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|  | | POLICY AND PROCEDURE MANUAL | |
| Category: Finance | Number: FIN.53(C) | LOCAL AREA SERVICE TAX POLICY | |
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| <input checked="" type="checkbox"/> Policy <input type="checkbox"/> Procedure | | <input checked="" type="checkbox"/> Council <input type="checkbox"/> Administrative | |
| Approved By: | | | |
| <input checked="" type="checkbox"/> Council <input type="checkbox"/> Chief Administrative Officer <input type="checkbox"/> Department Head | | | |
| Office of Primary Responsibility: Engineering and Public Works | | | |
| Date Adopted: March 20, 2017 | | Council Resolution No: RC17/127 | |
| Date to be Reviewed: March 20, 2018 | | | |
| Manner Issued: Letter, Website | | | |

BACKGROUND:

Part 7, Division 5 of the *Community Charter* (Local Service Taxes) authorizes a Local Area Service which is defined as “a municipal service that is to be paid for in whole or in part by a local service tax”. Local Area Services may be proposed either by petition of the benefiting property owners or by the initiative of Council.

Local Area Services are a mechanism whereby, property owners can have a local service, such as a sidewalk, a road improvement, a sanitary sewer or a storm sewer, installed when such a service may not currently meet normal municipal criteria for funded capital works.

This policy identifies the portion of the cost of a Local Area Service that is to be recovered by a local service tax, and indicates how the tax is to be apportioned.

PURPOSE:

To establish criteria for calculating Local Area Service taxes to be imposed on parcels of land, which benefit from or abut Local Area Services, as established by bylaw pursuant to the requirements of the Community Charter.

POLICY:

1. Definitions

“**Benefiting Area**” means the area in which a local service tax is imposed to recover all or part of the costs of an *LAS*.

“**Council**” means the duly elected officials of the District, those being the Mayor and Councilors.

“**Director**” means the Director of Engineering and Public Works or designate.

“**District**” means the District of Mission.

“**Frontage**” means the side of a parcel which is nearest to the *LAS* works and, if two (2) or more sides of a parcel are equidistant from the *LAS* works, means the shortest of those sides.

“**Highway**” means a public street, road, recreational trail, lane, bridge, trestle, tunnel, ferry landing, ferry approach, and any other public way.

“**LAS**” means Local Area Service, that is a municipal service that is to be paid for in whole, or in part by an *LAS* tax, in accordance with the establishing *LAS* Bylaw for the service by means of a parcel tax.

“**LAS Proponent**” means an owner of a parcel who would like to petition for an *LAS* for the benefit of their parcel.

“**Official Petition for LAS**” means an official petition and information package mailed out to all owners of parcels in the *Benefiting Area*.

“**Parcel**” means any lot, block or other area in which land is held or into which it is subdivided, but does not include a highway.

“**Petition Against LAS**” means as ascribed in Section 2.3.3.1 of this Policy;

“**Policy**” means general statements or guidelines that are high-level in nature, as opposed to being operationally oriented, which direct a plan, course of action or decision, according to a standard or performance outcome.

“**Preliminary Petition for LAS**” means a petition form issued to the *LAS Proponent* whereby signatures are requested from parcel owners that benefit from or abut the *LAS*.

“**Rearage**” means the side of a parcel which is opposite the *frontage*.

“**Request for LAS**” means a form completed by the *LAS Proponent* requesting an *LAS*.

“**Taxable Frontage**” means the portion of the *frontage* of a parcel that may be taxed by a local service tax.

“**Total Perimeter**” means the total perimeter of a *parcel*, including the *frontage*.

2. Local Area Services (LASs)

2.1 The only services that may be provided as *LASs* are services that Council considers provide particular benefit to part of the District.

2.2 An *LAS* tax is imposed only on those parcels of land, which benefit from or abut *LASs*. Revenue from an *LAS* tax may only be expended for the *LAS* in relation to which it is imposed.

Initiating and Establishing an *LAS*

2.3 *LASs* may be initiated either by petition of the benefiting property owners or by Council.

2.3.1 Petition

2.3.1.1 An owner of a parcel who would like to petition for an *LAS* for the benefit of their parcel (“*LAS Proponent*”), must submit a request (“*Request for LAS*”) to the *Director* in the form attached hereto as Schedule “A”.

