



City of Duncan

Financial Plan Bylaw No. 3134, 2016

(With Amendments to June 20, 2016)

Consolidated for Convenience Only

This consolidation is not a legal document. Certified copies of the original bylaws should be consulted for all interpretations and applications of the bylaws of this subject

Financial Plan Bylaw No. 3134.01, 2016 – Adopted June 20, 2016

CITY OF DUNCAN

BYLAW NO. 3134, 2016

A BYLAW TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2016-2020

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 in open meeting assembled, hereby ENACTS AS FOLLOWS:

1. Title

This Bylaw may be cited as the “Financial Plan 2016-2020 Bylaw No. 3134, 2016.”

2. Administration

2.1 Schedule “A” attached hereto and made part 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 Five Year Financial Plan for the City of Duncan ending December 31, 2020.

PASSED FIRST READING 2016-FEB-15
PASSED SECOND READING 2016-FEB-15
PASSED THIRD READING 2016-FEB-15

ADOPTED 2016-MARCH-21

Phil Kent, Mayor

Karen Robertson,
Director of Corporate Services

**Financial Plan
2016 – 2020
Bylaw No. 3134, 2016
Schedule “A” – Tax Revenue Policy**

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

	<u>2015</u>		<u>2016</u>	
Taxation	4,147,511	47.2%	4,266,866	47.1%
Grants in Lieu of Taxes	9,400	0.1%	8,000	0.1%
Sales of Services	525,149	6.0%	520,618	5.7%
Sewer User Fees	1,006,786	11.5%	1,073,648	11.8%
Water User Fees	1,952,754	22.2%	2,011,523	22.2%
Other Revenue Own Sources	608,548	6.9%	648,114	7.2%
Unconditional Transfers from Other Governments	510,000	5.8%	515,000	5.7%
Conditional Transfers from Other Governments	<u>19,000</u>	<u>0.2%</u>	<u>18,359</u>	<u>0.2%</u>
	8,779,148	100.0%	9,062,128	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>2014 %</u>	<u>2015 %</u>	<u>2016 %</u>
Residential	55.57	56.05	56.35
Utilities	0.99	0.94	0.92
Light Industry	0.01	0.03	0.03
Business	43.39	42.94	42.66
Rec/Non profit	0.04	0.04	0.04
	<hr/> 100.00	<hr/> 100.00	<hr/> 100.00

Current Property Class Multiples

<u>Class</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Residential	1.00	1.00	1.00
Utilities	8.77	8.44	8.40
Light Industry	2.71	2.56	2.58
Business	2.64	2.51	2.51
Rec/Non profit	1.00	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 2016 multiple is 2.51. This brings the City much closer to its long term goal of having the business multiple at the 50th percentile (median) which was 2.48 in 2015.

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 50th percentile of other municipalities (median).

Use of permissive tax exemptions

Tax Exemption Bylaws No. 3145 and 3146 passed in October of 2015, contain a list of permissive exemptions granted for the 2016 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.

Amend# 3134.01

Schedule B to Financial Plan Bylaw 3134, 2016
Five Year Financial Plan (2016-2020)

	2016	2017	2018	2019	2020
Revenues					
Taxation	3,864,082	4,286,460	4,537,208	4,662,946	4,781,762
Grants in Lieu	8,000	8,000	8,000	8,000	8,000
Sales of Service	3,466,869	3,604,210	3,748,335	3,865,559	3,986,649
Gas Tax and Development Cost Charges	730,822	810,438	50,000	175,000	300,000
Other	1,501,473	1,280,707	1,294,725	1,309,029	1,323,623
	9,571,246	9,989,815	9,638,268	10,020,534	10,400,034
Expenses					
General Operating	3,956,039	4,848,271	5,244,896	5,320,232	5,427,178
Sanitary Sewer Operating	777,156	752,737	765,552	779,234	793,178
Water Operating	1,195,066	1,218,044	1,242,222	1,266,882	1,292,036
Interest Payments	56,945	56,945	56,945	121,082	112,262
Amortization	1,536,366	1,567,093	1,598,435	1,630,404	1,663,012
	7,521,572	8,443,091	8,908,050	9,117,833	9,287,666
Annual Surplus/Deficit	2,049,674	1,546,724	730,219	902,700	1,112,368
Add back: Amortization	1,536,366	1,567,093	1,598,435	1,630,404	1,663,012
	3,586,040	3,113,817	2,328,654	2,533,104	2,775,380
Capital Expenditures					
General Capital	3,997,734	1,643,746	945,272	1,045,203	1,210,014
Sewer Capital	1,314,994	1,440,343	6,746,091	440,582	212,244
Water Capital	1,549,152	1,675,671	1,468,664	1,581,678	826,186
	6,861,880	4,759,760	9,160,027	3,067,463	2,248,444
Proceeds from New Debt	(230,000)	(261,354)	(6,336,205)	-	-
Principal Payments	86,338	86,338	86,338	177,420	163,497
Transfers to (from) reserve funds	(1,878,606)	(845,419)	45,220	67,932	401,070
Transfers to/(from) own funds	(1,253,572)	(625,508)	(626,726)	(779,711)	(37,632)
Financial Plan Balance	-	-	-	-	-