

THE CORPORATION OF THE DISTRICT OF OAK BAY

BYLAW NO. 4833

A Bylaw respecting the financial plan  
for the years 2023, 2024, 2025, 2026 AND 2027

The Municipal Council of The Corporation of the District of Oak Bay in open meeting assembled enacts as follows:

1. Schedule "A" attached hereto and forming a part of this Bylaw is hereby adopted as the Financial Plan of The Corporation of the District of Oak Bay for the calendar years of 2023, 2024, 2025, 2026 and 2027.
2. This Bylaw may be cited as the *Financial Plan Bylaw 2023 - 2027, No. 4833*.

READ a first time by the Municipal Council on the 24th day of April, 2023.

READ a second time by the Municipal Council on the 24th day of April, 2023.

READ a third time by the Municipal Council on the 24th day of April, 2023.

ADOPTED and FINALLY PASSED by the Municipal Council on 8th day of May, 2023.

  
\_\_\_\_\_  
Mayor  
\_\_\_\_\_  
Director of Corporate Services

Sealed with the Seal of The Corporation of  
the District of Oak Bay. /

SCHEDULE "A"  
The Corporate of the District of Oak Bay  
Five Year Financial Plan

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>	<b>Budget</b>
<b>Revenue</b>					
Property Taxes	\$ 33,059,300	\$36,233,500	\$38,450,800	\$41,117,000	\$43,649,400
Parcel (frontage) Taxes	255,600	268,400	281,800	295,900	310,700
Other Taxes	93,700	95,600	97,500	99,500	101,500
Fees and Charges					
Sales of Services	9,588,500	10,221,400	10,772,600	11,340,000	11,926,000
Other Fees and Charges	1,114,600	1,036,400	1,036,400	1,036,400	1,036,400
User Fees	9,460,300	10,871,600	11,824,000	12,659,600	13,020,900
Interest	1,615,100	1,644,200	1,679,000	1,713,300	1,749,800
Grants and Other Gov'ts.	8,947,600	1,757,200	2,121,800	2,422,700	2,484,200
Other	258,300	259,900	263,300	266,800	270,300
<b>Total Revenue</b>	<b>64,393,000</b>	<b>62,388,200</b>	<b>66,527,200</b>	<b>70,951,200</b>	<b>74,549,200</b>
<b>Expenses</b>					
General Municipal	31,818,100	32,144,800	33,314,000	34,563,300	35,762,000
Protective Services	13,749,000	14,021,700	14,293,900	14,593,200	14,886,900
Water	4,214,500	4,596,300	4,878,800	5,176,200	5,489,200
Sewer	3,820,300	3,966,100	4,115,400	4,268,500	4,425,400
Debt Interest	134,400	306,000	573,400	1,337,400	1,910,400
<b>Total Expenses</b>	<b>53,736,300</b>	<b>55,034,900</b>	<b>57,175,500</b>	<b>59,938,600</b>	<b>62,473,900</b>
Accounting Surplus	10,656,700	7,353,300	9,351,700	11,012,600	12,075,300
Add:					
Transfer from Reserve Funds					
Capital Works	10,891,700	6,083,000	3,492,000	2,977,900	4,011,600
Climate Action	110,100	-	-	-	-
Fire Equipment	1,919,000	92,000	88,300	190,000	-
General Surplus	2,268,100	1,867,000	1,038,200	505,600	438,300
Infrastructure Renewal	12,804,800	7,116,000	10,231,100	9,360,500	9,620,400
COVID-19 Restart	1,315,600	500,000	-	-	-
Machinery and Equipment	1,984,300	522,000	179,000	459,500	477,000
Major Crimes	775,000	855,000	935,000	1,015,000	1,095,000
Legacy Trust	52,700	-	-	-	-
Amortization & Accretion	2,914,100	3,060,000	3,212,900	3,373,700	3,542,300
Debt proceeds	-	8,000,000	7,000,000	20,000,000	15,000,000
Deduct					
Capital Expenditures	(34,582,400)	(23,146,600)	(22,197,400)	(34,235,200)	(30,382,200)
Transfers to Reserves					
Capital Works	(3,230,700)	(3,764,000)	(3,819,600)	(3,796,300)	(3,983,500)
Fire Equipment	(419,500)	(92,100)	(235,000)	(458,300)	(472,000)
Climate Action	(146,000)	(150,400)	(154,900)	(159,500)	(164,300)
Infrastructure Renewal	(6,658,000)	(7,584,800)	(8,236,100)	(8,889,000)	(9,543,400)
Machinery and Equipment	(416,400)	(428,900)	(441,800)	(455,100)	(468,800)
Major Crimes	(84,900)	(87,400)	(90,000)	(92,700)	(95,500)
Tod House Trust	(11,600)	(11,900)	(11,700)	(11,500)	(11,300)
Debt Principal	(142,600)	(182,200)	(341,700)	(797,200)	(1,138,900)
<b>Budgetary Surplus</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## SCHEDULE "A", continued

