

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #721

A BYLAW TO ADOPT A FINANCIAL PLAN FOR THE PERIOD OF 2015 to 2019

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 2015-2019**"

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 2015 - 2019 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 2015 - 2019 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 2015 - 2019 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 2015 - 2019 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 2015 – 2019 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, 2015
READ A SECOND TIME	this 20 th day of April, 2015
READ A THIRD TIME	this 20 th day of April, 2015
PUBLIC CONSULTATION HELD	this 4 th day of May, 2015
RECONSIDERED AND FINALLY ADOPTED	this 4 th day of May, 2015

Mayor

Corporate Officer

Certified a true copy of Bylaw #721, as adopted

Corporate Officer

THE CORPORATION OF THE VILLAGE OF MONTROSE

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SCHEDULE "A" – GENERAL FUND REVENUES

	2014 BUDGET	2014 PRE- AUDIT	2015 BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET
TAXES							
Ad Valorem Taxes	191,347	191,346	202,555	205,593	208,677	211,807	214,984
Drainage Parcel Taxes	24,150	24,150	24,150	24,512	24,880	25,253	25,632
Road Parcel Taxes	46,000	46,000	46,000	46,690	47,390	48,101	48,823
Utility Taxes	11,581	11,581	11,459	11,500	11,500	11,500	11,500
Grant in Lieu of Taxes	2,900	2,992	3,000	3,000	3,000	3,000	3,000
TOTAL TAXES	275,978	276,069	287,164	291,296	295,448	299,662	303,939
SALE OF SERVICES							
Garbage Service	21,050	22,233	21,300	21,300	21,300	21,500	21,500
Recreation Services	8,000	9,671	10,000	10,000	10,000	10,000	10,000
Other Services	400	277	400	400	400	400	400
TOTAL SALE OF SERVICES	29,450	32,181	31,700	31,700	31,700	31,900	31,900
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	4,900	5,193	5,100	5,300	5,500	5,500	5,700
Rentals	65,851	64,640	73,437	75,000	75,000	76,000	76,000
Miscellaneous	23,450	25,747	86,233	25,000	25,000	25,000	25,000
TOTAL REVENUES FROM OWN SOURCES	94,201	95,580	164,770	105,300	105,500	106,500	106,700
UNCONDITIONAL TRANSFERS	246,290	244,755	395,338	350,000	350,000	350,000	350,000
CONDITIONAL TRANSFERS	168,213	170,802	179,155	170,000	170,000	170,000	170,000
INTERNAL TRANSFER							
Water Fund Administration	30,141	30,141	20,017	22,000	23,000	23,000	24,000
Sewer Fund Administration	39,914	39,914	16,378	18,000	19,000	19,000	20,000
Other Transfers	16,330	11,330	15,380	15,000	15,000	17,000	17,000
TOTAL INTERNAL TRANSFERS	86,385	81,385	51,775	55,000	57,000	59,000	61,000
COLLECTIONS FOR OTHERS	744,467	744,524	740,940	742,000	744,000	745,000	750,000
<u>TOTAL GENERAL FUND REVENUES</u>	<u>1,644,984</u>	<u>1,645,296</u>	<u>1,850,842</u>	<u>1,745,296</u>	<u>1,753,648</u>	<u>1,762,062</u>	<u>1,773,539</u>

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SCHEDULE "B" – GENERAL FUND EXPENDITURES

