

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #767

A BYLAW TO ADOPT THE FINANCIAL PLAN FOR THE PERIOD OF 2022 to 2026

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 2022 - 2026 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 2022 - 2026 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 2022 - 2026 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 2022 – 2026 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 2022 - 2026 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 2022 – 2026 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 2022
READ A SECOND TIME	this 19 th day of April 2022
READ A THIRD TIME	this 19 th day of April 2022
PUBLIC CONSULTATION HELD	this 2 nd day of May 2022
RECONSIDERED AND FINALLY ADOPTED	this 2 nd day of May 2022

Mayor

Corporate Officer

Certified a true copy of Bylaw #767, as adopted

Corporate Officer

THE CORPORATION OF THE VILLAGE OF MONTROSE

BYLAW #767

SCHEDULE "A" – GENERAL FUND REVENUES

	2021 <u>BUDGET</u>	2021 <u>PRE- AUDIT</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>	2026 <u>BUDGET</u>
TAXES							
Ad Valorem Taxes	229,042	229,241	235,071	242,123	249,386	256,867	264,573
Drainage Parcel Taxes	22,900	22,950	22,950	22,950	23,000	23,000	23,000
Community Development Parcel Taxes	2,290	2,295	2,295	2,295	2,300	2,300	2,300
Road Maintenance Parcel Taxes	57,250	57,375	57,375	57,375	57,500	57,500	57,500
Utility Taxes	12,686	12,686	12,638	12,638	12,638	12,638	12,638
Grant in Lieu of Taxes	2,800	3,007	3,007	3007	3,007	3,007	3,007
TOTAL TAXES	326,968	327,554	333,336	340,436	347,831	355,312	363,018
SALE OF SERVICES							
Garbage Service	31,640	38,278	35,411	36,000	37,500	38,000	38,500
Recreation Services	4,000	2,400	12,000	12,200	12,400	12,600	12,800
Other Services	70	8	40	100	100	100	100
TOTAL SALE OF SERVICES	35,710	40,686	47,451	48,300	50,000	50,700	51,400
OTHER REVENUES FROM OWN SOURCES							
Licenses & Permits	9,650	16,929	10,350	12,800	12,500	13,000	13,000
Rentals	71,200	69,460	74,400	80,000	82,000	84,000	86,000
Miscellaneous	44,692	161,280	223,389	30,000	35,000	35,000	35,000
TOTAL REVENUES FROM OWN SOURCES	125,542	247,670	308,139	122,800	129,500	132,000	134,000
UNCONDITIONAL TRANSFERS	410,000	432,000	430,000	430,000	430,000	430,000	430,000
CONDITIONAL TRANSFERS	194,483	367,598	282,494	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	357,069	0	500,132	245,000	140,000	140,000	140,000
TOTAL INTERNAL TRANSFERS	397,455	0	540,518	180,470	180,560	180,650	180,740
COLLECTIONS FOR OTHERS	815,347	873,880	857,153	873,880	891,400	922,438	940,996
<u>TOTAL GENERAL FUND REVENUES</u>	<u>2,305,337</u>	<u>2,289,391</u>	<u>2,799,091</u>	<u>2,299,886</u>	<u>2,229,291</u>	<u>2,271,108</u>	<u>2,300,154</u>

