

# Financial Analysis of Potential Dissolution of the Village of Sayward

## Preliminary Report

May 5, 2026

Prepared for:



Village of  
Sayward

Prepared by:



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Village of Sayward - Preliminary Financial Analysis of Potential Dissolution

## 1. Executive Summary

The potential dissolution of the Village of Sayward and transition to governance as an electoral area within the Strathcona Regional District represents a significant change in both financial structure and governance. Consideration of this option requires a clear understanding of how costs, revenues, taxation, and decision-making authority would change under a regional district model.

Dissolution would result in a fundamental restructuring of the Village's financial framework. Under the assumptions applied, total property taxation required to support services is estimated to decrease from approximately \$853,593 to \$537,794, representing a reduction of \$315,799, or 37.0%. This estimated reduction is driven primarily by the elimination of municipal governance and corporate administrative costs, the transfer of road responsibilities to the Province of British Columbia, and the distribution of shared administrative costs across a broader regional base.

These reductions are partially offset by the introduction of regional district administrative cost allocations, increased participation in regional district services, and the loss or restructuring of revenue sources associated with municipal status. Most notably, eligibility for the Small Communities Grant, currently valued at approximately \$330,000 annually, would be lost. In addition, a portion of Canada Community Building Fund revenues would no longer be directly attributed to the Sayward area.

These results reflect a single-year comparison based on the 2026 budget and are sensitive to assumptions regarding elevated legal costs and administrative cost allocation; as these factors normalize in future years, longer-term taxation impacts may differ from those illustrated.

Although overall taxation is estimated to decrease, the impact is not uniform across property classes. The transition from locally determined municipal tax multiples to provincially prescribed tax ratios results in a significant redistribution of the tax burden. Residential properties are expected to experience increased taxation relative to current levels, with the average residential property increasing by approximately 11%. In contrast, many non-residential properties—particularly utilities and managed forest properties—are expected to experience reductions due to the compression of tax multiples under the provincial taxation framework.

Dissolution also represents a substantial change in governance and financial decision-making. Authority over taxation policy, service levels, and financial priorities would transition from a locally elected municipal council to the Strathcona Regional District Board, where Sayward would be represented by a single Electoral Area Director. Decisions would be made within a regional, service-based governance structure, reducing local control and flexibility relative to the current municipal model.

The financial outcomes described are based on assumptions intended to support comparability between governance models. Actual results will depend on future decisions of the Strathcona Regional District and the Province of British Columbia, including service configuration, cost allocation methodologies, and the terms and conditions established through any Order in Council.

Municipal dissolution is a multi-stage process that requires additional study, provincial review, and elector approval. Based on provincial practice, this process typically occurs over multiple phases and may take several years to complete.

Dissolution does not eliminate the cost of providing services, but changes how those costs are structured, allocated, and funded. The information presented is intended to support informed consideration by Council, residents, and property owners and does not constitute a recommendation regarding whether dissolution should proceed.

## 2. Background and Council Direction

The Village of Sayward has been examining its long-term financial sustainability and governance capacity in response to ongoing pressures associated with operating costs, service delivery obligations, and the administrative requirements of maintaining municipal status. As a small municipality with a limited tax base, these structural factors affect the Village's ability to fund services, meet statutory obligations, and respond to changing financial conditions over time.

Council is also aware of ongoing community interest in understanding the Village's long-term viability and the range of governance options available, including the financial implications, service impacts, and governance trade-offs associated with alternatives to the current municipal structure.

Within this broader context, municipal dissolution and transition to a regional district governance model were identified as one option requiring further examination. Dissolution is a significant and consequential decision, with implications for governance, service delivery, taxation, and community representation. Consideration of this option requires clear, objective, and accessible financial information.

At its regular meeting held on March 17, 2026, Council adopted the following resolution:

THAT Village staff and the Financial Consultant be directed to prepare a financial analysis to provide more detailed information regarding the potential implications of dissolving the Village of Sayward, including projections of taxation impacts, service costs, and administrative charges under a regional district governance model, for the purpose of informing Council and the Village's residents and property owners.

In response to this direction, financial information has been prepared to illustrate how costs, revenues, and taxation may change under a regional district governance model, should dissolution be pursued in accordance with provincial legislation. The focus is on projected

property taxation and user fee impacts, recognizing that non-financial considerations are also relevant to any decision.

The information provided supports informed consideration by Council and the community and does not constitute a recommendation to proceed with, or to discontinue consideration of, dissolution.

### 3. Legislative Framework and Dissolution Process

#### 3.1 Authority Under the *Local Government Act*

Municipal dissolution in British Columbia is authorized under Section 38 of the *Local Government Act*. Dissolution may occur only where two statutory requirements are met:

- Assent of the electors of the municipality is obtained; and
- Approval of the Province is granted through an Order of the Lieutenant Governor in Council.

While a municipal council may initiate and support consideration of dissolution, final authority rests with the Province. Dissolution represents a fundamental change to local governance and therefore requires both local approval and provincial oversight.

#### 3.2 Provincial Role and Terms of Dissolution

Where elector assent is obtained, the Province reviews the proposal to determine whether dissolution is in the broader public interest. If approved, Cabinet issues an Order in Council that formally dissolves the municipality and establishes the effective date.

The Order in Council sets out binding terms and conditions, which may address:

- The transfer or disposition of municipal assets;
- Responsibility for existing liabilities and any long-term debt;
- The use, allocation, and protection of reserve funds;
- Transitional governance and administrative arrangements; and
- The continuation, establishment, or restructuring of municipal services under a regional district governance model.

These terms ensure continuity of essential services and provide for the orderly assignment of financial and legal obligations following dissolution.

### 3.3 Overview of the Dissolution Process

Although each municipal dissolution is unique and subject to provincial discretion, the process generally involves the following stages:

#### **1. Preliminary Analysis and Engagement**

Evaluation of potential governance, service delivery, taxation, and financial implications, together with engagement with the regional district and the Province to identify feasibility considerations and transition requirements.

#### **2. Preparation of Financial and Service Information**

Prior to any public approval process, the municipality must be able to clearly describe:

- How services would continue to be delivered;
- How service costs and administrative charges would be structured;
- How property taxation would change; and
- How assets, liabilities, and reserves would be treated.

The financial analysis contained in this report is intended to support this requirement.

#### **3. Assent of the Electors**

Elector approval is obtained through a voting process conducted in accordance with provincial legislation. Clear and understandable financial information is critical to informed participation.

#### **4. Provincial Review and Order in Council**

Following elector approval, the Province reviews the proposal and, if satisfied, issues an Order in Council establishing the terms and effective date of dissolution.

#### **5. Implementation and Transition**

Once dissolution takes effect:

- The municipal corporation ceases to exist;
- Governance transitions to an electoral area structure within the regional district;
- Assets, liabilities, and reserves are transferred in accordance with the Order in Council; and
- Services continue under newly established or reconfigured regional district services.

### 3.4 Importance of Financial Disclosure Prior to Elector Approval

Provincial restructuring policy places significant emphasis on ensuring that residents understand the financial and taxation implications of dissolution prior to any vote. This includes clear disclosure of:

- Projected property taxation impacts;
- Service costs under a regional district governance model; and
- Methods of cost recovery and allocation.

Financial information is provided in advance of any future consideration of elector assent to support understanding and informed decision-making by Council, residents, and property owners.

### 3.5 Provincial Study Process and Additional Due Diligence

Municipal dissolution is part of a broader local government restructuring process. Provincial guidance indicates that restructuring processes must account for the unique characteristics and issues of the community, while meeting the legislative requirements for the proposed change. The Province also identifies that restructuring can be lengthy and complex, and that the electorate should be well-informed on the implications of change before making a decision.

