



The Corporation of the District of North Cowichan

Five Year Financial Plan Bylaw, 2022

Bylaw 3858

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The Council of The Corporation of the District of North Cowichan, in open meeting assembled, enacts as follows:

Citation

- 1** This Bylaw may be cited as "*Five Year Financial Plan Bylaw, No. 3858, 2022*".

Financial Plan Establishment

- 2** Schedule 1, attached to and forming part of this Bylaw, is adopted as North Cowichan's five 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 2022 through 2026 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.

Severability

4 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

5 "Five-Year Financial Plan Bylaw, No. 3826, 2021" and all amendments thereto, is hereby repealed.

READ a first time on February 2, 2022
READ a second time on February 2, 2022
READ a third time on February 2, 2022
ADOPTED on February 16, 2022

CORPORATE OFFICER

PRESIDING MEMBER

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers

Item	Column 1 Description	Column 2 2022	Column 3 2023	Column 4 2024	Column 5 2025	Column 6 2026
1	Revenues:					
2	Property Taxes	35,743,629	39,583,241	41,899,224	43,395,448	44,765,681
3	Parcel Taxes	5,160,947	5,387,286	5,603,294	5,839,680	6,077,088
4	User Fees and Charges	11,962,331	13,780,092	14,174,203	14,476,801	14,824,414
5	Other	14,640,438	21,255,081	7,217,370	2,491,370	2,996,380
6		67,507,345	80,005,700	68,894,091	66,203,299	68,663,563
7	Expenses					
8	General Operating	40,075,550	38,485,681	39,272,713	40,138,526	40,960,830
9	Sanitary Sewer Operating	3,949,461	3,161,853	3,222,684	3,284,638	3,345,254
10	Water Operating	3,930,201	3,475,412	3,539,679	3,605,252	3,544,391
11	Interest on Debt	1,312,008	2,296,889	2,338,545	2,334,240	2,316,890
12	Amortization	9,699,410	9,891,450	10,087,300	10,287,100	10,470,790
13		58,966,630	57,311,285	58,460,921	59,649,756	60,638,155
14	Annual Surplus/(Deficit)	8,540,715	22,694,415	10,433,170	6,553,543	8,025,408
15	Add back: Unfunded Amortization	9,699,410	9,891,450	10,087,300	10,287,100	10,470,790
16	Capital Expenditures					
17	General Capital	63,137,300	7,140,410	7,432,142	8,987,573	9,768,963
18	Sanitary Sewer Capital	11,607,941	24,977,864	12,424,694	840,968	853,787
19	Water Capital	4,463,920	8,072,000	1,268,000	1,224,360	1,290,847
20		79,209,161	40,190,274	21,124,836	11,052,901	11,913,597
21	Proceeds from Borrowing	(43,193,380)	0	0	0	0
22	Principal Payments on Debt	1,265,352	3,151,881	3,392,907	3,235,580	3,148,450
23	Transfers to/(from) Reserve Funds	(6,571,017)	120,572	843,470	207,650	805,800
24	Transfers to/(from) Accumulated Surplus	(12,469,991)	(10,876,862)	(4,840,743)	2,344,512	2,628,351
25		(60,969,036)	(7,604,409)	(604,366)	5,787,742	6,582,601
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 ongoing 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 2022.

Table 1 - Sources of Revenue

Item	Column 1 Revenue Source	Column 2 % of Total Revenue	Column 3 Dollar Value
1	Property Taxes	32.3%	35,743,629
2	Parcel Taxes	4.7%	5,160,947
3	User Fees and Charges	10.8%	11,962,331
4	Proceeds from Borrowing	39.0%	43,193,380
5	Other	13.2%	14,640,438
6	Total	100.00%	110,700,725

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.

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.