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BYLAW #767

SCHEDULE "B" – GENERAL FUND EXPENDITURES

	2021	2021	2022	2023	2024	2025	2026
	<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	28,300	26,068	34,820	30,860	32,000	32,900	33,600
General Administration	422,155	351,108	460,955	460,000	467,000	476,000	486,000
Other General Government Services	51,876	34,423	59,020	60,200	61,600	63,000	64,400
TOTAL GENERAL GOVT SERVICES	502,331	411,600	554,835	551,060	560,600	571,900	584,000
GENERAL PUBLIC WORKS							
General Public Works	17,260	21,522	17,980	18,400	19,200	19,800	20,400
Workshop	19,145	25,912	20,955	21,400	22,000	22,700	23,400
General Public Works Equipment	30,485	21,885	32,390	33,360	34,600	35,700	36,800
TOTAL GENERAL PUBLIC WORKS	66,890	69,319	71,325	73,160	75,800	78,200	80,600
PROTECTIVE SERVICES							
Bylaw Enforcement	8,660	8,587	8,660	8,800	9,000	9,300	9,500
Other Protective Services	26,265	35,764	29,185	30,000	31,000	31,900	33,000
TOTAL PROTECTIVE SERVICES	34,925	44,351	37,845	38,800	40,000	41,200	42,500
TRANSPORTATION SERVICES							
Equipment Operation & Maintenance	13,610	15,266	13,790	14,200	14,700	15,200	16,000
Road Maintenance	107,450	58,204	108,100	110,000	112,500	115,500	118,500
Traffic Services	20,250	16,033	19,850	20,400	21,000	21,600	22,000
TOTAL TRANSPORTATION SERVICES	141,310	89,503	141,740	144,600	148,200	152,300	156,500
ENVIRONMENTAL HEALTH SERVICES	40,050	37,317	36,750	37,200	38,600	39,700	41,000
COMMUNITY & PLANNING SERVICES	62,200	22,983	57,200	35,000	35,000	35,000	35,000
RECREATION & CULTURAL SERVICES							
Recreation Commission	16,373	2,810	16,373	16,800	17,400	17,900	18,400
Community Hall	30,464	21,191	31,123	32,500	33,500	35,000	36,500
Parks and Playfields	54,040	63,625	56,097	59,440	60,500	62,000	63,500
TOTAL RECREATION & CULTURE	100,877	87,628	103,593	108,750	111,400	114,900	118,400
FISCAL SERVICES							
Debt Servicing	25,000	26,757	46,000	68,000	21,500	21,500	21,500
Transfer to Other Funds	212,925	290,925	290,925	125,975	128,153	125,412	110,838
Transfer of Taxes Collected for Others	845,169	885,344	874,378	904,351	922,438	940,996	959,816
TOTAL FISCAL SERVICES	1,083,169	1,203,027	1,211,303	1,098,326	1,072,091	1,087,908	1,092,154
CAPITAL PROJECTS							
Administration	35,000	12,466	24,000	0	0	0	0
Public Works	148,000	76,736	360,000	158,000	112,400	115,000	115,000
Recreation	90,661	300,972	200,500	35,000	35,000	35,000	35,000
TOTAL CAPITAL PROJECTS	273,661	390,179	584,500	188,000	147,400	150,000	150,000
<u>TOTAL GENERAL EXPENDITURES</u>	<u>2,305,337</u>	<u>2,359,968</u>	<u>2,799,091</u>	<u>2,299,886</u>	<u>2,229,291</u>	<u>2,271,108</u>	<u>2,300,154</u>
General Fund Surplus (Deficit)	0	(70,577)	0	0	0	0	0
Consolidated Funds Surplus (Deficit)	0	74,489	0	0	0	0	0

