

**A SPECIAL MEETING OF THE
COUNCIL OF THE TOWN OF LADYSMITH
TO BE HELD IN COUNCIL CHAMBERS AT
LADYSMITH CITY HALL ON
MONDAY, APRIL 9, 2018**

**Call to Order and Closed Meeting - 5:00 p.m.
Municipal Services Committee Meeting – 6:00 p.m.
Special Open Meeting - 7:00 p.m.**

A G E N D A

CALL TO ORDER (5:00 P.M.)

1. CLOSED SESSION

In accordance with section 90(1) of the *Community Charter*, this section of the meeting will be held *In Camera* to consider matters related to the following:

- the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality - section 90(1)(e)

SPECIAL MEETING (7:00 P.M.)

2. AGENDA APPROVAL

3. RISE AND REPORT – Items from Closed Meeting

4. MINUTES

4.1. Minutes of the Regular Meeting of Council held March 19, 2018 1 - 9

5. 2018-2022 FINANCIAL PLAN DELIBERATIONS

5.1. 2018-2022 Financial Plan..... 10 - 19

Staff Recommendation:

1. That Council direct staff to prepare:



- a) The Financial Plan Bylaw and Tax Rates Bylaw based on Option #1 of allocating the same percentage of tax allocation in 2017 to the difference after non market change in the total tax levy;
 - b) The 2018 Water Parcel Tax Bylaw; and
 - c) The 2018 Sewer Parcel Tax Bylaw.
2. That Council confirm in the 2018-2022 Financial Plan the Waterfront Area Plan work, including the contracted services, consulting fees, and an additional temporary exempt position to manage the Waterfront Area Plan project at a cost of \$400,000 per year for the next 5 years to be funded by various reserves.

5.2. Municipal Services Committee Recommendation regarding Grants in Aid

Recommendation:

That Council consider the following recommendations regarding Grants in Aid for inclusion in the 2018 budget:

Ladysmith Festival Of Lights	2,000
Ladysmith Fire Rescue - Santa Parade	1,200
Ladysmith Golf Club Society	5,000
Ladysmith Citizens on Patrol	1,500
Old English Car Club Central Island Branch	250
Ladysmith District Historical Soc. - Industrial Heritage Preservation	7,000
Art Council of Ladysmith and District- Arts on the Avenue	1,500
Ladysmith and District Marine Rescue Society	2,500
Art Council of Ladysmith and District Waterfront Gallery	1,000
Ladysmith Downtown Business Association(Grand Christmas)	1,500
Ladysmith Show and Shine	500
257 RCACS Parent Committee (Ladysmith Air Cadets)	0
Ladysmith Downtown Business Association(Old Time Christmas)	1,500
Ladysmith Ambassador Program	1,500
Ladysmith Fire Rescue - Community Haunted House	0

LAFF	2,500
Ladysmith Community Gardens Society	650
Ladysmith Celebrations Society	8,000
Cowichan Family Caregivers Support Society	750
St Phillips Anglican Church - Open Table	500
Cowichan Social Planning Society	0
Ladysmith Maritime Society	1,500
Stz'uminus First Nation (Aboriginal Day)	1,200
Waiving Fees	4,000
LSS - Frank Jameson Bursary	1,500

5.3. Public Input and Questions regarding Financial Plan

ADJOURNMENT

**MINUTES OF A REGULAR MEETING OF COUNCIL
MONDAY, MARCH 19, 2018
CALL TO ORDER 6:00 P.M.
COUNCIL CHAMBERS, CITY HALL**

COUNCIL MEMBERS PRESENT:

Mayor Aaron Stone	Councillor Steve Arnett	Councillor Cal Fradin
Councillor Joe Friesenhan	Councillor Carol Henderson	Councillor Rob Hutchins
Councillor Duck Paterson		

STAFF PRESENT:

Guillermo Ferrero	Felicity Adams	Geoff Goodall
Clayton Postings	Joanna Winter	Sue Bouma

CALL TO ORDER

Mayor Stone called this Meeting of Council to order at 6:00 p.m.

