

Village of Anmore Financial Sustainability Plan

FINAL REPORT

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Village of Anmore

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1. INTRODUCTION

The Village of Anmore is a small but growing community of about 2,300 residents in the Metro Vancouver region. It features spectacular natural surroundings and a semi-rural lifestyle in close proximity to nature, with easy access to trails, parks and open spaces.

Settlement in the Anmore Valley goes back more than a century, but the municipality is relatively young, having been incorporated only in 1987. Population was less than 1,000 as recently as the mid 1990s, but has more than doubled since then with the rate of growth gradually slowing down over time.

The prevailing form of development has been single-family residential homes on large lots, many of which are one acre or more in size with a mixture of smaller subdivisions and a manufactured home park. Commercial development is very limited, with a single general store and a campground. Other local businesses are home-based.

The Village is currently updating its Official Community Plan and is facing a series of pressures that will affect its short-term and long-term financial outlook. These include the need to renew aging municipal infrastructure, the desire to maintain and/or improve existing levels of service delivery for a growing population, and to accommodate continued development on a fixed land base as Anmore captures a small share of the tens of thousands of new residents in Metro Vancouver each year. These circumstances make this an excellent time to prepare a Financial Sustainability Plan.

PROJECT OBJECTIVES

The over-arching goal of the Financial Sustainability Plan is to assess the long-term financial implications of Anmore continuing with its traditional pattern of development, and to determine whether alternative approaches to development and growth would lead to improved financial outcomes.

The analysis is conducted over a 20-year time horizon and includes a full investigation of all municipal services, their associated costs and revenues, and key drivers of change. Population and housing projections are developed for a "base case" scenario that assumes development guidelines remain largely the same, along with several alternative scenarios that include different types of development and/or different rates of growth.

The study also includes a comparative survey of municipal fees and charges to determine if Anmore's fees are consistent with other communities and what possible changes might be considered. The financial impact of a revised fee schedule is also assessed.

The results of the study will help to inform community consultations for Anmore's Official Community Plan update.

There is no single definition of what financial sustainability means for a municipality, but for this report the following definition is used:

Financial sustainability is the ability to maintain public services at their current level with available financial resource over the long term.

This means that if current service levels cannot be maintained without increasing taxes or other revenue sources, other than normal increases for inflation and community growth, then current service levels are not financially sustainable. It also implies that municipalities should have sufficient reserves and debt capacity in order to maintain infrastructure and other capital assets and replace them when the time comes.

It is also important to emphasize that service levels can always be changed, either by providing more and/or better-quality services or by providing fewer and/or lower-quality services, providing there is a corresponding change in the level of taxation or other revenues in order to preserve a sustainable balance.

The issue of municipal financial sustainability is topical and the subject of significant analysis and investigation both within British Columbia and in provinces across the country.¹ Many communities are facing similar issues of replacing aging infrastructure, responding to increased demands for services, adjusting to an aging population and dealing with the decline of traditional industries. The fiscal tools available to Canadian municipalities, which include an overwhelming reliance on the property tax, are quite limited compared to most other countries. Property taxes are only weakly related to economic growth (unlike income and sales taxes) and are often regressive in their impact on people of differing financial means.

This study is focused more narrowly on the impact of alternative growth patterns in Anmore, without considering the full range of other municipal financial issues. The general structure of municipal finances is assumed to stay the same, although comments are offered on these broader issues where appropriate.

STUDY PROCESS

The study process included the following components:

¹ For example, the Union of British Columbia Municipalities (UBCM) released a major study of municipal finance in July 2013 that advocates a five-point plan for improving the system of municipal finance in the province. The study is called *Strong Fiscal Futures: A Blueprint for Strengthening BC Local Governments' Finance System* and is available through the UBCM website at www.ubcm.ca.

- A detailed review of Anmore's financial reports, development trends, property assessment records, and community population and demographics within a regional (Metro Vancouver) and sub-regional (Tri-Cities Area) context.
- The development of a comprehensive spreadsheet-based model that links population and development-related variables to financial outcomes for the municipality and for the average Anmore household.
- Ongoing collaboration with the Village's planning and OCP consultants, CitySpaces Consulting, regarding development scenarios.
- Consultation with Village staff in order to collect information and verify details and policies.
- Research on municipal fees and charges levied by other municipalities in order to compare with Anmore.
- Several workshops with Village Council, Finance Committee and Advisory Planning Commission to discuss the study parameters and objectives, to review preliminary and draft final results, and to discuss implications.
- Presentations at several Official Community Plan Open Houses in order to explain and study objectives and results to residents. Note the final of these presentations is expected to occur after the completion of this written report.

GENERAL ASSUMPTIONS

Assumptions relating to specific topics are explained throughout the report and appendices, but there are several general assumptions that also apply:

- All financial figures in the report are based on constant 2012 dollars. This means that the effects of future inflation are ignored under the assumption that all costs will change at the same rate over time.
- All infrastructure that is required for new development is assumed to be paid for by project developers, either directly or through Development Cost Charges (DCCs), unless otherwise noted. Once development is complete, and provided the assets are not staying in private hands (such as a strata road), the municipality will take ownership and will then be responsible for ongoing operation and maintenance of the asset and accounting for its eventual replacement cost.

- In most cases the projections over the next 20 years show a smooth pattern of growth or decline, but the reality will be much more choppy, with some years higher than the projected rate and some lower. In most cases there is no way to forecast so far in advance which years will be up or down so the projections are smoothed across the entire time horizon.
- The detailed calculations used in the financial and development analysis always use unrounded numbers, but most figures in this report are rounded to the nearest whole number (or sometimes nearest 10, nearest 100, etc.) The rounding process may mean that some columns do not sum exactly to the reported total or other manual calculations do not exactly match what is shown in the report.

STRUCTURE OF THE REPORT

The purpose of this study is to analyze the financial implications of multiple development scenarios for the next 20 years in Anmore. Each section in the report builds toward that goal.

- **Section 2** presents a summary and analysis of where Anmore currently sits with respect population, housing development, assessed values and various associated variables, as well as an examination of recent trends. This section is a necessary setup for the 20-year population, housing and financial projections that follow.
- **Section 3** introduces several population and housing projections for inclusion in the updated Official Community Plan. They provide a range of possible growth outcomes that are each reasonable based on past growth trends and projected future growth in Metro Vancouver and the Tri-Cities Area sub-region.
- **Section 4** introduces alternative development scenarios, starting with the status quo of predominantly one-acre lots and moving further away from the status quo through higher density in each subsequent scenario. None of the scenarios are necessarily examples of future development patterns but provide enough of a contrast to observe how municipal finances are affected under these different conditions.
- **Section 5** explains the municipal revenue and cost implications of each scenario and outlines the assumptions used to generate these results. The net financial position of the Village is estimated for the 20-year time horizon of this study and some additional estimates are provided of the financial implications of each scenario once all vacant land has been developed.

Comments are also provided on several related issues that are not part of the development scenarios, including the potential impact of more commercial development, the potential financial impact of updating the Village's fees and charges and the future cost implications of the Sasamat Volunteer Fire Department and the municipal water utility on Anmore households.

- **Section 6** provides overall conclusions and a set of recommendations that will enable the Village of Anmore to move closer to financial sustainability in the coming years.
- The report also has two appendices. **Appendix A** shows the detailed assumptions underlying the financial analysis in Section 5, while **Appendix B** contains the results of a fees and charges survey of Anmore and a cohort of neighbouring and similar-sized municipalities, along with recommendations on how Anmore should consider changing its fee structure in support of financial sustainability.

2. BASELINE ANALYSIS

In order to develop projections for how Anmore might change over the next 20 years, it is important to understand the current state of development and some recent trends that are affecting the community. A variety of information is presented in this section, including total population, population distribution by age and gender, number and type of housing units, the rate of development of new housing, and the value of different types and sizes of residential lots. Data sources include Statistics Canada, BC Stats, BC Assessment Authority, Metro Vancouver and the Village of Anmore

Each topic is a building block for the development of future growth scenarios, but also provides insight into how the community arrived at its current form. Each topic is introduced in the approximate order in which it is incorporated into the analysis and wherever possible the step-by-step building of the scenarios is explained.

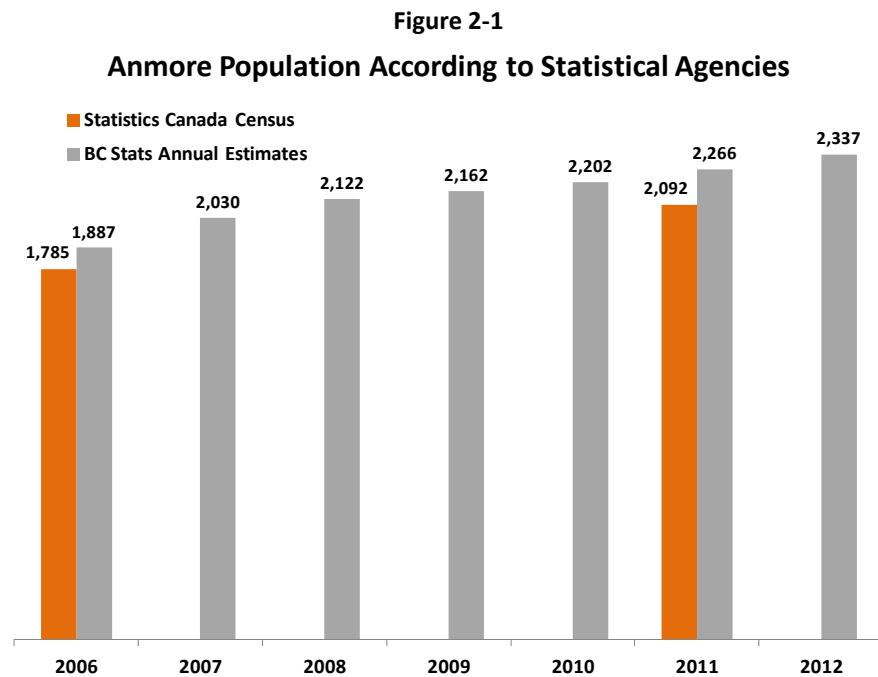
TOTAL POPULATION

The most comprehensive measurement of population is the national Census, performed by Statistics Canada every five years (most recently in May 2011). BC Stats also produces annual population estimates for each municipality in the province, valid as of July 1 each year. The BC Stats estimates are based on known administrative factors like home electricity accounts and provincial health care registrants that are established indicators of population change. The annual estimates are always higher than the Census population because they correct for "net Census undercoverage," also called the "undercount," which is the estimated number of people missed by the Census.

Anmore's population according to the Census and BC Stats is shown in Figure 2-1 for the 2006 to 2012 period. The 2006 Census undercount was over 5% and there is an 8% difference between the 2011 Census figure and the BC Stats estimate.

BC Stats has yet to incorporate 2011 Census results into its population model, meaning that future revisions are likely

to show a lower population estimate for Anmore for 2011 and future years. This is important for the



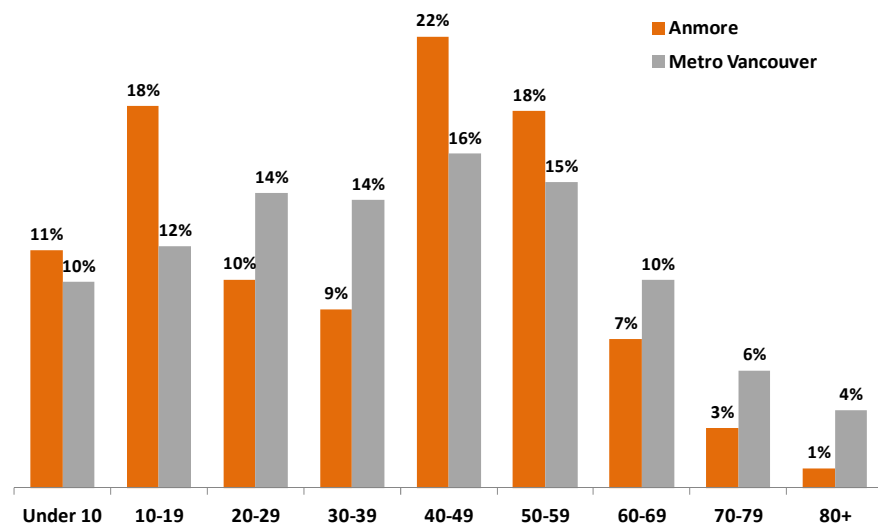
financial modeling and housing projections because there needs to be a consistent starting point where population, housing units and various other factors are all estimated as accurately as possible.

POPULATION BY AGE

The age and gender composition of Anmore's population is also an important starting point for population projections. Not only do these demographic factors affect the number of babies that are expected to be born each year and the number of people that can be expected to pass away, they also significantly influence the number of separate households. (For example, a population with lots of adults in their 40s will also have a lot of children and many households will have three, four or five people. A population with a lot of senior citizens, on the other hand, will have many one and two-person households and will have a much larger total number of households for the same population size.)

Figure 2-2

Population by Age, 2011
(Source: Statistics Canada Census)



The distribution of Anmore's population in 2011 is shown in Figure 2-2 along with a comparison to Metro Vancouver. Relative to the region, Anmore has a higher percentage of residents under age 20 and in their 40s and 50s, but fewer younger adults in their 20s and 30s and fewer residents over the age of 60.

Anmore's population distribution and its unique mix of housing options, featuring only single-family homes and other ground-oriented options (e.g., duplexes, manufactured homes, secondary suites), means that Anmore has easily the highest average household size in the region. An average of 3.3 people live in each of Anmore's private dwellings, compared to 2.6 people per household in the region. Surrey is the only other municipality that averages even 3 people per household, while all other municipalities are between 2 and 3 (except White Rock at 1.9).

HOUSING UNITS AND RESIDENTIAL LOTS

Before developing 20-year projections, it is important to be perfectly clear about exactly how housing units and residential lots are counted in Anmore.

The Census counts the total number of private dwelling units, which are defined as separate living quarters with their own enclosed walls and sources of heat and power. This includes units that are legally separate on the assessment roll prepared by BC Assessment (such as duplexes), as well as suites and coach houses that are not legally separate and are combined into the same assessment record. Census results are also based only on those units that are occupied by "usual residents." This excludes units that may be vacant for various reasons (such as rental units temporarily vacant or newly-constructed units) or units occupied by temporary residents, such as students or migrant workers temporarily residing in the community but who maintain a permanent residence elsewhere.

Table 1. Anmore Dwelling Units, 2006 and 2011

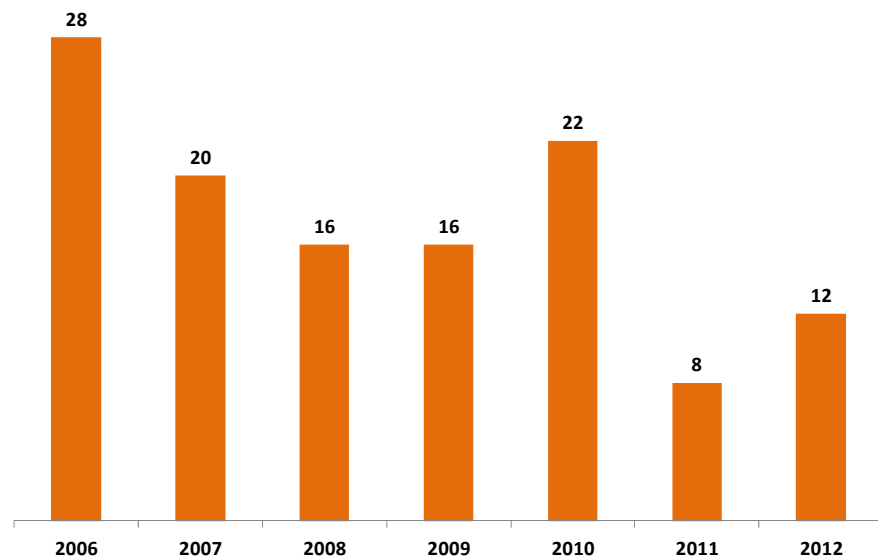
	2006	2011
Private Dwelling Units with Regular Occupants	535	628
Private Dwelling Units without Regular Occupants	36	78
Total Private Dwelling Units	571	706
Share of Units with Regular Occupants	93.7%	89.0%

Source: Statistic Canada Census

The total number of private dwelling units in Anmore increased by 135 from May 2006 to May 2011. At least some of those new units appear not to have been occupied as of the 2011 Census as the number of units having no regular occupants increased from 36 to 78 units. The other complicating factor is the Census undercount - at least some of the units that appear to not have regular occupants were simply missed in the Census.

Figure 2-3

Residential Units in Anmore Building Permits
(Source: Statistics Canada)



Ideally the growth of 135 dwelling units reported in the Census should line up with local data. Anmore's building permit records show a total of 110 new residential units from 2006 to 2011, although admittedly there is a time lag between when a building permit is issued and when the unit is actually constructed and ready for occupancy. The 110 units may also include some that were built in 2006 prior to Census Day on May 16, or built in 2011 after Census Day on May 10.

The bottom line is that it is not possible to exactly reconcile each of these separate data sources, but we know that the 110 new residential lots include a higher number of new dwelling units once suites and coach houses are included, so the figure is generally consistent with the observed Census data.

Table 2 shows the breakdown of developed residential lots in Anmore, based on the 2013 assessment roll (which is a snapshot of the state of development as of December 2012). Note that the Countryside Village development is a bare land strata, meaning there is an option for owners to purchase their lot outright. The 43 units shown as "Manufactured Home (Not in Manufactured Home Park)" have been purchased and are now entirely separate lots, while the 34 units shown as "Manufactured Home (Within Manufactured Home Park)" have not been purchased outright and share a common land base. A further handful of Countryside units are included in the "Single Family Dwelling" category along with the single "Store(s) and Living Quarters" unit and several dozen vacant lots.

Table 2. Developed Residential Lots in Anmore, December 2012

Actual Use Code	Number of Lots	Estimated Dwelling Units
Single Family Dwelling	434	434
Residential Dwelling with Suite	52	104
Manufactured Home (Not In Manufactured Home Park)	43	43
2 Acres Or More (Single Family Dwelling, Duplex)	35	70
Duplex Single Unit Ownership (Side)	35	35
Manufactured Home (Within Manufactured Home Park)	34	34
2 Acres Or More (Seasonal Dwelling)	1	1
Campground (Commercial)	1	1
Seasonal Dwelling	1	1
Store(s) and Living Quarters	1	1
Total	637	724

Source: BC Assessment, 2013 Assessment Roll for Anmore

As shown above, Anmore had an estimated 637 developed residential lots at the end of 2012 that contain a total of 724 dwelling units. Recall the 2011 Census identified 706 dwelling units as of May 2011, so the addition of 18 more units over the next 1.5 years is reasonable.

Another important factor in translating the number of residential lots to the number of people who will live there is the presence of secondary suites and coach houses. The estimated ratio in Table 2 is 724 dwelling units on 637 lots, or 1.14 units per lot. This is an increase from the estimated ratio of 1.08 at year-end 2006, suggesting that perhaps recent developments are more likely to include these secondary dwellings, but is assumed to hold constant at 1.14 into the future.

Note that Anmore building permits count the number of residential *lots* that are developed without distinguishing between lots with a single unit and lots that have a secondary unit of some type. For

example, it is assumed that the 12 residential units counted in 2012 building permits actually include 12 x 1.14 = 13.7, or roughly 14 total dwelling units.

