

CITY OF DUNCAN

BYLAW NO. 3214, 2021

A BYLAW TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2021-2025

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 hereby enacts as follows:

1. Title

This Bylaw may be cited as the "Financial Plan 2021-2025 Bylaw No. 3214, 2021."

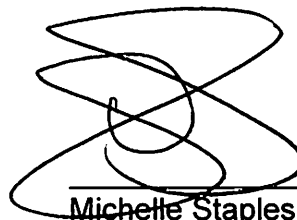
2. Administration

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, 2025.

PASSED FIRST READING 19-APRIL-2021.
PASSED SECOND READING 19-APRIL-2021.
PASSED THIRD READING 19-APRIL-2021.

ADOPTED 03-MAY-2021



Michelle Staples, Mayor



Monika Schitteck, Corporate Officer

**Schedule "A" to Financial Plan Bylaw 3214, 2021
Tax Revenue Policy**

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

	<u>2020</u>		<u>2021</u>	
Taxation	4,759,546	44.7%	4,917,965	44.0%
Grants in Lieu of Taxes	10,500	0.1%	12,175	0.1%
Sales of Services	593,582	5.6%	595,426	5.3%
Sewer User Fees	1,440,718	13.6%	1,481,228	13.3%
Water User Fees	2,487,493	23.4%	2,536,768	22.7%
Other Revenue Own Sources	796,469	7.4%	1,014,008	9.1%
Unconditional Transfers from Other Governments	552,000	5.1%	555,000	5.0%
Conditional Transfers from Other Governments	5,000	0.1%	50,322	0.5%
	<hr/> 10,645,308	100.0%	<hr/> 11,117,670	<hr/> 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>2019 %</u>	<u>2020 %</u>	<u>2021%</u>
Residential	56.73	56.19	56.24
Utilities	1.22	1.58	1.64
Light Industry	0.03	0.00	0.00
Business	42.00	42.18	42.05
Rec/Not-for-profit	0.02	0.05	0.07
	<hr/> 100.00	<hr/> 100.00	<hr/> 100.00

Current Property Class Multiples

<u>Class</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Residential	1.00	1.00	1.00
Utilities	11.00	11.50	11.50
Light Industry	2.76	2.56	2.56
Business	2.76	2.56	2.56
Rec/Not-for-profit	1.00	1.00	1.00
Farm	1.00	1.00	1.00

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).

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 2021 multiple is 2.56. This achieves the City's long term goal of having the business multiple at the 50th percentile (median) which was 2.50 in 2020.

Use of permissive tax exemptions

Tax Exemption Bylaws No. 3210 and 3211, passed in October of 2020, contain a list of permissive exemptions granted for the 2021 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.

**Schedule B to Financial Plan Bylaw 3214, 2021
Five Year Financial Plan (2021-2025)**

	2021	2022	2023	2024	2025
Revenues					
Taxation	4,446,429	4,642,979	5,130,157	5,464,712	5,597,596
Grants in Lieu	12,175	12,540	12,916	13,304	13,703
Sales of Service	4,476,142	4,657,227	4,846,764	5,056,093	5,268,896
Gas Tax and Development Cost Charges	665,158	1,108,548	193,421	115,323	117,283
Other	4,217,660	3,607,977	1,549,483	1,866,682	1,884,234
	<u>13,817,564</u>	<u>14,029,271</u>	<u>11,732,742</u>	<u>12,516,115</u>	<u>12,881,712</u>
Expenses					
General Operating	5,272,348	5,783,815	6,106,862	6,222,447	6,355,388
Sanitary Sewer Operating	885,023	895,673	903,172	917,590	933,894
Water Operating	1,549,997	1,572,934	1,600,352	1,630,009	1,663,508
Interest Payments	49,825	2,754	2,809	81,437	155,725
Amortization	1,676,200	1,709,724	1,743,918	1,778,797	1,814,373
	<u>9,433,393</u>	<u>9,964,900</u>	<u>10,357,114</u>	<u>10,630,280</u>	<u>10,922,887</u>
Annual Surplus/Deficit	4,384,171	4,064,371	1,375,628	1,885,835	1,958,824
Add back: Amortization	1,676,200	1,709,724	1,743,918	1,778,797	1,814,373
	<u>6,060,371</u>	<u>5,774,095</u>	<u>3,119,547</u>	<u>3,664,632</u>	<u>3,773,197</u>
Capital Expenditures					
General Capital	5,638,408	5,639,503	1,536,925	1,798,972	1,702,161
Sewer Capital	1,009,105	1,398,710	5,861,970	3,239,225	656,800
Water Capital	2,979,657	1,633,374	1,153,773	1,140,257	1,189,291
	<u>9,627,170</u>	<u>8,671,587</u>	<u>8,552,668</u>	<u>6,178,455</u>	<u>3,548,253</u>
Proceeds from New Debt	0	0	(2,627,799)	(2,482,584)	0
Principal Payments	653,000	0	0	79,454	154,517
Transfers to/(from) reserve funds	(1,704,639)	(1,855,817)	(810,163)	(54,586)	70,428
Transfers to/(from) own funds	(2,515,160)	(1,041,676)	(1,995,159)	(56,107)	0
	<u>(2,515,160)</u>	<u>(1,041,676)</u>	<u>(1,995,159)</u>	<u>(56,107)</u>	<u>0</u>
Financial Plan Balance	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>