

Meeting Date: October 7, 2025
For: Special
From: Financial Services
Subject: 2026-2035 Financial Plan – Cheekeye Debris Flow Barrier

Recommendation

THAT Council:

- 1) Direct staff to include the following percentage allocation in the 2026 -2035 Financial Plan for the operation, maintenance and reserve contributions for the Cheekeye Fan Debris Flow Barrier:
 - Fifty percent local area service tax and fifty percent general taxation.
 - 2) Direct staff to include Cheekeye debris flow barrier taxation, expenditures, and reserve transfers as presented on October 7, 2025, in the 2026-2035 Financial Plan.
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1. Purpose of Report

The purpose of the report is to update Council on the financial impact of Cheekeye debris flow barrier ownership on the 2026-2035 Financial Plan. Staff are seeking Council's endorsement to include the related taxation, expenditures, and reserve transfers in the 2026-2035 Financial Plan. In addition, Staff are seeking Council's direction on the allocation between local area service ("LAS") and general taxation.

2. Informed the Recommendation

The Cheekeye Debris Flow Barrier construction is expected to be completed in 2026 and will begin to incur costs that will require funding by General Property Tax and Local Area Service Tax. Paragraph 165(1) of the *Community Charter* requires a municipality to adopt a financial plan annually, by bylaw, before the annual property tax bylaw is adopted.

3. Background

The Cheekeye River Development proposal is led by Squamish Sea to Sky Developments Ltd. (SSSD), a partnership between Skwxwú7mesh Úxwumixw (The Squamish Nation) and a Squamish-based developer, Matthews West (Applicant). The development lands are located on the Cheekeye Fan debris flow area in Brackendale. The project received rezoning an OCP amendment approval on June 11, 2024, for 1,215 units and rezoning approval in June 2025 for an additional 180 units, bringing the total development to 1,395 units. In order to mitigate debris flow risks to the development site, as well as the Cheekeye Fan as a whole, SSSD has been required to fund the construction of a Debris Flow Barrier (Barrier). The District of Squamish has accepted that it will be responsible as the Local Diking Authority for the Barrier and associated funding for operations and maintenance costs once construction is complete. SSSD's construction of the Barrier is estimated to reach the final acceptance stage, as defined in the Cheekeye Barrier Servicing Agreement, in

July 2026. Once final acceptance has been granted by the District, Barrier ownership will transfer to the District.

During rezoning, SSSD prepared cost estimates over a 100-year time frame for Barrier operations and maintenance, capital repairs, and post-event restoration costs. The cost estimates were prepared in 2022 dollars. At the request of the District, SSSD's consultant, BGC Engineering, updated the cost estimates in April 2025 to reflect 2025-dollar values. These cost estimates have been reviewed and adjusted accordingly by District Engineering Staff. These adjustments include staffing requirements to operate and maintain the Barrier, updating unit rates based on discussions with local contractors to determine present-day costs, updating large capital repair costs that are reflective of actual construction costs, as well as to add an overall contingency to all non-staff expenditures to account for uncertainty.

The District may recover all, or part, of the costs associated with Barrier ownership by levying a LAS tax against the properties located within the boundaries of the local service area. To do so, the electors within the local service area must approve moving forward with this method of taxation. If Council elects to fund only a portion of costs through a LAS tax, the remainder must be funded through general taxation. In 2018, Council endorsed the concept of cost sharing operations and maintenance costs between a LAS tax and general taxation in recognition that the barrier was required to enable the development to proceed but also mitigates risk to existing properties within the Cheekeye Fan Protection Zone (see Appendix 3) and provides benefits to the wider community given that the barrier protects critical infrastructure such as the BC Hydro substation and Highway 99. A specific split between the LAS tax and general taxation was not determined in 2018, however this direction is now required to inform both the 2026-35 Financial Plan and preparation of the LAS tax bylaw.

The *Community Charter* provides different options for obtaining approval of the electors: either a petition signed by at least 50% of the owners of the properties representing 50% of the assessed value of the land and improvements that will be subject to the LAS tax, or through assent of the electors in the local service area (i.e. a referendum). The development lands are currently owned by a single owner, and it is a condition of the Land Development Agreement with SSSD that there must be submission of a positive local service petition for a LAS tax to apply to the new development prior to issuance of any building permits. Based on this, SSSD must accept Council's decision with respect to how funding for Barrier operations and maintenance costs are split between general taxation and the LAS tax that will only be applied to the development.