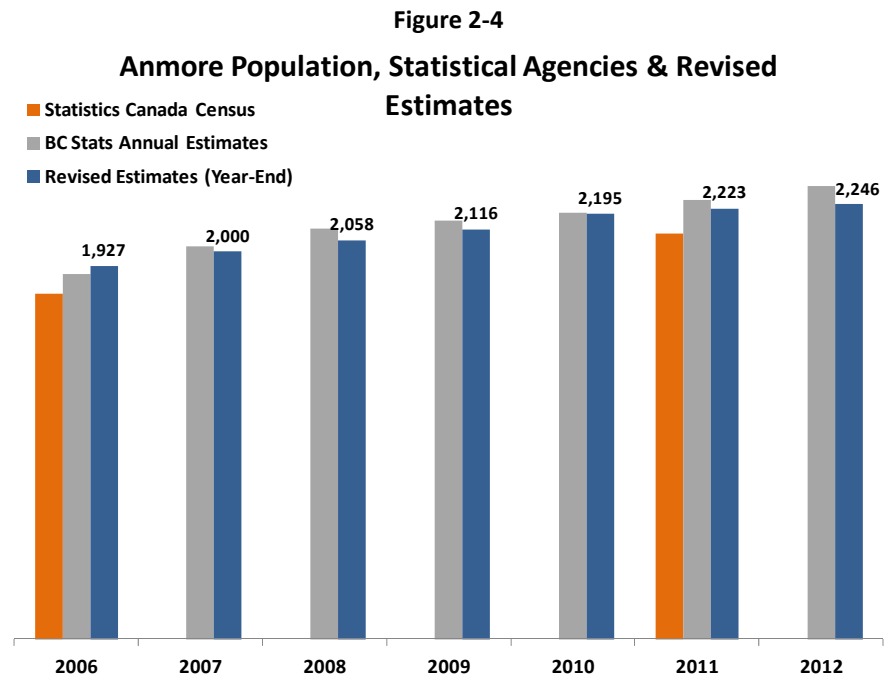
REVISED POPULATION ESTIMATES

Putting all of the information together allows for an updated estimate of Anmore's population at the end of 2012. This is the starting point for the projections that are developed later in the report, so having an accurate population estimate is important for ensuring the subsequent projections are also as accurate as possible.

Using a combination of Census population figures, BC Stats population estimates, building permit data, and the assessment roll, the updated population estimate for Anmore as of the end of 2012 is 2,246. This is 7.4% higher than the 2011 Census figure (2,092) but 3.9% less than the BC Stats estimate for 2012 (2,337). As noted above, evidence suggests that future BC Stats revisions to their population estimates will lower the 2011 and 2012 estimates for Anmore.

These 2,246 residents live in an estimated 674 occupied dwelling units (out of a total of 724 units, meaning that 50 units are assumed to be either vacant or occupied by temporary residents)². The number of vacant/temporary units is assumed to hold constant at 50 units over the next 20 years.

Revised population estimates for Anmore back to 2006 are shown in Figure 2-4 along with the Census and BC Stats estimates shown earlier.



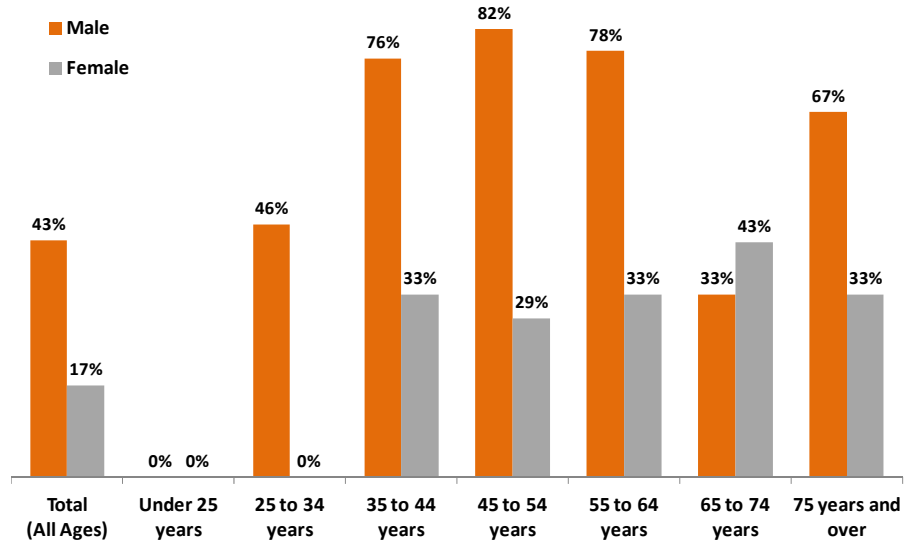
²Table 1 on page 5 showed 78 vacant or temporarily occupied units in the 2011 Census. It is assumed that some of these units were simply missed (as reflected in the Census undercount), so the actual number of vacant/temporary units is smaller.

As noted earlier, the number of households required for a given population is dependent on the age structure of the population and how many people are grouped together into family units as opposed to living alone or as couples. Anmore's 3.34 people per household in the 2011 Census is easily the highest in the Metro Vancouver region, but this figure is expected to decline over time as the population ages.

Statistics Canada produces "household maintainer" rates that show what percentage of people in particular age ranges are household maintainers, which is defined as the "(f)irst person in the household identified as the one who pays the rent or the mortgage, or the taxes, or the electricity bill, and so on, for the dwelling."

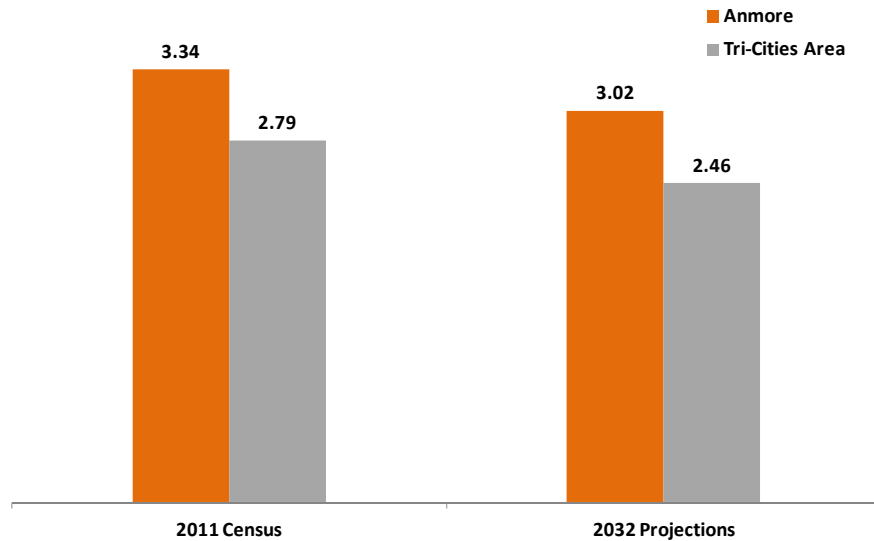
As of the 2006 Census (the last year for which data is available as of the preparation of this report), 43% of male residents of Anmore were household maintainers and 17% of female residents. No one under the age of 25 was a primary household maintainer, but the majority of men in the 35 to 64 age range were household maintainers.

Figure 2-5
Household Maintainer Rates by Age, Anmore, 2006
 (Source: Statistics Canada Census)



These maintainer rates can be applied to Anmore's changing population over time to determine how many separate households will be created. Anmore's population will age, along with the rest of the region (and country) and based on expected fertility and mortality rates, the average household size in Anmore is projected to fall from the current 3.34 people per home to 3.02 per home by 2032. This is consistent with the projected decline in the average household in the "Tri-Cities Area"³ from 2.79 to 2.46 over the same time period.

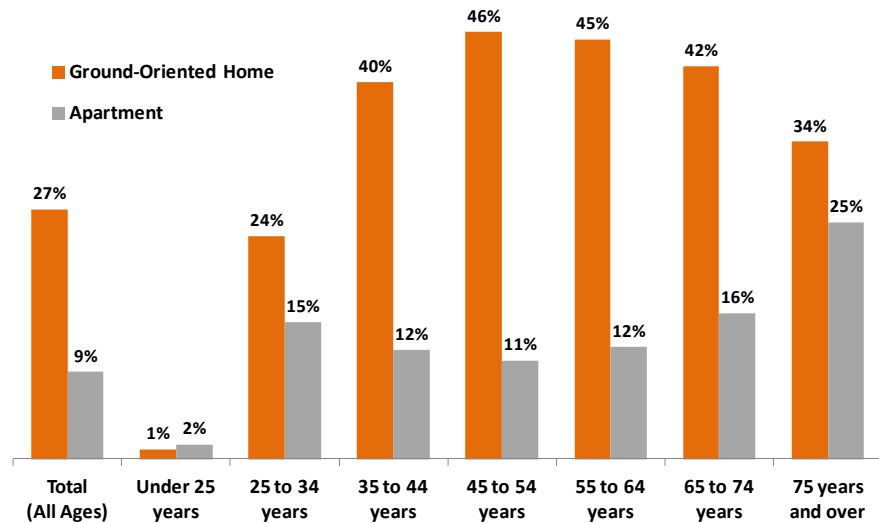
Figure 2-6
Average Household Size
 (Sources: Statistics Canada Census, BC Stats Population Projections)



The population projections in Section 3 will consider Anmore in the context of the surrounding Tri-Cities Area, so household maintainer rates for the Tri-Cities are also a factor in the calculations. They are somewhat different due to the different mix of housing options in those communities.

Figure 2-7
Household Maintainer Rates by Housing Type, Tri-Cities Area, 2006
 (Source: Statistics Canada Census)

Figure 2-7 shows household maintainer rates by age for different housing types in the Tri-Cities Area. Ground-oriented homes includes single-family homes, duplexes, row houses and other housing types that have their own entrance on ground level. All Anmore homes fall into this category, but about one-quarter of housing in the broader Tri-Cities Area is apartments. The chart clearly shows that apartments are relatively more popular among young adults under age 35, as well as



³ "Tri-Cities Area" is Anmore, Belcarra, Port Moody, Port Coquitlam and Coquitlam.

those age 75 and over. Ground-oriented housing is the predominant form for household maintainers in the 35 to 74 age range.

As the overall housing mix in the Tri-Cities and throughout Metro Vancouver shifts toward more apartment housing and less ground-oriented, these maintainer rates will also shift over time. For the purposes of this analysis, however, they are assumed to remain constant at the 2006 level. Anmore will capture a share of the ground-oriented market in the Tri-Cities Area, but clearly has no part of the apartment market.

RESIDENTIAL LOT SIZE AND LAND VALUE

One of the key factors that will be tested under the alternative development scenarios outlined in Section 4 is the average size of residential lots in future developments. The prevailing standard in Anmore is currently one-acre lots, with a maximum of 15% of lots eligible for Comprehensive Development (CD) zones, which have no legislated standard but are generally assumed to average 0.5 acres per lot.

To provide background for this analysis, Anmore's current developed residential lots are broken down in 0 according to lot size and land value. The value of improvements (the house) is not included in this table.

Table 3. Residential Development in Anmore by Lot Size and Land Value, December 2012

Lot Size Range (Acres)	Number of Lots	Average Lot Value (Land Only)	Average Land Value per Acre
<0.1	56	\$329,143	\$3,623,921
0.1-0.19	44	\$339,182	\$2,367,776
0.2-0.29	17	\$520,294	\$2,268,563
0.3-0.39	26	\$623,192	\$1,821,852
0.4-0.49	46	\$632,435	\$1,372,653
0.5-0.59	52	\$568,750	\$1,103,380
0.6-0.69	18	\$650,167	\$1,030,194
0.7-0.79	10	\$677,700	\$948,628
0.8-0.89	12	\$691,083	\$844,845
0.9-0.99	24	\$746,167	\$770,933
1.0-1.09	193	\$727,275	\$720,850
1.1-1.19	24	\$724,333	\$632,698
1.2-1.49	19	\$739,158	\$548,380
1.5-1.99	25	\$779,320	\$461,803
2.0-2.99	12	\$904,500	\$396,160
3.0-4.99	14	\$1,092,857	\$307,593
5+	11	\$1,574,436	\$161,815
Total with Land Area	603	\$657,545	\$663,164
Without Land Area (Manufactured Home Park)	34		
Total	637		

Source: BC Assessment, 2013 Assessment Roll for Anmore

The smallest lots (<0.1 acres) average \$329,000 in land value. As lots get bigger, their land value increases, but value does not increase nearly as quickly as lot size. For example, lots of 0.4 to 0.5 acres are worth an average of \$632,000. These lots are about 5 times bigger than the <0.1 acre lots, but their average value is only 1.9 times more. Clearly each separate lot has substantial value that only increases modestly as lot sizes rise.

The right-hand column of Table 3 shows this effect in terms of land value per acre. Lots between 1.0 and 1.1 acres have an average land value of about \$720,000 per acre. But lots between 0.5 and 0.6 acres have an average land value of \$1.1 million per acre. Lots between 0.2 and 0.3 acres are worth even more - nearly \$2.3 million per acre. Each separate lot has inherent value, simply by existing as a legally separate property, that is independent of its size.

Table 3 has implications for the land value and municipal tax revenue under different development scenarios. Figure 2-8 shows in graphical form how smaller lots generate significantly more assessed land value than larger lots.

A single 2-acre lot has an average land value of about \$1 million (just under \$500,000 per acre).

Subdividing that lot into 20 parcels of 0.1 acres would increase the land value by more than seven times, on average, because 0.1 acre lots are valued at more than \$3.5 million per acre. This is an important result for calculating the financial impacts of different development scenarios later in the report.

Another key insight from 0 concerns the distribution of lot sizes in the community. Despite Anmore's prevailing standard of one-acre development, Figure 2-9 shows the majority of developed lots (53%) are less than one acre in size.⁴

Most of the lots that are smaller than one acre are not in a Comprehensive Development (CD) zone, which explains why the

Figure 2-8
Average Land Value per Acre by Lot Size in Anmore,
December 2012
 (Source: BC Assessment Roll)

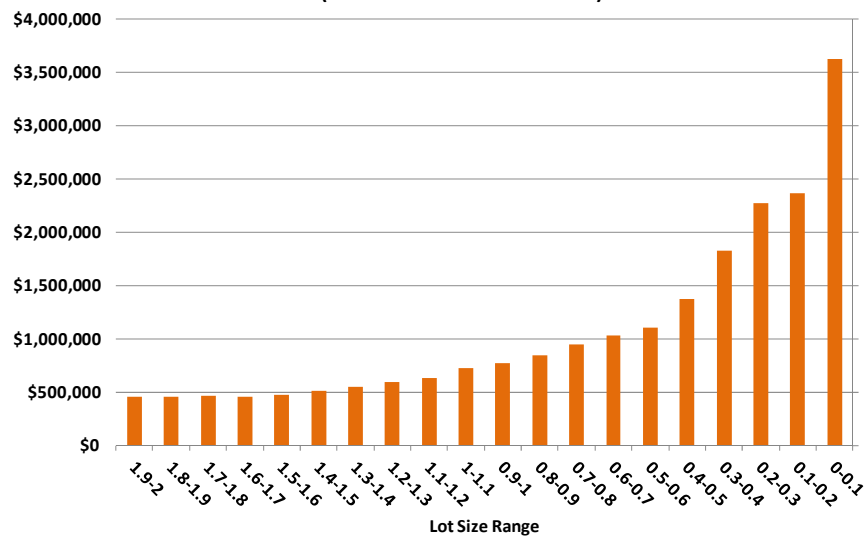
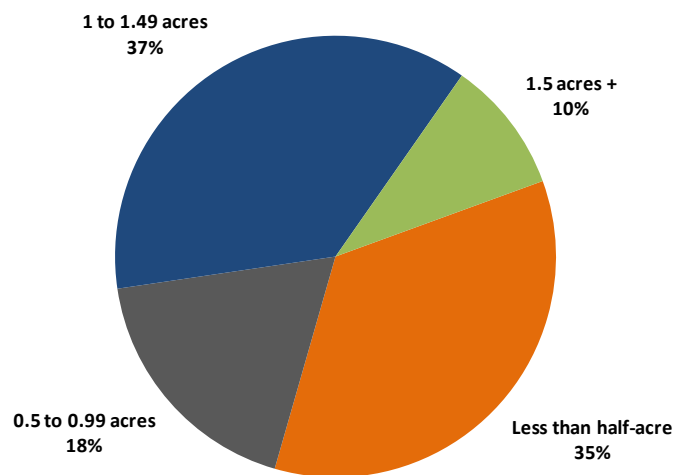


Figure 2-9
Size of Developed Residential Lots in Anmore,
December 2012 (Source: BC Assessment Roll)
 Total Lots: 637

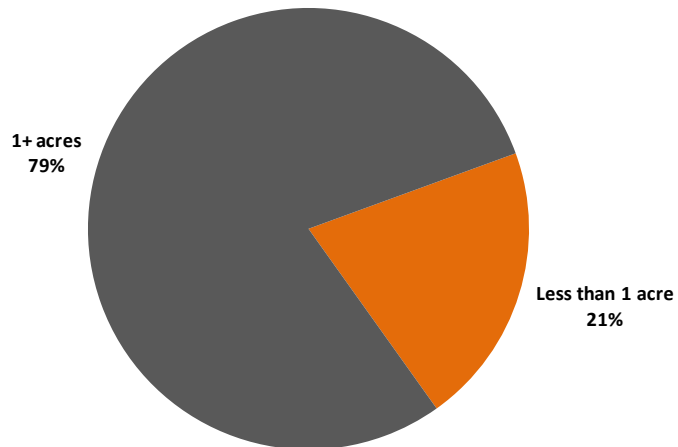


⁴ As noted in Table 2, the 34 units in Countryside Village that have not been purchased outright share a common land base and do not have legally separate lots. However, the size of their lots can be estimated from the size of other lots in Countryside Village, which range from 0.06 acres to 0.27 acres. They are all included in the "Less than half acre" category of Figure 2-9.

15% cap on CD lots is not violated. A variety of smaller lot developments were approved in the years prior to the imposition of the cap.

But all of these small lots take up relatively little space. Figure 2-10 shows the distribution of lots based on total land area. The 53% of lots that are smaller than one acre make up only 21% of the developed land base.

Figure 2-10
Developed Residential Land in Anmore by Lot Size,
December 2012 (Source: BC Assessment Roll)



RESIDENTIAL LOT SIZE AND HOUSING VALUE

The same exercise comparing land value to lot size can also be done for house values. The difference is that houses vary significantly in quality so comparing the average value for all houses by lot size is not really an apples-to-apples comparison.

In order to best estimate the value of the homes that will be constructed in Anmore in the next 20 years, this comparison was restricted to homes that are either 1.5 or 2 stories, new, and at least standard quality, as assessed by BC Assessment. This includes homes that are semicustom and custom designed by architects, so there is still a wide range of values, but homes built over the next 20 years will also likely have a wide range of values. A total of 287 lots meet this quality standard, out of the total of 637 residential lots mentioned earlier.

Table 4 shows how average housing values (not including land value) varies by lot size. Note some of the lot size ranges have been combined in order to have at least 10 homes in each category.

Table 4. Average "High-Quality" Housing Value⁵ in Anmore by Lot Size, December 2012

Lot Size Range (Acres)	Number of Lots	Average Home Value (Excluding Land)	Average Home Value per Acre
<0.4	26	\$754,615	\$2,504,512
0.4-0.49	39	\$820,462	\$1,755,817
0.5-0.6	13	\$846,615	\$1,632,453
0.6-0.89	20	\$622,700	\$869,997
0.9-0.99	13	\$943,077	\$976,115
1.0-1.09	121	\$729,793	\$722,916
1.1-1.19	12	\$677,917	\$588,469
1.2-1.49	14	\$848,071	\$627,139
1.5-1.99	16	\$652,563	\$386,089
2+	13	\$659,308	\$134,904
Total	287	\$747,955	\$703,446

Source: BC Assessment, 2013 Assessment Roll for Anmore

Looking down the third column in the table shows that the average value of the home appears to show very little relationship to the size of the lot.⁶ The highest-value homes, on average, are on lots between 0.9 and 0.99 acres in size. The second-highest value are on lots in the 1.2-1.5 acre range, followed closely by the 0.5-0.6 acre range. The least valuable homes, on average, are on lots in the 1.5-2 acre range.

