

Appendix A – Five Year Financial Plan Bylaw, 2018

NO. 17-124

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2018.

Under its statutory powers, including section 165 of the *Community Charter*, the Council of The Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

1. This Bylaw may be cited as the "FIVE YEAR FINANCIAL PLAN BYLAW, 2018."
2. Schedules 1 to 5 attached hereto and forming part of this Bylaw are adopted as the five year Financial Plan of the Corporation of the City of Victoria.
3. The Director of Finance is authorized to pay out in accordance with the Bylaws of the City, the sums of money shown in Schedule 2 and Schedule 4 for the year 2018, for the purpose described in each category.
4. All cheques drawn on the bank for payment of funds belonging to the City must be signed by the Director of Finance and countersigned by the Mayor before being issued.
5. All payments already made from municipal revenues for the current year are ratified and confirmed.
6. The Five Year Financial Plan Bylaw No. 16-084 is repealed.

READ A FIRST TIME the 9th day of November 2017

READ A SECOND TIME the day of 2018

READ A THIRD TIME the day of 2018

ADOPTED the day of 2018

CITY CLERK

MAYOR

**Bylaw No.17-124
Schedule 1 - April 19, 2018**

City of Victoria

2018 - 2022 Operating Financial Plan

REVENUES

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
Property Value Taxes	128,178,783	133,556,836	137,267,841	140,713,605	144,262,480
Property Value Taxes from New Assessments	2,583,000	739,000	500,000	500,000	500,000
Parcel Taxes	1,405,200	1,415,904	1,426,822	1,437,958	1,449,317
Special Assessments	1,329,000	1,329,000	1,329,000	1,329,000	1,329,000
Grants in Lieu of Taxes	6,176,400	6,206,018	6,236,228	6,267,043	6,298,474
User Fees and Charges	5,338,596	5,433,004	5,529,304	5,627,534	5,727,733
Permits and Licences	4,903,590	4,914,202	4,925,008	4,936,011	4,947,217
Parking Services	16,962,663	17,234,160	17,511,088	17,793,554	18,081,669
Water Utility Fees and Charges	19,925,763	20,237,079	20,714,050	21,205,653	21,713,990
Sewer Utility Fees and Charges	7,085,200	7,085,200	7,134,066	7,382,845	7,843,034
Stormwater Utility Fees and Charges	5,338,491	5,764,453	6,066,274	6,275,972	6,495,256
Other Sources	35,017,611	34,734,567	35,184,127	35,643,716	36,113,567
	234,244,297	238,649,423	243,823,808	249,112,891	254,761,737

TRANSFERS FROM

Accumulated Surplus	4,026,400	-	-	-	-
Reserves					
Art in Public Places	423,655	135,000	135,000	135,000	135,000
Financial Stability	2,332,239	234,403	-	-	234,000
Tree Replacement Reserve	145,290	46,196	47,120	48,062	49,023
Archives Equipment Reserve	33,575	-	-	-	-
Climate Action Reserve	535,000				
	3,469,759	415,599	182,120	183,062	418,023
	241,740,456	239,065,022	244,005,927	249,295,953	255,179,760

**Bylaw No.17-124
Schedule 2 - April 19, 2018**

City of Victoria

2018 - 2022 Operating Financial Plan

	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
EXPENDITURES					
General Government	38,597,704	36,495,429	37,047,795	37,639,844	38,483,017
Police	53,254,286	54,222,227	55,577,095	56,965,821	58,389,253
Victoria Fire Department	17,118,173	17,485,507	17,912,847	18,350,698	18,799,318
Engineering and Public Works	19,330,020	18,113,250	18,506,655	18,851,242	19,231,863
Sustainable Planning and Community Development	6,452,772	5,249,041	5,181,145	5,284,553	5,390,094
Parks, Recreation and Facilities	21,727,632	21,500,342	21,960,557	22,430,903	22,912,200
Greater Victoria Public Library	5,387,720	5,451,900	5,560,938	5,672,157	5,785,600
Victoria Conference Centre	6,647,755	6,783,858	6,922,836	7,064,651	7,209,464
Water Utility	14,176,763	14,452,079	14,733,050	15,019,653	15,311,990
Sewer Utility	3,665,636	3,733,673	3,803,086	3,873,905	3,946,156
Stormwater Utility	3,421,491	3,489,953	3,559,784	3,631,012	3,703,357
	189,779,952	186,977,259	190,765,788	194,784,439	199,162,312
DEBT SERVICING					
Principal and Interest - General	4,802,237	4,839,628	4,839,628	4,839,628	4,839,628
Principal and Interest - Parking Services	845,382	845,382	845,382	845,382	845,382
Principal and Interest - Victoria Conference Centre	340,359	340,359	340,359	340,359	340,359
	5,987,978	6,025,369	6,025,369	6,025,369	6,025,369
TRANSFERS TO					
Capital Funds					
General	10,165,000	10,165,000	10,165,000	10,165,000	10,165,000
Water Utility	3,899,000	3,935,000	4,131,000	4,336,000	4,552,000
Sewer Utility	3,437,000	3,601,000	3,772,000	3,951,000	4,340,000
Stormwater Utility	3,192,000	3,475,000	3,633,000	3,798,000	3,972,000
Reserves					
Equipment and Infrastructure					
City Equipment	1,602,500	1,602,500	1,602,500	1,602,500	1,602,500
City Vehicles and Heavy Equipment	2,105,712	1,623,104	1,623,104	1,623,104	1,623,104
City Buildings and Infrastructure	8,348,264	8,615,063	9,125,671	9,636,481	10,147,500
Parking Services Equipment and Infrastructure	1,849,929	2,016,245	2,196,086	2,379,525	2,566,632
Parks and Greenways Acquisition	482,608				
Multipurpose Arena Facility Equipment and Infrastructure	140,000	141,400	142,814	144,243	145,684
Gas Tax	3,591,000	3,591,000	3,591,000	3,591,000	3,591,000
Police Vehicles, Equipment and Infrastructure	1,056,000	1,082,400	1,109,460	1,137,197	1,165,626
Water Utility Equipment and Infrastructure	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Sewer Utility Equipment and Infrastructure	771,564	539,527	347,980	346,940	345,878
Stormwater Utility Equipment and Infrastructure	-	100,000	200,000	200,000	200,000
Recreation Facilities Equipment and Infrastructure	25,500	25,500	25,500	25,500	25,500
Financial Stability	2,844,749	3,087,955	3,087,955	3,087,955	3,087,955
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	250,000	250,000	250,000	250,000	250,000
Art in Public Places	135,000	135,000	135,000	135,000	135,000
Climate Action	90,000	90,000	90,000	90,000	90,000
Artificial Turf	86,700	86,700	86,700	86,700	86,700
	45,972,526	46,062,394	47,214,770	48,486,145	49,992,079
	241,740,456	239,065,022	244,005,927	249,295,953	255,179,760

