

CITY OF TERRACE

BYLAW NO. 2221 – 2021

"A BYLAW TO ADOPT THE 2021 - 2025 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, 2021 to December 31, 2025.
- 3.0 This Bylaw may be cited as "**2021-2025 Financial Plan Bylaw No. 2221 – 2021**".

READ a first time this 22nd day of February, 2021.

READ a second time this 22nd day of February, 2021.

READ a third time this 22nd day of February, 2021.

ADOPTED this 8th day of March, 2021.



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 (2021 to 2025), 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 (2021 to 2025). Property taxes form the greatest proportion of revenue at 56%, with user fees making up the other significant portion at 17%. 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	56 %	\$16,643,704
User Fees & Charges	17 %	\$5,185,581
Other Sources	0 %	\$0
Grants	15 %	\$4,574,563
Borrowing	0 %	\$0
Reserves & Surplus	12 %	\$3,525,586
TOTAL	100%	\$ 29,929,434

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 2020 Municipal Property Taxes

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

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 2021 – 2025

	2021	2022	2023	2024	2025
REVENUES					
Taxation	\$ 16,643,704	\$ 17,594,148	\$ 18,268,976	\$ 18,892,873	\$ 19,532,026
General Fees and Charges	2,977,550	3,184,574	3,391,597	3,391,597	3,391,597
Sewer	850,118	892,830	937,247	983,884	1,013,266
Water	1,357,913	1,425,283	1,467,727	1,511,443	1,556,472
Grants	4,574,563	3,309,194	2,572,781	2,597,781	2,583,281
Other Revenue	-	200,000	700,000	700,000	700,000
TOTAL REVENUE	\$ 26,403,848	\$ 26,606,029	\$ 27,338,328	\$ 28,077,578	\$ 28,776,642
EXPENSES					
General Municipal	21,023,849	21,755,407	22,201,843	22,652,708	23,112,591
Sewer	607,197	623,085	639,291	655,820	672,681
Water	957,856	980,453	1,003,502	1,027,012	1,050,992
Amortization of Assets	4,071,195	4,071,195	4,071,195	4,071,195	4,071,195
Asset Gain/Loss on Disposal	55,028	55,028	55,028	55,028	55,028
TOTAL EXPENSES	\$ 26,715,125	\$ 27,485,168	\$ 27,970,859	\$ 28,461,763	\$ 28,962,487
ANNUAL (SURPLUS) DEFICIT	\$ 311,277	\$ 879,139	\$ 632,531	\$ 384,185	\$ 185,845
RESERVES, CAPITAL AND DEBT					
Amortization	-\$4,071,195	-\$4,071,195	-\$4,071,195	-\$4,071,195	-\$4,071,195
TCA Gain/Loss on Disposal	-55,028	-55,028	-55,028	-55,028	-55,028
TCA expenditures	6,112,607	4,511,201	4,464,750	3,591,750	2,830,000
Debt Principal Payment (see note below)	303,947	303,947	303,947	303,947	303,947
Debt Proceeds	0	0	0	0	0
Transfers to Reserves	923,978	1,148,004	1,355,086	1,585,245	1,794,216
Transfer from Reserves	-2,942,990	-2,720,419	-2,641,250	-1,743,250	-996,000
Transfer to (from) Operating Surplus	-582,596	4,351	11,159	4,346	8,215
	-311,277	-879,139	-632,531	-384,185	-185,845
FINANCIAL PLAN BALANCE	0	0	0	0	0
CUMMULATIVE OPERATING SURPLUS	\$ 1,419,014	\$ 1,423,365	\$ 1,434,524	\$ 1,438,871	\$ 1,447,086
Principal and Interest:					
Principal Payment	\$ 303,947	\$ 303,947	\$ 303,947	\$ 303,947	\$ 303,947
Interest on Debt	180,094	180,094	180,094	180,094	180,094
	\$ 484,041	\$ 484,041	\$ 484,041	\$ 484,041	\$ 484,041