In September 2024 the District entered into an agreement with the Province (Provincial Indemnity Agreement) in which the Province will indemnify the District for specified restoration and capital costs related to debris flow events. The indemnification is subject to the District adhering to the terms of the agreement.

One of the terms of the Provincial Indemnity Agreement is that the District is required to start making reserve contributions when SSSD is awarded substantial performance on the Barrier (estimated to be in April 2026). Therefore, taxation associated with Barrier ownership will commence in 2026.

In addition, the Provincial Indemnity Agreement requires SSSD to contribute \$5M to the Cheekeye Debris Barrier Post-Event Restoration Reserve. One-million dollars was received upon execution of the agreement and \$4M is expected to be received in 2026.

4. Project Information

The financial impacts of Cheekeye Debris Barrier ownership are detailed below.

Operations and Maintenance

The Provincial Indemnity Agreement requires that the District transfers at a minimum \$540K per annum (increasing each year by CPI) less the actual costs of Operations and Maintenance (“O&M”) expenditures to a reserve (Cheekeye Debris Barrier O&M and Capital Reserve). The fund is restricted per the terms of the Provincial Indemnity Agreement to future Cheekeye debris flow barrier O&M and capital expenditures.

Operations and Maintenance – 100-Year Timeframe

In 2025 dollars, the average annual O&M expenditures over a 100-year timeframe are estimated to be \$540K. However, each year Staff will refine estimates and recommend to Council the inputs into the 10-year financial plan, which is adopted annually.

Operations and Maintenance – 2026-2035 Financial Plan

Based on the 100-year timeframe estimates, it is recommended that the District tax for \$540K per year, increasing annually by CPI, from 2026 to 2035, which is the minimum required by the Provincial Indemnity Agreement. The minimum will fund annual O&M expenditures and surplus amounts will be contributed to the Cheekeye Debris Barrier O&M and Capital Reserve. The increase to annual property taxation, occurring in 2026, is approximately 0% to 1.2% depending on the split between LAS and general taxation.

In recognition that the Barrier ownership is planned to transfer to the District partway through 2026, it is recommended that \$135K is transferred from the General Operating Reserve to prorate taxation in the year of implementation to offset a portion of general property taxation. The transfer will reduce the general property taxation impact by 0.3% and the General Operating Reserve will be repaid by general taxation in 2027.

Appendix 1 – Table 1 details the property taxation, O&M expenditures, and the contribution to the Cheekeye Debris Barrier O&M and Capital Reserve.

Appendix 1 - Table 2 details the Cheekeye Debris Barrier O&M and Capital Reserve annual balance.

Post-Event Restoration Reserve Contributions

The Provincial Indemnity Agreement requires that the District contribute \$300K per annum, increasing annually by CPI, to a reserve that is restricted to post-event restoration and sediment management (Cheekeye Debris Barrier Post-Event Restoration Reserve). In addition, the agreement requires that the District contribute \$300 / year / unit, increasing annually by CPI, for each building permit for an additional unit that is issued (beyond the originally zoned 1,215 units) within the protection zone.

Post-Event Restoration Reserve Contributions – 100-Year Timeframe

Subsequent to the initial rezoning, in June 2025, an additional 180 units were rezoned for a total of 1,395 units. The Provincial Indemnity Agreement requires an additional \$300 / unit / year in 2025 dollars to be contributed to the Cheekeye Debris Barrier Post-Event Restoration Reserve upon building permit issuance. The total annual contribution for the 180 units in 2025 dollars is \$54K. Staff anticipate the building permits for the additional units will not be issued within the next 10 years.

As the Cheekeye Debris Barrier Post-Event Restoration Reserve will be restricted by the Province and only accessible to the District for sediment management (estimated to be \$75K per year in 2025 dollars over a 100-year timeframe), Staff recommend the minimum required by the Provincial Indemnity

Agreement is contributed to the Cheekeye Debris Barrier Post-Event Restoration Reserve (\$300K to \$354K¹ per year – increasing each year by CPI).

