

NO. 19-112

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2020.

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, 2020."
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 2020, 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 The Five Year Financial Plan Bylaw No. 18-121 is repealed.

READ A FIRST TIME the	15th	day of	November	2019
AMENDED the	23rd	day of	April	2020
READ A SECOND TIME the	23rd	day of	April	2020
READ A THIRD TIME the	23rd	day of	April	2020
ADOPTED the		day of		2020

CITY CLERK

MAYOR

Bylaw No.19-112
Schedule 1 - April 23, 2020
City of Victoria
2020 - 2024 Operating Financial Plan

	2020	2021	2022	2023	2024
REVENUES					
Property Value Taxes	\$ 139,700,261	\$ 147,812,913	\$ 152,249,031	\$ 156,731,257	\$ 161,356,905
Property Value Taxes from New Assessments	3,626,979	507,500	500,000	500,000	500,000
Parcel Taxes	1,405,200	1,405,200	1,405,200	1,395,200	1,395,200
Special Assessments	1,353,000	1,353,000	1,353,000	1,353,000	1,353,000
Grants in Lieu of Taxes	6,205,500	6,223,350	6,241,557	6,260,128	6,279,071
User Fees and Charges	6,464,163	6,570,410	6,673,009	6,785,984	6,901,218
Permits and Licences	5,219,400	5,233,201	5,247,278	5,261,636	5,276,282
Parking Services	19,717,225	19,998,814	20,286,034	20,578,998	20,877,822
Water Utility Fees and Charges	22,197,705	22,953,997	23,497,709	24,058,020	24,636,062
Sewer Utility Fees and Charges	7,349,432	7,489,823	7,655,400	8,161,974	8,187,704
Stormwater Utility Fees and Charges	5,670,347	5,862,795	6,163,173	6,371,502	6,588,800
Other Sources	37,683,732	38,084,277	38,627,602	39,350,098	39,922,302
	256,592,944	263,495,281	269,898,994	276,807,798	283,274,365
TRANSFERS FROM					
Accumulated Surplus	3,329,825	-	-	-	-
Reserves					
Art in Public Places	450,500	150,000	150,000	150,000	150,000
Financial Stability	3,763,028	153,250	288,000	-	-
Tree Replacement Reserve	59,553	46,196	47,120	48,062	49,023
Climate Action Reserve	666,970	95,170	60,000	-	-
Police Emergency Response Reserve	32,000	32,640	33,293	33,959	34,638
	8,301,876	477,256	578,413	232,021	233,661
Total Operating Revenue per Bylaw	\$ 264,894,820	\$ 263,972,537	\$ 270,477,407	\$ 277,039,819	\$ 283,508,026

APPENDIX A

**Bylaw No.19-112
Schedule 2 - April 23, 2020
City of Victoria
2020 - 2024 Operating Financial Plan**

	2020	2021	2022	2023	2024
EXPENDITURES					
General Government	\$ 46,625,365	\$ 43,165,297	\$ 44,695,455	\$ 45,575,357	\$ 46,905,447
Police	58,630,810	60,864,341	62,385,759	63,949,150	65,556,150
Victoria Fire Department	17,816,836	17,718,628	17,713,030	17,762,503	17,815,069
Engineering and Public Works	22,468,348	20,834,954	21,265,798	21,606,766	22,044,814
Sustainable Planning and Community Development	6,920,141	6,148,565	6,245,057	6,369,808	6,497,054
Parks, Recreation and Facilities	24,263,727	24,504,360	25,014,317	25,535,835	26,069,199
Greater Victoria Public Library	5,542,404	5,653,252	5,766,317	5,881,643	5,999,276
Victoria Conference Centre	6,827,458	6,967,683	7,110,785	7,256,890	7,406,066
Water Utility	16,528,705	16,887,997	17,217,708	17,554,020	17,897,061
Sewer Utility	3,970,025	4,044,165	4,119,804	4,196,974	4,275,704
Stormwater Utility	3,645,857	3,718,835	3,793,274	3,869,205	3,946,657
	213,239,675	210,508,078	215,327,304	219,558,151	224,412,497
DEBT SERVICING					
Principal and Interest - General	5,020,574	5,020,574	5,020,574	4,693,937	4,655,237
Principal and Interest - Parking Services	761,682	761,682	761,682	737,832	603,838
	5,782,256	5,782,256	5,782,256	5,431,769	5,259,075
TRANSFERS TO					
Capital Funds					
General	11,640,000	12,140,000	12,640,000	13,140,000	13,640,000
Water Utility	3,899,000	4,296,000	4,510,000	4,734,000	4,969,000
Sewer Utility	3,559,000	3,735,000	3,915,000	4,354,000	4,301,000
Stormwater Utility	3,251,000	3,397,000	3,550,000	3,710,000	3,878,000
Reserves					
Equipment and Infrastructure					
City Equipment	957,577	944,679	931,522	918,103	904,415
City Vehicles and Heavy Equipment	1,357,277	1,177,198	1,162,928	1,148,372	1,133,524
City Buildings and Infrastructure	5,716,936	6,497,382	6,942,823	7,387,146	7,830,327
Parking Services Equipment and Infrastructure	3,550,348	3,716,473	3,894,971	4,100,841	4,420,418
Multipurpose Arena Facility Equipment and Infrastructure	142,000	144,840	147,737	150,692	153,705
Gas Tax	3,666,000	3,832,000	3,832,000	3,997,000	3,997,000
Police Vehicles, Equipment and Infrastructure	1,165,000	1,277,800	1,401,816	1,538,168	1,688,089
Water Utility Equipment and Infrastructure	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000
Sewer Utility Equipment and Infrastructure	609,407	499,659	409,596	400,000	400,000
Stormwater Utility Equipment and Infrastructure	100,000	100,000	200,000	200,000	200,000
Recreation Facilities Equipment and Infrastructure	28,300	28,300	28,300	28,300	28,300
Financial Stability	2,947,618	2,852,368	2,747,368	3,179,005	3,217,705
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	900,000	658,000	666,160	674,483	682,973
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Climate Action	313,961	316,040	318,161	320,324	322,531
Artificial Turf	99,465	99,465	99,465	99,465	99,465
	45,872,889	47,682,204	49,367,847	52,049,899	53,836,453
Total Operating Expenses per Bylaw	\$ 264,894,820	\$ 263,972,537	\$ 270,477,407	\$ 277,039,819	\$ 283,508,026

