

PUBLIC BUDGET 2022

Proposed 5-Year Financial Plan
Document 2022-2026



princerupert.ca

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Message from the City Manager

2022 will be my first full year as City Manager for the municipality, and I'm pleased to be moving forward on a number of fronts that are of key importance. Our budget reflects the Council's continued commitment to move forward with key infrastructure projects—but we are also working on planning for Prince Rupert's future, not just addressing our infrastructure deficit.

Our Planning Department is working on a Master Transportation plan, a Master Parks Plan, as well as Housing Needs Assessment that will identify Prince Rupert's needs in those areas for the decades to come. We have placed a number of single family lots for sale, and will soon be placing multi-family lots on the market soon to help shore up Prince Rupert's housing stock. Council will also soon consider approval of a Bylaw to regulate the rental housing market in the community—so that there are local measures for enforcement of living standards for our residents.

We anticipate that the work on the new water source for the City will be completed and commissioned very soon. And there are several infrastructure initiatives underway.

As Prince Rupert continues to grow, it is our main aim to make sure that not only are we providing the core services that are our main focus, but that our community meets a standard for livability that residents expect and deserve. We hope that the budget priorities we have presented reflect what you hope to see in 2022 for your community, and look forward to hearing from you.

Robert Buchan
City Manager, City of Prince Rupert



Message from the Chief Financial Officer

Each year, the City prepares a five year financial plan which lays out the anticipated revenues and expenses over the course of the next five years. The goal of the City's Finance department is not only to provide sustainable fiscal management of our municipal resources, but also to ensure that the public can access and understand information regarding how the City manages public funds. This budget document has been developed to provide residents with a reader-friendly version of the City's budget in order to achieve that end.

This document is intended to augment the annual budget presentation to Council and seeks to inform residents of Council's strategic priorities, financial policies, and resource and service challenges— overall providing the public a greater understanding of the context in which spending decisions are made.

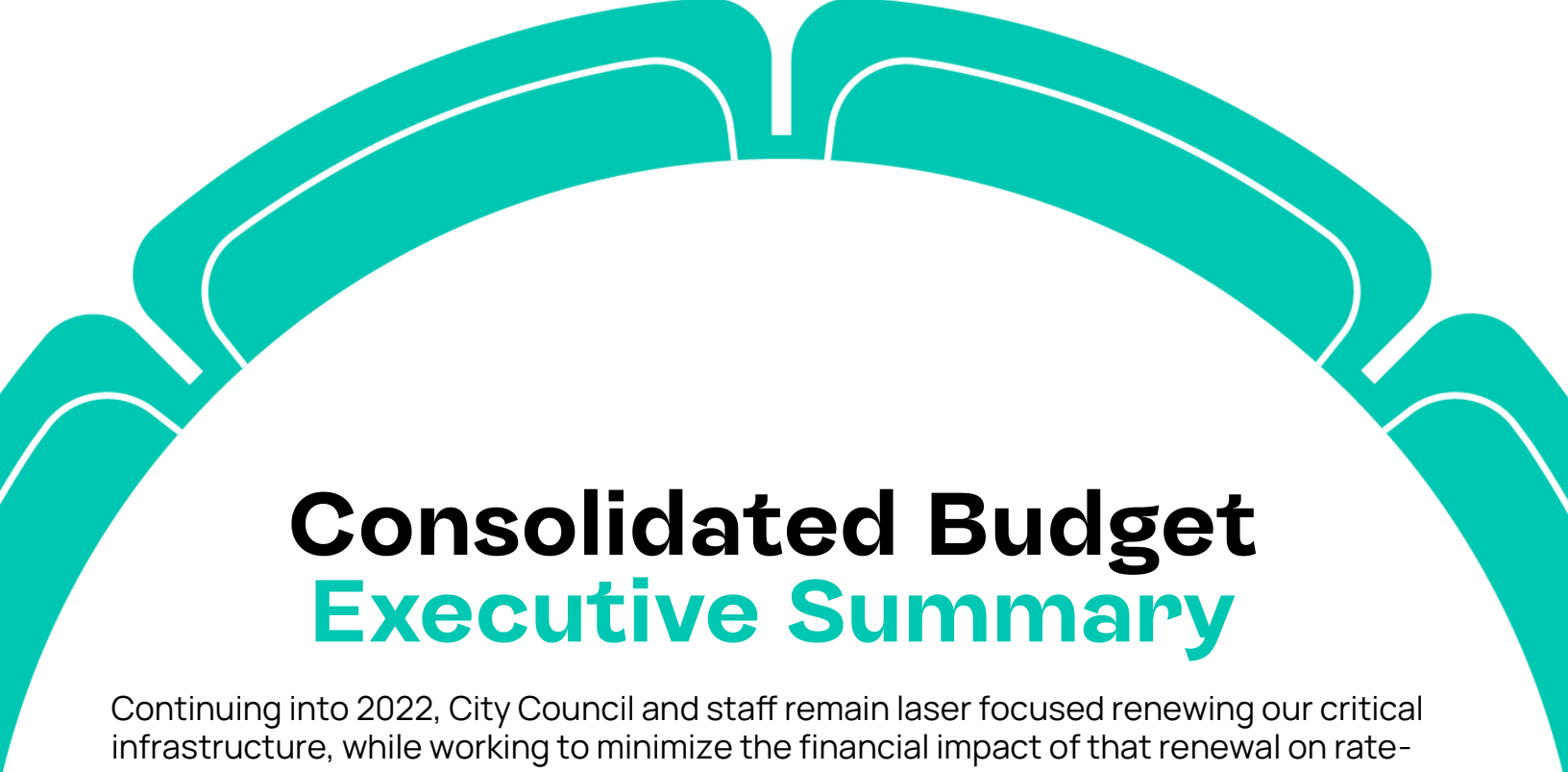
Further to these goals, we are happy to share our budget engagement platform for a second year. This simulation provides users the opportunity to provide feedback on service priorities all the while maintaining the need to balance the budget. We encourage you to give it a try. Feedback obtained in this way is shared with Council before the budget is finalized. **See page 12 for information on our interactive budget simulation.**

The 2022 Budget actions the goals of Vision 2030 and the Official Community Plan adopted in 2021. Revitalization and renewal of community assets as well as a focus on the City's economic growth challenges is front and centre in an ambitious budget funded through multiple sources of revenues. Maintaining the health of City finances while meeting established service levels is reflected in the following pages and investment on Watson Island continues to enable us to allocate funding towards our infrastructure needs without passing on those costs to City taxpayers. We still have a lot of work to do but we are getting there one budget year at a time.

Thank you for taking the time to review this document. We welcome the opportunity to inform our community.

Sincerely,

Corinne Bomben, CPA, CA
Chief Financial Officer, City of Prince Rupert



Consolidated Budget **Executive Summary**

Continuing into 2022, City Council and staff remain laser focused renewing our critical infrastructure, while working to minimize the financial impact of that renewal on rate-payers. This includes continued work on the water supply, with the new dam scheduled to come online in Spring of 2022, and engineering for water treatment with the Provincial value engineering process continuing in 2022.

In 2022 the City is also seeking a loan authorization to conduct the mandated replacement of our RCMP Station. This project is currently estimated to cost \$26 million, and will update our station to current regulatory standards, focus on reducing GHG emissions, and serve the community for decades to come.

As always, a primary focus of Council and Staff at the City is to obtain diverse sources of revenue to minimize the financial burden of service provision from our residential and commercial taxpayers. This involves action and advocacy on a number of fronts, listed below:

- The lease of portions of Watson Island via Prince Rupert Legacy Inc. to diverse commercial interests to bring the island back onto the tax roll and collect lease revenues—so far a successful undertaking which is funding many of the City's capital projects thereby minimizing tax increases for this purpose;
- Continued advocacy to have the Province fund any decline in tax collection realized through the Port Property Tax Act (PPTA) - a Provincial tax incentive program;
- Advocacy for a permanent Resource Benefits Agreement for the Pacific Northwest;
- The redirection of the gross revenue charge, currently paid by the Port Authority to the Federal Government, to the City to support City services benefitting Port activity.
- And, continued application for grants and advocacy for improvements to granting programs to subsidize the costs of capital improvements and service provision.

Council Priorities

In their 2014-2018 term, the Mayor and Council of the day developed a series of strategic priorities that would guide their term in office. These priorities are continuing to serve as a guide for the current Council and have been added to since the 2030 Vision was adopted.



1. **Financial Stewardship:** The City of Prince Rupert will provide sound financial management to ensure financial sustainability. This involves the return of Watson Island to revenue-producing status, implementation of asset management programming and reserves, and the active pursuit of available grant funds to alleviate the local tax burden related to infrastructure replacement and programming.



2. **Community Vision and Planning for the Future:** The Redesign Rupert consultation and engagement initiative leading up to the 2030 Vision document has helped the City to identify priorities for infrastructure renewal, housing needs, commercial and waterfront development opportunities, and areas appropriate for future industrial development. Planning initiatives regarding the downtown core and waterfront, as well as the renewal of our Official Community Plan and Zoning Bylaw (completed in 2021) have been developed to support and bring to life this vision. The City is also undertaking Transportation, Parks/ Recreation and Housing planning over the coming 2 years to continue to entrench a strong vision for our future.



3. **Asset Management:** Sound asset management planning is a significant component of financial sustainability as well as grant funding eligibility. This has been a focus of Council and of our Finance and Operations department in recent years to put our future community in a financial position to replace assets before they fail. Asset management reserve funds are now built into our main utility accounts and continued efforts are being made to contribute towards operating fund reserves.



4. **Economic Development:** The City of Prince Rupert will continue to strive to nurture and support a thriving and vibrant local economy that is inclusive, sustainable, and socially equitable. This means growing our local tax base, seeking opportunities to revitalize commercial buildings and develop housing in the Downtown Core, and encouraging new businesses. In support of this, Council adopted a Downtown Revitalization Tax Exemption Bylaw in 2021 to encourage current/new property owners in the Downtown, Midtown and Marina district to further this priority.



5. **Corporate Communications:** The City of Prince Rupert will continue to develop its communications, both internally and externally, towards improved openness, transparency, and informed public involvement. In 2019, this included a new online engagement platform called Rupert Talks, at engage.princerupert.ca that the City has been using successfully to gauge community support for City programs and initiatives, and collect information to assist in future policy development. The use of this platform is continuing into 2022 with our annual budget consultation among other projects.



6. **Relationship Building:** The City of Prince Rupert will continually strive to build relationships with all partners both in and out of the community. In 2019, the City signed Memorandums of Understanding with Metlakatla, Lax Kw'alaams and Gitxaala. The City continues to engage with our First Nations neighbours to activate and entrench the principles laid out in these agreements.

2022 Challenges

Infrastructure

To identify spending priorities for Councils moving into the future, the City conducted a study in 2015 to identify the municipal infrastructure deficit. The report back was a near \$300 million worth of infrastructure projects needing to be addressed over the next decade. Though challenging, the City is continuing to move forward to proactively tackle the most pressing of our infrastructure challenges. This budget year sees a record in planned spending on infrastructure renewal.



Water + Sewer

The security and quality of the City's water supply continues to be a top priority. This year the City will complete the replacement of our 100 year old dam. The next phase is implementation of a multiple barrier water treatment, and the replacement of one of two submarine lines—currently in the engineering phase with the Province.

The City is in Phase 3 of our Liquid Waste Management Plan which requires us to begin major works for collection and treatment of Prince Rupert's liquid waste to meet Federal requirements. Capital spending in 2022-2023 will implement a wetland wastewater treatment system on a small-scale behind Omineca Avenue, which services approximately 100 homes. For more information on this project, [go to our website](#).



RCMP Detachment

The City received notification a number of years ago that the existing RCMP building is no longer adequate to accommodate the policing service in accordance with their regulated standards/requirements. A site was purchased in 2020. Over the past two years, budgets have included reserving enough new taxation from industrial builds to service the expected municipal portion of the debt for this new build. The City has requested a loan authorization bylaw in 2022 for facility construction through an Alternative Approval Process. If this authorization is successful, a new facility is expected to be in service in late 2024.



2022 Challenges



Roads

Since the closure of the mill in 2001, and the resulting decrease in municipal revenues, the City's roads budget has suffered the most. The budget stagnated at \$400,000 every year since 1998 except in 2015 and 2017. To maintain our 68km road network in good condition, the City should repave 2km per year. Asphalt is made with oil, which has increased in cost, therefore the return on the budgeted amount has been a diminishing roads program over the past 20 years. There are no grants available for roads meaning any increase in the budget is generally paid by taxation unless other sources of funds are found. In 2019, the City increased the budget for roads by 25%, and again in 2020 by an additional 100% to better maintain the roads and protect the foundational layers under the top asphalt layer. 2022 proposes maintaining the roads budget at the 2021 level.

Long-term Asset Management

Sound financial management of municipal assets includes planning for capital renewal in a sustainable manner. What this means is saving a little over time to eliminate the impact of large capital replacements over a short period (like we are in the midst of right now). Replacements requires contributions over time from all municipal users rather than the burden being placed on a select few.

Asset management is an increasing concern for Canadian municipalities. The post-war era saw a massive building campaign by the Federal government. Grants funded much of Canadian municipal infrastructure during this period. Officials in the decades to come came to rely on these granting programs, and did not anticipate that the availability of grants would be severely reduced when the time came to replace critical infrastructure. As such, there was no savings plan in place locally to renew community infrastructure assets. Now, Federal and Provincial grants require a shared financial contribution from municipalities when grants are awarded, which means that in order to complete infrastructure renewal, the municipality must have funds on hand to dedicate. Long-term asset management seeks to save our municipal portion of capital renewal contributions. Implementing this makes sense, however, it has been challenging when the following issue is considered.



2022 Challenges

Provincial Incentive Program

The British Columbia government passed legislation in 2004 that affects the municipal taxes paid by export industries in 9 communities along the BC coast. Prince Rupert is one of the affected communities. The legislation places a maximum flat property tax rate on qualifying export terminals. All of the operating export terminals qualify for the flat rate except the LPG terminals. Property taxes are calculated on assessed values. Unlike residential properties which generally increase in value, the assessed values of an export terminal decrease every year, unless new taxable investments are made. A flat rate of taxation multiplied by a lower assessed value each year means Prince Rupert collects less taxes each year from the operating export terminals. This loss is then transferred to the residential, business and light industrial property tax payers because municipal costs do not decline.



Prince Rupert is very much in favour of import export terminals locating here. They provide high paying employment to our citizens, who spend their wages in our community generating more/ sustained employment. Prince Rupert is not in favour of our property owners paying for the British Columbia incentive program. To illustrate the extent to which this program impacts City finances, the Fairview Container port paid 17% less property tax in 2020 than it paid in 2010 whereas an average assessed homeowner paid 7% more property tax in 2020 than in 2010. This property tax shift is unfair and City Council and staff have been hard at work making the Province aware of the inequity. Although the Province made a change in 2020 to the relevant legislation governing this program, it did not have impact for us, but rather for certain other municipalities with land inequity challenges. We continue to lobby for the Province to recognize our situation is different and that our tax base is too small to not be treated differently. We hope to find a way for our non-industrial taxpayers to stop carrying the incentive program on the Province's behalf.



Readers Guide

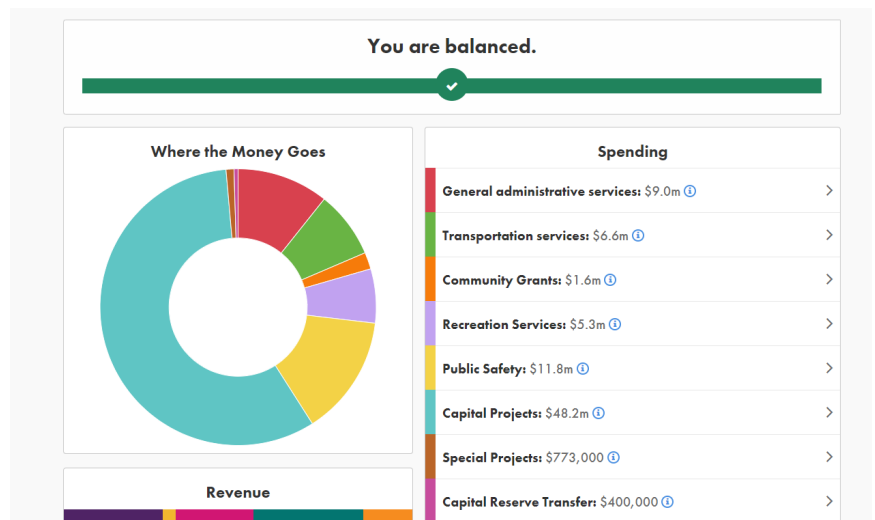
Purpose of this document

This document is intended to provide greater public understanding of the financial priorities, policies, constraints, as well as overall financial environment within which the City operates.

It additionally lays out the foundation for the 5-year financial plan bylaw for the period between 2022-2026, identifying current and projected revenues, capital and operating expenditures, current property tax rates, information on municipal funds such as utilities, as well as the list of current property tax exemptions.

We hope that you find this document simple to read, and that it provides you greater understanding of our budget.

If you have questions or concerns, please contact the City's Finance Department by calling (250) 627 1781, or our municipal 311 service.



