

**CITY OF PORT ALBERNI**

**BYLAW NO. 5003**

**A BYLAW RESPECTING THE FINANCIAL PLAN FOR THE YEARS 2020 - 2024**

**WHEREAS** Section 165 of the *Community Charter* 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 "Five Year Financial Plan 2020 – 2024, Bylaw No. 5003".

**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, 2020 to December 31, 2024.

**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 2020 – 2024 inclusive, in relation to the revenue and tax policy disclosure as required in Section 165 of the *Community Charter*.

**4. Repeal**

That "5 Year Financial Plan Bylaw 2019 - 2023, Bylaw No. 4984" and its associated amendments are hereby repealed.

**READ A FIRST TIME THIS 13<sup>TH</sup> DAY OF JANUARY, 2020.**

**READ A SECOND TIME THIS 14<sup>TH</sup> DAY OF APRIL, 2020.**

**READ A THIRD TIME THIS 27<sup>TH</sup> DAY OF APRIL, 2020.**

**FINALLY ADOPTED THIS 27<sup>TH</sup> DAY OF APRIL, 2020.**




**Mayor**



**Clerk**

## SCHEDULE A TO BYLAW NO. 5003

<div style="display: flex; justify-content: space-between; align-items: center;">  <div style="text-align: center;"> <b>CITY OF PORT ALBERNI</b>  <b>CONSOLIDATED FINANCIAL PLAN 2020-2024</b> </div> </div>					
	2020	2021	2022	2023	2024
<b>Revenue</b>					
<b>Taxes</b>					
Property Taxes	23,602,610	25,987,007	27,016,020	27,820,211	28,648,527
Other Taxes	710,200	710,200	710,200	710,200	707,000
Grants in Lieu of Taxes	219,500	219,500	219,500	219,500	219,500
<b>Fees and Charges</b>					
Sales of Service	3,636,504	3,524,542	3,491,883	3,537,650	3,590,971
Sales of Service/Utilities	6,888,741	7,392,302	7,536,449	7,690,879	7,848,581
Service to other Government	167,000	167,000	167,000	167,000	167,000
User Fees/Fines	237,140	238,140	240,140	242,140	242,140
Rentals	144,300	145,500	146,700	147,900	147,900
Interest/Penalties/Miscellaneous	555,275	736,775	736,775	736,775	736,775
Grants/Other Governments	1,895,880	1,107,340	1,107,340	1,107,340	1,107,340
Other Contributions	395,000	460,000	162,600	90,000	90,000
	<u>38,452,150</u>	<u>40,688,305</u>	<u>41,534,607</u>	<u>42,469,595</u>	<u>43,505,734</u>
<b>Expenses</b>					
Debt Interest	487,816	487,816	487,816	487,816	487,816
Capital Expenses	14,698,195	8,721,303	5,870,271	12,759,802	6,225,076
<b>Other Municipal Purposes</b>					
General Municipal	4,183,800	4,310,001	4,472,617	4,471,229	4,613,354
Police Services	7,493,161	7,649,642	7,847,848	8,053,087	8,260,107
Fire Services	3,657,489	3,750,092	3,872,436	3,964,686	4,059,461
Other Protective Services	262,699	264,886	267,074	269,567	271,976
Transportation Services	4,134,868	4,317,829	4,464,622	4,520,702	4,572,310
Environmental Health and Development	2,669,546	2,230,842	2,121,772	2,158,613	2,245,650
Parks and Recreation	5,336,908	6,271,298	6,476,455	6,612,515	6,941,793
Cultural	1,369,031	1,442,847	1,476,477	1,506,096	1,531,180
Water	1,670,544	1,660,669	1,721,331	1,714,697	1,776,512
Sewer	1,362,676	1,379,906	1,397,507	1,416,790	1,435,179
Contingency	500,000	200,000	200,000	200,000	200,000
	<u>47,826,733</u>	<u>42,687,130</u>	<u>40,676,226</u>	<u>48,135,600</u>	<u>42,620,414</u>
<b>Revenue Over (Under) Expenses Before Other</b>	<u>(9,374,583)</u>	<u>(1,998,825)</u>	<u>858,381</u>	<u>(5,666,006)</u>	<u>885,320</u>
<b>Other</b>					
Debt Proceeds	5,680,000	-	-	3,000,000	-
Debt Principal	(476,634)	(476,634)	(476,634)	(476,634)	(476,634)
Transfer from Equipment Replacement Reserve	254,955	2,652,625	2,358,085	814,253	1,639,725
Transfer from Land Sale Reserve	-	-	-	-	-
Transfer from Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) Other Reserves	3,914,262	(179,166)	(2,741,832)	2,326,387	(2,050,411)
Transfer from (to) Surplus	-	-	-	-	-
	<u>9,374,583</u>	<u>1,998,825</u>	<u>(858,381)</u>	<u>5,666,006</u>	<u>(885,320)</u>
<b>Balanced Budget</b>	-	-	-	-	-

