

CITY OF MERRITT
BYLAW NO. 2232, 2018

**A BYLAW TO ADOPT A FIVE-YEAR FINANCIAL PLAN FOR THE
PERIOD 2018-2022**

WHEREAS pursuant to Section 165 of the *Community Charter*, the Council for the City of Merritt must adopt a five-year financial plan;

AND WHEREAS the five-year financial plan must set out the proposed expenditures and proposed revenues for each year of the plan;

NOW THEREFORE the Council for the City of Merritt in open meeting assembled,
ENACTS AS FOLLOWS:

1. That this bylaw shall be cited as “**CITY OF MERRITT FIVE-YEAR FINANCIAL PLAN BYLAW NO. 2232, 2018**”.
2. That Schedule “A”, attached hereto and forming part of this bylaw is hereby declared to be the Financial Plan of the City of Merritt for the years 2018 - 2022.
3. That Schedule “B”, attached hereto and forming part of this bylaw is hereby declared to be the Capital Plan of the City of Merritt for the years 2018 – 2022.
4. That Schedule “C”, attached hereto and forming part of this bylaw is hereby declared to be the 2018 - 2022 Financial Plan Revenue Policy.
5. That “City of Merritt Five-Year Financial Plan Bylaw No. 2220, 2017” is hereby repealed.

READ A FIRST TIME THIS

17th Day of April, 2018

READ A SECOND TIME THIS

17th Day of April, 2018

READ A THIRD TIME THIS

17th Day of April, 2018

ADOPTED THIS

08th Day of May, 2018

**Original signed by
Neil Menard,
MAYOR**

**Original signed by
Sean Smith,
CORPORATE OFFICER**

CITY OF MERRITT
2018 to 2022 Financial Plan
Schedule "A"
Bylaw 2232, 2018

	2018	2019	2020	2021	2022
	Annual	Annual	Annual	Annual	Annual
	Budget	Budget	Budget	Budget	Budget
REVENUE					
Taxation, net	8,405,155	7,749,341	8,049,418	8,354,407	8,655,218
Parcel taxes	1,367,050	1,367,050	1,367,050	1,367,050	1,367,050
1% Utility Tax	158,548	158,548	158,548	158,548	158,548
Grants in lieu of taxes	110,770	110,770	110,770	110,770	110,770
Federal government grants	1,500	1,500	1,500	1,500	1,500
Provincial government grants	5,110,635	818,000	1,228,000	628,000	628,000
Regional grants	317,150	322,905	328,775	334,803	334,803
Sales of services and rentals	4,171,622	4,170,641	4,171,842	4,176,341	4,188,811
Licenses, permits and fines	195,540	195,540	195,540	195,540	195,540
Penalties and interest on taxes	180,000	180,000	180,000	180,000	180,000
Return on investments	225,000	225,000	225,000	225,000	225,000
Other revenue	331,086	331,206	331,370	331,370	331,370
Transfer from Utilities	520,000	520,000	520,000	520,000	520,000
Gas Tax Funds	356,730	356,730	356,730	356,730	356,730
	21,450,786	16,507,231	17,224,543	16,940,059	17,253,340
EXPENDITURE					
Departmental expenditure					
General government	2,134,712	2,131,228	2,158,864	2,184,559	2,210,031
Protective services	4,127,557	4,175,354	4,252,577	4,333,431	4,410,000
Transportation services	2,430,286	2,492,881	2,525,257	2,555,989	2,574,190
Environmental health services	696,733	700,498	704,340	708,257	712,237
Development services	705,201	470,979	476,542	482,214	488,002
Public health and welfare services	115,336	115,771	116,214	116,666	117,127
Recreational and cultural services	3,038,741	3,024,065	3,060,420	3,099,623	3,105,414
Water utility	1,377,991	1,386,424	1,394,978	1,405,253	1,412,610
Sewer utility	1,093,964	1,100,448	1,110,664	1,121,125	1,128,287
Debt servicing costs	411,210	484,172	482,573	480,966	480,628
Bank charges	15,000	15,000	15,000	15,000	15,000
	16,146,731	16,096,820	16,297,429	16,503,083	16,653,526
Surplus (Deficit for the year)	5,304,055	410,411	927,114	436,976	599,814
Adjust for Cash Items					
MFA debt principal payments	(407,427)	(469,016)	(470,036)	(474,388)	(474,387)
Short term debt principal payments	(185,382)	(77,095)	(65,057)	(67,347)	(38,680)
Capital expenditures	(12,097,035)	(2,686,000)	(3,744,000)	(1,794,000)	(1,794,000)
Transfer from (to) reserve for future	2,463,872	214,674	219,319		
Transfer (to) from reserve funds	271,960	(286,648)	660,725	(528,814)	(528,817)
Transfer from prior years surplus	383,514	687,924	566,185	521,823	330,320
Proceeds from debt	2,360,693	300,000			
Amortization	1,905,750	1,905,750	1,905,750	1,905,750	1,905,750
	(5,304,055)	(410,411)	(927,114)	(436,976)	(599,814)
Financial Plan Balance	0	0	0	0	0

