

TOWN OF LAKE COWICHAN

Financial Plan Bylaw No. 975-2016

A Bylaw respecting the Financial Plan for the Town of Lake Cowichan

WHEREAS Section 165 of the *Community Charter* requires a Municipality to prepare and adopt, a Financial Plan for a period of five years commencing in 2016;

AND WHEREAS the plan must by bylaw be adopted before the annual property tax bylaw is adopted;

NOW THEREFORE, the Municipal Council of the Town of Lake Cowichan desires to adopt the Financial Plan, in open meeting assembled, enacts as follows:

1. Schedule "A" attached hereto and made part of this bylaw sets out the objectives and policies of the municipality.
2. Schedules "B" and Schedule "C" attached hereto and made part of this bylaw shall be the Financial Plan for the Town of Lake Cowichan for the years 2016 to 2020.
3. This bylaw may be cited for all purposes as the "Town of Lake Cowichan Financial Plan Bylaw. No. 975-2016".

READ A FIRST TIME on the 26th day of April, 2016.

READ A SECOND TIME on the 26th day of April, 2016.

READ A THIRD TIME on the 26th day of April, 2016.

RECONSIDERED, FINALLY PASSED and ADOPTED by the Municipal Council of the Town of Lake Cowichan on the 10th day of May, 2016.

Ross Forrest
Mayor

Joseph A. Fernandez
Corporate Officer



2016-2020 Financial Plan
Statement of Objectives and Policies
Schedule "A"

Section 165(3.1) of the Community Charter requires that the Financial Plan include the objectives and policies of the Town of Lake Cowichan in respect of funding sources, distribution of property tax rates and permissive tax exemptions.

Funding Sources:

Property taxation revenue is determined according to the operating and capital needs of the general fund and is the major revenue source for that fund. User fees and charges for water, sewer and garbage services are used to finance those areas of expenditures. The campsite and education centre contribute 11% of the total revenue source requirements. A breakdown of the revenue sources are summarized as follows:

| Revenue Source | % of Total Revenue | Dollar Value |
|-------------------------|---------------------------|---------------------|
| Property taxes | 39.42% | \$1,985,631 |
| User fees and charges | 9.22% | 464,600 |
| Recreational facilities | 11.02% | 555,200 |
| Other sources | 1.8% | 90,850 |
| Government grants | 15.71% | 791,155 |
| Transfer from reserves | 22.83% | 1,150,000 |
| Total | 100% | \$5,037,436 |

Collections for other governments, fire service to CVRD, police levy, library levy and transfers from surplus and debt have not been included in the revenue sources in the above table.

Strategic Community Investment Funds:

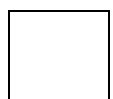
Government grants include the Strategic Community Investment Funds which are provided by the Province of British Columbia. These funds reduce the level of municipal taxation and they may be used to fund infrastructure capital works. For a smaller municipality these funds are instrumental to maintaining existing municipal service levels. In 2016, funds in the amount of \$442,000 have been allocated to the Town.

Objective:

- The Town will attempt to increase the sources of government grants to complete much needed infrastructure capital projects in the municipality.
- Where feasible user fees will be levied where measurable level of services are rendered or provided.

Policies:

- The Town has implemented water metering and has setup metered user fees that include fixed fees and consumption charges based on usage.



- Where possible the Town will substitute revenues from user fees and charges and government grants rather than taxation.
- The Town will review municipal service and user fees to ensure that the operating and capital budgets are adequate while providing the residents with the service levels

Distribution of Property Tax Rates

The table below outlines the distribution of property taxes among the property classes. Residential property taxes account for more than three quarters of the taxes collected.

| Property Class | % of Total Property Taxation | Dollar Value |
|----------------|------------------------------|------------------|
| Residential | 83.07% | \$1,609,005 |
| Utility | 0.35% | 6,802 |
| Industrial | 2.37% | 45,973 |
| Managed Forest | 0.27% | 5,264 |
| Commercial | 13.85% | 268,219 |
| Recreational | 0.09% | 1,768 |
| Total | 100% | 1,937,031 |

Objective:

- The Town will strive to reduce the industrial and business tax rates to encourage investment and employment in the area. Currently there is a limited industrial taxation base within the municipality.

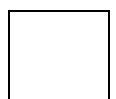
Policies:

- Encourage and promote economic development to increase commercial and retail businesses in the Town of Lake Cowichan;
- Supplement, where possible, revenues from user fees and government grants to keep the residential property tax increases to a manageable amount.

Parcel taxes:

The sewer parcel tax was implemented in 2010 and increased in 2013 to \$100 per parcel. This source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of upgrading sewer infrastructure.

