



**CITY OF PORT ALBERNI**

**Five Year Financial Plan Bylaw 2022-2026, Bylaw No. 5045**

**(with amendments to December 12, 2022)**

**Consolidated for convenience only**

This consolidation is not a legal document. Certified copies of the original bylaws should be consulted for all interpretations and applications of the bylaws of this subject.

This Bylaw has been consolidated for convenience only and includes amendments from:

**Bylaw No. 5045 - adopted April 11, 2022**

**Bylaw No. 5045-1 - adopted December 12, 2022**

**CITY OF PORT ALBERNI  
BYLAW NO. 5045**

**A BYLAW TO ESTABLISH A FIVE-YEAR FINANCIAL PLAN**

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WHEREAS Section 165 of the *Community Charter* stipulates that a municipality must have a financial plan that is adopted on an annual basis;

NOW THEREFORE, the Municipal Council of the City of Port Alberni in open meeting assembled hereby enacts as follows:

1. Schedules 'A' & 'B' attached hereto and forming part of this Bylaw is hereby adopted and is the Financial Plan of the City of Port Alberni for the five-year period from January 1, 2022 to December 31, 2026.
2. This Bylaw may be cited for all purposes as "City of Port Alberni 2022 – 2026 Financial Plan Bylaw No. 5045, 2022" and shall become effective upon adoption.

**READ A FIRST TIME THIS 31<sup>ST</sup> DAY OF JANUARY 2022.**

**READ A SECOND TIME THIS 14<sup>TH</sup> DAY OF MARCH 2022.**

**READ A THIRD TIME THIS 28<sup>TH</sup> DAY OF MARCH 2022.**

**FINALLY ADOPTED THIS 11<sup>TH</sup> DAY OF APRIL 2022.**

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**Mayor**

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**Corporate Officer**

## SCHEDULE A TO BYLAW NO. 5045

Schedule A replaced by Bylaw 5045-1 Schedule A



### CITY OF PORT ALBERNI CONSOLIDATED FINANCIAL PLAN 2022-2026

	2022	2023	2024	2025	2026
<b>Revenue</b>					
Taxes					
Property Taxes	25,651,671	28,128,281	28,406,820	29,746,090	31,148,975
Other Taxes	761,391	761,391	761,391	761,391	761,391
Grants in Lieu of Taxes	233,955	233,955	233,955	233,955	233,955
Fees and Charges					
Sales of Service	3,922,909	3,933,787	4,062,725	4,153,079	4,250,911
Sales of Service/Utilities	7,132,142	7,571,611	7,864,810	8,039,794	8,466,442
Service to other Government	100,000	100,000	100,000	100,000	100,000
User Fees/Fines	494,500	498,325	502,184	506,077	510,006
Rentals	153,500	156,570	159,701	162,895	166,153
Interest/Penalties/Miscellaneous	717,875	722,321	727,185	732,180	737,198
Grants/Other Governments	1,095,840	1,095,840	1,095,840	1,095,840	1,095,840
Other Contributions	-	-	-	-	-
	<u>40,263,783</u>	<u>43,202,081</u>	<u>43,914,611</u>	<u>45,531,301</u>	<u>47,470,871</u>
<b>Expenses</b>					
Debt Interest	488,170	583,795	583,795	583,795	583,795
Capital Expenses	10,548,155	8,378,035	5,734,847	5,669,011	4,825,756
Other Municipal Purposes					
General Municipal	4,646,792	4,805,437	4,927,374	5,019,214	5,096,632
Police Services	8,073,162	8,272,325	8,586,906	8,808,923	9,015,162
Fire Services	4,086,596	4,264,882	4,360,844	4,456,965	4,551,648
Other Protective Services	361,030	391,063	395,907	400,311	404,790
Transportation Services	4,688,697	4,679,899	4,781,381	4,881,862	4,979,256
Environmental Health and Development	3,368,306	3,261,754	3,111,997	3,165,232	3,220,303
Parks and Recreation	5,907,854	5,896,628	6,082,829	6,227,902	6,317,130
Cultural	1,500,346	1,514,983	1,547,745	1,561,173	1,585,480
Water	1,882,171	1,821,187	1,849,216	1,879,195	1,910,090
Sewer	1,490,521	1,515,827	1,541,694	1,567,102	1,592,976
Contingency	-	200,000	200,000	200,000	200,000
	<u>47,041,800</u>	<u>45,585,815</u>	<u>43,704,535</u>	<u>44,420,685</u>	<u>44,283,018</u>
<b>Revenue Over (Under) Expenses Before Other</b>	<u>(6,778,017)</u>	<u>(2,383,734)</u>	<u>210,076</u>	<u>1,110,616</u>	<u>3,187,853</u>
<b>Other</b>					
Debt Proceeds (*Sewer fund 2022, approved in 2021)	8,500,000	-	-	-	-
Debt Principal	(371,426)	(572,870)	(572,870)	(572,870)	(572,870)
Transfer from Equipment Replacement Reserve	1,233,600	3,430,503	1,896,817	904,521	1,441,674
Transfer from Land Sale Reserve	-	-	-	-	-
Transfer from Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) Reserves	(2,586,157)	(475,899)	(1,536,023)	(1,444,267)	(4,058,657)
	<u>6,778,017</u>	<u>2,383,734</u>	<u>(210,076)</u>	<u>(1,110,616)</u>	<u>(3,187,853)</u>
<b>Balanced Budget</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **SCHEDULE B TO BYLAW NO. 5045 REVENUE POLICY DISCLOSURE**

