



The Corporation of the District of North Cowichan

Five-Year Financial Plan Bylaw, 2017

Bylaw 3652

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

Financial plan establishment

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

Objectives and policies

- 2** Schedule 2, attached to and forming part of this Bylaw, sets out Council's objectives and policies for the years 2017 through 2021 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

- 3** 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

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

Ratification of payments

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

Repeal

- 6 "Five-Year Financial Plan Bylaw, 2016", No. 3608, is repealed.

READ a first time on March 15, 2017
READ a second time on March 15, 2017
READ a third time on March 15, 2017
RESCINDED third reading on April 19, 2017
READ a third time, as amended, on April 19, 2017
ADOPTED on May 3, 2017



CORPORATE OFFICER



PRESIDING MEMBER

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers

Item	Column 1 Description	Column 2 2017	Column 3 2018	Column 4 2019	Column 5 2020	Column 6 2021
1	Revenues					
2	Property Taxes	29,511,172	30,692,586	31,955,682	33,166,512	34,432,362
3	Parcel Taxes	4,280,848	4,438,989	4,612,379	4,798,489	4,979,914
4	User Fees	11,469,424	11,861,308	12,469,078	12,862,877	13,023,886
5	Other	9,797,752	4,552,569	3,270,243	10,066,848	3,533,067
6		55,059,196	51,545,452	52,307,382	60,894,726	55,969,229
7	Expenses					
8	General Operating	31,207,663	31,675,731	32,063,667	32,886,990	33,785,131
9	Sanitary Sewer Operating	2,772,073	2,793,228	2,763,877	2,801,521	2,839,350
10	Water Operating	3,032,403	2,961,868	3,004,391	3,047,658	3,092,576
11	Interest on Debt	1,351,973	1,518,398	1,843,223	1,955,117	1,947,637
12	Amortization	9,040,200	9,213,200	9,612,200	9,757,400	9,787,400
13		47,404,312	48,162,425	49,287,358	50,448,686	51,452,094
14	Annual Surplus / (Deficit)	7,654,884	3,383,027	3,020,024	10,446,040	4,517,135
15	Add back: Unfunded Amortization	9,040,200	9,213,200	9,612,200	9,757,400	9,787,400
16	Capital Expenditures					
17	General Capital	11,004,667	18,550,380	18,304,680	8,058,022	7,477,004
18	Sanitary Sewer Capital	2,450,469	4,380,607	1,031,061	12,815,775	685,147
19	Water Capital	7,084,000	2,370,100	1,670,308	1,798,984	1,826,853
20		20,539,136	25,301,087	21,006,049	22,672,781	9,989,004
21	Proceeds from Borrowing	(783,600)	(11,500,000)	(11,500,000)	0	0
22	Principal Payments on Debt	1,142,576	1,089,842	1,594,595	1,977,260	1,913,662
23	Transfers to or between Reserve Funds	700,033	184,419	1,377,651	(235,106)	1,369,519
24	Transfers to or between Accumulated Surplus	(4,903,061)	(2,479,121)	153,929	(4,211,495)	1,032,350
25		(3,844,052)	(12,704,860)	(8,373,825)	(2,469,341)	4,315,531
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 2017.

Table 1 - Sources of Revenue

Item	Column 1 Revenue Source	Column 2 % of Total Revenue	Column 3 Dollar Value
1	Property Taxes	52.9	29,511,172
2	Parcel Taxes	7.7	4,280,848
3	User Fees and Charges	20.5	11,469,424
4	Proceeds from Borrowing	1.4	783,600
5	Other	17.5	9,797,752
6	Total	100%	55,842,796

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 – 2017 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	66.9	18,578,900	1.00
2	Utilities	0.7	184,000	8.43
3	Supportive Housing	0.0	0	1.00
4	Major Industrial	15.2	4,221,600	6.93
5	Light Industrial	3.3	930,000	4.14
6	Business and Other	13.3	3,698,300	2.20
7	Managed Forest	0.1	45,200	3.84
8	Recreation/Non-profit	0.2	66,100	0.83
9	Farm land	0.1	37,900	1.00
10	Total	100%	27,762,000	

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.

In addition, the Municipality offers a tax incentive program to encourage new commercial and residential mixed use development to locate within the existing commercial core areas, and to encourage development of industrial land. Revitalization property tax exemptions are governed by the Municipality's Revitalization Tax Exemption Bylaw.