

**TOWN OF OLIVER
BYLAW 1373**

A bylaw to adopt the 5 year financial plan for the calendar years 2018 through 2022.

WHEREAS in accordance with Section 165 of the *Community Charter*, the Council is required, by bylaw, to adopt a Financial Plan for the municipality before the fifteenth day of May in each year;

NOW THEREFORE, the Council of the Town of Oliver in open meeting assembled hereby enacts as follows:

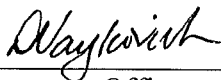
1. Schedule "A" attached hereto and forming part of this bylaw is hereby adopted as the 5 Year Financial Plan of the Town of Oliver for the calendar years 2018 through 2022.
2. Schedule "B" attached hereto and forming part of this bylaw is hereby adopted as the Statement of Objectives and Policies for the 5 Year Financial Plan of the Town of Oliver for the calendar years 2018 through 2022.
3. This bylaw may be cited for all purposes as the "5 Year Financial Plan Bylaw 1373".
4. Authority to make expenditures in accordance with the 5 year financial plan is hereby delegated to the following Management Staff:
 - 1) Chief Administrative Officer
 - 2) Chief Financial Officer
 - 3) Deputy Finance Officer
 - 4) Corporate Officer
 - 5) Deputy Corporate Officer
 - 6) Director of Operations
 - 7) Deputy Director of Operations
 - 8) Fire Chief
 - 9) Deputy Fire Chief

Read a first, second and third time on the 26th day of February, 2018.

Adopted on the 12th day of March, 2018.



Mayor



Corporate Officer

TOWN OF OLIVER
5 Year Financial Plan Bylaw 1373
Schedule "A" – 5 Year Financial Plan – 2018 through 2022

	2018	2019	2020	2021	2022
	Budget	Budget	Budget	Budget	Budget
REVENUES					
User Fees	3,545,283	3,667,278	3,793,156	3,924,817	4,062,591
Property taxation	2,288,641	2,454,097	2,633,512	2,828,109	3,039,214
Government transfers	2,232,901	4,360,223	10,111,535	929,538	938,833
Concessions and franchise	358,405	358,405	358,405	358,405	358,405
Gain (loss) on disposal of TCA	0	0	0	0	0
Other revenue from own services	420,325	420,325	420,325	420,325	420,325
Sale of services	158,687	158,687	158,687	158,687	158,687
Investment income	40,000	40,000	40,000	40,000	40,000
Development cost charges	23,000	0	500,000	64,400	75,800
Contributions from developers and other	314,500	14,500	104,500	792,500	514,500
	<u>9,381,742</u>	<u>11,473,515</u>	<u>18,120,120</u>	<u>9,516,781</u>	<u>9,608,355</u>
EXPENSES					
Water Services	2,686,349	2,766,111	2,802,400	2,839,335	2,876,931
General Government Services	1,156,145	1,179,268	1,202,853	1,226,910	1,251,448
Sewer Services	1,084,674	1,102,650	1,120,985	1,148,087	1,175,563
Transportation services & public works	1,500,190	1,530,194	1,560,798	1,592,014	2,189,854
Protective Services	395,346	403,253	411,318	419,544	427,935
Development Services	419,092	427,474	436,023	444,743	453,638
Environmental & public health services	342,000	348,840	355,817	362,933	370,192
	<u>7,583,796</u>	<u>7,757,790</u>	<u>7,890,196</u>	<u>8,033,565</u>	<u>8,745,561</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>1,797,946</u>	<u>3,715,725</u>	<u>10,229,924</u>	<u>1,483,216</u>	<u>862,794</u>
ADJUSTED FOR NON-CASH ITEMS					
Amortization	1,300,805	1,313,518	1,326,485	1,339,711	1,353,202
Inventory expense	30,500	30,500	30,500	30,500	30,500
Prepaid expense	15,000	15,000	15,000	15,000	15,000
	<u>1,346,305</u>	<u>1,359,018</u>	<u>1,371,985</u>	<u>1,385,211</u>	<u>1,398,702</u>
TOTAL CASH FROM OPERATIONS	<u>3,144,251</u>	<u>5,074,743</u>	<u>11,601,909</u>	<u>2,868,427</u>	<u>2,261,496</u>
ADJUSTED FOR CASH ITEMS					
Capital asset expenditures	(3,804,500)	(6,345,300)	(11,667,000)	(4,563,200)	(3,406,500)
Inventory expenditures	(30,500)	(30,500)	(30,500)	(30,500)	(30,500)
Prepaid expenditures	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Debt principle repayments	(374,419)	(379,941)	(385,654)	(391,557)	(397,659)
Debt proceeds	0	0	367,500	435,600	474,200
Transfer from (to) reserves	1,989,866	2,601,666	1,089,466	2,722,666	2,226,266
Transfer from (to) surplus	(909,698)	(905,668)	(960,721)	(1,026,436)	(1,112,303)
	<u>(3,144,251)</u>	<u>(5,074,743)</u>	<u>(11,601,909)</u>	<u>(2,868,427)</u>	<u>(2,261,496)</u>
FINANCIAL PLAN BALANCE	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

TOWN OF OLIVER
5 Year Financial Plan Bylaw 1373
Schedule "B" - Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, the Town of Oliver (Town) is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*,
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions

Funding Sources

Table 1 below shows the proportion of total revenue anticipated to be raised from each funding source in 2018 for the consolidated operating and capital budget.

