

# CITY OF PORT ALBERNI

## BYLAW NO. 5023

### A BYLAW TO ESTABLISH A FIVE YEAR FINANCIAL PLAN

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WHEREAS Section 165 of the *Community Charter* stipulates that a municipality must have a financial plan that is adopted on an annual basis;

NOW THEREFORE, the Municipal Council of the City of Port Alberni in open meeting assembled hereby enacts as follows:

1. Schedules 'A' & 'B' attached hereto and forming 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, 2021 to December 31, 2025.
2. This Bylaw may be cited for all purposes as "City of Port Alberni 2021 – 2025 Financial Plan Bylaw No. 5023" and shall become effective upon adoption.

READ A FIRST TIME THIS 25<sup>TH</sup> DAY OF JANUARY, 2021.

READ A SECOND TIME THIS 22<sup>ND</sup> DAY OF FEBRUARY, 2021.

READ A THIRD TIME THIS 22<sup>ND</sup> DAY OF MARCH, 2021.

FINALLY ADOPTED THIS 12<sup>TH</sup> DAY OF APRIL, 2021.

  
  
\_\_\_\_\_  
Mayor  
\_\_\_\_\_  
Corporate Officer

**SCHEDULE A TO BYLAW NO. 5023**



**CITY OF PORT ALBERNI  
CONSOLIDATED FINANCIAL  
PLAN 2021-2025**

	2021	2022	2023	2024	2025
<b>Revenue</b>					
<b>Taxes</b>					
Property Taxes	24,525,851	25,691,590	26,699,131	27,527,367	28,613,644
Other Taxes	742,700	747,850	752,950	754,850	765,000
Grants in Lieu of Taxes	219,980	219,980	219,980	219,980	219,980
<b>Fees and Charges</b>					
Sales of Service	3,876,355	4,028,250	4,111,346	4,229,077	4,295,481
Sales of Service/Utilities	7,194,710	7,455,151	7,734,215	7,959,070	8,145,087
Service to other Government	100,000	101,000	102,010	103,030	104,060
User Fees/Fines	264,280	266,380	268,522	270,707	272,935
<b>Rentals</b>	145,500	146,700	147,900	147,900	147,900
Interest/Penalties/Miscellaneous	736,775	736,775	736,775	736,775	736,775
Grants/Other Governments	4,668,340	1,107,340	1,107,340	1,107,340	1,107,340
Other Contributions	360,000	156,715	106,715	90,000	90,000
	<b>42,834,491</b>	<b>40,866,973</b>	<b>41,986,884</b>	<b>43,146,097</b>	<b>44,498,203</b>
<b>Expenses</b>					
Debt Interest	495,316	495,316	495,316	495,316	615,784
Capital Expenses	9,991,445	8,207,807	12,145,829	5,128,758	5,282,521
<b>Other Municipal Purposes</b>					
General Municipal	4,334,841	4,489,080	4,559,862	4,623,757	4,710,034
Police Services	7,755,495	7,888,797	8,132,695	8,285,470	8,531,993
Fire Services	3,870,382	3,971,588	4,067,477	4,168,290	4,270,744
Other Protective Services	265,516	268,082	270,645	273,085	274,878
Transportation Services	4,103,080	4,212,424	4,326,553	4,420,996	4,542,241
Environmental Health and Development	3,044,741	2,894,798	2,943,067	3,021,548	3,036,978
Parks and Recreation	5,224,206	6,062,174	6,232,629	6,478,544	6,433,590
Cultural	1,426,629	1,458,538	1,479,415	1,510,762	1,542,833
Water	1,760,669	1,821,331	1,814,697	1,876,512	1,888,819
Sewer	1,379,906	1,397,507	1,416,790	1,435,179	1,438,126
Contingency	3,736,000	200,000	200,000	200,000	200,000
	<b>47,388,226</b>	<b>43,383,021</b>	<b>48,084,975</b>	<b>41,918,217</b>	<b>42,768,542</b>
<b>Revenue Over (Under) Expenses Before Other</b>	<b>(4,553,735)</b>	<b>(2,516,047)</b>	<b>(6,098,091)</b>	<b>1,227,879</b>	<b>1,729,661</b>
<b>Other</b>					
Debt Proceeds	-	-	3,000,000	-	-
Debt Principal	(476,634)	(476,634)	(476,634)	(476,634)	(476,634)
Transfer from Equipment Replacement Reserve	2,100,545	2,173,804	589,674	1,307,654	1,820,050
Transfer from Land Sale Reserve	-	-	-	-	-
Transfer from Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) Other Reserves	2,927,824	816,877	2,983,051	(2,060,900)	(3,075,077)
Transfer from (to) Surplus	-	-	-	-	-
	<b>4,553,735</b>	<b>2,516,047</b>	<b>6,098,091</b>	<b>(1,227,880)</b>	<b>(1,729,661)</b>
<b>Balanced Budget</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>

