

TAXES

Setting the tax increase is not a very pleasant exercise recognizing that we are faced with increased taxes and user fees to maintain our service levels in these difficult times. As part of the Sustainability Study done by BDO our tax rates were looked at in comparison to other communities. This study showed residential taxes compared to service levels, distribution of taxes between classes, and impact of taxes on economic investment of businesses. With the completion of this independent review Council can move forward and develop a tax strategy for the future by evaluating the ability of our community to fund our services.

Attached are 5 summaries showing proposed tax implications based upon the projected 7% increase for Municipal local taxes only;

- Schedule 1 History of Tax and User Fee rates
- Schedule 2 Assessment Changes and the Effect on Taxes on sample properties
- Schedule 3 Other Agency collections
- Schedule 4 Average Home increase, using BC Assessment information
- Schedule 5 Gold River estimate of Taxes & Utilities Sample

Schedule 1 – History of Taxes

With the closure of the Mill in the late 90's, the Village lost about 80% of its tax base. While both the Newsprint and Pulp Mill were operating the Village received \$2.6 million in Village taxation revenue for the site. After the removal of the Newsprint Mill the taxes dropped to approximately \$1.6 million, and in 2020 the projected taxation for the site is approximately \$107,000 towards local municipal taxes. This is where the struggle to stabilize the taxes in relation to services in Gold River began. While the Mill site was paying 80% of our taxes, it covered off the operational costs of our recreation facilities (\$700,000 with plenty left over to fund other services and capital spending). Without those \$1.6 million dollars in taxation coming in from the site, the other classes and properties need to pay more in order to keep all the services that the Village provides.

Council's challenge began years ago to try to rectify this tax inequity and the only way to achieve it is to right size our services to the taxation level. Staff has expressed annually during the budget and tax rate review that by not addressing the taxes reasonably over time with 4 – 6% annual tax

increases as done in most municipalities it would erode our financial position (Council would often limit the increase to 2% or even 0%). Schedule 1 shows the history of tax and user fee increases over the past 20 years, many of those increases were not even on par with the cost of living increases as Councils wrestled with the impact to the community and each waited for a “better time”, unfortunately we are running out of time and the Financial Plan shows we are no longer sustainable and the time has come to implement the much needed changes.

Reviewing the tax schedules show the implication of not increasing taxes at rates to equal inflation and services. A review of the historic cost of the Recreation Facilities show how after we implemented cost saving reductions to the schedules, that Councils since have expanded services with the resulting costs jeopardizing the sustainability of our finances. As pointed out in a previous report on the Financial Plan a 7% tax increase will not offset even the new staffing costs and labour increases for 2020 which are estimated at 18%.

Schedule 2 - The effect of assessment changes in relation to the tax rate.

It's important to remember that the calculation of taxes is impacted as a result of any assessment change on a property. Schedule 2 provides a sample of properties and the impact of assessments changes and taxes, and the effect on the individual residential and business properties from 2019 to 2020. In this schedule you will see that when a property has an increase in assessment value, the impact of the tax increase is greater than if the assessment value drops over the previous year. So, although we apply one tax rate throughout the residential class it will affect each property differently depending on the change in assessed value on the individual properties.

To calculate your 2020 increase on your individual property:

| | |
|---|-----------|
| Take your 2019 Assessed value on your home | \$xxx,xxx |
| Divide by \$1,000 (our tax rate is based on per thousand dollars) | /\$1,000 |
| And multiply by the 2019 residential tax rate of | \$5.5391 |
| This will give you your 2019 local Tax Amount | \$xxx.xx |

Do the same calculation with your 2020 information

| | |
|---|-----------|
| Take your 2020 Assessed value on your home | \$xxx,xxx |
| Divide by 1,000 (our tax rate is based on per thousand dollars) | /\$1,000 |

| | |
|--|----------|
| And multiply by the 2020 residential tax rate of | \$5.5464 |
| This will give you your 2020 local Tax Amount | \$xxx.xx |

The difference between your calculated 2019 and 2020 local tax amount will be the impact of the 7% on your property. Some will be impacted greater than 7% and some less depending on the individual property assessment increase/decrease to the average increase/decrease.

