

**CITY OF TERRACE**

**BYLAW NO. 2195 – 2020**

**"A BYLAW TO ADOPT THE 2020 – 2024 FINANCIAL PLAN."**

**WHEREAS** pursuant to Section 165 of the Community Charter, a Municipality must, on or before the 14<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 5 years ending December 31, 2024.
- 3.0 This Bylaw may be cited as "2020-2024 Financial Plan Bylaw No. 2195 – 2020".

**READ a first time** this 11<sup>th</sup> day of May, 2020.

**READ a second time** this 11<sup>th</sup> day of May, 2020.

**READ a third time** this 11<sup>th</sup> day of May, 2020.

**ADOPTED** this 11<sup>th</sup> day of May, 2020.



\_\_\_\_\_  
**Mayor**



\_\_\_\_\_  
**Clerk**

## **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, 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 (2020 to 2024). Property taxes form the greatest proportion of revenue at 55%, with user fees making up the other significant portion at 19%. 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.

REVENUE SOURCE	% TOTAL REVENUE	DOLLAR VALUE
Taxation	55 %	\$15,727,942
User Fees & Charges	19 %	\$5,316,348
Other Sources	2 %	\$520,000
Grants	13 %	\$3,830,261
Borrowing	0 %	\$0
Reserves & Surplus	11 %	\$3,146,264
<b>TOTAL</b>	<b>100%</b>	<b>\$ 28,540,815</b>

**TABLE 1**

**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.

PROPERTY CLASS	% OF TOTAL PROPERTY TAXATION	DOLLAR VALUE
Residential	44 %	\$6,961,546
Utilities	2 %	\$316,206
Major Industrial	2 %	\$335,092
Light Industrial	3 %	\$441,433
Business and Other	43 %	\$6,823,996
Recreation/Non-Profit	0 %	\$10,938
Farmland	0 %	\$1,840
Grants in Lieu	6 %	\$836,891
<b>TOTAL</b>	<b>100%</b>	<b>\$15,727,942</b>

**TABLE 2****Objectives**

Maintain the property tax levy distribution for 2020 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 FOR THE YEARS 2020 – 2024**

	2020	2021	2022	2023	2024
<b>REVENUES</b>					
Residential, Class 1	\$6,961,546	\$7,454,978	\$7,820,336	\$8,200,309	\$8,595,480
Utilities, Class 2	316,206	316,206	316,206	316,206	316,206
Major Industry, Class 4	335,092	335,092	335,092	335,092	335,092
Light Industry, Class 5	441,433	441,433	441,433	441,433	441,433
Business/Other, Class 6	\$6,823,996	\$7,317,428	\$7,682,786	\$8,062,759	\$8,457,930
Recreation/Non-Profit, Class 8	10,938	10,938	10,938	10,938	10,938
Farm, Class 9	1,840	1,840	1,840	1,840	1,840
Grants in Lieu	836,891	836,891	836,891	836,891	836,891
Taxation	15,727,942	16,714,805	17,445,522	18,205,467	18,995,810
General Fees and Charges	3,212,748	3,500,998	3,500,998	3,500,998	3,500,998
Sewer	809,850	845,718	869,929	895,350	922,043
Water	1,293,750	1,371,450	1,423,898	1,478,967	1,536,791
Grants	3,830,261	3,102,304	2,627,304	2,627,304	2,652,304
Other Revenue	520,000	700,000	700,000	700,000	700,000
<b>TOTAL REVENUE</b>	<b>25,394,551</b>	<b>26,235,275</b>	<b>26,567,651</b>	<b>27,408,086</b>	<b>28,307,946</b>
<b>EXPENSES</b>					
General Municipal	20,439,012	21,252,970	21,684,774	22,125,232	22,574,492
Sewer	598,199	613,907	629,929	646,272	662,941
Water	948,514	970,924	993,783	1,017,098	1,040,880
Amortization of Assets	4,071,195	4,071,195	4,071,195	4,071,195	4,071,195
Asset Gain/Loss on Disposal/ Asset Write	55,028	55,028	55,028	55,028	55,028
<b>TOTAL EXPENSES</b>	<b>26,111,948</b>	<b>26,964,024</b>	<b>27,434,709</b>	<b>27,914,825</b>	<b>28,404,536</b>
<b>SURPLUS</b>	<b>-717,397</b>	<b>-728,749</b>	<b>-867,058</b>	<b>-506,739</b>	<b>-96,590</b>
<b>ADJUST FOR NON-CASH ITEMS</b>					
Amortization	-4,071,195	-4,071,195	-4,071,195	-4,071,195	-4,071,195
TCA Gain/Loss on Disposal/ TCA Write-dc	-55,028	-55,028	-55,028	-55,028	-55,028
<b>ADJUST FOR CASH ITEMS NON-PSAB</b>					
TCA expenditures	5,677,942	4,276,750	2,461,760	4,256,750	3,441,750
Proceeds from sale of TCA	0	0	0	0	0
Debt Principal Payment	303,948	303,948	303,948	303,948	303,948
Debt Proceeds	0	0	0	0	0
Transfer to (from) Reserves	-1,359,731	-1,022,800	573,200	-626,800	73,200
Transfer to (from) Operating Surplus	-1,213,333	-160,424	-79,743	-314,414	210,735
	-717,397	-728,749	-867,058	-506,739	-96,590
<b>FINANCIAL PLAN BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>CUMMULATIVE OPERATING SURPLUS</b>	<b>1,701,015</b>	<b>1,540,591</b>	<b>1,460,848</b>	<b>1,146,434</b>	<b>1,357,168</b>