

Boundary Restructure Public Steering Committee
Final Report

March 2007

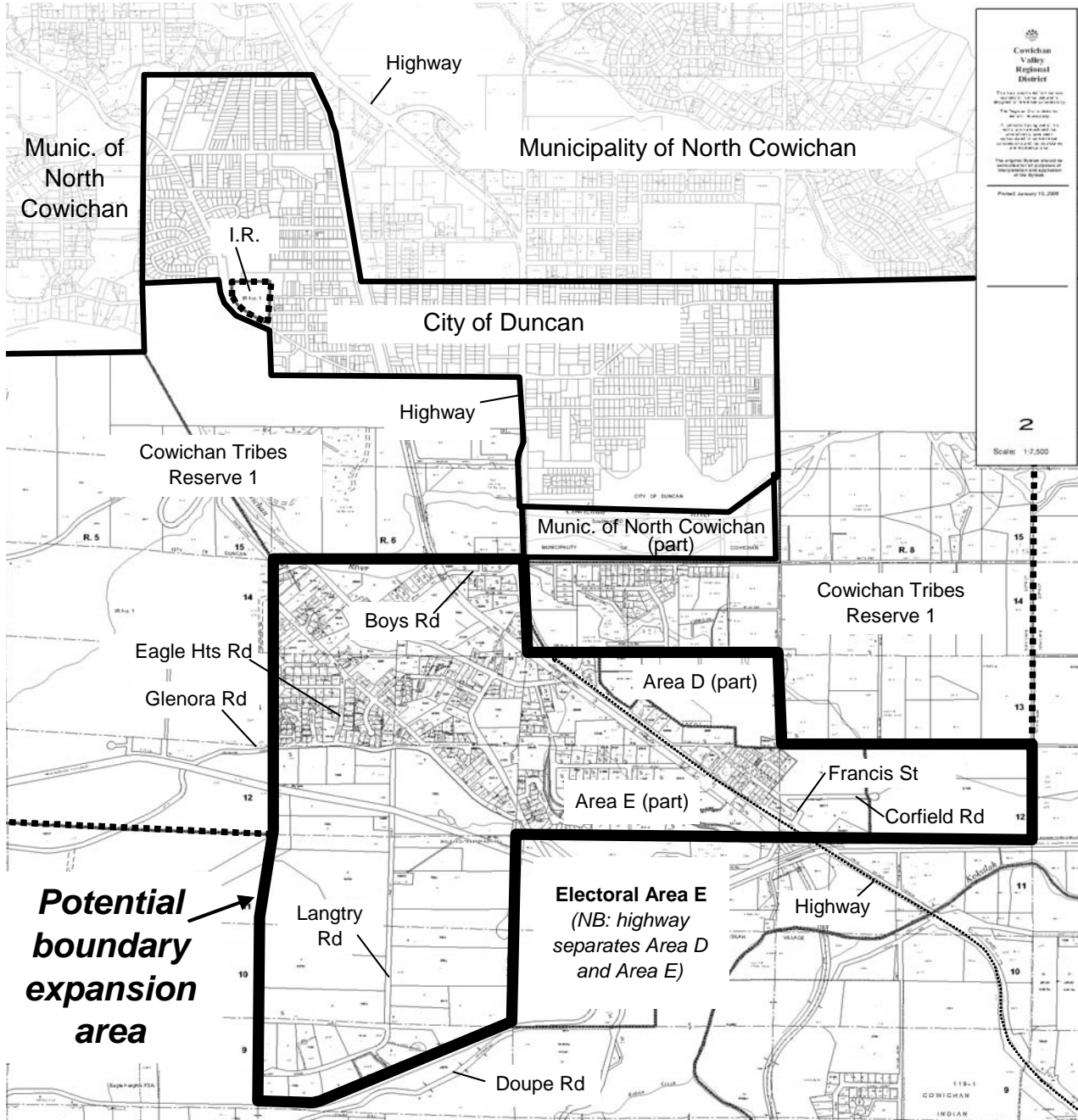
Submitted to:
The Elected Officials Steering Committee
The City of Duncan

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Overview of the process

The Boundary Restructure Public Steering Committee was given the tasks of assembling information about the impacts of extending the City boundary to include neighbouring parts of Electoral Area D and Electoral Area E; presenting this information to, and discussing it with, residents; and making recommendations about boundary restructure, including a recommendation about proceeding further. We engaged an independent consultant, Tom Reid of Sussex Consultants Ltd., to prepare the technical materials, lead the discussions at the public meetings, and assist us as we considered our recommendations.



Findings

There are a number of advantages and disadvantages to boundary extension. These may vary depending on where you live, and may vary among residents within one area. The diversity of the impacts, and of views about these impacts, mean that it is not possible to draw a simple conclusion about whether boundary extension is good or bad.

Boundary extension would provide a number of features that many people would consider advantageous, such as consistent sharing of costs among equal beneficiaries, more than one elected representative, enhanced local representation, more uniform accountability for local officials, and more comprehensive decision-making on community policies.

There are financial consequences, too. As can be seen from the Summary of the full report, joining the City would mean a tax increase unless special steps are taken to avoid this. Extending the City boundary without any tax reduction policies could mean a tax rise of \$172 for an Area E home assessed at \$200,000 and a rise of \$17 for an Area D home assessed at \$200,000. It would also mean a savings of \$113 for a home in the City of Duncan. Parallel tax rises could apply to businesses in Area D and Area E as well.

Conclusions and recommendations

We think that such tax rises – particularly the jump for an Area E home and for expansion area businesses are unacceptable. Many of the speakers at our public meeting in September 2006, where we presented these findings, indicated serious concerns over the potential financial impacts of joining the City. If these tax impacts are unavoidable, we conclude that boundary restructure is not a supportable option for the expansion area residents and taxpayers.

However, tax mitigation policies can reduce or eliminate the unwanted rises. We discussed these at the public meeting, along with the potential tax impacts.

We recognize that there are some positive aspects of boundary expansion and that the matter cannot be reduced to only property taxes. Questions such as extending the notion of “full membership” in local services and “full and equal participation” in local decision-making and elections are important concepts that boundary expansion would address for the community. While other matters warrant consideration, the tax impacts are the dominant feature of boundary expansion.

At committee meetings on February 6th and February 27th, 2007 we adopted the following recommendations that should apply if boundary restructuring proceeds.

1. That the Committee recommend to the City that taxes in the electoral area restructure area be no more than 110% of the prevailing taxes in the remaining electoral area as a permanent feature.
2. That the Committee recommend to the City that the ALR lands be removed from the proposed boundary restructure area.
3. That the Committee recommend to the City that the taxes in the remaining areas in the CVRD affected by the boundary restructure not be significantly affected indefinitely.
4. That the Committee recommend to the City that the areas adjoining the City have a minimum representation of two Councillors for the first three elections [7 years] and that the remaining Councillors and the Mayor be elected at-large.
5. That the Committee recommend to the City that the water and sewer taxes and fees in the expansion must not exceed water and sewer taxes and fees in the current City area.

6. That the Committee recommend to the City that all financial benefits from the short term assistance provided by the Province be used solely for the benefit of the expansion area properties and that roads be the highest priority.
7. That the City tax rate on farm land be capped at the provincial rural tax rate in the event that any farm land becomes part of the City.

On balance, it is the uncertainty with respect to the extent of tax impact mitigation that prevents us from making a clear “Yes” or “No” recommendation on the merits of boundary expansion. If there were no way to reduce or eliminate the unwanted financial aspects of joining the City, we would probably choose a “No” response. But we know there are some strategies and policies that could correct much or all of the tax issues, and this makes a simple “yes or no” choice essentially impossible.

Our recommendations could enhance the position of the expansion area properties if they join the City and reduce their expected tax impacts. We conclude that boundary expansion is a reasonable proposition to present to residents in the expansion area *provided certain conditions apply to and accompany expansion.*

Having identified a number of specific conditions that we feel are important if the matter of boundary expansion proceeds further, we leave it to those with the authority to implement the conditions and policies to decide whether or not this can be done. For example, we leave it to the City to consider the extent to which it can, or is prepared to, adopt service and tax policies that meet the goals we have set for post-expansion taxes on expansion area properties. We also leave it to the Province to consider the level of short-term transition grants it provides to help the City in meeting the tax goals.

Summary

At the end of what has turned out to be a longer than anticipated process, we are pleased to submit this for the consideration of the Elected Officials Steering Committee, the City of Duncan, and the Ministry of Community Services. We consider our mandate to be fulfilled based upon the information available.

However, we anticipate that in the near future, the City may be in a position to outline its responses to our recommendations. The Province too may have developed and refined specific policies that reflect our suggestions. If and when this happens, we would be happy to meet with all the parties to discuss the matter further.

On behalf of the committee, I thank you for the opportunity to make this submission and trust that our efforts will prove informative, relevant and productive.

Yours truly,

John Campbell, Chair

Appendix 1: April 20, 2006 Public Process

This appendix presents three sets of material related to the April 20, 2006 public information meeting.

- Newsletter #1
- Slide show presented at the meeting
- Questions and answers at the meeting



City of Duncan Restructure Study

Public meeting for the residents of Duncan and Electoral Areas D and E

Newsletter #1
April 2006

A study is underway

A study of the impacts of extending the City of Duncan boundary to include the nearby parts of Electoral Areas D and E has started. The work will look at how local services are provided and funded in the area now, who sets community policies, and how things might be affected by extending the City boundary southward.

Why do the study?

The City and Areas D and E share a number of services but there is uneven representation on the decision bodies and uneven funding for local services. A municipal boundary extension could address some aspects of this.

Do we have to change?

There is no requirement for a change in the City boundary. *This is only a study. If changes are sought, the provincial legislation will direct the process.*

Who is doing this study?

The study is being done by the Boundary Restructure Public Steering Committee. We are a volunteer group of local residents representing various areas (see above right). Using a provincial grant, we have hired an independent firm, Sussex Consultants Ltd., to prepare the technical work.

What is the Committee's role?

Our role is to gather and present information to the residents. At the end of the work, we will recommend whether a boundary change should be pursued further. This recommendation will go to the province, City Council, and the regional district board.

Who appointed the Public Committee?

Members were appointed by a group of local elected officials from the City and the Regional District.

What are the boundaries?

The map on the back shows the initial study area, which covers the western portion of Area D and the eastern portion of Area E. The boundary will be refined as part of the technical analysis.

The Public Steering Committee

Name ...	Representing ...
• John Campbell (Chair)	• Area E
• Joanne Gardiner (Vice Chair)	• Area D
• Calvin Fee	• Area E
• Sheila Hobbs	• City of Duncan
• Peter Holmes	• Area D
• Tracey King	• City of Duncan
• Rob Laver	• City of Duncan
• Chip Seymour	• Cowichan Tribes
• Mark Turner	• District of N. Cowichan
• Henry Wikkerink	• Area E
• Alternates: Cathy Basskin	• Area D
Renee Leger	• District of N. Cowichan

What are Area D and Area E?

These are two electoral areas of the Cowichan Valley Regional District (CVRD). Electoral areas are distinct members of the CVRD. They are not part of the City, though they share in a number of services with the City. Only parts of Area D and E are included in the study (for example, Cowichan Bay, which is part of Area D, lies outside the study boundary).

Public meeting

We're holding an informal public meeting on April 20th and we'd like to hear what you think the important issues are. We will also explain the study goals, timing, and process, and describe how the current system works.

Will there be more meetings?

Yes. We'll be holding more meetings as soon as we have some findings. These findings, and the community's reaction to them, will help guide us as we consider what the next steps might be. We'll send out a summary of our findings before the next set of public meetings.

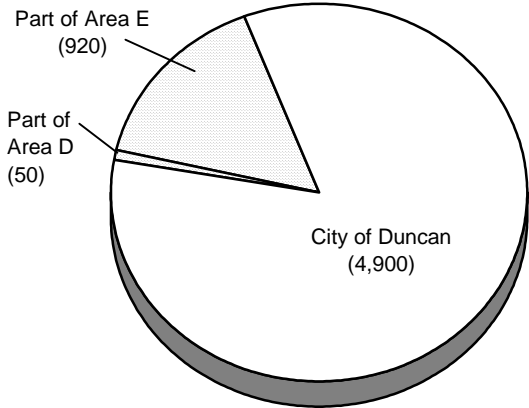
Please come to the public meeting!

Duncan Fire Hall (468 Duncan St)
Thursday, April 20th, 2006
7:30 PM (doors open at 6:30)

We'd like to hear your views and questions, so please plan to attend!

