

NO. 18-121

A BYLAW OF THE CITY OF VICTORIA

The purpose of this bylaw is to adopt the annual financial plan for the year 2019.

Under its statutory powers, including section 165 of the *Community Charter*, the Council of The Corporation of the City of Victoria, in an open meeting assembled, enacts the following provisions:

1. This Bylaw may be cited as the "FIVE YEAR FINANCIAL PLAN BYLAW, 2019."
2. Schedules 1 to 5 attached hereto and forming part of this Bylaw are adopted as the five year Financial Plan of the Corporation of the City of Victoria.
3. The Director of Finance is authorized to pay out in accordance with the Bylaws of the City, the sums of money shown in Schedule 2 and Schedule 4 for the year 2019, for the purpose described in each category.
4. All cheques drawn on the bank for payment of funds belonging to the City must be signed by the Director of Finance and countersigned by the Mayor before being issued.
5. All payments already made from municipal revenues for the current year are ratified and confirmed.
6. The Five Year Financial Plan Bylaw No. 17-124 is repealed.

READ A FIRST TIME the	13th	day of	December	2018
READ A SECOND TIME the	11th	day of	April	2019
READ A THIRD TIME the	11th	day of	April	2019
ADOPTED the	25th	day of	April	2019

"CHRIS COATES"
CITY CLERK

"LISA HELPS"
MAYOR

Bylaw No.18-121
Schedule 1 - April 11, 2019
City of Victoria
2019 - 2023 Operating Financial Plan

	2019	2020	2021	2022	2023
REVENUES					
Property Value Taxes	135,953,261	142,825,857	146,388,482	149,964,908	153,670,461
Property Value Taxes from New Assessments	3,747,000	500,000	500,000	500,000	500,000
Parcel Taxes	1,405,849	1,405,849	1,405,849	1,405,849	1,395,849
Special Assessments	1,338,000	1,338,000	1,338,000	1,338,000	1,338,000
Grants in Lieu of Taxes	6,205,500	6,218,550	6,231,861	6,245,438	6,259,287
User Fees and Charges	5,862,949	5,968,197	6,075,566	6,185,099	6,296,838
Permits and Licences	5,043,728	5,054,211	5,064,905	5,075,815	5,086,945
Parking Services	19,107,800	19,381,200	19,660,068	19,944,513	20,234,648
Water Utility Fees and Charges	20,270,291	20,746,682	21,238,703	21,746,491	22,470,160
Sewer Utility Fees and Charges	7,122,553	7,337,386	7,584,054	8,042,191	8,309,828
Stormwater Utility Fees and Charges	5,580,240	5,770,068	6,067,809	6,274,488	6,490,123
Other Sources	39,695,044	36,214,945	36,748,450	37,237,257	37,901,770
	251,332,215	252,760,945	258,303,746	263,960,050	269,953,909
TRANSFERS FROM					
Accumulated Surplus	4,544,000				
Reserves					-
Art in Public Places	235,000	150,000	150,000	150,000	150,000
Financial Stability	3,489,554	396,000	158,000	334,000	100,000
Tree Replacement Reserve	315,290	46,196	47,120	48,062	49,023
Climate Action Reserve	658,015	105,000	-	-	-
	9,241,859	697,196	355,120	532,062	299,023
Total Operating Revenue per Bylaw	260,574,075	253,458,141	258,658,866	264,492,112	270,252,932

Bylaw No.18-121
Schedule 2 - April 11, 2019
City of Victoria
2019 - 2023 Operating Financial Plan

