

# CITY OF PRINCE RUPERT

## REPORT TO COUNCIL

DATE: April 9, 2008

FROM: Dan Rodin, Chief Financial Officer

**SUBJECT: BYLAW – 2008 FIVE YEAR FINANCIAL PLAN**

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### **Recommendation:**

That Council review the 2008 Five Year Financial Plan and that the “2008 Five Year Financial Plan Amendment Bylaw No 3257, 2008” be given Three readings; and,  
That Council schedule a meeting on April 21, 2008 for public consultation.

### **Introduction**

Each year the City of Prince Rupert must prepare a Five Year Financial Plan. The information required in the plan is defined in the Community Charter. The Five Year Financial Plan Bylaw and an accompanying Annual Property Tax Bylaw must be passed by May 15<sup>th</sup> of the current year.

This report is divided into the following sections:

- Legislative Requirements;
- Budgeting Process;
- Budget Highlights;
- Financial Plan Assumptions;
- Operating Fund Details;
- Utility Fund Details;
- Inter-fund Transfers;
- Funds Required for Municipal Debt and Interest;
- Revenue Policy Disclosure Requirements; and,
- Estimated Tax Rates.

### **Legislative requirements**

Part 6 Division 1 of the Community Charter defines the requirements of the Financial Plan. The requirements include identifying:

- the proposed expenditures by the municipality;

CITY OF PRINCE RUPERT  
REPORT TO COUNCIL - OPEN

DATE: October 27, 2008  
FROM: Dan Rodin, Chief Financial Officer  
SUBJECT: AMENDED 2008 FINANCIAL PLAN

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**RECOMMENDATION**

That Council receive the attached document for public circulation.

**BACKGROUND**

At the October 15, 2008 Council Meeting the following resolution was passed:

*That Council direct staff to prepare an amended 2008 Financial Plan for presentation at the October 27, 2008 Council meeting;*

*That a Public Meeting for presentation of the amended Financial Plan be scheduled for November 3, 2008;*

*That at a Special Council Meeting be scheduled for November 3, 2008 to give three readings of the Amended 2008 Financial Plan Bylaw; and,*

*That at the November 10, 2008 Council Meeting 4<sup>th</sup> and final reading of the Bylaw be given.*

**PROPOSED FINANCIAL PLAN AMENDMENTS**

The proposed amendments to the 2008 Financial Plan are set out on Schedule "A".

Column Explanations

**August Actual** – these values are the operating results as of August 31, 2008.

**4 Mth Estimate** – these values are the estimated revenues and expenditures for the department for the four month period September – December.

CITY OF PRINCE RUPERT

2008 FIVE YEAR AMENDED FINANCIAL PLAN BYLAW NO. 3270, 2008

A BYLAW FOR THE CITY OF PRINCE RUPERT RESPECTING THE FIVE YEAR  
FINANCIAL PLAN FOR THE PERIOD 2008 - 2012

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The Council of the City of Prince Rupert in open meeting assembled enacts as follows:

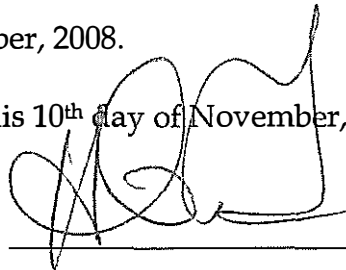
1. **Schedule "A"** attached hereto and made part of this Bylaw is hereby declared to be the Five Year Financial Plan of City of Prince Rupert for the period ending December 31<sup>st</sup>, 2012.
2. This Bylaw shall be cited for all purposes as the **"2008 Five Year Amended Financial Plan Bylaw No. 3270, 2008"**.

READ A FIRST TIME this 4<sup>th</sup> day of November, 2008.

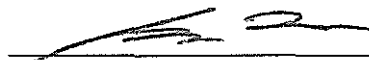
READ A SECOND TIME this 4<sup>th</sup> day of November, 2008.

READ A THIRD TIME this 4<sup>th</sup> day of November, 2008.

FINALLY CONSIDERED AND ADOPTED this 10<sup>th</sup> day of November, 2008.



Mayor



Corporate Administrator

**SCHEDULE "A" - FIVE YEAR FINANCIAL PLAN**

City of Prince Rupert  
Five Year Amended Financial Plan  
October 27, 2008

Fund	2008	2009	2010	2011	2012
<u>Operational</u>					
<u>Revenues</u>					
Amor. Ferry	840,000	840,001	850,801	873,937	801,418
Cemetery	39,000	39,000	39,000	39,000	39,000
Corporate Administration	33,000	33,000	33,000	33,000	33,000
Development Services	406,000	505,000	510,000	520,000	525,000
Finance	301,000	14,600	14,600	14,600	14,000
FD Fire Protective Services	8,000	3,500	3,500	3,500	3,500
FD 911	240,000	244,800	249,886	254,090	259,784
FD Emergency Measures	21,000	.	.	.	.
Fiscal Revenues	8,012,000	5,758,401	5,828,561	5,937,794	6,026,043
Information Technology	6,000	8,000	6,000	6,000	6,000
PW Engineering	11,000	5,000	5,000	5,000	5,000
PW Common Revenues	18,000	5,000	5,000	5,000	5,000
RCMP	129,000	131,580	134,212	136,806	139,834
Rec. Centre Arena	158,000	162,740	167,622	172,651	177,630
Rec. Centre Civic Centre	176,000	179,520	183,110	186,773	190,608
Rec. Centre Community Services	17,000	17,000	30,000	17,000	30,000
Rec. Centre Pool	330,000	336,600	343,332	350,100	357,203
Transit	316,000	319,160	322,352	325,575	328,031
Victim Services	59,000	59,000	59,000	59,000	59,000
	12,200,000	8,659,992	8,790,786	8,940,614	9,091,348
<u>Other Sources of Funding</u>					
Property Taxes	13,194,098	13,544,098	13,894,098	14,244,098	14,594,098
Transfer Reserves					
Reserves Capital Purchase & Capital Works	1,305,605	250,000	250,000	250,000	250,000
Operating Surplus Appropriation					
	14,499,703	13,794,098	14,144,098	14,494,098	14,044,098
<b>Total Funds Available</b>	26,699,703	22,454,090	22,934,883	23,434,712	23,935,446

