

CITY OF DUNCAN

BYLAW NO. 3163, 2017

A BYLAW TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2017-2022

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 2017-2022 Bylaw No. 3163, 2017."

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 Six Year Financial Plan for the City of Duncan ending December 31, 2022.

PASSED FIRST READING 2017-APR-18
PASSED SECOND READING 2017-APR-18
PASSED THIRD READING 2017-APR-18

ADOPTED 2017-MAY-01



Phil Kent, Mayor



Karen Robertson,
Director of Corporate Services

**Financial Plan
2017-2022
Bylaw No. 3163, 2017
Schedule "A" – Tax Revenue Policy**

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

	<u>2017</u>		<u>2016</u>	
Taxation	4,368,492	45.6%	4,266,866	47.1%
Grants in Lieu of Taxes	7,850	0.1%	8,000	0.1%
Sales of Services	536,799	5.6%	520,618	5.7%
Sewer User Fees	1,179,683	13.3%	1,073,648	11.8%
Water User Fees	2,163,541	22.6%	2,011,523	22.2%
Other Revenue Own Sources	668,567	7.0%	648,114	7.2%
Unconditional Transfers from Other Governments	515,000	5.4%	515,000	5.7%
Conditional Transfers from Other Governments	<u>137,221</u>	<u>1.4%</u>	<u>18,359</u>	<u>0.2%</u>
	9,577,152	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>2015 %</u>	<u>2016 %</u>	<u>2017 %</u>
Residential	56.05	56.35	56.80
Utilities	0.94	0.92	1.09
Light Industry	0.03	0.03	0.03
Business	42.94	42.66	42.06
Rec/Non profit	0.04	0.04	0.02
	100.00	100.00	100.00

Current Property Class Multiples

<u>Class</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Residential	1.00	1.00	1.00
Utilities	8.44	8.40	8.78
Light Industry	2.56	2.59	2.59
Business	2.51	2.52	2.52
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 2.52. This brings the City much closer to its long term goal of having the business multiple at the 50th percentile (median) which was 2.49 in 2016.

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. 3151, 3152 and 3153, passed in October of 2016, contain a list of permissive exemptions granted for the 2017 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 3163, 2017
Six Year Financial Plan (2017-2022)**

	2017	2018	2019	2020	2021	2022
Revenues						
Taxation	3,956,318	4,077,840	4,226,114	4,375,665	4,532,613	5,057,329
Grants in Lieu	7,850	7,850	7,850	7,850	7,850	7,850
Sales of Service	3,739,723	3,889,351	4,046,958	4,174,886	4,307,066	4,443,643
Gas Tax and Development Cost Charges	620,695	764,135	260,000	300,000	50,000	50,000
Other	1,834,664	1,284,246	1,298,365	1,312,773	1,327,474	1,342,476
	<u>10,159,250</u>	<u>10,023,421</u>	<u>9,839,286</u>	<u>10,171,173</u>	<u>10,225,003</u>	<u>10,901,298</u>
Expenses						
General Operating	4,146,822	3,956,536	4,009,768	4,104,804	4,184,599	5,667,884
Sanitary Sewer Operating	794,618	768,941	781,801	795,651	809,763	818,048
Water Operating	1,264,249	1,289,159	1,314,568	1,340,484	1,366,919	1,393,883
Interest Payments	56,945	56,945	56,945	121,082	112,262	112,262
Amortization	1,567,093	1,574,070	1,605,551	1,637,662	1,670,416	1,703,824
	<u>7,829,727</u>	<u>7,645,652</u>	<u>7,768,633</u>	<u>7,999,683</u>	<u>8,143,959</u>	<u>9,695,901</u>
Annual Surplus/Deficit	2,329,523	2,377,769	2,070,653	2,171,491	2,081,045	1,205,398
Add back: Amortization	1,567,093	1,574,070	1,605,551	1,637,662	1,670,416	1,703,824
	<u>3,896,616</u>	<u>3,951,839</u>	<u>3,676,205</u>	<u>3,809,153</u>	<u>3,751,460</u>	<u>2,909,222</u>
Capital Expenditures						
General Capital	3,865,995	1,623,212	1,174,203	1,151,840	800,104	897,860
Sewer Capital	1,133,746	1,580,528	869,882	3,128,119	453,015	499,326
Water Capital	2,880,227	1,762,017	1,097,688	1,021,057	1,064,587	1,109,670
	<u>7,879,968</u>	<u>4,965,757</u>	<u>3,141,772</u>	<u>5,301,016</u>	<u>2,317,706</u>	<u>2,506,855</u>
Proceeds from New Debt	-	-	-	(2,736,237)	-	-
Principal Payments	86,338	86,338	86,338	177,420	163,497	163,497
Transfers to/(from) reserve funds	(1,712,231)	(256,696)	736,176	1,066,953	1,270,257	238,870
Transfers to/(from) own funds	(2,357,459)	(843,559)	(288,081)	-	-	-
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>