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| <br>Department<br>Manager | <br>Director | <br>CAO |
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The Corporation of **THE CITY OF NORTH VANCOUVER**  
**FINANCE DEPARTMENT**

**REPORT**

To: Mayor Linda Buchanan and Members of Council  
From: Larry Sawrenko, Chief Financial Officer  
Subject: 2023 – 2027 FINANCIAL PLAN BYLAW  
Date: April 5, 2023 File No: 05-1700-03-0001/2023

*The following is a suggested recommendation only. Refer to Council Minutes for adopted resolution.*

**RECOMMENDATION**

PURSUANT to the report of the Chief Financial Officer, dated April 5, 2023, entitled “2023 – 2027 Financial Plan Bylaw”:

THAT “Financial Plan for the Years 2023 to 2027 Bylaw, 2023, No. 8962” be considered.

**ATTACHMENTS**

1. Financial Plan for the Years 2023 to 2027 Bylaw, 2023, No. 8962 (CityDocs [#2342704](#))

**SUMMARY**

On March 27, 2023, Council endorsed CNV’s 2023–2027 Financial Plan, and directed staff to bring forward a Financial Plan Bylaw (2023 to 2027) that reflects an overall tax rate increase of 5.24%. The Community Charter requires Financial Plans to set out municipal objectives and policies in relation to the distribution of property taxes among the property classes that are subject to taxation. On April 3, 2023, Council endorsed an across the board property tax increase for each property class.

This report recommends adoption of a complete 2023–2027 Financial Plan Bylaw that incorporates Council’s March 27 and April 3 endorsements for further consideration.

## BACKGROUND

The Community Charter requires the preparation and adoption of a Financial Plan covering five years prior to May 15 each year. The proposed 2023-2027 Financial Plan Bylaw (**Attachment 1**) includes several expenditures, all of which were endorsed by Council on March 27, 2023. These expenditures are summarized in Schedule 1, Part 1 of the draft Financial Plan Bylaw. Expenditures for 2023 total \$301.4 million and are presented below:

|                                    | 2022             | 2023             | Increase/<br>(Decrease) |
|------------------------------------|------------------|------------------|-------------------------|
| Operating Budget                   | \$88.5           | \$95.6           | \$7.1                   |
| Capital Plan                       | 215.0            | 71.2             | (143.8)                 |
| Shipyards Budget                   | 2.0              | 2.2              | 0.2                     |
| Water Budget                       | 14.3             | 16.4             | 2.1                     |
| Sewerage and Drainage Budget       | 15.9             | 17.9             | 2.0                     |
| Solid Waste Budget                 | 3.9              | 4.1              | 0.2                     |
| Cemetery Budget                    | 0.4              | 0.6              | 0.2                     |
| Collection for Other Organizations | 57.3             | 57.4             | 0.1                     |
| Other Items                        | 33.6             | 36.0             | 2.4                     |
| <b>Total</b>                       | <b>\$ 430.9M</b> | <b>\$ 301.4M</b> | <b>(\$129.5M)</b>       |

Council endorsed a 2023 tax rate increase of 5.24% to fund the 2023-2027 Financial Plan and, on April 3, 2023, endorsed an across the board property tax increase for each property class.

## DISCUSSION

The Community Charter requires Financial Plan Bylaws to include some additional disclosures, as described below:

### 1. Revenue Proportions by Funding Source

- Property Taxes are CNV's major source of revenue, accounting for 57% of total revenues, which is a reduction of 2% over 2022. The 2023-2027 Financial Plan projects the percentage of revenue coming from property taxes to decrease gradually, due to the assumptions in place surrounding growth of revenue from Fees and Services, particularly within Utilities where rate increases need to account for significant future Metro Vancouver costs. CNV will continue to look for ways to reduce the overall percentage of revenue that comes from property tax consistent with statements in the 2014 Official Community Plan but, for the purposes of this plan, no new material user fees are assumed.

### 2. Distribution of Property Taxes among the Property Classes

- It is the goal of CNV's Long Term Property Tax Strategy that CNV's business to residential tax rate ratio be at or below the median for the region. CNV's ratio been near the regional median for the past few years and the Financial Plan assumes no material changes to the current tax distribution.

3. Use of Permissive Tax Exemptions (“PTE’s”)

- The Community Charter gives Council the authority to exempt certain lands and/or improvements in the City from municipal taxation. The Community Charter requires that a PTE policy statement be included in the Financial Plan. The summary statement included in the draft Bylaw reflects the current PTE Policy approved by Council.

**FINANCIAL IMPLICATIONS**

Financial implications have been addressed in detail during the financial planning process and throughout this report.