Schedule 3 – Other Agencies Tax Collection

The estimated impact has been calculated for the other taxing agencies including the Strathcona Regional District, Comox Valley Regional District (Solid Waste Management), Comox Regional Hospital, BC Assessment and the Municipal Finance Authority. The School and RCMP Taxes are based upon last year's rates as the 2020 requisitions have not arrived, and these will likely change, when the requisitions are received. The Village has no control over the Tax Requisitions from the Other Agencies and are only collecting the monies on behalf of those Agencies. The mistake has been made in the past where these Other Agencies taxes have increased disproportionately so Council felt they could not burden the Tax Payers with a 4-6% local tax increase that was reasonable and comparable to other communities during the time. This decision only put us in a worse financial position increasing our deficit and the spending of our surplus funds used to generate investment income to offset taxes.

Schedule 4 Average Home increase, using BC Assessment information

Using the BC Assessment information of the average home assessed value in Gold River of \$159,229 and the 2020 taxation rates for Gold River and the Other Taxation Authorities this chart shows the impact of the taxes and utility fees for 2020 (keep in mind that the RCMP and School Tax rate will change, when the new information is received), less a basic Home Owner Grant of \$770. This results in a net tax payment due of \$1,841 for all Other Agency Services, as well as the local municipal services including Garbage, Sewer and Water.

Schedule 5 Gold River estimate of Taxes & Utilities Sample

Schedule 5 is a sample of assessments, shown by \$10,000 increases, with the tax rate for local services and the tax rate for All Other Taxation Authorities, along with the basic Provincial Home

Owner Grant applied and the utilities added into the total. This provides a quick snap shot of the potential total taxes & utilities that would be due for 2020. The minimum amount of taxes that must be paid prior to applying the Home Owner Grant is \$350. Until a property assessment hits \$100,000, it does not meet the qualifications to be entitled to the full grant.

It is difficult to make comparisons to other communities as we have more services than most BC communities our size (hard pressed to find any community our size that has an Aquatic Center and Arena). Our residential taxes are relatively low, especially when our level of services are considered. This has been brought forward in our presentations for the last 20 years but Councils would not raise taxes or reduce services prolonging the inevitable financial crunch if a new tax base was not found. Fortunately, with our investment revenue and the Greig revenue from fish offloading at the Dock we were able to minimize Village deficits but without reasonable tax increases or addressing the Service levels, especially recreation costs, the financial deficit will continue to grow.

Business taxes are more difficult to compare but an important factor is the ability of the business to generate revenue in the community. Both residential homeowners and businesses are struggling and Council has been cautious to consider this during their deliberations. An important factor to be considered in a business decision to invest is the tax load on the business and the ability to generate revenue. A high business or industrial tax could deter any economic development initiatives as well as hamper the current business.