But on a per-acre basis, the same effect witnessed earlier for land values is also evident. The assessed value per acre of housing is larger for smaller lots. Which makes sense - if the value of the house has no relation to the size of the lot, then being able to put more houses in an acre will create more total value.

Looking ahead to the development scenarios, the average home value in the table above (\$748,000) is used as the standard assumption for new homes in Anmore, irrespective of lot size.

⁵ See detailed definition of "high-quality" housing in Appendix A, page 64.

⁶ This statement is supported by the correlation coefficient, which is a statistic that measures the relationship between two sets of data on a scale from -1 (perfectly negatively correlated) to +1 (perfectly positively correlated), where 0 indicates no correlation at all. The correlation coefficient between home value and lot size is -0.09, indicating the almost complete absence of any statistical relationship between lot size and home value.

Data from the 2011 National Household Survey indicates that Anmore homes have an average of 10.0 rooms (not including bathrooms), which is easily the highest average in Metro Vancouver. Note this is based on all housing types, including single family homes and apartments, and includes all separate dwelling units, such as suites and coach houses. The Tri-Cities Area has an overall average of 6.5 rooms per home, which is still higher than the regional average of 5.8.

Figure 2-11
Average Rooms per Dwelling Unit
 (Source: Statistics Canada National Household Survey, 2011)

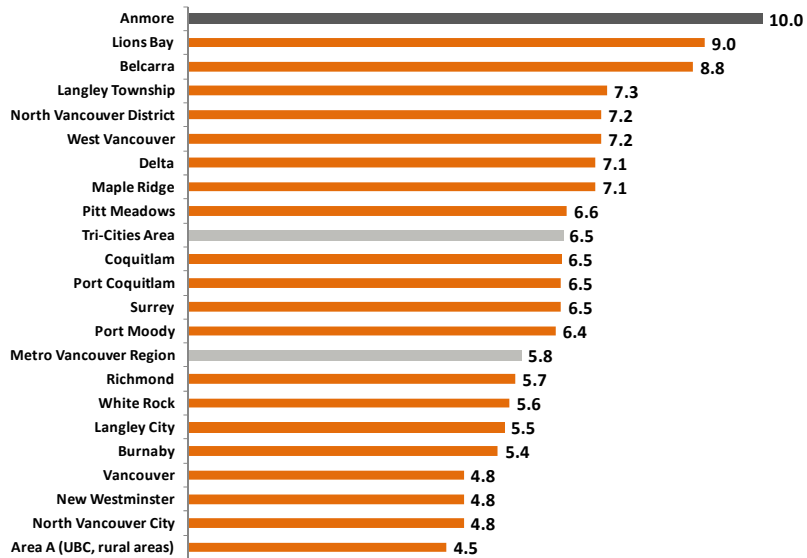
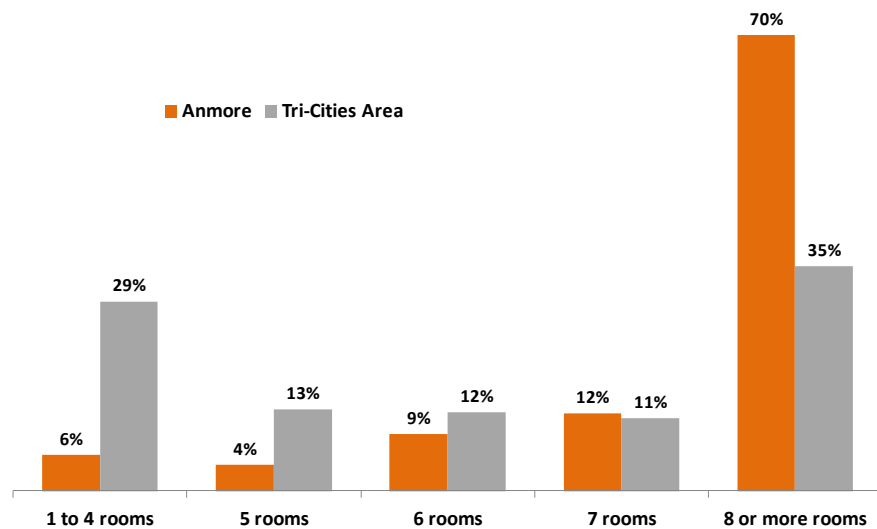


Figure 2-12 shows that nearly three-quarters of Anmore's dwellings have at least 8 rooms, double the rate in the Tri-Cities Area. Anmore has a comparable number of dwellings with 6 or 7 rooms, but substantially fewer with 5 or fewer rooms.

Figure 2-12
Dwelling Units by Number of Rooms, 2011
 (Source: Statistics Canada National Household Survey)



While a lot of the difference between Anmore and the rest of the Tri-Cities Area can be

explained by the absence of apartments in Anmore, the larger lot sizes in Anmore lead to larger single-family homes, on average. The maximum allowable site coverage in Anmore is 25%, so a half-acre lot (which is nearly 22,000 square feet) could have a home with a footprint of 25% of that total, or about 5,500 square feet. A second storey doubles the floor area.

The prevailing development regulations in Anmore that allow mainly one-acre lots, with a limited number of Comprehensive Development lots that might average 0.5 acres, will continue to provide large homes of at least the current average of 10 rooms per home. Note that many of Anmore's smaller homes, such as those located on Blackberry Drive or Birch Wynde, are older homes and not representative of currently allowable development, even though they are included in the current 10-room average. In other words, current development regulations are likely to *increase* the average house size beyond 10 rooms as the existing smaller homes become a smaller and smaller percentage of the total.

DEVELOPABLE LAND AND COMPREHENSIVE DEVELOPMENT (CD) LOT CAPACITY

We have considered lot and home sizes and have average values that can be used for future projections. But we also need to consider the available space on which to put these new homes.

Anmore has a limited supply of developable land that is zoned for residential development, so projections of future growth need to consider if enough land is available to accommodate it. Using BC Assessment data, an estimated 489 acres of vacant and developable land remains in Anmore. Note that this total does not include land that is zoned residential but currently has the following uses:

- Government reserves (including greenbelts).
- Transportation and communication.
- Parks and playing fields.
- Works yards.

Some of the vacant land is in large and relatively untouched parcels, such as the loco lands, while others are single vacant lots located in an otherwise developed area. The larger parcels of vacant land will eventually require subdivision and the construction of roadways, park space and other public uses that will reduce the total amount of developable land. An estimated 10% of land area is assumed to be lost to these non-residential purposes, leaving a total of 440 acres for new residential development.⁷

The Village currently allows a maximum of 15% of residential lots to be in Comprehensive Development (CD) zones. These are permitted to be smaller than the prevailing standard of minimum one-acre residential lots. Table 5 summarizes the current status of the cap on CD lots and the future capacity for more CD development under current regulations.

⁷ A greenfield residential development might typically allocate 20-30% of land area for roadways and public spaces, but given that many of Anmore's vacant lots are adjacent to existing roadways, the loss of developable land is assumed to be smaller. Furthermore, even if development conditions in the remaining vacant land is challenging due to steep slopes or riparian areas, it is always possible for these un-developable area to be included in private lots as the "backyard," provided there is room elsewhere on the lot to locate the house.

Table 5. Comprehensive Development (CD) Lots as Share of Total, Current and Projected

Timeline	Total Lots	CD Lots	CD Share of Total
Current (December 2012)	789	96	12%
less Vacant Lots to be Developed/Subdivided	-152		
Current Developed Lots	637	96	15%
add Remaining Development Capacity (Assuming 440.3 Developable Acres, Average CD Lot Size of 0.5 acres)			
	476	71	15%
Total (Community Build-out)	1,113	167	15%

Source: BC Assessment, 2013 Assessment Roll for Anmore; CitySpaces Consulting memo to Village of Anmore

There are currently 789 residential lots in Anmore, including the 637 developed lots referenced earlier in the report and a further 152 vacant residential lots. Note that the current total of 96 CD lots is 12% of the total lots in the community, but 15% of the lots that have already been developed.

Under current regulations, those 152 vacant lots and the 440.3 developable acres they contain can be subdivided and developed into 476 new lots. That includes 71 new CD lots of 0.5 acres and 405 one-acre lots. So at community build-out, there would be an estimated total of 1,113 residential lots, of which 15% (167 lots), would be permitted in CD zones.

It is always possible for lots that are already developed to be re-developed and subdivided, creating a somewhat higher total at build-out. For the purposes of this report it is assumed that development occurs first on vacant lots, with re-development a more distant option once build-out is reached. Note also that the 15% cap on CD lots becomes a floating target that would continually be in flux as the estimated maximum number of lots changes over time.

MUNICIPAL TAXATION COMPARISONS

As a final step before moving to the population projections, some background information on Anmore's relative housing and taxation situation is useful. The following are some facts based on 2013 assessment roll data from the BC Assessment Authority (BCAA). All values apply to single-family homes only.

- Anmore's average house value of just over \$1.1 million ranks 5th among all municipalities in BC and 4th in Metro Vancouver (behind West Vancouver, Vancouver and Lions Bay). The average Anmore home is valued significantly higher than its closest neighbours - the next highest in the Tri-Cities Area is Belcarra with an average value of \$842,000.
- The average municipal tax bill in Anmore, as calculated by BCAA, is \$1,567 (it is slightly higher in the calculations for this study). This ranks 42nd highest among municipalities in BC but more

importantly ranks 3rd *lowest* in Metro Vancouver. Only Surrey and Belcarra homeowners pay less, while Port Moody homeowners pay about \$1,000 more per year.

- Looking at non-municipal property taxes, Anmore pays the highest Regional District taxes in Metro Vancouver (\$270) followed by Belcarra at \$241. This is largely due to the funding for the Fire Department.
- Payment to other authorities, including BC Assessment and the Municipal Financing Authority, is also higher than most other municipalities due to Anmore's relatively high housing values and the fact that most of these tax rates are uniform across the region. Anmore also pays the 2nd highest school taxes behind West Vancouver.
- As a result, total property taxes in Anmore are nearly \$4,500 for the average home and rank 4th in the region, trailing only West Vancouver, White Rock and Vancouver. The average Anmore home pays just over \$200 more than the average Port Moody home and about \$900 more than the average Belcarra home.

The financial analysis in Section 5 ultimately reduces most of the results to a per-household impact, so these statistics provide some context for understanding where Anmore currently sits within Metro Vancouver. But it should be emphasized that there is no reason to expect that taxes should be equal in different communities across the region. Each municipality has different standards of development, different service levels, and different costs, all of which are determined over time as communities evolve and the preferences of their residents change.

As a final piece of context, Anmore's average household income from the 2011 National Household Survey is the highest of any community in British Columbia at \$145,000. Belcarra ranks 2nd at \$133,000 while West Vancouver and Lions Bay are the only other BC municipalities above \$100,000. In terms of median household income, the Anmore median of \$114,000 ranks 2nd to Belcarra's median of \$126,000.

3. POPULATION AND HOUSING PROJECTIONS

This section of the report builds on some of the background material outlined in Section 2 to create a set of population and housing projections. They are provided in support of Anmore's Official Community Plan update and outline a range of possible growth rates for Anmore's future that are reasonable given past trends and the expected level of growth in Metro Vancouver and the Tri-Cities Area. There is no way to know exactly how the future will unfold, but these projections provide a reasonable range of possible outcomes for Anmore, provided development regulations remain generally the same.

The purpose of the projections for the OCP is to provide context for discussions about Anmore's future development. Apart from the general assumptions and background information in Section 2, additional assumptions that are specific to each scenario are explained in the appropriate section.

LOW SCENARIO - FIXED SHARE OF SUB-REGIONAL HOUSING GROWTH

The assumptions underlying the Low Scenario are the following:

Based on population projections from BC Stats and household maintainer rates (see the

- Household Formation section starting on page 11), the Coquitlam Local Health Area⁸ (LHA) is projected to add 34,475 ground-oriented homes from 2012 to 2032. Ground-oriented homes include single-family dwellings, duplexes and other housing types with an external, ground-level entrance.
- The Coquitlam LHA added an estimated 9,690 ground-oriented units from 2006 to 2012. Anmore added an estimated 98 ground-oriented units that were occupied by regular residents in this time frame, which is 1.0% of the sub-regional total.
- If Anmore's share of 1.0% is assumed to remain constant over the next 20 years, it would add 348 ground-oriented units, or an average of 17 units per year.
- Each residential lot in Anmore is assumed to have an average of 1.14 dwelling units (from secondary suites and coach houses) so average development is 15 residential lots per year.

Table 6. Anmore Population and Housing Projections under Low Scenario

	2012	2017	2022	2032	Total Growth, 2012-2032	Average Annual Growth
Population	2,246	2,462	2,714	3,087	840	42
Developed Residential Lots	637	714	790	943	306	15
Remaining Vacant and Developable Land (acres)	440	369	299	157	-283	-14

⁸ The Coquitlam LHA includes Anmore, Belcarra, Port Moody, Port Coquitlam, Coquitlam and some of the unincorporated areas to the north of Anmore along Indian Arm. Other than the 100 or so people living in the unincorporated area, it is identical to the "Tri-Cities Area" sub-region that was referenced in several sections of Section 2.

MIDDLE SCENARIO - CONTINUATION OF RECENT POPULATION GROWTH

The Middle Scenario is based on the following assumptions:

- From the 2006 Census to the 2011 Census, Anmore's population increased by an average of 61 people per year.
- Continuing that pace of growth for 20 years would increase the community's population by just over 1,200.
- The number of homes required to house these people, with an average household size of 3.02 (as of 2032) is about 405. But additional units are also required to offset the declining population living in existing homes (which will happen as the population ages and the average household size shrinks from 3.34 to 3.02). An extra 70 or so housing units are required to offset shrinking household sizes.
- These 475 units require the development of an additional 419 residential lots, or an average of 21 lots per year.

Table 7. Anmore Population and Housing Projections under Middle Scenario

	2012	2017	2022	2032	Total Growth, 2012-2032	Average Annual Growth
Population	2,246	2,566	2,920	3,474	1,228	61
Developed Residential Lots	637	742	847	1,056	419	21
Remaining Vacant and Developable Land (acres)	440	343	246	52	-388	-19

HIGH SCENARIO - FIXED SHARE OF SUB-REGIONAL POPULATION GROWTH

The High Scenario relies on the following assumptions:

- The Coquitlam Local Health Area is projected to grow by about 101,600 people from 2012 to 2032.
- From the 2006 Census to the 2011 Census, Anmore's share of population growth in this area was 1.46%.
- If Anmore's share of population growth stays at 1.46% for the next 20 years, the community will add about 1,480 people.
- An extra 1,480 people require about 490 dwelling units (based on the average household size of 3.02). An additional 70 units are required to offset declining population in existing units.
- These 560 units require the development of an additional 492 residential lots, or an average of nearly 25 lots per year. However, it was shown in Table 5 in page 20 that under current development guidelines, Anmore's remaining capacity is only 476 lots.
- The community reaches full build-out during the final year of the High Scenario and total population growth of 1,423 is slightly below the potential growth of 1,480 shown above.

Table 8. Anmore Population and Housing Projections under High Scenario

	2012	2017	2022	2032	Total Growth, 2012-2032	Average Annual Growth
Population	2,246	2,633	3,052	3,669	1,423	71
Developed Residential Lots	637	760	883	1,113	476	24
Remaining Vacant and Developable Land (acres)	440	326	213	0	-440	-22

Each scenario is projecting continued strong growth in Anmore, with average annual growth rates of 1.6% (Low Scenario), 2.2% (Middle Scenario) and 2.5% (High Scenario). These are all higher than the projected annual growth rate of 1.3% in the Metro Vancouver region.

Figure 3-2 shows that under current development regulations, the High Scenario will have Anmore reaching full build-out of its available residential land by 2032. Under the Middle Scenario there will be 52 acres remaining in 2032 and the Low Scenario has 157 acres remaining.

The **Middle Scenario** is considered most likely to occur in Anmore over the next 20 years. It is most consistent with the actual population growth experienced in Anmore in recent years, which is an average increase of 61 people per year. The High Scenario requires Anmore to maintain its share of sub-regional population growth in the Tri-Cities Area, which may be unlikely given the limited remaining land base in Anmore and the greater potential of other communities like Port Moody and Coquitlam to grow through densification around rapid transit stations. The Low Scenario is also less likely given that it maintains Anmore's share of sub-regional single-family development, yet that housing form is declining

Figure 3-1
Anmore Population Projections, Alternative Scenarios

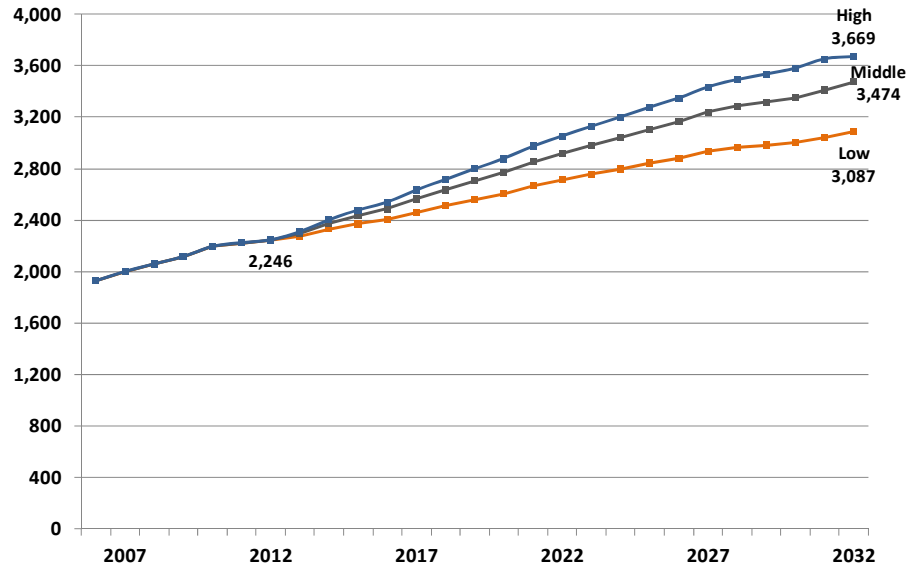
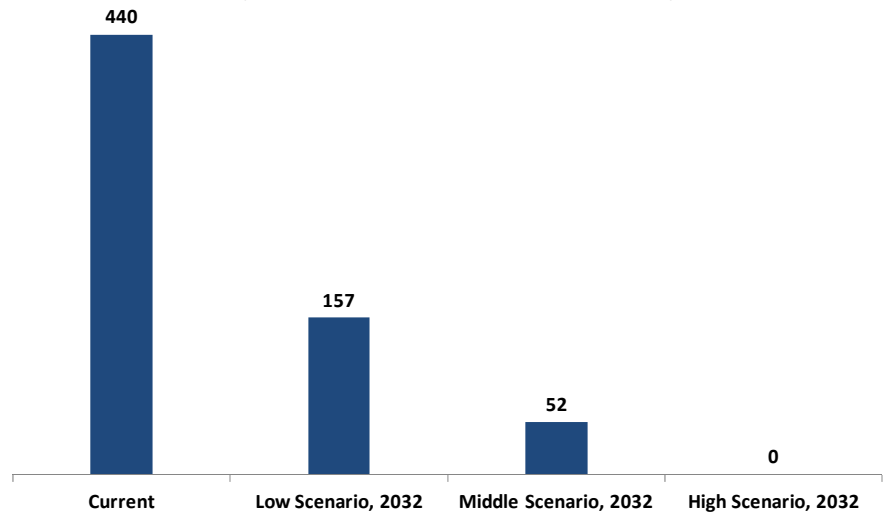


Figure 3-2
Vacant and Developable Residential Land Remaining in Anmore
(Acres, Net of 10% Allocation to Public Uses)



as a share of total development in other communities and Anmore's semi-rural character offers a niche product within the region that is likely to continue to sustain a faster rate of growth.

