
TOWN of LADYSMITH

BYLAW NO. 1827

A bylaw establishing the Financial Plan for the years 2013-2017.

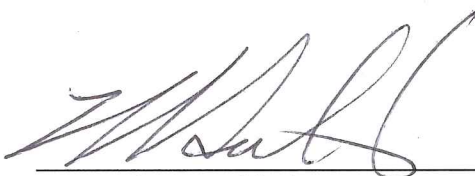
WHEREAS the *Community Charter* requires Municipal Councils to prepare and adopt, by bylaw, a financial plan;

NOW THEREFORE the Council of the Town of Ladysmith in open meeting assembled enacts as follows:


- (1) Schedule "A" attached hereto and made part of the bylaw is hereby adopted and shall be the Financial Plan for the Town of Ladysmith for the five years ending the thirty-first day of December, 2017.
- (2) Schedule "B" attached hereto and made part of the bylaw is hereby adopted and shall be the statement of objectives and policies for the Town of Ladysmith for the five years ending the 31st of December 2017.
- (3) This bylaw may be cited for all purposes as: "*Town of Ladysmith Financial Plan Bylaw 2013, No. 1827*".
- (4) "Town of Ladysmith Financial Plan Bylaw 2012, No. 1801" is hereby repealed.

READ A FIRST TIME	on the	6 th	day of May,	2013
READ A SECOND TIME	on the	6 th	day of May,	2013
READ A THIRD TIME	on the	6 th	day of May,	2013
ADOPTED	on the	13 th	day of May,	2013





Mayor (R. Hutchins)



Corporate Officer (S. Bowden)

Schedule 'A' of Bylaw 1827

Town of Ladysmith 2013-2017

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES:					
Revenue From Property Tax Values	7,085,455	7,581,546	7,867,466	8,356,409	8,448,476
Revenue From Grants In Lieu	158,250	161,415	164,645	167,937	171,296
Revenue From Parcel Taxes	1,349,850	1,408,449	1,468,030	1,528,601	1,805,229
Revenue From Fees & Charges	3,059,327	3,101,237	3,198,848	3,511,074	3,454,200
Revenue From Other Sources	1,767,972	2,462,047	4,266,801	1,830,080	2,635,461
	<u>13,420,854</u>	<u>14,714,694</u>	<u>16,965,790</u>	<u>15,394,101</u>	<u>16,514,662</u>
EXPENSES:					
General Operating Expense	8,910,529	9,078,826	9,254,747	9,433,596	9,616,011
Sanitary Sewer Operating Expenses	578,195	589,761	749,160	906,090	923,000
Water Operating Expenses	557,270	553,116	564,179	575,461	586,969
Interest Payments	568,706	569,359	569,667	557,124	557,046
Amortization	2,270,000	2,315,400	2,361,708	2,408,942	2,457,121
	<u>13,420,854</u>	<u>14,714,694</u>	<u>16,965,790</u>	<u>15,394,101</u>	<u>16,514,662</u>
Annual Surplus/Deficit	536,154	1,608,232	3,466,329	1,512,888	2,374,515
Add back:					
Amortization	2,270,000	2,315,400	2,361,708	2,408,942	2,457,121
Capital Expenditures					
General Capital	1,919,141	1,573,320	3,278,647	2,757,329	4,281,196
Sanitary Sewer Capital	6,500,000	11,186,900	1,397,200	852,500	427,800
Water Capital	2,892,131	1,796,405	3,936,725	322,061	322,414
Proceeds from New Debt	(4,729,000)	(9,900,000)	(2,300,000)	0	(1,080,000)
Principal Payments	450,762	454,496	558,302	556,868	549,618
Transfers from DCC's & Reserves	(381,625)	(724,730)	(108,075)	(500,000)	0
Transfer to/from Own Funds	(3,845,255)	(462,759)	(934,762)	(66,928)	330,608
	<u>(3,845,255)</u>	<u>(462,759)</u>	<u>(934,762)</u>	<u>(66,928)</u>	<u>330,608</u>
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Schedule 'B' of Bylaw No. 1827

**Town of Ladysmith 2013 – 2017 Financial Plan
Statement of Objectives and Policies**

In accordance with Section 165(3.1) of the Community Charter, the Town of Ladysmith (Town) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the Community Charter;
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

Funding Sources

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2013. Council currently has no specific policy surround the proportion of total revenue to come from each funding source. Property taxes form the greatest proportion of revenue. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

User fees and charges form a large portion of planned revenue. Many services can be measured and charged on a user-pay basis. Services where fees and charges can be easily administered include water and sewer usage, building permits, business licenses, and sale of services - these are charged on a user pay basis. User fees attempt to apportion the value of a service to those who use the service.

