



TOWN OF SMITHERS

BYLAW NO. 1956

FIVE-YEAR FINANCIAL PLAN (2023-2027)

WHEREAS, Section 165 of the *Community Charter* requires the Council of the Town of Smithers to prepare, by Bylaw, a FIVE YEAR FINANCIAL PLAN before the Annual Property Tax Bylaw is adopted;

THEREFORE, the Council of the Town of Smithers, in an open meeting assembled, enacts as follows:

CITATION

1. This bylaw may be cited for all purposes as "Bylaw No. 1956 - Five-Year Financial Plan (2023-2027)".

FIVE-YEAR FINANCIAL PLAN SCHEDULES

2. Town of Smithers "Bylaw No. 1926 - Five-Year Financial Plan (2022-2026)" is hereby repealed.
3. That Schedules "A-1", "A-2", "A-3", and "B" attached hereto and made part of this bylaw are hereby declared to be the Five-Year Financial Plan for the Town of Smithers commencing in the year 2023.

READ A FIRST TIME THIS 25th day of April, 2023.

READ A SECOND TIME THIS 25th day of April, 2023.

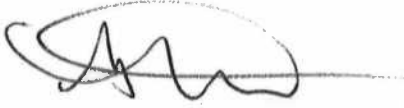
READ A THIRD TIME THIS THIS 25th day of April, 2023.

ADOPTED THIS 9th day of May, 2023.

TOWN OF SMITHERS
BYLAW NO. 1956

Page 2

The Corporate Seal of the Town of
Smithers was hereto affixed in the
presence of:

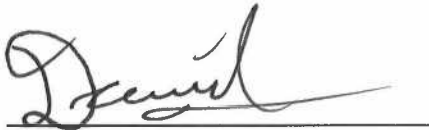


Gladys Atrill
Mayor



Dianna Plouffe
Chief Administrative Officer

CERTIFIED A TRUE AND CORRECT COPY of
Bylaw No. 1956 cited as "Bylaw No. 1956 -
Five-Year Financial Plan (2023-2027)".



David Schroeter
Corporate Officer

TOWN OF SMITHERS
BYLAW NO. 1956

Page 3

Schedule A - Attachments

- | | |
|-------------------|-------------------------------|
| 1. Schedule "A-1" | GENERAL MUNICIPAL FUND |
| 2. Schedule "A-2" | MUNICIPAL UTILITY FUND |
| 3. Schedule "A-3" | REGIONAL AIRPORT FUND |

TOWN OF SMITHERS
BYLAW NO. 1956
SCHEDULE "A-1"

FIVE-YEAR FINANCIAL PLAN (2023-2027)

GENERAL MUNICIPAL FUND

	2023	2024	2025	2026	2027
REVENUE					
Property Taxes - General Services	5,747,255	5,992,209	6,251,573	6,437,687	6,631,408
Property Taxes - Policing (RCMP)	2,102,121	2,329,320	2,529,320	2,729,320	2,829,320
Property Taxes - Infra. (Roads)	750,000	850,000	950,000	1,050,000	1,150,000
	<u>8,599,376</u>	<u>9,171,529</u>	<u>9,730,893</u>	<u>10,217,007</u>	<u>10,610,728</u>
Grants in Lieu of Taxes & Other Taxation	1,102,405	1,102,627	1,102,627	1,102,627	1,102,627
Service Charges & User Fees	1,369,397	1,420,186	1,476,071	1,493,066	1,510,572
Government Transfers & Grants (for Operating)	2,394,620	1,781,500	1,796,500	1,812,500	1,828,500
Government Transfers & Grants (for Capital)	8,823,331	425,000	1,925,000	894,000	425,000
Transfers From Other Town Funds (Utility/ Equip.)	100,000	100,000	100,000	100,000	100,000
Transfers From Reserves (for Operating)	139,973	-	-	25,000	25,000
Transfers From Reserves (for Capital)	2,399,373	1,453,736	2,497,999	1,612,036	1,687,383
Transfers From Reserves (BC-NCPG for Utility)	944,798	1,898,350	-	1,600,000	1,600,000
Transfers From Surplus (for Operating)	130,588	8,500	8,500	8,500	8,500
Transfers From Surplus (for Capital)	25,000	-	-	-	-
Transfers From Surplus (for RCMP)	368,224	246,047	121,055	1,687	22,112
Short Term Equipment Loans	550,000	350,000	500,000	187,000	200,000
New Long Term Debt Issues	-	-	-	-	-
Capital Assets Amortization	1,719,621	1,719,621	1,719,621	1,719,621	1,719,621
Total	<u>28,666,706</u>	<u>19,677,096</u>	<u>20,978,266</u>	<u>20,769,670</u>	<u>20,795,818</u>