CLOSED SESSION

CS 2018-074

Moved and seconded:

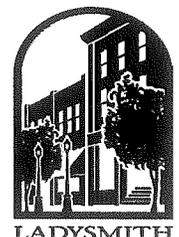
That, in accordance with section 90(1) of the *Community Charter*, Council retire into closed session at 5:01 p.m. in order to consider items related to the following:

- the acquisition, disposition or expropriation of land or improvements, if the council considers that disclosure could reasonably be expected to harm the interests of the municipality – section 90(1) (e)
- negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public – section 90(1)(k)
- litigation or potential litigation affecting the municipality – section 90(1)(g)

Motion carried.

REGULAR MEETING

Mayor Stone called this Open Session of Council to order at 7:00 p.m., recognizing the traditional unceded territory of the Stz'uminus First Nation and the Coast Salish people and expressing gratitude to be here.



AGENDA APPROVAL

CS 2018-075

Moved and seconded:

That Council approve the agenda and the supplemental agenda for this Regular Meeting of Council for Monday, March 19, 2018 as amended by the following:

- Amend the Staff Recommendation for Item 8.2., "Zoning Bylaw Amendment Application 3360-17-04 - 618 Farrell Road"
- Add to Item 8.2., "Letter from Applicant regarding Rezoning Application 3360-17-04, 618 Farrell Road"
- Add Item 12.1., "Louis Riel Day update and plans for 2018"
- Add Item 12.2., "Arts Council presentation of 'Pete Seeger's the Incomplete Folksinger'"
- Add Item 12.3., "Timeline for the Town of Ladysmith Updated Aerial Photo Map"

Motion carried.

RISE AND REPORT

Council rose from Closed Session at 6:49 p.m. and reported on the following matters from the Closed Meeting of Council held March 12, 2018:

- *Resolution CE 2018-017*

That Council endorse the final draft Waterfront Area Plan, including the Implementation Projects, by:

- a. Taking it to Public Hearing,
- b. Inviting the Stz'uminus Chief and Council to participate in the public hearing process, and
- c. Including specific language in the plan to provide flexibility in implementation timing

- *Resolution CE 2018-018*

That Council:

- a. Establish a new Waterfront Implementation Project Leadership Committee (to replace the current Project Leadership Committee) in accordance with Community Charter s. 142 to be comprised of three members of Stz'uminus Council and three members of Town Council, with members of the communities as determined by the Committee to serve in an ex-officio capacity from time to time, and
- b. Task the Waterfront Implementation Project Leadership Committee with developing terms of reference for the consideration and endorsement of both Councils.

- *Resolution CE 2018-019*

That Council appoint Chief Elliott, Mayor Stone and Councillors Peter Seymour, Anne Jack, Joe Friesenhan and Rob Hutchins to the Waterfront Implementation Project Leadership Committee.

MINUTES

CS 2018-076

Moved and seconded:

That Council approve the minutes of the Regular Meeting of Council held March 5, 2018.

Motion carried.

Moved and seconded:

CS 2018-077

That Council approve the minutes of the Special Meeting of Council held March 12, 2018.

Motion carried.

DELEGATIONS

Judy Stafford, Cowichan Green Community Cowichan Green Community Year in Review

Ms. Stafford presented a video of the Cowichan Green Community's continuing efforts to promote environmental sustainability and improve food security for the region, highlighting their many achievements in 2017. She noted that the newest venture for the Cowichan Green Community is the 2018 Food Recovery Project, funded by the Ministry of Social Development and Poverty Reduction.

Council praised the Cowichan Green Community for their hard work and dedication and thanked Ms. Stafford for her inspiring presentation.

DEVELOPMENT APPLICATIONS

CS 2018-078

Development Variance Permit Application 3090-18-01 - 220 Kitchener St. (Bryce)

Moved and seconded:

That Council:

1. Issue Development Variance Permit 3090-18-01 to vary the minimum parcel line setback for an accessory building from 1.5 metres to 0.46 metres to permit the replacement of an existing accessory building on Lot A (DD EF99202), Block 44, District Lot 56, Oyster District, Plan 703A (220 Kitchener Street); and
2. Authorize the Mayor and Corporate Officer to sign the Development Variance Permit.

Motion carried.

