

COUNCIL REPORT

Date: December 8, 2020
File: 2.10.3
To: Mayor and Council
From: Warren Waycheshen, CAO
Re: 2021 Budget Deliberations



Recommendations:

Action: That Council provides input on the 2021 budget, community grants, and capital items. Once discussion is complete:

Motion: THAT the 2021 budget report and presentations be received for information.

BACKGROUND:

Community groups presented their budgets November 23 (amounts approved and referred to the budget process are included in this document) and District departments will be presenting budgets December 14 and 15, with more days scheduled if needed. The Director of Finance and CAO will provide an overview of the budget and revenues, followed by operational budgets. Capital projects will be discussed after the operational presentations are concluded or at a later date if needed. Staff suggests the presentations be discussed, direction provided if deemed necessary by Council, and receive the budgets for information. The capital projects requesting early approval and operating budgets will then be brought back for approval in early January.

Layout of Budget binder: budget papers are provided in this binder we ask Council members to have it each budget meeting. Any new pages or updates can be added to the binder, providing Council one location to store all budget papers.

Immediately following this report are: a high-level summary of revenues and expenses between 2020 and 2021; followed by tabs for the summary of revenues; departmental summary sheets providing an overview of operations; balances of the various reserves and accumulated surplus; and capital working papers and justification sheets.

Budget Assumptions:

Property Taxes: this budget incorporates a 3% increase in municipal property taxes for initial discussion as, generally, the Financial Plan includes a 3% annual increase for budgeting, although the actual increase and distribution of property taxes will be determined when the budget is finalized. In 2020, there was no property tax increase for all classes except Class 2 Utilities, which were increased 3%.

If Council wishes to consider having no increases in property taxes in 2021 this reduces revenues by approximately \$810,000 from a 3% increase. Similarly, if Council wishes to increase property taxes by 6% (to make up for no increase in 2020 and provide for a 3% increase in 2021), this increases property tax revenues by about \$810,000.

This is the third year of the LNG Canada property tax agreement and those increases are included in the budget (the increase is set in the bylaw and independent of other decisions.) In 2019, when setting the property taxes to be paid by LNG Canada under Bylaw 1923, an estimate was made based on tax revenue lost when properties were to be transferred from Rio Tinto to LNGC. The projected footprint of the LNG property was estimated for property taxation purposes using BC Assessment Roll Numbers and Property Identifiers (PIDs).

Some of the assets located on the parcels included in the Bylaw were not part of the LNGC facility, for example the Methanex Jetty, but these assets did not have a separate PID and were therefore not separately assessed from the LNG Canada plant parcels, and corresponding PIDs, when the 2019 municipal property taxes were calculated. As the discrepancy was not determined until after the property taxes were adopted (the tax rates must be adopted by bylaw prior to May 15) there was a shortfall in Class 4 property taxes of about \$1.255 million that was included for one-time recapture from Class 4 property taxes in the 2020 budget. That amount (\$1.255 million) has been removed from the Class 4 taxes in this budget.

Provincial COVID-19 Safe Restart Grant: the Province provided one-time grants to local governments to assist with the effects of COVID-19, of which the District of Kitimat received \$2,176,000. Half of the grant (\$1,088,000) is included in the 2021 operational budget and half is proposed to be held in reserves, although Council may direct changes to how much is used in 2021 (this will likely be dependent on the number of capital projects and direction on property tax rates.)

Utility user fees: current residential water fees are \$144 annually and refuse pick up is \$95 annually. Refuse pick up was increased from \$62 to \$95 in 2020. This budget includes an increase in the refuse pick up fees to \$120 annually (or \$0.48 per weekly pick up) as per direction provided at the 30 November Committee of the Whole, and the increase must still be adopted through a bylaw amendment. Both water and refuse pick up fees are billed on the property tax notice. Commercial water charges are invoiced separately.

2021 Capital Budget Items: will be discussed after the individual departmental operational presentations are concluded, or at a later date if needed.

