CITY OF CASTLEGAR

BYLAW 1214

A bylaw to adopt a Financial Plan for the years 2015 - 2019

WHEREAS Section 165 of the Community Charter requires that Council adopt, by bylaw, a financial plan for a period of five years;

AND WHEREAS Section 165 of the Community Charter requires that the financial plan set out the objectives and policies of the City;

NOW THEREFORE the Council of the City of Castlegar, in open meeting assembled, enacts as follows:

- 1. This bylaw may be cited as "The City of Castlegar Financial Plan 2015-2019 Bylaw Number 1214".
- 2. Schedule "A" attached to and forming part of this bylaw is hereby adopted as the Financial Plan for the City of Castlegar for the five year period ending December 31, 2019.
- 3. Schedule "B" attached to and forming part of this bylaw is hereby adopted as the "Objectives and Policy Disclosure" of the City as required by Section 165 of the Community Charter.
- 4. This bylaw shall come into full force and effect when adopted.
- 5. 2014 2018 Revised Financial Plan Bylaw No. 1213 is hereby repealed.

READ A FIRST TIME this 7th day of April, 2015.

READ A SECOND TIME this 7th day of April, 2015.

READ A THIRD TIME this 27 day of April, 2015.

ADOPTED this 4th day of May, 2015.

Mayor

Director of Corporate Services

Schedule "B" Objectives and Policy Disclosure

1. Proportion of Total Revenue from Each Funding Source

- 1) Property Value Taxes
 - i) Property tax levels within the City of Castlegar have been established through years of public process and within the context of the following objectives:
 - Ensure City of Castlegar property taxes are very competitive when compared to other communities in the region.
 - Ensure that an appropriate balance between operating funds and capital funds for infrastructure improvements is maintained.
 - Continue to maintain reserves for future projects as appropriate.
 - Reduce the City's reliance on property taxes by developing alternative revenue streams and by implementing the user pay principle where possible.
- ii) The total proportion of property tax revenues collected is determined by calculating the difference between all other revenue sources and revenues required.

2) Parcel Taxes

The objective of the City of Castlegar is to minimize the use of Parcel Taxes and develop other sources of revenue. They shall be used only on a limited basis and only for initiatives that benefit a specified area.

3) Fees and Charges

- i) It is the objective of the City of Castlegar to ensure that costs for a service are collected from users of the service, where practical.
- ii) User fees are a primary cost recovery method used by the City of Castlegar.
- iii) User fees will be levied in all cases where it is possible and appropriate to recover costs on a user pay basis.

4) Other Sources of Revenue

- i) It is the objective of the City of Castlegar to maximize revenues from new or other sources. The City will:
 - Seek funding from senior levels of government for projects and other initiatives, where possible and appropriate to do so.
 - Seek economic development opportunities in order to create new streams of revenue.

The proposed distribution of property tax revenues is estimated to be as shown in the following table:

Table 1 Property Class	% of Total s Taxes	
Residential	39%	
Utilities	3%	
Major Industry	32%	
Light Industry	1%	
Business	25%	
Non-Profit	0%	
Total	100%	

The proposed proportions of total revenue from revenue sources is estimated in the following table:

Table 2	
Revenue Source	Percentage
Taxation	33%
Fees and Charges	26%
Other Sources	25%
Reserves & Surplus, Net	16%
Total	100%

5) Debt and Internal Financing

- i) It is the objective of the City of Castlegar to consider debt financing will only when:
 - The project will provide a significant benefit to tax payers over the long-term.
 - Significant cost savings can be obtained by pursuing the project prior to saving the required funds.
 - The cost of financing the project does not constitute an unreasonable burden to tax payers.
 - The City will continue to utilize Municipal Finance Authority lease opportunities for its equipment fleet and will use this method of financing when it is economically viable to do so.

2. Distribution of Property Value Taxes

The city is committed to ensuring a sustainable tax environment that benefits all citizens and ratepayers in the community. The city will ensure that property value taxes are apportioned on fair and equitable basis that will:

- Address the effects of rising costs and meet the demands of desired levels of service.
- Reduce the City's dependency on the Major Industry property tax class.
- Ensure a competitive business tax environment.

In consideration of the foregoing and in order to ensure the sustainability of all property tax classes the City of Castlegar will implement the following tax reduction strategy to the Major Industry property tax class:

- a) In 2010, property taxes assessed against Major Industry will be reduced by \$350,000 from 2009 levels.
- b) In 2011, property taxes assessed against Major Industry will be reduced by an additional \$55,000 from 2009 levels.
- c) In 2012, property taxes assessed against Major Industry will be reduced by an additional \$55,000 from 2009 levels.
- d) In 2013 and beyond, the City of Castlegar will undertake its best efforts to reduce property taxes assessed against Major Industry by an additional \$190,000.

By way of illustration, total tax reductions that would accrue to Major Industry are as follows:

Year		Reductions Authorized in the Financial Plan (section 2(a to c))
2010		\$350,000
2011		55,000
2012		55,000
2013		40,000
2014		40,000
2015		<u>20,000</u>
	Total	\$560,000

Year Year

*Reductions on a best efforts basis (section 2(d))

2016 and beyond

\$90,000

Grand Total

\$650,000

e) The City of Castlegar together with its Major Industry partners, will undertake a joint effort to engage in discussions and lobby the provincial government for additional tax relieve for Major Industry and to restore tax revenues, for the City, lost through the Major Industry tax reduction strategy proposed in this and preceding Five Year Financial Plans.

Such efforts will include education and negotiation to attempt to establish a tax rate, in respect of the Brillian Dam and the portion of the Keenleyside Dam that lies within City boundaries, proportionately comparable to that applicable to Major Industry.

Should fair taxation of the Brilliant Dam or the Keenleyside Dam occur resulting in greater tax revenues to the City by 2015, the City will implement the following tax sharing scheme:

- a) Any additional increased taxation revenue in respect of the Dams, will be applied as follows:
 - i) 50% of the additional revenue will be retained by the city and will thereby be used to restore City of Castlegar taxation revenues lost as a result of Major Industry tax reductions.
 - ii) 50% of the additional revenues, up to a maximum of \$750,000 will be used to reduce Major Industry Taxation.
- iii) Any additional tax revenues received will be retained by the City.

3. Use of Permissive Tax Exemptions

The City of Castlegar will provide permissive property tax exemptions in accordance with the provisions of the Community Charter and Council Policy Directive 15.

Revitalization Tax Exemptions:

Council may also, from time to time, enact new revitalization tax exemption bylaws that encourage development within the spectrum of the City's objectives, including but not limited to:

Schedule B Objectives and Policy Disclosure 2015-2019 Five Year Financial Plan Bylaw 1214

- Enhancing the City's sustainability and environmental stewardship.
- Encouraging green development and green technology.
- Objectives and initiatives established within the Official Community Plan.
- Stimulating the local economy through encouraging investment, new development and employment opportunities.
- Encouraging affordable housing.
- As a means of re-vitalizing and renewing specific areas of the city.