

DISTRICT OF KITIMAT

BYLAW NO. 1939

A BYLAW OF THE DISTRICT OF KITIMAT TO ADOPT THE 2019-2023 FINANCIAL PLAN

WHEREAS the Community Charter requires Council to adopt, by bylaw, a Financial Plan before the annual property tax bylaw (Rates 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. 1939, 2019".
2. Financial Plan 2019, 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 2019 - 2023.
3. This bylaw shall come into force and be binding on all persons from the date of adoption.

READ a first time this	6th	day of	May, 2019.
READ a second time this	6th	day of	May, 2019.
READ a third time and passed this	6th	day of	May, 2019.
ADOPTED this	13th	day of	May, 2019.

MAYOR



Phil Gemuth

CORPORATE OFFICER



Ethan Anderson

Attachments

DI STRI CT OF KI TI MAT
FI NANC I AL PLAN BY REVENUE OPERATI ONAL EXPENDI TURE CATEGORY
FOR THE FI VE YEAR PERI OD 2019 - 2023

Appendix A

File: 2.10.3.2

PROJECT	2019	2020	2021	2022	2023	TOTAL	GENERAL OPERATING	SEWER OPERATING	WATER OPERATING	GRANTS	RESERVE FUNDS	RESERVE ACCOUNTS	SURPLUS	LONG TERM DEBT
OPERATIONS	26,568,453	34,585,941	34,445,044	34,838,518	35,282,188	165,720,143	146,907,332			4,679,625		8,057,314	6,075,872	
CAPITAL:														
GENERAL GOVERNMENT SERVICES														
Buildings/Land			11,000,000			11,000,000	1,067,000							9,933,000
Information Systems - GIS			15,000		10,000	25,000	25,000							
Ortho & Lidar Air Photo Update				100,000		100,000	100,000							
Shelving & Desks	44,500					44,500	44,500							
GPS Rover and Base		50,000				50,000	50,000							
Information Systems - Other	125,000	120,000	40,000	90,000	40,000	415,000						415,000		
PROTECTIVE SERVICES														
Intersection Upgrades & Merge Lanes		600,000	1,100,000			1,700,000	1,700,000							
SCBA Replacement			300,000			300,000	300,000							
Compressor Retro Fit	15,000					15,000	15,000							
Radio Communications Coverage Upgrade	800,000					800,000							800,000	
Portable Fire Pump Replacement	15,000					15,000	15,000							
Fast Response Truck and POD System		350,000				350,000	200,000				150,000			
Training Ground		500,000	20,000	20,000	20,000	560,000	410,000				150,000			
RCMP	19,837					19,837	3,000				16,837			
Museum Lift	273,126					273,126				80,000	193,126			
Library passageway			30,000			30,000	30,000							
Library projects	22,000					22,000	6,500				15,500			
Museum projects	31,850					31,850	31,850							
Theatre projects	57,000					57,000	57,000							
KIR cladding			155,000			155,000	25,000				130,000			
Riverlodge back parking lot		55,000				55,000	55,000							
KFD-Vehicles	477,546	105,000	75,000	65,000	450,000	1,172,546	272,546					900,000		
Building maintenance system		15,000				15,000	15,000							
TRANSPORTATION SERVICES														
Road Maintenance Plan - Wakashan		2,500,000	1,500,000	1,500,000	1,700,000	7,200,000	3,672,652			3,277,348	250,000			
Walkways & Sidewalks	470,000	885,000	565,000	575,000	510,000	3,005,000	1,535,000			1,000,000	470,000			
WW Removal				75,000		75,000	75,000							
P.W. Large Equipment	1,682,000	432,000	733,511	497,600	500,000	3,845,111						3,845,111		
Kuldo Light Upgrade		160,000				160,000	160,000							
Tsimshian Light Upgrade	142,179		160,000			302,179	188,057			25,000		89,122		
Public Works Yard Vehicle Hoist														
Haisla Bridge Replacement			20,000,000	20,000,000	20,000,000	60,000,000				40,000,000				20,000,000
Buildings	384,454					384,454	64,454					320,000		
PWY Salt Shed Structural Steel			100,000	30,000		130,000	50,000			80,000				
Transportation Other	357,500					357,500	252,000					105,500		
ENVIRONMENTAL HEALTH SERVICES														
Storm Sewer Master Plan		75,000				75,000						75,000		
Refuse Collection Bins		50,000				50,000						50,000		
EQ investigation - organics and transfer station		125,000				125,000						125,000		
Public Outreach Organics		50,000	50,000	50,000		150,000						150,000		
PLANNING -OCP	396,768					396,768	5,000			168,000		223,768		
ENVIRONMENTAL DEVELOPMENT	1,526,434					1,526,434	1,526,434							
Minette Bay West	723,920					723,920				100,000		623,920		

DISTRICT OF KITIMAT
2019 FINANCIAL PLAN

OBJECTIVES AND POLICIES

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

BYLAW NO. 1939, 2019

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. *Replaces: “To meet community needs prior to the final investment decisions being made on LNG and 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 an 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 2019 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	81.00%	\$27,907,720
Utility revenue tax	1.10%	\$382,237
User fees and charges	5.67%	\$1,952,626
Other sources	7.29%	\$2,510,792
Government grants	4.94%	\$1,700,089
Total	100%	\$34,453,464

D. OBJECTIVES FOR TAX APPORTIONMENT AMONG ASSESSMENT CLASSES

- a. To set Commercial and Residential taxes in the lowest quartile of 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 have Major Industry municipal property taxes reflect a stable portion of the municipal property tax burden *relative to the period prior to the Variable Tax Rate Legislation of 1983*.
- d. 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 Utility¹, 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%

The target range for the apportionment of taxes is kept deliberately broad to accommodate the construction of significant new projects which have been announced.

2. ACTUAL 2019 TAX APPORTIONMENT AND RATES

Class	1992 Actual	2018 Actual	2019 Actual	2019 Dollar Value
One – Residential	13.22%	15.63%	15.52%	\$4,330,420
Two – Utility	0.81%	0.15%	0.17%	\$46,422
Four - Major Industry	82.14%	73.73%	70.38%	\$19,640,304
Five - Light Industry	0.58%	2.57%	4.89%	\$1,356,418
Six - Business/Commercial	3.17%	7.86%	9.02%	\$2,517,669
Other	0.08%	0.06%	0.06%	\$16,488
Total	100%	100%	100%	\$27,907,720

¹ As per Community Charter Regulation, 'Taxation Rate Cap for Class 2 Property Regulation 329/96'

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.