



THE CORPORATION OF THE
CITY OF CRANBROOK

BYLAW NO. **4030**

FIVE YEAR FINANCIAL PLAN (2021 to 2025) BYLAW

A bylaw to establish the Financial Plan for the Five Year Period from January 1, 2021 through December 31, 2025.

The Municipal Council of the Corporation of the City of Cranbrook, in open meeting assembled, enacts as follows:

1. THAT Schedule "A" and Schedule "B" attached hereto and forming part of this Bylaw is hereby declared to be the Five Year Financial Plan for the years 2021 to 2025, inclusive.
2. THAT this bylaw may be cited as "Five Year Financial Plan (2021 to 2025) Bylaw No. 4030, 2021."

Read a first time this 8th day of February, 2021.

Read a second time this 8th day of February, 2021.

Read a third time this 8th day of February, 2021.

Adopted this 22nd day of February, 2021.

A handwritten signature in blue ink, appearing to read "Leethart", written over a horizontal line.

Mayor

A handwritten signature in blue ink, appearing to read "M. Decker", written over a horizontal line.

City Clerk

THE CORPORATION OF THE CITY OF CRANBROOK
FIVE YEAR FINANCIAL PLAN (2021-2025) BYLAW 4030, 2021
SCHEDULE A

	2021	2022	2023	2024	2025
REVENUE					
MUNICIPAL PROPERTY TAXES	(29,692,321)	(30,867,446)	(32,068,817)	(33,069,440)	(34,154,552)
PAYMENTS IN LIEU OF TAXES	(340,000)	(340,000)	(340,000)	(340,000)	(340,000)
PARCEL & LOCAL AREA SERVICE TAXES	(2,535,598)	(2,540,578)	(2,520,311)	(2,525,311)	(2,530,320)
SALE OF SERVICES AND FEES	(3,035,445)	(3,683,723)	(3,739,793)	(3,778,402)	(3,838,394)
AIRPORT FEES	(1,058,171)	(1,612,357)	(2,154,949)	(2,702,059)	(2,976,077)
WATER/SEWER/SOLID WASTE FEES	(7,552,168)	(7,574,097)	(7,596,093)	(7,618,155)	(7,640,283)
RENTALS	(429,330)	(394,186)	(399,395)	(435,905)	(406,560)
NON-FUNDED AMORTIZATION	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)	(8,000,000)
RETURN ON INVESTMENTS	(452,794)	(415,760)	(417,982)	(412,471)	(418,270)
TRANSFERS FROM RESERVES	(11,008,984)	(4,361,924)	(5,106,582)	(4,842,456)	(6,660,143)
TRANSFERS FROM SURPLUS	(10,641,342)	(915,712)	(330,000)	0	(70,000)
BORROWING FOR CAPITAL	(1,480,000)	(3,524,092)	(2,740,000)	(2,000,000)	(10,066,667)
OTHER REVENUE	(4,239,942)	(3,871,142)	(3,762,461)	(3,785,846)	(3,809,725)
TRANSFERS FROM OTHER GOVERNMENTS	(13,134,652)	(13,536,934)	(6,509,427)	(1,923,608)	(15,260,400)
COLLECTIONS FOR OTHER GOVERNMENTS	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)	(8,428,983)
Total REVENUE	(102,029,730)	(90,066,934)	(84,114,793)	(79,862,636)	(104,600,374)
OPERATING EXPENSES					
GENERAL GOVERNMENT SERVICES	10,612,065	8,710,188	8,575,162	8,625,114	8,674,894
PROTECTIVE SERVICES	10,946,018	10,673,709	10,945,216	11,350,244	11,593,303
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,180,631	6,947,854	7,041,083	7,010,418	7,067,956
RECREATION & CULTURAL SERVICES	4,060,711	4,388,264	4,367,610	4,542,105	4,458,880
WATER/SEWER/SOLID WASTE	8,251,149	8,119,232	8,087,047	7,991,137	8,131,567
AIRPORT	1,564,479	1,624,439	1,789,005	1,982,882	2,129,075
FISCAL SERVICES	3,948,435	3,974,282	4,164,445	4,030,707	4,246,588
TRANSFERS TO RESERVES	12,056,423	5,294,629	5,461,840	5,777,615	5,811,605
OTHER TRANSFERS	800,245	663,013	1,182,240	1,839,701	2,264,139
AMORTIZATION	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
TRANSFERS TO OTHER GOVERNMENTS	8,428,983	8,428,983	8,428,983	8,428,983	8,428,983
Total OPERATING EXPENSES	75,849,139	66,824,593	68,042,631	69,578,906	70,746,990
CAPITAL EXPENSES					
GENERAL GOVERNMENT SERVICES	558,735	179,585	170,000	85,500	87,000
PROTECTIVE SERVICES	2,051,038	150,000	795,000	255,000	100,000
PUBLIC WORKS/INFRASTRUCTURE PLANNING & DELIVERY	7,131,477	4,736,815	5,222,162	5,506,230	6,555,050
RECREATION & CULTURE	2,000,055	560,000	1,415,000	357,000	4,423,000
WATER FUND	1,900,619	12,273,434	975,000	3,277,500	20,961,667
SEWER FUND	11,096,076	560,000	6,560,000	717,500	876,667
SOLID WASTE FUND	-	1,800,000	0	-	-
AIRPORT FUND	1,442,591	2,982,507	935,000	85,000	850,000
Total CAPITAL EXPENSES	26,180,591	23,242,341	16,072,162	10,283,730	33,853,384

**CORPORATION OF THE CITY OF CRANBROOK
2021 – 2025 FIVE YEAR FINANCIAL PLAN
FIVE YEAR FINANCIAL PLAN BYLAW NO. 4030, 2021
SCHEDULE B**

In accordance with Section 165(3.1) of the *Community Charter*, the City is required to include in the Five Year Financial Plan, objectives and policies regarding each of the following:

1. The proportion of total revenue that comes from each of the funding sources described in Section 165(7) of the *Community Charter*;
2. The distribution of property taxes among the property classes; and
3. The use of permissive tax exemptions.