EXPENDITURES

Operating Expenditures:

- Council	333,821	300,563	305,379	310,341	340,451
- Corporate Services	1,905,072	1,967,022	1,998,990	2,056,917	2,065,832
- Planning & Development	896,013	804,827	823,691	843,121	863,133
- Economic Development & Tourism	865,006	721,221	727,596	734,161	740,924
- Regional Transit	293,851	302,662	311,738	321,086	330,714
- Recreation & Cultural Services	2,269,817	2,202,023	2,248,123	2,295,555	2,344,358
- Regional Library	318,101	326,980	336,126	345,546	355,249
- Protective Services (Fire/Rescue)	1,654,727	1,284,798	1,313,956	1,342,621	1,374,491
- Protective Services (RCMP)	2,601,071	2,693,626	2,769,371	2,847,388	2,927,745
- Transportation & Mobility	2,705,787	2,727,451	2,759,728	2,792,973	2,827,215
- Solid Waste & Recycling Services	389,556	444,282	465,149	470,163	475,327
- Public Health (Cemetery)	72,158	73,437	74,756	76,112	77,509
	<u>14,304,980</u>	<u>13,848,893</u>	<u>14,134,604</u>	<u>14,435,984</u>	<u>14,722,949</u>
Debt Principal & Interest (ex Airport & Utility)	99,630	74,511	149,511	149,511	149,511
Debt Principal & Interest (Equipment Loans)	-	120,000	190,000	315,000	352,400
Transfers To Other Town Funds (Utility/ BC-NCPG)	944,798	1,898,350	-	1,600,000	1,600,000
Transfers To Reserves (Operating)	71,367	53,380	72,927	67,913	62,749
Transfers To Reserves (Capital)	1,448,226	1,573,226	1,698,226	1,823,226	1,948,226
Transfers To Surplus	-	-	-	-	-
Capital Asset Investments:					
- Lands, Roads & Infrastructure	6,605,473	1,375,000	1,375,000	1,375,000	1,375,000
- Buildings & Amenities	3,457,231	246,736	2,236,499	676,036	264,983
- Equipment	1,735,000	487,000	1,121,500	327,000	320,000
Total	<u>28,666,706</u>	<u>19,677,096</u>	<u>20,978,266</u>	<u>20,769,670</u>	<u>20,795,818</u>

TOWN OF SMITHERS
BYLAW NO. 1956
SCHEDULE "A-2"

FIVE-YEAR FINANCIAL PLAN (2023-2027)

<u>MUNICIPAL UTILITY FUND</u>	2023	2024	2025	2026	2027
REVENUE					
Parcel Taxes	-	-	-	-	-
Service Charges & User Fees	2,293,292	2,651,778	3,071,945	3,071,945	3,071,945
Government Transfers & Grants (for Operating)	-	-	-	-	-
Government Transfers & Grants (for Capital)	2,457,460	5,596,150	-	4,400,000	4,400,000
Transfers From Town Reserve (BC-NCPG)	944,798	1,898,350	-	1,600,000	1,600,000
Transfers From Utility Reserves (for Operating)	-	-	-	-	-
Transfers From Utility Reserves (for Capital)	800,000	500,000	500,000	500,000	500,000
Transfers From Utility Surplus (for Operating)	53,879	-	-	-	-
Transfers From Utility Surplus (for Capital)	89,997	-	-	-	-
Short Term Equipment Loans	-	-	-	-	-
New Long Term Debt Issues	-	-	-	-	-
Capital Assets Amortization	510,149	510,149	510,149	510,149	510,149
Total	7,149,575	11,156,427	4,082,094	10,082,094	10,082,094
EXPENDITURES					
Operating Expenditures	1,802,320	1,839,110	1,856,404	1,874,217	1,892,564
Debt Principal & Interest	55,000	55,000	55,000	55,000	-
Debt Principal & Interest (Equipment Loans)	-	-	-	-	-
Transfers To Town Reserve (Equipment)	100,000	100,000	100,000	100,000	100,000
Transfers To Utility Reserves	900,000	900,000	900,000	900,000	900,000
Transfers To Utility Surplus	-	267,817	670,690	652,877	689,530
Capital Asset Investments:					
- Water Treatment System	3,642,255	350,000	350,000	6,350,000	6,350,000
- Sanitary Sewer System	600,000	7,594,500	100,000	100,000	100,000
- Storm Sewer & Drainage System	50,000	50,000	50,000	50,000	50,000
Total	7,149,575	11,156,427	4,082,094	10,082,094	10,082,094

