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**TOWN OF LADYSMITH**

**BYLAW NO. 1956**

A bylaw establishing the Financial Plan for the years 2018-2022

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**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 31<sup>st</sup> of December, 2022.
- (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 31<sup>st</sup> of December 2022.

Repeal

- (3) The "Town of Ladysmith Financial Plan Bylaw 2017, No. 1926" is hereby repealed.

Citation

- (4) This bylaw may be cited for all purposes as "*Town of Ladysmith Financial Plan Bylaw 2018, No. 1956*".

<b>READ A FIRST TIME</b> on the	16 <sup>th</sup>	day of	April,	2018
<b>READ A SECOND TIME</b> on the	16 <sup>th</sup>	day of	April,	2018
<b>READ A THIRD TIME</b> on the	16 <sup>th</sup>	day of	April,	2018
<b>ADOPTED</b> on the	7 <sup>th</sup>	day of	May,	2018



  
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Mayor (A. Stone)

  
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Corporate Officer (J. Winter)

Schedule 'A' of Bylaw 1956

## 2018 – 2022 Financial Plan

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES:</b>					
Revenue From Property Tax Values	7,961,111	8,271,026	8,684,577	9,274,202	9,452,677
Revenue From Grants In Lieu	165,877	169,195	172,578	176,029	179,550
Revenue From Parcel Taxes	2,557,527	2,872,983	3,182,797	3,205,506	3,228,669
Revenue From Fees & Charges	4,361,409	4,486,497	4,537,612	4,628,364	4,720,936
Revenue From Other Sources	11,045,715	6,810,030	1,631,913	842,515	918,046
	26,091,639	22,609,731	18,209,477	18,126,616	18,499,878
<b>EXPENSES:</b>					
General Operating Expense	11,009,288	10,442,291	10,652,154	10,865,191	11,082,474
Sanitary Sewer Operating Expenses	1,944,203	1,394,299	1,591,647	1,623,473	1,655,940
Water Operating Expenses	1,294,475	1,127,347	1,399,894	1,427,886	1,456,439
Interest Payments	495,201	506,106	889,144	1,124,311	1,087,022
Amortization	3,211,065	3,275,286	3,340,792	3,407,608	3,475,760
Annual Surplus/Deficit	8,137,407	5,864,402	335,846 -	321,853 -	257,757
Add back:					
Amortization	3,211,065	3,275,286	3,340,792	3,407,608	3,475,760
Capital Expenditures					
General Capital	5,984,154	1,934,500	1,443,000	11,744,200	2,959,752
Sanitary Sewer Capital	919,927	430,000	320,000	590,000	280,000
Water Capital	15,014,169	10,546,000	7,215,000	550,000	5,090,000
Proceeds from New Debt	(5,016,472)	(3,660,000)	(4,985,675)	(10,400,000)	(2,250,752)
Principal Payments	835,237	857,942	1,220,909	1,397,361	1,462,889
Transfers from Reserves	(1,465,972)	(625,699)	(978,262)	(328,132)	(3,549,045)
Transfer to (from) Own Funds	(4,922,571)	(343,055)	(558,334)	(467,674)	(774,841)
Financial Plan Balance	-	-	-	-	-

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Schedule 'B' of Bylaw No. 1956

**Town of Ladysmith 2018 – 2022 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 2018. 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 2018, 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 2019-2022, a 10% prior year's municipal tax levy to General Capital projects.

**Table 1: Sources of Revenue**

<u>Revenue Source</u>	<u>2018</u>	<u>% total</u>
Property Taxes	7,961,111	20.71%
Grants in Lieu	165,877	0.43%
Parcel Taxes	2,557,527	6.65%
User fees & Charges	4,361,409	11.34%
Other Sources	289,635	0.75%
Borrowing	5,016,472	13.05%
Government Grants	10,756,080	27.97%
DCCs & Reserves	1,465,972	3.81%
Own Funds	5,876,825	15.29%

**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 2018 Property Tax Rates**

Property Class	2018
	% of Total Property Taxation
Residential (1)	73.02%
Utilities (2)	0.35%
Supportive Housing (3)	0.00%
Major Industry (4)	11.84%
Light Industry (5)	0.77%
Business and Other (6)	13.73%
Managed Forest Land (7)	0.00%
Recreation/Non-profit (8)	0.28%
Farmland (9)	0.01%
<b>Total</b>	100%

**Permissive Tax Exemptions**

The Town provides permissive tax exemptions. The Permissive Tax Exemption Bylaw 2017, No.1935, adopted on October 16, 2017, contains of list of property exempt from taxation for 2018. 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 2018**

Source	% of Total	Dollar Value
Development Cost Charges - Roads	2%	168,000
Development Cost Charges - Sewer	1%	43,000
Development Cost Charges - Water	1%	102,000
Cemetery Care Fund	0%	1,900
Reserve - Amphitheatre	0%	10,000
Gas Tax Funds	16%	1,142,972
Surplus	80%	5,876,825
<b>Total</b>		<b>\$7,344,697</b>