

## TOWN OF LADYSMITH

### BYLAW NO. 2108

#### A bylaw establishing the Financial Plan for the years 2022-2026

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

#### Administration

1. Schedule "A" attached to and forming a part of this bylaw is hereby adopted and shall be the Financial Plan for the Town of Ladysmith for the five years ending December 31, 2026.
2. Schedule "B" attached to and forming a part of this bylaw is hereby adopted and shall be the Statement of Objectives and Policies for the Town of Ladysmith for the five years ending December 31, 2026.

#### Repeal


3. The "Town of Ladysmith Financial Plan Bylaw 2021, No. 2072" in its entirety is hereby repealed.

#### Citation

4. This bylaw may be cited for all purposes as "Financial Plan Bylaw 2022, No. 2108".

**READ A FIRST TIME** on the 19<sup>th</sup> day of April, 2022  
**READ A SECOND TIME** on the 19<sup>th</sup> day of April, 2022  
**READ A THIRD TIME** on the 19<sup>th</sup> day of April, 2022  
**ADOPTED** on the 3<sup>rd</sup> day of May, 2022



  
Deputy Mayor (M. Stevens)

  
Corporate Officer (D. Smith)

## SCHEDULE "A"

### 2022 – 2026 Financial Plan

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<b>REVENUES:</b>					
Revenue From Property Tax Values	9,450,931	9,837,144	10,502,164	11,183,563	11,720,103
Revenue From Grants In Lieu	177,139	179,189	181,339	183,515	185,717
Revenue From Parcel Taxes	3,167,836	3,180,556	3,193,278	3,206,051	3,218,875
Revenue From Fees & Charges	5,519,318	5,551,479	5,585,414	5,719,593	5,754,518
Revenue From Other Sources	29,145,813	954,197	1,455,968	2,631,291	2,007,806
	<u>47,461,037</u>	<u>19,702,565</u>	<u>20,918,163</u>	<u>22,924,013</u>	<u>22,887,019</u>
<b>EXPENSES:</b>					
General Operating Expense	11,694,998	11,834,385	12,134,965	12,442,430	12,629,787
Sanitary Sewer Operating Expenses	1,535,256	1,550,360	1,565,641	1,581,059	1,596,616
Water Operating Expenses	2,394,626	2,424,998	2,456,025	2,487,393	2,519,106
Interest Payments	616,337	636,337	963,337	964,237	964,237
Amortization	4,180,476	4,255,725	4,332,328	4,410,310	4,489,696
	<u>20,421,693</u>	<u>20,701,805</u>	<u>21,452,296</u>	<u>21,885,429</u>	<u>22,199,442</u>
Annual Surplus/Deficit	27,039,344	(999,240)	(534,133)	1,038,584	687,577
<b>Add back:</b>					
Amortization	4,180,476	4,255,725	4,332,328	4,410,310	4,489,696
<b>Capital Expenditures</b>					
General Capital	20,584,772	2,027,212	13,414,500	3,911,200	4,948,000
Sanitary Sewer Capital	3,314,079	485,000	1,440,000	580,000	1,260,000
Water Capital	28,484,051	625,927	1,385,000	1,350,000	4,970,000
Proceeds from New Debt	(8,300,000)	0	(10,900,000)	(30,000)	(3,725,000)
Principal Payments	1,966,572	1,085,872	1,412,872	1,413,772	1,525,522
Transfers from Reserves	(4,309,127)	(459,397)	(848,727)	(1,183,679)	(2,942,820)
Transfer to (from) Own Funds	(10,520,527)	(508,129)	(2,105,450)	(592,399)	(858,429)
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## SCHEDULE "B"

### Town of Ladysmith 2022 – 2026 Financial Plan Statement of Objectives and Policies

In accordance with 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 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 2022. Table 2 shows a further breakdown of the funding proposed to come from reserves, Development Cost Charges and surpluses. 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.

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 will be charged on a user-pay basis. User fees attempt to apportion the value of a service to those who use the service.

#### **Objectives & Policies**

- 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.
- 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. A minimum of 10% prior year's municipal tax levy will be transferred to General Capital projects. A further 5% of the prior year's municipal tax levy will be transfer to an infrastructure deficit.

**Table 1: Sources of Revenue**

Revenue Source	Dollar (\$)	Percent (%)
Property value taxes	9,450,931	14%
Grants in Lieu	177,139	0%
Parcel Taxes	3,167,836	4%
User fees & charges	5,519,318	8%
Other Sources	3,843,713	5%
Borrowing	8,300,000	12%
Grants	25,302,100	35%
DCCs & Reserves	4,309,127	6%
Own Funds	11,319,536	16%

**Table 2: Utilization of Reserves, Development Cost Charges and Surplus for 2022**

Source	Dollar Value	% of Total
Development Cost Charges - Roads	1,849,020	12%
Development Cost Charges - Parks	50,000	0%
Development Cost Charges - Sewer	887,960	6%
Development Cost Charges - Water	92,500	1%
Cemetery Care Fund	1,950	0%
Gas Tax Funds	1,429,647	9%
Carry-forward reserve	5,041,802	32%
Safe-res tart funds	197,152	1%
Surplus & Appropriated Equity	4,579,090	29%
Real Property Reserve	1,501,492	10%

### **Distribution of Property Tax Rates**

Table 3 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 & Policies***

- The amount of taxes to be collected from each of the classes will be reviewed each year.
- 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 3: Distribution of 2022 Property Tax Rates**

	2022
Property Class	% of Total Property Taxation
Residential (1)	73.28%
Utilities (2)	0.58%
Supportive Housing (3)	0.00%
Major Industry (4)	11.51%
Light Industry (5)	1.01%
Business and Other (6)	13.36%
Managed Forest Land (7)	0.00%
Recreation/Non-profit (8)	0.25%
Farmland (9)	0.01%
<b>Total</b>	<b>100.00%</b>

### **Permissive Tax Exemptions & Revitalizations Tax Exemptions**

The Town supports non-profit organizations through permissive tax exemptions. Permissive tax exemptions will be reviewed annually and 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.

The Town believes revitalizations tax exemptions are an appropriate tool to assist the Town to achieve its strategic objectives. The Town can exempt municipal taxes for up to ten years where the project meets specific criteria and objectives as defined by bylaw. Recipients of exemptions must enter into a Revitalization Tax Exemption Agreement with the Town.

### ***Objectives & Policies***

- The Town will continue to provide permissive tax exemptions to some non-profit societies.
- Continue the use of the revitalization tax exemption for economic revitalization in order to encourage the commercial and industrial redevelopment of specific areas.