TOWN OF SMITHERS
BYLAW NO. 1956
SCHEDULE "A-3"

FIVE-YEAR FINANCIAL PLAN (2023-2027)

<u>REGIONAL AIRPORT FUND</u>	2023	2024	2025	2026	2027
REVENUE					
Property Taxes	-	-	-	-	-
Service Charges & User Fees	1,627,521	1,620,000	1,627,883	1,654,203	1,681,313
Real Estate Rentals	210,000	210,000	210,000	210,000	210,000
Government Transfers & Grants (for Operating)	270,210	-	-	-	-
Government Transfers & Grants (for Capital)	161,271	3,960,774	-	285,000	-
Transfers From Airport Reserves (for Operating)	-	-	-	-	-
Transfers From Airport Reserves (for Capital)	60,000	208,460	60,000	15,000	35,000
Transfers From Airport Surplus (for Operating)	143,000	-	-	-	-
Transfers From Airport Surplus (for Capital)	-	-	-	-	-
Short Term Equipment Loans	-	-	-	-	-
New Long Term Debt Issues	-	-	-	-	-
Capital Assets Amortization	1,412,560	1,412,560	1,412,560	1,412,560	1,412,560
Total	3,884,562	7,411,794	3,310,443	3,576,763	3,338,873
EXPENDITURES					
Operating Expenditures	3,358,291	2,987,560	2,995,443	3,021,763	3,048,873
Debt Principal & Interest	210,000	210,000	210,000	210,000	210,000
Debt Principal & Interest (Equipment Loans)	50,000	-	-	-	-
Transfers To Airport Reserves	45,000	45,000	45,000	45,000	45,000
Transfers To Airport Surplus	-	-	-	-	-
Capital Asset Investments:					
- Lands, Roads & Infrastructure	-	3,169,234	-	-	-
- Buildings & Amenities	161,271	-	-	-	-
- Equipment	60,000	1,000,000	60,000	300,000	35,000
Total	3,884,562	7,411,794	3,310,443	3,576,763	3,338,873

TOWN OF SMITHERS
BYLAW NO. 1956

Page 4

Schedule B

Statement of Objectives and Policies

Section 165(3.1) of the *Community Charter* requires the Town of Smithers to include in its 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.

A. Sources of Revenue:

1. General Municipal

In 2023, for General Municipal purposes, the share of revenue from major funding sources are:

Government Grants (incl. Gov. Transfers in Reserve Accounts)	\$11,217,951	44 %
Municipal Property Taxes (incl. Grants in Lieu & Other Taxes)	9,701,781	38 %
Transfers From Own Reserves & Surplus	3,063,158	12 %
Service Charges & User Fees	1,369,397	6 %
Total Revenues (excl. Amortization, Debt, Utility Fund)	\$25,352,287	100 %

Over 2024-2027 these proportions may vary significantly due to the timing of major capital projects which are substantially funded by senior government grants.

The proportion of taxation is planned to increase moderately over 2024-2027:

- to close the RCMP Budget Revenue Gap of \$400,000 now funded from Surplus (by way of annual \$200,000 increases of general municipal taxation), Town Operations Surplus Account is to bottom at \$1,700,000 in 2026 when RCMP budget revenue gap closes.
- to gradually increase tax funding for Road Paving from \$750,000 to \$1,150,000 by 2027.
- to gradually increase tax funding for Buildings capital reinvestment by \$200,000 by 2027.

