

DISTRICT OF KITIMAT

BYLAW NO. 2050, 2024

A BYLAW OF THE DISTRICT OF KITIMAT TO ADOPT THE 2024-2028 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 (Tax Rates Bylaw No. 2051, 2024) 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 "Five-Year Financial Plan Bylaw No. 2050, 2024".
2. The Financial Plan 2024 includes the breakdown of revenues and expenses attached as Appendix "A", and Statement of Objectives and Policies, attached as Appendix "B", form part of this bylaw, are hereby adopted as the Financial Plan for the five-year period 2024 - 2028.
3. This bylaw shall take effect and be binding upon all persons as from the date of adoption.

|                                   |                         |           |
|-----------------------------------|-------------------------|-----------|
| READ a first time this            | 06 <sup>th</sup> day of | May, 2024 |
| READ a second time this           | 06 <sup>th</sup> day of | May, 2024 |
| READ a third time and passed this | 06 <sup>th</sup> day of | May, 2024 |
| FINALLY ADOPTED this              | 13 <sup>th</sup> day of | May, 2024 |

MAYOR

\_\_\_\_\_  
Phil Germuth

CORPORATE OFFICER

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Tracy Tavares

**DISTRICT OF KITIMAT**  
**FINANCIAL PLAN FOR THE FIVE YEAR PERIOD**  
**2024 - 2028**

|                                      | <b>2024</b>           | <b>2025</b>         | <b>2026</b>          | <b>2027</b>          | <b>2028</b>       |
|--------------------------------------|-----------------------|---------------------|----------------------|----------------------|-------------------|
| <b>REVENUES</b>                      |                       |                     |                      |                      |                   |
| Taxation and grants in lieu          | - 40,114,481 -        | 42,521,350 -        | 45,497,844 -         | 49,137,672 -         | 53,560,062        |
| Sale of Services                     | - 2,274,113 -         | 2,714,279 -         | 3,239,641 -          | 3,866,690 -          | 4,615,107         |
| Utility Rates                        | - 733,000 -           | 876,106 -           | 1,046,912 -          | 1,250,779 -          | 1,494,104         |
| Revenue from own sources             | - 3,981,818 -         | 4,752,519 -         | 5,672,393 -          | 6,770,312 -          | 8,080,740         |
| Return on investments                | - 614,500 -           | 583,775 -           | 592,532 -            | 601,420 -            | 610,441           |
| Contributions from other governments | - 3,445,232 -         | 32,428,332 -        | 41,735,968 -         | 44,869,451 -         | 18,633,703        |
| Borrowing Proceeds                   | - -                   | 3,500,000 -         | 18,500,000 -         | 15,000,000 -         | 5,000,000         |
| Other Revenue                        | -                     | -                   | -                    | -                    | -                 |
| Transfers from Funds                 |                       |                     |                      |                      |                   |
| Accumulated Surplus                  |                       | -                   | -                    | -                    | -                 |
| Reserve Funds                        | - 11,247,834 -        | 1,726,238 -         | 425,517 -            | 645,000              | -                 |
| <b>TOTAL REVENUE</b>                 | <b>- 62,410,979 -</b> | <b>89,102,598 -</b> | <b>116,710,807 -</b> | <b>122,141,323 -</b> | <b>91,994,158</b> |
| <b>EXPENDITURES</b>                  |                       |                     |                      |                      |                   |
| Debt Interest                        | 98,320                | 170,450             | 905,450              | 1,640,450            | 1,885,450         |
| Debt Principal                       | 146,968               | 146,968             | 181,388              | 742,791              | 1,122,806         |
| Capital Expenditure                  | 15,196,553            | 39,210,000          | 63,640,000           | 65,200,000           | 31,725,000        |
| Other Municipal Purposes             |                       |                     |                      |                      |                   |
| General Government Services          | 8,552,610             | 8,980,272           | 9,429,317            | 9,875,664            | 10,344,330        |
| Protective Services                  | 10,251,422            | 10,763,993          | 11,302,193           | 11,867,335           | 12,460,735        |
| Public Works Services                | 8,027,398             | 8,428,768           | 8,850,206            | 9,292,717            | 9,757,352         |
| Engineering Services                 | 3,999,861             | 4,199,854           | 4,339,847            | 4,556,839            | 4,784,681         |
| Public Health & Welfare Services     | 804,625               | 844,856             | 887,099              | 931,454              | 978,027           |
| Environmental Development Services   | 1,401,056             | 1,471,109           | 1,544,664            | 1,621,897            | 1,702,992         |
| Recreation & Cultural Services       | 7,718,946             | 8,104,893           | 8,510,138            | 8,935,645            | 9,382,427         |
| Sewer                                | 630,140               | 661,647             | 694,729              | 729,466              | 765,939           |
| Water                                | 1,540,110             | 1,617,116           | 1,697,971            | 1,782,870            | 1,872,013         |
| Cemetery                             | 203,000               | 213,150             | 223,808              | 234,998              | 246,748           |
| Transfer to                          |                       |                     |                      |                      |                   |
| Reserve Funds                        | 3,839,970             | 4,031,969           | 4,233,567            | 4,445,245            | 4,667,508         |
| Accumulated Surplus                  |                       |                     |                      |                      |                   |
| Reserve Funds                        |                       |                     |                      |                      |                   |
| <b>TOTAL EXPENDITURE</b>             | <b>62,410,979</b>     | <b>88,845,045</b>   | <b>116,440,377</b>   | <b>121,857,372</b>   | <b>91,696,009</b> |

