

**TOWN OF LADYSMITH**

**BYLAW NO. 2000**

A bylaw establishing the Financial Plan for the years 2019-2023

**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, 2023.
- (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 2023.

Repeal

- (3) The "Town of Ladysmith Financial Plan Bylaw 2018, No. 1956" is hereby repealed.

Citation

- (4) This bylaw may be cited for all purposes as "*Town of Ladysmith Financial Plan Bylaw 2019, No. 2000*".

**READ A FIRST TIME** on the 6<sup>th</sup> day of May, 2019

**READ A SECOND TIME** on the 6<sup>th</sup> day of May, 2019

**READ A THIRD TIME** on the 6<sup>th</sup> day of May, 2019

**ADOPTED** on the 13<sup>th</sup> day of May, 2019



\_\_\_\_\_  
Mayor (A. Stone)

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Corporate Officer (J. Winter)

Schedule 'A' of Bylaw 2000

## 2019 – 2023 Financial Plan

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES:</b>					
Revenue From Property Tax Values	8,451,130	8,916,854	9,146,735	9,352,873	9,667,818
Revenue From Grants In Lieu	170,901	170,979	171,064	171,158	171,243
Revenue From Parcel Taxes	2,975,882	2,997,702	3,009,612	3,021,522	3,033,432
Revenue From Fees & Charges	4,755,265	4,886,252	5,051,450	5,194,022	5,224,366
Revenue From Other Sources	23,519,187	1,180,068	1,022,423	828,039	825,339
	39,872,365	18,151,855	18,401,284	18,567,614	18,922,198
<b>EXPENSES:</b>					
General Operating Expense	10,971,845	10,544,869	10,776,168	10,981,665	11,174,013
Sanitary Sewer Operating Expenses	2,062,140	1,551,054	1,582,074	1,613,717	1,645,986
Water Operating Expenses	1,395,319	1,427,452	1,456,002	1,485,121	1,514,822
Interest Payments	529,353	656,705	643,705	609,705	899,705
Amortization	3,436,284	3,505,010	3,575,110	3,407,608	3,475,760
Annual Surplus/Deficit	21,477,424	466,765	368,225	469,798	211,912
<b>Add back:</b>					
Amortization	3,436,284	3,505,010	3,575,110	3,407,608	3,475,760
<b>Capital Expenditures</b>					
General Capital	13,537,553	2,476,100	1,311,300	1,640,433	1,618,050
Sanitary Sewer Capital	1,291,994	925,000	1,810,000	525,000	890,750
Water Capital	27,689,239	1,300,000	680,000	10,150,000	1,260,000
Proceeds from New Debt	(8,911,952)	0	0	(5,500,000)	0
Principal Payments	824,187	945,476	945,476	1,945,476	1,030,476
Transfers from Reserves	(2,404,804)	(1,722,575)	(1,005,500)	(4,461,477)	(712,272)
Transfer to (from) Own Funds	(7,112,509)	47,774	202,059	(422,026)	(399,332)
Financial Plan Balance	-	-	-	-	-

Schedule 'B' of Bylaw No. 2000

**Town of Ladysmith 2019 – 2023 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 2019. 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. A minimum of 10% prior year's municipal tax levy will be transferred to General Capital projects as well as setting aside a further 5% for asset replacement.

**Table 1: Sources of Revenue**

<u>Revenue Source</u>	<u>2019</u>	<u>% total</u>
Property Taxes	8,451,130	14.20%
Grants in Lieu	170,901	0.29%
Parcel Taxes	2,975,882	5.00%
User fees & Charges	4,755,265	7.99%
Other Sources	2,333,500	3.92%
Borrowing	8,911,952	14.98%
Government Grants	21,185,687	35.61%
DCCs & Reserves	2,404,804	4.04%
Own Funds	8,309,279	13.97%

### **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 2019 Property Tax Rates**

Property Class	2019 % of Total Property Taxation
Residential (1)	72.84%
Utilities (2)	0.57%
Supportive Housing (3)	0.00%
Major Industry (4)	12.01%
Light Industry (5)	0.67%
Business and Other (6)	13.63%
Managed Forest Land (7)	0.00%
Recreation/Non-profit (8)	0.27%
Farmland (9)	0.01%
<b>Total</b>	<b>100%</b>

### **Permissive Tax Exemptions**

The Town provides permissive tax exemptions. The Permissive Tax Exemption Bylaws 2018, No.1972 & No.1979, adopted on October 15, 2018, contain a list of properties exempt from taxation for 2019. 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 2019**

Source	% of Total	Dollar Value
Development Cost Charges - Roads	2%	235,000
Development Cost Charges - Sewer	1%	105,500
Development Cost Charges - Water	6%	632,250
Cemetery Care Fund	0%	1,948
Reserve - Amphitheatre	0%	10,000
Gas Tax Funds	13%	1,422,054
Surplus	78%	8,309,279
<b>Total</b>		<b>\$10,716,031</b>