

**VILLAGE OF CHASE
BYLAW NO. 826 – 2017**

A Bylaw to Adopt the Village of Chase 2017 to 2021 Financial Plan

WHEREAS the Community Charter requires that municipalities must establish a five year financial plan that is adopted annually by bylaw;

NOW THEREFORE the Council of the Village of Chase, in the Province of British Columbia, in an open meeting assembled enacts as follows:

1. Schedule "A", Village of Chase 2017 to 2021 Financial Plan and Schedule "B" Statement of Objectives and Policies, attached hereto, shall form part of this Bylaw and are hereby adopted as the Five Year Financial Plan for the Village of Chase for the years 2017 to 2021 inclusive.
2. This Bylaw may be cited as "Village of Chase 2017 to 2021 Five Year Financial Plan Bylaw No. 826-2017".

READ A FIRST TIME THIS **14th DAY OF MARCH, 2017**

READ A SECOND TIME THIS **14th DAY OF MARCH, 2017**

READ A THIRD TIME THIS **14th DAY OF MARCH, 2017**

ADOPTED THIS **28th DAY OF MARCH, 2017**

original signed by
Mayor, Rick Berrigan

original signed by
Corporate Officer, Sean O'Flaherty

VILLAGE OF CHASE

Bylaw No. 826-2017
2017 to 2021 Financial Plan
Schedule "A"

Revenues	2017	2018	2019	2020	2021
Property Taxes	\$1,682,900	\$1,750,300	\$1,820,300	\$1,893,100	\$1,968,800
Payments in Lieu of Taxes	15,800	16,500	17,300	18,300	19,200
Utility Tax	38,000	37,500	37,500	37,000	37,000
Interest and Penalties on taxes	36,500	37,200	37,900	38,600	39,300
Collection of taxes for Other Governments	1,763,100	1,769,600	1,776,100	1,782,600	1,788,100
Grants	1,700,200	439,000	1,244,700	455,500	431,100
Fees					
Other Revenue Own Sources	365,200	371,900	378,300	384,500	390,600
Water utility	378,000	415,000	456,000	501,000	551,000
Waste Water utility	437,500	446,100	454,900	463,900	473,100
Other Revenues	12,000	6,000	5,000	5,000	5,000
Development Cost Charges	126,000	0	0	0	0
Disposal of Tangible Capital Assets	12,000	0	0	0	0
Transfers from Reserves					
General	128,000	89,600	43,700	0	0
Water utility	0	10,000	0	10,000	0
Waste Water utility	242,000	0	0	0	0
Proceeds from Borrowing	0	0	383,800	0	0
Total Revenues	6,937,200	5,388,700	6,655,500	5,589,500	5,703,200
Expenditures					
Payment of taxes to Other Governments	1,763,100	1,769,600	1,776,100	1,782,600	1,788,100
Grants in aid	176,600	169,500	174,600	179,700	185,000
Legislative services	76,400	77,600	78,900	80,200	81,300
Corporate services	563,700	577,700	576,000	586,100	596,300
Municipal Enforcement	56,400	56,700	57,200	57,400	57,800
Fire service	268,800	258,200	260,400	273,700	277,000
Rescue service	30,700	31,100	31,400	31,800	32,100
Emergency services	5,100	5,200	5,400	5,500	5,600
Planning	63,400	29,300	29,000	29,300	29,700
Economic Development	85,400	71,000	71,400	71,600	72,000
Common Services	337,800	348,400	345,400	343,700	349,800
Transportation	441,800	451,700	459,800	470,100	473,900
Parks & Recreation	675,300	681,100	686,300	694,000	699,600
Solid Waste	204,100	209,600	215,100	212,400	218,000
Water	747,800	765,000	769,600	774,600	777,200
Sewer	373,400	399,100	401,400	403,000	406,500
Other	42,600	42,700	42,900	47,100	47,200
Capital Expenditures					
General	185,800	364,200	605,400	729,200	156,500
Water	70,000	66,000	841,000	0	0
Sewer	1,630,000	0	10,000	0	0
Deduct Amortization	(1,124,400)	(1,152,100)	(1,144,600)	(1,142,200)	(1,142,200)
Debt Repayment	158,300	160,800	177,000	92,500	95,500
Leases	6,600	0	0	0	0
Transfers to Reserves					
General	45,000	45,000	45,000	45,000	45,000
Water	0	(10,000)	0	(10,000)	0
Sewer	0	0	0	0	0
Total Expenditures	6,883,700	5,417,400	6,514,700	5,757,300	5,251,900
Annual Cash Surplus/(Deficit)	53,500	(28,700)	140,800	(167,800)	451,300
Transfers (to)/from Surplus	(53,500)	28,700	(140,800)	167,800	(451,300)
Financial Plan Balance (will be \$0)	\$0	\$0	\$0	\$0	\$0

Village of Chase
Bylaw No. 826-2017
2017 to 2021 Financial Plan
Schedule "B" – Statement of Objectives and Policies

In accordance with Section 165(3.1) of the *Community Charter*, the Five Year Financial Plan must include objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from the following funding sources described in Section 165(7) of the *Community Charter*:
 - (a) revenue from property value taxes;
 - (b) revenue from parcel taxes;
 - (c) revenue from fees;
 - (d) revenue from other sources;
 - (e) proceeds from borrowing.
2. The distribution of property taxes among the property classes, and
3. The use of permissive tax exemptions.

FUNDING SOURCES

Table 1 shows the proportion of total revenue proposed to be raised from each funding source in 2017.

