

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #696

A BYLAW TO ADOPT A FINANCIAL PLAN FOR THE PERIOD OF 2012 to 2016

WHEREAS section 165 of the *Community Charter* SBC Chap. 26 requires that Council adopt a financial plan for a period of five years, and

NOW THEREFORE, the Council of the Village of Montrose, in open meeting assembled, hereby ENACTS AS FOLLOWS:

SHORT TITLE

1. (1) This Bylaw may be cited as the "**MONTROSE FINANCIAL PLAN 2012-2016**"

SERVICE PRIORITY POLICIES

2. (1) "Essential Service" means a service to which the following criteria apply:
 - (a) Revenues raised to meet the demands of the service;
 - (b) Built-in redundancy;
 - (c) Borrowing to be authorized if current revenues are inadequate.
- (2) Essential Services shall include:
 - (a) The domestic water system;
 - (b) The sanitary sewer system;
 - (c) The storm drain system.
3. (1) "Secondary Service" means a service to which the following criteria apply:
 - (a) Funding raised to maintain the value of assets;
 - (b) Service quality priority over service quantity;
 - (c) Borrowing only as approved through the budget process.
- (2) Secondary Services shall include:
 - (a) Parks, playgrounds, and playing fields;
 - (b) Municipal buildings;
 - (c) Road system;
 - (d) Solid waste removal;
 - (e) General government.
4. (1) "Tertiary Service" means a service of a special nature identified by Council to which the following criteria apply:
 - (a) Funding capped for the duration of the service;
 - (b) Borrowing by referendum only;
 - (c) Interruptible projects.
- (2) Tertiary Services shall include:
 - (a) Social and Cultural Services.

GENERAL MATTERS

5. (1) For the purpose of this Bylaw, the funding sources and levels indicated shall be considered target levels to be achieved over the term of this financial plan.
- (2) All excess revenues or excess expenditures accrued in the Water Operating Fund or the Sewer Operating Fund over the course of a fiscal year shall be transferred to the General Operating Fund
- (3) All excess revenues accrued in the General Operating Fund, Water Operating Fund and/or the Sewer Operating Fund shall be transferred to an appropriate Reserve Fund.
6. (1) The planned revenues for the years 2012 - 2016 relating to the General Operating Fund shall be those recorded on Schedule "A" attached to, and

forming part of this Bylaw.

- (2) The planned expenditures for the years 2012 - 2016 relating to the General Operating Fund shall be those recorded on Schedule "B" attached to, and forming part of this Bylaw.
- (3) The planned revenues and expenditures for the years 2012 - 2016 relating to the Water Operating Fund shall be those recorded on Schedule "C" attached to, and forming part of this Bylaw.
- (4) The planned revenues and expenditures for the years 2012 - 2016 relating to the Sewer Operating Fund shall be those recorded on Schedule "D" attached to, and forming part of this Bylaw.
- (5) The Statement of Objectives and Policies for the years 2012 – 2016 relating to the Financial Plan shall be those recorded on Schedule "E" attached to, and forming part of this Bylaw.

ENACTMENT

- 7. (1) If any section, subsection, sentence, clause or phrase of this Bylaw is for any reason held to be invalid by the decision of any court of competent jurisdiction, the invalid portion shall be severed and the part that is invalid shall not affect the validity of the remainder.
- (2) This Bylaw shall come into full force and effect on final adoption.

READ A FIRST TIME	this 16 th day of April, 2012
READ A SECOND TIME	this 16 th day of April, 2012
READ A THIRD TIME	this 16 th day of April, 2012
PUBLIC CONSULTATION HELD	this 7 th day of May, 2012
RECONSIDERED AND FINALLY ADOPTED	this 7 th day of May, 2012

Mayor

Corporate Officer

Certified a true copy of Bylaw #696, as adopted

Corporate Officer

THE CORPORATION OF THE VILLAGE OF MONTROSE

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SCHEDULE "A" – GENERAL FUND REVENUES

