



City of
Campbell
River

2021 - 2030 TEN YEAR
FINANCIAL PLAN

BYLAW 3805, 2020

BYLAWS



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Cover photo by Toni Falk



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2021 - 2030 Ten Year Financial Plan Bylaw 3805, 2020

ADOPTED , 2020

PURPOSE

A Bylaw for the City of Campbell River to authorize the ten-year financial plan for the years 2021 to 2030.

The Council of the City of Campbell River enacts as follows:

PART 1: Title

1.0 This bylaw may be cited for all purposes as **2021 - 2030 Ten Year Financial Plan Bylaw No. 3805, 2020.**

PART 2: Ten Year Financial Plan Amendment

2.0 Schedules 'A', 'B', 'C', and 'D' attached hereto and being part of this Bylaw are hereby adopted and compromise the Ten Year Financial Plan for the years 2021 to 2030. This bylaw replaces the Financial Plan for the years 2020 to 2029 adopted by Bylaw No. 3797, 2020.

PART 3: Expenses

3.0 The expenses set forth in Schedule 'A' are hereby authorized.

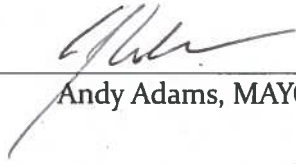
READ THE FIRST TIME this 9th day of December, 2020

READ THE SECOND TIME this 9th day of December, 2020

READ THE THIRD TIME this 9th day of December, 2020

ADOPTED this 14th day of December, 2020

Signed by the Mayor and Corporate Officer this 15th day of December, 2020



Andy Adams, MAYOR



Elle Brovold, CORPORATE OFFICER

SCHEDULE 'A'

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
OPERATIONAL REVENUES										
Revenue from Property Taxes	35,981,987	37,888,014	39,435,968	41,046,970	42,481,428	44,035,991	45,596,458	47,231,281	48,914,637	50,637,570
Revenue from Parcel Taxes	2,098,100	2,281,300	2,294,300	2,307,100	2,320,100	2,333,000	2,346,000	2,359,000	2,372,000	2,385,000
Revenue from Fees & Charges	24,262,400	24,983,468	25,721,207	26,491,667	27,308,674	28,097,254	28,923,160	29,776,898	30,658,971	31,570,945
Revenue from Other Sources	5,849,935	6,379,712	6,394,949	6,409,786	6,426,224	6,361,225	6,353,406	6,368,151	6,386,500	6,404,953
Surplus/Reserve Accounts	2,655,533	1,477,323	1,139,023	936,500	851,191	899,253	858,897	903,041	855,685	851,086
Transfers from Other Funds	-	77,643	95,009	112,541	130,653	149,361	168,684	188,640	209,249	230,532
Amortization Offset	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800
	80,228,755	82,418,260	84,461,256	86,685,364	88,899,070	91,256,884	93,627,405	96,207,751	98,777,842	101,460,886
OPERATIONAL EXPENSES										
General Operating Expenses	45,533,780	46,542,393	47,763,741	49,070,621	50,449,955	51,913,357	53,257,136	54,754,900	56,284,627	57,834,789
Airport Operating Expenses	3,041,602	2,831,212	2,770,464	2,831,199	2,832,579	2,864,622	2,897,346	2,960,771	2,964,916	2,999,801
Sewer Operating Expenses	3,088,779	3,082,417	3,136,736	3,164,317	3,248,353	3,278,890	3,340,976	3,394,607	3,424,877	3,481,837
Water Operating Expenses	4,414,407	4,420,697	4,488,029	4,553,791	4,621,094	4,689,979	4,760,489	4,832,666	4,906,556	4,982,203
Interest Payment on Debt	412,844	412,844	410,267	373,311	370,306	362,173	344,330	344,330	344,330	344,330
Principal Payment on Debt	782,312	782,313	782,313	713,395	706,727	672,615	645,199	645,199	645,199	645,199
Transfers to Other Funds	13,574,231	14,965,584	15,728,906	16,597,930	17,289,256	18,094,448	19,001,129	19,894,478	20,826,537	21,791,927
Amortization	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800	9,380,800
	80,228,755	82,418,260	84,461,256	86,685,364	88,899,070	91,256,884	93,627,405	96,207,751	98,777,842	101,460,886
Annual Surplus/(Deficit)	-	-	-	-	-	-	-	-	-	-
CAPITAL FUNDING										
Grants	10,434,700	1,971,000	1,410,000	8,300,000	685,000	595,000	760,000	670,000	685,000	595,000
DCC & Other Revenue	3,815,378	525,000	3,625,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Statutory Reserves	2,903,688	1,337,000	725,000	380,000	270,000	180,000	1,180,000	180,000	180,000	180,000
Surplus/Reserves	24,332,342	13,234,777	13,042,554	10,463,457	8,683,872	8,622,783	9,798,195	12,387,661	8,553,535	7,770,272
Proceeds from Borrowing	-	-	-	-	-	-	-	-	-	-
	41,486,108	17,067,777	18,802,554	19,268,457	9,763,872	9,522,783	11,863,195	13,362,661	9,543,535	8,670,272
CAPITAL EXPENSES										
General Capital Expenses	19,722,034	12,247,777	5,877,554	6,368,457	4,863,872	4,122,783	6,813,195	6,212,661	4,093,535	3,770,272
Airport Capital Expenses	3,123,070	115,000	-	8,000,000	-	500,000	-	-	550,000	-
Sewer Capital Expenses	12,562,896	1,775,000	1,900,000	2,250,000	2,250,000	2,250,000	2,400,000	4,500,000	2,250,000	2,250,000
Water Capital Expenses	6,078,108	2,930,000	11,025,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000	2,650,000
	41,486,108	17,067,777	18,802,554	19,268,457	9,763,872	9,522,783	11,863,195	13,362,661	9,543,535	8,670,272
Net Capital	-	-	-	-	-	-	-	-	-	-
Financial Plan Balance	-	-	-	-	-	-	-	-	-	-

