

**CITY OF DUNCAN**

**BYLAW NO. 3113, 2014**

**A BYLAW TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2014-2019**

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**WHEREAS** Section 165 of the "Community Charter" requires a Municipality to prepare and adopt, by bylaw, a financial plan annually;

**NOW THEREFORE** the Council of the City of Duncan ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the "Financial Plan Bylaw No. 3113, 2014."

2. Administration:

2.1 Schedule "A" attached hereto and made of this bylaw is hereby declared to be the Tax Revenue Policy for the City of Duncan.

2.2 Schedule "B" attached hereto and made part of this bylaw is hereby declared to be the Six Year Financial Plan for the City of Duncan ending December 31, 2019.

PASSED FIRST READING 2014-APRIL-22  
PASSED SECOND READING 2014-APRIL-22  
PASSED THIRD READING 2014-APRIL-22  
ADOPTED 2014-MAY-05

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Phil Kent, Mayor

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Karen Robertson,  
Director of Corporate Services

**Financial Plan  
2014 - 2019  
Bylaw No. 3113, 2014  
Schedule "A" – Tax Revenue Policy**

**Financial Objectives and Policies**

**Current Revenue Proportions by Funding Source for Operating and Capital  
(excluding Transfers from Reserves and Surpluses)**

	<u>2013</u>		<u>2014</u>	
Taxation	3,586,069	40.6%	3,664,731	42.7%
Grants in Lieu of Taxes	10,500	0.1%	10,000	0.1%
Sales of Services	438,065	5.0%	496,668	5.8%
Sewer User Fees	837,524	9.5%	894,763	10.4%
Water User Fees	1,737,984	19.7%	1,793,904	20.9%
Other Revenue Own Sources	680,991	7.7%	667,613	7.8%
Gas Tax and Development Cost Charge Funds Used	1,016,085	11.5%	693,000	8.0%
Unconditional Transfers from Other Governments	345,675	3.9%	345,675	4.0%
Conditional Transfers from Other Governments	<u>176,950</u>	<u>2.0%</u>	<u>24,306</u>	<u>0.3%</u>
	8,829,843	100.0%	8,590,660	100.0%

***Policy Statement***

***City Council considers the current mix of user fees and tax levies sufficient; noting however, that Council intends to shift water and sewer fees to being charged on a metered basis.***

**Distribution of Property Taxes Collected**

<u>Class</u>	<u>2012 %</u>	<u>2013 %</u>	<u>2014 %</u>
Residential	54.64	54.96	55.57
Utilities	0.96	1.01	0.99
Light Industry	0.00	0.01	0.01
Business	44.32	43.98	43.39
Rec/Non profit	<u>0.08</u>	<u>0.04</u>	<u>0.04</u>
	100.00	100.00	100.00

**Current Property Class Multiples**

<u>Class</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Residential	1.00	1.00	1.00
Utilities	9.28	9.54	8.77
Light Industry		2.96	2.71
Business	3.02	2.89	2.64
Rec/Non profit	1.40	1.00	1.00
Farm	1.00	1.00	1.00

Historically, the City has kept its percentages of taxes collected from each class relatively static, varying only slightly from year to year. In times when one class of property is seeing large growth in assessment, this means that the benefits of increased new assessments are kept within that one class of property.

In the last several years (since 2006), Council has strived to limit the increases to the business class. The 2006 Business class multiple was 3.53 whereas the 2014 multiple is 2.64. This brings the City much closer to its long term goal of having the business multiple at the 50<sup>th</sup> percentile (median) which was 2.51 in 2013.

***Policy Statement***

***City Council considers the current proportions of taxes collected and current assessment class multiples as reasonable; however, as opportunities arise, Council will attempt to lower the percentage of taxes collected from the business class and attempt to hold or lower the business class multiple with a goal to have a multiple at the 50<sup>th</sup> percentile of other municipalities (median).***

**Use of permissive tax exemptions**

Tax Exemption Bylaw No. 3091, passed in October of 2013, contains a list of permissive exemptions granted for the 2014 taxation year and the estimated amount of tax revenue foregone. The list demonstrates the policy of council that permissive exemptions are granted to not-for-profit institutions that form a valuable part of our community. These include religious institutions, historical societies, some recreational facilities and service organizations.

Council will continue to support local organizations through permissive exemptions. These organizations provide services to our community that should be supported by residents. In the future, after appropriate consultation, Council may choose to provide permissive exemptions to property owners who contribute to our community in other ways. These may include investments made in greenhouse gas reduction technology or alternative energy, the provision of affordable housing, or revitalization of buildings or areas of the municipality.

***Policy Statement***

***City Council will examine its permissive tax exemption policy to determine if it should be expanded.***

<b>Schedule B to Financial Plan Bylaw 3113, 2014</b>						
<b>Six Year Financial Plan (2014-2019)</b>						
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues</b>						
Taxation	3,664,731	3,763,611	3,913,704	4,043,822	4,318,742	4,520,711
Grants in Lieu	10,000	10,000	10,000	10,000	10,000	10,000
Sales of Service	3,185,335	3,303,179	3,404,639	3,509,419	3,617,631	3,729,392
Gas Tax and Development Cost Charges	693,000	256,250	502,118	75,000	0	0
Other	1,037,594	1,257,340	1,270,579	1,294,290	1,318,477	1,343,154
	<b>8,590,660</b>	<b>8,590,380</b>	<b>9,101,040</b>	<b>8,932,531</b>	<b>9,264,850</b>	<b>9,603,257</b>
<b>Expenses</b>						
General Operating	3,898,045	3,820,972	3,891,987	4,891,230	5,292,803	5,409,348
Sanitary Sewer Operating	768,179	794,166	821,235	849,435	878,817	909,435
Water Operating	1,116,720	1,138,856	1,161,432	1,184,461	1,207,948	1,231,909
Interest Payments	61,955	61,955	61,355	61,355	61,355	61,355
Amortization	1,086,188	1,107,911	1,130,069	1,152,670	1,175,724	1,199,239
	<b>6,931,087</b>	<b>6,923,860</b>	<b>7,066,078</b>	<b>8,139,151</b>	<b>8,616,647</b>	<b>8,811,286</b>
Annual Surplus/Deficit	1,659,573	1,666,520	2,034,962	793,380	648,203	791,971
Add back: Amortization	1,086,188	1,107,911	1,130,069	1,152,670	1,175,724	1,199,239
	<b>2,745,761</b>	<b>2,774,431</b>	<b>3,165,031</b>	<b>1,946,050</b>	<b>1,823,927</b>	<b>1,991,210</b>
<b>Capital Expenditures</b>						
General Capital	2,976,133	1,342,231	2,988,035	1,907,105	1,220,086	1,236,015
Sewer Capital	603,550	805,000	270,000	457,000	85,000	85,000
Water Capital	2,292,628	1,661,000	1,766,239	1,744,029	1,250,033	1,135,033
	<b>5,872,311</b>	<b>3,808,231</b>	<b>5,024,274</b>	<b>4,108,134</b>	<b>2,555,119</b>	<b>2,456,048</b>
Proceeds from New Debt	-	-	-	-	-	-
Principal Payments	117,146	96,338	86,338	86,338	86,338	86,338
Transfers to (from) reserve fund	(744,881)	(185,947)	(124,277)	(604,522)	(310,829)	(76,392)
Transfers to/(from) Own funds	(2,498,815)	(944,191)	(1,821,304)	(1,643,900)	(506,701)	(474,784)
Financial Plan Balance	-	-	-	-	-	-