City of Prince Rupert  
Five Year Amended Financial Plan  
October 27, 2006

Fund	2006	2009	2010	2011	2012
Operating Continued					
<u>Expenditures</u>					
Airport Ferry	1,652,000	1,652,000	1,652,000	1,652,000	1,652,000
Capital Purchases	617,000	700,000	800,000	800,000	800,000
Capital Purchase funded by utilities	-	-	-	-	-
Capital Works	3,320,000	1,800,000	1,950,000	2,100,000	2,250,000
Capital Works funded by utilities	(950,000)	(1,000,000)	(1,050,000)	(1,050,000)	(1,050,000)
Cemetery	194,000	194,000	194,000	194,000	194,000
Civic Properties	405,000	350,000	375,000	500,000	505,000
Corporate Administration	541,000	546,410	551,674	557,393	562,967
Development Services	775,000	762,750	750,578	798,463	806,466
FD 911	368,000	391,060	395,709	390,757	403,754
FD Fire Protective Services	1,941,000	1,960,410	1,060,014	1,909,814	2,010,812
FD Emergency Measures	21,000	21,210	21,422	21,636	21,853
Finance	020,000	635,290	641,643	648,050	654,540
Finance Cost Allocation	(350,000)	(353,600)	(357,035)	(360,605)	(364,211)
Fiscal Expenditures	2,475,000	2,099,790	2,120,788	2,141,990	2,154,103
Governance	265,000	267,650	270,327	273,030	275,760
Grants	1,247,000	1,259,470	1,272,065	1,264,785	1,297,633
Information Technology	276,000	278,760	281,548	264,363	267,207
Parks	798,000	805,980	614,040	822,160	830,402
PW Engineering	443,000	447,430	451,904	456,423	460,908
PW Common Costs	2,222,600	2,245,028	2,267,476	2,290,153	2,313,055
Allocation of PW Engineering & PW Common Cost	(2,432,000)	(2,456,320)	(2,480,863)	(2,505,892)	(2,530,749)
PW Net Vehicle Cost & Allocation	(54,000)	(54,540)	(55,085)	(55,635)	(56,193)
RCMP	3,891,000	3,920,910	3,909,209	4,008,901	4,048,990
Rec. Centre Arena	312,000	315,120	318,271	321,454	324,668
Rec. Centre Civic Centre	1,359,000	1,437,600	1,438,000	1,413,170	1,416,871
Rec. Centre Community Services	10,903	11,012	11,122	11,233	11,346
Rec. Centre Pool	1,027,000	1,037,270	1,047,643	1,058,119	1,068,700
Roads	2,270,000	2,292,700	2,399,996	2,499,999	2,600,909
Transit	577,000	562,770	586,508	594,484	600,429
Victim Services	73,000	73,730	74,467	75,212	75,964
	24,149,703	22,454,090	22,834,663	23,434,712	23,935,446
Transfers to Reserves	2,550,000				
	26,699,703	22,454,090	22,834,663	23,434,712	23,935,446
Operating Fund Surplus(Deficit)	(0)	(0)	0	(0)	(0)

City of Princeton Report  
 Five Year Amended Financial Plan  
 October 27, 2008

Fund	2008	2009	2010	2011	2012
<u>Utility Funds</u>					
<b>Sewer</b>					
Revenues	1,763,000	1,672,150	1,955,750	2,005,073	2,045,174
Expenditures	1,783,000	1,072,150	1,865,756	2,005,073	2,045,174
Surplus (Deficit)	0	0	0	0	0
<b>Water</b>					
Revenues	2,201,000	2,311,050	2,426,603	2,475,135	2,524,637
Expenditures	2,201,000	2,311,050	2,426,603	2,475,135	2,524,637
Surplus (Deficit)	0	0	0	0	0
<b>Solid Waste</b>					
Revenues	1,806,000	1,992,900	2,092,545	2,134,300	2,177,004
Expenditures	2,095,000	1,967,000	2,055,350	2,106,657	2,146,780
Surplus (Deficit)	(197,000)	25,900	27,195	27,739	28,204
<u>Other Information</u>					
Amount Required For Payment of Interest & Municipal Debt	1,250,876	1,256,876	1,256,876	1,256,876	1,256,876
<b>Interfund Transfers</b>					
Operating Fund	6,011,000	-	-	-	-
Water Fund	(2,543,000)	-	-	-	-
Sewer Fund	(2,978,000)	-	-	-	-
Telephone Fund	(400,201)	-	-	-	-

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

The following information is an integral component of the 2008 Amended Five Year Financial Plan. The Section citations reference the Community Charter:

### 1) Portion of Funding from Revenue Sources (*Section 165 (3.1)a*)

Table One shows the proportion of total revenue proposed to be raised from each funding source in 2008. Property value taxes form the greatest percentage of the revenue of the municipality. The system of property taxation is relatively easy to administer and understand. It provides a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as fire protection, bylaw enforcement, libraries and street-lighting. For these reasons, property value taxation will continue to be the major source of municipal revenue.

User fees and charges form the second largest portion of planned revenue. Some municipal services, such as water and sewer usage, can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

Table 1

Revenue Source	% Total Revenue
Property value taxes	40.9%
Parcel taxes	0.2%
User fees and charges	28.1%
Other sources & reserves	30.8%
Proceeds from borrowing	0.0%
TOTAL	100.0%

### 2) Distribution of Property Value Taxes (*Section 165 (3.1)(b)*)

*The distribution of property taxes among the property classes*

Table Two provides the current distribution of property tax revenue among the property classes. These percentages are based on the historic distribution and City practice. By providing this consistency, taxpayers in the various classes have stability and confidence in knowing how their future tax bills will be calculated. The City also is required to follow the Provincial Regulation



# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

which sets the maximum rates for Port Property Taxes at capped rates of \$22.50/\$1,000 for new property ("New Construction") and \$27.50/\$1,000 for property and buildings that existed on the date the Port Property Tax Regulation came into effect ("Old Construction").

Table 2

Property class	% Property Value Tax
Residential (1)	40%
Utilities (2)	1%
Major Industry (4)	8%
Port Property (Old Construction)	15%
Port Property (New Construction)	5%
Light Industry (5)	2%
Business (6)	29%
TOTAL	100.0%

### 3) Use of Permissive Tax Exemptions (Section 165 (3.1)(c))

The following properties received partial or full permissive tax exemptions for 2007. The total value of municipal taxes that were waived was \$401,000. These properties will receive exemptions in 2008.

Anglican Church Cathedral  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
Bethel First Baptist Church  
Canfisco Municipal Boat Launch Facility  
Church of Jesus Christ of Latter Day Saints Church  
Fellowship Baptist Church  
First Presbyterian Church  
Friendship House Association of Prince Rupert  
Harvest Time United Pentecostal Church  
Indo-Canadian Sikh Association Temple  
Jehovah's Witnesses Kingdom Hall  
Jehovah's Witnesses Parking Lot  
Kaiaen Island Daycare Services Family Resource Centre  
Lutheran Church  
Mennonite Brethren Church  
Museum of Northern BC Cultural Dance Centre

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

New Life United Pentecostal Church  
Northern British Columbia Museum Association.  
Performing Arts Centre  
Prince Rupert Amateur Radio Club  
Prince Rupert Association for Community Living  
Prince Rupert Church of Christ Church  
Prince Rupert Community Enrichment Society  
Prince Rupert Curling Club  
Prince Rupert Enrichment Society  
Prince Rupert Golf Society  
Prince Rupert Golf Society  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Native Revival Centre  
Prince Rupert Pentecostal Tabernacle  
Prince Rupert Racquet Association Centre  
Prince Rupert Rescue 15  
Prince Rupert Rod & Gun Club Facility  
Prince Rupert Senior Centre Association Facility  
Prince Rupert Sikh Missionary Society Temple  
Prince Rupert Transition House  
Roman Catholic Annunciation School  
Roman Catholic Annunciation School Basketball Court  
Roman Catholic Annunciation School Playground  
Roman Catholic Episcopal Church  
Salmon Hatchery Facility  
Salvation Army Corps. Centre  
Skeena Queen Charlotte Regional District Building  
United Church of Canada Church  
United Church of Canada Parking

#### 4) Proposed Expenditures (*Section 165(4)(a)*)

The proposed expenditures for the current year are:

Operating Fund:	\$24,149,703
Sewer Fund:	1,783,000
Water Fund:	2,201,000
Solid Waste Fund	2,095,000
Transfer to Reserve	<u>\$2,555,000</u>
	\$32,783,703

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

### 5) Proposed Funding Sources (Section 165(4)(b) & Section 165(7)(a-e))

The proposed funding sources for the current year are:

Property Taxes	\$13,134,098
Parcel Taxes	60,000
Reserves	1,305,605
Fees (includes utilities)	9,049,000
Other Sources	9,038,000
Proceeds from Borrowing	Nil
Solid Waste Surplus	<u>\$197,000</u>
	\$32,783,703

### 6) Proposed Transfers Between Funds (Section 165(4)(c))

Nil

### 7) Amount Required to Pay Interest & Principal on Municipal Debt (Section 165(6)(a))

The amount required to pay interest and principal on municipal debt is approximately \$1.3 Million.

