

CITY OF SALMON ARM

BYLAW NO. 4490

A bylaw respecting the 2022 to 2026 Financial Plan

WHEREAS in accordance with the provisions of Section 165 of the Community Charter, the Council is required, by bylaw, to adopt a financial plan for the period of at least five years;

NOW THEREFORE the Council of the City of Salmon Arm, in the Province of British Columbia, in an open meeting assembled, hereby enacts as follows:

1. "Schedule "A" attached hereto, and forming part of the bylaw is hereby declared to be the 2022 to 2026 Financial Plan of the City of Salmon Arm.

2. SEVERABILITY

If any part, section, sub-section, clause of this bylaw for any reason is held to be invalid by the decisions of a Court of competent jurisdiction, the invalid portion shall be severed and the decisions that it is invalid shall not affect the validity of the remaining portions of this bylaw.

3. ENACTMENT

Any enactment referred to herein is a reference to an enactment of British Columbia and regulations thereto as amended, revised, consolidated or replaced from time to time.

4. EFFECTIVE DATE

This bylaw shall come into full force and effect upon adoption of same.

5. CITATION

This bylaw may be cited for all purposes as "City of Salmon Arm 2022 to 2026 Financial Plan Bylaw No. 4490".

READ A FIRST TIME THIS	29	DAY OF	November	2021
READ A SECOND TIME THIS	29	DAY OF	November	2021
READ A THIRD TIME THIS	29	DAY OF	November	2021
ADOPTED BY COUNCIL THIS	13	DAY OF	December	2021

"A. HARRISON"

MAYOR

"E. JACKSON"

CORPORATE OFFICER

City of Salmon Arm

2022 - 2026 Financial Plan

	2022 Budget	2023 Budget	2024 Budget	2025 Budget	2026 Budget
Consolidated Revenues					
Property and MRDT Taxes - Net	\$20,795,930	\$21,211,849	\$ 21,636,086	\$ 22,068,808	\$ 22,510,184
Frontage & Parcel Taxes	3,686,295	3,760,021	3,835,221	3,911,925	3,990,164
Sales of Service	8,610,910	8,783,128	8,958,791	9,137,967	9,320,726
Revenue From Own Sources	2,281,155	2,326,778	2,373,314	2,420,780	2,469,196
Rentals	430,945	439,564	448,355	457,322	466,468
Federal Government Transfers	-	-	-	-	-
Provincial Government Transfers	422,100	430,542	439,153	447,936	456,895
Other Government Transfers	219,210	223,594	228,066	232,627	237,280
Transfer From Prior Year Surplus	315,250	321,555	327,986	334,546	341,237
Transfer From Reserve Accounts	3,425,895	3,494,413	3,564,301	3,635,587	3,708,299
Transfer From Reserve Funds	-	-	-	-	-
Total Consolidated Revenues	\$40,187,690	\$40,991,444	\$ 41,811,273	\$ 42,647,498	\$ 43,500,449

Consolidated Expenditures					
General Government Services	\$ 4,016,320	\$ 4,096,646	\$ 4,178,579	\$ 4,262,151	\$ 4,347,394
Protective Services	8,128,080	8,290,642	8,456,455	8,625,584	8,798,096
Transportation Services	5,561,385	5,672,613	5,786,065	5,901,786	6,019,822
Environmental Health Services	62,850	64,107	65,389	66,697	68,031
Environmental Development Service	2,652,025	2,705,066	2,759,167	2,814,350	2,870,637
Recreation and Cultural Services	5,474,215	5,583,699	5,695,373	5,809,280	5,925,466
Fiscal Services - Interest	1,388,950	1,416,729	1,445,064	1,473,965	1,503,444
Fiscal Services - Principal	1,304,380	1,330,468	1,357,077	1,384,219	1,411,903
Capital Expenditures	3,397,600	3,034,371	2,929,967	4,160,000	4,223,131
Transfer to Surplus	-	-	-	-	-
Transfer to Reserve Accounts	2,062,285	2,534,711	2,750,497	1,634,073	1,686,824
Transfer to Reserve Funds	1,095,000	1,116,900	1,139,238	1,162,023	1,185,263
Water Services	2,707,850	2,762,007	2,817,247	2,873,592	2,931,064
Sewer Services	2,336,750	2,383,485	2,431,155	2,479,778	2,529,374
Total Consolidated Expenditures	\$40,187,690	\$40,991,444	\$ 41,811,273	\$ 42,647,498	\$ 43,500,449