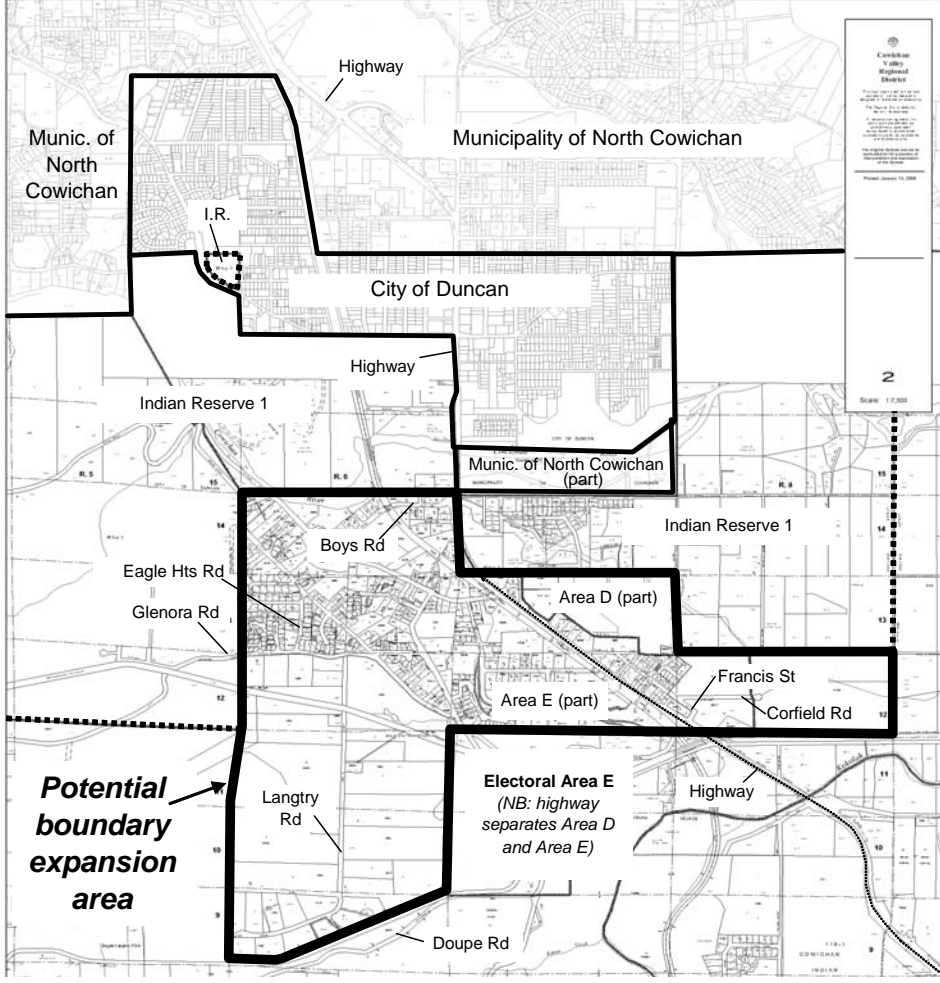
Learn more at www.city.duncan.bc.ca or at City Hall (200 Craig St) Call 746-6126

Estimated population in the study area



Please come to the public information meeting!
7:30 PM (doors open at 6:30)
Thursday, April 20, 2006
 Duncan Fire Hall (468 Duncan St)

*Excludes Indian Reserves
 Note: Pop'n estimates will be refined in the study*



Slideshow presentation (April 20, 2006)

**City of Duncan
Boundary Restructure
Study**

April 2006

Who will decide?

- Province sets the rules
- City can't change its own boundaries
- Province has long history of letting voters decide
- Almost certainly a vote for study parts of Area D + E
- Could be a vote for City electors too
- *Matter might not proceed that far*

The study process

1	Current situation	<i>How do things work now? What are the issues?</i>
2	Impacts	<i>What would boundary extension change?</i>
3	Discussion	<i>What questions and comments do people have?</i>
4	Direction	<i>Should this proceed to a vote?</i>
5	Decision	<i>What do the people say?</i>

The area

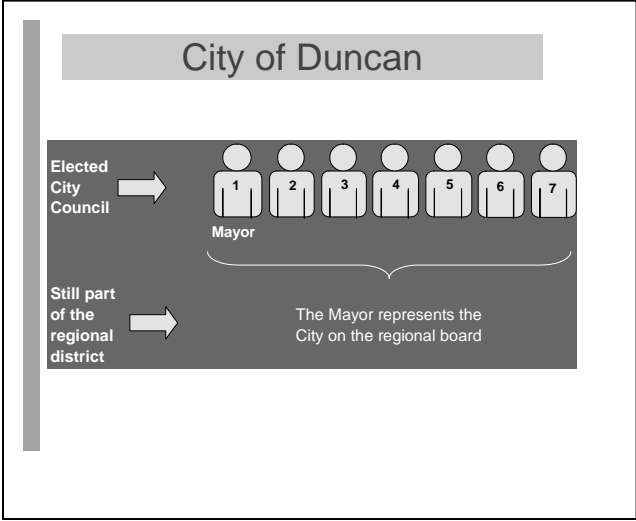
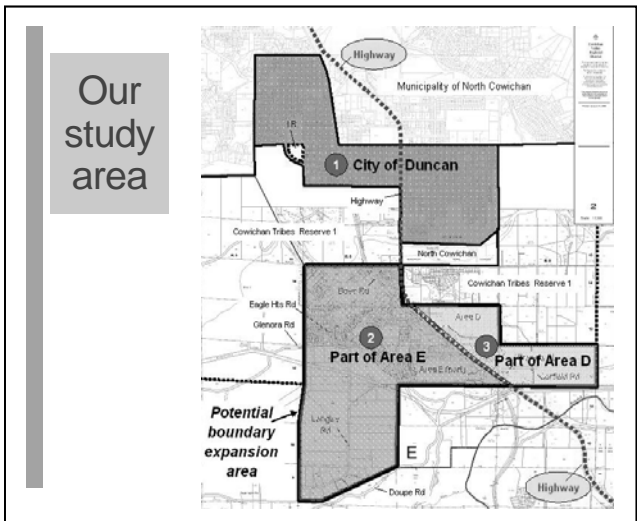
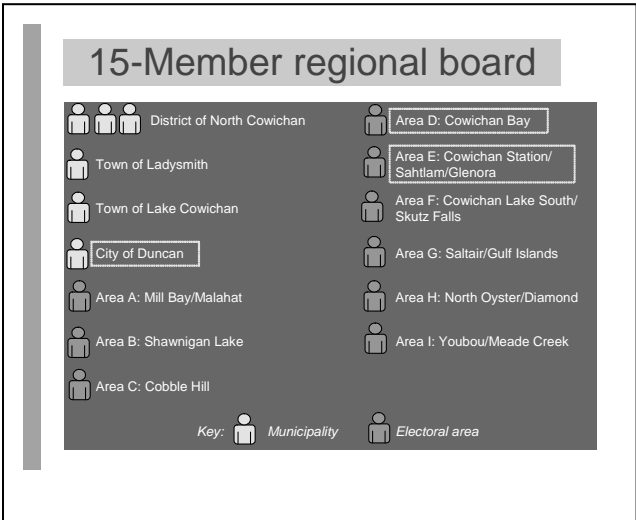
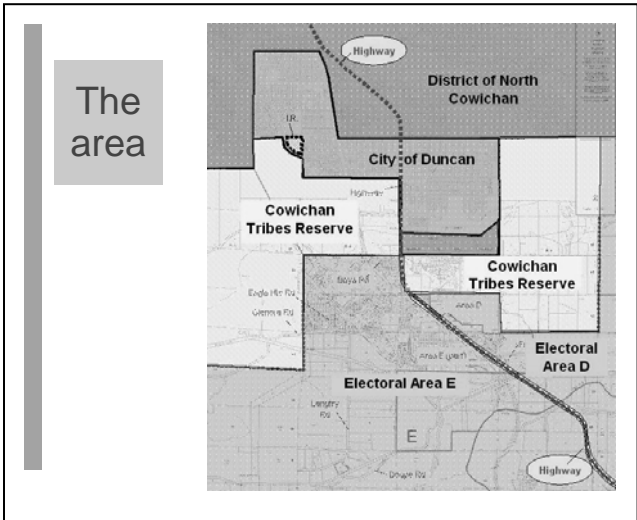
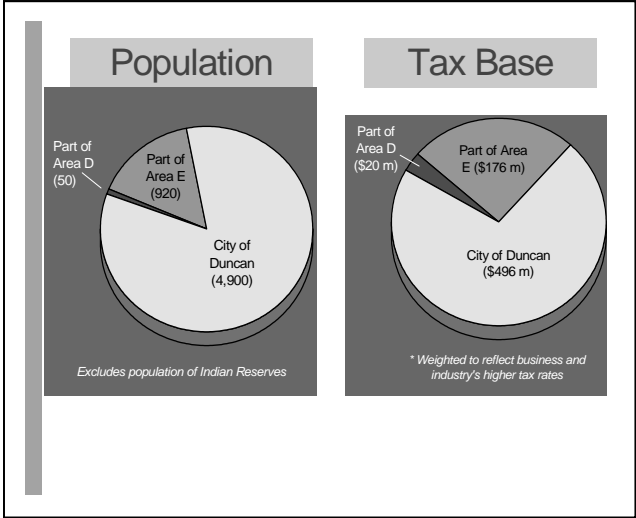
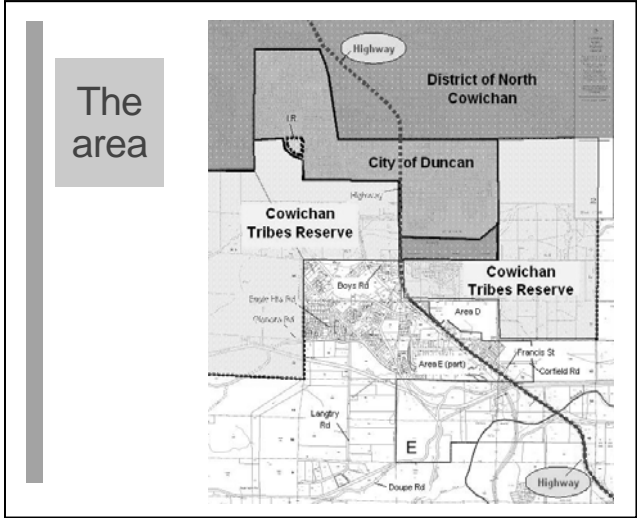
The map shows the geographical layout of the study area. It includes the City of Duncan, the District of North Cowichan, and Cowichan Tribes Reserve 1. Key roads shown include Highway 1, Highway 2, Doupe Rd, Langtry Rd, Glensora Rd, Eagle Hts Rd, Boys Rd, Francis St, Cortfield Rd, and Area E (part). The map also indicates the locations of Area D and Area E.

Why look at this?

- Complicated local gov't system now
- Uneven control and influence
- Shared community values
- Shared responsibility
- Reliance on City services
- Influence on who makes City decisions
- Influence on City policies

The area

This map is identical to the one in the previous slide, showing the geographical layout of the study area including the City of Duncan, District of North Cowichan, Cowichan Tribes Reserve 1, and various roads and reserves.



Some differences

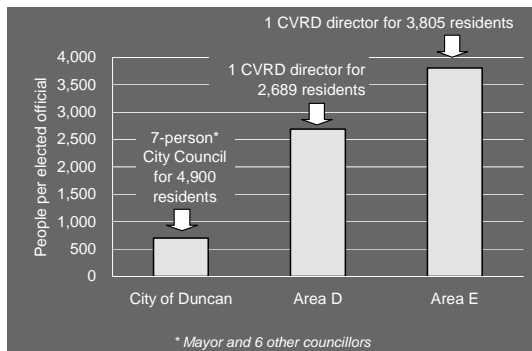
Regional District	Municipality (City)
<ul style="list-style-type: none"> ◆ Federation of different areas ◆ Mainly under the <i>Local Government Act</i> rules ◆ Separate taxes for each service and function ◆ Narrower service authority ◆ Fewer service obligations ◆ Service enactment requires approval of other RD members 	<ul style="list-style-type: none"> ◆ Focus on one area ◆ Under <i>Community Charter</i> and <i>Local Government Act</i> ◆ One tax for multiple services and functions ◆ Broader service authority ◆ More service obligations ◆ Service enactment up to municipality alone

Land use controls

	Current system		After expansion
	In the City of Duncan	In Areas D + E	In all 3 areas
Local zoning bylaws	City council	Regional board	City council
Official community plans	City council	Regional board	City council
Subdivision approval	City staff	Provincial staff (consults with CVRD)	City staff
Agricultural Land Reserve designation	Agricultural Land Commission	Agricultural Land Commission	Agricultural Land Commission

Existing CVRD zoning and OCP bylaws would still apply after expansion

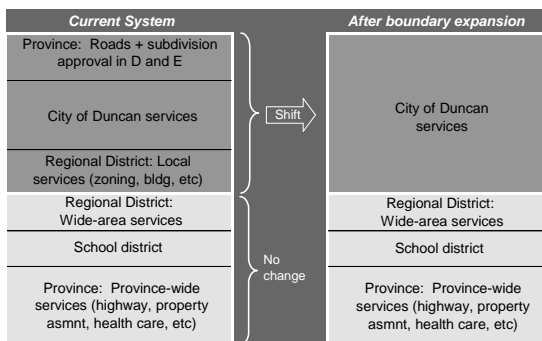
Elected local officials



12 Things that would change

	In Duncan now	In the study portions of Area D and E	
		Before	After
1 Local roads	City	Province	City
2 Zoning + OCP	City	CVRD	City
3 Subdivision approval	City	Province	City
4 Policing	Province	Province	City
5 Sewage collection	City	CVRD	City
6 Water system	City	CVRD + City	City
7 Property tax collection	City	Province	City
8 Storm drainage	City	Province	City
9 Garbage collection	City	RD contractor	City
10 Local parks	City	CVRD	City
11 Building permits	City	CVRD	City
12 Bylaw enforcement	City	CVRD	City

Layers of local government



12 Things that wouldn't change

1 Highway responsibility	Stays with province
2 911 Service	Remains a CVRD service
3 Regional parks	Remains a CVRD service
4 Landfills	Remains a CVRD service
5 Fire service	Area covered could stay as is
6 Sewage treatment	Remains a shared service
7 Sewer areas	Only served areas pay (like now)
8 Water areas	Only served areas pay (like now)
9 Property assessments	Stays with BC Asmnt Authority
10 School + hospital taxes	Not affected at all
11 Library service	Stays with the V.I. Library District
12 Agricultural land designation	Stays with Agricultural Land Commission

What about zoning?

