



CONSOLIDATION

FIVE YEAR FINANCIAL PLAN BYLAW

Bylaw No. 3896

Current to April 26, 2023

Last amended on April 19, 2023

Consolidated and printed by authority of the Corporate Officer under
The Corporation of the District of North Cowichan Consolidation and Revision Authority Bylaw 3514

Amendments

| Number | Amendment Bylaw Number | Effective Date dd mmm yyyy |
|---------------|----------------------------------------------------------|---------------------------------------|
| 1 | Five-Year Financial Plan Amendment Bylaw, No. 3905, 2023 | 19 Apr 2023 |
| | | |
| | | |



The Corporation of the District of North Cowichan

Five Year Financial Plan Bylaw, 2023

Bylaw 3896

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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. 3896, 2023'*.

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 2023 through 2027 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5 "Five-Year Financial Plan Bylaw, No. 3858, 2022" and all amendments thereto, is hereby repealed.

READ a first time on February 21, 2023
READ a second time on February 21, 2023
READ a third time on February 21, 2023
ADOPTED on March 1, 2023

CORPORATE OFFICER

PRESIDING MEMBER

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers [BL3905]

| Item | Column 1 Description | Column 2 2023 | Column 3 2024 | Column 4 2025 | Column 5 2026 | Column 6 2027 |
|-----------|--------------------------------------------|------------------|------------------|------------------|------------------|------------------|
| 1 | Revenues: | | | | | |
| 2 | Property Taxes | 37,872,816 | 40,120,394 | 40,862,933 | 42,686,006 | 43,810,496 |
| 3 | Parcel Taxes | 5,331,800 | 5,578,297 | 5,845,691 | 6,121,728 | 6,421,143 |
| 4 | User Fees and Charges | 14,783,538 | 17,001,859 | 18,600,301 | 19,067,764 | 19,423,713 |
| 5 | Other | 29,221,309 | 33,595,194 | 13,215,878 | 1,394,472 | 1,184,798 |
| 6 | | 87,209,463 | 96,295,744 | 78,524,803 | 69,269,970 | 70,840,150 |
| 7 | Expenses | | | | | |
| 8 | General Operating | 42,049,185 | 40,520,046 | 42,664,101 | 43,447,073 | 43,967,501 |
| 9 | Sanitary Sewer Operating | 4,248,641 | 3,341,788 | 3,405,844 | 3,471,296 | 3,538,850 |
| 10 | Water Operating | 4,311,491 | 3,778,847 | 3,787,315 | 3,732,666 | 3,804,391 |
| 11 | Interest on Debt | 1,814,642 | 2,804,953 | 2,798,320 | 3,500,965 | 3,499,714 |
| 12 | Amortization | 9,891,450 | 10,087,300 | 10,287,100 | 10,470,790 | 11,012,540 |
| 13 | | 62,315,409 | 60,532,934 | 62,942,680 | 64,622,790 | 65,822,996 |
| 14 | Annual Surplus/(Deficit) | 24,894,054 | 35,762,810 | 15,582,123 | 4,647,180 | 5,017,154 |
| 15 | Add back: Unfunded Amortization | 9,891,450 | 10,087,300 | 10,287,100 | 10,470,790 | 11,012,540 |
| 16 | Capital Expenditures | | | | | |
| 17 | General Capital | 50,132,453 | 9,684,833 | 7,816,281 | 7,388,421 | 6,872,396 |
| 18 | Sanitary Sewer Capital | 9,447,240 | 50,146,480 | 25,286,210 | 2,224,429 | 1,137,680 |
| 19 | Water Capital | 12,801,030 | 4,050,000 | 2,460,000 | 650,000 | 1,053,477 |
| 20 | | 72,380,723 | 63,881,313 | 35,562,491 | 10,262,850 | 9,063,553 |
| 21 | Proceeds from Borrowing | (20,130,150) | 0 | (19,000,000) | 0 | 0 |
| 22 | Principal Payments on Debt | 2,050,345 | 3,068,715 | 2,872,367 | 3,405,244 | 3,394,438 |
| 23 | Transfers to/(from) Reserve Funds | (1,975,802) | (2,988,291) | 765,092 | 1,078,983 | 2,067,940 |
| 24 | Transfers to/(from) Accumulated Surplus | (17,539,612) | (18,111,627) | 5,669,273 | 370,893 | 1,503,763 |
| 25 | | (37,595,219) | (18,031,203) | (9,693,268) | 4,855,120 | 6,966,141 |
| 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 licenses. 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 2023.

Table 1 - Sources of Revenue

| Item | Column 1 Revenue Source | Column 2 % of Total Revenue | Column 3 Dollar Value |
|------|-----------------------------------|---------------------------------------|---------------------------------|
| 1 | Property Taxes | 36.2% | 37,970,016 |
| 2 | Parcel Taxes | 5.1% | 5,331,800 |
| 3 | User Fees and Charges | 14.4% | 15,092,328 |
| 4 | Proceeds from Borrowing | 23.8% | 24,930,150 |
| 5 | Other | 20.5% | 21,535,309 |
| 6 | Total | 100.00% | 104,859,603 |

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.