BYLAW NO. 1992

FIVE-YEAR FINANCIAL PLAN (2025-2029)

A Bylaw to present the Five-Year Financial Plan commencing in the year 2025

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. 1992 - Five-Year Financial Plan (2025-2029)".

FIVE-YEAR FINANCIAL PLAN SCHEDULES

2. Town of Smithers "Bylaw No. 1967 - Five-Year Financial Plan (2024-2028)", and any amendments are hereby repealed.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 2025.

READ A FIRST TIME THIS 29TH DAY OF APRIL 29, 2025.

READ A SECOND TIME THIS 29TH DAY OF APRIL 29, 2025.

READ A THIRD TIME THIS 29TH DAY OF APRIL 29, 2025.

ADOPTED THIS 6TH DAY OF MAY, 2025.

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

Gladys Atrill
Mayor

Michael Dewar
Chief Administrative Officer

CERTIFIED A TRUE AND CORRECT COPY of Bylaw No.1992, cited as "Bylaw No. 1992 - Five-Year Financial Plan (2025-2029)".

David Schroeter
Corporate Officer

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. 1992
SCHEDULE "A-1"

FIVE-YEAR FINANCIAL PLAN (2025-2029)

GENERAL MUNICIPAL FUND	**2025**	**2026**	**2027**	**2028**	**2029**
REVENUE					
Property Taxes - General Services	6,203,500	7,027,100	7,354,700	7,900,900	8,311,900
Property Taxes - Non Market Change	368,700	-	-	-	-
Property Taxes - Policing (RCMP)	2,579,000	2,862,900	2,983,900	3,090,700	3,204,500
Property Taxes - Infra. (Roads)	1,070,000	1,195,000	1,320,000	1,320,000	1,320,000
	10,221,200	11,085,000	11,658,600	12,311,600	12,836,400
Grants in Lieu of Taxes & Other Taxation	1,218,100	1,253,600	1,290,100	1,327,600	1,366,400
Service Charges & User Fees	1,683,100	1,716,800	1,751,400	1,787,100	1,823,800
Government Transfers & Grants (for Operating)	8,209,900	7,648,200	7,566,500	7,391,800	3,023,200
Government Transfers & Grants (for Capital)	5,560,500	514,000	2,780,000	80,000	80,000
Transfers From Other Town Funds (Utility/Equip.)	158,000	186,000	214,000	214,000	214,000
Transfers From Reserves (BC-NCPG for Utility)	4,892,100	-	-	-	-
Transfers From Reserves (BC-GCF for Utility)	577,200	-	-	-	-
Transfers From Reserves (ORA for Airport)	127,500	-	-	-	-
Transfers From Reserves (for Operating)	791,000	520,200	462,700	455,900	368,700
Transfers From Reserves (for Capital)	8,118,000	3,162,000	3,376,600	3,448,600	3,803,600
Transfers From Surplus (for Operating)	48,700	90,000	30,000	30,000	30,000
Transfers From Surplus (for Capital)	1,086,700	123,000	85,000	-	-
Transfers From Surplus (for RCMP)	213,800	29,100	-	-	-
Short Term Equipment Loans	3,642,500	265,000	1,221,500	300,000	-
New Long Term Debt Issues		-	2,200,000	-	-
Capital Assets Amortization	1,961,600	2,020,500	2,053,600	2,087,400	2,121,700
Total	**48,509,900**	**28,613,400**	**34,690,000**	**29,434,000**	**25,667,800**
EXPENDITURES					
Operating Expenditures:					
- Council	314,300	343,000	351,800	341,000	350,400
- Corporate Services	2,529,200	2,535,200	2,422,500	2,422,300	2,413,900
- Development Services	1,508,900	1,117,000	1,152,800	1,189,500	1,227,300
- Community Services (Ec. Dev./Tourism)	1,159,300	1,099,200	1,131,300	1,165,300	1,199,500
- Regional Transit	235,200	255,400	270,600	275,800	281,000
- Recreation & Cultural Services	2,605,900	2,693,100	2,703,600	2,776,600	2,851,600
- Regional Library	654,000	664,100	674,400	685,100	696,100
- Protective Services (Fire/Rescue/Bylaw)	2,156,600	1,963,000	2,004,400	2,046,700	2,090,600
- Protective Services (RCMP)	2,903,800	2,997,000	3,088,900	3,195,700	3,309,500
- Transportation & Mobility	3,018,400	3,213,900	3,302,100	3,392,800	3,486,300
- Solid Waste & Recycling Services	480,000	492,400	501,700	511,300	521,000
- Public Health (Cemetery)	76,100	78,400	80,700	83,200	85,700
	17,641,700	17,451,700	17,684,800	18,085,300	18,512,900
Debt Principal & Interest (Excl.: Airport & Utility)	59,600	59,600	59,600	187,600	187,600
Debt Principal & Interest (Equip. Loans/Leases)	1,051,700	1,154,000	1,518,600	1,593,600	1,593,600
Transfers To Other Town Funds (Utility/BC-NCPG)	4,892,100	-	-	-	-
Transfers To Other Town Funds (Utility/BC-GCF)	577,200	-	-	-	-
Transfers To Other Town Funds (Airport)	127,500	-	-	-	-
Transfers To Reserves (Operating)	113,000	113,000	113,000	113,000	113,000
Transfers To Reserves (Capital)	8,332,600	6,925,100	7,169,500	7,219,500	2,970,700
Capital Asset Investments:	-	-	-	-	-
- Lands, Roads & Infrastructure	11,255,000	1,461,000	3,825,000	1,625,000	1,750,000
- Buildings & Amenities	1,249,500	959,000	3,068,000	280,000	280,000
- Equipment	3,210,000	490,000	1,251,500	330,000	260,000
Total	**48,509,900**	**28,613,400**	**34,690,000**	**29,434,000**	**25,667,800**