SCHEDULE 'B'

Financial Plan Objectives and Policies

A. Funding Sources

Over the term of the plan funding sources as defined in S(165)(7) of the Community Charter, are derived as shown in Table 1; amounts and proportions shown for fiscal 2021.

Table 1: Funding Sources, Fiscal 2021

Property taxes	35,981,987	44.9%
Parcel taxes	2,098,100	2.6%
Fees & charges	24,262,400	30.2%
Other sources	5,849,935	7.3%
Surplus/reserve accounts	2,655,533	3.3%
Transfers from other funds	-	0.0%
Amortization Offset	9,380,800	11.7%
	80,228,755	100.0%

Objectives and Policies:

-Refer to Schedule 'C' for the City's Financial Stability & Resiliency Policy

B. Distribution of Municipal Property Taxes Across Property Classes

Over the term of the plan municipal property taxes are distributed across eight property tax classes as shown in Table 2; amounts and proportions shown for fiscal 2021.

Table 2: Distribution of Municipal Property Taxes, Fiscal 2021

Class 1 - Residential	26,446,760	73.5%
Class 2 - Utilities	1,187,406	3.3%
Class 4 - Major Industry	71,964	0.2%
Class 5 - Light Industry	359,820	1.0%
Class 6 - Business & Other	7,520,235	20.9%
Class 7 - Managed Forest	287,856	0.8%
Class 8 - Recreation/Non-Profit	107,946	0.3%
Class 9 - Farm	1,178	0.0%
	35,981,987	100.0%

Objectives and Policies:

-Refer to Schedule 'D' for the City's Property Taxation Policy

C. Permissive Tax Exemptions

The Annual Report for 2021 will contain a list of permissive exemptions granted for the taxation year and the amount of 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.

Objectives and Policies:

- To ensure permissive exemptions are utilized to maximize the benefit to the municipality and citizens.
- To maintain permissive exemptions for religious institutions, recreational facilities, and service organizations.

SCHEDULE 'C'

Financial Stability & Resiliency Policy

Purpose

The purpose of the *Financial Stability & Resiliency Policy* is to guide the City's financial planning to meet financial obligations while providing high quality services.

Objectives

- To develop principles that guide so that taxpayers can look forward to predictable, stable, equitable and accountable property taxation.
- To support and guide decision-making, providing continuity and assurance to the City's financial management.

Policies

1. Financial Plan Bylaw Adoption – The City's Financial Plan Bylaw for the next fiscal year will be approved prior to December 31.
2. Long-Term Budgeting – At a minimum, the City will produce a 10-year financial plan.
3. Budget Parameters – Budget parameters will maintain service levels, provide an opportunity to enhance services, and invest in critical infrastructure. The parameters for each budget component, expressed in terms of a general tax increase, are:
 - 3.1 Operating costs of capital will be included as part of the base budget parameter unless funding pressure requires a tax levy increase.
 - 3.2 Debt servicing will be funded within the capital budget parameter unless funding pressure requires a tax levy increase.
 - 3.3 One-time operating projects will be funded by reserve in order to stabilize and smooth out tax increases.