2022 - 2026 Financial Plan

City of Salmon Arm

	2022	2023	2024	2025	2026
	Budget	Budget	Budget	Budget	Budget

Capital Projects

Finances Acquired

General Operating Fund	\$ 2,227,600	\$ 1,959,371	\$ 1,954,967	\$ 2,968,000	\$ 2,924,150
Water Operating Fund	500,000	500,000	800,000	391,000	892,825
Sewer Operating Fund	670,000	575,000	175,000	801,000	406,156
Federal Government Grants	3,252,456	-	-	100,000	187,500
Provincial Government Grants	4,356,756	-	-	100,000	187,500
Prior Year Surplus	15,000	-	-	-	-
Reserve Accounts	10,639,700	340,000	1,200,000	2,842,500	937,500
Reserve Funds	5,089,300	550,000	1,122,000	1,936,000	1,363,500
Development Cost Charges	852,750	3,445,000	3,373,000	225,000	480,000
Short Term Debt	-	-	-	-	-
Long Term Debt	8,428,525	-	500,000	2,000,000	3,470,000
Developer Contributions	3,586,530	40,000	40,000	-	-

Total Funding Sources

	\$ 39,618,617	\$ 7,409,371	\$ 9,164,967	\$ 11,363,500	\$ 10,849,131
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Finances Applied

Transportation Infrastructure	\$ 23,495,817	\$ 3,619,500	\$ 5,219,500	\$ 5,193,000	\$ 5,851,650
Buildings	1,685,845	458,500	140,000	20,000	150,000
Land	-	300,000	-	-	-
IT Infrastructure	131,500	65,000	185,000	70,000	20,000
Machinery and Equipment	1,760,800	443,871	397,967	1,341,000	718,500
Vehicles	1,708,000	-	-	555,000	140,000
Parks Infrastructure	1,401,320	262,500	782,500	212,500	440,000
Utility Infrastructure	9,435,335	2,260,000	2,440,000	3,972,000	3,528,981

Total Capital Expense

	\$ 39,618,617	\$ 7,409,371	\$ 9,164,967	\$ 11,363,500	\$ 10,849,131
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Departmental Summary:

	2022	2023	2024	2025	2026
	Budget	Budget	Budget	Budget	Budget

General Government Services	\$ 131,500	\$ 138,500	\$ 208,500	\$ 120,000	\$ 100,000
Protective Services	2,065,000	55,000	55,000	125,000	125,000
Transportation Services	25,478,962	4,233,500	5,518,500	6,849,000	6,545,150
Environmental Health Services	58,000	327,500	27,500	2,500	60,000
Environmental Development Services	-	-	-	-	-
Recreation and Cultural Services	2,058,820	319,871	840,467	275,000	470,000
Water Services	6,960,500	1,760,000	2,340,000	691,000	3,142,825
Sewer Services	2,865,835	575,000	175,000	3,301,000	406,156

Total by Department

	\$ 39,618,617	\$ 7,409,371	\$ 9,164,967	\$ 11,363,500	\$ 10,849,131
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Schedule "B" – Bylaw #4490
2022 Revenue Policy Disclosure

1. Table One (1) reflects the proportion of total revenue proposed to be raised from each funding source in 2022. Property taxes form the greatest proportion of revenue of the City. The first column details the proposed percentage of revenue including Conditional Government Transfers and the second column shows the proposed percentage of revenue excluding Conditional Government Transfers. Conditional Government Transfers are funds provided by other levels of government or government agencies to fund specific projects. The absence of this funding would result in an increase to property taxes, debt borrowing or funding from reserves or other sources (ie. developers, donations, etc.) or result in the project not being undertaken.