TOWN OF SMITHERS
BYLAW NO. 1992
SCHEDULE "A-2"

FIVE-YEAR FINANCIAL PLAN (2025-2029)

MUNICIPAL UTILITY FUND	**2025**	**2026**	**2027**	**2028**	**2029**
REVENUE					
Parcel Taxes	-	-	-	-	-
Service Charges & User Fees	2,634,500	2,713,600	2,795,000	2,879,000	3,268,300
Government Transfers & Grants (for Capital)	2,410,600	3,800,000	10,000,000	4,600,000	-
Transfers From Town Reserve (BC-NCPG)	4,892,100	-	-	-	-
Transfers From Town Reserve (BC-GCF)	577,200	-	-	-	-
Transfers From Utility Reserves (for Capital)	3,247,800	900,000	900,000	900,000	900,000
New Long Term Debt Issues	-	-	-	5,400,000	-
Capital Assets Amortization	561,200	578,100	589,900	602,000	614,300
Total	14,323,400	7,991,700	14,284,900	14,381,000	4,782,600
EXPENDITURES					
Operating Expenditures	2,068,700	2,150,300	2,207,400	2,266,500	2,327,100
Debt Principal & Interest	55,500	47,200	-	-	348,100
Transfers To Town Reserve (Equipment)	158,000	186,000	214,000	214,000	214,000
Transfers To Utility Reserves	913,500	908,200	963,500	1,000,500	993,400
Capital Asset Investments:					
- Water Treatment System	6,599,600	300,000	10,300,000	10,300,000	300,000
- Sanitary Sewer System	4,228,100	4,100,000	300,000	300,000	300,000
- Storm Sewer & Drainage System	300,000	300,000	300,000	300,000	300,000
Total	14,323,400	7,991,700	14,284,900	14,381,000	4,782,600

TOWN OF SMITHERS
BYLAW NO. 1992
SCHEDULE "A-3"

FIVE-YEAR FINANCIAL PLAN (2025-2029)

REGIONAL AIRPORT FUND	**2025**	**2026**	**2027**	**2028**	**2029**
REVENUE					
Property Taxes	-	-	-	-	-
Service Charges & User Fees	1,720,700	1,749,800	1,779,600	1,809,900	1,840,800
Real Estate Rentals	226,400	230,100	233,900	237,800	241,700
Government Transfers & Grants (for Capital)	5,524,600	380,000	400,000	-	-
Transfers From Town Reserve (ORA-Lands)	127,500	-	-	-	-
Transfers From Airport Reserves (for Capital)	579,700	226,200	581,200	206,200	206,200
Transfers From NWRBA Reserves (for Capital)	60,000	-	-	-	-
Transfers From Airport Surplus (for Operating)	45,300	26,200	49,000	73,000	98,300
Transfers From Airport Surplus (for Capital)	110,500	115,700	120,900	126,300	131,800
Capital Assets Amortization	1,553,900	1,600,500	1,648,500	1,698,000	1,748,900
Total	9,948,600	4,328,500	4,813,100	4,151,200	4,267,700
EXPENDITURES					
Operating Expenditures	3,340,100	3,400,400	3,504,800	3,612,500	3,723,500
Debt Principal & Interest	206,200	206,200	206,200	206,200	206,200
Transfers To Airport Reserves	316,700	321,900	327,100	332,500	338,000
Capital Asset Investments:					
- Lands, Roads & Infrastructure	4,855,600	-	200,000	-	-
- Buildings & Amenities	-	-	540,000	-	-
- Equipment	1,230,000	400,000	35,000	-	-
Total	9,948,600	4,328,500	4,813,100	4,151,200	4,267,700

