

NO. 20-112

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2021.

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, 2021."
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 2021, 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 The Five Year Financial Plan Bylaw No. 19-112 is repealed.

READ A FIRST TIME the	day of	2020
READ A SECOND TIME the	day of	2021
READ A THIRD TIME the	day of	2021
ADOPTED the	day of	2021

CITY CLERK

MAYOR

**Bylaw No. 20-112**  
**Schedule 1 - December 3, 2020**  
**City of Victoria**  
**2021 - 2025 Operating Financial Plan**

	<i>Draft</i> <b>2021</b>	<i>Draft</i> <b>2022</b>	<i>Draft</i> <b>2023</b>	<i>Draft</i> <b>2024</b>	<i>Draft</i> <b>2025</b>
<b>REVENUES</b>					
Property Value Taxes	145,838,210	160,310,060	164,562,960	168,881,790	174,015,010
Property Value Taxes from New Assessments	998,500	0	0	0	0
Parcel Taxes	1,405,200	1,405,200	1,395,200	1,395,200	1,395,200
Special Assessments	1,329,000	1,329,000	1,329,000	1,329,000	1,329,000
Grants in Lieu of Taxes	6,474,100	6,474,100	6,474,100	6,474,100	6,474,100
User Fees and Charges	5,071,100	6,062,930	6,171,610	6,282,460	6,395,570
Permits and Licences	5,089,500	5,101,470	5,113,690	5,126,140	5,138,840
Parking Services	14,846,800	15,053,880	15,265,100	15,480,530	15,700,280
Water Utility Fees and Charges	22,197,710	22,975,570	23,741,530	24,313,110	24,903,350
Sewer Utility Fees and Charges	7,349,430	7,615,920	7,930,550	8,153,650	8,379,400
Stormwater Utility Fees and Charges	5,670,350	5,877,760	6,106,980	6,345,190	6,591,300
Other Sources	38,451,600	33,811,120	34,598,060	35,076,700	34,966,440
	254,721,500	266,017,010	272,688,780	278,857,870	285,288,490
<b>TRANSFERS FROM</b>					
Accumulated Surplus Reserves					-
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Financial Stability	560,100	288,000	-	-	-
Tree Replacement Reserve	82,290	65,440	66,360	75,310	49,020
Climate Action Reserve	321,600	119,300	-	-	-
City Vehicle & Heavy Equip	-	-	-	-	-
Police Emergency Respon	32,000	32,640	33,290	33,960	34,640
	1,145,990	655,380	249,650	259,270	233,660
<b>Total Operating Revenue per Bylaw</b>	<b>\$ 255,867,490</b>	<b>\$ 266,672,390</b>	<b>\$ 272,938,430</b>	<b>\$ 279,117,140</b>	<b>\$ 285,522,150</b>

**Bylaw No. 20-112**  
**Schedule 2 - December 3, 2020**  
**City of Victoria**  
**2021 - 2025 Operating Financial Plan**