2.3.1.2 The *Director* will review a *Request for LAS* and may:

- (a) request further information about the proposed *LAS* from the *LAS Proponent*;
- (b) provide the *LAS Proponent* with a letter outlining the reasons why the District will not proceed with the proposed *LAS*; or
- (c) provide the *LAS Proponent* with a letter:

- outlining the scope of the proposed *LAS*;
- providing a Class B cost estimate of the proposed *LAS*; and
- including a blank Preliminary Petition ("*Preliminary Petition for LAS*"), in the form attached hereto as Schedule "B".

2.3.1.3 The *LAS Proponent* has up to sixty (60) days, after initial receipt, to circulate the *Preliminary Petition for LAS* and return it to the *Director*. If the *Preliminary Petition for LAS* is not returned within sixty (60) days, the District will not take any further steps with respect to the proposed *LAS*. If the *Preliminary Petition for LAS* is returned within sixty (60) days, and the *Director* is satisfied that there is sufficient support for the proposed *LAS* from the owners of parcels located in the proposed *Benefiting Area*, the *Director* will prepare a Class B cost estimate of the proposed *LAS* and will request permission from Council to circulate an Official Petition ("*Official Petition for LAS*"). Sufficient support is deemed to exist where at least fifty percent (50%) of the owners of parcels located in the proposed *Benefiting Area* indicate their support for the proposed *LAS* on the *Preliminary Petition*.

2.3.1.4 If Council authorizes staff to circulate an *Official Petition for LAS*, District staff will mail out an information package to all owners of parcels in the *Benefiting Area* which will include: covering letter, estimated costs to each parcel, map of the works, voting sheet, and pre-paid and pre-addressed return envelope. Voting sheets are to be mailed back to the District or returned to District offices in person within sixty (60) days or another period of time specified by the *Director*. The *Director* will provide the *Official Petition for LAS* to the Deputy Chief Administrative Officer to determine its sufficiency and validity.

2.3.1.5 To be certified as sufficient and valid:

- (a) an *Official Petition for LAS* must be signed by the owners of at least fifty percent (50%) of the parcels located in the *Benefiting Area*; and
- (b) the persons signing the *Official Petition for LAS* must be the owners of parcels that in total represent at least fifty percent (50%) of the assessed value of land and improvements in the *Benefiting Area*.

2.3.1.6 If two or more persons are owners of a parcel:

- (a) they will be considered as one owner only;
- (b) they are not entitled to sign the *Official Petition for LAS* unless a majority of them concurs; and
- (c) their signatures will be disregarded in determining whether the *Official Petition for LAS* is sufficient unless it is signed by the majority of them.

- 2.3.1.7 Once an *Official Petition for LAS* has been certified as sufficient and valid by the Deputy Chief Administration Officer:
- (a) Council may sign the *Official Petition for LAS* if the District is the owner of a parcel included in the *Benefiting Area*; and
 - (b) Council may establish the *LAS* by adopting an *LAS* bylaw.
- 2.3.1.8 If the *Official Petition for LAS* is not certified as sufficient and valid by the Deputy Chief Administrative Officer, the District will provide written notice to the owners of parcels in the proposed *Benefiting Area* but will not take any further steps with respect to the proposed *LAS*.
- 2.3.1.9 Construction of an *LAS* may be delayed by the *Director* to coordinate with other projects, or by the Director of Finance to the appropriate budget year.

2.3.2 Council Initiative

- 2.3.2.1 Council may propose to undertake a local area service on its own initiative by giving notice of this intention (in accordance with Section 94 of the *Community Charter, SBC 2003, Chapter 26*) to the owners of parcels that are located within the proposed Local Service Area.
- 2.3.3.1 The Council notice shall include a Class B cost estimate of the proposed *LAS*.
- 2.3.4.1 If the owners of parcels that are located within the proposed *Benefiting Area* object to the proposed *LAS*, they may present Council with a *Petition Against LAS*, in the form attached hereto as Schedule "C", within thirty (30) days after the notice required pursuant to Section 2.3.2.1 has been given. The *Petition Against LAS* will be subject to the conditions outlined in sections 2.3.1.5 and 2.3.1.6 and will not be accepted by the District more than thirty (30) days after the notice required pursuant to Section 2.3.2.1 has been given.
- 2.3.5.1 If the owners of parcels that are located within the proposed *Benefiting Area* do not present Council with a *Petition Against LAS* within thirty (30) days after the second notice publication (in the newspaper) under Section 2.3.2.1, Council may establish the local area service by adopting a *LAS* Bylaw with the assent of the electors, in accordance with the *Community Charter*.
- 2.3.6.1 If a *Petition Against LAS* meets the requirements of sections 2.3.1.5 and 2.3.1.6, and is presented to Council within thirty (30) days after the notice required pursuant to Section 2.3.2.1 has been given, Council will not:
- (a) proceed with the proposed local area service, or
 - (b) propose the same local area service on its own initiative within a year after the presentation of the *Petition Against LAS* to Council, unless the local area service varies from or is less expensive than the local area service which was originally proposed.