The water parcel tax has been increased to \$140 per parcel starting in 2016. A \$100 water parcel tax was implemented in 2013. This source of revenue is based on a set fee per parcel of land and offsets, in part, the costs of upgrading water infrastructure.



Permissive Tax Exemptions:

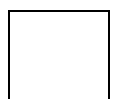
The Town's Permissive Tax Exemption policy provides property tax exemptions for properties meeting the requirements of Sections 224 and 226 of the *Community Charter*. Tax exemptions are provided for land and improvements owned or held by a charitable or other not-for-profit entity and for those land and buildings used for public worship or that meet the requirements of the Revitalization Tax Exemption Programme Bylaw. The annual municipal report contains a list permissive tax exemptions granted each taxation year and the amount of tax revenue foregone.

Objective:

- The Town will continue to strive to provide tax exemptions to charitable non-profit organizations and places of public worship as council recognizes the efforts and activities of volunteer and community groups but at the same time ensuring that these exemptions are periodically reviewed;

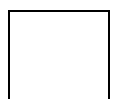
Policy:

- Continue to support the non-profit and charitable groups that operate for the benefit of all residents of the Town of Lake Cowichan;
- Provide support for the growth of sustainable development and investment in the Town.



TOWN OF LAKE COWICHAN
Schedule "B"
General Fund - Financial Plan 2016-2020

| REVENUES | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|
| | Budget | Budget | Budget | Budget | Budget |
| Residential | 1,609,005 | 1,644,628 | 1,685,754 | 1,727,909 | 1,771,116 |
| Utility | 6,802 | 7,127 | 7,305 | 7,488 | 7,675 |
| Industrial | 45,973 | 50,099 | 51,351 | 52,635 | 53,951 |
| Commercial | 268,219 | 291,456 | 298,742 | 306,211 | 313,866 |
| Managed Forest | 5,264 | 4,425 | 4,536 | 4,649 | 4,765 |
| Recreational | 1,768 | 1,800 | 1,835 | 1,870 | 1,907 |
| Taxes | 1,937,031 | 1,999,535 | 2,049,523 | 2,100,762 | 2,153,280 |
| Grants-In-Lieu | 48,600 | 48,100 | 48,200 | 48,300 | 48,400 |
| | 1,985,631 | 2,047,635 | 2,097,723 | 2,149,062 | 2,201,680 |
| Penalties and Interest on Taxes | 62,000 | 63,240 | 64,500 | 65,800 | 67,100 |
| Licenses and Permits | 35,100 | 35,800 | 36,517 | 37,250 | 38,000 |
| Solid Waste Revenues | 367,500 | 374,900 | 382,550 | 390,200 | 397,800 |
| Lakeview Campsite Revenues | 159,000 | 162,180 | 165,410 | 169,000 | 172,020 |
| CLEC Revenues | 396,200 | 407,000 | 419,000 | 430,000 | 438,000 |
| Lease Revenues | 61,100 | 62,305 | 63,550 | 64,818 | 66,100 |
| Interest on Investments | 20,000 | 20,400 | 20,800 | 21,620 | 21,700 |
| Other Revenue | 9,750 | 9,950 | 10,150 | 10,350 | 10,500 |
| Unconditional Transfers | 443,800 | 452,700 | 461,800 | 471,000 | 480,500 |
| Conditional Transfers | 347,355 | 520,000 | 20,000 | 20,000 | 10,000 |
| Fire Service to CVRD | 216,658 | 210,000 | 212,000 | 214,000 | 216,000 |
| Police Tax | 133,407 | 136,000 | 138,700 | 141,400 | 144,200 |
| Library Levy | 123,852 | 126,300 | 128,800 | 131,300 | 133,900 |
| Transfers from Reserve Funds | 1,150,000 | 50,000 | 320,000 | 350,000 | 230,000 |
| Collections for Other Governments | 2,125,350 | 2,167,800 | 2,211,000 | 2,255,000 | 2,300,100 |
| Debt | - | - | 300,000 | - | - |
| Transfer from Surplus | 425,381 | 187,790 | - | - | - |
| | 8,062,084 | 7,034,000 | 7,052,520 | 6,920,800 | 6,927,600 |
| EXPENDITURES | | | | | |
| General Government Services | 538,550 | 549,750 | 561,700 | 571,400 | 582,800 |
| Fire Department | 321,800 | 328,000 | 334,500 | 341,200 | 348,000 |
| Police Force | 133,407 | 136,000 | 138,700 | 141,400 | 144,200 |
| Building Inspection and Other | 67,000 | 68,000 | 69,300 | 70,600 | 72,000 |
| Public Works | 555,200 | 566,000 | 577,000 | 588,500 | 600,300 |
| Solid Waste Disposal | 383,000 | 390,600 | 398,400 | 406,300 | 414,400 |
| Planning, Health & Other | 77,100 | 78,000 | 78,500 | 79,000 | 79,500 |
| Lakeview Campsite Expenses | 159,000 | 162,000 | 165,000 | 168,000 | 171,000 |
| Parks | 240,400 | 248,200 | 253,100 | 258,100 | 263,200 |
| CLEC Expense | 441,700 | 450,500 | 459,500 | 469,000 | 477,700 |
| Transfer to Library | 123,852 | 126,300 | 128,800 | 131,300 | 133,900 |
| Transfers to Other Governments | 2,125,350 | 2,167,800 | 2,211,000 | 2,255,000 | 2,300,100 |
| Capital Expenditures | 2,569,725 | 1,436,850 | 1,310,000 | 1,035,000 | 905,000 |
| Lease Payments | 39,000 | 39,000 | 32,000 | - | - |
| Debt Repayment | 161,000 | 161,000 | 168,000 | 270,000 | 270,000 |
| Transfers to Fire Dept. Reserves | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 |
| Transfer to Parks Capital Fund | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Transfer to Building Reserve Fund | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 |
| Transfer to Surplus | - | - | 41,000 | 10,000 | 39,500 |
| | 8,062,084 | 7,034,000 | 7,052,500 | 6,920,800 | 6,927,600 |