	<i>Draft</i> <b>2021</b>	<i>Draft</i> <b>2022</b>	<i>Draft</i> <b>2023</b>	<i>Draft</i> <b>2024</b>	<i>Draft</i> <b>2025</b>
<b>EXPENDITURES</b>					
General Government	39,194,280	41,553,340	42,248,130	43,301,580	44,422,110
Police	59,611,130	62,096,430	63,619,920	65,186,910	66,793,770
Victoria Fire Department	17,886,250	17,877,730	17,930,230	17,979,750	18,032,410
Engineering and Public Works	21,333,320	21,446,500	21,797,090	22,186,890	22,638,990
Sustainable Planning and Community Development	6,061,990	6,182,340	6,245,600	6,370,260	6,497,350
Parks, Recreation and Facilities	23,607,040	24,991,000	25,492,580	26,004,960	26,528,830
Greater Victoria Public Library	5,566,000	5,677,320	5,790,860	5,906,670	6,024,800
Victoria Conference Centre	4,072,100	4,458,100	4,545,760	4,635,130	4,726,370
Water Utility	16,584,710	16,907,570	17,237,530	17,574,110	17,917,350
Sewer Utility	4,017,430	4,090,920	4,166,550	4,243,650	4,322,400
Stormwater Utility	3,695,860	3,769,800	3,845,080	3,921,890	4,000,150
	201,630,110	209,051,050	212,919,330	217,311,800	221,904,530
<b>DEBT SERVICING</b>					
Principal and Interest - General	5,020,580	5,020,580	4,693,940	4,655,240	4,444,740
Principal and Interest - Parking Services	613,690	613,690	589,840	455,850	312,420
	5,634,270	5,634,270	5,283,780	5,111,090	4,757,160
<b>TRANSFERS TO</b>					
<b>Capital Funds</b>					
General	11,640,000	12,140,000	12,640,000	13,140,000	13,640,000
Water Utility	3,843,000	4,298,000	4,734,000	4,969,000	5,216,000
Sewer Utility	3,721,000	3,914,000	4,153,000	4,299,000	4,446,000
Stormwater Utility	4,527,510	4,714,040	4,922,100	5,138,700	5,362,850
<b>Reserves</b>					
<b>Equipment and Infrastructure</b>					
City Equipment	957,580	957,580	957,580	957,580	957,580
City Vehicles and Heavy Equipment	1,191,190	1,191,190	1,191,190	1,191,190	1,191,190
City Buildings and Infrastructure	5,369,730	6,057,470	6,630,740	7,142,900	7,655,270
Parking Services Equipment and Infrastructure	3,550,000	3,659,970	3,795,870	4,044,170	4,304,240
Multipurpose Arena Facility Equipment and Infrastructure	142,000	144,840	147,740	150,690	153,710
Gas Tax	3,832,000	3,832,000	3,997,000	3,997,000	3,997,000
Police Vehicles, Equipment and Infrastructure	1,065,000	1,116,800	1,171,160	1,228,220	1,288,110
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	400,000	400,000	400,000	400,000	400,000
Stormwater Utility Equipment and Infrastructure	100,000	100,000	100,000	100,000	100,000
Recreation Facilities Equipment and Infrastructure	28,300	28,300	28,300	28,300	28,300
Financial Stability	5,152,370	6,347,370	6,779,010	6,817,710	7,028,210
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	650,000	650,000	650,000	650,000	650,000
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Climate Action	363,960	366,040	368,160	370,320	372,530
Artificial Turf	99,470	99,470	99,470	99,470	99,470
	48,603,110	51,987,070	54,735,320	56,694,250	58,860,460
<b>Total Operating Expenses per Bylaw</b>	<b>\$ 255,867,490</b>	<b>\$ 266,672,390</b>	<b>\$ 272,938,430</b>	<b>\$ 279,117,140</b>	<b>\$ 285,522,150</b>

