

CITY OF PORT ALBERNI

BYLAW NO. 4744

A BYLAW RESPECTING THE FINANCIAL PLAN FOR THE YEARS 2010 - 2014

WHEREAS Section 165 of the *Community Charter R.S.B.C. 2003 c. 26* requires the Council to direct the preparation of and adopt a financial plan before the annual property tax bylaw is adopted in each year;

AND WHEREAS Council has undertaken a process of public consultation regarding the proposed financial plan before it is adopted:

**THE MUNICIPAL COUNCIL OF THE CITY OF PORT ALBERNI IN OPEN MEETING
ASSEMBLED ENACTS AS FOLLOWS:**

1. Title

This Bylaw may be cited for all purposes as "**5 Year Financial Plan 2010 – 2014, Bylaw No. 4744**".

2. Financial Plan

Schedule "A" attached hereto and made part of this Bylaw is hereby adopted and is the Financial Plan of the City of Port Alberni for the five year period from January 1, 2010 to December 31, 2014.

3. Objectives and Policies

Schedule "B" attached hereto and made part of this Bylaw is hereby adopted and sets out the objectives and policies of the City of Port Alberni for the years 2010 – 2014 inclusive, in relation to the revenue and tax policy disclosure as required in Section 165(3.1) of the *Community Charter*.

4. Repeal

That "5 Year Financial Plan Bylaw, 2009 - 2013, Bylaw No. 4715" and "5 Year Financial Plan Bylaw 2009 – 2013, Amendment No. 1, Bylaw No. 4742" are hereby repealed.

READ A FIRST TIME THIS 22ND DAY OF FEBRURY, 2010.

READ A SECOND TIME THIS 22ND DAY OF FEBRURY, 2010.

READ A THIRD TIME THIS 22ND DAY OF FEBRURY, 2010.

FINALLY ADOPTED THIS 8TH DAY OF MARCH, 2010.

