

THE CORPORATION OF THE DISTRICT OF OAK BAY

BYLAW NO. 4860

A Bylaw respecting the financial plan
for the years 2024, 2025, 2026, 2027 AND 2028

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 2024, 2025, 2026, 2027 and 2028.
2. This Bylaw may be cited as the *2024-2028 Financial Plan Bylaw No. 4860, 2024*.

READ a first time by the Municipal Council on the 22nd day of April, 2024.

READ a second time by the Municipal Council on the 22nd day of April, 2024.

READ a third time by the Municipal Council on the 22nd day of April, 2024.

ADOPTED and FINALLY PASSED by the Municipal Council on the 13th day of May, 2024.

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					
	2024	2025	2026	2027	2028
	Budget	Budget	Budget	Budget	Budget
Revenue					
Property Taxes	\$ 36,013,400	\$ 40,891,800	\$ 45,598,800	\$ 48,700,200	\$ 51,183,200
Parcel (frontage) Taxes	268,400	281,800	295,900	310,700	326,200
Other Taxes	102,300	104,300	106,400	108,500	110,700
Fees and Charges					
Sales of Services	10,142,600	10,816,800	11,396,000	12,056,500	12,748,900
Other Fees and Charges	1,191,800	1,190,900	1,190,900	1,190,900	1,190,900
User Fees	9,879,500	11,017,800	11,357,800	11,695,500	12,027,700
Interest	2,950,500	2,691,600	2,443,000	2,188,100	1,929,600
Grants and Other Gov'ts.	9,067,000	1,616,900	1,616,900	1,616,900	1,616,900
Other	265,300	261,900	264,700	267,600	270,500
Total Revenue	69,880,800	68,873,800	74,270,400	78,134,900	81,404,600
Expenses					
General Municipal	34,205,400	33,909,300	35,660,000	36,726,500	38,123,000
Protective Services	17,491,600	15,293,700	15,702,500	16,137,800	16,565,800
Water	4,435,800	4,831,200	5,128,000	5,503,000	5,906,200
Sewer	3,930,600	4,005,500	4,154,100	4,306,100	4,461,600
Debt Interest	-	618,800	2,358,400	2,685,300	2,685,300
Total Expenses	60,063,400	58,658,500	63,003,000	65,358,700	67,741,900
Accounting Surplus	9,817,400	10,215,300	11,267,400	12,776,200	13,662,700
Add:					
Transfer from Reserve Funds					
Capital Works	12,615,500	7,052,400	5,510,800	6,360,000	4,692,700
Climate Action	229,600	-	-	-	-
Fire Equipment	910,600	100,000	464,000	60,000	60,000
General Surplus	6,345,100	2,242,800	652,100	708,300	589,400
Infrastructure Renewal	23,072,500	13,008,000	12,898,800	10,697,400	9,452,400
COVID-19 Restart	1,398,300	-	-	-	-
Machinery and Equipment	1,000,000	500,000	500,000	500,000	500,000
Major Crimes	940,000	1,024,900	1,113,200	1,205,000	1,300,500
Legacy Trust	-	-	-	-	-
Growing Communities Fund	3,633,900	1,041,500	191,500	-	-
Amortization & Accretion	3,057,900	3,210,600	3,371,300	3,539,900	3,716,900
Debt proceeds	-	13,250,000	2,250,000	23,500,000	18,500,000
Deduct					
Capital Expenditures	(49,584,800)	(36,901,100)	(21,974,400)	(41,867,300)	(33,849,800)
Transfers to Reserves					
Capital Works	(4,120,500)	(4,543,400)	(4,964,400)	(5,382,600)	(5,803,100)
Fire Equipment	(433,800)	(451,100)	(469,100)	(487,800)	(507,400)
Climate Action	-	(15,000)	(15,000)	(15,000)	(15,000)
Infrastructure Renewal	(8,369,100)	(8,953,600)	(9,296,500)	(9,942,100)	(10,625,500)
Machinery and Equipment	(416,400)	(432,800)	(449,800)	(467,400)	(485,600)
Major Crimes	(84,900)	(88,300)	(91,800)	(95,500)	(99,300)
Tod House Trust	(11,300)	(11,900)	(11,700)	(11,500)	(11,300)
Debt Principal	-	(248,300)	(946,400)	(1,077,600)	(1,077,600)
Budgetary Surplus	\$ -	\$ -	\$ -	\$ -	\$ -

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 97.9% 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.

1.1. 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.

1.2. 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.