Budget Simulation Continuing

For those of you who prefer a hands on approach to sharing your budget priorities, the City has created a budget simulation for the public to use as a part of the budget engagement process.

This simple tool can be used to share your priorities and puts you in the driver's seat of municipal service funding thereby enabling us to hear from you. Tell us what you would do, this is your opportunity.

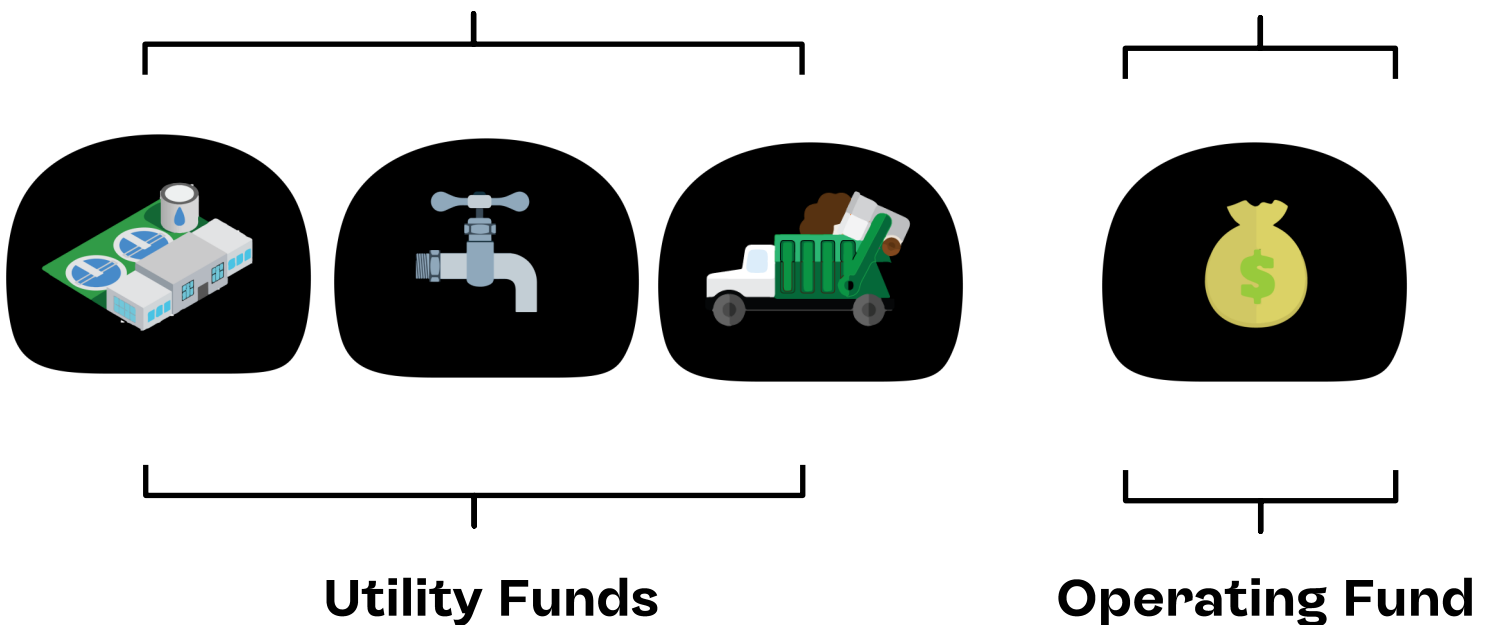
The simulation can be found on our webpage on the landing page and under the [2022 City Budget](#) button. You can also go to engage.princerupert.ca for a link to the simulation.

Organization of Operation Finances

Division of Operating Funds

The City's financial organization is split into four separate funds. The Water Fund, Solid Waste Fund and Sanitary and Storm Sewer Fund are 3 of the 4 funds that are considered Utility Funds. Utility funds are self-liquidating meaning that their cost is funded entirely out of the income earned over a fixed period. Aside from capital grants, the utilities operate on Council approved bylaw fees. These fees are set typically over 3 – 5 year terms with a new fee setting bylaw passed in 2020 for the period 2021 through 2024.

The 4th fund is the Operating Fund. This fund includes road maintenance and paving, Fire & RCMP costs, Recreation, Airport Ferry, BC Transit, Parks, Cemetery, City buildings, grants and Administration. Funding for the operating fund occurs through fees and charges (such as recreation, airport, transit and cemetery fees, business and pet licences, building and other development permits etc.), grants from other levels of government (including in lieu of taxes payments), and property taxes. Property taxes makes up the largest of the single component payments for these types of services. Property taxes are levied by Council approved bylaw yearly and are based on property assessments set by the British Columbia Assessment Authority. It is the last component utilized to make up a balanced budget which means the City only levies enough tax to cover the remaining costs not covered by fees and charges and grants.



Budget Assumptions

Finance staff proceed with the development of our municipal budget each year based on several key assumptions:

- Initial property tax calculations are based on available property valuation data from BC Assessment. These calculations are redone once property owners are given time to challenge their assessment, and final assessments are made available March 31st.
- Budgets are developed based on service levels from previous years, as well as needs identified in our asset management plans.
- Any expansions in service identified are evaluated to determine feasibility and potential sources of funding. Some projects are funded based on the availability of grants to subsidize capital improvements or programs. If these funds are not available and the project is non-essential, the project may not be funded that calendar year.
- Known contractual obligations and statutory benefits increases, and energy rate increases.
- Special circumstances, periodic expenditures (i.e. OCP review, election cycle, and debt consultation, impacts due to the pandemic).
- Recovery of costs through known fee increases in certain categories.
- Staffing levels are consistent to maintain existing service levels.

Legislative Changes + Assumptions:

- Budget assumes full Payment in Lieu of Tax and Grant in Lieu of Tax payment by government authorities subject to in-lieu of tax legislation.

2022 Budget Highlights/Changes

Alongside increases highlighted below, resulting in the need to increase the mill rate, additional notable items in the 2022 budget are:

- Completion of the Woodworth dam
- Initiation of the RCMP Detachment replacement design
- Funds from Legacy Inc towards Downtown Revitalization Planning
- Costs associated with the 2022 Municipal Election
- Additional environmental monitoring and repair costs not originally anticipated for the opening of the new landfill cell

****Staff have proposed a 3.63% mill rate increase for 2022. In the last 7 years we have had a 0.5% net increase.**

After taking into consideration the expected revenues and expenditures for normal service operations, the City is anticipating a net shortfall of \$700,000. After applying all available and permissible funding sources, the **increase necessary to balance the budget for the year is a 3.63% increase to the mill rate.**

A photograph of firefighters in yellow gear working at a residential house with smoke rising from the roof.

Addition of Fire Staff

\$430,000

To meet service delivery while complying with WorkSafe regulations

A photograph of a modern commercial building with 'BUICK' and 'CHEVROLET' signage.

Public Works Lease

\$310,000

New location for Public Works staff due to deteriorated existing facilities

A photograph of a red and blue RCMP detachment building.

RCMP Contract Increase

\$380,000

Policing cost increase after Federal bargaining with RCMP Union

A photograph of five people, including staff and volunteers, standing in front of a public washroom facility.

Public Washroom Maintenance

\$30,000

New 24 hour public washroom located in the downtown core

A photograph of a powerful waterfall cascading over rocks.

Transfer to Capital Reserve

\$400,000

To allocate emergency funding for unknowns during year (decrease from 2021)

Revenues + Property Taxation

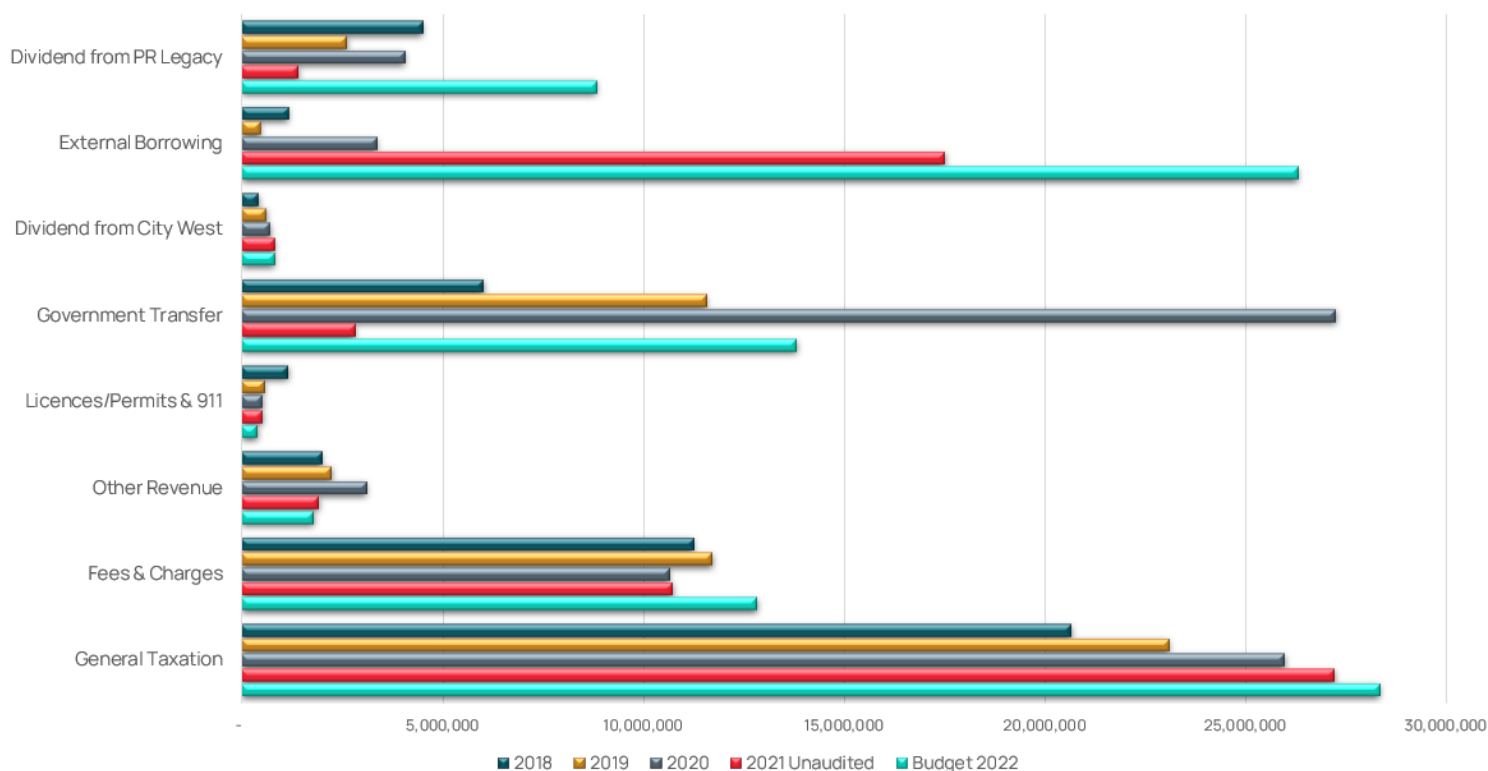
Overview of Revenues

The City's municipal revenues are primarily funded by:

- Taxes & Grants in lieu of taxes
- Fees & Charges
- Transfers/grants from other governments

Council and City staff are working diligently to identify and advocate for new sources of revenues, to alleviate our municipality's reliance on residential and commercial property taxes in order to cover the remaining costs of municipal services and programming.

Revenue Sources



Note: General Taxation includes revenues collected through property taxation as well as amounts paid in lieu of taxes

Government Transfer listed in chart above consists of....

- Capital Grants
- Gas Tax
- Traffic fines sharing
- Small Community Grant
- Northern Capital & Planning Grant
- Covid-19 Safe Restart Grant

Other revenue consists of:

- Non-government grants and donations
- Penalties and interest on overdue taxes
- Property rentals/leases
- Water meter rentals
- Gains on disposal of assets
- Administration fees

Revenue + Property Taxation

Revenue Sources

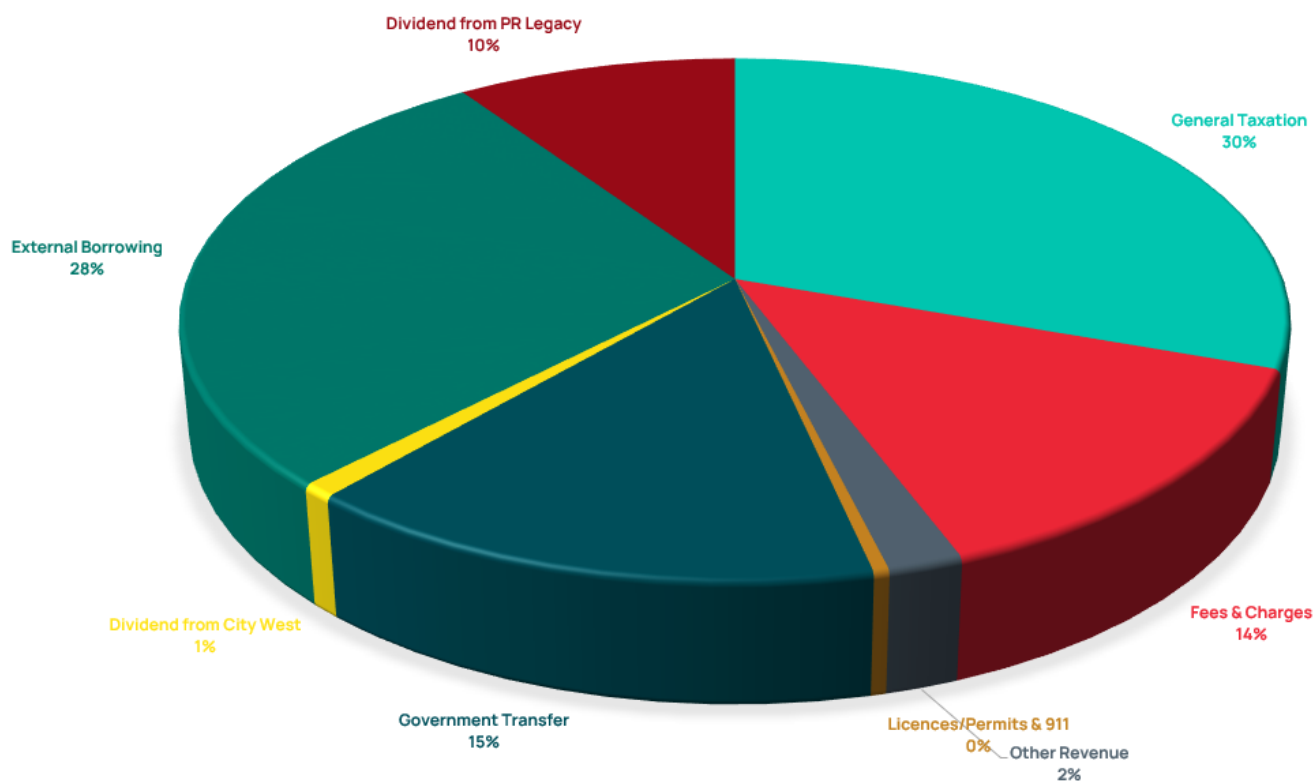
The chart on this page and the last show the distribution and trend of the City's major recurring revenue sources. These charts include all of the funds; the general operating and the utilities funds. Inclusive are grants and debt for capital projects. Property tax remains the single largest component towards funding general operations. This is common amongst municipalities given the limited opportunities for the generation of operating dollars.

Fees and charges for general operations are being updated (ie. Recreation and Transit). Continued emphasis for review of fees and charges considered out of date is ongoing. Utilities and cemetery fees have been updated on a recurring three year cycle, with Solid Waste fees increasing by \$68.59/per residential unit this year to incorporate the cost of providing the new recycling service.

User fees are established to allocate a share of the cost associated with the use/consumption of a service. They are intended as recognition of a direct benefit received. Fees and charges are established based on best practices identified, feedback from users and residents, authority under provincial legislation and in accordance with Council's direction related to service levels.

An emerging revenue source for the purposes of revenue stabilization is lease revenue. The City has limited non-residential land holdings that are available for development of any kind given the terrain and the fact that the municipality is located on an island. Therefore, the practice of selling land has a time horizon given its limited supply. In 2022 the City is seeking to sell municipal lots that are appropriate for residential development, while choosing to lease potential industrial holdings. While the proceeds from the sale of land can only be used to repurchase land and other capital assets in accordance with the Community Charter, leasing land can be used for operating purposes, ie, repaving roads, and funding RCMP increases, as well as purchasing capital assets. The flexibility associated with leasing property enables the City to utilize the revenue in more ways to achieve operational goals as well as retain greater control over the use of property into the distant future as well as the condition of it after the lease is over.

2022 Budget for Revenue Sources



(Above) See pie chart for the sources of municipal revenue and their relative proportions of the City budget in 2022

Revenue + Property Taxation

Property Taxation

Property tax is the City's most significant source of operational funds. For 2022, residential and business assessment (before BC Assessment's revised roll to be issued March 31) makes up 76% and 10% respectively of the total assessment in the city (2021—71% and 12% respectively). Residential tax is budgeted at 31% of total property tax and Business tax makes up 22% (similar to 2021).