### **Objectives and Policies**

The City of Port Alberni *Corporate Strategic Plan* provides municipal objectives and policy direction including strategic priorities in the areas of taxation, economic growth, and diversification.

Ongoing initiatives arising from these stated priorities relate directly to revenue generation, property taxation, and permissive tax exemptions. These are:

- Update and review regularly all fees and charges levied to maximize recovery of the cost of service delivery;
- Fund waste collection, sewer, and water utilities on a fee for service basis without contribution required from property taxation;
- Where it is strategic, market and sell City owned lands excess to needs;
- Ensure strategized initiatives and projects included in the *Corporate Strategic Plan* are incorporated into the 2022-2026 Financial Plan to allow for successful implementation of corporate strategy
- Promote revitalization of the City's commercial areas;
- Undertake capital projects identified in the plan by a combination of use of general revenues, borrowing, senior government grant funding and reserve funding.

Considerable progress has been made on these policy directions as outlined in the City of Port Alberni's Annual Reports and *Corporate Strategic Plan*.

### **Proportion of Revenue from Funding Sources**

**Property Taxes** – The majority of the City of Port Alberni's revenue arises from property tax; about 67% [excluding grants and borrowings] in 2022. Property tax collected between 2018 and 2022 increased by 14.09 % over that five-year period.

The 2022-2026 Financial Plan provides for a 3.96% increase in property taxes collected in 2022 moving to 5.8% in 2023 then remaining at 4.7% in the final three years of the Plan. The planned annual increases will allow for successful implementation of all corporate strategic priorities set out by Council in the 2019 *Strategic Plan* as well commitments to capital projects, collective bargaining agreements, and projects that require debt service.

**2022-2026 Annual Tax Rates**

<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
3.96%	5.76%	4.71%	4.71%	4.72%

**Parcel Taxes** – No new parcel tax levies are proposed in the 2022-2026 Financial Plan.

**Fees and Charges** – In 2022, approximately 30% of the City of Port Alberni's revenues will be derived from fees and charges.

Services funded through fees and charges include water and sewer utilities, solid waste collection and disposal, building inspection, cemetery operations and a portion of the parks, recreation, heritage and cultural services.

City Council has directed that where possible it is preferable to charge a user fee for services that are identifiable to specific users instead of levying a general tax to all property owners.

**Borrowing Proceeds** – The City borrows as needed to finance significant capital projects, with more routine capital work funded through general revenue and gas taxes. In 2022, borrowing in this financial plan is approximately \$8.5 Million [approved in September 2021].

**Other Sources** – Other revenue sources are rentals of City-owned property, interest/penalties, payments in lieu of taxes and grants from senior governments.

Revenue from rentals and interest and penalties remain consistent from year to year and comprises 1 - 3% of the City's total revenues. Grants from senior governments vary significantly from year to year depending on successful application for conditional funding.

**COVID-19 Safe Restart Grant for Local Governments** the City of Port Alberni received a \$3.5 Million grant from the Province of British Columbia through the COVID-19 Safe Restart Grant for Local Governments program. The grant program uses a formula that incorporates a flat amount of \$169,000 with an "adjusted per-capita" amount of \$308.34 [2018 population of 18,803]. In 2020 and 2021, Council applied grant funding to revenue shortfalls, expense escalation due to COVID and specific measures to operate under COVID. In 2022, the remaining funds allocations have been included in the Plan.

#### **Distribution of Property Taxes among Property Classes**

Council will provide the policy directions which will be incorporated in the 2022-2026 Financial Plan.

**Class 1 – Residential** The residential tax increase will also reflect 3.96% again as a commitment to successful implementation of the *Corporate Strategic Plan*. Between 2005 and 2021 the share of property taxation paid by Class 1 increased from 40.0% to 60.0%. Council will consider the share of taxation paid by the residential class.

