



The Corporation of **THE CITY OF NORTH VANCOUVER**
FINANCE DEPARTMENT

REPORT

To: Mayor Darrell R. Mussatto and Members of Council

From: Navin Chand, Deputy Director of Finance

SUBJECT: 2017 – 2026 FINANCIAL PLAN BYLAW

Date: March 29, 2017 File No: 05-1700-03-0001/2017

The following is a suggested recommendation only. Please refer to Council Minutes for adopted resolution.

RECOMMENDATION:

PURSUANT to the report of the Deputy Director of Finance, dated March 29, 2017, entitled “2017 – 2026 Financial Plan Bylaw”:

THAT “Financial Plan for the Years 2017 to 2026 Bylaw, 2017, No. 8547” be brought forward for consideration by Council.

PURPOSE

The purpose of this report is to seek Council approval for the 2017 – 2026 Financial Plan Bylaw.

BACKGROUND:

The Community Charter requires the preparation and adoption of a Financial Plan covering at least five years, including both operating and capital items, prior to May 15 each year. For many years, the City has exceeded this requirement by producing a ten-year Financial Plan.

As well, it is a requirement that Council must undertake a process of public consultation regarding the proposed financial plan before it is adopted. During the City’s 2017 Financial Plan process, staff reports have been made available on the City’s website and the opportunity to provide public input at Council Meetings has been provided. In addition, a formal Finance Committee Meeting was scheduled on April 3 to allow further opportunity for the public to provide input on the City’s 2017 Financial Plan.

DISCUSSION:

The Financial Plan Bylaw presented for endorsement reflects the Council approved 2017 tax rate increase of 3.4%. This provides for sufficient funding for general operations, increased infrastructure funding, increased funding for Harry Jerome project and also funds the approved new items. As well, the Financial Plan Bylaw incorporates the approved 2017 Utility Operations & Rate Models and the 2017-2026 Project Plan.

As required by the Province, the Financial Plan Bylaw also contains revenue and tax policy statements addressing the following issues:

1. Revenue Proportions by Funding Source
2. Distribution of Property Taxes among the Property Classes
3. Use of Permissive Tax Exemptions

FINANCIAL IMPLICATIONS:

Financial implications have been addressed in detail during the 2017 – 2026 Financial Planning process which included separate discussions on utility rate setting (water, sewer, solid waste etc.), 2017 program plan (operating), and the 2017 – 2026 project plan (capital).

STRATEGIC PLAN IMPLICATIONS:

The preparation and approval of a Financial Plan is a key component in achieving the City's Community Vision outlined in the Official Community Plan (OCP).

The budget and Financial Plan processes are consistent with Paragraph 9.2, Financial Planning and Budget Process, of the OCP.

- All budget requests are reviewed for consistency with the goals of the OCP.
- Through considered long-range financial planning the City seeks to:
 - Anticipate and prepare for future costs, including planning in advance for infrastructure replacement;
 - Diversify its revenue and reduce its reliance on property taxation and increase the City's resiliency;
 - Maintain reserves for unexpected expenses;
 - Apply taxes fairly between property types;
 - Tax at a rate that encourages investment in the City;
 - Continue to build a Tax Sale Land Reserve as a permanent fund held in trust for future generations;
 - Attempt to maintain a revenue surplus for use in the event of declared emergencies.

RESPECTFULLY SUBMITTED:



Navin Chand
Deputy Director of Finance

THE CORPORATION OF THE CITY OF NORTH VANCOUVER

BYLAW NO. 8547

Financial Plan for the Years 2017 to 2026

The Council of The Corporation of the City of North Vancouver, in open meeting assembled, enacts as follows:

1. This Bylaw shall be known and cited for all purposes as **“Financial Plan for the Years 2017 to 2026 Bylaw, 2017, No. 8547”**.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2017, and ending December 31, 2026.

READ a first time on the 3rd day of April, 2017.

READ a second time on the 3rd day of April, 2017.

READ a third time on the 3rd day of April, 2017.

ADOPTED on the 10th day of April, 2017.

“Darrell R. Mussatto”

MAYOR

“Karla D. Graham”

CITY CLERK

**SCHEDULE "A" TO BYLAW NO. 8547
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2017 – 2026**

(1) 2017 – 2026 Financial Plan (000's)

