

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 The Five Year Financial Plan Bylaw No. 16-084 is repealed.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	day of	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 - November 9, 2017
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	128,373,989	132,495,086	135,946,298	139,370,835	142,898,044
Property Value Taxes from New Assessments	1,347,667	500,000	500,000	500,000	500,000
Parcel Taxes	1,405,000	1,415,700	1,426,614	1,437,746	1,449,101
Special Assessments	1,351,000	1,351,000	1,351,000	1,351,000	1,351,000
Grants in Lieu of Taxes	6,188,400	6,218,018	6,248,228	6,279,043	6,310,474
User Fees and Charges	5,338,596	5,433,004	5,529,304	5,627,534	5,727,733
Permits and Licences	4,528,590	4,531,702	4,534,858	4,538,059	4,541,306
Parking Services	16,882,800	17,152,700	17,427,998	17,708,802	17,995,222
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	34,620,773	34,741,635	35,190,792	35,649,969	36,119,393
	232,386,269	236,925,577	242,069,482	247,327,458	252,944,553

TRANSFERS FROM

Accumulated Surplus	-	-	-	-	-
Reserves					
Art in Public Places	327,500	135,000	135,000	135,000	135,000
Financial Stability	352,000	15,000	-	-	234,000
Tree Replacement Reserve	145,290	46,196	47,120	48,062	49,023
Archives Equipment Reserve	10,000	-	-	-	-
Climate Action Reserve	50,000				
	884,790	196,196	182,120	183,062	418,023
	233,271,059	237,121,773	242,251,602	247,510,520	253,362,576

Bylaw No.17-124
Schedule 2 - November 9, 2017
City of Victoria
2018 - 2022 Operating Financial Plan

	2018	2019	2020	2021	2022
EXPENDITURES					
General Government	37,105,323	36,771,452	37,380,203	37,977,870	38,827,216
Police	52,865,788	54,084,935	55,437,057	56,822,983	58,243,557
Victoria Fire Department	16,933,870	17,347,662	17,771,630	18,206,025	18,651,106
Engineering and Public Works	17,150,765	17,473,818	17,854,294	18,185,971	18,553,287
Sustainable Planning and Community Development	5,233,039	4,935,924	5,034,493	5,135,033	5,237,583
Parks, Recreation and Facilities	20,472,495	20,788,288	21,234,055	21,690,083	22,156,563
Greater Victoria Public Library	5,345,000	5,451,900	5,560,938	5,672,157	5,785,600
Victoria Conference Centre	6,688,232	6,823,945	6,962,492	7,103,933	7,248,332
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
	183,058,402	185,353,629	189,331,082	193,318,625	197,664,747
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	1,623,104	1,623,104	1,623,104	1,623,104	1,623,104
City Buildings and Infrastructure	7,785,036	8,295,444	8,806,052	9,316,862	9,827,881
Parking Services Equipment and Infrastructure	1,849,929	2,016,245	2,196,086	2,379,525	2,566,632
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	2,625,346	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
	44,224,679	45,742,775	46,895,151	48,166,526	49,672,460
	233,271,059	237,121,773	242,251,602	247,510,520	253,362,576

Bylaw No.17-124
Schedule 3 - November 9, 2017
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	845,000				
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	1,481,000	1,428,000	1,628,000	1,402,000	1,232,000
City Vehicles and Heavy Equipment	2,615,000	-	-	-	-
City Buildings and Infrastructure	5,988,000	-	-	-	-
Accessibility Capital Reserve	56,000	-	-	-	-
Parking Services Equipment and Infrastructure	358,000	255,000	260,000	265,000	270,000
Gas Tax	5,058,000	564,000	1,055,000	1,076,000	1,097,000
Police Vehicles, Equipment and Infrastructure	1,953,000	1,652,000	1,644,000	1,458,000	1,500,000
Police Emergency Response Reserve	240,000	-	-	-	-
Sewer Utility Reserve	2,040,000	2,081,000	2,123,000	2,165,000	2,208,000
Multipurpose Arena Equipment and Infrastructure	133,000	-	-	-	-
Tax Sale Lands	250,000	-	-	-	-
Parks and Greenways Acquisition	300,000	-	-	-	-
Development Cost Charges					
DEBT PROCEEDS					
	43,110,000	28,256,000	29,561,000	29,816,000	30,536,000

Bylaw No.17-124
Schedule 4 - November 9, 2017
City of Victoria
2018 - 2022 Capital Plan

	2018	2019	2020	2021	2022
EXPENDITURES					
Capital Equipment	4,808,000	1,583,000	1,688,000	1,667,000	1,502,000
Capital Programs and Projects					
Active Transportation	5,795,000	886,000	817,000	834,000	851,000
Complete Streets	3,095,000	2,947,000	3,001,000	3,055,000	3,111,000
Neighbourhoods	177,000	28,000	29,000	30,000	31,000
Parks	725,000	-	-	-	-
Street Infrastructure	1,530,000	1,025,000	1,052,000	868,000	942,000
Retaining Walls and Railings	895,000	200,000	-	-	-
Bridges	4,682,000	-	-	-	-
Facilities	2,643,000	-	-	-	-
Environmental Remediation	250,000	-	-	-	-
Sanitary Sewers	5,777,000	5,982,000	6,245,000	6,466,000	6,898,000
Stormwater	5,892,000	4,289,000	4,938,000	5,124,000	5,319,000
Waterworks	4,449,000	4,485,000	4,681,000	4,936,000	5,152,000
Contingency	364,000	371,000	378,000	386,000	394,000
Police	2,028,000	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
	43,110,000	28,256,000	29,561,000	29,816,000	30,536,000

**Bylaw No. 17-124
Schedule 5 – November 9, 2017
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	129,721,656	55.61%
Parcel Taxes	1,405,000	0.60%
Special Assessments	1,351,000	0.58%
Grants in Lieu Taxes	6,188,400	2.65%
User Fees and Charges	5,338,596	2.29%
Permits and Licences	4,528,590	1.94%
Parking Services	16,882,800	7.24%
Water and Sewer Utility Fees and Charges	27,010,963	11.58%
Stormwater Utility Fees and Charges	5,338,491	2.29%
Other Sources	<u>35,505,563</u>	<u>15.22%</u>
TOTAL	233,271,059	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.

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.