BYLAWS – OFFICIAL COMMUNITY PLANNING AND ZONING

Town of Ladysmith Zoning Bylaw Amendment Bylaw OCP/Rezoning Application 11 and 17 Kitchener Street (Sharkare)

- o Official Community Plan Bylaw 2003, No. 1488, Amendment Bylaw (No. 51) 2018, No. 1952

- Town of Ladysmith Zoning Bylaw 2014, No. 1860, Amendment Bylaw (No. 13) 2018, No. 1953

Moved and seconded:

CS 2018-079

That Council:

1. Give first and second reading of Bylaw 1952 cited as "Official Community Plan Bylaw 2003, No. 1488, Amendment Bylaw (No. 51) 2018, No. 1952";
2. Give first and second reading of Bylaw 1953 cited as "Town of Ladysmith Zoning Bylaw 2014, No.1860, Amendment Bylaw (No.13) 2018, No. 1953"; and
3. Refer Bylaws 1952 and 1953 to public hearing.

Motion carried.

Zoning Bylaw Amendment Application 3360-17-04 – 618 Farrell Road (Schnurch, Turner Land Surveying Inc.)

Subject Property: Lot 1, Block 7, District Lot 41, Oyster District, Plan 11706, Except Part in Plans 43985, VIP58153 and VIP79598

- Town of Ladysmith Zoning Bylaw 2014, No. 1860, Amendment Bylaw (No.11) 2018, No.1944

Moved and seconded:

CS 2018-080

That Council:

1. Proceed with first and second reading of Bylaw 1944 cited as "Town of Ladysmith Zoning Bylaw 2014, No.1860, Amendment Bylaw (No. 11) 2018, No.1944";
2. Refer Bylaw 1944 to public hearing; and
3. Direct that prior to the enactment of Bylaw 1944 the following voluntary and land use matters shall be completed to the satisfaction of the Director of Development Services:
 - a. Submission of the \$7000 voluntary contribution to the amenity fund; and
 - b. Registration of a Section 219 covenant on the title for Lot 1, District Lot 41, Oyster District, Plan 11706 to address the following land use matters:
 - That the street lighting on the strata road adheres to dark sky principles.
 - That a grading plan is submitted and approved by the Approving Officer as a condition of the subdivision application.

- That a tree assessment by a certified Arborist be submitted at time of Subdivision application with the intention of maintaining a grouping of healthy trees that complements the trees on the adjacent Gales entrance driveway, such trees to be protected by covenant. And, if it is not possible to create this treed edge, the requirement would be that at the time of building permit, two new trees with a minimum diameter of 6cm are planted on each new lot. A security deposit of \$300 per new tree will be required. One new tree must be in the rear yard.

4. Authorize the Mayor and Corporate Officer to sign the covenant.

Motion carried.

OPPOSED: Councillors Friesenhan and Henderson

OCP/Rezoning Application – 1240 4th Avenue

- **Official Community Plan Bylaw 2003, No. 1488, Amendment Bylaw (No. 52) 2018, No. 1954**
- **Town of Ladysmith Zoning Bylaw 2014, No.1860, Amendment Bylaw (No.14) 2018, No. 1955**

Moved and seconded:

That Council:

CS 2018-081

1. Proceed with first and second reading of Bylaw 1954 cited as “Official Community Plan Bylaw 2003, No. 1488, Amendment Bylaw (No. 52) 2018, No. 1954”;
2. Proceed with first and second reading of Bylaw 1955 cited as “Town of Ladysmith Zoning Bylaw 2014, No.1860, Amendment Bylaw (No.14) 2018, No. 1955”.
3. Refer Bylaws 1954 and 1955 to public hearing.
4. Direct that prior to the enactment of Bylaw 1955 the following voluntary and land use matters shall be secured in a section 219 covenant that is registered on the title of 1240 Fourth Ave. (Lot B, District Lot 97, Oyster District, Plan VIP56663, Except part in Plan VIP89355) to the satisfaction of the Director of Development Services:
 - i. A bareland strata residential development at 1240

Fourth Avenue shall:

- include one visitor parking space per five residential lots and the location of the visitor parking spaces shall be approved by the Approving Officer as a condition of subdivision of the land;
 - provide an area that is a minimum of 372m² (4004ft²) in size for the storage of recreational vehicles and boats; and
 - not permit a secondary suite in any dwelling.
- ii. A grading plan and geotechnical assessment of the proposed lots is required to be submitted to the satisfaction of the Approving Officer as a condition of the subdivision application.
- iii. An amenity contribution of \$1000 per residential lot shall be submitted to the Town (as previously agreed to in covenant EL128958) prior to the Approving Officer issuing final approval of the subdivision of land.
5. Approve of the discharge of covenant EL128958 from the title of Lot B, District Lot 97, Oyster District, Plan VIP56663, Except part in Plan VIP89355 once the new section 219 covenant is registered on the title; and authorize the Mayor and Corporate Officer to sign the new covenant and execute the discharge document of covenant EL128958.