**INTER-DEPARTMENTAL IMPLICATIONS**

The 2023–2027 Financial Plan Bylaw is a reflection of CNV’s policies and the work plans of all CNV departments. In developing this Bylaw, Finance staff rely on their close working relationship with staff in other departments and CNV’s shared-cost agencies.

**STRATEGIC PLAN, OCP OR POLICY IMPLICATIONS**

The preparation and approval of a Financial Plan Bylaw is consistent with the requirements of the Community Charter, the 2023-2027 Financial Plan and tax distributions recently endorsed by Council, CNV’s 2014 Official Community Plan, and CNV’s PTE Policy.

RESPECTFULLY SUBMITTED:



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Larry Sawrenko  
Chief Financial Officer

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

**BYLAW NO. 8962**

**Financial Plan for the Years 2023 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 2023 to 2027 Bylaw, 2023, No. 8962**”.
2. Schedule “A” attached hereto is the Financial Plan of The Corporation of the City of North Vancouver for the period commencing January 1, 2023, and ending December 31, 2027.

READ a first time on the 17<sup>th</sup> day of April, 2023.

READ a second time on the 17<sup>th</sup> day of April, 2023.

READ a third time on the 17<sup>th</sup> day of April, 2023.

ADOPTED on the 24<sup>th</sup> day of April, 2023.

“Linda C. Buchanan”

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MAYOR

“Karla D. Graham”

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CORPORATE OFFICER

**SCHEDULE "A" TO BYLAW NO. 8962  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2023 – 2027**

(1) 2023 – 2027 Financial Plan (\$000's)

| <b>For the year ended December 31</b> | <b>2023</b>    | <b>2024</b>    | <b>2025</b>    | <b>2026</b>    | <b>2027</b>    |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>                        |                |                |                |                |                |
| Property Value Tax                    | 75,715         | 78,124         | 80,605         | 83,153         | 85,772         |
| Levies (Storm and Eco)                | 4,143          | 4,447          | 4,773          | 5,171          | 5,533          |
| Revenue from Fees and Services        | 49,976         | 53,142         | 56,556         | 60,286         | 63,466         |
| Revenue from Other Sources            | 3,929          | 3,804          | 3,842          | 3,880          | 3,919          |
|                                       | 133,763        | 139,517        | 145,776        | 152,490        | 158,690        |
| <b>Transfers</b>                      |                |                |                |                |                |
| Collections for Other Governments     | 57,415         | 58,563         | 59,734         | 60,929         | 62,148         |
| Transfer from Reserves                | 63,796         | 83,621         | 51,462         | 45,845         | 42,754         |
| External Contributions                | 28,719         | 5,328          | 3,822          | 3,120          | 3,751          |
| Transfer from Capital Assets          | 17,700         | 18,054         | 163,415        | 18,783         | 19,159         |
|                                       | 167,630        | 165,566        | 278,433        | 128,677        | 127,813        |
| <b>Total Revenues</b>                 | <b>301,393</b> | <b>305,083</b> | <b>424,209</b> | <b>281,167</b> | <b>286,503</b> |
| <b>Expenditures</b>                   |                |                |                |                |                |
| <b>Operating Expenses</b>             |                |                |                |                |                |
| General Government                    | 27,607         | 28,297         | 29,004         | 29,729         | 30,472         |
| Transportation and Transit            | 8,344          | 8,552          | 8,766          | 8,985          | 9,210          |
| Health, Social Services, Housing      | 4,000          | 4,100          | 4,203          | 4,308          | 4,416          |
| Development Services                  | 8,307          | 8,515          | 8,728          | 8,946          | 9,170          |
| Protective Services                   | 31,247         | 32,029         | 32,830         | 33,651         | 34,492         |
| Parks, Recreation and Culture         | 26,489         | 27,151         | 27,830         | 28,526         | 29,239         |
| Water                                 | 12,053         | 18,246         | 20,861         | 20,697         | 22,523         |
| Sewer                                 | 12,514         | 18,871         | 22,788         | 24,862         | 26,655         |
| Solid Waste                           | 4,098          | 4,210          | 4,327          | 4,446          | 4,570          |
|                                       | 134,658        | 149,971        | 159,337        | 164,150        | 170,747        |
| Capital Expenditures                  | 76,443         | 64,316         | 27,547         | 23,055         | 20,895         |
| <b>Transfers</b>                      |                |                |                |                |                |
| Collections for Other Governments     | 57,415         | 58,563         | 59,734         | 60,929         | 62,148         |
| Equity                                | 19,525         | 18,819         | 19,289         | 19,771         | 20,265         |
| Reserves                              | 13,352         | 9,414          | 45,302         | 13,262         | 12,448         |
| Debt Servicing                        | 0              | 4,000          | 113,000        | 0              | 0              |
|                                       | 90,292         | 90,796         | 237,325        | 93,962         | 94,861         |
| <b>Total Expenditures</b>             | <b>301,393</b> | <b>305,083</b> | <b>424,209</b> | <b>281,167</b> | <b>286,503</b> |