Tax Class Distribution

The City makes every effort to ensure all tax classes that are impacted by increases are allocated equally. This means, if a percentage increase to the adjusted mill rate is recommended, the Residential, Business, Light Industrial, Major Industrial and Recreational/Non-Profit classes are all impacted by the same percentage.

Depending on whether properties change class, are added or removed from the roll, or are made exempt, this changes the relative allocation of tax distribution year over year. All property class information and valuation is determined and provided by British Columbia Assessment Authority.

The budgeted and prior two years of municipal property tax distribution are as follows. Readers will note the Major Industrial class that is capped by provincial legislation, the Port Property Tax Act. This legislation was identified on page 11 of this document as one of the challenges facing the City since its implementation in 2004.

Property Tax Allocation

Property Class		Budgeted 2022		2021		2020	
		\$	%	\$	%	\$	%
Class 1	Residential	7,381,636	31.20%	7,097,282	31.42%	7,070,381	32.74%
Class 2	Utilities	298,485	1.26%	285,999	1.27%	204,250	0.94%
Class 4	Major Industry	6,419,468	27.13%	6,167,446	27.30%	5,027,233	23.28%
Class 4a&b	Major Industry capped	3,692,375	15.61%	3,719,512	16.47%	3,705,549	17.16%
Class 5	Light Industry	689,819	2.92%	649,652	2.88%	558,318	2.59%
Class 6	Business	5,157,558	21.80%	4,649,712	20.58%	5,009,105	23.20%
Class 8	Recreation/Non-Profit	20,287	0.09%	19,577	0.09%	19,577	0.09%
Total		23,659,628	100%	22,589,200	100%	21,594,414	100%

Property Taxes—Financial Impacts to Residents

The City collects the majority of its revenue twice per year. Utilities notices for annual payers are issued in February with an early payment discount cut off of March 31st.

Property taxes are collected half way through the City's operational year (calendar year) and are due, penalty free, the first business day after Canada Day (this year July 4th).

Property Taxes

Municipal property taxes are levied by multiplying the Council determined municipal mill rate (also known as tax rate) to a property's assessed value as determined by BC Assessment Authority based on fair market values as of July of the previous year. Property values have increased in Prince Rupert, and each year, the increase is taken into account and the municipal mill rate is adjusted downwards to eliminate the average increase. This means the municipal mill rate charged in the prior year on an average assessed value home is changed to arrive at the same amount of tax on an average assessed value home in the current year.

Some neighbourhoods may have realized significant sales compared to others which would increase their values above the average assessed increase, and conversely, some properties may have seen a reduction in their assessment. Where property values increase more than the average, owners can expect an increase in taxation before any change to the mill rate is approved.

Depending on whether there are net new builds in the community (positive non-market change) which brings new tax to the City's budget, and other revenue expected to be realized that offsets any increase in servicing costs, then the last resort is an increase in taxation need. Should this occur in any given year, Council then entertains reductions in services, postponement of projects, or an increase in the adjusted mill rate.

At the time of writing this document, **staff have proposed a 3.63% increase to the adjusted residential mill rate**. This means, an average assessed value homeowner will pay \$67 more in 2022 than an averaged assessed value homeowner did in 2021. (See table above). The proposed municipal mill rates are listed in the table below. If your assessed value increased no more than 26% in 2022, you will pay less property tax in 2022 even after the increase is applied.

	2021	2022
Average Assessed Value	\$296,000	\$389,000
Residential Mill Rate	5.50568	4.36303
Residential Municipal tax	\$1,630	\$1,697

Property Class #	Property Class Name	2021 Municipal Mill Rate	Proposed 2022 Municipal Mill Rate
1	Residential	5.50568	4.36303
2	Utility	54.40975	56.04854
4	Major Industrial	51.52350	56.33682
4a	Major Industrial (Capped 27.50)	27.50	27.50
4b	Major Industrial (Capped 22.50)	22.50	22.50
5	Light Industrial	21.05751	20.02744
6	Business	21.76390	22.41942
8	Non-Profit/Recreation	4.34421	3.74972

Financial Impacts to Residents

Property Taxes are Directly Tied to the Value of your Home

The impacts of property taxes are based in large part on the assessed value of your home from year to year, as well as the municipal mill rate. See below for a graphic describing the expected costs of municipal property taxes based on the proposed 3.63% change to the residential mill rate for 2022:

Homes with an assessed value of....



\$150,000



\$250,000



\$350,000



\$450,000



\$550,000

Will pay...

= **\$654** in
property taxes
(\$171 less than 2021)

= **\$1.79/per day**
towards
municipal
services

= **\$1,091** in
property taxes
(\$286 less than 2021)

= **\$2.99/per day**
towards
municipal
services

= **\$1,527** in
property taxes
(\$400 less than 2021)

= **\$4.18/per day**
towards
municipal
services

= **\$1,963** in
property taxes
(\$514 less than 2021)

= **\$5.38/per day**
towards
municipal
services

= **\$2,400** in
property taxes
(\$628 less than 2021)

= **\$6.57/per day**
towards
municipal
services

PLEASE NOTE

The numbers described above are only for the portion of your tax notice dedicated towards municipal property taxes. The City also collects taxes on behalf of other taxation authorities such as the School Tax, Regional Hospital District, North Coast Regional District, BC Assessment & Municipal Finance Authority. In 2021, approximately 64% of your tax bill was made up of taxes collected by the municipality, with the rest going to the aforementioned taxation authorities.

2021 PROPERTY TAX NOTICE
CITY OF PRINCE RUPERT

424 WEST 3RD AVENUE
PRINCE RUPERT, B.C. V8J 1L7
PHONE (250) 627-0946

Jurisdiction: _____ Roll: _____
Civic Address: _____
Legal Desc: _____ Plan: _____ Lot: _____ Block: _____
DL#: _____

Mortgage Code: _____
Mortgage Name: _____

DUE DATE
July 2, 2021

PENALTIES & INTEREST
10% Penalty on taxes unpaid
after July 2, 2021 Interest on
arrears and delinquent
calculated to July 2, 2021.

If the property has been sold, please forward this notice to the purchaser.

Taxable Assessed Value	Class	Land	Improvements
Hospital	01	91,700	225,000
General	01	91,700	225,000
School	01	91,700	225,000
Tax Levies	Class	Taxable Value	Rate
GENERAL - RESIDENTIAL	01	316,700	2,427,200
LIBRARY - RESIDENTIAL	01	316,700	5,336,330
NORTHWEST REG. HOSP-RESIDE	01	316,700	0.169350
NCRD - RESIDENTIAL	01	316,700	0.572200
BCAA - RESIDENTIAL	01	316,700	0.163980
MFA - RESIDENTIAL	01	316,700	0.041100
			0.000200
Total Current Taxes			2,758.57

Municipal rate {

If you are 55 years or older,
widowed, physically disabled or

REDUCE THE IMPACT, APPLY FOR THE HOMEOWNER GRANT AND/OR TAX RELIEF

The Province offers homeowners two programs:

- [Home Owner Grant](#)
- [Tax Deferral program](#)

The numbers above reflect property tax rates *before* the application of the Provincial Home Owner Grant, which **MUST** be applied for each year before the Property Tax payment deadline (July 4 this year) or a Provincial penalty will be applied. **Homeowners must make application to the Province for the Home Owner Grant. Go to gov.bc.ca/homeownergrant or call Toll-free 1-888-355-2700 for more info and to make application.**

Financial Impacts to Residents

Utility Fees

Council approved the fees and charges associated with Water, Sewer, and Solid Waste service in December 2020 and 2021. These fees have been included in the Five-Year Financial Plan.

Residential users are billed annually for Water, Sewer and Solid Waste based on a flat fee. Commercial users are billed water and sewer either monthly or quarterly based on meter readings. There is limited commercial solid waste pick up, and all users of the landfill are subject to tipping fees associated with scale weights and type of waste.

All rates levied are subject to a 2% Asset Management levy which is accumulated in Council established Asset Management Reserves associated with each specific utility.

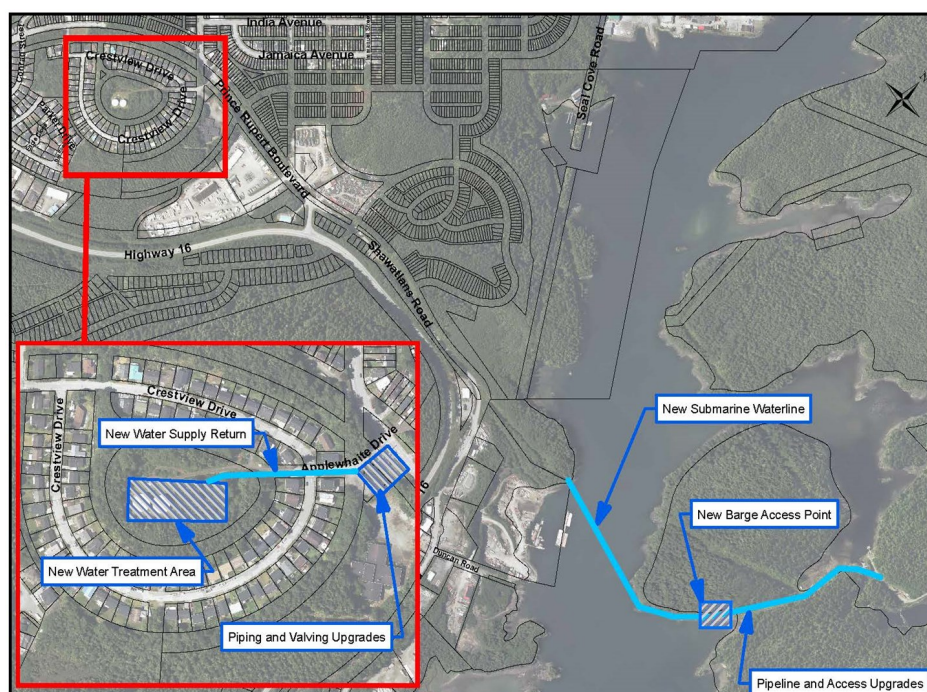
Residential users are billed the following rates:

Utility	2022	2% Asset Management	Total
Water	\$530.40	\$10.61	\$541.01
Sewer/Sanitary	\$498.78	\$9.98	\$508.76
Garbage	\$449.45	\$8.99	\$458.44

The City applied for and was awarded grants for Phase 1, Phase 2 and Phase 3 of the Water Supply project. Phase 1 is complete and Phase 2 (replacement of the Woodworth Lake Dam) is to complete in Spring 2022. Funding for the construction is by way of grant, dividends, reserves and debt. Estimated repayment and interest of the debt is approximately \$500,000 per year repaid by dividends from Prince Rupert Legacy Inc. over a period of 25 years.

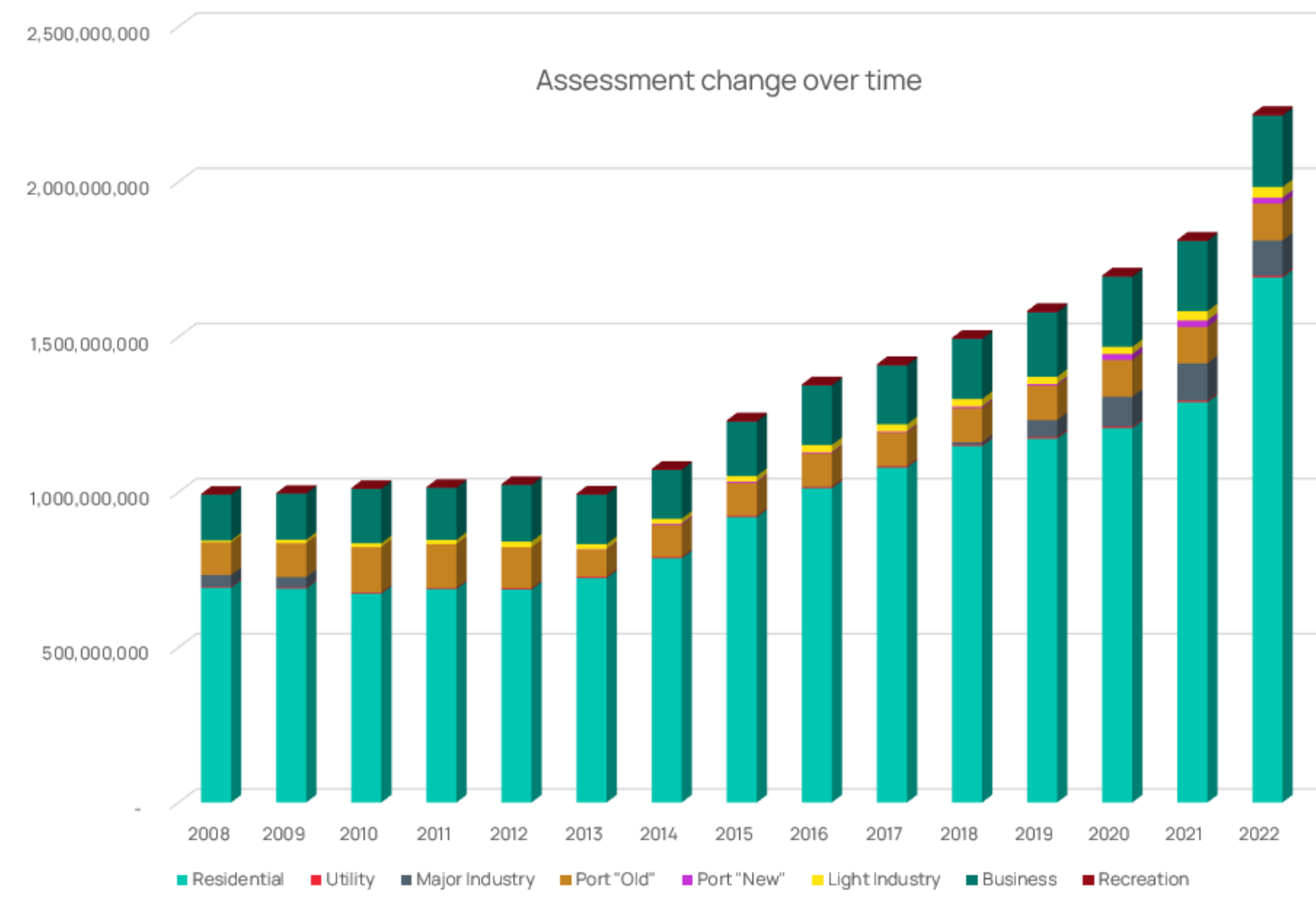
The Water Treatment project is in the design stages. Accurate financial information will be forthcoming.

Within our solid waste utility, is the construction of a new landfill cell. Funding is by way of debt reserves and accruals. The current solid waste fee structure will service the debt repayments over the next 25 years.



(Above) The conceptual drawing for the City's proposed Phase 3 of the water project, which includes a new treatment facility and replacement of the submarine water line.

Financial Trends + Cost Drivers



(Above) Figure 1 shows the change in BC Assessment Authority assessed values for the various tax classes from 2008-2022

Trends in Property Taxation

As residents are aware, property taxation is levied on the assessed value of property. For all taxable property owners, the assessed value is calculated by the BC Assessment Authority, and in Prince Rupert, the trend in residential values has been a steady increase, with a significant (30% on average) increase in 2022 as shown in *Figure 1*. Each year, the municipality adjusts the tax rate to reflect the change in values, so that we only collect what is needed to meet budgetary requirements. This means, if a property value went up at the average increase, there would be no change in the municipal tax bill.

The trends in residential and commercial taxes differ from those in the major industrial sector. Due to the declining value of property improvements as they age, assessed values for industrial properties and their assets tend to go down over time. This downward trend continues unless major investments are made into industrial property improvements (such as the container port expansion in 2017, and the development of the Altagas and Pembina's propane facilities in 2019 through 2021). The Province has limited the taxation that can be collected from the classes called Port "Old" and Port "New". All other classes carry the burden of this Provincial limitation. The City is still working to remove this unfair tax policy.



Significant Cost Drivers

There are a number of influences on annual costs of operations in our municipality. The primary ones are similar to those that impact residents and businesses, and are associated with increases to costs of living:

- Statutory benefit increases
- Contractual wage increases
- Service contract increases (i.e. RCMP, Transit, Airport bus)
- Energy cost increases
- General goods and services increases

In addition to these regular cost drivers are one time events, or incidents that may impact the budget. These include, but are not limited to, unanticipated failure of local infrastructure, or an inclement weather event significantly impacting demands for staff.

