



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

A G E N D A
SPECIAL COMMITTEE OF THE WHOLE

Monday, May 4, 2009
5:45 p.m.
Esquimalt Council Chambers

1. CALL TO ORDER

2. APPROVAL OF THE AGENDA

3. TAX RATES

(1) BC Assessment Factsheet – Property Classification Pg. 1

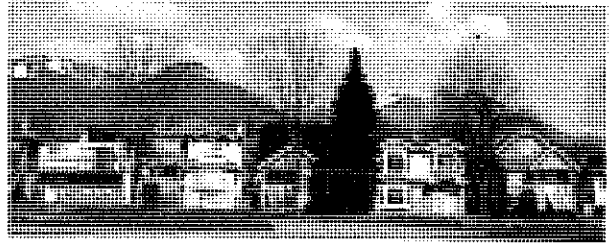
4. FINANCIAL PLAN OBJECTIVES AND POLICIES

(1) Revenue and Tax Policy Disclosure, Staff Report No. FIN-09-011 Pg. 2 – 5

5. PUBLIC INPUT

6. ADJOURNMENT

factsheet



Classification of Property in BC

BC Assessment

BC Assessment places property in nine classes, based on the property's type or use. Municipal zoning regulations are separate and do not fall under BC Assessment's jurisdiction.

The property classes:

Class 1, Residential — single-family residences, multi-family residences, duplexes, apartments, condominiums, nursing homes, seasonal dwellings, manufactured homes, recreational property, some vacant land, farm buildings and daycare facilities.

Class 2, Utilities — structures and land used by railways, pipelines, electrical generation or transmission utilities, or telecommunications transmitters. This does not include offices or sales outlets.

Class 3, Supportive Housing — funded and identified by the provincial government, a property which combines on-site support services with housing for persons who were previously homeless, at risk of homelessness, have mental or physical disabilities, or who are recovering from drug or alcohol addictions (New class introduced in 2008)

Class 4, Major Industry — land and improvements (buildings) of major industrial properties, including lumber and pulp mills, mines, smelters, large manufacturers of specified products, ship building and loading terminals for sea-going ships.

Class 5, Light Industry — property used or held for extracting, manufacturing or transporting products, including ancillary storage. Scrap metal yards, wineries and boat-building operations fall within this category. Exceptions include properties used for the production of food and non-alcoholic beverages, which fall into Class 6.

Class 6, Business Other — Property used for offices, retail, warehousing, hotels and motels all fall within this category. This also includes properties that do not fall into other classes.

Class 7, Managed Forest Land — privately-owned, forest land property for which an acceptable forest management commitment has been made that is approved and complies with the *Private Managed*

Forest Land Act.

Property owners in this class have an obligation to provide good resource management practices, such as reforestation, care of young trees, protection from fire and disease and sound harvesting methods.

For more information on managed forest land, consult the Fact Sheets titled: *Managed Forest Land Classification in British Columbia* and *How Land Classified as Managed Forest is Assessed*.

Class 8, Recreational Property, Non-profit Organization — includes two very different categories:

- land used solely as an outdoor recreational facility for activities such as golf, skiing, tennis, public swimming pools, waterslides, amusement parks, marinas and hang gliding. Improvements on the land (such as a clubhouse) fall into Class 6.
- property used for at least 150 days per year as a place of public worship or as a meeting hall by a non-profit, fraternal organization. The 150 days cannot include activities with paid admission or the sale/consumption of alcohol.
- additionally, the 150 days needs to be in the year ending on June 30 of the calendar year preceding the calendar year for which the assessment roll is being prepared.

Class 9, Farm Land — Farm land must produce a prescribed amount of qualifying primary agricultural products for sale such as crops or livestock. For more information on farm land, see the Fact Sheet titled: *Classifying Farm Land*.

Split Classification

Property with several distinct uses can fall into more than one class. For example, commercial and residential space might be combined in one building, or a property combines residential, farm and forest land. In these cases, BC Assessment determines the share of the value of the property attributable to each class. For more information on property classification, contact your local BC Assessment area office or visit

www.bccassessment.ca



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

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STAFF REPORT

DATE: April 30, 2009 **REPORT NO. FIN-09-011**
TO: Tom Day, CAO
FROM: Laurie Hurst, Director of Financial Services
SUBJECT: Revenue and Tax Policy Disclosure

RECOMMENDATIONS:

That Council approve the attached revenue and tax policy objectives and policies for inclusion in the financial plan bylaw.

BACKGROUND:

Section 165 (3.1) of the Community Charter requires all five-year financial plans to set out the objectives and policies of the municipality for the planning period in relation to each of the following:

- proportion of total revenue that comes from each of the funding sources in Section 165(7) of the Community Charter (property value taxes, parcel taxes, fees, other sources, borrowing)
- distribution of property taxes among the property classes
- use of permissive tax exemptions

In 2008 there was discussion in regard to the requirements listed above and very general statements introducing objectives for each of the requirements were included in the five-year financial plan adopted by Council. This met the Provincial plan to phase in these requirements.

