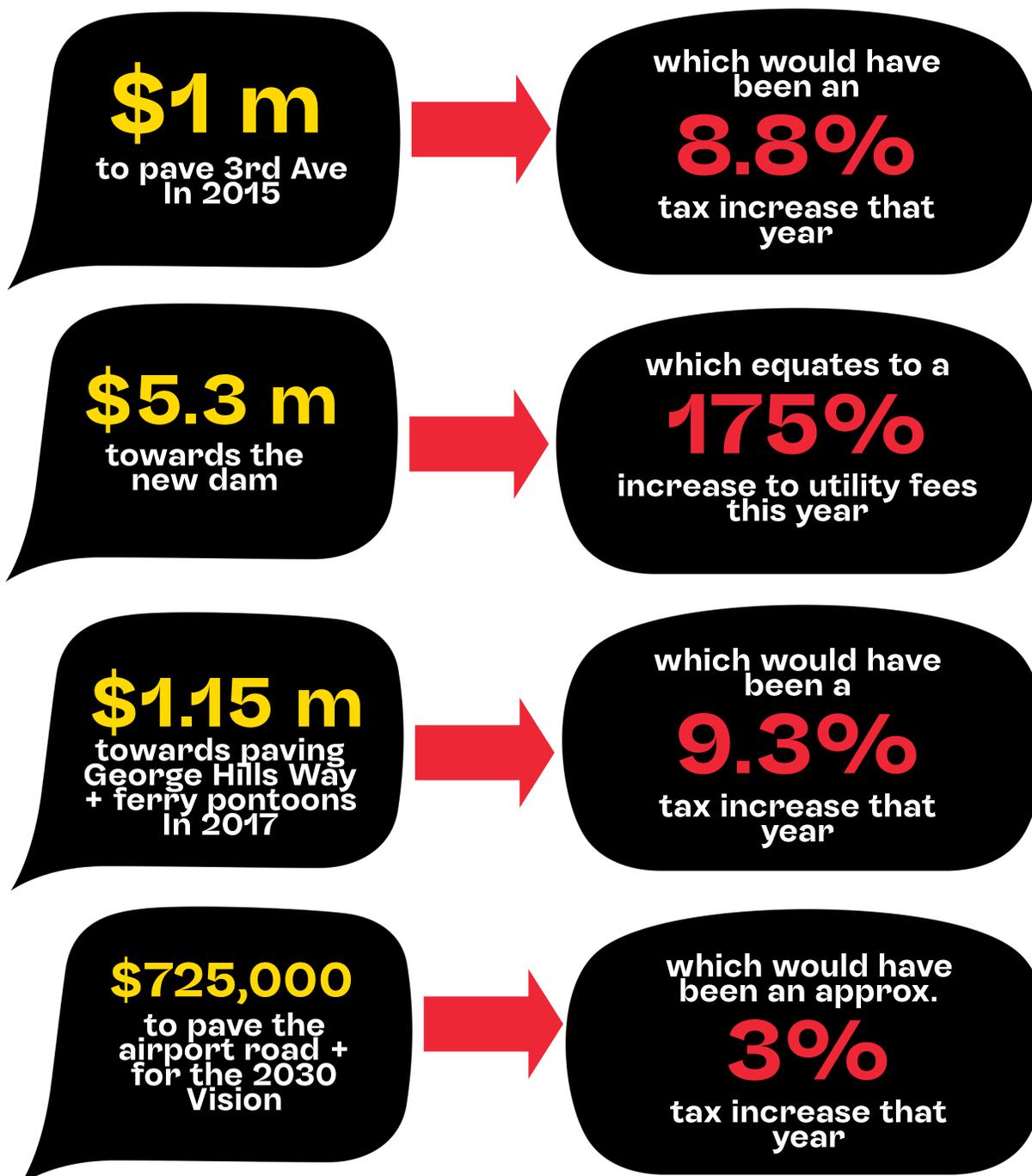


How Legacy Helps



Prince Rupert Legacy Inc. (Legacy) is the City of Prince Rupert's wholly owned Development Corporation, overseen by Council and a Board of Directors made up of senior City staff. Legacy manages properties like Watson Island, Lot 444 and Lot 9 in order to pursue development of these key commercial lands—with lease revenues then transferred back to the municipality through dividend. The intent of the fund is to finance one time investments so that residents don't have to.

