

DISTRICT OF KITIMAT

BYLAW NO. 1906

A BYLAW OF THE DISTRICT OF KITIMAT TO ADOPT THE 2017-2021 FINANCIAL PLAN

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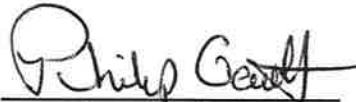
WHEREAS the Community Charter requires Council to adopt, by bylaw, a Financial Plan before the annual property tax bylaw (Rates Bylaw) is adopted;

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 "2017 Financial Plan Bylaw No. 1906, 2017".
2. Financial Plan 2017, 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 2017 - 2021.
3. This bylaw shall come into force and be binding on all persons from the date of adoption.

READ a first time this	8 day of	May, 2017.
READ a second time this	8 day of	May, 2017.
READ a third time and passed this	8 day of	May , 2017.
ADOPTED this	10 day of	May, 2017.

MAYOR

  
Phil Germuth

CORPORATE OFFICER

  
Debbie Godfrey

**DISTRICT OF KITIMAT  
FINANCIAL PLAN BY CAPITAL PROJECT AND SOURCE OF FINANCING  
FOR THE FIVE YEAR PERIOD 2017 - 2021**

File: 2.10.3.2

PROJECT	2017	2018	2019	2020	2021	TOTAL	GENERAL OPERATING	SEWER OPERATING	WATER OPERATING	GRANTS	RESERVE FUNDS	RESERVE ACCOUNTS	SURPLUS	LONG TERM DEBT	SHORT - T BORROW
<b>OPERATIONS</b>	28,786,334	28,364,467	28,748,062	29,136,836	29,555,740	144,591,439	132,599,227			2,937,980		2,953,152	6,101,080		
<b>CAPITAL:</b>															
<b>GENERAL GOVERNMENT SERVICES</b>															
Buildings/Land			11,000,000			11,000,000	2,000,000							9,000,000	
Information Systems - GIS	32,000	30,000	30,000	10,000	10,000	112,000						112,000			
Ortho & Lidar Air Photo Update	50,000					50,000						50,000			
Phone Systems	25,000					25,000						25,000			
Information Systems - Other		40,000	40,000	40,000	40,000	160,000						160,000			
<b>PROTECTIVE SERVICES</b>															
KFD-Communications Upgrade	50,000					50,000	50,000								
KFD-New Washer & Dryer	20,000					20,000	20,000								
Buildings Fire Department		70,000	60,000	50,000	20,000	200,000	200,000								
KFD-Vehicles	450,000	450,000	62,000	65,000		1,027,000	126,895					900,105			
<b>TRANSPORTATION SERVICES</b>															
Road Maintenance Plan			1,250,000	1,250,000	1,250,000	3,750,000	69,773			2,374,014	1,306,213				
Walkways & Sidewalks	765,000	450,000	450,000	450,000		2,115,000	948,537			610,000		556,463			
WW Removal		25,000	75,000	75,000		175,000	120,000					55,000			
P.W. Large Equipment	1,316,800	1,029,000	445,000	497,600	680,711	3,969,111						3,969,111			
Minette Bay West		1,000,000				1,000,000						1,000,000			
Haisla Bridge Replacement		14,000,000	18,000,000	22,300,000		54,300,000			34,867,000					19,433,000	
Wakashan Road Improvement			500,000			500,000						500,000			
Tamitik/Chamber of Commerce Roofs	201,000		100,000	30,000		331,000	251,000		80,000						
<b>ENVIRONMENTAL HEALTH SERVICES</b>															
Landfill Phase 1 Cover		1,200,000				1,200,000						1,200,000			
<b>RECREATION AND CULTURE</b>															