With the capital spreadsheets, staff have proposed projects; however, it is Council's decision on the capital items to be completed in 2021 and the staff list is respectfully submitted for discussion purposes (Alternative Project Initiatives are included after the projects that have been proposed and are not included in the budget). As presented, the capital budget items are funded from reserves, grants and \$590,930 from current year revenues (the 2016 to 2020 five-year average was \$1,745,983 annually from operations to capital, meaning 2021, at this time, is about 1/3 of the average.) If, during deliberations, Council wishes to change operational objectives or capital projects staff will explore available options including increased use of reserves and surplus, and increasing/reducing revenues and expenses.

Options:

1. During the meetings Council may make motions to remove, amend or approve individual items.

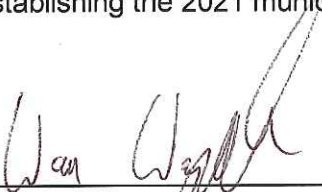
Budget Implications: Establishing the 2021 municipal budget.



Treas. Initials

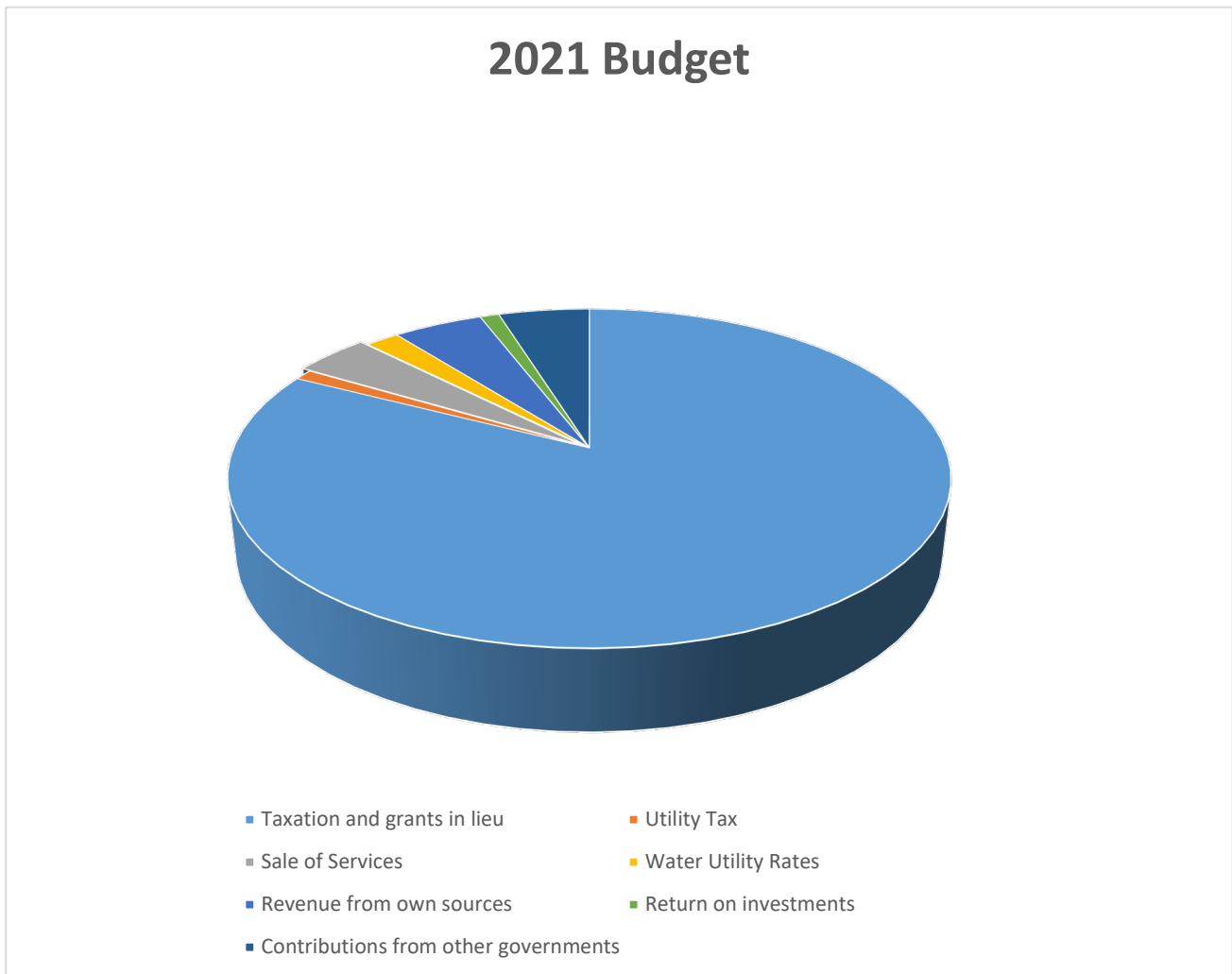
Council Initiative:

