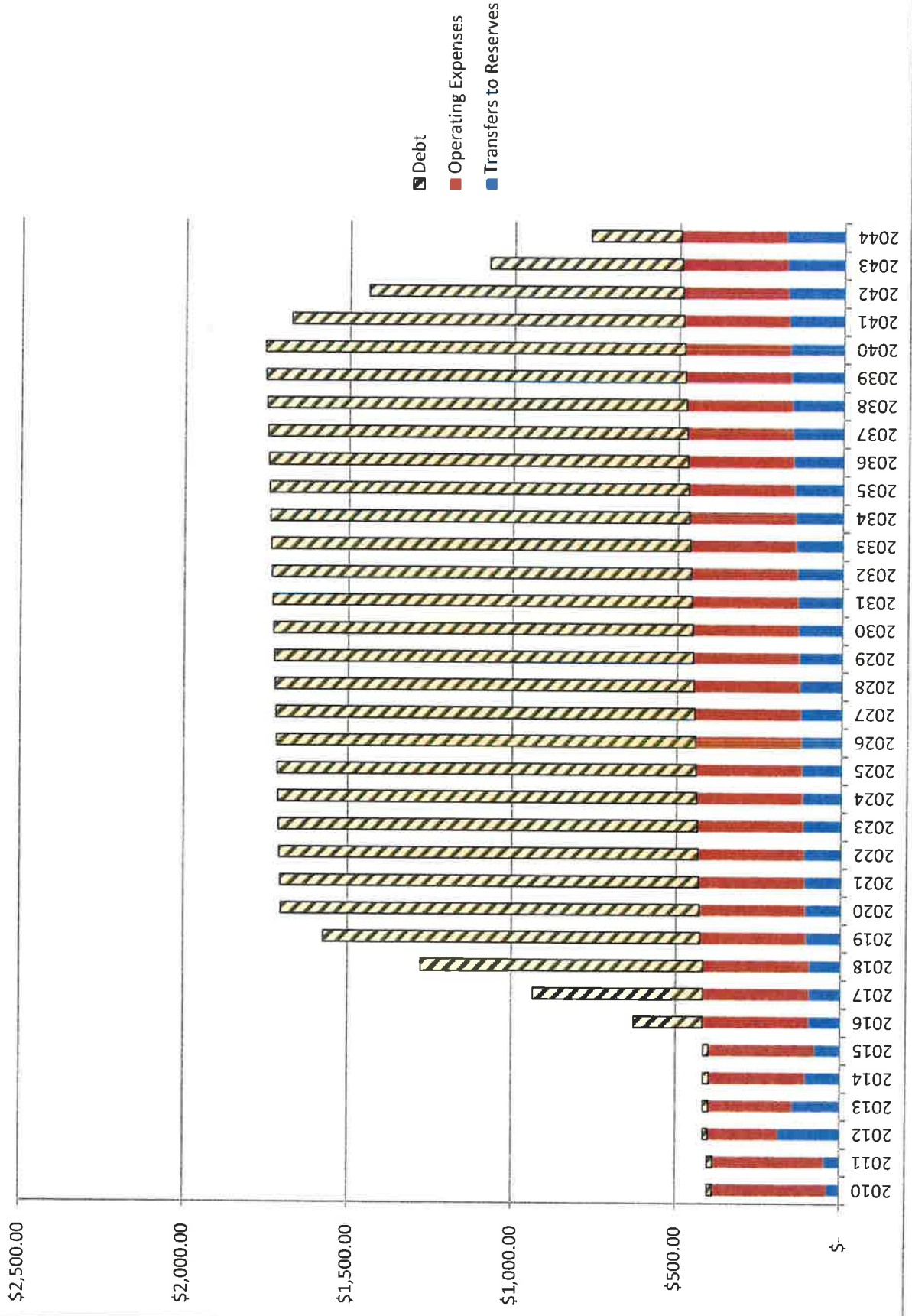
# Magic Lake Estates - Option 1 - 25 Year Ammortization



