

DISTRICT OF KITIMAT

BYLAW NO. 1998

A BYLAW OF THE DISTRICT OF KITIMAT TO ADOPT THE 2021-2025 FINANCIAL PLAN

WHEREAS the Community Charter requires Council to adopt, by bylaw, a Financial Plan before the annual property tax bylaw (Tax Rates Bylaw No. 1999, 2021) 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. 1998, 2021".
2. Financial Plan 2021, 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 2021 - 2025.
3. This bylaw shall take effect and be binding upon all persons as from the date of adoption.

READ a first time this 3rd day of May 2021.

READ a second time this 3rd day of May 2021.

READ a third time and passed this 3rd day of May 2021.

FINALLY ADOPTED this 10th day of May 2021.

MAYOR



Phil Germuth

CORPORATE OFFICER



Ethan Anderson

Appendix A to Bylaw No. 1998, 2021

**DISTRICT OF KITIMAT
FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY
FOR THE FIVE YEAR PERIOD 2021 - 2025**

	2021	2022	2023	2024	2025
REVENUES					
Taxation and grants in lieu	-30,793,573	-33,351,718	-35,993,003	-38,720,129	-40,185,033
Sale of Services	-1,435,225	-1,454,601	-1,474,238	-1,494,140	-1,514,311
Water Utility Rates	-642,074	-1,009,416	-1,024,273	-1,039,333	-1,054,595
Revenue from own sources	-1,816,690	-1,841,215	-1,866,072	-1,891,264	-1,916,796
Return on investments	-361,000	-436,338	-316,698	-338,961	-317,146
Contributions from other governments	-31,989,447	-27,732,893	-10,622,893	-20,844,900	-11,303,236
Borrowing Proceeds	0	0	-3,000,000	-13,000,000	0
Other Revenue	0	0	0	0	0
Transfers from Funds					
Reserve Funds	-12,498,441	-1,000,000	-1,538,342	-665,592	0
Accumulated Surplus	0	-11,267,951	-3,622,516	-2,237,600	-645,000
TOTAL REVENUE	-79,536,450	-78,094,131	-59,458,033	-80,231,918	-56,936,116
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	33,647,234	29,720,000	8,018,536	27,374,185	5,593,585
<u>Other Municipal Purposes</u>					
General Government Services	6,084,854	5,991,039	6,071,950	6,153,952	6,211,913
Protective Services	8,050,437	8,159,117	8,269,265	8,380,900	8,494,075
Transportation Services	9,646,619	9,776,848	9,908,836	10,042,605	10,178,180
Environmental Health Services	3,449,859	3,638,432	3,787,551	3,768,683	3,819,560
Public Health & Welfare Services	134,158	135,969	137,805	139,665	141,550
Environmental Development Services	5,433,423	5,506,774	5,581,115	5,656,460	5,732,823
Recreation & Cultural Services	9,547,137	9,676,024	9,806,650	9,939,040	10,073,217
Sewer	1,002,242	1,015,772	1,029,485	1,043,383	1,057,469
Water	1,960,794	1,987,265	2,014,093	2,041,284	2,068,841
Cemetery	140,400	142,295	144,216	146,163	148,137
Transfer to					
Reserve Funds	194,005	2,099,307	2,564,527	2,655,974	2,751,477
Accumulated Surplus			1,878,713	2,224,334	
TOTAL EXPENDITURE	79,536,450	78,094,131	59,458,033	80,231,918	56,936,116

