

# THE CORPORATION OF THE VILLAGE OF MONTROSE

## **BYLAW #750**

A BYLAW TO ADOPT THE FINANCIAL PLAN FOR THE PERIOD OF 2019 to 2023

WHEREAS the Council of the Village of Montrose deems it necessary to amend the current financial plan,

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 2019-2023 BYLAW**"

### **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 2019 - 2023 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 2019 - 2023 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 2019 – 2023 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 2019 - 2023 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 2019 – 2023 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 15 <sup>th</sup> day of April 2019
READ A SECOND TIME	this 15 <sup>th</sup> day of April 2019
READ A THIRD TIME	this 15 <sup>th</sup> day of April 2019
PUBLIC CONSULTATION HELD	this 6 <sup>th</sup> day of May 2019
RECONSIDERED AND FINALLY ADOPTED	this 6 <sup>th</sup> day of May 2019

\_\_\_\_\_  
Mayor

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

Certified a true copy of Bylaw #750, as adopted

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

THE CORPORATION OF THE VILLAGE OF MONTROSE

**BYLAW #750**

SCHEDULE "A" – GENERAL FUND REVENUES

	2018 <u>BUDGET</u>	2018 <u>PRE- AUDIT</u>	2019 <u>BUDGET</u>	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>
<b>TAXES</b>							
Ad Valorem Taxes	207,604	210,632	215,969	220,284	224,689	229,182	233,765
Drainage Parcel Taxes	22,900	22,900	22,950	22,950	22,950	22,950	22,950
Community Development Parcel Taxes	2,295	2,295	2,295	2,295	2,295	2,295	2,295
Road Maintenance Parcel Taxes	57,375	57,375	57,375	57,375	57,375	57,375	57,375
Utility Taxes	11,164	11,174	12,445	12,445	12,445	12,445	12,445
Grant in Lieu of Taxes	2,871	2,985	2,985	2,985	2,985	2,995	2,995
<b>TOTAL TAXES</b>	<b>304,209</b>	<b>307,412</b>	<b>314,019</b>	<b>318,334</b>	<b>322,739</b>	<b>327,242</b>	<b>331,825</b>
<b>SALE OF SERVICES</b>							
Garbage Service	29,850	29,996	31,640	32,000	32,500	33,000	33,500
Recreation Services	12,000	11,582	12,000	12,200	12,400	12,600	12,800
Other Services	100	8	100	100	100	100	100
<b>TOTAL SALE OF SERVICES</b>	<b>41,950</b>	<b>41,587</b>	<b>43,740</b>	<b>44,300</b>	<b>45,000</b>	<b>45,700</b>	<b>46,400</b>
<b>OTHER REVENUES FROM OWN SOURCES</b>							
Licenses & Permits	6,550	6,232	9,594	9,000	9,000	9,000	9,000
Rentals	77,581	81,562	77,095	78,000	79,000	80,000	81,000
Miscellaneous	24,450	155,961	25,026	25,000	25,000	25,000	25,000
<b>TOTAL REVENUES FROM OWN SOURCES</b>	<b>108,581</b>	<b>243,755</b>	<b>111,715</b>	<b>112,000</b>	<b>113,000</b>	<b>114,000</b>	<b>115,000</b>
<b>UNCONDITIONAL TRANSFERS</b>	<b>370,000</b>	<b>400,076</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>	<b>390,000</b>
<b>CONDITIONAL TRANSFERS</b>	<b>189,692</b>	<b>208,877</b>	<b>608,410</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b>INTERNAL TRANSFER</b>							
Water Fund Administration	22,212	0	22,212	22,100	22,100	22,100	22,100
Sewer Fund Administration	18,174	0	18,174	18,175	18,175	18,175	18,175
Other Transfers	258,500	0	615,195	100,000	106,449	118,066	114,295
<b>TOTAL INTERNAL TRANSFERS</b>	<b>298,886</b>	<b>0</b>	<b>655,581</b>	<b>140,275</b>	<b>146,724</b>	<b>158,341</b>	<b>154,570</b>
<b>COLLECTIONS FOR OTHERS</b>	<b>740,946</b>	<b>719,948</b>	<b>754,802</b>	<b>749,350</b>	<b>764,037</b>	<b>779,417</b>	<b>794,705</b>
<b><u>TOTAL GENERAL FUND REVENUES</u></b>	<b><u>2,054,264</u></b>	<b><u>1,921,657</u></b>	<b><u>2,878,267</u></b>	<b><u>1,954,259</u></b>	<b><u>1,981,500</u></b>	<b><u>2,014,700</u></b>	<b><u>2,032,500</u></b>



