



City of  
Campbell  
River

2019 - 2028 TEN YEAR  
FINANCIAL PLAN  
AMENDMENT

**BYLAW 3755, 2019**

# BYLAWS



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## **2019 - 2028 Ten Year Financial Plan Amendment Bylaw 3755, 2019**

**ADOPTED November 18, 2019**

### **PURPOSE**

A Bylaw for the City of Campbell River to authorize the ten year financial plan for the years 2019 to 2028.

The Council of the City of Campbell River enacts as follows:

**PART 1: Title**

**1.0** This bylaw may be cited for all purposes as **2019 - 2028 Ten Year Financial Plan Amendment Bylaw No. 3755, 2019.**

**PART 2: Ten Year Financial Plan Amendment**

**2.0** Schedules 'A', 'B', 'C' and 'D' attached hereto and being part of this Bylaw are hereby adopted and compromise the Ten Year Financial Plan Amendment for the years 2019 to 2028. This bylaw replaces the Financial Plan for the years 2019 to 2028 adopted by Bylaw No. 3721, 2018.

**PART 3: Expenses**

**3.0** The expenses set forth in Schedule 'A' are hereby authorized.

READ THE FIRST TIME this 4<sup>th</sup> day of November, 2019

READ THE SECOND TIME this 4<sup>th</sup> day of November, 2019

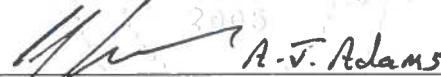
READ THE THIRD TIME this 4<sup>th</sup> day of November, 2019

ADOPTED this 18<sup>th</sup> day of November, 2019

Signed by the Mayor and City Clerk this 19<sup>th</sup> day of November, 2019



CITY CLERK



MAYOR



# SCHEDULE 'A'

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>OPERATIONAL REVENUES</b>										
Revenue from Property Taxes	32,844,697	34,062,654	35,075,534	36,617,353	37,773,751	39,255,529	40,281,675	41,518,271	42,758,902	44,059,606
Revenue from Parcel Taxes	1,771,800	1,950,153	2,130,525	2,312,715	2,325,325	2,337,854	2,350,401	2,363,068	2,375,555	2,388,260
Revenue from Fees & Charges	22,884,586	23,603,615	24,327,799	25,070,032	25,821,698	26,128,356	26,441,642	26,761,801	27,089,086	27,423,764
Revenue from Other Sources	5,072,445	5,043,537	5,056,565	5,068,691	5,081,690	5,094,283	5,108,469	5,041,212	5,031,128	5,039,877
Surplus/Reserve Accounts	5,819,616	1,226,813	894,521	865,230	690,929	654,672	507,138	557,266	405,138	462,420
Transfers from Other Funds	265,801	314,650	304,097	323,663	343,310	394,602	386,565	409,222	432,593	486,700
Amortization Offset	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000
	77,563,945	75,106,422	76,694,041	79,162,684	80,941,703	82,770,296	83,980,890	85,555,840	86,997,402	88,765,627
<b>OPERATIONAL EXPENSES</b>										
General Operating Expenses	43,205,486	43,919,584	44,850,266	46,499,816	47,602,970	49,090,611	50,275,064	51,562,262	52,712,981	54,032,816
Airport Operating Expenses	2,152,913	2,276,047	2,229,827	2,298,771	2,287,843	2,418,608	2,350,092	2,422,316	2,415,302	2,549,073
Sewer Operating Expenses	2,973,126	2,898,463	2,961,389	3,013,931	3,065,945	3,043,069	3,126,770	3,157,112	3,219,156	3,300,868
Water Operating Expenses	4,499,835	4,167,529	4,220,162	4,263,588	4,322,452	4,384,461	4,447,937	4,512,919	4,579,446	4,647,562
Interest Payment on Debt	505,287	505,287	505,287	505,287	502,711	439,080	433,566	426,650	426,650	426,650
Principal Payment on Debt	848,332	848,332	848,332	848,332	848,332	779,414	772,746	763,486	763,486	763,486
Transfers to Other Funds	14,473,966	11,586,180	12,173,778	12,827,959	13,406,450	13,710,053	13,669,715	13,806,095	13,975,381	14,140,172
Amortization	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000	8,905,000
	77,563,945	75,106,422	76,694,041	79,162,684	80,941,703	82,770,296	83,980,890	85,555,840	86,997,402	88,765,627
Annual Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-
<b>CAPITAL FUNDING</b>										
Grants	6,969,571	7,851,332	1,086,000	1,357,500	6,435,000	725,000	710,000	620,000	785,000	695,000
DCC & Other Revenue	1,839,000	4,463,668	3,625,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Statutory Reserves	1,161,765	1,521,000	2,380,000	680,000	470,000	380,000	270,000	180,000	1,180,000	180,000
Surplus/Reserves	21,885,057	19,844,544	12,902,475	11,682,105	7,498,937	9,372,475	8,293,225	8,408,189	9,470,189	10,043,373
Proceeds from Borrowing	4,629,986	-	-	-	-	-	-	-	-	-
	36,485,379	33,680,544	19,993,475	13,844,605	14,528,937	10,602,475	9,398,225	9,333,189	11,560,189	11,043,373
<b>CAPITAL EXPENSES</b>										
General Capital Expenses	17,426,004	14,757,618	6,699,589	6,949,643	4,162,775	5,379,989	4,169,289	3,597,675	6,174,675	3,001,149
Airport Capital Expenses	840,000	3,025,000	115,000	-	6,000,000	-	-	500,000	-	550,000
Sewer Capital Expenses	12,971,919	12,153,963	3,676,943	2,459,981	2,058,081	2,411,243	2,414,468	2,417,757	2,567,757	4,671,112
Water Capital Expenses	5,247,456	3,743,963	9,501,943	4,434,981	2,308,081	2,811,243	2,814,468	2,817,757	2,817,757	2,821,112
	36,485,379	33,680,544	19,993,475	13,844,605	14,528,937	10,602,475	9,398,225	9,333,189	11,560,189	11,043,373
Net Capital	-	-	-	-	-	-	-	-	-	-
Financial Plan Balance	-	-	-	-	-	-	-	-	-	-