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 2025, for General Municipal purposes, the share of revenue from major funding sources are:

Government Grants (incl. Gov. Transfers in Reserve Accounts)	$13,770,400	**32%**
Municipal Property Taxes (incl. Grants in Lieu & Other Taxes)	11,439,300	**27%**
Transfers From Own Reserves & Surplus	16,013,000	**37%**
Service Charges & User Fees	1,683,100	**4%**
Total Revenues (excl. Amortization, Debt, Utility Fund)	**$42,905,800**	100 %

Over 2026-2029 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 2025-2028:

- to close the RCMP Budget Revenue Gap now funded from Surplus, this by way of an $86,300 increases of general municipal taxation in 2025, a $283,900 increase in 2026 with the RCMP budget revenue gap fully closed by 2027.
- to gradually increase tax funding for Road Paving from $945,000 to $1,320,000 by 2027.

There has been no change in engineering recommendations that the Town needs to be reinvesting a minimum of $1,250,000 per year in its existing roads transportation system.

2. Municipal Utility

In 2025, for Municipal Utility purposes, the share of revenue from major funding sources are:

Government Grants (incl. Transfers From Reserves)	$2,410,600	**18%**
Service Charges & User Fees	2,634,500	**19%**
Transfers From Own Reserves & Surplus	8,717,100	**63** %
Total Revenues (excl. Amortization)	**$13,762,200**	100 %

Over 2026-2029 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, and Sanitary Sewer/ Storm Sewer/ Drainage Systems are planned to continue increasing at a rate of 10% annually through 2025. Increases may moderate after 2025. There has been no change in engineering recommendations that the Town needs 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 approximately $900,000 in coordination with the roads paving program.

The Northern Health Authority advised the Town that 2019 Federal regulations for maximum manganese levels in municipal water systems will require Town action. The Smithers Community Water system has a projected cost $20,000,000 Water Treatment Plant in the Financial Plan for 2027- 2028 with assumed funding from senior government of $14,600,000 and by debt of $5,400,000.

3. **Regional Airport**

In 2024, for Regional Airport purposes, the share of revenue from major funding sources are:

Service Charges & User Fees (incl. Property Rentals)	$1,947,100	**23%**
Government Grants (incl. Transfers From Town Reserves)	5,524,600	**66%**
Transfers From Airport Reserves & Surplus	923,000	**11** %
Total Revenues (excl. Amortization)	**$8,394,700**	100 %

Over 2025-2028 these proportions may vary significantly due to the timing of major capital projects which are substantially funded by senior government grants. The Airport is projected to need $300,000 in new annual revenues by 2028. This may require property taxation by 2028.

Airport total activity levels have substantially recovered from the impacts of the COVID-19 pandemic (2020-2022). However, the Airport's net operating cash flows have not recovered to historic norms as its activity mix has changed and BC regional airport service pricing has generally remained at pre-COVID 19 levels. Airport operating revenues including Airport Improvement Fees are not covering the Airport's financial needs. As a result, the Airport's surplus account now at $756,000 is forecast to be fully spent backstopping the Airport by 2028.

Separate from the annual funding gap, the Airport is dependent long term on senior governments for funding of "airside" capital projects and replacement of equipment. The Town is seeking regional partners to share operating costs and "groundside" capital costs by 2028.

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. Periodic reviews 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 Airport are not currently 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 for Transportation & Mobility (Roads, Sidewalks), Fleet/ Equipment (Fire & Rescue, Municipal Operations), and Buildings/ Facilities (Recreation & Culture, Muni. Operations).

In 2021, Council adopted a long-term Corporate/ Community Energy Efficiency Plan ("CEEP") for the Town. Staff is focusing on both AMPs development and CEEP implementation primarily through the annual operating base budgets and capital investment proposals process.