In practice, the dissolution process would require additional analysis beyond the financial comparison presented in this report. Provincial restructuring processes commonly include preliminary exploration, process design, technical study work, community engagement, decision-making, and implementation planning. The Ministry of Housing and Municipal Affairs may assist with terms of reference and restructuring planning grants to support independent analysis of fiscal, governance, representation, and service delivery impacts.

Further study would likely be required to confirm the practical implications of dissolution, including:

- service continuity and service delivery arrangements;
- treatment of assets, liabilities, reserves, bylaws, contracts, and existing obligations;
- regional district services establishment and cost allocation methods;
- road ownership, condition, standards, maintenance responsibility, and transfer readiness;
- impacts on Provincial ministries and service partners;
- First Nations consultation requirements and potential impacts on rights, title, and interests; and
- one-time transition costs, timing, and implementation requirements.

The Province would also need to consider whether dissolution is in the broader public interest and whether provision has been made for the payment and discharge of municipal debts and obligations before approving dissolution by an Order in Council.

## 4. Governance Models Compared

The Village of Sayward currently operates as an incorporated municipality. Dissolution would result in governance as an unincorporated electoral area within the Strathcona Regional District. These governance models are established under different legislative and administrative frameworks and result in materially different arrangements for representation, decision-making authority, statutory obligations, administrative structure, and cost allocation. These differences have direct implications for service delivery and financial outcomes.

#### 4.1 Municipal Governance – Village of Sayward

The Village of Sayward is an incorporated municipality governed primarily under the *Community Charter*, with additional authority and requirements set out in the *Local Government Act*. Governance authority rests with an elected municipal council consisting of one Mayor and four Councillors, for a total of five elected officials.

Municipal council exercises broad legislative and regulatory authority within municipal boundaries, including powers related to:

- Property taxation and tax enforcement;
- Financial planning, budgeting, and reporting;
- Bylaw adoption and enforcement;
- Asset management and disposition; and
- Corporate governance and administration.

As a municipality, Sayward is responsible for meeting all statutory obligations applicable to municipal governments, including:

- Adopting an annual five-year financial plan and annual tax rates;
- Preparing audited annual financial statements;
- Producing an annual municipal report;
- Administering property tax collection and conducting tax sale proceedings for unpaid municipal taxes; and
- Maintaining a full municipal corporate structure.

Municipal operations are delivered through a stand-alone administrative organization that reports directly to Council. This structure includes a Chief Administrative Officer and senior finance and corporate administration functions required to support Council, ensure statutory compliance, and operate the municipal corporation.

#### 4.2 Regional District Governance – Strathcona Regional District

The Strathcona Regional District is a regional government established under the *Local Government Act*. Unlike municipalities, which operate under broad corporate and regulatory authority, regional districts function within a service-based governance framework.

Regional districts are subject to the *Local Government Act* and certain provisions of the *Community Charter*; however, their authority is generally exercised only in relation to services that have been formally established and approved. Each service operates as a distinct function, with a defined scope, participating areas, governance structure, and cost recovery method.

Regional districts do not deliver a comprehensive suite of municipal services by default. Services are established individually through service-establishing bylaws that define:

- The nature and scope of the service;
- Participating jurisdictions;

- Governance and approval mechanisms; and
- Cost recovery methods, including taxation and user fees.

The Strathcona Regional District is governed by a Board of Directors composed of 14 elected officials, consisting of:

- Directors appointed from each member municipality; and
- Electoral Area Directors representing the regional district's four electoral areas.

The authority of the Board is limited to:

- Establishing and administering regional, sub-regional, and local services;
- Approving operating and capital budgets for those services;
- Adopting a regional district financial plan; and
- Requisitioning property taxes to fund approved services.

Regional district services operate on a cost-recovery basis, meaning that only properties that participate in a service are taxed for that service. Administrative and professional functions, including finance, legislative services, planning, and human resources, are provided through a centralized organization and allocated to services and jurisdictions using approved cost allocation methodologies.

#### 4.3 Governance Structure Following Dissolution

If the Village of Sayward were dissolved, municipal governance would cease and the area would become an electoral area within the Strathcona Regional District.

Under this governance structure:

- Sayward residents would elect one Electoral Area Director;
- Representation would occur through that Director on the 14-member Strathcona Regional District Board; and
- There would be no Mayor, municipal council, or municipal corporate entity.

Authority affecting the Sayward area would be exercised through participation in regional district services and decisions of the regional district Board, subject to service boundaries and legislated voting rules. Board decision-making may involve weighted voting or additional approval mechanisms depending on the nature of the service and the participating areas.

The applicable legislative framework would shift from the municipal regime under the *Community Charter* to a *Local Government Act* framework applicable to regional districts.

The specific governance configuration, including whether Sayward would form a new electoral area, be incorporated into an existing electoral area, or be subject to boundary adjustments, would be determined through the provincial dissolution process.

#### 4.4 Key Legislative and Administrative Differences

The change in governance structure results in several important legislative and administrative differences with direct financial implications.

##### **Legislative Authority**

- Municipalities exercise broad authority under the *Community Charter*, including taxation, regulatory, and enforcement powers.
- Regional districts exercise authority only with respect to services that have been formally established under the *Local Government Act*.

##### **Tax Administration and Enforcement**

- Municipalities administer and enforce property taxation, including conducting tax sales for unpaid municipal taxes.
- In electoral areas, property tax collection and enforcement, including action on unpaid taxes, is administered by the Province of British Columbia.

##### **Corporate and Reporting Obligations**

- Municipalities are required to maintain a corporate governance framework and produce annual municipal reports.
- Electoral areas do not function as separate corporate entities and are not subject to the same municipal reporting requirements.

##### **Governance and Representation**

- Municipal governance provides representation through five elected officials focused exclusively on Sayward.
- Electoral area governance provides representation through one director participating on a regional board representing multiple jurisdictions.
- Decision-making authority shifts from a council accountable solely to Sayward residents to a regional board balancing the interests of multiple communities.

##### **Administrative Structure**

- Municipal governance requires a dedicated senior administrative structure to support Council and statutory obligations.
- Regional district governance relies on a shared administrative supporting multiple jurisdictions and services.

#### 4.5 Financial Implications of Governance Change

The shift from municipal governance to an electoral area governance model would eliminate the direct costs associated with municipal council governance, municipal corporate administration, and certain statutory obligations. These changes are partially offset by the

introduction of shared administrative and governance costs through participation in regional district services.

The governance transition also changes how costs are allocated and recovered, with expenditures assigned to specific services and funded through service-specific taxation and regional cost allocation methodologies rather than through a single municipal tax base. These structural differences underpin the service cost, administrative allocation, and taxation changes examined in the financial analysis sections that follow.

## 5. Financial Analysis

### 5.1 Overview of Financial Approach

The financial analysis has been prepared to provide a reasonable and comparable assessment of the Village of Sayward's current financial structure relative to a potential governance model as an electoral area within the Strathcona Regional District.

For consistency and comparability between governance models, the approved 2026 Village of Sayward budget has been used as a point-in-time financial baseline and applied without adjustment. This approach holds the underlying budget constant and avoids introducing normalization assumptions or subjective adjustments to expenditure levels.

For comparability purposes, the analysis assumes that:

- Existing service levels are maintained;
- Service delivery continues in a manner broadly consistent with current operations;
- Operating costs remain generally consistent in the short term; and
- Existing municipal services are re-established under the Strathcona Regional District where required.