- OCP + zoning bylaws already in place
- Existing CVRD bylaws would become City bylaws
- Bylaws could be changed by City – just like CVRD board can change them under current system

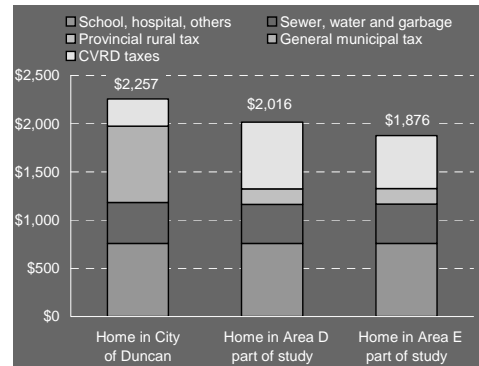
Provincial assistance

- Would be confirmed *before* a referendum
- Short-term assistance components:
 - Start-up grants based on population
 - 5 yrs free road maintenance
 - Rebate of rural tax
- No grants for road improvements
- Long-term: Highway remains provincial

Water and sewer

- Only the users would pay (same as now)
- No subsidies from non-users (like now)
- Sewer charges not affected much by boundary restructure
- Water charges could be affected slightly

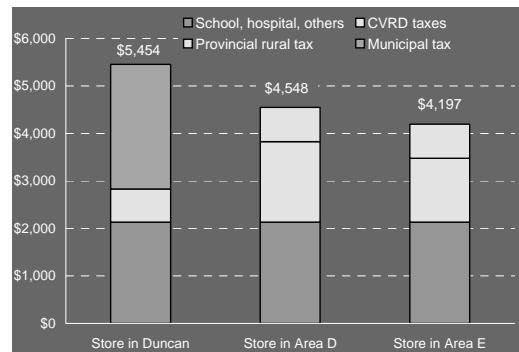
2005 Taxes on a \$200,000 home



Local service areas

- Some already in place
- Only homes in the area pay for the service
- Service areas could stay same for:
 - Fire protection (outside study area)
 - Sewer service area boundaries
 - Water service area boundaries

Taxes on a \$200,000 business



Why are taxes different

- More extensive services in City
 - Sidewalks, street lights, curbs and gutters
 - Roads, boulevards, storm drainage
 - Parking management
 - More parks
- Uneven sharing of CVRD costs
 - Cowichan Centre
 - Transit
- Different tax shifting (tax rate multiples)
- Different links between costs and taxes

End

Questions From Residents (April 20th meeting)

Overview

A public information meeting was held in the evening of April 20, 2006 to present the study goals, explain the current system of local government, and hear questions and comments from residents. Just over 100 people attended the meeting. The residency of the 96 who signed in is as follows:

- 25% were from the City of Duncan
- 55% were from the electoral areas (most from Area E)
- 18% were from the District of North Cowichan
- 2% were from elsewhere.

The questions and responses presented here were compiled and edited by the consultant. Similar, related or repeated points have been grouped into one question rather than listed separately for each time they were raised. Some comments have been restated as questions in order to allow a consistent format. Most of the answers presented here were also given at the meeting, but several have been researched since the meeting and then presented here.

The questions and answers are grouped into four board categories:

- The study process
- A referendum
- Transition and boundary changes
- Services, finances, and land use

The study process

1. *Whose idea was the study in the first place?*
City Council initiated the work.
2. *Who chose the area to be studied, and why was it chosen at this time?*
The City chose the area to be looked at. The decision was made to do the study now because City Council wanted to know the results in a timely manner, and it had been many years since the issues was last looked at.
3. *Who appointed the Public Steering Committee?*
Duncan City council appointed the members of the Public Committee from a list of people who responded to the City's ad asking for volunteers.
4. *Isn't the objective of the study to make boundary expansion happen?*
No, the objective is to produce independent information for people to consider.
5. *Why aren't we doing a study like the 1977 one that looked at combining larger areas than the current study is looking at?*
A larger study could be considered at the conclusion of the current work. At this time, however, the focus is on a more modest municipal restructuring.
6. *Will regional values (like the regional growth strategy) be looked at?*
The study focuses on the direct impacts of an expanded City boundary and City services. Matters related to broader CVRD issues lie beyond the scope of work here.
7. *Would Langtry Road be in the municipal boundary?*
Possibly. It is included in the study area but that does mean it would be part of the expansion. A recommended boundary could exclude it.

8. *Shouldn't the Silver Park mobile home park, which lies in the North Cowichan municipality, be part of the study? It's right between the City and the proposed new area.*
The terms of reference focus on the City of Duncan, not the District of North Cowichan. Examining the status of this parcel could be looked at after the current study is done. The North Cowichan municipal council would have to be involved in this.

A referendum

9. *Shouldn't there be a referendum to decide if people approve of boundary expansion?*
The law says there must be a referendum of current City voters if 10% of them petition for a referendum. A referendum for electoral area voters is up to the Minister, though it should be noted that the province has a long history of holding such a vote when there is a significant population (say, over 500) in the electoral area portions of a proposed municipal boundary.
10. *How would a referendum work?*
The Minister would decide how a referendum would work. Options could include a single winner-takes-all count of ballots from all areas combined; separate ballots for the City and the electoral areas; and phased voting (say, the electoral areas vote first, with a City vote only if the electoral area vote passes). There could be other choices, too.
11. *Can we be assured that there will be a referendum?*
A decision to hold a referendum for electoral area voters is up to the Minister.
12. *Would the rest of Area D and E get to vote in a referendum? If not, they should.*
No, only voters in the directly-affected areas would get to vote.

Transition and boundary changes

13. *We would still be part of the Cowichan Valley Regional District (CVRD), so how can you say there would be fewer layers of local government?*
For the entire study area, there would be less reliance on the CVRD for local services like planning, building inspection, and community parks, and this tends to reduce the presence of this local government. However, the area would still be part of the broad-area functions of the CVRD, and the City would still be a member of the regional board.
14. *I'm in Area E but outside the proposed City boundary. What would happen to me?*
The study will identify the probable changes in CVRD taxes on the remaining areas due to boundary expansion.
15. *What portion of the whole Area E is in the study area? And what portion of Area D? The report should identify this.*
The study area includes about 24% of the total Area E population (920 out of 3900) and less than 2% of Area D's population (50 out of 2690 residents). In terms of the tax base, it includes 41% of Area E's total and 6% of Area D's total.
16. *What would happen to property taxes in the leftover parts of Areas D and E?*
The study will identify these impacts where possible.
17. *What is the provincial policy on mitigation for the remaining parts of the electoral areas to protect them from rises due to boundary expansion? Can't the Minister force the City to pay mitigation?*
That would be up to the Minister. We don't yet know the extent to which mitigation could be needed.

Services, finances, and land use

18. *Areas D and E would lose tax revenues from businesses that become part of the City. Won't this raise the taxes in the remaining parts?*
This is possible, though it should be noted that some CVRD costs would fall too, so a tax rise might not be inevitable. The study will identify the possible tax losses.
19. *What assurances are there that the City wouldn't raise the tax rate multiple for businesses in Areas D and E?*
Unless the province imposes tax constraints on the City, there is no assurance – just as there is no assurance that the multiples won't change under the electoral area system.
20. *What are the advantages of boundary expansion from the City's viewpoint?*
Candidates from the City's perspective include more consistent sharing of core City costs (like downtown roads); enhanced ability to have one voice speak for the whole community; and an expanded tax base. There could be disadvantages too, like more road and policing costs.
21. *Would the electoral areas get sidewalks and street lights like the rest of the City? If not, would we have to share in the cost of the City's lights and sidewalks?*
This would be up to the City Council. It would be possible to exempt the areas without these services from the costs if the services are not going to be extended in those areas.
22. *Isn't this just a tax grab by the City? I don't want to pay more taxes.*
At this early stage, it isn't at all clear that boundary expansion would lower the City's taxes. Remember that the extra tax base would also come with extra road and policing costs (to name just two services that would be funded by City taxes).
23. *Will the study examine policing policies and costs?*
Yes, it will.
24. *Showing us the "before" tax picture is not enough. Will the study show the "before" and "after" taxes?*
Yes, both the "before expansion" and "after expansion" taxes will be identified.
25. *Wouldn't being part of the City mean the end of the farming community along Langtry Road? I don't want to lose that lifestyle.*
The provincial Right to Farm Act assures farmers that a local government like a municipality or a regional district can't prohibit accepted farming practices. Neither the City nor the CVRD can remove land from the Agricultural Land Reserve; that power rests with the Agricultural Land Commission, which is independent of local government. There are many instances of farming within a municipality.
26. *What would stop the City from changing the zoning to urban density?*
The City can't remove land from the ALR or prohibit farming, so the farming areas could continue. The City could rezone *non-farm* areas to more urban uses – just as the CVRD can do now, using essentially the same process.

Appendix 2: Sept. 12, 2006 Public Process

This appendix presents three sets of material related to the September 12, 2006 public information meeting.

- Newsletter #2
- Wall charts displayed at the meeting
- Slide show presented at the meeting
- Questions and answers at the meeting



Public information meeting for the residents of Duncan and Electoral Areas D and E

Preliminary results are in

We have received the draft technical findings in our look at expanding the City of Duncan’s boundary to include an area south of the Cowichan River (see map on reverse), and we’d like to share them with you. We’re sending you this newsletter as part of that process, and you’re invited to an informal meeting on September 12, 2006 to discuss the work (see details on next page).

Why do the study?

The City and Areas D and E share a number of services but there is uneven representation on the decision bodies and uneven funding for local services. Extending the City boundary could address these issues. There is no requirement for a change in the City boundary. *This is only a study. If changes are sought, the provincial legislation will direct the process.*

Who is doing this study?

We are the Boundary Restructure Public Steering Committee – a volunteer group of local residents representing various areas (see below). Our technical review has been prepared by Sussex Consultants, an independent firm that specializes in assessing the impacts of boundary extension.

Name ...	Representing ...
• John Campbell (Chair)	• Area E
• Joanne Gardiner (Vice Chair)	• Area D
• Calvin Fee	• Area E
• Sheila Hobbs	• City of Duncan
• Peter Holmes	• Area D
• Tracey King	• City of Duncan
• Rob Laver	• City of Duncan
• Chip Seymour	• Cowichan Tribes
• Mark Turner	• District of N. Cowichan
• Henry Wikkerink	• Area E
• Alternates: Cathy Basskin	• Area D
Renee Leger	• District of N. Cowichan

How is the area governed now?

Most of it is part of Electoral Area E of the regional district (the CVRD); the smaller portion northeast of the highway is part of Area D. Note that Areas D and E cover much larger areas too, but these are not in the study and would remain part of the CVRD system. There are about 1000 residents in the proposed expansion area.

The properties share some services with the City (like water and fire) but do not help fund others (like the pool). Area D and Area E each have one director on the CVRD board. The CVRD is the main local government body for the expansion area, though the province also provides local services

like road maintenance, tax policies and subdivision approval.

The City is a municipality, with its own elected body (City Council). It has a broader array of services and makes its own decisions about service standards, taxes, and community policies.

If the expansion area joins the City

For the expansion area, the roles of the regional district and the province would be lessened, replaced by the City’s role. Residents could see some service improvements (for example, more frequent garbage collection, more road maintenance, para-transit, and potentially sidewalks and street lights). They would not have to pay the proposed pool fee surcharge or the sewer parcel tax. They could have an assured seat on the City Council. City regulations, including business licences, would apply in the expansion area (some, like zoning, noise control, and unsightly premises bylaws already exist under the CVRD).

Expanding the City would increase the City’s costs (more roads, for example), but it would also increase its tax base. After restructure, all properties (City and expansion area) could pay the same basic taxes – but because they *start* from different tax levels, the *change* is not the same for all homes. By 2010, the difference between “current system” taxes and “expanded City” taxes could be as follows *if no corrective steps are taken (and some steps can be taken – see below).*

	In Duncan	In Area D	In Area E
Taxes on a \$200,000 home	down \$113	up \$17	up \$172
Taxes on a \$200,000 business	down \$438 (7%)	up \$602 (12%)	up \$1,002 (23%)
Taxes on a \$200,000 industry	None (no industry)	up \$72 (1%)	up \$628 (12%)

Tax impacts before any mitigation steps

Note: These tax impacts could change as more information about start-up grants is received from the province. Also, steps can be taken to reduce or eliminate the tax impacts (see over).

With or without expansion, City taxpayers will likely be facing higher taxes soon due to policing costs. For expansion area taxpayers, staying outside the City offers little protection from tax rises, as CVRD taxes have risen faster than inflation; soon, residents there will face higher user fees for the pool than City residents;

and they will soon pay a new policing tax. However, joining the City could mean a larger tax rise *unless steps are taken to reduce the impacts*.

