

A certified copy
of Bylaw No. 1382
as adopted. 
Deputy Corporate Officer

**TOWN OF OLIVER
BYLAW 1382**

A bylaw to adopt the 5 year financial plan for the calendar years 2019 through 2023.

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 2019 through 2023.
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 2019 through 2023.
3. This bylaw may be cited for all purposes as the "5 Year Financial Plan Bylaw 1382".
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 Development Services
 - 7) Director of Operations
 - 8) Deputy Director of Operations
 - 8) Fire Chief
 - 9) Deputy Fire Chief

Read a first, second and third time on the 11th day of February, 2019.

Adopted on the 25th day of February, 2019.

Original Signed by Mayor

Mayor

Original Signed by Corporate Officer

Corporate Officer

TOWN OF OLIVER
5 Year Financial Plan Bylaw 1382
Schedule "A" – 5 Year Financial Plan – 2019 through 2023

	2019	2020	2021	2022	2023
	Budget	Budget	Budget	Budget	Budget
REVENUES					
User Fees	3,673,884	3,754,091	3,867,192	3,949,965	4,034,647
Property taxation	2,539,576	2,712,564	2,910,140	3,113,939	3,335,118
Government transfers	5,416,114	7,259,221	867,813	876,491	885,256
Concessions and franchise	353,711	353,711	353,711	353,711	353,711
Other revenue from own services	458,125	458,125	458,125	458,125	458,125
Sale of services	174,848	174,848	174,848	174,848	174,848
Investment income	40,000	40,000	40,000	40,000	40,000
Development cost charges	250,000	0	0	75,800	64,400
Contributions from developers and other	36,000	95,500	505,500	5,500	5,500
	<u>12,942,258</u>	<u>14,848,060</u>	<u>9,177,329</u>	<u>9,048,379</u>	<u>9,351,605</u>
EXPENSES					
Water Services	2,773,752	2,815,004	2,851,374	2,888,393	2,926,074
General Government Services	1,138,501	1,161,271	1,184,496	1,208,186	1,232,350
Sewer Services	1,075,790	1,101,954	1,120,203	1,154,515	1,188,000
Transportation services & public works	1,512,544	1,542,795	1,573,651	1,605,124	1,637,226
Protective Services	392,095	399,937	407,936	416,095	1,474,417
Development Services	480,074	489,675	499,469	509,458	519,647
Environmental & public health services	335,500	342,210	349,054	356,035	363,156
	<u>7,708,256</u>	<u>7,852,846</u>	<u>7,986,185</u>	<u>8,137,805</u>	<u>9,340,870</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>5,234,002</u>	<u>6,995,214</u>	<u>1,191,144</u>	<u>910,574</u>	<u>10,735</u>
ADJUSTED FOR NON-CASH ITEMS					
Amortization	1,341,366	1,354,086	1,367,060	1,380,293	1,393,791
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>1,386,866</u>	<u>1,399,586</u>	<u>1,412,560</u>	<u>1,425,793</u>	<u>1,439,291</u>
TOTAL CASH FROM OPERATIONS	<u>6,620,868</u>	<u>8,394,800</u>	<u>2,603,704</u>	<u>2,336,367</u>	<u>1,450,026</u>
ADJUSTED FOR CASH ITEMS					
Capital asset expenditures	(7,232,900)	(10,743,600)	(4,373,700)	(5,840,800)	(2,799,400)
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	(379,946)	(394,979)	(400,882)	(424,784)	(403,978)
Debt proceeds	0	250,000	0	474,200	435,600
Transfer from (to) reserves	2,075,196	3,528,196	3,219,796	4,443,896	2,241,396
Transfer from (to) surplus	(1,037,718)	(988,917)	(1,003,418)	(943,379)	(878,144)
	<u>(6,620,868)</u>	<u>(8,394,800)</u>	<u>(2,603,704)</u>	<u>(2,336,367)</u>	<u>(1,450,026)</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 1382
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 2019 for the consolidated operating and capital budget.

Property taxes form approximately 12.7% 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 93% 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 1382
Schedule "B" - Statement of Objectives and Policies

Table 1 – Sources of Funding (2019)

Funding Source	% Total Funding	Dollar Value
User fees and sale of services	27.5%	\$ 3,848,732
Grants	38.7%	\$ 5,416,114
Municipal Taxation, net	12.7%	\$ 1,777,202
Reserves	7.4%	\$ 984,573
Other sources	7.0%	\$ 1,037,478
Parcel taxes	4.8%	\$ 665,637
Development cost charges	1.8%	\$ 250,000
TOTAL	100%	\$ 13,979,736

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.
- 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 (2019)

Property class	% Property Value Tax	Dollar Value
Residential (1)	73.0%	\$1,297,318
Business (6)	23.5%	\$417,432
Light Industry (5)	2.2%	\$39,544
Utility (2)	1.0%	\$18,360
Farm & Recreation (8 & 9)	0.3%	\$4,548
TOTAL	100%	\$1,777,202

**TOWN OF OLIVER
5 Year Financial Plan Bylaw 1382
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 2019. The Annual Municipal Report for 2018 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.