2.3.7.1 If the owners of parcels that are located within the proposed Local Service Area do not present Council with a *Petition Against LAS* within thirty (30) days after the second notice publication under Section 2.3.2.1(a), Council may establish the local area service by adopting a *LAS* Bylaw with the assent of the electors, in accordance with the *Community Charter*.

Change in LAS Project Costs

- 2.4 If after receipt of construction bids, the cost of completing the *LAS* is more than 10% of the Class B cost estimate set out in the *Official Petition for LAS*, the District will:
 - (a) circulate a new *Petition for LAS* containing a revised estimate of the costs of the *LAS*; or
 - (b) elect not to proceed with the *LAS*.
- 2.5 If the construction cost of completing the *LAS* is less than 10% higher than the Class B cost estimate set out in the *Official Petition for LAS*, the District would fund this additional expense.
- 2.6 If the actual construction costs are lower, the property owners will only be charged based on the actual costs.

Cost Recovery

2.7 The District will recover staff time to assess and process *LAS* requests from application time to construction/completion of the project in the form of an administration fee in accordance with the following table:

| Administration Fee Breakdown | Incremental Project Cost | Administration Fee* |
|------------------------------|--------------------------|---------------------|
| First | \$100,000 | 5.50% |
| Next | \$150,000 | 5.00% |
| Next | \$250,000 | 4.50% |
| Next | \$500,000 | 4.00% |
| Remainder | \$1,000,000 and over | 3.75% |

*% of Incremental Project Cost

2.8 The owners of parcels benefiting from an *LAS* will pay the administrative fee per Item 2.7 plus their share of the total project costs in accordance with the percentages outlined in the following table:

| Type of Local Area Service | Owners' Share | District's Share |
|-----------------------------------|---------------|------------------|
| Concrete curbs and sidewalks | 75% | 25% |
| Sanitary sewer systems | 100% | 0% |
| Storm sewer drainage systems | 75% | 25% |
| Street lighting | 100% | 0% |
| Roadworks (building or repairing) | 75% - 100% | 0% - 25% |
| Utility under-grounding* | 100% | 0% |
| Water systems | 100% | 0% |

* Conversion of overhead BC Hydro, Telus and Shaw cable that are on utility poles to underground conduits

- 2.9 For *LAS*s not described in the above table, owners of benefiting parcels will be responsible for the percentage of the total project costs of that *LAS*, as specified by the *Director*.
- 2.10 If a concrete sidewalk or curb is to be constructed as an *LAS* on one side of a highway, the owners of the parcels adjacent to the sidewalk are responsible for 65% of the owners' share, and the owners of the parcels on the opposite side of the highway are responsible for 35% of the owners' share of the costs of the *LAS*.

Private Connection Costs

- 2.11 All costs associated with connecting a parcel to an *LAS* (including any work on private property) are the sole responsibility of the owner or owners of the parcel.

Enlargement, Reduction or Merging of *Benefiting Areas*

- 2.12 Council may, by bylaw, enlarge or reduce a *Benefiting Area*, or may by bylaw, merge two or more *Benefiting Areas* into one *Benefiting Area*.

LAS Tax

- 2.13 The owners' portion of the cost is payable by a local service tax that, depending on the nature of the *LAS* undertaken and the total cost for the work, can be levied for a duration between 5 to 20 years, with the annual charge per property being the cost per taxable frontage metre, including interest, multiplied by the taxable frontage for that property.
- 2.14 At the Discretion of the Director, the local service tax shall be calculated on the basis of one or more of the following:
- (a) a single amount for each parcel;
 - (b) the taxable area of the parcel;
 - (c) the taxable frontage of the parcel; or
 - (d) the taxable frontage and area in accordance with the instructions outlined in Schedule "D".
- 2.15 A local service tax will be levied annually on properties located within the *Benefiting Area* for a period set out in the *LAS* Bylaw (ranging from 5 to 20 years), commencing in the following year the project is completed.

