

CITY OF DUNCAN

BYLAW NO. 3194, 2019

A BYLAW TO ESTABLISH THE FINANCIAL PLAN FOR THE YEARS 2019-2023

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 2019-2023 Bylaw No. 3194, 2019."

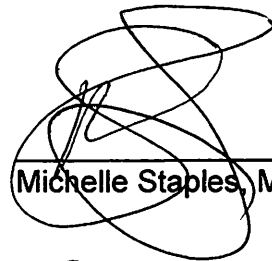
2. Administration

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.

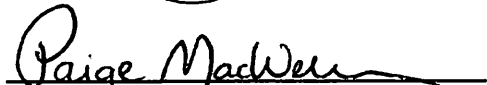
2.2 Schedule "B" attached hereto and made part of this bylaw is hereby declared to be the Five Year Financial Plan for the City of Duncan ending December 31, 2023.

PASSED FIRST READING 15-APRIL-2019
PASSED SECOND READING 15-APRIL-2019
PASSED THIRD READING 15-APRIL-2019

ADOPTED 06-MAY-2016



Michelle Staples, Mayor



Paige MacWilliam,
Director of Corporate Services

**Financial Plan
2019-2023
Bylaw No. 3194, 2019
Schedule "A" – Tax Revenue Policy**

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

	<u>2019</u>		<u>2018</u>	
Taxation	4,647,389	45.5%	4,573,352	46.2%
Grants in Lieu of Taxes	12,700	0.1%	12,900	0.1%
Sales of Services	561,872	5.5%	541,701	5.5%
Sewer User Fees	1,349,779	13.2%	1,242,799	12.6%
Water User Fees	2,398,802	23.4%	2,269,129	22.9%
Other Revenue Own Sources	720,363	7.0%	682,630	6.9%
Unconditional Transfers from Other Governments	535,000	5.2%	520,000	5.3%
Conditional Transfers from Other Governments	5,000	0.1%	46,650	0.5%
	<u>10,232,925</u>	<u>100.0%</u>	<u>9,889,161</u>	<u>100.0%</u>

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>2017 %</u>	<u>2018 %</u>	<u>2019 %</u>
Residential	56.80	56.83	56.73
Utilities	1.09	1.20	1.22
Light Industry	0.03	0.03	0.03
Business	42.06	41.92	42.00
Rec/Non profit	0.02	0.02	0.02
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>

Current Property Class Multiples

<u>Class</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Residential	1.00	1.00	1.00
Utilities	9.80	10.38	11.00
Light Industry	2.59	2.53	2.76
Business	2.52	2.53	2.76
Rec/Non 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 2019 multiple is 2.76. This brings the City close to its long term goal of having the business multiple at the 50th percentile (median) which was 2.55 in 2018.

Use of permissive tax exemptions

Tax Exemption Bylaws No. 3186 and 3187, passed in September of 2018, contain a list of permissive exemptions granted for the 2019 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 3194, 2019
Five Year Financial Plan (2019-2023)**

	2019	2020	2021	2022	2023
Revenues					
Taxation	4,203,389	4,339,993	4,466,269	5,000,711	5,150,657
Grants in Lieu	12,700	13,081	13,473	13,878	14,294
Sales of Service	4,178,353	4,342,148	4,475,561	4,613,407	4,755,841
Gas Tax and Development Cost Charges	518,800	508,034	33,275	8,523	8,779
Other	1,368,484	2,788,989	2,106,235	1,362,286	1,357,734
	<u>10,281,726</u>	<u>11,992,246</u>	<u>11,094,813</u>	<u>10,998,804</u>	<u>11,287,304</u>
Expenses					
General Operating	4,152,873	4,150,407	4,240,432	5,692,248	5,809,864
Sanitary Sewer Operating	827,294	833,761	849,346	865,191	879,565
Water Operating	1,410,158	1,431,714	1,461,764	1,492,403	1,520,345
Interest Payments	57,145	57,145	121,282	112,462	112,462
Amortization	1,631,141	1,663,764	1,697,039	1,730,980	1,765,599
	<u>8,078,611</u>	<u>8,136,790</u>	<u>8,369,863</u>	<u>9,893,285</u>	<u>10,087,836</u>
Annual Surplus/Deficit	2,203,115	3,855,456	2,724,950	1,105,520	1,199,468
Add back: Amortization	1,631,141	1,663,764	1,697,039	1,730,980	1,765,599
	<u>3,834,256</u>	<u>5,519,220</u>	<u>4,421,990</u>	<u>2,836,500</u>	<u>2,965,067</u>
Capital Expenditures					
General Capital	3,370,847	4,121,604	3,823,048	1,659,124	949,732
Sewer Capital	1,273,032	4,575,901	454,144	503,567	547,891
Water Capital	2,472,160	1,371,631	1,079,209	1,124,174	1,174,092
	<u>7,116,039</u>	<u>10,069,136</u>	<u>5,356,401</u>	<u>3,286,865</u>	<u>2,671,715</u>
Proceeds from New Debt	-	(3,399,983)	-	-	-
Principal Payments	86,338	177,420	163,497	163,497	163,497
Transfers to/(from) reserve funds	(1,666,081)	(692,090)	(1,097,909)	(613,862)	129,855
Transfers to/(from) own funds	(1,702,040)	(635,263)	-	-	-
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>