



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

**REPORT**

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To: Mayor Linda Buchanan and Members of Council  
From: Ben Themens, Director of Finance  
Subject: 2019 – 2028 FINANCIAL PLAN BYLAW  
Date: March 20, 2019 File No: 05-1700-03-0001/2019

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

**RECOMMENDATION:**

PURSUANT to the report of the Director of Finance, dated March 20, 2019, entitled “2019 – 2028 Financial Plan Bylaw”:

THAT “Financial Plan for the Years 2019 to 2028 Bylaw, 2019, No. 8703” be brought forward for consideration by Council.

**ATTACHMENTS:**

1. Financial Plan for the Years 2019 to 2028 Bylaw, 2019, No. 8703

**PURPOSE:**

The purpose of this report is to seek Council approval for the 2019 – 2028 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 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 2019 Financial Plan process, staff reports have been made available on the City’s website and the opportunity to provide public input online and at Council Meetings has been provided.

## DISCUSSION:

The Financial Plan Bylaw presented for endorsement reflects the 4.25% tax rate increase approved by Council at the March 4, 2019, Regular Meeting. This provides for sufficient funding for general operations, the Employer Health Tax, increased general capital funding, and also funds the approved new items. As well, the Financial Plan Bylaw incorporates the approved 2019 – 2028 Utility Operations and Rates Models, and the 2019 – 2028 Project Plan.

Schedule A of the Financial Plan is a financial summary of the combined plans, over ten years. The scale of certainty is reduced in the later years, where the final five years are shown in one column.

Revenues indicate the major sources of funding; Property Value Tax, Parcel Taxes (Storm and Eco Levies), Fees & Services, Other and Transfers. The Transfers section includes the following:

- Collections for Other Governments are taxes collected on behalf of other governments and agencies including Provincial Schools, BC Assessment, Metro Vancouver (GVRD), and TransLink.
- Transfer from Reserves includes both operating and capital reserves. The operating reserves are used to fund unexpected or emergency expenditures or are set aside for specific known future liabilities. The capital reserves are used to fund the Project Plan.
- External Contributions are included where grants and other partner revenues are expected as well as a provision for external funding that may become available during the year.
- Depreciation is a transfer from equity in capital assets and is to offset the recognition of depreciation expense.

Expenditures are laid out in three categories:

Operating Expenditures are displayed by functional area and the expenses include annual operations, as well as non-capital projects, and depreciation.

Capital represents the value of both general and utility capital projects included in the plan.

Transfers show:

- Other Governments which is the outgoing payment of the taxes collected on behalf of other governments.
- Equity which represents amounts planned to be transferred to non-statutory reserves as well as amounts, such as the Weather Reserve, for use in the operations of the city for unexpected, emergency or planned expenses.
- Reserves indicates the planned transfer of funds from operating to the City's statutory and capital reserves primarily to fund capital infrastructure and amenities.

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 2019 – 2028 Financial Planning process which included separate discussions on utility rate setting (water, sewer, solid waste, etc.), 2019 Program Plan (operating), and the 2019 – 2028 Project Plan (capital).

**INTER-DEPARTMENTAL IMPLICATIONS:**

The Financial Plan Bylaw is a reflection of the policies and strategic direction of the City, and the work plans of all City departments. Finance staff relies on its close working relationship with staff in other departments and cost-shared agencies in developing the plans that make up the Financial Plan Bylaw.

**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:



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Ben Themens  
Director of Finance

**THE CORPORATION OF THE CITY OF NORTH VANCOUVER**

**BYLAW NO. 8703**

**Financial Plan for the Years 2019 to 2028**

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 2019 to 2028 Bylaw, 2019, No. 8703**”.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2019, and ending December 31, 2028.

READ a first time on the 1<sup>st</sup> day of April, 2019.

READ a second time on the 1<sup>st</sup> day of April, 2019.

READ a third time on the 1<sup>st</sup> day of April, 2019.

ADOPTED on the 8<sup>th</sup> day of April, 2019.

