

CITY OF SALMON ARM

BYLAW NO. 4564

A bylaw respecting the 2023 to 2027 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 2023 to 2027 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 2023 to 2027 Financial Plan Bylaw No. 4564".

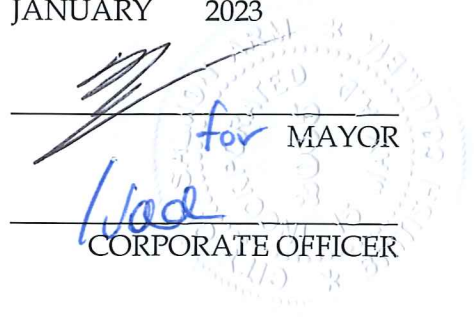
READ A FIRST TIME THIS	11 th	DAY OF	JANUARY	2023
READ A SECOND TIME THIS	11 th	DAY OF	JANUARY	2023
READ A THIRD TIME THIS	11 th	DAY OF	JANUARY	2023
ADOPTED BY COUNCIL THIS	23 rd	DAY OF	JANUARY	2023



for MAYOR



CORPORATE OFFICER



City of Salmon Arm

2023 - 2027 Financial Plan

	2023 Budget	2024 Budget	2025 Budget	2026 Budget	2027 Budget
Consolidated Revenues					
Property and MRDT Taxes - Net	\$21,729,110	\$22,163,692	\$ 22,606,966	\$ 23,059,105	\$ 23,520,287
Frontage & Parcel Taxes	3,723,220	3,797,684	3,873,638	3,951,111	4,030,133
Sales of Service	9,156,295	9,339,421	9,526,209	9,716,733	9,911,068
Revenue From Own Sources	3,081,680	3,143,314	3,206,180	3,270,304	3,335,710
Rentals	343,435	350,304	357,310	364,456	371,745
Federal Government Transfers	353,120	360,182	367,386	374,734	382,229
Provincial Government Transfers	667,025	680,366	693,973	707,852	722,009
Other Government Transfers	229,508	234,098	238,780	243,556	248,427
Transfer From Prior Year Surplus	295,120	301,022	307,042	313,183	319,447
Transfer From Reserve Accounts	2,950,720	3,009,734	3,069,929	3,131,328	3,193,955
Transfer From Reserve Funds	-	-	-	-	-
Total Consolidated Revenues	\$42,529,233	\$43,379,817	\$ 44,247,413	\$ 45,132,362	\$ 46,035,010
Consolidated Expenditures					
General Government Services	\$ 4,204,490	\$ 4,288,580	\$ 4,374,352	\$ 4,461,839	\$ 4,551,076
Protective Services	7,691,470	7,845,299	8,002,205	8,162,249	8,325,494
Transportation Services	5,857,580	5,974,732	6,094,227	6,216,112	6,340,434
Environmental Health Services	62,850	64,107	65,389	66,697	68,031
Environmental Development Service	3,285,140	3,350,843	3,417,860	3,486,217	3,555,941
Recreation and Cultural Services	5,351,985	5,459,025	5,568,206	5,679,570	5,793,161
Fiscal Services - Interest	1,352,725	1,379,780	1,407,376	1,435,524	1,464,234
Fiscal Services - Principal	1,364,760	1,392,055	1,419,896	1,448,294	1,477,260
Capital Expenditures	3,740,325	6,563,160	6,196,950	4,918,606	5,091,106
Transfer to Surplus	-	-	-	-	-
Transfer to Reserve Accounts	3,168,988	484,338	991,496	2,413,608	2,387,754
Transfer to Reserve Funds	1,131,520	1,154,150	1,177,233	1,200,778	1,224,794
Water Services	2,853,400	2,910,468	2,968,677	3,028,051	3,088,612
Sewer Services	2,464,000	2,513,280	2,563,546	2,614,817	2,667,113
Total Consolidated Expenditures	\$42,529,233	\$43,379,817	\$ 44,247,413	\$ 45,132,362	\$ 46,035,010

2023 - 2027 Financial Plan**City of Salmon Arm**

2023	2024	2025	2026	2027
Budget	Budget	Budget	Budget	Budget

Capital Projects**Finances Acquired**

General Operating Fund	\$ 2,189,925	\$ 4,887,360	\$ 5,157,650	\$ 3,581,150	\$ 3,746,150
Water Operating Fund	763,100	912,300	716,800	1,042,800	819,300
Sewer Operating Fund	787,300	763,500	322,500	294,656	525,656
Federal Government Grants	2,228,550	548,500	-	-	-
Provincial Government Grants	3,172,250	838,500	-	-	-
Prior Year Surplus	28,000	-	-	-	-
Reserve Accounts	10,244,531	3,460,500	1,365,000	842,500	1,447,500
Reserve Funds	2,629,300	2,737,000	3,523,500	1,226,000	1,296,500
Development Cost Charges	785,750	607,250	875,000	480,000	695,000
Short Term Debt	-	399,500	-	-	-
Long Term Debt	7,265,041	4,380,000	56,025,000	3,470,000	1,500,000
Developer Contributions	836,200	-	-	-	-

