

# COUNCIL REPORT

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Date: January 2, 2024  
File: 2.10.3.1  
To: Mayor and Council  
From: Warren Waycheshen, CAO  
Re: 2024 Budget Deliberations – Report 1  
Applicant: N/A  
Location: N/A



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## **Recommendation:**

Action: That Council provide input on the 2024 budget, community grants, and capital items.

## Recommended Motion:

**THAT the 2024 Budget Deliberations - Report 1 dated January 2, 2024 and staff presentations be received for information.**

## Background:

Community groups presented their budgets November 14 with amounts referred to the budget process included in this document. The Mount Elizabeth Cycling Association (MECA) request was referred to the 2025 budget process. District departments will be presenting budgets starting January 8, and followed by January 11 with more days scheduled as needed.

The Director of Finance and CAO will provide an overview of the budget and revenues, followed by operational budgets and reserves. Capital projects will be discussed after the operational and reserves presentations are concluded. Staff suggests the presentations be discussed, direction provided if deemed necessary by Council, and that the budgets be received for information. The capital projects requesting early approval and operating budgets will then be brought back for approval in the coming weeks.

Layout of Budget binder: budget papers are provided in this binder and we ask Council members to have it at 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 2024 and 2023; 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.

## Alternative Options:

1. If Council wishes to make any amendments to the plan during the meeting the following motion is offered for Council consideration:

**THAT (TBD) be (removed/added/reported back) for the 2024 budget.**

**Budget Implications:**

Property Taxes: this budget incorporates a 4% increase in municipal property taxes for initial discussion, although the actual increase and distribution of property taxes will be determined when the budget is finalized. In 2023 the property tax increase was 4% and in 2022 it was 3.75%.

For reference, every 1% increase in property tax rates increases property tax revenues by about \$364,000.

This is the sixth 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.)

<b>LNGC Tax Bylaw</b>				
<b>Year</b>	<b>Base Amount</b>	<b>Bridge Credit</b>	<b>Net Bylaw Taxes</b>	<b>Incremental Increase</b>
2019	1,620,000	216,667	1,403,333	1,403,333
2020	3,230,000	433,333	2,796,667	1,393,334
2021	4,850,000	650,000	4,200,000	1,403,333
2022	6,470,000	866,667	5,603,333	1,403,333
2023	8,080,000	1,083,333	6,996,667	1,393,334
2024	9,700,000	1,300,000	8,400,000	1,403,333
2025*	9,913,400	1,326,000	8,587,400	187,400
2026*	10,111,668	1,352,520	8,759,148	171,748
2027*	10,313,901	1,379,570	8,934,331	175,183
2028*	10,520,179	1,407,162	9,113,018	178,687

\*CPI inflation assumed at 2%

Residential Flat Tax: In 1990, the *Municipal Act* was amended to allow for the residential flat tax system. The residential flat tax amendment was repealed in 1992, but municipalities using the system were permitted to continue using it. The flat tax has been used here for over 30 years and is an established part of the property taxation system. Please note, once a local government ceases using the flat tax, it cannot be reinstated in the following years. Staff will bring forward options and analysis for consideration in early 2024 when property tax rates are finalized.

Utility user fees: Current residential refuse pick up rates increased to \$146 annually on January 1, 2022. Prior rates were \$120 in 2021, \$95 in 2020, and \$62 in prior years. Rates for self-haul and commercial users will increase as of January 1, 2024 and are included in the current year revenues. Tipping fee revenues to offset Landfill costs are budgeted at \$525,000 in 2024.

Current residential water fees are \$164 annually and were last changed in May 2022. Previous rates were \$144 annually for at least two decades. Both water and refuse pick up fees are billed on the property tax notice. Commercial water charges are invoiced separately.

A bulk water rate review will be coming at a later date.

Commercial Use Patios on Public Lands policy fee reduction: From 2020 until 2022, Council relaxed the administrative requirements and approved a 50% (2020) and 100% (2021 - 2023) reduction in fees for restaurants that may wish to use District lands for outdoor service. In Kitimat, there were none that utilized the opportunity; however, Council may wish to extend for 2024 as it provides an option for establishments and any lost revenue would be minimal. If this is the direction the following is provided for consideration: **THAT the fees be waived for Public Land Policy C-27 for 2024** (or another amount determined by Council).

If Council does not wish to extend the reductions for 2024 no action is required.