Objective

- The Town will increase the proportion of revenue that is received from user fees and charges by at least 3 percent over the current levels.

Policies

- The Town will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- Universal water metering rates will be reviewed to ensure that appropriate user fees and charges, rather than taxation, to lessen the burden on its limited property tax base.

Table 1: Sources of Revenue

Revenue	2013	% total
Property Taxes	\$7,085,455	31.33%
Grants in Lieu	158,250	0.70%
Parcel Taxes	1,349,850	5.97%
User fees & Charges	3,059,327	13.53%
Other Sources	454,921	2.01%
Borrowing	4,729,000	20.91%
Government Grants	1,313,051	5.81%
DCC's & Reserves	381,625	1.69%
Own Funds	4,085,439	18.06%

Distribution of Property Tax Rates

Table 2 outlines the distribution of property taxes among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

Objectives

- In 2013, maintain the Major Industry (Class 4) tax dollar levy. Over 2014-2017, reduce the share of property tax paid by Class 4 by at least 2 percent.
- In 2013, Council directed the Residential Class (Class 1) tax increase to be no more than 5% after new construction figures and that the Business/Other Class (Class 6) increase be no more than half of the Residential (Class 1) increase. Over 2014-2017, maintain the Class 6 tax levy increase to be no more than half of the Class 1 tax levy increase.

Policies

- Supplement, where possible, revenues from user fees and charges to help to offset the burden on the entire property tax base as a result of the reduction in the tax share paid by major industry (Class 4).
- If a tax shift to other property classes is required as a result of the reduction in the tax rate to major industry (Class 4), Residential (Class 1) should be the first to absorb any such shifts.
- Continue to maintain and encourage economic development initiatives designed to attract more light industry, retail and commercial businesses to invest in the community. New investment from these areas will help offset the reduction to major industry (Class 4) while providing more revenue for the Town.
- Align the distribution of tax rates among the property classes with the social and economic goals of the community, particularly to encourage economic and environmental sustainability opportunities.
- Regularly review and compare the Town's distributions of tax burden relative to other municipalities in British Columbia.

Table 2: Distribution of Property Tax Rates

Property Class	% of Total Property Taxation	Dollar Value
Residential (1)	69.49%	\$4,923,703
Utilities (2)	0.45%	31,943
Supportive Housing (3)	0.00%	0
Major Industry (4)	13.35%	945,952
Light Industry (5)	0.83%	59,112
Business and Other (6)	15.67%	1,110,025
Managed Forest Land (7)	0.00%	170
Recreation/Non-profit (8)	0.19%	13,252
Farmland (9)	0.02%	1,298
Total	100%	\$7,085,455

Permissive Tax Exemptions

The Town provides permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions include the following:

- The tax exemption must demonstrate benefit to the community and residents of the Town by enhancing the quality of life (economically, socially and culturally) within the community.
- The goals, policies and principles of the organization receiving the exemption must not be inconsistent or in conflict with those of the Town.
- The organization receiving the exemption must be a registered non-profit society, as the support of the municipality will not be used for commercial and private gain.
- Permissive tax exemptions will be considered in conjunction with: (a) other assistance being provided by the Town; (b) the potential demands for Town services or infrastructure arising from the property; and (c) the amount of revenue that the Town will lose if the exemption is granted.

Objective

- The Town will continue to provide permissive tax exemptions to some non-profit societies. The Town has also expanded its offering of permissive tax exemptions to include revitalization tax exemptions. It also intends to offer permissive tax exemptions targeted at green development for the purposes of encouraging development that will meet our *Climate Action Charter* commitments.

Policies

- Expand the permissive tax exemption policy to include eligibility requirements for green revitalization tax exemptions.
- Develop a revitalization tax exemption program which details the kinds of green activities that the exemption program will target.
- Integrate the green revitalization tax exemption program into the Town's existing economic initiatives as a means of attracting retail and commercial businesses to further invest in the community.
- Establish a revitalization tax exemption for economic revitalization in order to encourage the commercial and industrial redevelopment of specific areas.

Table 3: Utilization of Reserves, Development Cost Charges and Surplus

Source	% of Total	Dollar Value
Reserves	6%	\$273,550
Development Cost Charges	2%	108,075
Surplus	91%	4,085,439
Total		\$4,467,064