

**CITY OF TERRACE**

**BYLAW NO. 2278 – 2023**

**"A BYLAW TO ADOPT THE 2023 - 2027 FINANCIAL PLAN."**

*WHEREAS* pursuant to Section 165 of the Community Charter, a Municipality must, before the 15<sup>th</sup> day of May in each year, have a Financial Plan that is adopted, by Bylaw, before the annual property tax bylaw is adopted;

*NOW THEREFORE* the Council of the City of Terrace in open meeting assembled enacts as follows:

- 1.0 *Schedule "A", attached hereto and forming part of this Bylaw, is hereby adopted as the Statement of Objectives and Policies.*
- 2.0 *Schedule "B", attached hereto and forming part of this Bylaw, is hereby adopted as the Financial Plan for the period January 1, 2023 to December 31, 2027.*
- 3.0 *This Bylaw may be cited as "2023-2027 Financial Plan Bylaw No. 2278 – 2023".*

*READ a first time this 27<sup>th</sup> day of March, 2023.*

*READ a second time this 27<sup>th</sup> day of March, 2023.*

*READ a third time this 27<sup>th</sup> day of March, 2023.*

*ADOPTED this 11<sup>th</sup> day of April, 2023.*

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*Mayor*

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*Corporate Officer*

## **SCHEDULE “A” STATEMENT OF OBJECTIVES AND POLICIES**

*In accordance with Section 165(3.1) of the Community Charter, the City of Terrace is required to include in the Five-Year Financial Plan (2023 to 2027), 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 amongst the property classes, and*
- 3. The use of permissive tax exemptions.*

### **Funding Sources**

*Table 1 highlights the various operating and capital revenue sources, including the percentage from each source, reflected in the City’s five-year financial plan (2023 to 2027). Property taxes form the greatest proportion of revenue at 48%, with reserves and surplus making up the other significant portion at 27%. The majority of capital funding is intended to come from the City’s internal reserves and grants.*

### **Objective**

*The City will strive to diversify and expand its revenue base as much as possible.*

### **Policy**

*Council recognizes that the City of Terrace is reliant on property taxes to fund the majority of its services/programs. Council is committed, on an annual basis, to reviewing and adjusting, where possible, existing user fees and examining and implementing new user fees where feasible, in order to minimize overall property tax increases and reliance on reserves to maintain service levels. Council also recognizes that raising user fees beyond a certain point will actually result in less usage or demand and ultimately less revenue and that various services like recreation need to be subsidized to a certain level so that all citizens can partake. The City of Terrace, like other local governments in B.C., also needs access to other sources of revenue to meet growing service demands and to stabilize property taxes.*

*Council sees the need to increase the City’s internal capital funding capacity by building up its own reserves, to minimize future external debt/interest costs.*

**TABLE 1: Sources of Revenue**

<b>REVENUE SOURCE</b>	<b>% TOTAL REVENUE</b>	<b>DOLLAR VALUE</b>
<i>Taxation and Grants in Lieu</i>	48 %	\$19,671,492
<i>User Fees &amp; Charges</i>	15 %	\$6,129,500
<i>Other Sources</i>	2 %	\$824,000
<i>Grants</i>	8 %	\$3,149,387
<i>Borrowing</i>	0 %	\$0
<i>Reserves &amp; Surplus</i>	27 %	\$11,374,416
<b>TOTAL</b>	<b>100%</b>	<b>\$ 41,148,795</b>

**Distribution of Property Taxes**

Table 2 outlines the distribution of property taxes amongst the property classes. The residential and business property classes provide the largest proportions of property tax revenue. This is primarily due to very small industrial classes within the City. Downtown Business Improvement Area taxation is included in Business and Other Class.

**TABLE 2: Distribution of 2022 Municipal Property Taxes**

<b>PROPERTY CLASS</b>	<b>% OF TOTAL PROPERTY TAXATION</b>	<b>DOLLAR VALUE</b>
<i>Residential</i>	44 %	\$7,869,255
<i>Utilities</i>	2 %	\$349,868
<i>Major Industrial</i>	2 %	\$372,777
<i>Light Industrial</i>	3 %	\$503,685
<i>Business and Other</i>	43 %	\$7,643,772
<i>Recreation/Non-Profit</i>	0 %	\$12,082
<i>Farmland</i>	0 %	\$2,048
<i>Grants in Lieu</i>	6 %	\$998,369
<b>TOTAL</b>	<b>100%</b>	<b>\$17,751,855</b>

**Objectives**

Maintain the property tax levy distribution for 2023 at the prior levels, adjusted for the impact of changes to assessments. Utility class to be within the maximum allowable by Provincial statute (B.C. Reg. 329/96).

