

NO. 21-098

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2022.

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, 2022."
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 2022, 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 The Five Year Financial Plan Bylaw No. 20-112 is repealed.

READ A FIRST TIME the	day of	2021
READ A SECOND TIME the	day of	2022
READ A THIRD TIME the	day of	2022
ADOPTED the	day of	2022

CITY CLERK

MAYOR

**Bylaw No. 21-098
Schedule 1 - November 4, 2021**

City of Victoria

2022 - 2026 Operating Financial Plan

	2022	2023	2024	2025	2026
REVENUES					
Property Value Taxes	152,468,360	162,876,930	167,336,820	171,904,630	176,418,890
Property Value Taxes from New Assessments	738,960	500,000	500,000	500,000	500,000
Parcel Taxes	1,405,200	1,395,200	1,395,200	1,395,200	1,324,200
Special Assessments	1,344,000	1,362,100	1,380,560	1,399,390	1,418,600
Grants in Lieu of Taxes	7,071,800	6,790,020	6,836,650	6,884,210	6,932,720
User Fees and Charges	7,047,520	7,162,250	7,281,760	7,403,690	7,513,030
Permits and Licences	5,180,950	5,192,650	5,204,580	5,216,760	5,229,180
Parking Services	16,990,000	17,228,300	17,471,350	17,719,270	17,972,150
Water Utility Fees and Charges	22,850,950	23,629,920	24,451,410	24,791,670	25,400,800
Sewer Utility Fees and Charges	7,631,510	7,947,920	8,277,490	8,608,720	8,941,470
Stormwater Utility Fees and Charges	5,895,510	6,196,200	6,495,840	6,777,410	7,232,100
Other Sources	34,804,140	33,804,360	34,224,260	34,684,120	35,154,360
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	263,428,900	274,085,850	280,855,920	287,285,070	294,037,500
TRANSFERS FROM					
Accumulated Surplus	-	-	-	-	-
Reserves					
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Financial Stability	905,000	-	-	-	315,000
Tree Replacement Reserve	64,530	65,440	74,370	48,060	49,020
Climate Action Reserve	170,280	200,270	85,110	57,840	-
Police Emergency Response Reserve	7,700	7,700	7,700	7,700	7,700
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	1,297,510	423,410	317,180	263,600	521,720
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	264,726,410	274,509,260	281,173,100	287,548,670	294,559,220

Bylaw No. 21-098
Schedule 2 - November 4, 2021
City of Victoria
2022 - 2026 Operating Financial Plan

	2022	2023	2024	2025	2026
EXPENDITURES					
General Government	41,618,560	45,994,410	47,113,950	48,220,250	49,798,330
Police	62,797,650	63,761,120	65,259,130	66,792,730	68,362,840
Victoria Fire Department	18,636,980	18,676,250	18,738,880	18,804,980	18,872,630
Engineering and Public Works	21,905,220	22,317,380	22,761,790	23,254,930	23,711,010
Sustainable Planning and Community Development	6,304,360	6,428,260	6,444,080	6,572,890	6,704,220
Parks, Recreation and Facilities	25,318,590	25,795,740	26,309,440	26,798,350	27,324,830
Greater Victoria Public Library	5,680,000	5,795,290	5,912,970	6,089,080	6,212,800
Victoria Conference Centre	4,625,700	4,720,510	4,815,000	4,911,340	5,009,680
Water Utility	16,795,950	17,125,920	17,462,410	17,805,670	18,155,800
Sewer Utility	4,106,510	4,184,920	4,264,490	4,345,720	4,428,470
Stormwater Utility	3,785,550	3,861,300	3,938,540	4,017,260	4,097,670
	211,575,070	218,661,100	223,020,680	227,613,200	232,678,280
DEBT SERVICING					
Principal and Interest - General	5,020,580	4,693,930	4,655,240	4,444,740	4,444,740
Principal and Interest - Parking Services	613,690	589,840	455,850	312,420	-
	5,634,270	5,283,770	5,111,090	4,757,160	4,444,740
TRANSFERS TO					
Capital Funds					
General	11,640,000	12,140,000	12,640,000	13,140,000	13,640,000
Water Utility	4,285,000	4,734,000	5,219,000	5,216,000	5,475,000
Sewer Utility	3,914,000	4,152,000	4,402,000	4,652,000	4,902,000
Stormwater Utility	3,363,000	3,615,000	3,865,000	4,096,000	4,499,000
Reserves					
Equipment and Infrastructure					
City Equipment	957,580	957,580	957,580	957,580	957,580
City Vehicles and Heavy Equipment	1,500,000	1,900,000	2,300,000	2,700,000	3,100,000
City Buildings and Infrastructure	6,157,400	6,733,370	7,250,750	7,763,190	8,275,850
Parking Services Equipment and Infrastructure	3,550,000	3,550,000	3,550,000	3,550,000	3,550,000
Multipurpose Arena Facility Equipment and Infrastructure	153,740	156,820	159,960	163,160	166,420
Gas Tax	3,833,000	3,998,000	3,998,000	3,998,000	3,998,000
Police Vehicles, Equipment and Infrastructure	1,340,000	1,367,000	1,394,000	1,421,000	1,450,000
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	3,247,370	3,679,020	3,717,710	3,928,210	3,823,210
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	660,000	660,000	660,000	660,000	660,000
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Climate Action	223,960	228,440	233,010	237,670	242,430
Police Emergency Response Reserve	61,750	62,890	64,050	65,230	66,440
Park Furnishing Reserve	32,500	32,500	32,500	32,500	32,500
Artificial Turf	99,470	99,470	99,470	99,470	99,470
	47,517,070	50,564,390	53,041,330	55,178,310	57,436,200
	264,726,410	274,509,260	281,173,100	287,548,670	294,559,220

