

# Request for Decision



To: Committee of the Whole  
From: **Chief Financial Officer**  
Date: March 12, 2018  
Subject: Five Year Financial Plan Bylaw No. 2045  
Recommendation: **THAT the Committee of the Whole discusses a tax revenue increase of either 2% or 3%, AND recommends that Staff includes that amount in Financial Plan Bylaw No. 2045, AND FURTHER to present Financial Plan Bylaw No. 2045 for first three readings at the March 26, 2018 Regular Meeting of Council.**

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## Background

Sections 165 and 166 of the Community Charter require a municipality to adopt a five-year financial plan annually, before the annual property tax bylaw is adopted, and to include public consultation as part of the financial planning process. The Financial Plan Bylaw introduced here will need to be adopted on April 9, 2018 in order to meet the regulatory deadline of May 15, 2018 for the adoption of the annual tax rates bylaw.

Three public budget workshops were conducted on January 15<sup>th</sup> and 29<sup>th</sup>, with presentations by staff on the capital and operating budgets for 2018. A draft 2018-2022 financial plan was presented at the third workshop on February 5<sup>th</sup>, 2018 for review and discussion.

The financial plan bylaw presented here includes the following changes from the draft financial plan presented at the February 5<sup>th</sup> workshop:

- a revenue increase of \$8,958 for the Fortis franchise fee. Notification of the actual amount was received since the budget workshop.
- an increase of \$20,000 in general government expenses to cover the cost of a Freedom of Information request which will be discussed at the Regular Meeting.
- a \$52,546 decrease in capital expenditures and transfers from reserves for the voltage conversion project. This reflects 2017 expenditures recorded since February 5<sup>th</sup>, which have reduced the carryforward amount for 2018.

In accordance with Asset Management Financial Policy 808, which states that property taxes increases will be within 2% of inflation, the draft financial plan bylaw introduced here incorporates a 3% increase in property tax revenues from the 2017 amount of \$3,693,713. This represents an increase of \$110,811 for total property tax revenues of \$3,804,524 in 2018.

At the last budget workshop, Staff was requested to also present information here regarding the impact of a 2% revenue increase as an alternative to a 3% increase.

The difference between a 2% and 3% increase in property tax revenues represents a decrease of approximately \$37,100 in revenue and cash from operations, and thus also in funds available to transfer to reserves or surplus.

The following is a summary of key figures illustrating the difference between increases of 2% and 3%:

|  | 2% Increase   | 3% Increase   |
|--|---------------|---------------|
| Total Revenues   | \$ 18,426,221 | \$ 18,463,324 |
| Total Expenses   | 13,325,231    | 13,325,231    |
| Surplus (Deficit) for the year                             | 5,100,990     | 5,138,093     |
| Total Cash from Operations                                 | 6,968,601     | 7,005,704     |
| Transfer to Reserves                                       | (1,400,000)   | (1,400,000)   |
| Transfer to Surplus  | (19,551)      | (56,654)      |
| Residential Tax Rate (per \$1,000)                         | \$4.8591      | \$4.9074      |
| Average Municipal Tax (based on BCAA average of \$234,000) | \$1,137       | \$1,148       |

Once Staff receives a decision from the Committee of the Whole on the amount of tax revenue increase to include, the proposed bylaw will be amended accordingly and made presented for first three readings at the March 26<sup>th</sup> Regular Meeting.

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## Benefits or Impacts

### General

Adoption of a five-year financial plan is an annual requirement of the Community Charter. The 2018-2022 Financial Plan sets out the proposed funding sources, expenditures, and transfers to and from reserve funds for the current and additional four fiscal years.

The Financial Plan has been developed by applying the objectives and policies of Asset Management Financial Policy 808 towards achieving a goal of financial sustainability.

## Strategic Impact



### Fiscal Responsibility

Preparation of an annual budget and financial plan allows the City to ensure that adequate provision is made to meet its short and long-term operational and capital financial needs.

## Policy/Legislation

Community Charter Section 165  
Asset Management Financial Policy No. 808

## Attachments

Draft Five Year Financial Plan Bylaw No. 2045

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## Recommendation

**THAT the Committee of the Whole discusses a tax revenue increase of either 2% or 3%, AND recommends that Staff includes that amount in Financial Plan Bylaw No. 2045, AND FURTHER to present Financial Plan Bylaw No. 2045 for first three readings at the March 26, 2018 Regular Meeting of Council.**

## Options

1. THAT the Committee of the Whole accepts the report.
2. THAT the Committee of the Whole does not accept the report.
3. THAT the the Committee of the Whole refers the matter back to staff for further information.