CITY OF MERRITT
2018 - 2022 CAPITAL PLAN
Schedule "B"
Bylaw 2232, 2018

<u>GENERAL FUND CAPITAL PROJECTS</u>	ALL YEARS	2018	2019	2020	2021	2022
ADMINISTRATION	445,200	245,200	50,000	50,000	50,000	50,000
PROTECTIVE SERVICES	3,472,170	2,399,170	696,000	89,000	144,000	144,000
PUBLIC WORKS	5,868,886	3,448,886	830,000	530,000	530,000	530,000
RECREATION AND FACILITIES	700,270	455,270	40,000	205,000	0	0
	10,486,526	6,548,526	1,616,000	874,000	724,000	724,000

FUNDING SOURCES	ALL YEARS	2018	2019	2020	2021	2022
General Revenue	4,610,818	1,342,818	946,000	874,000	724,000	724,000
Non-statutory Reserves	2,140,261	2,140,261	0	0	0	0
Statutory Reserves	320,200	140,200	180,000	0	0	0
Grant	754,554	564,554	190,000	0	0	0
Proceeds from Debt	2,660,693	2,360,693	300,000	0	0	0
	10,486,526	6,548,526	1,616,000	874,000	724,000	724,000

<u>WATER FUND CAPITAL PROJECTS</u>	ALL YEARS	2018	2019	2020	2021	2022
	6,484,453	4,284,453	550,000	550,000	550,000	550,000

FUNDING SOURCES	ALL YEARS	2018	2019	2020	2021	2022
Water Revenue	2,543,759	343,759	550,000	550,000	550,000	550,000
Non-statutory Reserves	470,446	470,446	0	0	0	0
Provincial Grants	3,470,248	3,470,248	0	0	0	0
	6,484,453	4,284,453	550,000	550,000	550,000	550,000

<u>SEWER FUND CAPITAL PROJECTS</u>	ALL YEARS	2018	2019	2020	2021	2022
	5,044,056	1,244,056	500,000	2,300,000	500,000	500,000

FUNDING SOURCES	ALL YEARS	2018	2019	2020	2021	2022
Sewer Revenue	2,500,000	500,000	500,000	500,000	500,000	500,000
Non-statutory Reserves	414,400	414,400	0	0	0	0
Statutory Reserves	1,200,000	0	0	1,200,000	0	0
Provincial Grants	929,656	329,656	0	600,000	0	0
	5,044,056	1,244,056	500,000	2,300,000	500,000	500,000

<u>TRANSIT FUND CAPITAL PROJECTS</u>	ALL YEARS	2018	2019	2020	2021	2022
	100,000	20,000	20,000	20,000	20,000	20,000

FUNDING SOURCES	ALL YEARS	2018	2019	2020	2021	2022
Transit Revenue	100,000	20,000	20,000	20,000	20,000	20,000
	100,000	20,000	20,000	20,000	20,000	20,000

