

**CITY OF PORT ALBERNI
BYLAW NO. 5075**

A BYLAW TO ESTABLISH A FIVE-YEAR FINANCIAL PLAN

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, 2023 to December 31, 2027.
2. This Bylaw may be cited for all purposes as "*City of Port Alberni 2023 – 2027 Financial Plan Bylaw No. 5075, 2023*" and shall become effective upon adoption.

READ A FIRST TIME this 13th day of February, 2023.

READ A SECOND TIME this day of , 2023.

READ A THIRD TIME this day of , 2023.

FINALLY ADOPTED this day of 2023.

Mayor

Corporate Officer

COPY AVAILABLE FOR PUBLIC INSPECTION



**SCHEDULE A TO BYLAW NO. 5075
CITY OF PORT ALBERNI
CONSOLIDATED FINANCIAL PLAN 2023-2027**

	2023	2024	2025	2026	2027
Revenue					
Taxes					
Property Taxes	27,703,805	29,892,406	32,346,572	34,756,392	36,820,921
Other Taxes	804,028	822,077	840,667	859,816	879,538
Grants in Lieu of Taxes	229,245	229,245	229,245	229,245	229,245
Fees and Charges					
Sales of Service	4,341,991	4,535,835	4,620,129	4,742,742	4,831,717
Sales of Service/Utilities	7,220,988	7,563,559	7,858,375	8,300,580	8,696,772
Service to other Government	50,000	53,045	53,045	54,636	56,275
User Fees/Fines	602,000	613,535	625,299	637,297	649,534
Rentals	186,090	191,673	197,423	203,346	209,446
Interest/Penalties/Miscellaneous	973,100	979,340	985,716	992,231	998,887
Grants/Other Governments	1,190,000	1,195,100	1,200,302	1,205,608	1,211,020
Other Contributions	4,234,889	89,900	89,900	89,900	89,900
	<u>47,536,136</u>	<u>46,165,715</u>	<u>49,046,673</u>	<u>52,071,793</u>	<u>54,673,255</u>
Expenses					
Debt Interest	583,795	583,795	583,795	583,795	583,795
Capital Expenses	15,666,408	9,262,510	5,716,011	5,687,756	5,054,274
Other Municipal Purposes					
General Municipal	5,084,377	5,320,490	5,401,468	5,540,768	5,653,432
Police Services	8,823,414	9,205,661	9,459,677	9,722,586	10,001,032
Fire Services	4,394,298	4,851,944	4,991,248	5,130,532	5,273,873
Other Protective Services	469,126	456,147	467,384	478,930	520,789
Transportation Services	4,910,933	5,644,157	5,825,396	6,009,138	6,207,746
Environmental Health and Development	3,394,219	3,483,010	3,485,303	3,491,569	3,612,604
Parks and Recreation	6,426,140	6,812,709	6,990,396	7,156,467	7,339,762
Cultural	1,598,099	1,636,405	1,656,032	1,686,788	1,718,884
Water	1,937,328	1,989,928	2,044,037	2,099,666	2,156,870
Sewer	1,673,974	1,713,007	1,753,333	1,794,372	1,841,024
Contingency	100,000	300,000	300,000	300,000	300,000
	<u>55,062,111</u>	<u>51,259,763</u>	<u>48,674,080</u>	<u>49,682,367</u>	<u>50,264,085</u>
Revenue Over (Under) Expenses Before Other	<u>(7,525,975)</u>	<u>(5,094,048)</u>	<u>372,593</u>	<u>2,389,426</u>	<u>4,409,170</u>
Other					
Debt Proceeds	-	-	-	-	-
Debt Principal	(371,426)	(572,870)	(572,870)	(572,870)	(572,870)
Transfer from Equipment Replacement Reserve	4,513,419	1,835,404	919,521	1,206,674	520,192
Transfer from Land Sale Reserve	650,000	-	-	-	-
Transfer from Cemetery Trust	2,000	2,000	2,000	2,000	2,000
Transfer from (to) Reserves	2,731,982	3,829,514	(721,244)	(3,260,230)	(4,358,492)
	<u>7,525,975</u>	<u>5,094,048</u>	<u>(372,593)</u>	<u>(2,624,426)</u>	<u>(4,409,170)</u>
Balanced Budget	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