In 2017, grants form a major proportion of revenue for the Village. Chase has been very fortunate to secure over 1.0 million dollars from the Canada – British Columbia Building Canada Fund which will pay for two-thirds of the new Waste Water Treatment Plant. Construction of the plant began in 2016 and will be completed during 2017.

Property taxation, the largest revenue source, offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as maintenance of streets, sidewalks, parks, general administration, fire protection, bylaw enforcement, and snow removal.

Objective

In 2016 the Village implemented its new metered billing rates based on water consumption. Parcel Taxes for utility revenues were eliminated and utilities were changed to full funding from user fees. Water fees are low and the Village will continue to increase the water utility rates until the revenues fully fund the costs of providing the service.

Policies

- Where possible, the Village will supplement revenues from user fees and charges, rather than taxation, to lessen the burden on its limited, primarily residential, property tax base.

- Based on the above statement, the Village will be reviewing and revising user fees to ensure that they are adequately meeting both the capital and operating costs of the services for which they are collected.
- The metered water system was implemented in April 2016. The metered bills are bringing forward issues with leakage and meters which are being resolved.
- The new utility billing procedures are being monitored to ensure they are efficient and effective. Additional procedures are being developed to deal with issues as they arise.

<u>Revenue Source</u>	<u>Amount</u>	<u>Percentage of Total</u>
Municipal taxes	\$1,682,900	24.40%
Other Taxes	1,763,100	25.56%
User Fees	1,180,700	17.12%
Grants	1,700,200	24.65%
Other Sources	570,300	8.27%
Borrowing	0	0.00%
<u>Total</u>	<u>\$6,897,200</u>	<u>100.00%</u>

DISTRIBUTION OF PROPERTY TAX RATES

Table 2 outlines the distribution of property tax rates among the property classes. The residential property class provides the largest proportion of property tax revenue. This is appropriate as this class forms the largest proportion of the assessment base and consumes the majority of Village services.

Municipalities generally charge a higher rate of tax to business and industry based on the theory that they proportionately consume a greater portion of the Village services.

Our only “Major Industry” class, Adams Lake Lumber, is a special situation as the Letters Patent by which their property was incorporated into the Village of Chase requires that the tax rate to be used is set by the provincial “Taxation (Rural Area) Act Regulation”. The “Utility” class is also determined by the province under that same regulation and we are already using the maximum tax rate allowed and therefore it cannot change.

Objective

- The amount of taxes to be collected from the “Residential”, “Business and Other”, “Recreation/Non-Profit” and “Farm” classes will increase by 4.0 % contingent on the relative changes in assessment values and real

construction addition values in 2017. This will be reviewed in future as user fees are implemented to offset property taxes. Council will conduct a review of the tax multiples utilized by the village to determine if they are still appropriate.

Policies

- The Village will supplement its revenues from user fees and charges to keep property tax increases to a minimum.
- The Village will continue to maintain and encourage economic development initiatives designed to attract more retail and commercial businesses to invest in the community and create new jobs.
- The Village will regularly review the tax rates and revenues relative to the expenses incurred within each property class.

<u>Table 2 - Distribution of Municipal Property Taxes</u>		
<u>Property Classification</u>	<u>% of Total Property Taxation</u>	<u>Value</u>
Residential (1)	74.29%	\$1,209,900
Utilities (2)	1.77%	28,900
Major Industry (4)	7.80%	127,100
Business and Other (6)	15.98%	260,200
Recreation / Non-Profit (8)	0.06%	1,000
Farm (9)	0.09%	1,500
<u>Total All Sources</u>	<u>100.00%</u>	<u>\$1,628,600</u>

PERMISSIVE TAX EXEMPTIONS

The Village has adopted a Permissive Tax Exemption policy in 2015 which provides guidelines for applications and review by council of those applications to determine the nature and the purpose of the exemptions being given. Council considers the following criteria before granting permissive tax exemptions:

- The tax exemption must demonstrate benefit to the community and residents of the Village by enhancing the quality of life economically, socially and/or culturally.
- The goals, policies and principles of the organization receiving the exemption must be consistent with those of the Village.
- The organization receiving the exemption must be a registered non-profit organization or government institution.
- Permissive tax exemptions will be considered in conjunction with:
 - (a) Other assistance being provided by the Village;
 - (b) The potential demand for Village services or infrastructure arising from the property; and

(c) The amount of revenue that the Village will lose if the exemption is granted.

Objective

- The Village will continue to provide permissive tax exemptions to non-profit societies, agencies and government institutions providing services to the community.
- The Village will consider the benefits to the community being provided by the recipients of the exemptions.
- The Village will consider additional permissive tax exemptions as allowed under the *Community Charter*.
- Council will review the level of permissive tax exemptions being granted and determine if the value granted is appropriate.

Policies

- The new policy was in effect for 2015. The process will be reviewed and any changes required to improve accountability and provide fair access to the exemptions will be considered by council in the future.

Goal of Council

A major goal of this council is to improve the Village's financial situation over the next several years. In pursuit of this goal council did make cuts to its operating budget expenditures in 2016 and deferred several capital projects. The impact of unexpected increasing costs for the Sewage Treatment Plant upgrade required modifications to the project which have delayed the completion of the project to 2017. Review of the impact over the five year plan also required an increased increment to 4% for the 2017 municipal tax rate. Council is maintaining the direction of the Village finances to begin to provide future funding for asset repair and replacement with less reliance on senior government funding.