

How Can we Sustainably Fund Our Utilities?

This is a good question!.. let's discuss what happens if we choose not to contribute to utility reserves.

By not contributing money to our reserve funds now, we are saying that future generations will have to shoulder the full cost of the rehabilitation and replacement of our utility services. This means sharp increases in both utilities and taxes to levels that are not likely sustainable or even affordable.

This does not appear to be a good strategy – basically 'kicking the can down the road' for someone else to deal with. So what other strategies can we look at?

Grants from the Province or the Feds will pay for it:

Maybe?... but we can't count on it, and it won't cover the full cost. Grants are rarely 100% funded. Most grants require us to provide a minimum of 30-50% the project cost. This contribution must come from somewhere, and reserve funds are an excellent tool to use for this. However, grants are not guaranteed – either they don't exist, or there is no guarantee our grant applications will be successful. Given the unprecedented level of spending our Provincial and Federal governments have thrown at COVID19 – there is a chance that grant opportunities may soon become scarce.

On a related note, many grants require proof that a local government not only has a capital asset management plan (our will be completed this year), but also proof that the local government is following it. Therefore, grants cannot be relied on to solve this funding issue – however, they are a tool we will always look to use when they are available.

Borrow:

Borrowing is cheap and easy at this moment, but we don't know if that will be the case in the future. It is reasonable to assume that we will need to borrow for some projects, but that should be used as a last resort and potentially to fund new amenities that the community may want in the future, or emergencies. But remember that borrowing is also like 'kicking the can' further down the road and we will be burdening our grandchildren's children.

Sustainable Funding of Infrastructure

The Village is very limited in the way it can raise sufficient funding to increase our reserve funds. The province has put strict rules on how local governments can collect money. Utility bills and property taxes are about the only way the Village can raise funds; grants from the province are another significant revenue source. Understanding why funding infrastructure reserves is necessary is a good first step, but people can do more:

Reduce your use of services:

The more you use something, the quicker it can wear out. For example, our pumps, and water filters wear out the more we use them. By conserving water, we not only reduce the cost of operating (which means more money to put into reserves or smaller annual increases) it also extends the life of some of our infrastructure.

Increase density of users:

Although slightly contrary to the above, by increasing the number of people paying into the service we have more money helping to pay for the services.

For example, if the total cost of a service is \$3 and this was traditionally paid for by two people, the per person cost is \$1.50. Add a third person into that equation and the cost drops to \$1 per person. The more people paying into the service, the more people the costs can be spread between.

Nakusp has a relatively small population, increasing the population, especially in areas with existing services will lower the amount each property owner has to pay. This will also help sustain local businesses and increase employment opportunities.

Contact your MLA and MP:

The property tax system was created over 100 years ago, but remains largely unchanged today. Other than grants and utility bills, property tax is the primary way a local government raises funds. Local governments are facing an ever-increasing downloading of duties from the province; however, no extra funding is provided. As a result, local governments must do more with the same amount of money; in the current system the only sure way to receive secure funding is to increase taxes and fees. Over 80% of Canadians live in urban centers. The current funding model is not working, local governments need new ways to fund their operations that are not simply tied to local land owners. Contacting your representatives in higher forms of government and voicing the need for a better way to fund local governments is a powerful way to help keep services funded and decrease what you pay as taxes and fees.

Understand that we are falling behind:

As mentioned earlier, as a local tax payer, I don't want to see taxes and fees increase; however, I also understand for this Village to be sustainable, increases are necessary. Everyone has their limit of what level of increase they will accept. Be informed, be active in understanding why increases are being requested. Although the increase won't necessarily make you happy, if you can understand it and see where it is going - and why, it makes accepting an increase a lot easier. Also, if you understand the process and the reasoning, and you understand that the increase is not fair, you are in a better position to raise your objections in a convincing manner.