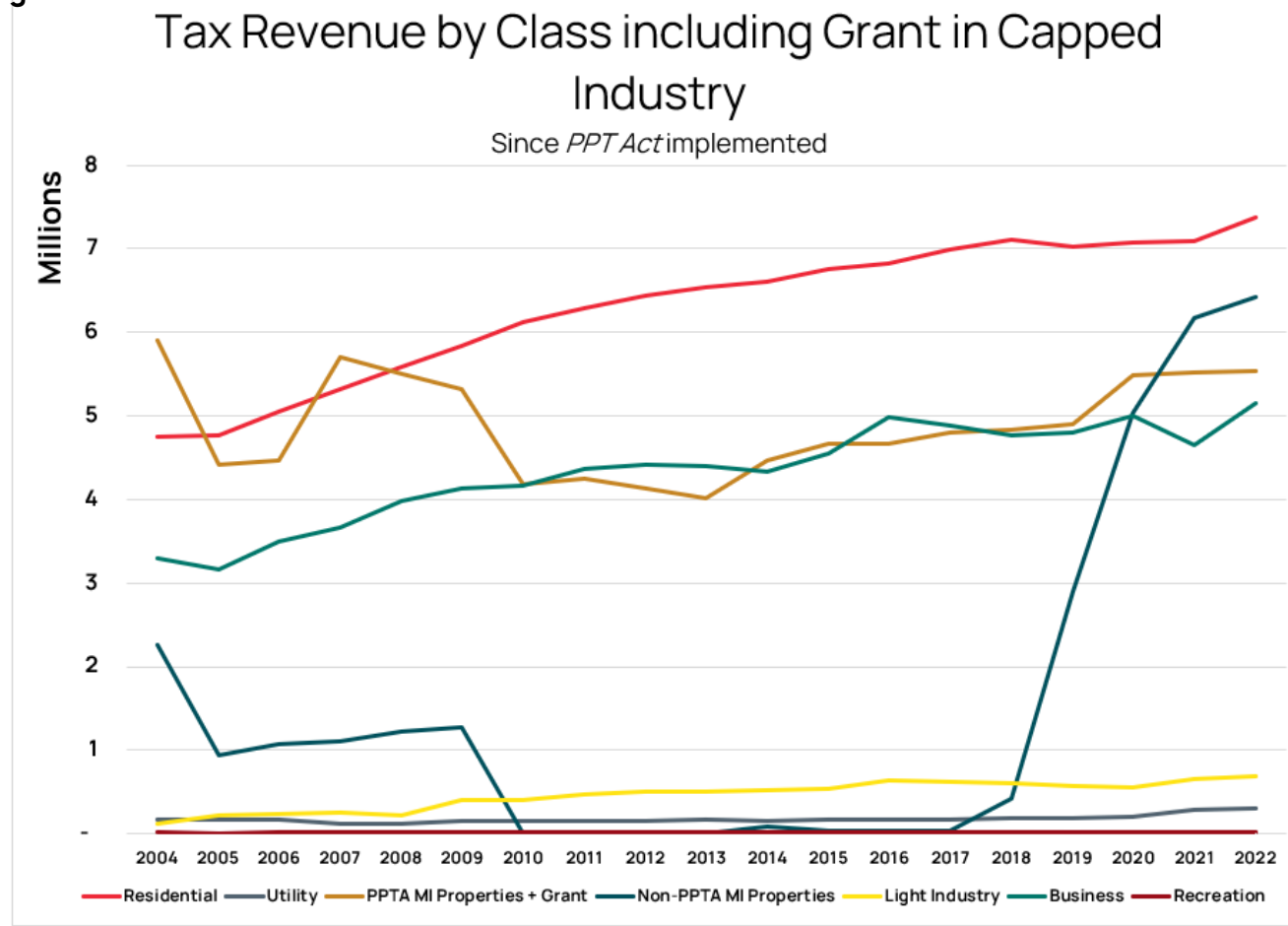
Financial Trends + Cost Drivers

As mentioned on [page 11](#) of this document, there is a Provincially-legislated cap applied to port-related major industry in Prince Rupert under the Port Property Tax Act (PPTA). This legislation sets the property tax rate the City may charge to qualifying major port industry. This capped rate, applied to properties which decline in value each year, means the trend for port industries is to pay less in municipal property taxes over time. New terminals such as the pellet plant or reinvestments such as the container port expansion increase the amount paid in the year they are developed, however each year following the year of investment, the amounts paid will continue to decline.

Overall, since the PPTA was enacted, the impact of this declining industrial tax base has resulted in a transfer of the tax burden and increased costs of City services and infrastructure to be borne by other tax-paying classes in the residential, business and light-industrial sectors. This transfer also makes it difficult to add to services provided by the City. We have been fortunate over the past number of years that some of these industries have been reinvesting and offsetting the depreciation experienced. Once that ends, the dark yellow line in figure 1 below will begin trending downwards.

Two new companies, which do not qualify for the PPTA, have invested in Prince Rupert since 2017 (see dark blue line in figure 1) This has enabled the City to reinvest in roads and the upcoming RCMP detachment replacement amongst other service returns cut in years past. It has also enabled the offset of other annual increases necessary to continue to provide the services offered in the City.

Figure 1

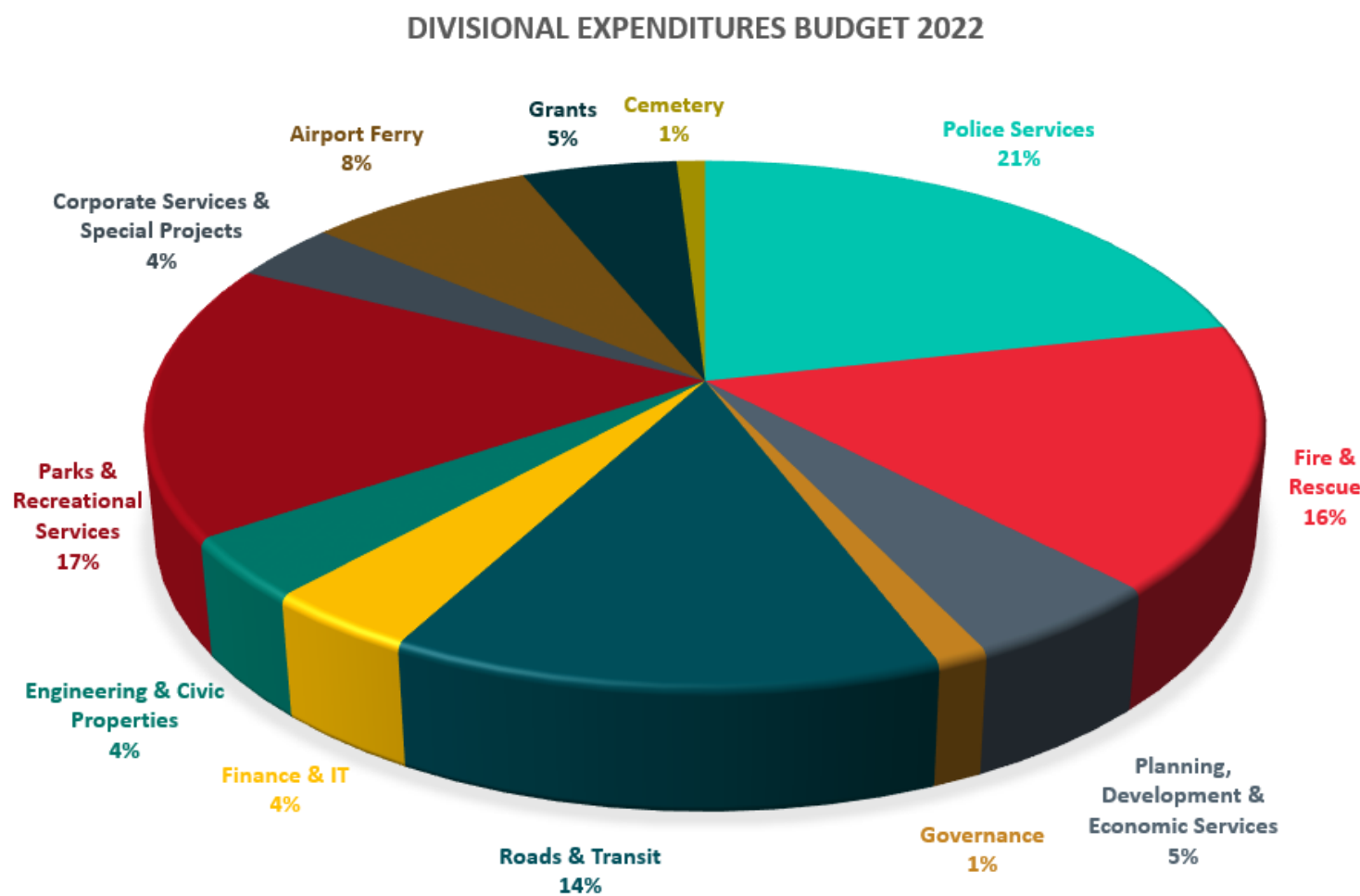


(Above) Figure 1 shows the change in industrial taxes paid since the 2004 implementation of the Port Property Tax Act. There is a general downward trend in tax amounts paid by industrial properties (see 2011–2013) marked by increases when major project or improvements have come online (2008–2010, 2014, 2019). Meanwhile, the associated proportion of residential and business tax burdens has steadily increased over this same time period. Only since 2017 has the City had non-capped industry available to tax.

Financial Trends + Cost Drivers

Expenditures

The proposed allocation of departmental expenditures for 2022 are listed in the pie chart below. These expenditures are based on those in 2021, taking into account anticipated cost drivers noted on previous pages in this document.

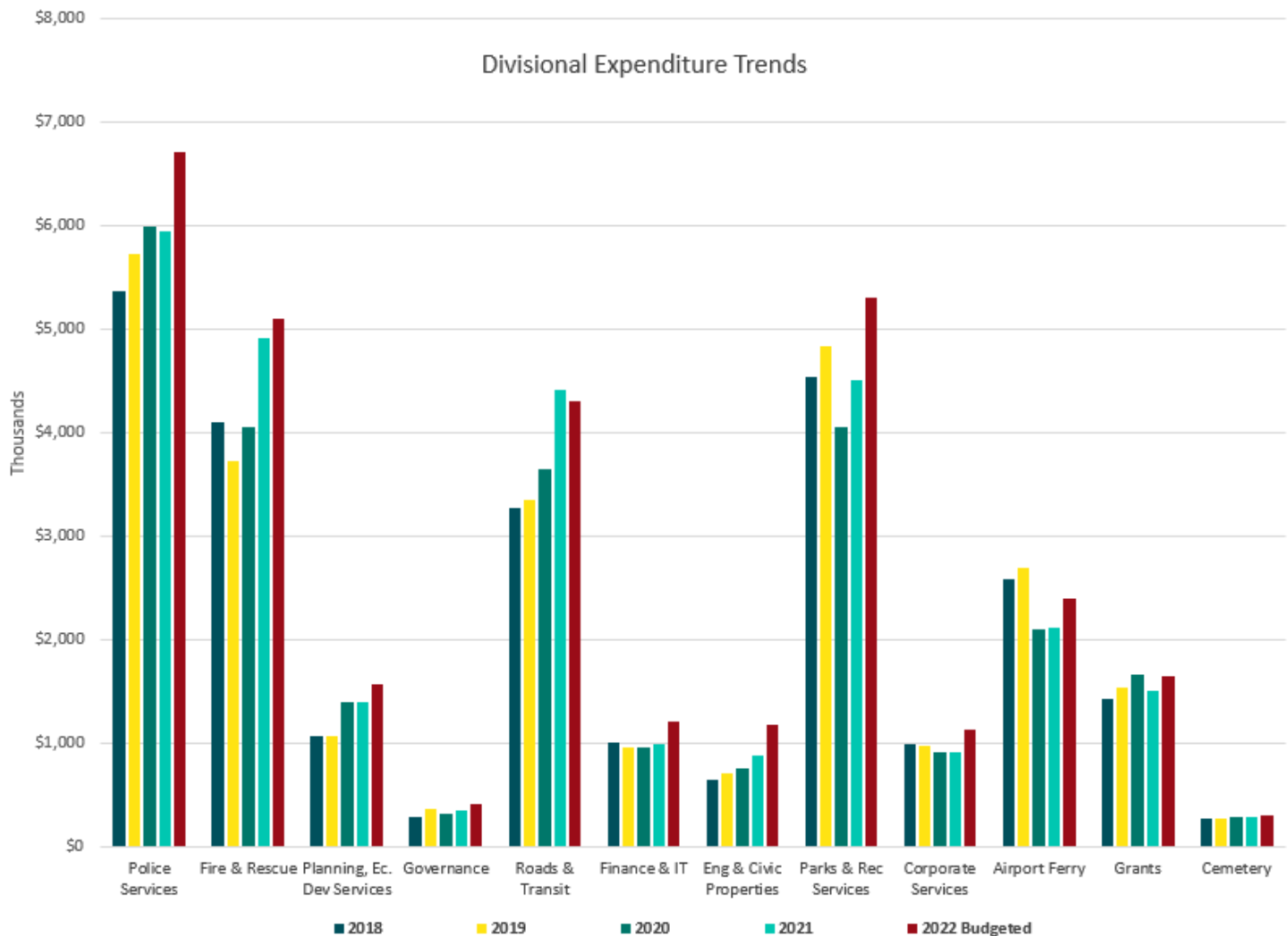


Where do my taxes go?

For a comprehensive breakdown of how property taxes are spent in the City of Prince Rupert. See the above pie chart.

Financial Trends + Cost Drivers

Trends in Departmental Expenditures



How have expenditures changed in the past 5 years?

The above graph shows the actual expenditure levels from year to year by department including the amount budgeted for 2022. Due to contractual and service obligations, energy and goods costs, equipment financing, and overall inflationary pressures, the general cost trend for all expenditures is on the rise.

2020's results are anomalous given the pandemic. 2021's results represent a year where most departments returned to normal for part of the year.

Planning expenditures in 2020 and 2021 reflects the City's cost while renewing our Official Community Plan and 2022 marks support for the recently adopted revitalization incentives for development in the downtown core. Roads and fire in 2021 reflect the snow and response requirements for these departments.

Policing has increased in 2022 due to contract increases, and Recreation and Airport are expected to trend back towards normal with the relaxing of restrictions and increasing flights.

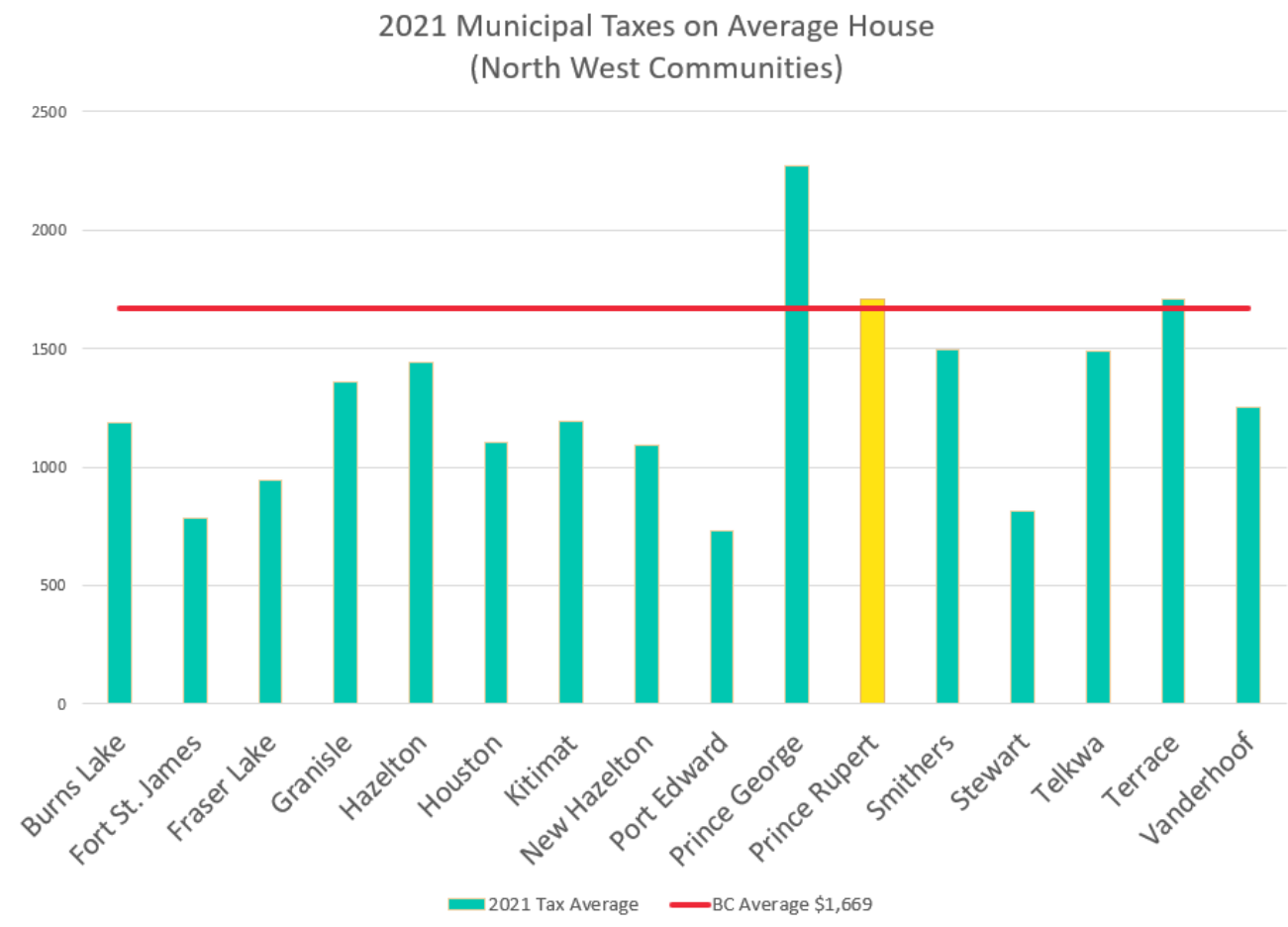
Taxation—Comparison to other Northwest Communities

Taxation Rates in the Northwest

The following graph (below) is presented for information purposes but does not explain the uniqueness of each community represented. For example, each community offers similar services such as roads and parks maintenance, lighting, and building inspection to name a few. However all the represented communities will have a differing degree of service, in some cases a significant variety of services, differing taxpayer class distributions and various sources of revenues and grants that contribute to their overall taxation revenue need. Therefore comparisons amongst the communities is not apples to apples, but rather a comparison of differing fruit in every instance. For example, the City of Prince Rupert operates a ferry system to access its airport. None of the other communities provide this service. In addition, certain cities operate recreation facilities whereas others do not.