## SCHEDULE B TO BYLAW NO. 5023 REVENUE POLICY DISCLOSURE

### Objectives and Policies

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

Ongoing 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 maximize recovery of the cost of service delivery;
- Fund waste collection, sewer, and water utilities on a fee for service basis without contribution required from property taxation;
- Where it is strategic, market and sell City owned lands excess to needs;
- Ensure strategized initiatives and projects included in the corporate strategic plan are incorporated into the 2021-2025 financial plan to allow for successful implementation of corporate strategy
- Promote revitalization of the City's commercial areas;
- Undertake capital projects identified in the plan by a combination of use of general revenues, borrowing, senior government grant funding and reserve funding.

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

### Proportion of Revenue from Funding Sources

**Property Taxes** – The majority of the City of Port Alberni's revenue arises from property tax; about 67% [excluding grants and borrowings] in 2021. Property tax collected between 2017 and 2021 increased by 13.4% over that five-year period.

The 2021-2025 Financial Plan provides for a 3.95% increase in property taxes collected in 2021 moving to 4.79% in 2022 then remaining between 3% and 4% in the final three years of the plan. The planned annual increases will allow for successful implementation of all Corporate Strategic Priorities set out by Council in the 2019 Strategic Plan as well commitments to capital projects, collective bargaining agreements, and projects that require debt service.

**2021-2025 Annual Tax Rates**

2021	2022	2023	2024	2025
3.95%	4.79%	3.96%	3.15%	3.97%

**Parcel Taxes** – The debt for the twin ice surface multiplex has been completely paid off and there is no parcel tax applicable in 2021. The parcel tax levy [Bylaw 4444] was implemented in 2001 to provide funding for a twin ice surface multiplex constructed in 2000. The preferred method of funding of this major recreation infrastructure project was 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 in 2000, or by an annual amount for 20 years, beginning in 2001. No new parcel tax levies are proposed in the 2021-2025 Financial Plan.

**Fees and Charges** – In 2021, approximately 30% of the City of Port Alberni's revenues will be derived from fees and charges.

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

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.

**Borrowing Proceeds** – The City borrows as needed to finance significant capital projects, with more routine capital work funded through general revenue and gas taxes. Total revenue from planned borrowing in this financial plan is approximately \$5.68 Million.

**Other Sources** – Other revenue sources are rentals of City-owned property, interest/penalties, payments in lieu of taxes and grants from senior governments.

Revenue from rentals and interest and penalties remain consistent from year to year and comprises 1 - 2% of the City's total revenues. Grants from senior governments vary significantly from year to year depending on successful application for conditional funding.

**COVID-19 Safe Restart Grant for Local Governments** the City of Port Alberni received a \$3.5 million grant from the Province of British Columbia through the COVID-19 Safe Restart Grant for Local Governments program. The grant program uses a formula that incorporates a flat amount of \$169,000 with an "adjusted per-capita" amount of \$308.34 [2018 population of 18,803]. In 2020, Council has the ability to apply grant funding to the listing of preliminary revenue shortfalls and expense escalation due to COVID [currently estimated around \$1.2M]. In turn, this will enable the continuance of the required City services, maintain the contributions to reserves, and not require increases to property tax rates to meet a deficit.

### **Distribution of Property Taxes among Property Classes**

Council will provide the policy directions which will be incorporated in the 2021-2025 Financial Plan.

**Class 1 – Residential** The residential tax increase will also reflect 3.95% again as a commitment to successful implementation of the corporate strategic plan. Between 2005 and 2020 the share of property taxation paid by Class 1 increased from 40.0% to 59.8%. In the draft financial plan, the share of taxation paid by the residential class is set to 59.8% in 2021.

