



**DISTRICT OF SPARWOOD  
BYLAW 1019  
SCHEDULE A  
FINANCIAL PLAN FOR 2009 TO 2013**

**REVENUE POLICY DISCLOSURE**

**Funding Sources**

Table One shows the proportion of total revenue proposed to be raised from each funding source in 2009. Property value taxes form the greatest proportion of the revenue of the municipality. The system of property taxation is relatively easy to administer and understand. It provides a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as fire protection, bylaw enforcement, libraries and snow clearing. For these reasons, property value taxation will continue to be the major source of municipal revenue.

User fees and charges form the second largest portion of planned revenue. Many municipal services, such as water and sewer usage, can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

**Objective**

- Over the next five years, the District will increase the proportion of revenue relative to taxes that is received from user fees and charges by at least 1 percent over the current levels.

**Policies**

- The District will review all user fee levels to ensure they are adequately meeting both the capital and delivery costs of the service.
- Universal water metering will be instituted to ensure that appropriate user fees are being collected for water usage.

**Table One: Proportions of Current Revenue**

<b>Revenue Source</b>	<b>% Total Revenue</b>
Property value taxes	36.9 %
Parcel taxes	0.1 %
User fees and charges	16.4 %
Grants and other	46.6 %
Debt	0.0 %
<b>Total</b>	<b>100.0 %</b>

**Distribution of Property Taxes Rates**

Table Two provides the distribution of property tax revenue among the property classes. Class 4 (Major Industry) is subject to the Elk Valley Property Tax Sharing Agreement. Tax increases in that class are calculated based on the lesser of the annual change in BC Consumer Price Index excluding food and the average tax increase of residential rates for general municipal purposes in the Elk Valley communities for the preceding year. Class 2 (Utilities) in 2007 and 2008 were incorrectly capped so that this class did not receive the same tax increase as other classes. The practice of Council has been to apply the same tax rate increase to each other class (before non-market changes). This practice allows the taxpayers in the District to be confident that, in any year, their property tax bill will increase in proportion to all other taxpayers. This practice also ensures that as the community grows and diversifies, the share of property tax will shift among the tax classes in proportion with that growth.

**Objectives**

- Over the next five years, reduce the share of property tax paid by Major Industry (Class 4) by at least 2 percent. This reduction in the reliance on industrial properties is considered necessary for the District's long-term sustainability.
- Maintain the relationship between the other tax classes, except for growth/shrinkage .

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***Policies***

- Correct the tax rate error on Utilities (Class 2) by additional increases in the years 2009 and 2010.
- Continue to maintain and encourage economic development initiatives designed to attract more non-mine residential, retail, commercial, and light industrial businesses to invest in the community. New investment from these areas will help to reduce the tax burden of major industry (Class 4) while providing more revenue for the District.
- Regularly review and compare the District's distributions of tax burden relative to other municipalities in British Columbia.

**Table Two: Distribution of Property Taxes**

<b>Property Class</b>	<b>% of Property Value Tax</b>
Class 1 (Residential), Class 8 (Recreation), Class 9 (Farm) <small>(Classes 8 &amp; 9 are less than a tenth of a percent combined)</small>	18.0 %
Class 2 (Utilities)	19.9 %
Class 3 (Supportive Housing)	0.0 %
Class 4 (Major Industry)	51.3 %
Class 5 (Light Industry)	1.7 %
Class 6 (Business)	8.8 %
Class 7 (Managed Forest)	0.2 %
<b>Total</b>	<b>100.0 %</b>

**Permissive Tax Exemptions**

The Annual Report for 2008 contains a list of permissive exemptions granted for the taxation year and the amount of tax revenue forgone. In addition, Council has established a Revitalization Tax Exemption Program for hotel development. This is detailed in Schedules "C", "D" and "E".

The District has an existing permissive tax exemption policy which guides the administration and approval of permissive tax exemptions. Some of the eligibility criteria for permissive tax exemptions that are outlined in the policy include the following:

- Council will consider the relevance of the corporation's activities to the community as a whole, as well as the group's financial status, when determining whether an exemption will be granted.
- The organization receiving the exemption must be a registered non-profit society, as the support of the municipality will not be used for commercial and private gain

***Objective***

- The District will continue to provide permissive tax exemptions to non-profit societies. Over the next two years, the District will complete its first Sustainability Plan. Priorities established in the Plan will provide the District with specific goals that may be appropriate to support through expanded revitalization tax exemptions.