The reason this graph is presented is to compare a snapshot of northwestern communities. This provides an opportunity for the reader to question and learn about some of the unique services some communities have relative to others, and better understand our respective servicing variety.

Over the past three years, overall taxes collected on the average home in Prince Rupert has increased \$11 whereas the Provincial average has increased \$107 over the same period.

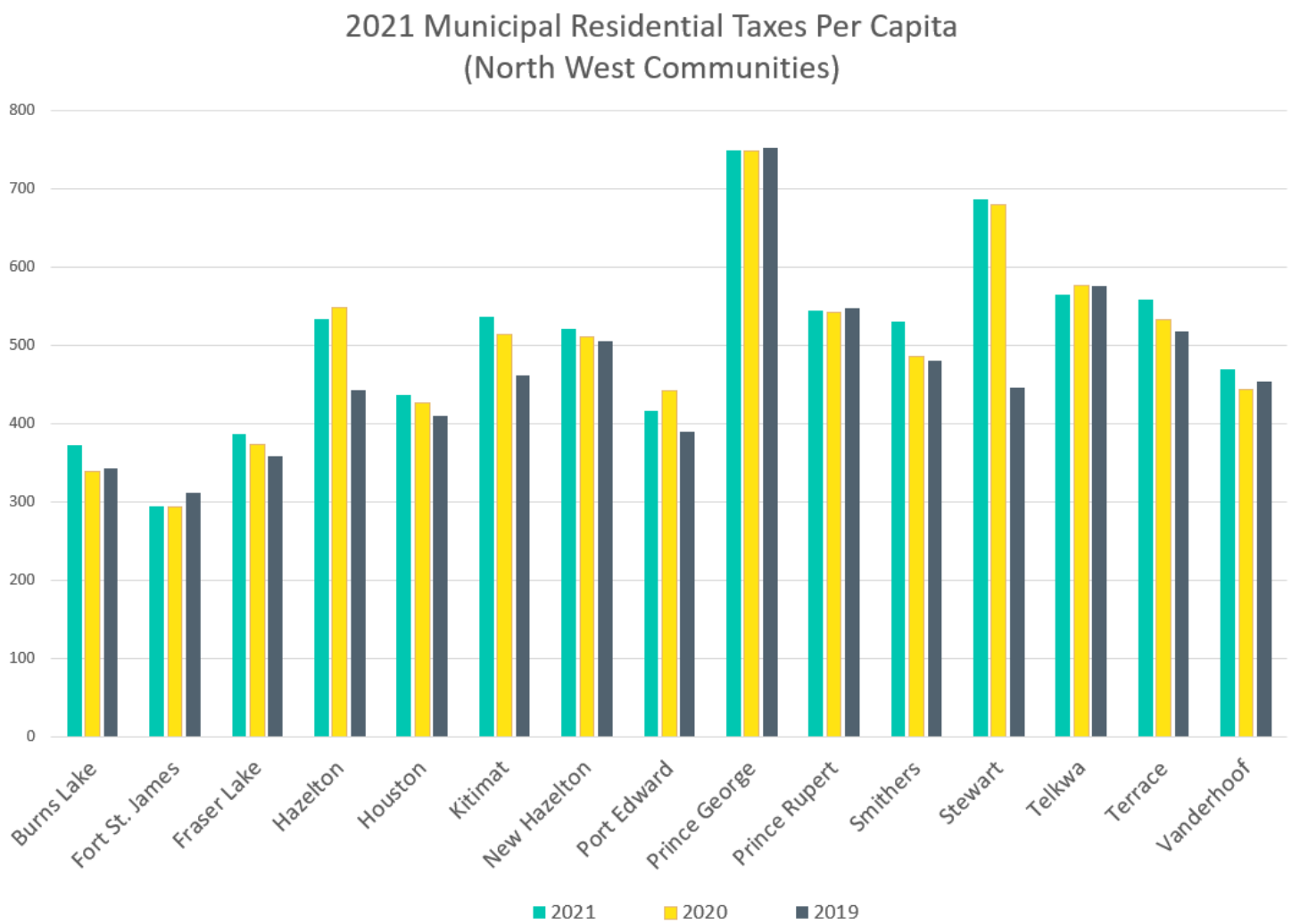


(Above) This graph shows the taxation levels of other Northern municipalities measured against the BC average. These differing levels in municipal property taxation are a result of the diverse services offered by our respective municipalities. 2021 data is shown. 2022 data will be available next year.

Taxation—Comparison to other Northwest Communities

Taxation Rates in the Northwest continued...

The graph below presents another viewpoint in that it compares the taxes per capita (per person). As previously mentioned, readers are encouraged to learn what services are offered by neighbouring communities to get a better understanding of how Prince Rupert compares. 2022 data will be available next year.



FOR YOUR INFORMATION

RCMP expenses are a large portion of Prince Rupert's budget. Of the communities above, only Kitimat, Prince George, Smithers and Terrace also have to contribute towards their RCMP costs. The others do not have to pay for policing costs from municipal property taxes. Most communities do not have a career fire department as well.

Capital Projects

Investing in Municipal Infrastructure

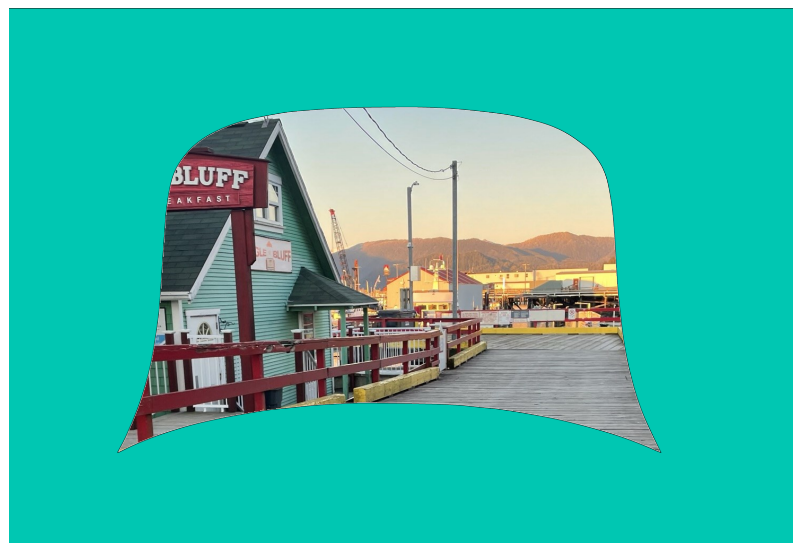
In November/December of each year, Council approves capital works and purchases ahead of the budget process for the following fiscal year. This ensures that City departments can prepare tenders and schedule works for the following year, enabling operations at the City to proceed efficiently and without delay. Many of the projects planned for 2022 are funded out of Utility revenues, Gas Tax, Grants, Reserves, Surplus, new taxes, Dividends and Debt. Some have been rolled over or are a continuation from fiscal 2021.

In 2022, these approved capital works and purchases include...

- Keeping the 2020 & 2021 elevated roads budget;
- Completion of the new water dam;
- Renewal of the CN Building located on the waterfront and relocation of the airport ferry dock to the same area;

To avoid impact to the taxpayer, non-essential capital projects are sometimes linked to the City's ability to receive grant funds to subsidize the costs of the project. If grant funds are not available in the fiscal year, this can sometimes lead to postponement of the project until funds are available.

As presented in the following two pages, the City is proceeding with an ambitious set of capital projects for 2022 continuing the renewal of infrastructure alongside efforts to revitalize the community as set out in Vision 2030.



Budget– Operating Requests

Description	Taxation
Fire	
Staff Addition	430,000
Category Totals	430,000
Public Works	
Public Works Occupancy Lease	310,000
Category Totals	310,000
Policing	
RCMP contract increases	380,000
Category Totals	380,000
Parks	
Public Washroom maintenance	30,000
Category Totals	30,000
Transfers to Reserves	
Transfer to Capital Reserve	400,000
Category Totals	400,000
Grand Total	

Capital Budget– Project Requests

Description	Asset	Reserve/ Surplus	Borrow	Grant	Dividend/ Accrual	Utility	Taxation
Fire							
New Firehall Building Design	350,000	(175,000)	-	(175,000)	-	-	-
Reserve Pumper	1,000,000	-	(1,000,000)	-	-	-	-
Equipment - Drying Cabinet and Engine 5 Locker/Compartment Modification	31,000	(31,000)	-	-	-	-	-
Category Totals	1,381,000	(206,000)	(1,000,000)	(175,000)	-	-	-
Building							
City Hall - Boiler replacement and HVAC	100,000	(100,000)	-	-	-	-	-
Lester Centre - Roof	40,000	(40,000)	-	-	-	-	-
Library Boiler & Heating Controls Replacement	50,000	-	-	-	-	-	(50,000)
CN Building Revitalization	5,300,000	-	-	(300,000)	(1,000,000)	-	-
Building Envelope Work - condition assessment of City Roofs	80,000	(80,000)	-	-	-	-	-
Public Works Leasehold Improvement	750,000	-	-	-	(750,000)	-	-
Canfisco Warehouse Roof Improvements	150,000	-	-	-	(150,000)	-	-
Category Totals	6,470,000	(4,220,000)	-	(300,000)	(1,900,000)	-	-
Policing							
New detachment	26,100,000	(1,100,000)	-	-	-	-	-
Category Totals	26,100,000	(1,100,000)	-	-	-	-	-
Recreation							
Arena - Brine Header repair	60,000	-	-	-	-	-	-
Pool -Leisure Pool/slide feature	80,000	-	-	-	-	-	-
Civic - Upstairs washroom accessibility upgrade	60,000	-	-	(48,000)	(12,000)	-	-
Category Totals	200,000	-	-	(48,000)	(12,000)	-	-
Real Estate							
Annual land purchase	50,000	(50,000)	-	-	-	-	-
Watson Island Power	35,000	-	-	-	(35,000)	-	-
Watson Island dam safety audit	150,000	-	-	-	(150,000)	-	-
Canfisco Warehouse parking improvements	30,000	(30,000)	-	-	-	-	-
Category Totals	265,000	(80,000)	-	-	(185,000)	-	-
Civic Improvements							
Streetlight Replacement Program	25,000	-	-	-	-	-	-
Waterfront development	10,900,000	-	-	-	-	-	-
3rd Ave and Fulton Streetlights	50,000	-	-	-	(50,000)	-	-
Cemetery Sidewalks	20,000	-	-	-	-	-	-
Eidsvick Park Renewal	50,000	(50,000)	-	-	-	-	-
McBride Sport Court	70,000	-	-	(60,000)	-	-	(10,000)
Category Totals	11,115,000	(50,000)	-	-	(50,000)	-	-

Capital Budget– Project Requests

Description	Asset	Reserve/ Surplus	Borrow	Grant	Dividend/ Accrual	Utility	Taxation
Vehicles and Mobile Equipment							
Single Axle Dump Truck with Sander/ Plow	300,000	-	(300,000)	-	-	-	-
GPS Truck System	50,000	(50,000)	-	-	-	-	-
F550 Garbage Truck Commercial	400,000	(400,000)	-	-	-	-	-
Landfill Dozer	1,000,000	(1,000,000)	-	-	-	-	-
Category Totals	1,750,000	(1,450,000)		-	-	-	-
Transportation							
Condition & Safety Assessment – all Bridges	200,000	-	-	-	(200,000)	-	-
14th Street Retaining Wall	100,000	-	-	-	-	-	(100,000)
Seal Cove Sidewalk	60,000	(60,000)	-	-	-	-	-
Sidewalk Program	100,000	-	-	-	-	-	(100,000)
Annual Paving Program	1,000,000	-	-	-	-	-	(1,000,000)
Ditching improvements	150,000	(150,000)	-	-	-	-	-
Category Totals	1,610,000	(210,000)	-	-	(200,000)	-	(1,200,000)
Solid Waste							
240L Collection bins	130,000	(130,000)	-	-	-	-	-
Wantage Road landfill closure	100,000	-	-	-	-	(100,000)	-
Landfill Cell Closure	2,601,000	-	-	-	(2,601,000)	-	-
New Landfill Cell	3,400,000	(2,726,000)	-	-	(674,000)	-	-
Category Totals	6,231,000	(2,856,000)	-	-	(3,275,000)	(100,000)	-
Water							
Woodworth Dam Replacement	9,677,000	(4,377,000)	-	-	(5,300,000)	-	-
Water treatment Facility & Submarine Line Engineering Design	4,000,000	(4,000,000)	-	-	-	-	-
SCADA Upgrade	1,150,000	(1,150,000)	-	-	-	-	-
Park Avenue water repair paving	95,000	(95,000)	-	-	-	-	-
14th Steet renewal	200,000	(200,000)	-	-	-	-	-
11th Avenue 200 Blk to Alfred St. engineering & design	75,000	(75,000)	-	-	-	-	-
Flushing Program Section 2	50,000	(50,000)	-	-	-	-	-
Shawatlans Dock upgrades	50,000	(50,000)	-	-	-	-	-
Annual Water line replacement	750,000	(58,000)	-	-	-	(692,000)	-
Category Totals	16,047,000	(10,055,000)	-	-	(5,300,000)	(692,000)	-
Wastewater							
Liquid Waste Management Plan	750,000	(350,000)	-	(400,000)	-	-	-
SCADA upgrade	450,000	(300,000)	-	-	-	(150,000)	-
Hays Creek Replacement Study	100,000	(100,000)	-	-	-	-	-
Industrial Park Treatment Plant Upgrade (engineering)	100,000	(100,000)	-	-	-	-	-
14th Steet renewal	250,000	(211,000)	-	-	-	(39,000)	-
Outfall Camera Program	25,000	-	-	-	-	(25,000)	-
Outfall Repairs	100,000	-	-	-	-	(100,000)	-
Park Avenue wastewater engineering (1100-1300 blk)	150,000	(150,000)	-	-	-	-	-
Annual Wastewater line replacement	750,000	-	-	-	-	(750,000)	-
Category Totals	2,675,000	(1,211,000)	-	(400,000)	-	(1,064,000)	-
Grand Total - Capital Projects	73,844,000	(21,438,000)		(11,883,000)	(10,922,000)	(1,856,000)	(1,445,000)

Long Term Debt

The City uses debt to finance large capital projects that provide long-term benefits to residents. All borrowing is done through the Municipal Finance Authority (MFA). For smaller purchases/projects (those less than approximately \$1 million), a financing option with a 5 year repayment term is used and is repaid by monthly blended principal and interest payments. In 2022, this option is proposed to fund the purchase of a new reserve pumper truck for the Fire Department and a new dump truck with sander and plow for the Public Works Department.

For larger projects, the City uses bond debt through the MFA for financing. These loans are available in longer repayment terms of 5 to 30 years. The City must make annual principal payments and semi-annual interest payments on these loans. The MFA obtains the funds to lend the City by issuing a bond in the bond market. Because the principal amount of the bond does not have to be repaid to bond holders until the bond expires, the principal payments made annually by the City are invested by MFA and earn a return. This return is called “actuarial income” and is used to reduce the principal balance outstanding. This lessens the impact of borrowing on tax-payers.



(Above) The existing RCMP facility has been deemed inadequate according to Federal regulatory standards and will need to be replaced. The City acquired land in 2020 at the Jehovah Witness Kingdom Hall site for the purposes of constructing a new detachment. 2021's budget includes an allocation to obtain detailed designs of this future project.

As per the 2021 Capital Budget, a bond debt of \$20M was used to fund the completion of the City's new dam and the new landfill cell. This debt was approved in 2020. In 2022, and subject to an approved borrowing bylaw, this financing option will also provide funding for the construction of a new RCMP building as required by the RCMP through the Municipal Police Unit Agreement. Estimates are that this project will cost approximately \$26M with \$25M being funded by bond debt.

The payments on the debt for water infrastructure are to be made through dividends provided by Prince Rupert Legacy Inc. The Landfill Cell debt payments are funded by solid waste fees and charges. For the past three years, the City reserved a portion of its budget surplus to partially fund the annual debt repayment for the RCMP detachment. By allocating this surplus, future debt cost has been absorbed into the budget meaning limited impact to the taxpayers for the building cost.