Historic Property Taxes & Garbage Sewer and Water User Rate Increases

| Year | General & Debt Taxes | | | Utility Rates increase | | | | | | | | |
|-------------|----------------------|-------------------------|-------------|------------------------|-------------|-------------|---------------|-------------|-------------|---------------|-------------|-------------|
| | Taxes | Increase/ (decrease) | % | Water | \$\$ | % | Sewer | \$\$ | % | Garbage | \$\$ | % |
| 2001 | 694,619 | | | 131.40 | | | 184.80 | | | 109.60 | | |
| 2002 | 711,344 | \$16,724 | 2.4% | 145.20 | \$14 | 10.5% | 184.80 | \$0 | 0.0% | 143.00 | \$33 | 30.5% |
| 2003 | 734,002 | \$22,658 | 3.2% | 156.30 | \$11 | 7.6% | 196.35 | \$12 | 6.3% | 151.40 | \$8 | 5.9% |
| 2004 | 749,287 | \$15,285 | 2.1% | 167.40 | \$11 | 7.1% | 207.90 | \$12 | 5.9% | 159.80 | \$8 | 5.5% |
| 2005 | 763,991 | \$14,704 | 2.0% | 172.40 | \$5 | 3.0% | 212.55 | \$5 | 2.2% | 159.80 | \$0 | 0.0% |
| 2006 | 779,502 | \$15,511 | 2.0% | 177.40 | \$5 | 2.9% | 217.20 | \$5 | 2.2% | 159.80 | \$0 | 0.0% |
| 2007 | 795,004 | \$15,502 | 2.0% | 177.40 | \$0 | 0.0% | 222.60 | \$5 | 2.5% | 159.80 | \$0 | 0.0% |
| 2008 | 804,011 | \$9,007 | 1.1% | 177.40 | \$0 | 0.0% | 228.00 | \$5 | 2.4% | 159.80 | \$0 | 0.0% |
| 2009 | 821,010 | \$16,999 | 2.1% | 177.40 | \$0 | 0.0% | 234.00 | \$6 | 2.6% | 159.80 | \$0 | 0.0% |
| 2010 | 838,000 | \$16,990 | 2.1% | 177.40 | \$0 | 0.0% | 240.00 | \$6 | 2.6% | 159.80 | \$0 | 0.0% |
| 2011 | 839,661 | \$1,661 | 0.2% | 177.40 | \$0 | 0.0% | 240.00 | \$0 | 0.0% | 159.80 | \$0 | 0.0% |
| 2012 | 842,463 | \$2,802 | 0.3% | 177.40 | \$0 | 0.0% | 240.00 | \$0 | 0.0% | 167.79 | \$8 | 5.0% |
| 2013 | 857,938 | \$15,475 | 1.8% | 177.40 | \$0 | 0.0% | 240.00 | \$0 | 0.0% | 184.00 | \$16 | 9.7% |
| 2014 | 843,934 | -\$14,004 | -1.6% | 177.40 | \$0 | 0.0% | 240.00 | \$0 | 0.0% | 192.25 | \$8 | 4.5% |
| 2015 | 860,800 | \$16,866 | 2.0% | 182.40 | \$5 | 2.8% | 254.40 | \$14 | 6.0% | 198.03 | \$6 | 3.0% |
| 2016 | 862,300 | \$1,500 | 0.2% | 188.05 | \$6 | 3.1% | 268.80 | \$14 | 5.7% | 203.80 | \$6 | 2.9% |
| 2017 | 870,900 | \$8,600 | 1.0% | 195.57 | \$8 | 4.0% | 279.55 | \$11 | 4.0% | 211.95 | \$8 | 4.0% |
| 2018 | 888,300 | \$17,400 | 2.0% | 203.40 | \$8 | 4.0% | 290.75 | \$11 | 4.0% | 220.45 | \$9 | 4.0% |
| 2019 | 915,900 | \$27,600 | 3.1% | 215.60 | \$12 | 6.0% | 308.20 | \$17 | 6.0% | 229.20 | \$9 | 4.0% |
| 2020 | 980,000 | \$64,100 | 7.0% | 228.55 | \$13 | 6.0% | 326.70 | \$19 | 6.0% | 242.95 | \$14 | 6.0% |

Village of Gold River
2019-2020 Assessment Changes and the Effect on Local Taxes
Schedule 2

