

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #735

A BYLAW TO ADOPT A FINANCIAL PLAN FOR THE PERIOD OF 2017 to 2021

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 2017-2021**"

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 sewer 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 2017 - 2021 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 2017 - 2021 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 2017 – 2021 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 2017 - 2021 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 2017 – 2021 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 3 rd day of April, 2017
READ A SECOND TIME	this 3 rd day of April, 2017
READ A THIRD TIME	this 3 rd day of April, 2017
PUBLIC CONSULTATION HELD	this 18 th day of April, 2017
RECONSIDERED AND FINALLY ADOPTED	this 18 th day of April, 2017

Mayor

Corporate Officer

Certified a true copy of Bylaw #735, as adopted

Corporate Officer

THE CORPORATION OF THE VILLAGE OF MONTROSE

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SCHEDULE "A" – GENERAL FUND REVENUES

	2016	2016	2017	2018	2019	2020	2021
	BUDGET	PRE-AUDIT	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
TAXES							
Ad Valorem Taxes	202,696	202,696	204,135	206,177	208,238	210,320	212,423
Drainage Parcel Taxes	22,900	22,950	22,950	22,950	22,950	22,950	22,950
Community Development Parcel Taxes	2,290	2,295	2,295	2,295	2,295	2,295	2,295
Road/Transportation Parcel Taxes	57,250	57,375	57,375	57,375	57,375	57,375	57,375
Utility Taxes	12,296	12,296	11,547	11,700	11,900	12,100	12,300
Grant in Lieu of Taxes	2,928	2,955	2,955	3,000	3,000	3,000	3,000
TOTAL TAXES	300,360	300,567	301,257	303,497	305,758	308,040	310,343
SALE OF SERVICES							
Garbage Service	27,344	27,183	25,820	26,200	26,600	27,000	27,400
Recreation Services	15,000	13,118	12,000	12,200	12,400	12,600	12,800
Other Services	100	64	100	100	100	100	100
TOTAL SALE OF SERVICES	42,444	40,365	37,920	38,500	39,100	39,700	40,300
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	6,500	11,460	7,850	8,000	8,000	8,100	8,100
Rentals	75,895	71,578	77,895	78,000	79,000	80,000	81,000
Miscellaneous	28,950	53,634	26,095	25,000	25,000	25,000	25,000
TOTAL REVENUES FROM OWN SOURCES	111,345	136,672	111,840	111,000	112,000	113,100	114,100
UNCONDITIONAL TRANSFERS							
	366,000	378,150	366,000	366,000	366,000	366,000	366,000
CONDITIONAL TRANSFERS							
	194,935	189,927	188,762	188,000	188,000	188,000	188,000
INTERNAL TRANSFER							
Water Fund Administration	20,821	20,821	21,777	22,200	22,650	23,100	23,600
Sewer Fund Administration	17,035	17,035	17,818	18,170	18,540	18,900	19,250
Other Transfers	272,919	0	147,100	17,000	17,000	17,000	17,000
TOTAL INTERNAL TRANSFERS	310,775	37,856	186,695	57,370	58,190	59,000	59,850
COLLECTIONS FOR OTHERS							
	770,841	758,762	758,762	773,937	789,415	805,204	821,308
TOTAL GENERAL FUND REVENUES							
	<u>2,096,700</u>	<u>1,842,299</u>	<u>1,951,236</u>	<u>1,838,304</u>	<u>1,858,463</u>	<u>1,879,044</u>	<u>1,899,901</u>

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SCHEDULE "B" – GENERAL FUND EXPENDITURES