Post-Event Restoration Reserve Contributions 2026-2035 Financial Plan

Staff recommend that the District tax for \$300K per year, increasing annually by CPI. The general property taxation impact for the originally zoned 1,215 units in 2026 is 0% to 0.7% depending on the split between LAS and general taxation.

Since the annual contribution for the 180 units is only required upon building permit issuance, and it is unknown when building permits will be issued, the 2026-2035 Financial Plan does not include contributions for these units.

Planned Capital Expenditures

Planned Capital Expenditures – 100-Year Timeframe

The planned capital repairs and rehabilitation over a 100-year timeframe required for the barrier are estimated to be \$43.9M (in 2025 dollars). Capital repairs and rehabilitation are estimated to start occurring in 2035. In addition, the Public Works department requires a vehicle to allow staff to access the Barrier that is estimated to cost \$75K (2025 dollars) and requires replacement every 10-years.

Appendix 2 – Table 1 details the planned capital expenditures over a 100-year timeframe.

Planned Capital Expenditures – 2026-2035 Financial Plan

In recognition that the Province allows the District to utilize the Cheekeye Debris Barrier O&M and Capital Reserve for these expenditures, and sizeable capital repairs and rehabilitation do not commence until the year 2050 (\$4M in 2025 dollars), Staff recommend that the surplus in the Cheekeye Debris Barrier O&M and Capital Reserve is utilized to fund the first 10-years of capital expenditures (\$607K in 2025 dollars) and begin saving funds for future planned capital expenditures starting in 2036.

Appendix 2 – Table 2 details the impact on the Cheekeye Barrier O&M and Capital Reserve if it is utilized to fund capital expenditures from 2026 to 2035. The projected reserve balance at the end of 2035 is \$657K.

Post-Event Capital Repair Costs

Post-Event Capital Repair Costs – Due to a Debris Flow

The Province has specified in the Provincial Indemnity Agreement that only certain post-event capital repairs will be indemnified and they must be due to a debris flow. Table 1 below represents the capital repairs that are ineligible for Provincial indemnification by volume class and probability.

Table 1: Ineligible capital repairs

Volume Class	Probability that event occurs or is exceeded in 10 years	Post-Event Capital Repair Cost Estimate
Volume Class 1	63%	\$334,831
Volume Class 2	28%	\$334,831
Volume Class 3	10%	\$405,594

¹ \$354K is inclusive of the 180 additional units that were rezoned subsequent to the initial rezoning.

Volume Class 4	3%	\$405,594
Volume Class 5	1%	\$405,594
Volume Class 6	0.3%	\$6,077,694

In the circumstance that post-event capital repair costs are required, the District has the option to access the Cheekeye Debris Barrier Operations & Maintenance and Capital Reserve to pay for these costs. However, should this occur, the timeline for saving for future planned capital expenditures will need to be reassessed.

Post-Event Capital Repair Costs – Other

The barrier has been designed to a robust standard and has undergone a thorough review process by an Independent Engineering Review Panel comprised of engineering experts. However, as with all infrastructure, it is not possible to eliminate all possible risk of damage due to extreme or unforeseen events. Staff intends to perform further work with BGC Engineering to further understand what these events may be and their probability.

Property Insurance

Staff are currently in discussions with Municipal Insurance Association (“MIA”) of BC to understand the insurance options for post-event capital repair costs that are not indemnified by the Province. The outcome of the discussions will be presented to Council at a future meeting.

Local Area Service and General Taxation

Although the LAS tax bylaw will be adopted annually, at the time the local service area is established, the allocation between LAS and general taxation must be set. The allocation cannot be changed without assent of the electors. The development lands currently only have one owner, however, once developed there will be many owners and there is no certainty that future owners would assent to LAS tax bylaw changes. As a result, it is important to establish the upper limit allocation of the LAS tax bylaw that Council wishes to impose.

In 2018 Council passed the following motion:

AND THAT Council support the concept of phased cost-sharing for the operation, maintenance and reserve of the Cheekeye Fan Debris Flow Barrier System between the proposed Cheekeye Fan Development Local Service Area and general taxation outlined as options in the June 5, 2018 Cheekeye River Development Proposal Update – Debris Barrier System Operations, Maintenance & Reserve Funding Options report.

In consideration the Barrier benefits a wider area than the Cheekeye River Development, Staff recommend a 50 / 50 allocation between LAS and general taxation.