For the rest of the report the Middle Scenario will be used as the default rate of population growth in Anmore, except where otherwise noted. The next chapter introduces alternative development assumptions that will affect the absorption rate for Anmore's remaining residential land and have different impacts on the Village's future financial sustainability.

4. ALTERNATIVE DEVELOPMENT SCENARIOS

Anmore's financial sustainability is partly reliant on the amount and type of development activity that will occur in the community in the next 20 years. If development patterns that are more supportive of financial sustainability are identified now, policies to encourage them can be incorporated into the updated Official Community Plan.

The following scenarios are used to help identify the differential impact on the Village's future finances as a result of different development patterns. They also have implications on the rate of absorption of the Village's remaining undeveloped residential land and, particularly for the last scenario, will also influence the overall rate of population growth.

None of these scenarios are necessarily representative of potential development guidelines. The intent is simply to create distinct scenarios that can be tested for their projected impact on Village finances (see Section 5), allowing insights to be drawn on how future development can be crafted to support financial sustainability.

Note that the scenarios are assumed to apply only to currently vacant land. It is recognized, however, that redevelopment and subdivision of currently-developed land will also occur. Redevelopment is ignored for the purposes of this study in order to isolate the differences between alternative development scenarios, but it should be noted that the total population and housing unit capacity of the community will also be affected by the density of redevelopment within Anmore's already built areas.

SCENARIO ASSUMPTIONS

Scenario 1 (Status Quo) assumes the following:

- Prevailing form of residential development continues to be one-acre lots, with a maximum (at community build-out) of 15% of lots in Comprehensive Development (CD) zones.
- The average lot size within CD zones is 0.5 acres.

Scenario 2 (25% CD Maximum) assumes:

- Prevailing form of residential development continues to be one-acre lots, with a maximum (at community build-out) of 25% of lots in Comprehensive Development (CD) zones.
- The average lot size within CD zones is 0.5 acres.

Scenario 3 (No CD Limit, Some Quarter-Acre Lots) assumes:

- Lot sizes for new development are assumed to be trending smaller, but are still broadly consistent with the current distribution of lot sizes in the community:

- 50% of new lots are assumed to be one acre.
- 20% of new lots are half-acre.
- 30% of new lots are quarter-acre.

Scenario 4 (Same as Scenario 3 with addition of Cluster Housing in 0.1-Acre Lots) has a more complicated set of assumptions that are outlined below.

- Current development regulations in Anmore support continued development of very large single family homes compared to the rest of the region. Even quarter-acre lots can support a two-storey home of more than 5,000 square feet and still comply with the maximum 25% site coverage regulation. All of these new homes are likely to have at least the current community average of 10 rooms per home (which is easily the highest average in Metro Vancouver).
- The supply of these very large homes means that Anmore offers a relatively narrow range of housing product, regardless of the lot size. This means that Anmore has a more limited market of potential residents who desire and can afford larger homes that are typically among the most costly in the region.
- Allowing smaller-lot development, such as 0.1-acre lots, would encourage the construction of smaller single-family homes of perhaps 1,500 to 2,000 square feet. At least some of these homes would be in the range of 5-7 rooms (not including bathrooms), a market that is not currently served by new development in Anmore.
- Household maintainer rates for non-condominium housing show that the Tri-Cities Area will add nearly 22,000 non-condominium housing units over the next 20 years and nearly half of them will have less than 8 rooms.

Table 9. Projected Growth in Non-Condominium Dwelling Units by Number of Rooms, Tri-Cities Area (Coquitlam Local Health Area), 2012-2032

Number of Rooms	Projected Growth	Share of Growth
1 to 4 rooms	1,575	7%
5 rooms	2,230	10%
6 rooms	3,020	14%
7 rooms	3,400	16%
8 or more rooms	11,610	53%
Total	21,835	100%

Source: Statistics Canada National Household Survey, BC Stats projections

- The number of units of new housing in Anmore in Scenarios 1-3 above are all assumed to be large houses of 8 or more rooms. Demand for smaller homes in the range of 5-7 rooms is assumed to be proportional to demand in the Tri-Cities Area. Specifically:
 - The Middle Scenario for population growth has Anmore adding 21 units of housing per year. This is based on current development regulations and all 21 units are assumed to

be 8 or more rooms. Homes of this size are projected to comprise 53% of non-condominium growth in the Tri-Cities Area in the next 20 years.

- Homes of 5-7 rooms are projected to comprise 40% of non-condominium growth in the Tri-Cities Area in the next 20 years, or three-quarters as many as the 8+ room homes.
- Demand for 5-7 room homes in Anmore is therefore assumed to be 16 units per year.

Note that Scenario 4 is the "stretch" scenario that is the most significant departure from Anmore's current development guidelines. It is included to provide a contrast with the more conventional scenarios listed above and to demonstrate the implications for population growth, land absorption and financial sustainability.

Table 10. Remaining Lot Capacity and Average Lot Size under Alternative Development Scenarios

Development Scenario	Remaining Lot Capacity				Total	Average Lot Size (acres)
	One acre	Half acre	Quarter acre	One-tenth acre		
1 (Status Quo)	405	71			476	0.93
2 (25% CD cap)	341	198			539	0.82
3 (No CD cap, smaller lots)	326	130	196		652	0.67
4 (Same as 3 + cluster housing)	293	117	176	447	1,033	0.43

The figures shown above for Scenario 1 (Status Quo) were shown earlier in Table 5. Under current guidelines, there is capacity for an estimated 476 additional residential lots, on top of the 637 developed lots that already exist. Table 10 shows how development capacity is affected by the other scenarios that include an increasing number of smaller lots.

By increasing the CD cap to 25%, total development capacity is increased to 539 additional lots, removing the CD cap and assuming a significant number of quarter-acre lots are developed increases the remaining capacity to 652 lots, while the additional of cluster housing in 0.1 acre lots means that more than 1,000 additional lots can be added.

VALUE ASSUMPTIONS

Each development scenario also has different implications for total assessment and tax revenue. In order for those values to be calculated, the average assessed value of each size of lot needs to be estimated.

It was demonstrated in Section 2 (see Table 4 on page 17) that the average value of newer homes in Anmore, not including the land value, is unaffected by the size of the lot. But land values do increase as lot size increases.

Based on actual assessment data, Table 11 shows average land values for the lot sizes used in the four development scenarios.

Table 11. Average Land Value for Specific Lot Sizes in Anmore

Lot Size Range	Number of Lots	Total Area	Total Land Value	Land Value per Lot (For Scenarios)
0.9-1.099 acres (One acre)	217	217.9 acres	\$158,272,000	\$726,000
0.4-0.59 acres (Half acre)	64	47.9 acres	\$58,667,000	\$611,000
0.2-0.29 acres (Quarter acre)	25	3.8 acres	\$8,845,000	\$567,000
0.05-0.15 acres (1/10th acre)	81	7.8 acres	\$24,999,000	\$317,000

Source: BC Assessment, 2013 Assessment Roll for Anmore

The table shows that the average one-acre lot has a land value of about \$726,000. The average half-acre lot has a land value only somewhat lower, at \$611,000. Dropping to a quarter-acre lot lowers the value only to \$567,000 while a one-tenth acre lot is estimated at \$317,000.

The land value of these lots after development will contribute to Anmore's assessment base, but the land in its current vacant form already has some value. The 489 acres of vacant and developable residential land in Anmore has a current assessed value of about \$105.6 million. **This is an average of \$216,000 per acre**, which must be subtracted from the value of the developed lots in order to calculate the net increase in land value.

With respect to improvement values, data presented in Section 2 (see Table 4 on page 17) showed that **the average improvement value for new homes constructed in Anmore is estimated at \$748,000**. These homes are relatively new and at least standard quality, with many rated as semi-custom or custom and with high or excellent quality ratings (from BC Assessment). This is assumed to represent the typical standard for new single-family residential development under Scenarios 1 to 3.

For Scenario 4, the cluster housing on 0.1-acre lots requires a different assumption. The reason is there has been no significant recent development in Anmore with lots of that size so the current housing stock on those small lots is not a good representation of the quality and value of housing that would be built over the next 20 years. The BDC Construction Cost Index⁹ shows that single-family construction for medium to high-quality homes up to 2,500 square feet and at grade in the Tri-Cities is in the range of \$185 to \$210 per square foot (sf). Assuming Anmore homes are an average of 2,000 square feet, at approximately \$200/sf, the construction cost is \$400,000. An extra 20% can be added for soft costs, developer profits and any additional costs incurred if there are slopes, so **\$500,000 in home value is a reasonable estimate for the 0.1-acre lots**, particularly compared to the \$748,000 value for home on larger lots.

⁹ Retrieved at www.bdconsultants.com/tools/costindex.

Table 12. Summary of Value Assumptions by Lot Size

	One acre lots	Half acre lots	Quarter acre lots	One-tenth acre lots
Average land value	\$725,000	\$610,000	\$565,000	\$315,000
Average improvements value	\$750,000	\$750,000	\$750,000	\$500,000
Average total assessed value	\$1,475,000	\$1,360,000	\$1,315,000	\$815,000
Assessed value per acre	\$1,475,000	\$2,720,000	\$5,260,000	\$8,165,000

IMPLICATIONS FOR ASSESSMENT BASE

Before proceeding to the full analysis of municipal financial impacts in the next section, the table below shows the total net increase in the municipal assessment base from each development scenario. Recall that Scenarios 1-3 are based on the Middle Scenario for population growth that averages 21 new units per year in Anmore, while Scenario 4 adds a further 16 units per year of cluster housing in 0.1-acre lots.

Table 13. Cumulative Net Increase in Anmore Assessment Base

Development Scenario	2017	2022	2032	Build-out ¹⁰	Projected Year to Reach Build-out
1 (Status Quo)	\$ 129 million	\$ 259 million	\$ 518 million	\$ 588 million	2035
2 (25% CD cap)	\$ 130 million	\$ 259 million	\$ 518 million	\$ 667 million	2038
3 (No CD cap, smaller lots)	\$ 130 million	\$ 260 million	\$ 520 million	\$ 810 million	2044
4 (Same as 3 + cluster housing)	\$ 192 million	\$ 384 million	\$ 768 million	\$ 1,082 million	2041

This table provides two key insights. First and most important is that the *short-term* increase in net assessed value, and consequently the increase in property tax revenue, is virtually identical for the first three scenarios. This result is unintentional and is simply a coincidence given the relative values and sizes of the lots in each scenario.

It occurs because while average lot sizes are slightly larger in Scenario 1, meaning that slightly more assessed value is created, Scenario 1 also uses somewhat more vacant land. The value of the vacant land

¹⁰ Build-out refers to full development of the 489 acres of vacant and developable land. Further development and population growth can also occur through subdivision and densification of lots that are currently occupied, such as occupied two-acre lots that are eventually subdivided into smaller parcels with multiple homes.

needs to be subtracted from the net calculation, and the result is that all three scenarios end up in nearly the exact same position **in the short-term**. This is illustrated below.

Table 14. Average Annual Increase in Net Assessment Base

Development Scenario	Assessed Value of New Development	Less Value of Previously Vacant Land	Net Increase
1 (Status Quo)	\$ 30.5 million	\$ 4.7 million	\$ 25.9 million
2 (25% CD cap)	\$ 30.0 million	\$ 4.1 million	\$ 25.9 million
3 (No CD cap, smaller lots)	\$ 29.4 million	\$ 3.4 million	\$ 26.0 million
4 (Same as 3 + cluster housing)	\$ 42.2 million	\$ 3.7 million	\$ 38.4 million

Recall that the first three scenarios all assume the same number of units are developed each year. Scenario 4 has significantly higher revenue mainly because it has a significantly higher number of units being developed. **The number of units developed per year is the key driver of higher revenues in the short run, not lot size.**

The argument that Scenario 4 has many more units per year is based on smaller lots creating a new market in Anmore that does not currently exist and allowing the community to attract a different market demographic that would not otherwise purchase property in the community. It is assumed that the different lot sizes in Scenarios 1, 2 and 3 are too similar to make this kind of difference - they range from 10,000 square foot lots to one-acre lots, but all feature large homes of similar value, suggesting that the market views them as largely the same product. That is why 21 units of development is assumed for each scenario, regardless of the exact mix of lot sizes.

If, however, there is evidence that the market prefers a particular lot size to the degree that population growth can be accelerated by allowing more development of that size, then there is also a short-term boost in assessment and tax revenue. This issue will be revisited in the conclusions and recommendations section of the report.

Going back to Table 13, its second key insight is that the difference between the first three scenarios finally emerges as they approach build-out. Each subsequent scenario has a smaller average lot size, meaning that more homes and more people can eventually be accommodated in the community and more additional assessment value is generated. **Higher development density leads to more tax revenue in the long run.**

5. MUNICIPAL REVENUE AND COST ASSUMPTIONS

This section of the report compares the alternative development scenarios in terms of their impact on Anmore's municipal finances over the next 20 years.

As with all projections of this type, the analysis relies on a series of assumptions about how individual revenue and cost items will change over time. The detailed assumptions for each line item in the Village's Financial Plan are shown in Appendix A.

In general, a conservative approach is taken to the creation of the projection formulas and each revenue and cost item is considered separately. Data from 2006 to 2012 was examined to identify trends, such as consistent growth over time or stable values that can be projected forward. The Village's Five-Year Financial Plan provides projections for 2013 to 2017 that were also taken into consideration. Finally, some values were projected based on common-sense ratios, such as the value of building permit revenue being calculated based on the number of households developed each year. As the Appendix shows, the projection formulas may be based on population, or the number of households, or a fixed rate of growth, or a fixed value going forward, or some other special case.

The remainder of this section provides brief commentary on the key drivers of each broad category of revenues and costs and shows how the alternative development scenarios from Section 4 lead to different financial outcomes (or not).

5.1. REVENUES

Property tax is the Village's most important source of revenue and a topic of great interest for the general public. **One of the key outcomes of this study is an estimate of the property tax impact on the typical Anmore household under alternative scenarios.** As a starting point this initial estimate of property tax revenue holds tax rates constant at their 2013 level, allowing for a later calculation of how much they need to increase for the Village to achieve greater financial sustainability. Note also that property tax revenue includes both the general tax rate as well as the portion of revenue that the Village will dedicate to the Fixed Asset Levy (which will be discussed in more detail later in Section 5).

The end of Section 4 showed in Table 14 that the growth in the assessment base from the first three development scenarios is virtually identical. For this reason only the results for Scenarios 1 and 4 are shown in most of the charts throughout the rest of this section.

The orange solid line in Figure 5-1 shows projected property tax revenue for Scenario 1, which as noted above is almost identical to Scenarios 2 and 3. Scenario 4 has faster revenue growth associated with its higher number of new units per year.

Other than property tax, some of the other key revenue sources include provincial and TransLink grants, which are projected to hold constant, grants in lieu of taxes provided by utility companies with infrastructure in Anmore (such as BC Hydro) that will gradually pay more over time as the number of households increases, and fee and permit revenue for various development-related applications. The latter revenue source will vary over time in relation to the number of units being developed each year.

Again, none of these revenue sources is impacted in a significantly different way by the different lot sizes in Scenarios 1-3, so only Scenario 1 is shown in Figure 5-2. Scenario 4 has higher tax revenue as well as higher development-related fees and higher household-related revenue (e.g., sale of Village services, grants in lieu of taxes).

Figure 5-1
Total Property Taxes
(Sum of General Taxes & Fixed Asset Levy)

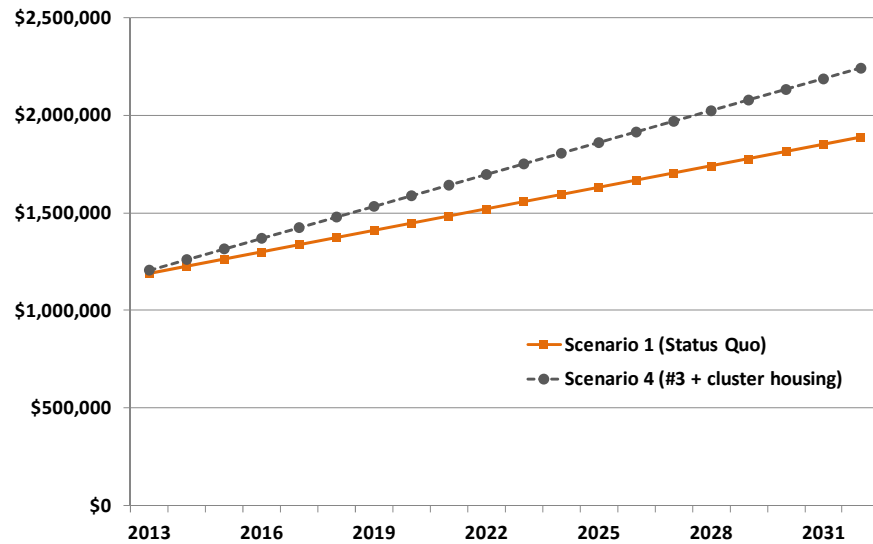
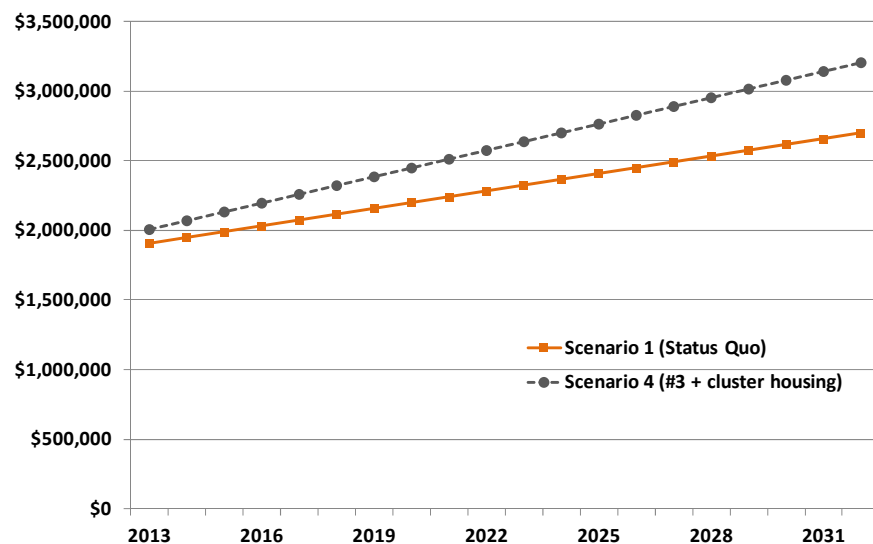


Figure 5-2
Total Revenue
(Other than Reserve Provisions)



5.2. EXPENSES

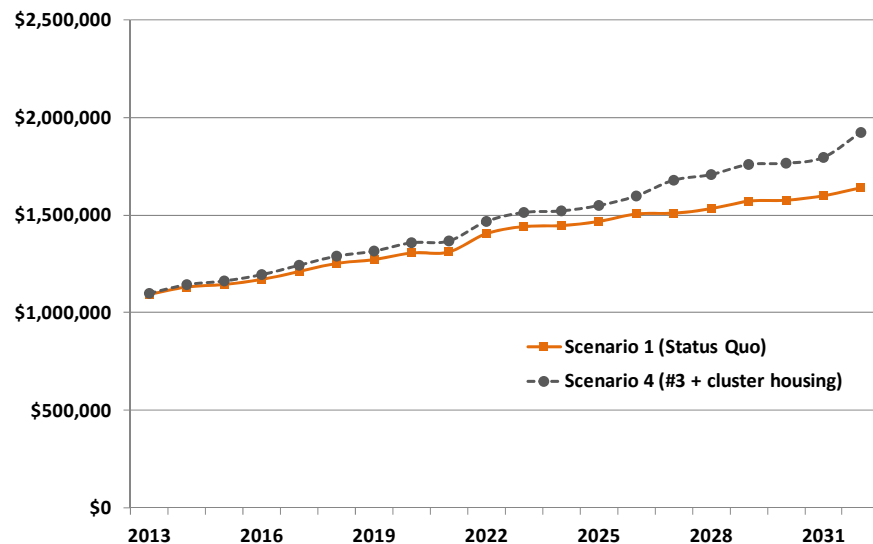
The next few pages show municipal expenses according to the main Village departments, followed by a separate and more in-depth discussion of infrastructure and reserve accounts over the long term. Note that **the important factor at this point is not how these costs are paid, but rather identifying how and when cost increases will arise.** For example, several of the charts show periodic bumps in spending, such as greater expenditures on road maintenance every five years. In reality, these extraordinary expenses will be covered by reserve accounts or other one-time revenue sources rather than having to increase taxes that particular year. But for this part of the report, it is important simply to identify that those expenses will occur and the issue of how they are paid will be addressed later.

