



The Corporation of the District of North Cowichan
Five-Year Financial Plan Bylaw, 2021

Bylaw 3826

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The Council of The Corporation of the District of North Cowichan enacts as follows:

Citation

- 1** This Bylaw may be cited as "*Five-Year Financial Plan Bylaw, No. 3826, 2021*".

Financial plan establishment

- 2** Schedule 1, attached to and forming part of this Bylaw, is adopted as North Cowichan's 5-year financial plan.

Objectives and policies

- 3** Schedule 2, attached to and forming part of this Bylaw, sets out Council's objectives and policies for the years 2021 through 2025 regarding
 - (a) the proportion of total revenue that is proposed to come from
 - (i) property value taxes,
 - (ii) parcel taxes,
 - (iii) fees,
 - (iv) proceeds from borrowing, other than borrowing under section 177 [*revenue anticipation borrowing*] of the *Community Charter*, and
 - (v) other sources,
 - (b) the distribution of property value taxes among the property classes that may be subject to the taxes, and
 - (c) the use of permissive tax exemptions.

Expenditure authority

4 This Bylaw authorizes North Cowichan’s municipal officers to expend in each year the sums of money shown in columns 2 through 6, Schedule 1, for the purposes described in column 1, Schedule 1.

Cheque signing authority

5 All North Cowichan cheques must be signed by any two of the Mayor, Chief Administrative Officer, Director, Financial Services, Manager, Legislative Services or their deputies.

Ratification of payments

6 All payments already made from municipal revenues for the current year are ratified and confirmed.

Severability

7 If any provision of this Bylaw is, for any reason, found invalid by a court of competent jurisdiction, the provision must be severed and the remainder of the Bylaw left valid and enforceable.

Repeal

8 “Five-Year Financial Plan Bylaw, 2020”, No. 3785, and all amendments thereto, is hereby repealed.

READ a first time on April 21, 2021
READ a second time on April 21, 2021
READ a third time on April 21, 2021
ADOPTED May 11, 2021

CORPORATE OFFICER

PRESIDING MEMBER

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers

Item	Column 1 Description	Column 2 2021	Column 3 2022	Column 4 2023	Column 5 2024	Column 6 2025
1	Revenues					
2	Property Taxes	33,916,250	36,013,090	38,115,810	39,823,940	41,576,530
3	Parcel Taxes	4,973,910	5,178,290	5,404,620	5,620,830	5,857,190
4	User Fees	10,332,040	12,239,270	13,515,980	13,692,090	13,979,860
5	Other	11,555,324	9,284,720	21,506,660	8,060,840	3,286,420
6		60,777,524	62,715,370	78,543,070	67,197,700	64,700,000
7	Expenses					
8	General Operating	36,638,320	36,483,910	36,646,820	37,397,130	38,194,460
9	Sanitary Sewer Operating	3,622,280	3,136,500	3,186,740	3,249,160	3,312,790
10	Water Operating	3,322,200	3,248,290	3,277,010	3,342,290	3,408,920
11	Interest on Debt	975,540	1,644,730	2,300,370	2,343,640	2,339,960
12	Amortization	9,514,540	9,693,170	9,877,090	10,087,300	10,299,600
13		54,072,880	54,206,600	55,288,030	56,419,520	57,555,730
14	Annual Surplus / (Deficit)	6,704,644	8,508,770	23,255,040	10,778,180	7,144,270
15	Add back: Unfunded Amortization	9,514,540	9,693,170	9,877,090	10,087,300	10,299,600
16	Capital Expenditures					
17	General Capital	46,709,680	30,304,200	7,329,410	8,261,160	8,935,250
18	Sanitary Sewer Capital	2,591,420	9,602,080	24,622,460	11,710,220	826,710
19	Water Capital	5,106,000	4,726,350	1,372,120	1,122,000	1,688,520
20		54,407,100	44,632,630	33,323,990	21,093,380	11,450,480
21	Proceeds from Borrowing	(28,600,000)	(22,900,000)	0	0	0
22	Principal Payments on Debt	1,095,550	1,968,830	2,973,000	3,241,540	3,229,200
23	Transfers to or between Reserve Funds	(4,688,266)	(966,500)	451,910	131,250	541,700
24	Transfers to or between Accumulated Surplus	(5,995,200)	(4,533,020)	(3,616,770)	(3,600,690)	2,222,490
25		(38,187,916)	(26,430,690)	(191,860)	(227,900)	5,993,390
26	Financial Plan Balance	0	0	0	0	0

Schedule 2

Financial Objectives and Policies

1. Funding Sources

Property taxation is North Cowichan's principal revenue source. As a revenue source, property taxation is simple to administer and relatively easy for residents to understand. It is also a stable and reliable source of revenue for services that are hard or undesirable to fund on a user-pay basis. User fees and charges form the next largest portion of North Cowichan's revenue and are collected from a variety of municipal services, permits, and licences. User fees attempt to align the value of a service to those who use the service. It is generally preferable to charge a user fee for services to specific users, than to levy a general tax on all property owners. The table below shows the proportion of North Cowichan revenue proposed to be raised from each funding source in 2021.

Table 1 - Sources of Revenue

Item	Column 1 Revenue Source	Column 2 % of Total Revenue	Column 3 Dollar Value
1	Property Taxes	37.9%	33,916,250
2	Parcel Taxes	5.6%	4,973,910
3	User Fees and Charges	11.6%	10,332,040
4	Proceeds from Borrowing	32.0%	28,600,000
5	Other	12.9%	11,555,324
6	Total	100.00%	89,377,524

Council's objectives and policies regarding funding sources are to

- (a) use property taxes for services that do not lend themselves to a user-pay approach,
- (b) allocate 10% to 15% of municipal property tax revenue to capital projects,
- (c) charge user fees, where possible, to align services with those who use them, and
- (d) look for new revenue sources.

2. Distribution of Property Tax Rates

Council's objectives and policies regarding the distribution of property tax rates are to strive to

- (a) set tax rates and ratios that maintain tax stability between property classes while factoring in non-market growth within classes,
- (b) set Class 4 (Heavy Industry) at the provincial average tax ratio and at no more than 3 times Class 6 (Business),
- (c) set Class 5 (Light Industry) at no more than 2 times Class 6 (Business),
- (d) set Class 6 (Business) at no more than 2 times Class 1 (Residential),
- (e) set Class 7 (Managed Forest) at no more than 2 times Class 6 (Business),
- (f) set Class 8 (Non-profit and Recreation) tax ratio at 1.00, to assist sector, and
- (g) set Class 9 (Farm) tax ratio at 1.00, to encourage local farm production.

Table 2 – 2021 Property Tax and Ratios Distribution

Item	Column 1 Property Class	Column 2 % of Total Property Taxation	Column 3 Dollar Value	Column 4 Ratios
1	Residential	68.0%	21,858,786	1.00
2	Utilities	0.6%	208,252	8.44
3	Supportive Housing	0.0%	-	-
4	Major Industrial	14.4%	4,636,709	9.03
5	Light Industrial	3.3%	1,064,686	3.77
6	Business and Other	13.2%	4,248,842	2.73
7	Managed Forest	0.2%	49,037	4.45
8	Recreation/Non-profit	0.2%	69,388	1.00
9	Farm land	0.1%	29,470	1.00
10	Total	100.00%	32,165,170	

3. Permissive Tax Exemptions

North Cowichan supports local non-profit organizations through permissive tax exemptions. Each year a list of these exemptions are included in the Annual Report. Permissive property tax exemptions are governed by the North Cowichan Permissive Tax Exemption Policy.