

DISTRICT OF KITIMAT
2015 FINANCIAL PLAN

OBJECTIVES AND POLICIES

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

BYLAW NO. 1848

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 expenditures and financial requirements of the municipality consistent with the mission statement of the Municipality:

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

"To provide the highest 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 this period of rapid population growth 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 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 24-28% 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 2015 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	68.68%	\$22,069,880
Utility revenue tax	1.13%	\$362,034
User fees and charges	5.96%	\$1,914,711
Other sources	10.36%	\$3,332,003
Government grants	13.87%	\$4,457,137
Total	100%	\$32,135,765

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 Utility, As per Local Government Act 0.1 – 0.5%
- c. Class Four Major Industry 60 – 80%
- d. Class Five Light Industry 5 – 12%
- e. Class Six Business and Commercial 5 – 12%
- f. Class Nine Farm..... 0.0025%

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

2. ACTUAL 2015 TAX APPORTIONMENT AND RATES

Class	1992 Actual	2014 Actual	2015 Actual	2015 Dollar Value
One – Residential	13.22%	16.48%	16.61%	\$3,666,707
Two – Utility	0.81%	0.16%	0.15%	\$32,400
Four - Major Industry	82.14%	63.69%	61.86%	\$13,652,247
Five - Light Industry	0.58%	10.59%	10.75%	\$2,373,425
Six - Business/Commercial	3.17%	8.84%	10.29%	\$2,269,894
Other	0.08%	0.24%	0.34%	\$75,209
Total	100%	100%	100%	\$22,069,880

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 otherwise might have to 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 otherwise might have to 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 buildings or improvements in existing buildings that support environmental, economic, social, beautification or other Council objectives.