The City collects three (3) types of parcel tax; a water frontage tax; a sewer frontage tax and a transportation parcel tax. The water and sewer frontage tax rate is applied to each parcel of land taxable foot frontage. The frontage rate is comprised of a capital debt repayment component plus 10% of the water and sewer operation and maintenance budget for preventative maintenance of the utilities infrastructure. The City introduced a transportation parcel tax in 2003. The transportation parcel tax is collected to maintain the City's transportation network to an adequate level to minimize future reconstruction costs and ensure the network is safe from hazards and disrepair. To this end, the transportation parcel tax provides a stable and dedicated source of funding. The transportation parcel tax was specifically implemented on a "flat rate per parcel" rather than an "ad valorem tax" basis recognizing that all classes of property are afforded equal access to the City's transportation network and should contribute to its sustainability equally. This method directed tax dollars away from business and industry to residential.

The City also receives a Municipal Regional District Tax (MRDT) which is levied and collected by the Provincial Government on all daily accommodation rentals within the City. Under the direction and approval of the Accommodation Industry, the City has applied to the Provincial Government to levy a 2% MRDT which will be utilized on initiatives that will increase exposure/awareness of Salmon Arm as a tourism destination with emphasis on off-season event expansion.

The City endorses a 'user pay' philosophy in its collection of fees and charges. Such fees and charges (ie. development, building, plumbing and fire permits, recreational program and rental fees and cemetery services) are reviewed annually to ensure adequate cost recovery for the provision of services. The policy of the City is to work towards full cost recovery for services provided. The objective in reviewing fees and charges periodically is to measure the cost of providing municipal services versus the cost recovery established through user fees and charges. Development Cost Charges are based on the City's Long Term Financial Plan. Included in this percentage is the City's investment income. The City exercises a stringent cash management plan to maximize investment and interest income.

Other sources of revenue provide funding for specific functions such as the Columbia Shuswap Regional District's contribution to the Shuswap Regional Airport, Recreation Centre, Shaw Centre, Cemeteries and Fire Training Centre.

The proceeds from borrowing and developer contributions fund capital projects pursuant to the City's Long Term Financial Plan.

Schedule "B" – Bylaw #4490
 2022 Revenue Policy Disclosure

Table 1: Proportions of Total Revenue

Revenue Source	Percentage to Total Revenue Includes Conditional Government Transfers	Percentage to Total Revenue Excludes Conditional Government Transfers
Property Taxes	37.10%	46.64%
Parcel Taxes	6.57%	8.27%
User Fees, Charges and Interest Income	20.19%	25.40%
Other Sources	21.11%	0.79%
Proceeds From Borrowing	15.03%	18.90%
	100.00%	100.00%

2. Table Two (2) reflects the distribution of property tax between the different property classes. The objective of the City is to set tax rates in order to maintain tax stability while maintaining equality between the property classes. The policy of the City is to develop a tax rate which maintains the proportionate relationship between the property classes. Inflationary increases in assessments are reduced to reflect only the 'real' increase attributed to new construction for each property class. This allows the property owner to be confident that, in any year, their property tax bill will only increase as much as their proportion of the increase in tax revenue required year to year.

The City reviewed the property tax multiple structure and equalized the general municipal property tax rate and associated multiple for Class 5 (Light Industry) and Class 6 (Business) by shifting general municipal property taxes from Class 5 (Light Industry) to Class 6 (Business) commencing in 2017. This property tax stability strategy is in keeping with its objective to maintain tax stability while maintaining equality between property classifications.

Assessment values fluctuate as market values change in one class or another. It is this market value change that may precipitate an amendment to the class multiple.

The Provincial Government has legislated a municipal taxation rate cap for the Class 2 (Utilities) assessments. The City of Salmon Arm Class 2 (Utilities) general municipal property tax rate adheres to this legislation.