“Linda C. Buchanan”

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MAYOR

“Karla D. Graham”

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CITY CLERK

**SCHEDULE "A" TO BYLAW NO. 8703  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2019 – 2028**

(1) 2019 – 2028 Financial Plan (000's)

For the year ended December 31	2019	2020	2021	2022	2023	2024-2028
<b>Revenue</b>						
Property Value Tax	62,599	64,531	66,518	68,560	70,658	364,070
Parcel Taxes	3,162	3,624	4,041	4,250	4,469	25,866
Revenue from Fees and Services	36,367	37,888	40,711	44,068	47,029	269,626
Revenue from Other Sources	3,491	3,718	3,417	3,451	3,486	17,605
	105,619	109,761	114,687	120,329	125,642	677,167
<b>Transfers</b>						
Collections for Other Governments	49,561	50,552	51,563	52,594	53,646	273,595
Transfer from Reserves	66,515	103,292	37,776	44,421	125,837	114,223
Proceeds from Debt	-	90,000	-	-	-	-
External Contributions	20,408	10,437	7,896	2,781	1,497	6,901
Depreciation	15,100	15,402	15,710	16,024	16,344	83,355
	151,584	269,683	112,945	115,820	197,324	478,074
<b>Total Revenues</b>	<b>257,203</b>	<b>379,444</b>	<b>227,632</b>	<b>236,149</b>	<b>322,966</b>	<b>1,155,241</b>
<b>Expenditures</b>						
<b>Operating Expenses</b>						
General Government	21,101	21,629	22,170	22,724	23,292	119,370
Transportation and Transit	6,032	6,183	6,338	6,496	6,658	34,120
Health, Social Services, Housing	2,821	2,892	2,964	3,038	3,114	15,960
Development Services	5,798	5,943	6,092	6,244	6,400	32,800
Protective Services	27,246	27,927	28,625	29,341	30,075	154,135
Parks, Recreation and Culture	20,456	20,968	21,492	22,029	22,580	115,725
Water	10,337	11,830	12,864	14,011	15,286	88,615
Sewer	9,272	12,752	14,892	17,410	18,232	106,471
Solid Waste	4,396	2,528	1,759	1,750	1,891	10,326
	107,459	112,652	117,196	123,043	127,528	677,522
Capital Expenditures	78,542	195,109	38,114	36,327	27,595	90,570
<b>Transfers</b>						
Collections for Other Governments	49,561	50,552	51,563	52,594	53,646	273,595
Equity	9,424	9,549	9,788	10,033	10,284	52,705
Reserves	12,217	11,582	10,971	14,152	13,913	60,849
Debt Repayment	-	-	-	-	90,000	-
	71,202	71,683	72,322	76,779	167,843	387,149
<b>Total Expenses</b>	<b>257,203</b>	<b>379,444</b>	<b>227,632</b>	<b>236,149</b>	<b>322,966</b>	<b>1,155,241</b>

**SCHEDULE "A" TO BYLAW NO. 8703  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2019 – 2028**

(2) Revenue Proportions by Funding Source

(Excluding Transfers from Reserves and Collections for Other Agencies)

	(000's)									
	2019	%	2020	%	2021	%	2022	%	2023	%
Property Value Tax	62,599	59	64,531	59	66,518	58	68,560	57	70,658	56
Parcel Taxes	3,162	3	3,624	3	4,041	4	4,250	4	4,469	4
Revenue from Fees	36,367	35	37,888	35	40,711	35	44,068	36	47,029	37
Revenue from other Sources	3,491	3	3,718	3	3,417	3	3,451	3	3,486	3
<b>Total Revenues</b>	<b>105,619</b>	<b>100</b>	<b>109,761</b>	<b>100</b>	<b>114,687</b>	<b>100</b>	<b>120,329</b>	<b>100</b>	<b>125,642</b>	<b>100</b>

**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 2019 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 %	
		2018	2019
1	Residential	56.60%	56.28%
2	Utilities	1.07%	0.54%
4	Major Industry - Capped	6.95%	8.64%
4	Major Industry - Non capped	0.67%	0.67%
5	Light Industry	0.89%	0.88%
6	Business	33.78%	32.95%
8	Recreation/Non-Profit	0.04%	0.04%

**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. 8703  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2019 – 2028**

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(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, providers of social housing, not for profit societies and service organizations 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.