Total Revenues

During its preparation of the Five Year Financial Plan, the City of Cranbrook maintains the following objectives:

1. To keep property taxes and user fees affordable for the City's residents;
2. To provide sustainable levels of service;
3. To maintain City owned assets and infrastructure in a good state of repair; and
4. To lessen the tax burden on property owners by pursuing other revenue sources.

The proposed 2021 total revenues by funding sources are:

Revenue Source	% of Total Revenue
Property Value Taxes	35%
Parcel Taxes	3%
User Fees & Utility Charges	14%
Other sources	21%
Reserves & Surplus	25%
Proceeds from Borrowing	2%

- **Property Value Taxes:**

The majority of the City's revenue is obtained through property taxes. As a revenue source, property taxation offers a number of advantages, for example, it is simple to administer and it is fairly easy for residents to understand. It offers a stable and reliable source of revenue for services that are difficult or undesirable to fund on a user-pay basis. These include services such as general administration, fire protection, police services, bylaw enforcement and street lighting.

- **Parcel Taxes:**

The revenue from water and sewer parcel taxes will primarily be used to finance existing capital debt, new capital projects, operations, and to maintain or build reserves for future purposes, within the water and sewer funds.

- **User Fees and Utility Charges:**

User fees and utility charges will make up 14% of the 2021 revenue. The fees and charges are generated from services that are measured and charged on a user-pay basis, and attempt to apportion the value of a service to those who use the service. Such fees include water and sewer usage, licences and permits, airport fees, and leisure programs. User fees are reviewed annually to ensure they adequately meet both the capital and delivery costs of the service.

- **Other Sources:**

Other sources of revenue include conditional transfers from senior levels of government in the form of grants. The City will pursue such funding whenever the programs advance municipal goals. Funding agreements from Federal, Provincial, and Regional Governments will contribute 15% of total 2021 revenue.

Other sources vary from year to year, and can include franchise fee, investment income, and rental income. The City continually seeks out other sources of revenue in order to reduce the reliance on property taxes.

- **Reserves and Surplus:**

Reserve funds are a critical component of long-term financial planning, as they provide key funding sources for future capital expenses. In 2021, the City will fund 30% of its capital projects from reserves.

The *Community Charter* does not allow municipalities to plan for operating surpluses or deficits. To ensure this does not happen the City budgets revenues conservatively and closely monitors its expenses. Any surplus funds are accumulated and reviewed by Council annually to determine whether the funds will be used for one-time projects or saved for later use. In 2021, just over 12% of total revenue will come from accumulated surplus.

- **Borrowing Proceeds:**

While the City will borrow for projects that are necessary to achieve our objectives, borrowing is limited to projects that are considered significant and capital in nature.

Distribution of Property Taxes

The following table illustrates the distribution of property taxes among the property classes. Residential properties in Cranbrook form the largest assessment base, consume the majority of city services, and therefore provide the largest proportion of tax revenue.

The class distribution is reviewed on an annual basis to ensure that the property tax burden is distributed fairly, and to ensure that the distributions are comparable to other BC municipalities of similar size and structure. The City continues to maintain and encourage economic development initiatives designed to attract more commercial businesses and industry to invest in the community.

The 2021 estimated distribution of property taxes by class (based on 2020 actuals):

Property Class	2021 Distribution (based on 2020 actual)	% of Total Property Taxation (based on 2020 actual)
Residential (01)	1.00	61.60%
Utilities (02)	6.66	1.33%
Light Industry (05)	2.76	1.14%
Business (06)	2.66	35.62%
Recreation/non-profit (08)	2.50	0.31%
Farm (09)	3.50	0.00%

Permissive Property Tax Exemptions

The City of Cranbrook is committed to the continuing development of the City as a successful and progressive community, and to preserving and further enhancing the high quality of life enjoyed by its citizens. One means of achieving the maximum benefit for the community is through the provision of permissive property tax exemptions.

In 2020, Council adopted the City of Cranbrook Annual Taxation Exemption Bylaw 4013 to exempt certain properties from taxation in 2021. The amount of foregone tax revenue is estimated to be \$336,300. As well, Special Taxation Exemption Bylaw 3949 will exempt approximately \$19,000 of municipal taxes on golf course lands in 2021.

Under the current practice, in order to be eligible for a City of Cranbrook Permissive Tax Exemption, non-profit organizations must own the land and improvements or lease the property from the City, demonstrate financial need, and meet the description of at least one of the following categories:

1. **Special Needs and Supportive Housing Properties:** short term emergency or crisis protection for members of the community; supportive housing for people with special needs; halfway, transitional, or group homes with supportive staff and programs; affordable rental housing provided to people with impairments due to disability or aging.
2. **Social Service Properties:** support services and programs available to members of the community who are in some way disadvantaged and need assistance in maximizing their quality of life.
3. **Arts and Cultural facilities:** preparation and delivery of artistic and cultural events or exhibits to the public.
4. **Emergency Rescue Services:** volunteer search and rescue services provided to area residents and visitors.
5. **Places of Worship:** land surrounding places for public worship; church halls and meeting spaces; properties occupied by a religious organization as a tenant, for the purpose of public worship.
6. **Athletic or Recreational Facilities:** space and/or equipment are provided for the physical and mental enjoyment of participants, and associated fees are substantially lower than those of similar for profit organizations.
7. **Environmental Protection:** areas of land owned by non-profit organizations and held for the specific purpose of protecting plant or animal habitat.