

Appendix A – Five Year Financial Plan Bylaw, 2017

NO. 16-084

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2017.

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, 2017."
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 2017, 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 The Five Year Financial Plan Bylaw No. 15-091 is repealed.

READ A FIRST TIME the	day of	2016
READ A SECOND TIME the	day of	2017.
READ A THIRD TIME the	day of	2017.
ADOPTED the	day of	2017.

CITY CLERK

MAYOR

Bylaw No.16-084
Schedule 1 - April 13, 2017
City of Victoria
2017 - 2021 Operating Financial Plan

	2017	2018	2019	2020	2021
REVENUES					
Property Value Taxes	123,716,268	128,336,853	132,425,707	135,983,073	139,597,555
Property Value Taxes from New Assessments	1,195,000	1,344,667	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	1,365,560	1,380,411	1,395,559	1,411,011
Grants in Lieu of Taxes	5,984,140	6,103,827	6,225,900	6,350,419	6,477,427
User Fees and Charges	5,214,637	5,306,439	5,400,102	5,495,613	5,593,035
Permits and Licences	4,516,750	4,520,040	4,523,241	4,526,490	4,529,789
Parking Services	16,042,800	16,278,880	16,536,002	16,798,266	17,065,775
Water Utility Fees and Charges	19,323,507	19,905,450	20,215,950	20,690,944	21,180,520
Sewer Utility Fees and Charges	7,085,200	7,085,200	7,085,200	7,140,334	7,388,273
Stormwater Utility Fees and Charges	5,044,511	5,641,755	5,933,842	6,235,796	6,445,320
Other Sources	34,191,422	34,513,289	34,808,652	35,259,011	35,723,916
	225,070,235	231,817,659	236,461,621	241,813,251	247,361,722
TRANSFERS FROM					
Accumulated Surplus	4,032,800	-	-	-	-
Reserves					
Art in Public Places	315,000	135,000	135,000	135,000	135,000
Financial Stability	1,861,376	240,000	15,000	-	-
Tree Replacement Reserve	136,190	-	-	-	-
Archives Equipment Reserve	40,000	10,000	-	-	-
Climate Action Reserve	202,000	50,000	-	-	-
Water Utility Reserve	79,000	-	-	-	-
Sewer Utility Reserve	108,000	-	-	-	-
	6,774,366	435,000	150,000	135,000	135,000
	231,844,601	232,252,659	236,611,621	241,948,251	247,496,722

**Bylaw No.16-084
Schedule 2 - April 13, 2017**

City of Victoria

2017 - 2021 Operating Financial Plan

	2017	2018	2019	2020	2021
EXPENDITURES					
General Government	36,391,903	35,408,628	35,932,467	36,504,919	37,092,689
Police	52,223,743	53,028,050	54,618,891	56,257,457	57,945,181
Victoria Fire Department	16,647,787	16,969,519	17,382,069	17,804,712	18,237,695
Engineering and Public Works	17,728,168	17,233,080	17,413,139	17,764,821	18,123,900
Sustainable Planning and Community Development	5,951,792	5,277,991	4,876,785	4,973,690	5,072,534
Parks, Recreation and Facilities	20,917,474	20,609,853	21,047,446	21,495,948	21,953,865
Greater Victoria Public Library	4,879,695	5,364,866	5,521,770	5,632,205	5,744,849
Victoria Conference Centre	6,612,859	6,747,062	6,884,077	7,023,967	7,160,169
Water Utility	13,980,507	14,171,450	14,444,951	14,723,944	15,008,521
Sewer Utility	3,669,494	3,625,473	3,690,742	3,757,334	3,825,273
Stormwater Utility	3,358,511	3,425,754	3,494,341	3,564,305	3,635,360
	182,361,934	181,861,726	185,306,677	189,503,303	193,800,035
DEBT SERVICING					
Principal and Interest - General	4,185,285	7,827,583	7,827,583	7,827,583	7,827,583
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
	5,371,026	9,013,324	9,013,324	9,013,324	9,013,324
TRANSFERS TO					
Capital Funds					
General	10,161,000	10,100,000	10,100,000	10,100,000	10,100,000
Water Utility	3,572,000	3,884,000	3,921,000	4,117,000	4,322,000
Sewer Utility	2,437,000	3,437,000	3,601,000	3,772,000	3,952,000
Stormwater Utility	2,936,000	3,491,000	3,640,000	3,798,000	3,963,000
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	8,085,686	7,643,214	8,138,186	8,633,057	9,127,824
Parking Services Equipment and Infrastructure	1,261,347	1,428,825	1,592,918	1,760,293	1,931,016
Multipurpose Arena Facility Equipment and Infrastructure	117,000	119,340	121,727	124,161	126,645
Gas Tax	3,428,000	3,591,000	3,591,000	3,591,000	3,591,000
Police Vehicles, Equipment and Infrastructure	1,030,000	1,060,900	1,092,727	1,125,509	1,159,274
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	1,875,706	811,727	582,458	400,000	400,000
Stormwater Utility Equipment and Infrastructure	-	-	100,000	200,000	200,000
Recreation Facilities Equipment and Infrastructure	25,000	25,000	25,000	25,000	25,000
Financial Stability	3,497,298	100,000	100,000	100,000	100,000
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	85,000	85,000	85,000	85,000	85,000
	44,111,641	41,377,610	42,291,620	43,431,624	44,683,363
	231,844,601	232,252,659	236,611,621	241,948,251	247,496,722