Arena Bldg & Equipment	383,003	518,700	527,500	249,000	153,771	1,831,974	986,427					600,000	245,547		
Pool Bldg & Equipment	20,400	355,000	101,350	332,250	534,150	1,343,150	413,150					600,000	330,000		
Riverlodge Bldg & Equipment	12,000	315,400	592,830	173,000	2,558,500	3,651,730	2,774,471					727,794	149,465		
Outdoors Development	100,000	540,000	155,000	125,000	2,115,000	3,035,000	2,283,056			505,002			246,942		
<b>TOTAL GENERAL FUND</b>	<b>3,425,203</b>	<b>20,023,100</b>	<b>33,388,680</b>	<b>25,646,850</b>	<b>7,362,132</b>	<b>89,845,965</b>	<b>10,243,309</b>					12,452,785			
SEWER CAPITAL FUND	3,503,239	575,000	240,000	550,000	100,000	4,968,239	225,300	907,689		2,400,000	332,011	1,103,239			
WATER CAPITAL FUND	772,000	100,000	100,000	100,000	200,000	1,272,000	477,221		102,279	662,500		30,000			
CEMETERY FUND		20,000				20,000						20,000			
<b>TOTAL CAPITAL</b>	<b>7,700,442</b>	<b>20,718,100</b>	<b>33,728,680</b>	<b>26,296,850</b>	<b>7,662,132</b>	<b>96,106,204</b>	10,945,830	907,689	102,279	41,498,516	3,566,018	10,652,872		28,433,000	
Loan Payments (Interest & Principal)	475,132	294,736	837,141	2,193,153	2,865,101	6,665,263									
Contribution to Reserves in Budget	2,729,892	1,175,875	1,184,650	1,193,543	1,152,557	7,436,517									
<b>TOTAL EXPENDITURES</b>	<b>39,691,800</b>	<b>50,553,178</b>	<b>64,498,533</b>	<b>58,820,382</b>	<b>41,235,530</b>	<b>254,799,423</b>									
Contribution to Reserves to Balance															
<b>TOTAL EXPENDITURES</b>	<b>39,691,800</b>	<b>50,553,178</b>	<b>64,498,533</b>	<b>58,820,382</b>	<b>41,235,530</b>	<b>254,799,423</b>									
<b>SOURCE OF FINANCING BY YEAR</b>															
General Operating Fund	30,597,717	30,422,994	31,180,225	31,946,195	32,774,705	156,921,836									
Sewer Operating Fund	20,350	575,000	240,000	72,339		907,689									
Water Operating Fund		102,279				102,279									
Grants from Other Governments	3,768,436	8,958,011	13,798,011	16,137,018	1,775,020	44,436,496									
Reserve Funds - Roads & Buildings	530,686	650,000	1,728,604	113,948	210,769	3,234,007									
Reserve Account Sewer Fund	150,000			182,011		332,011									
Reserve Accounts General Fund	2,512,263	1,095,894	1,974,693	807,603	519,000	6,909,453									
Reserve Accounts Leisure Services	245,547														
Reserve Accounts General - PWY Vehicles	1,316,800	1,029,000	445,000	977,065	680,711	4,448,576									
Computer Reserve	25,000	70,000	70,000	50,000	187,343	402,343									
FD Reserve	450,000	450,000	62,000	88,105		1,050,105									
Landfill liability	75,000	1,200,000				1,275,000									
Use of Unallocated Surplus				1,013,098	5,087,982	6,101,080									
Long-term Borrowing		6,000,000	15,000,000	7,433,000		28,433,000									
<b>TOTAL FINANCING</b>	<b>39,691,800</b>	<b>50,553,178</b>	<b>64,498,533</b>	<b>58,820,382</b>	<b>41,235,530</b>	<b>254,799,423</b>									

DISTRICT OF KITIMAT  
**FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY  
 FOR THE FIVE YEAR PERIOD 2017 - 2021**

