



Staff Report to Council

DATE: Monday, April 15, 2024

DEPARTMENT: Finance

SUBJECT: Bear Mountain Parkway Extension Cost Recovery Bylaw Amendment No. 1, Bylaw No. 2157, 2024

EXECUTIVE SUMMARY:

Bylaw No. 2157 is being brought forward for Council to consider amending the parcel tax rate for the Bear Mountain Parkway Extension Local Area Service to account for the increases in interest rates, additional costs associated with the first phase of the project, as well as additional costs allocated to the LSA associated with the completion of the project, estimated to be fully complete in 2024. Properties within the Local Service Area are responsible for covering the costs associated with the initial construction and the corresponding debt financing. In 2019, Council adopted *Bear Mountain Parkway Extension Cost Recovery Bylaw No. 1845, 2019* to establish the Parcel Tax for this project and set the initial parcel tax. As interest rates have increased over the last couple years the debt financing costs to the City that must be recovered through the parcel tax rate have also increased and it is now imperative that the parcel tax rate be adjusted accordingly.

BACKGROUND:

On May 2, 2016 Council adopted *Bear Mountain Parkway Extension Local Area Service Establishment Bylaw No. 1630, 2016* and on May 16, 2016 Council then adopted *Bear Mountain Parkway Extension Loan Authorization Bylaw No. 1631, 2016* as part of the process to allow the City to borrow the funds required to fund the project. Council subsequently adopted *City of Langford Bear Mountain Parkway Extension Local Area Service Temporary Borrowing Bylaw No. 1655, 2016* to allow the City to borrow the money to pay for the LSA portion of the first phase of the project. The first phase of the project was opened in 2018 and Council then adopted *Bear Mountain Parkway Extension Cost Recovery Bylaw No. 1845, 2019* to allow the City to levy the necessary parcel tax to recover the costs associated with the financing of the project.

Phase 2 of the project is due to be completed in 2024, with a portion of this phase being funded by the LSA and the remaining (majority) funded directly by the adjacent property owners.

COMMENTARY:

Bylaw No. 2157 is being brought forward for Council to consider amending the parcel tax rate for the Bear Mountain Parkway Extension Local Area Service to account for the increases in interest rates, additional costs associated with the first phase of the project, as well as additional costs allocated to the LSA associated with the completion of the project (Phase 2), estimated to be fully complete in 2024.

The parcel tax rate for 2019-2023 was \$0.334 per sq m of taxable area and the adjusted rate, if the bylaw amendment is approved, will be \$0.4662 per sq m of taxable area. The debt will be fully paid off in 2033 and is the responsibility of the properties located within the Local Service Area.

FINANCIAL IMPLICATIONS:

The total cost of a Local Area Service is to be paid according to the LAS Establishment Bylaw, typically entirely through parcel tax. In this instance the full cost of the project is to be paid by the properties located within the Local Service Area, thus the requirement to increase the parcel tax rate to account for the additional debt servicing costs and additional project costs.

LEGAL IMPLICATIONS:

Community Charter Section 220 permits the City to impose a parcel tax to provide all or part of the funding for a service. As the cost of the service may change from year to year the parcel tax bylaw may need to be updated to adjust the parcel tax rate to ensure the City is collecting the adequate amount to pay for the service.

OPTIONS:

Option 1

THAT Council give first, second and third readings to Bear Mountain Parkway Extension Cost Recovery Bylaw Amendment No. 1, Bylaw No. 2157, 2024.

OR Option 2

THAT Council not proceed Bear Mountain Parkway Extension Cost Recovery Bylaw Amendment No. 1, Bylaw No. 2157, 2024.

SUBMITTED BY: Michael Dillabaugh, CPA, CA, Director of Finance

Concurrence: Donna Petrie, Senior Manager of Communications & Economic Development

Concurrence: Yari Nielsen, Director of Parks, Recreation and Facilities

Concurrence: Matthew Baldwin, MCIP, RPP, Director of Planning and Subdivision

Concurrence: Katelyn Balzer, P.Eng., Director of Engineering and Public Works

Concurrence: Marie Watmough, Deputy Director of Corporate Services

Concurrence: Braden Hutchins, Director of Corporate Services

Concurrence: Darren Kiedyk, Chief Administrative Officer

Attachment: DRAFT Bylaw No. 2157