Interest Rate on *LAS* Projects

- 2.16 The interest rate charged on a local service tax will be the Municipal Finance Authority of British Columbia's lending rate for the projected term on the date Council approves circulation of the official petition for the local area service plus a 1% risk factor.

Commuted Value

- 2.17 An owner subject to a local service tax may commute, by payment, the local service tax imposed upon them. The commuted value is the unamortized proportionate share of the owners' portion of the costs of the *LAS* plus interest as determined by the Director of Finance. A one-time lump sum payment, equal to the full charge to the property owner as calculated through the petition without any interest is also

permitted, given it is paid within four months from the date Council approves the circulation of the official petition for the *LAS*.

RELATED POLICIES, PROCEDURES, AGREEMENTS AND/OR BYLAWS:

Not Applicable.

***** END OF POLICY *****

RECORD OF AMENDMENTS/REVIEW

| <u>Policy #</u> | <u>Date Adopted</u> | <u>Date Reviewed</u> | <u>Amended (Y/N)</u> | <u>Date Reissued</u> | <u>Authority (Resolution #)</u> |
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REQUEST FOR Local Area Service

APPLICANT INFORMATION

Name _____ Date _____
Address _____
Phone _____ Email _____

Type of Local Area Service you are Requesting:

- € Concrete curbs, gutters, and sidewalks
- € Retaining walls along river banks
- € Sanitary sewer systems
- € Storm sewer drainage systems
- € Street Lighting
- € Utility undergrounding
- € Water systems
- € Roadworks (building or repairing)

If the type of local area service you are requesting is not listed above, please describe it below.

Where would you like this local area service to be constructed?

Why are you requesting this local area service?

Is there any other information that the District should know about this local area service?

TAXABLE FRONTAGE RULES

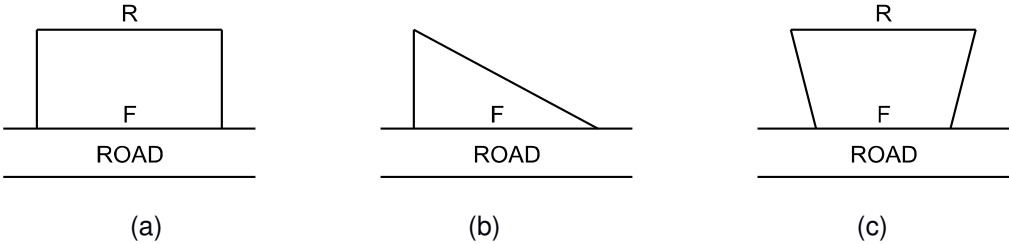
For works undertaken in the Local Area Service Program the property owners at the Benefiting Area will be charged on the actual foot frontage of their properties except in cases of corner lots, triangular lots or irregularly shaped parcels of land (Cul-de-sacs, etc.) as described below:

Minimum Frontage: 5 m

CORNER LOTS:

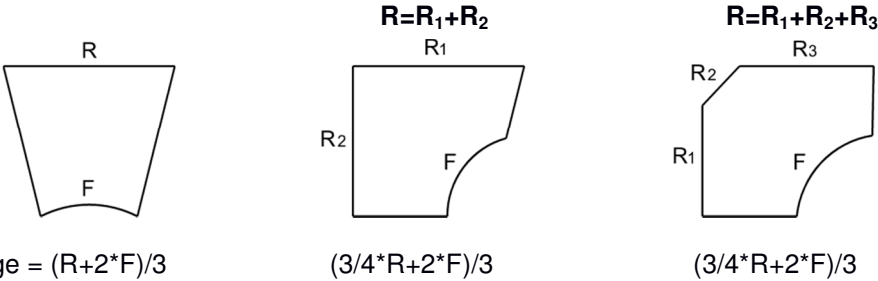
If the infrastructure improvement is on one side of the lot, the taxable frontage can be calculated by using one of the following methods. However, if the infrastructure improvement is on both sides of the lot the taxable frontage will be equal to 50% of the total of both frontages.

Rectangular /Triangular/Trapezoidal:



- a) Rectangular: Taxable Frontage = F
- b) Triangular: Taxable Frontage = (2/3)*F
- c) Trapezoidal: Taxable Frontage = (R+2*F)/3

COURTS/CUL_DE_SAC LOTS:



PANHANDLE LOTS:

In the case of a panhandle, the Taxable Frontage shall be considered equal to the lot line that is approximately parallel to the street from which access to the lot is gained.