	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
TAXES							
Ad Valorem Taxes	88,164	88,164	88,163	90,808	92,170	93,553	94,956
Drainage Parcel Taxes	23,690	23,690	23,690	24,401	24,767	25,138	25,515
Road Parcel Taxes	119,600	121,900	121,900	125,557	127,440	129,352	131,292
Community Development Parcel Taxes	2,369	2,369	2,369	2,440	2,477	2,514	2,552
Utility Taxes	11,881	11,881	11,116	12,000	12,000	12,000	12,000
Grant in Lieu of Taxes	2,500	2,893	2,900	2,900	2,900	2,900	2,900
TOTAL TAXES	248,204	250,897	250,138	258,106	261,754	265,457	269,215
SALE OF SERVICES							
Garbage Service	18,040	19,114	19,040	19,500	19,500	19,500	19,500
Recreation Services	5,500	10,120	6,000	6,000	6,000	6,000	6,500
Other Services	450	661	450	500	500	600	600
TOTAL SALE OF SERVICES	23,990	29,895	25,490	26,000	26,000	26,100	26,600
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	3,800	4,222	3,250	3,500	3,500	3,750	3,750
Rentals	52,698	67,498	53,800	55,000	55,000	55,000	56,000
Miscellaneous	31,623	42,486	30,600	31,000	31,000	31,000	31,000
TOTAL REVENUES FROM OWN SOURCES	88,121	114,206	87,650	89,500	89,500	89,750	90,750
UNCONDITIONAL TRANSFERS	510,000	512,658	527,000	246,290	246,289	250,000	250,000
CONDITIONAL TRANSFERS	160,932	159,773	794,785	165,000	170,000	165,000	170,000
INTERNAL TRANSFER							
Water Fund Administration	14,495	14,495	19,058	15,000	15,000	15,000	15,000
Sewer Fund Administration	33,506	33,506	32,665	35,000	35,000	35,000	35,000
Other Transfers	0	0	7,000	0	0	0	0
TOTAL INTERNAL TRANSFERS	48,001	48,001	58,723	50,000	50,000	50,000	50,000
COLLECTIONS FOR OTHERS	738,411	735,185	739,478	760,000	760,000	760,000	760,000
<u>TOTAL GENERAL FUND REVENUES</u>	<u>1,817,659</u>	<u>1,850,615</u>	<u>2,483,264</u>	<u>1,594,896</u>	<u>1,603,543</u>	<u>1,606,307</u>	<u>1,616,565</u>

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SCHEDULE "B" – GENERAL FUND EXPENDITURES

	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
GENERAL GOVERNMENT SERVICES							
Legislative	20,900	21,407	22,500	22,950	23,294	23,644	23,998
General Administration	309,850	299,621	318,984	325,364	330,244	335,198	340,226
Other General Government Services	68,025	62,485	62,500	62,500	62,500	62,500	62,500
TOTAL GENERAL GOVT SERVICES	398,775	383,513	403,984	401,500	407,000	412,500	420,000
GENERAL PUBLIC WORKS							
General Public Works	6,640	12,835	9,898	10,046	10,197	10,350	10,505
Workshop	15,952	24,839	24,029	24,389	24,755	25,127	25,504
General Public Works Equipment	25,450	18,400	26,070	19,000	19,285	19,574	19,868
TOTAL GENERAL PUBLIC WORKS	48,042	56,074	59,997	53,436	54,237	55,051	55,877
PROTECTIVE SERVICES							
Bylaw Enforcement	9,750	7,943	9,950	10,050	10,150	10,302	10,457
Other Protective Services	16,607	13,499	15,836	15,994	16,154	16,316	16,479
TOTAL PROTECTIVE SERVICES	26,357	21,442	25,786	26,044	26,304	26,618	26,936
TRANSPORTATION SERVICES							
Equipment Operation & Maintenance	11,170	12,495	10,963	10,000	10,100	10,201	10,303
Road Maintenance	93,685	69,190	82,600	83,839	85,097	86,373	87,237
Traffic Services	14,308	14,727	13,834	14,000	14,210	14,423	14,567
TOTAL TRANSPORTATION SERVICES	119,163	96,412	107,397	107,839	109,407	110,997	112,107
ENVIRONMENTAL HEALTH SERVICES	27,854	25,134	28,248	28,813	29,389	29,977	30,577
COMMUNITY & PLANNING SERVICES	12,619	2,818	65,619	10,000	10,000	10,000	10,000
RECREATION & CULTURAL SERVICES							
Recreation Commission	11,371	10,616	11,254	12,000	12,000	12,000	12,000
Community Hall	25,603	21,221	29,587	25,764	26,068	26,379	26,877
Parks	53,763	44,757	49,057	42,500	43,138	43,785	44,441
TOTAL RECREATION & CULTURE	90,737	76,594	89,898	80,264	81,206	82,164	83,318
FISCAL SERVICES							
Debt Servicing	0	0	0	0	0	0	0
Transfer to Other Funds	216,889	94,452	872,000	42,000	46,000	30,000	30,000
Transfer of Taxes Collected for Others	758,719	757,558	759,958	760,000	760,000	760,000	760,000
TOTAL FISCAL SERVICES	975,608	852,010	1,631,958	802,000	806,000	790,000	790,000
CAPITAL PROJECTS							
Administration	0	0	5,500	10,000	10,000	10,000	10,000
Public Works	87,690	96,055	44,877	55,000	50,000	59,000	67,750
Recreation	30,815	21,273	20,000	20,000	20,000	20,000	10,000
TOTAL CAPITAL PROJECTS	118,505	117,328	70,377	85,000	80,000	89,000	87,750
<u>TOTAL GENERAL EXPENDITURES</u>	<u>1,817,660</u>	<u>1,631,325</u>	<u>2,483,264</u>	<u>1,594,896</u>	<u>1,603,543</u>	<u>1,606,307</u>	<u>1,616,565</u>
General Fund Surplus (Deficit)	0	219,290	0	0	0	0	0
Consolidated Funds Surplus (Deficit)	0	93,703	0	0	0	0	0