**Bylaw No.17-124
Schedule 3 - April 19, 2018
City of Victoria
2018 - 2022 Capital Plan**

	2018	2019	2020	2021	2022
REVENUES					
Utility Connection Fees	1,100,000	1,100,000	1,150,000	1,200,000	1,200,000
Grants and Partnerships	65,771,000	-		-	
TRANSFERS FROM					
Operating Funds					
General	10,165,000	10,165,000	10,165,000	10,165,000	10,165,000
Water Utility	3,899,000	3,935,000	4,131,000	4,336,000	4,552,000
Sewer Utility	3,437,000	3,601,000	3,772,000	3,951,000	4,340,000
Stormwater Utility	3,192,000	3,475,000	3,633,000	3,798,000	3,972,000
Reserves					
Equipment and Infrastructure					
City Equipment	2,112,000	1,428,000	1,628,000	1,402,000	1,232,000
City Vehicles and Heavy Equipment	5,149,000	-	-	-	-
City Buildings and Infrastructure	30,004,000	-	-	-	-
VCC Equipment & Infrastructure	3,000	-	-	-	-
Trf from Climate Action Reserve	25,000	-	-	-	-
Debt Reduction Reserve	3,900,000	1,700,000	-	30,300,000	-
Financial Stability Reserve	387,000	-	-	-	-
Accessibility Capital Reserve	296,000	-	-	-	-
Parking Services Equipment and Infrastructure	1,175,000	255,000	260,000	265,000	270,000
Gas Tax	9,944,000	1,189,000	1,055,000	1,076,000	1,097,000
Police Vehicles, Equipment and Infrastructure	2,043,000	1,652,000	1,644,000	1,458,000	1,500,000
Police Emergency Response Reserve	240,000	-	-	-	-
Water Utility Reserve	1,640,000				
Sewer Utility Reserve	3,952,000	2,081,000	2,123,000	2,165,000	2,208,000
Stormwater Utility Reserve	145,000				
Multipurpose Arena Equipment and Infrastructure	202,000	-	-	-	-
Tax Sale Lands	1,198,000	-	-	-	-
Parks and Greenways Acquisition	500,000	-	-	-	-
Development Cost Charges	671,000	-	-	-	-
DEBT PROCEEDS	-	-	-	-	-
	151,150,000	30,581,000	29,561,000	60,116,000	30,536,000

**Bylaw No.17-124
Schedule 4 - April 19, 2018
City of Victoria
2018 - 2022 Capital Plan**

	2018	2019	2020	2021	2022
EXPENDITURES					
Capital Equipment	9,363,000	1,583,000	1,688,000	1,667,000	1,502,000
Capital Programs and Projects					
Active Transportation	18,431,000	1,511,000	817,000	834,000	851,000
Complete Streets	6,347,000	2,947,000	3,001,000	3,055,000	3,111,000
Neighbourhoods	266,000	28,000	29,000	30,000	31,000
Parks	2,032,000	-	-	-	-
Street Infrastructure	1,884,000	1,025,000	1,052,000	868,000	942,000
Retaining Walls and Railings	1,312,000	200,000	-	-	-
Bridges	9,398,000	-	-	-	-
Facilities	78,325,000	1,700,000	-	30,300,000	-
Environmental Remediation	730,000	-	-	-	-
Sanitary Sewers	7,825,000	5,982,000	6,245,000	6,466,000	6,898,000
Stormwater	6,558,000	4,289,000	4,938,000	5,124,000	5,319,000
Waterworks	6,197,000	4,485,000	4,681,000	4,936,000	5,152,000
Contingency	364,000	371,000	378,000	386,000	394,000
Police	2,118,000	1,652,000	1,644,000	1,458,000	1,500,000
Projects to be determined (Facilities, Active Transportation, Parks, Fleet etc.)	-	4,808,000	5,088,000	4,992,000	4,836,000
	151,150,000	30,581,000	29,561,000	60,116,000	30,536,000