The analysis further assumes that:

- Responsibility for road infrastructure would transfer to the Province of British Columbia;
- The Sayward administrative office would continue to operate locally;
- Existing reserve funds and surplus balances would transfer and remain attributable to the Sayward service area, subject to provincial direction; and
- The Village has no outstanding long-term debt. Should debt exist, it is assumed that such obligations would transfer to a regional district service and continue to be funded by properties within the former municipal area.

Administrative costs have been reflected using an allocation-based approach consistent with regional district practice. Under this approach, administrative and corporate functions currently performed by the municipality are assumed to be absorbed within the regional district's centralized administrative structure and largely recovered through service-specific cost allocation methodologies rather than through a direct transfer of existing municipal

administrative expenditures. For modeling purposes, administrative costs have been estimated at approximately ten percent of applicable service expenditures to reflect a reasonable order-of-magnitude allocation in the absence of finalized service structures and allocation drivers.

The application of this approach supports comparability between governance models while recognizing that regional district service configuration, budget decisions, and cost allocation methodologies are determined by the regional district Board and may result in outcomes that differ from those presented.

The administrative treatment reflects an assumed governance configuration and cost-sharing outcome and may vary depending on future service establishment, cost allocation methodologies, and governance decisions of the regional district Board and the Province of BC.

## 5.2 Current Financial Position

The Village of Sayward currently funds municipal operations through a combination of property taxation, user fees, grants, and other revenues.

For the 2026 budget year:

- Total operating revenue is approximately \$1.79 million;
- Property taxation for general municipal purposes is approximately \$853,593; and
- Operations include a full municipal governance and administrative structure, local service delivery functions, and participation in regional district services.

Key components of the current financial structure include:

- Municipal governance and corporate administration;
- Local service delivery, including recreation, parks, public works, planning, and protective services;
- Utility services funded through user fees, including water, sewer, and solid waste; and
- Grant funding, including the Small Communities Grant and the Canada Community Building Fund.

A detailed breakdown of current revenues and expenditures is provided in Attachment A.

## 5.3 Estimated Financial Changes from Dissolution

Dissolution would result in a restructuring of both revenues and expenditures. For analytical purposes, financial impacts are grouped into costs eliminated or reduced and costs transferred or introduced under a regional district governance model.

### **Costs Eliminated or Reduced**

The following costs are assumed to be eliminated or significantly reduced:

- Council remuneration and election-related expenditures;
- Municipal corporate administration, including senior management functions;

- Certain statutory and reporting obligations associated with municipal status;
- Administrative functions related to municipal property tax administration and enforcement; and
- Road-related expenditures, which are assumed to transfer to the Province of British Columbia.

In addition, certain revenues associated with municipal status would be eliminated or restructured, including:

- The Small Communities Grant;
- A portion of investment income and tax penalty revenue; and
- Certain locally generated revenues that would instead be collected and allocated through the regional district framework.

### Costs Transferred or Introduced

The following costs are assumed to continue or be introduced:

- Service delivery costs associated with existing municipal services re-established as regional district services;
- Administrative costs allocated through the Strathcona Regional District's cost allocation framework;
- Participation in regional district services, including services currently funded through Electoral Area A; and
- Ongoing operation of utility services, including water, sewer, and solid waste, on a cost recovery basis.

Detailed assumptions regarding the treatment of individual revenue and expenditure categories are provided in Attachment A.

### 5.4 Estimated Post-Dissolution Taxation

Based on the assumptions described above, the estimated property taxation required to support services under a regional district governance model is summarized below:

Component	Amount
Base Service Costs	\$334,732
Regional District Administrative Allocation	\$74,557
Additional Regional District Service Costs	\$101,679
Provincial 5.25% Collection Fee	\$26,826
<b>Total Estimated Taxation</b>	<b>\$537,794</b>
Current Municipal Taxation	\$853,593
<b>Estimated Net Reduction</b>	<b>(\$315,799)</b>
<b>Percentage Change</b>	<b>(37.0%)</b>

Base service costs reflect the estimated cost of delivering services currently provided by the Village, adjusted to account for the transfer of road functions to the Province.

Administrative costs are reflected through an estimated regional district administrative allocation, representing the shared delivery of finance, legislative, planning, and corporate services. The allocation is intended to approximate relative administrative effort rather than replicate existing municipal administrative costs.

Additional regional district service costs reflect increased participation in shared and electoral area services following dissolution.

### 5.5 Summary of Financial Impact

Under the assumptions applied, total property taxation required to support services following dissolution is estimated at approximately \$537,746, representing a reduction of approximately \$315,799, or 37.0%, relative to current municipal taxation.

It is important to note that the estimated overall reduction in taxation does not translate into reduced taxation for residential properties. Under the dissolution model, residential properties are estimated to experience a minimum increase of 11.3%, due to the redistribution of the tax burden under provincially prescribed tax ratios.

The estimated reduction is primarily attributable to:

- The elimination of municipal council governance and corporate administration costs;
- The transfer of road-related expenditures to the Province of British Columbia; and
- The allocation of administrative and service costs across a broader regional base.

These reductions are partially offset by:

- The introduction of shared regional district administrative cost allocations;
- Increased participation in regional district services; and
- The loss or restructuring of revenue sources associated with municipal status.

The estimates presented are based on assumptions intended to support comparability between governance models. Actual financial outcomes will depend on service configuration, cost allocation methodologies, and future decisions of the Strathcona Regional District Board and the Province of British Columbia.

## 6. Grant and Revenue Implications

A change in governance structure affects eligibility for certain grants and alters how some revenues are collected, allocated, and controlled. Dissolution would result in the loss, restructuring, or redistribution of several revenue sources that are material to the Village's current financial position.

### 6.1 Small Communities Grant

The Small Communities Grant is a provincial operating grant available exclusively to incorporated municipalities with populations under 5,000.

The Village of Sayward currently receives approximately \$330,000 annually through this program. Upon dissolution, the area would no longer meet the eligibility requirements, and this funding would be eliminated.

The loss of the Small Communities Grant represents a significant reduction in ongoing operating revenue. Replacement of this funding would require a combination of service adjustments, alternative cost recovery methods, increased taxation, or some combination thereof.

#### 6.2 Canada Community-Building Fund (CCBF)

The Village currently receives approximately \$78,620 annually through the Canada Community Building Fund.

Upon dissolution, the base funding component of approximately \$63,411 would be lost. The remaining \$15,209 would transfer to the Strathcona Regional District and be included within its regional CCBF allocation. Any future investment of these funds in the Sayward area would be subject to the priorities and decisions of the Strathcona Regional District Board.

As a result, CCBF funding would no longer be directly controlled or dedicated to projects within Sayward.

#### 6.3 Utility Revenues (Water, Sewer, Solid Waste)

The Village currently recovers the costs of water, sewer, and solid waste services through user fees charged to benefiting properties.

Following dissolution, these services would continue as defined service areas within the Strathcona Regional District. Costs would continue to be recovered from benefiting properties, and existing assets and reserve funds associated with these utilities would typically remain dedicated to the Sayward service areas, subject to provincial direction.

Decisions regarding cost recovery mechanisms, including the use of user fees, parcel taxes, or property taxation, would be made by the Strathcona Regional District Board in accordance with service-establishing bylaws and regional financial policies.

#### 6.4 Other Revenues

The Village currently receives additional revenues from sources including investment income, tax penalties, licences and permits, and payments in lieu of taxes.

Under a regional district governance model, certain revenues would be collected and retained by the Province of British Columbia or the Strathcona Regional District, while others may continue as part of regional district services or be discontinued depending on how services are structured.