Property taxes form approximately 14.9% of the overall revenue of the municipality. The system of property taxation is relatively easy to administer and understand. It provides a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, bylaw enforcement, snow removal, road maintenance, airport, and community buildings. For these reasons, property taxation will continue to be a substantial source of municipal revenue.

The greatest source of municipal revenue is from user fees and sales of services. User fees attempt to apportion the value of a service to those who use the service. Approximately 91% of this user fee revenue represents water and sewer charges. Water and sewer system users fully pay for the costs of these systems, without subsidy from property taxes. The municipality strives to calculate full cost user fees for these services, which includes not only direct but indirect costs such as administration and operating overhead.

Objectives

- Over the next five years, where possible, the Town will endeavour to supplement revenues from user fees and charges, rather than taxation, to lessen the burden on its limited property tax base.
- Investigate other potential funding sources and securing opportunities for additional revenues.

Policies

- The Town will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- The Town will endeavour to review and adjust user fees to maintain competitiveness with other municipalities or market rates.
- Aggressively seek available grants for projects to mitigate the potential impact on property taxation rates.

TOWN OF OLIVER
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Schedule "B" - Statement of Objectives and Policies

Table 1 – Sources of Funding (2018)

Funding Source	% Total Funding	Dollar Value
User fees and sale of services	35.4%	\$3,703,970
Grants	21.3%	\$2,232,901
Municipal Taxation, net	14.9%	\$1,577,150
Other sources	11.7%	\$1,220,234
Reserves	10.3%	\$1,080,168
Parcel taxes	6.1%	\$644,487
Development cost charges	0.2%	\$23,000
TOTAL	100%	\$10,461,910

Distribution of Property Tax Rates

Table 2 below shows the distribution of property tax revenue among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class also forms the largest portion of the assessment base and consumes the majority of Town services.

Objectives

- Allow for a maximum business multiple not to exceed the Provincial multiple established by British Columbia Regulations 426/2003 and 439/2003 for the business class.
- Ensure that business and light industry property tax multiples continue to be equal.
- Over the next five years maintain tax stability by keeping the proportionate relationship between all other classes equal.
- Over the next five years the property tax increases will ensure that the rate payers will reduce the financial burden associated with expected futures costs for the Town.

Policies

- Supplement, where possible, revenues from user fees and charges to help offset the burden on the entire property tax base.
- Regularly review and compare the Town's distribution of tax burden relative to other municipalities in the South Okanagan.

Table 2 – Distribution of Property Tax Rates (2018)

Property class	% Property Value Tax	Dollar Value
Residential (1)	71.0%	\$1,105,255
Business (6)	26.2%	\$407,800
Light Industry (5)	1.4%	\$21,674
Utility (2)	1.1%	\$18,001
Farm & Recreation (8 & 9)	0.3%	\$4,420
TOTAL	100%	\$1,557,150

TOWN OF OLIVER
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Schedule "B" - Statement of Objectives and Policies

Permissive Tax Exemptions

The *Community Charter* permits council to provide permissive tax exemptions for a period of up to 10 years for specific types of properties. Council adopted a 4 year bylaw, pursuant to section 224 of the *Community Charter*, which is in effect for 2018. The Annual Municipal Report for 2014 contains a list of permissive exemptions and the amount of tax 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.

Many property tax exemptions are provided to properties automatically by the Assessment Authority of BC. For example, properties owned by the municipality or other levels of government are exempted 100%. Other properties such as churches and hospitals are generally exempted only for buildings and the land directly beneath the footprint of the building.

Objectives

- Council's principle objective in considering permissive tax exemptions under section 224 is to provide financial assistance to organizations that provide a valuable service to the broader community. These services may include cultural and recreational opportunities for adults and youth, promotion of the local economy and local charitable services.
- Council's principle objective in considering permissive tax exemptions under section 226 is to provide a short-term financial incentive to promote certain types of economic development.

Policies

- Provide permissive tax exemptions for all qualifying land uses to those organizations that provide valuable services to the broader community.
- Integrate the revitalization tax exemption program into the Town's existing initiatives as a means of attracting retail, commercial and industrial businesses to further invest in the community.