What steps can be taken to reduce taxes?

Expansion area taxes could be phased in over five or even ten years. Keeping the current two-tiered garbage collection schedule could save about \$60. Also, surplus start-up funds could be used to reduce taxes in the expansion area.

What would not change significantly

Eagle Heights could continue to have a separate sewer system and would not have to pay the City parcel tax. The large sewer reserve fund would be protected for Eagle Heights alone. The water system would not be affected (though the user fee could fall). The fire department would not be affected.

What about the rest of Area D and E?

The CVRD would lose tax revenues (though it could also reduce some costs, as there would be fewer people needing CVRD services). *Note:* The

province could require the City to help fund the CVRD to reduce or eliminate these lost revenues.

The boundary

The area south of Glenora Road has farms and ALR land and doesn't receive either water or sewer. The boundary could be limited to the area north of Glenora Road without any meaningful financial impacts for the expanded City.

What happens next?

After hearing your comments and finalizing our work, we will make recommendations to the Elected Officials Committee, to City Council, and to the province about boundary extension. If the issue proceeds further, expansion area residents will have a say in the outcome.

Public meeting

We'll be holding several informal public meetings to explain the findings and hear your questions and comments. The first is on September 12th. *Please plan to attend.*

Wall charts

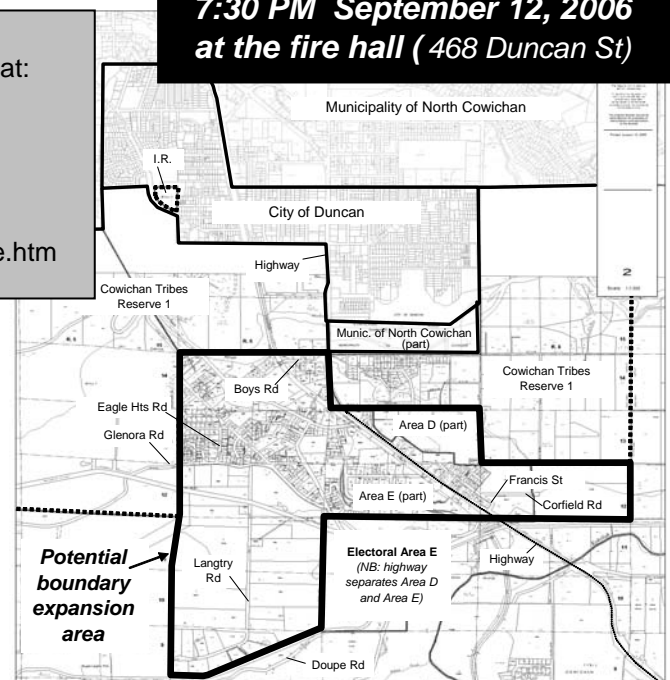
Want to learn more?

You can see the whole technical report and a 7-page summary at:

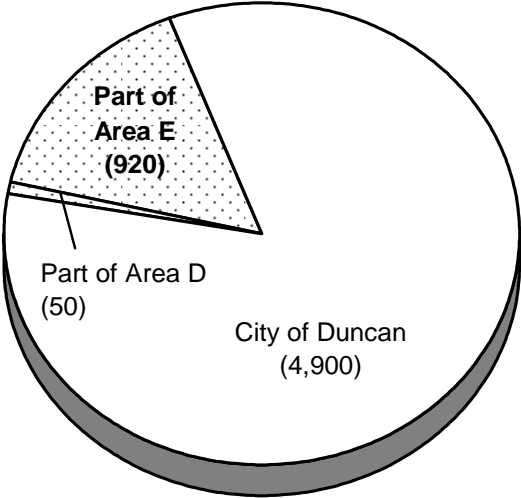
- ✓ Duncan City hall (200 Craig Street)
- ✓ The Cowichan Valley Regional District (175 Ingram Street)
- ✓ The library (2687 James Street)
- ✓ The Cowichan Tribes office (5762 Allenby Road)
- ✓ On the web at

www.city.duncan.bc.ca/duncan_city_hall/boundary_restructure.htm

**Come to the public
information meeting
7:30 PM September 12, 2006
at the fire hall (468 Duncan St)**

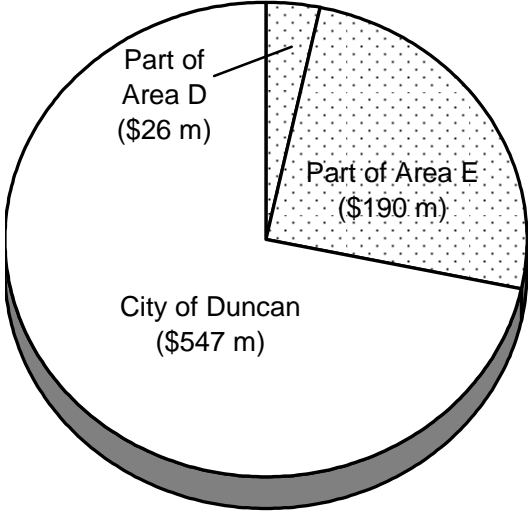


Study area population



** 2005 Estimates*

Study area tax base



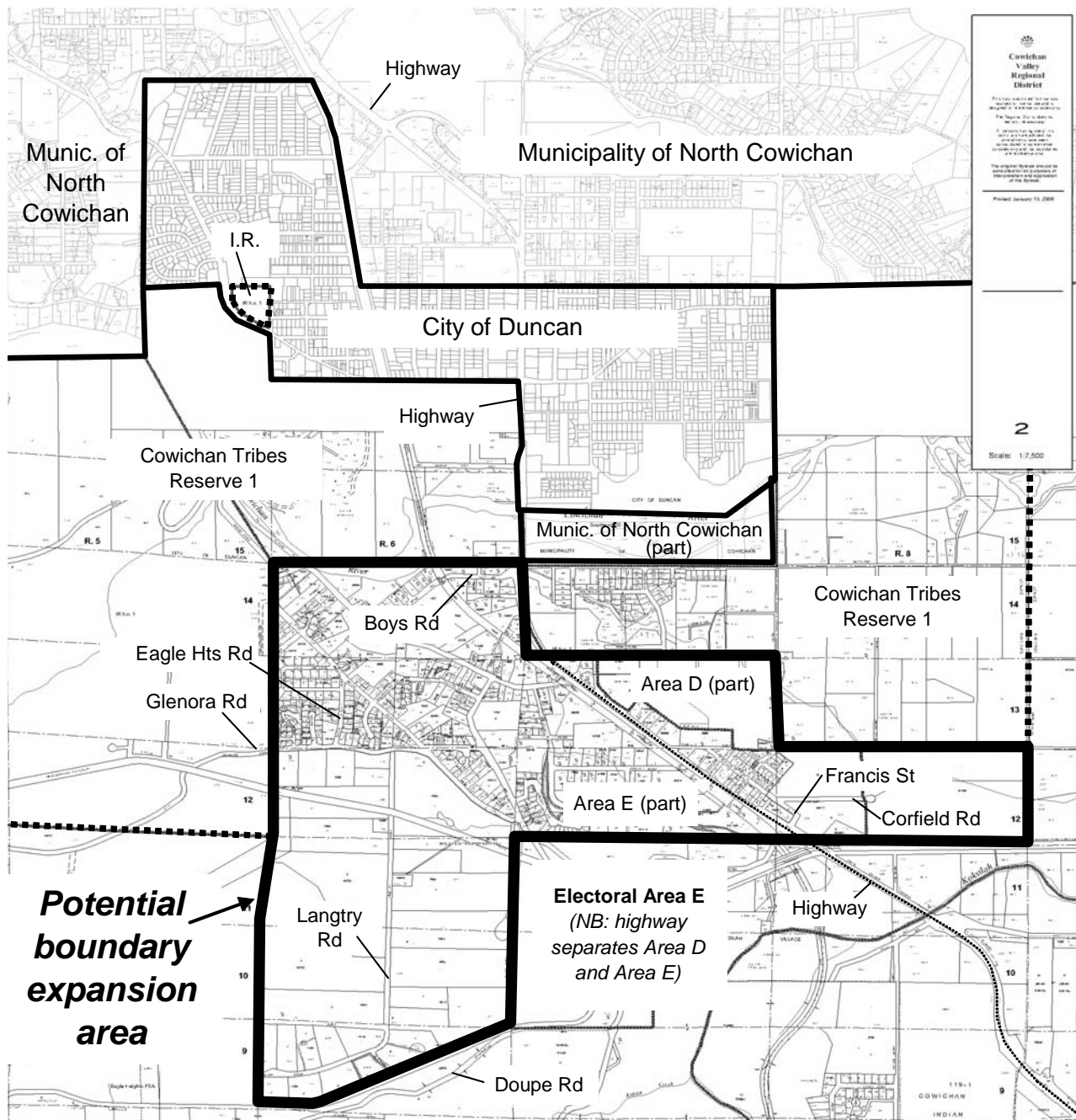
** Weighted using hospital tax rate multiples for each class*

Why residents might want to join the City

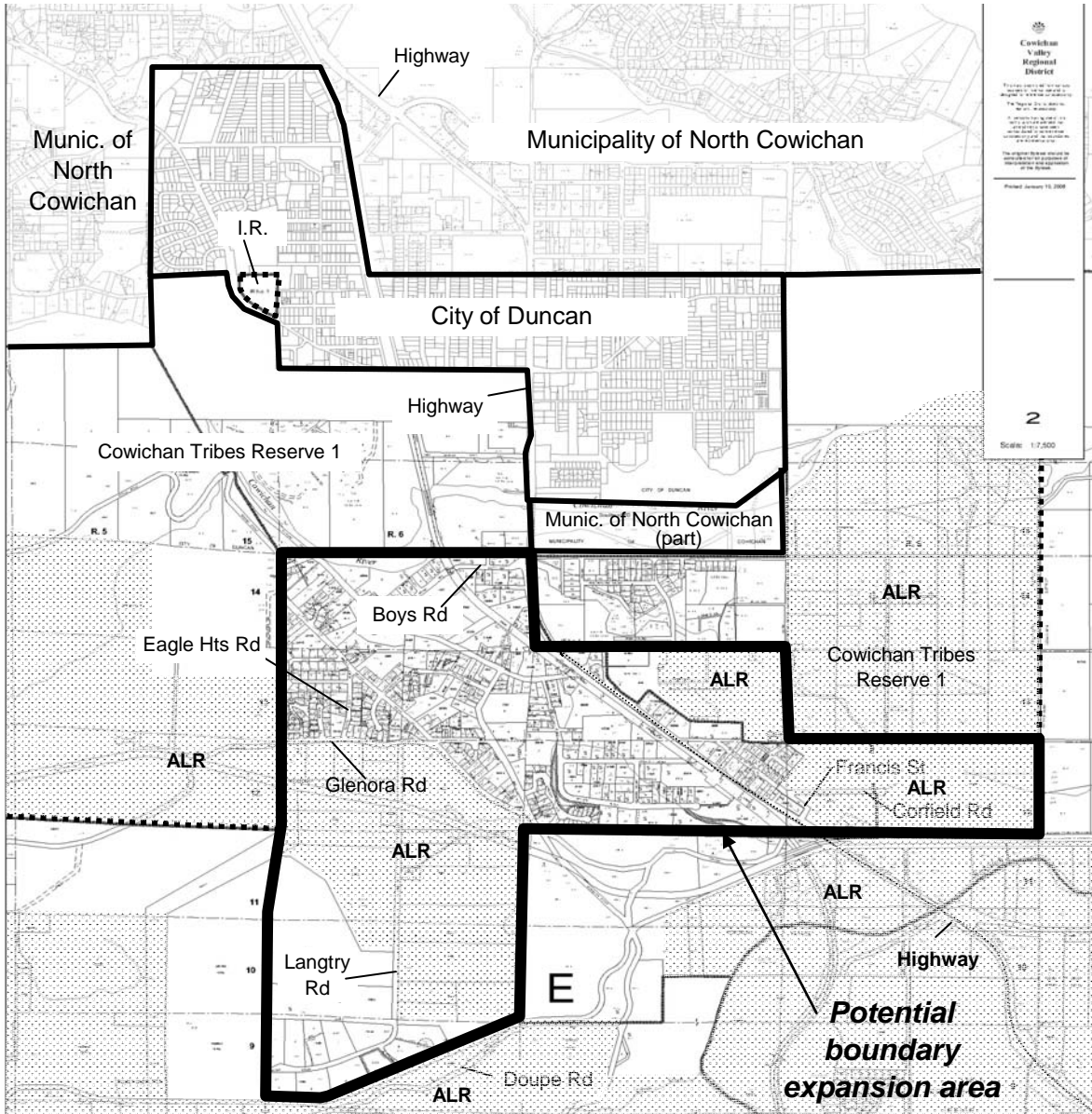
- They would have a full and proper voice in City policies (like water).
- They would rely less on remote decision bodies (like the province).
- They could avoid an extra use fee for the pool.
- They could pay less for water and sewer (they pay more than the City does now).
- They could get a higher level of services (including, potentially, sidewalks and street lights and more frequent garbage collection).

These gains have to be weighed against the overall financial impacts.

