

**THE CORPORATION OF THE VILLAGE OF CUMBERLAND**

**BYLAW NO. 1059**

**A Bylaw to adopt the 2017 - 2021 Financial Plan.**

The Council of the Corporation of the Village of Cumberland in open meeting assembled enacts as follows:

1. This Bylaw may be cited as "2017 - 2021 Financial Plan Bylaw No. 1059, 2017".
2. The financial plan attached as Schedule A to this Bylaw is adopted as the financial plan for the municipality for the period commencing January 1, 2017 and ending December 31, 2021.
3. The objectives and policies attached as Schedule B to this Bylaw outline the proportion of total revenue from different funding sources, the distribution of property taxes among the property classes, and the use of permissive tax exemptions.
4. This Bylaw has full force and effect from January 1, 2017 until amended, repealed or replaced.

<b>READ A FIRST TIME THIS</b>	<b>10<sup>TH</sup></b>	<b>DAY OF</b>	<b>APRIL</b>	<b>2017.</b>
<b>READ A SECOND TIME THIS</b>	<b>24<sup>TH</sup></b>	<b>DAY OF</b>	<b>APRIL</b>	<b>2017.</b>
<b>READ A THIRD TIME THIS</b>	<b>24<sup>TH</sup></b>	<b>DAY OF</b>	<b>APRIL</b>	<b>2017.</b>
<b>ADOPTED THIS DAY OF</b>	<b>8<sup>TH</sup></b>	<b>DAY OF</b>	<b>MAY</b>	<b>2017.</b>

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Mayor

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Corporate Officer

**Schedule A**  
**2017 – 2021 Financial Plan**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>
<b>REVENUES</b>					
Property taxes & payments in lieu	\$(2,424,420)	\$(2,583,335)	\$(2,856,710)	\$(3,202,930)	\$(3,439,740)
Parcel taxes	(321,700)	(462,040)	(641,660)	(782,000)	(922,340)
Sale of services & fees	(1,454,020)	(1,581,320)	(1,722,900)	(1,858,810)	(1,931,470)
Sale of services to other government	(376,360)	(361,980)	(413,570)	(413,570)	(421,990)
Transfers from other government	(7,793,055)	(1,268,695)	(1,675,810)	(1,335,570)	(1,228,760)
Other revenue	(519,200)	(408,665)	(419,770)	(379,770)	(379,770)
	<u>(12,888,755)</u>	<u>(6,666,035)</u>	<u>(7,730,420)</u>	<u>(7,972,650)</u>	<u>(8,324,070)</u>
<b>EXPENSES</b>					
Other municipal purposes	4,961,460	4,601,710	4,683,300	4,788,820	4,893,620
Debt interest	97,135	113,560	228,630	292,450	326,160
Amortization	1,046,800	1,046,810	1,046,810	1,046,810	1,046,810
	<u>6,105,395</u>	<u>5,762,080</u>	<u>5,958,740</u>	<u>6,128,080</u>	<u>6,266,590</u>
<b>NET (REVENUES) EXPENSES</b>	<u>(6,783,360)</u>	<u>(903,955)</u>	<u>(1,771,680)</u>	<u>(1,844,570)</u>	<u>(2,057,480)</u>
<b>ADJUSTMENTS</b>					
Acquisition of capital assets	10,994,370	3,246,895	3,224,710	1,813,285	1,540,140
Add back amortization	(1,046,800)	(1,046,810)	(1,046,810)	(1,046,810)	(1,046,810)
Proceeds from borrowing	(1,143,910)	(1,417,790)	(1,219,000)	(342,000)	(150,000)
Principal payments on debt	315,300	307,440	400,950	513,200	521,150
<b>TOTAL ADJUSTMENTS</b>	<u>9,118,960</u>	<u>1,089,735</u>	<u>1,359,850</u>	<u>937,675</u>	<u>864,480</u>
<b>CHANGE IN CONSOLIDATED FUNDS</b>	<u>2,335,600</u>	<u>185,780</u>	<u>(411,830)</u>	<u>(906,895)</u>	<u>(1,193,000)</u>
<b>TRANSFER FROM RESERVES</b>					
Reserves	(3,743,640)	(1,780,175)	(1,655,895)	(971,370)	(1,211,295)
Development Cost charges	(370,740)	(235,855)	(200,010)	(34,620)	70,190
<b>TRANSFER TO RESERVES</b>					
Reserves	1,778,780	1,830,250	2,267,735	1,912,885	2,334,105
<b>TRANSFER TO / (FROM) RESERVES</b>	<u>(2,335,600)</u>	<u>(185,780)</u>	<u>411,830</u>	<u>906,895</u>	<u>1,193,000</u>
<b>TRANSFER TO/(FROM) ACCUMULATED SURPLUS</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Schedule B**  
**Policies and Objectives**

Pursuant to section 165 (3.1) of the *Community Charter*

**Part A: Proportion of Total Revenue Proposed To Come From Each Funding Source**

Table 1: The proportion of total revenue proposed to be raised from each funding source in 2017.