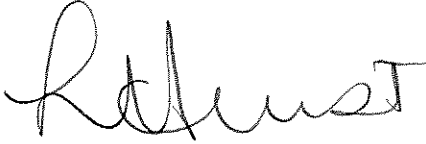
DISCUSSION:

For 2009, while the objectives may still be general in nature, the final phase requires that there must be more explicit policies that support the objectives included in the financial plan.

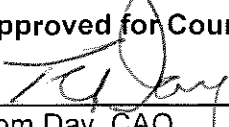
With the election in 2008, the budget process has been more condensed and the focus has been more on orientation and familiarization with municipal finance processes. It is my proposal that the objectives and policies that we include in the financial plan this year remain very general in nature and that in the fall of 2009, this segment of the budget discussion be incorporated more fully into the schedule in preparation for the 2010 financial plan. The budget discussion for 2010 will involve less focus on orientation and process, allowing more time for the objective and policy refinement.

ALTERNATIVES:

1. Approve the objectives and policies as presented for inclusion in the 2009 – 2013 Financial Plan Bylaw.
2. Approve the objectives and policies with amendments in the 2009 – 2013 Financial Plan Bylaw



Laurie Hurst, CGA
Director of Financial Services

<p>Approved for Council's consideration:</p> <p> _____ Tom Day, CAO</p> <p>Dated: <u>April 30/09</u></p>
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OBJECTIVES AND POLICIES RE:

- (1) FUNDING SOURCES**
- (2) PROPERTY VALUE TAX DISTRIBUTION**
- (3) PERMISSIVE TAX EXEMPTIONS**

(1) FUNDING SOURCES

(a) Revenue from Property Value Taxes

Objectives and Policies

Property value taxes form the greatest proportion of revenue for the Township at approximately 42%. Property value taxes provide a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. Property value taxes are more predictable than other revenue sources and therefore the likelihood of a shortfall relative to budgeted revenue is lower.

The presence of CFB Esquimalt results in the second largest source of revenue being payments in lieu of taxes at approximately 29%.

The objective of Council is to increase the percentage of revenue from sources other than property value taxes over time.

Council policies are:

- *to use the property tax levy and payments in lieu of taxes to balance the budget each year after reviewing the potential for sustainable revenue from all other sources.*
- *to mitigate the impact on property taxes by researching non-property tax revenue sources whenever possible, applying for government grants and charging user fees at appropriate levels.*

(b) Revenue from Parcel Taxes

Objectives and Policies

There are currently no parcel tax levies in use by the Township of Esquimalt.

(c) Revenue from Fees

Objectives and Policies

Fees and charges form another large source of revenue for the Township at approximately 12%. While this revenue source also includes revenue generated from licences and permits, the largest component of user fee revenue is that generated from recreation programs.

The objective of Council is to ensure that user fees are charged at appropriate levels.

Council policy is to review recreation user fees and other fees and charges not less than annually to ensure that increases are in line with inflation while ensuring that services remain affordable and competitive within the regional market

(d) Revenue from Other Sources

Objectives and Policies

Revenue from other sources consists of return on investments, Provincial and Federal grants and revenues received from agreements such as Traffic Fine Revenue, Casino Revenue Sharing and Community Works Funds and vary from year to year.

The objective of Council is to use these funds strategically to offset some very specific operating costs, but primarily to finance capital and one time projects.

Council policy is to use these funds on projects rather than on long term operating costs as this may not be sustainable in the long term.

**(e) Revenue from Borrowing
Objectives and Policies**

Revenue from borrowing for the Township has been maintained at a fairly low level in recent years. The Township debt servicing liability is low in comparison with the limit that is available.

The objective of Council is to maintain the long term debt servicing liability at a manageable level.

Council policy is to limit the creation of long term debt to financing of large infrastructure projects and to minimize any potential debt costs by seeking out, applying for and managing provincial and federal government grants.

(2) PROPERTY VALUE TAX DISTRIBUTION

The Township of Esquimalt has a typical distribution among the property classes where the residential class is proportionately the largest of the total tax base at approximately 71%. Properties in the business class provide the second largest portion of the tax base at approximately 17%. The major industry class contains only 8 properties, light industry 14 and recreation/non-profit 62 and together these three classes provide the remaining 12% of the tax base.

The objective of Council is to distribute future property tax increases equitably among the classes of property within the Township.

Council policy is to adjust the tax rate ratios each year so that the tax rate is reflective of both market and non market changes and that setting property tax rates will take into account significant new growth or loss of assessment in each property class.

(3) PERMISSIVE TAX EXEMPTIONS

The Township has historically granted permissive tax exemptions to those properties within the community that qualify under Section 224 of the Community Charter. There are currently 12 properties that receive a permissive exemption for land and improvements within the municipal boundaries.

The objective of Council is to continue to provide permissive tax exemptions to those agencies that provide social benefit to the community and to consider implementing permissive tax exemptions that promote economic development within the community.

Council policies are:

- to review and consider the provision of revitalization and heritage tax exemptions that are consistent with the quality of life (social, economic and environmental) objectives of the community*
- to develop a formal Council policy on permissive tax exemption guidelines*
- to revise or coordinate economic development and heritage plans to determine where opportunities for permissive tax exemptions may exist*
- granting of permissive tax exemptions will be considered to agencies that provide social benefits to the community and that qualify under the legislation and any formal policy adopted by Council*