

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #764

A BYLAW TO ADOPT THE FINANCIAL PLAN FOR THE PERIOD OF 2021 to 2025

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 2021-2025 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 2021 - 2025 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 2021 - 2025 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 2021 – 2025 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 2021 - 2025 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 2021 – 2025 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 19 th day of April 2021
READ A SECOND TIME	this 19 th day of April 2021
READ A THIRD TIME	this 19 th day of April 2021
PUBLIC CONSULTATION HELD	this 3 rd day of May 2021
RECONSIDERED AND FINALLY ADOPTED	this 3 rd day of May 2021

Mayor

Corporate Officer

Certified a true copy of Bylaw #764, as adopted

Corporate Officer

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #764

SCHEDULE "A" – GENERAL FUND REVENUES

	2020 <u>BUDGET</u>	2020 <u>PRE- AUDIT</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>
TAXES							
Ad Valorem Taxes	221,659	221,526	229,042	233,623	238,295	243,061	247,922
Drainage Parcel Taxes	23,000	22,900	22,900	22,900	22,900	22,900	22,900
Community Development Parcel Taxes	3,000	2,290	2,290	2,290	2,290	2,290	2,290
Road Maintenance Parcel Taxes	57,500	57,250	57,250	57,250	57,250	57,250	57,250
Utility Taxes	12,750	12,669	12,686	12,700	12,800	12,900	13,000
Grant in Lieu of Taxes	3,000	2,906	2,800	2,800	2,800	2,800	2,800
TOTAL TAXES	320,908	319,245	326,968	331,563	336,335	341,201	348,162
SALE OF SERVICES							
Garbage Service	31,640	28,823	31,640	32,000	32,500	33,000	33,500
Recreation Services	12,000	1,020	4,000	12,200	12,400	12,600	12,800
Other Services	100	3	70	100	100	100	100
TOTAL SALE OF SERVICES	43,740	29,846	35,710	44,300	45,000	45,700	46,400
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	9,950	3,580	9,650	10,000	10,000	10,000	10,000
Rentals	78,200	73,067	71,200	79,000	79,500	80,000	80,500
Miscellaneous	79,326	205,021	44,692	25,000	25,000	25,000	25,000
TOTAL REVENUES FROM OWN SOURCES	167,476	281,659	125,542	114,000	114,500	115,000	115,500
UNCONDITIONAL TRANSFERS	400,000	432,680	410,000	410,000	410,000	410,000	410,000
CONDITIONAL TRANSFERS	193,761	684,259	194,483	200,000	200,000	200,000	200,000
INTERNAL TRANSFER							
Water Fund Administration	22,212	0	22,212	22,250	22,300	22,350	22,400
Sewer Fund Administration	18,174	0	18,174	18,220	18,260	18,300	18,340
Other Transfers	910,347	500,000	353,504	100,000	100,000	100,000	100,000
TOTAL INTERNAL TRANSFERS	950,733	0	393,890	140,470	140,560	140,650	140,740
COLLECTIONS FOR OTHERS	774,873	827,852	838,347	848,347	860,142	880,074	898,376
<u>TOTAL GENERAL FUND REVENUES</u>	<u>2,851,491</u>	<u>3,075,541</u>	<u>2,324,939</u>	<u>2,088,680</u>	<u>2,106,537</u>	<u>2,132,625</u>	<u>2,159,178</u>

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BYLAW #764

SCHEDULE "B" – GENERAL FUND EXPENDITURES

	2020	2020	2021	2022	2023	2024	2025
	<u>BUDGET</u>	<u>PRE-AUDIT</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>
GENERAL GOVERNMENT SERVICES							
Legislative	28,140	26,770	28,300	28,700	29,300	30,000	30,600
General Administration	413,000	347,827	422,155	420,000	425,000	430,000	435,000
Other General Government Services	58,745	24,032	51,876	60,000	61,200	62,400	63,600
TOTAL GENERAL GOVT SERVICES	489,873	398,629	502,331	508,700	515,500	522,400	529,200
GENERAL PUBLIC WORKS							
General Public Works	15,950	18,175	17,260	16,400	16,700	17,000	17,400
Workshop	18,474	16,450	19,145	18,800	19,300	19,600	20,000
General Public Works Equipment	34,319	31,368	30,485	40,000	41,800	43,000	44,500
TOTAL GENERAL PUBLIC WORKS	68,743	65,993	66,890	75,200	77,800	79,600	81,900
PROTECTIVE SERVICES							
Bylaw Enforcement	9,255	6,988	8,660	9,600	9,800	10,000	10,200
Other Protective Services	23,324	26,769	26,265	26,300	26,800	27,300	27,800
TOTAL PROTECTIVE SERVICES	32,579	33,757	34,925	35,900	36,600	37,300	38,000
TRANSPORTATION SERVICES							
Equipment Operation & Maintenance	13,031	18,815	13,610	14,000	14,700	15,500	16,000
Road Maintenance	103,250	67,269	107,450	99,500	101,500	102,500	103,500
Traffic Services	18,240	16,903	20,250	18,000	19,000	19,000	20,000
TOTAL TRANSPORTATION SERVICES	134,521	102,987	141,310	131,500	135,200	137,000	139,500
ENVIRONMENTAL HEALTH SERVICES	35,680	36,928	40,050	35,800	36,200	36,600	37,100
COMMUNITY & PLANNING SERVICES	80,700	44,389	62,288	35,000	35,000	35,000	35,000
RECREATION & CULTURAL SERVICES							
Recreation Commission	16,823	1,605	16,373	17,000	17,400	17,800	18,200
Community Hall	29,464	20,659	30,464	29,800	30,400	31,000	31,700
Parks and Playfields	48,223	44,269	54,040	48,000	48,500	49,000	49,500
TOTAL RECREATION & CULTURE	94,510	66,533	100,877	94,800	96,300	97,800	99,400
FISCAL SERVICES							
Debt Servicing	24,290	26,757	25,000	24,953	25,626	26,317	2,120
Transfer to Other Funds	198,635	1,622,511	212,925	125,975	127,322	131,170	164,300
Transfer of Taxes Collected for Others	806,961	845,169	864,682	865,493	870,989	879,438	897,658
TOTAL FISCAL SERVICES	1,029,886	2,494,437	1,102,607	1,016,421	1,023,937	1,036,925	1,064,078
CAPITAL PROJECTS							
Administration	0	0	35,000	0	0	0	0
Public Works	491,000	337,203	148,000	120,359	115,000	115,000	100,000
Recreation	394,000	381,839	90,661	35,000	35,000	35,000	35,000
TOTAL CAPITAL PROJECTS	885,500	719,042	273,661	155,359	150,000	150,000	135,000
<u>TOTAL GENERAL EXPENDITURES</u>	<u>2,851,491</u>	<u>3,962,695</u>	<u>2,324,939</u>	<u>2,088,680</u>	<u>2,106,537</u>	<u>2,132,625</u>	<u>2,068,481</u>
General Fund Surplus (Deficit)	0	-887,163	0	0	0	0	0
Consolidated Funds Surplus (Deficit)	0	49,872	0	0	0	0	0