**Policies**

*Continue to maintain and encourage economic development initiatives designed to attract more retail, commercial and industrial businesses to invest in the community.*

*To review annually with a view to lowering both the Residential and Business property tax rates using new, non-market industrial assessment.*

**Permissive Tax Exemptions (including Revitalization Tax Exemptions)**

*The City has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions.*

**Objectives**

*Continue to support worthy charitable/non-profit organizations that provide valuable services to the community.*

**Policy**

*Council chooses to support charitable/non-profit organizations that provide valuable services to the community through permissive tax exemptions as allowed for by legislation and pursuant to City policy.*

*A Terrace Downtown Revitalization Tax Exemption Program offering a five-year revitalization tax exemption is available within the defined revitalization area and provides a financial incentive to encourage development in the downtown area.*

**SCHEDULE “B”**  
**CITY OF TERRACE FINANCIAL PLAN 2023 – 2027**

	2023	2024	2025	2026	2027
<b>REVENUES</b>					
Taxation	\$ 18,572,372	\$ 19,245,264	\$ 20,088,707	\$ 20,796,489	\$ 21,521,760
Grants in Lieu	1,099,120	1,099,120	1,099,120	1,099,120	1,099,120
General Fees and Charges	3,396,075	3,396,075	3,396,075	3,396,075	3,396,075
Investment Income	174,000	174,000	174,000	174,000	174,000
Sewer User Fees/Frontage Taxes	1,200,053	1,118,964	1,038,254	1,007,929	1,027,997
Water User Fees/Frontage Taxes	1,533,372	1,548,229	1,578,684	1,610,279	1,642,275
Grants	3,149,387	9,056,332	2,761,673	2,598,923	2,420,673
Other Revenue	650,000	650,000	650,000	650,000	650,000
<b>TOTAL REVENUE</b>	<b>\$ 29,774,379</b>	<b>\$ 36,287,984</b>	<b>\$ 30,786,513</b>	<b>\$ 31,332,815</b>	<b>\$ 31,931,900</b>
<b>EXPENSES</b>					
General Municipal	23,950,044	24,438,313	24,936,346	25,444,341	25,962,495
Sewer	660,704	673,446	686,378	679,505	672,529
Water	1,027,473	1,045,800	1,064,401	1,069,282	1,088,236
Amortization of Assets	4,233,754	4,233,754	4,233,754	4,233,754	4,233,754
<b>TOTAL EXPENSES</b>	<b>\$ 29,871,975</b>	<b>\$ 30,391,313</b>	<b>\$ 30,920,879</b>	<b>\$ 31,426,882</b>	<b>\$ 31,957,014</b>
<b>ANNUAL (SURPLUS) DEFICIT</b>	<b>\$ 97,596</b>	<b>\$ (5,896,671)</b>	<b>\$ 134,366</b>	<b>\$ 94,067</b>	<b>\$ 25,114</b>
<b>RESERVES, CAPITAL AND DEBT</b>					
Amortization	-\$4,233,754	-\$4,233,754	-\$4,233,754	-\$4,233,754	-\$4,233,754
TCA expenditures	12,236,225	11,392,017	4,031,386	2,961,800	2,449,250
Debt Principal Payment (see note below)	298,638	298,638	298,638	298,638	298,638
Debt Proceeds	0	0	0	0	0
Transfers to Reserves					
Interest to Reserves	69,500	69,500	69,500	69,500	69,500
General Capital	323,215	507,839	699,191	898,978	1,105,843
Sewer Capital	340,089	259,000	168,645	148,482	158,516
Water Capital	380,467	380,396	395,623	410,155	426,153
Machinery & Equipment	607,440	607,440	607,440	607,440	607,440
Gaming	650,000	650,000	650,000	650,000	650,000
Crematorium	10,000	10,000	10,000	10,000	10,000
Gas Tax	595,000	595,000	595,000	595,000	595,000
Transfer from Reserves					
Community Forest	-257,010				
Covid-19 Safe Restart	-86,051	-118,648			
Gaming	-442,127	-200,000	-200,000	-250,000	-500,000
Gas Tax	-600,000	-500,000	-900,000	-600,000	-900,000
General Capital					
Sewer Capital	-1,155,000	-227,000	-50,000	-25,000	0
Water Capital	-575,000	-345,000	-584,286	-370,000	-530,000
Land Acquisition					
Landfill	-3,146,000				
LGCAP	-72,000	-70,000			
Northern Capital & Plan	-4,833,215	-2,449,017	-1,121,400	-950,000	
Machinery & Equipment	-216,665	-722,250	-556,200	-310,050	-240,750
Transfer to (from) Surplus	8,652	-7,490	-14,149	-5,256	9,050
	<b>\$ (97,596)</b>	<b>\$ 5,896,671</b>	<b>\$ (134,366)</b>	<b>\$ (94,067)</b>	<b>\$ (25,114)</b>
<b>FINANCIAL PLAN BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Principal and Interest:					
Principal Payment	\$ 298,638	\$ 298,638	\$ 298,638	\$ 298,638	\$ 298,638
Interest on Debt	178,022	178,022	178,022	178,022	178,022
	<b>\$ 476,660</b>	<b>\$ 476,660</b>	<b>\$ 476,660</b>	<b>\$ 476,660</b>	<b>\$ 476,660</b>