Bylaw No. 21-098
Schedule 3 - November 4, 2021
City of Victoria
2022 - 2026 Capital Plan

	2022	2023	2024	2025	2026
REVENUES					
Utility Connection Fees	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Grants and Partnerships	1,819,000	1,884,000	1,951,000	2,021,000	2,093,000
TRANSFERS FROM					
Operating Funds					
General	11,640,000	12,140,000	12,640,000	13,140,000	13,640,000
Water Utility	4,285,000	4,734,000	5,219,000	5,216,000	5,475,000
Sewer Utility	3,914,000	4,152,000	4,402,000	4,652,000	4,902,000
Stormwater Utility	3,363,000	3,615,000	3,865,000	4,096,000	4,499,000
Reserves					
Equipment and Infrastructure					
City Equipment	3,741,000	4,150,000	4,266,000	3,634,000	3,275,000
City Vehicles and Heavy Equipment	2,631,000	3,783,000	5,077,000	5,289,000	2,370,000
City Buildings and Infrastructure	9,031,000	5,823,000	2,564,000	34,000	34,000
Debt Reduction Reserve	33,727,000	-	-	-	-
Parking Services Equipment and Infrastructure	350,000	275,000	281,000	1,087,000	293,000
Gas Tax	11,584,000	5,651,000	2,279,000	2,325,000	2,372,000
Police Vehicles, Equipment and Infrastructure	1,340,000	1,367,000	1,394,000	1,421,000	1,450,000
Sewer Utility Reserve	1,955,000	2,451,000	2,193,000	2,196,000	2,208,000
Stormwater Utility Reserve	235,000	141,000	57,000	-	-
SOFMC Equipment and Infrastructure	50,000	-	-	-	-
Development Cost Charges	6,178,000	1,500,000	-	-	-
Parks Furnishing Reserve	32,000	32,000	32,000	32,000	-
Climate Action Reserve	150,000	-	-	-	-
	97,175,000	52,848,000	47,370,000	46,293,000	43,761,000

Bylaw No. 21-098
Schedule 4 - November 4, 2021
City of Victoria
2022 - 2026 Capital Plan

	2022	2023	2024	2025	2026
EXPENDITURES					
Capital Equipment	9,272,000	9,713,000	9,714,000	10,472,000	6,696,000
Capital Programs and Projects					
Active Transportation	14,023,000	4,391,000	909,000	927,000	945,000
Complete Streets	7,194,000	9,709,000	9,567,000	8,228,000	8,392,000
Parks	3,639,000	2,222,000	172,000	54,000	-
Street Infrastructure	1,653,000	1,542,000	1,547,000	1,602,000	1,609,000
Facilities	37,983,000	1,530,000	1,005,000	-	-
Sanitary Sewers	7,305,000	7,804,000	7,814,000	8,085,000	8,366,000
Stormwater	6,303,000	6,516,000	6,738,000	6,970,000	7,432,000
Waterworks	5,781,000	6,041,000	6,564,000	6,601,000	6,901,000
Contingency	350,000	357,000	364,000	371,000	378,000
Police	1,340,000	1,367,000	1,394,000	1,421,000	1,450,000
Traffic Safety	1,367,000	1,241,000	1,267,000	1,292,000	1,317,000
Structures	965,000	415,000	315,000	270,000	275,000
	97,175,000	52,848,000	47,370,000	46,293,000	43,761,000

Bylaw No. 21-098
Schedule 5 – November 4, 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.

2022 Revenue Proportions by Funding Source

Revenue Source	\$ Total Revenue	% Total Revenue
Property Value Taxes	153,207,320	57.87%
Parcel Taxes	1,405,200	0.53%
Special Assessments	1,344,000	0.51%
Grants in Lieu Taxes	7,071,800	2.67%
User Fees and Charges	7,047,520	2.66%
Permits and Licences	5,180,950	1.96%
Parking Services	16,990,000	6.42%
Water and Sewer Utility Fees and Charges	30,482,460	11.51%
Stormwater Utility Fees and Charges	5,895,510	2.23%
Other Sources	<u>36,101,650</u>	<u>13.64%</u>
TOTAL	264,726,410	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.

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.