DISTRICT OF KITIMAT  
2024 FINANCIAL PLAN

**OBJECTIVES AND POLICIES**

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

BYLAW NO. 2050, 2024

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.

## **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 that 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 less than the 5 year 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 2024 from each source:

| <b>Revenue Source</b>    | <b>% of Total Revenue</b> | <b>Dollar Value</b> |
|--------------------------|---------------------------|---------------------|
| Property taxes           | 77.19%                    | \$39,490,509        |
| Utility revenue tax      | 1.22%                     | \$623,972           |
| User fees and charges    | 5.89%                     | \$3,007,113         |
| Revenue from own sources | 8.98%                     | \$4,596,318         |
| Government grants        | 6.72%                     | \$3,445,232         |
| <b>Total</b>             | <b>100%</b>               | <b>\$51,163,144</b> |

**D. OBJECTIVES FOR TAX APPORTIONMENT AMONG ASSESSMENT CLASSES**

- a. To set Residential taxes in the lowest quartile of municipalities in British Columbia and Commercial taxes in the lowest quartile of North Central 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.

Appendix B to Bylaw No. 2050, 2024

- c. 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 – 1.5%
- c. Class Four Major Industry..... 60 – 80%
- d. Class Five Light Industry..... 1 – 10%
- e. Class Six Business and Commercial ..... 5 – 12%

Class 2 is as per the local government act and is limited by \$40/1,000 or 2.5 times Class 6 rates. The target range for the apportionment of taxes is kept deliberately broad to accommodate the construction of significant new projects that have been announced.

**2. CALCULATED 2024 TAX APPORTIONMENT AND RATES**

| <b>Class</b>              | <b>2022 Actual</b> | <b>2023 Actual</b> | <b>2024 Calculated</b> | <b>2024 Dollar Value</b> |
|---------------------------|--------------------|--------------------|------------------------|--------------------------|
| One – Residential         | 15.51%             | 14.75%             | 14.03%                 | \$5,538,665              |
| Two – Utility             | 0.49%              | 1.05%              | 1.26%                  | \$497,480                |
| Four - Major Industry     | 75.24%             | 75.29%             | 75.64%                 | \$29,869,973             |
| Five - Light Industry     | 1.02%              | 0.94%              | 0.93%                  | \$366,288                |
| Six - Business/Commercial | 7.67%              | 7.92%              | 8.10%                  | \$3,199,684              |
| Other                     | 0.05%              | 0.05%              | 0.05%                  | \$18,419                 |
| <b>Total</b>              | <b>100%</b>        | <b>100%</b>        | <b>100%</b>            | <b>\$39,490,509</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 implemented to encourage new industry or commerce as well as new buildings or improvements in existing buildings that support environmental, economic, social, beautification or other Council objectives.

## **I. COMMUNITY SUSTAINABILITY PLANNING**

- To support long term financial and community sustainability.

Long term financial planning is paramount for ensuring financial sustainability and resilience for communities. Establishing a community sustainability and resiliency reserve allows Council to mitigate the impact of revenue fluctuations and economic downturns. This reserve enables Council to maintain essential services and critical infrastructure, uphold long-term fiscal health, and safeguard the well-being of current and future residents.

**J. ASSET REPLACEMENT PLANNING**

- To support financial sustainability and provide predictable funding for asset replacement.

Council recognizes there is an asset funding gap and has started sustainable financial planning by directing staff to develop an asset management plan. The asset funding gap represents a critical and widespread challenge for municipalities. Consistent funding, primarily from a reserve, will mitigate the risk of asset failure, asset obsolescence and maintain operational continuity.