### 8) Amount Required for Capital Purposes (Section 165(6)(b))

Capital Purchases – \$617,000

Land & Buildings	\$130,000
Vehicles & Machinery	296,000
Other Equipment	<u>\$19,1000</u>
	\$617,000

Capital Works – \$3,326,000

In 2007 the actual Capital Works expense was \$1.6 million. This year the city originally budgeted \$2.0 million. Items included:

Alaska Ferry Dock	\$225,000
Waterfront Trail	25,000
Woodworth Hydro Study	25,000
Fern Passage Water Supply Study	50,000
Uplands Improvement	90,000
Hays Creek Bridge Repair	300,000

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

Hays Creek Sewer Design	300,000
Landfill Expansion	300,000
Rushbrooke Improvement Area	93,000
Arena Roof repair	95,000
RCMP Building Interior	60,000
RCMP Cell Retrofit	\$200,000
Sewer & Water Project	<u>\$300,000</u>
	\$2,063,000

An additional \$1,263,000 is being budgeted to cover increased costs. Significant changes are a result of the Alaska Ferry Dock budget increase (partially offset by a government grant); expenditures related to the use of Coast Sustainability Trust and Transit Grant funding; an anticipated cost overage on the Hays Creek; and, the anticipated Shawatlans waterline repair. The City will be required to draw down its reserves to cover these increased costs.

### **9) The Amount Required for a Deficiency (Section 165(6)(c) & Section 165(9))**

The 2007 Audited Financial Statements showed that the Operating Fund had a current surplus of \$1,263,000 which reduced the accumulated deficit to \$6,407,000. The other Funds all had accumulated surpluses at year end. In 2008 it is proposed to transfer balances from the other Funds to the Operating Fund to cover most of the Operating Deficit. After the transfer is done, the deficit balance in the Operating Fund will be \$396,000. This has been recorded as a fiscal expense.

### **10) The Amount Required for Other Municipal Purposes (Section 165(6)(d))**

Total Expenditures	\$32,783,703
Less: Interest & Principal	(\$1,300,000)
Capital Purposes	(\$3,643,000)
Amount Required for Other Municipal Purposes	\$27,840,703

### **11) Proposed Transfers of Reserves (Section 165(8)(a))**

The Amended Financial Plan proposes the following transfers

From: General Reserve	\$1,005,000
Election Reserve	16,000

CITY OF PRINCE RUPERT

2008 Five Year Amended Financial Plan

October 27, 2008

Other Equipment                    63,000

Public Works / General  
Equipment                    \$221,605  
\$1,305,605

To:    General Reserve            \$2,550,000

**12) Proposed Transfers of Accumulated Surplus (Section 165(8)(b))**

The 2008 Amended Financial Plan proposes transfer “surplus” balances from the Water, Sewer, and Telephone Fund to the Operating Fund.

Operating Fund	\$6,011,000
Water Fund	(\$2,543,000)
Sewer Fund	(\$2,978,000)
Telephone Fund	<u>(\$490,000)</u>
	0

**Total (Amended Financial Plan)** – these values are the arithmetic total of the first two columns. It is these values which are proposed to become the Amended Financial Plan.

**Financial Plan** – this is the original 2008 Financial Plan values

**Variance** – these values are the net difference between the Total (Amended Financial Plan and the 2008 Financial Plan values.

Operating Revenue Variances:

Major revenue variances include:

Airport Ferry	Revenue reduction as planned additional Jazz flight did not operate as expected during summer months	(\$73,100)
Finance	The City charges a five percent (5%) fee on all property tax sales. This year the total charged included a fee on the Sun Wave properties.	\$286,400
Fiscal Revenue	Increased revenues due to the “Duncan/Kaien Island Road Settlement of \$2.5 million; the use of part of a Coast Sustainability Trust Grant \$93,000 and the receipt of a combined Public Transit/Transit Infrastructure Grant \$270,000 and a BC Government Grant to assist with the cost of the Alaska Ferry.	\$3, 404,000
Transfers from Reserves	Due primarily to the cost overruns of the Alaska Ferry Dock it is necessary to increase the draw down our reserves	\$870,605

Operating Expenditure Variances

Major expenditure variances include:

Capital Purchases	The City purchased several pieces of property during the year and a bylaw enforcement vehicle will be purchased before year end	(\$152,000)
Capital Works	Increased costs due to: Alaska Ferry Dock is expected to exceed its budget \$900,000; the RCMP cell block renovation is being deferred to 2009 ( \$100,000); expenditures related to the Coast Sustainability Grant and Transit Grants \$363,000; cost overage on Hays Creek Bridge \$160,000; and Shawatlans Water Line	(\$1,263,000)
Civic Properties	Cost overruns were encountered on some projects including the Lester Centre. Unanticipated costs were incurred on the Alaska Ferry Building	\$77,000
Corporate Administration	Increased Costs due reallocation of supplies and professional fees expenditures; hiring temporary corporate officers;	(\$192,000)
Fiscal Expenditures	Increase due to making provision for recovery of operating deficit	(\$158,000)
Engineering	Cost reduction due to not filling positions	(\$72,000)
RCMP	Cost increase due to RCMP staff transfers not being completed	(\$162,000)
Rec. Civic Centre	Cost increase due to original wage estimate understated	\$56,000
Transfer to Reserves	Council passed a resolution transferring the Duncan Road/Kaien settlement to a reserve	\$2.55 Million

Utility Variances

Significant variances are:

Solid Waste	Revenue is anticipated to be less due to a decline in the commercial 'tipping fee' revenues	(\$162,000)
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Utility Variances

Significant variances are:

Solid Waste Revenues	Revenue is anticipated to be less due to a decline in the commercial 'tipping fee' revenues	(\$162,000)
Solid Waste Expenditures	Expenditures are expected to be less than anticipated.	\$193,000
Water Revenues	Revenue is expected to be higher than budgeted as it was originally conservatively estimated	\$149,000
Water Expenditures	Increased work is being undertaken due to the number of 'leakages' encountered this year.	(\$170,000)

**RECOMMENDATION:**

**That Council approves the amendments and circulates the proposed amended Financial Plan for public consultation on November 3, 2008.**