Potential expansion area



Agricultural Land Reserve



Services and functions in the study area now

	In the City of Duncan	In Area D and E (parts in study area)
(A) Functions and services that differ		
1 Reg. District (CVRD) director	A member of City council	Each area elects one director
2 Main local gov't body	City council	CVRD board
3 Property tax collection	City	Province
4 Zoning bylaws	City council	CVRD board
5 Official community plan	City council	CVRD board
6 Subdivision approval	City staff	Provincial staff*
7 Water system	City	CVRD contract with City**
8 Sewage collection system	City	CVRD**
9 Building permits + inspections	City	CVRD
10 Local road maintenance and repair	City (but hwy is a provincial service)	Province (via a contractor)
11 Garbage collection + recycling	City (own staff)	CVRD (contractor)
12 Pool	City	no pool in study part of D or E
13 Community parks	City	CVRD

(B) Shared functions and services		
1 Sewage treatment / disposal	Joint City-North Cowichan-CVRD	Joint City-North Cowichan-CVRD
2 Fire department	City fire dep't	City dep't (CVRD contracts with City)
3 Policing	Province/RCMP	Province/RCMP
4 Garbage disposal (landfill)	CVRD	CVRD
5 Cowichan Centre	CVRD~	CVRD~
6 Library	V.I. Library Distr.	V.I. Library Distr.
7 Highway	Province	Province
8 Property assessment	Province	Province

CVRD = Cowichan Valley Regional District

** Excludes Langtry Rd area

* Subdivision application is made to CVRD but provincial staff has approval authority

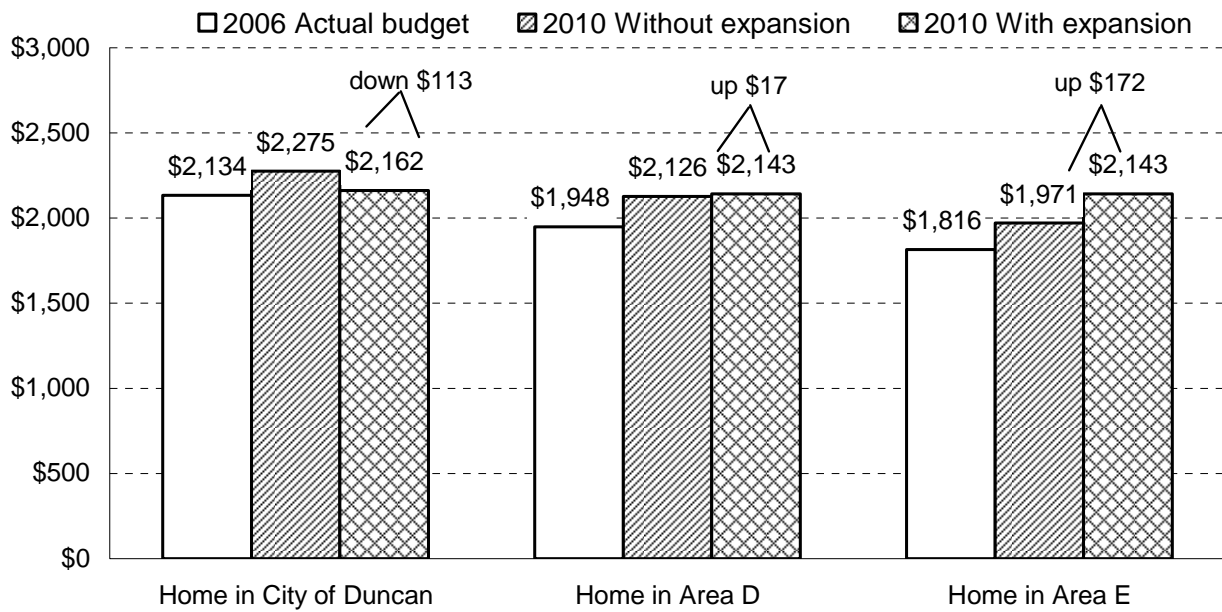
^ The CVRD parks in Area D and E lie outside the study area

~ Participation in funding varies in the study area (not all areas pay the same)

Expansion area service authority: Before and After

Service or function	Before restructure	After restructure
Animal control	CVRD sets regulations, fees and taxes	City sets regulations, fees and taxes
Building permits and inspections	CVRD sets regulations, fees and taxes	City sets regulations, fees and taxes
Community planning (zoning and development bylaws)	CVRD adopts zoning and community plan bylaws	City adopts zoning and community plan bylaws (note: the City would inherit the existing CVRD bylaws in Area D and E)
Subdivision approval	Provincial staff decides on applications after review by CVRD	City staff decides on applications
Roads and streets	Province is responsible for maintaining, repairing and improving roads outside City (via a private contractor)	City is responsible for maintaining, in the expansion area (but not the highway)
Street lights	CVRD provides lighting in critical locations in Area E	City is responsible for street lights within the City
Community parks	CVRD maintains and improves local parks	City maintains and improves local parks within the City
Tax policies	CVRD sets balance between user fees and taxes (but can't set policy for balance between home and business tax loads)	City sets balance between user fees and taxes, and sets policy for balance between home and business tax loads
Tax collection	Province collects property taxes and forwards money on to agencies like the CVRD (it charges a 5.25% fee for this)	City collects property taxes (costs of collection are built into City's administration budget)
Policing	Provincial-Federal contract for RCMP services; low tax rate to start in 2007	City-Provincial-Federal contract for RCMP services; higher costs probably start in 2008.
Eagle Heights sewer collection (but not treatment and disposal)	CVRD service area	City (could be a separate service area of City)
Cowichan Centre	Area E contributes fully but Area D does not contribute to the costs of the arena	Properties in both electoral area parts of the study would share equally, with the City and North Cowichan, in the total costs of Cowichan Centre

Tax impacts on a home before mitigation



All figures stated in constant 2006 dollars

Mitigation can reduce these impacts

**save
\$54**

Lower garbage fees (keep rural garbage schedule)

**save
\$36-\$65**

Create an annuity for expansion area taxpayers

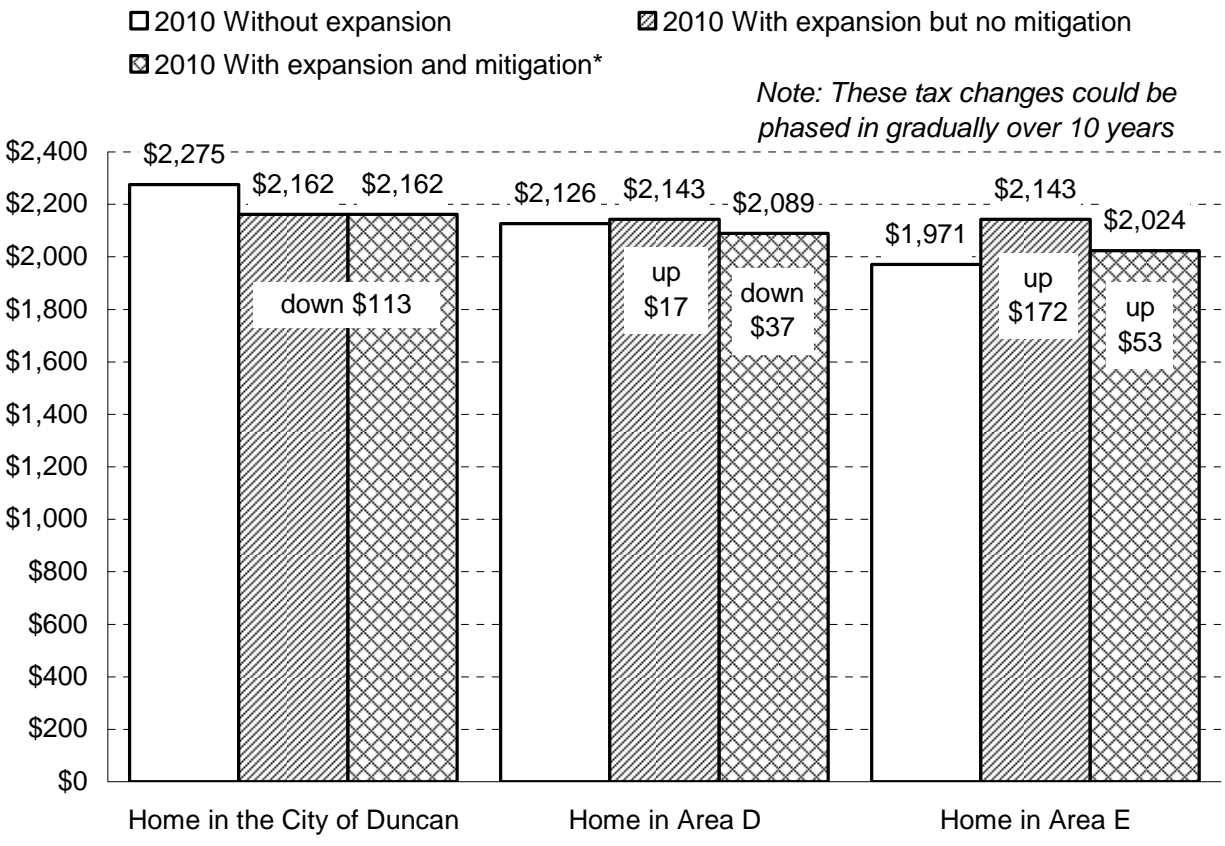
**phase-in
taxes**

Implement tax changes gradually (5-10 years)

**for
business**

Lower the tax rate multiple

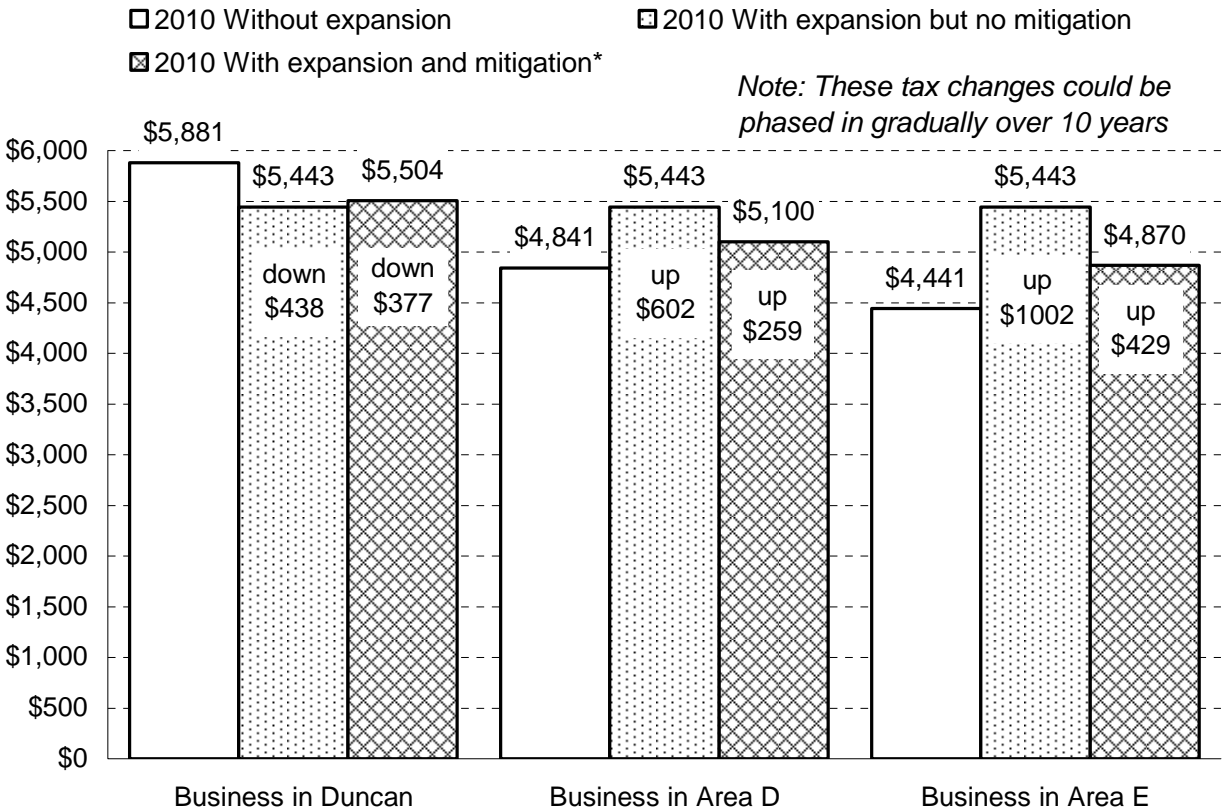
Tax impacts on a home after mitigation



* Two mitigation steps: Keep rural garbage collection schedule plus maximum annuity

(based on a typical home with \$200,000 property assessment; taxes vary with assessed value)

Tax impacts on a business after mitigation



*Includes City business licence (\$100) * Two mitigation steps: Lower tax rate multiple (3.0) in the expansion area plus maximum annuity*

Slideshow presentation (Sept 12, 2006)

City of Duncan Boundary Restructure Study

September 2006

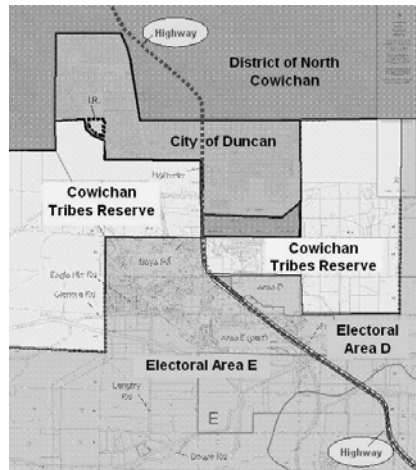
Who will decide?