	2019	2020	2021	2022	2023
EXPENDITURES					
General Government	41,779,551	40,012,866	40,672,952	41,664,628	42,062,687
Police	56,582,259	57,314,994	58,677,581	60,073,064	61,502,243
Victoria Fire Department	17,659,935	18,030,515	18,431,376	18,823,030	19,286,802
Engineering and Public Works	20,703,148	19,229,399	19,441,749	19,806,107	20,206,767
Sustainable Planning and Community Development	7,084,467	5,552,574	5,449,210	5,558,045	5,669,055
Parks, Recreation and Facilities	23,535,576	23,438,961	23,927,347	24,426,982	24,938,382
Greater Victoria Public Library	5,451,900	5,560,938	5,672,157	5,785,600	5,901,312
Victoria Conference Centre	6,745,151	6,883,578	7,024,837	7,169,090	7,316,370
Water Utility	14,521,291	14,803,683	15,091,704	15,385,493	15,685,160
Sewer Utility	3,825,147	3,896,388	3,969,055	4,043,192	4,118,829
Stormwater Utility	3,588,740	3,660,578	3,733,850	3,808,590	3,884,827
	201,477,165	198,384,473	202,091,818	206,543,821	210,572,435
DEBT SERVICING					
Principal and Interest - General	4,797,116	4,819,617	4,819,617	4,819,616	4,492,980
Principal and Interest - Parking Services	809,382	809,382	809,382	809,382	785,532
Principal and Interest - Victoria Conference Centre	340,359	340,359	340,359	340,359	340,359
	5,946,857	5,969,358	5,969,358	5,969,357	5,618,871
TRANSFERS TO					
Capital Funds					
General	11,140,000	11,140,000	11,140,000	11,140,000	11,140,000
Water Utility	3,899,000	4,093,000	4,297,000	4,511,000	4,935,000
Sewer Utility	3,437,000	3,630,000	3,804,000	4,188,000	4,180,000
Stormwater Utility	3,192,000	3,336,000	3,487,000	3,646,000	3,813,000
Reserves					
Equipment and Infrastructure					
City Equipment	1,602,500	1,602,500	1,602,500	1,602,500	1,602,500
City Vehicles and Heavy Equipment	1,848,079	1,852,579	1,857,168	1,861,849	1,866,624
City Buildings and Infrastructure	9,202,625	9,267,687	9,781,335	10,295,246	10,809,427
Parking Services Equipment and Infrastructure	3,229,515	3,393,838	3,571,656	3,752,936	3,961,616
Multipurpose Arena Facility Equipment and Infrastructure	142,000	142,000	142,000	142,000	142,000
Gas Tax	7,257,000	3,666,000	3,832,000	3,832,000	3,997,000
Police Vehicles, Equipment and Infrastructure	845,200	845,200	845,200	845,200	845,200
Water Utility Equipment and Infrastructure	1,850,000	1,850,000	1,850,000	1,850,000	1,850,000
Sewer Utility Equipment and Infrastructure	649,407	600,000	600,000	600,000	800,000
Stormwater Utility Equipment and Infrastructure	100,000	100,000	200,000	200,000	200,000
Recreation Facilities Equipment and Infrastructure	28,300	28,300	28,300	28,300	28,300
Financial Stability	3,118,467	2,696,167	2,696,371	2,618,579	3,023,428
Tax Sale Lands	50,000	50,000	50,000	50,000	50,000
Victoria Housing	1,000,000	250,000	250,000	250,000	250,000
Art in Public Places	150,000	150,000	150,000	150,000	150,000
Climate Action	313,961	316,040	318,161	320,324	322,531
Artificial Turf	95,000	95,000	95,000	95,000	95,000
	53,150,054	49,104,310	50,597,691	51,978,934	54,061,626
Total Operating Expense per Bylaw	260,574,075	253,458,141	258,658,866	264,492,112	270,252,932

