



City of
Campbell
River

2020 - 2029 TEN YEAR
FINANCIAL PLAN

BYLAW 3760, 2019

BYLAWS



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2019 - 2028 Ten Year Financial Plan Bylaw 3760, 2019

ADOPTED _____, 2019

PURPOSE

A Bylaw for the City of Campbell River to authorize the ten-year financial plan for the years 2020 to 2029.

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 **2020 - 2029 Ten Year Financial Plan Bylaw No. 3760, 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 for the years 2020 to 2029. This bylaw replaces the Financial Plan for the years 2019 to 2028 adopted by Bylaw No. 3755, 2019.

PART 3: Expenses

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

READ THE FIRST TIME this ____ day of _____ 2019

READ THE SECOND TIME this ____ day of _____ 2019

READ THE THIRD TIME this ____ day of _____ 2019

ADOPTED this ____ day of _____ 2019

Signed by the Mayor and City Clerk this ____ day of _____ 2019

CITY CLERK

MAYOR

SCHEDULE 'A'

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
OPERATIONAL REVENUES										
Revenue from Property Taxes	34,614,774	36,410,668	37,862,515	39,418,549	40,934,148	42,267,588	43,811,248	45,302,823	46,799,626	48,326,916
Revenue from Parcel Taxes	1,943,100	2,123,839	2,305,996	2,318,572	2,331,067	2,343,580	2,356,213	2,368,665	2,381,337	2,385,227
Revenue from Fees & Charges	24,387,438	25,149,616	25,827,469	26,539,016	27,274,517	28,045,579	28,842,456	29,676,771	30,538,974	31,429,747
Revenue from Other Sources	5,463,904	5,485,848	5,496,432	5,507,890	5,518,941	5,531,587	5,462,789	5,451,165	5,462,099	5,476,631
Surplus/Reserve Accounts	2,155,957	1,385,773	1,068,073	926,023	778,500	680,191	715,825	571,064	676,803	525,042
Transfers from Other Funds	336,887	321,252	340,733	360,294	411,497	403,369	425,932	449,207	503,215	497,980
Amortization Offset	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800
	78,282,860	80,257,796	82,282,018	84,451,144	86,629,470	88,652,694	90,995,263	93,200,495	95,742,854	98,022,343
OPERATIONAL EXPENSES										
General Operating Expenses	44,478,337	45,528,575	46,510,648	47,876,763	49,180,475	50,548,390	51,993,612	53,276,833	54,740,141	56,143,991
Airport Operating Expenses	2,184,709	2,234,388	2,211,729	2,200,444	2,300,848	2,261,967	2,333,823	2,326,437	2,429,831	2,394,030
Sewer Operating Expenses	2,995,599	3,014,345	3,065,285	3,115,568	3,140,665	3,222,126	3,249,992	3,309,306	3,360,063	3,387,351
Water Operating Expenses	4,345,707	4,372,662	4,418,608	4,480,043	4,544,675	4,610,825	4,678,535	4,747,845	4,818,799	4,891,441
Interest Payment on Debt	505,287	505,287	505,287	502,711	439,080	433,566	426,650	426,650	426,650	426,650
Principal Payment on Debt	848,332	848,332	848,332	848,332	779,414	772,746	763,486	763,486	763,486	763,486
Transfers to Other Funds	13,544,089	14,373,407	15,341,329	16,046,483	16,863,513	17,422,274	18,168,365	18,969,138	19,823,084	20,634,594
Amortization	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800
	78,282,860	80,257,796	82,282,018	84,451,144	86,629,470	88,652,694	90,995,263	93,200,495	95,742,854	98,022,343
Annual Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-
CAPITAL FUNDING										
Grants	8,816,280	5,135,000	1,171,000	910,000	8,300,000	685,000	595,000	760,000	670,000	685,000
DCC & Other Revenue	3,807,835	1,085,000	3,625,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Statutory Reserves	1,844,260	2,705,000	565,000	380,000	380,000	270,000	180,000	1,180,000	180,000	180,000
Surplus/Reserves	23,874,175	15,352,916	13,080,884	7,984,636	10,031,774	8,481,404	8,490,528	9,786,700	12,129,275	8,437,707
Proceeds from Borrowing	-	-	-	-	-	-	-	-	-	-
	38,342,550	24,277,916	18,441,884	9,399,636	18,836,774	9,561,404	9,390,528	11,851,700	13,104,275	9,427,707
CAPITAL EXPENSES										
General Capital Expenses	20,871,226	12,317,916	5,481,884	5,349,636	5,936,774	4,661,404	3,990,528	6,801,700	5,954,275	3,977,707
Airport Capital Expenses	656,718	2,885,000	80,000	-	8,000,000	-	500,000	-	-	550,000
Sewer Capital Expenses	10,932,347	6,125,000	1,775,000	1,900,000	2,250,000	2,250,000	2,250,000	2,400,000	4,500,000	2,250,000
Water Capital Expenses	5,882,259	2,950,000	11,105,000	2,150,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
	38,342,550	24,277,916	18,441,884	9,399,636	18,836,774	9,561,404	9,390,528	11,851,700	13,104,275	9,427,707
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 2020.

Table 1: Funding Sources, Fiscal 2020

Property taxes	34,614,774	44.1%
Parcel taxes	1,943,100	2.5%
Fees & charges	24,387,438	31.2%
Other sources	5,463,904	7.0%
Surplus/reserve accounts	2,155,957	2.8%
Transfers from other funds	336,887	0.4%
Amortization Offset	9,380,800	12.0%
	78,282,860	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 2020

Class 1 - Residential	25,336,837	73.2%
Class 2 - Utilities	1,176,902	3.4%
Class 4 - Major Industry	69,230	0.2%
Class 5 - Light Industry	346,148	1.0%
Class 6 - Business & Other	7,269,103	21.0%
Class 7 - Managed Forest	346,148	1.0%
Class 8 - Recreation/Non-Profit	69,230	0.2%
Class 9 - Farm	1,178	0.0%
	34,614,774	100.0%

Objectives and Policies:

-Refer to Schedule 'D' for the City's Property Taxation Policy

C. Permissive Tax Exemptions

The Annual Report for 2020 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.

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

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 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 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.



City of
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