***Objectives and Policies regarding:***

- 1. Funding Sources**
- 2. Property Value Tax Distribution**
- 3. Permissive Tax Exemptions**

**1. Funding Sources****1.1. Revenue from Property Value Taxes - Objectives and Policies**

The Municipality has a property tax assessment base of which 98.1% of the value is in the Residential class. This concentration of property taxes within the residential class enhances the dependability of the revenue source. Property taxation is a highly dependable and easy to administer revenue source.

Fees and charges, however, may enable ratepayers to exercise choice in consumption, thereby controlling the financial impact of that choice. Such a choice does not exist within the property taxation system.

The objective of Council, therefore, is to achieve a desired balance between utilizing property taxation revenue and relying on user fee revenue. This balance considers the benefits of the revenue dependability versus the desire to restrain property taxation growth. Property taxes will be used to balance the budget after first examining the potential for sustainable revenues from other sources.

**1.2. Revenue From Parcel Taxes - Objectives and Policies**

A parcel tax is a tax levy on land that is not a function of the assessed value. Only in limited circumstances is a parcel tax an alternative to a property value-based tax. It can only be applied to properties receiving a particular service and cannot be used for the funding of general services.

The objective of Council with regard to the parcel taxes is to ensure that its use fairly relates to the benefits conferred by the service it funds.

Council policy to date has been to use the parcel tax only to fund the cost of maintaining boulevards on specific streets that are serviced by the Municipality. The parcel tax is based on frontage.

**1.3. Revenue From Fees - Objectives and Policies**

Fees and charges account for a significant portion of the District's revenue. The largest component of user fee revenue is generated from the District's recreation programs. The objective of Council is to ensure that recreation user fee revenues cover all the direct program costs at a minimum, and a portion of overhead costs if possible.

The District aims to recover 100% of its solid waste disposal and collection costs through the solid waste fee.

The Municipality also operates a water distribution system. Its objective is to cover the utility costs with a user fee based on consumption.

The Municipality's sewer system is also operated as a utility. Approximately 70% of the municipal costs are recovered via a water consumption based user fee, with the remaining funded through property taxation.

The District also levies a sewer user fee to recover 100% of the Core Area Wastewater operating costs. Core Area Wastewater debt and capital costs are funded via property taxation.

#### 1.4. Revenue From Other Sources - Objectives and Policies

Revenue in the "Other Sources" category consists primarily of grants in lieu of taxes and developer contributions. The use of developer contributions is often specifically prescribed in an agreement or by bylaw. Grants in lieu of taxes are incorporated into revenue forecasts prior to property taxes being considered.

#### 1.5. Proceeds From Borrowing - Objectives and Policies

The objective of Council is to maintain its long-term debt servicing costs at a manageable level by replacing infrastructure on an incremental "pay as you go" basis.

Council policy is to limit the creation of long-term debt for the financing of large capital projects which cannot efficiently be undertaken on an incremental basis, or where such an approach would not be adequate to meet requirements with respect to public safety, health or senior government regulations.

### **2. Property Value Tax Distribution**

Non-residential properties represent a small proportion of the total tax base. Taxing other classes at a high multiple of the residential rate would be of relatively small benefit. The municipal business tax rate as a multiple of the residential tax rate, therefore, is low relative to most local governments throughout British Columbia. There is no property in the Industry class, and only a small amount in the Recreation class.

The objective of Council is to distribute future property value tax increases equitably among the classes of property after non-market change assessments have been considered.

The policy is to adjust the tax rate ratios each year so that the increase on each property class is equal after non-market change assessments have been removed.

There is one property in the Farm class. The policy is to set the Farm class tax rate to derive the same tax yield as if the property were classified as a residential assessment.

### **3. Permissive Tax Exemptions**

The objective being to distribute the tax burden fairly among properties receiving municipal services, Council makes very little use of its authority to grant permissive tax exemptions.

The policy to date has been to grant permissive exemptions only for land and improvements appurtenant to property already exempted by statute (e.g., churches), portions of municipal land leased or licensed to a non-profit organization providing a service complementary to municipal services, and in one case, an institution of childhood learning not statutorily exempt.