Schedule "B" – Bylaw #4490
2022 Revenue Policy Disclosure

Table 2: Distribution of Property Taxes Between Property Classes

Property Class	2021 Tax Rate	Class Multiple	Percentage to Total Property Tax	Percentage to Total Property Assessment Value
Residential	3.8106	1.00:1	66.54%	85.86%
Utilities	23.3118	6.12:1	0.82%	0.17%
Supportive Housing	0.000	0.00:1	0.00%	0.00%
Major Industry	65.7256	17.25:1	2.78%	0.21%
Light Industry	10.7869	2.83:1	2.42%	1.10%
Business	10.7869	2.83:1	26.71%	12.17%
Managed Forest Land	8.2540	2.17:1	0.00%	0.00%
Recreational/Non Profit	2.7756	0.73:1	0.14%	0.26%
Farm	12.8055	3.36:1	0.59%	0.23%

3. The City adopted a Permissive Tax Exemption Policy in 1998 which outlines the eligibility criteria to receive a permissive tax exemption. The Annual Municipal Report for 2020 contains a schedule of permissive tax exemptions granted for the year and the amount of tax revenue exempted.

Commencing in 1999, the City provided a three (3) year permissive tax exemption for each eligible organization. These include religious institutions, historical societies, some recreational facilities, service organizations and cultural institutions.

Table 3: Permissive Tax Exemptions

Organization	General Municipal Tax Exemption	Other Government Tax Exemption	Total
Churches	\$ 44,493.00	\$ 37,836.00	\$ 82,329.00
Non Profit Societies	391,404.00	225,824.00	617,228.00
Senior Centers	13,689.00	7,328.00	21,017.00
Other	4,035.00	2,180.00	6,215.00
Sports Clubs	285,388.00	157,953.00	443,341.00
Total	\$ 739,009.00	\$ 431,121.00	\$ 1,170,130.00

Schedule "B" – Bylaw #4490
2022 Revenue Policy Disclosure

4. The Official Community Plan for the City of Salmon Arm identifies the revitalization of the downtown as a priority. As a result, in 2005, the City established a Downtown Revitalization Tax Exemption Program pursuant to City of Salmon Arm Revitalization Tax Exemption Bylaw No. 3471.

The Revitalization Tax Exemption Program is a tool that Council is using to encourage property investment in the downtown area (hereinafter referred to as the Revitalization Area). Council's objective is to stimulate and reinforce development initiatives in the Revitalization Area by promoting property investment within the C-2, "Town Centre Commercial Zone" and to reinforce the City's investment in infrastructure upgrades and beautification projects.

City of Salmon Arm Revitalization Tax Exemption Bylaw No. 3741 establishes property tax exemptions in respect of construction of a new improvement or alteration of an existing improvement where the alteration has a value in excess of \$75,000.00 to encourage revitalization in the Revitalization Area.

Table 4: Revitalization Tax Exemptions

Area	2016 General Municipal Tax Exemption	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption	2020 General Municipal Tax Exemption	2021 General Municipal Tax Exemption
C-2 "Downtown Commercial Zone"	\$ 34,828.47	\$ 29,851.20	\$ 24,304.74	\$ 24,657.03	\$ 18,939.56	\$ 14,424.23

5. The Official Community Plan for the City of Salmon Arm identifies the revitalization of the "Industrial Zones" as a priority. As a result, in 2014, the City established an Industrial Revitalization Tax Exemption Program pursuant to City of Salmon Arm Revitalization Tax Exemption Bylaw No. 4020.

The Revitalization Tax Exemption Program is a tool that Council is using to encourage property investment in the "Industrial Zones" (hereinafter referred to as the Revitalization Area). Council's objective is to stimulate and reinforce development initiatives in the Revitalization Area by promoting property investment within the "Industrial Zone" and to reinforce the City's investment in infrastructure upgrades and beautification projects.

City of Salmon Arm Revitalization Tax Exemption Bylaw No. 4020 establishes general municipal property tax exemptions in respect of construction of a new improvement or alteration of an existing improvement where the alteration has a value in excess of \$300,000.00 to encourage revitalization in the Revitalization Area.

This bylaw shall have an expiration date of five (5) years from the date of adoption.

Area	2016 General Municipal Tax Exemption	2017 General Municipal Tax Exemption	2018 General Municipal Tax Exemption	2019 General Municipal Tax Exemption	2020 General Municipal Tax Exemption	2021 General Municipal Tax Exemption
"Industrial Zone"	\$ 0.00	\$ 0.00	\$ 5,425.51	\$ 5,400.26	\$ 7,614.60	\$ 36,999.43