Motion carried.

REPORTS

CS 2018-082

Waste Water Treatment Plant Outfall Piping Configuration

Moved and seconded:

That Council:

1. Approve a budget of \$300,000 for the design and construction of new 710mm outfall piping from the chlorine contact chamber to the existing 710mm outfall line, with funds to come from the Sanitary Sewer Reserve.
2. Award the design to WSP/OPUS, the Town's waste water engineering consultant with a project completion date of September 30, 2018.

Motion carried.

CS 2018-083

Water Treatment Plant Update – Tender

Moved and seconded:

That Council receive for information the progress report on the new Water Treatment Plant.

Motion carried.

Watermain Relining Tender

Moved and seconded:

CS 2018-084

That Council:

1. Notify the two proponents that the tender for the Watermain Relining, Colonia to the Public Works Yard is being cancelled due to insufficient budget; and
2. Direct staff to investigate installation of a new watermain along the Holland Creek Trail utilizing conventional trenching, as well as exploring pipe routing that bypasses the majority of the trail system, utilizing the Town's existing road network.

AMENDMENT

Moved and seconded:

CS 2018-085

That Resolution CS 2018-084 be amended to read as follows:

That Council:

1. Notify the two proponents that the tender for the Watermain Relining, Colonia to the Public Works Yard is being cancelled due to insufficient budget; and
2. Direct staff to investigate installation of a new watermain, exploring pipe routing that bypasses the majority of the trail system, and utilizes the Town's existing road network.

Amendment carried.

Main motion as amended carried.

Aggie Hall Playground Concept

Moved and seconded:

CS 2018-086

That Council refer the matter of the Aggie Hall Natural play space draft concept design to the Parks, Recreation and Culture Advisory Committee for review and comment.

Motion carried.

Machine Shop Restoration Project

Moved and seconded:

CS 2018-087

That Council direct staff to:

1. Contract with Hotson Architecture to undertake the Machine Shop Restoration Project pre-design phase, including working with staff and the main tenants to define the building program and preparing an implementation strategy to outline the scope of work at a cost of \$25,000 plus expenses (net of taxes), and that the Purchasing Policy be waived accordingly;
2. Invite the Machine Shop Users Advisory Group, with the

- addition of John Marston, to participate in the development of the building program with staff and the consulting team;
3. Include the Machine Shop Restoration Project within the scope of the Project Manager, Waterfront Implementation to represent the Town and liaise with the project team and stakeholder representatives during the Machine Shop Restoration Project; and
 4. Amend the Town of Ladysmith 2018-2022 Financial Plan to include the Machine Shop Restoration Project grant in the amount of \$1,752,553.00.
 5. Invite the Industrial Heritage Preservation Society to join the Machine Shop Users Advisory Group.
- Motion carried.*

OPPOSED: Councillors Fradin, Friesenhan and Henderson

Davis Road Dog Park Neighbourhood Consultation

Moved and seconded:

CS 2018-088

That Council receive the report from the Director of Parks, Recreation and Culture on the results of the Davis Road Dog Park Neighbourhood Consultation.

Motion carried.

Bylaw Officer Bylaw Update

Moved and seconded:

CS 2018-089

That Council:

1. Direct staff not to proceed with introduction of a Bylaw Officer and Inspection Bylaw as previously directed; and
2. Appoint Coastal Animal Services to provide Animal Control Officer services in the Town of Ladysmith.

Motion carried.

CORRESPONDENCE

Allen McDermid, Ladysmith Ground Search and Rescue Proposal to Increase Storage

Moved and seconded:

CS 2018-090

That Council approve the request from Ladysmith Ground Search and Rescue, dated March 2, 2018, for permission to install a second container at the Ladysmith Fire/Rescue site for additional storage, and direct the organization to work with the Fire/Rescue Chief on specific location and logistics.