| Roll # | Property Type | 2019 | | 2020 | | % Change | |
|--|-----------------------------------|---|-------------------|-----------------------|-------------------|----------------------|---------------|
| | | Assessment | Local Tax | Assessment | Local Tax | Assessment | Local Taxes |
| Residential | | <u>Residential Rate:</u> | | <u>5.5391</u> | | <u>5.5464</u> | |
| 223.000 | 608 Dogwood-(riverside) | 172,300 | 954.39 | 190,700 | 1,057.70 | 10.68% | 10.82% |
| 225.000 | 610 Dogwood-(inside) | 212,400 | 1,176.50 | 226,500 | 1,256.26 | 6.64% | 6.78% |
| 320.000 | 540 Dogwood | 149,200 | 826.43 | 162,000 | 898.52 | 8.58% | 8.72% |
| 423.000 | 430 Cedar | 220,300 | 1,220.26 | 244,300 | 1,354.99 | 10.89% | 11.04% |
| 544.005 | 467/469 Chamiss Court | 377,400 | 2,090.46 | 367,700 | 2,039.41 | -2.57% | -2.44% |
| 615.000 | 485 Nootka-row house | 101,700 | 563.33 | 104,500 | 579.60 | 2.75% | 2.89% |
| 803.000 | 603 Hummingbird | 173,200 | 959.37 | 191,000 | 1,059.36 | 10.28% | 10.42% |
| 907.045 | #45 Muchalat Place Townhouse | 89,600 | 496.30 | 99,700 | 552.98 | 11.27% | 11.42% |
| 908.032 | 410 Matchlee-Subdivision Trailer | 140,500 | 778.24 | 134,400 | 745.44 | -4.34% | -4.22% |
| 1403.680 | 409 Donner | 243,300 | 1,347.66 | 262,400 | 1,455.38 | 7.85% | 7.99% |
| 1403.868 | 509 Burman Court | 364,500 | 2,019.00 | 367,300 | 2,037.19 | 0.77% | 0.90% |
| 80000.250 | 601 Matchlee - #25 | <u>9,800</u> | <u>54.28</u> | <u>19,500</u> | <u>108.15</u> | <u>98.98%</u> | <u>99.24%</u> |
| Total Residential Sample | | 2,254,200 | 12,486.24 | 2,370,000 | 13,144.97 | 5.14% | 5.28% |
| Average Sample (12 units) | | 187,850 | 1,041 | 197,500 | 1,095 | | |
| Businesses | | <u>Residential Rate-Class 1:</u> | | <u>5.5391</u> | | <u>5.5464</u> | |
| 605.000 | 450 Maquinna Apartments | 394,000 | 2,182.41 | 416,000 | 2,307.30 | 5.58% | 5.72% |
| 1001.000 | 425 Nimpkish-Parkview | 493,000 | 2,730.78 | 576,000 | 3,194.73 | 16.84% | 16.99% |
| 1403.000 | 390 Nimpkish-GR Chalet | 11,400 | 63.15 | 12,000 | 66.56 | 5.26% | 5.40% |
| 1404.220 | Critter Cove | 98,300 | 544.49 | 101,900 | 565.18 | 3.66% | 3.80% |
| 1404.300 | Hwy #28 - Peppercorn/Lodge | 324,300 | 1,796.33 | 330,300 | 1,831.98 | 1.85% | 1.98% |
| 1403.888 | 397 Donner (Pub) | <u>18,000</u> | <u>99.70</u> | <u>20,000</u> | <u>110.93</u> | <u>11.11%</u> | <u>11.26%</u> |
| Total Residential Sample | | 1,339,000 | 7,416.85 | 1,456,200 | 8,076.67 | 8.75% | 8.90% |
| <u>Business Rate-Class 6:</u> | | <u>16.0325</u> | | <u>17.1112</u> | | | |
| 0048.000 | WFP Inc. | 50,100 | 803.23 | 50,500 | 864.12 | 0.80% | 7.58% |
| 902.000 | 375 Nimpkish-Village Plaza | 1,075,000 | 17,234.94 | 1,051,000 | 17,983.87 | -2.23% | 4.35% |
| 1403.000 | 390 Nimpkish-GR Chalet | 659,000 | 10,565.42 | 659,000 | 11,276.28 | 0.00% | 6.73% |
| 1403.015 | 512 Industrial Park-GRMS | 218,000 | 3,495.09 | 218,000 | 3,730.24 | 0.00% | 6.73% |
| 1403.888 | 397 Donner (Pub) | 358,200 | 5,742.84 | 400,300 | 6,849.61 | 11.75% | 19.27% |
| 1404.220 | Critter Cove | 85,000 | 1,362.76 | 87,500 | 1,497.23 | 2.94% | 9.87% |
| 1404.300 | Hwy #28-Peppercorn/Lodge | 1,191,900 | 19,109.14 | 1,237,900 | 21,181.95 | 3.86% | 10.85% |
| 1500.000 | Muchalat Industries-Old Mill site | 3,625,000 | 58,117.81 | 3,586,000 | 61,360.76 | -1.08% | 5.58% |
| 27507.750 | Air Nootka | <u>48,700</u> | <u>780.78</u> | <u>50,900</u> | <u>870.96</u> | <u>4.52%</u> | <u>11.55%</u> |
| Total Business Sample | | 7,310,900 | 117,212.00 | 7,341,100 | 125,615.03 | 0.41% | 7.17% |
| <u>Light Industrial Rate-Class 5:</u> | | <u>51.7058</u> | | <u>58.8639</u> | | | |
| 0048.000 | WFP Inc. | 934,700 | 48,329.41 | 948,700 | 55,844.18 | 1.50% | 15.55% |
| 27506.620 | WFP - B&L Forest Products | 141,500 | 7,316.37 | 139,000 | 8,182.08 | -1.77% | 11.83% |
| 1500.000 | Muchalat Industries-Old Mill Site | 788,000 | 40,744.17 | 788,000 | 46,384.75 | 0.00% | 13.84% |
| 1500.005 | WFP - Dry Land Sort | <u>1,372,000</u> | <u>70,940.36</u> | <u>1,393,000</u> | <u>81,997.41</u> | <u>1.53%</u> | <u>15.59%</u> |
| Total Light Industry Sample | | 3,236,200 | 167,330.31 | 3,268,700 | 192,408.43 | 1.00% | 14.99% |
| <u>Recreation/Non Profit - Class 8:</u> | | <u>7.8102</u> | | <u>8.2209</u> | | | |
| 1404.300 | Hwy #28-Peppercorn/Lodge | 13,300 | 103.88 | 13,300 | 109.34 | 0.00% | 5.26% |
| Lodge Totals | | | | | | | |
| 1404.300 | Class 8 | 13,300 | 103.88 | 13,300 | 109.34 | 0.00% | 5.26% |
| 1404.300 | Class 6 | 1,191,900 | 19,109.14 | 1,237,900 | 21,181.95 | 3.86% | 10.85% |
| 1404.300 | Class 1 | <u>324,300</u> | <u>1,796.33</u> | <u>330,300</u> | <u>1,831.98</u> | <u>1.85%</u> | <u>1.98%</u> |
| Totals | | 1,529,500 | 21,009.34 | 1,581,500 | 23,123.27 | 3.40% | 10.06% |