**Bylaw No. 17-124
Schedule 5 – April 19, 2018
Financial Plan Objectives and Policies**

Revenue and Tax Policy

Purpose

The purpose of the Revenue and Tax Policy is to outline the proportions of revenue sources, the distribution of property taxes among property classes and the use of permissive property tax exemptions.

Objectives

- To provide tax payers with stable, equitable and affordable property taxation while at the same time providing high quality services.
- To support the OCP and other City plans as well as complement the Regional Context Statement.

Policies

1. Revenue Proportions by Funding Sources

Property taxes are the main source of revenue for the City and pay for services such as police and fire protection, bylaw enforcement, and infrastructure maintenance. Property taxes provide a stable and consistent source of revenue for services that are difficult or undesirable to fund on a user pay basis. Therefore, property taxes will continue to be the City's major source of revenue.

However, it is the City's desire to charge user fees where feasible. Some programs, such as recreation, are partially funded by user fees. The City also has several self-financed programs that are fully funded by user fees. These include Water Utility, Sewer Utility, Stormwater Utility, and Garbage Utility.

Policy 1.0

User pay funding will be used for such services that are practical and desirable to fund on a user pay basis.

Services that are undesirable or impractical to fund on a user pay basis will be funded by property taxes.

Policy 1.1

The City will continue to explore alternative revenue sources to diversify its revenue base.

2018 Revenue Proportions by Funding Source

Revenue Source		% Total Revenue
Property Value Taxes	130,761,783	54.09%
Parcel Taxes	1,405,200	0.58%
Special Assessments	1,329,000	0.55%
Grants in Lieu Taxes	6,176,400	2.56%
User Fees and Charges	5,338,596	2.21%
Permits and Licences	4,903,590	2.03%
Parking Services	16,962,663	7.02%
Water and Sewer Utility Fees and Charges	27,010,963	11.18%
Stormwater Utility Fees and Charges	5,338,491	2.21%
Other Sources	42,513,770	17.57%
TOTAL	241,740,456	100.00%

2. Distribution of Property Taxes Among Property Classes

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to modify tax ratios to avoid such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to be aware that this practice only avoids shifts *between* property classes. There is still a potential for shifts within a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios have been held constant in recognition of the larger tax burden that has been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industrial.

The pressure continues across the country to reduce the tax burden on the business and industrial classes. In recognition of this, and the desire to support a healthy business environment, Council's goal is to have a business class tax burden that is equitable.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism to achieve the goal. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism of achieving that goal. As a result, Council approved the following policy objective: To reduce the business property tax class share of the total property tax levy to 48% over three years (2012-2014). The redistribution excludes impact of new assessment revenue. The total redistribution of the tax levy was \$1.51 million.

In 2015, an update review was completed and based on the findings, policy 2.0 was amended to maintain the current share of taxes among tax classes.

Policy 2.0

Maintain the current share of distribution of property taxes among property classes, excluding the impact of new assessment revenue, by allocating tax increases equally. Business and industrial classes will be grouped as outlined in Policy 2.1.

Policy 2.1

Tax rates for the light and major industrial tax classes will be equal to the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm Tax Rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

2018 Distribution of Property Taxes Among Property Classes

Property Class		% Property Value Tax
Residential (1)	67,356,039	51.51%
Utilities (2)	591,561	0.45%
Supportive Housing (3)	0	0.00%
Major Industry (4)	133,735	0.10%
Light Industry (5)	878,646	0.67%
Business (6)	61,543,407	47.07%
Recreational (8)	258,395	0.20%
TOTAL	130,761,783	100.00%

3. Use of Permissive Property Tax Exemptions

The City continues to support local non-profit organizations through permissive tax exemptions. Each year, a list of these exemptions is included in the City's Annual Report.

In addition, the City offers a Tax Incentive Program to eligible owners of downtown heritage designated buildings to offset seismic upgrading costs for the purposes of residential conversion of existing upper storeys. The exemptions are for a period up to ten years.

The City encourages redevelopment of lands within the City and the use of environmentally sustainable energy systems for those developments through revitalization property tax exemptions.

Policy 3.0

Permissive property tax exemptions are governed by the City's Permissive Property Tax Exemption Policy, which outlines the criteria for which property tax exemptions may be granted.

Policy 3.1

Heritage property tax exemptions are governed by the City's Heritage Tax Incentive Program.

Policy 3.2

Revitalization property tax exemptions are governed by the City's Revitalization Tax Exemption (Green Power Facilities) bylaw.