Motion carried.

NEW BUSINESS

Louis Riel Day

Councillor Arnett requested that staff provide a report for the next Council meeting summarizing past actions and future recommendations regarding the Town’s recognition of Louis Riel Day.

Arts Council Production

Councillor Arnett commended the Arts Council for their production of “Pete Seeger’s the Incomplete Folksinger”, noting that the themes of the production converged well with the history of the Town.

Timeline for the Town of Ladysmith Updated Aerial Map

The updated Town of Ladysmith aerial photo map and the timeline for its arrival was discussed. The Chief Administrative Officer noted that it is part of a regional project with the Cowichan Valley Regional District.

QUESTION PERIOD

Members of the public enquired about conservation guidelines and budget for the Machine Shop update, water supply vulnerabilities with regards to potential earthquakes and erosion near the reservoir, the new Aggie Hall parking lot and the budget for the Aggie Hall playground, and the waste water outfall’s proximity to ships in the area.

ADJOURNMENT

CS 2018-091

Moved and seconded:

That this regular meeting of Council adjourn at 8:45 p.m.

Motion carried.

CERTIFIED CORRECT:

Mayor (A. Stone)

Corporate Officer (J. Winter)

STAFF REPORT TO COUNCIL

From: Erin Anderson, Director of Financial Services
 Meeting Date: April 9, 2018
 File No:
 RE: **2018-2022 FINANCIAL PLAN**

RECOMMENDATIONS:

1. That Council direct staff to prepare:

- a) The Financial Plan Bylaw and Tax Rates Bylaw based on Option #1 of allocating the same percentage of tax allocation in 2017 to the difference after non market change in the total tax levy; and
- b) The 2018 Water Parcel Tax Bylaw; and
- c) The 2018 Sewer Parcel Tax Bylaw.

2. That Council confirm in the 2018-2022 Financial Plan the Waterfront Area Plan work, including the contracted services, consulting fees, and an additional temporary exempt position to manage the Waterfront Area Plan project at a cost of \$400,000 per year for the next 5 years to be funded by various reserves.

PURPOSE:

The purpose of this staff report is to provide background information for Council in order to prepare the bylaws. A summary of distribution of the property tax options are:

	Option #1	Option #2	Option #3	Option #4	Option #5
1 Residential	73.02%	72.44%	73.15%	83.86%	73.22%
2 Utilities	0.35%	0.36%	0.34%	0.19%	0.35%
3 Supportive Housing	0.00%	0.00%	0.00%	0.00%	0.00%
4 Major Industry	11.84%	11.94%	11.84%	1.91%	11.59%
5 Light Industry	0.77%	0.78%	0.77%	0.71%	0.77%
6 Business/Other	13.73%	14.19%	13.61%	12.86%	13.78%
7 Managed Forest Land	0.00%	0.00%	0.00%	0.00%	0.00%
8 Rec/Non-Profit	0.28%	0.28%	0.28%	0.46%	0.28%
9 Farm Land	0.01%	0.01%	0.01%	0.00%	0.01%