- Province sets the rules
- City can't change its own boundaries
- Province has long history of letting voters decide
- Almost certainly a vote for study parts of Area D + E
- Could be a vote for City electors too
- *Matter might not proceed that far*

The study process

1	Current situation	<i>How do things work now? What are the issues?</i>
2	Impacts	<i>What would boundary extension change?</i>
3	Discussion	<i>What questions and comments do people have?</i>
4	Direction	<i>Should this proceed to a vote?</i>
5	Decision	<i>What do the people say?</i>

The area

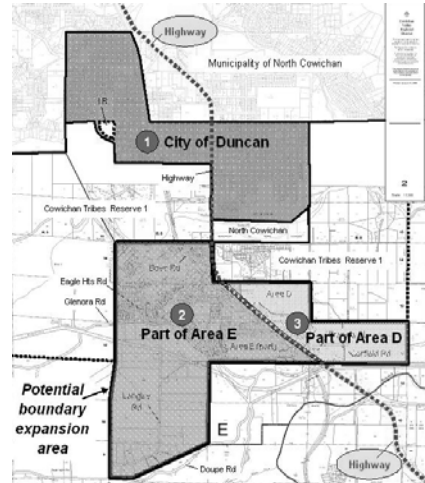


The map shows the geographical context of the study area. It includes the District of North Cowichan to the north, the City of Duncan in the center, and the Cowichan Tribes Reserve to the west and south. Electoral Area D is located to the east of the City of Duncan, and Electoral Area E is to the south. Major roads like Highway 1 and Highway 17 are also indicated.

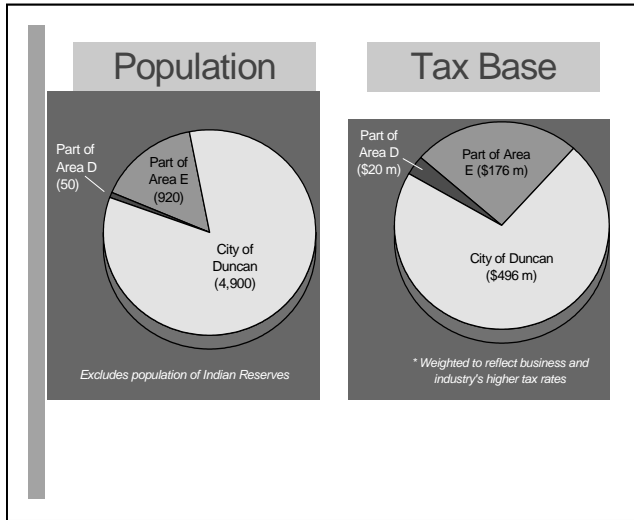
Why join the City

- Full voice in City policies and services
- Avoid a pool use surcharge
- Lower water and sewer charges
- Less reliance on remote authorities
- Higher level of services
- “One stop shopping” for civic info
- **But ...** these must be weighted against financial impacts

Our study area



This map provides a more detailed view of the study area. It highlights the City of Duncan (labeled 1), Cowichan Tribes Reserve 1 (labeled 2), and parts of Electoral Area E (labeled 2) and Electoral Area D (labeled 3). A shaded region indicates the 'Potential boundary expansion area'. The map also shows the Municipality of North Cowichan and various local roads.

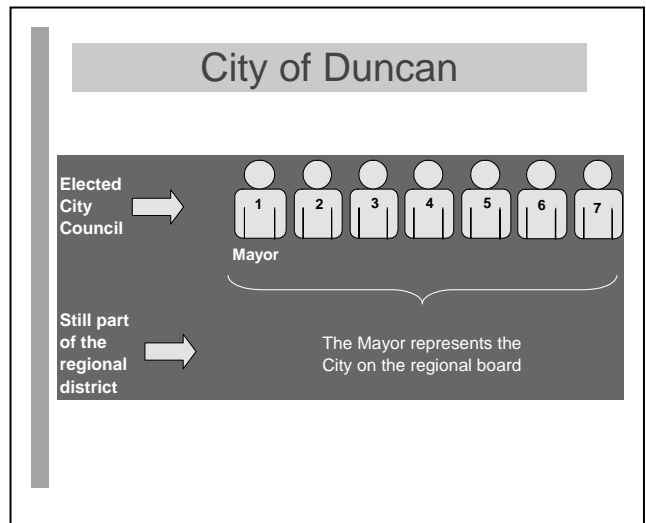
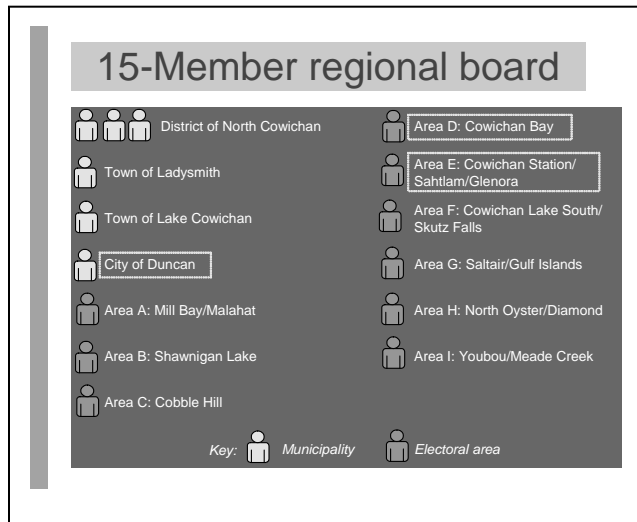


10 Things that would change

In the study portions of Area D and E

	Before	After
1 Roads + drainage	Province	City
2 Zoning + land use	CVRD	City
3 Subdivision approval	Province	City
4 Policing	Province	City
5 Property tax collection	Province	City
6 Garbage collection	RD contractor	City
7 Local parks (Area E)	CVRD	City
8 Building permits	CVRD	City
9 Bylaw enforcement	CVRD	City
10 Pool funding	No*	Yes

** Pending a new pool surcharge*



Things that wouldn't change

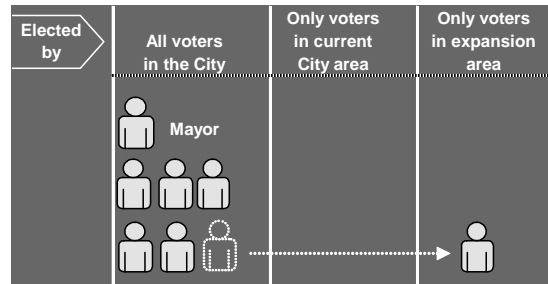
1 Highway responsibility	Stays with province
2 911 Service	Remains a CVRD service
3 Regional parks	Remains a CVRD service
4 Landfills	Remains a CVRD service
5 Fire service	Coverage area doesn't change
6 Sewage treatment	Remains a shared service
7 Sewer areas	Only served areas pay (like now)
8 Water areas	Only served areas pay (like now)
9 Property assessments	Stays with BC Asmnt Authority
10 School + hospital taxes	Not affected at all
11 Library service	Stays with the V.I. Library District
12 ALR designation	Stays with Agricultural Land Commission

- ### What about land use?
- Doesn't mean more density
 - OCP + zoning bylaws *already in place*
 - Existing CVRD bylaws would become City bylaws
 - Bylaws could be changed by City – just like CVRD board can change them under current system

Water and sewer

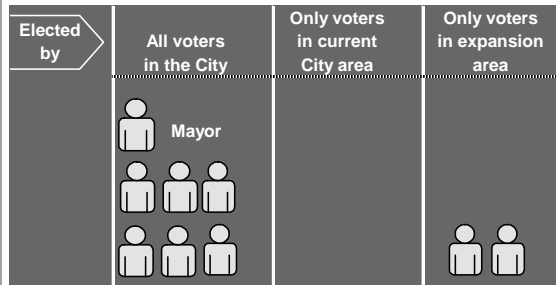
- No meaningful changes
- Only the users would pay (same as now)
- No subsidies from non-users (like now)
- Sewer charges could reduce slightly
- Sewer reserves stay with Eagle Heights
- Water charges could reduce slightly

1 Ward for expansion area

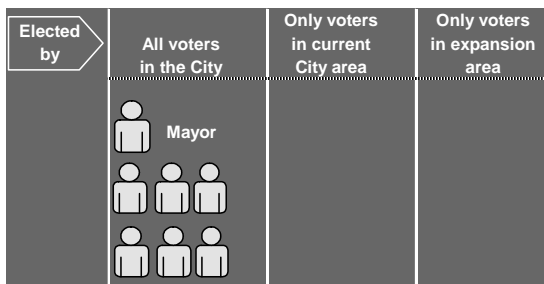


A ward system?

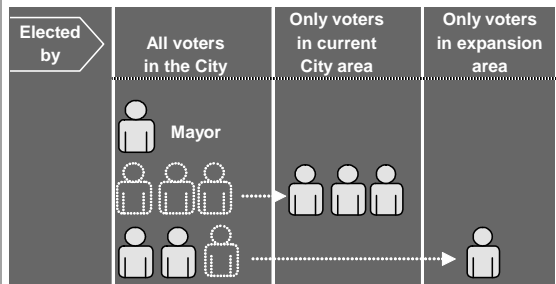
1 Ward for expansion area



Normal council system



2-Ward system



Finances

CVRD loss – unless mitigated

	CVRD's Lost tax revenues	Estd costs savings	CVRD's net tax loss	Extra tax on a home in ...	
				Area D	Area E
Animal control*	\$1,343	\$485	\$858	\$0.04	\$0.04
Building inspection*	\$6,802	\$2,493	\$4,309	\$0.18	\$0.18
Community parks - "D"	\$5,538	\$1,000	\$4,538	\$2.82	--
Community parks - "E"	\$48,778	\$17,000	\$31,778	--	\$24.06
Electoral area services	\$6,152	--	\$6,152	\$0.26	\$0.26
E.A. feasibility study	\$173	--	\$173	\$0.00	\$0.00
Grants in aid - Area D	\$670	--	\$670	\$0.42	--
Grants in aid - Area E	\$1,733	--	\$1,733	--	\$1.32
Community planning	\$56,260	\$19,759	\$36,501	\$1.62	\$1.62
Street light - Area E	\$1,219	\$500	\$719	--	\$0.54
Totals	\$128,668	\$41,237	\$87,431	\$5.34	\$28.02

City taxes are higher now

- More extensive services in City
 - Sidewalks, street lights, curbs and gutters
 - Roads, boulevards, storm drainage
 - More parks
- Uneven sharing of CVRD costs
 - Pool
 - Cowichan Centre
 - Transit
- Different tax shifting (tax rate multiples)
- Closer link between costs and taxes

Provincial assistance

- Minimum: \$500,000 in cash or kind
- Potentially close to \$1 million
- Needs to be confirmed
- Short-term assistance components:
 - Start-up grants based on population
 - 5 yrs free road maintenance
 - Rebate of rural tax
- No grants for road improvements
- Long-term: Highway remains provincial

Effect on CVRD

- Loss of tax base = loss of revenues
- Some CVRD costs should fall (fewer people to serve)
- Unless mitigated, loss would be about \$90,000
- Area D home ... up \$5
- Area E home ... up \$28
- Growth and development will reduce this
- **Mitigation:**
 - Province can require City to compensate CVRD

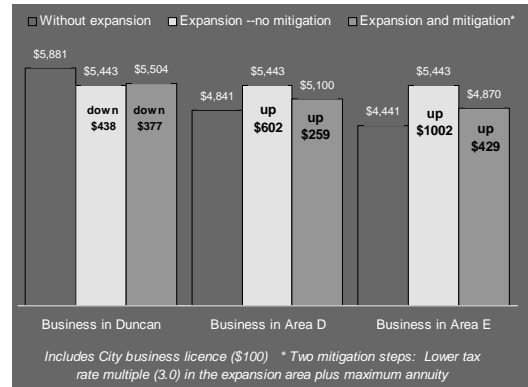
Effects on City budget

- Budgets and taxes projected to (2010)
- Without expansion: Costs will rise
- With expansion: Costs rise by \$580,000 *more*
- But tax base rises too (expansion properties)
- Net change: Tax rate falls due to expansion
- *Uncertainty: Policing costs*

Expansion area taxes

- Pool surcharge ignored (raises “before” taxes)
- **Without expansion:**
- Taxes will rise by (2010)
- Policing starts in 2007 (\$75)
- CVRD: 10% per year over last decade
- Report assumes only 5% p.a. for CVRD taxes (local services only – not regional services)
- **With expansion:**
- Taxes rise *more* unless mitigation is used
- Water and sewer down a bit, but City tax up
- Without mitigation: Area E home up \$172
Area D home up \$17

