
TOWN OF LADYSMITH

BYLAW NO. 1908

A bylaw establishing the Financial Plan for the years 2016-2020

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:

Administration

- (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 31st of December, 2020.
- (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 2020.

Repeal

- (3) The "Town of Ladysmith Financial Plan Bylaw 2015, No. 1878" is hereby repealed.

Citation

- (4) This bylaw may be cited for all purposes as: "*Town of Ladysmith Financial Plan Bylaw 2016, No. 1908*".


READ A FIRST TIME on the 18th day of April, 2016

READ A SECOND TIME on the 18th day of April, 2016

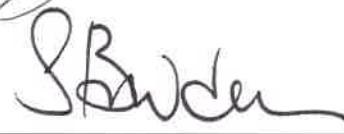
READ A THIRD TIME on the 18th day of April, 2016

ADOPTED on the 2nd day of May, 2016





Mayor (A. Stone)



Corporate Officer (S. Bowden)

Schedule 'A' of Bylaw 1908

2016 – 2020 Financial Plan

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES: | | | | | |
| Revenue From Property Tax Values | 7,685,704 | 8,252,595 | 8,530,815 | 9,009,278 | 9,349,009 |
| Revenue From Grants In Lieu | 162,379 | 163,745 | 165,126 | 165,681 | 169,049 |
| Revenue From Parcel Taxes | 1,778,053 | 2,082,394 | 2,380,332 | 2,680,164 | 2,981,897 |
| Revenue From Fees & Charges | 3,487,239 | 3,575,719 | 3,706,676 | 3,639,845 | 3,677,131 |
| Revenue From Other Sources | 12,562,040 | 1,203,556 | 863,491 | 2,639,616 | 1,843,816 |
| | <u>25,675,415</u> | <u>15,278,009</u> | <u>15,646,440</u> | <u>18,134,584</u> | <u>18,020,902</u> |
| EXPENSES: | | | | | |
| General Operating Expense | 9,327,314 | 9,493,597 | 9,719,565 | 9,885,193 | 10,104,939 |
| Sanitary Sewer Operating Expenses | 880,701 | 984,600 | 1,059,293 | 1,080,479 | 1,044,866 |
| Water Operating Expenses | 664,557 | 672,878 | 971,334 | 978,624 | 998,225 |
| Interest Payments | 685,833 | 831,688 | 834,705 | 837,783 | 840,921 |
| Amortization | 2,485,372 | 2,526,469 | 2,567,980 | 2,610,322 | 2,653,511 |
| | <u>11,631,638</u> | <u>768,777</u> | <u>493,563</u> | <u>2,742,183</u> | <u>2,378,440</u> |
| Annual Surplus/Deficit | | | | | |
| Add back: | | | | | |
| Amortization | 2,485,372 | 2,526,469 | 2,567,980 | 2,610,322 | 2,653,511 |
| Capital Expenditures | | | | | |
| General Capital | 3,014,897 | 1,266,533 | 1,269,564 | 10,296,756 | 1,060,000 |
| Sanitary Sewer Capital | 6,801,408 | 960,000 | 360,000 | 360,000 | 360,000 |
| Water Capital | 14,643,605 | 602,000 | 5,475,000 | 4,040,000 | 2,200,000 |
| Proceeds from New Debt | (7,635,000) | 0 | (4,389,875) | (10,867,556) | (1,000,000) |
| Principal Payments | 793,650 | 902,224 | 904,987 | 907,804 | 655,630 |
| Transfers from DCC's & Reserves | (743,500) | (441,920) | (835,125) | (298,400) | (60,000) |
| Transfer to/from Own Funds | (2,758,050) | 6,409 | 276,992 | 913,901 | 1,816,321 |
| Financial Plan Balance | | | | | |

Schedule 'B' of Bylaw No. 1908

**Town of Ladysmith 2016 – 2020 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 2016. Council currently has no specific policy surrounding 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 until the fees and charges more closely meet the costs incurred to provide the services.

Policies

- The Town will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- Water and Sanitary Sewer Rates will be reviewed to ensure that appropriate user fees are charged, rather than taxation, to lessen the burden on its limited property tax base.
- Borrowing will be considered when a capital project will provide benefits to taxpayers over a long period.
- Pursuant to Council's direction, the Town will build a reserve to fund major capital projects. This is done by transferring a minimum of 10% prior year's municipal tax levy to General Capital projects as well as setting aside a further 5% for asset replacement.

Table 1: Sources of Revenue

| <u>Revenue Source</u> | <u>2016</u> | <u>% total</u> |
|-----------------------|-------------|----------------|
| Property Taxes | 7,685,704 | 20.44% |
| Grants in Lieu | 162,379 | 0.43% |
| Parcel Taxes | 1,778,053 | 4.73% |
| User fees & Charges | 3,487,239 | 9.27% |
| Other Sources | 243,500 | 0.65% |
| Borrowing | 7,635,000 | 20.30% |
| Government Grants | 12,318,540 | 32.76% |
| DCCs & Reserves | 743,500 | 1.98% |
| Own Funds | 3,552,383 | 9.44% |

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

- The amount of taxes to be collected from each of the classes will be reviewed each year.

Policies

- Supplement, where possible, revenues from user fees and charges to help to offset the burden on the entire property tax base.
- The amount of taxation to come from Class 4 Major Industry will remain at \$970,952.
- The increase to Class 6 Business/Other will be half of the increase to Class 1 Residential after non-market change.
- Continue to maintain and encourage economic development initiatives designed to attract more light industry, retail and commercial businesses to invest in the community. 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 2016 Property Tax Rates

| Property Class | 2016 |
|---------------------------|------------------------------|
| | % of Total Property Taxation |
| Residential (1) | 72.07% |
| Utilities (2) | 0.41% |
| Supportive Housing (3) | 0.00% |
| Major Industry (4) | 12.08% |
| Light Industry (5) | 0.80% |
| Business and Other (6) | 14.35% |
| Managed Forest Land (7) | 0.00% |
| Recreation/Non-profit (8) | 0.28% |
| Farmland (9) | 0.01% |
| Total | 100% |

Permissive Tax Exemptions

The Town provides permissive tax exemptions. The Permissive Tax Exemption Bylaw 2015, No.1890, adopted on October 13, 2015, contains a list of property exempt from taxation for 2016. 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.
- Continue the use of the 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 for 2016

| Source | % of Total | Dollar Value |
|----------------------------------|------------|--------------------|
| Development Cost Charges - Roads | 4% | 168,000 |
| Gas Tax Funds | 13% | 575,500 |
| Surplus | 83% | 3,552,383 |
| Total | | \$4,295,883 |