Reviewed by City Manager

\_\_\_\_\_  
Dan Rodin  
Chief Financial Officer

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Gord Howie



## CITY OF PRINCE RUPERT

## 2008 August Yearend Forecast

Operating	August Actual	4 Mth Estimate	Total (Amended Financial Plan)	2008 Financial Plan	Variance
<b>Revenues</b>					
Airport Ferry	568,000	272,000	840,000	913,100	(73,100)
Cemetery	39,000	-	39,000	39,000	-
Corporate Administration	17,000	16,000	33,000	2,000	31,000
Development Services	444,000	42,000	486,000	505,000	(19,000)
Finance	9,000	292,000	301,000	14,600	286,400
FD Fire Protective Services	5,000	3,000	8,000	3,500	4,500
FD 911	140,000	100,000	240,000	223,000	17,000
FD Emergency Measures	-	21,000	21,000	21,000	-
Fiscal Revenues	5,219,000	3,793,000	9,012,000	5,608,000	3,404,000
Information Technology	6,000	-	6,000	5,000	1,000
PW Engineering	7,000	4,000	11,000	5,000	6,000
PW Common Revenues	18,000	-	18,000	20,000	(2,000)
RCMP	45,000	84,000	129,000	115,000	14,000
Rec. Centre Arena	78,000	80,000	158,000	156,000	2,000
Rec. Centre Civic Centre	119,000	57,000	176,000	204,000	(28,000)
Rec. Centre Community Services	13,000	4,000	17,000	30,000	(13,000)
Rec. Centre Pool	243,000	87,000	330,000	280,800	49,200
Transit	210,000	106,000	316,000	300,000	16,000
Victim Services	51,000	8,000	59,000	47,183	11,817
	7,231,000	4,969,000	12,200,000	8,492,183	3,707,817
Property Taxes	13,194,098		13,194,098	13,194,098	-
Transfer from Reserves	435,000	870,605	1,305,605	435,000	870,605
	20,860,098	5,839,605	26,699,703	22,121,281	4,578,422
<b>Expenditures</b>					
Airport Ferry	1,174,000	678,000	1,852,000	1,824,000	(28,000)
Capital Purchases	378,000	239,000	617,000	464,500	(152,500)
Capital Works	1,180,000	2,146,000	3,326,000	2,063,000	(1,263,000)
Capital Works funded by Utilities	(277,000)	(673,000)	(950,000)	(950,000)	-
Cemetery	148,000	46,000	194,000	185,000	(9,000)
Civic Properties	249,000	156,000	405,000	328,000	(77,000)
Corporate Administration	350,000	191,000	541,000	348,250	(192,750)
Development Services	414,000	361,000	775,000	738,383	(36,617)
FD 911	257,000	131,000	388,000	431,000	43,000
FD Fire Protective Services	1,249,000	692,000	1,941,000	1,949,341	8,341
FD Emergency Measures	14,000	7,000	21,000	24,140	3,140
Finance	352,000	277,000	629,000	643,000	14,000
Finance Cost Allocation	(242,000)	(108,000)	(350,000)	(350,000)	-
Fiscal Expenditures	1,229,000	1,246,000	2,475,000	2,317,000	(158,000)
Governance	185,000	80,000	265,000	248,000	(17,000)
Grants	1,209,000	38,000	1,247,000	1,247,144	144
Information Technology	169,000	107,000	276,000	285,000	9,000
Parks	588,000	210,000	798,000	798,000	-
PW Engineering	317,000	126,000	443,000	515,000	72,000
PW Common Costs	1,214,800	1,008,000	2,222,800	2,223,000	200
Allocation of Common Cost	(1,440,000)	(992,000)	(2,432,000)	(2,432,890)	(890)
PW Net Vehicle Cost & Allocation	(54,000)	-	(54,000)	(59,000)	(5,000)
RCMP	2,239,000	1,652,000	3,891,000	3,728,591	(162,409)
Rec. Centre Arena	185,000	127,000	312,000	298,000	(14,000)
Rec. Centre Civic Centre	945,000	414,000	1,359,000	1,302,148	(56,852)
Rec. Centre Community Services	1,903	9,000	10,903	10,000	(903)
Rec. Centre Pool	655,000	372,000	1,027,000	1,012,109	(14,891)
Roads	1,778,000	492,000	2,270,000	2,270,565	565
Transit	299,000	278,000	577,000	563,000	(14,000)
Victim Services	49,000	24,000	73,000	97,000	24,000
	14,815,703	9,334,000	24,149,703	22,121,281	(2,028,422)
Transfers to Reserves	0	2,550,000	2,550,000	0	(2,550,000)
	14,815,703	11,884,000	26,699,703	22,121,281	(4,578,422)
Operating Surplus (Deficit)	6,044,395	(6,044,395)	0	0	9,156,844

**CITY OF PRINCE RUPERT**  
**2008 August Yearend Forecast**

	August Actual	4 Mth Estimate	Total (Amended Financial Plan)	2008 Financial Plan	Variance
<b>Utilities</b>					
Sewer Revenues	1,593,000	190,000	1,783,000	1,781,000	2,000
Sewer Expenditures	856,000	927,000	1,783,000	1,774,876	(8,124)
	<u>737,000</u>	<u>(737,000)</u>	<u>0</u>	<u>6,124</u>	<u>10,124</u>
Solid Waste Revenues	1,688,000	210,000	1,898,000	2,060,000	(162,000)
Solid Waste Expenditures	1,595,000	500,000	2,095,000	2,288,000	193,000
	<u>93,000</u>	<u>(290,000)</u>	<u>(197,000)</u>	<u>(228,000)</u>	<u>(355,000)</u>
Water Revenues	1,886,000	315,000	2,201,000	2,052,000	149,000
Water Expenditures	1,295,000	906,000	2,201,000	2,031,000	(170,000)
	<u>591,000</u>	<u>(591,000)</u>	<u>0</u>	<u>21,000</u>	<u>319,000</u>

City of Prince Rupert  
Five Year Amended Financial Plan  
October 27, 2008

Fund	2008	2009	2010	2011	2012
<b>Operating Continued</b>					
<u>Expenditures</u>					
Airport Ferry	1,852,000	1,852,000	1,852,000	1,852,000	1,852,000
Capital Purchases	617,000	700,000	800,000	800,000	800,000
Capital Purchase funded by utilities	-	-	-	-	-
Capital Works	3,326,000	1,800,000	1,950,000	2,100,000	2,250,000
Capital Works funded by utilities	(950,000)	(1,000,000)	(1,050,000)	(1,050,000)	(1,050,000)
Cemetery	194,000	194,000	194,000	194,000	194,000
Civic Properties	405,000	350,000	375,000	500,000	505,000
Corporate Administration	541,000	546,410	551,874	557,393	562,967
Development Services	775,000	782,750	790,578	798,483	806,468
FD 911	388,000	391,880	395,799	399,757	403,754
FD Fire Protective Services	1,941,000	1,960,410	1,980,014	1,999,814	2,019,812
FD Emergency Measures	21,000	21,210	21,422	21,636	21,853
Finance	629,000	635,290	641,643	648,059	654,540
Finance Cost Allocation	(350,000)	(353,500)	(357,035)	(360,605)	(364,211)
Fiscal Expenditures	2,475,000	2,099,790	2,120,788	2,141,996	2,154,193
Governance	265,000	267,650	270,327	273,030	275,760
Grants	1,247,000	1,259,470	1,272,065	1,284,785	1,297,633
Information Technology	276,000	278,760	281,548	284,363	287,207
Parks	798,000	805,980	814,040	822,180	830,402
PW Engineering	443,000	447,430	451,904	456,423	460,988
PW Common Costs	2,222,800	2,245,028	2,267,478	2,290,153	2,313,055
Allocation of PW Engineering & PW Common Cost	(2,432,000)	(2,456,320)	(2,480,883)	(2,505,692)	(2,530,749)
PW Net Vehicle Cost & Allocation	(54,000)	(54,540)	(55,085)	(55,636)	(56,193)
RCMP	3,891,000	3,929,910	3,969,209	4,008,901	4,048,990
Rec. Centre Arena	312,000	315,120	318,271	321,454	324,668
Rec. Centre Civic Centre	1,359,000	1,437,880	1,438,099	1,413,170	1,416,871
Rec. Centre Community Services	10,903	11,012	11,122	11,233	11,346
Rec. Centre Pool	1,027,000	1,037,270	1,047,643	1,058,119	1,068,700
Roads	2,270,000	2,292,700	2,399,999	2,499,999	2,699,999
Transit	577,000	582,770	588,598	594,484	600,429
Victim Services	73,000	73,730	74,467	75,212	75,964
	24,149,703	22,454,090	22,934,883	23,434,712	23,935,446
Transfers to Reserves	2,550,000				
	26,699,703	22,454,090	22,934,883	23,434,712	23,935,446
<b>Operating Fund Surplus(Deficit)</b>	(0)	(0)	0	(0)	(0)