As a result, a portion of revenues that are currently locally generated and locally controlled would no longer be directly attributable to the Sayward area.

## 6.5 User Fee Impacts

Under a regional district governance model, water, sewer, and solid waste services are assumed to continue as defined service areas with costs recovered from benefiting properties. No change is assumed to the underlying cost of providing these services, and operating revenues are expected to remain broadly consistent with current levels.

For the purposes of this analysis, the primary financial change affecting user-funded services is the allocation of regional district administrative overhead. Administrative costs associated with finance, legislative services, and corporate administration are estimated to be applied through a generalized allocation equivalent to approximately 10% of applicable service expenditures. This allocation reflects a reasonable estimate of shared administrative effort and is intended to represent order-of-magnitude impacts rather than a precise future charge.

Beyond administrative allocation, user fees may also be influenced by future decisions related to asset management and billing practices. Under a regional district governance model, decisions regarding capital funding strategies, such as the amount of transfers to reserve funds, the treatment of lifecycle replacement costs, and reserve adequacy targets, would be determined by the Strathcona Regional District Board as part of the service budgeting process. Changes to billing frequency or fee structure may also occur as services are integrated into regional district systems.

While no material change in user fees is assumed for the purposes of this analysis, future budgets for utility services may be affected by administrative allocation, asset management funding decisions, and billing practices following dissolution.

## 7. Property Taxation Impacts

A transition from municipal governance to a regional district governance model results in a fundamental change in how property taxation is calculated, allocated, and collected. Dissolution would replace the Village's municipal taxation structure with a regional district framework, affecting both overall taxation requirements and the distribution of taxation across property classes.

### 7.1 Taxation Overview

Under the current municipal structure, property tax rates are established using locally determined tax multiples applied to general municipal assessment. This approach provides Council with the ability to influence how the overall tax burden is distributed among property classes in response to local policy objectives and financial requirements.

Following dissolution, property taxation would be calculated using converted (hospital) assessment values and provincially prescribed tax ratios applicable to electoral areas. Property tax collection would also be administered by the Province of British Columbia through the Surveyor of Taxes, resulting in the application of a 5.25% administration fee to property tax collections.

These changes remove local discretion over tax ratios and introduce provincially administered costs into the taxation framework.

### 7.2 Change in Total Taxation

Current general municipal and debt taxation totals \$853,593.

Estimated taxation under the regional district model totals \$537,794, inclusive of the 5.25% Survey of Taxes administration fee applied to property tax collection.

The difference between these amounts reflects the change in taxation framework, including the conversion to hospital assessment and the application of provincially prescribed class ratios.

### 7.3 Redistribution of Tax Burden

The application of provincially prescribed tax ratios results in a significant redistribution of taxation across property classes.

**Table 7.1 – Comparison of Tax Multiples and Share of Taxation**

Taxation Class	Municipal Multiple	Provincial Multiple	Current Share of Taxation	Post-Dissolution Share of Taxation
Class 1: Residential	1.00	1.00	43.75%	77.10%
Class 2: Utilities	8.65	3.50	0.55%	0.75%
Class 5: Light Industry	12.48	3.40	34.60%	16.66%
Class 6: Business/Other	6.21	2.45	6.75%	4.70%
Class 7: Managed Forest	100.69	3.00	14.10%	0.74%
Class 8: Recreational/Non-Profit	8.30	1.00	0.25%	0.05%

A detailed breakdown of the taxation analysis, including assessment conversion and rate calculations, is provided in Attachment B.

The comparison demonstrates substantial compression of tax multiples under the provincial framework. Property classes currently taxed at significantly higher multiples, particularly Utilities and Managed Forest, experience the greatest reductions in relative contribution.

As a result, the overall share of taxation borne by non-residential property classes is materially reduced. Residential properties increase from 43.75% of total taxation under the municipal model to approximately 77% under the regional district model, despite already representing the majority of the assessment base. This represents a fundamental shift in the distribution of the property tax burden.

### 7.4 Loss of Tax Policy Flexibility

As a municipality, the Village has the authority to establish tax multiples to reflect local policy objectives, service priorities, and financial needs.

Under a regional district governance model, tax ratios are established by the Province and cannot be altered by the Strathcona Regional District. The ability to adjust tax multiples to respond to local economic conditions or policy considerations would no longer exist.

### 7.5 Tax Collection

Under the current municipal structure, the Village administers property tax collection and establishes tax due dates and penalty rates in accordance with the *Community Charter*. The Village currently applies a July 2 due date with a 10% penalty on outstanding balances, although the ability exists to alter these under an alternative tax collection scheme.

Following dissolution, property tax collection would be administered by the Province through the Surveyor of Taxes. The tax due date would remain July 2, and a 10% penalty would continue to apply to unpaid balances. The timing and structure of penalties would be established provincially and would not be subject to local adjustment.

As a result, local control over tax collection practices, including due dates, penalty structures, and collection processes, would be eliminated.

### 7.6 Other Taxing Authorities

In addition to municipal or regional district taxation, property owners are subject to requisitions for taxation from other authorities.

The Vancouver Island Regional Library, while not a taxing authority, requisitions funding based on a formula incorporating population and assessed value. Upon dissolution, the amount currently attributable to Sayward would be incorporated into the Strathcona Regional District requisition and redistributed across the broader service area. Based on this approach, the current requisition of approximately \$19,859 is estimated to decrease to approximately \$12,463 and is included in the estimated increased SRD contribution. Again, it is important to note that this is based on the assumption of the existing Sayward area joining Electoral Area A, should the existing Sayward form its own Electoral Area impacts will vary.

No change is anticipated to requisitions levied by the Municipal Finance Authority of British Columbia or the BC Assessment Authority, which are established on a province-wide basis.

School taxes, set by the Province within each school district, are not expected to change as a result of dissolution.

Hospital taxes are already calculated using hospital assessment and provincially prescribed class ratios; accordingly, no material change is anticipated.

### 7.7 Overall Impact

The transition to a regional district taxation framework results in the application of provincially prescribed tax ratios, provincially administered tax collection, and the inclusion of mandatory administrative charges.

The combined effect is a significant redistribution of the property tax burden away from non-residential classes and toward residential properties. As a result, residential property owners are estimated to experience a minimum 11.3% increase in taxation under the dissolution model, even though total taxation required overall is estimated to decline. This shift is driven primarily by the compression of tax multiples for classes that are currently taxed at substantially higher rates under the municipal structure.

## 8. Net Financial Impact

Changes to the taxation framework result in different outcomes at the individual property level. The magnitude and direction of change depend primarily on property classification, assessed value, and how taxation is redistributed across property classes under provincially prescribed ratios.

### 8.1 Overview of Net Financial Impact

Under the current municipal taxation structure, locally determined tax multiples assign a greater share of the overall tax burden to selected non-residential property classes. As a result, residential properties contribute a smaller share of total taxation relative to their proportion of the total assessment base.

Under a regional district governance model, taxation is calculated using converted (hospital) assessment values and provincially prescribed class ratios. This approach standardizes the distribution of taxation across property classes and reduces the relative contribution from non-residential properties that are currently subject to higher municipal tax multiples.

### 8.2 Residential Properties

Residential properties are expected to experience an increase in taxation relative to the current municipal structure.

The average residential property currently pays approximately \$2,232.50, equivalent to \$604.64 per \$100,000 of assessed value. Under the regional district model, estimated taxation increases to approximately \$2,585.72, or \$673.16 per \$100,000 of assessed value.

This represents an estimated increase of approximately \$263, or 11.3%, for the average residential property. The increase reflects the redistribution of taxation resulting from a reduced contribution from non-residential property classes under the provincially prescribed taxation framework.