<b>Revenue Source</b>	<b>% Total Revenue</b>	<b>Dollar Value</b>
Government Grants	56%	7,793,055
Property Value Taxes & Payments in Lieu	17%	2,420,420
Sale of Services and Fees	13%	1,454,020
Proceeds from Borrowing	8%	1,143,910
Other Revenue	4%	519,200
Parcel Taxes	2%	321,700
<b>Total</b>	<b>100%</b>	<b>13,652,305</b>

1. Grant funding is the largest source of revenue for the Village in 2017 due to a *Clean Water Waste Water* Federal and Provincial grant that will fund major upgrades to the Village's water supply system. The Comox Valley Regional District as part of a landfill host agreement provides amenity funds to the Village and this funding will continue until 2032. The municipality also receives funds under the Strategic Community Initiative (Small Community grant) which provides a significant source of funds for operations and capital maintenance programs. The Village seeks out all grant opportunities that become available.
2. Property value tax is typically the primary source for operating funds for general municipal purposes; however, in 2017, due to extensive grants, it has become the second highest source. Property taxation is simple to administer, and offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis.
3. Sale of services and fees form another significant portion of planned revenue. Many municipal services, such as utilities and recreation, lend well to a fee for service basis. Costs can be associated to a level of service provided, particularly where services are optional. In addition, the municipality sells water, fire protection and animal control services to other municipalities.
4. The municipality finances vehicles and equipment and secures debenture financing for portions of large committed projects not funded by grants or development cost charges. The municipality reviews all other funding options prior to financing

recognizing that borrowing constitutes a long-term commitment and because borrowing authority is limited for an organization of this size.

5. Other revenue includes sources of funds which do not fit in another category and include donations, developer amenity funds, grants from non-government sources, investment revenue, permits and licensing.
6. Parcel taxes fund the capital costs of providing water, sewer and storm water infrastructure. The intention is to use these taxes toward the replacement of water, sewer and storm water infrastructure as well as reducing the Village’s wet weather flows through storm and sewer inflow and infiltration. This source of revenue will increase over the next five years in order to fully fund the capital costs associated with underground utilities.

### Objective and Policies

Over the next five years, the municipality has the following objectives and policies:

- to actively seek grants for major infrastructure repair and replacement;
- to annually review utility rates to ensure water, sewer and storm water operating and delivery costs are fully funded;
- to review all other services to determine optimal proportions of cost recovery from fees versus general revenues and taxation; and
- to establish reserve policies to assist in the funding of future capital replacements and to stabilize tax and utility rates.

### Part B: Distribution of Property Taxes among Property Classes

Table 2: The distribution of property tax revenue among the property classes

Property Class	Ratio	% Total Property Tax	Dollar Value
1. Residential	1.00	77%	1,825,550
2. Utilities	10.67	1.1%	29,244
3. Supportive Housing			
4. Major Industry			
5. Light Industry	2.20	2.5%	59,158
6. Business and Other	2.20	16.3%	389,395
7. Managed forest	4.10	3%	69,351
8. Recreation & Non Profit	1.00	.1%	2,497
9. Farm	1.00		
<b>Total</b>		<b>100%</b>	<b>2,379,195</b>

Tax rates are set in order to maintain tax stability. Annual tax increases are apportioned over the classes to ensure that Class 8 receives a 1:1 ratio with Class 1; classes 5 and 6 receive a 2.2:1 ratio with Class 1; and Class 7 receives a ratio of 4.1:1 ratio with Class 1. Class 2 is within

the provincially mandated tax rate cap. There are no class 3, 4 or 9 properties located within the Village.

The municipality recognizes the need to attract and retain businesses and industry for economic development and not to rely heavily on any one industry as a tax source. Council believes that the non-residential rates based on these ratios reflect that philosophy.

### **Part C: The Use of Permissive Tax Exemptions**

Council does not generally support exemptions. Taxpayers within the various property classes are treated equitably and policies are established for each class and not for individual property owners. There are two exceptions to this policy.

1. Parcels that qualify for partial statutory exemption, such as the grounds surrounding places of worship, are granted an exemption from taxes. These exemptions represent a very small dollar value which would not recover the associated costs of administering the taxes.
2. Permissive tax exemptions will also be provided for municipal properties occupied by a community group or partner agency where the group or agency has been granted a reduced or zero lease rate but may be subject to property tax under section 229 of the *Community Charter*. This exemption recognizes that municipal buildings are not subject to property taxes when used for municipal purposes; the groups or agencies are deemed by Council to be providing a valuable community benefit or municipal service; that the group or agency may not be granted exclusive use of the building and/or that the space may be reclaimed by the municipality as and when needed.