

**TOWN OF OLIVER
BYLAW 1362**

A bylaw to adopt the 5 year financial plan for the calendar years 2016 through 2020.

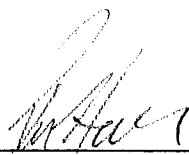
WHEREAS in accordance with Section 165 of the *Community Charter*, the Council is required, by bylaw, to adopt a Financial Plan for the municipality before the fifteenth day of May in each year;

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

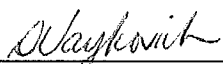
1. Schedule "A" attached hereto and forming part of this bylaw is hereby adopted as the 5 Year Financial Plan of the Town of Oliver for the calendar years 2016 through 2020.
2. Schedule "B" attached hereto and forming part of this bylaw is hereby adopted as the Statement of Objectives and Policies for the 5 Year Financial Plan of the Town of Oliver for the calendar years 2016 through 2020.
3. This bylaw may be cited for all purposes as the "5 Year Financial Plan Bylaw 1362".
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 29th day of March, 2016.

Adopted on the 11th day of April, 2016.



Mayor



Corporate Officer

TOWN OF OLIVER
5 Year Financial Plan Bylaw 1362
Schedule "A" – 5 Year Financial Plan – 2016 through 2020

	2016	2017	2018	2019	2020
	Budget	Budget	Budget	Budget	Budget
REVENUES					
Municipal Taxation, net	2,278,109	2,324,157	2,380,463	2,442,795	2,507,075
Grants in Lieu of Taxes	15,454	15,763	16,078	16,400	16,728
Sale of Services and rentals	130,829	133,446	136,114	138,837	141,614
Contracts and Franchise Fees	339,620	346,412	353,341	360,407	367,616
Grants	3,771,969	789,169	801,449	801,449	801,449
Water User Fees	2,196,087	2,250,989	2,363,539	2,481,716	2,605,801
Sewer User Fees	709,270	719,909	730,708	756,282	782,752
Development Cost Charges	0	0	0	519,800	64,300
Contributions, Donations and Other	828,445	469,357	467,580	475,967	892,522
	<u>10,269,783</u>	<u>7,049,202</u>	<u>7,249,272</u>	<u>7,993,653</u>	<u>8,179,857</u>
EXPENSES					
Water Services	2,719,857	2,844,722	2,968,217	3,082,942	3,195,984
General Government Services	1,135,458	1,166,417	1,183,582	1,203,576	1,266,872
Waste Water Services	1,006,555	1,023,796	1,041,502	1,148,927	1,229,981
Transportation Services	1,589,718	1,641,784	1,668,301	1,702,768	1,787,870
Protective Services	450,030	464,973	470,334	477,273	518,720
Development Services	374,497	385,732	397,304	409,223	421,500
Public Health and Welfare Services	257,895	265,632	273,601	281,809	290,263
	<u>7,534,010</u>	<u>7,793,056</u>	<u>8,002,841</u>	<u>8,306,518</u>	<u>8,711,190</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>2,735,773</u>	<u>(743,854)</u>	<u>(753,569)</u>	<u>(312,865)</u>	<u>(531,333)</u>
ADJUSTED FOR NON-CASH ITEMS					
Amortization	1,470,997	1,527,136	1,534,608	1,602,648	1,745,467
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>1,516,497</u>	<u>1,572,636</u>	<u>1,580,108</u>	<u>1,648,148</u>	<u>1,790,967</u>
TOTAL CASH FROM OPERATIONS	<u>4,252,270</u>	<u>828,782</u>	<u>826,539</u>	<u>1,335,283</u>	<u>1,259,634</u>
ADJUSTED FOR CASH ITEMS					
Capital asset expenditures	(5,013,100)	(3,274,600)	(2,758,900)	(5,146,600)	(4,414,400)
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	(289,902)	(332,352)	(332,352)	(332,352)	(332,352)
Debt proceeds	0	1,350,000	1,350,000	3,280,200	1,985,700
Transfer from (to) reserves	557,410	1,060,905	379,551	496,589	1,566,663
Transfer from (to) surplus	538,822	412,765	580,662	412,380	(19,745)
	<u>(4,252,270)</u>	<u>(828,782)</u>	<u>(826,539)</u>	<u>(1,335,283)</u>	<u>(1,259,634)</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 1362
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 2016 for the consolidated operating and capital budget.

Property taxes form approximately 12% 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 87% 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
5 Year Financial Plan Bylaw 1362
Schedule "B" - Statement of Objectives and Policies

Table 1 – Sources of Funding (2016)

Funding Source	% Total Funding	Dollar Value
Grants	33%	\$3,771,969
User fees & sales of services	29%	\$3,339,008
Property taxes	12%	\$1,386,968
Other sources	11%	\$1,183,519
Reserves	10%	\$1,096,232
Parcel taxes	5%	\$588,319
TOTAL	100%	\$11,366,015

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 keep the property tax increase close to the cost of living.

Policies

- Supplement, where possible, revenues from user fees and charges to help offset the burden on the entire property tax base.
- Continue to apply additional taxes that would have been collected from new non-residential development against the tax increases in those classifications. This results in slowly reducing the proportions of taxes paid by the commercial sector in relation to the residential sector.
- 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 (2016)

Property class	% Property Value Tax	Dollar Value
Residential (1)	71%	\$983,248
Business (6)	25%	\$362,044
Light Industry (5)	2%	\$21,718
Utility (2)	1%	\$16,023
Farm & Recreation (8 & 9)	1%	\$3,935
TOTAL	100%	\$1,386,968

TOWN OF OLIVER
5 Year Financial Plan Bylaw 1362
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 2016. 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.