City of Prince Rupert  
 Five Year Amended Financial Plan  
 October 27, 2008

Fund	2008	2009	2010	2011	2012
<u>Operating</u>					
<u>Revenues</u>					
Airport Ferry	840,000	840,001	856,801	873,937	891,416
Cemetery	39,000	39,000	39,000	39,000	39,000
Corporate Administration	33,000	33,000	33,000	33,000	33,000
Development Services	486,000	505,000	510,000	520,000	525,000
Finance	301,000	14,600	14,600	14,600	14,600
FD Fire Protective Services	8,000	3,500	3,500	3,500	3,500
FD 911	240,000	244,800	249,696	254,690	259,784
FD Emergency Measures	21,000	-	-	-	-
Fiscal Revenues	9,012,000	5,758,491	5,828,561	5,937,794	6,026,043
Information Technology	6,000	6,000	6,000	6,000	6,000
PW Engineering	11,000	5,000	5,000	5,000	5,000
PW Common Revenues	18,000	5,000	5,000	5,000	5,000
RCMP	129,000	131,580	134,212	136,896	139,634
Rec. Centre Arena	158,000	162,740	167,622	172,651	177,830
Rec. Centre Civic Centre	176,000	179,520	183,110	186,773	190,508
Rec. Centre Community Services	17,000	17,000	30,000	17,000	30,000
Rec. Centre Pool	330,000	336,600	343,332	350,199	357,203
Transit	316,000	319,160	322,352	325,575	328,831
Victim Services	59,000	59,000	59,000	59,000	59,000
	12,200,000	8,659,992	8,790,786	8,940,614	9,091,348
<u>Other Sources of Funding</u>					
Property Taxes	13,194,098	13,544,098	13,894,098	14,244,098	14,594,098
Transfer Reserves					
Reserves Capital Purchase & Capital Works	1,305,605	250,000	250,000	250,000	250,000
Operating Surplus Appropriation					
	14,499,703	13,794,098	14,144,098	14,494,098	14,844,098
<b>Total Funds Available</b>	<b>26,699,703</b>	<b>22,454,090</b>	<b>22,934,883</b>	<b>23,434,712</b>	<b>23,935,446</b>

City of Prince Rupert  
Five Year Amended Financial Plan  
October 27, 2008

Fund	2008	2009	2010	2011	2012
<b><u>Utility Funds</u></b>					
<b>Sewer</b>					
Revenues	1,783,000	1,872,150	1,965,758	2,005,073	2,045,174
Expenditures	1,783,000	1,872,150	1,965,758	2,005,073	2,045,174
Surplus (Deficit)	0	0	0	0	0
<b>Water</b>					
Revenues	2,201,000	2,311,050	2,426,603	2,475,135	2,524,637
Expenditures	2,201,000	2,311,050	2,426,603	2,475,135	2,524,637
Surplus (Deficit)	0	0	0	0	0
<b>Solid Waste</b>					
Revenues	1,898,000	1,992,900	2,092,545	2,134,396	2,177,084
Expenditures	2,095,000	1,967,000	2,065,350	2,106,657	2,148,790
Surplus (Deficit)	(197,000)	25,900	27,195	27,739	28,294
<b><u>Other Information</u></b>					
<b>Amount Required For Payment of Interest &amp; Municipal Debt</b>	1,256,876	1,256,876	1,256,876	1,256,876	1,256,876
<b>Interfund Transfers</b>					
Operating Fund	6,011,000	-	-	-	-
Water Fund	(2,543,000)	-	-	-	-
Sewer Fund	(2,978,000)	-	-	-	-
Telephone Fund	(490,201)	-	-	-	-

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

The following information is an integral component of the 2008 Amended Five Year Financial Plan. The Section citations reference the Community Charter:

### 1) Portion of Funding from Revenue Sources (*Section 165 (3.1)a*)

Table One shows the proportion of total revenue proposed to be raised from each funding source in 2008. Property value taxes form the greatest percentage of the revenue of the municipality. The system of property taxation is relatively easy to administer and understand. It provides a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as fire protection, bylaw enforcement, libraries and street-lighting. For these reasons, property value taxation will continue to be the major source of municipal revenue.

User fees and charges form the second largest portion of planned revenue. Some municipal services, such as water and sewer usage, can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

*Table 1*

Revenue Source	% Total Revenue
Property value taxes	40.9%
Parcel taxes	0.2%
User fees and charges	28.1%
Other sources & reserves	30.8%
Proceeds from borrowing	0.0%
TOTAL	100.0%

### 2) Distribution of Property Value Taxes (*Section 165 (3.1)(b)*)

*The distribution of property taxes among the property classes*

Table Two provides the current distribution of property tax revenue among the property classes. These percentages are based on the historic distribution and City practice. By providing this consistency, taxpayers in the various classes have stability and confidence in knowing how their future tax bills will be calculated. The City also is required to follow the Provincial Regulation

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

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which sets the maximum rates for Port Property Taxes at capped rates of \$22.50/\$1,000 for new property ("New Construction") and \$27.50/\$1,000 for property and buildings that existed on the date the Port Property Tax Regulation came into effect ("Old Construction").

Table 2

Property class	% Property Value Tax
Residential (1)	40%
Utilities (2)	1%
Major Industry (4)	8%
Port Property (Old Construction)	15%
Port Property (New Construction)	5%
Light Industry (5)	2%
Business (6)	29%
TOTAL	100.0%

### 3) Use of Permissive Tax Exemptions (Section 165 (3.1)(c))

The following properties received partial or full permissive tax exemptions for 2007. The total value of municipal taxes that were waived was \$401,000. These properties will receive exemptions in 2008.