Appendix A to Bylaw No. 1998, 2021

DISTRICT OF KITMAT
 FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY
 FOR THE FIVE YEAR PERIOD 2021 - 2025

File: 2.10.3.2

PROJECT	2021	2022	2023	2024	2025	TOTAL
OPERATIONS	32,169,895	46,866,678	49,920,459	50,906,953	49,379,851	229,243,836
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
Shelving, Desks and Offices	110,000					110,000
GPS Rover and Base		50,000				50,000
Information Systems - Other	370,580	85,000	60,000	60,000	90,000	665,580
PROTECTIVE SERVICES						
Radio Communications Coverage Upgrade	696,807					696,807
Fire Equipment					350,000	350,000
Training Ground	581,451		20,000	20,000	20,000	641,451
RCMP	60,000					60,000
Daycare	3,064,796					3,064,796
Library passageway			30,000			30,000
Library projects	25,000					25,000
Museum projects	26,963					26,963
Theatre projects	61,000					61,000
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	1,510,000	1,350,000		1,500,000	2,303,873	6,663,873
Walkways & Sidewalks	948,347	500,000	565,000	550,000	510,000	3,073,347
WW Removal				75,000		75,000
P.W. Large Equipment	1,387,040	300,000	550,000	497,600	500,000	3,234,640
Kuldo Light Upgrade		160,000				160,000
Tsimshian Light Upgrade			160,000			160,000
Haisla Bridge Replacement	26,672,942	25,000,000	1,500,000			53,172,942
Buildings	818,626					818,626
PWY Salt Shed Structural Steel			100,000	30,000		130,000
Transportation Other	1,766,686				575,218	2,341,904
ENVIRONMENTAL HEALTH SERVICES						
Refuse Collection Bins	160,000					160,000
EQ investigation - organics and transfer station		125,000				125,000
Public Outreach Organics		50,000	50,000	50,000		150,000
PLANNING - OCP	310,932					310,932
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	475,000	275,000	480,936	153,771	144,494	1,529,201
Pool Bldg & Equipment	765,943	350,000	337,600	392,814	45,000	1,891,357
Riverlodge Bldg & Equipment	206,078	300,000	225,000	245,000		976,078
Outdoors Development	968,881	350,000	300,000	285,000	55,000	1,958,881
Library/Museum Buildings						
TOTAL GENERAL FUND	44,103,933	29,250,000	7,718,536	12,024,185	5,043,585	98,140,239
SEWER CAPITAL FUND	415,742	350,000	200,000	350,000	350,000	1,665,742
WATER CAPITAL FUND	553,044	100,000	100,000	15,000,000	200,000	15,953,044
CEMETERY FUND	28,416	20,000				48,416
TOTAL CAPITAL	45,101,135	29,720,000	8,018,536	27,374,185	5,593,585	115,807,441
Loan Payments (Interest & Principal)	245,289	245,288	245,288	665,288	665,288	2,066,441
Contribution to Reserves in Budget	2,020,131	1,262,165	1,273,750	1,285,492	1,297,392	7,138,930
TOTAL EXPENDITURES	79,536,450	78,094,131	59,458,033	80,231,918	56,936,116	354,256,648
Contribution to Reserves to Balance						
TOTAL EXPENDITURES	79,536,450	78,094,131	59,458,033	80,231,918	56,936,116	354,256,648
SOURCE OF FINANCING BY YEAR						
General Operating Fund	35,048,562	38,093,288	40,674,283	43,483,826	44,987,881	202,287,839
Sewer Operating Fund	708,004	282,735				990,739
Water Operating Fund		78,362				78,362
Grants from Other Governments	34,075,736	27,732,893	10,622,893	20,844,900	11,303,236	104,579,657
Reserve Funds - Roads & Buildings	950,697	1,000,000	1,538,342	118,852		3,607,891
Reserve Account Sewer Fund			399,486	546,740		946,226
Reserve Accounts General Fund	7,879,370	9,791,676		463,648		18,134,694
Reserve Accounts Leisure Services	73,500			546,740		620,240
Reserve Accounts General - PWY Vehicles	360,000	300,000	550,000	1,040,197	500,000	2,750,197
Computer Reserve	370,580	135,000	75,000	75,349	75,000	730,929
FD Reserve	70,000	680,178	75,000	111,666	70,000	1,006,844
Landfill liability						
Surplus			2,523,030			2,523,030
Long-term Borrowing			3,000,000	13,000,000		16,000,000
Short-term borrowing						
TOTAL FINANCING	79,536,450	78,094,131	59,458,033	80,231,918	56,936,116	354,256,648

Appendix B to Bylaw No. 1998, 2021

DISTRICT OF KITIMAT
2021 FINANCIAL PLAN

OBJECTIVES AND POLICIES

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

BYLAW NO. 1998, 2021

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"*

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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.

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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 2021 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	80.04%	\$30,642,514
Utility revenue tax	1.17%	\$448,061
User fees and charges	5.43%	\$2,077,299
Other sources	8.76%	\$3,352,788
Government grants	4.60%	\$1,762,633
Total	100%	\$38,283,295

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.

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- 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	2020 Actual	2021 Actual	2021 Dollar Value
One – Residential	13.22%	15.9%	15.69%	\$4,807,411
Two – Utility	0.81%	0.18%	0.24%	\$75,044
Four - Major Industry	82.14%	73.79%	75.55%	\$23,151,511
Five - Light Industry	0.58%	1.11%	1.03%	\$316,888
Six - Business/Commercial	3.17%	8.95%	7.42%	\$2,274,621
Other	0.08%	0.06%	0.06%	\$17,040
Total	100%	100%	100%	\$30,642,514

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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.