

TOWN OF LADYSMITH

BYLAW NO. 2206

Financial Plan Bylaw for the years 2025-2029

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, 2029.
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, 2029.

Repeal

3. The Town of Ladysmith "Financial Plan Bylaw 2024, No. 2172" bylaw in its entirety is hereby repealed.

Citation

4. This bylaw may be cited for all purposes as "Financial Plan Bylaw 2025, No. 2206".

READ A FIRST TIME on the 18th day of February, 2025
READ A SECOND TIME on the 18th day of February, 2025
READ A THIRD TIME on the 18th day of February, 2025
ADOPTED on the 4th day of March, 2025




Acting Mayor (T. McKay)


Corporate Officer (S. Bouma)

SCHEDULE "A"

2025 – 2029 Financial Plan

| | <u>2025</u> | <u>2026</u> | <u>2027</u> | <u>2028</u> | <u>2029</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| REVENUES: | | | | | |
| Revenue From Property Tax Values | 10,706,896 | 11,274,288 | 11,741,621 | 12,113,774 | 12,902,007 |
| Revenue From Grants In Lieu | 196,008 | 197,968 | 200,146 | 202,348 | 204,574 |
| Revenue From Parcel Taxes | 3,308,411 | 3,380,604 | 3,615,430 | 3,929,459 | 4,002,404 |
| Revenue From Fees & Charges | 6,100,587 | 6,296,817 | 6,402,865 | 6,590,287 | 6,701,359 |
| Revenue From Other Sources | 27,751,855 | 5,486,890 | 6,401,021 | 4,104,593 | 6,653,269 |
| | <u>48,063,757</u> | <u>26,636,567</u> | <u>28,361,083</u> | <u>26,940,461</u> | <u>30,463,613</u> |
| EXPENSES: | | | | | |
| General Operating Expenses | 14,424,490 | 14,918,220 | 15,470,938 | 16,043,003 | 16,550,506 |
| Sanitary Sewer Operating Expenses | 1,979,307 | 2,041,624 | 2,049,693 | 2,060,566 | 2,129,953 |
| Water Operating Expenses | 1,960,145 | 2,020,439 | 2,107,692 | 2,105,782 | 2,185,897 |
| Interest on Debt | 1,463,770 | 1,463,770 | 1,531,270 | 1,690,828 | 1,690,828 |
| Amortization | 4,513,471 | 4,594,713 | 4,677,418 | 4,761,612 | 4,847,321 |
| | <u>24,341,183</u> | <u>25,038,766</u> | <u>25,837,011</u> | <u>26,661,791</u> | <u>27,404,505</u> |
| Annual Surplus/Deficit | 23,722,574 | 1,597,801 | 2,524,072 | 278,670 | 3,059,108 |
| Add back: Unfunded Amortization | 4,513,471 | 4,594,713 | 4,677,418 | 4,761,612 | 4,847,321 |
| Capital Expenditures | | | | | |
| General Capital | 30,511,174 | 2,485,323 | 3,801,999 | 3,415,092 | 2,354,240 |
| Sanitary Sewer Capital | 4,407,978 | 3,240,000 | 2,110,000 | 644,218 | 676,429 |
| Water Capital | 26,538,184 | 1,600,000 | 5,343,385 | 814,679 | 5,355,413 |
| Proceeds from Borrowing | (19,056,099) | (1,500,000) | (1,496,459) | - | - |
| Principal Payments on Debt | 1,295,700 | 1,295,700 | 1,330,700 | 1,415,700 | 1,690,214 |
| Transfers to (from) Reserves Funds | (4,436,619) | (680,500) | (2,213,675) | (703,307) | (2,554,776) |
| Transfer to (from) Accumulated Surplus | (11,024,273) | (248,009) | (1,674,460) | (546,100) | 384,909 |
| Financial Plan Balance | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

SCHEDULE "B"
Town of Ladysmith 2025 – 2029 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 2025. 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

- Use property taxes as the funding source for services that do not lend themselves to a user-pay approach;
- Review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service and align with those who use them;
- Consider borrowing when a capital project will provide benefits to taxpayers over a long period;
- Seek other sources of revenue in order to reduce reliance on property taxes;
- Allocate a minimum of 10% prior year's municipal tax levy to General Capital projects and a further 5% of the prior year's municipal tax levy to an infrastructure deficit.

Table 1: Sources of Revenue

| Revenue Source | Dollar (\$) | Percent (%) |
|----------------------|-------------|-------------|
| Property value taxes | 10,706,896 | 13% |
| Grants in Lieu | 196,008 | 0% |
| Parcel Taxes | 3,308,411 | 4% |
| User fees & charges | 6,100,587 | 7% |
| Other Sources | 7,280,515 | 9% |
| Borrowing | 19,056,099 | 23% |
| Grants | 20,471,340 | 24% |
| DCCs & Reserves | 4,436,619 | 5% |
| Own Funds | 12,426,472 | 15% |

Table 2: Utilization of Reserves, Development Cost Charges and Surplus for 2025

| Source | Dollar Value | % of Total |
|----------------------------------|---------------------|------------|
| Development Cost Charges - Roads | 1,049,216 | 6% |
| Development Cost Charges - Sewer | 830,954 | 5% |
| Development Cost Charges - Water | 605,663 | 4% |
| Development Cost Charges - Parks | 55,000 | 0% |
| Development Cost Charges - Storm | 5,000 | 0% |
| Cemetery Care Fund | 3,660 | 0% |
| Canada Community Building Fund | 1,890,786 | 11% |
| Climate Action Plan | 49,800 | 0% |
| Carry-forward reserve | 7,056,837 | 42% |
| Safe-restart funds | 343,260 | 2% |
| Surplus & Appropriated Equity | 2,783,763 | 17% |
| Real Property Reserve | 484,812 | 3% |
| Growing Communities | 1,708,000 | 10% |
| Total | \$16,866,751 | |

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

- *Set tax rates and ratios that maintain tax stability between property classes while factoring in non-market growth within classes.*
- *Ensure the Class 4 (Major Industry) percentage is lower than the previous year with a target percentage of 10% of the total taxation.*
- *Ensure the Class 6 (Business/Other) percentage is lower than the previous year with a target percentage of 12% of the total taxation.*
- *Ensure the Class 5 (Light Industry) tax rate is not less than the Class 6 (Business/Other) rate.*
- *Set Class 8 (Recreation/non-profit) rate equal to the Class 1 (Residential) rate.*

Table 3: Distribution of 2025 Property Tax Rates

| | 2025 |
|--|------------------------------|
| Property Class | % of Total Property Taxation |
| Residential (1) | 73.72% |
| Utilities (2) | 0.48% |
| Major Industry (4) | 11.37% |
| Light Industry (5) | 1.00% |
| Business and Other (6) | 13.09% |
| Managed Forest Land (7), Recreation/Non-profit (8), and Farmland (9) | 0.34% |
| 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.