

CITY OF TERRACE

BYLAW NO. 2316 – 2025

"A BYLAW TO ADOPT THE 2025 - 2029 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, 2025 to December 31, 2029.
- 3.0 This Bylaw may be cited as "**2025-2029 Financial Plan Bylaw No. 2316 – 2025**".

READ a first time this 27th day of January, 2025.

READ a second time this 27th day of January, 2025.

READ a third time this 27th day of January, 2025.

ADOPTED this 10th day of February, 2025.

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 (2025 to 2029), 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 (2025 to 2029). Property taxes form the greatest proportion of revenue at 44%, with reserves and surplus making up a significant portion at 32%. 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	44 %	\$23,020,583
User Fees & Charges	13 %	\$6,463,722
Other Sources	2 %	\$1,050,000
Grants	9 %	\$4,544,572
Borrowing	0 %	\$0
Reserves & Surplus	32 %	\$16,834,179
TOTAL	100%	\$ 51,913,056

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 2024 Municipal Property Taxes

PROPERTY CLASS	% OF TOTAL PROPERTY TAXATION	DOLLAR VALUE
<i>Residential</i>	45 %	\$9,650,547
<i>Utilities</i>	2 %	\$435,331
<i>Major Industrial</i>	2 %	\$441,488
<i>Light Industrial</i>	3 %	\$604,540
<i>Business and Other</i>	43 %	\$9,103,939
<i>Recreation/Non-Profit</i>	0 %	\$11,780
<i>Farmland</i>	0 %	\$2,684
<i>Grants in Lieu</i>	5 %	\$1,178,644
TOTAL	100%	\$21,428,952

Objectives

Maintain the property tax levy distribution for 2025 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 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 2025 – 2029

	2025	2026	2027	2028	2029
REVENUES					
Taxation	\$ 21,927,612	\$ 23,439,303	\$ 24,937,458	\$ 26,511,912	\$ 28,238,602
Grants in Lieu	1,092,971	1,092,971	1,092,971	1,092,971	1,092,971
General Fees and Charges	3,740,144	3,775,923	3,812,060	3,848,559	3,885,422
Investment Income	250,000	250,000	250,000	250,000	250,000
Sewer User Fees/Frontage Taxes	1,067,046	1,114,140	1,157,886	1,203,381	1,250,696
Water User Fees/Frontage Taxes	1,656,532	1,690,763	1,741,471	1,793,700	1,847,496
Grants	4,544,572	3,002,182	3,030,956	2,981,567	2,709,410
Other Revenue	800,000	800,000	800,000	800,000	800,000
TOTAL REVENUE	\$ 35,078,877	\$ 35,165,282	\$ 36,822,802	\$ 38,482,090	\$ 40,074,597
EXPENSES					
General Municipal	27,910,911	29,144,245	30,422,223	31,713,716	33,013,515
Sewer	710,935	729,005	747,437	766,237	785,413
Water	1,105,552	1,117,664	1,144,019	1,170,901	1,198,320
Amortization of Assets	4,558,809	4,558,809	4,558,809	4,558,809	4,558,809
TOTAL EXPENSES	\$ 34,286,207	\$ 35,549,723	\$ 36,872,488	\$ 38,209,663	\$ 39,556,057
ANNUAL (SURPLUS) DEFICIT	\$ (792,670)	\$ 384,441	\$ 49,686	\$ (272,427)	\$ (518,540)
RESERVES, CAPITAL AND DEBT					
Amortization	-\$4,558,809	-\$4,558,809	-\$4,558,809	-\$4,558,809	-\$4,558,809
TCA expenditures	18,390,734	9,357,567	15,106,150	7,508,010	6,380,400
Debt Principal Payment (see note below)	298,638	298,638	298,638	298,638	298,638
Debt Proceeds					
Transfers to Reserves					
Interest to Reserves	69,500	69,500	69,500	69,500	69,500
General Capital	709,606	927,782	1,161,075	1,409,349	1,673,368
Sewer Capital	158,921	185,085	212,426	240,860	270,432
Water Capital	411,883	435,499	460,853	486,967	513,865
Machinery & Equipment	726,376	726,376	726,376	726,376	726,376
Gaming	800,000	800,000	800,000	800,000	800,000
Crematorium	10,000	10,000	10,000	10,000	10,000
Comm Bld Fund	610,000	610,000	610,000	610,000	610,000
Transfer from Reserves					
Community Forest	-934,531	-125,643	-257,188	-83,771	-73,394
Covid-19 Safe Restart	-60,000				
Gaming	-668,250	-820,000	-607,500	-1,070,000	-627,500
Comm Bld Fund	-1,200,000		-600,000	-600,000	-600,000
Sewer Capital	-587,000	-175,000			
Water Capital	-680,000		-350,000	-350,000	-350,000
Growing Communities	-4,088,000				
Landfill	-607,725	-287,000	-287,000	-287,000	-287,000
LGCAP		-200,000			
Machinery & Equipment	-528,683	-187,250	-154,080	-110,000	-236,900
Northern Capital & Plan	-1,969,215	-140,000	-900,000		
Northwest Regional Funding Agree	-5,338,696	-7,002,596	-11,778,509	-4,813,569	-4,104,958
Parkland Acquisition	-25,000				
Transfer to (from) Surplus	-147,079	-308,590	-11,618	-14,124	4,522
	\$ 792,670	\$ (384,441)	\$ (49,686)	\$ 272,427	\$ 518,540
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	216,114	216,114	216,114	216,114	216,114
	\$ 514,752	\$ 514,752	\$ 514,752	\$ 514,752	\$ 514,752