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BYLAW #764

SCHEDULE "C" – WATER FUND REVENUES AND EXPENDITURES

	2020 <u>BUDGET</u>	2020 <u>PRE- AUDIT</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>
<u>WATER FUND REVENUES</u>							
TAXES	116,332	116,332	116,332	116,332	116,332	116,332	116,332
SALE OF SERVICES	149,970	150,599	155,135	155,400	163,200	171,300	179,900
OTHER REVENUES							
Government Grants	0	0	0	0	0	0	0
Own Sources	157,164	200,000	0	20,000	20,000	20,000	20,000
TOTAL OTHER REVENUES	157,164	0	0	20,000	20,000	20,000	20,000
<u>TOTAL WATER FUND REVENUES</u>	<u>421,466</u>	<u>466,931</u>	<u>271,467</u>	<u>291,732</u>	<u>299,532</u>	<u>307,632</u>	<u>316,232</u>
<u>WATER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	32,751	5,933	31,350	33,400	34,000	34,700	35,400
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Water Supply and Treatment	45,794	31,859	42,560	46,900	47,800	48,800	49,800
Water Distribution and Fire Hydrants	50,327	59,129	55,060	51,400	52,400	53,400	54,500
Water Storage	15,231	14,493	16,456	15,600	15,900	16,200	16,500
TOTAL ENVIRONMENTAL HEALTH	111,334	105,481	114,076	113,900	116,100	118,400	120,800
ENVIRONMENTAL & PLANNING	27,000	0	25,041	20,000	20,000	20,000	20,000
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	30,000	0	0	0	0
TOTAL FISCAL SERVICES	0	0	30,000	0	0	0	0
TOTAL CAPITAL PROJECTS	250,381	157,337	71,000	124,432	129,432	134,532	140,032
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>421,466</u>	<u>268,751</u>	<u>271,467</u>	<u>291,732</u>	<u>299,532</u>	<u>307,632</u>	<u>316,232</u>
SURPLUS (DEFICIT)	0	198,180	0	0	0	0	0

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BYLAW #764

SCHEDULE "D" – SEWER FUND REVENUES AND EXPENDITURES

	2020 <u>BUDGET</u>	2020 PRE- AUDIT	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>
<u>SEWER FUND REVENUES</u>							
TAXES	64,468	64,468	64,468	64,468	64,468	64,468	64,468
SALE OF SERVICES	185,452	186,459	196,252	194,500	204,400	214,700	225,300
OWN SOURCES	2,902,038	910,461	2,443,019	30,000	30,137	30,132	30,632
<u>TOTAL SEWER FUND REVENUES</u>	<u>3,051,958</u>	<u>1,161,388</u>	<u>2,703,739</u>	<u>288,968</u>	<u>299,005</u>	<u>310,300</u>	<u>320,400</u>
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	25,738	1,723	25,133	26,250	26,800	27,300	27,800
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	18,600	8,834	17,500	19,000	19,400	19,800	20,200
Lift Station Maintenance	29,008	20,004	24,370	30,000	31,500	32,500	33,500
Sewage Treatment Plant	106,938	95,406	117,700	108,000	105,000	105,500	106,000
TOTAL ENVIRONMENTAL HEALTH	154,546	124,244	159,570	157,000	155,900	157,800	159,700
ENVIRONMENTAL & PLANNING	14,874	813	15,000	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	2,856,800	295,753	2,504,036	85,718	96,305	105,200	112,900
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>3,051,958</u>	<u>422,533</u>	<u>2,703,739</u>	<u>288,968</u>	<u>299,005</u>	<u>310,300</u>	<u>320,400</u>
SURPLUS (DEFICIT)	0	738,855	0	0	0	0	0

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #764

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 2021. 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

Revenue Source	% of Total Revenue	Dollar Value
General Taxes	4.6%	\$244,527
Parcel Taxes	5.0%	\$263,240
User Fees and Charges	8.8%	\$467,877
Other Sources	33.5%	\$1,775,657
Government Grants	32.3%	\$1,710,447
Tax Collected for Other	15.8%	\$838,347
Total	100.0%	\$5,300,145

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 2020. 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)	97.56%	\$223,442
Utilities (2)	0.11%	\$265
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.33%	\$5,334
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$229,041

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

- Possibly 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.

