

CITY OF TERRACE

BYLAW NO. 2291 – 2024

"A BYLAW TO ADOPT THE 2024 - 2028 FINANCIAL PLAN."

WHEREAS pursuant to Section 165 of the Community Charter, a Municipality must, before the 15th 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, 2024 to December 31, 2028.
- 3.0 This Bylaw may be cited as "**2024-2028 Financial Plan Bylaw No. 2291 – 2024**".

READ a first time this 22nd day of January, 2024.

READ a second time this 22nd day of January, 2024.

READ a third time this 22nd day of January, 2024.

ADOPTED this 12th day of February, 2024.

Mayor

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 (2024 to 2028), 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 (2024 to 2028). Property taxes form the greatest proportion of revenue at 55%, with user fees & charges and reserves and surplus making up significant portions at 17% and 15%. 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

REVENUE SOURCE	% TOTAL REVENUE	DOLLAR VALUE
Taxation and Grants in Lieu	55 %	\$21,428,951
User Fees & Charges	17 %	\$6,408,332
Other Sources	2 %	\$824,000
Grants	11 %	\$4,243,171
Borrowing	0 %	\$0
Reserves & Surplus	15 %	\$5,807,616
TOTAL	100%	\$ 38,712,070

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 2023 Municipal Property Taxes

PROPERTY CLASS	% OF TOTAL PROPERTY TAXATION	DOLLAR VALUE
<i>Residential</i>	45 %	\$8,822,377
<i>Utilities</i>	2 %	\$382,726
<i>Major Industrial</i>	2 %	\$411,251
<i>Light Industrial</i>	3 %	\$555,465
<i>Business and Other</i>	43 %	\$8,384,664
<i>Recreation/Non-Profit</i>	0 %	\$13,425
<i>Farmland</i>	0 %	\$2,464
<i>Grants in Lieu</i>	5 %	\$1,099,120
TOTAL	100%	\$19,671,492

Objectives

Maintain the property tax levy distribution for 2024 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 2024 – 2028

	2024	2025	2026	2027	2028
REVENUES					
Taxation	\$ 20,250,307	\$ 21,531,236	\$ 22,450,194	\$ 23,368,552	\$ 24,313,469
Grants in Lieu	1,178,644	1,178,644	1,178,644	1,178,644	1,178,644
General Fees and Charges	3,662,672	3,666,817	3,671,065	3,675,421	3,679,884
Investment Income	174,000	174,000	174,000	174,000	174,000
Sewer User Fees/Frontage Taxes	1,176,100	1,015,124	1,060,782	1,103,194	1,147,301
Water User Fees/Frontage Taxes	1,569,560	1,600,731	1,641,215	1,690,436	1,741,134
Grants	4,243,171	3,434,278	2,553,188	2,589,188	2,785,688
Other Revenue	650,000	650,000	650,000	650,000	650,000
TOTAL REVENUE	\$ 32,904,454	\$ 33,250,830	\$ 33,379,088	\$ 34,429,435	\$ 35,670,120
EXPENSES					
General Municipal	26,084,509	27,018,418	27,500,583	28,199,895	28,916,690
Sewer	669,748	666,918	684,031	701,486	719,291
Water	1,037,098	1,061,726	1,072,847	1,098,190	1,124,040
Amortization of Assets	4,303,766	4,303,766	4,303,766	4,303,766	4,303,766
TOTAL EXPENSES	\$ 32,095,121	\$ 33,050,828	\$ 33,561,227	\$ 34,303,337	\$ 35,063,787
ANNUAL (SURPLUS) DEFICIT	\$ (809,333)	\$ (200,002)	\$ 182,139	\$ (126,098)	\$ (606,333)
RESERVES, CAPITAL AND DEBT					
Amortization	-\$4,303,766	-\$4,303,766	-\$4,303,766	-\$4,303,766	-\$4,303,766
TCA expenditures	7,456,798	8,081,183	1,610,750	3,038,750	3,389,500
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	507,839	709,242	923,454	1,146,856	1,379,441
Sewer Capital	313,884	158,274	183,640	210,147	237,714
Water Capital	403,100	411,186	433,965	458,576	483,925
Machinery & Equipment	615,956	615,956	615,956	615,956	615,956
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	-359,560	-374,500	-127,000	-247,000	-62,000
Covid-19 Safe Restart	-123,813				
Parking Space	-57,400				
Gaming	-770,000	-570,000	-595,000	-920,000	-1,070,000
Gas Tax	-500,000	-600,000	-300,000	-750,000	-600,000
General Capital					-600,000
Sewer Capital	-397,000	-50,000	-25,000		
Water Capital	-328,000	-670,000	-100,000	-515,000	-385,000
Growing Communities		-1,500,000			
Landfill	-673,778				
LGCAP		-70,000			
Northern Capital & Plan	-1,897,017	-2,403,650			
Machinery & Equipment	-633,765	-785,700	-133,750	-240,750	-110,000
Transfer to (from) Surplus	-67,283	-71,361	11,474	9,191	7,425
	\$ 809,333	\$ 200,002	\$ (182,139)	\$ 126,098	\$ 606,333
FINANCIAL PLAN BALANCE	0	0	0	0	0
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
	\$ 476,660	\$ 476,660	\$ 476,660	\$ 476,660	\$ 476,660