

**REPORT OF THE COMMITTEE OF THE WHOLE  
MEETING HELD IN THE MUNICIPAL COUNCIL  
CHAMBERS ON WEDNESDAY, APRIL 11, 2018 AT  
5:00 P.M.**

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Chair C. Leclerc presided. Members present were S. Bujtas (via telephone), L. Christiansen, J. Cordeiro, B. Downie, M. Prevost, and S. Tyers. Also in attendance were H. Avison, Chief Administrative Officer and Deputy Clerk, L. Greenlaw, Director of Finance, J. Klie, Fire Chief, R. Schibli, Director of Public Works, D. Block, Director of Development Services, C. Didier, Director of Leisure Services, S. Lecky, Officer-in-Charge Terrace R.C.M.P. Detachment, S. Jones, Information Systems Manager, and A. Poole, Executive Assistant.

The Finance, Personnel & Administration Component of the Committee of the Whole meeting commenced at 5:00 p.m.

**A. FINANCE, PERSONNEL & ADMINISTRATION  
COMPONENT**

**1. 2018-2022 BUDGET UPDATE, INCLUDING  
BORROWING AND TAX RATES**

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The Chief Administrative Officer addressed the Committee and explained that the purpose of the meeting was to review some changes to the provisional budget presented in December 2017 and to get a recommendation from Council to proceed with the preparation of the 5 Year Financial Plan and Tax Rate bylaws.

The year-end surplus for 2017 increased significantly. This was largely due to an unexpected surplus from the R.C.M.P. and surplus from capital projects. A portion of the surplus will be used to increase the winter road and sidewalk maintenance budget and to increase the overhead budget to include more road repairs in 2018. The City will also use year-end surplus funds to cover the \$300,000 cost for the new fire truck instead of borrowing the funds as presented at the provisional budget meeting.

The Director of Finance addressed the committee. At the provisional budget meeting the projected unbudgeted surplus was approximately \$1 million. The City now has an actual unbudgeted surplus of approximately \$2 million.

The R.C.M.P. budget had a surplus of approximately \$765,000 which was \$500,000 more than what was expected at the provisional budget meeting. This surplus was due to a final member number that was lower than projected and a refund from retroactive pay increases for R.C.M.P. members.

The Finance department had a surplus of approximately \$150,000. Penalties on taxes came in \$80,000 over budget and the withdrawal of the 2016 property assessment appeal provided a surplus of \$80,000.

Economic Development had a surplus of approximately \$50,000.

The Development Services department had a surplus of approximately \$113,000. This surplus was due to two large building permits including Northwest Community College (\$60,000) and Ksan Society (\$50,000).

The Leisure Services department had a surplus of approximately \$250,000. This surplus was due to the aquatic centre closure.

The gaming revenue came in at \$35,000 over budget.

The remainder of the surplus was a result of various capital projects as well as capital projects that were not completed in 2017 that will be carried forward to 2018.

Due to the surplus, the City was able to reduce the property tax increase from 3% to 2%.

The Director of Finance reviewed the General Fund budget comparison to

identify any changes since the provisional budget meeting.

There was a decrease in the General Levy budget of \$119,000 which included the reduction in property taxation. This also included an additional \$15,000 in non-market change value. The final non-market change came in at \$115,000 which was \$15,000 higher than expected.

Other notable changes were an increase of \$53,000 due to an increased franchise fee amount from PNG, a one-time grant that was provided to the Victims Assistance program of \$7,000, a \$3,000 increase for budget tag revenue which was removed in 2016 but has been added back in to reflect annual sales, and a decrease in expected grant revenue of approximately \$385,000 dollars.

Cost sharing had increases in revenue due to shared capital increases. An additional \$130,000 was added to the arena parking lot project which the Regional District of Kitimat-Stikine (RDKS) cost shares in. Approximately \$140,000 for fibre link installation from City Hall to the Aquatic Centre was added into the cost-sharing budget.

There was a decrease in internal reserve revenue of \$300,000 to fund the purchase of the fire truck.

