

TOWN OF LADYSMITH

BYLAW NO. 2141

Financial Plan Bylaw for the years 2023-2027

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, 2027.
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, 2027.

Repeal

3. The "Town of Ladysmith Financial Plan Bylaw 2022, No. 2108" in its entirety is hereby repealed.

Citation

4. This bylaw may be cited for all purposes as "Financial Plan Bylaw 2023, No. 2141".

READ A FIRST TIME on the 2nd day of May, 2023

READ A SECOND TIME on the 2nd day of May, 2023

READ A THIRD TIME on the 2nd day of May, 2023

ADOPTED on the 9th day of May, 2023





Mayor (A. Stone)



Corporate Officer (M. O'Halloran)

SCHEDULE "A"

2023 – 2027 Financial Plan

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
REVENUES:					
Revenue From Property Tax Values	9,445,182	9,741,212	10,098,369	10,822,581	11,905,556
Revenue From Grants In Lieu	193,872	196,005	198,161	200,341	202,545
Revenue From Parcel Taxes	3,248,283	3,590,658	3,647,359	3,706,894	3,769,406
Revenue From Fees & Charges	5,663,587	5,758,362	5,854,771	6,025,784	6,126,750
Revenue From Other Sources	24,291,574	7,565,512	9,565,558	5,590,170	5,623,084
	<u>42,842,498</u>	<u>26,851,749</u>	<u>29,364,218</u>	<u>26,345,770</u>	<u>27,627,341</u>
EXPENSES:					
General Operating Expense	13,506,353	12,379,611	12,742,819	13,047,704	13,359,866
Sanitary Sewer Operating Expenses	2,152,361	1,718,577	1,774,259	1,822,053	1,871,042
Water Operating Expenses	2,347,421	2,089,781	2,166,649	2,232,628	2,300,256
Interest on Debt	754,808	881,108	881,108	1,121,554	1,602,446
Amortization	4,210,984	4,286,782	4,363,944	4,442,495	4,522,460
	<u>22,971,927</u>	<u>21,355,859</u>	<u>21,928,779</u>	<u>22,666,434</u>	<u>23,656,070</u>
Annual Surplus/Deficit	19,870,571	5,495,890	7,435,439	3,679,336	3,971,271
Add back: Unfunded Amortization	4,210,984	4,286,782	4,363,944	4,442,495	4,522,460
Capital Expenditures					
General Capital	17,230,846	2,442,005	14,189,762	3,318,959	2,354,240
Sanitary Sewer Capital	3,038,420	3,335,000	1,990,000	1,320,000	330,000
Water Capital	17,691,102	5,852,050	6,390,000	575,000	635,000
Proceeds from Borrowing	(4,088,725)	(3,549,275)	(10,400,000)	-	-
Principal Payments on Debt	1,015,717	1,171,192	1,171,192	1,445,706	1,720,220
Transfers to (from) Reserves Funds	(4,617,464)	(1,430,500)	(1,463,679)	(725,320)	(604,546)
Transfer to (from) Accumulated Surplus	<u>(6,188,341)</u>	<u>1,962,200</u>	<u>(77,892)</u>	<u>2,187,486</u>	<u>4,058,817</u>
Financial Plan Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE "B"

Town of Ladysmith 2023 – 2027 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 2023. 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	9,445,182	16%
Grants in Lieu	193,872	0%
Parcel Taxes	3,248,283	5%
User fees & charges	5,663,587	9%
Other Sources	4,297,598	7%
Borrowing	4,088,725	7%
Grants	19,993,976	32%
DCCs & Reserves	4,617,464	7%
Own Funds	10,788,899	17%

Table 2: Utilization of Reserves, Development Cost Charges and Surplus for 2023

Source	Dollar Value	% of Total
Development Cost Charges - Roads	1,860,417	12%
Development Cost Charges - Parks	50,000	0%
Development Cost Charges - Sewer	885,085	6%
Development Cost Charges - Water	600,663	4%
Cemetery Care Fund	2,200	0%
Canada Community Building Fund	1,221,299	8%
Carry-forward reserve	7,050,418	46%
Safe-restart funds	227,500	1%
Climate Action Program	90,000	1%
Surplus & Appropriated Equity	2,623,988	17%
Real Property Reserve	796,993	5%

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 2023 Property Tax Rates

Property Class	2023
	% of Total Property Taxation
Residential (1)	73.80%
Utilities (2)	0.48%
Major Industry (4)	11.37%
Light Industry (5)	1.00%
Business and Other (6)	13.10%
Managed Forest Land (7), Recreation/Non-profit (8), and Farmland (9)	0.25%
Total	100.00%

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.