***Policies***

- Expand the permissive tax exemption policy to include eligibility requirements for sustainability revitalization tax exemptions.
- Develop a revitalization tax exemption program which details the kinds of sustainability activities that the exemption program will target.
- Integrate the sustainability revitalization tax exemption program into the District's existing economic initiatives as a means of attracting retail and commercial businesses to invest in the community.

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**Revenues and transfers from other funds**

	2009	2010	2011	2012	2013
Property value taxes	\$ 5,502,350	\$ 5,616,592	\$ 5,787,389	\$ 5,968,709	\$ 6,155,471
Parcel taxes	5,100	5,100	5,100	5,100	3,700
Fees and charges	2,450,948	2,477,818	2,559,045	2,643,659	2,731,816
Revenue from other sources	6,948,869	1,630,944	2,857,406	2,390,292	3,683,479
Proceeds of debt	-	-	-	-	146,000
Transfers to capital from:					
Land Sales reserve	4,087,000	560,000	2,450,000	770,000	2,346,000
Capital Works reserve	923,000	845,000	798,000	475,000	224,000
Repaving reserve	-	600,000	-	600,000	-
Recreation reserve	188,000	348,000	225,000	-	65,000
Local improvement financing reserve	-	-	-	-	333,000
Waterworks reserve	20,000	-	-	-	-
Sewer system reserve	325,000	-	-	-	-
Parks acquisition reserve	-	-	-	-	-
From Land Sales to Loc Imp Financing	-	-	-	-	-
From General Operating to Water Op	365,950	115,950	115,950	115,950	115,950
From General Operating to Sewer Op	128,500	128,500	128,500	128,500	128,500
Transfers from operating to:					
Capital Works reserve	487,020	487,020	487,020	487,020	487,020
Repaving reserve	360,000	365,000	370,000	375,000	380,000
Recreation reserve	108,450	108,450	108,450	108,450	108,450
Local Improvement financing reserve	6,350	6,350	6,350	6,350	4,450
Waterworks reserve	66,200	66,200	66,200	66,200	66,200
Sewer system reserve	70,300	70,300	70,300	70,300	70,300
Transfers from accumulated surplus	7,036,856	1,482,041	2,083,976	631,077	1,796,452
	<b>\$29,079,893</b>	<b>\$14,913,265</b>	<b>\$18,118,686</b>	<b>\$14,841,607</b>	<b>18,845,788</b>

**Expenditures and transfers to other funds**

Interest on municipal debt	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Principal on municipal debt	-	-	-	-	-
Capital expenditures	12,433,000	2,413,000	4,313,000	2,005,000	4,681,000
Other municipal purposes	8,407,668	8,062,489	8,202,356	8,436,621	8,622,998
Transfers to capital from:					
Land Sales reserve	4,087,000	560,000	2,450,000	770,000	2,346,000
Capital Works reserve	923,000	845,000	798,000	475,000	224,000
Repaving reserve	-	600,000	-	600,000	-
Recreation reserve	188,000	348,000	225,000	-	65,000
Local improvement financing reserve	-	-	-	-	333,000
Waterworks reserve	20,000	-	-	-	-
Sewer system reserve	325,000	-	-	-	-
Parks acquisition reserve	-	-	-	-	-
From Land Sales to Loc Imp Financing	-	-	-	-	-
From General Operating to Water Op	365,950	115,950	115,950	115,950	115,950
From General Operating to Sewer Op	128,500	128,500	128,500	128,500	128,500
Transfers from operating to:					
Land Sales reserve	-	-	42,130	42,130	42,130
Capital Works reserve	487,020	487,020	487,020	487,020	487,020
Repaving reserve	360,000	365,000	370,000	375,000	380,000
Recreation reserve	108,450	108,450	108,450	108,450	108,450
Local improvement financing reserve	6,350	6,350	6,350	6,350	4,450
Waterworks reserve	66,200	66,200	66,200	66,200	66,200
Sewer system reserve	70,300	70,300	70,300	70,300	70,300
Transfers to accumulated surplus	1,102,955	736,506	734,930	1,154,586	1,170,290
	<b>\$29,079,893</b>	<b>\$14,913,265</b>	<b>\$18,118,686</b>	<b>\$14,841,607</b>	<b>\$18,845,788</b>

## DISTRICT OF SPARWOOD

### BYLAW 1019

### SCHEDULE C

## FINANCIAL PLAN FOR 2009 TO 2013

### REVITALIZATION AREAS

Areas in close proximity to the Sparwood town centre zoned to permit hotel or motel development in the District's Zoning Bylaw No. 264, 1981 as amended from time to time are designated pursuant to section 226 (2) of the *Community Charter* for the purpose of encouraging the revitalization of the District and in particular the development or major renovation of commercial hotel or motel facilities.