**Class 4 and 5 – Major Industry and Light Industry** In 2006, Council directed that significant tax reductions be provided for Class 4 [Major Industry] taxpayers over a five-year period in response to continued market weakness in the coastal forest industry and higher than average municipal tax rates for Major Industry in Port Alberni. These reductions were implemented in 2006. The City subsequently further committed that through 2013 to 2017 there would be no increase in taxes for Major Industry as part of the agreement to purchase Catalyst's sewage lagoon infrastructure. The above noted reductions and freezes resulted in the Major Industry share of taxation decreasing from 41.8% in 2005 to 22.5% in 2021.

For 2021, Class 4 and 5 taxes were delinked and the tax burden for these classes totaled 22.5%. Council will consider the share of taxation paid by Class 4 and 5 for 2022 to allocate the tax increase of 3.96%.

**Class 6 – Business** In committing to successful implementation of our *Corporate Strategic Plan* business rates will be reviewed to allocate the increase of 3.96%. Business property tax rates dropped from \$27 per thousand dollars in assessed value in 2005 to \$14.52 per thousand in 2021. Council will consider the share of taxation paid by Class 6 for 2022.

**Other Classes** Approximately 0.3% of total taxation arises from the other property classes in Port Alberni. Council will consider the share of taxation paid by other classes for 2022 to allocate the tax increase of 3.96%.

### **Permissive Tax Exemptions**

Permissive tax exemptions are provided by the City of Port Alberni as permitted under the *Community Charter* and in compliance with Council policy. Permissive tax exemptions must also fall within the budget constraints identified by Council to be considered for approval.

Generally, permissive tax exemptions are a means for Council to support organizations within the community which further Council's objectives of enhancing quality of life (economic, social, and cultural) and delivering services economically. Specifically, the policy allows for annual application by eligible organizations for permissive tax exemptions on the lands or buildings they occupy, and who provide for:

- athletic or recreational programs or facilities for youth;
- services and facilities for persons requiring additional supports; mental wellness and addictions;
- programming for youth and seniors;
- protection and maintenance of important community heritage;
- arts, cultural or educational programs or facilities;
- emergency or rescue services;
- services for the public in a formal partnership with the City or;
- preservation of an environmentally or ecologically sensitive area designated within the Official Community Plan;

Eligible organizations may be considered for tax exemptions exceeding one year (to a maximum of 10 years) where it is demonstrated that the services/benefits they offer to the community are of duration equal to or greater than the period of tax exemption).

Since 2005 Council has approved, on average, annual permissive tax exemptions for 34 organizations (not including places of public worship) with a total annual municipal property tax exemption value of approximately \$250,000. In 2021, 51 organizations were approved, with a total annual property tax exemption value of approximately \$250,000.

### **Revitalization Tax Exemptions**

Council adopted "City of Port Alberni Revitalization Tax Exemption Program, Bylaw No.4824" in 2013, an aggressive bylaw designed to encourage revitalization of the uptown area. Council amended the Bylaw in March 2016 to include Harbour Quay and City owned properties to the Schedule of eligible properties. Also, in 2016, Council adopted a new Revitalization Tax Exemption Bylaw covering all other commercial areas. Council's objective is to stimulate growth and development in the City's commercial areas by encouraging investment in new commercial space and improvements to existing commercial buildings. In 2020, one application was received and approved. This approved application experienced the first tax exemption in 2021 and is in effect for a period of five years [expires December 31, 2025].

### **Strategic Community Investment (SCI) and Traffic Fine Revenue Sharing (TFRS) Funds**

The Strategic Community Investment Fund Plan is an unconditional grant from the Province to municipalities to assist in provision of basic services. The Traffic Fine Revenue Sharing Fund returns net revenues from traffic violations to municipalities responsible for policing costs.

The City is expecting to receive approximately \$580,000 in 2022. Performance targets are not expected to change from 2021 to 2022. SCI and TFRS funds are allocated to general revenue to support local government service delivery.

### **Community Gaming Funding**

On October 23, 2007 the City of Port Alberni and the Province of BC signed the Host Financial Assistance Agreement providing for the transfer to the City (Host) of ten (10%) percent of net gaming revenue from the casino located within the City's boundaries. The budget assumes that the City of Port Alberni will continue to receive a share of gaming revenue through the five years of this Financial Plan. It should be noted that there is no long-term agreement in place with the Province.

Community gaming funds must be applied to Eligible Costs only. Eligible Costs are defined by the Province as "the costs and expenses incurred by the Host for any purpose that is of public benefit to the Host and within the lawful authority of the Host."

In 2020 and 2021, COVID-19 impacted the revenue received to support the annual funding to eligible costs. The draft Plan continues the support of the eligible costs in 2022 with an expectation of normal funding through the entire year from the Host Financial Assistance Agreement.

<b>2021 Funding Allocation</b>	<b>Funds (\$) Allocated</b>
McLean Mill National Historic Site Operations	\$ 160,229
Visitor Centre Funding	87,411
Offset Economic Development	150,000
Community Investment Plan/Grants in Aid	48,200
<b>Total commitments</b>	<b>\$445,840</b>