Local Area Service and General Taxation – 100-Year Timeframe

The below table details the total annual cost and the minimum and maximum allocation to LAS and general taxation based on 100-year averages. In addition, it does not include property insurance costs as discussions with MIA BC are still underway.

	Annual Cost	LAS Taxation (average / unit ² / year)	General Taxation (\$ per year)	General Taxation (% per year)
Operations and Maintenance	\$540,000	\$0 to \$387	\$0 to \$540,000	0% to 1.2%
Post-Event Restoration Reserve	\$354,000 ³	\$0 to \$254	\$0 to \$354,000	0% to 0.8%
Planned Capital Expenditures ⁴	\$515,000	\$0 to \$369	\$0 to \$515,000	0% to 1.1%
Total	\$1,409,000	\$0 to \$1,010	\$0 to \$1,409,000	0% to 3.1%

5. Engagement

Staff will offer various opportunities for the public to learn about and provide comments on the 2026-2035 Financial Plan throughout October and November, with a Budget Information Night scheduled for November 12. The online home for this engagement period is [LetsTalkSquamish.ca/budget-2026](https://lets-talk-squamish.ca/budget-2026).

6. Financial Implications

The below table details the total annual operating and maintenance costs and reserve contribution as required by the Provincial Indemnification, and the minimum and maximum allocation to LAS and general taxation as presented in the 2026-2035 Financial Plan for the year 2026.

	Annual Cost	LAS Taxation (average / unit ⁵ / year)	General Taxation ⁶ (\$ per year)	General Taxation (% per year)
Operations and Maintenance (minimum required by Provincial Indemnification)	\$540,000	\$0 to \$444	\$0 to \$405,000	0% to 0.9%
Post-Event Restoration Reserve	\$300,000	\$0 to \$247	\$0 to \$300,000	0% to 0.7%
Planned Capital Repairs ⁴	\$0	\$0	\$0	0%
Total	\$840,000	\$0 to \$691	\$0 to \$705,000	0% to 1.6%

The below table details three options for allocations between LAS and general taxation in 2026. The options are for demonstration purposes. Council is not confined to these options. Note: taxation is reduced in 2026 compared with future years due to the proposed \$135k reserve transfer and not beginning to save for future planned capital repairs until later years.

² Cheekeye River Development originally zoned units (1,215) plus additional rezoned units (180) for a total of 1,395 units.
³ Inclusive of the 180 units that were rezoned subsequent to the initial rezoning.
⁴ Staff recommend that the surplus in the Cheekeye Debris Barrier O&M and Capital Reserve is utilized to fund the first 10-years of capital expenditures and begin saving funds for future planned capital expenditures starting in 2036
⁵ Cheekeye River Development originally zoned units (1,215).
⁶ General taxation has been reduced by the proposed transfer from the General Operating Reserve (\$135K).

	LAS Taxation		General Taxation ⁷	
	Total	Average / unit / year	Total	% per year
75% LAS / 25% General	\$630,000	\$518	\$75,000	0.2%
50% LAS / 50% General	\$420,000	\$346	\$285,000	0.6%
25% LAS / 75% General	\$210,000	\$173	\$495,000	1.1%

Staff recommend that the Cheekeye debris flow barrier taxation, expenditures, and reserve transfers as presented in this report are incorporated in the 2026-2035 Financial Plan. The 2026-2035 Financial Plan currently includes a 50 / 50 LAS and General taxation allocation with the option to adjust upon Council discretion.

7. Next Steps

Based on Council direction, Staff will include the changes proposed in this report to Council as part of the overall 2026-2035 Financial Plan for Council consideration.

The next step in enabling the District to levy a LAS tax is to establish the local service area through bylaw. Staff will return to Council to present the local service area establishment bylaw.

8. Alternatives to Recommendation

THAT Council direct staff to include Cheekeye debris flow barrier taxation, expenditures, and reserve transfers as presented on October 7, 2025, in the 2026-2035 Financial Plan with the following changes:

9. Attachments

Appendix 1 – Cheekeye Debris Flow Barrier Operations & Maintenance and Capital Expenditures

Appendix 2 – Cheekeye Debris Flow Barrier Capital Expenditures and Reserve Impact

Appendix 3 – Cheekeye Protection Zone

General taxation has been reduced by the proposed transfer from the General Operating Reserve (\$135K).

