

To: Special Meeting of Council
Date: April 27, 2023
From: Jennifer Hepting, Director of Finance / Chief Financial Officer
RE: 2023 Tax Rate Bylaw No. 1980
File: 1960-02

RECOMMENDATION

THAT Council direct staff to return with an amendment to the *Five Year Financial Plan (2023 – 2027) Bylaw No. 1979, 2023* increasing the budget for Council remuneration from \$141,700 to \$223,100 (2023);

AND THAT Council direct staff to return with an amendment to the *Five Year Financial Plan (2023 – 2027) Bylaw No. 1979, 2023* decreasing the budget for economic development from \$47,600 to \$16,300 (2023);

AND THAT Council provide three readings to the *Tax Rate Bylaw No. 1980, 2023*.

SUMMARY AND PURPOSE

The *Community Charter* requires the City adopt a tax rate bylaw after the financial plan bylaw but before May 15th. To meet this statutory deadline, staff propose the draft Tax Rate Bylaw No. 1980, 2023 received 1st, 2nd and 3rd readings on April 27, 2023 and adoption on May 8, 2023.

BACKGROUND

The 2023 – 2027 Financial Plan results in a 6.43% taxation increase in 2023 (excluding estimated new construction taxation).

On April 11, 2023 Council resolved (R2023-144) that staff be directed to prepare a Remuneration Bylaw using the 50th percentile option (Mayor remuneration of \$55,785; Councillor remuneration of \$27,893), effective January 1, 2023. *Council Remuneration Bylaw, 2023* received first three readings on April 24, 2023. This requires an \$81,400 increase to budget for Council remuneration from \$141,700 to \$223,100. The impact of this 2023 budgetary increase is an additional 0.45% taxation increase in 2023, increasing the approved 6.43% tax increase to 6.88%.

The City's membership in the South Island Prosperity Partnership (SIPP) ended March 31, 2023 under the current agreement, and on April 11, 2023 Council resolved to take no further action (thereby ending the City of Colwood's participation in SIPP). Council has not provided Administration with direction on what to do with this 2023 budget for SIPP of \$31,300. The proposed tax rates in the *Tax Rate Bylaw No. 1980* assume a financial plan amendment resulting in a decreased economic development budget of \$31,300, as a result of this discontinuation in SIPP. This financial plan amendment would decrease the proposed 6.88% increase in 2023 to 6.71%.

Preliminary estimates of new construction taxation were included in the 2023 budget at \$1,140,000 and final estimates of new construction taxation are approximately \$1,065,000. In order to maintain the approved 6.71% taxation increase over the actual taxation levied in 2022, the 2023 gross

municipal tax levy will come in under the amended budget by approximately \$250,000. This fall's Q3 2023 financial update will provide comment on whether or not budgeted transfers to reserve funds will be impacted as a result of the actual new construction generated in 2022 and 2023.

The draft *Tax Rate Bylaw No. 1980, 2023* proposes the necessary tax rates to generate gross municipal taxation, including taxation to fund the Capital Regional District, the Capital Regional Hospital District, the West Shore Parks and Recreation Society and the Greater Victoria Public Library.

OPTIONS / ALTERNATIVES

On February 14, 2022 Council resolved the following:

THAT any shift of property tax burden between property classes, in an effort to reduce the business class tax ratio, be suspended in 2022.

The draft *Tax Rate Bylaw No. 1980, 2023* applies a uniform tax increase to all property classes after net construction taxation has been taken into consideration, consistent with the 2022 tax rate bylaw. The 2023 business class tax ratio is 5.02.

FINANCIAL IMPLICATIONS

The City's 2023 budget requires an amended 2023 property tax increase of 6.71%. The impact of this property tax increase on an average single family residential property in Colwood, with an assessed value of approximately \$1,054,000, is an additional \$132 in gross municipal taxation.

Respectfully submitted,



Jenn Hepting, CA, CPA
CFO / Director of Finance

ADMINISTRATORS COMMENTS:

I have read the report and endorse the recommendation



Robert Earl
Chief Administrative Officer