Anglican Church Cathedral  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter  
Bethel First Baptist Church  
Canfisco Municipal Boat Launch Facility  
Church of Jesus Christ of Latter Day Saints Church  
Fellowship Baptist Church  
First Presbyterian Church  
Friendship House Association of Prince Rupert  
Harvest Time United Pentecostal Church  
Indo-Canadian Sikh Association Temple  
Jehovah's Witnesses Kingdom Hall  
Jehovah's Witnesses Parking Lot  
Kaien Island Daycare Services Family Resource Centre  
Lutheran Church  
Mennonite Brethren Church  
Museum of Northern BC Cultural Dance Centre

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

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New Life United Pentecostal Church  
Northern British Columbia Museum Association.  
Performing Arts Centre  
Prince Rupert Amateur Radio Club  
Prince Rupert Association for Community Living  
Prince Rupert Church of Christ Church  
Prince Rupert Community Enrichment Society  
Prince Rupert Curling Club  
Prince Rupert Enrichment Society  
Prince Rupert Golf Society  
Prince Rupert Golf Society  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Native Revival Centre  
Prince Rupert Pentecostal Tabernacle  
Prince Rupert Racquet Association Centre  
Prince Rupert Rescue 15  
Prince Rupert Rod & Gun Club Facility  
Prince Rupert Senior Centre Association Facility  
Prince Rupert Sikh Missionary Society Temple  
Prince Rupert Transition House  
Roman Catholic Annunciation School  
Roman Catholic Annunciation School Basketball Court  
Roman Catholic Annunciation School Playground  
Roman Catholic Episcopal Church  
Salmon Hatchery Facility  
Salvation Army Corps. Centre  
Skeena Queen Charlotte Regional District Building  
United Church of Canada Church  
United Church of Canada Parking

#### **4) Proposed Expenditures (Section 165(4)(a))**

The proposed expenditures for the current year are:

Operating Fund:	\$24,149,703
Sewer Fund:	1,783,000
Water Fund:	2,201,000
Solid Waste Fund	2,095,000
Transfer to Reserve	<u>\$2,555,000</u>
	\$32,783,703



# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

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### 5) Proposed Funding Sources (Section 165(4)(b) & Section 165(7)(a-e))

The proposed funding sources for the current year are:

Property Taxes	\$13,134,098
Parcel Taxes	60,000
Reserves	1,305,605
Fees (includes utilities)	9,049,000
Other Sources	9,038,000
Proceeds from Borrowing	Nil
Solid Waste Surplus	<u>\$197,000</u>
	\$32,783,703

### 6) Proposed Transfers Between Funds (Section 165(4)(c))

Nil

### 7) Amount Required to Pay Interest & Principal on Municipal Debt (Section 165(6)(a))

The amount required to pay interest and principal on municipal debt is approximately \$1.3 Million.

### 8) Amount Required for Capital Purposes (Section 165(6)(b))

Capital Purchases – \$617,000

Land & Buildings	\$130,000
Vehicles & Machinery	296,000
Other Equipment	<u>\$19,1000</u>
	\$617,000

Capital Works – \$3,326,000

In 2007 the actual Capital Works expense was \$1.6 million. This year the city originally budgeted \$2.0 million. Items included:

Alaska Ferry Dock	\$225,000
Waterfront Trail	25,000
Woodworth Hydro Study	25,000
Fern Passage Water Supply Study	50,000
Uplands Improvement	90,000
Hays Creek Bridge Repair	300,000

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

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Hays Creek Sewer Design	300,000
Landfill Expansion	300,000
Rushbrooke Improvement Area	93,000
Arena Roof repair	95,000
RCMP Building Interior	60,000
RCMP Cell Retrofit	\$200,000
Sewer & Water Project	<u>\$300,000</u>
	\$2,063,000

An additional \$1,263,000 is being budgeted to cover increased costs. Significant changes are a result of the Alaska Ferry Dock budget increase (partially offset by a government grant); expenditures related to the use of Coast Sustainability Trust and Transit Grant funding; an anticipated cost overage on the Hays Creek; and, the anticipated Shawatlans waterline repair. The City will be required to draw down its reserves to cover these increased costs.

### **9) The Amount Required for a Deficiency (Section 165(6)(c))**

The 2007 Audited Financial Statements showed that the Operating Fund had a current surplus of \$1,263,000 which reduced the accumulated deficit to \$6,407,000. The other Funds all had accumulated surpluses at year end. In 2008 it is proposed to transfer balances from the other Funds to the Operating Fund to cover most of the Operating Deficit. After the transfer is done, the deficit balance in the Operating Fund will be \$396,000. This has been recorded as a fiscal expense.

### **10) The Amount Required for Other Municipal Purposes (Section 165(6)(d))**

Total Expenditures	\$32,783,703
Less: Interest & Principal	(\$1,300,000)
Capital Purposes	(\$3,643,000)
Amount Required for Other Municipal Purposes	\$27,840,703

### **11) Proposed Transfers of Reserves (Section 165(8)(a))**

The Amended Financial Plan proposes the following transfers

From: General Reserve	\$1,005,000
Election Reserve	16,000
Other Equipment	<u>63,000</u>

# CITY OF PRINCE RUPERT

## 2008 Five Year Amended Financial Plan

October 27, 2008

Public Works / General	
Equipment	<u>\$221,605</u>
	\$1,305,605

To: General Reserve                    \$2,550,000

### 12) Proposed Transfers of Accumulated Surplus

The 2008 Amended Financial Plan proposes transfer “surplus” balances from the Water, Sewer, and Telephone Fund to the Operating Fund.

Operating Fund	\$6,011,000
Water Fund	(\$2,543,000)
Sewer Fund	(\$2,978,000)
Telephone Fund	<u>(\$490,000)</u>
	0

- the proposed funding sources; and,
- the proposed transfers to or between funds.

The Charter also requires that the following amounts be identified:

- the amounts required for payment of interest and municipal debt;
- the amount required for capital purposes; and,
- the amount required for other municipal purposes.

Additionally the anticipated sources must separately identify the revenues from:

- property tax levies;
- parcel Taxes;
- revenue from Fees;
- revenues from other sources; and,
- proceeds from borrowing.

The plan must also set out the objectives and policies of the municipality for the planning period in relation to:

- for each of the funding sources described in subsection (7), the proportion of total revenue that is proposed to come from that funding source;
- the distribution of property value taxes among the property classes that may be subject to the taxes; and,
- the use of permissive tax exemptions.

*(The Province has advised that these three requirements will be phased in over a three year period.)*

### **Budgeting Process**

The Final Plan budgeting process began in January with discussions with each department head. Department Heads were asked to estimate the cost of operating their department for the 2008 year based on their operating experience in 2007 and knowledge of anticipated cost changes. They were cautioned that 2008 was not going to be a year when major new expenditures could be made, for although the City's financial position continues to improve; we are still *'not out of the woods'*. Accordingly, they were advised to be prudent and plan a status quo operational year. The resulting values were accumulated. As final 2007 financial information became available and our prospects for 2008 became clearer, these preliminary estimates were modified. During a series of budget reduction exercises, Senior Management reduced initial operational expenditure requests by \$450,000.

## **Budget Highlights**

### *2008 Revenues*

Non property tax revenue is forecast to be approximately \$600,000 greater than last year. Tax revenue from new construction and from the pulp plant site will be \$1.2 million. The 2008 Financial Plan assumes a five percent (5%) tax increase which will raise approximately \$500,000. This proposed tax increase will add \$66.00 per year to the tax bill of the average Prince Rupert house which in 2007 had an assessment value of \$147,000.

