



**DISTRICT OF KITIMAT**  
**FINANCIAL PLAN BY REVENUE OPERATIONAL EXPENDITURE CATEGORY**  
**FOR THE FIVE YEAR PERIOD 2018 - 2022**

**Appendix A**

	2018	2019	2020	2021	2022
<b>REVENUES</b>					
Taxation and grants in lieu	-26,984,089	-27,819,361	-28,664,242	-29,534,470	-30,430,804
Sale of Services	-1,238,882	-1,255,607	-1,272,558	-1,289,737	-1,307,149
Water Utility Rates	-637,074	-1,095,608	-1,110,399	-1,125,389	-1,140,582
Revenue from own sources	-553,355	-560,825	-568,396	-576,070	-583,847
Return on investments	-434,000	-366,477	-306,003	-186,526	-95,399
Contributions from other governments	-3,990,554	-9,932,893	-14,322,893	-16,661,900	-12,253,236
Borrowing Proceeds	0	-6,000,000	-15,000,000	-7,433,000	-5,000,000
Other Revenue	-1,500,000	0	0	0	0
Transfers from Funds					
Reserve Funds	-8,315,421	-1,657,670	-295,793	-118,852	0
Accumulated Surplus	-257,727	-2,110,806	-4,717,166	-4,012,077	-1,472,975
<b>TOTAL REVENUE</b>	<b>-43,911,102</b>	<b>-50,799,248</b>	<b>-66,257,450</b>	<b>-60,938,020</b>	<b>-52,283,990</b>
<b>EXPENDITURES</b>					
Debt Interest	147,768	147,768	430,780	1,138,310	1,488,914
Debt Principal	146,968	146,968	406,361	1,054,843	1,376,187
Capital Expenditure	13,645,262	18,713,180	33,812,111	26,755,028	16,988,471
<u>Other Municipal Purposes</u>					
General Government Services	5,116,409	5,009,520	5,077,181	5,145,754	5,190,103
Protective Services	6,634,850	6,724,421	6,815,200	6,907,205	7,000,486
Transportation Services	6,851,357	6,943,850	7,037,592	7,132,600	7,228,890
Environmental Health Services	618,292	768,639	879,016	820,882	831,964
Public Health & Welfare Services	125,834	127,532	129,254	130,999	132,767
Environmental Development Services	1,297,172	1,314,684	1,332,432	1,350,420	1,368,651
Recreation & Cultural Services	6,898,116	6,991,240	7,085,622	7,181,278	7,278,225
Sewer	616,010	624,326	632,755	641,297	649,954
Water	1,257,144	1,274,115	1,291,316	1,308,749	1,326,417
Cemetery	131,046	132,815	134,608	136,425	138,267
Transfer to					
Reserve Funds	424,875	1,880,189	1,193,222	1,234,230	1,284,693
Accumulated Surplus					
Accumulated Surplus					
<b>TOTAL EXPENDITURE</b>	<b>43,911,102</b>	<b>50,799,248</b>	<b>66,257,450</b>	<b>60,938,020</b>	<b>52,283,990</b>

