

COUNCIL REPORT

Date: March 25, 2026
 File: 2.10.3.1
 To: Warren Waycheshen, CAO - for Mayor and Council
 From: Sue-Lin Tarnowski, Director of Finance
 Re: Five-Year Financial Plan



Applicant: n/a
 Location: n/a

Recommendation:

Action: Council consider the report and provide input and direction of the 2026 budget in preparation of the five-year Financial Plan and Property Tax bylaws and approve the Northwest BC Regional Funding Agreement (RBA) actual and planned expenditures for the 2024 – 2028 long-term development plan.

Recommended Motion:

THAT Council approve the attached 2026 – 2030 Financial Plan and Objectives and Policies for development of the 2026 Financial Plan Bylaw.

AND THAT the 2026 property tax rate bylaw be set at an increase of 4.79%.

AND THAT the Northwest BC Regional Funding Agreement (RBA) 2024 – 2028 Long-Term Development Plan be approved.

Background:

2026 – 2030 Consolidated Five-Year Financial Plan (Schedule A of Attachment A)

In accordance with the *Community Charter*, the District must adopt its Financial Plan Bylaw prior to May 15 each year, and before adoption of the annual Property Tax Bylaw. The attached 2026–2030 Financial Plan forms part of the Financial Plan Bylaw, which is scheduled for first, second, and third readings at the April 20, 2026, Council meeting, alongside the Tax Rate Bylaw and Flat Tax Bylaw.

The 2026 Budget and Five-Year Financial Plan is presented as a Consolidated Financial Plan that encompasses all District funds and which incorporates the proposed property tax revenue increase of 4.79% for 2026. This consolidated approach provides a comprehensive view of the District's overall financial position, ensuring that operating and capital priorities across all services are planned and managed in an integrated manner. While each fund remains financially separate and compliant with legislative requirements, consolidation supports informed decision-making by illustrating how resources are allocated and how financial strategies align with Council's long-term service, infrastructure, and sustainability objectives.

2026 – 2030 Capital Budget (Schedule B of Attachment A)

The capital budget comprises projects funded primarily by the Northwest Regional Benefit Funding Alliance (RBA) funding with some contributions from minimal contributions from property taxation for 2026 - 2028. The significant property tax revenue increase starting in 2029 is due to the expiration of the revitalization tax exemption agreement with LNG Canada at the end of 2028. Reserve contributions for 2026 – 2028 are primarily due to the equipment replacement, with increased contributions starting in 2029 for investment in the

District's asset replacement. Schedule B of Attachment A presents the 2026 – 2030 capital projects in summarized format. Detailed listings of the 2026-2030 capital projects are provided in Attachment A for information only.

2026 – 2030 Reserve Balances (Schedule C of Attachment A)

Reserve balances are projected to remain relatively stable from 2026 to 2028, with a notable increase in investment anticipated beginning in 2029 following the expiration of the LNG Canada revitalization tax exemption agreement. However, without consistent annual contributions, existing reserve levels will constrain the District's ability to respond effectively to unexpected asset failures.

Staff recommend a phased and moderate approach to strengthen long-term financial sustainability while maintaining stable funding for asset replacement. The level of investment will ultimately be determined by Council.

2026 – 2030 Debt Summary (Schedule D of Attachment A)

The five-year debt schedule reflects approved and planned borrowing for the Water Treatment Plant (2026) and the Public Safety Building (2028). As a result, annual debt servicing costs are projected to increase significantly, from \$931,017 in 2026 to \$4,051,543 by 2030, placing sustained pressure on future operating budgets for the 30-year term of the debt.

2026 Operating and Capital Budget (Attachment B – Consolidated Summary)

2026 Revenues

The total 2026 budgeted operating revenues of \$63,458,221 includes: \$43,002,451 from municipal taxes, \$870,186 from water utility fees, \$3,208,289 for sale of District services, \$9,839,207 from government and other third-party grants and contributions, and the balance of \$6,538,089 from other revenues.

2026 Expenses

The total 2026 budgeted operating expenses of \$49,239,654 includes: \$48,308,637 to support general government operations and \$931,017 for debt servicing.

Water Utility Rates

Council approved water rate increases under Water Rates Amendment Bylaw No. 2064, 2025 and the levy effective January 1, 2026, is \$205 per year per residential dwelling. The residential water utility charge is levied as part of the annual property tax notice while non-residential users are charged per unit rate and are billed semi-annually.

Refuse Collection Rates

In accordance with Part 7, Division 1 (7.1.13.1) of the *Kitimat Municipal Code*, residential refuse collection fees are set at \$146.00 annually, and the charge appears on the annual property tax notice.

Residential Flat Rate Tax

Currently, five municipalities in British Columbia - Kimberley, Trail, Dawson Creek, Powell River, and Kitimat, continue to employ a legacy hybrid taxation system that incorporates a flat tax component applied primarily to residential properties. A separate Flat Tax Report provides a comparative analysis of the hybrid residential flat tax system relative to a fully value-based taxation model.

The 2026 Residential Flat Rate Tax is proposed to be set at \$800, an increase of 4.79% from \$763. Consideration of this rate is proposed under a separate report.

The Northwest BC Regional Funding Agreement Reporting Requirement

The Northwest BC Regional Funding Agreement (RBA) is a five-year agreement covering the period 2024–2028, to which the District is a signatory. As part of the annual reporting requirements, the District must report both actual and planned expenditures under the Annual Plan and the Long-term Development Plan (LTDP).

Council approval of the LTDP is required in advance of the annual reporting deadline of March 31. Attachment C provides the updated actual and planned expenditures and is presented for Council's approval.

Alternative Options:

Should Council wish to make amendments to any of the documents or the Financial Plan, staff will present the revised Financial Plan at the April 7, 2026, meeting. This will ensure the Financial Plan Bylaw can proceed to first, second, and third readings at the April 20, 2026, meeting, followed by subsequent adoption in advance of the Flat Tax and Tax Rate Bylaws.

1. Another option as determined by Council.

Budget Implications:

Established through the 2026 municipal budget.