Bylaw No.16-084
Schedule 3 - April 13, 2017
City of Victoria
2017 - 2021 Capital Plan

	2017	2018	2019	2020	2021
REVENUES					
Utility Connection Fees	1,100,000	1,100,000	1,100,000	1,150,000	1,200,000
Grants and Partnerships	70,024,000	2,863,000	-	-	-
TRANSFERS FROM					
Operating Funds					
General	10,150,000	10,100,000	10,100,000	10,100,000	10,100,000
Water Utility	3,572,000	3,899,000	3,936,000	4,132,000	4,337,000
Sewer Utility	2,437,000	3,437,000	3,601,000	3,772,000	3,952,000
Stormwater Utility	2,936,000	3,491,000	3,640,000	3,798,000	3,963,000
Reserves					
Equipment and Infrastructure					
City Equipment	1,814,000	1,193,000	1,300,000	1,242,000	1,375,000
City Vehicles and Heavy Equipment	5,915,000	-	-	-	-
City Buildings and Infrastructure	24,635,000	4,178,000	115,000	117,000	119,000
Accessibility Capital Reserve	60,000	-	-	-	-
Victoria Conference Centre Equipment and Infrastructure	152,000	-	-	-	-
Parking Services Equipment and Infrastructure	2,141,000	750,000	255,000	260,000	265,000
Gas Tax	9,590,000	3,172,000	1,034,000	1,055,000	1,076,000
Police Vehicles, Equipment and Infrastructure	1,277,000	1,532,000	1,442,000	1,643,000	1,101,000
Water Utility Reserve	1,835,000	-	-	-	-
Sewer Utility Reserve	1,103,000	2,040,000	2,081,000	2,123,000	2,165,000
Stormwater Utility Reserve	1,138,000	-	-	-	-
Multipurpose Arena Equipment and Infrastructure	122,000	-	-	-	-
Tax Sale Lands	1,546,000	-	-	-	-
Parks and Greenways Acquisition	500,000	-	-	-	-
Development Cost Charges	55,000	56,000	57,000	59,000	60,000
Financial Stability Reserve	250,000	-	-	-	-
DEBT PROCEEDS	12,803,000	-	-	-	-
	155,155,000	37,811,000	28,661,000	29,451,000	29,713,000

**Bylaw No.16-084
Schedule 4 - April 13, 2017
City of Victoria
2017 - 2021 Capital Plan**

	2017	2018	2019	2020	2021
EXPENDITURES					
Capital Equipment	10,327,000	2,313,000	1,910,000	1,857,000	1,970,000
Capital Programs and Projects					
Active Transportation	13,533,000	3,554,000	1,672,000	1,685,000	699,000
Complete Streets	5,840,000	2,560,000	2,407,000	2,456,000	2,505,000
Neighbourhoods	338,000	317,000	219,000	223,000	227,000
Parks	2,049,000	-	-	-	-
Street Infrastructure	3,478,000	896,000	925,000	851,000	867,000
Retaining Walls and Railings	1,085,000	895,000	-	-	-
Bridges	21,923,000	7,921,000	-	-	-
Facilities	76,972,000	-	-	-	-
Environmental Remediation	1,058,000				
Sanitary Sewers	3,840,000	5,777,000	5,982,000	6,245,000	6,467,000
Stormwater	7,121,000	4,305,000	4,924,000	5,103,000	5,289,000
Waterworks	5,957,000	4,449,000	4,486,000	4,682,000	4,937,000
Contingency	357,000	364,000	371,000	378,000	386,000
Police	1,277,000	1,532,000	1,442,000	1,643,000	1,101,000
Projects to be determined (Facilities, Active Transportation, Parks, Fleet etc.)		2,928,000	4,323,000	4,328,000	5,265,000
	155,155,000	37,811,000	28,661,000	29,451,000	29,713,000

Bylaw No. 16-084
Schedule 5 – April 13, 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.

2017 Revenue Proportions by Funding Source

Revenue Source		% Total Revenue
Property Value Taxes	124,911,268	53.88%
Parcel Taxes	1,405,000	0.61%
Special Assessments	1,351,000	0.58%
Grants in Lieu Taxes	5,984,140	2.58%
User Fees and Charges	5,214,637	2.25%
Permits and Licences	4,516,750	1.95%
Parking Services	16,042,800	6.92%
Water and Sewer Utility Fees and Charges	26,408,707	11.39%
Stormwater Utility Fees and Charges	5,044,511	2.18%
Other Sources	40,965,788	17.66%
TOTAL	231,844,601	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.

2017 Distribution of Property Taxes Among Property Classes

Property Class		% Property Value Tax
Residential (1)	63,809,863	51.09%
Utilities (2)	561,076	0.45%
Supportive Housing (3)	0	0.00%
Major Industry (4)	139,800	0.11%
Light Industry (5)	842,428	0.67%
Business (6)	59,308,804	47.48%
Recreational (8)	249,297	0.20%
TOTAL	124,911,268	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.