PREVIOUS COUNCIL DIRECTION

Resolution	Meeting Date	Resolution Details
CS 2017-420	2017-12-18	That Council direct staff to cease implementation of the Waterfront Area Plan work as directed by resolution CS 2017-382 (contracted services, consulting fees and an additional temporary exempt position to project manage the approved Waterfront Area Plan project) until Council has had the opportunity to discuss the process for implementation.
CS 2017-382	2017-12-18	That Council include in the 2018-2022 Financial Plan funds for the Waterfront Area Plan implementation which includes contracted services, consulting fees and an additional temporary exempt position to project manage the approved Waterfront Area Plan project with the funding to come from Real Property Reserves and Surplus. OPPOSED: Councillor Fradin, Councillor Friesenhan and Councillor Henderson
CS 2017-428	2017-12-18	That Council direct staff to set aside 10 per cent of the prior year's municipal tax levy in 2019 through 2022 for General Capital Projects.
CS 2017-416	2017-12-18	That Council not include new funding for a Development Services Technician position in the budget for 2018. OPPOSED: Councillors Arnett and Paterson.
CS 2017-417	2017-12-18	That Council direct staff to include in the 2018 to 2022 Financial Plan the General Government capital projects for 2018 as presented.
CS 2017-421	2017-12-18	That Council direct staff to include in the 2018 to 2022 Financial Plan the Development Services capital projects for 2017 as presented.
CS 2017-423	2017-12-18	That Council: 1. Direct staff to include in the 2018 to 2022 Financial Plan the Parks, Recreation, Culture and Facilities capital projects for 2017 as presented; and 2. Provide early budget approval for the following capital projects: <ul style="list-style-type: none"> • Holland Creek Switchback Trail • Spray Park Pump • Hosting the 2018 BC Summer Game (Facility improvements)
CS 2017-424	2017-12-18	That Council direct staff to include in the 2018 to 2022 Financial Plan the Public Works capital projects for 2017 as presented.
CS 2017-426	2017-12-18	That Council direct staff to include in the 2018 to 2022 Financial Plan the Water and Sewer capital projects for 2017 as presented.
CS 2017-429	2017-12-18	That Council confirm the draft Town of Ladysmith budget for 2018 at \$7,961,111.
CS 2017-387	2017-12-04	That Council include funds for an additional 540 hours for a Temporary Building Inspector for the year 2018 in the 2018-2022 Financial Plan.
CS 2017-388	2017-12-04	That Council include funds for 400 additional hours per year of Bylaw Service in the 2018-2022 Financial Plan.
CS 2017-389	2017-12-04	That Council: 1. Approve the 2018 Water Operating Budget as presented.

Resolution	Meeting Date	Resolution Details
		2. Direct staff to prepare the amendment to the Waterworks Bylaw #1298 to include a five per cent increase to each rate.
CS 2017-391	2017-12-04	That Council: 1. Approve the 2018 Sewer Operating Budget as presented 2. Direct staff to prepare the amendment to the Sanitary Sewer Rates Bylaw #1299 to reflect a ten percent increase to each rate.
CS 2017-368	2017-11-27	That Council confirm that: a) Eight per cent (8%) of the previous year's municipal tax levy will be allocated to General Capital Projects for the 2018-2022 Financial Plan; and b) Five per cent (5%) of the previous year's municipal tax levy will be allocated to the General Capital Reserve.

INTRODUCTION/BACKGROUND:

Each year, a new Financial Plan bylaw is deliberated and adopted. The *Community Charter* requires that the Financial Plan bylaw include policies and objectives as part of the bylaw, specifically:

- Total Revenue from each funding source
- Distribution of property value taxes amount the property classes
- Use of Permissive Tax Exemptions

A copy of the 2017-2021 Financial Plan objectives and policies are included in Appendix A.

In December of 2017, after reviewing the proposed 2018 Financial Plan, Council confirmed the 2018 Financial Plan budget to be \$7,961,111 for municipal and police taxation. This amount, plus the Library Tax of \$386,844, make up the general taxation for a total of \$8,347,955. The annual property tax levy is applied against the assessment roll released in the end of March.

The difference between the 2017 adjusted property tax and the 2018 property tax including non-market change is \$ 165,894 or 2.03%.

Please note there is additional legislation that caps Class 2 rates and requires adjustments. As well, Parcel Taxes, which are a flat rate, are not included in the overall tax calculation difference.

Option #1 – Each class allocated 2.03%

Allocate 2.03% across each class (where permitted).

Class	2018 Levy \$ (after adjustment)	Multiple	2018 % of Levy	Increase over 2017
1 Residential	6,096,037	1.000	73.02%	2.07%
2 Utilities	28,922	7.509	0.35%	-6.29%
4 Major Industry	988,214	24.151	11.84%	2.03%
5 Light Industry	64,386	4.228	0.77%	2.03%
6 Business/Other	1,146,248	3.003	13.73%	2.03%
7 Managed Forest Land	203	7.474	0.00%	2.01%
8 Rec/Non-Profit	23,003	0.689	0.28%	2.03%
9 Farm Land	942	7.866	0.01%	2.06%

A single family residential property with the assessed value of 373,500 in 2018, up approximately 16.6% in market value over 2017 would pay ~\$ 32.59 more in 2018 in assessment based taxes.