Schedule 3

| Taxation Authority | 2019 Actual | 2020 Budget | Increase (decrease) | % Change |
|---------------------------------------|------------------------|------------------------|--------------------------------|---------------------|
| General Municipal & Library | \$915,897 | \$980,000 | \$64,103 | 7% |
| Strathcona Regional District | \$28,766 | \$33,304 | \$4,538 | 14% |
| Comox Regional District - Solid Waste | \$20,509 | \$28,021 | \$7,512 | 27% |
| Regional Hospital District | \$87,552 | \$79,850 | -\$7,702 | -10% |
| BC Assessment Authority | \$5,850 | \$6,469 | \$619 | 10% |
| Municipal Finance Authority | \$26.57 | \$30 | \$3 | 11% |
| School * | \$515,276 | \$545,943 | \$30,667 | 6% |
| RCMP * | \$53,116 | \$56,463 | \$3,347 | 6% |
| Total Taxation | \$1,626,993 | \$1,730,080 | \$103,087 | 6% |

2020 General Municipal Taxes (local) at this point represents 57% of the total taxes

* School & RCMP Requisitions have not been received, used 2019 rates, with 2020 Assessments

2020 Average Gold River Home

| | | |
|---|-----------|-----------------|
| Assessed Value (Average Home) | \$ | 159,229 |
| 2020 Residential Tax Rate/per \$1,000 | | 5.5464 |
| Local Municipal & Debt Taxes | \$ | 883.15 |
| Garbage | | 242.95 |
| Sewer | | 326.70 |
| Water | | 228.55 |
| Total Utilities | \$ | 798.20 |
| Total Local Taxes for Municipal Services | \$ | 1,681.35 |