There has been no change in the engineering recommendation that the Town needs to be reinvesting a minimum of \$1,200,000 per year in its existing roads transportation system.

2. Municipal Utility

In 2023, for Municipal Utility purposes, the share of revenue from major funding sources are:

Government Grants (incl. Transfers From Reserves)	\$3,402,258	51 %
Service Charges & User Fees	2,293,292	35 %
Transfers From Own Reserves & Surplus	943,876	14 %
Total Revenues (excl. Amortization)	\$6,639,426	100 %

TOWN OF SMITHERS
BYLAW NO. 1956

Over 2024-2027 these proportions may vary significantly due to the timing of major capital projects which are substantially funded by senior government grants. Town policy is that the Municipal Utility is not to be supported by general municipal tax revenues.

Utility service charges and user fees for the Water Treatment System, Sanitary Sewer System, and Storm Sewer and Drainage System are planned to continue increasing at a rate of 10% annually through 2023-2025. There has been no change in engineering recommendations that the Town needs to be ready to reinvest in its Utility systems with some sections now over 80 years old. The Utility will be making an annual reinvestment in the systems of \$500,000 (up to \$900,000) in coordination with the roads paving program. The Utility is projected to have a reserve of \$3,000,000 and a surplus account of \$2,000,000 by 2027 for reinvestment.

In early 2022, the Northern Health Authority advised the Town that 2019 Federal regulations for maximum manganese levels in municipal water systems would require Town action. The Town engaged engineering support to prepare a feasibility study advising on options to reduce manganese levels in the Town's water system, so it complies with the regulation. The preferred option is a \$12,000,000 Water Treatment Facility which is in the Financial Plan for 2026-2027.

3. Regional Airport

In 2023, for Regional Airport purposes, the share of revenue from major funding sources are:

Service Charges & User Fees (incl. Property Rentals)	\$1,837,521	74 %
Government Grants (incl. Transfers From Town Reserves)	431,481	18 %
Transfers From Airport Reserves & Surplus	203,000	8 %
Total Revenues (excl. Amortization)	\$2,472,002	100 %

Over 2024-2027 these proportions may vary significantly due to the timing of major capital projects which are substantially funded by senior government grants. Town policy is that the Airport is not to be supported by general municipal tax revenues.

The Airport's revenues are expected to have fully recovered by 2024 from the impacts of the COVID-19 pandemic (2020-2022) on its revenues. However, the Airport's net operating cash flows have not recovered with revenues to historic norms as BC regional airport service pricing remains at pre-COVID 19 levels. Airport operations are not contributing meaningfully towards capital expenditures as they once did. As a result, the Airport's surplus account is forecast to drop below \$1,000,000 in 2023.

The Airport continues to be dependant long term on senior governments for funding of "airside" capital projects and replacement of equipment. The Town is seeking regional partners to share the future capital costs connected with the "groundside" of the Airport.

4. Service Fees & Charges

The Town's authority to impose service fees and charges is made in accordance with the *Community Charter* and other applicable regulatory Acts. An annual review of the Town's service fees and charges is undertaken to ensure the municipality's operating and capital

reinvestment costs are recovered consistent with planned service level objectives. When feasible and reasonable the Town endeavors to directly charge users for the costs of a service, in order that less revenue must be raised through annual municipal property taxes.

5. Government Grants

The Town actively pursues other government funding that is available to offset operating or capital asset investment costs. The Financial Plan includes assumptions as to future grant awards to the Town - actual grant award outcomes will differ from those projected. Government grant funding must be used in accordance with its terms and conditions.

6. Other Funding Sources

Other sources of funding are primarily transfers from the Town's reserve funds and surplus accounts or the proceeds from short term loans (E.g.: equipment funding) or long-term debt financing (E.g.: major new capital projects).