Establishing the 2021 municipal budget and five-year financial plan.



Submitted by:
Warren Waycheshen, CAO

	2020 Budget	2021 Budget	\$ Change	% Change
Revenue				
Taxation and grants in lieu	28,608,004	29,389,666	781,662	2.7%
Utility Tax	356,219	355,949	(270)	-0.1%
Sale of Services	1,971,629	1,435,225	(536,404)	-27.2%
Water Utility Rates	642,074	642,074	-	0.0%
Revenue from own sources	3,039,190	1,696,690	(1,342,500)	-44.2%
Return on investments	336,000	361,000	25,000	7.4%
Contributions from other governments	587,017	1,717,633	1,130,616	192.6%
Total Revenue	35,540,133	35,598,237	58,103	0.2%



	2020 Budget	2021 Budget	\$ Change	% Change
GENERAL OPERATING EXPENSES				
General Government	7,141,380	6,194,242	(947,138)	-13.3%
Council	1,323,539	359,540	-963,999	-72.8%
Administration	596,376	498,193	-98,183	-16.5%
Corporate Services	1,403,985	1,432,219	28,234	2.0%
Finance, Purchasing, Stores	1,573,128	1,601,922	28,794	1.8%
Information Technology	474,702	484,305	9,603	2.0%
Grants	1,769,650	1,818,063	48,413	2.7%
Protective Services	7,311,770	7,628,286	316,516	4.3%
RCMP	2,739,083	2,838,612	99,529	3.6%
Fire Department	3,800,225	3,998,592	198,367	5.2%
Building/Bylaw	528,000	537,340	9,340	1.8%
Animal Control	244,462	253,742	9,280	3.8%
Public Works	9,027,935	9,197,458	169,523	1.9%
PWY - Roads and Streetlights	4,853,000	4,897,000	44,000	0.9%
Public Transport	930,940	958,558	27,618	3.0%
Traffic lights, signs, bridges	214,000	140,000	-74,000	-34.6%
Building	553,732	574,000	20,268	3.7%
Landscaping & Grass Management	371,563	383,750	12,187	3.3%
Sewer Operations	617,000	586,500	-30,500	-4.9%
Water Operations	1,364,000	1,517,250	153,250	11.2%
Cemetery Operations	123,700	140,400	16,700	13.5%
Engineering	1,984,943	2,401,016	416,073	21.0%
Engineering	950,000	1,118,700	168,700	17.8%
Landfill / Residential Refuse Collection	1,034,943	1,282,316	247,373	23.9%
Community Planning & Development	674,600	677,475	2,875	0.4%
Economic Development	780,495	795,947	15,452	2.0%
Economic Development	640,645	653,300	12,655	2.0%
Chamber of Commerce	139,850	142,647	2,797	2.0%
Recreation and Cultural Services	6,895,523	7,007,007	111,484	1.6%
Recreation Facilities & Parks	6,237,330	6,308,965	71,635	1.1%
Kitimat Youth Centre	131,845	134,158	2,313	1.8%
Gardening	320,848	351,384	30,536	9.5%
Community Promotion	205,500	212,500	7,000	3.4%
Transfer to Reserves	770,213	1,105,875	335,662	43.6%
Total Expenses	34,586,858	35,007,306	420,448	1.2%

590,930 Currently to Capital Budget