Mayor

Clerk

**SCHEDULE A TO BYLAW NO. 4744
CITY OF PORT ALBERNI 5 YEAR FINANCIAL PLAN 2010-2014**

	2010	2011	2012	2013	2014
Revenues					
Taxes					
Property Taxes	\$ 19,201,178	\$ 19,250,826	\$ 19,254,879	\$ 19,475,230	\$ 19,697,195
Parcel Taxes	\$ 231,545	\$ 231,545	\$ 231,545	\$ 231,545	\$ 231,545
Other Taxes	\$ 172,695	\$ 172,695	\$ 170,546	\$ 170,546	\$ 170,546
Grants in Lieu of Taxes	\$ 526,008	\$ 526,008	\$ 526,008	\$ 526,008	\$ 526,008
Fees and Charges					
Sales of Service	\$ 3,831,317	\$ 3,860,817	\$ 3,961,344	\$ 4,046,747	\$ 4,159,188
Sales of Service/Utilities	\$ 3,346,017	\$ 3,482,726	\$ 3,501,466	\$ 3,651,523	\$ 3,671,166
Service to other Government	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000	\$ 110,000
User Fees/Fines	\$ 232,600	\$ 232,600	\$ 245,800	\$ 245,800	\$ 245,800
Other Revenue					
Rentals	\$ 101,030	\$ 159,102	\$ 159,102	\$ 159,102	\$ 159,102
Interest/Penalties	\$ 330,727	\$ 331,102	\$ 331,484	\$ 331,862	\$ 332,259
Grants/Other Governments	\$ 1,490,578	\$ 1,090,578	\$ 1,470,578	\$ 1,120,578	\$ 4,249,725
Other	\$ 399,491	\$ 29,900	\$ 29,900	\$ 29,900	\$ 629,900
	\$ 29,973,186	\$ 29,477,899	\$ 29,992,652	\$ 30,098,841	\$ 34,182,434
Expenditures					
Debt Interest	\$ 263,200	\$ 259,285	\$ 255,250	\$ 251,091	\$ 246,805
Capital Expenditure	\$ 4,814,159	\$ 1,992,102	\$ 2,582,626	\$ 2,856,359	\$ 7,115,077
Other Municipal Purposes					
General Municipal	\$ 2,766,332	\$ 2,862,567	\$ 2,868,737	\$ 2,915,565	\$ 3,035,139
Police Services	\$ 5,507,752	\$ 5,718,205	\$ 5,836,923	\$ 6,098,787	\$ 6,307,936
Fire Services	\$ 2,545,446	\$ 2,593,657	\$ 2,643,682	\$ 2,694,712	\$ 2,746,541
Other Protective Services	\$ 229,456	\$ 232,002	\$ 234,699	\$ 237,448	\$ 240,252
Transportation Services	\$ 3,305,460	\$ 3,371,066	\$ 3,438,487	\$ 3,507,258	\$ 3,577,403
Environmental Health and Development	\$ 1,815,420	\$ 1,589,642	\$ 1,620,517	\$ 1,652,034	\$ 1,684,206
Parks and Recreation	\$ 4,538,320	\$ 4,568,547	\$ 4,671,789	\$ 4,777,716	\$ 4,886,246
Cultural	\$ 1,543,101	\$ 1,552,141	\$ 1,594,365	\$ 1,620,943	\$ 1,654,662
Water	\$ 1,258,050	\$ 1,283,211	\$ 1,308,876	\$ 1,335,052	\$ 1,361,753
Sewer	\$ 963,310	\$ 982,576	\$ 1,002,227	\$ 1,022,270	\$ 1,042,715
Contingency	\$ 83,000	\$ 83,000	\$ 83,000	\$ 83,000	\$ 83,000
	\$ 29,633,006	\$ 27,088,001	\$ 28,141,178	\$ 29,052,235	\$ 33,981,735
Revenue in Excess (Shortfall) of Expenditure	\$ 340,180	\$ 2,389,898	\$ 1,851,474	\$ 1,046,606	\$ 200,699
Other					
Borrowing Proceeds	\$ -	\$ -	\$ 276,020	\$ -	\$ -
Debt Principal	\$ (325,392)	\$ (325,392)	\$ (325,392)	\$ (325,392)	\$ (191,392)
Transfer to Other Governments - Repayment	\$ (231,545)	\$ (231,545)	\$ (231,545)	\$ (231,545)	\$ (231,545)
Transfer from Equipment Replacement Reserve	\$ 971,400	\$ 160,128	\$ 160,770	\$ 85,000	\$ 255,000
Transfer from Land Sale Reserve	\$ 775,000	\$ -	\$ -	\$ -	\$ -
Transfer from Cemetery Trust	\$ -	\$ -	\$ -	\$ -	\$ -
Transfer from other reserves	\$ 923,851	\$ 232,662	\$ 525,542	\$ 236,526	\$ 339,851
Transfer from (to) Surplus	\$ (2,453,494)	\$ (2,225,751)	\$ (2,256,869)	\$ (811,194)	\$ (372,613)
	\$ (340,180)	\$ (2,389,898)	\$ (1,851,474)	\$ (1,046,606)	\$ (200,699)
Balanced Budget	\$ -	\$ -	\$ -	\$ -	\$ -

SCHEDULE B TO BYLAW NO. 4744 REVENUE POLICY DISCLOSURE

Objectives and Policies

The City of Port Alberni Strategic Plan adopted by Council in 2005, provides wide ranging municipal objectives and policy direction including strategic priorities in the areas of taxation, economic growth and diversification.

Several initiatives arising from these stated priorities relate directly to revenue generation, property taxation, and permissive tax exemptions. These are:

- Update and review regularly all fees and charges levied to ensure they keep pace with the cost of service delivery.
- Fund the sewer utility on a fee for service basis rather than via property taxation.
- Adopt development cost charges.
- Market and sell City owned lands excess to needs.
- Provide significant and ongoing tax reductions to the major Industrial class to help promote sustainability of that sector.
- Business class taxation levels held constant to promote business retention and attraction
- Residential class taxation levels to increase to cover service delivery cost increases and partially cover the reduced major industry tax levels
- Promote revitalization of the uptown commercial area and industrial waterfront.

Considerable progress has been made on these policy directions as outlined in the City of Port Alberni's 2007 and 2008 Annual Reports.

Proportion of Revenue from Funding Sources

Property Taxes – The majority of the City of Port Alberni's revenue arises from property tax; about 64% in 2010. Property tax collected between 2006 and 2009 actually decreased by 1.9%. This is due mainly to a 2007 shift to fund the sewer utility through fees rather than property tax.

The 2010-2014 Financial Plan provides for limited increases in property taxes collected in each year of the plan. The increase in 2010 is 8.9% and the average annual increase for each year is 2.3%. It is anticipated that the planned annual increases will not keep pace with service cost increases. Service reductions will be necessitated to keep the budget within the Financial Plan parameters.