Reserve funds and surplus accounts are managed to support the current and future financial viability of the municipality; surplus accounts use is governed by the following policies:

- Surplus accounts are primarily used to fund non-recurring operating and capital projects.
- RCMP budget surpluses go to an RCMP surplus account to smooth RCMP tax levies.
- Fire Dept. budget surpluses go to its equip./ facility fund or operating reserve account.
- Garbage & Recycling budget surpluses go to equip. fund or operating reserve account.

Long-term debt financing proposals are subject to additional and separate public approval processes that follow-on after long-term debt has been included in a Financial Plan.

B. Distribution of General Municipal Property Taxes Among the Property Classes

1. General Municipal Funding Required

Prior to setting tax rates, Council considers the amount of tax revenue required to fund the cost of general municipal services including annual operating expenditures, and investments in capital assets. Council also considers the impact of inflationary factors on both.

Note that the Municipal Utility and the Regional Airport are not funded by municipal taxes.

Through the annual budget process Council reviews and sets service levels and the directly connected base operations budget for the Town. Council also approves RCMP municipal officer and clerk requirements and funds the RCMP budget for those Smithers Detachment resources. Further, during the budget process Council considers proposals for investments in capital assets.

Council has focused staff efforts on the continuing development of Town asset management plans ("AMPs") by class of assets. To date, Council has established AMPs and increased

funding over time for Fleet/ Equipment (Municipal Operations, Fire Department), Buildings/ Facilities (Recreation & Culture) and Transportation & Mobility (Roads, Sidewalks).

In 2021, Council adopted a long-term Corporate/ Community Energy Efficiency Plan (“CEEP”) for the Town. Staff will now focus on both AMPs development and CEEP implementation in part through the annual operating base budgets and capital investment proposals process.

There were no factors arising in 2022 that will significantly impact on 2023 tax revenue requirements. Inflationary factors have been of increasing concern since October 2021. The Town follows the Bank of Canada’s CPI Common measure for assessing inflation and budgeting for price increases. The Common measure is not normally impacted by short term fluctuations such as supply chain disruptions or the inherently volatile energy markets. The CPI Common was tracking above 3% in late 2021 and peaked at 6.8% in November 2022 – it is now steadily declining – with the Bank of Canada committed to achieving 2% again in the long run. In the short-term, 2022 supply pricing to the Town was disrupted – capital projects by 15% (range 5%-30%) and fuel/ gas up to 30%. Operating base budgets were adequately adjusted for cost impacts in 2022. Allowances for changes in prices (2023-2027) include:

- Annual allowance of up to 3% for net cost increases across Municipal budget \$350,000.
- No immediate allowances for energy or carbon offset costs (after 2022 allowance).
- Capital project pricing is continually adjusted based on bids and other market updates.

2. General Municipal Tax Base

In determining how to best raise General Municipal tax revenue, Council considers changes in the property valuation assessment base, and economic conditions.

The total value of the 2023 Smithers property assessment roll of \$1,202,641,542 has increased by 14% from 2022 (roll prepared by the BC Assessment Authority). The Residential property class 1 has increased 14% to \$985,519,300; Single Family residences make-up \$865,106,500 of that property class. This significant residential valuation increase is consistent with the residential real estate marketplace from July 2021-June 2022 (2023 roll valuation date was July 2022). Business property class 6 also increased by 14% to \$192,090,605. Other property class values also increased except for Heavy Industry which was unchanged.

2023 economic conditions include a tight labour market (low unemployment rates), non-labour supply shortages (delays), and the growing impact of higher short term interest rates (focused on the stabilization of general price increases). 2023 property prices continue to increase.

3. General Municipal Tax Burden

Consideration is given to the ratios or relative tax burden carried by the different classes of property. While this includes periodic reviews of the Town’s distribution of tax burden relative to other municipalities, the Smithers tax base is not typical of many Northern rural communities.

TOWN OF SMITHERS
BYLAW NO. 1956

The Smithers property assessment roll is heavily weighted to class 1 Residential property at 82% without heavy/ light industry to shoulder a major portion of the tax burden. Instead, the Business property class 6 at 16% of the property assessment roll has formed an effective partnership with the Residential property class and they currently carry equal tax burdens of 42%. Together, Residential, and Business properties cover 84% of the total tax burden. Over the long-term the Town has worked to reduce the Business share below Residential.