### 8.3 Non-Residential Properties

Non-residential properties are generally expected to experience a reduction in taxation relative to the current municipal structure.

The most significant reductions occur for utilities and managed forest properties, which are currently subject to higher municipal tax multiples. The application of provincial tax ratios materially reduces the relative tax burden for these classes.

Business/other and light industry properties are also expected to experience reductions in relative taxation, although to a lesser extent than utilities and managed forest properties.

#### 8.4 Variation by Property

The impacts described above are general in nature. Actual taxation outcomes for individual properties will vary based on assessed value, property classification, and the interaction between converted assessment values and provincially prescribed class ratios.

Properties within the same classification may experience different outcomes depending on these factors.

#### 8.5 Overall Financial Impact

At the individual property level, dissolution results in a redistribution of taxation rather than a uniform increase or decrease.

Residential properties are expected to experience higher taxation relative to current levels, while many non-residential properties are expected to experience reductions. The overall effect reflects the transition from locally determined municipal tax policy to a standardized provincial taxation framework and the corresponding reallocation of taxation across property classes.

### 9. Key Assumptions and Uncertainties

The analysis presented in this report is based on information available at the time of preparation and on a number of key assumptions necessary to compare two fundamentally different governance and taxation frameworks. The results are intended to illustrate potential financial outcomes under the conditions described and should not be interpreted as a precise prediction of future taxation levels or financial results following dissolution.

Several factors may influence actual outcomes.

The analysis relies on the approved 2026 Village of Sayward budget as a single-year financial baseline. The 2026 budget includes a level of legal expenditures that is significantly higher than historical norms and is considered atypical. These legal costs are expected to decline materially in future years regardless of whether the Village remains incorporated or proceeds with dissolution and transition to regional district governance.

For comparative purposes, the 2026 budget has been used without adjustments. As a result, the analysis implicitly assumes the continuation of these elevated legal costs under both governance scenarios. In practice, as legal expenditures normalize in future years, the apparent savings associated with dissolution would narrow, and the longer-term taxation impact on Sayward residential properties would be greater than that indicated by the 2026 comparison.

The configuration of regional district services has not been finalized. Service scope, participating areas, governance structures, cost-sharing methodologies, and service levels will directly affect both the overall amount of taxation required and the distribution of costs across property classes.

Financial outcomes will also be influenced by future decisions of the Strathcona Regional District Board, including decisions related to administrative cost allocation, service delivery approaches, budget priorities, and financial policies. These decisions are made within a regional governance framework and are not solely within the control of the former municipal area.

The estimation of administrative costs is subject to uncertainty related to the application of existing regional district cost allocation policies rather than the absence of such policies. Regional district administrative costs are allocated across services using a range of drivers, which may include service participation, transaction volumes, staff time, and service complexity. While these policies are established, applying them with precision requires detailed information regarding finalized service structures, operational activity levels, and administrative workload drivers that is not available prior to service establishment. In the absence of this information, administrative costs have been estimated using a generalized allocation approach intended to reflect a reasonable order-of-magnitude impact rather than a precise future charge. Actual administrative allocations may differ from the estimates presented once services are fully defined and allocation methodologies are applied in practice.

The analysis is based on current assessment data and existing property classifications. Changes in assessment values, reclassification of properties, or changes in the composition of the tax base over time may affect both total taxation and the distribution of taxation among property classes. Material changes involving major taxpayers could result in outcomes that differ from those illustrated.

The analysis assumes the continuation of current provincial taxation frameworks, administrative practices, and prescribed class ratios. Changes to provincial legislation, taxation policy, grant programs, or property tax administration practices could materially affect financial outcomes.

Financial results will also be influenced by decisions made during the implementation of dissolution, including the treatment of assets, liabilities, reserves, contractual obligations, and existing financial commitments. The timing of dissolution and the sequencing of transition-related decisions may affect near-term financial outcomes.

In preparing this analysis, estimates have been used where complete information is not available. Differences between estimated and actual results may occur. Notwithstanding these uncertainties, the analysis provides a reasonable and transparent assessment of the relative financial implications associated with a transition from municipal governance to a regional district governance model.

### **Regional District Administrative Cost Allocation Risk**

The analysis assumes that administrative responsibilities currently performed by the Village would be incorporated within existing Strathcona Regional District administrative services and allocated through broader Electoral Area administrative structures. Under this assumption,

these costs are shared across participating jurisdictions in accordance with established regional district allocation methodologies.

If this assumption does not hold, there is potential for administrative costs associated with the former Village of Sayward to be established as a stand-alone local service and allocated entirely to properties within the former municipal boundary. Should this occur, it is estimated that approximately \$385,000 in additional administrative costs could be levied directly on Sayward properties.

Under this scenario, property taxation required to support services could increase from the current municipal requirement of approximately \$853,593 to approximately \$923,674, materially altering the financial outcomes presented elsewhere in this report.

The estimates contained in this analysis are therefore sensitive to a number of future decisions related to service establishment, administrative structure, and cost allocation. Many of these decisions would be made following dissolution through regional district and provincial processes and could materially affect taxation outcomes.

### **One-Time Transition Costs**

The analysis does not include one-time costs that may be incurred to support dissolution and the transition to a regional district governance model. Such costs could include, but are not limited to, legal services, bylaw development, asset transfer and documentation activities, systems integration, and temporary or additional staffing required to support transition planning and implementation.

One-time transition costs are typically dependent on the specific terms and conditions established by the Province, the structure and timing of service establishment, and the administrative approach adopted by the regional district. In the absence of confirmed dissolution terms, detailed implementation plans, or finalized service structures, these costs have not been estimated and are excluded from the financial comparisons presented.

The analysis focuses on ongoing operating and taxation impacts once governance and service arrangements are in place. Actual financial outcomes during the transition period may differ from the estimates presented as a result of these one-time implementation requirements.

### **Additional Studies and Provincial Review Requirements**

The analysis presented in this report is financial in nature and does not represent a complete dissolution study. Additional studies would be required before any elector approval process to confirm the broader governance, operational, service delivery, legal, and implementation impacts of dissolution.

In particular, further work would be required with the Province, Strathcona Regional District, and relevant service partners to confirm whether existing assumptions are practical and acceptable. This would include confirming the Province's position on the transfer of road

responsibilities, including whether existing roads meet provincial standards or whether upgrades, condition assessments, or transition requirements would be necessary.

Additional work would also be required to assess impacts on provincial ministries and agencies, including those responsible for transportation, policing, emergency management, infrastructure, land use planning, and other affected service areas. The Province's review would inform the terms and conditions of any Order in Council, including the treatment of assets, liabilities, reserves, services, and transitional arrangements.

The Province also has legal obligations related to consultation with First Nations where provincial decisions may affect Aboriginal rights, title, or interests. Any dissolution process would therefore need to include early engagement and consultation with affected First Nations, consistent with the Province's constitutional obligations and its commitments under the *Declaration on the Rights of Indigenous Peoples Act*.

The scope, timing, and cost of these additional studies are not known at this stage and are not included in the financial analysis. These matters would need to be addressed before residents, and property owners could be provided with complete information for any future elector approval process.

## 10. Conclusions

This report has examined the financial implications of a potential dissolution of the Village of Sayward and a transition to governance as an electoral area within the Strathcona Regional District.

