

NO. 24-032

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2024.

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, 2024."
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 2024, 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 The Five Year Financial Plan Bylaw No. 23-042 is repealed.

READ A FIRST TIME the	<b>18<sup>th</sup></b>	day of	<b>April</b>	2024
READ A SECOND TIME the	<b>18<sup>th</sup></b>	day of	<b>April</b>	2024
READ A THIRD TIME the	<b>18<sup>th</sup></b>	day of	<b>April</b>	2024
ADOPTED the		day of		2024

CITY CLERK

MAYOR

**Bylaw No. 24-032**  
**Schedule 1 - April 18, 2024**  
**City of Victoria**

**2024 - 2028 Operating Financial Plan**

	2024	2025	2026	2027	2028
<b>REVENUES</b>					
Property Value Taxes	179,450,210	196,029,430	206,429,100	218,014,910	229,344,110
Property Value Taxes from New Assessments	1,405,790	500,000	500,000	500,000	500,000
Parcel Taxes	1,380,460	1,380,460	1,380,460	1,309,460	1,309,460
Special Assessments	1,429,000	1,347,000	1,347,000	1,347,000	1,347,000
Grants in Lieu of Taxes	7,612,400	7,764,650	7,919,940	8,078,330	8,239,900
User Fees and Charges	8,180,840	8,314,390	8,471,420	8,630,360	8,792,440
Permits and Licences	7,967,610	8,091,040	8,216,890	8,345,290	8,476,290
Parking Services	28,373,020	27,051,240	27,437,040	27,830,530	28,231,930
Sewer Utility Fees and Charges	9,121,660	9,877,570	10,736,340	11,358,880	11,994,410
Stormwater Utility Fees and Charges	7,138,100	9,053,550	10,581,220	11,254,330	11,960,870
Water Utility Fees and Charges	26,350,390	26,775,740	27,471,370	28,188,110	28,926,380
Other Sources	51,752,770	46,985,830	46,908,890	47,502,920	47,856,400
	330,162,250	343,170,900	357,399,670	372,360,120	386,979,190
<b>TRANSFERS FROM</b>					
Accumulated Surplus	1,626,300	-	-	-	-
Reserves					
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Financial Stability	4,610,150	250,000	-	420,000	-
Tree Replacement	72,540	46,200	47,120	48,060	49,020
Climate Action	661,270	656,130	663,260	371,270	378,700
Police Emergency Response	5,700	8,000	8,000	8,000	8,000
	7,125,960	1,110,330	868,380	997,330	585,720
	<b>337,288,210</b>	<b>344,281,230</b>	<b>358,268,050</b>	<b>373,357,450</b>	<b>387,564,910</b>