TOWN OF LAKE COWICHAN
Schedule "C"
Sewer Utility Fund - Financial Plan 2016 - 2020

| | 2016 Budget | 2017 Budget | 2018 Budget | 2019 Budget | 2020 Budget |
|------------------------------|----------------|----------------|------------------|------------------|----------------|
| REVENUES | | | | | |
| User Rates | 434,000 | 442,000 | 451,000 | 460,000 | 469,000 |
| Connection Fees | 700 | 800 | 1,000 | 1,200 | 1,400 |
| Penalties and Other Interest | 4,600 | 4,700 | 4,800 | 4,900 | 5,000 |
| Grants | - | - | 1,860,400 | 1,800,000 | - |
| Parcel Tax | 163,600 | 164,000 | 164,200 | 164,300 | 164,600 |
| Recovery from users | - | - | - | - | 100,000 |
| Transfer from Surplus | 90,100 | 48,700 | - | 50,600 | - |
| | 693,000 | 660,200 | 2,481,400 | 2,481,000 | 740,000 |
| EXPENDITURES | | | | | |
| Administration | 123,700 | 128,000 | 132,000 | 136,000 | 140,000 |
| Treatment and Collection | 264,300 | 250,000 | 258,000 | 265,000 | 273,000 |
| Capital | 305,000 | 282,200 | 2,070,400 | 2,080,000 | 100,000 |
| Transfer to Surplus | - | - | 21,000 | - | 227,000 |
| | 693,000 | 660,200 | 2,481,400 | 2,481,000 | 740,000 |

Water Utility Fund - Financial Plan 2016 – 2020

| | 2016 Budget | 2017 Budget | 2018 Budget | 2019 Budget | 2020 Budget |
|------------------------------|------------------|------------------|----------------|------------------|----------------|
| REVENUES | | | | | |
| User Rates | 520,000 | 546,000 | 560,000 | 580,000 | 596,000 |
| Connection Fees and Other | 2,100 | 800 | 800 | 900 | 1,000 |
| Penalties and Other Interest | 6,500 | 6,500 | 6,500 | 7,000 | 7,200 |
| Grant | 1,200,000 | 3,800,000 | - | - | - |
| Debt | - | 500,000 | - | - | - |
| Parcel Tax | 233,660 | 300,600 | 300,960 | 301,140 | 301,680 |
| Transfer from Surplus | 153,000 | 145,100 | 48,740 | 159,960 | 5,120 |
| | 2,115,260 | 5,299,000 | 917,000 | 1,049,000 | 911,000 |
| EXPENDITURES | | | | | |
| Administration | 151,000 | 155,000 | 159,000 | 163,000 | 166,000 |
| Treatment and Collection | 324,260 | 334,000 | 503,000 | 518,000 | 533,000 |
| Debt repayment | - | - | 120,000 | 118,000 | 112,000 |
| Capital | 1,640,000 | 4,810,000 | 135,000 | 250,000 | 100,000 |
| | 2,115,260 | 5,299,000 | 917,000 | 1,049,000 | 911,000 |