Parcel Taxes - Only about 1% of the City of Port Alberni's revenue arises from parcel taxes. This is from a single parcel tax levy (Bylaw 4444) which was implemented to provide funding for a twin ice surface multiplex constructed in 2000. Funding of this major recreation infrastructure project was selected to be done by parcel tax rather than by property tax partly to lessen the resulting tax burden to major industry. Property owners were given the option of paying the parcel tax in one lump sum amount up front or by an annual amount for 20 years. This bylaw runs from 2001 to 2020. Funding of future large infrastructure projects, especially recreation related ones, could arise from a parcel tax but no new parcel tax levies are proposed in the 2010-2014 Financial Plan.

Fees and Charges – A significant portion of the City of Port Alberni’s revenues are derived from fees and charges; about 25% in 2010.

Services funded through fees and charges include the water and sewer utilities, solid waste collection and disposal, building inspection, cemetery operations and a portion of the parks, recreation, heritage and cultural services provided.

City Council has directed that where possible it is preferable to charge a user fee for services that are identifiable to specific users instead of levying a general tax to all property owners. In a community satisfaction survey undertaken in 2008 Alberni Valley residents expressed a preference to pay for service improvements or service cost increases through increased fees and charges rather than property tax increases.

Increases in fees and charges are incorporated into the plan for all services funded by fees and charges. The proportion of the City’s revenues derived from fees and charges averages 26% throughout the five year plan.

Borrowing Proceeds – The City borrows as needed to finance very large capital projects with more routine capital work being done on a “pay as you go” basis. The total revenue planned from borrowing in this financial plan is \$276,000 which is about 0.2% of the total plan revenue.

Other Sources – Revenue arising in this area is comprised of rentals of city owned property, interest/penalties, payments in lieu of taxes and grants from senior governments.

The first three of these revenue sources are consistent in each year of the plan and comprise about 3% of the City’s total revenues. The last category, grants from senior governments varies significantly from year to year depending on the conditional grants being applied for.

Distribution of Property Taxes among Property Classes

Council has provided the following policy directions which are incorporated in the 2010-2014 Financial Plan.

Class 4 – Major Industry Continuing downturns in the coastal forest industry coupled with higher than average municipal tax rates for Major Industry in Port Alberni motivated Council to direct that significant taxation reductions be provided for Class 4 taxpayers to help them be sustainable. These reductions began in 2006 with the Major Industry share of taxation decreasing from 41.8% to 34.8% between 2005 and 2009. Reductions are continued through 2012 with the Class 4 share of taxation reducing to 24.7% by 2014.

Class 6 – Business In order to retain existing business and attract new business, and in recognition of higher than average business property tax rates, Council directed, starting in 2006, that tax collected from the class 6 category be frozen with increases only arising from taxes on new businesses assessment in the community. As a result of this business property tax rates dropped from \$27 per thousand in 2005 to \$17 per thousand in 2009. Due to growth during that period the share of tax collected from business increased slightly from 16.7% to 17.6%. In this financial plan the share of tax collected from business is set to remain relatively stable at about 16%.

Class 1 – Residential In recognition that taxes to the average priced home in Port Alberni are below the provincial average for cities of similar size and to partially offset the revenue reductions from Class 4 taxation Council has directed that limited annual increases be made to residential property taxation. Between 2005 and 2009 the share of property taxation paid by

Class 1 increased from 40.0% to 46.2%. In this financial plan the share of taxation paid by the residential class will increase from 46.2% to 58.3%.

Other Classes Only about 1.3% of total taxation arises from the other property classes in Port Alberni. This is set to remain stable throughout the financial plan.

The table below indicates the relative share of taxes for each of the Classes outlined above for each year of the financial plan.

	2010	2011	2012	2013	2014
Residential	52.8%	55.1%	57.3%	57.8%	58.3%
Major Industry	29.7%	27.4%	25.2%	24.9%	24.7%
Business & Other	16.2%	16.2%	16.2%	16.0%	15.8%
Other	1.3%	1.3%	1.3%	1.3%	1.2%
	100.0%	100.0%	100.0%	100.0%	100.0%

Permissive Tax Exemptions

Permissive tax exemptions are provided by the City of Port Alberni as permitted under the Community Charter and in compliance with a policy of Council setting out the application process, eligibility criteria, exemption duration and other conditions. Permissive tax exemptions must also fall within the budget constraints identified by Council to be considered for approval

Generally, permissive tax exemptions are a means for Council to support organizations within the community which further Council's objectives of enhancing quality of life (economic, social, cultural) and delivering services economically. Specifically the policy allows for annual application by eligible organization for a permissive tax exemption to the lands or buildings they occupy with the following priorities for granting the exemption:

- athletic or recreational programs or facilities for public use;
- services for special needs groups;
- facilities or programming for youth and seniors;
- protection and maintenance of important community heritage;
- seniors care facility;
- arts, cultural or educational programs or facilities;
- emergency or rescue services;
- services for the public in a formal partnership with the City or;
- preservation to an environmental or ecologically sensitive area designated within the Official Community Plan.

Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of 3 years) where it is demonstrated that the services/benefits they offer to the community are of duration equal or greater than the period of tax exemption).

Since 2005 Council has approved, on average, annual permissive tax exemptions for 34 organizations with a total annual municipal property tax exemption value of approximately \$220,000. This is about 1.3% of the total property taxes collected annually. Council has provided notice to all organizations currently receiving permissive tax exemptions that, due to the financial pressures on the City caused by decreasing industrial tax revenues, permissive tax exemptions beyond 2010 will be reviewed with a view to reducing the amount of tax revenues forgone by the City.

Revitalization Tax Exemptions

In addition to the permissive tax exemptions noted above Council has, under the terms provided in the Community Charter, created two revitalization tax exemption areas in the City.

The first was created by Bylaw 4640 in 2006 with the intention of promoting re-investment and new development in the Industrial Waterfront of Port Alberni. To-date no applications have been received to access this tax exemption.

The second area was created by Bylaws 4691 and 4698 in 2008 with the intention of promoting upgrading and redevelopment in the commercial area of Port Alberni know as “Uptown”. Several applications have been received under this revitalization program but none of these will generate significant tax exemptions within the context of the City’s financial plan.

Strategic Community Investment (SCI) Funds Plan – Intended Uses and Performance Targets

On February 25, 2009 the Province announced a restructuring of key local government transfers over the next two years. The funds temporarily replace the Small Community and Traffic Revenue Fine Sharing grants for this period. A requirement of this restructuring is the reporting to taxpayers on how the funds are used. The Financial Plan sets out the intended uses for these funds. Progress reporting will be accommodated in the respective Annual Reports.

Small Community Portion of SCI Funds:

Intended Use	Performance Targets	Progress made to first reporting period (ending December 31, 2009)	Progress made in second reporting period (ending December 31, 2010)
Use funding to support local government services to avoid tax rate increases	Minimize tax rate increases.	SCI funds allotted \$ 214,669 Without funding the residential tax increase would be 2.8% higher	SCI funds allotted \$ 214,743 Without funding residential tax increase projected to be 2.7% higher

Traffic Fine Revenue Sharing Portion of SCI Funds:

Intended Use	Performance Targets	Progress made to first reporting period (ending December 31, 2009)	Progress made in second reporting period (ending December 31, 2010)
Use funding to support police enforcement.	Funds are used to support debt servicing costs on new detachment; Funds are used to support community policing.	Traffic Fine revenues of \$ 238,320 allotted Represent 100% of cost of debt servicing for RCMP detachment Traffic Fine revenues of \$ 15,716 allotted Represent 100% of cost of Community Policing	Traffic Fine revenues of \$ 238,320 allotted Represent 100% of cost of debt servicing budgeted for RCMP detachment Traffic Fine revenues of \$ 26,450 allotted Represent 100% of cost of budget for Community Policing
Use funding to support Bylaw Enforcement	<i>Funds are used to support Municipal Ticket Information (MTI) program and Parking Enforcement</i>	Traffic Fine revenues of \$ 121,693 allotted Represent 95% of cost of Bylaw Enforcement	Traffic Fine revenues of \$ 111,074 allotted Represent 100% of cost of budget for bylaw enforcement

Community Gaming Funding

On October 23, 2007 the City of Port Alberni and the Province of BC signed the Host Financial Assistance Agreement providing for the transfer to the City (Host) of ten (10%) percent of Net Gaming Revenue from the casino located within the City's boundaries. The budget assumes that the City of Port Alberni will continue to receive a share of gaming revenue from the casino through the five years of this financial plan. There is no long term agreement in place with the Province.

Community gaming funds must be used only on account of payment of Eligible Costs. Eligible Costs are defined by the Province as "the costs and expenses incurred by the Host for any purpose that is of public benefit to the Host and within the lawful authority of the Host."

Funding Allocation	Funds (\$) Allocated
McLean Mill National Historic Site Operations	\$ 235,600
Grants In Aid	10,000
Tourism Funding	69,000
Offset Economic Development	115,400
Total commitments	\$ 430,000