10. Staff Review

Prepared By:

Reann Sousa, MPAcc, CPA, CA, Director of Financial Operations

Reviewed By:

Heather Boxrud, MBA, CPA, CGA, CFO and General Manager of Financial, IT and Procurement Services

Melissa von Bloedau, Corporate Officer

CAO Recommendation:

That the report from the Financial Services department be approved:

Linda Glenday, CAO

Appendix 1 – Cheekeye Debris Flow Barrier Operations & Maintenance and Capital Expenditures

Table 1 – Cheekeye Debris Flow Barrier O&M taxation, expenditures, and reserve transfer

The table details the operations and maintenance taxation and expenditures as presented in the 2026-2035 Financial Plan. As required by the Provincial Indemnity Agreement, the values have been inflated for annual CPI (estimated to be 2% annually).

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
LAS / General Taxation	\$405K ¹	\$551K	\$562K	\$573K	\$585K	\$596K	\$608K	\$620K	\$632K	\$674K
General Operating Reserve Transfer	\$135K	(\$135K)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
O&M Expenditures	(\$194K)	(\$199K)	(\$340K)	(\$402K)	(\$562K)	(\$519K)	(\$441K)	(\$455K)	(\$518K)	(\$674K)
Balance to Transfer to Reserve	\$346K	\$217K	\$222K	\$171K	\$23K	\$77K	\$167K	\$165K	\$114K	(\$0)

Table 2 – Cheekeye Debris Flow Barrier Operations & Maintenance and Capital Reserve

The table details the Cheekeye Debris Flow Barrier O&M and Capital Reserve annual balance (without capital expenditures) in the 2026-2035 Financial Plan.

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	\$0	\$346K	\$563K	\$785K	\$956	\$979K	\$1.056M	\$1.223M	\$1.388M	\$1.532M
Contributions	\$346K	\$217K	\$222K	\$171K	\$23K	\$77K	\$167K	\$165K	\$114K	(\$0)
Reserve Balance	\$346K	\$563K	\$785K	\$956K	\$979K	\$1,056K	\$1.223M	\$1.388M	\$1.532M	\$1.532M

¹ In recognition that the barrier ownership is planned to transfer to the District partway through 2026, it is recommended that \$135K is transferred from the General Operating Reserve to prorate taxation in the year of implementation and offset a portion of general property taxation. The General Operating Reserve will be repaid in 2027.

Appendix 2 – Cheekeye Debris Flow Barrier Capital Expenditures and Reserve Impact

Table 1 - Planned Capital Expenditures Over a 100-Year Timeframe

The table details the planned capital expenditures over a 100-year timeframe in 2025 dollars.

	2026	2035	2045	2050	2055	2065	2075	2085	2095	2100	2105	2115	2125
Capital Repairs	\$0	\$532K	\$344K	\$4M	\$344K	\$344K	\$14.4M	\$532K	\$344K	\$4M	\$344K	\$344K	\$18.4M
Vehicle Purchase	\$75K	\$75K	\$75K	\$0	\$75K	\$75K	\$75K	\$75K	\$75K	\$0	\$75K	\$75K	\$75K
Total Capital Expenditures	\$75K	\$607K	\$419K	\$4M	\$419K	\$419K	\$14.475M	\$607K	\$419K	\$4M	\$419K	\$419K	\$18.475M

Table 2 – Cheekeye Barrier O&M and Capital Reserve Balance 2026 to 2035

The table details the impact to the Cheekeye Barrier O&M and Capital Reserve if it is utilized to fund capital expenditures. The capital repairs values have been inflated for annual CPI (estimated to be 2% annually).

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Opening Balance	\$0	\$271K	\$488K	\$710K	\$881K	\$904K	\$981K	\$1.148M	\$1.313M	\$1.428M
O&M and Capital Reserve Net Contribution (Use)	\$346K	\$217K	\$222K	\$171K	\$23K	\$77K	\$167K	\$165K	\$114K	(\$0)
Capital Repairs Expenditures	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$636K)
Vehicle Purchase	(\$75K)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$135K)
Reserve Balance	\$271K	\$488K	\$710K	\$881K	\$904K	\$981K	\$1.148M	\$1.313M	\$1.428M	\$657K

