

Piers Island Improvement District (PIID) 2024 Budget Notes:

Piers Island Improvement District (PIID) follows the Improvement District Manual guidelines, BC Gov, Ministry of Community Services, for the Budget; 'Before the end of each year, the board of trustees should prepare a budget for the following year'.

The trustees work with the financial officer, fire chief and team, and water manager and team to prepare annual budgets because of their intimate knowledge of the equipment, needs and requirements. Account amounts increase or decrease annually based on team feedback and expenditure history. Final decisions on the budget are made by the board which needs to weigh the projections in the budget against the impact it will have on the landowners and the level of taxes.

- 2024 PIID tax amount = \$1,566.42. The breakdown is Operations \$762.90 + Capital Asset Replacement (CAR) \$652 + Capital Asset New (CAN) \$151.52.
- There are 2 main reasons for the increase in taxes for 2024 are as follows:
 - While Sustainment Fund was used in 2023 to help limit the increase in taxes in times of high inflation, the increase in operations budget is now reflected in the tax levy.
 - This is the first year the Piers Island Improvement District has collected taxes for the CAN Fund. The CAN will support future needs for new assets and is supported by a CAN Plan to be reviewed on a yearly basis.
- **Capital Asset New** – Sound and prudent planning requires that we, as a community, look at what the need for infrastructure may be in the future. Until last year, the PIID had no means of using funds to support new assets (i.e., only replacement of assets using CAR). Sustainment Funds (i.e., unspent operational budget) were used "at the discretion of the trustees". To support good governance and clean audits, the trustees created CAN and, as discussed in previous meetings, canvassed the need for potential projects. Two CAN projects are currently identified as follows:
 - Water line addition between Pump House 1 and Water Tower. 2023 estimate is approximately \$100,000.
 - EV Charging solution in the Compound. 2023 estimate is approximately \$150,000 – refer to EV report for details on cost breakdown (dated November 2023).

These two projects, should they need to be implemented in the next 5 to 6 years would require a tax levy of approximately \$250 per property per year. In reviewing the proposed projects, the 2024 budget and the operational budget increase, the trustees proposed that \$151.52 per property for the next 5 years be levied to support at least one of the two projects within the next 5 years. It is important to note that these projects are not yet approved nor are they clearly defined. Unknown projects today may take priority or require other means of funding to be implemented (e.g., grants, financing, special assessment, CAN

increase). Should projects not be required or pushed into the future, trustees will review budget projections and assess the need to contribute to CAN.

- **Capital Asset Replacement** - When the Capital Asset Management Plan was created, the theory was taxes would not need to be increased on the CAR Fund, because interest on the fund investments would equal or exceed the annual requirement increases on the fund to match escalation rates (replacement costs increases on existing assets). This is the first year in the past six that interest rates on PIID investments have been high enough to meet the annual requirement increase. As a result, trustees did not raise taxes on the CAR for the 2024 budget.
- Other notes on the operations budget increases:
 - Required annual audit and treasurer fees increased by \$3,000.
 - Insurance rates continued to increase. *PIID canvassed other insurance companies for more competitive rates but only got response from one, and that insurance company bailed when it discovered our existing insurance company was already using the only underwriter available for our needs.
 - Fire budget mainly decreased as a result of the fire chief honorarium moving from the fire budget to the admin budget where all other honorariums are consolidated.