**Bylaw No. 24-032  
Schedule 2 - April 18, 2024**

**City of Victoria**

**2024 - 2028 Operating Financial Plan**

	2024	2025	2026	2027	2028
<b>EXPENDITURES</b>					
General Government	73,602,220	72,286,220	74,714,560	77,944,660	79,724,290
Police	73,255,830	74,279,400	74,265,150	75,990,620	77,756,620
Victoria Fire Department	19,980,680	21,051,320	22,176,390	22,930,090	23,685,190
Engineering and Public Works	29,074,880	28,606,690	29,174,200	29,573,170	30,155,580
Sustainable Planning and Community Developme	13,765,660	9,663,440	9,856,680	10,053,610	10,254,500
Parks, Recreation and Facilities	30,563,790	31,135,110	31,747,310	32,371,800	33,008,780
Greater Victoria Public Library	5,994,350	6,116,040	6,240,260	6,367,050	6,496,470
Victoria Conference Centre	6,822,400	6,959,070	7,098,130	7,240,010	7,384,760
Sewer Utility	4,847,660	4,940,570	5,035,340	5,131,880	5,230,410
Stormwater Utility	4,777,810	4,873,410	4,970,800	5,070,200	5,171,620
Water Utility	19,368,390	19,944,740	20,539,370	21,153,110	21,786,380
	<u>282,053,670</u>	<u>279,856,010</u>	<u>285,818,190</u>	<u>293,826,200</u>	<u>300,654,600</u>
<b>DEBT SERVICING</b>					
Principal and Interest - General	4,960,240	4,749,740	4,719,740	4,749,740	4,749,740
Principal and Interest - Parking Services	455,850	312,420	-	-	-
	<u>5,416,090</u>	<u>5,062,160</u>	<u>4,719,740</u>	<u>4,749,740</u>	<u>4,749,740</u>
<b>TRANSFERS TO</b>					
<b>Capital Funds</b>					
General	11,540,000	16,540,000	21,540,000	26,540,000	31,540,000
Sewer Utility	4,663,000	5,326,000	6,090,000	6,616,000	7,153,000
Stormwater Utility	3,668,000	5,516,000	6,975,000	7,003,000	7,263,000
Water Utility	5,212,000	5,061,000	5,162,000	5,265,000	5,370,000
<b>Reserves</b>					
<b>Equipment and Infrastructure</b>					
City Equipment	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
City Vehicles and Heavy Equipment	1,500,000	1,900,000	2,300,000	2,700,000	3,100,000
City Buildings and Infrastructure	6,847,650	7,295,850	7,809,850	8,324,120	8,838,710
Parking Services Equipment and Infrastructure	2,850,000	3,550,000	3,550,000	3,550,000	3,550,000
Multipurpose Arena Facility Equipment and Infras	177,280	180,830	184,450	188,140	191,900
Canada Community-Building	4,205,940	4,205,940	4,205,940	4,205,940	4,205,940
Police Vehicles, Equipment and Infrastructure	1,225,000	1,533,500	1,562,010	1,590,530	1,621,060
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	675,000	1,050,000
Water Utility Equipment and Infrastructure	1,770,000	1,770,000	1,770,000	1,770,000	1,770,000
Recreation Facilities Equipment and Infrastructur	62,300	63,550	64,820	66,120	67,440
Financial Stability	2,879,560	3,590,060	3,590,060	3,450,060	3,590,060
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	315,720	315,720	400,000	400,000	400,000
Art in Public Places	50,000	50,000	50,000	50,000	50,000
Climate Action	988,500	397,740	405,690	413,800	422,080
Police Emergency Response	26,000	26,220	26,440	26,660	26,900
Park Furnishing	130,000	130,000	130,000	130,000	130,000
Artificial Turf	157,500	160,650	163,860	167,140	170,480
Local Amenities	-	200,000	200,000	200,000	200,000
	<u>49,818,450</u>	<u>59,363,060</u>	<u>67,730,120</u>	<u>74,781,510</u>	<u>82,160,570</u>
	<u><b>337,288,210</b></u>	<u><b>344,281,230</b></u>	<u><b>358,268,050</b></u>	<u><b>373,357,450</b></u>	<u><b>387,564,910</b></u>