Long Term Debt Projections

	2022	2023	2024	2025	2026
	\$	\$	\$	\$	\$
General Fund:					
Proposed:					
Fire - Reserve Pumper Truck	1,000,000				
New RCMP Detachment	25,000,000				
Single Axle Dump Truck	300,000				
	26,300,000	-	-	-	-
Water Utility Fund					
Proposed:					
Water Treatment & Transmission Project		7,000,000			
	-	7,000,000	-	-	-
Sewer Utility Fund					
Proposed:					
	-	-	-	-	-
Solid Waste Utility Fund					
Proposed:					
	-	-	-	-	-
Total	26,300,000	7,000,000	-	-	-

*** A replacement Firehall and Wastewater Treatment will likely be need within the 5 year horizon contemplated by this Financial Plan, however, timing, cost, and funding sources are too uncertain to be itemized at this time.*

Debt Borrowing Capacity

The City's borrowing capacity is defined in legislation as 25 percent of the prior year's prescribed revenue, with 20 percent of this amount eligible to be borrowed without the assent of the electorate. Below, these amounts are shown as of 2021, given 2020 results. Borrowing capacity is estimated based on 2.58% interest for 25 years.

	2021	
	Assent Free	Total Capacity
Liability Servicing Limit	\$2,107,519	\$10,537,597
Actual Debt Servicing costs	1,253,497	1,253,497
Liability Servicing Capacity Available	854,022	9,284,100
Estimated Borrowing Capacity	\$15,506,000	\$168,569,000

Proposed 5 Year Financial Plan

2022-2026 Financial Plan By Fund

GENERAL OPERATING FUND	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Revenues by Department					
Airport Ferry	875,000	1,480,000	1,518,000	1,549,000	1,580,000
Cemetery	149,000	170,000	176,000	182,000	189,000
Cow Bay Marina	257,000	290,000	293,000	296,000	299,000
Development Services	565,000	611,000	617,000	623,000	623,000
Economic Development	70,000	70,000	70,000	70,000	70,000
FD 911 Services	92,000	90,000	88,000	86,000	84,000
FD Fire Protective Services	5,000	6,000	6,000	6,000	6,000
Finance	15,000	15,000	15,000	15,000	15,000
Fiscal Revenues	8,841,000	8,106,000	8,204,000	8,403,000	8,942,000
Information Technology	1,000	1,000	1,000	1,000	1,000
PW Engineering	5,000	5,000	5,000	5,000	5,000
PW Common Costs	35,000	36,000	37,000	38,000	39,000
RCMP	101,000	93,000	93,000	93,000	93,000
Rec. Centre Arena	204,000	223,000	233,000	243,000	254,000
Rec. Centre Civic Centre	254,000	311,000	324,000	339,000	354,000
Rec. Centre Community Services	3,000	15,000	15,000	15,000	15,000
Rec. Centre Pool	373,000	530,000	550,000	573,000	596,000
Transit	201,000	257,000	309,000	318,000	328,000
Victim Services	83,000	77,000	77,000	77,000	77,000
Watson Island	400,000	400,000	400,000	400,000	400,000
Subtotal	12,529,000	12,786,000	13,031,000	13,332,000	13,970,000
Property Taxes (existing)	22,809,000	23,659,000	24,509,000	25,774,000	26,207,000
Property Tax Increase (Decrease) - Non-market change	151,000	-	-	-	-
Property Tax Increase (Decrease)	699,000	850,000	1,265,000	433,000	(67,000)
Appropriated Surplus - COVID 19 Safe Restart Grant	850,000	749,000	-	-	-
Total Operating Revenues	37,038,000	38,044,000	38,805,000	39,539,000	40,110,000
PR Legacy- Capital Works	200,000	-	-	-	-
PR Legacy- Capital Purchases	2,147,000	-	-	-	-
Conditional Project Grants - Capital Works	60,000	-	-	-	-
Conditional Project Grants - Capital Purchases	11,423,000	-	-	-	-
Appropriated Reserves - Capital Works	150,000	-	-	-	-
Appropriate Reserves - Capital Purchases	5,225,000	-	-	-	-
Appropriated Surplus - Capital Purchases	431,000	-	-	-	-
Appropriated Surplus - Capital Works	110,000	-	-	-	-
PR Legacy- Special Projects	150,000	-	-	-	-
Appropriated Surplus - Special Projects	310,000	-	-	-	-
Conditional Project Grants - Special Projects	148,000	-	-	-	-
Loans from MFA - Capital Purchases	26,300,000	-	-	-	-
Total Capital Revenues	46,654,000	-	-	-	-
Total General Operating Fund Revenues	83,692,000	38,044,000	38,805,000	39,539,000	40,110,000

Proposed 5 Year Financial Plan

2022-2026 Financial Plan By Fund

GENERAL OPERATING FUND	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Expenditures by Department					
Airport Ferry	2,403,000	2,802,000	2,706,000	2,907,000	2,966,000
Cemetery	300,000	305,000	311,000	317,000	321,000
Civic Properties	455,000	397,000	403,000	408,000	413,000
Corporate Administration	958,000	992,000	1,007,000	1,024,000	1,041,000
Cow Bay Marina	247,000	246,000	252,000	257,000	262,000
Development Services	1,358,000	1,377,000	1,400,000	1,422,000	1,445,000
Economic Development	211,000	220,000	223,000	227,000	232,000
FD 911	612,000	628,000	644,000	659,000	675,000
FD Fire Protective Services	4,445,000	4,680,000	4,732,000	4,762,000	4,775,000
FD Emergency Measures	42,000	43,000	44,000	45,000	46,000
Finance	1,082,000	1,104,000	1,126,000	1,148,000	1,171,000
Finance Cost Allocation	(465,000)	(465,000)	(465,000)	(465,000)	(465,000)
Fiscal Expenditures	2,820,000	2,993,000	4,204,000	4,150,000	4,111,000
Governance	407,000	422,000	432,000	442,000	452,000
Grants in Aid to Community Partners	1,640,000	1,668,000	1,736,000	1,784,000	1,813,000
Information Technology	588,000	585,000	595,000	606,000	617,000
Parks	1,295,000	1,322,000	1,349,000	1,376,000	1,403,000
PW Engineering	723,000	732,000	748,000	765,000	782,000
PW Common Costs	4,859,000	4,859,000	4,968,000	5,080,000	5,195,000
Allocation of PW Common Cost	(4,719,000)	(4,859,000)	(4,968,000)	(5,080,000)	(5,195,000)
PW Vehicles	1,600,000	1,681,000	1,710,000	1,739,000	1,768,000
Allocation of PW Vehicles	(1,600,000)	(1,681,000)	(1,710,000)	(1,739,000)	(1,768,000)
RCMP	6,540,000	6,594,000	6,748,000	6,907,000	7,069,000
Rec. Centre Arena	441,000	458,000	478,000	490,000	501,000
Rec. Centre Civic Centre	1,802,000	2,154,000	2,195,000	2,239,000	2,275,000
Rec. Centre Community Services	3,000	3,000	3,000	3,000	3,000
Rec. Centre Pool	1,506,000	1,597,000	1,635,000	1,672,000	1,710,000
Roads	2,319,000	2,372,000	2,429,000	2,485,000	2,542,000
Transit	745,000	851,000	953,000	989,000	1,027,000
Victim Services	165,000	168,000	171,000	174,000	177,000
Watson Island	400,000	400,000	400,000	400,000	400,000
Transfer to Reserves (Interest, RCMP Loan, Gas Tax)	1,846,000	1,846,000	796,000	796,000	796,000
Transfer to General Capital Reserves	400,000	400,000	400,000	400,000	400,000
Total Operating Expenses	35,428,000	36,894,000	37,655,000	38,389,000	38,960,000
Provision for Special Projects	773,000	-	-	-	-
Provision for Capital Purchases	45,741,000	-	-	-	-
Provision for Capital Works	1,750,000	1,150,000	1,150,000	1,150,000	1,150,000
Total Capital Expenses	48,264,000	1,150,000	1,150,000	1,150,000	1,150,000
Total Operating Fund Expenditures	83,692,000	38,044,000	38,805,000	39,539,000	40,110,000
Surplus(Deficit)	-	-	-	-	-

NOTE: Increases to property tax to meet expected increases has not been included. Rather the impacts are presented as deficits for information purposes. Actual five year financial plan bylaw will incorporate expected taxes and fees increases necessary to balance each year in the absence of other revenues yet to become known.

Proposed 5 Year Financial Plan

2022-2026 Financial Plan By Fund

UTILITY OPERATING FUNDS	Budget 2022	Budget 2023	Budget 2024	Budget 2025	Budget 2026
Sewer					
Revenues	2,715,000	2,769,000	2,825,000	2,882,000	2,940,000
Grants	400,000	-	-	-	-
Appropriated Surplus - Cap Works	1,111,000	-	-	-	-
Reserves	100,000	-	-	-	-
Capital Works	(2,675,000)	(1,075,000)	(1,092,000)	(1,110,000)	(1,129,000)
Revenue for operations	1,651,000	1,694,000	1,733,000	1,772,000	1,811,000
Expenditures	1,651,000	1,694,000	1,733,000	1,772,000	1,811,000
Surplus (Deficit)	-	-	-	-	-
Water					
Revenues	3,058,000	3,173,000	3,229,000	3,286,000	3,344,000
PR Legacy	5,860,000	560,000	560,000	560,000	560,000
Appropriated Surplus- Cap Works	805,000	-	-	-	-
Loans from MFA	-	-	7,000,000	-	-
Reserves	9,250,000	15,000,000	5,000,000	-	-
Capital Works		(15,750,000)	(12,750,000)	(750,000)	(750,000)
Revenue for operations	2,926,000	2,983,000	3,039,000	3,096,000	3,154,000
Expenditures	2,926,000	2,983,000	3,039,000	3,096,000	3,154,000
Surplus (Deficit)	-	-	-	-	-
Solid Waste					
Revenues	4,599,000	4,614,000	4,701,000	4,795,000	4,890,000
Funding from Accruals - CW	3,275,000	-	-	-	-
Funding from Reserves	3,126,000	-	-	-	-
CWF Gas Tax Reserve	1,130,000	-	-	-	-
Capital Purchases	(1,400,000)	-	-	-	-
Capital Works	(6,231,000)	-	-	-	-
Revenue for operations	4,499,000	4,614,000	4,701,000	4,795,000	4,890,000
Expenditures	4,499,000	4,614,000	4,701,000	4,795,000	4,890,000
Surplus (Deficit)	-	-	-	-	-

Consolidated Budget: 3 Year Trend

GENERAL OPERATING FUND	Audited Actual 2020	Unaudited Actual 2021	Budget 2022
Revenues by Department			
Airport Ferry	557,976	464,545	875,000
Cemetery	88,369	145,815	149,000
Corporate Administration	7,295	-	-
Cow Bay Marina	200,434	210,845	257,000
Development Services	589,597	643,653	565,000
Economic Development	92,789	42,000	70,000
FD 911 Services	98,082	92,585	92,000
FD Fire Protective Services	13,409	7,510	5,000
FD Emergency Measures	22,236	-	-
Finance	19,228	25,551	15,000
Fiscal Revenues	27,648,230	9,524,690	8,841,000
Information Technology	1,200	-	1,000
Parks	-	34,870	-
PW Engineering	5,112	13,745	5,000
PW Common Costs	55,772	76,967	35,000
RCMP	130,813	93,988	101,000
Rec. Centre Arena	111,813	139,461	204,000
Rec. Centre Civic Centre	125,047	180,611	254,000
Rec. Centre Community Services	2,684	83	3,000
Rec. Centre Pool	123,112	249,706	373,000
Transit	192,078	174,806	201,000
Victim Services	87,131	67,909	83,000
Watson Island	1,214,046	480,000	400,000
Subtotal	31,386,453	12,669,340	12,529,000
Property Taxes (existing)	21,589,799	22,589,200	22,809,000
Property Tax Increase (Decrease) - Non-market change	-	-	151,000
Property Tax Increase (Decrease)	-	-	699,000
Appropriated Surplus - COVID 19 Safe Restart Grant	350,000	850,000	850,000
Total Operating Revenues	53,326,252	36,108,540	37,038,000
PR Legacy- Capital Works	-	18,740	200,000
PR Legacy- Capital Purchases	136,597	147,256	2,147,000
Conditional Project Grants - Capital Works	30,811	303,639	60,000
Conditional Project Grants - Capital Purchases	555,322	-	11,423,000
Funding from Accruals - Capital Works	15,756	-	-
Funding from Accruals - Capital Purchases	479,349	-	-
Appropriated Reserves - Capital Works	137,549	-	150,000
Appropriate Reserves - Capital Purchases	2,894,957	780,615	5,225,000
Appropriated Surplus - Capital Purchases	104,160	591,906	431,000
Appropriated Surplus - Capital Works	11,968	36,000	110,000
PR Legacy- Special Projects	-	-	150,000
Appropriated Surplus - Special Projects	-	-	310,000
Conditional Project Grants - Special Projects	-	-	148,000
Loans from MFA - Capital Purchases	850,000	-	26,300,000
Total Capital Revenues	5,216,469	1,878,156	46,654,000
Total General Operating Fund Revenues	58,542,721	37,986,696	83,692,000

Consolidated Budget: 3 Year Trend

GENERAL OPERATING FUND	Audited Actual 2020	Unaudited Actual 2021	Budget 2022
Expenditures by Department			
Airport Ferry	2,089,793	2,111,113	2,403,000
Cemetery	292,557	281,980	300,000
Civic Properties	296,608	347,232	455,000
Corporate Administration	912,475	915,432	958,000
Cow Bay Marina	184,138	218,137	247,000
Development Services	1,226,787	1,220,457	1,358,000
Economic Development	190,004	173,038	211,000
FD 911	603,490	640,818	612,000
FD Fire Protective Services	3,391,851	4,245,984	4,445,000
FD Emergency Measures	51,606	31,300	42,000
Finance	928,377	905,254	1,082,000
Finance Cost Allocation	(465,000)	(465,000)	(465,000)
Fiscal Expenditures	3,135,142	3,205,896	2,820,000
Governance	323,432	343,374	407,000
Grants in Aid to Community Partners	1,681,021	1,512,808	1,640,000
Information Technology	500,853	544,470	588,000
Parks	771,819	913,516	1,295,000
PW Engineering	460,336	536,009	723,000
PW Common Costs	4,137,727	4,448,222	4,859,000
Allocation of PW Common Cost	(4,123,085)	(4,228,968)	(4,719,000)
PW Vehicles	1,435,008	1,593,318	1,600,000
Allocation of PW Vehicles	(1,435,765)	(1,593,454)	(1,600,000)
RCMP	5,843,607	5,947,315	6,540,000
Rec. Centre Arena	324,299	434,122	441,000
Rec. Centre Civic Centre	1,581,696	1,526,540	1,802,000
Rec. Centre Community Services	641	261	3,000
Rec. Centre Pool	1,176,067	1,403,933	1,506,000
Roads	2,133,602	2,494,193	2,319,000
Transit	504,475	604,903	745,000
Victim Services	135,306	115,939	165,000
Watson Island	2,036,307	475,797	400,000
Transfer to Reserves (Interest, RCMP Loan, Gas Tax)	17,074,470	1,831,062	1,846,000
Transfer to General Capital Reserves	-	850,000	400,000
Total Operating Expenses	47,399,644	33,585,001	35,428,000
Provision for Special Projects	-	-	773,000
Provision for Capital Purchases	5,526,961	2,007,608	45,741,000
Provision for Capital Works	1,364,510	1,283,221	1,750,000
Total Capital Expenses	6,891,471	3,290,829	48,264,000
Total Operating Fund Expenditures	54,291,115	36,875,830	83,692,000
Surplus(Deficit)	4,251,606	1,110,866	-

Consolidated Budget: 3 Year Trend

UTILITY OPERATING FUNDS	Audited Actual 2020	Unaudited Actual 2021	Budget 2022
Sewer			
Revenues	2,623,941	2,695,457	2,715,000
Grants	-	87,000	400,000
Appropriated Surplus - Cap Works	1,235,115	404,866	1,111,000
Reserves	-	-	100,000
Capital Works	(1,568,696)	(1,511,037)	(2,675,000)
Revenue for operations	2,290,360	1,676,286	1,651,000
Expenditures	1,098,668	1,506,911	1,651,000
Surplus (Deficit)	1,191,692	169,375	-
Water			
Revenues	2,878,142	3,008,310	3,058,000
Grants	6,133,061	-	-
PR Legacy	2,384,473	-	5,860,000
Appropriated Surplus- Cap Works	-	-	805,000
Loans from MFA	-	10,000,000	-
Reserves	-	79,405	9,250,000
Capital Works	(9,164,977)	(10,417,684)	(16,047,000)
Revenue for operations	2,230,699	2,670,031	2,926,000
Expenditures	2,313,697	2,586,375	2,926,000
Surplus (Deficit)	(82,998)	83,656	-
Solid Waste			
Revenues	3,552,448	3,454,096	4,599,000
Appropriated Surplus - Cap Works	-	550,000	-
Funding from Accruals - CW	-	1,634,749	3,275,000
Loans from MFA	2,500,000	7,500,000	-
Funding from Reserves	-	-	3,126,000
CWF Gas Tax Reserve	816,000	542,918	1,130,000
Capital Purchases	-	-	(1,400,000)
Capital Works	(3,352,953)	(10,727,378)	(6,231,000)
Revenue for operations	3,515,495	2,954,385	4,499,000
Expenditures	2,778,616	3,626,768	4,499,000
Surplus (Deficit)	736,879	(672,383)	-

Prince Rupert Overview

Municipal Government Overview

Incorporated in 1910, the City of Prince Rupert has a long history of service provision to the residents of Prince Rupert. The municipality is governed by an elected Council according to the Local Government Act and Community Charter, and as such, is subject to yearly audits and the publication of financial statements and annual budgets.