	2016	2016	2017	2018	2019	2020	2021
	BUDGET	PRE-AUDIT	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
GENERAL GOVERNMENT SERVICES							
Legislative	29,220	25,419	29,665	30,000	30,500	30,500	30,500
General Administration	367,498	338,630	359,859	362,000	365,000	370,000	372,000
Other General Government Services	51,428	38,350	52,816	52,500	53,000	53,500	54,000
TOTAL GENERAL GOVT SERVICES	448,146	402,399	442,340	444,500	448,500	454,000	456,500
GENERAL PUBLIC WORKS							
General Public Works	10,785	8,740	10,900	11,200	11,500	11,700	11,900
Workshop	20,600	17,421	20,599	21,200	21,500	21,700	22,000
General Public Works Equipment	40,025	19,183	40,360	41,000	41,500	42,000	42,500
TOTAL GENERAL PUBLIC WORKS	71,410	45,344	71,859	73,400	74,500	75,400	76,400
PROTECTIVE SERVICES							
Bylaw Enforcement	9,650	7,190	9,350	9,600	9,800	10,000	10,200
Other Protective Services	27,688	19,669	24,400	27,000	27,270	27,543	27,818
TOTAL PROTECTIVE SERVICES	37,338	26,859	33,750	36,600	37,070	37,543	38,018
TRANSPORTATION SERVICES							
Equipment Operation & Maintenance	16,574	6,417	13,616	13,752	13,890	14,029	14,169
Road Maintenance	91,074	55,913	92,834	94,227	95,169	96,120	97,082
Traffic Services	21,447	20,175	23,456	23,808	24,046	24,286	24,529
TOTAL TRANSPORTATION SERVICES	129,095	82,505	129,906	131,787	133,104	134,435	135,780
ENVIRONMENTAL HEALTH SERVICES	32,401	30,300	32,814	32,500	32,500	33,500	34,000
COMMUNITY & PLANNING SERVICES	54,814	40,896	54,644	60,000	25,000	25,000	25,000
RECREATION & CULTURAL SERVICES							
Recreation Commission	16,053	17,256	13,076	13,330	13,600	13,870	14,150
Community Hall	29,400	24,113	30,743	31,000	31,700	32,300	33,000
Parks and Playfields	52,551	35,910	45,721	46,407	47,103	47,809	48,527
TOTAL RECREATION & CULTURE	98,004	77,279	89,540	90,737	92,403	93,979	95,677
FISCAL SERVICES							
Debt Servicing	0	0	0	0	0	0	0
Transfer to Other Funds	277,118	0	130,050	82,620	82,620	82,620	82,620
Transfer of Taxes Collected for Others	792,474	782,305	788,333	804,100	820,182	836,585	853,317
TOTAL FISCAL SERVICES	1,069,592	782,305	918,383	886,720	902,802	919,205	935,937
CAPITAL PROJECTS							
Administration	55,000	36,340	0	0	0	0	0
Public Works	70,900	31,659	148,000	52,061	81,584	73,981	70,090
Recreation	30,000	23,880	30,000	30,000	31,000	32,000	32,500
TOTAL CAPITAL PROJECTS	155,900	91,879	178,000	82,061	112,584	105,981	102,590
TOTAL GENERAL EXPENDITURES	2,096,700	1,579,766	1,951,236	1,838,304	1,858,463	1,879,044	1,899,901
General Fund Surplus (Deficit)	0	262,533	0	0	0	0	0
Consolidated Funds Surplus (Deficit)	0	441,596	0	0	0	0	1

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SCHEDULE "C" – WATER FUND REVENUES & EXPENDITURES

	2016 BUDGET	2016 PRE-AUDIT	2017 BUDGET	2018 BUDGET	2019 BUDGET	2020 BUDGET	2021 BUDGET
<u>WATER FUND REVENUES</u>							
TAXES	116,332	116,332	116,332	116,332	116,332	116,332	116,332
SALE OF SERVICES	120,279	120,429	126,448	132,793	139,433	146,404	153,724
OTHER REVENUES							
Government Grants	0	0	0	0	0	0	0
Own Sources	290,430	6,463	399,620	50,000	50,000	50,000	50,000
TOTAL OTHER REVENUES	290,430	6,463	399,620	50,000	50,000	50,000	50,000
<u>TOTAL WATER FUND REVENUES</u>	<u>527,041</u>	<u>243,224</u>	<u>642,400</u>	<u>299,125</u>	<u>305,765</u>	<u>312,736</u>	<u>320,056</u>
<u>WATER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	32,921	28,633	34,027	34,200	34,400	34,600	34,800
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Water Supply and Treatment	47,120	28,880	48,036	48,200	48,600	49,500	50,000
Water Distribution and Fire Hydrants	45,188	29,549	46,122	46,300	46,800	48,300	48,500
Water Storage	13,611	6,684	14,749	14,800	15,000	15,700	16,000
TOTAL ENVIRONMENTAL HEALTH	105,919	65,113	108,907	109,300	110,400	113,500	114,500
ENVIRONMENTAL & PLANNING	37,433	6,729	29,466	15,000	15,000	17,000	17,000
FISCAL SERVICES							
Long-Term Interest	0	0	0	0	0	0	0
Principal Installments	0	0	0	0	0	0	0
Transfers to other funds	0	0	0	50,000	33,282	36,404	36,338
TOTAL FISCAL SERVICES	0	0	0	50,000	33,282	36,404	36,562
TOTAL CAPITAL PROJECTS	350,768	10,893	470,000	90,625	112,683	111,232	117,194
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>527,041</u>	<u>111,368</u>	<u>642,400</u>	<u>299,125</u>	<u>305,765</u>	<u>312,736</u>	<u>320,056</u>
SURPLUS (DEFICIT)	0	131,856	0	0	0	0	0

