



The Corporation of the District of North Cowichan
Five-Year Financial Plan Bylaw, 2020

Bylaw 3785

*[Consolidated and printed by authority of the Corporate Officer under section 139 of the Community Charter.
Current to May 6, 2020. Last amended May 6, 2020. Amendments: 3791]*

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The Council of The Corporation of the District of North Cowichan enacts as follows:

Citation

- 1** This Bylaw may be cited as "*Five-Year Financial Plan Bylaw, No. 3785, 2020*".

Financial plan establishment

- 2** Schedule 1, attached to and forming part of this Bylaw, is adopted as North Cowichan's 5-year financial plan.

Objectives and policies

- 3** Schedule 2, attached to and forming part of this Bylaw, sets out Council's objectives and policies for the years 2020 through 2024 regarding
 - (a) the proportion of total revenue that is proposed to come from
 - (i) property value taxes,
 - (ii) parcel taxes,
 - (iii) fees,
 - (iv) proceeds from borrowing, other than borrowing under section 177 *[revenue anticipation borrowing]* of the *Community Charter*, and
 - (v) other sources,
 - (b) the distribution of property value taxes among the property classes that may be subject to the taxes, and

(c) the use of permissive tax exemptions.

Expenditure authority

4 This Bylaw authorizes North Cowichan’s municipal officers to expend in each year the sums of money shown in columns 2 through 6, Schedule 1, for the purposes described in column 1, Schedule 1.

Cheque signing authority

5 All North Cowichan cheques must be signed by any two of the Mayor, Chief Administrative Officer, Director of Financial Services, Director of Corporate Services, or their deputies.

Ratification of payments

6 All payments already made from municipal revenues for the current year are ratified and confirmed.

Severability

7 If any provision of this Bylaw is, for any reason, found invalid by a court of competent jurisdiction, the provision must be severed and the remainder of the Bylaw left valid and enforceable.

Repeal

8 “Five-Year Financial Plan Bylaw, 2019”, No. 3747, and all amendments thereto, is hereby repealed.

Read a first, second and third time on April 15, 2020
Adopted on April 15, 2020

Schedule 1

Proposed Expenditures, Funding Sources and Fund Transfers

| Item | Column 1 Description | Column 2 2020 | Column 3 2021 | Column 4 2022 | Column 5 2023 | Column 6 2024 |
|------|---|------------------|------------------|------------------|------------------|------------------|
| 1 | Revenues | | | | | |
| 2 | Property Taxes | 32,791,046 | 35,444,985 | 37,300,524 | 39,326,720 | 40,516,082 |
| 3 | Parcel Taxes | 4,768,833 | 4,976,803 | 5,181,382 | 5,408,413 | 5,625,274 |
| 4 | User Fees | 10,517,059 | 12,760,122 | 13,699,951 | 14,587,950 | 15,072,981 |
| 5 | Other | 7,822,563 | 7,813,863 | 26,626,394 | 9,428,294 | 2,479,930 |
| 6 | | 55,899,501 | 60,995,773 | 82,808,251 | 68,751,377 | 63,694,267 |
| 7 | Expenses | | | | | |
| 8 | General Operating | 34,649,632 | 35,696,658 | 36,595,860 | 37,350,856 | 38,087,569 |
| 9 | Sanitary Sewer Operating | 3,438,677 | 2,967,500 | 3,034,131 | 3,101,343 | 3,147,438 |
| 10 | Water Operating | 3,094,164 | 3,165,760 | 3,235,700 | 3,237,680 | 3,284,990 |
| 11 | Interest on Debt | 932,857 | 1,133,972 | 1,820,783 | 2,408,796 | 2,452,062 |
| 12 | Amortization | 9,757,400 | 9,787,400 | 9,811,400 | 9,811,400 | 9,814,400 |
| 13 | | 51,872,730 | 52,751,290 | 54,497,874 | 55,910,075 | 56,786,459 |
| 14 | Annual Surplus / (Deficit) | 4,026,771 | 8,244,483 | 28,310,377 | 12,841,302 | 6,907,808 |
| 15 | Add back: Unfunded Amortization | 9,757,400 | 9,787,400 | 9,811,400 | 9,811,400 | 9,814,400 |
| 16 | Capital Expenditures | | | | | |
| 17 | General Capital | 21,034,285 | 33,270,970 | 30,583,800 | 8,051,046 | 7,930,831 |
| 18 | Sanitary Sewer Capital | 2,159,465 | 4,679,043 | 25,499,340 | 17,297,578 | 1,743,577 |
| 19 | Water Capital | 2,555,000 | 1,565,900 | 3,985,450 | 1,796,120 | 1,226,100 |
| 20 | | 25,748,750 | 39,515,913 | 60,068,590 | 27,144,744 | 10,900,508 |
| 21 | Proceeds from Borrowing | (4,000,000) | (23,100,000) | (20,900,000) | 0 | 0 |
| 22 | Principal Payments on Debt | 1,089,460 | 1,094,565 | 1,967,848 | 3,167,753 | 3,240,612 |
| 23 | Transfers to or between Reserve Funds | (1,901,479) | 1,864,589 | 1,540,547 | 397,136 | 1,157,500 |
| 24 | Transfers to or between Accumulated Surplus | (7,152,560) | (1,343,184) | (4,555,208) | (8,056,931) | 1,423,588 |
| 25 | | (11,964,579) | (21,484,030) | (21,946,813) | (4,492,042) | 5,821,700 |
| 26 | Financial Plan Balance | 0 | 0 | 0 | 0 | 0 |