GENERAL GOVERNMENT EXPENSES

General government expenses include staff salaries and operating expenses for Village facilities, including maintenance and operation of the current temporary Village Hall and the new Village Hall to be completed around 2016. Most operating expenses are expected to increase only modestly in the new building despite its larger size on account of having a more energy-efficient building and minimal maintenance costs in the early years of a few facility. Staffing is projected to increase by two positions over the next decade - a public works position in 2018 and an administrative position in 2022.

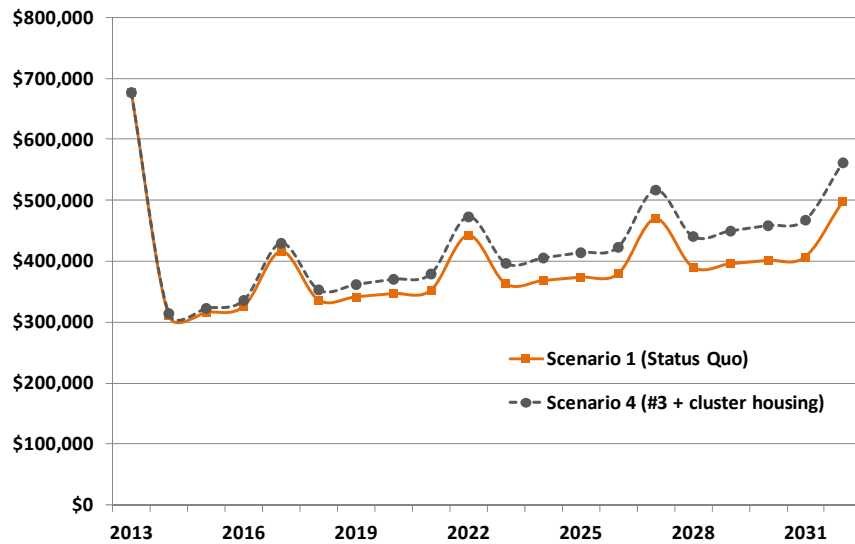
The General Government category of expenses is not affected at all by the different lot sizes in the first three scenarios. Scenario 4 has significantly higher population growth than the first three so an addition staff person is added once the community reaches 4,000 people (projected for 2027 under that scenario) and 4,500 people (in 2032).

Figure 5-3
Total General Government
(Excluding Amortization of Infrastructure)



The public works budget is larger in 2013 than in subsequent years due to the one-time purchase of the trailer for the temporary Village Hall (it could also be shown as a capital purchase but is included under Public Works in the Village's Financial Plan and as a one-time expense that will not be replaced, it makes no difference to the financial analysis in this report where it appears.)

**Figure 5-4
Total Public Works**



While overall public works spending trends higher with population and household growth (which will include the maintenance of new roads and other infrastructure) there is a more significant investment in road maintenance every five years that explains the periodic uptick in spending. Once again there is no difference in projected costs between the first three scenarios.

Garbage and recycling services are included under Public Works and as of 2014 will be transitioning to a cost-recovery model. Households will pay a solid waste levy currently estimated at \$240 for garbage and green waste pickup while recyclables will be collected by Multi Material BC (MMBC). Garbage services were previously provided through a contracted service and revenue collected through the sale of garbage tags, but the tags did not cover the full cost of the service and it was subsidized by general revenues. The new situation will have a net-zero impact on municipal finances, which is a significant improvement for the Village. The solid waste levy is a new cost to households, however.

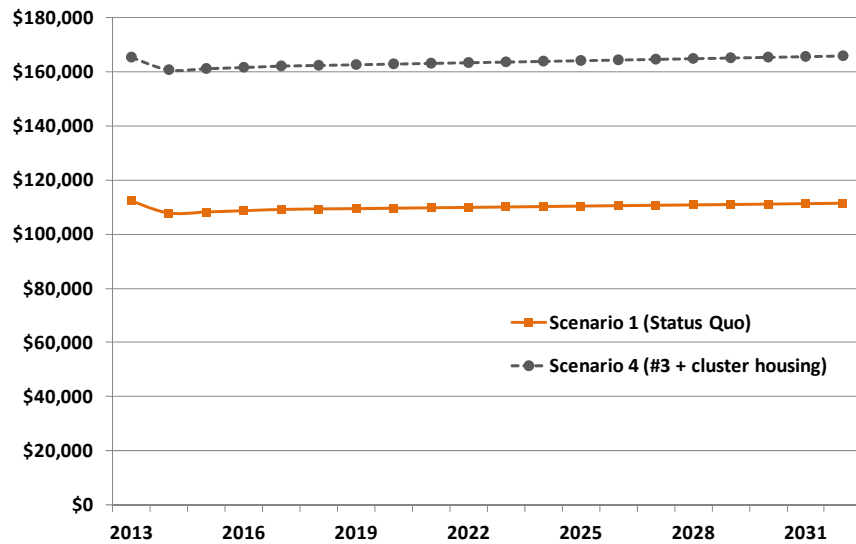
**Figure 5-5
Total Protective Services**

Protective Services is a smaller category that includes only fire and building inspections and a one-time cost for emergency preparedness shown in the Financial Plan for 2013.

There is one very important implication of Scenario 4 that emerges in this cost category. Anmore's total population at build-out will ultimately depend on the type of

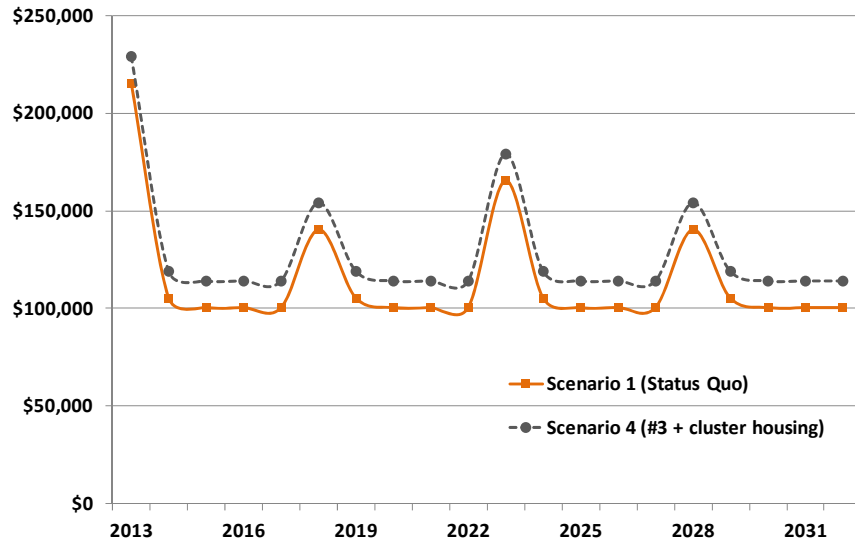
development that occurs over the next 20-30 years but is usually estimated at no more than 4,200 to 4,400. This is well below the 5,000 population threshold at which British Columbia municipalities are required to start paying 70% of their local policing costs. Those costs have not been estimated with any precision for Anmore as there is no serious thought that the community will ever reach that population level.

However, Scenario 4 as defined in this report would cause Anmore's population to exceed 5,000 in approximately 2036. That is beyond the 20-year time horizon used in this study but is worth noting as a significant cost item that would counter-balance the higher property tax revenues associated with Scenario 4. Based on other communities that have undergone the transition to a 5,000+ community, Anmore would likely be facing costs of at least \$250,000 per year and possibly significantly more.



Planning and Development expenditures include the Village's contracted planning and engineering consultants, as well as periodic updates to key Village documents like the Official Community Plan (every 5 years) and Parks Master Plan (every 10 years). It also includes annual reviews of the zoning bylaw and ongoing environmental monitoring. Costs associated with processing subdivision and variance permit applications are also included in this category.

**Figure 5-6
Total Planning & Engineering
(Not Including Capital Investments)**



RESERVE ACCOUNTS AND INFRASTRUCTURE REPLACEMENT

For the purposes of this report, most of the revenues and costs associated with reserve accounts, capital expenditures and infrastructure replacement have been pulled out of the other accounts shown above and combined into this section. These issues are of primary importance in determining Anmore's long-term financial sustainability.

According to data provided by the Village's Finance Department, Anmore had a backlog of infrastructure replacement costs of nearly \$9 million at the end of 2012. This is the estimated cost of replacing existing infrastructure that, at least according to the standard benchmarks, has already reached the end of its useful life. While the fact that this infrastructure is still being used suggests that it still has some useful life remaining, aged infrastructure is more likely to break down, requires more expensive operations and maintenance costs, and arguably provides a lower standard of service for residents. These assets should be replaced as soon as reasonably possible.

The replacement cost estimate of \$9 million is approximate as it is based on the historic cost of each asset, inflated by 3% per year, rather than a current estimate of actual replacement cost. The exception is the new Village Hall, where a current estimate of \$2.35 million is used rather than the historic cost of the original Hall. Regardless of the exact figure, the Village faces a significant challenge in renewing its infrastructure over the next few decades.

**Figure 5-7
Estimated Current Infrastructure Replacement Costs
by Five-Year Intervals (\$ millions)**

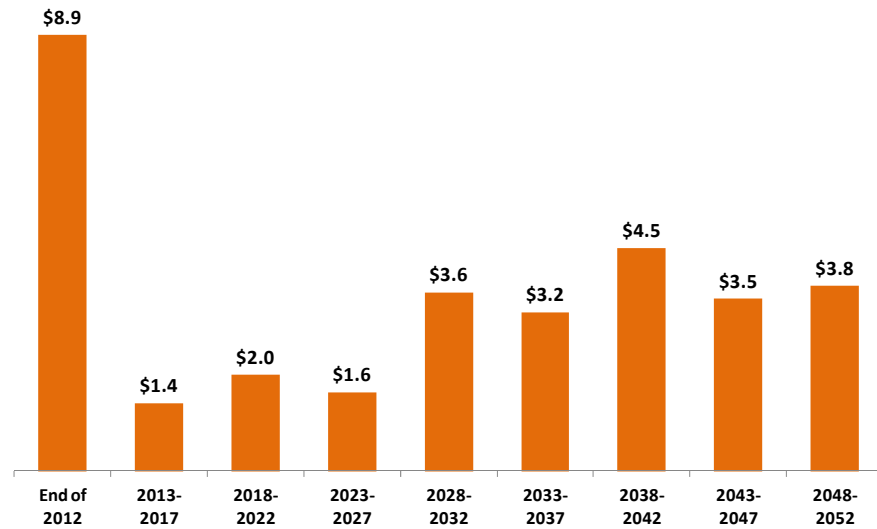


Figure 5-7 shows the estimated replacement cost for Anmore's existing infrastructure according to the time period when it reaches the end of its estimated useful life and should be replaced. Other than the current backlog of nearly \$9 million, new replacement costs are lower in the next 15 years before increasing significantly in the late 2020s and through the 2030s and 2040s. The

total is nearly \$33 million over the next 40 years. Note all of these figures are in current (2012) dollars.

There are essentially three choices for the Village to pay for infrastructure replacement. The first is to pay out of current revenues in a given year, which clearly limits the amount of investment that can be undertaken at any one time. The second is to save current revenues over multiple years in reserve accounts in order to make larger investments when the time comes (this is largely Anmore's approach).

The final option is to use debt financing for some portion of infrastructure renewal. Debt can be an effective tool in spreading the cost of an asset over its useful life, providing the debt servicing requirements are a small share of current spending and do not crowd out other spending needs. Anmore has limited debt capacity (currently \$6.4 million) and this option is unlikely to be a significant factor in future infrastructure renewal, at least for the next couple of decades.

In recognition of the community's infrastructure replacement needs, over the last few years the Village has allocated an increasing portion of property taxes to reserve accounts. This "Fixed Asset Levy" is \$325,000 in the current budget for 2013 and is scheduled to increase to \$425,000 in 2014. An annual increase of \$50,000 is planned for subsequent years through 2022.

For the purposes of this report, the Fixed Asset Levy is assumed to continue to increase after 2022 in proportion to the increase in total assessment. The amount of the levy per household would stay the same, but total revenues from the levy would continue to increase due to growth in the assessment base.

Other annual contributions to reserve accounts are projected to hold steady, including:

- \$39,000 from general revenues to the Capital Road Reserve

- \$91,600 from the TransLink Major Road Network (MRN) grant that must be allocated to the MRN Pavement Rehabilitation and MRN General Rehabilitation Reserves
- \$45,000 from general revenues to the Vehicle Replacement Reserve

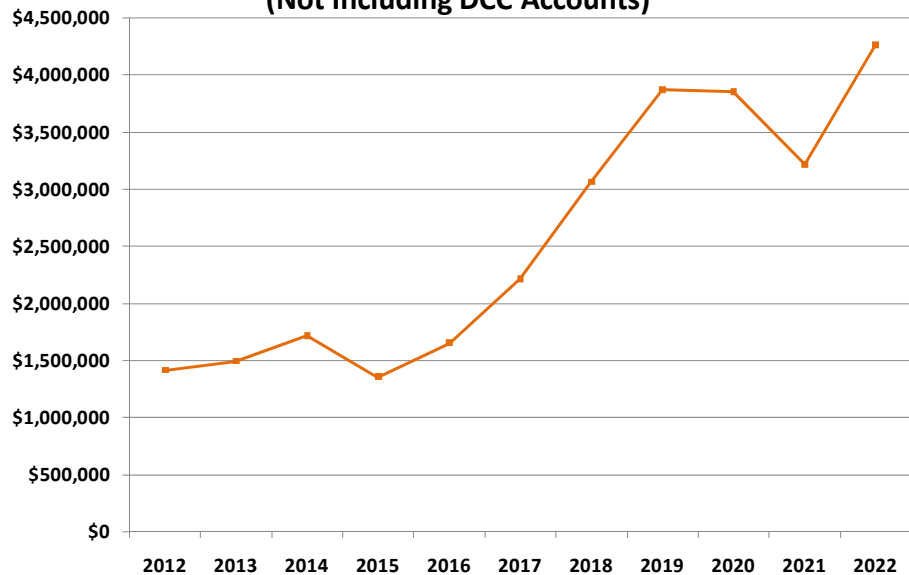
The Village is also increasing its contributions to the MRN reserves over time, from \$13,000 in 2013 to eventually reach \$65,000 by 2018. The total amount of reserves across the various accounts is expected to be about \$1.5 million by the end of 2013 (not including Water Reserves). Note this does not include Development Cost Charges (DCCs) as they are collected for a specific purpose. Accumulated DCCs will be used to offset certain capital expenditures in the future, but they are not widely applicable to all of the Village's capital renewal requirements.

These growing reserve accounts will be used over the next decade for a series of projects that the Village is currently planning to undertake, including:

- \$2.3 million for a significant rebuild of Sunnyside Road in 2020-2021 that is funded from the general Capital Reserve as well as the MRN Reserve and from Roads DCCs.
- Nearly \$500,000 in 2021 for new culverts on Sunnyside Road
- \$2.35 million for a new community building, including Village Hall. This is offset by nearly \$600,000 in an anticipated developer contribution.
- Current year expenditures of an estimated \$300,000 for a new Thompson Road culvert and estimated \$450,000 for the Mossom Creek culvert.
- Nearly \$500,000 in the current year for a new chlorination station and \$100,000 over 2014-2015 for additional new capital equipment for the water system.

Figure 5-8

**Projected Total Balance in Reserve Accounts
(Not Including DCC Accounts)**



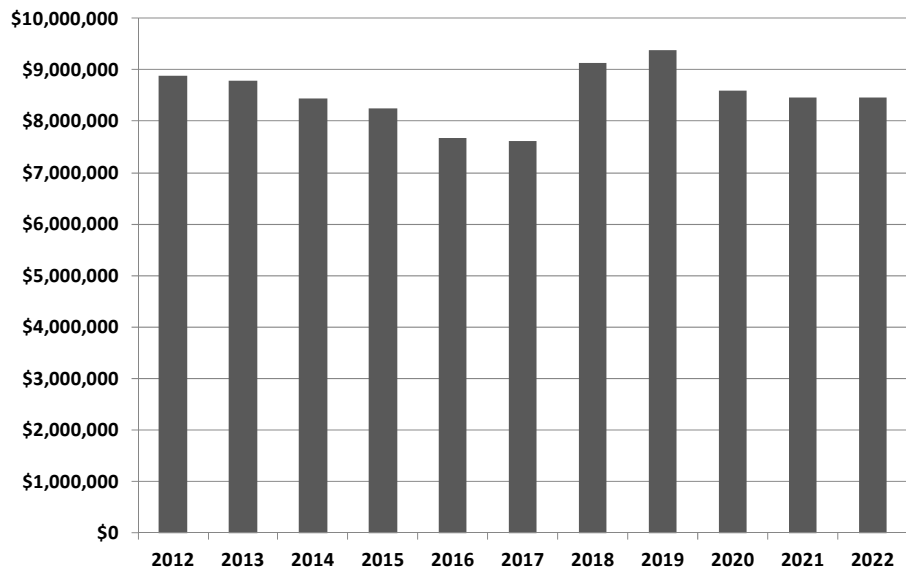
Based on planned contributions to reserve accounts and planned capital expenditures over the next decade, total reserve balances will grow as shown in Figure 5-8.

Over the next decade total capital spending is projected to be about \$5.3 million while total contributions to reserves are \$8.3 million. The net balance in the accounts therefore grows from about \$1.5 million to about \$4.5 million. This is accomplished in large part through a continually rising Fixed Asset Levy, which reaches \$825,000 in 2022.

The key question is whether this level of investment will allow Anmore to catch up on its backlog of infrastructure replacement costs. The starting point in 2012 is a backlog of nearly \$9 million and over the next decade additional infrastructure with an estimated replacement value of \$3.3 million will reach the end of its useful life (at least according to industry standards).

It was noted above that total investment in infrastructure over the next decade is projected at \$5.3 million, but some of this is either new infrastructure or is not yet scheduled for renewal. As a result the cumulative infrastructure replacement backlog drops only slightly over the course of the next decade from \$8.9 million to \$8.5 million.