"SLT"

Director of Finance Initials

Budgeted: X

Unbudgeted:

Council Initiative/Other Relevant Plans:

Strategic Plan (2023-2026)

Considered in the operational and capital budgets

Joint Strategic Plan for Haisla Nation Council – District of Kitimat (2024-2029)

Considered in the operational and capital budgets

District of Kitimat and Haisla Council Friendship Agreement - gi guálap`nis

Considered in the operational and capital budgets

Community Energy and Emissions Plan

Considered in the operational and capital budgets

Housing Action Plan and Needs Assessment

Considered in the operational and capital budgets

Kitimat Age-Friendly Assessment Report and Action Plan

Considered in the operational and capital budgets

Kitimat Cycle Network Plan

Considered in the operational and capital budgets

Kitimat Poverty Reduction Strategy

Considered in the operational and capital budgets

Leisure Services Master Plan

Considered in the operational and capital budgets

Minette Bay West Concept Plan

Considered in the operational and capital budgets

Official Community Plan (and Downtown Design Guidelines)

Considered in the operational and capital budgets

Solid Waste Action Plan

Considered in the operational and capital budgets

Water Conservation Plan

Considered in the operational and capital budgets

BC Transit Future Services Plan

Considered in the operational and capital budgets

Economic Development Strategic Plan (2023-2029)

Considered in the operational and capital budgets

"Sue-Lin Tarnowski"

Submitted by

Sue-Lin Tarnowski

Director of Finance

"Warren Waycheshen"

Approved for Submission

Warren Waycheshen, CAO

Attachment(s): A:2026 – 2030 Five-Year Financial Plan
B:2026 Operating and Capital Budget –Consolidated
C:The Northwest BC Regional Funding Agreement Long-Term Plan

Schedule A
Consolidated Financial Plan
2026 - 2030




REVENUE	2026	Budget Projections			
	Budget	2027	2028	2029	2030
Contributions from Other Governments	1,679,207	1,712,791	1,747,047	1,781,988	1,817,628
Revenue from Own Sources	1,005,061	1,007,071	1,009,085	1,011,103	1,013,125
Sales of Services	3,208,289	3,240,372	3,272,775	3,305,503	3,338,558
Taxation and Grants in Lieu	43,002,451	45,818,602	49,635,292	74,135,303	76,730,038
Utility Tax	653,719	660,256	665,658	672,314	679,037
Water Utility Fees	870,186	887,590	905,342	923,448	941,917
Return on Investments	625,742	625,742	625,742	625,742	625,742
Total Revenue	51,044,654	53,952,424	57,860,940	82,455,402	85,146,046
EXPENSES	2026	2027	2028	2029	2030
Community Planning and Development	786,792	810,396	834,708	859,749	885,541
Economic Development	1,266,560	1,302,725	1,339,864	1,382,062	1,423,524
Engineering	4,603,287	4,741,386	4,883,627	5,030,136	5,181,040
General Government	10,782,591	11,106,068	11,439,250	11,782,428	12,135,901
Protective Services	10,880,941	11,207,370	11,543,591	11,889,899	12,246,595
Public Works	12,741,968	13,124,227	13,517,954	13,923,493	14,341,197
Leisure Services	7,246,498	7,463,893	7,687,809	7,918,444	8,155,997
Debt Interest	436,790	705,089	1,774,465	2,843,689	2,688,736
	48,745,428	50,461,154	53,021,269	55,629,899	57,058,532
Operating Surplus (Deficit)	2,299,227	3,491,270	4,839,672	26,825,503	28,087,515
Debt Principal Repayment	494,226	497,277	1,531,225	1,534,501	1,362,807
Reserve Contributions	1,775,000	2,543,993	2,601,887	13,489,059	16,872,707
Contribution to Capital	30,000	450,000	706,559	11,801,943	9,852,001
Total Operating Expenses	51,044,654	53,952,424	57,860,940	82,455,402	85,146,046
CAPITAL EXPENDITURES					
Engineering Structures	13,497,330	2,100,000	3,242,864	3,000,000	3,500,000
Buildings	1,520,179	1,900,000	18,506,559	36,651,943	16,852,001
Information Technology	75,000	100,000	100,000	250,000	250,000
Vehicles/Equipment	2,403,567	2,678,567	2,425,000	2,250,000	2,400,000
Water Infrastructure	24,280,795	100,000	100,000	200,000	200,000
Sewer Infrastructure	198,653	-	-	200,000	200,000
Total Capital Expenses	41,975,523	6,878,567	24,374,423	42,551,943	23,402,001
CAPITAL FUNDING SOURCES					
Debt	13,500,000	-	17,000,000	27,500,000	10,500,000
Grants	8,360,000	3,550,000	4,192,864	350,000	-
Operating Contribution to Capital	-	450,000	706,559	11,801,943	9,852,001
Contributions from Reserve Funds	20,115,523	2,878,567	2,475,000	2,900,000	3,050,000
Total Capital Funding	41,975,523	6,878,567	24,374,423	42,551,943	23,402,001
ANNUAL SURPLUS (DEFICIT)	-	-	-	-	-

Schedule B - Capital Plan 2026



Project	2026	Budget Projections			
	Budget	2027	2028	2029	2030
Engineering Structures	13,497,330	2,100,000	3,242,864	3,000,000	3,500,000
Buildings	1,520,179	1,900,000	18,506,559	36,651,943	16,852,001
Information Technology	75,000	100,000	100,000	250,000	250,000
Vehicles/Equipment	2,403,567	2,678,567	2,425,000	2,250,000	2,400,000
Water Infrastructure	24,280,795	100,000	100,000	200,000	200,000
Sewer Infrastructure	198,653	-	-	200,000	200,000
Total Capital Expenses	41,975,523	6,878,567	24,374,423	42,551,943	23,402,001
FUNDING BY SOURCES					
Debt	13,500,000	0	17,000,000	27,500,000	10,500,000
Grants	8,360,000	3,550,000	4,192,864	350,000	-
Operating Contribution to Capital		450,000	706,559	11,801,943	9,852,001
Contributions from Reserve Funds	20,115,523	2,878,567	2,475,000	2,900,000	3,050,000
Total Capital Funding	41,975,523	6,878,567	24,374,423	42,551,943	23,402,001

	B	C	D	E	F	G	H	I	
1									
2	2026 - 2030 Capital Budget							 KITIMAT <small>A Marvel of Nature and Industry</small>	
3									
4									
9	Project	Service Area	Carryover	Grant	Reserve	Debt	Taxation	Budget 2026	
10	Annual Walkway Reconstruction Program	Engineering	-	600,000	-	-	-	600,000	
11	Public Works Fleet Replacement	Public Works	-	275,000	1,420,000	-	-	1,695,000	
12	Annual Street Reconstruction Program	Engineering	-	200,000	-	-	-	200,000	
13	Asset Management Policy Development	General Government	12,297	-	-	-	-	12,297	
14	Cable Car Reservoir Repair	Engineering	-	300,000	200,000	-	-	500,000	
15	CEEP / Active Transportation Initiatives - Bike Racks	Engineering	26,481	-	-	-	-	26,481	
16	City Hall Office Renovation	General Government	50,000	-	-	-	-	50,000	
17	Commercial Road Design (Dadook)	Engineering	118,832	-	-	-	-	118,832	
18	Courthouse Roof Replacement	Building	-	-	250,000	-	-	250,000	
19	Creed Street Stormwater Repair	Engineering	-	400,000	300,000	-	-	700,000	
20	Data Centre Optimization	Information Technology	-	-	75,000	-	-	75,000	
21	Detailed Design for Public Safety Building Replacement (Existing Funding)	Fire	274,118	-	-	-	-	274,118	
22	Eco Depot Design	Engineering	-	300,000	-	-	-	300,000	
23	Emergency Disaster and Management Act Indigenous Engagement	Fire	21,420	-	-	-	-	21,420	
24	Emergency Support Services Equipment and Training	Fire	14,427	-	-	-	-	14,427	
25	Engine 12 Replacement (year 1)	Fire	-	-	983,567	-	-	983,567	
26	Flashing Crosswalk at Nalabila and Kuldo	Engineering	18,000	-	-	-	-	18,000	
27	Flooring Replacement	Fire	52,000	-	-	-	-	52,000	
28	Gull St - Hydrant Replacement & Piggig	Water Utility	12,010	-	-	-	-	12,010	
29	Gull Street Auto Flusher	Water Utility	-	-	75,000	-	-	75,000	
30	Gyrfalcon Backflow Preventors	Sewer Utility	38,131	-	-	-	-	38,131	
31	Hirsch Creek Trail Improvement	Leisure Services	18,000	-	-	-	-	18,000	
32	Humane Society Upgrades	Building	100,000	-	-	-	-	100,000	
33	Integrated Storm Management Plan	Sewer Utility	110,522	-	-	-	-	110,522	
34	Kildala Dyke Feasibility Study	Engineering	139,082	150,000	-	-	-	289,082	
35	KIR Fire Damage Repairs	Leisure Services	400,000	-	-	-	-	400,000	
36	KIR Fire Damage Repairs Additional Funding	Leisure Services	-	300,000	-	-	-	300,000	
37	Kitchen Replacement	Fire	150,000	-	-	-	-	150,000	
38	Leisure Services Trail Master Plan	Leisure Services	-	65,000	-	-	-	65,000	
39	Library Front Entrance Improvements & Repair Exterior Walls	Building	-	-	100,000	-	-	100,000	
40	Museum Building Envelope Replacement Design	Building	75,000	-	-	-	-	75,000	
41	Museum HVAC Replacement Design	Building	14,047	-	-	-	-	14,047	
42	Nechako Centre Demolition	Building	1,141,763	-	-	-	-	1,141,763	
43	Nechako Centre Temporary Improvement	Engineering	-	80,000	-	-	-	80,000	
44	Parking Lot Reconstruction (Public Works & Riverlodge)	Engineering	100,000	-	-	-	-	100,000	
45	Pickleball Court Construction	Leisure Services	600,000	-	-	-	-	600,000	
47	Pool Boiler Replacement	Leisure Services	-	70,000	50,000	-	-	120,000	
48	Pool Circulation Pump Replacement	Leisure Services	-	60,000	-	-	-	60,000	
49	Pool Duct Sox Replacement	Leisure Services	-	425,000	-	-	-	425,000	
50	Pool Heat Pump Replacement	Leisure Services	-	750,000	-	-	-	750,000	
51	Public Works Building Air Handling System - Design	Building	28,709	-	-	-	-	28,709	
52	RCMP Cooling Upgrade Design	Building	10,660	-	-	-	-	10,660	
53	Riverlodge Replace Domestic Water Piping - Construction	Leisure Services	106,505	-	-	-	-	106,505	
54	Riverlodge Secondary Electrical Service Upgrade	Leisure Services	-	250,000	-	-	-	250,000	
55	Riverlodge Senior Centre Ramp Slab Design	Leisure Services	-	35,000	-	-	-	35,000	
56	Road Resurfacing	Engineering	-	750,000	-	-	-	750,000	
57	Road Design	Engineering	-	200,000	-	-	-	200,000	
58	Rural Economic Diversification & Infrastructure Program	Economic Development	26,399	-	-	-	-	26,399	
59	SCADA Upgrade	Engineering	147,569	-	-	-	-	147,569	
60	Self Haul Drop Off - Design	Environmental	167,230	-	100,000	-	-	67,230	
61	Service Centre Forcemain Design (Phase 1)	Engineering	-	250,000	-	-	-	250,000	
62	Service Centre Water Main Improvements Design	Water Utility	125,000	-	-	-	-	125,000	
63	Skeena St - Water Main Connection to Columbia	Water Utility	557,055	-	-	-	-	557,055	
64	SLAC Emergency Lighting Replacement	Leisure Services	-	-	150,000	-	-	150,000	
65	SLAC Metal Cladding Replacement	Leisure Services	100,000	-	-	-	-	100,000	
67	SLAC Sand Filter Replacement	Leisure Services	-	600,000	-	-	-	600,000	
68	Smith St Slope Stability Investigation	Engineering	182,114	-	-	-	-	182,114	
69	Smith Street Interim Slope Stabilization	Engineering	-	-	700,000	-	-	700,000	
70	Spray Park Design	Leisure Services	76,466	-	-	-	-	76,466	
71	Spray Park Construction	Leisure Services	-	2,250,000	-	-	-	2,250,000	
72	Tamitik Arena Condenser Replacement	Leisure Services	125,592	-	-	-	-	125,592	
73	Tamitik Racquetball Court Perimeter Drain Repair & Rewaterproofing	Leisure Services	297,192	-	-	-	-	297,192	
74	Tamitik Roof Assessment and Patch Repair	Leisure Services	-	50,000	-	-	-	50,000	
75	Town to Cable Car Active Transportation	Engineering	150,000	-	-	-	-	150,000	
76	Traffic Control Camera at Haisla and Lahakas	Engineering	172,558	-	-	-	-	172,558	
77	Training Ground Props and Natural Gas Infrastructure Replacement	Fire	200,000	-	-	-	-	200,000	
78	Village & HWY 37 Intersection Feasibility Study	Engineering	50,000	-	-	-	-	50,000	
79	Waste Sorting Yard	Engineering	41,049	-	-	-	-	41,049	
80	Water System Upgrades	Water Utility	10,011,730	-	-	13,500,000	-	23,511,730	
81	Wozney Street Drain Improvements	Sewer Utility	-	-	50,000	-	-	50,000	
82	Grand Total		16,061,956	8,360,000	4,053,567	13,500,000	-	41,975,523	
83									
84									
85									

	B	C	D	E	F	G	H	I
86								
87								
88	Project Approval Year	2027						
89								
91	Project	Service Area	Grant	Reserve	Debt	Taxation	Budget	
92	Annual Walkway Reconstruction Program	Engineering	600,000	-	-	-	600,000	
93	Detailed Design for Public Safety Building Replacement	Building	1,150,000	-	-	-	1,150,000	
94	Engine 12 Replacement (year 2)	Equipment	-	983,567	-	-	983,567	
95	IT Infrastructure	Information Technology	-	100,000	-	-	100,000	
96	Public Works Fleet Replacement	Equipment	-	1,695,000	-	-	1,695,000	
97	Riverlodge HVAC Equipment Replacement Construction	Building	250,000	-	-	-	250,000	
98	Street Reconstruction Program	Engineering	1,200,000	-	-	300,000	1,500,000	
99	Sewer System Maintenance	Sewer	-	100,000	-	-	100,000	
100	Seniors Centre Ramp Rebuild	Building	350,000	-	-	150,000	500,000	
101	Grand Total		3,550,000	2,878,567	-	450,000	6,878,567	
102								
103								
104								
105								
106	Project Approval Year	2028						
107								
109	Project	Service Area	Grant	Reserve	Debt	Taxation	Budget	
110	Annual Walkway Reconstruction Program	Engineering	600,000	-	-	-	600,000	
111	IT Infrastructure	Information Technology	-	100,000	-	-	100,000	
112	Public Safety Building Construction (Year 1)	Building	-	-	17,000,000	-	17,000,000	
113	Riverlodge HVAC Equipment Replacement Construction	Building	750,000	-	-	-	750,000	
114	Street Reconstruction Program	Engineering	2,500,000	-	-	-	2,500,000	
115	Sewer System Maintenance	Sewer	-	100,000	-	-	100,000	
116	Fire Department and Public Works Fleet Replacement	Equipment	-	2,275,000	-	150,000	2,425,000	
117	KIR - Electrical Upgrade and MCC Replacement Design	Building	-	-	-	101,943	101,943	
118	Pool - Hot Tub Replacement Design (Year 1 of 3)	Building	-	-	-	300,000	300,000	
119	Wading Pools Replacement (Year 1 of 4)	Building	200,000	-	-	-	200,000	
120	Fencing - PCC/Water Tower/Sumgas Creek/PWY	Building	-	-	-	154,616	154,616	
121	Grand Total		4,050,000	2,475,000	17,000,000	706,559	24,231,559	
122								
123								
124								
125	Project Approval Year	2029						
126								
128	Project	Service Area	Grant	Reserve	Debt	Taxation	Budget	
129	Annual Walkway Reconstruction Program	Engineering	-	-	-	1,000,000	1,000,000	
130	IT Infrastructure	Information Technology	-	250,000	-	-	250,000	
131	Street Reconstruction Program	Engineering	-	-	-	2,000,000	2,000,000	
132	Sewer System Maintenance	Sewer	-	200,000	-	-	200,000	
133	Fire Department and Public Works Fleet Replacement	Equipment	-	2,250,000	-	-	2,250,000	
134	Riverlodge Roof Replacement	Building	-	-	-	3,000,000	3,000,000	
135	Library Building Maintenance	Building	-	-	-	501,943	501,943	
136	Library HVAC System Prefeasibility Study	Building	350,000	-	-	150,000	500,000	
137	Water System Maintenance	Water	-	200,000	-	-	200,000	
138	Public Safety Building Construction (Year 2)	Building	-	-	27,500,000	-	27,500,000	
139	Riverlodge - Hardwood Flooring	Building	-	-	-	150,000	150,000	
140	Pool - Main Pool Tank Replacement (Year 1 of 3)	Building	-	-	-	2,500,000	2,500,000	
141	Pool - Hot Tub Replacement Construction (Year 2 of 3)	Building	-	-	-	2,000,000	2,000,000	
142	Wading Pools Replacement (Year 2 of 4)	Building	-	-	-	500,000	500,000	
143	Grand Total		350,000	2,900,000	27,500,000	11,801,943	42,551,943	
144								
145								
146								
147								
148	Project Approval Year	2030						
149								
151	Project	Service Area	Grant	Reserve	Debt	Taxation	Budget	
152	Annual Walkway Reconstruction Program	Engineering	-	-	-	1,000,000	1,000,000	
153	IT Infrastructure	Information Technology	-	250,000	-	-	250,000	
154	Street Reconstruction Program	Engineering	-	-	-	2,500,000	2,500,000	
155	Sewer System Maintenance	Sewer	-	200,000	-	-	200,000	
156	Fire Department and Public Works Fleet Replacement	Equipment	-	2,400,000	-	-	2,400,000	
157	Sam Lindsay Aquatic Centre Building Maintenance	Building	-	-	-	2,050,000	2,050,000	
158	Water System Maintenance	Water	-	200,000	-	-	200,000	
159	Public Safety Building Construction (Year 3)	Building	-	-	10,500,000	-	10,500,000	
160	Pool - Non Slip Deck Resurfacing	Building	-	-	-	900,000	900,000	
161	Tamitik Main Roof Replacement	Building	-	-	-	1,002,001	1,002,001	
162	Pool - Hot Tub Replacement Construction (Year 3 of 3)	Building	-	-	-	2,000,000	2,000,000	
163	Wading Pools Replacement (Year 3 of 4)	Building	-	-	-	400,000	400,000	
164	Grand Total		-	3,050,000	10,500,000	9,852,001	23,402,001	
165								

Schedule C - Estimated Reserve Balances 2026 - 2030



Reserve	2026	2027	2028	2029	2030
Affordable Housing	1,715,338	1,715,338	1,715,338	1,715,338	2,082,595
Alternate Transportation	57,320	57,320	57,320	57,320	57,320
Building	462,470	494,631	494,631	8,294,631	14,800,081
Cemetery	61,053	62,885	64,772	164,772	264,772
Computer Equipment	242,330	242,330	242,330	292,330	342,330
Ecological	374,405	374,405	374,405	374,405	374,405
Fire Equipment	1,041,933	-	-	-	-
Hydrant Capital	10,346	10,346	10,346	110,346	210,346
Land	499,550	499,550	499,550	2,688,609	4,688,609
Leisure Large Equipment	318,100	-	-	-	-
Sewer Surplus	622,590	522,590	422,590	722,590	1,022,590
Snow Clearing	400,000	400,000	400,000	400,000	400,000
Water Surplus	41,269	41,269	41,269	341,269	641,269
Sewer Bylaw 1660 Improvements	817,408	817,408	817,408	817,408	817,408
Public Works Large Equipment	770,680	-	-	-	-
Roads and Bridges	1,461,029	1,461,029	1,461,029	3,461,029	6,961,029
Large Equipment Reserve	-	2,130,713	2,355,713	3,105,713	3,705,713
Grand Total	8,895,822	8,829,814	8,956,701	22,545,760	36,368,467

Starting 2027, separate equipment reserves (Fire Department, Public Works and Leisure Large Equipment) are consolidated into Large Equipment Reserve

Schedule D - Debt Summary
2026 - 2030



	2026	2027	2028	2029	2030
Sam Lindsay Aquatic Centre (MFA Loan)					
Debt Financing					
Debt Payments - Interest	118,252	118,252	118,252	118,252	-
Debt Payments - Principal	96,856	96,856	96,856	96,856	-
Sam Lindsay Aquatic Centre (FCM Loan)					
Debt Financing					
Debt Payments - Interest	33,426	33,426	33,426	33,426	-
Debt Payments - Principal	50,112	50,112	50,112	50,112	-
Self Contained Breathing Apparatus					
Equipment Financing					
Debt Payments - Interest	13,762	10,711	7,587	4,311	1,036
Debt Payments - Principal	94,238	97,289	100,413	103,689	78,963
Public Safety Building					
Debt Financing	0	0	17,000,000	27,500,000	10,500,000
Debt Payments - Interest	0	0	1,072,500	2,145,000	2,145,000
Debt Payments - Principal	0	0	1,030,824	1,030,824	1,030,824
Water Treatment Plant					
Debt Financing	13,500,000	0	0	0	0
Debt Payments - Interest	271,350	542,700	542,700	542,700	542,700
Debt Payments - Principal	253,020	253,020	253,020	253,020	253,020

	2026	2027	2028	2029	2030
Annual Debt Payments - Interest	436,790	705,089	1,774,465	2,843,689	2,688,736
Annual Debt Payments - Principal	494,226	497,277	1,531,225	1,534,501	1,362,807

DISTRICT OF KITIMAT
2026 FINANCIAL PLAN

OBJECTIVES AND POLICIES

AS PER SECTIONS 165 & 197 OF THE *COMMUNITY CHARTER*
BYLAW NO. 2081, 2026

The following statements of objectives and policies are to comply with Sections 165 & 197 of the *Community Charter*.

A. OVERALL MUNICIPAL OBJECTIVES

1. To raise revenues sufficient to cover all expected expenditures and financial requirements of the municipality (Years 2-5 are estimates and will be finalized in their respective years) is consistent with the mission statement of the Municipality:

“To facilitate a high quality of community life for citizens of all ages.” and,

“To provide high quality municipal services at the lowest possible cost.”.

2. To provide municipal services at a sufficiently wide variety and high level to facilitate the recruitment and retention of necessary employees for the major industries upon which the municipality is based, and supporting services businesses, and to offset, more or less, the perceived disadvantages to employee recruitment and retention of the community's remote location.
3. To encourage and foster cultural diversity.
4. To encourage a community balance among recreational opportunity, environmental integrity, and industrial growth.
5. To foster industrial and business development and tourism through the promotion of the natural business advantages of the area and community.
6. To encourage the retention and recruitment of retirees to the community.
7. To respect taxpayers ability to pay and to keep tax increases reasonably in line with inflationary cost increases.

B. OBJECTIVES FOR SOURCES OF REVENUES

There are two basic methods of raising revenues for municipal services:

1. Taxation
2. User pay

There are numerous options of each and/or mixtures of both.

1. Taxation

In general, taxation is the preferred method if the service has broad public benefit regardless of the quantity of the service any individual citizen consumes, and if market rationing of the quantity consumed is either unnecessary or undesirable.

For instance, if the marginal cost of consumption is zero or close to zero, there is little need to ration consumption through user fees. The next amount consumed does not add any extra cost.

As well, if consumption of the service provides a benefit to others, it is undesirable to discourage consumption through user fees, and taxation is the preferred revenue choice.

2. User Pay

User pay is preferable when the marginal costs of consumption is positive so that the more consumed the higher the cost of the service, and/or if there is no broad public benefit accruing to those who do not consume the service.

User pay therefore is a method of rationing the service and of controlling costs. It is seen as equitable as it does not impart costs on those who do not benefit from the provision of the service, either directly or indirectly.

The District of Kitimat recognizes that an important objective is to offset the location disadvantages of the community's remoteness and wet climate in order to attract and retain a qualified workforce for the large complex industries for which the municipality was established and to attract and retain retirees to the community.

Therefore, an important objective is to ensure that consumption of quality services, particularly recreation, is not discouraged by price. This was done at the request of major industry prior to 1983 to create and maintain the most livable of communities. As well this objective remains critical in the fostering of the community to persons on fixed incomes seeking high quality of life in their senior years.

Appendix E Draft to Bylaw No. 2081, 2026

Accordingly, the policy for sources of funding is as follows.

C. POLICY FOR SOURCES OF FUNDING

- To have user fees, where applied, to enhance responsible consumption of municipal services while promoting the public benefit of maximum participation in healthy activities provided by the community, and yet not create a financial barrier to the access and enjoyment of municipal facilities and services to all citizens;
- For recreation facilities and services is to recover 17-22% of total cost of providing such services;
- For water which incurs a marginal cost of production only after a significant use as the reticulation system can deliver more water than the community can consume and there is no raw water supply shortage, user pay shall be less than the 5-year average of operating costs;
- All other services will be funded by taxation supplemented by vigorous pursuit of grant funding.

The following is the Proportion of Revenues in 2026 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	67.8%	\$43,002,451
Government grants	15.5%	\$9,839,207
Revenue from own sources	8.3%	\$5,258,628
Sales of Services	5.1%	\$3,208,289
Water Utility Fees	1.4%	\$870,186
Utility tax	1.0%	\$653,719
Return on Investment	1.0%	\$625,742
Total	100%	\$63,458,221

D. OBJECTIVES FOR TAX APPORTIONMENT AMONG ASSESSMENT CLASSES

- a. To set Residential taxes in the lowest quartile of municipalities in British Columbia and Commercial taxes in the lowest quartile of North Central municipalities in British Columbia, to foster the development of retail and commercial services, and to assist with the recruitment and retention of quality industrial employees, employees for supporting commercial businesses, and the retention and recruitment of retirees.
- b. To have the Light Industry property tax rates in the midrange of municipalities in British Columbia.

Appendix E Draft to Bylaw No. 2081, 2026

- c. To seek other industries to provide for a reduction in property tax rates as assessments and the number of properties increase.

E. POLICIES FOR TAX APPORTIONMENT

The following policies are to advance the above municipal objectives:

1. POLICY FOR TAX APPORTIONMENT AMONG PROPERTY CLASSES:

In pursuit of the above objectives, the policy of the District of Kitimat for the apportionment of municipal property tax burden will be, in the approximate ranges, as follows:

- a. Class One Residential 12 - 25%
- b. Class Two Utility, As per Local Government Act..... 0.1 - 1.5%
- c. Class Four Major Industry 60 - 80%
- d. Class Five Light Industry..... 1 - 10%
- e. Class Six Business and Commercial 5 - 12%

Class 2 is as per the local government act and is limited by \$40/1,000 or 2.5 times Class 6 rates. The target range for the apportionment of taxes is kept deliberately broad to accommodate the construction of significant new projects that have been announced.

2. CALCULATED 2026 TAX APPORTIONMENT AND RATES

Class	2024 Actual	2025 Actual	2026 Calculated	2026 Dollar Value
One – Residential	14.03%	14.27%	14.27%	\$6,186,753
Two – Utility	1.26%	1.22%	1.22%	\$595,274
Four - Major Industry	75.64%	75.47%	75.47%	\$32,303,796
Five - Light Industry	0.93%	0.91%	0.91%	\$393,889
Six - Business/Commercial	8.10%	7.97%	7.97%	\$3,454,446
Other	0.05%	0.16%	0.16%	\$68,293
Total	100%	100%	100%	\$43,002,451

F. OBJECTIVES OF PERMISSIVE TAX EXEMPTIONS

(SECTION 224 OF THE COMMUNITY CHARTER)

Permissive tax exemptions, allowed by Section 224 of the Community Charter, will be considered to encourage activities consistent with the quality-of-life objectives of the municipality; which provide direct access and benefit to the public; and which would otherwise be provided by the municipality.

G. POLICY FOR SECTION 224 EXEMPTIONS

Section 224 permissive tax exemptions may be granted at the discretion of Council, in the following circumstances:

- a. To activities provided by Not-for-Profit organizations that provide public access to services consistent with the mission of the municipality which would otherwise be provided by the municipality.
- b. To activities provided by private citizens who provide public access to services consistent with the mission of the municipality which would otherwise be provided by the municipality.

H. REVITALIZATION TAX EXEMPTIONS

(SECTION 226 OF THE COMMUNITY CHARTER)

Revitalization tax exemptions, allowed by Section 226 of the Community Charter, has been implemented to encourage new industry or commerce as well as new buildings or improvements in existing buildings that support environmental, economic, social, beautification or other Council objectives.

I. COMMUNITY SUSTAINABILITY PLANNING

- To support long term financial and community sustainability.

Long term financial planning is paramount for ensuring financial sustainability and resilience for communities. Establishing a community sustainability and resiliency reserve allows Council to mitigate the impact of revenue fluctuations and economic downturns. This reserve enables Council to maintain essential services and critical infrastructure, uphold long-term fiscal health, and safeguard the well-being of current and future residents.

This new objective was presented for Council consideration in 2024 for implementation in future financial plan.

J. ASSET REPLACEMENT PLANNING

- To support financial sustainability and provide predictable funding for asset replacement.

Council recognizes there is an asset funding gap and has started sustainable financial planning by directing staff to develop an asset management plan. The asset funding gap represents a critical and widespread challenge for municipalities. Consistent funding, primarily from a reserve, will mitigate the risk of asset failure, asset obsolescence and maintain operational continuity.

This new objective was presented for Council consideration in 2024 for implementation in future financial plan.

Consolidated Summary 2026 BUDGET



REVENUE

Revenue	2025 Budget	2026 Budget	\$ Change	% Change
Contributions from Other Governments	1,004,675	9,839,207	8,834,532	879.3%
Revenue from Own Sources	6,789,298	5,258,628	(1,530,670)	-22.5%
Sales of Services	2,471,697	3,208,289	736,592	29.8%
Taxation and Grants in Lieu	41,366,859	43,002,451	1,635,592	4.0%
Utility Tax	653,719	653,719	0	0.0%
Water Utility Fees	838,465	870,186	31,721	3.8%
Return on Investments	561,431	625,742	64,311	11.5%
Total Revenue	\$ 53,686,144	\$ 63,458,221	\$ 9,772,077	18.2%

Budget Notes:

Increase in Contributions from Other Governments is primarily from recognition of RBA grant funding (\$8,010,000) and Gas Tax (\$350,000)

Reduction in Revenue from Own Sources is due to decrease from reserve transfers for capital projects

Sales of Services increase due to general increased revenue in landfill tipping fees

Cedar LNG preliminary assessment projected to generate \$57,860 in additional taxation revenue

EXPENSES

Service Area	2025 Budget	2026 Budget	\$ Change	% Change
Community Planning and Development	859,626	786,792	(72,834)	-8.5%
Economic Development	1,195,028	1,266,560	71,533	6.0%
Engineering	4,034,546	4,603,287	568,741	14.1%
General Government	10,303,930	10,782,591	478,660	4.6%
Protective Services	11,199,627	10,880,941	(318,685)	-2.8%
Public Works	10,844,501	12,741,968	1,897,467	17.5%
Debt Servicing		931,017	931,017	100%
Leisure Services	7,862,127	7,246,498	(615,629)	-7.8%
Total Core Operating Expenses	\$ 46,299,385	\$ 49,239,654	\$ 2,940,269	6.4%
Add:				
Grant and Reserve Funded Capital Projects	5,273,000	12,413,567	7,140,567	135.4%
Revenue Funded Capital Projects	1,017,000	30,000	(987,000)	-97.1%
Transfer to Reserves	1,096,759	1,775,000	678,241	61.8%
Total Expenses	\$ 53,686,144	\$ 63,458,221	\$ 9,772,077	100.0%

March 30, 2026

THIS PAGE INTENTIONALLY LEFT BLANK

Northwest Regional Benefit Funding Alliance Five-Year Plan

	2024 Actual	2025 Projected	2026 Plan	2027 Plan	2028 Plan
Opening Balance	0	1,154,779	10,781,520	3,202,781	(0)
Contribution	3,910,364	11,731,092	0	0	3,910,364
Interest	44,415	423,710	431,261	96,083	(0)
	3,954,779	13,309,581	11,212,781	3,298,865	3,910,364
Water					
Water Treatment Unit Construction	2,800,000				
Creed Street Stormwater Repair			400,000		
Cable Car Reservoir Repair			300,000		
Service Centre Forcemain Design			250,000		
First Nation Outreach Projects & Initiatives					
Operations - Indigenous Relations Manager wages and benefits		138,060	150,000	150,000	150,000
Public Safety & Emergency Management					
Detailed Design for Public Safety Building Replacement		250,000		1,000,000	
Detailed Design for Public Safety Building Replacement (additional funding)				150,000	
Training Props and Natural Gas Infrastructure Replacement		200,000			
Parks, Recreation & Culture					
Spray Park Design		150,000			
Pool Arena Condenser Replacement		380,000			
LED Lighting		110,000			
Racquetball Court - Perimeter Drain Repair & Rewaterproofing		300,000			
Ice Rink Fire Damage Repairs		400,000			
Ice Rink Fire Damage Repairs (additional)			300,000		
Pickleball Court Construction		600,000			
Pool Boiler Replacement			70,000		
Pool Circulation Pump			60,000		
Pool Duct Sox Replacement			425,000		
Pool Sand Filter Replacement			600,000		
Pool Heat Pump Replacement			750,000		
Rivertodge HVAC Equipment Replacement Construction				198,865	750,000
Recreation Centre Roof Repair (Tamitik)			50,000		
Spray Park Construction (original)			1,500,000	-	
Spray Park Construction (additional)			750,000	-	
Roads & Transportation					
Annual Walkway Reconstruction Program			600,000	600,000	742,864
Walkway Haisla Blvd Kingfisher to Nalabila Blvd					-
Street Reconstruction Program			200,000	1,200,000	2,267,500
Asset Management Policy Development					
Equipment (attachments to the skid steer that can be used to repair and maintain roads)			275,000		
Road resurfacing			750,000		
Road design – Residential and Commercial			200,000		
Community Planning					
Nechako Centre Temporary Improvement			80,000		
Sewer & Wastewater					
Sewer Master Plan Infrastructure Upgrades					
Solid Waste & Recycling					
Eco Depot Design			300,000		
Ending Balance	1,154,779	10,781,520	3,202,781	- 0	- 0

30-Mar-26

THIS PAGE INTENTIONALLY LEFT BLANK

COUNCIL REPORT

Date: March 20, 2026
File: 2.3.10.1
To: Warren Waycheshen, CAO - for Mayor and Council
From: Sue-Lin Tarnowski, Director of Finance
Re: 2026 Residential Flat Tax Rate
Applicant: n/a
Location: n/a



Recommendation:

Action: That Council approve the recommended 2026 Flat Tax Rate to be set at the recommended amount of \$800.

Recommended Motion:

THAT the Flat Tax rate for the 2026 year be set at \$800.

AND THAT the Residential Flat Tax Court of Revision be scheduled for April 27, 2026, at 7:00 p.m.

AND THAT the Residential Flat Tax Court of Revision allow electronic participation.

Background:

In 1990, section 273.2 was added to the Municipal Act, permitting municipal councils to levy a flat rate tax on residential properties by bylaw, including distinctions such as whether the property was vacant land.

For 1991 and subsequent years, section 273.2 of the Municipal Act authorized municipalities to impose a residential flat rate tax based on classifications established under the Residential Flat Rate Tax Regulation.

In 1992, the Province enacted the Assessment and Property Tax Reform Act, 1992, which repealed and replaced section 273.2 as part of broader property tax reform. However, the legislation included a grandparenting provision whereby municipalities that had already adopted a residential flat rate tax bylaw were permitted to retain those bylaws. These municipalities continue to have the authority to levy the flat rate tax through amendments to their existing bylaws.

Once a municipality discontinues the residential flat rate tax, the authority to reintroduce it is lost. Today, a limited number of municipalities in British Columbia continue to rely on this grandfathered authority. Kimberley, Trail, Dawson Creek, Powell River, and Kitimat, continue to utilize this grandparented authority through a hybrid taxation system that includes a residential flat tax component.

The 2026 Residential Flat Rate Tax is proposed to be set at \$800, an increase of 4.79% from \$763.

If Council passes the above motion, following the Residential Flat Tax Court of Revision, Council will consider first three readings of the Residential Flat Rate Tax Amendment Bylaw, with adoption proposed for May 4, 2026.

Alternative Options:

1. Should Council wish to make an amendment to the recommended 2026 Flat Tax rate, and to ensure the Flat Tax Rate Amendment Bylaw can proceed to first, second, and third readings at the April 27, 2026, meeting. The following is offered for Council consideration:

THAT the Flat Tax rate for the 2026 year be set at \$(to be determined).

AND THAT the Residential Flat Tax Court of Revision be scheduled for April 27, 2026, at 7:00 p.m.

AND THAT Residential Flat Tax Court of Revision allow electronic participation.

2. Another option as developed through discussion of Council.

Budget Implications:

"SLT"

Director of Finance Initials

Budgeted: x

Unbudgeted:

Council Initiative/Other Relevant Plans:

The Residential Flat Tax Court of Revision is required for the administration of the flat tax rate.

Strategic Plan (2023-2026)

Not Applicable

Joint Strategic Plan for Haisla Nation Council – District of Kitimat (2024-2029)

Not Applicable

District of Kitimat and Haisla Council Friendship Agreement - gi guálap nis

Not Applicable

Kitimat Age-Friendly Assessment Report and Action Plan

Not Applicable

Kitimat Cycle Network Plan

Not Applicable

Kitimat Poverty Reduction Strategy

Not Applicable

Leisure Services Master Plan

Not Applicable

Minette Bay West Concept Plan

Not Applicable

Official Community Plan (and Downtown Design Guidelines)

Not Applicable

Solid Waste Action Plan

Not Applicable

Water Conservation Plan

Not Applicable

BC Transit Future Services Plan

Not Considered
Economic Development Strategic Plan (2023-2029)
Not Applicable

"Sue-Lin Tarnowski"

Submitted by
Sue-Lin Tarnowski
Director of Finance

"Warren Waycheshen"

Approved for Submission
Warren Waycheshen, CAO

Attachment(s): A - Flat Tax Analysis on Kitimat Residential Properties

THIS PAGE INTENTIONALLY LEFT BLANK

Flat Tax Analysis on Kitimat Residential Properties

Estimated 2026 Data-from Revised Roll

Flat Tax Breakdown			
	Rate at		
	4.79%		
2025 Folios	increase	Flat Tax	
3,717	800 \$	2,973,899	
Estimated general flat tax mill rate			1.8227
To get this amount from variable:			
divide Flat Tax Revenue by total assessed value			
2,973,899	/	1,631,605,200	= 1.8227

Total if all variable 4.9319

Note: Minimum Tax is \$350 for owners under 65, and \$100 for owners over 65.
 Utilities have not been added
 Comparatives are without HOG

The point of equilibrium without HOG is where the improved property is assessed at \$ 434,000

Taxes with Flat Tax

Assessed Value	Mill Rate		Taxes				Total
	Gen, Debt, Transit	Flat	Other Authorities	Gen, Debt, Transit	Flat	Other Authorities	
			2025 Actual				
100,000	3.1092 \$	800	2.6407 \$	311 \$	800 \$	264 \$	1,375
150,000	3.1092 \$	800	2.6407 \$	466 \$	800 \$	396 \$	1,663
200,000	3.1092 \$	800	2.6407 \$	622 \$	800 \$	528 \$	1,950
300,000	3.1092 \$	800	2.6407 \$	933 \$	800 \$	792 \$	2,525
350,000	3.1092 \$	800	2.6407 \$	1,088 \$	800 \$	924 \$	2,813
400,000	3.1092 \$	800	2.6407 \$	1,244 \$	800 \$	1,056 \$	3,100
434,000	3.1092 \$	800	2.6407 \$	1,349 \$	800 \$	1,146 \$	3,296
450,000	3.1092 \$	800	2.6407 \$	1,399 \$	800 \$	1,188 \$	3,388
500,000	3.1092 \$	800	2.6407 \$	1,555 \$	800 \$	1,320 \$	3,675
550,000	3.1092 \$	800	2.6407 \$	1,710 \$	800 \$	1,452 \$	3,963
600,000	3.1092 \$	800	2.6407 \$	1,866 \$	800 \$	1,584 \$	4,250

General, debt and transit with flat tax for a \$434,000 property assessment \$ 2,149

Taxes without Flat Tax

Assessed Value	Mill Rate		Taxes				Total
	Gen, Debt, Transit	Flat	Other Authorities	Gen, Debt, Transit	Flat	Other Authorities	
100,000	4.9319		2.64067 \$	493 \$	- \$	264 \$	757
150,000	4.9319		2.64067 \$	740 \$	- \$	396 \$	1,136
200,000	4.9319		2.64067 \$	986 \$	- \$	528 \$	1,515
300,000	4.9319		2.64067 \$	1,480 \$	- \$	792 \$	2,272
350,000	4.9319		2.64067 \$	1,726 \$	- \$	924 \$	2,650
400,000	4.9319		2.64067 \$	1,973 \$	- \$	1,056 \$	3,029
434,000	4.9319		2.64067 \$	2,140 \$	- \$	1,146 \$	3,287
450,000	4.9319		2.64067 \$	2,219 \$	- \$	1,188 \$	3,408
500,000	4.9319		2.64067 \$	2,466 \$	- \$	1,320 \$	3,786
550,000	4.9319		2.64067 \$	2,713 \$	- \$	1,452 \$	4,165

General, debt and transit without flat tax for a \$434,000 property assessment \$ 2,140

THIS PAGE INTENTIONALLY LEFT BLANK