

CITY OF PORT ALBERNI

BYLAW NO. 4984

A BYLAW RESPECTING THE FINANCIAL PLAN FOR THE YEARS 2019 - 2023

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 2019 – 2023, Bylaw No. 4984**".

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, 2019 to December 31, 2023.

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 2019 – 2023 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That "5 Year Financial Plan Bylaw 2018 - 2022, Bylaw No. 4960" and its associated amendments are hereby repealed.

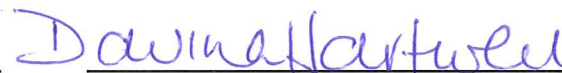
READ A FIRST TIME THIS 11TH DAY OF MARCH, 2019.

READ A SECOND TIME THIS 11TH DAY OF MARCH, 2019.

READ A THIRD TIME THIS 11TH DAY OF MARCH, 2019.

FINALLY ADOPTED THIS 25TH DAY OF MARCH, 2019.



Mayor

Clerk



SCHEDULE A TO BYLAW NO. 4984
CITY OF PORT ALBERNI
CONSOLIDATED FINANCIAL PLAN 2019-2023

	2019	2020	2021	2022	2023
Revenue					
Taxes					
Property Taxes	23,153,216	23,839,827	24,548,671	25,278,781	26,030,795
Other Taxes	710,141	710,200	710,200	710,200	710,200
Grants in Lieu of Taxes	219,500	219,500	219,500	219,500	219,500
Fees and Charges					
Sales of Service	3,446,969	3,414,656	3,477,495	3,524,196	3,564,452
Sales of Service/Utilities	6,884,738	7,133,173	7,392,302	7,536,449	7,690,879
Service to other Government	167,000	167,000	167,000	167,000	167,000
User Fees/Fines	228,640	229,640	230,640	232,640	234,640
Rentals	143,200	144,300	145,500	146,700	147,900
Interest/Penalties/Miscellaneous	629,100	634,100	732,300	732,300	732,300
Grants/Other Governments	1,107,340	1,107,340	1,107,340	1,107,340	1,107,340
Other Contributions	456,400	392,500	29,900	29,900	29,900
	<u>37,146,244</u>	<u>37,992,236</u>	<u>38,760,848</u>	<u>39,685,006</u>	<u>40,634,906</u>
Expenses					
Debt Interest	396,128	396,128	396,128	396,128	396,128
Capital Expenses	8,105,810	7,313,318	6,129,411	3,295,571	11,658,645
Other Municipal Purposes					
General Municipal	3,934,194	3,853,303	3,896,777	4,012,584	4,014,756
Police Services	7,325,995	7,561,366	7,734,870	7,913,454	8,098,188
Fire Services	3,589,253	3,649,489	3,742,013	3,864,276	3,956,444
Other Protective Services	260,413	262,698	265,127	267,323	269,598
Transportation Services	4,198,108	4,205,871	4,389,845	4,528,146	4,560,358
Environmental Health and Development	2,178,658	1,801,671	1,818,137	1,841,690	1,796,182
Parks and Recreation	5,600,090	5,698,007	5,762,996	5,852,379	5,949,164
Cultural	1,302,804	1,375,469	1,352,802	1,388,579	1,416,263
Water	1,429,672	1,526,345	1,508,357	1,560,713	1,543,424
Sewer	1,243,229	1,259,550	1,276,255	1,292,491	1,310,403
Contingency	264,700	200,000	200,000	200,000	200,000
	<u>39,829,054</u>	<u>39,103,215</u>	<u>38,472,718</u>	<u>36,413,334</u>	<u>45,169,553</u>
Revenue Over (Under) Expenses Before Other	<u>(2,682,810)</u>	<u>(1,110,979)</u>	<u>288,130</u>	<u>3,271,672</u>	<u>(4,534,647)</u>
Other					
Debt Proceeds	-	-	-	-	3,000,000
Debt Principal	(347,143)	(347,143)	(347,143)	(347,143)	(347,143)
Transfer from Equipment Replacement Reserve	522,500	2,229,900	2,756,800	590,400	37,600
Transfer from Land Sale Reserve	33,000	-	-	-	-
Transfer from Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) Other Reserves	2,422,384	(773,778)	(2,699,787)	(3,516,929)	1,842,190
Transfer from (to) Surplus	50,069	-	-	-	-
	<u>2,682,810</u>	<u>1,110,979</u>	<u>(288,130)</u>	<u>(3,271,672)</u>	<u>4,534,647</u>
Balanced Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE B TO BYLAW NO. 4984 REVENUE POLICY DISCLOSURE

Objectives and Policies

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

Several 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 the 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;
- Provide minimal tax increases for all property classes for 2019 through 2023;
- For the tax increases to contribute to the sustainability of capital infrastructure funding;
- Business class taxation levels held to minimal increase to promote business retention and attraction;
- Residential class taxation levels to held to minimal increase and to reduce service delivery costs;
- 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.

Proportion of Revenue from Funding Sources

Property Taxes – The majority of the City of Port Alberni's revenue arises from property tax; about 64% (excluding grants and borrowings) in 2019. Property tax collected between 2014 and 2019 has increased by 11.2% over the five year period.

The 2019-2023 Financial Plan provides for 3% increases in property taxes collected in each year of the plan, in planning to meet commitments to capital projects, collective bargaining agreements, and projects that require debt service. It is anticipated that the planned annual increases will not keep pace with service cost increases, and that reductions in services will be necessary to ensure the budget stays within Financial Plan parameters.

Parcel Taxes – Approximately 0.4% 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 2019-2023 Financial Plan.

Fees and Charges – In 2019, 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 2019 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 nil.

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 has provided the following policy directions which are incorporated in the 2019-2023 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 2019. 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 2019, Class 4 taxes have been increased by 3%.

Class 6 – Business In order to retain existing business and attract new business, and in recognition of higher than average business property tax rates, business tax increases are limited to 3% on the dollar value of 2018 taxes. Business property tax rates dropped from \$27 per thousand dollars in assessed value in 2005 to \$14 per thousand in 2019. The share of tax collected from business increased remained at 17.3% from 2018 to 2019. In this financial plan the share of tax collected from business is set to remain at 17.3% until the end of 2023.

Class 1 – Residential Council directed that the residential tax increase be held to minimum, and that balanced capital project and operations requirements. 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 is set to remain at 59.8% until 2023.

Other Classes Approximately .5% of total taxation arises from the other property classes in Port Alberni. Increases of 3% per year are planned for 2019 through 2023.

The relative share of taxes for each of the Classes is set to remain at 2019 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 public use;
- services for special needs groups;
- facilities or programming for youth and seniors;
- protection and maintenance of important community heritage;
- senior 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 of an environmentally or ecologically sensitive area designated within the Official Community Plan;
- places of public worship.

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 2016, 58 organizations were approved, with a total annual property tax exemption value of approximately \$296,000. The bylaw which most of the organizations are under expires December 31, 2019.

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 2019. Performance targets are not expected to change from 2018 to 2019. 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."

2019 Funding Allocation	Funds (\$) Allocated
McLean Mill National Historic Site Operations	\$ 126,300
Visitor Centre Funding	84,840
Offset Economic Development	170,500
Community Investment Plan/Grants in Aid	64,200
Total commitments	445,840