**Bylaw No. 20-112**  
**Schedule 3 - December 3, 2021**  
**City of Victoria**  
**2021 - 2025 Capital Plan**

	<i>Draft</i> 2021	<i>Draft</i> 2022	<i>Draft</i> 2023	<i>Draft</i> 2024	<i>Draft</i> 2025
<b>REVENUES</b>					
Utility Connection Fees	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000	\$ 1,150,000
Grants and Partnerships	\$ 2,169,000	\$ 1,819,000	\$ 1,884,000	\$ 1,951,000	\$ 2,021,000
<b>TRANSFERS FROM</b>					
<b>Operating Funds</b>					
General	8,289,000	11,479,000	12,640,000	13,140,000	13,640,000
Water Utility	3,843,000	4,298,000	4,734,000	4,969,000	5,216,000
Sewer Utility	3,721,000	3,914,000	4,153,000	4,299,000	4,446,000
Stormwater Utility	3,201,000	3,361,000	3,542,000	3,731,000	3,927,000
<b>Reserves</b>					
<b>Equipment and Infrastructure</b>					
City Equipment	2,271,000	1,113,000	1,017,000	918,000	965,000
City Vehicles and Heavy Equipment	2,209,000	832,000	832,000	832,000	638,000
City Buildings and Infrastructure	10,791,000	4,535,000	2,066,000	1,304,000	805,000
Accessibility Capital Reserve	17,000	-	-	-	-
Debt Reduction Reserve	-	33,727,000	-	-	-
Parking Services Equipment and Infrastructure	265,000	270,000	275,000	281,000	1,087,000
Gas Tax	6,702,000	2,190,000	2,234,000	2,279,000	2,325,000
Police Vehicles, Equipment and Infrastructure	1,546,000	1,444,000	1,357,000	1,400,000	1,411,000
Water Utility Reserve	453,000	212,000	-	250,000	-
Sewer Utility Reserve	587,000	1,687,000	1,920,000	1,755,000	1,850,000
Stormwater Utility Reserve	422,000	237,000	214,000	191,000	169,000
Multipurpose Arena Equipment and Infrastructure	25,000	-	-	-	-
Parks Furnishing Reserve	32,000	32,000	32,000	32,000	32,000
Artificial Turf Reserve	1,200,000	-	-	-	-
Development Cost Charges	3,980,000	-	-	-	-
	<b>\$ 52,873,000</b>	<b>\$ 72,300,000</b>	<b>\$ 38,050,000</b>	<b>\$ 38,482,000</b>	<b>\$ 39,682,000</b>

**Bylaw No. 20-112**  
**Schedule 4 - December 3, 2021**  
**City of Victoria**  
**2021 - 2025 Capital Plan**

	<i>Draft</i> 2021	<i>Draft</i> 2022	<i>Draft</i> 2023	<i>Draft</i> 2024	<i>Draft</i> 2025
<b>EXPENDITURES</b>					
<b>Capital Equipment</b>	\$ 4,702,000	\$ 2,777,000	\$ 2,673,000	\$ 2,701,000	\$ 3,374,000
<b>Capital Programs and Projects</b>					
Active Transportation	7,757,000	1,206,000	874,000	892,000	910,000
Complete Streets	5,797,000	6,603,000	8,209,000	8,067,000	8,228,000
Neighbourhoods	45,000	-	-	-	-
Parks	5,775,000	1,914,000	656,000	668,000	682,000
Street Infrastructure	2,787,000	1,386,000	1,203,000	1,227,000	1,264,000
Facilities	1,397,000	36,273,000	1,382,000	1,049,000	769,000
Sanitary Sewers	6,588,000	6,784,000	7,274,000	7,273,000	7,533,000
Stormwater	8,151,000	6,303,000	6,516,000	6,738,000	6,970,000
Waterworks	5,884,000	5,781,000	6,041,000	6,564,000	6,601,000
Contingency	350,000	357,000	364,000	371,000	378,000
Police	1,546,000	1,444,000	1,357,000	1,400,000	1,411,000
Safety	1,294,000	1,217,000	1,241,000	1,267,000	1,292,000
Structures	800,000	255,000	260,000	265,000	270,000
	<b>\$ 52,873,000</b>	<b>\$ 72,300,000</b>	<b>\$ 38,050,000</b>	<b>\$ 38,482,000</b>	<b>\$ 39,682,000</b>

**Bylaw No. 20-112  
Schedule 5 – December 3, 2021  
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.

**2021 Revenue Proportions by Funding Source**

Revenue Source		% Total Revenue
Property Value Taxes	146,836,710	57.65%
Parcel Taxes	1,405,200	0.55%
Special Assessments	1,329,000	0.52%
Grants in Lieu Taxes	6,474,100	2.54%
User Fees and Charges	5,071,100	1.99%
Permits and Licences	5,089,500	2.00%
Parking Services	14,846,800	5.83%
Water and Sewer Utility Fees and Charges	29,547,140	11.60%
Stormwater Utility Fees and Charges	5,670,350	2.23%
Other Sources	<u>38,451,600</u>	<u>15.10%</u>
<b>TOTAL</b>	<b>254,721,500</b>	<b>100.00%</b>

## **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.

### **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.