### *2008 Expenditures*

The City faces many increased costs due to rising prices. The cost increases include: general inflation (2%); the CUPE collective agreement bargain (3% on wages); anticipated energy costs (10%); and non – residential construction costs (14%).

For the past several years the City has not been in the financial position to address anything but emergent infrastructure issues. A significant amount planned maintenance work on road, water, sewer and solid waste disposal work needs to be done. This year by raising taxes by five percent (5%) we are going to begin addressing some of this work. However the cost of maintaining infrastructure is expensive. By way of example when the 2007 Fulton Street repair was completed the total cost was \$530,000. The City will continue to pursue grants from other levels of government to assist in funding this infrastructure maintenance.

The City was successful in receiving a number of grants in 2007 and has continued to seek additional sources of funds. Some grants require the City to match funding, accordingly to access the funds and leverage City money, some projects necessarily take precedence over others. Grants in 2008 which we hope to receive include:

Joint Emergency Preparedness Program	\$21,000
CN Rail (Archives Display)	5,000
Community Health Promotion Fund	35,000
CISP (Establish community business profile)	13,000
Coast Sustainability Trust (Rushbrooke)	185,000
Coast Sustainability Trust (Wayfinding)	80,000
Corporate Energy Plan Study (Part I)	15,000
Corporate Energy Plan Study (Part II)	5,000
Northern Trust Initiative Economic Dev.	35,000
Federal Gas Tax Infrastructure Grant	329,000
Transit Funding Agreement	270,000
Locomotion	100,000

Spirit Square	157,000
Measuring Up (Part I)	20,000
Measuring Up (Part II)	20,000
Enabling Accessibility	50,000
Local Government Infrastructure Planning	
<i>Liquid Waste Mgt Plan (Stage I)</i>	10,000
<i>Hydro Redevelopment Feasibility</i>	10,000
<i>Hays Creek Sewer Line Feasibility</i>	10,000
<i>Fern Passage Watermain</i>	10,000
<i>Liquid Waste Mgt Plan (Stage II)</i>	<u>43,000</u>
	\$1,413,000

### **Financial Plan Assumptions**

The Financial Plan has been prepared with conservative assumptions. By and large, the budget is a ‘status quo’ budget with the previously identified price increases being factored into the 2007 operating results to establish the 2008 budget.

In preparation of the budget the following assumptions/criteria have been incorporated in the budget. Many are ‘self – evident’ or basic to any budget, but adhering to them does cost money:

Statutory financial payments – provision has been made in the budget to ensure that the corporation will be able to pay its statutory financial obligations.

Contractual requirements – provision has been made in the budget to ensure that the corporation will be able to pay its contractual requirements for services and supplies.

Community Charter – the proposed Financial Plan adheres to the requirements defined in the Community Charter.

Status Quo Budget ‘steady as it goes’ – senior staff were advised that this was not the year to begin significant new initiatives and that they should be prudent in their requests for additional funds.

Staffing – the budget does not contemplate either reducing or increasing staff. Adequate funding for a number of positions that were not filled or partially filled last year has been provided for in the budget.

Memberships – funding has been provided for membership in the usual organizations which the corporation joins each year.

Grants – provision for \$1.2 million in grants to other organizations has been included in the budget.

Energy costs – due to increases in transportation costs and natural gas commodity increases, the City will no longer be receiving as much benefit from the purchase of bulk natural gas. We have been advised that our cost in 2008 will increase by approximately ten percent (10%)

Casino Revenues – these revenues will be used to fund grants to community groups.

RCMP Staffing – provision has been made to add one more RCMP staff member. In 2007, due to staffing shortages and a credit adjustment, we were significantly under budget. These events are not expected to be duplicated in 2008.

Merchant Guild Bargaining – the Merchant Guild contract ends June 30, 2008.

Benefits – benefits have been estimated at twenty – two percent (22%) of wage costs.

Revenues – revenues have been conservatively estimated

Expenditures – expenditures have been conservatively estimated.

Cash Flow – the proposed budget does not negatively impact on the City's cash flow. We will have sufficient cash on hand to meet our payments as they become due.

## **Operating Fund Details**

### *Revenues*

Airport Ferry - revenue is expected to increase \$83,000 due to the additional of an extra flight during the summer months. The budget has been adjusted accordingly.

Cemetery – revenue has been budgeted based on last years operating results

Development Services – 2007 was an excellent year for development services (\$600,000). Due to less construction in 2008 the 2007 results are not expected to be repeated and the budget has been set at \$505,000.

Fire Department Group – revenues have been budgeted based on 2007 experience.

Fiscal Revenues – revenue is expected to decrease by \$250,000. The City will be receiving additional interest income due to having better cash balances and we will also be receiving revenues from the Casino. Offsetting these increases will be a decrease in the Prince Rupert Port Authority payment in lieu of taxes due to the sale of property to Maher Terminals, and a reduction in the payment from the Province of British Columbia.

Transit – revenue was overestimated in 2007 by \$69,000; the 2008 budget amount has been adjusted downward.

Recreation Complex – revenues have been adjusted upwards by \$103,000 to partially reflect 2007 operating results and also to budget the fee increase.

Property Taxes - Tax revenue from new construction and from the pulp plant site will be \$1.2 million. The 2008 Financial Plan assumes a five percent (5%) tax increase which will raise approximately \$500,000

Reserves – the budget proposes using \$260,000 from Bylaw Reserves to pay for the acquisition of the new ICE Bear and for the replacement of a number of vehicles.

### *Expenses*

In many cases, departmental expenditures are expected to increase simply because the Department Heads want to provide at least the same level of service as in 2007. To enable this to occur, budgets must be increased to provide for cost increases due to price changes.

Airport Ferry – budgeted expenses in 2007 were significantly under - estimated and for 2008 have been adjusted upward to reflect 2007 operating expenditures. The budget has also been increased to reflect the probable need for an additional run to the island for the new flight and to mirror anticipate fuel price increases.

Capital Purchases – In 2007 the actual expense was \$725,000. The City has many pressing needs to replace aging equipment and for major maintenance of buildings however due to other cost pressures, the budget has been reduced by \$260,000. It is expected the 2009 budget will be \$700,000.



Capital Works – in 2007 the actual expense was \$1.6 million. This year the city has budgeted \$1.8 million. Items include:

Alaska Ferry Dock	\$225,000
Waterfront Trail	25,000
Woodworth Hydro Study	25,000
Fern Passage Water Supply Study	50,000
Uplands Improvement	90,000
Hays Creek Bridge Repair	300,000
Hays Creek Sewer Design	300,000
Landfill Expansion	300,000
Rushbrooke Improvement Area	93,000
Arena Roof repair	95,000
RCMP Building Interior	60,000
Sewer & Water Project	<u>\$300,000</u>
	\$1,863,000

Civic Properties – the budget has been increased over actual 2007 operating results to address civic building maintenance issues such as the painting of the Lester Centre.

Corporate Administration – the budget has been reduced to reflect general expenditure savings and re-allocation of supervisory time to other departments.

Development Services – the budget has been increased over actual 2007 operating results to allow for the employment of two Bylaw Officers and to reflect the reallocation of supervisory time.

Fire Department/911/Emergency Services – the budget has been based on 2007 operating results with an addition amount provided to provide some matching funds for a provincial Emergency Services grant that is anticipated.