The analysis indicates that dissolution would result in a material restructuring of the Village's financial framework, including changes to revenue sources, cost allocation mechanisms, and the approach to property taxation. Under the assumptions applied, total property taxation required to support services is estimated to decrease. This outcome is driven primarily by the elimination of municipal governance and corporate administrative costs and the transfer of certain responsibilities, including roads, to the Province of British Columbia. These reductions are partially offset by increased participation in regional district services, the introduction of shared administrative cost allocations, and the loss or restructuring of revenue sources associated with municipal status, most notably the Small Communities Grant.

A key conclusion of the analysis is that dissolution is not expected to reduce taxation for residential properties. Based on the modelled assumptions, residential taxation is estimated to increase by a minimum of 11.3%, while many non-residential property classes are expected to experience reductions. This is a material consideration for residents when assessing the financial implications of dissolution.

While total taxation is estimated to decrease, the financial impact is not uniform across property classes. The transition from locally determined municipal tax multiples to provincially

prescribed tax ratios results in a significant redistribution of the tax burden. Residential properties are expected to bear a substantially larger share of total taxation, while many non-residential properties are expected to experience reductions relative to current levels. This redistribution reflects the standardized provincial taxation framework applied in electoral areas rather than changes in service levels.

Dissolution also represents a substantive change in governance and financial decision-making authority. Responsibility for taxation policy, service structure, and financial priorities would transition from a locally elected municipal council to a regional district board operating within a service-based governance model. This change reduces local discretion over taxation policy and service configuration and places subsequent decisions within a broader regional decision-making framework.

The findings presented are based on assumptions intended to support a reasonable comparison between governance models. Actual outcomes will depend on future decisions regarding service establishment, cost allocation methodologies, and implementation, as well as provincial direction established through any Order in Council approving dissolution.

Dissolution does not eliminate the cost of providing services, but changes how those costs are structured, allocated, and funded. Consideration of dissolution therefore involves both financial and non-financial factors, including governance, representation, service delivery, and community priorities.

Before any decision on elector approval, additional study and engagement would be required with the Province, the Strathcona Regional District, service partners, and affected First Nations to confirm service delivery, infrastructure, consultation, and transition requirements.

This report is intended to provide clear, factual, and transparent financial information to support informed consideration by Council, residents, and property owners. It does not constitute a recommendation to proceed with, or to discontinue consideration of, dissolution.

## Attachment A – Comparative Financial Analysis: 2026 Budget and Dissolution Model

	Sayward 2026 Budget	Eliminate Entirely	Transfer to SRD Admin	Projected 2026 Dissolution Budget	Comments
<b>REVENUE</b>					
Taxation - General Municipal Purpose	853,593	126,954	391,907	334,732	
Other taxes	14,086		8,751	5,335	1% Utility tax and a portion of PILTs assumed to transfer to RD administration.
Federal Community Works Fund Grant	78,620	63,411	15,209	0	Base funding lost; remaining balance transferred to regional district and allocated at Board discretion
Provincial Gov't Grant - Small Community	330,000	330,000		0	Eliminated as funding is only available to incorporated municipalities
Interest & Tax Penalties	8,925		8,925	0	Collected through the provincial tax system and retained within the regional district
General Investment Income	50,000		50,000	0	Assumed to form part of general regional district revenues
Other Revenue	4,800	600	3,950	250	Largely eliminated or absorbed; small portion of public works revenue assumed to continue
Licences, Permits & Fines	5,170	3,470		1,700	Building permits continue through regional district; business licences eliminated; dog licences likely eliminated and service discontinued
General Operating Grants	2,500	2,500		0	Current grant-in-aid funding not assumed to continue
Sale of Service - Recreation Centre	1,865			1,865	Assumed to continue as local recreation revenue
Donations - Recreation Centre	4,200			4,200	Assumed to continue in support of recreation services
Sale of Service - Other	20,100		100	20,000	Majority continues; planning-related revenue incorporated into RD service
RCMP Rent	25,200			25,200	Assumed to continue; treatment depends on final service structure
RCMP Maintenance	12,503			12,503	Assumed to continue as cost recovery for the RCMP facility
Sewer Revenue	111,402			111,402	Continues under a RD utility service funded by users
Water Revenue	209,675			209,675	Continues under a RD utility service funded by users
Solid Waste Revenue	60,777			60,777	Continues under a RD utility service funded by users
<b>Total Operating Revenue</b>	<b>1,793,416</b>	<b>399,981</b>	<b>86,935</b>	<b>1,306,500</b>	
<b>EXPENDITURES</b>					
Legislative Services	72,200	72,200		0	Eliminated with removal of municipal council governance
Administration	830,485	369,662	460,823	0	Municipal administration removed; costs replaced through RD allocation
Election	10,090	10,090		0	Covered through RD budget
Recreation Centre	77,643			77,643	Assumed to continue with no material change
Parks	48,374			48,374	Assumed to continue with no material change
Public Works	121,893			121,893	Continues for local services, excluding roads
Roads	46,027	21,672		24,355	Partially eliminated as responsibility transfers to the Province; remainder reflects street lighting
Drainage	9,691			9,691	Assumed to continue as a local service
Planning	42,224			42,224	Incorporated into RD planning service
Police	12,503			12,503	Assumed to continue with no material change
Emergency	2,810		2,810	0	Incorporated into RD emergency service
Health Clinic	1,725			1,725	Assumed to continue as a local service
Solid Waste	63,175			63,175	Continues as a RD service funded by users
Sewer Operations	116,360			116,360	Continues as a RD utility service
Water Operations	227,626			227,626	Continues as a RD utility service
<b>Total Expenditures</b>	<b>1,682,826</b>	<b>473,624</b>	<b>463,633</b>	<b>745,569</b>	
<b>Surplus (Deficit) before Transfers</b>	<b>110,590</b>	<b>-73,643</b>	<b>376,698</b>	<b>560,931</b>	
<b>Transfers to/from Reserves/Surplus</b>	<b>110,590</b>	<b>53,311</b>	<b>15,209</b>	<b>42,070</b>	

## Attachment B – Taxation Analysis

### Current Sayward 2026 Taxes

Class	Assessment	% Allocated	Tax Rate	Tax Multiple
Class 1: Residential	61,763,700	43.75%	6.04638	1.00000
Class 2: Utilities	89,800	0.55%	52.28019	8.64652
Class 5: Light Industry	3,913,900	34.60%	75.46007	12.48020
Class 6: Business/Other	1,533,450	6.75%	37.57379	6.21426
Class 7: Managed Forest	197,700	14.10%	608.78408	100.68568
Class 8: Recreational/Non-Profit	42,500	0.25%	50.21135	8.30436
	<b>67,541,050</b>	<b>100.00%</b>		

### Estimated 2026 Taxes Under Dissolution

Class	Assessment	% Allocated	Tax Rate	Tax Multiple
Class 1: Residential	61,593,500	77.10%	6.73165	1.00000
Class 2: Utilities	170,600	0.75%	23.56076	3.50000
Class 5: Light Industry	3,913,900	16.66%	22.88760	3.40000
Class 6: Business/Other	1,533,450	4.70%	16.49253	2.45000
Class 7: Managed Forest	197,700	0.74%	20.19494	3.00000
Class 8: Recreational/Non-Profit	42,500	0.05%	6.73165	1.00000
	<b>67,451,650</b>	<b>100.00%</b>		

## Village of Sayward – Summary of Potential Dissolution Report

The Village of Sayward is looking at its long-term future. One option being reviewed is dissolution. This means Sayward would no longer be a municipality (represented by a Council) and would instead become part of the Strathcona Regional District as an electoral area (represented by a regional Board).

No decision has been made.

### What the review found

In 2026, the Village expects to collect about \$853,600 in municipal property taxes.

Under the dissolution model, total property taxes are estimated to drop to about \$537,800. This is a decrease of about \$315,800, or 37% overall.