Notable expense changes included administrative sundry expenses of approximately \$9,500 relating to strategic planning as well as relocation of \$2,000 from an Administration budget to an Economic Development budget.

There was a \$5,000 increase to R.C.M.P. office salaries for casual staffing as well as a \$4,000 increase to animal shelter operations for costs and training purposes.

Increases of approximately \$19,500 were made to adjust for higher utility costs at City Hall, the R.C.M.P., and Public

Works. These adjustments were made to reflect actual utility costs.

There was a one-time increase of \$220,000 for pavement patching, winter road maintenance, and winter sidewalk maintenance due to the prolonged winter.

There was an increase of \$30,000 for street lighting costs which was adjusted to reflect actual costs.

The Director of Public Works addressed the Committee. The overlay budget was presented at \$100,000 at the provisional budget meeting but has since been increased to \$200,000.

The Director of Finance addressed the Committee. There was a \$10,000 increase to the Economic Development special projects budget. This amount was added to cover the costs of hiring a photographer to create a database of images to use on the City's website, social media accounts, and various advertising materials.

There was \$730 added to the budget for the Green Thumb Garden's liability insurance, as well as \$12,000 for the R.E.M. Lee Theatre. These were changes that were recently approved by Council.

There was an increase to the internal reserve expense budget. The increase of approximately \$80,000 allowed the City to fully repay the 2016 internal borrowing for the Loen Avenue reconstruction project. All internal reserve borrowing has been paid off.

The Director of Finance reviewed the General Fund 5 Year Plan.

Notable revenue changes included the estimated increased tax revenue projection which included \$115,000 in non-market change and a 2% tax increase for 2018, the sale of services revenue from 2018 - 2019 had an increase of \$110,000 included due expected revenue from the re-opening of the Terrace & District Aquatic Centre (TDAC), funds of \$3.8 million in borrowing for the TDAC renewal project, and a revenue change in unconditional grants in 2021 where gas tax funding will be allocated to the water and sewer fund.

Notable expense changes included the interest in principal payment on borrowing to commence in 2019, an increase in recreation operating expenses due to the re-opening of the TDAC, and reserve transfers that contained repayment of \$109,000 borrowed for work on the arena roof and \$207,000 repayment of funds borrowed for the Loen Avenue reconstruction in 2016.

There is a budgeted surplus of \$768,000 for 2018.

The Director of Finance reviewed the Capital Projects General Fund.

Notable changes included pavement overlays with an increase of \$100,000 since the provisional budget meeting, the Council chambers sound system enhancement at \$12,000, the contribution to physician recruitment and retention promotional materials of \$15,000, the Leisure Service refrigeration plant room exhaustion fan at \$50,000, the Public Works asset management plan of \$15,000, the relocation of training props from the Northwest Community College to the Public Works yard of \$35,000, property clean-up of \$8,000 on Olsen Avenue for the Rapid Response to Homelessness project, and the installation of the Kitsumkalum-Kalum River Gauge of \$5,500.

The Lanfear Hill study and concept design has been moved up from year 2021 to 2020.

The only change in the sewer budget was an increase in expected grant revenue. The expected grant revenue is tied to completion level of the capital project that the grant relates to.

In 2021, \$350,000 of the annual gas tax funding will be allocated to the sewer fund. This will assist in keeping the sewer fund sustainable.

There was a \$10,000 increase to the winter hydrant budget to repair damaged hydrants.

The only change in the water fund 5 year plan was the allocation of \$150,000 in gas tax funding in 2021 to allow for major road reconstruction.

There were no notable changes to the Water Fund Capital Projects budget or the Sewer Fund Capital Projects budget.

**It was recommended that** the 2018-2022 budget be approved as amended and that the 2018-2022 Financial Plan Bylaw proceed to Council for first, second, and third reading; and

that the 2018 Tax Rates Bylaw be prepared with a 2% increase for all classes and proceed to Council for first, second, and third reading.

The April 11 Finance, Personnel & Administration Component of the Committee of the Whole meeting adjourned at 5:40 p.m.

**CERTIFIED CORRECT**

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**Chair**

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**Deputy Clerk**