



The Corporation of the District of North Cowichan

Five-Year Financial Plan Bylaw, 2019

Bylaw 3747

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WHEREAS section 165 [*financial plan*] of the *Community Charter* requires that Council annually adopt a financial plan for the year the plan is to come into force and the following 4-years, before Council adopts its annual property tax bylaw;

AND WHEREAS Council has undertaken a process of public consultation regarding the financial plan, as required under section 166 [*public process for development of a financial plan*] of the *Community Charter*;

NOW THEREFORE, 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 2019 through 2023 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, General Manager of Financial and Bylaw Services, Corporate Officer, 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6 "Five-Year Financial Plan Bylaw, 2018", No. 3687, is repealed.

READ a first time on April 17, 2019
READ a second time on April 17, 2019
READ a third time on April 17, 2019
ADOPTED on May 1, 2019


CORPORATE OFFICER


PRESIDING MEMBER

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers

Item	Column 1 Description	Column 2 2019	Column 3 2020	Column 4 2021	Column 5 2022	Column 6 2023
1	Revenues					
2	Property Taxes	31,866,689	34,001,219	35,947,569	37,210,206	38,267,684
3	Parcel Taxes	4,613,230	4,799,250	4,992,883	5,169,309	5,358,703
4	User Fees	11,799,534	12,867,454	14,007,105	14,935,329	14,986,514
5	Other	7,938,994	7,286,939	21,912,769	5,974,881	2,507,939
6		56,218,447	58,954,862	76,860,326	63,289,725	61,120,840
7	Expenses					
8	General Operating	34,149,136	34,788,724	35,989,310	36,552,380	37,131,077
9	Sanitary Sewer Operating	3,208,248	2,964,597	2,971,629	3,030,020	3,087,810
10	Water Operating	3,066,414	3,064,090	3,066,031	3,127,180	3,189,570
11	Interest on Debt	1,042,426	1,405,653	2,136,000	2,428,138	2,423,045
12	Amortization	9,612,200	9,757,400	9,787,400	9,811,400	9,811,400
13		51,078,424	51,980,464	53,950,370	54,949,118	55,642,902
14	Annual Surplus / (Deficit)	5,140,023	6,974,398	22,909,956	8,340,607	5,477,938
15	Add back: Unfunded Amortization	9,612,200	9,757,400	9,787,400	9,811,400	9,811,400
16	Capital Expenditures					
17	General Capital	26,816,605	35,806,500	12,354,200	8,991,400	7,386,046
18	Sanitary Sewer Capital	3,426,000	3,703,700	19,128,510	6,120,400	835,370
19	Water Capital	5,042,430	1,075,000	1,445,000	1,386,000	1,269,120
20		35,285,035	40,585,200	32,927,710	16,497,800	9,490,536
21	Proceeds from Borrowing	(10,000,000)	(25,000,000)	(5,000,000)	0	0
22	Principal Payments on Debt	1,086,673	1,192,571	2,099,243	2,580,166	2,578,623
23	Transfers to or between Reserve Funds	(1,073,559)	(863,995)	3,024,862	(508,777)	1,156,283
24	Transfers to or between Accumulated Surplus	(10,545,926)	818,022	(354,459)	(417,182)	2,063,896
25		(20,532,812)	(23,853,402)	(230,354)	1,654,207	5,798,802
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 2018.

Table 1 - Sources of Revenue

Item	Column 1 Revenue Source	Column 2 % of Total Revenue	Column 3 Dollar Value
1	Property Taxes	48.1	31,866,689
2	Parcel Taxes	7.0	4,613,230
3	User Fees and Charges	17.8	11,799,534
4	Proceeds from Borrowing	15.1	10,000,000
5	Other	12.0	7,938,994
6	Total	100%	66,218,447

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 – 2018 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	67.4	20,240,600	1.00
2	Utilities	0.7	200,300	8.21
3	Supportive Housing	0.0	0	1.00
4	Major Industrial	14.9	4,473,300	8.48
5	Light Industrial	3.3	983,700	4.35
6	Business and Other	13.3	3,980,300	2.63
7	Managed Forest	0.1	47,300	3.93
8	Recreation/Non-profit	0.2	63,200	1.00
9	Farm land	0.1	32,100	1.00
10	Total	100%	30,020,800	

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.