## **SCHEDULE B TO BYLAW NO. 5003 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;
- Market and sell City owned lands excess to needs;
- Ensure strategized initiatives and projects included in the corporate strategic plan are incorporated into the 2020-2024 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 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 65% (excluding grants and borrowings) in 2020. Property tax collected between 2015 and 2020 has increased by 12.7% over the five year period.

The 2020-2024 Financial Plan provides for a 1.90% increase in property taxes collected in 2020 and 2021 followed by an increase of 10.2%, returning to 3.0% in 2024. The significant increase in 2021 is due to the reductions undertaken in 2020 to address COVID – 19 impacts. Initially the annual increase were set to achieve the 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.

### **2020-2024 Annual Tax Rates**

2020	2021	2022	2023	2024
1.9%	10.2%	4.0%	3.0%	3.0%



**Parcel Taxes** – Approximately 0.5% 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 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. Future additional parcel tax levies may fund future significant recreation infrastructure projects. No new parcel tax levies are proposed in the 2020-2024 Financial Plan.

**Fees and Charges** – In 2020, 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.

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 30% (not including provincial and federal assistance on large infrastructure projects) for 2020 forward.

**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.

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

Council will provide the policy directions which are incorporated in the 2020-2024 Financial Plan.

**Class 4 – Major Industry** In 2006, Council directed that significant tax reductions be provided for Class 4 (Major Industry) taxpayers because of 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 with the Major Industry share of taxation decreasing from 41.8% in 2005 to 22.1% in 2020. For 2015 through 2017, the City committed to no increase in taxes for Major Industry as part of the agreement to purchase Catalyst's sewage lagoon infrastructure. For 2020, Class 4 taxes have been increased by 1.9% in 2020 and the approach to achieve the Corporate Strategic Plan has been modified. Moving forward Council can revisit the approach to achieve the goals and objectives within the 2019-2023 Corporate Strategic Plan and the associated tax rates increases.

**Class 6 – Business** - Business taxes did remain at 3% in 2019. Business rates will also reflect an increase of 1.9% in 2020 and the approach to achieve the Corporate Strategic Plan has been modified. Moving forward Council can revisit the approach to achieve the goals and objectives within the 2019-2023 Corporate Strategic Plan and the associated tax rates increases. Business property tax rates dropped from \$27 per thousand dollars in assessed value in 2005 to \$13.52 per thousand in 2020. The share of tax collected from business increased from remains unchanged at 17.3% in both 2019 and 2020.

**Class 1 – Residential** – The Council directed that the residential tax increase will also reflect 1.9% in 2020 and the approach to achieve the Corporate Strategic Plan has been modified. Moving forward Council can revisit the approach to achieve the goals and objectives within the 2019-2023 Corporate Strategic Plan and the associated tax rates increases. Between 2005 and 2019 the share of property taxation paid by Class 1 increased from 40.0% to 59.8%. In this financial plan the share of taxation paid by the residential class remains at 59.8% in 2020.

**Other Classes** Approximately .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 and an increase of 1.9% in each classification.

### **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 2019, 57 organizations were approved, with a total annual property tax exemption value of approximately \$243,000. 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, a more aggressive bylaw designed to encourage revitalization of the uptown area. One application was received in 2014, and is effective for 2016. One application was received in 2015 and was effective in 2017. 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.

### **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 them to provide 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 2020. Performance targets are not expected to change from 2019 to 2020. 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 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."

The Financial Plan includes a reduced expectation from the Province due to the closure of all Casinos in British Columbia due the COVID – 19 pandemic. Council support a conservative approach to lower the estimated revenue to \$334,380 for 2020, yet commit to the funding provided in the table below.

<b>2020 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>