SCHEDULE B TO BYLAW NO. 5075 REVENUE POLICY DISCLOSURE

Objectives and Policies

The City of Port Alberni's 2019 – 2023 Corporate Strategic Plan [Strategic Plan] provides municipal objectives and policy direction. The "City of Port Alberni 2023 – 2027 Financial Plan Bylaw No. 5075, 2023" [Financial Plan] will continue with initiatives arising from these stated priorities related directly to revenue generation, property taxation, and permissive tax exemptions until alternate direction has been made for an updated Corporate Strategic Plan.

The Financial Plan seeks continued levels of service that are currently provided for the community, and where required, additional resources to support that level of service have been added.

Proportion of Revenue from Funding Sources

Property Taxes – The majority of the City of Port Alberni's revenue arises from property taxation; in 2023, approximately 67% in the Financial Plan.

The Financial Plan proposes an 8.00% increase in property taxes collected for 2023, with increases in subsequent years ranging from 6.00% to 8.00%. Property tax increases over the previous five years were lower than those projected for the next five years. Property tax collected in 2022 was 14.09% higher than property tax collected in 2018. The projected annual tax increases will allow for successful implementation of corporate strategic priorities set out by Council in the Strategic Plan, as well commitments to capital projects, collective bargaining agreements, and projects that require debt service.

2023-2027 Annual Tax Rates

2023	2024	2025	2026	2027
8.00%	7.90%	8.21%	7.45%	5.94%

Parcel Taxes – No new parcel tax levies are proposed in the Financial Plan.

Fees and Charges – In 2023, approximately 23% 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 Community Building Funding taxes. In 2022, a borrowing request was submitted to the Municipal Finance Authority of BC in the amount of \$8.5 Million. These funds will be received in Spring of 2023.

Other Sources – Other revenue sources are rentals of City-owned property, interest/penalties, payments in lieu of taxes and grants from senior governments. In 2023, approximately 1-3% of the City of Port Alberni's revenues will be derived from these other sources.

Revenue from some rentals and interest are increasing based on CPI and prescribed interest rates now in the 5% to 7% range. Grants from senior governments vary significantly from year to year depending on successful application for conditional funding.

Distribution of Property Taxes among Property Classes

Council will provide the policy direction which will be incorporated in the *Financial Plan*. The previous year tax shares were allocated as follows:

Class 1 – Residential - Tax increases will reflect the 8.00% for this class [share to be confirmed by Council]. Between 2005 and 2022 the share of property taxation paid by Class 1 increased from 40.00% to 60.81%.

Class 4 – Major Industry - In 2006, Council directed that significant tax reductions be provided for Class 4 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 41.80% in 2005 to 18.71% in 2022.

Class 5 - Light Industry – Growth has occurred in the Class 5 property classification since 2019. Historically the rate of Class 4 and 5 were the same. These classes were delinked in 2021. The tax share of Class 5 was 2.54% in 2022.

Class 6 – Business In committing to successful implementation of our *Strategic Plan* business rates will be reviewed to allocate the increase of 8.00%. Business property tax rates had a taxation share of 17.60% in 2022.

Other Classes Approximately 0.35% 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 8.00%.

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. December 31, 2023 will signal the end of the current permissive tax exemption bylaw period. Council may wish to consider a review and update of the Permissive Tax Exemption policy prior to establishment of the bylaw for 2024.

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.

In 2021, 54 organizations were approved, with a total annual property tax exemption value of approximately \$226,197.64.

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 \$600,000 in 2023. Performance targets are not expected to change from 2022 to 2023. 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.”

Through 2020 to 2022, 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 2023 with an expectation of normal funding through the entire year from the Host Financial Assistance Agreement.

2023 Funding Allocation	Funds (\$) Allocated
McLean Mill National Historic Site Operations	\$216,079
Visitor Centre Funding	100,000
Offset Economic Development	159,721
Community Investment Plan/Grants in Aid	44,200
Total commitments	\$520,000