The 2023 taxation shares in the following table reflect current Town practice to generally maintain the same percentage share of taxes per assessment class for most classes.

Property Class	2023 Assessment		2023 Taxation	
Residential	\$984,519,300	81 %	\$3,666,055	43 %
Utilities	3,535,137	-	164,730	2 %
Major Industry	9,754,700	1 %	892,357	10 %
Light Industry	12,066,000	1 %	292,371	3 %
Business/ Other	192,090,605	16 %	3,580,419	42 %
Rec/ Non-Profit	675,800	-	3,444	-
	\$1,202,641,542	100 %	\$8,599,376	100 %

4. General Municipal Revenues Required

In 2023, the General Municipal tax revenue requirement was budgeted at \$8,599,376 resulting in an **overall general municipal tax increase of 5.2%**.

The tax increase components include:

- 1.8% increase in funding for RCMP Officers
- 1.1% increase in funding for Roads Paving
- 2.3% increase to maintain Municipal Services

5. Smithers Single Family Residence (2023 example)

In 2022, a typical Smithers home per the BC Assessment Authority was valued at \$438,000 for property tax purposes. In 2023, the property is valued at \$498,000 reflecting a \$60,000 or 14% increase. In 2022, the property owners paid Municipal taxes of \$1,759 (General, RCMP, Roads). In 2023, they will pay Municipal taxes of approx. \$1,854 or a **\$96 or 5.44% increase**.

Actual municipal taxes will vary from overall 5.2% tax increase due to actual individual property value changes.

TOWN OF SMITHERS
BYLAW NO. 1956

6. Smithers Business Property (2023 example)

In 2022, a selected Smithers business property (sales/ services) was valued at \$1,066,700 for property tax purposes. In 2023, the property is valued at \$1,155,800 reflecting a \$89,100 or 8% increase. In 2022, the property owners paid Municipal taxes of \$20,219 (General, RCMP, Roads). In 2023, they will pay Municipal taxes of approx. \$21,543 or a **\$1,325 or 6.55% increase**.

Actual municipal taxes will vary from overall 5.2% tax increase due to actual individual property value changes.

C. Use of Property Tax Exemptions

1. Permissive Tax Exemptions

The Town grants Permissive Tax Exemptions (“PTEs”) under Section 224 of the *Community Charter*. A list of those exemptions and their value is included in the Town's Annual Report.

Senior governments (Canada, BC) under legislation/ regulation provide a range of Statutory Exemptions that cover the property tax relief needs of seniors’ care homes, hospitals, private schools, and public worship bodies in Smithers. The Town has decided historically and through 2022-2024 to add PTE tax relief on top of the Statutory Exemptions. Commencing in 2025, when a property is Statutory Exemption eligible no additional PTE will be granted by the Town.

Senior governments do not provide property tax exemption support to assisted living homes, non-profit organizations, or recreational organizations. The Town has provided PTE program property tax savings to many of those properties/ organizations in Smithers. The current PTE cycle decisions were made in 2021 and cover tax years 2022-2024. Council decided in 2021, that commencing in 2025, PTEs would be granted for 10-year terms but would expire if a property change-of-use occurred. Council plans to consider the continuance of the PTE program in 2023.

Property	Costs Smithers	Costs Others	PTE-Smithers	Costs Others
Statutory Exemption	235,000	150,000	20,000	20,000
Non-Statutory (PTE)	-	-	180,000	100,000
Total	\$235,000	\$150,000	\$200,000	\$120,000

2. Partnering Agreement Exemption (taxation impact is not significant)

The Town recognizes the importance of public parks and green spaces and made a partnering agreement under Section 225 of the *Community Charter* with Husky Oil for use of the property at Highway 16 and Main Street as a public park under a 10-year PTE from 2013-2023.

3. Revitalization Tax Exemptions (taxation impact is not significant)

The Town approved a Downtown Revitalization Tax Exemption (“RTEs”) program in 2018 to grant RTEs to property owners who develop additional residential dwelling units in the Downtown Core. Over time the RTEs expire, and the properties become fully taxable.