**DISTRICT OF KITIMAT  
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FOR THE FIVE YEAR PERIOD 2018 - 2022**

Appendix A

File: 2.10.3.2

PROJECT	2018	2019	2020	2021	2022	TOTAL	GENERAL OPERATING	SEWER OPERATING	WATER OPERATING	GRANTS	RESERVE FUNDS	RESERVE ACCOUNTS	SURPLUS	LONG TERM DEBT
<b>OPERATIONS</b>	26,508,815	29,938,589	30,442,873	30,763,786	31,174,543	148,828,606	130,015,795			4,679,625		8,057,314	6,075,872	
<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	45,000	30,000	30,000	10,000	10,000	125,000						32,000		
Ortho & Lidar Air Photo Update														
Server & UPS Upgrade	51,135					51,135								
Information Systems - Other		40,000	40,000	40,000	40,000	160,000	108,865					51,135		
<b>PROTECTIVE SERVICES</b>														
KFD-Communications Upgrade														
Museum Lift	160,000					160,000				80,000		80,000		
KFD-New Washer & Dryer														
Buildings Fire Department		70,000	60,000			130,000					130,000			
Fire Equipment - Generator														
KFD-Vehicles	900,000		62,000	65,000		1,027,000	127,000					900,000		
Training ground Reserve Allocation		50,000	50,000	50,000		150,000	150,000							
<b>TRANSPORTATION SERVICES</b>														
Road Maintenance Plan - Wakashan		1,000,000	1,150,000	712,007	655,341	3,527,348				3,277,348	250,000			
Walkways & Sidewalks	1,185,000	450,000	450,000	300,000		2,985,000	935,000			610,000	540,000	300,000		
WW Removal	25,000	75,000				100,000								
P.W. Large Equipment	2,125,000	432,000	733,511	497,600	500,000	4,288,111						4,830,708		
Haisla Overpass														
Traffic Control Signals & Overhead lights														
Public Works Yard Vehicle Hoist														
Haisla Bridge Replacement		14,000,000	18,000,000	22,300,000		54,300,000				34,867,000				19,433,000
Courthouse Lighting Upgrade	10,000					10,000	10,000							
PWY Salt Shed Structural Steel	60,000		100,000	30,000		190,000	110,000			80,000				
<b>ENVIRONMENTAL HEALTH SERVICES</b>														
Landfill Phase 1 Cover	1,500,000					1,500,000								
<b>PLANNING -OCP</b>														
<b>ENVIRONMENTAL DEVELOPMENT</b>														
Miette Bay West	800,000					800,000						800,000		
<b>RECREATION AND CULTURE</b>														
Arena Bldg & Equipment	237,000	432,500	249,000	153,771	123,130	1,195,401	416,661				778,740			
Pool Bldg & Equipment	200,000	378,350	337,600	630,150	45,000	1,591,100	1,228,100				363,000			
Riveridge Bldg & Equipment	510,330	225,000	1,231,500			1,966,830	1,741,830				225,000			
Outdoors Development	2,332,600	825,000	800,000	285,000	55,000	4,297,600	3,345,898			505,002	379,394	67,306		
<b>TOTAL GENERAL FUND</b>	<b>9,605,735</b>	<b>18,243,180</b>	<b>33,362,111</b>	<b>26,305,028</b>	<b>1,438,471</b>	<b>88,954,525</b>	<b>10,366,354</b>					<b>15,118,463</b>		
<b>SEWER CAPITAL FUND</b>	4,103,239	350,000	350,000	350,000	350,000	5,503,239	1,863,789	617,735		2,400,000	621,715			
<b>WATER CAPITAL FUND</b>	955,000	100,000	100,000	100,000	15,200,000	16,455,000	578,465		214,035	10,662,500				5,000,000
<b>CEMETERY FUND</b>		20,000				20,000	20,000							
<b>TOTAL CAPITAL</b>	<b>14,663,974</b>	<b>18,713,180</b>	<b>33,812,111</b>	<b>26,755,028</b>	<b>16,988,471</b>	<b>110,932,764</b>	<b>12,828,608</b>	<b>617,735</b>	<b>214,035</b>	<b>57,161,475</b>	<b>3,287,849</b>	<b>15,118,463</b>	<b>6,075,872</b>	<b>33,433,000</b>
Loan Payments (Interest & Principal)	257,727	294,736	837,141	2,193,153	2,865,101	6,447,858								
Contribution to Reserves in Budget	2,430,586	1,852,743	1,165,325	1,228,053	1,255,875	7,980,582								
<b>TOTAL EXPENDITURES</b>	<b>43,911,102</b>	<b>50,799,248</b>	<b>66,257,450</b>	<b>60,938,020</b>	<b>52,283,990</b>	<b>274,189,810</b>								
Contribution to Reserves to Balance														
<b>TOTAL EXPENDITURES</b>	<b>43,911,102</b>	<b>50,799,248</b>	<b>66,257,450</b>	<b>60,938,020</b>	<b>52,283,990</b>	<b>274,189,810</b>								
<b>SOURCE OF FINANCING BY YEAR</b>														
General Operating Fund	28,847,400	31,097,879	31,921,598	32,712,191	33,557,780	159,136,848								
Sewer Operating Fund	335,000	282,735				617,735								
Water Operating Fund	107,500	100,000	6,535			214,035								
Grants from Other Governments	3,990,554	9,932,893	14,322,893	16,661,900	12,253,236	57,161,475								
Reserve Funds - Roads & Buildings	1,220,770	1,657,670	295,793	118,852		3,293,085								
Reserve Account Sewer Fund	300,000	67,285	254,450			621,715								
Reserve Accounts General Fund	3,196,016	282,473	1,425,430	648,976	168,351	5,721,246								
Reserve Accounts Leisure Services														
Reserve Accounts General - PWY Vehicles	2,125,000	432,000	733,511	1,040,197	500,000	4,830,708								
Computer Reserve	51,135	70,000	70,000	313,588		504,723								
FD Reserve	980,000	150,178	172,000	95,550	485,228	1,882,956								
Landfill liability	1,500,000					1,500,000								
Surplus	257,727	736,155	2,855,240	1,913,766	319,396	5,272,284								
Long-term Borrowing		6,000,000	15,000,000	7,433,000	5,000,000	33,433,000								
<b>TOTAL FINANCING</b>	<b>43,911,102</b>	<b>50,799,248</b>	<b>66,257,450</b>	<b>60,938,020</b>	<b>52,283,990</b>	<b>274,189,810</b>								

DISTRICT OF KITIMAT  
2018 FINANCIAL PLAN

**OBJECTIVES AND POLICIES**

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

BYLAW NO. 1920, 2018

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 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 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 2018 from each source:

<b>Revenue Source</b>	<b>% of Total Revenue</b>	<b>Dollar Value</b>
Property taxes	77.99%	\$26,541,608
Utility revenue tax	1.19%	\$403,099
User fees and charges	5.51%	\$1,875,956
Other sources	3.58%	\$1,219,082
Government grants	11.72%	\$3,990,555
<b>Total</b>	<b>100%</b>	<b>\$34,030,300</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 ..... 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 anticipated construction of significant new projects which have been announced.

**2. ACTUAL 2018 TAX APPORTIONMENT AND RATES**

<b>Class</b>	<b>1992 Actual</b>	<b>2017 Actual</b>	<b>2018 Actual</b>	<b>2018 Dollar Value</b>
One – Residential	13.22%	15.63%	15.63%	\$4,149,692
Two – Utility	0.81%	0.14%	0.15%	\$40,286
Four - Major Industry	82.14%	67.14%	73.73%	\$19,568,256
Five - Light Industry	0.58%	9.55%	2.57%	\$682,002
Six - Business/Commercial	3.17%	7.43%	7.86%	\$2,085,365
Other	0.08%	0.11%	0.06%	\$16,008
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>\$26,541,608</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.