Taxes on a \$200,000 business



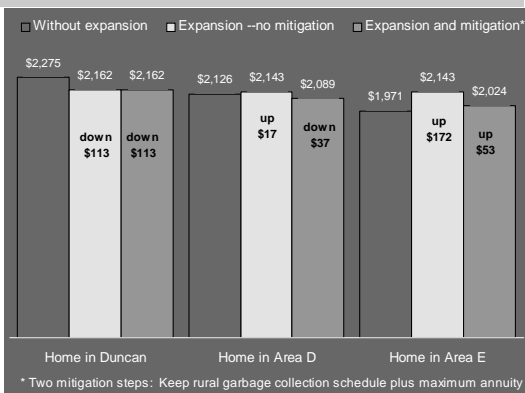
Mitigation for expansion area

- Goal: To reduce expansion area taxes
- Only for expansion area properties
- **Use rural garbage collection schedule + fee**
- Takes \$54 off the tax by 2010
- **Use start-up funds to reduce their taxes**
- Effect depends on amount of start-up funding
- Could take \$65 off the tax
- **Phase in tax changes over 5 or 10 years**

Farms and ALR

- Taxes on farm homes and ALR homes slightly worse than for ordinary homes
- 2 pockets of ALR properties
- Boundary could exclude them
- No meaningful tax impacts on City if they are excluded

2010 Taxes on a \$200,000 home



Recap

- Greater participation in City affairs
- Less reliance on non-local approvals
- Potential infrastructure improvements
- Taxes will rise with or without expansion, but ..
- Taxes will rise more with expansion *unless* ..
- Mitigation plans are put in place
- Committee needs to hear your views, then ..
- Committee makes recommendations
- City needs to consider support for mitigation
- Province needs to make offer of assistance
- Province needs to consider mitigation

Questions and Comments

1. Why is the Silver Park mobile home property not in the study?
2. (a) Area D and Area E residents should each have a separate vote, rather than one combined vote.
(b) Concerns about policing costs.
3. (a) The City of Duncan should rejoin North Cowichan. Will the committee consider this as a recommendation?
(b) Businesses will face a 44% tax raise, which is unacceptable. Businesses should have a say in this. How will the views of business be ascertained? Will the committee recommend that their views be counted?
4. (a) [Area D] We're already paying for the pool, so why would there be a pool surcharge?
(b) [Area D] How can we end this study right now?
5. [Cowichan Bay] All of Area D and E should get a vote on this. Will the committee recommend this?
6. [Langtree Road] We don't want City services like sidewalks, street lights, sewer, water, etc.
7. (a) [outside of study area] Tax impacts will be worse than presented.
(b) [outside of study area] There is no benefit to Eagle Heights residents.
(c) [outside of study area] This is simply a tax grab by the City.
8. (a) Who is funding this work?
(b) The province is simply downloading policing costs.
(c) We need a valley-wide model, not a small boundary adjustment, and the province should fund one.
9. [Area E] All the material is little more than conjecture.
10. [Area E] Language is vague – “would”, “could”, “perhaps”, “almost certain”
11. Business properties have been targeted in the boundary selection. Business tenants need to have a vote on this.
12. [remainder of D] Why is there nobody here from the province to answer questions?
13. (a) [Area E] North Cowichan should take over the City.
(b) [Area E] How many more meetings do we have to hold on this topic?

14. (a) [remainder of Area E] City council should be clearer on their views of this.
(b) [remainder of Area E] The whole valley area should have been studied.
15. [Miller Rd] Who can I contact at the Ministry to complain about this?
16. How can I get a copy of the report?
17. Why don't we just wait until the Census figures are out so we know the policing costs?
What's the hurry?
18. For businesses, how will the City's rules and regulations apply in the expansion area?
19. [Area E director] Will the committee consider recommending that the expansion area tax multiple for businesses be held at the RC multiple of 2.45?
20. Why isn't the study looking at amalgamating Duncan and North Cowichan?
21. [committee member] Our process is not complete and we are trying to find the answers.
22. (a) [committee member] The Area E director is unfair in saying that businesses in the expansion area don't understand the problems of tax increases – we do.
(b) [committee member] Taxes can't be predicted with any certainty under the current system either.
23. Is there a way to equalize the tax impacts between the City and the expansion area?
24. The committee should recommend a “whole area” study.
25. Why is there a North Cowichan resident on the committee? Why are they involved in the recommendation process?
25. [Area E director] The Minister of Community Services wanted North Cowichan to be included in the study – I have a letter from her on this.

Appendix 3: Technical Report Summary

City of Duncan Boundary Restructure Study

Summary of the Technical Report

Sussex
Consultants Ltd

August 2006

Introduction

1. This study examines the potential impacts of expanding the City of Duncan boundary to include an area south of the Cowichan River
2. The study is being done by the Boundary Restructure Public Steering Committee, a volunteer group of local residents. The Committee hired Tom Reid of Sussex Consultants to prepare an independent look at the impacts of boundary expansion. The Committee will present the findings for public discussion and then make recommendations and suggestions regarding City boundary expansion to the Elected Officials Steering Committee and the City.

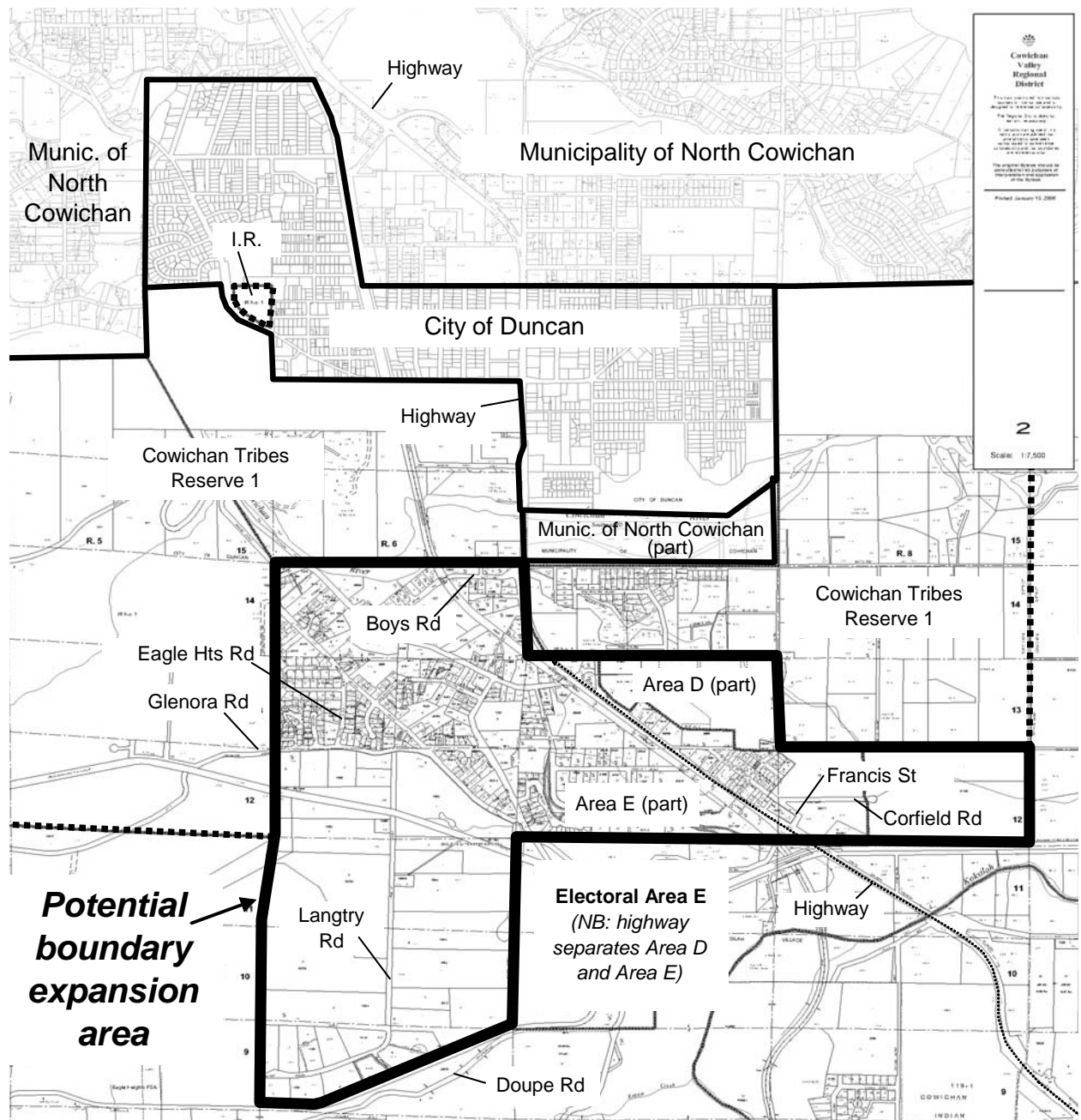
The Public Steering Committee

Name ...	Representing ...
• John Campbell (Chair)	• Area E
• Joanne Gardiner (Vice Chair)	• Area D
• Calvin Fee	• Area E
• Sheila Hobbs	• City of Duncan
• Peter Holmes	• Area D
• Tracey King	• City of Duncan
• Rob Laver	• City of Duncan
• Chip Seymour	• Cowichan Tribes
• Mark Turner	• District of N. Cowichan
• Henry Wikkerink	• Area E
• Alternates: Cathy Basskin	• Area D
Renee Leger	• District of N. Cowichan

3. This summary is a synopsis of the larger Technical Report. See the bottom of page 7 for a list of places to see the full report.
4. *Expanding the City boundary is not mandatory.* If it takes place, it will be because the City and the expansion area taxpayers want it.
5. Only the province can change the City boundary. The province would also set out the conditions as to how boundary expansion would be approved and implemented, as well as providing start-up financial assistance to the community. *This needs more discussion with the province.*
6. Joining the City does not mean leaving the regional district. The City is and still would be a member of the CVRD for region-wide functions. Joining the City means relying less on the CVRD for community services and policies.
7. As shown on the following map, the expansion area has three main parts: Eagle Heights (where most of the residents live); the commercial and light industrial area along both sides of the highway; and a rural area south of Eagle Heights. The smaller portion along the northeast side of the highway is part of Electoral Area D of the regional district; the remainder is part of Area E.

Why join the City?

8. More decisions about community services and policies in the expansion area would be made by a locally elected body (City Council), without the need for approval from officials who are accountable only to more distant voters.
9. Without boundary expansion, residents of the expansion area may soon face an additional fee to use the pool. Unlike City or North Cowichan taxpayers, expansion area homes don't pay property taxes to support the pool though they use it, so the City and North Cowichan (who administer the pool) have agreed to charge non-taxpayers an extra fee. Joining the City would avoid this surcharge for expansion area residents.



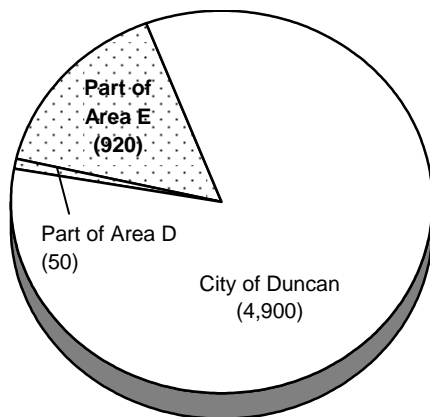
10. Joining the City could produce enhanced service levels for roads, drainage, street lights, and sidewalks for the expansion area. Sidewalk and street light policies would be up to City council (these policies would be known before residents are asked to decide about joining the City). Grants from the province could be used to fund these. Expansion area homes could also have more frequent garbage collection, though this would cost more than they pay now.
11. Joining the City could mean lower user fees for water and sewer than under the current system.
12. Joining the City would mean “one stop shopping” for matters of civic information, taxes and community policies. Currently, expansion area residents may not know where to go with questions about water (the City), parks (the regional district), or roads (the province).

13. By paying the same taxes as City residents, expansion area taxpayers could not be accused of failing to share equally in the costs of services and amenities that are enjoyed by all residents in the area.
14. These potential gains must be weighted against the overall tax and regulatory impacts of joining the City, though mitigation measures could be implemented to reduce or eliminate tax rises.

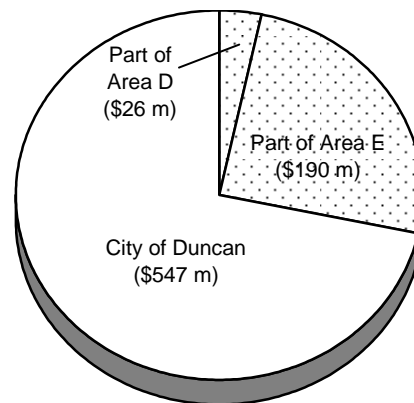
The current system

15. The expansion area represents a 20% rise in the City's population: there are about 1000 in the expansion area and 5000 in the City. It also represents a 40% rise in the City's tax base (using the weighted hospital values, which reflects the higher taxes paid by business).

Total estimated population = 5,870



Total 2006 tax base = \$763 million



16. Residents outside the City do not vote in City elections, do not pay City taxes, and have no say in City policies, yet they use City services and amenities.
17. Expansion area residents rely mainly on the regional district and the province for local services. The budgets and service levels are set by remote bodies – that is, approval for many community policies and programs must be obtained from officials not elected by the local taxpayers. For example, a zoning or community park bylaw for Area E requires approval from the majority of all nine regional district directors (including Shawnigan Lake, Youbou, and Honeymoon Bay-Mesachie Lake), not just the Area E director. Expansion area residents do not get to vote for these other directors. In the City, all the decision makers – that is, the City Council – are elected by only City voters.
18. Both the City and the expansion area generally have the same array of services, though the City does have a higher level of services (for example, the pool, road maintenance, sidewalks, and street lights).
19. There is a more direct link between costs and taxes in the City than in the expansion area. This is because City properties, and only City properties, fund almost all of the City's own services, whereas in the expansion area some services are funded across a far bigger area, and costs and taxes are pooled across many taxpayers. This is particularly true for land use planning, building inspection, and animal control; it is less true for community parks; and it does not apply to very localized services like Eagle Heights sewer.