Finance Department – the budget has been decreased to reflect anticipated 2008 staffing levels.

Fiscal Expenditures – the budget has been reduced to reflect 2007 operating experience and anticipated reductions in costs.

Grants – the budget has been reduced to reflect the reduction in vested benefit obligations and a grant reduction to the Prince Rupert Economic Development Association.

Information Technology – the budget has been increased to reflect the cost of two full-time staff and the reallocation of supervisory time.

PW Engineering – the budget provides for the backfilling of positions which vacant for part of 2007.

Parks & Cemetery – the combined budgets have been downwards to reflect 2007 actual experience and anticipated 2008 price increases.

RCMP - the budget has been increased to provide for one more RCMP officer and to adjust Federal Pension increases. Operating results of 2007 were the result of lower than anticipated staffing costs and the receipt of an adjustment credit for 2006 RCMP staffing contract costs.

Recreation Complex – the budget has been based on 2007 experience and anticipated reductions in maintenance costs.

Roads – the budget has been increased to reflect 2007 costs and anticipated cost changes.

Transit – the budget has been increased due to increased cost of BC Transit Contract.

Victim Services – the budget has been increased to reflect contractual commitments with the Province of British Columbia.

### **Utility Fund – Details**

Sewer – revenues are budgeted to increase slightly. Off-setting that increase is the expectation that we will be spending a bit more on sewer maintenance in 2008.

Water – 2007 water revenue was due to the fishing industry success. In 2008 we have prudently assumed that the 2007 results may not be repeated in 2008. Accordingly, we have also reduced planned expenditures.

Solid Waste – in 2007 Solid Waste received revenue from fish offal. This has not been included in the 2008 budget. Additionally, in 2008 the fund recorded a deficit. This was due to funds spent on the cost of expanding the landfill site and the recording of an expense accrual of \$250,000 for the eventual closure of the site. In 2008 it is anticipated that \$300,000 will be spent on landfill expansion, and another \$150,000 is budgeted for accrual of the landfill site. The effect of the accruals is that the City is taking the ‘*accumulated surplus*’ from previous years, and indicating that these funds are needed and are being formally committed to assist in funding the closure of the site.

## **Funds Required for Municipal Debt and Interest**

The 2008 Financial Plan has budgeted approximately \$1.3 Million for payment of municipal debt and interest.

## **Inter-fund Transfers**

The 2008 Financial Plan proposes transfer “surplus” balances from the Water and Sewer Fund to the Operating Fund. This is a result of the write-off of the Skeena Pulp Mill receivables and subsequent Operating Fund deficit. By recording this transfer, which will show how the cash was actually used, the City will be improving the transparency of its financial statements.

## **Revenue Policy Disclosure Requirements**

### *Proportion of Total Revenue Proposed to Come From Each Funding Source*

Table one shows the proportion of total revenue proposed to be raised from each funding source in 2008. Property value taxes form the greatest proportion of the revenue of the municipality. The system of property taxation is relatively easy to administer and understand. It provides a stable and consistent source of revenue for many services that are difficult or undesirable to fund on a user-pay basis. These include services such as fire protection, bylaw enforcement, libraries and street-lighting. For these reasons, property value taxation will continue to be the major source of municipal revenue.

User fees and charges form the second largest portion of planned revenue. Some municipal services, such as water and sewer usage, can be measured and charged for on a user-pay basis. This basis attempts to fairly apportion the value of a municipal service to those who make use of it.

Table one: proportions of total revenue

<b>Revenue Source</b>	<b>% Total Revenue</b>
Property value taxes	60.0%
Parcel taxes	0.2%
User fees and charges	39.0%
Other sources (reserves)	0.8%
Proceeds from borrowing	0%
<b>TOTAL</b>	<b>100.0%</b>

*The distribution of property taxes among the property classes*

Table two provides the current distribution of property tax revenue among the property classes. These percentages are based on the historic distribution and City practice. By providing this consistency, taxpayers in the various classes have stability and confidence in knowing how their future tax bills will be calculated. The City maintains the Provincial Regulation of which sets maximum rates for Port property taxes at the capped rates of \$22.50/\$1,000 for property with “new” construction and \$27.50/\$1,000 for property and buildings that existed when the regulation passed (“old” construction).

<b>Property class</b>	<b>% Property Value Tax</b>
Residential (1)	40%
Utilities (2)	1%
Major Industry (4)	8%
Port Property (old)	15%
Port Property (new)	5%
Light Industry (5)	2%
Business (6)	29%
TOTAL	100.0%

***Permissive tax exemptions***

The following properties received partial or full permissive tax exemptions for 2007.

- Anglican Church Cathedral
- BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter
- BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter
- BC Society for the Prevention of Cruelty to Animals (BCSPCA) Animal Shelter
- Bethel First Baptist Church
- Canfisco Municipal Boat Launch Facility
- Church of Jesus Christ of Latter Day Saints Church
- Fellowship Baptist Church
- First Presbyterian Church
- Friendship House Association of Prince Rupert
- Harvest Time United Pentecostal Church
- Indo-Canadian Sikh Association Temple
- Jehovah’s Witnesses Kingdom Hall
- Jehovah’s Witnesses Parking Lot
- Kaien Island Daycare Services Family Resource Centre
- Lutheran Church
- Mennonite Brethren Church

Museum of Northern BC Cultural Dance Centre  
New Life United Pentecostal Church  
Northern British Columbia Museum Association.  
Performing Arts Centre  
Prince Rupert Amateur Radio Club  
Prince Rupert Association for Community Living  
Prince Rupert Church of Christ Church  
Prince Rupert Community Enrichment Society  
Prince Rupert Curling Club  
Prince Rupert Enrichment Society  
Prince Rupert Golf Society  
Prince Rupert Golf Society  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Heritage Committee #1 Pacific Place  
Prince Rupert Native Revival Centre  
Prince Rupert Pentecostal Tabernacle  
Prince Rupert Racquet Association Centre  
Prince Rupert Rescue 15  
Prince Rupert Rod & Gun Club Facility  
Prince Rupert Senior Centre Association Facility  
Prince Rupert Sikh Missionary Society Temple  
Prince Rupert Transition House  
Roman Catholic Annunciation School  
Roman Catholic Annunciation School Basketball Court  
Roman Catholic Annunciation School Playground  
Roman Catholic Episcopal Church  
Salmon Hatchery Facility  
Salvation Army Corps. Centre  
Skeena Queen Charlotte Regional District Building  
United Church of Canada Church  
United Church of Canada Parking

The list demonstrates the policy of council that permissive exemptions are granted to not-for-profit institutions that form a valuable part of our community. These include religious institutions, historical societies, some recreational facilities, service organizations and cultural institutions. Council will be reviewing the City's permissive tax exemption practices during 2008.

**Estimated Tax Rates**

The estimated tax rates for 2008 are:

<b>Estimated Tax Rates</b>		
<b>per \$1,000</b>		
<b>Classification</b>	<b>2007</b>	<b>2008</b>
Residential	8.9313	8.1525
Utilities	40.0000	38.3002
Major Industry	27.5000	36.7500
Port Cap "Old"	27.5000	27.5000
Port Cap "New"	22.5000	22.5000
Light Industry	34.6547	34.9677
Business	33.8606	28.5182
Recreation/Non - Profits	8.2152	7.1390

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