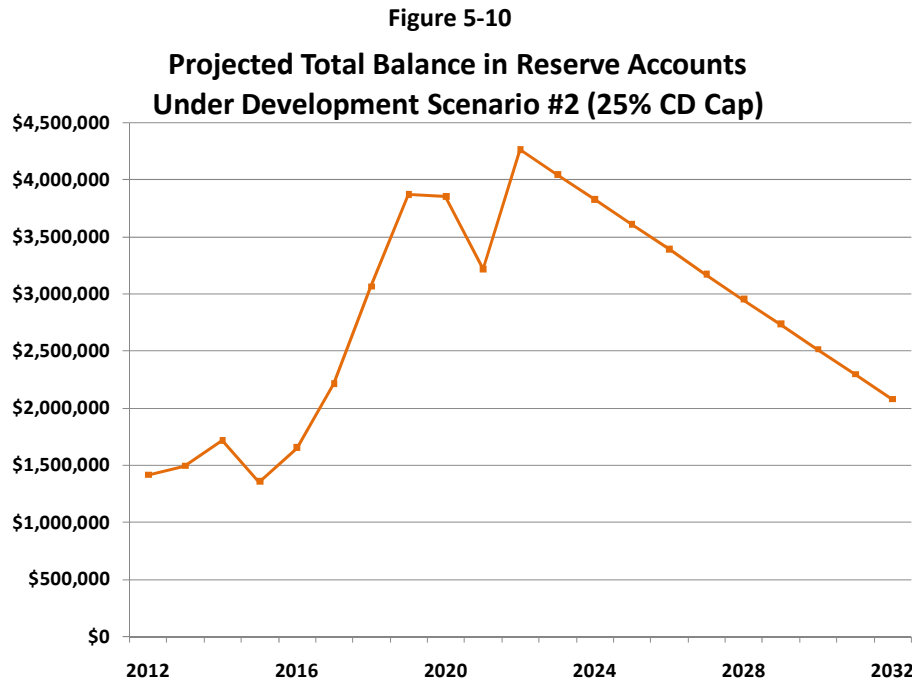
**Figure 5-9
Cumulative Infrastructure Replacement Backlog**



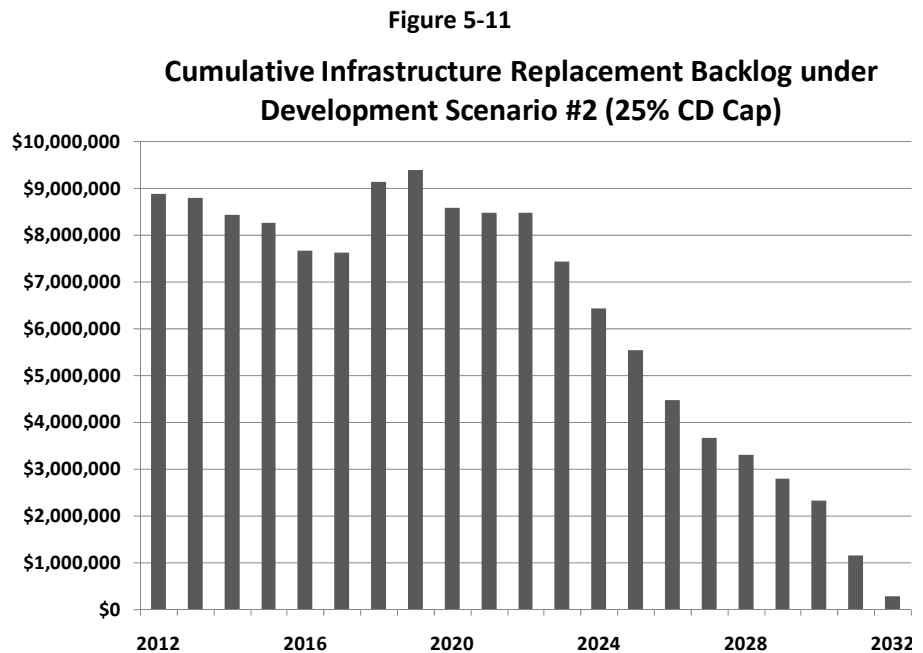
The Village has not yet developed projections for capital expenditures in the following 10 years from 2023 to 2032. Estimated costs for replacing infrastructure that reaches the end of its useful life during this timeframe is about \$5.6 million, including the renewal of some of the new investments that occurred in the previous decade, such as recreational equipment at the new Village Hall/Community Building.

Total contributions to reserve accounts are more than \$1 million per year by 2022 and are assumed to continue to grow as the Fixed Asset Levy rises with the growing assessment base. The exact amount of the increase varies slightly based on the development scenario, but under all scenarios the total contributions to reserve accounts will increase to the range of \$1.25 million to \$1.35 million per year by 2032.

With \$4.5 million in reserves accumulated by 2022, it is assumed that infrastructure replacement expenditures can be increased to the full amount of the Fixed Asset Levy plus an extra \$200,000 from reserve accounts. The total balance in reserve accounts therefore declines through the 2020s, as shown in Figure 5-10.



This accelerated rate of investment allows the infrastructure renewal backlog to be reduced from \$8.5 million in 2022 to about \$300,000 by 2032, as shown in Figure 5-11.



Note these results may be somewhat optimistic as they assume absolutely no development of new community amenities or infrastructure other than that associated with new housing development (roads, water pipes, etc. that are paid for initially by developers). It is possible that as the community grows over time there is demand for new amenities of some kind that require unanticipated capital expenditures.

The other challenge remaining even after catching up on much of the backlog is that the Village will still not have adequate reserves saved in preparation for the next round of infrastructure replacement, including costs associated with all of the new development over the next 20 years. At some point perhaps 20 years in the future the emphasis should shift from paying to catch up on infrastructure

renewal to building reserves in anticipation of future renewal. An appropriate target for these reserve accounts can be established at that time and should consider the proper balance between the use of reserve accounts, the use of current revenues for some smaller capital expenditures, and the use of debt financing to share the burden with future residents who will also benefit.

The key for the Village to be able to overcome its current infrastructure replacement backlog over the next 20 years is the Fixed Asset Levy, which under the analysis shown above increases from \$325,000 in 2013 to \$825,000 by 2022, after which it continues to grow with the assessment base. New housing development over time will help to share the burden, but the Levy still represents a significant tax increase on existing households.

LIFECYCLE COSTS OF NEW INFRASTRUCTURE

In addition to the replacement of existing infrastructure, new housing development in Anmore will require the construction of new infrastructure, including roads, water pipes, storm sewers and park space. This new infrastructure will be built gradually over time as new developments are constructed and will be initially paid for by the property developers. Upon completion, ownership of the assets will be transferred to the Village, which assumes responsibility for ongoing operation and maintenance costs as well as eventual replacement.

Without specific development plans, the exact value of this future infrastructure is unknown. But given that most of the large parcels of vacant land are either sloped (such as lands to the east of East Road) or will require significant stream crossings (such as the loco lands) the infrastructure costs for new development in Anmore are expected to be significantly higher than current infrastructure, which is largely located on the flat bottom of the Anmore Valley.

The Pinnacle Ridge development provides a useful proxy for these future infrastructure costs. This 22-lot development, consisting entirely of one-acre lots, had total infrastructure costs of just over \$3 million, or about \$135,000 per lot. In addition, Village staff estimates that higher density development will require additional costs of \$15,000 per lot for water hookups and accommodating driveway access. These additional costs are applied to each lot over and above the one lot per acre standard in Pinnacle Ridge.

At a one lot per acre standard, total infrastructure costs for the remaining 440 acres of vacant and developable land in Anmore are estimated at \$60.4 million. This is more than the total estimated replacement value of all of Anmore's current capital assets, which is estimated at \$42 million.

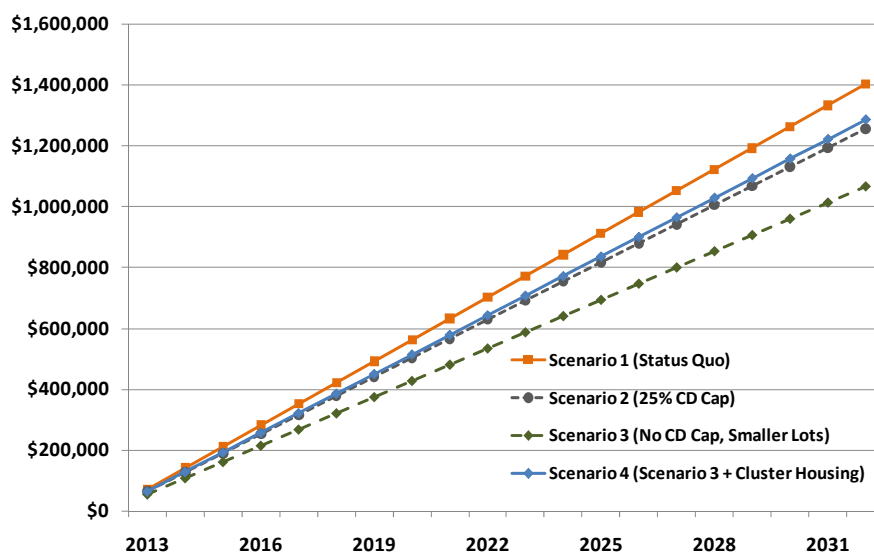
Each type of infrastructure asset has a different estimated useful life, but the weighted average for Pinnacle Ridge is 38 years. Once the remaining vacant land is fully built out, **the annual amortization cost for new infrastructure is therefore \$1.6 million per year, plus \$400 per year for each lot above the one lot per acre standard.**

These new infrastructure amortization costs are assumed to be incurred in proportion to the development of Anmore's remaining residential land. The amortization amount represents the amount of money that the Village would need to set aside in reserve accounts in order to have sufficient funds to replace all of this costly new infrastructure once it reaches the end of its useful life. In reality, the Village is likely to focus for the foreseeable future on paying down its backlog of replacement costs so that no money is actually set aside to cover this new infrastructure until the backlog is significantly reduced. But in order to properly account for the full costs of new development in the next 20 years, these amortization costs must be included.

Figure 5-12
Amortization Of New Infrastructure Replacement Costs

Due to the different rates of land absorption and housing densities under each development scenario, this is one category of municipal expenses where the scenarios show different results.

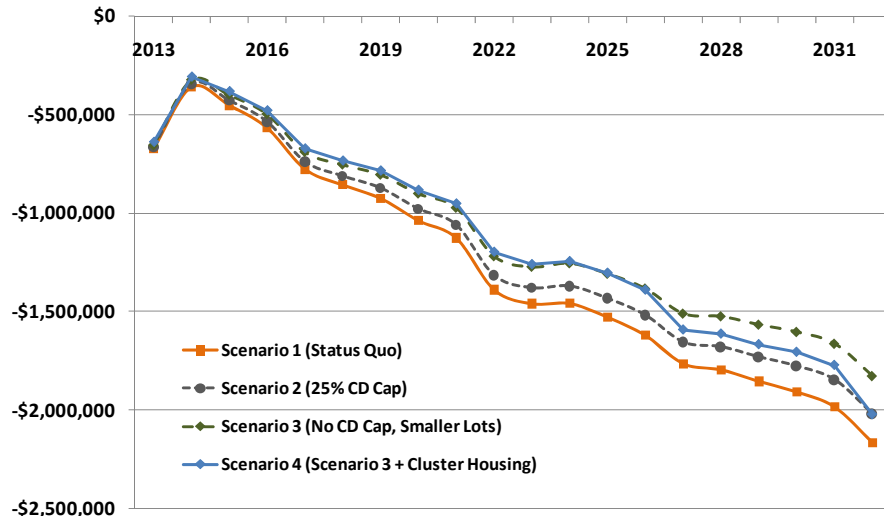
Scenario 1 (the status quo) uses up land the quickest, so new infrastructure costs are also generated more quickly. Scenario 2 and Scenario 3 have higher densities and require less land, so their new infrastructure costs are progressively lower. Scenario 4 has the fastest rate of growth and uses more land than Scenario 3, but with significantly more units it also generates more of the extra \$15,000 per lot required for higher density developments.



5.3. NET FINANCIAL POSITION

Figure 5-13 shows a simple comparison of all of the revenues from section 5.1 (assuming property tax rates stay the same) with all of the costs from section 5.2. It is meant as an illustration of the municipality's net position in the absence of any tax rate increases and ignores all of the maneuvers that the municipality can perform to balance its budget in a given year, such as using reserve accounts and accumulated surplus funds, borrowing funds, moving some expenditures to different years, etc.

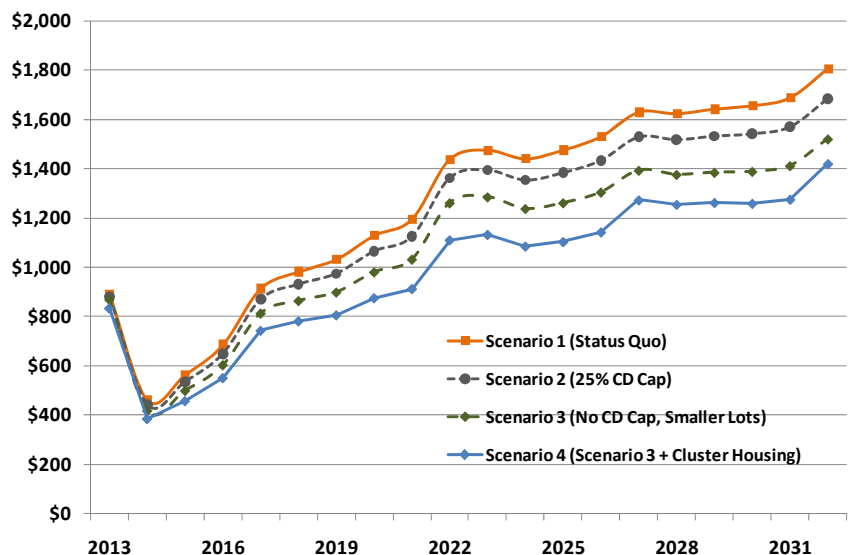
Figure 5-13
Estimated Net Financial Position
with Current Tax Rates



These results include the elimination of Anmore's current infrastructure replacement backlog, but current tax rates are insufficient to cover the amortization costs of new infrastructure. The Village's net financial position consequently deteriorates over time as continued development creates new costs that are not covered by new revenues. The results are very similar for each scenario, although by 2032 Scenario 3 is relatively better.

Figure 5-14
Additional Tax Required for Average Home
to Balance Municipal Budget

Figure 5-14 is the mirror image of Figure 5-13, illustrating the tax increase on the average home required to balance the municipal budget. Note that from the perspective of the household, Scenario 4 is the best because there are more homes to share the required tax increase.



These results do not imply that the Village needs to immediately increase taxes by \$800 per household, but they do show the scale of the financial challenge facing Anmore. Simply put, the Village needs significantly more revenue in order to meet its financial obligations over the next 20 years and beyond.

The amount of additional municipal property tax that would be required from the average Anmore household in order to balance the municipal budget over the next 20 years is:

- \$1,263 under Scenario 1 (an increase of 80%)
- \$1,189 under Scenario 2 (an increase of 76%)
- \$1,090 under Scenario 3 (an increase of 69%)
- \$983 under Scenario 4 (an increase of 62%)

Again, it must be emphasized that immediate tax increases of this magnitude are not being recommended or assumed. They are simply an illustration of the gap between revenues and costs that must be filled over the next several decades in order to move the Village toward financial sustainability. In reality tax increases will occur gradually over time, reserve accounts and accumulated surpluses will help to cover short-term cost spikes, some expenditures will be moved to years with a more favourable outlook and perhaps some debt will be incurred.

Rather than the one-time tax increases shown above, perhaps a more realistic approach is to increase municipal taxes at the same rate each year. Using this approach, the following compound annual tax rate increases would be required:

- 5.6% per year under Scenario 1 (reaching \$4,675 for the average household by 2032)
- 5.4% per year under Scenario 2 (reaching \$4,500 for the average household by 2032)
- 5.0% per year under Scenario 3 (reaching \$4,175 for the average household by 2032)
- 4.6% per year under Scenario 4 (reaching \$3,875 for the average household by 2032)

Recall that current municipal taxes for the average Anmore household are about \$1,575 per year. Under the status quo the average household would pay an *additional* \$175 relative to Scenario 2 and an *additional* \$500 relative to Scenario 3. The difference between the scenarios would continue to expand for at least some time after the 20-year time horizon of this study.

IMPACT OF POPULATION GROWTH

The cost and revenue projections throughout Section 5 assumed the same rate of population growth for Scenarios 1, 2 and 3, leading in most cases to very similar financial results over the next 20 years. This was not done intentionally, but demonstrates that despite the different combination of lot sizes in each scenario, the consistent level of growth of 21 new lots per year leads to very similar outcomes. But what is the impact of different rates of population growth?

There are two ways to look at this issue. The first is to simply use all of the revenue and cost assumptions identified so far, hold the development scenario constant, and see what happens under alternative population growth scenarios.

Using Development Scenario 2 (25% CD Cap), the impact of different levels of growth can be seen in Figure 5-15. In the next few years there is relatively little difference, but over time, the higher-growth scenarios lead to worse financial outcomes because they generate more new infrastructure costs.

An alternative approach is to recognize that the amortization expenses from new infrastructure are an accounting cost and do not actually require the Village to pay money in the same year they are incurred. It was noted earlier that the Village's priority in the next 20 years will be paying off the existing backlog of infrastructure replacement costs, meaning that the accumulated obligations to replace new infrastructure are likely to be deferred.

If these amortization costs are ignored, the Village is in a better financial position with higher rates of population growth. That is because faster growth means the Village has more households sooner, generating more tax revenue sooner and allowing the existing infrastructure backlog to be paid down more quickly. The transition from paying off the

Figure 5-15

Net Financial Position under Development Scenario 2 (25% CD Cap), by Population Growth Scenarios

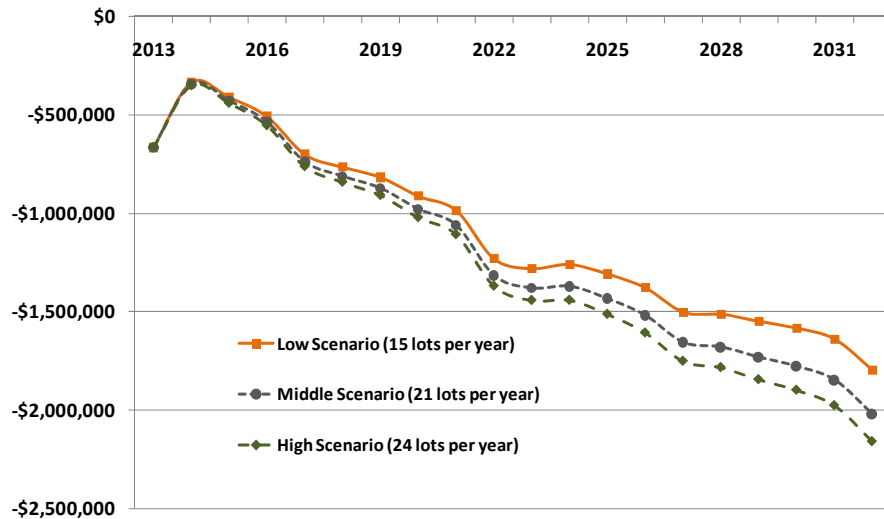
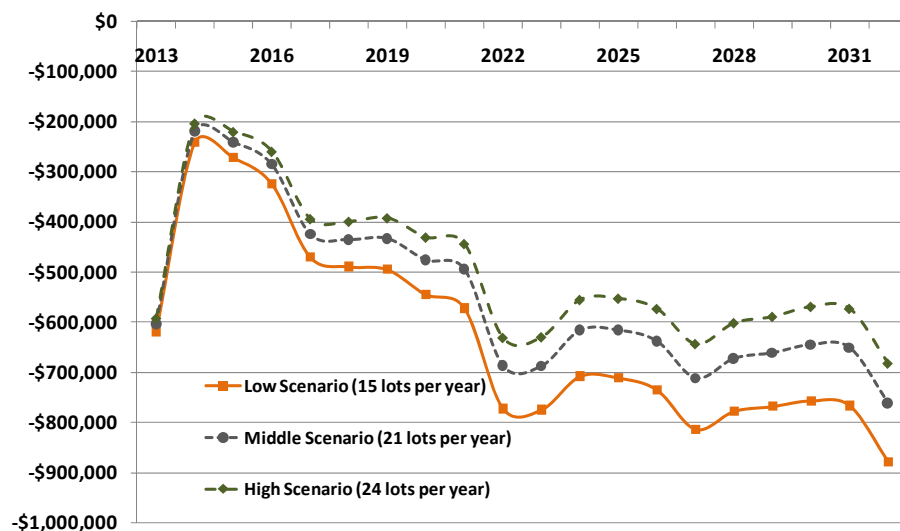


Figure 5-16

Net Financial Position, Development Scenario 2, without New Infrastructure Amortization



current infrastructure backlog to saving for new infrastructure replacement could happen more quickly.