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SCHEDULE "C" – WATER FUND REVENUES & EXPENDITURES

	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
<u>WATER FUND REVENUES</u>							
TAXES	109,020	109,020	109,020	110,640	112,300	113,984	115,694
SALE OF SERVICES	104,853	107,544	107,106	108,713	110,343	111,998	113,678
OTHER REVENUES	123,771	4,447	652,400	10,000	12,000	11,500	10,000
<u>TOTAL WATER FUND REVENUES</u>	<u>337,644</u>	<u>221,011</u>	<u>868,526</u>	<u>229,353</u>	<u>234,643</u>	<u>237,483</u>	<u>239,372</u>
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	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
<u>WATER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	30,745	34,282	42,158	36,000	36,000	37,000	37,000
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Pumping	34,845	126,523	38,723	36,853	37,968	39,122	40,317
Water Supply and Distribution	47,475	40,019	52,066	45,000	45,675	46,360	47,056
TOTAL ENVIRONMENTAL HEALTH	82,320	166,542	90,789	81,853	83,643	85,482	87,373
ENVIRONMENTAL & PLANNING	45,000	56744	22,000	11,500	5,000	5000	5000
FISCAL SERVICES							
Debt Servicing							
Long-Term Interest	6,308	6,310	6,308	0	10,000	10,000	10,000
Principal Installments	26,771	26,769	26,771	0	40,000	40,000	40,000
TOTAL FISCAL SERVICES	33,079	33,079	33,079	0	50,000	50,000	50,000
TOTAL CAPITAL PROJECTS	146,500	55,041	680,500	100,000	60,000	60,000	60,000
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>337,644</u>	<u>345,688</u>	<u>868,526</u>	<u>229,353</u>	<u>234,643</u>	<u>237,482</u>	<u>239,373</u>
SURPLUS (DEFICIT)	0	-124,677	0	0	0	0	0

