

CITY OF TERRACE

BYLAW NO. 2241-2022

"A BYLAW TO ADOPT THE 2022 – 2026 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, 2022 to December 31, 2026.
- 3.0 This Bylaw may be cited as "2022-2026 Financial Plan Bylaw No. 2241-2021".

READ a first time this 13th day of December, 2021.

READ a second time this 13th day of December, 2021.

READ a third time this 13th day of December, 2021.

ADOPTED this 10th day of January, 2022.

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 (2022 to 2026), 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 (2022 to 2026). Property taxes form the greatest proportion of revenue at 48%, with reserves and surplus making up the other significant portion at 18%. 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	48 %	\$17,751,855
User Fees & Charges	15 %	\$5,600,530
Other Sources	3 %	\$973,000
Grants	16 %	\$5,943,905
Borrowing	0 %	\$0
Reserves & Surplus	18 %	\$6,859,677
TOTAL	100%	\$ 37,128,967

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 2021 Municipal Property Taxes

PROPERTY CLASS	% OF TOTAL PROPERTY TAXATION	DOLLAR VALUE
<i>Residential</i>	45 %	\$7,412,426
<i>Utilities</i>	2 %	\$341,601
<i>Major Industrial</i>	2 %	\$351,296
<i>Light Industrial</i>	3 %	\$477,344
<i>Business and Other</i>	43 %	\$7,191,886
<i>Recreation/Non-Profit</i>	0 %	\$11,458
<i>Farmland</i>	0 %	\$1,941
<i>Grants in Lieu</i>	5 %	\$855,747
TOTAL	100%	\$16,643,699

Objectives

Maintain the property tax levy distribution for 2022 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 2022 – 2026

	2022	2023	2024	2025	2026
REVENUES					
Taxation	\$ 16,753,486	\$ 17,395,015	\$ 18,101,874	\$ 18,828,001	\$ 19,494,798
Grants in Lieu	998,369	998,369	998,369	998,369	998,369
General Fees and Charges	3,116,321	3,307,399	3,307,399	3,307,399	3,307,399
Investment Income	423,000	423,000	423,000	423,000	423,000
Sewer User Fees/Frontage Taxes	1,042,399	1,002,915	1,005,617	1,009,151	993,947
Water User Fees/Frontage Taxes	1,441,810	1,464,836	1,497,716	1,536,882	1,542,046
Grants	5,943,905	2,735,682	2,608,923	2,927,923	2,695,673
Other Revenue	550,000	500,000	500,000	500,000	500,000
TOTAL REVENUE	\$ 30,269,290	\$ 27,827,216	\$ 28,442,898	\$ 29,530,725	\$ 29,955,232
EXPENSES					
General Municipal	22,133,965	22,609,060	23,067,071	23,537,284	24,016,900
Sewer	615,330	627,368	639,586	651,988	664,576
Water	967,385	984,476	1,001,823	1,019,430	1,037,302
Amortization of Assets	4,135,942	4,135,942	4,135,942	4,135,942	4,135,942
TOTAL EXPENSES	\$ 27,852,622	\$ 28,356,846	\$ 28,844,422	\$ 29,344,644	\$ 29,854,720
ANNUAL (SURPLUS) DEFICIT	\$ (2,416,668)	\$ 529,630	\$ 401,524	\$ (186,081)	\$ (100,512)
RESERVES, CAPITAL AND DEBT					
Amortization	-\$4,135,942	-\$4,135,942	-\$4,135,942	-\$4,135,942	-\$4,135,942
TCA expenditures	10,354,604	6,687,348	3,965,267	3,601,750	3,456,750
Debt Principal Payment (see note below)	298,638	298,638	298,638	298,638	298,638
Debt Proceeds	0	0	0	0	0
Transfers to Reserves					
Interest to Reserves	300,500	300,500	300,500	300,500	300,500
General Capital	156,780	323,214	496,065	675,983	863,163
Sewer Capital	232,548	184,185	177,654	162,165	137,165
Water Capital	365,479	374,492	385,932	403,015	393,015
Machinery & Equipment	583,738	583,738	583,738	583,738	583,738
Gaming	550,000	500,000	500,000	500,000	500,000
Gas Tax	570,000	595,000	595,000	595,000	595,000
Transfer from Reserves					
Community Forest	-580,000				
Covid-19 Safe Restart	-798,078	-109,985	-75,997		
Gaming	-225,000	-531,203		-986,000	-550,000
Gas Tax	-1,655,179		-595,000	-595,000	-747,250
General Capital					-916,000
Sewer Capital	-210,000	-152,000	-135,000	-50,000	-200,000
Water Capital	-659,286	-135,000	-385,000	-710,000	-325,000
Land Acquisition	-30,000				
Landfill	-200,000				
Northern Capital & Plan	-1,569,338	-4,133,825	-2,163,517	-150,000	
Machinery & Equipment	-542,000	-1,183,820	-220,000	-325,000	-165,000
Transfer to (from) Surplus	-390,796	5,030	6,138	17,234	11,735
	\$ 2,416,668	\$ (529,630)	\$ (401,524)	\$ 186,081	\$ 100,512
FINANCIAL PLAN BALANCE	0	0	0	0	0
CUMMULATIVE OPERATING SURPLUS	\$ 1,764,909	\$ 1,769,940	\$ 1,776,077	\$ 1,793,312	\$ 1,805,047
Principal and Interest:					
Principal Payment	\$ 298,638	\$ 298,638	\$ 298,638	\$ 298,638	\$ 298,638
Interest on Debt	178,022	178,022	178,022	178,022	178,022
	\$ 476,660	\$ 476,660	\$ 476,660	\$ 476,660	\$ 476,660