The one major caveat to these results is that Scenario 4 would also push Anmore past the 5,000 population threshold and introduce at least several hundred thousand dollars of new policing costs (assuming the rather punitive formula for municipal policing costs remains the same in the 2030s).

5.4. OTHER CONSIDERATIONS

Section 5.4 provides some additional commentary on other elements of the financial situation for the Village of Anmore and/or Anmore residents that do not directly affect the analysis and scenarios presented earlier in the report.

COMMERCIAL DEVELOPMENT

One of the potential aspects of future development that was not included in the earlier scenarios is increasing commercial activity. Anmore currently has two properties that are assessed partly in the business class - a convenience store (which is also assessed partly as a residence) and a commercial campground (which is assessed partly as a residence and partly in the recreation class). The Village derives 0.16% of its total tax revenue from the non-residential assessment of these properties.

Preliminary analysis was undertaken of the potential impact of a significant, yet reasonable, increase in commercial activity. It was assumed that an additional retail outlet or coffee shop could be added to the community that would increase commercial assessment by five times. The impact is equivalent to one-time growth of extra 1-2 homes, meaning that the overall impact on municipal finances is negligible.

The potential location of one or more new commercial buildings is also a factor. If they are co-located with the new Village Hall/Community Building, they would be a net positive to the total assessment base. If they are located on a site that would otherwise be used for residential development, there is no net benefit and possibly a net loss. The reason is that the Village uses the same tax rate for business properties as residential properties, and it is quite likely that the value of a small commercial operation would be lower than the value of a home on the same site. Modest revenue from business licensing may not be enough to overcome the difference.

Growth in commercial development that crowds out residential development therefore generates no net financial benefit. However, there may be social or environmental benefits by enhancing local amenities, creating a new community gathering place, or reducing some outbound vehicle traffic.

MUNICIPAL FEES AND CHARGES

A comparative analysis of Anmore's municipal fees and charges is a component of this project that is presented in full in Appendix B. The analysis suggests that on most fees and charges, Anmore ranks on the lower-end compared to neighbouring municipalities and selected other smaller communities in the region.

Raising fees in the identified areas should be considered as a revenue generation tool by the municipality, provided there is no reasonable explanation for the value of the service being lower in Anmore. Caution should also be taken to ensure no adverse effects on development activity will result.

The possibility of raising additional fees and charges revenue can make a positive contribution to the Village's long-term financial sustainability, but needs to ensure that the rate of development activity is not slowed by the higher fees.

Full details on the fees and charges comparison are in Appendix B, but for purposes of illustration, a sub-scenario with higher fee revenue can be tested with the financial analysis model. The assumptions are outlined below.

Table 15. Modified Fees and Charges Assumptions for Testing Sub-Scenario

Fees and Charges Category	Current Growth Assumption	Modified Assumption
Building Permits	Calculated based on projected housing units and values.	Anmore's building permit costs are already quite similar to other municipalities, but there is some scope for increases to match neighbouring Port Moody, Port Coquitlam and Coquitlam. Assume 15% revenue increase.
Planning Services	Currently set at 37% of the value of building permits.	This category is where Anmore has the most scope for fee increases. Application fees for subdivision, development variance permits, zoning amendments and OCP amendments could all be doubled and in some cases would still be lower than the median comparison. Assume fee revenue is doubled.
Business Licensing Fees	Currently projected at \$4.21 per capita, based on 2012 calculations.	Limited scope for fee increases. The flat fee of \$85 for most businesses could be increased moderately, but Anmore's fees for larger contractors are also significantly higher than elsewhere so any reduction there would negate other increases. No change is projected.
Administrative Fees	Included in "Other Village Services" in the financial analysis, they are assumed to grow at the same rate as household growth.	Slight revenue increase is possible from sales of Village documents. Estimate an additional \$1,000 per year.

The impact of the changes outlined above is a revenue increase of about \$60,000 per year, assuming the Middle population growth scenario (21 units per year) and any of the first three development scenarios. This includes about \$17,000 in additional building permit revenue, \$42,000 in additional planning services revenue and \$1,000 in administrative services.

If implemented for 2014, and assuming no adverse effect on the level of development activity, the additional fee revenue would be equivalent to a tax increase of \$78 on the average household, or 5%. Going forward the actual amount of the revenue increase each year would go up and down in sync with

development and building activity but would make a positive contribution to the Village's long-term financial sustainability.

SASAMAT VOLUNTEER FIRE DEPARTMENT

Anmore and the neighbouring Village of Belcarra receive fire protection services from the Sasamat Volunteer Fire Department (SVFD), which is a service of Metro Vancouver. It is funded through the regional property tax levied on Anmore and Belcarra properties. It has no direct impact on Anmore's municipal finances, but does impact the finances of Anmore residents.

Based on the SVFD's 2013 budget, Anmore properties are paying about \$0.18 per \$1,000 of assessed value for fire protection. This is roughly three-quarters of the total tax levied by Metro Vancouver and represents a cost of \$205 to the average Anmore residence (which has an assessed value of just over \$1.1 million).

The SVFD's operating budget is shared by the two municipalities in proportion to their share of total assessments - in 2013, the split is 69% for Anmore and 31% for Belcarra. The capital budget is split evenly between the two communities.

According to the Fire Chief, there are no extraordinary capital cost requirements on the horizon for the SVFD, which is reasonable given the type of future development in Anmore will be similar to what currently exists. Ongoing capital replacement expenses are forecast by the FD and funds are allocated out of the budget for that purpose on an annual basis. Nearly one-quarter of the 2013 budget (\$57,000) is allocated to capital reserves.

For operational expenses, the current assumption is for annual growth of 2.5 to 3%, which is consistent with annual cost inflation and residential growth in Anmore that will lead to more call-outs. But the new homes will be expanding the local tax base and should approximately pay for the additional expenses they are generating.

The one significant financial concern looking forward is the issue of volunteer retention. The SVFD currently has no salary and benefits expenses, but there is concern that as the population ages and housing prices remain among the highest in the region that the potential volunteer base in the local population is dwindling. Providing a range of housing options, including lower-cost alternatives like suites and coach houses, will help to sustain the volunteer base.

If it turns out that future paid staff are required, the addition of 1-2 full-time positions could increase the average household cost by as much as 50-100%, or \$100-\$200 per year.

Anmore's water utility is not included in the main scenario analysis because it exists as a stand-alone fund and operates on a cost-recovery basis.

Water rates in 2013 are \$1.57 per cubic metre, of which 59% is paid to the City of Port Moody for the water supply, 31% is Anmore's operational costs, and 11% is a contribution to reserve accounts. The detailed analysis by the Finance Department of Anmore's backlog of infrastructure replacement costs showed no backlog for water infrastructure.

The Village is constructing a chlorination station in the near future and an additional \$100,000 of capital expenditures are anticipated across 2014-2015 to fully address water quality and disinfection issues. Annual maintenance and operational expenses for the chlorination station and two new booster stations are estimated at \$25,000 and further cost increases are possible in the future if recommended in the Village's water modeling project that will be completed in spring 2014.

Water rates are currently forecast to rise by \$0.08 per cubic metre across the next five years and these new operating and capital expenditures are expected to require somewhat higher increases. Again, there is no net impact on the Village's general operating fund due to the cost-recovery expenditures, but residents will be paying more for their water. Over time, the addition of more tax-paying households will help to pay for capital replacement, but increased population may also trigger the need for new capital investments that will be determined through the 2014 water modeling project.

6. CONCLUSIONS AND RECOMMENDATIONS

The purpose of this report is to assess Amore's long-term financial sustainability and to determine, through the analysis of alternative development scenarios, the development characteristics that are most conducive to achieving sustainability. It is fully recognized, however, that financial sustainability is only one factor that Village Council and the community at large should consider in determining how Anmore will grow and change in the future.

The most important conclusion from the analysis is that **regardless of the density of new housing development or the rate of growth, the Village has insufficient revenues** to simultaneously maintain existing services, to pay off the existing backlog of infrastructure replacement costs, and to save for the replacement of all of the new infrastructure that will be built over the next 20 years. Using Pinnacle Ridge as a proxy, the replacement of new infrastructure will be about five times more costly on a per-acre basis than the replacement of Anmore's current infrastructure.

The Village is in a very challenging situation and there is no single solution that will restore financial sustainability. The recommendations outlined below will help move the Village closer to sustainability, but it is a long-term issue that will require ongoing attention from Council and Staff in the years ahead.

1. **Continue with proposed increases in the Fixed Asset Levy**, which is assumed in this analysis to increase from the current \$325,000 per year to \$825,000 per year by 2022, with continued increases after that in proportion to growth in the assessment base.
2. **Ensure revenues from the Fixed Asset Levy are dedicated to infrastructure replacement.** The Fixed Asset Levy is not a legally separate tax but rather a portion of the municipal property tax that is intended for use in infrastructure replacement. Instituting a policy to make this purpose explicit will help ensure that funds are not diverted for short-term needs in the future.
3. **Use various means to minimize the Village's financial obligations from new infrastructure growth.** This can be accomplished by working with developers to create site plans that minimize the need for costly infrastructure, by encouraging alternative infrastructure ownership and lifecycle replacement (such as strata roads or other privately-held and maintained assets), or by supporting innovative forms of infrastructure construction that minimize operations and maintenance and/or replacement costs.
4. **Encourage faster rates of development and population growth in the short term.** Housing development on Anmore's remaining vacant land will create infrastructure replacement costs that are substantially higher than what the Village can currently afford, but the benefit of faster growth is having more tax revenue in the short term to pay down the existing infrastructure replacement backlog more quickly. Once that is done, revenues can be redirected toward saving for the replacement of new infrastructure.

5. **Be flexible with respect to lot size restrictions in order to suit market demand, while preserving semi-rural character.** Anmore's current development guidelines are very prescriptive with respect to lot sizes, allowing mainly one-acre lots with up to 15% of lots in Comprehensive Development (CD) zones that allow for smaller lot sizes, typically 0.5 acres. The problem with this approach is there may be a mismatch with market demand, leading to lower overall rates of growth and lower revenues. The intent of the guidelines is to preserve the semi-rural character of the community that is highly valued by residents, but ideally community character can be preserved through design guidelines and other regulations that provide developers more flexibility in responding to market demand.
6. **All else being equal, support denser forms of development.** Anmore has a limited land base and projections suggest that within 20-30 years it will be fully exhausted. Having smaller average lot sizes will allow more homes and more residential taxpayers to fit onto the limited land base and to share the community's financial obligations.
7. **Over time, replace the industry standard estimates of infrastructure replacement costs with estimates based on the actual condition of capital assets.** Current projections of infrastructure replacement costs are largely based on industry standards for the useful life of each class of asset. There is some evidence that at least some of Anmore's assets are in better condition than the standards would suggest and have a longer useful life. Assessments of the actual condition of assets by qualified engineers and other professionals will allow for a more accurate, and possibly lower, estimate of future replacement costs. This will lead to better planning of future capital expenditures through prioritization of the items most in need of replacement, resulting in lower maintenance costs and less risk of unexpected costs due to sudden asset failure.
8. **Continue to monitor the potential for significant cost implications from growth and re-adjust accordingly.** The financial hit that Anmore would face from crossing the 5,000 population threshold and becoming responsible for paying 70% of its RCMP policing costs is probably large enough to actively take steps to avoid reaching that population level. Other possible cost increases that are not anticipated in this study include increases in fire service costs, possibly through the need for permanent staffing and/or significant new capital expenditures, major new water or other infrastructure costs that will be triggered by reaching a certain level of population, or the need for a new arterial road, the ownership and responsibility for which has not been determined.
9. **Increase fees and charges revenue** through amendments to the Fees and Charges Bylaw, Building Bylaw, and other relevant bylaws where the analysis in this report has shown Anmore to have fee levels substantially below those in neighbouring and similar communities and where consultation with affected parties suggests no significant deterrent to development activity.

10. **Take advantage of funding opportunities from senior levels of government.** The infrastructure renewal situation facing Anmore is shared, to some degree, by most municipalities across Canada. Given the critical importance of local infrastructure to a well-functioning economy and the delivery of valued public services that support quality of life, as well as the recognized shortcomings of the property tax as the primary municipal revenue tool, there may be new programs developed to assist municipalities with infrastructure replacement. Any Village advocacy in support of such programs should emphasize the importance of flexibility in allowing local municipalities to establish their highest-priority items.

11. **Over the longer term, consider greater use of debt financing to support infrastructure replacement.** Debt financing can be an effective tool for infrastructure replacement, provided the financing term is no longer than the useful life of the asset and the debt servicing costs are a stable or declining share of current expenditures. Debt financing allows costs to be spread more evenly across the taxpayers who will actually benefit from the asset, rather than only those who are contributing at the time of construction.

12. **Continue to support cost-effective management and operations across all Village departments.** Most of the cost projections in this report assume that Village operational expenditures across most departments will increase in proportion to population and household growth, meaning that new tax revenue is generally sufficient to cover these increased costs. Unanticipated cost increases that are beyond general community growth will negatively impact financial sustainability.

APPENDIX A: DETAILED ASSUMPTIONS FOR MUNICIPAL FINANCIAL ANALYSIS

This appendix provides the detailed assumptions used to produce the municipal financial analysis in Section 5. Starting on the next page, there is an explanation of the method used to project each of the major revenue and cost categories, along with results for Year 1 (2013), Year 5 (2017), Year 10 (2022) and Year 20 (2032) under the Middle Scenario for population growth and Alternative Development Scenario 2 (25% CD Cap).

Budget Item	Projection Formula	2013	2017	2022	2032
REVENUE					
Total Property Taxes (Sum of General Taxes & Fixed Asset Levy)	Calculated by model using current tax rates.	\$1,188,714	\$1,335,490	\$1,518,961	\$1,885,901
GRANTS IN LIEU	Grants in lieu are calculated based on 1% of gross revenue for utility and telecom companies from Anmore residents, so is assumed to grow in proportion to the number of households.	\$92,601	\$104,398	\$119,144	\$148,636
RECYCLING LEVY	Set at \$0 going forward as recycling is taken over by MMBC in August 2014.	\$0	\$0	\$0	\$0
PROVINCIAL GRANTS	Assumed to be fixed at 2013 level, as per Financial Plan.	\$229,113	\$229,113	\$229,113	\$229,113
GVTA MRN MAINTENANCE GRANT - <i>Sunnyside/East Rd</i>	Assumed to be fixed at 2013 level, as per Financial Plan.	\$163,644	\$163,644	\$163,644	\$163,644
OTHER GOVERNMENT GRANTS	Assumed \$0 going forward.	\$0	\$0	\$0	\$0
PENALTIES & INTEREST	Set at 1.8% of Village tax and fee revenue, matching the projected average in the 2013-2017 Financial Plan (and lower than the actual average of 1.93% for last 5 years).	\$23,692	\$26,360	\$29,697	\$36,356
INCOME ON INVESTMENTS	Assumed \$0 going forward due to the no-inflation assumption of the model and the modest fixed income returns presently available.	\$0	\$0	\$0	\$0
SCHOOL TAX ADMINISTRATION FEE	\$0 going forward	\$0	\$0	\$0	\$0
BUILDING PERMIT FEES	Calculated by model.	\$114,994	\$114,994	\$114,994	\$114,994
BUSINESS LICENCE FEES	Average \$4.21 per capita for last year.	\$9,182	\$10,263	\$11,678	\$13,896
DOG LICENCE FEES	Average \$1.44 per capita based on higher average in last 3 years.	\$3,306	\$3,695	\$4,204	\$5,003
GARBAGE TAGS	Set at \$0 going forward in anticipation of new cost-recovery universal pickup model.	\$0	\$0	\$0	\$0
VILLAGE SERVICES	Split into two components below:				

Budget Item	Projection Formula	2013	2017	2022	2032
....Subdivision and Development Variance Permit Fees	Maintained at 37% the level of Building Permit fees, which is the current expectation in the 2013-2017 Financial Plan.	\$42,548	\$42,548	\$42,548	\$42,548
....Other Village services	Assumed to grow in proportion to households, starting with budgeted 2013 figure.	\$35,529	\$40,056	\$45,713	\$57,029
Total Revenue (Other than Reserve Provisions)		\$1,903,323	\$2,070,560	\$2,279,696	\$2,697,119
GENERAL GOVERNMENT					
	Financial Plan projections used for 2013-2017, annual increase of 1% per year after that (which is over and above inflation), addition of \$30,000 for public works position in Year 6, addition of \$60,000 admin position in Year 10. Further staff positions at \$60,000 are added when population reaches 4,000 and 4,500.				
EMPLOYEE SALARIES		\$614,014	\$664,629	\$789,750	\$872,375
EMPLOYEE BENEFITS	Set at 22.1% of salaries (average for last 5 years)	\$135,697	\$146,883	\$174,535	\$192,795
COUNCIL HONORARIUMS	Starting with 2013 figure from Financial Plan and then 4% annual inflation as per final 3 years of Plan.	\$47,856	\$55,984	\$68,113	\$100,825
COUNCIL EXPENSES	Flat at budgeted 2013 level.	\$12,000	\$12,000	\$12,000	\$12,000
ELECTIONS	Election years assumed to match 2014 level, with inflation equal to population growth over time. Non-election years equal to Final Plan projections for 2015-2016 with inflation equal to population growth.	\$6,132	\$20,562	\$7,799	\$27,841
WORKERS COMPENSATION BOARD	Set at 0.9% of salaries, as per current ratios in Financial Plan.	\$5,526	\$5,982	\$7,108	\$7,851
INSURANCE	Many general admin costs are assumed in the Financial Plan to grow modestly each year, usually by 2% per year (accounting for inflation). This study assumes no inflation, but gradual cost increases in proportion to the number of households in the community is reasonable. Budget estimates for 2013 are starting point.	\$40,672	\$45,854	\$52,331	\$65,284
LEGAL FEES	Same as above.	\$59,291	\$66,844	\$76,286	\$95,169
AUDIT	Same as above.	\$25,285	\$28,506	\$32,533	\$40,586
OFFICE SUPPLIES	Same as above.	\$15,843	\$17,862	\$20,385	\$25,430
TELEPHONE AND FACSIMILE	Same as above.	\$6,712	\$7,567	\$8,635	\$10,773
MEMBERSHIPS	Same as above.	\$4,503	\$5,077	\$5,794	\$7,228
PUBLICATIONS	Same as above.	\$2,169	\$2,445	\$2,791	\$3,482
ADVERTISING	Same as above.	\$6,158	\$6,943	\$7,923	\$9,885