Demographics + Statistics

2021 Population: 12,300

Average or median household income:

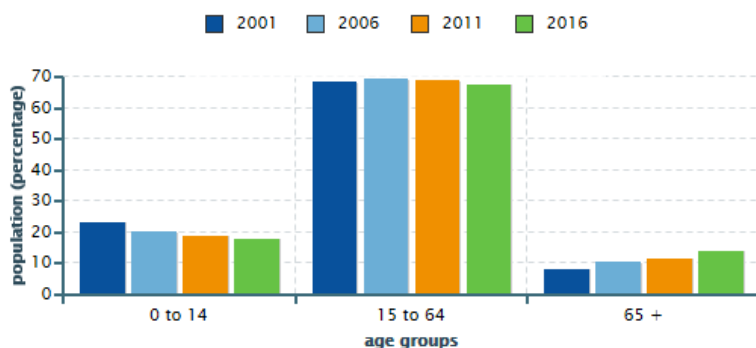
***Full datasets for the 2021 census were not yet available at the time this document was printed, so the previous set was used.*

In 2015, the median total income of households in Prince Rupert was \$73,421, a change of 23.2% from \$59,611 in 2005.

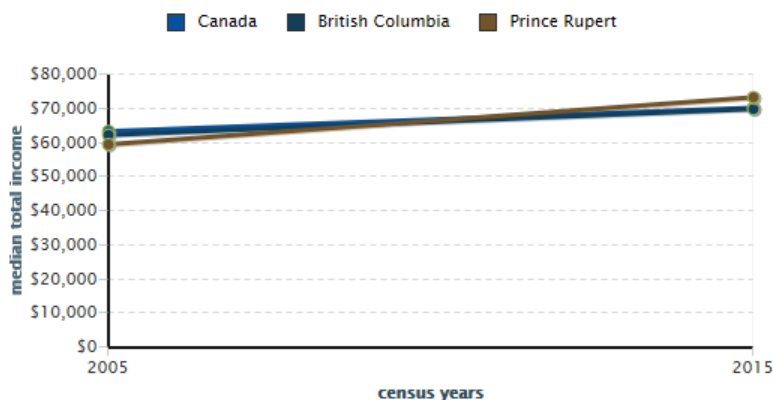
2016 Unemployment Rate: 12.4

Education: In 2016 (the date of the most recent census), 75.5% of people aged 25-64 in Prince Rupert had a high school diploma or equivalency certificate, compared with 86.3% in Canada. 13.3% of people aged 25-64 had a Bachelor's degree or higher in 2016, while 18.7% had a college, CEGEP or other non-university certificate or diploma as their highest level of education, and 14.1% had an apprenticeship or trades certificate or diploma as their highest.

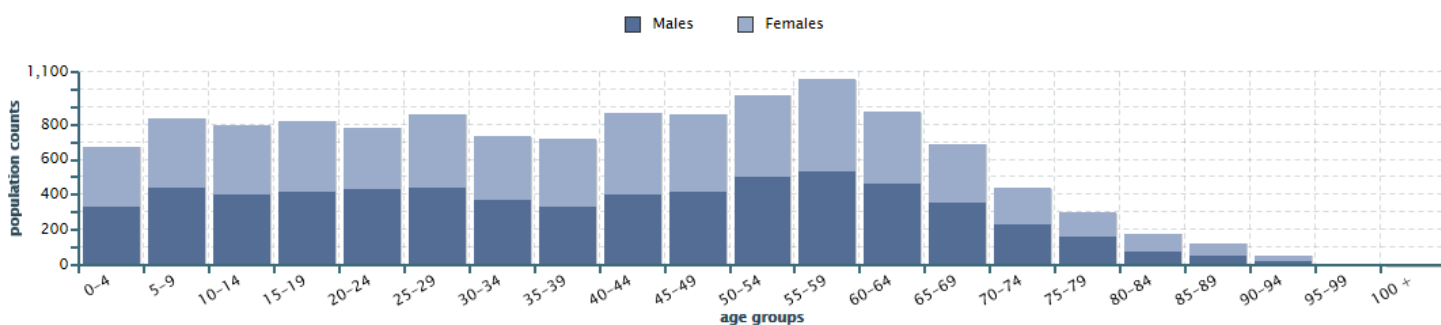
Percentage of population by broad age groups, Prince Rupert, 2001 to 2016



Median total income of households, Canada, British Columbia, Prince Rupert, 2005 and 2015



Prince Rupert – Population by five-year age groups and sex



Source: Statistics Canada, 2015 (most recent dataset available)

Legislated Requirements

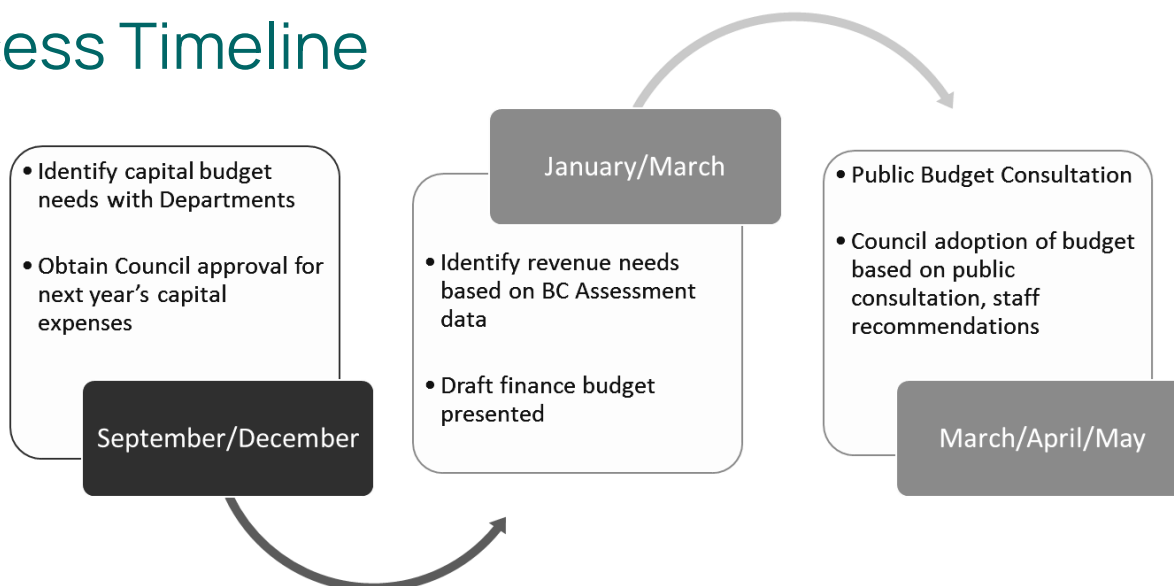
The City must prepare a 5-year Financial Plan each year based on the following legislation in the British Columbia *Community Charter* for local governments.

- Section 165 of the *Community Charter* states that, “The total of the proposed expenditures and transfers to other funds for a year must not exceed the total of the proposed funding sources and transfers from other funds for the year,” meaning that municipal budgets are required to be balanced.
- Section 165 of the *Community Charter* also states that, “A municipality must have a Financial Plan that is adopted annually, by bylaw, before the annual property tax bylaw is adopted.” The Financial Plan bylaw can be adopted at any time in the fiscal year.
- Section 166 of the *Community Charter* requires that, “A Council must undertake a process of public consultation regarding the proposed Financial Plan before it is adopted.”
- Section 197 of the *Community Charter* states that, after the adoption of the Financial Plan, Council must adopt the Tax Rates by Bylaw before May 15th of each year.



Financial Planning Framework

Process Timeline



Financial Plan Process

The City provides many core services and non-core services. Core services are defined as those that the City is mandated to provide under legislation, in the absence of another local government provider. Non-core services are considered to be all other services offered, which are desired by the community, but not mandated. Regardless of whether the services provided are required or not, all come with certain obligations for their provision. The following list outlines the core and non-core services provided by the City. The City approaches every budget year from the perspective that, unless otherwise initiated by Council, no expansion or retraction of services will be undertaken. With this in mind, expenditures are budgeted at levels that would provide the same level of service as in the previous year.

The primary driver of the City's expenses are staff wages and benefits. This is common amongst all local governments. Given Prince Rupert's population, we are also responsible for the costs associated with RCMP services. Since we also provide Transit services, escalations in costs are also included in the City's budget. Contract increases to provide certain services and collective agreement obligations are included in the base budget. Changes to energy rates are factored in as well as any escalation in risk management services. These increases are commonly referred to as inflationary increases.

Known and experience changes in revenue are factored into the budget. These revenues include service fees, grants, loan repayments, in-lieu of tax payments, franchise fees, donations, Municipal and Regional District Tax (MRDT) (otherwise known as the City's hotel tax), and investment income.

The shortfall, after all pre-tax revenues and expenses are budgeted, becomes the property tax need.

Core Services	Non-Core Services
Water, Sewer, Solid Waste	Transit
Streets, sidewalks and traffic control	Airport Ferry
Planning, development and building inspection	Recreation, parks, culture facilities
Policing and fire protection	Marina

Budgeting and Accounting Differences

Variance between Budgeting and Accounting Rules

Basis of Accounting

The consolidated financial statements of the City are prepared on a modified accrual basis. All revenue is recognized in the year in which they are expected to be earned and measurable. Property taxes are recognized as revenue in the year they are levied. Utility charges are recognized as revenue in the period earned. Expenses are recorded in the period in which the goods or services are received or incurred.

Basis of Budgeting

The City's Financial Plan is also prepared on a modified accrual basis. All revenue is recognized in the year in which they are expected to be earned and measurable. Property taxes are recognized as revenue in the year in which they are billed. Utility charges are recognized as revenue in the period earned. Expenses are recognized in the period in which the goods or services are planned.

Differences between Accounting and Budgeting

Wholly owned subsidiary corporations are not included in the Financial Plan aside from loan repayments and dividends. They are incorporated into the financial statements during consolidation.

Debt proceeds and principal repayments are included in the Financial Plan expenses but excluded from the Consolidated Statement of Operations in the City's financial statements. Rather borrowing and repayments are presented in the Statement of Financial Position in accordance with the CPA Canada Public Sector Accounting Handbook

Capital expenses for capital projects are included in the Financial Plan and treated the same way as Debt proceeds and principal repayments.

The City does not budget for amortization however the financial statements include amortization expense.

Transfers to and from reserves and unappropriated surplus accounts are treated as revenues or expenses in the Financial Plan. They are not included in the Statement of Operations in the City's financial statements. Rather the addition or use of them are recognized on the Statement of Financial Position.

Following PSAB accounting standards, the City's financial statements include a Budget Variance Report that shows the difference between actual and budgeted numbers in the Financial Plan Budget Bylaw.

Financial Policies

Objective:

Council will attempt to increase the proportion of City revenue that is derived from sources other than property taxes.

Policies:

- Council has begun to review the fees charged for various services to ensure that the users of the service are paying a fair portion of the operating and capital cost of the service;
 - Council will supplement infrastructure expenditures by aggressively pursuing federal and provincial grants; and,
 - Council will encourage staff to develop new revenue sources.
-

Objective:

Council will encourage economic development by minimizing tax increases

Policies:

- Council will review user fees to ensure that they are appropriate;
 - Council will rely primarily on new development and grant opportunities to fund infrastructure and new amenities;
 - Council will encourage economic development by providing the stability of using a consistent methodology for calculating property tax levies;
 - Council will review its existing permissive property tax exemption practices; and,
 - Council will continue to financially support an Economic Development Office.
-

Use of Permissive Tax Exemptions (Section 165 (3.1))

Each year the City of Prince Rupert approves partial or full permissive tax exemptions for properties within the community.

Objective:

Council will continue to provide permissive tax exemptions;

Council will consider expanding the permissive tax exemptions to include green development for the purpose of meeting our Climate Action Commitments; and,

Council will permit exemptions according to a Permissive Tax Exemption Policy.

Policy:

Permissive tax exemptions will be considered in conjunction with:

- a. The value of other assistance being provided by the Community;
- b. The amount of revenue that the City will lose if the exemption is granted;
- c. 2020-2023 City of Prince Rupert Permissive Tax Exemption Bylaw 3447, 2019; and,
- d. The Permissive Tax Exemption Policy.

Appendix A shows the properties which received permissive tax exemptions for 2021. The approximate amount of Municipal Tax exempted is estimated to be \$341,664.57

Financial Policies

Objective:

Compliance with relevant legislation in the Local Government Act, Community Charter, as well as Accounting Principles.

Policies:

- Inclusion of a public consultation as part of our budget processes;
- Financial plans covering a 5-year period;
- Financial plans authorized by bylaw within a specified time frame (prior to adoption of tax rate bylaws), which must be adopted on or before May 15th;
- Financial plans that may only be amended subsequently by bylaw;
- The City will follow Generally Accepted Accounting Principles (GAAP), which required the accrual method of accounting whereby revenues and expenditures are recognized at the time they are incurred, not received. The City's budgets and financial statements are both prepared according to this method;
- The City will follow the Public Sector Accounting Board (PSAB) 2009 requirements to inventory and value all tangible capital assets—which requires that expenditures related to new capital assets be recorded as an increase to tangible capital assets on the Statement of Financial Position, while the Statement of Operations reflect a change for the orderly amortization of City infrastructure over its useful life.
- For budget purposes, the City continues to reflect capital expenditures as funded either on a current basis or through long-term borrowings, and for principal repayments of long-term borrowings to be reflected as current expenditures. Direct funding of amortization charges is not included in the budget.

Objective:

Council and staff will maintain a balanced budget, as required by law.

Policies:

- Operating expenditures and infrastructure maintenance programs will be funded from current revenues, to avoid deferral of expenditures into the future;
- One time expenditures may be funded by one-time use of selected reserves, and dividends from wholly owned corporations; and,
- Capital expenditures are funded from long-term sources as required.

Objective:

Council will operate according to a 5-year planning framework, informed by the outlook on future growth, labour contracts, and general economic conditions, which enables expenditure planning according to available resources.

Policies:

- Proposed service level adjustments will be informed by the five-year planning framework; and,
- Increased operating costs associated with capital improvements must be incorporated into future program funding and planning.

Financial Policies

Objective:

To invest excess cash in a manner that complies with legislative restrictions, ensures cash flow is available as required, capitalizes on investment returns, and achieves internal goals.

Policies:

- Investments will be pooled, with **interest** earnings allocated to appropriate reserve and other funds based on average balances.
-

Objective:

To manage debt effectively and responsibly, in a way that does not overburden residents into the future.

Policies:

- To consider tax-supported debt only for significant initiatives with an adequate business case, as well as an assured source of repayment, to be adjudicated on a case-by-case basis;
 - Internal borrowing may be used where appropriate;
 - To annually provide statistics on municipal debts, capacity for borrowing, and yearly debt servicing requirements. Examples include:
 - Airport renovation—repaid through airport user fees
 - Improvements to Cruise Ship Dock frontage roadway
-

Objective:

To ensure that available revenue sources are adequate to maintain local servicing requirements.

Policies:

- To review revenue sources annually for potential adjustments of service rates;
 - In the case of sewer, water and solid waste utilities, annual user rates are established to cover all costs (operating, capital, debt service) of these standalone utilities;
 - Fees and charges are being reviewed in the context of: servicing costs involved, program objectives, special consideration for youth and seniors, competitive rates against other municipalities, and targeted recovery rates for recreation facilities; and,
 - In the case of other stand-alone business units such as the cemetery, user rate structures are established to cover all current costs and to provide development reserves for future planned capital replacements/expansions.
-

Objective:

To monitor real time financial progress through the enquiry and reporting capabilities of our financial system with all City Departments.

Policies:

- To provide high level reports, in a standard format, to Council on a monthly basis and make these available to the public in Council agenda packages;
 - These reports will refer to year-end budget projections, and comment on any projected significant impacts to budgets as they emerge; and,
 - Departments Heads will meet regularly to provide updates on potential budget issues for the year.
-

Financial Policies

Objective:

To assure accountability of City budgets Department Managers are required to determine City budgets that correspond with their respective programs and services.

Policies:

- To provide Department Managers the discretion to reallocate resources between line items within their Departmental budgets to adapt to circumstances within each calendar year;
 - To ensure no significant change shall be made to service or project scope without specific authority; and,
 - To apply Departmental accountability to the City's financial and corporate objectives.
-

Objective:

To manage contingencies, as well as future expenses, through the development of reserve funds.

Policies:

- To maintain both statutory and non-statutory reserves. Statutory reserves are those that are either required by the Community Charter (i.e. parkland reserves), or established by Council (i.e. asset reserves);
 - To authorize expenditures from Charter statutory reserves will only be permitted by bylaw;
 - Expenditures from Council reserves will be authorized by Council resolution; and,
 - The annual budget process will consider reserves as a source of funding for projects designated under the reserve.
-

Glossary

Acronyms:

CPA: Chartered Public Accountants

GAAP: Generally Accepted Accounting Principles

IT: Information Technology

LNG: Liquefied Natural Gas

MFA: Municipal Finance Authority

OCP: Official Community Plan

PSAB: Public Sector Accounting Board

RBA: Resource Benefits Alliance

RCMP: Royal Canadian Mounted Police

PPTA: Port Property Tax Act

Terminology:

ACCOUNTING PRINCIPLES

A set of generally accepted principles for administering accounting activities and regulating financial reporting.