**Class 4 and 5 – Major Industry and Light Industry** In 2006, Council directed that significant tax reductions be provided for Class 4 [Major Industry] taxpayers over a five-year period in response to continued market weakness in the coastal forest industry and higher than average municipal tax rates for Major Industry in Port Alberni. These reductions were implemented in 2006.. The City subsequently further committed that through 2013 to 2017 there would be no increase in taxes for Major Industry as part of the agreement to purchase Catalyst's sewage lagoon infrastructure. The above noted reductions and freezes resulted in the Major Industry share of taxation decreasing from 41.8% in 2005 to 22.09% in 2020

For 2021, Class 4 & 5 taxes will be blocked together and the tax burden for these classes will remain at 22.64% combined, the same combined percentage as in 2020. The overall increase in 2021 for these classes will be 3.95%.

**Class 6 – Business** In committing to successful implementation of our corporate strategic plan business rates will also reflect an increase of 3.95%. Business property tax rates dropped from \$27 per thousand dollars in assessed value in 2005 to \$14.43 per thousand in 2021. In the 2021 draft plan, the share of tax collected from business remains the same at 17.3% as it was in 2020.

**Other Classes** Approximately 0.5% of total taxation arises from the other property classes in Port Alberni. The Annual Increase set out above will be reflected in each class and the relative share of taxes for each of the Classes is set to remain at 2020 levels.

### **Permissive Tax Exemptions**

Permissive tax exemptions are provided by the City of Port Alberni as permitted under the Community Charter and in compliance with Council policy directing 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, and cultural) and delivering services economically. Specifically, the policy allows for annual application by eligible organizations for permissive tax exemptions on the lands or buildings they occupy, with the following priorities for granting the exemption:

- athletic or recreational programs or facilities for youth;
- services and facilities for persons requiring additional supports; mental wellness and addictions;
- programming for youth and seniors;
- protection and maintenance of important community heritage;
- arts, cultural or educational programs or facilities;
- emergency or rescue services;
- services for the public in a formal partnership with the City or;
- preservation of an environmentally 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 10 years) where it is demonstrated that the services/benefits they offer to the community are of duration equal to or greater than the period of tax exemption).

Since 2005 Council has approved, on average, annual permissive tax exemptions for 34 organizations (not including places of public worship) with a total annual municipal property tax exemption value of approximately \$250,000. In 2020, 56 organizations were approved, with a total annual property tax exemption value of approximately \$250,000. The bylaw was renewed in 2019 with changes to criteria and eligibility.

### **Revitalization Tax Exemptions**

Council adopted "City of Port Alberni Revitalization Tax Exemption Program, Bylaw No. 4824" in 2013, an aggressive bylaw designed to encourage revitalization of the uptown area. Council amended the Bylaw in March 2016 to include Harbour Quay and City owned properties to the Schedule of eligible properties. Also, in 2016, Council adopted a new Revitalization Tax Exemption Bylaw covering all other commercial areas. Council's objective is to stimulate growth and development in the City's commercial areas by encouraging investment in new commercial space and improvements to existing commercial buildings. In 2020, there was one successful application received.

**Strategic Community Investment (SCI) and Traffic Fine Revenue Sharing (TFRS) Funds**

The Strategic Community Investment Fund Plan is an unconditional grant from the Province to municipalities to assist in provision of basic services. The Traffic Fine Revenue Sharing Fund returns net revenues from traffic violations to municipalities responsible for policing costs. The City is expecting to receive approximately \$591,500 in 2021. Performance targets are not expected to change from 2020 to 2021. SCI and TFRS funds are allocated to general revenue for support of local government service delivery.

**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 slot machines at 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 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."

In 2020 COVID-19 impacted the revenue received to support the annual funding to the eligible costs. The draft plan continues the support of the eligible costs the in 2021 with an uncertain possibility of receiving all the funds anticipated form the Host Financial Assistance Agreement. There is an option to use the COVID-19 Safe Restart Grant for Local Governments should Council support these funding allocations.

<b>2021 Funding Allocation</b>	<b>Funds (\$) Allocated</b>
McLean Mill National Historic Site Operations	\$ 160,229
Visitor Centre Funding	87,411
Offset Economic Development	150,000
Community Investment Plan/Grans in Aid	48,200
<b>Total commitments</b>	<b>445,840</b>