Bylaw No.19-112
Schedule 3 - April 23, 2020
City of Victoria
2020 - 2024 Capital Plan

	2020	2021	2022	2023	2024
REVENUES					
Utility Connection Fees	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000
Grants and Partnerships	2,834,000	1,758,000	1,819,000	1,884,000	1,951,000
TRANSFERS FROM					
Operating Funds					
General	-	12,140,000	12,640,000	13,140,000	13,640,000
Water Utility	3,899,000	4,296,000	4,510,000	4,734,000	4,969,000
Sewer Utility	3,559,000	3,735,000	3,915,000	4,354,000	4,301,000
Stormwater Utility	3,251,000	3,397,000	3,550,000	3,710,000	3,878,000
Reserves					
Equipment and Infrastructure					
City Equipment	3,600,000	1,019,000	12,000	-	-
City Vehicles and Heavy Equipment	6,874,000	-	-	-	-
City Buildings and Infrastructure	26,557,000	1,412,000	350,000	-	-
Accessibility Capital Reserve	15,000	-	-	-	-
Debt Reduction Reserve	3,891,000	32,000,000	-	-	-
Climate Action Reserve	310,000	-	-	-	-
Parking Services Equipment and Infrastructure	1,112,000	445,000	270,000	275,000	281,000
Gas Tax	7,687,000	2,147,000	2,190,000	2,234,000	2,279,000
Police Vehicles, Equipment and Infrastructure	1,993,000	1,312,000	1,300,000	1,300,000	1,312,000
Police Emergency Response Reserve	53,000	-	-	-	-
Water Utility Reserve	2,648,000	-	-	-	-
Sewer Utility Reserve	3,738,000	1,654,000	1,687,000	1,721,000	2,005,000
Stormwater Utility Reserve	2,895,000	-	-	-	-
Multipurpose Arena Equipment and Infrastructure	58,000	-	-	-	-
Tax Sale Lands	1,964,000	-	-	-	-
Development Cost Charges	5,876,000	-	-	-	-
	\$ 83,964,000	\$ 66,465,000	\$ 33,393,000	\$ 34,502,000	\$ 35,766,000

Bylaw No.19-112
Schedule 4 - April 23, 2020
City of Victoria
2020 - 2024 Capital Plan

	2020	2021	2022	2023	2024
EXPENDITURES					
Capital Equipment	\$ 12,196,000	\$ 1,584,000	\$ 1,595,000	\$ 1,568,000	\$ 1,517,000
Capital Programs and Projects					
Active Transportation	12,540,000	1,996,000	2,029,000	1,713,000	1,748,000
Complete Streets	6,377,000	6,200,000	6,900,000	7,600,000	7,648,000
Parks	4,048,000	810,000	20,000	20,000	20,000
Street Infrastructure	2,550,000	1,692,000	1,731,000	1,710,000	1,746,000
Retaining Walls and Railings	4,374,000	-	-	-	-
Bridges	1,763,000	-	-	-	-
Facilities	9,329,000	34,377,000	633,000	345,000	-
Environmental Remediation	1,964,000	-	-	-	-
Sanitary Sewers	8,835,000	6,555,000	6,785,000	7,276,000	7,275,000
Stormwater	9,469,000	6,049,000	6,255,000	6,470,000	6,694,000
Waterworks	8,194,000	5,533,000	5,781,000	6,041,000	6,564,000
Contingency	350,000	357,000	364,000	371,000	378,000
Police	1,975,000	1,312,000	1,300,000	1,300,000	1,312,000
Projects to be determined	-	-	-	88,000	864,000
	\$ 83,964,000	\$ 66,465,000	\$ 33,393,000	\$ 34,502,000	\$ 35,766,000

**Bylaw No. 19-112
Schedule 5 – April 23, 2020
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 taxpayers 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.

2020 Revenue Proportions by Funding Source

Revenue Source		% Total Revenue
Property Value Taxes	143,327,240	54.11%
Parcel Taxes	1,405,200	0.53%
Special Assessments	1,353,000	0.51%
Grants in Lieu Taxes	6,205,500	2.34%
User Fees and Charges	6,464,163	2.44%
Permits and Licences	5,219,400	1.97%
Parking Services	19,717,225	7.44%
Water and Sewer Utility Fees and Charges	29,547,137	11.15%
Stormwater Utility Fees and Charges	5,670,347	2.14%
Other Sources	<u>45,985,608</u>	<u>17.36%</u>
TOTAL	264,894,820	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 updated 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.

2020 Distribution of Property Taxes Among Property Classes

Property Class		% Property Value Tax
Residential (1)	73,182,890	51.06%
Utilities (2)	702,303	0.49%
Supportive Housing (3)	0	0.00%
Major Industry (4)	157,660	0.11%
Light Industry (5)	1,074,954	0.75%
Business (6)	67,951,444	47.41%
Recreational (8)	257,989	0.18%
TOTAL	143,327,240	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.