THE CORPORATION OF THE VILLAGE OF MONTROSE

**BYLAW #750**

SCHEDULE "C" – WATER FUND REVENUES AND EXPENDITURES

	2018 <u>BUDGET</u>	2018 <u>PRE- AUDIT</u>	2019 <u>BUDGET</u>	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>
<b><u>WATER FUND REVENUES</u></b>							
<b>TAXES</b>	116,332	116,332	116,332	116,332	116,332	116,332	116,332
<b>SALE OF SERVICES</b>	132,913	132,913	140,943	147,990	155,400	163,100	171,200
<b>OTHER REVENUES</b>							
Government Grants	0	0	0	0	0	0	0
Own Sources	390,000	4,744	157,164	20,878	16,268	12,368	7,268
<b>TOTAL OTHER REVENUES</b>	390,000	4,744	157,164	20,878	16,268	12,368	7,268
<b><u>TOTAL WATER FUND REVENUES</u></b>	<b><u>639,245</u></b>	<b><u>256,323</u></b>	<b><u>414,349</u></b>	<b><u>285,200</u></b>	<b><u>288,000</u></b>	<b><u>291,800</u></b>	<b><u>294,800</u></b>
<b><u>WATER FUND EXPENDITURES</u></b>							
<b>GENERAL GOVERNMENT SERVICES</b>	34,350	5,364	32,751	33,400	34,000	34,700	35,400
<b>ENVIRONMENTAL HEALTH SERVICES</b>							
<b>Water Supply &amp; Distribution System</b>							
Water Supply and Treatment	49,919	34,654	45,958	46,900	47,800	48,800	49,800
Water Distribution and Fire Hydrants	50,054	40,707	49,169	50,200	51,200	52,200	53,200
Water Storage	14,926	7,729	14,397	14,700	15,000	15,300	16,400
<b>TOTAL ENVIRONMENTAL HEALTH</b>	<b>114,899</b>	<b>83,090</b>	<b>109,524</b>	<b>111,800</b>	<b>114,000</b>	<b>117,100</b>	<b>119,400</b>
<b>ENVIRONMENTAL &amp; PLANNING</b>	27,996	0	25,000	20,000	20,000	20,000	20,000
<b>FISCAL SERVICES</b>							
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	0	0	0	0
<b>TOTAL FISCAL SERVICES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CAPITAL PROJECTS</b>	462,000	387,882	247,164	120,000	120,000	120,000	120,000
<b><u>TOTAL WATER FUND EXPENDITURES</u></b>	<b><u>639,425</u></b>	<b><u>476,339</u></b>	<b><u>414,439</u></b>	<b><u>285,200</u></b>	<b><u>288,000</u></b>	<b><u>291,800</u></b>	<b><u>294,800</u></b>
<b>SURPLUS (DEFICIT)</b>	<b>0</b>	<b>-220,015</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

THE CORPORATION OF THE VILLAGE OF MONTROSE

**BYLAW #750**

SCHEDULE "D" – SEWER FUND REVENUES AND EXPENDITURES

	2018 <u>BUDGET</u>	2018 PRE- AUDIT	2019 <u>BUDGET</u>	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>
<b><u>SEWER FUND REVENUES</u></b>							
TAXES	64,468	64,468	64,468	64,468	64,468	64,468	64,468
SALE OF SERVICES	165,267	167,836	175,153	183,900	193,095	202,700	212,800
OWN SOURCES	719,000	655,700	2,722,266	30,000	24,137	18,132	11,632
<b><u>TOTAL SEWER FUND REVENUES</u></b>	<b><u>948,735</u></b>	<b><u>888,004</u></b>	<b><u>2,961,887</u></b>	<b><u>278,368</u></b>	<b><u>281,700</u></b>	<b><u>297,168</u></b>	<b><u>288,900</u></b>
<b><u>SEWER FUND EXPENDITURES</u></b>							
<b>GENERAL GOVERNMENT SERVICES</b>	<b>24,337</b>	<b>1,611</b>	<b>25,738</b>	<b>26,250</b>	<b>26,800</b>	<b>27,300</b>	<b>27,800</b>
<b>ENVIRONMENTAL HEALTH SERVICES</b>							
Collection System Maintenance	23,420	4,626	18,600	19,000	19,400	19,800	20,200
Lift Station Maintenance	30,398	24,932	30,274	30,900	31,500	32,100	32,700
Sewage Treatment Plant	95,580	83,660	100,009	102,000	104,000	106,100	108,200
<b>TOTAL ENVIRONMENTAL HEALTH</b>	<b>149,389</b>	<b>113,218</b>	<b>148,883</b>	<b>151,900</b>	<b>154,900</b>	<b>158,000</b>	<b>161,100</b>
<b>ENVIRONMENTAL &amp; PLANNING</b>	<b>5,000</b>	<b>2,702</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>
<b>FISCAL SERVICES</b>							
<b>Debt Servicing</b>							
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
<b>TOTAL FISCAL SERVICES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CAPITAL PROJECTS</b>	<b>770,000</b>	<b>659,850</b>	<b>2,767,266</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>	<b>80,000</b>
<b><u>TOTAL SEWER FUND EXPENDITURES</u></b>	<b><u>948,735</u></b>	<b><u>777,381</u></b>	<b><u>2,961,887</u></b>	<b><u>278,150</u></b>	<b><u>281,700</u></b>	<b><u>285,300</u></b>	<b><u>288,900</u></b>
<b>SURPLUS (DEFICIT)</b>	<b>0</b>	<b>110,623</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

THE CORPORATION OF THE VILLAGE OF MONTROSE

**BYLAW #750**

**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 2019. 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 road maintenance 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**

<b>Revenue Source</b>	<b>% of Total Revenue</b>	<b>Dollar Value</b>
General Taxes	3.7%	\$231,399
Parcel Taxes	4.2%	\$263,420
User Fees and Charges	7.5%	\$471,551
Other Sources	27.1%	\$1,696,821
Government Grants	45.4%	\$2,836,600
Tax Collected for Other	12.1%	\$754,802
<b>Total</b>	<b>100.0%</b>	<b>\$6,254,593</b>

**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 2018. 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**

<b>Taxes - Property Class</b>	<b>% of Total Property Taxation</b>	<b>Dollar Value</b>
Residential (1)	97.68%	\$210,968
Utilities (2)	0.20%	\$422
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.12%	\$4,575
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
<b>Total</b>	<b>100.00%</b>	<b>\$215,965</b>

**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.

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### **PERMISSIVE TAX EXEMPTIONS**

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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.