<u>GRAND TOTAL CAPITAL PROJECTS</u>	ALL YEARS	2018	2019	2020	2021	2022
	22,115,035	12,097,035	2,686,000	3,744,000	1,794,000	1,794,000

FUNDING SOURCES	ALL YEARS	2018	2019	2020	2021	2022
General Revenue	9,754,577	2,206,577	2,016,000	1,944,000	1,794,000	1,794,000
Non-Statutory Reserves	3,025,107	3,025,107	0	0	0	0
Statutory Reserves	1,520,200	140,200	180,000	1,200,000	0	0
Grants	5,154,458	4,364,458	190,000	600,000	0	0
Proceeds from Debt	2,660,693	2,360,693	300,000	0	0	0
GRAND TOTAL FUNDING SOURCES	22,115,035	12,097,035	2,686,000	3,744,000	1,794,000	1,794,000

City of Merritt
2018 – 2022 Financial Revenue Policy
Schedule “C”
Bylaw No. 2232, 2018

Under the requirements of the *Community Charter* Section 165 (3.1) the Financial Plan must set out the objectives and policies of the municipality.

Property Taxes

Property taxation revenue will be determined by Council each year according to the operating and capital needs of the community, as part of the annual budget process. Taxation will be based on the service level delivery priorities of Council, in balance with preserving and enhancing the financial health and sustainability of the City.

Taxes will be allocated to the various classes of property as follows, to preserve and maintain the existing equity between assessment classes:

- a) The utility class will be taxed at the maximum combined rate per thousand dollars of assessed value permitted by legislation.
- b) All remaining assessment classes of property will receive an equal allocation of the percentage change in the annual tax levy.

Property Class	% of Tax Revenue
Residential	45%
Utilities	11%
Major Industry	12%
Light Industry	2%
Business	30%
Recreation	0%
Farm	0%
Total	100.00%

The proportion of revenues to be raised from property taxation in 2018 is 45% of total revenue.

Parcel Taxes

The City of Merritt also utilizes parcel taxes for the collection of costs associated with local service areas. Parcel taxes are collected for a specific period of time during which the costs are incurred. Once all costs for which the parcel taxes are being collected have been paid, the parcel taxes are no longer collected.

The proportion of revenues to be raised from parcel taxes in 2018 is 7%

Municipal Fees and Charges

Service fee recovery should reflect the full costs of the program delivery unless the

program is directed towards children or where Council has determined that the cost of delivery should be subsidized.

The proportion of revenues to be raised from fees and charges in 2018 is 22%.

Other Revenues

Investment income will be based on prudent investments of taxpayer funds.

Other revenues and fees and charges should be developed and enhanced to maximize the value derived for the benefit of the residents of the City of Merritt.

Proceeds from Borrowing

The City of Merritt accesses funds by borrowing through long term (>5 years) and short-term debt. Long term debt is used for major capital projects with elector approval. Short term debt and leasing is used for purchases of equipment and vehicles.

The proportion of proceeds from borrowing in 2018 is 12% of funding.

Development Cost Charges

The City of Merritt collects development cost charges (DCC's), per Bylaw No. 1964, 2007, "City of Merritt Development Cost Charge Bylaw". These funds are held in deferred revenue until projects identified in the bylaw are planned. At this point in time, the funding from DCC's will be identified in the Financial Plan. Currently, there are no DCC eligible projects in the 2018 – 2022 Financial Plan.

Permissive Tax Exemptions

The City of Merritt recognizes the benefits accruing to the community through the efforts and activities of volunteer organizations and community groups. Permissive Tax Exemptions extend a financial benefit to such groups. The exemptions must be reviewed each year and new applications will be reviewed each year under a process and committee, as defined by existing City policy.

Revitalization Tax Exemptions

The City of Merritt recognizes the benefit of a healthy economy and a vibrant community and has adopted a revitalization tax exemption bylaw that provides for a property tax incentive for improvements made to existing buildings and for certain new construction undertaken by property owners. Qualifying property owners can apply to receive a property tax exemption as provided by the revitalization tax exemption bylaw which is reviewed by committee for approval.