### However, residential property taxes are fully expected to increase under dissolution.

The average residential property currently pays about \$2,323 in Village taxes. Under the dissolution model, this is estimated to increase to about \$2,586.

That is an increase of about \$263, or 11.3%.

This increase is expected because the way taxes are shared would change. Residential properties currently pay about 44% of Village taxes. Under the regional district model, they would pay about 77%, as determined by law.

### Why costs change under a regional district model

Even though some municipal costs are removed, new costs are also added under a regional district model:

- Administrative costs are charged to each service (instead of one municipal budget)
- A 5.25% fee is added for the Province to collect property taxes
- As part of an electoral area, Sayward properties would pay into existing regional district services
- Some grants and revenues currently received by the Village would be lost

At the same time, some properties would pay less. Business, industrial, and managed forest properties are expected to see tax decreases, which shifts more of the tax burden onto residential properties.

**Important: taxes could increase more than shown**

The analysis assumes administrative costs are shared across the regional district. If Sayward's administrative costs are instead charged more directly to the local area, taxes could increase further. In that case, total taxes could rise to about \$923,700, which is higher than current levels.

This would result in a much larger increase for residential properties.

**Future decisions will affect costs**

Future costs will depend on decisions made by the regional district board. This may include decisions to:

- Increase funding for infrastructure repairs and replacement
- Build up reserve funds for future projects
- Enhance service levels or maintenance

These decisions could increase costs over time. While these needs exist today, how and when they are funded would be determined by the regional district under a different decision-making process.

**Other important changes**

Sayward would lose about \$330,000 per year from the Small Communities Grant.

Sayward would also lose direct control over most of its Canada Community Building Fund money (about \$78,600 per year), and the amount received would significantly decrease.

Local decision-making would also change. Instead of a Mayor and four Councillors, Sayward residents would be represented by one Electoral Area Director on the Strathcona Regional District Board.

**Bottom line**

Dissolution may reduce total taxes overall, but residential property owners are expected to pay more, and potentially significantly more depending on how costs are shared.

Residential taxes are projected to increase by at least 11.3%, and increases could be higher depending on how administrative costs are allocated and services are structured in the future.



# **Financial Implications of Potential Dissolution**

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Preliminary Analysis

May 7, 2026

# Key Considerations

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- This presentation is for information only
- It uses the 2026 budget as a baseline example
- The numbers shown are not a prediction of future costs or taxes
- Actual outcomes will depend on:
  - Future decisions
  - Services and service levels
  - Administrative arrangements
- This is not a recommendation for or against dissolution



# Background and Council Direction

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- The Village is reviewing its long-term financial sustainability and service delivery
- A small tax base creates ongoing challenges in funding services and meeting obligations
- Community interest in understanding long-term viability and governance options
- Municipal dissolution and transition to a RD model is being explored
- Council has directed that financial analysis be completed on potential impacts of dissolution
- This includes taxes, service levels, and overall costs
- The information is intended to support understanding and informed discussion



# Why This Is Being Considered

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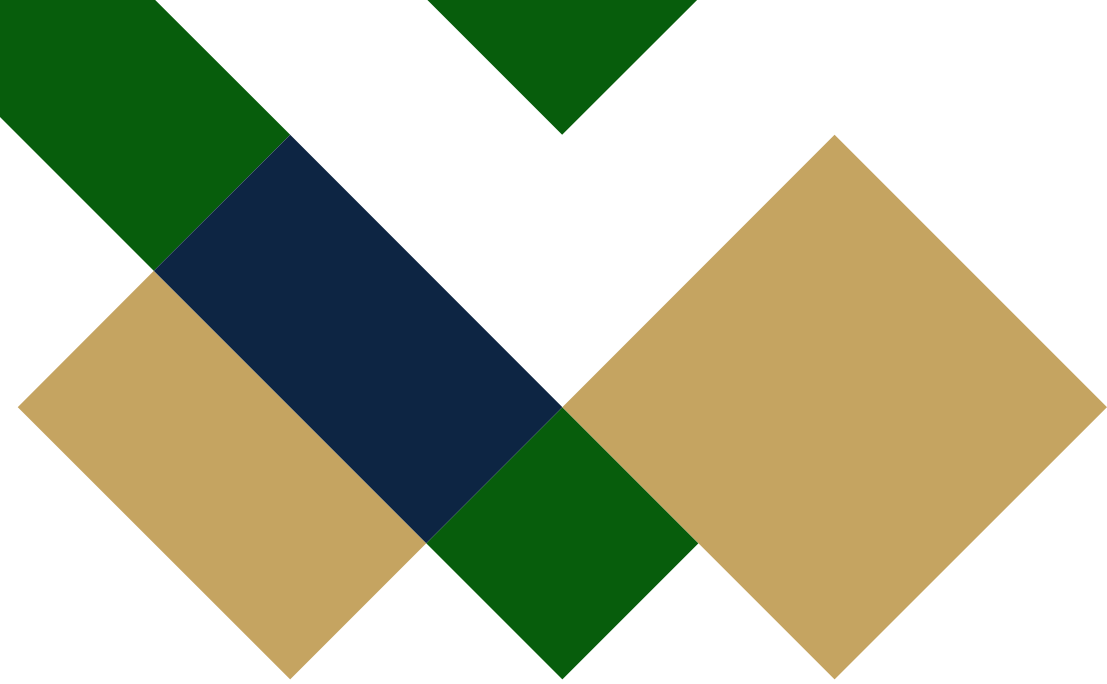
- Small and primarily residential tax base limits revenue capacity
- Ongoing pressure to fund:
  - Core services
  - Infrastructure maintenance and replacement
  - Legislative and administrative requirements
- Limited ability to build and maintain adequate reserves
- Increasing costs (administration, compliance, inflation)
- Exploring governance options to understand long-term sustainability



# Dissolution Process

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- Authority under the *Local Government Act*
- Dissolution may occur only where the following are met:
  - Assent of the electors of the municipality is obtained; and
  - Approval of the Province is granted through an Order of the Lieutenant Governor in Council
- A municipal Council may initiate consideration of dissolution, but final decision rests with the Province.
- It is important that financial disclosure occurs prior to public approval
  - Supports understanding and informed decision-making
- Dissolution is a multi-year process requiring additional studies, provincial review, coordination with multiple agencies, and consultation with First Nations to address potential impacts on rights, services, and governance before any decision is made.



# Dissolution Process Cont.

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- After public approval is obtained, the Province reviews the proposal and determines if dissolution is in the public interest.
- If approved, the Province will issue an Order in Council that formally dissolves the Village and may address:
  - The transfer or disposition of municipal assets;
  - Responsibilities for existing liabilities and any long-term debt;
  - The use, allocation, and protection of reserve funds;
  - Transitional governance and administrative arrangements; and
  - The continuation, establishment, or restructuring of municipal services under a RD governance model.