Expenses:

The department budgets have new positions and approved operational changes included in the totals.

Wage Breakdown: the budget includes wage increases of 2.0% (plus any benefit cost increases) and an additional \$1.40 per hour Cost of Living Allowance premium for all Unifor employees. Unifor job descriptions were evaluated, and some positions were transitioned to higher pay groups, which is reflected in this budget.

The International Association of Fire Fighters (IAFF) Local 1304 collective agreement was ratified at a 4.5% increase for 2024.

Exempt staff wages were reviewed and increased in August 2023, with another increase approved for August 2024. In addition to those step increases an inflationary increase of 2.5% is included for budget purposes, with increases, if any, to be considered by Council in mid-year.

Additional wage information breakdown will be provided at a future meeting.

Other Expenses:

- a. Social Development Coordinator: The District received a grant from the Northern Development Initiative Trust to fund a Social Development Coordinator, for one year, which expired mid-November 2023. This was a contract position with the Kitimat Community Services Society. If Council wishes to provide further funding for this position, either as a District employee or through a contract with a local service provider, the costs are estimated between \$85,000 - \$95,000.
- b. Biologist position: Previously Council discussed establishing a biologist position with the District. This employee could assist with evaluating development proposals, referrals, and with the day-to-day District operations.

Council has \$100,000 budgeted for initiatives and if either position (the Social Development Coordinator or Biologist) is approved one could be funded from that account without any additional budget impacts for 2024. If Council wishes to consider both (or other options) staff will look at options for accommodating in this year's budget.

- c. New provincial housing/Official Community Plan (OCP)/zoning requirements: The Province is mandating a number of new housing requirements, including small-scale multi-unit housing, and updates for Housing Needs Reports, OCPs, zoning, and public hearings, with detailed regulations and direction expected in early 2024. The District will be receiving \$188,492 to assist with the changes and is included in the capital budget.

- d. Early Childhood Educator Plan: The District received funding for a Coordinator position in 2023 and 2024 to develop an Early Childhood Educator recruitment and retention plan and the non-monetary aspects are being developed but there are no expenses included in the 2024 budget as those are being completed. If any expenses other than the Coordinator’s wages are considered, staff will apply for grants and/or seek partnerships sponsorships for funding.
- e. Healthcare Professionals’ Attraction and Retention Strategy: Currently the draft Healthcare Professionals’ Attraction and Retention Strategy, being led by the Kitimat Health Advocacy Group and the District, is being finalized and once the plan is considered, grants or partnerships/sponsorships will be explored. No expenses are included in this first draft of the 2024 budget.

Additional fuel consumption and operational expenses by type will be provided at a future meeting.

2024 Capital Budget Items: will be discussed after the individual departmental operational presentations are concluded, with staff proposing January 11.

With the capital spreadsheets, staff have proposed projects; however, it is Council’s decision on the capital items to be completed in 2024 and the staff list is respectfully submitted for discussion purposes (Alternative Project Initiatives are included after the proposed projects and are not included in the budget). As presented, the capital budget items are funded from reserves, and grants with \$1,497,450 available from current year revenues. There is \$229,565 available for additional capital projects, transfers to reserves, to reduce expenses or to fund new initiatives, such as the projects listed earlier (Social Development Coordinator, Biologist, or the Early Childhood Educator or Health Care Professionals’ Attraction and Retention plans). As Council considers the capital projects and changes are proposed, staff will provide options, including increased use of reserves and surplus, and/or increasing/reducing revenues and expenses. Some projects include grant proceeds, some projects may have grants not yet confirmed, and, on the other hand, there may be other grant opportunities that arise during the year.

As presented, the capital is fully funded; however, similar to 2023, staff are proposing not to pave/rehabilitate any residential roads in 2024. As presented by staff, the 2024 road work will be limited to the \$1,100,000 operational budgets allocated for main roads, surface reconstruction, patching and potholes.

Budget Implications: Establishing the 2024 Municipal budget.

"JA"

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Director of Finance Initials

**Budgeted:**

**Unbudgeted:**

**Council Initiative/Other Relevant Plans:**

The annual budget provides the direction for District operations.

**Strategic Plan (2023-2026)**

Priority 5 – Social Wellbeing

Goals: A health community with strong social bonds and services that meet community needs.