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SCHEDULE "D" – SEWER FUND REVENUES & EXPENDITURES

	2016 BUDGET	2016 PRE-AUDIT	2017 BUDGET	2018 BUDGET	2018 BUDGET	2019 BUDGET	2020 BUDGET
<u>SEWER FUND REVENUES</u>							
TAXES	64,468	64,468	64,468	64,468	64,468	64,468	64,468
SALE OF SERVICES	149,417	151,790	153,738	161,425	169,496	177,971	186,869
OWN SOURCES	25,000	0	877,000	100,000	100,000	100,000	100,000
<u>TOTAL SEWER FUND REVENUES</u>	<u>238,885</u>	<u>216,258</u>	<u>1,095,206</u>	<u>325,893</u>	<u>333,964</u>	<u>342,439</u>	<u>351,337</u>
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	22,647	23,126	23,930	23,930	24,400	24,900	25,400
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	26,170	8,797	25,794	25,794	26,310	26,800	27,400
Lift Station Maintenance	27,452	20,533	28,388	28,388	29,000	29,500	30,100
Sew age Treatment Plant	87,616	84,972	90,004	91,500	93,000	94,500	96,000
TOTAL ENVIRONMENTAL HEALTH	141,238	114,302	144,186	145,682	148,310	150,800	153,500
ENVIRONMENTAL & PLANNING	0	0	7,090	20,000	20,000	20,000	20,000
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	0	0	0	0	0	0
TOTAL FISCAL SERVICES	0	0	0	0	0	0	0
TOTAL CAPITAL PROJECTS	75,000	31,623	920,000	136,281	141,254	146,739	152,437
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>238,885</u>	<u>169,051</u>	<u>1,095,206</u>	<u>325,893</u>	<u>333,964</u>	<u>342,439</u>	<u>351,337</u>
SURPLUS (DEFICIT)	0	47,207	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 2017. 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.

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.

Parcel Taxes:

A water parcel tax is a source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of upgrading water infrastructure.

A sewer parcel tax is a source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of upgrading sewer infrastructure.

A drainage parcel tax is a source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of capital maintenance and the upgrading of drainage infrastructure.

A transportation parcel tax is a source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of capital maintenance and the upgrading of road infrastructure.

A community development parcel tax is a source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of capital maintenance and the upgrading of general community development and beautification projects.

Table 1: Sources of Revenue

Revenue Source	% of Total Revenue	Dollar Value
General Taxes	5.9%	\$218,637
Parcel Taxes	7.1%	\$263,420
User Fees and Charges	8.6%	\$318,106
Other Sources	25.0%	\$922,222
Government Grants	32.8%	\$1,209,762
Tax Collected for Other	20.6%	\$758,762
Total	100.0%	\$3,690,909

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 parcel tax and user fee levels annually to ensure they are adequately meeting both the capital and delivery costs of the service, and
- 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.

Small Communities Grant (Strategic Community Investment Fund):

Government grants include the Small Communities Grant (Strategic Community Investment Funds) which are provided by the Province of British Columbia to reduce the level of municipal taxation. For a smaller municipality, these funds are instrumental to help maintaining existing municipal service levels.

Objective:

- The Village will attempt to increase the sources of government grants to complete much needed infrastructure capital projects in the municipality. Where feasible user fees will be levied where measurable level of services are rendered or provided.

Policies:

- Where possible the Village will substitute revenues from user fees and charges and government grants rather than taxation, and
- The Village will review municipal services and user fees to ensure that the operating and capital budgets are adequate while providing the residents with the expected service levels of previous years.

DISTRIBUTION OF PROPERTY TAX RATES

Table 2 outlines the distribution of property taxes among the property classes for 2017. 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

Taxes - Property Class	% of Total Property Taxation	Dollar Value
Residential (1)	97.71%	\$199,450
Utilities (2)	0.20%	\$407
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.09%	\$4,276
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$204,133

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, and
- Regularly review and compare the Village's distribution of tax burden relative to other municipalities in British Columbia.

PERMISSIVE TAX EXEMPTIONS

The Village will maintain 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 direct conflict with those of the Village,
- The organization receiving the exemption must be a registered non-profit society or organization, as the support of the municipality will not be used for commercial or private gain, and
- 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 and/or organizations that meet the criteria described above.

Policies

- Possible expand the permissive tax exemption policy to include eligibility requirements for green revitalization tax exemptions, and
- Look into the development of a revitalization tax exemption program which details the kinds of green activities that the exemption program will target.