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SCHEDULE "D" – SEWER FUND REVENUES & EXPENDITURES

	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
<u>SEWER FUND REVENUES</u>							
TAXES	58,710	58,710	58,710	59,603	60,497	61,400	62,321
SALE OF SERVICES	130,717	132,625	133,599	135,603	137,637	139,702	141,797
INTERNAL TRANSFERS	24,518	0	32,000	32,000	34,000	18,500	20,000
<u>TOTAL SEWER FUND REVENUES</u>	<u>213,945</u>	<u>191,335</u>	<u>224,309</u>	<u>227,206</u>	<u>232,134</u>	<u>219,602</u>	<u>224,118</u>
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	2011 BUDGET	2011 PRE AUDIT	2012 BUDGET	2013 BUDGET	2014 BUDGET	2015 BUDGET	2016 BUDGET
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	39,106	42,327	34,290	38,000	40,000	40,000	40,000
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	14,958	10,395	9,579	12,206	12,804	12,737	12,942
Lift Station Maintenance	28,201	30,371	17,267	22,000	22,330	22,665	23,005
Sewage Treatment Plant	76,681	64,881	81,622	80,000	80,000	81,200	82,171
TOTAL ENVIRONMENTAL HEALTH	119,840	105,647	108,468	114,206	115,134	116,602	118,118
ENVIRONMENTAL & PLANNING	5,000	1,498	21,551	15,000	15,000	0	0
FISCAL SERVICES							
Debt Servicing							
Long-Term Interest	0	0	0	0	0	0	0
Principal Installments	0	0	0	0	0	0	0
Other Transfers	0	40,000	0	0	0	0	0
TOTAL FISCAL SERVICES	0	40,000	0	0	0	0	0
TOTAL CAPITAL PROJECTS	50,000	2,773	60,000	60,000	62,000	63,000	66,000
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>213,946</u>	<u>192,245</u>	<u>224,309</u>	<u>227,206</u>	<u>232,134</u>	<u>219,602</u>	<u>224,118</u>
SURPLUS (DEFICIT)	0	-910	0	0	0	0	0

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SCHEDULE “E” – Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, the Village of Montrose (Village) 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 2012. 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, planning services, fire protection, police services, and bylaw enforcement.

User fees and charges form the second largest 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 specific services and therefore, these are charged on a user pay basis. User fees attempt to allocate the value of a service to those who use the service.

Table 1: Sources of Revenue

Revenue Source	% of Total Revenue	Dollar Value
Property Taxes	3.6%	\$102,179
Parcel Taxes	11.1%	\$315,689
User Fees and Charges	9.2%	\$259,745
Other Sources	29.5%	\$837,223
Government Grants	46.6%	\$1,321,785
Total	100.0%	\$2,836,621

Objective

- Taxation Revenue will be determined by Council each year according to the operating and capital needs of the community, as part of the annual budget process. Taxation will be based on the service level priorities of Council, in balance with preserving and enhancing the financial health of the Village.

Policies

- The Village will review all user fee levels annually to ensure they are adequately meeting both the capital and delivery costs of the service.
- Where possible, the Village will endeavor to supplement revenues from user fees and charges and alternate sources, rather than taxation, to lessen the burden on its limited property tax base.

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 Village services.

Table 2: Distribution of Property Tax Rates

Property Class	% of Total Property Taxation	Dollar Value
Residential (1)	98.08%	\$86,467
Utilities (2)	0.26%	\$225
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	1.67%	\$1,472
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$88,164

Objective

- The distribution of property taxes among the property classes will be maintained similar to the distribution in prior years.

Policies

- Supplement, where possible, revenues from user fees and charges to help to offset the burden on the entire property tax base as a result of rising operating and capital replacement costs.
- To pursue additional revenue opportunities.
- Consider economic development initiatives designed to attract more 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 a range of employment opportunities.
- Regularly review and compare the Village's distribution of tax burden relative to other municipalities in British Columbia.

Permissive Tax Exemptions

The Village will draft a 'Permissive Tax Exemption' Policy to guide the administration and approval of permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions that will be outlined in the policy include the following:

- The tax exemption must demonstrate benefit to the community and residents of the Village by enhancing the quality of life, economically, socially or 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 Village.
- The organization receiving the exemption must be a registered non-profit society, as the support of the municipality will not be used for commercial or private gain.
- Permissive tax exemptions will be considered in conjunction with:
 - other assistance being provided by the Village;
 - the potential demands for Village services or infrastructure arising from the property; and
 - the amount of revenue that the Village will lose if the exemption is granted.

Objective

- The Village will continue to provide permissive tax exemptions to non-profit societies.

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.