Total Funding Sources

\$ 30,929,947	\$ 19,534,410	\$ 67,985,450	\$ 10,937,106	\$ 10,030,106
---------------	---------------	---------------	---------------	---------------

Finances Applied

Transportation Infrastructure	\$ 13,083,776	\$ 10,481,650	\$ 9,638,650	\$ 6,088,650	\$ 4,813,650
Buildings	8,688,300	430,000	555,000	330,000	103,000
Land	-	-	-	-	-
IT Infrastructure	70,000	120,000	20,000	20,000	20,000
Machinery and Equipment	1,325,700	1,204,500	2,363,500	746,000	936,500
Vehicles	427,000	265,000	655,000	95,000	145,000
Parks Infrastructure	748,630	1,553,460	764,000	370,000	445,000
Utility Infrastructure	6,586,541	5,479,800	53,989,300	3,287,456	3,539,956

Total Capital Expense

\$ 30,929,947	\$ 19,534,410	\$ 67,985,450	\$ 10,937,106	\$ 10,003,106
---------------	---------------	---------------	---------------	---------------

Departmental Summary:

2023	2024	2025	2026	2027
Budget	Budget	Budget	Budget	Budget

General Government Services	\$ 54,300	\$ 250,000	\$ 100,000	\$ 100,000	\$ 100,000
Protective Services	1,115,800	502,000	292,000	167,000	617,000
Transportation Services	14,234,276	11,444,150	12,385,150	6,682,650	5,198,150
Environmental Health Services	-	555,000	255,000	70,000	60,000
Environmental Development Services	-	-	-	-	-
Recreation and Cultural Services	1,803,030	1,253,460	914,000	580,000	465,000
Water Services	9,155,604	4,203,800	716,800	3,042,800	1,316,800
Sewer Services	4,566,937	1,326,000	53,322,500	294,656	2,273,156

Total by Department

\$ 30,929,947	\$ 19,534,410	\$ 67,985,450	\$ 10,937,106	\$ 10,030,106
---------------	---------------	---------------	---------------	---------------

Schedule "B" – Bylaw #4564
2023 Revenue Policy Disclosure

1. Table One (1) reflects the proportion of total revenue proposed to be raised from each funding source in 2023. 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 #4564
2023 Revenue Policy Disclosure

Table 1: Proportions of Total Revenue

Revenue Source	Percentage to Total Revenue	Percentage to Total Revenue
	Includes Conditional Government Transfers	Excludes Conditional Government Transfers
Property Taxes	41.17%	47.63%
Parcel Taxes	7.05%	8.16%
User Fees, Charges and Interest Income	23.84%	27.58%
Other Sources	14.18%	0.70%
Proceeds From Borrowing	13.76%	15.93%
	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 between Class 5 (Light Industry) and 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 #4564
2023 Revenue Policy Disclosure

Table 2: Distribution of Property Taxes Between Property Classes

Property Class	2022 Tax Rate	Class Multiple	Percentage to Total Property Tax	Percentage to Total Property Assessment Value
Residential	3.0324	1.00:1	66.45%	87.64%
Utilities	23.3768	7.71:1	0.80%	0.14%
Supportive Housing	0.000	0.00:1	0.00%	0.00%
Major Industry	65.1406	21.48:1	2.73%	0.17%
Light Industry	10.0717	3.32:1	2.59%	1.03%
Business	10.0717	3.32:1	26.69%	10.60%
Managed Forest Land	7.4675	2.46:1	0.01%	0.00%
Recreational/Non Profit	2.3528	0.78:1	0.14%	0.24%
Farm	13.3093	4.39:1	0.59%	0.18%

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	\$ 41,054.00	\$ 35,174.50	\$ 76,228.50
Non Profit Societies	422,707.00	246,032.00	668,739.00
Senior Centers	13,637.00	6,892.00	20,529.00
Other	4,140.00	2,108.00	6,248.00
Sports Clubs	268,921.00	141,012.00	409,933.00
Total	\$ 750,459.00	\$ 431,218.50	\$ 1,181,677.50

Schedule "B" – Bylaw #4564
2023 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	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	2022 General Municipal Tax Exemption
C-2 "Downtown Commercial Zone"	\$ 29,851.20	\$ 24,304.74	\$ 24,657.03	\$ 18,939.56	\$ 14,424.23	\$ 10,358.95

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	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	2022 General Municipal Tax Exemption
"Industrial Zone"	\$ 0.00	\$ 5,425.51	\$ 5,400.26	\$ 7,614.60	\$ 36,999.43	\$ 91,830.85