Option #2 – same percentage as 2017

If each property class were to receive the same percentage of the \$7,961,111, plus the library amount of \$286,844, the tax levy as in 2018, the rates would be:

Class	2018 Levy \$ (after adjustment)	Multiple	2018 % of Levy	% Increase over 2017
1 Residential	6,047,134	1.000	72.44%	1.25%
2 Utilities	29,890	7.823	0.36%	-3.15%
4 Major Industry	996,746	24.557	11.94%	2.91%
5 Light Industry	65,114	4.310	0.78%	3.18%
6 Business/Other	1,184,575	3.129	14.19%	5.44%
7 Managed Forest Land	199	7.386	0.00%	0.00%
8 Rec/Non-Profit	23,374	0.706	0.28%	3.68%
9 Farm Land	923	7.770	0.01%	0.00%

This option does not take into consideration the non-market change amount of approximately \$96k nor does it consider the large supplementary adjustment to a Business/Other class.

A single family residential property with the assessed value of 373,500 in 2018, up approximately 16.6% in market value over 2017 would pay \$ 21.43 more in 2018 in assessment based taxes.

Option #3 – Increase the Business/Other rate at half of the Residential rate.

Previous tax policies included increasing the Business/Other rate at half of the Residential rate. That would result in:

Class	2018 Levy \$ (after adjustment)	Multiple	2018 % of Levy	% Increase over 2017
1 Residential	6,106,446	1.000	73.15%	2.24%
2 Utilities	28,666	7.429	0.34%	-7.12%
4 Major Industry	988,214	24.110	11.84%	2.03%
5 Light Industry	64,386	4.221	0.77%	2.03%
6 Business/Other	1,136,095	2.972	13.61%	1.13%
7 Managed Forest Land	203	7.462	0.00%	2.01%
8 Rec/Non-Profit	23,003	0.688	0.28%	2.03%
9 Farm Land	942	7.853	0.01%	2.06%

A single family residential property with the assessed value of 373,500 in 2018, up approximately 16.6% in market value over 2017 would pay \$35.31 more in 2018 in assessment based taxes.

Option #4 – allocate the difference based on Provincial multiples

The Province sets multiples each year. These are set for all taxes based on hospital values, such as the Region District levies, MFA rates and BC Assessment rates. The rates are based on multiples of the residential taxes rate.

Class	2018 Levy \$ (after adjustment)	Multiple	2018 % of Levy	% Increase over 2017
1 Residential	7,000,865	1.00	83.86%	17.22%
2 Utilities	15,482	3.50	0.19%	-49.83%
4 Major Industry	159,768	3.40	1.91%	-83.50%
5 Light Industry	59,460	3.40	0.71%	-5.78%
6 Business/Other	1,073,794	2.45	12.86%	-4.42%
7 Managed Forest Land	94	3.00	0.00%	-52.76%
8 Rec/Non-Profit	38,354	1.00	0.46%	70.12%
9 Farm Land	138	1.00	0.00%	-85.05%

A single family residential property with the assessed value of 373,500 in 2018, up approximately 16.6% in market value over 2017 would pay \$271.55 more in 2018 in assessment based taxes.

In this scenario, the Residential and Recreation classes would be paying for the shifting in tax rate policy.

Option #5 – maintain the Class 4 levy dollar, allocate the difference to Class 1 & Class 6

The policy in prior years included maintaining the Class 4 – Major Industry dollar value at the previous year. The values of the Class 4 over the last 10 year are:

2006 – 2010	\$ 944,110
2011 – 2014	\$ 945,952
2015 – 2016	\$ 970,952
2017	\$ 967,391

In the Class 4 – Major Industry, there are two property owners that own five properties within this Class – Western Forest Product Inc for \$9,479,600 in assessed values and Oak Bay Marina Lt for \$11,900. The risk of one owner responsible for paying nearly 12% of the municipal properties taxes should not be ignored.

To maintain the \$967,391, the other classes would increase.

Class	2018 Levy \$ (after adjustment)	Multiple	2018 % of Levy	% Increase over 2017
1 Residential	6,112,411	1.000	73.22%	2.34%
2 Utilities	29,026	7.515	0.35%	-5.95%
4 Major Industry	967,430	23.580	11.59%	-0.12%
5 Light Industry	64,608	4.231	0.77%	2.38%
6 Business/Other	1,150,331	3.006	13.78%	2.39%
7 Managed Forest Land	199	7.308	0.00%	0.00%
8 Rec/Non-Profit	23,010	0.687	0.28%	2.06%
9 Farm Land	940	7.829	0.01%	1.84%

A single family residential property with the assessed value of 373,500 in 2018, up approximately 16.6% in market value over 2017 would pay \$36.88 more in 2018 in assessment based taxes.