[BL3791]

Schedule 2

Financial Objectives and Policies

1. Funding Sources

Property taxation is North Cowichan's principal revenue source. As a revenue source, property taxation is simple to administer and relatively easy for residents to understand. It is also a stable and reliable source of revenue for services that are hard or undesirable to fund on a user-pay basis. User fees and charges form the next largest portion of North Cowichan's revenue and are collected from a variety of municipal services, permits, and licences. User fees attempt to align the value of a service to those who use the service. It is generally preferable to charge a user fee for services to specific users, than to levy a general tax on all property owners. The table below shows the proportion of North Cowichan revenue proposed to be raised from each funding source in 2020.

Table 1 - Sources of Revenue

| Item | Column 1 Revenue Source | Column 2 % of Total Revenue | Column 3 Dollar Value |
|------|-----------------------------------|---------------------------------------|---------------------------------|
| 1 | Property Taxes | 49.8% | 32,791,046 |
| 2 | Parcel Taxes | 7.2% | 4,768,833 |
| 3 | User Fees and Charges | 16.0% | 10,517,059 |
| 4 | Proceeds from Borrowing | 15.2% | 10,000,000 |
| 5 | Other | 11.9% | 7,822,563 |
| 6 | Total | 100.0% | 65,899,501 |

Council's objectives and policies regarding funding sources are to

- (a) use property taxes for services that do not lend themselves to a user-pay approach,
- (b) allocate 10% to 15% of municipal property tax revenue to capital projects,
- (c) charge user fees, where possible, to align services with those who use them, and
- (d) look for new revenue sources.

2. Distribution of Property Tax Rates

Council's objectives and policies regarding the distribution of property tax rates are to strive to

- (a) set tax rates and ratios that maintain tax stability between property classes while factoring in non-market growth within classes,
- (b) set Class 4 (Heavy Industry) at the provincial average tax ratio and at no more than 3 times Class 6 (Business),
- (c) set Class 5 (Light Industry) at no more than 2 times Class 6 (Business),
- (d) set Class 6 (Business) at no more than 2 times Class 1 (Residential),
- (e) set Class 7 (Managed Forest) at no more than 2 times Class 6 (Business),
- (f) set Class 8 (Non-profit and Recreation) tax ratio at 1.00, to assist sector, and
- (g) set Class 9 (Farm) tax ratio at 1.00, to encourage local farm production.

Table 2 – 2020 Property Tax and Ratios Distribution

| Item | Column 1 Property Class | Column 2 % of Total Property Taxation | Column 3 Dollar Value | Column 4 Ratios |
|------|-----------------------------------|---|---------------------------------|---------------------------|
| 1 | Residential | 67.7% | 20,966,943 | 1.00 |
| 2 | Utilities | 0.7% | 203,130 | 8.12 |
| 3 | Supportive Housing | 0.0% | - | - |
| 4 | Major Industrial | 14.6% | 4,522,665 | 8.67 |
| 5 | Light Industrial | 3.3% | 1,022,363 | 3.80 |
| 6 | Business and Other | 13.2% | 4,091,719 | 2.57 |
| 7 | Managed Forest | 0.2% | 47,831 | 4.09 |
| 8 | Recreation/Non-profit | 0.2% | 72,274 | 1.00 |
| 9 | Farm land | 0.1% | 30,672 | 1.00 |
| 10 | Total | 100.00% | 30,957,598 | |

3. Permissive Tax Exemptions

North Cowichan supports local non-profit organizations through permissive tax exemptions. Each year a list of these exemptions are included in the annual Report. Permissive property tax exemptions are governed by the North Cowichan Permissive Tax Exemption Policy.

In addition, the Municipality offers a tax incentive program to encourage new commercial and residential mixed use development to locate within the existing commercial core areas, and to encourage development of industrial land. Revitalization property tax exemptions are governed by the Municipality's Revitalization Tax Exemption Bylaw.