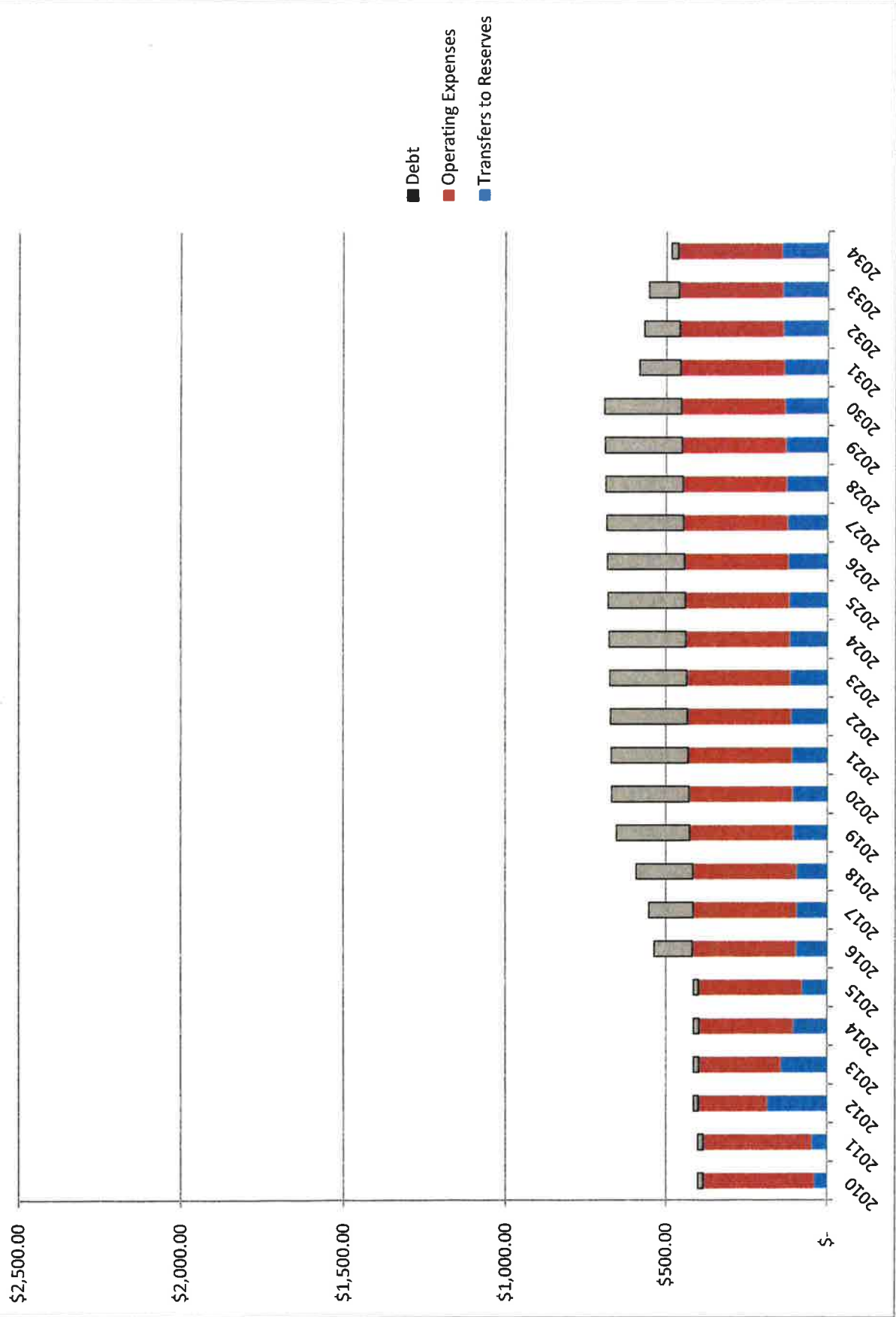
# Magic Lake Estates - Option 2 - 15 Year Ammortization



# Magic Lake Estates - Option 2 - 25 Year Ammortization



# Magic Lake Estates - Option 3 - 15 Year Ammortization





# Magic Lake Estates - Option 3 - 25 Year Ammortization

