



TOWN OF COMOX
REGULAR COUNCIL MEETING

STAFF REPORT
Meeting Date: April 7, 2021

TO: Mayor and Council	FILE: 1970-02
FROM: Jordan Wall, Chief Administrative Officer	DATE: April 7, 2021
SUBJECT: 2021 Tax Rates	

Report Approved:


RECOMMENDATION(S) FROM THE CHIEF ADMINISTRATIVE OFFICER:

- 1) THAT Council includes a 2021 tax rate of 2.47418 for the Residential tax Class in the 2021-2025 Financial Plan
- 2) THAT Council includes a 2021 tax rate of 38.82031 for the Utilities tax Class in the 2021-2025 Financial Plan
- 3) THAT Council includes a 2021 tax rate of 8.01308 for the Light Industrial tax Class in the 2021-2025 Financial Plan
- 4) THAT Council includes a 2021 tax rate of 9.97216 for the Business and other tax Class in the 2021-2025 Financial Plan
- 5) THAT Council includes a 2021 tax rate of 7.81776 for the Recreation/Non-profit tax class in the 2021-2025 Financial Plan
- 6) THAT Council includes a 2021 tax rate of 3.72009 for the Farm tax class in the 2021-2025 Financial Plan

ALTERNATIVES TO THE RECOMMENDATIONS

Council can change the tax rates based on discussion in the meeting

PURPOSE

To set tax rates for the 2021-2025 Financial Plan

BACKGROUND

Council has through their budgetary process approved a number of projects and set a core budgetary amount. The current expenditure, with total completion of all items approved in the Capital and Special projects budget, is approximately \$29,800,000.

The municipality in 2021 is facing a number of upwards operating budgetary pressures including an increased policing cost of \$670,000 per year and a \$45,000 increase in operating costs. In order to pay for these cost increases a total 9.3% increase in tax revenue is required. With this amount the overall municipal financial picture would look approximately as follows in 2021:

Expenses:	\$29,800,000
Revenue:	\$27,460,000 (with 9.3% tax increase)
	\$ 2,340,000 net draw down on reserves.

A net draw down on reserves is not by definition a negative indication for a community. In many instances a Town undergoing asset renewal will have years where reserve draw down is required

and healthy. The Town of Comox through its capital works plan is making significant investments in renewing its infrastructure and as we continue our asset management process through 2021 our asset budgeting will come into much clearer focus.

Setting Tax Rates

Attached to this report and sent to Council electronically is a worksheet that will allow Council to see the impact of using different reserve amounts will have on the tax rates and the impact to the representative property for each tax class.

This year's tax roll has seen growth in the value of a residential property and decreases in the value of a business property. Due to this, increasing the amount to collect from each property class at the same percentage (9.4%) will result in a larger increase on a representative business and a smaller decrease on a representative home.

Tax Rate Multipliers

The bottom of the worksheet allows Council to input different tax rate multipliers. Tax rate multipliers are used to show the cost per assessment of each class compared to a residential home. For example if you take the residential tax rate (2.47) and multiply it by the business tax rate multiplier (4.20) it will give you the business rate tax rate (10.38). By adjusting these multipliers in the bottom section of the attached sheet clicking 'Goal Seek' Council can adjust the tax burden across different classes. This is useful if Council wishes to shift the burden from one class to another.

Reserve Funds Available

Public Safety Reserve: \$418,000

COVID Restart: \$2,067,000

It's important to consider that the increases to the Town's operating budget are permanent and any use of funds in the 2021 Financial plan will only delay that increase by one year. Next year more reserve funds will be required, service levels will need to be decreased, or the tax rates will need to increase. For example setting the rate this year at a revenue increase of 5.3% would require an additional 4% increase next year on top of 2022's budgetary considerations if there were no service reductions or additional reserve draw downs.

Town Of Comox
2021 Tax Calculations

Property Tax Calculation Formula
Assessment x Tax Rate / 1000 = Taxes

2020 Collected	8,958,087	
2021 overall increase	842,060	9.40%
2021 Tax	9,800,147	

2021 Alternate Method

Use prior year's % collection by class

2021 Class	Description	Property Assessment	Tax Rate	Class Rate Multiplies	2021 Collection (2020 plus %)	% Collection by Class
1	Residential	3,251,105,976	2.47308	1.000	8,040,229	82.04%
2	Utilities	1,858,700	38.82031	15.697	72,155	0.74%
5	Light Industry	7,108,300	8.01308	3.240	56,959	0.58%
6	Business & Other	154,604,901	10.38334	4.199	1,605,316	16.38%
8	Recreation/Non Profit	3,219,000	7.81776	3.161	25,165	0.26%
9	Farm	86,422	3.72009	1.504	321	0.00%
		3,417,983,299			9,800,147	100.00%
					842,060	

Taxes on a Representative Property

Properties	Mkt Assess	Taxes	Increase	Percentage
5,889	552,064	1,365.30	101.43	8.03%
5	371,740	14,431.06	1,239.96	9.40%
4	1,777,075	14,239.85	1,223.53	9.40%
213	725,845	7,536.69	711.66	10.43%
5	643,800	5,033.07	432.46	9.40%
5	17,284	64.30	5.52	9.40%

Overall revenue increase 9.40%

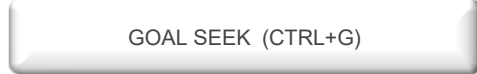
3,714.57

Total Draw Down on Reserves

2,309,000

2021 Calculation

Use pre-set Tax Rate Multiples



2021 Class	Description	Market Assessment	Tax Rate	Multiples Fixed	2021 Taxes	% Collection by Class
1	Residential	3,251,105,976	2.49368	1.000	8,107,218	82.73%
2	Utilities	1,858,700	38.00000	15.239	70,631	0.72%
5	Light Industry	7,108,300	7.73041	3.100	54,950	0.56%
6	Business & Other	154,604,901	9.97472	4.000	1,542,141	15.74%
8	Recreation/Non Profit	3,219,000	7.73041	3.100	24,884	0.25%
9	Farm	86,422	3.74052	1.500	323	0.00%
		3,417,983,299			9,800,147	100.00%
					842,060	Market growth

Taxes on a Representative Property

Click [Goal Seek] to calculate taxes

Properties	Mkt Assess	Taxes	Increase	Percentage
5,889	552,064	1,376.67	112.80	8.93%
5	371,740	14,126.12	935.02	7.09%
4	1,777,075	13,737.51	721.20	5.54%
213	725,845	7,240.10	415.06	6.08%
5	643,800	4,976.84	376.22	8.18%
5	17,284	64.65	5.88	10.00%

Overall revenue increase 9.40%

2,566.1909