Selected services and functions in the study area

	In the City of Duncan	In Area D and E (parts in study area)
<i>(A) Functions and services that differ</i>		
1	Reg. District (CVRD) director	A member of City council
2	Main local gov't body	City council
3	Property tax collection	City
4	Zoning bylaws	City council
5	Official community plan	City council
6	Subdivision approval	City staff
7	Water system	City
8	Sewage collection system	City
9	Building permits + inspections	City
10	Local road maintenance and repair	City (but hwy is a provincial service)
11	Garbage collection + recycling	City (own staff)
12	Pool	City
13	Community parks	City

<i>(B) Shared functions and services</i>		
1	Sewage treatment / disposal	Joint City-North Cowichan-CVRD
2	Fire department	City fire dep't
3	Policing	Province/RCMP
4	Garbage disposal (landfill)	CVRD
5	Cowichan Centre	CVRD~
6	Library	V.I. Library Distr.
7	Highway	Province
8	Property assessment	Province

CVRD = Cowichan Valley Regional District

*** Excludes Langtry Rd area*

** Subdivision application is made to CVRD but provincial staff has approval authority*

~ Participation in funding varies in the study area (not all areas pay the same)

20. Boundary expansion would change the tax picture, and the current 2006 tax differences between the City and the expansion area would not apply. An average home in the City pays \$186 more than an Area D home and \$318 more than a home in Area E, after factoring in garbage, water, and sewer charges. These gaps would shrink when a pool surcharge is implemented for residents outside the City and North Cowichan.
21. Taxes are higher in the City because of its broader array of services and higher service standards. For example, a City home pays \$33 for the pool (the expansion area pays no taxes for this); a City home pays \$349 for roads (versus under \$140 in the expansion area); and a City home pays \$95 for community parks (an Area E home pays \$57).
22. There is inconsistent funding of local services. Homes in the City pay for the pool (as do homes in North Cowichan) but expansion area homes do not. The City and Area E contribute to the arena but Area D does not. Each area funds its own community parks separately. Despite the funding gaps, all residents have more or less access to these facilities and amenities. This could change when a new pool surcharge for expansion area users is implemented.

23. Continued electoral area status will not mean taxes stay constant for expansion area homes. CVRD taxes have been rising at about 10% a year (over and above inflation) under the current system. The City is also facing increased costs for policing, and this could raise its taxes.

Transition

24. The existing zoning and land use bylaws of the regional district would be inherited by the City. There is nothing about joining the City that requires a change in community plans or zoning.
25. The City requires business licences, and this would apply in the expansion area. Other City bylaws, like animal control, noise control, and building permits, would apply in the expansion area but in general these City regulations simply replace the existing regional district regulations.
26. The City's development cost charge (DCC) bylaw would not apply to the expansion area unless City Council amends the bylaw to do so. DCCs apply to growth and development, and since most of the expansion area is already built out, there would be little residential growth to trigger DCCs.
27. The province's program to assist municipalities in restructuring would mean a minimum of \$145,500 in short term grants to the City. A more likely value is \$500,000 (and it could even exceed \$1 million). This is more than enough to finance the immediately needed repairs and improvements to expansion area roads, and in fact could provide funding for sidewalks, street lights, and other service improvements in the expansion area – or be used to lower taxes there.
28. The large reserves of the Area E parks function (\$400,000) could be protected for the benefit of CVRD taxpayers. The City would not get the \$400,000.
29. A form of ward system could be created to assure the expansion area of a seat or seats on City Council. Only expansion area voters would be eligible to vote for this councillor (or councillors). This could help allay the fears that expansion area residents would have no say on council decisions. One system could see one reserved seat on council for the expansion area and all the rest elected "at large" (that is, all voters elect them). Another system could see one seat for the expansion area alone, two or three for the current City area alone, and the remainder elected at large. This could be a useful transitional measure (though not so likely as a permanent feature).
30. The City's garbage collection rates need not be affected much by restructure. The basic analysis assumes that the full weekly service would be provided to the expansion area and that they pay the full City fee for this. Currently, the expansion area gets collection every two weeks and pays less than in the City. A City home would see no change in fees as a result of restructure; an expansion area home would pay about \$60 more (but get more frequent service).
31. It would be possible to maintain the two different garbage collection schedules and two different fees even after boundary extension. This would reduce the burden on expansion area taxpayers.
32. Boundary restructure would mean standardization of water charges. Currently, expansion area homes pay more for water than do City homes. After restructure, they could both pay the same. A City home would pay \$6 more than without restructure; an expansion area home would save \$35.
33. Sewer user fees would change, but the parcel tax could still be limited to City properties only; expansion area homes need not pay it. With a standardized user fee for both areas combined, restructure would mean an \$5 rise for a City home and a \$38 fall for an expansion area home.
34. The very large reserve fund in the Eagle Heights sewer function (\$800,000) would be protected for the benefit of only Eagle Heights. The province would ensure this.

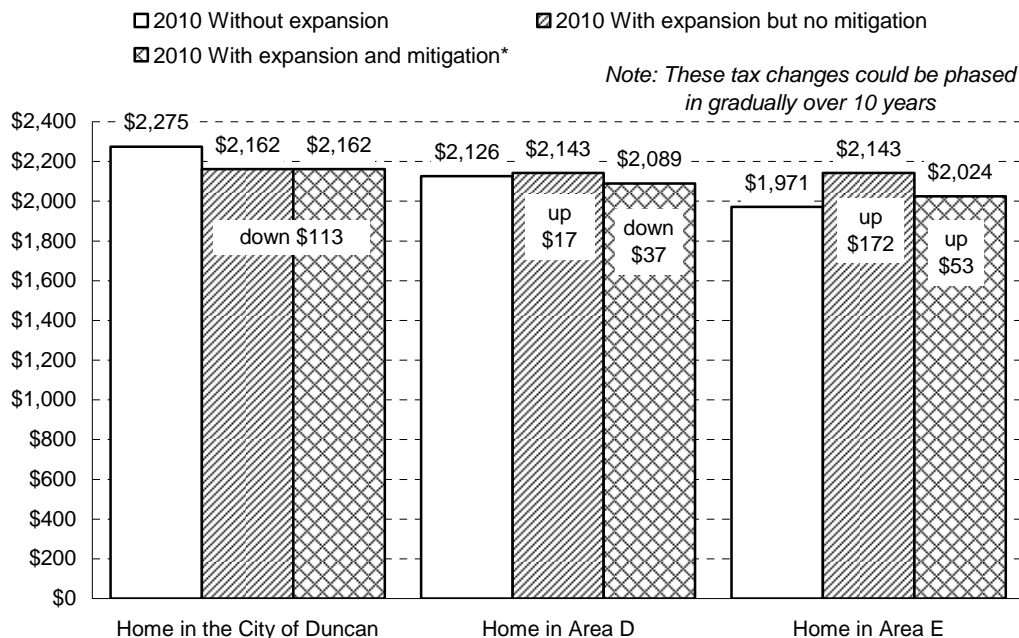
Approval by taxpayers

Expansion area taxpayers would have a say in the decision about expansion based on an approval process to be defined by the Minister of Community Services. City residents could also have a say.

Spending, taxes, and mitigation

35. The *region-wide* functions of the regional district would not be affected by boundary restructure. However, it would affect certain *local* services and functions. After allowing for a reduction in spending because there would be fewer people to serve, the CVRD could still be short \$87,000 in taxes. This translates into \$5 on a home in the remaining part of Area D home and \$28 for a home in the remaining part of Area E. The province could ensure that the City contributes funding for these services, either for a transition period or even permanently.
36. Adding the expansion area to the City would add costs to the budget, particularly for roads. City spending could rise by just under \$600,000 (or 13%). Almost \$200,000 of this is due to expansion area roads. Adding the expansion area would also raise the City's tax base by about 40%. This rise would outstrip the rise in costs. The net result is that the City tax rate after restructure would be lower than the tax rate without restructure.
37. Even after factoring in a rise in CVRD taxes for land use planning, animal control, community parks, and other local services, expansion area homes could still see a tax rise due to joining the City – *unless some mitigation steps are taken* (see next point). By 2010 there could be a modest rise for Area D homes (\$17) and a more substantial \$172 rise for Area E homes; city taxes would be lower by \$113 (all these are stated in constant 2006 dollars).

Tax impacts on a typical home (\$200,000 asmnt)



Note: These tax changes could be phased in gradually over 10 years

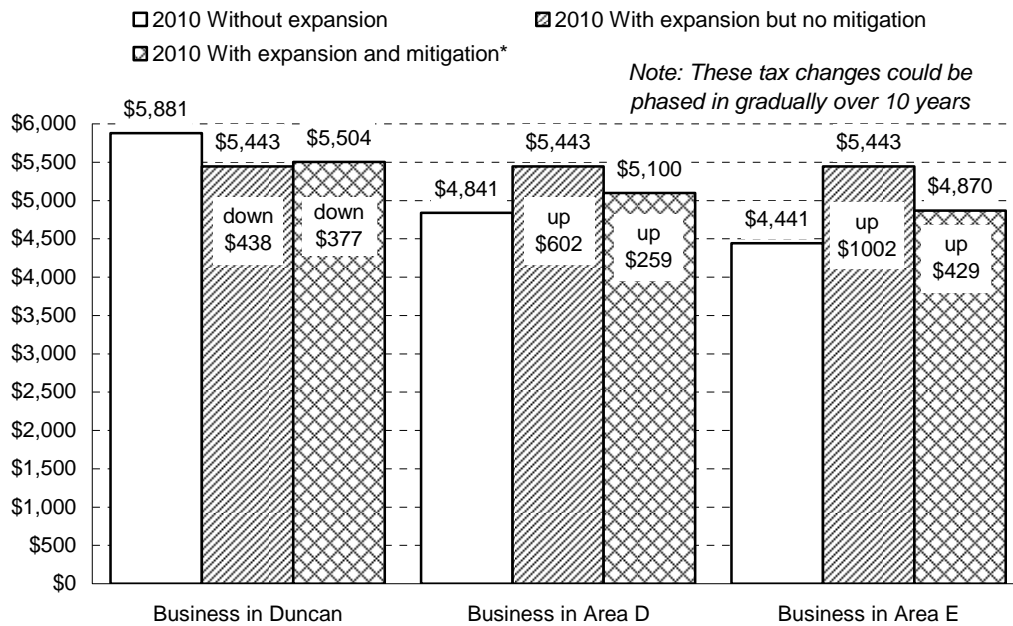
* Two mitigation steps: Keep rural garbage collection schedule plus maximum annuity

38. The tax rises are not inevitable, as mitigation steps are available. Mitigation could reduce the tax burden by over \$120. Steps could include these:
 - Keeping expansion area garbage collection at its current lower-cost, less-frequent level (this would save an expansion area home about \$60 per year).
 - Street lights could be funded separately in the expansion area (this could save about \$5).

- Using surplus “start-up” funds to reduce expansion area taxes in the form of an annuity that benefits only the expansion area (this could save \$36-\$65).
- City-level taxes could be phased in gradually, over five or ten years.

39. The tax mitigation policies that could benefit expansion area homes would also benefit businesses and industries.
40. In addition, for business and industry in the expansion area, the City tax rate multiple could be lowered (from the current 3.54 to, say, 3.0), which would further reduce the tax burden on these two property types (though it would shift another \$17 to home tax bills). As with homes, taxes could be phased in over five or ten years for business and industry.
41. The tax impacts on an industrial property in the expansion area would be similar to those shown below for a store, and the mitigation steps would produce about the same effect as for a store. Expansion area businesses could face a greater tax impact than homes. The figures below include the City’s \$100 business licence fee.

Tax impacts on a \$200,000 business (\$200,000 asmnt)



Note: These tax changes could be phased in gradually over 10 years

*Includes City business licence (\$100) * Two mitigation steps: Lower tax rate multiple (3.0) in the expansion area plus maximum annuity*

42. If it turns out that the 2006 Census reveals a City population of below 5000, and thus its policing cost isn’t triggered, restructuring by itself would mean less of a benefit to City homes. This is because the City’s “before” taxes would be lower than assumed but the “after” taxes would stay the same. However, the City policing cost for the “after” case would be delayed until at least 2012.
43. There are farms and farm homes south of Glenora Road, and a significant amount of ALR lands. The tax impacts on farm homes would be worse than for a regular home. In addition, most of the farms supply their own water and have their own sewer system. For these reasons, consideration should be given to leaving the area south of Glenora Road out of the restructure. Leaving it out would have no meaningful impacts on the expanded City’s finances and taxes.

Want to learn more?

You can see the whole technical report and a 7-page summary at:

- ✓Duncan City hall (200 Craig Street)
- ✓The Cowichan Valley Regional District (175 Ingram Street)
- ✓The library (2687 James Street)
- ✓The Cowichan Tribes office (5762 Allenby Road)
- ✓On the web at www.city.duncan.bc.ca/duncan_city_hall/boundary_restructure.htm