Permissive Tax Exemptions

In October of 2017, Council adopted a bylaw “2018 Permissive Tax Exemptions Bylaw 2016, No.1935” containing the properties that are exempt from taxation for 2018. This bylaw shifts the taxation burden from these properties to all the other properties within the municipality.

FINANCIAL IMPLICATIONS

The financial implications are described within this report.

LEGAL IMPLICATIONS

The Financial Plan bylaw and corresponding tax rate bylaws must be adopted before May 15th each year.

CITIZEN/PUBLIC RELATIONS IMPLICATIONS

The public was encouraged to provide input during the financial plan deliberations and are encouraged to provide feedback regarding the taxes and tax allocation.

INTERDEPARTMENTAL INVOLVEMENT/IMPLICATIONS

This is the final piece for the financial plan policy. Upon Council’s direction, the Financial Plan bylaw will be presented for three readings and final adoption. After that, the departments can begin work on the projects that support Council’s strategic direction and operations.

ALIGNMENT WITH SUSTAINABILITY VISIONING REPORT:

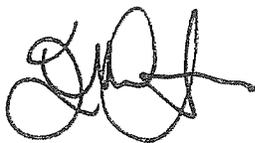
- Complete Community Land Use
- Green Buildings
- Innovative Infrastructure
- Healthy Community
- Not Applicable
- Low Impact Transportation
- Multi-Use Landscapes
- Local Food Systems
- Local, Diverse Economy

ALIGNMENT WITH STRATEGIC PRIORITIES:

- Employment & Tax Diversity
- Watershed Protection & Water Management
- Communications & Engagement
- Natural & Built Infrastructure
- Partnerships
- Not Applicable

SUMMARY:

Options for the 2018 Property Tax distribution are set out in this report. The distribution amounts are required to be included in the annual Financial Plan bylaw.

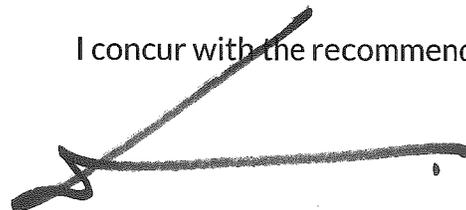


April 3, 2018

Erin Anderson, Director of Financial Services

Date Signed

I concur with the recommendation.



Guillermo Ferrero, City Manager

ATTACHMENTS:

Appendix A – 2017 – 2021 Financial Plan Policies

Schedule 'B' of Bylaw No. 1926

**Town of Ladysmith 2017 – 2021 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 2017. 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. For 2017, a minimum of 8% prior year's municipal tax levy will be transferred to General Capital projects as well as setting aside a further 5% for asset replacement. For the years 2018-2021, a 10% prior year's municipal tax levy to General Capital projects.

Table 1: Sources of Revenue

<u>Revenue Source</u>	<u>2017</u>	<u>% total</u>
Property Taxes	7,733,844	26.46%
Grants in Lieu	159,024	0.54%
Parcel Taxes	2,254,447	7.71%
User fees & Charges	3,830,817	13.11%
Other Sources	262,300	0.90%
Borrowing	6,635,000	22.70%
Government Grants	2,224,585	7.61%
DCCs & Reserves	836,500	2.86%
Own Funds	5,288,095	18.09%

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.
- 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 2017 Property Tax Rates

Property Class	2017
	% of Total Property Taxation
Residential (1)	72.41%
Utilities (2)	0.38%
Supportive Housing (3)	0.00%
Major Industry (4)	11.95%
Light Industry (5)	0.78%
Business and Other (6)	14.19%

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 2016, No.1915, adopted on October 17, 2016, contains of 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 2017

Source	% of Total	Dollar Value
Development Cost Charges - Roads	3%	168,000
Reserve - Amphitheatre	0%	5,000
Gas Tax Funds	11%	663,500
Surplus	86%	5,288,095
Total		\$6,124,595