**SCHEDULE "A" TO BYLAW NO. 8962  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2023 – 2027**

(2) Revenue Proportions by Funding Source  
(Excluding Transfers)

|                                | (\$000's)      |            |                |            |                |            |                |            |                |            |
|--------------------------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|----------------|------------|
|                                | 2023           | %          | 2024           | %          | 2025           | %          | 2026           | %          | 2027           | %          |
| Property Value Tax             | 75,715         | 57         | 78,124         | 56         | 80,605         | 55         | 83,153         | 55         | 85,772         | 54         |
| Levies (Storm and Eco)         | 4,143          | 3          | 4,447          | 3          | 4,773          | 3          | 5,171          | 3          | 5,533          | 4          |
| Revenue from Fees and Services | 49,976         | 37         | 53,142         | 38         | 56,556         | 39         | 60,286         | 39         | 63,466         | 40         |
| Revenue from Other Sources     | 3,929          | 3          | 3,804          | 3          | 3,842          | 3          | 3,880          | 3          | 3,919          | 2          |
| <b>Total Revenues</b>          | <b>133,763</b> | <b>100</b> | <b>139,517</b> | <b>100</b> | <b>145,776</b> | <b>100</b> | <b>152,490</b> | <b>100</b> | <b>158,690</b> | <b>100</b> |

**Background:** Property Taxes are CNV’s major source of revenue. CNV’s reliance on property tax as a source of revenue has increased gradually over the past several years. This trend is partially due to the lack of access to other types of revenues. Where feasible, CNV charges user fees for services, however this is not possible for many services. The 2023-2027 Financial Plan projects the percentage of revenue coming from property taxes to decrease gradually, due to the assumptions in place surrounding growth of revenue from Fees and Services, particularly within Utilities where rate increases need to account for significant future costs from Metro Vancouver.

**Policy:** 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 % |        |
|--------------------------------|-----------------------------|------------------|--------|
|                                |                             | 2022             | 2023   |
| 1                              | Residential                 | 56.38%           | 56.79% |
| 2                              | Utilities                   | 0.49%            | 0.45%  |
| 3                              | Major Industry – Capped     | 10.70%           | 10.53% |
| 4                              | Major Industry – Non capped | 0.62%            | 0.61%  |
| 5                              | Light Industry              | 1.02%            | 0.94%  |
| 6                              | Business                    | 30.74%           | 30.63% |
| 8                              | Recreation/Non-Profit       | 0.05%            | 0.05%  |

**Background:** In 2008 Council adopted a Long Term Property Tax Strategy to shift taxes from the business and light industrial tax classes to the residential tax class. The goal of this strategy was to move CNV’s tax rates and tax rate multiples to a competitive position within the Metro Vancouver Region, while maintaining principles of fairness and equity. As CNV’s tax rates and tax rate multiples are now competitive within the region, Council endorsed an across the board tax rate increase for 2023.

**Policy:** CNV will continue to distribute property taxes among the various property classes to keep tax rates and tax rate multiples competitive within the Metro Vancouver Region, while maintaining the principles of fairness and equity.

**SCHEDULE “A” TO BYLAW NO. 8962  
CITY OF NORTH VANCOUVER FINANCIAL PLAN  
FOR THE YEARS 2023 – 2027**

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**(4) Use of Permissive Tax Exemptions**

**Background:** Council currently allows permissive tax exemptions to organizations within the City, in accordance with eligibility criteria defined under the Community Charter. This criteria shows various types of institutions as eligible, including religious institutions, providers of social housing, and not for profit societies and service organizations.

**Policy:** CNV has adopted a policy that includes a set of criteria for approving permissive tax exemptions. This criteria links taxation exemptions to desired community needs and outcomes. Applications are also assessed on whether or not uses are available to a significant portion of community residents, if there is ongoing involvement of community volunteers, if benefiting organizations have competent management, and if funding comes from multiple sources. Council also carefully considers the total amount of permissive tax 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.

All existing permissive tax exemptions are reviewed each year and staff continue to work with all organizations who receive a Permissive Tax Exemption to ensure that their services align with CNV's goals and objectives.