BUDGET COMPONENT	Low (%)	High (%)
Base Budget	1.5	2.0
Capital Budget	0.5	1.0
Ongoing New Services	0.0	0.5
ALL SERVICES	2.0%	3.5%
TOTAL UTILITY FEE INCREASE <small>(includes sewer, water, solid waste and storm water parcel tax)</small>	3.5%	5.0%

4. Non-Market Change – Revenues from non-market change will be adjusted from general taxation levy calculations. To alleviate pressure to increase taxes, provide stability and maintain the integrity of the budget parameters non-market change revenue will first be applied to maintain the base budget parameter of 1.5-2 per cent and then allocated towards new services.

4.1 The City will budget 100% of BC Assessment’s mid-November NMC estimate.

5. Zero Base Operating Budget Increases – The base operating budget provides annual funding to ongoing City services. Any increases to base operating budgets outside of contractual obligations or utility increases will be considered a new ongoing service level increase and will be evaluated during financial planning proceedings against other priorities.

6. Investment in Critical Infrastructure – Continued investment in infrastructure is critical to ensure service levels are maintained. The capital budget parameter of an annual 0.5 to 1 per cent increase to taxation will be invested in the City’s capital program to support ongoing investment in infrastructure to ensure effective delivery of services and asset management.

6.1 Newfound revenue such as debt servicing for newly retired debt, will be allocated towards the capital program.

7. Asset Infrastructure Management – The City will invest in asset management to keep infrastructure in a proper state of repair to avoid costly failures. Asset management ensures assets are maintained in a state of good repair while optimizing capital investment to maintain service levels and ensure best value for taxpayer’s dollars.

8. Reserve Waterfall Structure – The City’s Reserve Policy will be applied to ensure funds are not sitting idle in any one reserve and are suitably allocated. The waterfall will follow policy to ensure desired levels of each reserve is preserved; current year surplus is to be

transferred into working capital accumulated surplus with excess balances transferred to the Financial Stabilization Reserve and then allocated to capital reserves to fund the capital program.

9. Debt Policy – The City’s long-term debt policy establishes borrowing limits and uses of debt for external borrowing.
10. Business Case Decision Making and Capital Project Planning – All requests for staffing and significant operating projects or new services require a business case. New capital projects require a project plan.
11. Property Tax Increase – Each budget cycle, Council will consider the property tax increase required by first covering the projected cost increase for existing services at current service levels and then consider other enhancements.
 - 11.1 The City’s tax increase will be calculated based on additional revenue required to balance the budget as required by the *Community Charter* and communicated as a percent increase over the prior year’s general municipal revenue collected.
 - 11.2 The City will phase in tax increases when known changes influencing City finances are known to promote stability for taxpayers.
12. Self Financed Programs –The City’s self financed programs include the Water Utility, Sewer Utility, Stormwater Utility and Solid Waste and Recycling programs. The costs for self financed programs should be fully funded by user fees. Any surplus or deficit from these programs is to be transferred at the end of each year to or from each reserve. These funds will also follow policy clauses 2,3,5,6,7,8,9,10 and 11

SCHEDULE 'D'

