

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #756

A BYLAW TO ADOPT THE FINANCIAL PLAN FOR THE PERIOD OF 2020 to 2024

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 2020-2024 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 2020 - 2024 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 2020 - 2024 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 2020 – 2024 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 2020 - 2024 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 2020 – 2024 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 20 th day of April 2020
READ A SECOND TIME	this 20 th day of April 2020
READ A THIRD TIME	this 20 th day of April 2020
PUBLIC CONSULTATION HELD	this 4 th day of May 2020
RECONSIDERED AND FINALLY ADOPTED	this 4 th day of May 2020

Mayor

Corporate Officer

Certified a true copy of Bylaw #756, as adopted

Corporate Officer

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SCHEDULE "A" – GENERAL FUND REVENUES

	2019 <u>BUDGET</u>	2019 <u>PRE- AUDIT</u>	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>
TAXES							
Ad Valorem Taxes	215,969	215,947	221,659	226,092	230,614	235,226	239,930
Drainage Parcel Taxes	22,950	22,900	23,000	22,950	22,950	22,950	22,950
Community Development Parcel Taxes	2,295	2,290	3,000	2,295	2,295	2,295	2,295
Road Maintenance Parcel Taxes	57,375	57,250	57,500	57,375	57,375	57,375	57,375
Utility Taxes	12,445	12,446	12,750	12,900	13,100	13,300	13,500
Grant in Lieu of Taxes	2,985	2,963	3,000	3,000	3,000	3,000	3,000
TOTAL TAXES	314,019	313,798	320,908	324,612	329,324	334,146	339,050
SALE OF SERVICES							
Garbage Service	31,640	29,703	31,640	32,000	32,500	33,000	33,500
Recreation Services	12,000	14,638	12,000	12,200	12,400	12,600	12,800
Other Services	100	44	100	100	100	100	100
TOTAL SALE OF SERVICES	43,740	44,386	43,740	44,300	45,000	45,700	46,400
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	9,594	6,386	9,950	10,000	10,000	10,000	10,000
Rentals	77,095	80,418	78,200	79,000	79,500	80,000	80,500
Miscellaneous	25,026	155,343	79,326	25,000	25,000	25,000	25,000
TOTAL REVENUES FROM OWN SOURCES	111,715	242,998	167,476	114,000	114,500	115,000	115,500
UNCONDITIONAL TRANSFERS	390,000	419,544	400,000	400,000	400,000	400,000	400,000
CONDITIONAL TRANSFERS	608,410	294,715	193,761	200,000	200,000	200,000	200,000
INTERNAL TRANSFER							
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	615,195	0	910,347	100,000	106,449	118,066	120,295
TOTAL INTERNAL TRANSFERS	655,581	0	950,733	140,275	146,724	158,341	160,570
COLLECTIONS FOR OTHERS	754,802	787,492	774,873	806,961	806,961	806,961	806,961
<u>TOTAL GENERAL FUND REVENUES</u>	<u>2,878,267</u>	<u>2,102,934</u>	<u>2,851,491</u>	<u>2,030,148</u>	<u>2,042,509</u>	<u>2,060,148</u>	<u>2,068,481</u>

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SCHEDULE "C" – WATER FUND REVENUES AND EXPENDITURES

	2019 <u>BUDGET</u>	2019 <u>PRE- AUDIT</u>	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <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	140,943	142,571	147,970	155,400	163,200	171,300	179,900
OTHER REVENUES							
Government Grants	0	0	0	0	0	0	0
Own Sources	157,164	0	157,164	20,000	20,000	20,000	20,000
TOTAL OTHER REVENUES	157,164	0	157,164	20,000	20,000	20,000	20,000
<u>TOTAL WATER FUND REVENUES</u>	<u>414,349</u>	<u>258,903</u>	<u>421,466</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	6,095	32,751	33,400	34,000	34,700	35,400
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Water Supply and Treatment	45,958	34,203	45,794	46,900	47,800	48,800	49,800
Water Distribution and Fire Hydrants	49,169	40,449	50,327	51,400	52,400	53,400	54,500
Water Storage	14,397	15,999	15,213	15,600	15,900	16,200	16,500
TOTAL ENVIRONMENTAL HEALTH	109,524	90,653	111,334	113,900	116,100	118,400	120,800
ENVIRONMENTAL & PLANNING	25,000	595	27,000	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	0	0	0	0	0
TOTAL FISCAL SERVICES	0	0	0	0	0	0	0
TOTAL CAPITAL PROJECTS	247,164	18,138	250,381	124,432	129,432	134,532	140,032
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>414,439</u>	<u>115,482</u>	<u>421,466</u>	<u>291,732</u>	<u>299,532</u>	<u>307,632</u>	<u>316,232</u>
SURPLUS (DEFICIT)	0	143,421	0	0	0	0	0

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SCHEDULE "D" – SEWER FUND REVENUES AND EXPENDITURES

	2019 <u>BUDGET</u>	2019 PRE- AUDIT	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <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	175,153	176,759	185,452	194,500	204,400	214,700	225,300
OWN SOURCES	2,722,266	0	2,902,038	30,000	24,137	18,132	11,632
<u>TOTAL SEWER FUND REVENUES</u>	<u>2,961,887</u>	<u>241,227</u>	<u>3,051,958</u>	<u>288,968</u>	<u>293,005</u>	<u>297,300</u>	<u>301,400</u>
	2019 <u>BUDGET</u>	2019 PRE- AUDIT	2020 <u>BUDGET</u>	2021 <u>BUDGET</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	25,738	3,027	25,738	26,250	26,800	27,300	27,800
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	18,600	7,387	18,600	19,000	19,400	19,800	20,200
Lift Station Maintenance	30,274	12,592	29,008	30,000	31,500	32,500	33,500
Sewage Treatment Plant	100,009	97,349	106,938	108,000	105,000	105,500	106,000
TOTAL ENVIRONMENTAL HEALTH	148,883	117,330	154,546	157,000	155,900	157,800	159,700
ENVIRONMENTAL & PLANNING	20,000	5,942	14,874	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	2,767,266	25,942	2,856,800	85,718	90,305	92,200	93,900
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>2,961,887</u>	<u>152,243</u>	<u>3,051,958</u>	<u>288,968</u>	<u>293,005</u>	<u>297,300</u>	<u>301,400</u>
SURPLUS (DEFICIT)	0	88,983	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 2020. 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	3.7%	\$237,409
Parcel Taxes	4.2%	\$264,306
User Fees and Charges	7.4%	\$465,030
Other Sources	30.0%	\$1,896,745
Government Grants	42.4%	\$2,686,560
Tax Collected for Other	12.3%	\$774,873
Total	100.0%	\$6,324,923

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)	97.81%	\$216,790
Utilities (2)	0.19%	\$411
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.00%	\$4,457
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$221,659

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.