For the year ended December 31	2017	2018	2019	2020	2021	2022-2026
Revenue						
Property Value Tax	56,216	57,956	59,748	61,589	63,478	327,105
Parcel Taxes	2,776	3,045	3,299	3,452	3,534	19,053
Revenue from Fees and Services	32,566	34,458	35,518	36,663	37,768	212,111
Revenue from Other Sources	4,381	4,428	4,475	4,524	4,573	23,168
	95,939	99,887	103,040	106,228	109,353	581,437
Transfers						
Collections for Other Agencies	44,103	44,985	45,885	46,803	47,739	240,705
Transfer from Reserves	62,734	37,310	25,000	22,794	23,646	122,720
External Contributions	19,020	2,007	4,542	1,866	653	10,599
Depreciation	13,600	13,872	14,149	14,432	14,721	75,075
	139,457	98,174	89,576	85,895	86,759	449,099
Total Revenues	235,396	198,061	192,616	192,123	196,112	1,030,536
Expenditures						
Operating Expenses						
General Government	18,387	18,846	19,317	19,800	20,295	104,010
Transportation and Transit	5,896	6,044	6,195	6,350	6,509	33,360
Health, Social Services, Housing	2,893	2,965	3,039	3,115	3,193	16,365
Development Services	4,513	4,625	4,741	4,860	4,982	25,535
Protective Services	25,743	26,387	27,047	27,723	28,416	145,630
Parks, Recreation and Culture	19,315	19,798	20,293	20,800	21,320	109,265
Water	9,642	9,993	10,461	10,987	11,694	71,171
Sewer	8,208	8,644	9,033	10,708	11,007	62,701
Solid Waste	4,583	4,718	4,859	5,004	5,153	28,110
	99,180	102,020	104,985	109,347	112,569	596,147
Capital Expenditures	74,911	32,240	22,442	16,742	16,723	95,404
Transfers						
Collections for Other Agencies	44,103	44,985	45,885	46,803	47,739	240,705
Equity	7,544	7,628	7,819	8,014	8,214	42,095
Reserves	9,658	11,188	11,485	11,217	10,867	56,185
	61,305	63,801	65,189	66,034	66,820	338,985
Total Expenses	235,396	198,061	192,616	192,123	196,112	1,030,536

**SCHEDULE "A" TO BYLAW NO. 8547
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2017 – 2026**

(2) Revenue Proportions by Funding Source
(Excluding Transfers from Reserves and Collections for Other Agencies)

	(000's)									
	2017	%	2018	%	2019	%	2020	%	2021	%
Property Value Tax	56,216	59	57,956	58	59,748	58	61,589	58	63,478	58
Parcel Taxes	2,776	3	3,045	3	3,299	3	3,452	3	3,534	3
Revenue from Fees	32,566	34	34,458	35	35,518	35	36,663	35	37,768	35
Revenue from other Sources	4,381	4	4,428	4	4,475	4	4,524	4	4,573	4
Total Revenues	95,939	100	99,887	100	103,040	100	106,228	100	109,353	100

Background: Property Taxes are the City's major source of revenue. The City's reliance on property tax as a source of revenue has increased gradually over the past several years. This is partially due to the lack of access to other types of revenues. Where feasible, the City charges user fees for services, however this is not possible for many services. In preparing the 2016 Financial Plan, the City's goal has been to maintain the current percentage of revenue coming from property taxes; however the City continues to rely heavily on this source of revenue to fund a large portion of City services and infrastructure.

Policy: Under Council's direction, the City will continue to look for ways to reduce the overall percentage of revenue that comes from property tax, by pursuing alternate revenue sources, and remains committed to charging user fees for services where feasible.

(3) Distribution of Property Taxes among the Property Classes

Property Class and Description		Tax Allocation %	
		2016	2017
1	Residential	55.92%	56.32%
2	Utilities	0.66%	0.95%
4	Major Industry - Capped	7.30%	6.97%
4	Major Industry - Non capped	0.70%	0.68%
5	Light Industry	0.83%	0.81%
6	Business	34.56%	34.24%
8	Recreation/Non-Profit	0.03%	0.03%

Background: In 2008 City Council adopted a Long Term Property Tax Strategy which will shift taxes from the business and light industrial tax classes, to the residential tax class. The goal of this policy was to move the City's tax rates and tax rate multiples to a competitive position within the Metro Vancouver Region, while maintaining principles of fairness and equity.

Adjusting down the ratio of the business tax rate to the residential rate (i.e. the tax multiple) continues to be a challenge based on the continued extraordinary growth in the residential sector.

Policy: The City will continue to review the distribution of property tax among the various property classes and consider other measures as a gauge of success.

**SCHEDULE “A” TO BYLAW NO. 8547
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2017 – 2026**

(4) Use of Permissive Tax Exemptions

Background: Council currently allows permissive tax exemptions to organizations within the City, based on eligibility criteria as defined under the Community Charter. This includes religious institutions, not for profit societies, service organizations and providers of social housing whose services and programs align with the City’s goals and objectives.

Policy: The City has adopted a policy along with a set of criteria which are based on linking taxation exemptions to desired community outcomes for the services provided. All existing permissive tax exemptions are reviewed each year and staff will continue to work with all organizations who receive a Permissive Tax Exemption to ensure that their services align with the goals and objectives of the City.

Council will continue to carefully consider the total amount of permissive exemptions granted each year, when reviewing the annual Property Tax Exemption bylaw, giving consideration to the equity of shifting the exempted tax burden to other property owners in the City.