# Municipal Vs. Regional District Governance

Key Feature	Municipal	Regional District
Governance Structure	Mayor and 4 Councillors, full control	1 EA Director on a 14-member Board, limited control
Decision-Making	Local Council makes decisions focused solely on Sayward	Decisions made by Regional Board balancing multiple communities
Legislative Authority	Broad authority under <i>Community Charter and Local Government Act</i>	Limited authority; only for services established under the <i>Local Government Act</i>
Service Delivery Model	Full-service municipality (all services provided corporately, though utilities usually tracked separately)	Service-based model (service established individually by bylaw)
Taxation Approach	Single municipal tax base with locally set tax rates and ratios	Service-based taxation; provincially set tax ratios (no local control)
Tax Collection	Collected and enforced by the municipality	Collected by the Province (includes a 5.25% administration fee)

# Municipal Vs. Regional District Governance Cont.

Key Feature	Municipal	Regional District
Control Over Tax Policy	High – Council sets tax multiples and policies	Limited – tax ratios set by Province
Administrative Structure	Stand-alone municipal administration	Shared regional administration allocated across services
Cost Allocation	Costs pooled and funded through general taxation	Costs allocated to specific services and participating areas
Grant Eligibility	Eligible for municipal-only grants (e.g., Small Communities Grant)	Not eligible for municipal grants; funding flows through RD
Local Representation	Direct representation focused only on Sayward taxpayers	Indirect representation through 1 Director within a regional board
Flexibility	High flexibility to adjust services, taxation, and priorities locally	Reduced flexibility; decisions depend on regional governance structure

# How the Financial Comparison Was Done



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## Financial Approach

- Based on the 2026 Village budget to allow a fair comparison

## Key Assumptions

- Service levels and costs remain generally the same
- Services continue under a regional district model
- Roads transfer to the Province

## Administrative Costs

- Shared and allocated across services (RD model) – estimated at 10%

## Important

- Results depend on future RD decisions. Actual costs will differ based on service and cost-sharing choices

# Projected Cost Savings

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## Cost Savings

- Council and election costs
- Municipal administration and corporate structure
- Some reporting and statutory requirements
- Property tax administration (moves to Province)
- Road costs transfer to Province

## Revenues Lost or Reduced

- Small Communities Grant and most of the CWF Grant
- Some investment income and tax penalties

**\*Savings depend on how services are structured and may vary significantly**



# Projected Additional Costs

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- Administrative costs allocated to each service (highly variable)
- Participation in additional RD services
- Provincial tax collection fee of 5.25%
- Potential for administrative costs to be allocated fully to Sayward, which could significantly increase total costs



# Estimated Post-Dissolution Taxation

Component	Amount
Base Service Costs	\$334,732
Regional District Administrative Allocation	\$74,557
Additional Regional District Service Costs	\$101,679
Provincial 5.25% Collection Fee	\$26,826
<b>Total Estimated Taxation</b>	<b>\$537,794</b>
Current Municipal Taxation	\$853,593
<b>Estimated Net Reduction</b>	<b>(\$315,799)</b>
<b>Percentage Change</b>	<b>(37.0%)</b>

Note: Outcomes are highly sensitive to administrative cost allocation. In some scenarios, total taxation could increase rather than decrease.

# Grants and Revenue Implications

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## Small Communities Grant

- \$330,000 annual grant lost

## Canada Community-Building Fund (Gas Tax)

- \$78,620 annual grant reduced to approximately \$15,209, allocation no longer Sayward specific and now up to the Board

## Utility Revenues

- Method of collection now up to the Board (parcel tax, user fee, property taxation etc)
- User fees are expected to remain largely unchanged initially, but may increase over time to build adequate reserves and ensure the service is fully self-funded and able to cover future repairs and replacements

## Other Revenues

- Some revenues will be lost or allocated to SRD Admin including investment income, tax penalties, licenses and permit revenues, and PILTS



# Redistribution of Tax Burden

Municipalities use municipal tax multiples and general assessment, while regional districts use provincial tax multiples and hospital assessment. This redistributes taxes resulting in higher share for residential properties and lower share for non-residential

Taxation Class	Municipal Multiple	Provincial Multiple	Current Share of Taxation	Post-Dissolution Share of Taxation
Class 1: Residential	1.00	1.00	43.75%	77.10%
Class 2: Utilities	8.65	3.50	0.55%	0.75%
Class 5: Light Industry	12.48	3.40	34.60%	16.66%
Class 6: Business/Other	6.21	2.45	6.75%	4.70%
Class 7: Managed Forest	100.69	3.00	14.10%	0.74%
Class 8: Recreational/Non-Profit	8.30	1.00	0.25%	0.05%

# Other Property Taxation Impact



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## Tax Policy

- Loss of flexibility. No ability to adjust tax multiples.

## Tax Collection

- Loss of flexibility. July 2nd due date and 10% penalty now set

## Other Taxing Authorities

- No change to other taxing authorities except VIRL, which may see a small decrease

# Net Financial Impact - Residential



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## Current Taxes

- \$2,323.50 or \$604.65 per \$100,000 assessed

## Estimated Taxes under the SRD

- \$2,585.72 or \$673.16 per \$100,000 assessed
- Estimated increase of \$263 or 11.3%

## Important Considerations

- Increase driven primarily by redistribution of tax burden and loss of municipal tax flexibility.
- The impact to residential properties will likely be even greater
  - Unknown treatment of Sayward administration costs
  - Expected increased funding to reserves

# Net Financial Impact – Non-Residential

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- Non-residential properties are generally expected to experience a reduction in taxation relative to the current municipal structure.
- While administration costs are uncertain, even if they are fully allocated to Sayward properties and eliminate overall savings, these properties would still see a reduction due to the change in tax multiples.
- Reduction primarily due to lower provincial tax multiples applies to non-residential classes.



# Key Assumptions

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- Based on the 2026 Village budget as a single-year baseline
- Assumes Sayward would become part of EA A (could be own EA, or EA boundaries could change)
- Assumes service levels and operations remain similar
- Assumes roads transfer to the Province
- Assumes services continue under a RD model
- Assumes administrative costs are shared and allocated across services
- Administrative costs estimated at 10% of service cost
- Assumes current tax structure, assessment data, and provincial framework remain in place
- Assumes no long-term debt



# Key Uncertainties

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- Regional District decisions (services, cost-sharing, priorities) will affect outcomes
- Administrative cost allocation is uncertain and may vary
- If RD administrative costs are fully allocated to Sayward, costs could increase by around \$385,000
- Future tax savings may be lower than shown – offsetting future reductions in legal costs
- Property assessment changes and major taxpayers could impact tax distribution
- Provincial policies, grants, and tax rules may change over time
- One-time transition costs are not included and could be significant, some government funding may be available
- Additional studies required, including
  - Service delivery and infrastructure (e.g., roads)
  - Provincial ministry review
  - First Nations consultation
- Timeline, costs, and final structure are not yet known



# What This All Means

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- Dissolution would change how Sayward is governed, funded, and represented
- Total taxation may decrease overall, but residential taxes are expected to increase
- Some non-residential properties may pay less
- Local decision-making would shift from a municipal Council to the Regional District Board
- Outcomes will vary and depend heavily on Regional District decisions and cost allocation methods



# Risks and Trade-Offs

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- Loss of local decision-making and direct control
- Uncertainty in administrative cost allocation
- Residential taxpayers expected to carry a larger share of taxation
- Possible tax reduction to business properties
- Loss of direct municipal grants and funding certainty
- One-time transition costs not yet quantified
- Future service levels and priorities determined at the regional level
- Access to regional expertise and capacity
- Services are structured individually, so residents only pay for the services they participate in



# What Happens Next

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- Council receives and considers the preliminary financial analysis
- Report is shared with residents and property owners
- Additional studies would be required before any vote
- Future work would involve the Province, SRD, service partners, and First Nations
- Dissolution is a multi-year process, not an immediate decision
- No decision has been made; this analysis is intended to inform discussion



# Final Takeaway

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- Dissolution does not eliminate service costs; it changes how they are funded
- Overall costs may decrease, but impacts vary by property type
- Residential properties are expected to pay more under the modelled scenario
- Local governance and decision-making would change significantly
- There are important uncertainties that require further analysis
- This is an initial assessment to support informed community discussion





# **Questions**

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