Other Taxing Authorities:

| | | | |
|---------------------------------|--------|-----------|---------------|
| Strathcona Regional District | 0.2120 | \$ | 33.76 |
| Comox Valley Solid Waste | 0.1586 | \$ | 25.25 |
| Comox Valley Hospital | 0.5411 | \$ | 86.16 |
| BCAA | 0.0426 | \$ | 6.78 |
| MFA | 0.0002 | \$ | 0.03 |
| School* (2019 rates) | 4.5000 | \$ | 716.53 |
| RCMP* (2019 rates) | 0.3826 | \$ | 60.92 |
| Other Taxing Authorities | | \$ | 929.44 |

| | | |
|--|-----------|-----------------|
| Total Taxes (on Average home) valued at \$159,229 | \$ | 2,610.79 |
| less applicable PHOG - Basic (shown) | | <u>(770.00)</u> |
| <i>(depending on basic, senior, disability)</i> | \$ | 1,840.79 |

VILLAGE OF GOLD RIVER
2020 Residential Taxes & Utility Fee's - Sample Chart

| Assessment | Local Tax 5.5464 | Other Taxes 5.8371 | Total Taxes 11.3835 | PHOG \$770 (min tax paybl \$350) \$770 | Utilities \$798.20 | Total Taxes & Utilities |
|---|-----------------------------|-----------------------------------|--------------------------------|---|-------------------------------|--|
| 10,000 | 55.46 | 58.37 | 113.84 | | 798.20 | \$912.04 |
| 20,000 | 110.93 | 116.74 | 227.67 | | 798.20 | \$1,025.87 |
| 30,000 | 166.39 | 175.11 | 341.51 | | 798.20 | \$1,139.71 |
| 40,000 | 221.86 | 233.48 | 455.34 | (105.34) | 798.20 | \$1,148.20 |
| 50,000 | 277.32 | 291.86 | 569.18 | (219.18) | 798.20 | \$1,148.20 |
| 60,000 | 332.78 | 350.23 | 683.01 | (333.01) | 798.20 | \$1,148.20 |
| 70,000 | 388.25 | 408.60 | 796.85 | (446.85) | 798.20 | \$1,148.20 |
| 80,000 | 443.71 | 466.97 | 910.68 | (560.68) | 798.20 | \$1,148.20 |
| 90,000 | 499.18 | 525.34 | 1,024.52 | (674.52) | 798.20 | \$1,148.20 |
| 100,000 | 554.64 | 583.71 | 1,138.35 | (770.00) | 798.20 | \$1,166.55 |
| 110,000 | 610.10 | 642.08 | 1,252.19 | (770.00) | 798.20 | \$1,280.39 |
| 125,000 | 693.30 | 729.64 | 1,422.94 | (770.00) | 798.20 | \$1,451.14 |
| 130,000 | 721.03 | 758.82 | 1,479.86 | (770.00) | 798.20 | \$1,508.06 |
| 140,000 | 776.50 | 817.20 | 1,593.69 | (770.00) | 798.20 | \$1,621.89 |
| 150,000 | 831.96 | 875.57 | 1,707.53 | (770.00) | 798.20 | \$1,735.73 |
| 160,000 | 887.42 | 933.94 | 1,821.36 | (770.00) | 798.20 | \$1,849.56 |
| 170,000 | 942.89 | 992.31 | 1,935.20 | (770.00) | 798.20 | \$1,963.40 |
| 180,000 | 998.35 | 1,050.68 | 2,049.03 | (770.00) | 798.20 | \$2,077.23 |
| 190,000 | 1,053.82 | 1,109.05 | 2,162.87 | (770.00) | 798.20 | \$2,191.07 |
| 200,000 | 1,109.28 | 1,167.42 | 2,276.70 | (770.00) | 798.20 | \$2,304.90 |
| 210,000 | 1,164.74 | 1,225.79 | 2,390.54 | (770.00) | 798.20 | \$2,418.74 |
| 220,000 | 1,220.21 | 1,284.16 | 2,504.37 | (770.00) | 798.20 | \$2,532.57 |
| 230,000 | 1,275.67 | 1,342.53 | 2,618.21 | (770.00) | 798.20 | \$2,646.41 |
| 240,000 | 1,331.14 | 1,400.91 | 2,732.04 | (770.00) | 798.20 | \$2,760.24 |
| 250,000 | 1,386.60 | 1,459.28 | 2,845.88 | (770.00) | 798.20 | \$2,874.08 |
| Minimum taxes payable before Grant | | | \$350 | + utilities fees of \$798.20 | | \$1,148.20 |