**Bylaw No.18-121
Schedule 3 - April 11, 2019
City of Victoria
2019 - 2023 Capital Plan**

	2019	2020	2021	2022	2023
REVENUES					
Utility Connection Fees	1,100,000	1,150,000	1,200,000	1,200,000	1,200,000
Grants and Partnerships	4,543,000	-	-	-	-
TRANSFERS FROM					
Operating Funds					
General	11,140,000	11,140,000	11,140,000	11,140,000	11,140,000
Water Utility	3,899,000	4,093,000	4,297,000	4,511,000	4,935,000
Sewer Utility	3,437,000	3,630,000	3,804,000	4,188,000	4,180,000
Stormwater Utility	3,192,000	3,336,000	3,487,000	3,646,000	3,813,000
Reserves					
Equipment and Infrastructure					
City Equipment	2,998,000	1,458,000	1,412,000	1,171,000	1,277,000
City Vehicles and Heavy Equipment	5,078,000	-	-	-	-
City Buildings and Infrastructure	26,349,000	350,000	350,000	350,000	-
Accessibility Capital Reserve	45,000	-	-	-	-
Debt Reduction Reserve	3,900,000	-	32,000,000	-	-
Climate Action Reserve	50,000	-	-	-	-
Parking Services Equipment and Infrastructure	1,617,000	260,000	265,000	270,000	275,000
Gas Tax	9,566,000	2,105,000	1,055,000	1,076,000	1,098,000
Police Vehicles, Equipment and Infrastructure	2,107,000	1,580,000	1,342,000	1,330,000	1,330,000
Police Emergency Response Reserve	-	-	-	-	-
Water Utility Reserve	2,071,000	-	-	-	-
Sewer Utility Reserve	4,468,000	2,123,000	2,165,000	2,208,000	2,252,000
Stormwater Utility Reserve	1,569,000	-	-	-	-
Multipurpose Arena Equipment and Infrastructure	425,000	-	-	-	-
Tax Sale Lands	2,151,000	-	-	-	-
Parks and Greenways Acquisition	719,000	-	-	-	-
Development Cost Charges	6,753,000	-	-	-	-
Total Capital Revenue per Bylaw	97,177,000	31,225,000	62,517,000	31,090,000	31,500,000

**Bylaw No.18-121
Schedule 4 - April 11, 2019
City of Victoria
2019 - 2023 Capital Plan**

	2019	2020	2021	2022	2023
EXPENDITURES					
Capital Equipment	9,959,000	1,518,000	1,677,000	1,441,000	1,552,000
Capital Programs and Projects					
Active Transportation	19,045,000	1,458,000	1,480,000	1,503,000	1,175,000
Complete Streets	4,363,000	3,710,000	3,784,000	3,860,000	4,237,000
Parks	6,202,000	190,000	20,000	20,000	21,000
Bridges	8,283,000	-	-	-	-
Neighbourhoods	70,000	-	-	-	-
Environmental Remediation	2,151,000	-	-	-	-
Street Infrastructure	1,913,000	1,092,000	910,000	985,000	947,000
Retaining Walls and Railings	1,557,000	750,000	550,000	-	-
Facilities	18,661,000	-	32,000,000	-	-
Sanitary Sewers	9,079,000	6,103,000	6,319,000	6,746,000	6,782,000
Stormwater	6,746,000	5,691,000	4,792,000	4,972,000	5,161,000
Waterworks	6,691,000	4,643,000	4,897,000	5,111,000	5,535,000
Contingency	350,000	357,000	364,000	371,000	378,000
Police	2,107,000	1,580,000	1,342,000	1,330,000	1,330,000
Projects to be determined (Facilities, Active Transportation, Parks, Fleet etc.)	-	4,133,000	4,382,000	4,751,000	4,382,000
Total Capital Expense per Bylaw	97,177,000	31,225,000	62,517,000	31,090,000	31,500,000

**Bylaw No. 18-121
Schedule 5 – April 11, 2019
Financial Plan Objectives and Policies**

Revenue and Tax Policy

Purpose

The purpose of the Revenue and Tax Policy is to outline the proportions of revenue sources, the distribution of property taxes among property classes and the use of permissive property tax exemptions.

Objectives

- To provide tax payers with stable, equitable and affordable property taxation while at the same time providing high quality services.
- To support the OCP and other City plans as well as complement the Regional Context Statement.

Policies

1. Revenue Proportions by Funding Sources

Property taxes are the main source of revenue for the City and pay for services such as police and fire protection, bylaw enforcement, and infrastructure maintenance. Property taxes provide a stable and consistent source of revenue for services that are difficult or undesirable to fund on a user pay basis. Therefore, property taxes will continue to be the City's major source of revenue.

However, it is the City's desire to charge user fees where feasible. Some programs, such as recreation, are partially funded by user fees. The City also has several self-financed programs that are fully funded by user fees. These include Water Utility, Sewer Utility, Storm Water Utility, and Garbage Utility.

Policy 1.0

User pay funding will be used for such services that are practical and desirable to fund on a user pay basis.

Services that are undesirable or impractical to fund on a user pay basis will be funded by property taxes.