**Bylaw No. 24-032**  
**Schedule 3 - April 18, 2024**  
**City of Victoria**  
**2024 - 2028 Capital Plan**

	2024	2025	2026	2027	2028
<b>REVENUES</b>					
Utility Connection Fees	1,150,000	1,150,000	1,150,000	1,150,000	1,150,000
Grants and Partnerships	6,194,000	1,566,000	1,343,000	1,370,000	1,397,000
<b>TRANSFERS FROM</b>					
<b>Operating Funds</b>					
General	11,540,000	16,540,000	21,540,000	26,540,000	31,540,000
Water Utility	5,212,000	5,061,000	5,162,000	5,265,000	5,370,000
Sewer Utility	4,663,000	5,326,000	6,090,000	6,616,000	7,153,000
Stormwater Utility	3,668,000	5,516,000	6,975,000	7,003,000	7,263,000
<b>Reserves</b>					
<b>Equipment and Infrastructure</b>					
City Equipment	8,833,000	2,171,000	1,762,000	779,000	793,000
City Vehicles and Heavy Equipment	10,726,000	1,500,000	1,500,000	2,337,000	2,453,000
City Buildings and Infrastructure	29,303,000	9,199,000	3,047,000	8,622,000	8,347,000
Accessibility Capital Reserve	723,000	521,000	521,000	-	-
Parking Services Equipment and Infrastructure	4,752,000	1,012,000	411,000	370,000	380,000
Canada Community-Building	15,154,000	4,439,000	4,233,000	1,605,000	183,000
Multipurpose Equipment and Infrastructure	1,118,000	125,000	-	-	-
Police Vehicles, Equipment and Infrastructure	1,848,000	1,526,000	1,552,000	1,578,000	1,606,000
Sewer Utility	8,088,000	1,500,000	1,000,000	750,000	500,000
Stormwater Utility	3,223,000	1,000,000	-	-	-
Water Utility	3,451,000	-	-	-	-
Tax Sale Lands	8,703,000	-	-	-	-
Local Amenities	328,000	-	-	-	-
Development Cost Charges	8,722,000	479,000	489,000	499,000	509,000
Parks and Greenways Acquisition	2,200,000	-	-	-	-
Park Fixture Dedication Program	104,000	104,000	104,000	104,000	104,000
Climate Action	45,000	-	-	-	-
Growing Communities Fund	-	4,500,000	-	-	-
Debt Proceeds	13,414,000	18,280,000	17,336,000	7,483,000	6,252,000
	<b>153,162,000</b>	<b>81,515,000</b>	<b>74,215,000</b>	<b>72,071,000</b>	<b>75,000,000</b>

**Bylaw No. 24-032  
Schedule 4 - April 18, 2024  
City of Victoria  
2024 - 2028 Capital Plan**

	2024	2025	2026	2027	2028
<b>EXPENDITURES</b>					
Capital Equipment	34,883,000	11,546,000	10,769,000	8,367,000	8,392,000
Capital Programs and Projects					
Transportation	36,146,000	28,243,000	29,594,000	27,146,000	28,765,000
Parks	18,317,000	12,716,000	6,721,000	8,540,000	6,783,000
Facilities	9,896,000	5,216,000	2,745,000	3,156,000	5,475,000
Environmental Remediation	1,452,000	-	-	-	-
Sanitary Sewers	18,381,000	8,095,000	8,379,000	8,675,000	8,982,000
Stormwater	10,885,000	6,816,000	7,275,000	7,303,000	7,563,000
Waterworks	10,393,000	6,437,000	6,555,000	6,675,000	6,797,000
Contingency	350,000	350,000	350,000	350,000	350,000
Police	1,848,000	1,526,000	1,552,000	1,578,000	1,606,000
Structures	6,632,000	570,000	275,000	281,000	287,000
Real Estate	3,979,000	-	-	-	-
	<b>153,162,000</b>	<b>81,515,000</b>	<b>74,215,000</b>	<b>72,071,000</b>	<b>75,000,000</b>

**Bylaw No. 24-032**  
**Schedule 5 – April 18, 2024**  
**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.

Revenue Source	\$ Total Revenue	% Total Revenue
Property Value Taxes	180,856,000	53.62%
Parcel Taxes	1,380,460	0.41%
Special Assessments	1,429,000	0.42%
Grants in Lieu Taxes	7,612,400	2.26%
User Fees and Charges	8,180,840	2.43%
Permits and Licences	7,967,610	2.36%
Parking Services	28,373,020	8.41%
Water and Sewer Utility Fees and Charges	35,472,050	10.52%
Stormwater Utility Fees and Charges	7,138,100	2.12%
Other Sources	<u>58,878,730</u>	<u>17.46%</u>
<b>TOTAL</b>	<b>337,288,210</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 were 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 not exceed 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.

## 2024 Distribution of Property Taxes Among the Property Classes

Property Class	\$ Property Tax Dollars	% Property Value Tax
Residential (1)	96,743,087	53.49%
Utilities (2)	807,194	0.45%
Supportive Housing (3)	0	0.00%
Major Industry (4)	278,752	0.15%
Light Industry (5)	1,715,804	0.95%
Business (6)	80,992,951	44.78%
Recreational (8)	<u>318,212</u>	<u>0.18%</u>
<b>TOTAL</b>	<b>180,856,000</b>	<b>100.00%</b>

### 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 revitalization property tax exemption program bylaws adopted for specific purposes.