### REASONS FOR DESIGNATION

The development of nearby hotel or motel rooms for visitors to the Sparwood area is seen as a critical component of the District's town centre commercial areas. Hotel and motel uses are currently permitted in the District's commercial zones as follows:

C1	Central Business District Commercial	Hotels only
C2	Highway Commercial	Hotels and motels
C4	Comprehensive Commercial	Hotels only

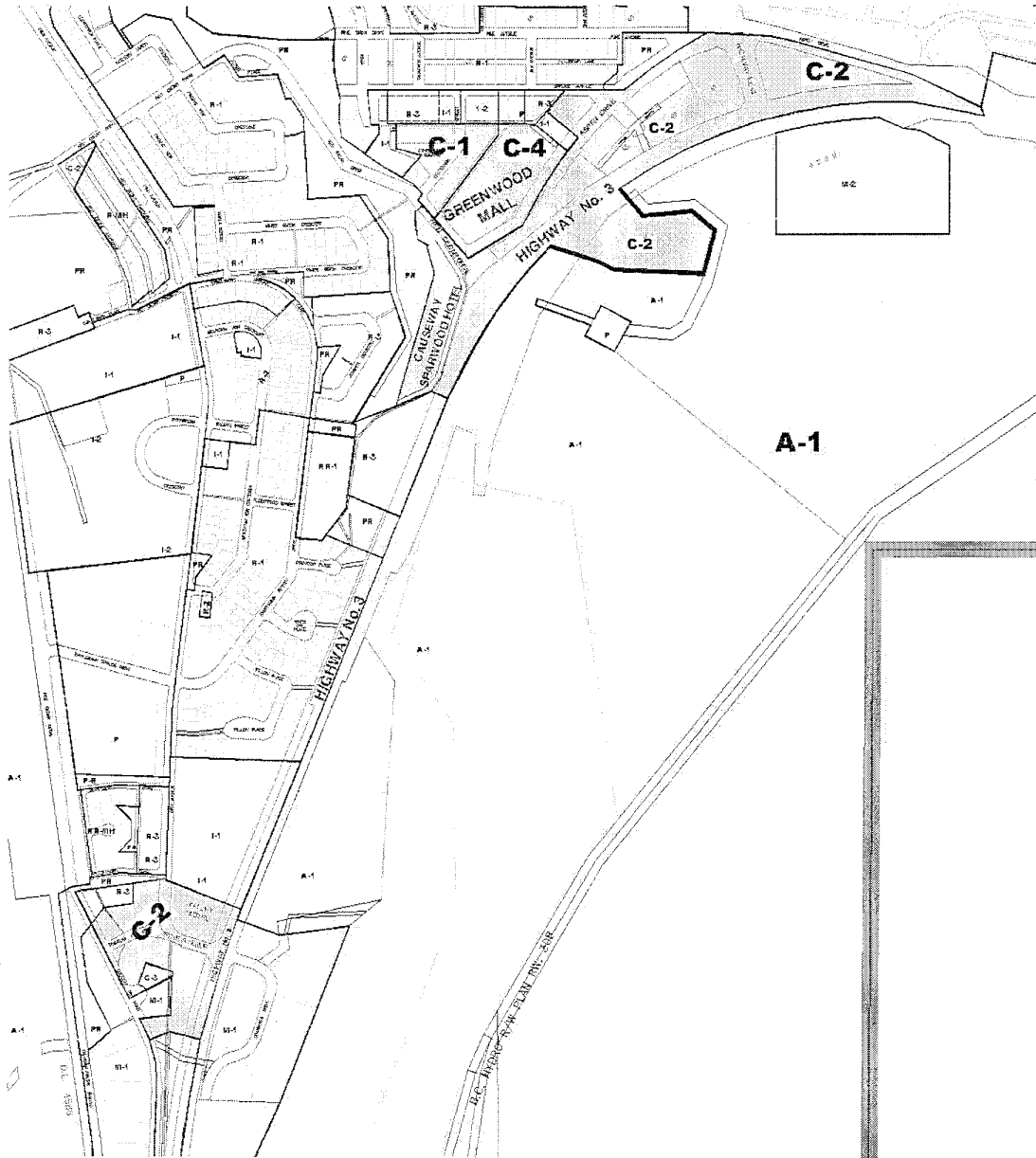
The Official Community Plan encourages development of the town centre with institutional, retail, tourism, and associated services close to the Highway 3 and Highway 43 intersection. Expanding the potential customer base for town centre businesses beyond the local residential population, to include hotel or motel guests visiting the area for leisure, sporting and recreation events, will stabilize existing businesses and create opportunities for additional businesses to be established. Each of these effects will in turn have beneficial effects on other existing businesses and will assist in the diversification of the District's economic base. Properties in the above noted zones that are in close proximity to the District's town centre are designated for potential revitalization tax exemptions and are identified in Schedule D of this Bylaw.