# SCHEDULE 'B'

## Financial Plan Objectives and Policies

### A. Funding Sources

Over the term of the plan funding sources as defined in S(165)(7) of the Community Charter, are derived as shown in Table 1; amounts and proportions shown for fiscal 2019.

**Table 1: Funding Sources, Fiscal 2019**

Property taxes	32,844,697	42.4%
Parcel taxes	1,771,800	2.3%
Fees & charges	22,884,586	29.5%
Other sources	5,072,445	6.5%
Surplus/reserve accounts	5,819,616	7.5%
Transfers from other funds	265,801	0.3%
Amortization Offset	8,905,000	11.5%
	77,563,945	100.0%

**Objectives and Policies:**

-Refer to schedule C for the City's Financial Stability & Resiliency Policy.

### B. Distribution of Municipal Property Taxes Across Property Classes

Over the term of the plan municipal property taxes are distributed across eight property tax classes as shown in Table 2; amounts and proportions shown for fiscal 2019.

**Table 2: Distribution of Municipal Property Taxes, Fiscal 2019**

Class 1 - Residential	24,106,830	73.4%
Class 2 - Utilities	1,083,875	3.3%
Class 4 - Major Industry	65,689	0.2%
Class 5 - Light Industry	328,447	1.0%
Class 6 - Business & Other	6,831,697	20.8%
Class 7 - Managed Forest	328,447	1.0%
Class 8 - Recreation/Non-Profit	98,534	0.3%
Class 9 - Farm	1,178	0.0%
	32,844,697	100.0%

**Objectives and Policies:**

-Refer to schedule C for the City's Property Taxation Policy.

### C. Permissive Tax Exemptions

The Annual Report for 2019 will contain a list of permissive exemptions granted for the taxation year and the amount of revenue foregone. The list demonstrates the policy of Council that permissive exemptions are granted to not-for-profit institutions that form a valuable part of our community.

**Objectives and Policies:**

- To ensure permissive exemptions are utilized to maximize the benefit to the municipality and citizens.
- To maintain permissive exemptions for religious institutions, recreational facilities, and service organizations.

# SCHEDULE 'C'

## Financial Stability & Resiliency Policy

### Purpose

The purpose of the *Financial Stability & Resiliency Policy* is to guide the City's financial planning to meet financial obligations while providing high quality services.

### Objectives

- To develop principles that guide so that taxpayers can look forward to predictable, stable, equitable and accountable property taxation.
- To support and guide decision-making, providing continuity and assurance to the City's financial management.

### Policies

1. Financial Plan Bylaw Adoption – The City's Financial Plan Bylaw for the next fiscal year will be approved prior to December 31.
2. Long-Term Budgeting – At a minimum, the City will produce a 10-year financial plan.
3. Budget Parameters – Budget parameters will maintain service levels, provide an opportunity to enhance services, and invest in critical infrastructure. The parameters for each budget component, expressed in terms of a general tax increase, are:
  - 3.1 Operating costs of capital will be included as part of the base budget parameter unless funding pressure requires a tax levy increase.
  - 3.2 Debt servicing will be funded within the capital budget parameter unless funding pressure requires a tax levy increase.
  - 3.3 One-time operating projects will be funded by reserve in order to stabilize and smooth out tax increases.