**Community Energy and Emissions Plan**

Not Considered

**Housing Action Plan and Needs Assessment**

Not Considered

**Kitimat Age-Friendly Assessment Report and Action Plan**

Not Considered

**Kitimat Cycle Network Plan**

Not Considered

**Kitimat Poverty Reduction Strategy**

Not Considered

**Leisure Services Master Plan**

Not Considered

**Minette Bay West Concept Plan**

Not Considered

**Official Community Plan (and Downtown Design Guidelines)**

Not Considered

**Solid Waste Action Plan**

Not Considered

**Water Conservation Plan**

Not Considered

**BC Transit Future Services Plan**

Not Considered

“Warren Waycheshen”

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Submitted by

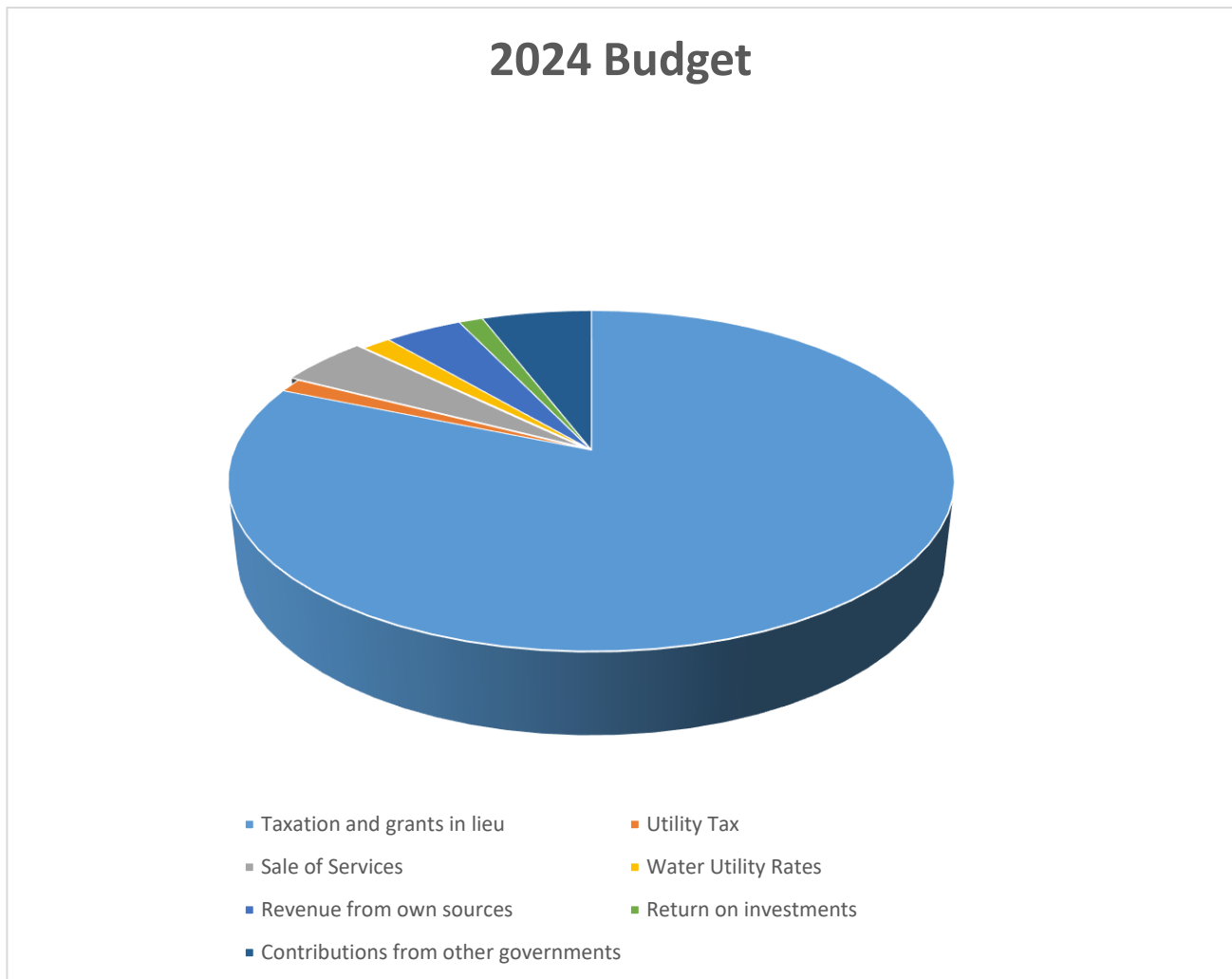
Warren Waycheshen

Chief Administrative Officer

Attachment(s): 2023 – 2024 Revenue, and General Operating Expenses summary

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	<b>2023 Budget</b>	<b>2024 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
<b>Revenue</b>				
<b>Taxation and grants in lieu</b>	36,380,994	39,370,509	2,989,515	8.2%
<b>Utility Tax</b>	638,807	630,024	(8,783)	(1.4%)
<b>Sale of Services</b>	1,905,322	2,274,113	368,791	19.4%
<b>Water Utility Rates</b>	717,569	733,000	15,431	2.2%
<b>Revenue from own sources</b>	1,284,740	1,992,576	707,836	55.1%
<b>Return on investments</b>	568,500	614,500	46,000	8.1%
<b>Contributions from other governments</b>	3,632,582	2,812,762	(819,820)	(22.6%)
<b>Total Revenue</b>	<b>45,128,514</b>	<b>48,427,484</b>	<b>3,298,970</b>	<b>7.3%</b>



	<b>2023</b>	<b>2024</b>	<b>\$ Change</b>	<b>% Change</b>
	<b>Budget</b>	<b>Budget</b>		
<b>GENERAL OPERATING EXPENSES</b>				
<b>General Government</b>	<b>7,785,126</b>	<b>8,731,906</b>	<b>946,780</b>	<b>12.2%</b>
Council	544,087	557,102	13,015	2.4%
Administration	1,024,857	1,327,099	302,242	29.5%
Corporate Services	1,605,937	1,960,221	354,284	22.1%