### OBJECTIVES OF DESIGNATION

The objectives of designating areas for revitalization tax exemptions are:

- To stimulate and reinforce development initiatives in the town centre and commercial areas by promoting investment in hotel and motel room development within the zones where such uses are permitted.
- To encourage tourist accommodation development close to destination recreation facilities.
- To reinforce the District's investment, together with that of senior governments, in "Gateway to BC" facilities and attract quality developments that will act in synergy with the facilities to diversify the community's economic base.

DISTRICT OF SPARWOOD  
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**DISTRICT OF SPARWOOD**  
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**REVITALIZATION TAX EXEMPTION PROGRAM**

1. Hotel and motel development on land in the revitalization areas designated in the District's financial plan and classified as Class 6 under the *Assessment Act*, in respect of which a building permit is issued in 2009 for one or more hotel buildings as defined in the District's zoning bylaw, is eligible for a revitalization property tax exemption and is referred to in this document as "eligible hotel development".
2. Eligible hotel development must be valued at a minimum of \$250,000 on the building permit application.
3. Eligible hotel development does not include any portion of a hotel or motel building used for retail sales or bar, lounge or restaurant uses, fitness and recreation facilities.
4. The maximum exemption provided to an eligible property in the first year may not exceed the increase in the assessed value of land and eligible improvements between the year before the construction or renovation of the hotel or motel began and the year in which a tax exemption certificate is issued. In each following year the exemption is calculated as a percentage of the first year as shown below:

Year 2 – 90%	Year 3 – 80%	Year 4 – 70%	Year 5 – 60%	Year 6 – 50%
Year 7 – 40%	Year 8 – 30%	Year 9 – 20%	Year 10 – 10%	
5. Subject to section 4, the maximum amount of exemption that may be provided is the full amount of the property value taxes imposed under section 197(1)(a) of the *Community Charter* for general municipal requirements, in respect of the assessed value of the buildings comprising the eligible hotel development.
6. An exemption under this program does not affect the owner's liability for municipal utility user fees or parcel taxes or taxation imposed by other government or public bodies and collected by the District, including taxation under the *School Act*.
7. The maximum term of an exemption under this program is ten years.
8. Persons wishing to apply for a tax exemption under this program must make application to the Director of Finance for a revitalization tax exemption certificate under section 226 of the *Community Charter* on or before August 31 in the year prior to the first year in which a tax exemption is sought. The application must include sufficient information to enable the Director of Finance to determine that the development in question is eligible hotel development.
9. Council may require an applicant to enter into a revitalization tax exemption agreement with the District under section 226 of the *Community Charter*, which may include provisions requiring the applicant or the applicant's successor in title to pay to the District property taxes that would have been payable but for the exemption, if the owner breaches any condition on the basis of which a tax exemption certificate was issued, and a covenant under section 219 of the *Land Title Act* in favour of the District requiring the owner to use the land in accordance with the certificate and the agreement.
10. Hotel properties for which a tax exemption is provided may be strata titled or otherwise subdivided, provided that each strata lot or unit is subject to a covenant under section 219 of the *Land Title Act* requiring the strata lot or unit to be included in a bona fide rental pool or hotel management agreement and, when not occupied by its owner the unit will be available to members of the general public for short term occupancy for at least 182 days per calendar year, for at least the term of the tax exemption.
11. Motel properties for which a tax exemption is provided may not be strata titled or otherwise subdivided, and each motel unit must be available to members of the general public for short term occupancy under a hotel management agreement for at least 182 days a year at all times for at least the term of the tax exemption.