<b>BUDGET COMPONENT</b>	<b>Low (%)</b>	<b>High (%)</b>
Base Budget	1.5	2.0
Capital Budget	0.5	1.0
Ongoing New Services	0.0	0.5
<b>ALL SERVICES</b>	<b>2.0%</b>	<b>3.5%</b>
<b>TOTAL UTILITY FEE INCREASE</b>  (includes sewer, water, solid waste and storm water parcel tax)	<b>3.5%</b>	<b>5.0%</b>

4. Non-Market Change – Revenues from non-market change will be adjusted from general taxation levy calculations. To alleviate pressure to increase taxes, provide stability and maintain the integrity of the budget parameters non-market change revenue will first be applied to maintain the base budget parameter of 1.5-2 per cent and then allocated towards new services.

4.1 The City will budget 100% of BC Assessment’s mid-November NMC estimate.

5. Zero Base Operating Budget Increases – The base operating budget provides annual funding to ongoing City services. Any increases to base operating budgets outside of contractual obligations or utility increases will be considered a new ongoing service level increase and will be evaluated during financial planning proceedings against other priorities.
6. Investment in Critical Infrastructure – Continued investment in infrastructure is critical to ensure service levels are maintained. The capital budget parameter of an annual 0.5 to 1 per cent increase to taxation will be invested in the City’s capital program to support ongoing investment in infrastructure to ensure effective delivery of services and asset management.

6.1 Newfound revenue such as new tax revenue from the Downtown Revitalization Tax Exemption program and debt servicing for newly retired debt, will be allocated towards the capital program

7. Asset Infrastructure Management – The City will invest in asset management to keep infrastructure in a proper state of repair to avoid costly failures. Asset management ensures assets are maintained in a state of good repair while optimizing capital investment to maintain service levels and ensure best value for taxpayer’s dollars.



8. Reserve Waterfall Structure – The City’s Reserve Policy will be applied to ensure funds are not sitting idle in any one reserve and are suitably allocated. The waterfall will follow policy to ensure desired levels of each reserve is preserved; current year surplus is to be transferred into working capital accumulated surplus with excess balances transferred to the Financial Stabilization Reserve and then allocated to capital reserves to fund the capital program.
9. Debt Policy – The City’s long-term debt policy establishes borrowing limits and uses of debt for external borrowing.
10. Business Case Decision Making and Capital Project Planning – All requests for staffing and significant operating projects or new services require a business case. New capital projects require a project plan.
11. Property Tax Increase – Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at current service levels and then consider other enhancements.
  - 11.1 The City’s tax increase will be calculated based on additional revenue required to balance the budget as required by the *Community Charter* and communicated as a percent increase over the prior year’s general municipal revenue collected.
  - 11.2 The City will phase in tax increase increases when known changes influencing City finances are known to promote stability for taxpayers.
12. Self Financed Programs –The City’s self financed programs include the Water Utility, Sewer Utility, Stormwater Utility and Solid Waste and Recycling programs. The costs for self financed programs should be fully funded by user fees. Any surplus or deficit from these programs is to be transferred at the end of each year to or from each reserve. These funds will also follow policy clauses 2,3,5,6,7,8,9,10 and 11

# SCHEDULE 'D'

## Property Taxation Policy

### Purpose

The purpose of the *Tax Policy* is to outline the proportions of revenue sources, the distribution of property taxes among property classes, and the communication of any tax changes from the prior fiscal year.

### Objective

- To provide City taxpayers with stable, equitable, and understandable property taxation while providing high quality services.

### Policies

1. Tax rates will be adjusted annually to eliminate the impact of increases or decreases in assessment due to market changes, as identified by the British Columbia Assessment Authority.
2. Class 1 (Residential) taxes – the City will strive to maintain a residential tax rate that provides for average municipal taxation on a representative household with its comparator communities of similar size and of those Vancouver Island communities with a population between 10,000 and 50,000. All data used to compare Campbell River against other communities shall be sourced from Local Government Statistics provided by the Province of BC.
3. Class 3 (Supportive Housing) – the City will maintain a tax rate equal to Class 1 (Residential).
4. The City will strive to ensure all other classes of property receive an equal allocation of the percentage change in the annual tax levy.
5. The City may review its tax rates by property class as compared to the provincial average on a minimum three year basis to ensure rates are comparable and reasonable given assessed values in Campbell River as compared to other communities.
6. When necessary, tax class realignments will occur incrementally over a multi-year period.
7. New tax revenues related to the City's downtown revitalization tax exemption bylaw will be allocated to the downtown capital program
8. The City's tax increase will be communicated as a percent increase over the prior year's general municipal revenue collected and calculated based on total taxes required to balance the budget.



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