There were no factors arising in 2024 that will significantly impact on 2025 tax revenue requirements. Inflationary factors have been of significant 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 - in March 2024 it is at 2.9% - with the Bank of Canada committed to achieving 2% again in the long run. Over 2022-2023 supply pricing to the Town was disrupted - capital projects by 25% (range 15%-50%) and fuel/ gas up to 30%. Operating base budgets were adequately adjusted for cost impacts in 2022. Allowances for changes in prices (2024-2028) include:

- Annual allowance of up to 3% for net cost increases across Municipal budget.
- No immediate allowances for energy or carbon offset costs (after 2022 increase).
- 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 2025 Smithers property assessment roll of $1,326,380,962 has increased by 6.6% from 2024 (rolls prepared by the BC Assessment Authority). Residential property class 1 has increased 3.8% to $1,036,531,300; However, some of this increase is non-market change assessment growth. The market value growth on the residential tax base that existed in the 2024 roll was 2.3%. Single Family residences make-up $899,564,100 of that property class (2025 roll valuation date was July 2024). Business property class 6 increased by 17% to $254,47,850. However, some of this increase is non-market change assessment growth. The market value growth on the business tax base that existed in the 2024 roll was 9.9%.

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.

The Smithers property assessment roll is heavily weighted to class 1 Residential property at 78% without heavy/ light industry to shoulder a major portion of the tax burden. Instead, the Business property class 6 at 19% of the property assessment roll has formed an effective partnership with the Residential property class and they currently carry approximately equal tax burdens. Together, Residential and Business properties cover 85% of the total tax burden.

Over the long run the Town has worked to reduce the Business share below Residential share. However, in 2025 the business tax class had non market change assessment added at a faster pace than the Residential class. This therefore increased the proportion of the Business class assessment base. Therefore, the Business class tax proportion exceeds that of the residential class in 2025.

The 2025 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	2025 Assessment		2025 Taxation	
Residential	$1,036,531,300	78.0 %	$4,287,263	42%
Utilities	4,228,812	0.5 %	181,935	2%
Major Industry	10,549,200	1.0 %	1,007,807	10 %
Light Industry	14,903,100	1.0 %	337,290	3%
Business/ Other	254,470,850	19.0 %	4,379,207	43%
Rec/ Non-Profit	5,697,700	0.5 %	27,698	-
	$1,326,380,962	100 %	$10,221,200	100 %

4. **General Municipal Revenues Required**

In 2025, the General Municipal tax revenue requirement was budgeted at $10,221,200 resulting in an overall general municipal tax increase of $937,817(10.10%). However, $368,700 of this increase is non-market change property tax revenue, meaning the increase to the existing tax base is 569,117 (or **6.13%**).

The tax increase components to existing tax base include:

- 3.70% increase to maintain Municipal Services
- 0.93% additional increase to fund for RCMP budget revenue gap
- 1.50% additional increase to fund Town Roads/ Infrastructure capital plans

5. **Smithers Single Family Residence (2025 example)**

In 2024, a typical Smithers home per the BC Assessment Authority was valued at $457,000 for property tax purposes. In 2025, the property is valued at $468,000 reflecting a $11,000 or 2% increase. In 2024, the property owners paid Municipal taxes of $1,812 (General, RCMP, Roads). In 2025, they will pay Municipal taxes of approx. $1,922 or a **$111 or 6.1% increase.**

Actual municipal taxes will vary from overall 6.13% tax increase due to actual individual property value changes.

6. **Smithers Business Property (2025 example)**

In 2024, a selected Smithers business property (retail/ residential) was valued at $936,000 for property tax purposes. In 2025, the property is valued at $1,029,000 reflecting a $93,000 or 10% increase. In 2024, the property owners paid Municipal taxes of $11,228 (General, RCMP, Roads). In 2025, they will pay Municipal taxes of approx. $11,916 or a **$688 or 6.1% increase.**

Actual municipal taxes will vary from overall 6.13% 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 **("PTE")** 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 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 made in 2021 covered tax years 2022-2024. • **In 2023, Council after public consultation ended the Town's PTE program with exceptions starting in the 2025 tax year.**

Property	Costs Smithers	Costs Others	PTE-Smithers	Costs Others
Statutory Exemption	250,000	160,000	20,000	20,000
Non-Statutory (PTE)	-	-	190,000	100,000
Total	**$250,000**	$160,000	**$210,000**	$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 Cenovus Energy Inc. for use of the property at Highway 16 and Main Street as a public park under a 10-year PTE from 2023- 2033.

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

The Town approved a Downtown Revitalization Tax Exemption **("RTE")** program in 2018 to grant RTEs to property owners who develop additional residential dwelling units in the Downtown Core. Commencing in 2024, RTEs became available for the development of qualifying childcare spaces. Over time all RTEs expire, and the properties become fully taxable.