	2014	2014	2015	2016	2017	2018	2019
	BUDGET	PRE-AUDIT	BUDGET	BUDGET	BUDGET	BUDGET	BUDGET
GENERAL GOVERNMENT SERVICES							
Legislative	23,350	22,128	28,500	29,000	29,500	30,000	30,500
General Administration	337,371	346,172	366,896	367,000	368,000	369,000	370,000
Other General Government Services	43,980	37,165	42,850	43,000	43,000	43,000	44,000
TOTAL GENERAL GOVT SERVICES	404,701	405,465	438,246	439,000	440,500	442,000	444,500
GENERAL PUBLIC WORKS							
General Public Works	7,633	8,729	10,671	10,700	11,000	11,500	11,500
Workshop	15,851	15,158	20,325	20,630	20,939	21,253	21,572
General Public Works Equipment	24,926	26,680	45,587	30,000	31,000	31,000	31,000
TOTAL GENERAL PUBLIC WORKS	48,410	50,567	76,583	61,330	62,939	63,753	64,072
PROTECTIVE SERVICES							
Bylaw Enforcement	10,150	8,673	9,650	9,747	9,893	10,041	10,192
Other Protective Services	12,154	14,572	17,644	17,700	17,877	18,056	18,236
TOTAL PROTECTIVE SERVICES	22,304	23,245	27,294	27,447	27,770	28,097	28,428
TRANSPORTATION SERVICES							
Equipment Operation & Maintenance	11,257	38,299	15,057	15,208	15,360	15,513	15,668
Road Maintenance	93,001	86,600	86,086	87,377	88,688	89,575	90,471
Traffic Services	15,608	22,217	21,008	21,323	21,643	21,859	22,078
TOTAL TRANSPORTATION SERVICES	119,866	147,116	122,151	123,908	125,691	126,947	128,217
ENVIRONMENTAL HEALTH SERVICES							
	27,674	34,369	34,421	35,109	35,812	36,528	37,258
COMMUNITY & PLANNING SERVICES							
	23,845	14,849	110,000	15,000	15,000	15,000	15,000
RECREATION & CULTURAL SERVICES							
Recreation Commission	11,084	11,421	11,032	11,000	11,000	11,000	11,000
Community Hall	26,922	38,653	28,257	28,681	29,111	29,548	29,991
Parks	34,478	32,482	52,114	33,000	33,500	34,000	35,000
TOTAL RECREATION & CULTURE	72,484	82,556	91,403	72,681	73,611	74,548	75,991
FISCAL SERVICES							
Debt Servicing	0	0	21,505	21,505	21,505	21,505	21,505
Transfer to Other Funds	97,485	140,653	105,900	100,000	100,000	100,000	100,000
Transfer of Taxes Collected for Others	766,064	768,069	761,337	761,000	763,000	763,683	770,568
TOTAL FISCAL SERVICES	863,549	908,722	888,742	882,505	884,505	885,188	892,073
CAPITAL PROJECTS							
Administration	0	0	0	0	0	0	0
Public Works	32,150	13,727	32,002	58,316	57,820	60,000	58,000
Recreation	30,000	24,225	30,000	30,000	30,000	30,000	30,000
TOTAL CAPITAL PROJECTS	62,150	37,952	62,002	88,316	87,820	90,000	88,000
<u>TOTAL GENERAL EXPENDITURES</u>	<u>1,644,983</u>	<u>1,704,841</u>	<u>1,850,842</u>	<u>1,745,296</u>	<u>1,753,647</u>	<u>1,762,061</u>	<u>1,773,540</u>
General Fund Surplus (Deficit)	1	-59,545	0	0	0	0	0
Consolidated Funds Surplus (Deficit)	0	-15,968	0	0	0	0	0

