

City of Duncan - 2011 Budget Background Document April 18, 2011

Peter de Verteuil, Director of Finance



Process

- April 14th – Public Presentation of Draft Budget
- **April 18th – Regular Council meeting – Budget and Tax Rate Bylaws given 1st, 2nd and 3rd reading**
- May 2nd – Special Council meeting – consider approval of Budget and Tax Rate Bylaws

Average Assessments

The average home increased from \$261,722 to \$272,404 in 2011 (+4.08%).
The average commercial property increased from \$381,910 to \$408,211 (+6.89%)

Increase on the Average Home and Commercial Property

The increase in taxes collected for 2011 is 9.5% (7.3% due to policing).

As the City is attempting to limit the impact to commercial properties and bring down the commercial tax multiple, the increases have been apportioned as follows:

The municipal tax increase on the average home is 11.47% (\$117.88)
This increase is largely due to policing (8.2% or \$84.26)

The municipal tax increase on the average commercial property is 8.94% (\$435.34)
This increase is largely due to policing (7.54% or \$367.42)

Rate per \$100,000 of assessment	<u>2010</u>	<u>2011</u>
Residential - General Municipal	315.01	315.00
Residential - Municipal Policing	77.79	105.67
Commercial - General Municipal	1,022.93	973.66
Commercial - Municipal Policing	252.81	326.53

The Province has increased the Home Owner Grant by \$200 for 2011 which may help to offset this increase for most residential home owners.

Last year's Financial Plan projected an increase of 12.0% for 2011, Council was mindful of the current economic climate and strived to find a balance between desired initiatives and increased taxes.

2011 Budget Items/Changes

Most expenses have been held down to keep the increases down. However, some notable changes were made in 2011.

- Policing – In 2009 Council negotiated transitional funding totaling \$700,000 to soften the immediate tax impact, and phased in the increases. In 2011, the second full year of Police Costs, total costs are budgeted at \$1,045,000 (\$938,850 from property taxes, and the remainder from use of prior years' surpluses, keeping the tax increase down to 7.3% as previously noted).
- Commissionaire day patrols are being increased due to continued issues in the Downtown parks and core.
- The City's new Director of Development Services began in January 2010. Projects such as reducing the City's organizational and community carbon footprint as required by Bill 27 and the Climate Action Charter, the urban forest strategy, and development procedure improvements are just the start. In 2010 this position was shared with the Town of Lake Cowichan which paid 2/5ths of the position's wages and benefits. In 2011, Lake Cowichan will pay only 1/5th of the wages and benefits as the development service demands for the City have increased and the director will spend more time working in Duncan.
- We have maintained level of annual taxes allocated for capital at \$445,700
- Canada Avenue traffic calming at Evans Street and Station Street.
- Paving for 2011 has been cut by one third to \$190,000.
- A light at the Cowichan Way, Trunk Rd, Duncan Street intersection was constructed in 2010 and Council has budgeted \$50,000 in 2012 to improve on its deficiencies. Other components such as the Duncan/Canada one-way couplets and other upgrades are now not slated until possibly 2014, awaiting funding from future grant applications.
- