

COUNCIL REPORT

Date: April 28, 2022
File: 2.10.3.1
To: Warren Waycheshen, CAO for Mayor and Council
From: Dustin Rutsatz, Director of Finance
Re: Financial Plan Bylaw No. 2014, 2022; Tax Rates Bylaw No. 2015, 2022; Residential Flat Rate Tax Amendment Bylaw No. 2016, 2022



Recommendations:

THAT Financial Plan Bylaw No. 2014, 2022, be given first, second and third reading;

THAT Tax Rates Bylaw No. 2015, 2022, and Residential Flat Rate Tax Amendment Bylaw No. 2016, 2022, be given first, second and third reading.

Background

The five-year financial plan and property tax bylaw contains property taxes at a 3.75% increase from 2020 (LNG Canada has a separate tax agreement.) The flat tax bylaw rate is \$695 compared to \$668 in 2021.

The actual increase or decrease in taxes a property will pay depends on the individual property's amount of movement from the previous year's assessment and the amount of taxes collected for other governments.

Options:

1. If the bylaws are not given first, second and third readings, the bylaws will come back on May 9th and there would be a need for another meeting later that week as the due date for the bylaws is prior to May 15th.

Budget Implications: Establishing the 2022 municipal budget

Budgeted: X

Unbudgeted:

Dir of Finance Initials

Council Initiative:

Establishing the 2022 municipal budget and five-year financial plan

Submitted by:
Dustin Rutsatz, Director of Finance

Approved for Submission:
Warren Waycheshen, CAO

Attachment(s): Financial Plan Bylaw No. 2014, 2022, Tax Rates Bylaw No. 2015, 2022, and Residential Flat Rate Tax Amendment Bylaw No. 2016, 2022

DISTRICT OF KITIMAT

BYLAW NO. 2014, 2022

A BYLAW OF THE DISTRICT OF KITIMAT TO ADOPT THE 2022-2026 FINANCIAL PLAN

WHEREAS the Community Charter requires Council to adopt, by bylaw, a Financial Plan before the annual property tax bylaw is adopted;

NOW THEREFORE the Council of the District of Kitimat, in open meeting assembled, enacts as follows:

1. This bylaw may be cited for all purposes as “Financial Plan Bylaw No. 2014, 2022”.
2. Financial Plan 2022, attached, plus the Revenue and Expense Breakdown, attached as Appendix "A", and Statement of Objectives and Policies, attached as Appendix "B", all forming part of this bylaw, are hereby adopted as the Financial Plan for the five year period 2022 - 2026.
3. This bylaw shall take effect and be binding upon all persons as from the date of adoption.

READ a first time this _____ day of _____, 2022.

READ a second time this _____ day of _____, 2022.

READ a third time and passed this _____ day of _____, 2022.

FINALLY ADOPTED this _____ day of _____, 2022.

MAYOR _____
Phil Germuth

CORPORATE OFFICER _____
Kiona Enders

Bylaw No. 2014, 2022 - Appendix A

**DISTRICT OF KITIMAT
FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY
FOR THE FIVE YEAR PERIOD 2022 - 2026**

	2022	2023	2024	2025	2026
REVENUES					
Taxation and grants in lieu	-33,741,552	-36,395,507	-39,135,714	-40,614,125	-42,140,584
Sale of Services	-1,654,484	-1,676,820	-1,699,457	-1,722,400	-1,745,652
Water Utility Rates	-655,059	-1,022,401	-1,037,433	-1,052,671	-1,068,113
Revenue from own sources	-1,393,229	-1,412,038	-1,431,100	-1,450,420	-1,470,001
Return on investments	-411,000	-436,338	-316,698	-338,961	-317,146
Contributions from other governments	-33,947,946	-23,729,902	-13,072,893	-14,794,900	-15,253,236
Borrowing Proceeds	0	-3,000,000	-8,000,000	0	0
Other Revenue	0	0	0	0	0
Transfers from Funds					
Reserve Funds	-13,460,771	-1,000,000	-999,120	-118,852	0
Accumulated Surplus	0	-6,910,968	-2,305,709	-1,652,729	-645,000
TOTAL REVENUE	-85,264,042	-75,583,973	-67,998,124	-61,745,057	-62,639,731
EXPENDITURES					
Debt Interest	98,320	98,320	98,320	323,320	323,320
Debt Principal	146,968	146,968	146,968	341,968	341,968
Capital Expenditure	37,545,864	26,570,410	15,910,564	8,230,512	10,631,521
<u>Other Municipal Purposes</u>					
General Government Services	6,948,036	6,865,875	6,958,596	7,052,568	7,122,660
Protective Services	10,120,816	10,257,446	10,395,922	10,536,267	10,678,539
Transportation Services	9,126,300	9,249,505	9,374,374	9,500,928	9,629,190
Environmental Health Services	2,205,717	2,377,494	2,509,590	2,473,470	2,506,862
Public Health & Welfare Services	135,398	137,226	139,079	140,956	142,859
Environmental Development Services	2,420,760	2,453,440	2,486,562	2,520,130	2,554,152
Recreation & Cultural Services	8,345,429	8,458,092	8,572,276	8,688,002	8,805,290
Sewer	1,032,946	1,046,891	1,061,024	1,075,348	1,089,865
Water	5,560,624	5,635,692	5,711,774	5,788,883	5,867,033
Cemetery	183,000	185,471	187,974	190,512	193,084
Transfer to					
Reserve Funds	1,393,863	2,101,142	2,566,387	2,657,859	2,753,388
Accumulated Surplus			1,878,713	2,224,334	
Accumulated Surplus					
TOTAL EXPENDITURE	85,264,042	75,583,973	67,998,124	61,745,057	62,639,731

Appendix A to Bylaw No. 2014, 2021

DISTRICT OF KITIMAT
 FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY
 FOR THE FIVE YEAR PERIOD 2022 - 2026

File: 2.10.3.2

PROJECT	2022	2023	2024	2025	2026	TOTAL
OPERATIONS	33,331,441	47,577,866	50,640,253	51,635,471	50,117,211	233,302,242
CAPITAL:						
GENERAL GOVERNMENT SERVICES						
Buildings/Land		3,000,000	8,000,000			11,000,000
Information Systems - GIS			15,000			15,000
Ortho & Lidar Air Photo Update				100,000		100,000
GPS Rover and Base		50,000				50,000
Information Systems - Other	301,021	85,000	60,000	60,000	90,000	596,021
PROTECTIVE SERVICES						
Radio Communications Coverage Upgrade	661,318					661,318
Fire Equipment					350,000	350,000
Training Ground	488,419		20,000	20,000	20,000	548,419
RCMP	60,000					60,000
Daycare	3,244,441					3,244,441
Library passageway			30,000			30,000
Library projects	12,000					12,000
Museum projects	47,577					47,577
Theatre projects	63,000					63,000
CPD Items	308,455					308,455
KFD-Vehicles	70,000	105,000	75,000	65,000	450,000	765,000
TRANSPORTATION SERVICES						
Road Maintenance Plan - Wakashan	1,506,696	1,500,000	1,500,000	1,500,000	1,500,000	7,506,696
Walkways & Sidewalks	942,097	500,000	565,000	550,000	510,000	3,067,097
Airpark Expansion	274,500					274,500
P.W. Large Equipment	890,000	300,000	550,000	497,600	500,000	2,737,600
Kuldo Light Upgrade		160,000				160,000
Wakashan/Lahakas Intersection Improveme	150,000		160,000			310,000
Haisla Bridge Replacement	27,338,806	11,510,026				38,848,832
Buildings	538,505					538,505
PWY Salt Shed Structural Steel			100,000	30,000		130,000
Transportation Other	1,766,686				575,218	2,341,904
ENVIRONMENTAL HEALTH SERVICES						
Haz Material Collection	15,000					15,000
Landfill Upgrades	1,995,447	2,000,000				3,995,447
EQ investigation - organics and transfer station			400,000			400,000
Public Outreach Organics	190,460	100,000	100,000	100,000	100,000	590,460
PLANNING						
ENVIRONMENTAL DEVELOPMENT	2,007,543	250,000	250,000			2,507,543
Minette Bay West	730,863					730,863
RECREATION AND CULTURE						
Arena Bldg & Equipment	481,750	275,000	480,936	153,771	144,494	1,535,951
Pool Bldg & Equipment	237,733	350,000	337,600	392,814	45,000	1,363,147
Riverlodge Bldg & Equipment	185,309	300,000	225,000	245,000		955,309
Outdoors Development	1,068,515	350,000	300,000	285,000	55,000	2,058,515
Library/Museum Buildings						
TOTAL GENERAL FUND	45,576,141	20,835,026	13,168,536	3,999,185	4,339,712	87,903,600
SEWER CAPITAL FUND	446,446	350,000	200,000	350,000	350,000	1,696,446
WATER CAPITAL FUND	4,153,124	5,365,384	2,542,028	3,881,327	5,941,809	21,883,672
CEMETERY FUND		20,000				20,000
TOTAL CAPITAL	50,175,711	26,570,410	15,910,564	8,230,512	10,631,521	#NAME?
Loan Payments (Interest & Principal)	245,289	245,288	245,288	665,288	665,288	2,066,441
Contribution to Reserves in Budget	1,511,601	1,190,409	1,202,019	1,213,786	1,225,711	6,343,526
TOTAL EXPENDITURES	85,264,042	75,583,973	67,998,124	61,745,057	62,639,731	353,230,927
Contribution to Reserves to Balance						
TOTAL EXPENDITURES	85,264,042	75,583,973	67,998,124	61,745,057	62,639,731	353,230,927
SOURCE OF FINANCING BY YEAR						
General Operating Fund	37,855,325	40,943,103	43,620,402	45,178,576	46,741,496	214,338,902
Sewer Operating Fund	392,818	282,735		425,517		1,101,070
Water Operating Fund	106,446	12,746				119,192
Grants from Other Governments	33,947,946	23,729,902	13,072,893	14,794,900	15,253,236	100,798,875
Reserve Funds - Roads & Buildings	728,192	1,000,000	999,120	118,852		2,846,164
Reserve Account Sewer Fund		500,000	399,486			899,486
Reserve Accounts General Fund	10,733,795	2,184,908				12,918,703
Reserve Accounts Leisure Services	73,500					
Reserve Accounts General - PWY Vehicles	625,000	300,000	550,000	1,040,197	500,000	3,015,197
Computer Reserve	301,021	135,000	75,000	75,349	75,000	661,370
FD Reserve	500,000	680,178	75,000	111,666	70,000	1,436,844
Landfill liability						
Surplus		2,815,401	1,206,223			4,021,624
Long-term Borrowing		3,000,000	8,000,000			11,000,000
Short-term borrowing						
TOTAL FINANCING	85,264,042	75,583,973	67,998,124	61,745,057	62,639,731	353,230,927

DISTRICT OF KITIMAT
2022 FINANCIAL PLAN

OBJECTIVES AND POLICIES

AS PER SECTIONS 165 & 197 OF THE *COMMUNITY CHARTER*

BYLAW NO. 2014, 2022

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.
8. To meet community needs during LNG construction and prior to other major industrial projects.

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.

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 2022 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	86.3%	\$33,204,785
Utility revenue tax	1.40%	\$536,768
User fees and charges	6.01%	\$2,309,543
Other sources	4.70%	\$1,804,229
Government grants	1.6%	\$629,633
Total	100%	\$38,484,957

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.

- 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 – 0.5%
- 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. ACTUAL 2021 TAX APPORTIONMENT AND RATES

Class	1992 Actual	2021 Actual	2022 Actual	2022 Dollar Value
One – Residential	13.22%	15.69%	15.51%	\$5,037,810
Two – Utility	0.81%	0.24%	0.49%	\$159,973
Four - Major Industry	82.14%	75.55%	75.24%	\$25,136,541
Five - Light Industry	0.58%	1.03%	1.016%	\$328,635
Six - Business/Commercial	3.17%	7.42%	7.67%	\$2,532,893
Other	0.08%	0.06%	0.05%	\$17,535
Total	100%	100%	100%	\$33,204,785

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, have been considered in order 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.

DISTRICT OF KITIMAT

BYLAW NO. 2015, 2022

A BYLAW FOR THE LEVYING OF RATES FOR MUNICIPAL, HOSPITAL, AND REGIONAL DISTRICT PURPOSES FOR THE YEAR 2022

The Council of the District of Kitimat, in open meeting assembled, ENACTS AS FOLLOWS:

1. This bylaw may be cited as "Tax Rates Bylaw No. 2015, 2022".
2. The following rates are hereby imposed and levied for the year 2022:
 - a. For all lawful general municipal purposes of the District on the assessed value of land and improvements taxable for general municipal purposes, rates appearing in Column "A" of Schedule A attached hereto and forming a part hereof.
 - b. For debt purposes on the assessed value of land and improvements taxable for general municipal purposes, rates appearing in Column "B" of Schedule A attached hereto and forming a part hereof.
 - c. For Kitimat-Stikine Regional District purposes on the assessed value of land and improvements taxable for general municipal purposes, rates appearing in Column "C" of Schedule A attached hereto and forming a part hereof.
 - d. For transit utility purposes on the assessed value of land and improvements taxable for Regional Hospital District purposes, rates appearing in Column "D" of Schedule A attached hereto and forming a part hereof.
 - e. For hospital purposes on the assessed value of land and improvements taxable for North West Regional Hospital District purposes, rates appearing in Column "E" of Schedule A attached hereto and forming a part hereof.
3. The minimum amount of taxation upon a parcel of real property shall be \$1.00.

READ a first time this _____ day of _____, 2022.

