



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

Municipal Hall, 1229 Esquimalt Road, Esquimalt, B.C. V9A 3P1
Telephone (250) 414-7100 Fax (250) 414-7111

File 0550-06

March 14, 2013

NOTICE

A SPECIAL MEETING OF COUNCIL WILL BE HELD ON MONDAY, MARCH 18, 2013 AT 5:45 P.M., IN THE COUNCIL CHAMBERS, ESQUIMALT MUNICIPAL HALL, 1229 ESQUIMALT ROAD TO MAKE A MOTION TO GO *IN CAMERA* PURSUANT TO SECTION 90 OF THE *COMMUNITY CHARTER*.

FOLLOWING THE *IN CAMERA* MEETING OF COUNCIL, THE SPECIAL MEETING OF COUNCIL WILL RECONVENE AT 6:15 P.M. FOR BUDGET DISCUSSIONS.

**ANJA NURVO
CORPORATE OFFICER**



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File 0550-06

March 14, 2013

NOTICE

**A SPECIAL MEETING OF COUNCIL WILL BE HELD ON
TUESDAY, MARCH 19, 2013 AT 5:45 P.M., IN THE
COUNCIL CHAMBERS, ESQUIMALT MUNICIPAL HALL,
1229 ESQUIMALT ROAD FOR BUDGET DISCUSSIONS.**

**ANJA NURVO
CORPORATE OFFICER**



CORPORATION OF THE TOWNSHIP OF ESQUIMALT

A G E N D A **SPECIAL MEETING OF COUNCIL**

Monday, March 18, 2013

5:45 p.m.

And

Tuesday, March 19, 2013

5:45 p.m.

Council Chambers, Esquimalt Municipal Hall

1. **CALL TO ORDER**

2. **LATE ITEMS**

3. **APPROVAL OF THE AGENDA**

4. **MOTION TO GO *IN CAMERA***

Motion to go *In Camera* pursuant to Section 90 of the *Community Charter* to discuss:

- Labour relations or other employee relations; and
- The receipt of advice that is subject to solicitor-client privilege, including communications necessary for that purpose.

In accordance with Section 90 (1) (c) and (i) of the *Community Charter*, and that the general public be excluded.

5. **RECESS SPECIAL MEETING OF COUNCIL TO GO *IN CAMERA***

6. **RECONVENE SPECIAL MEETING OF COUNCIL AT 6:15 P.M.**

7. **2013 BUDGET – POLICY REVIEWS**

- (1) Revenue, Tax, Budget and Financial Sustainability Policies and Objectives, Schedule A , Bylaw 2789, 2012 Pg. 1 – 5

8. **CONSIDERATION OF 2013 – 2017 SUPPLEMENTAL OPERATING AND CAPITAL REQUESTS AND FUNDING**

9. **PUBLIC INPUT**

10. **ADJOURNMENT**



Revenue, Tax, Budget and Financial Sustainability Policies & Objectives

1. PROPERTY TAX REVENUE and TAX RATIOS

Background

Property taxes account for approximately 49% of the Township of Esquimalt's (Township's) revenue (excluding unconditional or non-reoccurring grants and transfers from own sources) and provide a stable and consistent source of funding for many services that are either difficult or undesirable to fund on a user-pay basis. Property taxes are more predictable than other revenue sources, resulting in less likelihood of a shortfall relative to other budgeted revenue.

Payments In Lieu of taxes provided by CFB Esquimalt accounts for the Township's second largest revenue source, at approximately 34%.

The Township's distribution of taxes among the property classes is typical, where the residential class is proportionately the largest of the total tax base at approximately 79%. Properties in the business class provide the second largest portion of the tax base at approximately 16%. The major industry, light industry, and recreation/non-profit classes provide the remaining 5% of the tax base.

The Township's tax rates appear high in comparison to other municipalities in the Capital Regional District, primarily because the Township provides its own police, fire, recreation and library services, while these services are either cost-shared or provided on a volunteer basis by other municipalities and because the Township has a limited retail base and comparably lower assessed values than other municipalities. Consequently, the Township must fund higher costs amongst fewer sources than other municipalities resulting in higher tax rates.

Reducing taxes can only come about by either lower overall costs, increasing revenue from sources other than property taxes, increasing the number of tax payers or from a combination of these measures. Council is constrained in its ability to shift the tax burden as a means of driving change in the community. Shifting of one property tax class burden to drive new initiatives will result in higher taxes applied against the other classes. Consequently, the tax burden may only be shifted over time by looking to new initiatives that increase non tax revenues and tax base.

Objectives

- 1.1 Distribute property tax increases equitably among the classes of property.
- 1.2 Increase the percentage of revenue from sources other than property value taxes over time by:
 - 1.2 (a) Considering new initiatives that increase the tax base and facilitate shifting tax ratios without increasing the residential tax burden; and
 - 1.2 (b) Considering the impact of a 'Downtown Revitalization' bylaw to stimulate development in the downtown core and increase the tax base provided by Class 6.
- 1.3 Consider implementing property tax strategies or incentives that promote economic development within the community.

Policies

- 1.4 Adjust the tax rate ratios each year to maintain stability while ensuring the tax rate is reflective of both market and non market changes.
- 1.5 Set annual property tax rates after considering significant new growth or loss of assessment in each property class.
- 1.6 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.
- 1.7 Mitigate the impact on property taxes by researching non-property tax revenue sources whenever possible, applying for government grants, charging appropriate user fees and developing strategic alliances, partnerships and shared project funding to reduce costs of service delivery.

2. PERMISSIVE TAX EXEMPTIONS**Background**

The Township will continue to support local not for profit organizations who qualify for permissive tax exemptions on their merits and under Section 224 of the Community Charter.