Policy 1.1

The City will continue to explore alternative revenue sources to diversify its revenue base.

2019 Revenue Proportions by Funding Source

Revenue Source		% Total Revenue
Property Value Taxes	139,700,261	53.61%
Parcel Taxes	1,405,849	0.54%
Special Assessments	1,338,000	0.51%
Grants in Lieu Taxes	6,205,500	2.38%
User Fees and Charges	5,862,949	2.25%
Permits and Licenses	5,043,728	1.94%
Parking Services	19,107,800	7.33%
Water and Sewer Utility Fees and Charges	27,392,844	10.51%
Storm Water Utility Fees and Charges	5,580,240	2.14%
Other Sources	<u>48,936,904</u>	<u>18.78%</u>
TOTAL	260,574,075	100.00%

2. Distribution of Property Taxes Among Property Classes

Market value changes that result in uneven assessment changes between property classes result in a tax burden shift to the class experiencing greater market value increases unless tax ratios are modified to mitigate the shift.

Until 2007, it was Council's practice to modify tax ratios to avoid such shifts. This equalization practice provided an effective tax increase that was equal for all classes. It is important to be aware that this practice only avoids shifts *between* property classes. There is still a potential for shifts within a property class where one property has experienced a market value change that is greater than the average for that class.

However, starting in 2007, business and industrial tax ratios have been held constant in recognition of the larger tax burden that has been placed on those classes. This resulted in higher tax increases being passed on to the residential class compared to business and industrial.

The pressure continues across the country to reduce the tax burden on the business and industrial classes. In recognition of this, and the desire to support a healthy business environment, Council's goal is to have a business class tax burden that is equitable.

In 2012, a comprehensive review of the Revenue and Tax Policy was conducted to determine if Council's objective of reducing the tax burden on the business class was appropriate and if so, that the mechanism of achieving the objective (reduction of tax ratio) was the most effective mechanism to achieve the goal. The review concluded that additional relief for the business tax class was warranted. However, the tax ratio was not the best mechanism of achieving that goal. As a result, Council approved the following policy objective: To reduce the business property tax class share of the total property tax levy to 48% over three years (2012-2014). The redistribution excludes impact of new assessment revenue. The total redistribution of the tax levy was \$1.51 million.

In 2015, an update review was completed and based on the findings, policy 2.0 was amended to maintain the current share of taxes among tax classes.

Policy 2.0

Maintain the current share of distribution of property taxes among property classes, excluding the impact of new assessment revenue, by allocating tax increases equally. Business and industrial classes will be grouped as outlined in Policy 2.1.

Policy 2.1

Tax rates for the light and major industrial tax classes will be equal to the business tax rate to support the City's desire to retain industrial businesses.

Policy 2.2

Farm Tax Rates will be set at a rate so taxes paid by properties achieving farm status will be comparable to what the property would have paid if it were assessed as residential.

2019 Distribution of Property Taxes Among Property Classes

Property Class		% Property Value Tax
Residential (1)	71,319,995	51.05%
Utilities (2)	679,490	0.49%
Supportive Housing (3)	0	0.00%
Major Industry (4)	153,979	0.11%
Light Industry (5)	1,053,546	0.75%
Business (6)	66,235,925	47.41%
Recreational (8)	257,326	0.18%
TOTAL	139,700,261	100.00%

3. Use of Permissive Property Tax Exemptions

The City continues to support local non-profit organizations through permissive tax exemptions. Each year, a list of these exemptions is included in the City's Annual Report.

In addition, the City offers a Tax Incentive Program to eligible owners of downtown heritage designated buildings to offset seismic upgrading costs for the purposes of residential conversion of existing upper storeys. The exemptions are for a period up to ten years.

The City encourages redevelopment of lands within the City and the use of environmentally sustainable energy systems for those developments through revitalization property tax exemptions.

Policy 3.0

Permissive property tax exemptions are governed by the City's Permissive Property Tax Exemption Policy, which outlines the criteria for which property tax exemptions may be granted.

Policy 3.1

Heritage property tax exemptions are governed by the City's Heritage Tax Incentive Program.

Policy 3.2

Revitalization property tax exemptions are governed by the City's Revitalization Tax Exemption (Green Power Facilities) bylaw.