READ a second time this _____ day of _____, 2022.

READ a third time and passed this _____ day of _____, 2022.

FINALLY ADOPTED this _____ day of _____, 2022.

MAYOR

Phil Germuth

CORPORATE OFFICER

Kiona Enders

DISTRICT OF KITIMAT

Schedule A

BYLAW NO. 2015, 2022



2022 Tax Rates (Dollars of Tax Per \$1,000 Taxable Value)

PROPERTY CLASS	A. GENERAL MUNICIPAL	B. DEBT	C. KIT-STIKINE REGIONAL DISTRICT
1. Residential			
Land or Improvements/Other	1.69024	0.02552	0.08023
Land with Improvements/Other	695.00		
2. Utilities	31.08232	0.22899	0.71990
4. Major Industry	28.45488	0.20963	0.65905
5. Light Industry	19.65225	0.14478	0.45517
6. Business/Other	9.58420	0.07061	0.22198
8. Recreational Property/Non-Profit Organization	19.86938	0.14638	0.46020

PROPERTY CLASS	D. TRANSIT	E. NORTH WEST REGIONAL HOSPITAL
1. Residential		
Land or Improvements/Other	0.10114	0.51768
2. Utilities	0.35399	1.81188
4. Major Industry	0.34388	1.76011
5. Light Industry	0.34388	1.76011
6. Business/Other	0.24779	1.26832
8. Recreational Property/Non-Profit Organization	0.10114	0.51768

DISTRICT OF KITIMAT

2022 Tax Rates (Dollars of Tax Per \$1,000 Taxable Value)

PROPERTY CLASS	MFA	BCAA	SCHOOL
1. Residential			
Land or Improvements/Other	0.0002	0.0349	1.9889
2. Utilities	0.0007	0.4662	12.7200
4. Major Industry	0.0007	0.4662	3.5200
5. Light Industry	0.0007	0.1036	3.5200
6. Business/Other	0.0005	0.1036	3.5200
8. Recreational Property/Non-Profit Organization	0.0002	0.0349	2.0300

PROPERTY CLASS	TAX RATE GRAND TOTALS
1. Residential	
Vacant Land	4.29479
Land with Improvements/Other	695.00 plus rate 4.43881
2. Utilities	47.38398
4. Major Industry	35.41445
5. Light Industry	25.98049
6. Business/Other	15.01700
8. Recreational Property/Non-Profit Organization	23.15988

DISTRICT OF KITIMAT

BYLAW NO. 2016, 2022

A BYLAW TO AMEND THE RESIDENTIAL FLAT RATE TAX BYLAW FOR 2022

WHEREAS:

- A. In 1990 section 273.2 was added to the *Municipal Act* to permit municipal councils to levy a flat rate tax on residential properties according to whether or not it was vacant land, and Council adopted Bylaw No. 1436 for that purpose – “Flat Tax Bylaw No. 1, 1990”;
- B. For 1991 and subsequent years, section 273.2 of the *Municipal Act* allowed the residential flat rate tax to be imposed based on the classification system in the Residential Flat Rate Tax Regulation, and accordingly in 1991 Council adopted Bylaw No. 1459 – “Flat Tax Bylaw No. 1, 1991” – and in 1992 Council adopted Bylaw No. 1479 – “Flat Tax Bylaw No. 1, 1992” (which is defined as the “1992 Bylaw”);
- C. On July 3, 1992 the Province enacted the *Assessment and Property Tax Reform Act*, 1992, which repealed section 273.2 of the *Municipal Act*, but for municipalities which had a residential flat rate tax bylaw, the Legislation provided that that bylaw remained in force and the council had the power to continue levying a residential flat rate tax by amendment of the bylaw;
- D. The District levied a residential flat rate tax each year from 1993 to 2021 inclusive;
- E. By this Bylaw, the District imposes a residential flat rate tax for the 2022 year;

NOW THEREFORE the Council of the District of Kitimat, in open meeting assembled, ENACTS AS FOLLOWS:

- 1. This Bylaw may be cited as “Residential Flat Rate Tax Amendment Bylaw No. 2016, 2022”.
- 2. For the year 2022 a residential flat rate tax for general municipal purposes in the amount of \$695.00 is hereby levied on all residential property that is classified under this Bylaw as not vacant land.”
- 3. This bylaw shall take effect and be binding upon all persons as from the date of adoption.

READ a first time this _____ day of _____, 2022.

READ a second time this _____ day of _____, 2022.

READ a third time and passed this _____ day of _____, 2022.

FINALLY ADOPTED this _____ day of _____, 2022.

Mayor

Phil Germuth

Corporate Officer

Kiona Enders