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SCHEDULE "C" – WATER FUND REVENUES & EXPENDITURES

	2014 BUDGET	2014 PRE- AUDIT	2015 BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET
<u>WATER FUND REVENUES</u>							
TAXES	111,205	110,963	111,205	113,985	116,835	119,756	122,750
SALE OF SERVICES	112,185	114,409	114,683	117,550	120,489	123,501	126,589
OTHER REVENUES							
Government Grants	0	0	15,000	0	0	0	0
Own Sources	164,904	147,518	132,184	35,000	50,000	50,000	50,000
TOTAL OTHER REVENUES	164,904	147,518	147,184	35,000	50,000	50,000	50,000
<u>TOTAL WATER FUND REVENUES</u>	<u>388,294</u>	<u>372,890</u>	<u>373,072</u>	<u>266,535</u>	<u>287,324</u>	<u>293,257</u>	<u>299,338</u>
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	2014 BUDGET	2014 PRE- AUDIT	2015 BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET
<u>WATER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	41,741	39,734	32,117	33,000	33,000	34,000	34,000
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Water Supply and Treatment	41,217	33,257	46,177	47,000	47,000	48,000	49,000
Water Distribution and Fire Hydrants	156,766	44,994	52,515	55,000	55,000	57,000	58,000
Water Storage	118,570	10,167	14,737	15,000	15,000	16,000	17,000
TOTAL ENVIRONMENTAL HEALTH	316,553	88,418	113,429	117,000	117,000	121,000	124,000
ENVIRONMENTAL & PLANNING	12,500	121,065	27,526	5,000	5,000	5,000	5,000
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	55,000	0	11,535	32,324	33,257	36,338
TOTAL FISCAL SERVICES	0	55,000	0	11,535	32,324	33,257	36,338
TOTAL CAPITAL PROJECTS	17,500	26,535	200,000	100,000	100,000	100,000	100,000
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>388,294</u>	<u>330,752</u>	<u>373,072</u>	<u>266,535</u>	<u>287,324</u>	<u>293,257</u>	<u>299,338</u>
SURPLUS (DEFICIT)	0	42,138	0	0	0	0	0

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SCHEDULE "D" – SEWER FUND REVENUES & EXPENDITURES

	2014 BUDGET	2014 PRE- AUDIT	2015 BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET
<u>SEWER FUND REVENUES</u>							
TAXES	58,710	58,581	58,710	60,178	61,682	63,224	64,805
SALE OF SERVICES	139,363	141,439	142,177	145,731	149,375	153,109	156,937
OWN SOURCES	34,805	20,000	47,000	2,816	0	8,320	3,387
<u>TOTAL SEWER FUND REVENUES</u>	<u>232,878</u>	<u>220,020</u>	<u>247,887</u>	<u>208,725</u>	<u>211,057</u>	<u>224,653</u>	<u>225,129</u>
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	2014 BUDGET	2014 PRE- AUDIT	2015 BUDGET	2016 BUDGET	2017 BUDGET	2018 BUDGET	2019 BUDGET
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	46,539	43,525	22,003	23,000	23,000	24,000	24,000
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	27,674	18,103	31,049	30,000	30,000	32,000	32,000
Lift Station Maintenance	21,087	22,233	30,271	30,725	31,186	31,654	32,129
Sewage Treatment Plant	74,078	82,529	84,328	85,000	85,000	87,000	87,000
TOTAL ENVIRONMENTAL HEALTH	122,839	122,865	145,648	145,725	146,186	150,654	151,129
ENVIRONMENTAL & PLANNING	63,500	52,191	31,736	25,000	25,000	25,000	25,000
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	0	0	48,500	15,000	16,871	25,000	25,000
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>232,878</u>	<u>218,581</u>	<u>247,887</u>	<u>208,725</u>	<u>211,057</u>	<u>224,654</u>	<u>225,129</u>
SURPLUS (DEFICIT)	0	1,439	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 2015. 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.

Table 1: Sources of Revenue

Revenue Source	% of Total Revenue	Dollar Value
Property Taxes	8.8%	\$217,014
Parcel Taxes	9.7%	\$240,065
User Fees and Charges	11.7%	\$288,560
Other Sources	16.7%	\$413,829
Government Grants	23.1%	\$571,393
Tax Collected for Other	30.0%	\$740,070
Total	100.0%	\$2,470,931

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.

Strategic Community Investment Funds:

Government grants include the Strategic Community Investment Funds which are provided by the Province of British Columbia. These funds reduce the level of municipal taxation and for a smaller municipality these funds are instrumental to 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.
- 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. 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)	97.63%	\$197,749
Utilities (2)	0.20%	\$398
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.18%	\$4,408
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$202,555

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, 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.

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.