Objectives

- 2.1 Continue to consider applications for permissive tax exemptions

Policies

- 2.2 Continue to grant permissive tax exemptions to agencies that provide social benefits to the community and qualify under the legislation and any formal policy adopted by Council.

3. GROWTH AND REVITALIZATION STRATEGIES**Background**

Growth, improvement and forward thinking are necessary to maintain a desirable, healthy and sustainable community. A desirable environment will also attract and retain new business and thus add to the tax base and achieving the goal of reducing individual property taxes. The Township will continue to seek out and be open to employing strategies which assist in retaining and furthering this goal.

Objectives

- 3.1 To stimulate and reinforce development initiatives in locations where such uses are permitted.

Policies

- 3.2 Review and consider the provision of permissive exemptions for revitalization, beautification and heritage tax exemptions that are consistent with enhancing the quality of life (social, economic and environmental) objectives of the community.
- 3.3 Revise or coordinate economic development, revitalization and heritage plans to determine where opportunities for permissive tax exemptions may exist.

4. PARCEL TAX REVENUE

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

5. FEES AND CHARGES

Background

Fees and charges account for 12% of the Township's revenue. While this revenue source includes revenue generated from licences and permits, the largest component of user fee revenue is that generated from recreation programs.

Objectives

- 5.1 User fees may be charged for services that are identifiable to specific users, versus levying a general tax to all property owners.
- 5.2 User fees charged for recreation programs are appropriate; and
- 5.3 Other fees, such as fees for licences and permits are:
 - set to recover at least 100% of the cost of providing service;
 - consistent with similar fees charged in the region; and
 - consistent with the social and economic objectives of the Township.

Policies

- 5.4 Review recreation user fees at least annually to ensure that increases are consistent with inflation and that services remain affordable and competitive within the regional market.
- 5.5 Review other fees and charges at least annually to ensure the Township recovers at least 100% of the cost of services provided, and the cost is consistent with similar fees charged in the region.
- 5.6 Fees required to recover the cost of services may be reduced by government grants or transfers allocated to specific programs.

6. FINANCIAL SUSTAINABILITY

Background

Long term financial sustainability is important if the Township is to deliver the services and programs expected by the community. It is also important that community assets are maintained so that the cost does not become a burden for future rate payers and as a means to retain and attract vibrant businesses in the community.

Responsible long term financial management:

- means that a healthy financial position is maintained
- gives financial outcomes greater stability and certainty
- ensures consistent delivery of essential community services and the efficient development and maintenance of infrastructure

6.1 INFRASTRUCTURE AND CAPITAL ASSET SUSTAINABILITY

Objectives

- 6.1.1 Capital funding provided through the annual budget process will be adequate to maintain the Township's capital assets and infrastructure and provide for the replenishment of capital assets.

6.1.2 Develop and maintain a plan to keep the capital assets and infrastructure in a proper state of repair to avoid costly failures and, where possible, to economically and effectively extend the asset's life.

Policies

6.1.3 To ensure capital funding is adequate:

- (a) An amount equal to the value of matured debt charges is transferred to the Capital Projects Reserve Fund annually;
- (b) An amount equal to the change in HST rebate from the 2004 rebate rate of 57.14% is transferred to the Capital Projects Reserve Fund annually;
- (c) All money from the sale of land and improvements (other than park land and tax sale land) is credited to the Capital Projects Reserve Fund and set aside for future land purchases;
- (d) Donations and bequests for capital purposes are transferred to the Capital Projects Reserve Fund unless otherwise specified by the donor;
- (e) The Capital Projects Reserve Fund, and all interest earned upon it, is only used to acquire capital assets.

6.1.4 Capital budgeting and capital transactions must be consistent with management policies.

6.2 RESERVES

Objectives

6.2.1. Establish and maintain reserves to provide stability to municipal operations and ensure the Township can meet both current fiscal requirements and future obligations.

6.2.2 Strive to increase the sum of the balances of the:

- Reserve Funds;
- Appropriated for Uncollected Taxes Account;
- Appropriated for Working Capital Account; and
- Unappropriated Surplus Account

to 25% of revenue (excluding unconditional or non-reoccurring grants and transfers from own sources) by 2020.

Policies

6.2.3 The budget process and ongoing operations must strive to establish and maintain sufficient funding to achieve the reserve balances set out in 6.2.2 above.

6.3 DEBT MANAGEMENT

Background

The maximum amount that can be borrowed by the Township is set by the Community Charter. Funding is provided by the Municipal Finance Authority. In comparison to the debt available, the Township's debt has been maintained at a fairly low level in recent years.

Objectives

6.3.1 Maintain the long term debt servicing liability at a manageable level.

Policies

6.3.2 Limit the creation of long term debt to the financing of large infrastructure and economic development projects.

6.3.3 Minimize debt costs by seeking out and applying for provincial and federal government grants whenever possible.

7. RESTRICTED ACCOUNTS AND MINIMUM BALANCES

Background

Funds may be set aside for specified purposes either through external or internal requirements. Minimum balances may be set to ensure availability of funds.

Objectives

7.1 These funds are used primarily to finance specific projects for which the funds were advanced, capital and one time operating projects. Internally restricted funds may also be used from time to time to offset very specific operating costs.

Policies

7.2 A minimum balance of \$100,000 will be maintained in the Casino Revenue Sharing account.

7.3 A minimum balance of \$250,000 will be maintained in the Community Works Fund account.

7.4 These funds are not used for on-going operating costs.

7.5 These funds may be used for specific one time capital and operating project costs.

7.6 The balances set out in 7.2 and 7.3 may temporarily drop below the established minimum balances, provided a plan is in place to re-establish the minimum balance.