Appendix A

	2017	2018	2019	2020	2021
<b>REVENUES</b>					
Taxation and grants in lieu	-27,788,170	-27,029,418	-27,850,600	-28,696,418	-29,567,611
Sale of Services	-1,218,258	-1,234,704	-1,251,373	-1,268,266	-1,285,388
Water Utility Rates	-628,000	-1,086,534	-1,086,534	-1,086,534	-1,086,534
Revenue from own sources	-529,289	-536,435	-543,677	-551,016	-558,455
Return on investments	-434,000	-535,903	-448,041	-343,960	-276,717
Contributions from other governments	-3,768,436	-8,958,011	-13,798,011	-16,137,018	-1,775,020
Borrowing Proceeds	0	-6,000,000	-15,000,000	-7,433,000	0
Other Revenue	-75,000	-1,200,000	0	0	0
Transfers from Funds					
Reserve Funds	-522,526	-650,000	-1,728,604	-113,948	-210,769
Accumulated Surplus	-4,728,120	-3,322,173	-2,791,693	-3,190,221	-6,475,036
<b>TOTAL REVENUE</b>	<b>-39,691,800</b>	<b>-50,553,178</b>	<b>-64,498,533</b>	<b>-58,820,382</b>	<b>-41,235,530</b>
<b>EXPENDITURES</b>					
Debt Interest	147,768	147,768	430,780	1,138,310	1,488,914
Debt Principal	327,364	146,968	406,361	1,054,843	1,376,187
Capital Expenditure	7,700,442	20,718,100	33,728,680	26,296,850	7,662,132
<u>Other Municipal Purposes</u>					
General Government Services	4,143,043	4,187,579	4,244,111	4,301,407	4,334,358
Protective Services	6,447,813	6,534,859	6,623,080	6,712,491	6,803,110
Transportation Services	6,359,275	6,445,125	6,532,134	6,620,318	6,709,693
Environmental Health Services	501,300	508,068	514,926	521,878	528,923
Public Health & Welfare Services	123,788	125,459	127,153	128,869	130,609
Environmental Development Services	2,179,089	2,208,506	2,238,321	2,268,538	2,299,164
Recreation & Cultural Services	6,261,476	6,346,006	6,431,677	6,518,505	6,606,505
Sewer	792,850	803,553	814,401	825,396	836,539
Water	1,027,640	1,041,513	1,055,574	1,069,824	1,084,266
Cemetery	177,950	180,352	182,787	185,255	187,756
Transfer to					
Reserve Funds	2,079,892	1,159,321	1,168,547	1,177,898	1,187,375
Accumulated Surplus	1,422,109			0	
<b>TOTAL EXPENDITURE</b>	<b>39,691,800</b>	<b>50,553,178</b>	<b>64,498,533</b>	<b>58,820,382</b>	<b>41,235,530</b>

DISTRICT OF KITIMAT  
2017 FINANCIAL PLAN

**OBJECTIVES AND POLICIES**

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

BYLAW NO. 1906, 2017

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 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 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 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 2017 from each source:

Revenue Source	% of Total Revenue	Dollar Value
Property taxes	78.13%	\$25,768,549
Utility revenue tax	1.17%	\$387,534
User fees and charges	5.60%	\$1,848,258
Other sources	3.68%	\$1,215,136
Government grants	11.42%	\$3,768,436
<b>Total</b>	<b>100%</b>	<b>\$32,987,913</b>

### 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%

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 2017 TAX APPORTIONMENT AND RATES**

<b>Class</b>	<b>1992 Actual</b>	<b>2016 Actual</b>	<b>2017 Actual</b>	<b>2017 Dollar Value</b>
One – Residential	13.22%	16.57%	15.63%	\$4,027,217
Two – Utility	0.81%	0.14%	0.14%	\$37,082
Four - Major Industry	82.14%	61.93%	67.14%	\$17,302,504
Five - Light Industry	0.58%	10.56%	9.55%	\$2,460,718
Six - Business/Commercial	3.17%	10.72%	7.43%	\$1,913,365
Other	0.08%	0.08%	0.11%	\$27,663
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$25,768,549</b>

## **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 buildings or improvements in existing buildings that support environmental, economic, social, beautification or other Council objectives.