Here are some of the major ways that Prince Rupert Legacy Inc. has helped to offset costs for residents since it was established in 2014.



Still have questions? More on the next page.

Frequently Asked Questions



Why was Legacy Inc established?

Prince Rupert Legacy Inc. was initially founded in 2014 to negotiate with Exxon on Lot 444 for an LNG project (which is no longer proposed). Later, Legacy leased Watson Island from the City in order to repurpose the property. These initial funds from Lot 444 as well as new revenues from Watson Island have since been transferred to the City in the form of annual dividends that originally covered expenses associated with proposed LNG development at the time, but also planning and investment in critical infrastructure renewal.



Watson Island (pictured above in 2013) was a significant environmental and security cost to the City prior to the removal of the pulp mill

The intent of the Corporation is to develop property, which is an activity above and beyond the City's core services. Profits from Legacy are then used to finance one-time costs, and large non-recurring capital expenses, such as the replacement of critical infrastructure like roads, as well as future water and sewer upgrades, so that these multi-million dollar expenses are not borne solely by tax and utility payers.

So why have a separate corporation? When municipalities sell land, the proceeds are set aside in a land reserve fund which can then only be spent on more land or capital projects. Because of this restriction, many municipalities now rely on Development Corporations for greater flexibility in use of these revenue streams. In addition, Development Corporations can transact more freely, while still serving the community good.

How does Legacy currently generate funds?

In the years following its establishment, Legacy has acquired lands on Watson Island (via lease with the City), as well as Lot 9 (purchased from CN) and Lot 444 across the harbour (transferred from the City) to explore development options and bring in new sources of revenue. After the removal of the mill, portions of Watson Island have been leased by Legacy to Pembina for the development of their propane facility and United Transload Services for container staging. These leases benefit the City through additional tax revenues and leases via dividends paid to the City.

What would have happened if the City had not established Legacy?

For one, Exxon was not in favour of transacting with the City in which case the exclusivity arrangement on Lot 444 may never have happened. These funds were integral to the City being able to begin to reinvest in infrastructure renewal and revitalization.

More importantly however, the City owns Watson Island through tax sale. If lease revenues were to come directly to the City as an operating inflow, the minute those leases end and the City lost lease revenues along with the taxes, it would mean a significant financial impact and a massive tax increase in one year in order to retain the same operating budget. Having Legacy distributing funds for one time projects protects future taxpayers from the otherwise significant financial risk and disruption associated with industry closing shop on City-owned lands. Having Legacy also enables the City to focus on its core services while the development company focuses on developing the lands under its management.

How has Legacy benefitted the community as a whole?

If the City had not pursued the lease and development of properties via Legacy, rather than having significant tax and utility increases identified in the previous page, many of these projects would most likely never have been completed—especially those planning initiatives like Redesign Rupert and our new Official Community Plan. Other expenses, like the dam, are unavoidable, and putting them off could potentially lead to infrastructure failure and a risk to community health and safety. In cases where the City had to act, costs would likely be born through debt, with tax and utility payers covering the costs of repaying the loans—however this would still mean a fee increases of up to 75% for the debt for the dam alone.

How is Legacy accountable to the public?

Legacy was established with the approval of the Inspector of Municipalities, a Provincial oversight body that ensures the Corporation continues to act in the best interests of the community. The Board of Legacy is comprised of four senior City staff, appointed by Council. Legacy undergoes an annual audit, produces financial statements, and is required to report to Council with respect to any major Agreements or transactions. Additionally, in undertaking any development, Legacy is also required to abide by the regulations laid out in the City's Official Community Plan and Zoning Bylaw – which identify permitted and intended uses for different areas of the community.

What might Legacy fund for the City in the future?

In the 2022 Budget, it is proposed that Legacy will fund \$750,000 in anticipated leasehold improvements to the MacCarthy GM Building to relocate the Public Works crew to that location. In addition, because grants are not available for planned capital replacement of underground infrastructure like pipes, this is another planned expense that Legacy may fund in the future. So long as Legacy continues to generate revenue, the intent is to reinvest in the community in both critical infrastructure and 'nice to have' projects that make Prince Rupert a more livable place.

**For more
information**

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