Finance, Purchasing, Stores	1,588,645	1,673,750	85,105	5.4%
Information Technology	658,386	822,185	163,799	24.9%
Grants	2,363,214	2,391,549	28,336	1.2%
<b>Protective Services</b>	<b>9,303,491</b>	<b>10,243,022</b>	<b>939,531</b>	<b>10.1%</b>
RCMP	3,380,095	3,762,374	382,279	11.3%
Fire Department	4,980,532	5,348,706	368,174	7.4%
Building/Bylaw	679,500	856,003	176,503	26.0%
Animal Control	263,364	275,939	12,575	4.8%
<b>Public Works</b>	<b>10,157,287</b>	<b>10,400,648</b>	<b>243,361</b>	<b>2.4%</b>
PWY - Roads and Streetlights	5,662,256	5,681,000	18,744	0.3%
Public Transport	1,030,831	1,137,898	107,067	10.4%
Traffic lights, signs, bridges	229,000	196,500	(32,500)	(14.2%)
Building	603,200	642,000	38,800	6.4%
Landscaping & Grass Management	362,000	370,000	8,000	2.2%
Sewer Operations	594,000	630,140	36,140	6.1%
Water Operations	1,483,500	1,540,110	56,610	3.8%
Cemetery Operations	192,500	203,000	10,500	5.5%
<b>Engineering</b>	<b>3,307,271</b>	<b>3,999,861</b>	<b>692,590</b>	<b>20.9%</b>
Engineering	1,293,500	1,399,161	105,661	8.2%
Landfill / Residential Refuse Collection	2,013,771	2,600,700	586,929	29.1%
<b>Community Planning &amp; Development</b>	<b>858,082</b>	<b>804,625</b>	<b>(53,457)</b>	<b>(6.2%)</b>
<b>Economic Development</b>	<b>808,493</b>	<b>1,191,056</b>	<b>382,563</b>	<b>47.3%</b>
Economic Development	651,282	1,033,056	381,774	58.6%
Chamber of Commerce	157,211	158,000	789	0.5%
<b>Recreation and Cultural Services</b>	<b>7,097,802</b>	<b>7,718,946</b>	<b>621,144</b>	<b>8.8%</b>
Recreation Facilities & Parks	6,362,781	6,944,207	581,426	9.1%
Kitimat Youth Centre	144,894	190,345	45,451	31.4%
Gardening	359,627	381,116	21,489	6.0%
Community Promotion	230,500	203,278	(27,222)	(11.8%)
<b>Transfer to Reserves</b>	<b>4,761,623</b>	<b>3,839,970</b>	<b>(921,653)</b>	<b>(19.4%)</b>
<b>Total Expenses</b>	<b>44,079,175</b>	<b>46,930,034</b>	<b>2,850,858</b>	<b>6.5%</b>

1,497,450 Currently to Capital Budget