Budget Item	Projection Formula	2013	2017	2022	2032
OFFICE EQUIPMENT LEASE	Same as above.	\$11,822	\$13,329	\$15,211	\$18,976
STAFF TRAINING & CONFERENCES	Same as above.	\$13,381	\$15,086	\$17,217	\$21,478
COMMUNITY EVENTS	Same as above.	\$10,226	\$11,528	\$13,157	\$16,413
BANK CHARGES	Same as above.	\$5,293	\$5,968	\$6,811	\$8,497
CONTINGENCIES	Same as above.	\$11,362	\$12,809	\$14,619	\$18,237
IT EXPENSES	Same as above.	\$35,448	\$39,964	\$45,609	\$56,899
OFFICE EQUIPMENT	Same as above.	\$2,066	\$2,329	\$2,658	\$3,316
MUNICIPAL AWARDS	\$0 going forward				
DR. HAL WEINBERG SCHOLARSHIP	Fixed value of \$1,000.	\$1,000	\$1,000	\$1,000	\$1,000
COMMUNITY GRANTS & LIBRARY FEES	Flat at \$7000 going forward, as per Financial Plan.	\$7,000	\$7,000	\$7,000	\$7,000
ADVISORY COMMITTEE MEETINGS	Flat at \$7200 per year going forward, as per final 4 years of Financial Plan.	\$7,200	\$7,200	\$7,200	\$7,200
DOG CONTROL	Based on household growth rate, starting with 2013 budgeted figure.	\$1,033	\$1,164	\$1,329	\$1,658
COURIER & POSTAGE	Same as above.	\$4,132	\$4,658	\$5,316	\$6,632
DOCUMENT DESTRUCTION SERVICES	Same as above.	\$1,054	\$1,188	\$1,356	\$1,691
HUMAN RESOURCES CONSULTANT	Not ongoing expense.				
Total General Government (Excluding Amortization of Infrastructure)		\$1,092,875	\$1,210,360	\$1,404,462	\$1,640,520
PUBLIC WORKS					
LEASE - TRUCK	\$0 going forward.				
TRUCK REPLACEMENT	As specified in Financial Plan.	\$0	\$0	\$0	\$0
SMALL EQUIPMENT PURCHASES	\$0 going forward.				
BRUSH CHIPPER LEASE	As specified in Financial Plan.	\$3,362			
MAINTENANCE & REPAIRS - EQUIPMENT	Assumed to increase with households due to higher use & higher wear and tear on equipment.	\$16,320	\$18,399	\$20,998	\$26,196
INSURANCE FOR VEHICLES	Assumed to increase annually faster than inflation - 4% per year.	\$11,242	\$13,152	\$16,001	\$23,686
FUEL COSTS	Assumed to increase with households due to higher use.	\$22,075	\$24,887	\$28,402	\$35,433
MILEAGE - PUBLIC WORKS	\$0 going forward.				
MAINTENANCE - VILLAGE HALL	Assumed flat at budgeted 2013 level even after move to new Village Hall, which as a new facility will have relatively low maintenance costs.	\$6,576	\$6,576	\$6,576	\$6,576
UTILITIES - VILLAGE HALL & PARK	Assumed flat at budgeted 2013 level through 2015, then 25% increase with new and larger (but also more energy-efficient) Village Hall.	\$9,132	\$11,415	\$11,415	\$11,415

Budget Item	Projection Formula	2013	2017	2022	2032
JANITORIAL - VILLAGE HALL	Assumed flat at budgeted 2013 level, then 25% increase with new and larger Village Hall.	\$8,189	\$10,236	\$10,236	\$10,236
WORKS YARD - MAINTENANCE	Assumed flat at budgeted 2013 level.	\$6,000	\$6,000	\$6,000	\$6,000
WORKS YARD UTILITIES	Assumed flat at budgeted 2013 level.	\$7,779	\$7,779	\$7,779	\$7,779
GARBAGE COLLECTION	Assumed to be exactly counter-balanced by revenues under new universal system. Net impact on municipality is \$0.	\$0	\$0	\$0	\$0
RECYCLING	Recycling program being taken over by MMBC in 2014.	\$59,604	\$67,198	\$76,689	\$95,672
GRAVEL ROADS MAINTENANCE	Assumed to increase with population from budgeted 2013 level.	\$1,433	\$1,602	\$1,823	\$2,169
HIGHWAY REPAIRS - Reserve offset 15K	Assume flat, with higher level every 5 years	\$30,000	\$115,000	\$115,000	\$115,000
DRAINAGE & DITCHING - DCC offset 4K	Assumed flat \$10,000 per year.	\$10,000	\$10,000	\$10,000	\$10,000
TREE TRIMMING	Assumed to increase with households.	\$2,620	\$2,954	\$3,371	\$4,206
HEMLOCK DRIVE STREET LIGHTING	Assumed to match Financial Plan through 2017 and then hold steady.	\$368	\$482	\$482	\$482
TRAILER FACILITY	Moved to capital.	\$253,816	\$0	\$0	\$0
CATCH BASINS	Flat at 2013 level.	\$1,734	\$1,734	\$1,734	\$1,734
PUBLIC WORKS SUPPLIES	Assumed to increase with households.	\$23,901	\$26,946	\$30,752	\$38,364
PUBLIC WORKS CONTINGENCIES	Set to \$0 for this study.				
EMPLOYEE OVERTIME/ON CALL	Assumed to increase with households.	\$11,527	\$12,996	\$14,831	\$18,502
PARKS & TRAILS	Assumed to increase with households.	\$11,500	\$12,965	\$14,796	\$18,459
PARKS & RECREATIONAL MAINTENANCE AND OPERATIONS BUDGET (MRN)	Assumed a one-time expense.	\$113,958			
	Flat at 2013 level.	\$65,550	\$65,550	\$65,550	\$65,550
Total Public Works		\$676,687	\$415,870	\$442,436	\$497,459
PROTECTIVE SERVICES					
FIRE INSPECTIONS	2013-2017 to match Financial Plan, with subsequent increases to match household growth.	\$3,817	\$5,589	\$6,378	\$7,957
POLICE SERVICE	Assumed \$250,000 per year upon reaching 5,000 in population.	\$0	\$0	\$0	\$0
BUILDING INSPECTIONS	Set at 90% of the value of building permit revenue, as per Financial Plan.	\$103,495	\$103,495	\$103,495	\$103,495
EMERGENCY PREPAREDNESS	One time charge in 2013.	\$5,000			
Total Protective Services		\$112,312	\$109,084	\$109,873	\$111,452
PLANNING & DEVELOPMENT					
PLANNING CONSULTANT	Flat at 2013 level.	\$25,264	\$25,264	\$25,264	\$25,264
OCP REVIEW/SUSTAINABILITY PLAN	As per Financial Plan - \$100,000 in 2013, annual \$5,000 after. Cycle repeats every 5 years at an assumed lower cost of \$50,000.	\$100,000	\$5,000	\$5,000	\$5,000

Budget Item	Projection Formula	2013	2017	2022	2032
ZONING BYLAW REVIEW	As per Financial Plan. \$10,000 review every 5 years, \$5,000 per year otherwise, \$0 in year of OCP update.	\$0	\$5,000	\$5,000	\$5,000
PARKS MASTER PLAN	As per Financial Plan - assume review again after 10 years.	\$25,000			
ENVIRONMENTAL MONITORING	Flat at 2013 level.	\$15,305	\$15,305	\$15,305	\$15,305
ENGINEERING CONSULTANT	Flat at 2013 level.	\$22,979	\$22,979	\$22,979	\$22,979
DEVELOPMENT RECOVERABLE	Fixed share (62.9%) of subdivision and development variance permit revenue (based on current fees and charges).	\$26,763	\$26,763	\$26,763	\$26,763
Total Planning & Development (Not Including Capital Investments)	-	\$215,311	\$100,311	\$100,311	\$100,311
RESERVE CONTRIBUTIONS FROM GENERAL REVENUE					
Fixed Assets Levy		\$325,000	\$575,000	\$825,000	\$825,000
Taxation Revenue to Supplement TransLink Revenue in MRN Reserve		\$13,000	\$52,000	\$65,000	\$65,000
TransLink-Funded Contribution to MRN Reserves		\$95,459	\$95,459	\$95,459	\$95,459
Vehicle Replacement Provision		\$45,000	\$45,000	\$45,000	\$45,000
Capital Road Reserve Annual Contribution		\$39,000	\$39,000	\$39,000	\$39,000
Total Contributions to Capital Reserves		\$517,459	\$806,459	\$1,069,459	\$1,069,459
LIFECYCLE REPLACEMENT OF NEW INFRASTRUCTURE	Estimated at nearly \$1.6 million per year at full build-out (using Pinnacle Ridge as a model and amortizing \$60 million in new infrastructure over a weighted average useful life of 38 years). Starts at \$0 and increases in proportion to land absorption. An additional \$15,000 in new infrastructure per lot is required for density higher than one lot per acre (for driveway curbs, water hookups, etc.), which is amortized at \$392 per year per extra lot.	\$62,838	\$314,191	\$628,382	\$1,256,765

"HIGH-QUALITY" STANDARD FOR NEW HOME CONSTRUCTION

The 603 developed residential lots in Anmore (not including manufactured homes with no separate land value) were classified into newer, higher-quality homes in order to best represent the likely standard for new home construction in Anmore in the next 20 years. The Manual Use Codes used for this classification are the following:

- 1.5 storey, single family dwelling, custom, architect-designed
- 1.5 storey, single family dwelling, excellent, architect-designed
- 1.5 storey, single family dwelling, new semi-custom
- 1.5 storey, single family dwelling, new standard
- 2 storey, single family dwelling, custom, architect-designed
- 2 storey, single family dwelling, excellent, architect-designed
- 2 storey, single family dwelling, new semi-custom
- 2 storey, single family dwelling, new standard

APPENDIX B: FEES AND CHARGES ANALYSIS

One of the sub-components of the Anmore Financial Sustainability Plan is a review of the fees and charges that Anmore collects for various permits, processes and services and how these compare to other municipalities.

The group of municipalities against which Anmore is compared are a mixture of close neighbours and other communities that are similar in population size and general character, including a location within or close to Metro Vancouver and having predominantly residential development on the higher end of the housing cost spectrum. Neighbouring communities are useful comparators because they provide an alternative location to Anmore for some activities and should therefore logically impose a similar cost. The comparison municipalities are:

- Village of Belcarra
- City of Port Moody
- City of Port Coquitlam
- City of Coquitlam
- Village of Lions Bay
- Village of Harrison Hot Springs
- Bowen Island Municipality

DETAILED RESULTS

Comparing municipal fees and charges is not a simple apple-to-apples exercise as each municipality organizes its bylaws in slightly different ways and has slightly different ways of calculating some fees. Some municipalities do not have entire categories of licensing, such as Lions Bay not having business licenses and some of the smaller municipalities not having official administrative-type fees and charges (such as fees for copies of documents, photocopying, etc.).

The tables below show, to the degree possible, a standardized comparison of Anmore's various fees and charges with those in the other municipalities. Notes are included to clarify some of the different approaches. In a few cases a scenario with a fixed number of housing units, for example, is included in the table to allow for a more direct comparison across the different fee calculation formulas.

Table 16. Municipal Comparison of Administrative Services Fees and Charges

Municipality	Photo-copies, misc (per page)	Misc bylaws, per page	OCP Copy	Zoning Bylaw Copy	Outgoing Faxes (1-4 pages)	...additional pages, per page	Incoming Faxes (1-4 pgs)	...additional pages, per page	Tax Searches	... prior to current year
Anmore	\$0.25	\$1	\$15	\$15	\$2.00	\$0.25	\$2.00	\$0.25	\$35	\$75
Belcarra	\$1.25	\$1.25	\$55	\$55	\$13.25	\$1.25	\$13.25	\$1.25	\$10	\$10
....notes					first 6 pages	first 6 pages	first 6 pages		per quarter-hour, for all records	per quarter-hour, for all records
Port Moody	\$0.27	\$0.30	\$95	\$84					\$27	
....notes	\$0.53 for colour copies								Land title search.	
Port Coquitlam	\$0.35		\$50	\$25					\$35	\$75
Coquitlam	\$0.28								\$30	
Harrison Hot Springs	\$0.30		\$75	\$50					\$25	
Anmore Rank	6 of 6	2 of 3	5 of 5	5 of 5	2 of 2	2 of 2	2 of 2	2 of 2	1 of 6	1 of 3
Anmore Relative to Median	14% lower	Same	lower	lower	lower	67% lower	lower	67% lower	higher	Same

Note that none of the municipalities other than Anmore have a separate charge for Council minutes, so that item is not included in the comparison. Several municipalities charge for maps, with varying charges for zoning maps, orthophoto maps and other options. General street and zoning maps range from \$12 in Port Coquitlam to \$23 in Port Moody, so reasonably comparable to Anmore's \$15 charge.

Generally, Anmore's charges for administrative services are consistently lower than the median, particularly for copies of municipal documents (e.g., OCP, zoning bylaw).

Table 17. Municipal Comparison of Planning Services Fees and Charges

Municipality	Preliminary Subdivision Application, flat fee	...plus per lot	Subdivision (4 lot scenario)	Development Variance Permit Application	Zoning Amendment, First 10 lots	O.C.P. Amendment
Anmore	\$600	\$100	\$1,000	\$500	\$1,500	\$1,200
....notes						Includes zoning amendment.
Belcarra	\$1,600	\$85	\$1,685	\$475	\$3,000	\$3,000
....notes		per lot beyond 3				Base fee for first 10 lots, plus \$210 for each additional lot
Port Moody	\$2,884	\$149	\$3,480	\$450	\$4,110	\$4,110
Port Coquitlam	\$750	\$100	\$750	\$500	\$2000	\$900
....notes	Includes first 4 lots	For lots above 4.			Minimum fee is \$500, or \$200 per lot up to 20 lots	
Bowen Island	\$3,600		\$3,600	\$650	\$3,600	\$3,600
Coquitlam	\$2,500	\$100	\$2,600	\$1,500	\$2,500	\$4,000
....notes	includes first 3 lots	after 3 lots			plus a "zone fee" per 100 square metres of land	
Lions Bay	\$1,500	\$200	\$2,300	\$650	\$2,500	\$2,500
Anmore Rank	7 of 7	3 of 6	6 of 7	4 of 7	7 of 7	6 of 7
Anmore Relative to Median	63% lower	Same	57% lower	Same	40% lower	60% lower

The four-lot subdivision scenario shaded in grey is the most consistent comparison of subdivision costs and it shows Anmore ranking higher only than Port Coquitlam and significantly less than other small communities like Belcarra and Lions Bay.

Zoning amendment fees for a 10-lot development are the lowest in Anmore by a significant margin. All other municipalities except Port Coquitlam are at least \$1,000 more costly.

Anmore again ranks 2nd-lowest to Port Coquitlam in the OCP Amendment fee. Lions Bay, Belcarra and Bowen Island are all between two and three times higher cost than Anmore.

Table 18. Municipal Comparison of Business Licensing Fees and Charges

Municipality	Bed & Breakfast	Contractor, 1-4 people	with 5-10 people	with 11-15 people	With 16-20 people	Daycare Centre	Home Based Business	Sales Retail/ Wholesale
Anmore	\$85	\$85	\$160	\$300	\$400	\$85	\$85	\$85
Belcarra		\$92	\$92	\$92	\$92			
Port Moody	\$120	\$240	\$240	\$240	\$240	\$120	\$120	\$240
....notes								Increasing scale based on floor area. This is based on <2500 sf.
Port Coquitlam	\$90	\$150	\$150	\$150	\$150	\$125	\$90	\$90
....notes								For first 30 square metres of building area. Each addition 10 sq. m. is an extra \$17.
Coquitlam	\$80	\$210	\$335	\$610	\$610	\$80	\$80	\$80
....notes								This is base fee for up to 30 square metres of public floorspace - fee rises by \$16 for every 10 additional 10 sq. m. of public floorspace
Harrison Hot Springs	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Anmore Rank	4 of 5	6 of 6	3 of 6	2 of 6	2 of 6	4 of 5	4 of 5	4 of 5
Anmore Relative to Median	6% lower	32% lower	3% higher	54% higher	105% higher	15% lower	6% lower	6% lower

Several of the specific categories in Anmore's business licencing bylaw are not included in the bylaw for other municipalities, including campground, equestrian centre, accessory home business (a simple home-based business fee is usually applied), and manufactured home park. These categories are not included in the comparison.

Similarly Anmore has a business license for filmmaking but comparisons are not provided because most other municipalities (particularly the larger ones) have a separate film permitting process. Some have separate business licenses for film production companies in their community, but that is not directly comparable to Anmore's fee.

Non-profit societies are not explicitly listed in most other business licensing bylaws but it is generally understood they are exempt from license fees.

For the categories that can be compared, Anmore is generally somewhat lower than the median value, except for contractors with more than five employees. Anmore significantly increases the fee for contractors with more employees to a level that is higher than all of the other municipalities except Coquitlam, which has a similar graduated rate scale.

Table 19. Municipal Comparison of Building Bylaw Fees and Charges

Municipality	Building permit for \$50,000 reno	Building permit for \$400,000 house	Building permit for \$800,000 house	Building Permit Extension	Demolition Permit, up to 56 sq. m. footprintfor more than 56 sq. m.
Anmore	\$550	\$3,050	\$5,800	\$200	\$75	\$150
Belcarra	\$350	\$2,020	\$3,620	\$45	\$30	\$30
Port Moody	\$891	\$3,938	\$9,810	\$110	Have been replaced by Waste Management Fees that are scaled to building size. Minimum fee is \$1,000 less maximum refund of \$800.	
Port Coquitlam	\$610	\$3,410	\$6,610	\$70	\$200	\$200
Bowen Island	\$516	\$3,370	\$6,570		\$75	\$150
Coquitlam	\$799	\$3,980	\$7,311		\$140	\$140
Harrison Hot Springs	\$419	\$2,544	\$4,844	\$75	\$200	\$200
Lions Bay	\$435	\$2,295	\$4,395		\$100	\$100
Anmore Rank	4 of 8	5 of 8	5 of 8	1 of 5	5 of 7	3 of 7
Anmore Relative to Median	3% higher	5% lower	6% lower	167% higher	25% lower	Same

The first three columns in this table are all scenarios based on different types of building project. All municipalities use some type of graduated scale for calculating building permit charges so scenarios are the only way to accurately compare them.

Anmore's building permit charges are generally in the mid-range of the other communities, ranking a bit higher than the median for smaller projects and a bit lower than the median for larger jobs.

For demolition permits most municipalities have a flat fee and Anmore's \$150 charge for larger demolitions is right at the median of the group. The fee for smaller demolitions is lower than most other places.

SUMMARY

The four comparison tables above show that for most fees and charges, Anmore ranks on the lower-end of the comparison group. The main exceptions are building permit values, where Anmore is very similar to other communities, and business license fees for larger contractors, which are quite high .

In conclusion, it may be prudent for the Village to raise fees in the identified areas, provided there is no reasonable explanation for the value of the service being lower in Anmore. Caution should also be taken

to ensure no adverse effects in deterring activity will result. The possibility of raising additional fees and charges revenue can make a positive contribution to the Village's long-term financial sustainability, but needs to ensure that the rate of development activity is not slowed by the higher fees.