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BYLAW #767

SCHEDULE "C" – WATER FUND REVENUES AND EXPENDITURES

	2021 <u>BUDGET</u>	2021 <u>PRE- AUDIT</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>	2026 <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	155,135	157,559	162,880	171,024	179,575	188,553	197,981
OTHER REVENUES							
Government Grants	0	0	0	0	0	0	0
Own Sources	0	0	0	0	20,000	20,000	20,000
TOTAL OTHER REVENUES	0	0	0	0	20,000	20,000	20,000
<u>TOTAL WATER FUND REVENUES</u>	<u>271,467</u>	<u>273,891</u>	<u>279,212</u>	<u>287,356</u>	<u>315,907</u>	<u>324,885</u>	<u>334,313</u>
<u>WATER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	31,350	3,293	32,751	33,400	34,000	34,700	35,500
ENVIRONMENTAL HEALTH SERVICES							
Water Supply & Distribution System							
Water Supply and Treatment	42,560	33,288	41,780	43,000	44,500	46,000	47,400
Water Distribution and Fire Hydrants	55,060	46,466	56,582	58,300	60,000	61,900	63,700
Water Storage	16,456	10,863	16,000	16,000	16,600	17,200	17,600
TOTAL ENVIRONMENTAL HEALTH	114,076	90,618	114,362	117,300	121,000	125,100	128,700
ENVIRONMENTAL & PLANNING	25,041	6,108	22,500	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	30,000	0	0	76,000	100,000	100,000	100,000
TOTAL FISCAL SERVICES	30,000	0	0	76,000	100,000	100,000	100,000
TOTAL CAPITAL PROJECTS	71,000	44,177	111,000	40,656	40,907	45,085	50,113
<u>TOTAL WATER FUND EXPENDITURES</u>	<u>271,476</u>	<u>144,196</u>	<u>279,212</u>	<u>287,356</u>	<u>315,907</u>	<u>324,885</u>	<u>343,313</u>
SURPLUS (DEFICIT)	0	129,694	0	0	0	0	0

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BYLAW #767

SCHEDULE "D" – SEWER FUND REVENUES AND EXPENDITURES

	2021 <u>BUDGET</u>	2021 <u>PRE- AUDIT</u>	2022 <u>BUDGET</u>	2023 <u>BUDGET</u>	2024 <u>BUDGET</u>	2025 <u>BUDGET</u>	2026 <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	196,252	195,645	205,325	215,591	226,370	237,688	249,572
OWN SOURCES	2,443,019	128,877	2,905,427	30,000	10,000	10,000	10,000
<u>TOTAL SEWER FUND REVENUES</u>	<u>2,703,739</u>	<u>388,990</u>	<u>3,175,220</u>	<u>310,059</u>	<u>300,838</u>	<u>312,156</u>	<u>324,040</u>
<u>SEWER FUND EXPENDITURES</u>							
GENERAL GOVERNMENT SERVICES	25,133	3,907	27,010	27,600	28,200	28,900	29,500
ENVIRONMENTAL HEALTH SERVICES							
Collection System Maintenance	17,500	9,507	16,000	17,000	18,000	19,000	20,000
Lift Station Maintenance	24,370	17,780	21,410	24,000	26,000	27,500	29,000
Sewage Treatment Plant	117,700	102,356	120,200	126,000	129,000	132,000	135,000
TOTAL ENVIRONMENTAL HEALTH	159,570	129,644	157,610	167,000	173,000	178,500	184,000
ENVIRONMENTAL & PLANNING	15,000	0	5,600	15,000	15,000	15,000	15,000
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	40,000	40,000	40,000	40,000
TOTAL FISCAL SERVICES	0	0	0	40,000	40,000	40,000	40,000
TOTAL CAPITAL PROJECTS	2,504,036	240,066	2,985,000	60,459	44,638	49,756	55,540
<u>TOTAL SEWER FUND EXPENDITURES</u>	<u>2,703,739</u>	<u>373,618</u>	<u>3,175,220</u>	<u>310,059</u>	<u>300,838</u>	<u>312,156</u>	<u>324,040</u>
SURPLUS (DEFICIT)	0	15,372	0	0	0	0	0

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BYLAW #767

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 2022. 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	4.0%	\$250,716
Parcel Taxes	4.2%	\$263,420
User Fees and Charges	6.6%	\$415,656
Other Sources	60.0%	\$3,754,084
Government Grants	11.4%	\$712,494
Tax Collected for Other	13.7%	\$857,153
Total	100.0%	\$6,253,523

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 2022. 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)	97.55%	\$229,399
Utilities (2)	0.12%	\$272
Social Housing (3)	0.00%	\$0
Major Industrial (4)	0.00%	\$0
Light Industrial (5)	0.00%	\$0
Business and Other (6)	2.33%	\$5,491
Recreation/Non-profit (8)	0.00%	\$0
Farmland (9)	0.00%	\$0
Total	100.00%	\$235,162

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.