Property Taxation Policy

Purpose

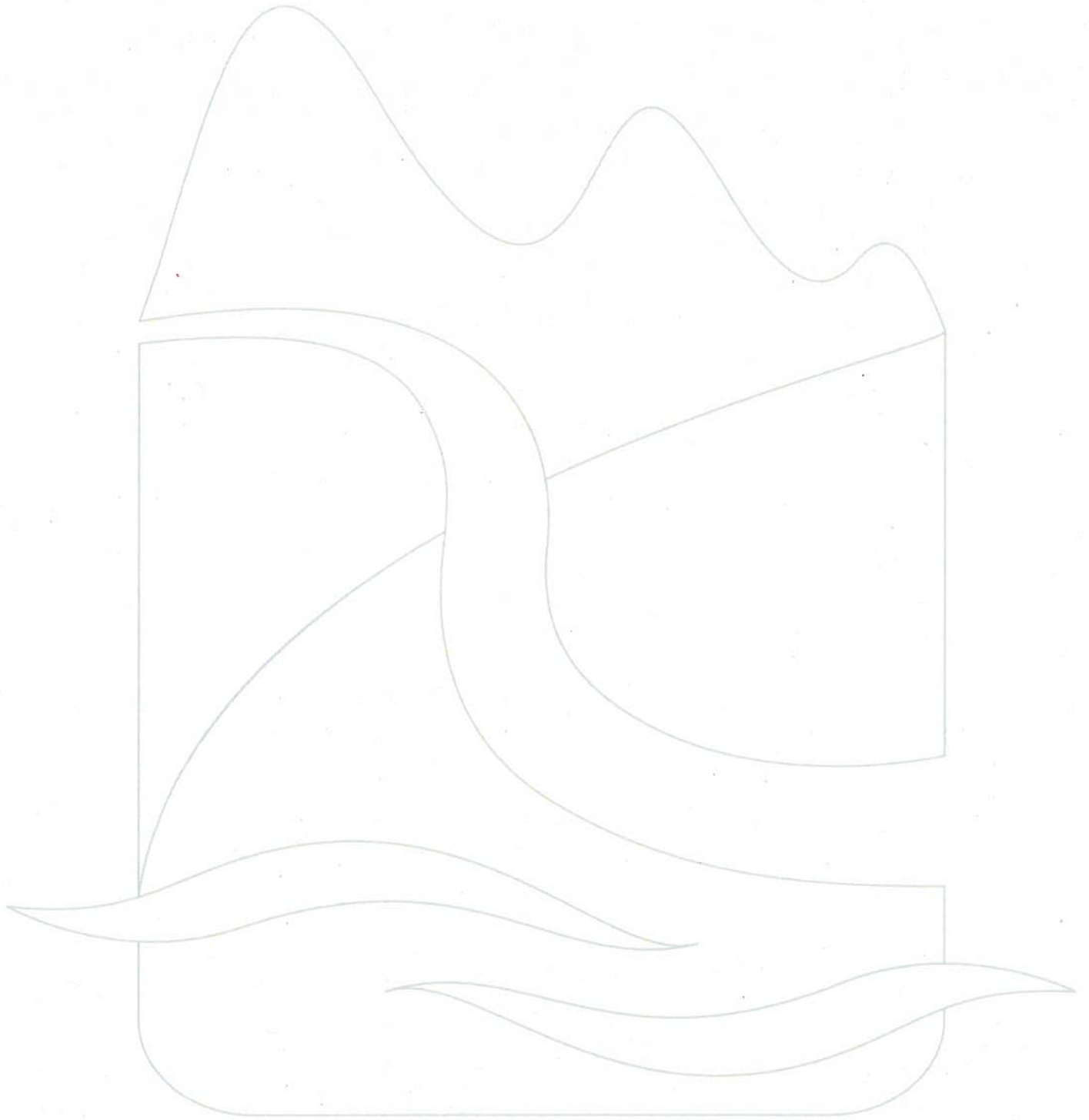
The purpose of the *Tax Policy* is to outline the proportions of revenue sources, the distribution of property taxes among property classes, and the communication of any tax changes from the prior fiscal year.

Objective

- To provide City taxpayers with stable, equitable, and understandable property taxation while providing high quality services.

Policies

1. Tax rates will be adjusted annually to eliminate the impact of increases or decreases in assessment due to market changes, as identified by the British Columbia Assessment Authority.
2. Class 1 (Residential) taxes – the City will strive to maintain a residential tax rate that provides for average municipal taxation on a representative household with its comparator communities of similar size and of those Vancouver Island communities with a population between 10,000 and 50,000. All data used to compare Campbell River against other communities shall be sourced from Local Government Statistics provided by the Province of BC.
3. Class 3 (Supportive Housing) – the City will maintain a tax rate equal to Class 1 (Residential).
4. The City will strive to ensure all other classes of property receive an equal allocation of the percentage change in the annual tax levy.
5. The City may review its tax rates by property class as compared to the provincial average on a minimum three year basis to ensure rates are comparable and reasonable given assessed values in Campbell River as compared to other communities.
6. When necessary, tax class realignments will occur incrementally over a multi-year period.
7. New tax revenues related to the City's downtown revitalization tax exemption bylaw will be allocated to the downtown capital program
8. The City's tax increase will be communicated as a percent increase over the prior year's general municipal revenue collected and calculated based on total taxes required to balance the budget.



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