



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

**REPORT**

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To: Mayor Darrell R. Mussatto and Members of Council

From: Ben Themens, Director of Finance

SUBJECT: 2018 – 2027 FINANCIAL PLAN BYLAW

Date: March 7, 2018 File No: 05-1700-03-0001/2018

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*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 March 7, 2018, entitled “2018 – 2027 Financial Plan Bylaw”:

**THAT** “Financial Plan for the Years 2018 to 2027 Bylaw, 2018, No. 8620” be brought forward for consideration by Council.

**PURPOSE**

The purpose of this report is to seek Council approval for the 2018 – 2027 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 Financial 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 2018 Financial Plan process, staff reports have been made available on the City’s website and the opportunity to provide public input at Council Meetings has been provided.

## DISCUSSION:

The Financial Plan Bylaw presented for endorsement reflects the 1.5% tax rate increase approved by Council at the March 5, 2018 Regular Meeting. This provides for sufficient funding for general operations, increased general capital funding, and also funds the approved new items. As well, the Financial Plan Bylaw incorporates the approved 2018 Utility Operations & Rate Models and the 2018 – 2027 Project Plan.

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 2018 – 2027 Financial Planning process which included separate discussions on utility rate setting (water, sewer, solid waste etc.), 2018 program plan (operating), and the 2018 – 2027 project plan (capital).

## STRATEGIC PLAN IMPLICATIONS:

The preparation and approval of a Financial Plan is a key component in achieving the City's Community Vision outlined in the Official Community Plan (OCP).

The budget and Financial Plan processes are consistent with Paragraph 9.2, Financial Planning and Budget Process, of the OCP.

- All budget requests are reviewed for consistency with the goals of the OCP.
- Through considered long-range financial planning the City seeks to:
  - Anticipate and prepare for future costs, including planning in advance for infrastructure replacement;
  - Diversify its revenue and reduce its reliance on property taxation and increase the City's resiliency;
  - Maintain reserves for unexpected expenses;
  - Apply taxes fairly between property types;
  - Tax at a rate that encourages investment in the City;
  - Continue to build a Tax Sale Land Reserve as a permanent fund held in trust for future generations;
  - Attempt to maintain a revenue surplus for use in the event of declared emergencies.

RESPECTFULLY SUBMITTED:



Ben Themens  
Director of Finance

**THE CORPORATION OF THE CITY OF NORTH VANCOUVER**

**BYLAW NO. 8620**

**Financial Plan for the Years 2018 to 2027**

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 2018 to 2027 Bylaw, 2018, No. 8620”**.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2018, and ending December 31, 2027.

READ a first time on the 12<sup>th</sup> day of March, 2018.

READ a second time on the 12<sup>th</sup> day of March, 2018.

READ a third time on the 12<sup>th</sup> day of March, 2018.

ADOPTED on the 9<sup>th</sup> day of April, 2018.

“Darrell R. Mussatto”  
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MAYOR

“Karla D. Graham”  
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CITY CLERK

**SCHEDULE "A" TO BYLAW NO. 8620  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2018 – 2027**

**(1) 2018 – 2027 Financial Plan (000's)**

<b>For the year ended December 31</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023-2027</b>
<b>Revenue</b>						
Property Value Tax	58,472	60,281	62,140	64,051	66,015	340,160
Parcel Taxes	2,912	3,212	3,478	3,560	3,645	19,842
Revenue from Fees and Services	34,426	35,622	37,495	39,529	42,496	259,550
Revenue from Other Sources	4,396	4,970	5,013	5,056	5,100	25,720
	100,206	104,085	108,126	112,196	117,256	645,272
<b>Transfers</b>						
Collections for Other Governments	46,336	47,263	48,208	49,172	50,155	255,790
Transfer from Reserves	67,944	38,383	25,518	22,903	24,468	123,746
External Contributions	21,375	2,007	4,542	1,866	653	10,599
Depreciation	13,900	14,178	14,462	14,751	15,046	76,735
	149,555	101,831	92,730	88,692	90,322	466,870
<b>Total Revenues</b>	<b>249,761</b>	<b>205,916</b>	<b>200,856</b>	<b>200,888</b>	<b>207,578</b>	<b>1,112,142</b>
<b>Expenditures</b>						
<b>Operating Expenses</b>						
General Government	18,800	19,269	19,751	20,245	20,751	106,350
Transportation and Transit	6,051	6,202	6,357	6,516	6,679	34,230
Health, Social Services, Housing	2,700	2,768	2,837	2,908	2,981	15,280
Development Services	5,423	5,559	5,698	5,840	5,986	30,680
Protective Services	26,784	27,453	28,139	28,842	29,563	151,510
Parks, Recreation and Culture	19,756	20,250	20,756	21,275	21,807	111,760
Water	9,975	13,738	13,601	14,280	15,154	89,290
Sewer	8,809	12,440	13,823	15,843	18,018	118,234
Solid Waste	4,361	4,524	4,660	4,799	4,943	27,001
	102,659	112,203	115,622	120,548	125,882	684,335
Capital Expenditures	82,190	28,568	18,409	12,940	12,932	75,387
<b>Transfers</b>						
Collections for Other Governments	46,336	47,263	48,208	49,172	50,155	255,790
Equity	8,074	7,759	7,953	8,152	8,356	42,825
Reserves	10,502	10,123	10,664	10,076	10,253	53,805
	64,912	65,145	66,825	67,400	68,764	352,420
<b>Total Expenses</b>	<b>249,761</b>	<b>205,916</b>	<b>200,856</b>	<b>200,888</b>	<b>207,578</b>	<b>1,112,142</b>

**SCHEDULE "A" TO BYLAW NO. 8620  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2018 – 2027**

(2) Revenue Proportions by Funding Source  
(Excluding Transfers from Reserves and Collections for Other Agencies)

	(000's)									
	2018	%	2019	%	2020	%	2021	%	2022	%
Property Value Tax	58,472	58	60,281	58	62,140	57	64,051	57	66,015	56
Parcel Taxes	2,912	3	3,212	3	3,478	3	3,560	3	3,645	3
Revenue from Fees	34,426	34	35,622	34	37,495	35	39,529	35	42,496	36
Revenue from other Sources	4,396	5	4,970	5	5,013	5	5,056	5	5,100	5
<b>Total Revenues</b>	<b>100,206</b>	<b>100</b>	<b>104,085</b>	<b>100</b>	<b>108,126</b>	<b>100</b>	<b>112,196</b>	<b>100</b>	<b>117,256</b>	<b>100</b>

**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 2018 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 %	
		2017	2018
1	Residential	56.32%	56.37%
2	Utilities	0.95%	1.07%
4	Major Industry - Capped	6.97%	7.03%
4	Major Industry - Non capped	0.68%	0.67%
5	Light Industry	0.81%	0.91%
6	Business	34.24%	33.92%
8	Recreation/Non-Profit	0.03%	0.03%

**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.

Adjusting down the ratio of the business tax rate to the residential rate (i.e. the tax multiple) continues to be a challenge based on the continued extraordinary growth in the residential sector.

**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. 8620  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2018 – 2027**

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(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, not for profit societies, service organizations and providers of social housing 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.