ACCRUAL BASIS OF ACCOUNTING

Accounting for transactions as they occur, regardless of when cash has been exchanged.

AMORTIZATION + DEPRECIATION

The expensing over a period of years, the cost of fixed assets based on the estimated useful life of the asset.

ASSET MANAGEMENT PROGRAM

A long-term approach to managing infrastructure assets—it includes planning, designing, investing, maintaining, disposing and replacing an asset for the purposes of extending the useful life of the asset.

BALANCED BUDGET

A budget in which total revenues are equal to or greater than total expenditures therefore no budget deficit exists.

BASE BUDGET

The first step in the annual budget process that projects the future cost of existing service levels by incorporating anticipated increases to labour and benefits rates, as well as ongoing increases to selective non-labour costs, such as contracted services.

BUDGET AMENDMENT

Expenditures under the Financial Plan are authorized by a Budget Bylaw. After the Budget Bylaw is adopted, any significant revisions to the current year planned expenditures must be authorized by a new bylaw called a Budget Amendment Bylaw.

CAPITAL ASSETS

Tangible assets of significant value that have a useful life of greater than one year.

COMMON COSTS

Business units that provide services on a shared basis to other business units. Their costs are charged to other business units based on a per unit of service charge and the amount of service consumed. Finance and Public Works are examples of shared services.

COST DRIVERS

A description of the significant circumstances, events and expenditure categories that influence overall cost structures within the context of a specific local government.

DEBT SERVICE

The annual payment of principal and interest required to retire long-term debt, usually according to a predetermined amortization schedule.

DEPRECIATION

The orderly charge to operations of the costs of capital assets over their estimated useful lives.

Glossary

DEVELOPMENT COST CHARGES (DCCs)

Levies charged to new developments to offset the costs of providing new infrastructure to service those developments. The expenditure of these funds is governed by legislation and is restricted to the purpose for which they were originally collected.

EXPENDITURES BY FUNCTION

Reporting of expenditures by functional purpose, such as fire prevention and information systems. Expenditures by function aggregate the salaries and benefits, materials and supplies, etc. devoted to that function.

EXPENDITURES BY OBJECT

Reporting of expenditures by type, such as salaries, benefits, materials and supplies, regardless for which functional unit the expenditures were made.

FINANCIAL PLAN

Incorporates the budget for the current year and high-level projections of revenues and expenditures for the subsequent four years. The Financial Plan is embedded in an annual bylaw that provides statutory approval for the expenditure of funds according to the current year budget.

FUND

Standalone high-level business entities that engage in specific service activities. Each Fund has its own particular revenues, expenditures, reserves and capital program. Each Fund also has its own particular approach to budgeting and rate setting. Example Funds are the General Fund that sets annual tax rates and the Water Utility Fund that sets the annual user rates for water.

GENERAL FUND

The primary fund of a government that records all assets, liabilities,

INFRASTRUCTURE

A generic term to describe the essential physical assets that enable local governments to provide their services, such as roads and water mains. See also Capital Assets and Tangible Capital Assets.

OFFICIAL COMMUNITY PLAN (OCP)

The ultimate local government planning document by which a community defines itself. The OCP lays out high-level policy statements on such matters as land use, zoning, servicing, community amenities and finances.

PORT PROPERTY TAX ACT

Provincial legislation passed in 2003 implementing a limit to the municipal mill rate levied by a municipality on qualifying port operators. This legislation was to end in 2018, however was extended indefinitely in 2014 by the Provincial government.

PROGRAMS vs. PROJECTS

Programs tend to involve ongoing services and activities, and are embedded in base budgets, whereas projects tend to be shorter-lived, possibly one-time, and change frequently in response to annual requirements.

PROPERTY ASSESSMENT CYCLE

The BC Assessment Authority is responsible for establishing assessed values of all properties in the Province and reports those values according to an annual cycle. A Preview Roll, with properties valued as at July 1, reflects new construction and zoning changes up to October 31.

A Completed Roll is produced by December 31 and reflects all assessment data for the coming year. This roll is the basis for the individual assessment notices that are mailed to property owners in early January. A Revised Roll, produced as at March 31 and containing adjustments due to successful assessment appeals, forms the basis of the annual property tax calculation and levy.

Glossary

PROPERTY TAX RATE MULTIPLES

Different tax rates are applied to different classes of property. The tax rate multiple is the expression of a class tax rate in relation to the residential tax rate. For example, a class multiple of 4 means a tax rate that is four times the residential tax rate.

TANGIBLE CAPITAL ASSETS

Formal terminology referring to non-financial assets that have physical substance held for use in the supply of goods and services, have economic useful lives greater than one year and are not held for resale in the ordinary course of operations.

RESOURCE BENEFITS ALLIANCE

The Northwest Resource Benefits Alliance was established to seek a share of industrial revenues that flow to other levels of government from future development. This revenue would enable communities to address current impacts arising from major resource development, service and infrastructure deficits, and to leave a legacy in Northwest BC.

PUBLIC SECTOR ACCOUNTING AND AUDITING BOARD (PSAB) OF THE CANADIAN INSTITUTE OF CHARTERED ACCOUNTANTS

The PSAB recommends and prescribes accounting and reporting standards for the public sector.

SERVICE LEVEL

A high-level description of the extent of a particular service offering, usually referencing a blend of quantity, frequency and quality that most often correlates to staffing levels. When service levels are described as high, it usually indicates a higher staffing commitment and hence higher costs per unit of overall service.

STRATEGIC PLAN

Expresses the broadest aspirations of a community and priorities to which the Financial Plan aims to fulfill.

APPENDIX A: Permissive Tax Exemptions



CITY OF PRINCE RUPERT

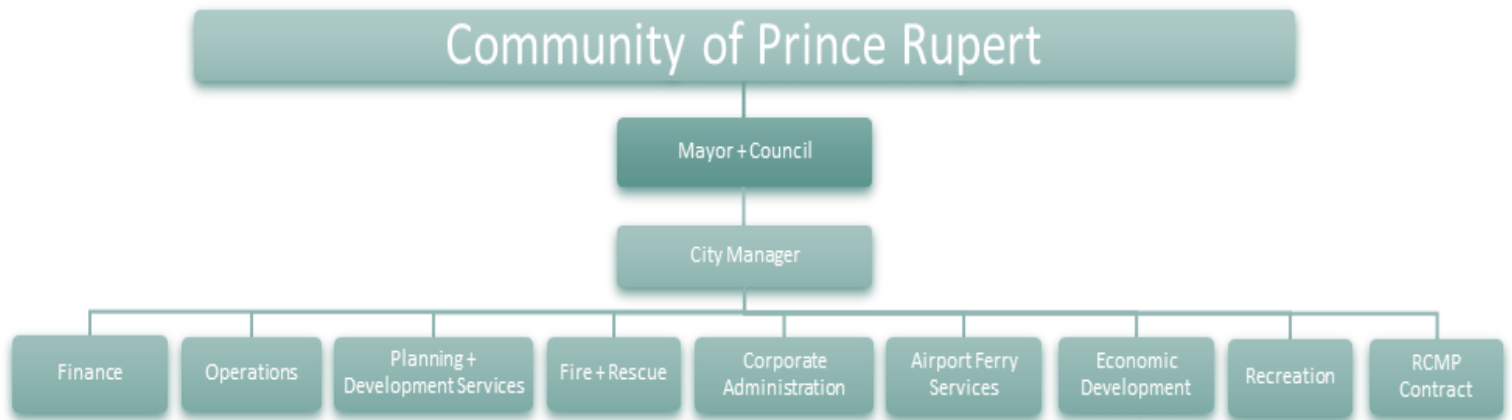
Permissive Tax Exemptions 2022 to 2023 or 2022 to 2027

Pursuant to Section 227 of the *Community Charter*, Public Notice is hereby given that Prince Rupert City Council is considering adopting proposed **Permissive Property Tax Exemption Amendment Bylaw No. 3477, 2021**. If adopted by Council, the following properties would be exempt from property taxation in the following amounts:

Registered Owner/ Occupier Identity/ Facility	No. of years exemption may be provided	Estimated annual Permissive Tax Exemption based on 2021 Rates/Values	Roll Number	Legal Description
Places of Worship (Exclude Statutory Exempt Portion)				
Bishop of New Caledonia (Anglican Cathedral)	6	\$ 660.32	0001839.000	Lots 38-42, Blk 1, Range 5, Plan 923, DL 1992, LD 14
Church of Jesus Christ of Latter Day Saints Church	6	580.39	0091420.000	Lot 1, Range 5, Plan 10626, DL 251, LD 14
Cornerstone Mennonite Brethren Church	6	336.68	0002000.000	Lot 20-22, Blk 9, Sec 5, Range 5, Plan 923, DL 251, LD 14
Fellowship Baptist Church	6	335.81	0003323.000	Lot A, Range 5, Plan 7641, DL 251, LD 14
The Salvation Army	6	1,647.76	0001041.000	Parcel B, Blk 36, Sec 1, Range 5, Plan 923, DL 251, LD 14
Harvest Time United Pentecostal Church	6	124.68	0003175.000	Lot 16 W 1/2 15, Blk 11, Sec 6, Range 5, Plan 923, DL 251, LD 14
Indo-Canadian Sikh Association Temple	6	118.16	0002980.000	Parcel A (PP23125), Blk 3, Sec 6, Range 5, Plan 923, DL 1992, LD 14
Prince Rupert Congregation of Jehovah's Witnesses	6	818.14	0002772.050	Lot 1, Plan EPP104623, DL 251, LD 14
Prince Rupert Church of Christ Church	6	906.64	0009855.000	Parcel A (TG4443), Range 5, Plan 10602, DL 251, LD 14
Prince Rupert Native Pentecostal Revival Church	6	305.83	0001038.000	Lot 13-14, Blk 36, Sec 1, Range 5, Plan 923, DL 251, LD 14
Prince Rupert Pentecostal Tabernacle	6	717.23	0091412.000	Lot 1, Range 5, Plan 11720, DL 251, LD 14
Prince Rupert Sikh Missionary Society Temple	6	807.15	0006391.000	Parcel A, Blk 39, Sec 8, Range 5, Plan 923, DL 251, LD 14
First United Church	6	36.93	0002099.000	Lots 23 & 24, Blk 12, Sec 5, Range 5, Plan 923, DL 251, LD 14
First United Church (parking lot)	6	731.27	0002098.000	Lot 22, Blk 12, Sec 5, Range 5, Plan 923, DL 251, LD 14
First United Church (parking lot)	6	731.27	0002097.000	Lot 21, Blk 12, Sec 5, Range 5, Plan 923, DL 251, LD 14
St. Paul's Lutheran Church of Prince Rupert	6	152.05	0001958.000	Lot 25, Blk 7, Sec 5, Range 5, Plan 923, DL 251, LD 14
Sub-total Places of Worship		\$ 9,010.29		
Other Properties				
Cultural Dance Centre & Carving House	2	\$ 12,688.35	0000382.000	Lot A, Blk 16, Sec 1, Range 5, Plan 923, DL 251, LD 14
Museum of Northern BC	2	40,720.26	9000165.002	Lot 1, Range 5, Plan EPS64, DL 251, LD 14
Prince Rupert Performing Arts Centre Society	2	130,670.46	9000363.000	Parcel Assign 28, Range 5, Plan 5631, Except Plan 6006, DL 251, LD 14
Jim Pattison Ind. Ltd (Canfisco Municipal Boat Launch Facility)	2	17,402.98	9000246.000	Part Lot 1, Blk Wft G, Plan 7176 Except Plan PRP42647, DL 251, LD 14
Prince Rupert Golf Club	2	24,929.25	9000322.000	Blk 4, Range 5, Plan 1594, DL 251, LD 14 Except Plan 3908 & Part of DL 1992 7 & 1994, Except Plans 5535, 6006, 8407, 9409
Prince Rupert Golf Club	2	5,442.16	9000322.001	
Prince Rupert Golf Club	2	476.63	9000322.003	
Prince Rupert Golf Club	2	287.28	9000322.004	
Prince Rupert Racquet Association	2	5,631.56	9000322.002	Lot A, Range 5, Plan 9409, DL 251, LD 14
School District No. 52 (Prince Rupert) (Pacific Coast School)	2	6,577.05	0000525.000	Part of Lot A, Range 5, Plan 8288, DL 251, LD 14
School District No. 52 (Prince Rupert) (Pacific Coast School)	2	97.94	0000300.000	Part of Lot 16 & 17, Blk 12, Sec 1, Range 5, Plan 923, DL 251, LD 14
BC Society for the Prevention of Cruelty to Animals	2	2,013.16	0093225.000	Lot 1, Sec 9, Range 5, Plan PRP43463, DL 251, LD 14
BC Society for the Prevention of Cruelty to Animals	2	11,164.88	0093227.000	Lot A, Sec 9, Range 5, Plan PRP43462, DL 251, LD 14
BC Society for the Prevention of Cruelty to Animals	2	1,234.01	0093230.000	Lot 1, Sec 9, Range 5, Plan PRP43461, DL 251, LD 14
Prince Rupert Loyal Order of Moose/Moose Lodge	2	692.03	0000261.000	Lot 1-2, Blk 11, Sec 1, Range 5, Plan 923, DL 1992, LD 14
Prince Rupert Salmon Enhancement Society	2	1,471.24	9000323.001	Block PT 4, Range 5, Plan 1594, DL 251, LD 14
Prince Rupert Curling Club	2	11,338.99	9000299.000	Lot C, Range 5, Plan 4693, Except Plan PRP44107, DL 251, LD 14
Prince Rupert Rod & Gun Club	2	2,625.08	9000416.000	License# 705501 & B06202, Range 5, Plan 1456, DL 251, LD 14
Prince Rupert Aboriginal Community Services Society	2	2,414.79	0009504.000	Lot 4, Range 5, Plan 9689, DL 251, LD 14
Friendship House Association of Prince Rupert	2	19,229.62	0000914.000	Parcel A (PN24367), Blk 32, Sec 1, Range 5, Plan 923, DL 251, LD 14
Kaien Island Daycare Services Family Resource Centre	2	1,292.73	0005167.002	Lot A, Range 5, Plan 8006, DL 251, LD 14
Prince Rupert Senior Centre Association	2	1,001.77	0001044.000	Lot 19, Blk 36, Sec 1, Range 5, Plan 923, DL 251, LD 14
North Coast Community Services Society (Previously Prince Rupert Community Enrichment Society)	2	5,995.95	0000906.000	Lots 15-16, Blk 32, Sec 1, Range 5, Plan 923, DL 251, LD 14
The Royal Canadian Legion Branch 27 (Only area used by Legion)	2	932.27	0000641.000	Lot 16, Blk 24, Sec 1, Range 5, Plan PRP923, DL 251, LD 14
Navy League Prince Rupert Branch	2	722.88	9000299.001	Lot C, Range 5, Plan 4693, DL 251, LD 14
Prince Rupert Rowing & Yachting Club (Only area assessed as "Recreation Non-Profit")	2	2,788.98	9000214.100	Lot 1, Range 5, Plan 42708, DL 251, LD 14
Kaien Senior Citizen's Housing	2	66.07	0003150.000	Lots 7-10, Blk 10, Sec 6, Range 5, Plan 923, DL 251, LD 14
Prince Rupert Senior Citizen's Housing Society	2	2,207.78	9000089.000	Lot 1, Range 5, Plan 4083, DL 251, LD 14
Prince Rupert Indigenous Housing Society (Only area assessed as "Residential/Not-for-profit")	2	8,814.59	0040511.050	Lot A, Range 5, Plan BCP13581, DL 1992, LD 14
Cedar Village Housing Society (Only area assessed as "Residential/Not-for-profit")	2	15,069.05	0003411.000	Blk G3, Range 5, Plan 923, DL 251, LD 14
Sub-total other Properties		\$ 335,999.81		
Estimated Annual Total Permissive Property Tax Exemptions		\$ 345,010.10		

The estimated annual exemption for future years is expected to be approximately the same as the 2022 exemption for all properties.

APPENDIX B: Organizational Chart



The City of Prince Rupert has approximately 250 full and part time staff who perform a range of functions for our municipality. We are citizens providing service to citizens, and pride ourselves on our standard of delivery.

If you have feedback on the services you receive, please feel free to contact City Hall by:

Phone: (250) 627 1781

Email: cityhall@princerupert.ca

Regular Mail: 424 3rd Avenue West

Prince Rupert, BC

V8J 1L7



Did you know?

Minimize Cashflow Impacts of Utilities and Property Tax Due Dates

Sign up for pre-authorized withdrawal and spread the costs of City services out over each month.

Benefits:

- No large payment twice per year
- Take advantage of early pay discount on utilities
- Ensure full payment of property tax before July, meaning no 10% penalty charge
- Help budget your own finances
- Can be cancelled at any time

Contact City Hall to learn more!

Phone: (250) 627 0964.

Email: taxnotice@princerupert.ca

Or visit our Customer Service Desk at:

424 3rd Avenue West

Prince Rupert, BC

V8J 1L7