

**City of Quesnel
 Five Year Financial Plan Bylaw No. 1864
 Statement of Objectives and Policies
 Schedule "B"**

In accordance with Section 165(3.1) of the *Community Charter*, the City of Quesnel is required to include in the 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 exemptions.

1. FUNDING SOURCES:

Table 1 shows the proportion of total revenue to be raised from the each funding source in 2019. It is important to note that the table includes all Municipal activities and funds including the General Operating fund, the General Capital fund, the Water and Sewer funds, the Solid Waste Fund, the Airport fund, and the Transit fund. The General Operating fund, Transit, and the Airport funds tend to be more highly supported by property taxes based on assessment valuations. The Water and Sewer funds are more highly funded by utility fees, and the taxes that are collected are parcel taxes. The Solid Waste Fund is a combination of fees, contributions from the Cariboo Regional District and taxation. The Capital fund is funded to a significant level by Grants from senior governments and from City reserves.

Property taxes are easy to administer and are relatively consistent from one year to the next. As a revenue source, they work well to fund activities which are not well suited to funding on a fee basis such as policing activities, fire protection, most public works activities, and administration.

Fees and charges are also a very large revenue component. For those services where the cost can be worked out to an equitable charge-out rate, fees work well. The advantage of fees is that they charge those who use a service with the cost of providing the service, this is the most equitable form of funding.

TABLE 1: SOURCE OF REVENUE		
Revenue Source	% of Total Revenue	Dollar Value
Property Taxes/Grants in Lieu	54%	16,989,800
User Fees and charges	19%	5,986,886
Other Sources	5%	1,587,496
Government Grants	22%	6,768,899
Total	100%	31,333,080

Objective:

- To continue to look for ways to grow the non-taxation based revenue sources over the next five year period.

Policies:

- To maximize the grant funding received from senior governments, providing that the grants support priority City initiatives.
- To consider new Revenue Generation activities which can create or enhance non-tax revenue streams. Examples include:
 - Leasing opportunities for City facilities
 - Community Forest
- To continue to move towards fee based funding, where appropriate, to lower the pressure on taxation. Examples in the next 5 years could include:
 - Landfill rates
 - Utility Rates
 - Various Misc Fees
- To continue to move towards full cost recovery on any services provided by the City to Regional district residents.

2. DISTRIBUTION OF PROPERTY TAXES:

Table 2 outlines the distribution of property taxes among the property classes. The largest tax burden in Quesnel is borne by the Major Industrial rate payers. This has been recognized as being an issue in Quesnel, and previous Council’s have pursued a deliberate policy of shifting taxes to other tax classes. At this point in time our Major Industrial tax rates are in the top quartile in the Province, our Business and Other tax rates above average in the province, and our Residential rates are below average.

TABLE 2: DISTRIBUTION OF PROPERTY TAXES			
Property Class	% of Assessment	% of Total Property Taxation	Dollar Value
RESIDENTIAL	70%	23%	3,585,746
UTILITIES	1%	2%	264,931
MAJOR INDUSTRIAL	10%	55%	8,791,150
LIGHT INDUSTRIAL	1%	2%	251,558
BUSINESS	18%	19%	2,999,491
RECREATIONAL	0%	0%	1,731
FARM	0%	0%	904
TOTAL	100%	100%	15,895,511

The table above includes the property taxes collected for General Municipal purposes, for the Capital Reinvestment Plan levy, for the Transit function and for the Airport function.

- Council is aware that the Major Industrial tax class is the economic backbone of the City, creating much of the employment and contributing the largest share to Municipal tax revenues. Council chooses to foster an economic environment in which these businesses can thrive, without a taxation disincentive for being located in Quesnel.
- Council also recognizes that small business (Class 6 tax payers) are also major economic contributors to the local economy. Council will do its best to ensure the class 6 rate remains competitive with other municipalities.

- Residential taxpayers create the largest demand on municipal services, and Council wants to move towards more of a user-pay approach to help foster tax equity. Taxes will be kept to a reasonable level to encourage residential construction and retention and attraction of seniors.
- Council will continue with an emphasis of cost control over the five year financial plan window. The City's focus will continue to be providing high-quality services to all of our municipal residents, however any new expenditures will be closely analyzed to consider the cost / benefit to our residents

Objectives:

- To continue to work on the major industry rate being competitive.
- Major Capital Investment in the Industry Classification will be used to reduce the taxation levels of that assessment class only.
- Council will examine the competitiveness of the commercial tax rate with other communities.

Policies:

- Any new municipal services being requested will be analyzed to consider how to fund the service (taxation versus fees) and how to equitably charge the tax classes which benefit from the service.

3. PERMISSIVE EXEMPTIONS:

Objectives are also required regarding permissive exemptions. This includes exemptions for non-profit groups and revitalization exemptions. The City of Quesnel grants permissive exemptions to many not-for-profit organizations within the City; the guidelines for granting these are contained within our policy. Our policy is a living document that gets reviewed each year to ensure that Council's objectives are still being met. The City granted one large revitalization exemption under Section 226 of the *Community Charter* that ended in 2016

Objectives:

- The City will continue to offer permissive exemptions to non-profit societies, recognizing the contributions these organization make to the overall well-being of the City.
- The City will offer 226 permissive tax exemptions to construction on the airport lands that meet the criteria of the City of Quesnel Regional Airport Revitalization Tax Exemption Program Bylaw.
- The City will offer 226 permissive tax exemptions for the construction of housing projects that meet Council's strategic objectives:
 - to encourage multi-family residential development that are low-environmental impact and in areas with full municipal services, nearby amenities and access to public transit;
 - to create a broader range of housing options, with a particular emphasis in providing an increase in adaptable housing units to allow residents to "age in place";
 - to attract new community investments in the form of multi-family housing; and
 - to encourage partnerships between non-profit housing organizations and developers.

- The City will review opportunities to encourage economic diversification through the use of revitalization exemptions under Section 226 of the Community Charter.

Policies:

- A full review of all permissive exemptions for non-profit organizations is done every four years and places of worship every ten years. 2019 will be a full review of all non-profit permissive exemptions. Our goal is to ensure that each group meets the municipal requirements as described in our policy statement.
- To review any requests for revitalization exemption on an individual basis, analyzing the community benefits versus the foregone tax revenue. Our goal is to increase economic diversification by attracting new business ventures.