



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

REPORT

To: Mayor Linda Buchanan and Members of Council
From: Ben Themens, Director of Finance
Subject: 2020 – 2029 FINANCIAL PLAN BYLAW
Date: April 21, 2020 File No: 05-1700-03-0001/2020

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 April 21, 2020, entitled “2020 – 2029 Financial Plan Bylaw”:

THAT “Financial Plan for the Years 2020 to 2029 Bylaw, 2020, No. 8771” be brought forward for consideration by Council.

ATTACHMENTS

1. Financial Plan for the Years 2020 to 2029 Bylaw, 2020, No. 8771 (CityDocs #[1892964](#))

SUMMARY

The purpose of this report is to seek Council approval for the 2020 – 2029 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 2020 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 2.0% tax rate increase approved by Council at the April 20, 2020, Regular Meeting. The plan includes early adjustments related to COVID-19, provides sufficient funding for general operations and maintains property tax supported capital funding at 2019 levels. As well, the Financial Plan Bylaw incorporates the approved 2020 – 2029 Utility Operations and Rates Models, and the 2020 – 2029 Project Plan.

It is anticipated that in the coming months, as the impact of COVID-19 on City finances is more clearly understood, that adjustments, through the adoption by Council of revised financial plan(s), will be required.

Schedule A to bylaw no. 8771 (**Attachment 1**) 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 (including 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.
- Proceeds from debt is the anticipated future debt arrangement required for the HJCRC replacement project to provide bridge funding pending the receipt of lease payments.
- 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.
- Transfer from Capital Assets 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:

- Collections for 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.
- Repayment of Debt is the repayment of the bridge financing for the HJCRC renewal project.

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 2020 – 2029 Financial Planning process which included separate discussions on utility rate setting (water, sewer, solid waste, etc.), 2020 Program Plan (operating), and the 2020 – 2029 Project Plan (capital).

INTER-DEPARTMENTAL IMPLICATIONS:

The 2020-2029 Financial Plan Bylaw is a reflection of the policies of the City, and the work plans of all City departments. In developing this budget, Finance staff rely on their close working relationship with staff in other departments and the City's shared-cost agencies.

2020 will be a challenging year for the City, and the challenges facing the City are impacted in the City's budget process, requiring reconsideration of all that we do. Finance wishes to thank all the members of staff who are contributing so much of their time and effort to provide leadership and cooperation to this ongoing process.

CORPORATE PLAN AND/OR POLICY IMPLICATIONS:

The preparation and approval of a Financial Plan Bylaw is consistent with the requirements of the Community Charter, with the 2020 Financial Plan Objectives, with several of the objectives of the City's 2014 Official Community Plan and was prepared with consideration of the 2018-2022 Council Strategic Plan.

RESPECTFULLY SUBMITTED:



Ben Themens
Director of Finance

THE CORPORATION OF THE CITY OF NORTH VANCOUVER

BYLAW NO. 8771

Financial Plan for the Years 2020 to 2029

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 2020 to 2029 Bylaw, 2020, No. 8771**”.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2020, and ending December 31, 2029.

READ a first time on the 27th day of April, 2020.

READ a second time on the 27th day of April, 2020.

READ a third time on the 27th day of April, 2020.

ADOPTED on the 27th day of April, 2020.

Bylaw adopted at same meeting as 3rd reading in accordance with Ministerial Order No. M083.

“Linda C. Buchanan”

MAYOR

“Karla D. Graham”

CITY CLERK

**SCHEDULE "A" TO BYLAW NO. 8771
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2020 – 2029**

(1) 2020 – 2029 Financial Plan (000's)

For the year ended December 31	2020	2021	2022	2023	2024	2025-2029
Revenue						
Property Value Tax						
General Property Tax	65,700	67,695	69,746	71,851	74,015	381,185
Levies (Storm and Eco)	3,530	3,994	4,147	4,305	4,470	24,753
Revenue from Fees and Services	36,616	38,177	40,290	42,785	45,608	263,910
Revenue from Other Sources	3,608	3,496	3,531	3,566	3,602	18,190
	109,454	113,362	117,714	122,507	127,695	688,038
Transfers						
Collections for Other Governments	56,071	57,192	58,336	59,503	60,693	309,535
Transfer from Reserves	72,751	112,587	55,951	52,158	124,417	155,558
Proceeds from Debt	0	90,000	0	0	0	0
External Contributions	19,148	6,892	4,921	17,200	2,855	7,618
Transfer from Capital Assets	15,700	16,014	16,334	16,661	16,994	86,670
	163,670	282,685	135,542	145,522	204,959	559,381
Total Revenues	273,124	396,047	253,256	268,029	332,654	1,247,419
Expenditures						
Operating Expenses						
General Government	20,815	21,335	21,868	22,415	22,975	117,745
Transportation and Transit	6,874	7,046	7,222	7,403	7,588	38,890
Health, Social Services, Housing	3,057	3,133	3,211	3,291	3,373	17,285
Development Services	6,143	6,297	6,454	6,615	6,780	34,750
Protective Services	28,519	29,232	29,963	30,712	31,480	161,335
Parks, Recreation and Culture	21,573	22,112	22,665	23,232	23,813	122,040
Water	10,516	14,712	15,904	17,501	18,402	104,057
Sewer	10,177	14,580	16,546	18,071	20,135	114,941
Solid Waste	3,856	3,354	3,448	3,545	3,645	19,827
	111,530	121,801	127,281	132,785	138,191	730,870
Capital Expenditures	83,934	202,134	53,393	61,705	25,861	126,641
Transfers						
Collections for Other Governments	56,071	57,192	58,336	59,503	60,693	309,535
Equity	8,975	9,085	9,312	9,545	9,784	50,145
Reserves	12,614	5,835	4,934	4,491	8,125	30,228
Repayment of Debt					90,000	
	77,660	72,112	72,582	73,539	168,602	389,908
Total Expenses	273,124	396,047	253,256	268,029	332,654	1,247,419

**SCHEDULE "A" TO BYLAW NO. 8771
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2020 – 2029**

(2) Revenue Proportions by Funding Source

(Excluding Transfers from Reserves and Collections for Other Agencies)

	(000's)									
	2020	%	2021	%	2022	%	2023	%	2024	%
Property Value Tax										
General Property Tax	65,700	60	67,695	60	69,746	59	71,851	59	74,015	58
Levies (Storm and Eco)	3,530	3	3,994	3	4,147	4	4,305	3	4,470	3
Revenue from Fees	36,616	34	38,177	34	40,290	34	42,785	35	45,608	36
Revenue from other Sources	3,608	3	3,496	3	3,531	3	3,566	3	3,602	3
Total Revenues	109,454	100	113,362	100	117,714	100	122,507	100	127,695	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 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 %	
		2019	2020
1	Residential	56.28%	56.36%
2	Utilities	0.54%	0.49%
4	Major Industry - Capped	8.64%	9.90%
4	Major Industry - Non capped	0.67%	0.62%
5	Light Industry	0.88%	0.91%
6	Business	32.95%	31.68%
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.

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. 8771
CITY OF NORTH VANCOUVER FINANCIAL PLAN
FOR THE YEARS 2020 – 2029**

(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.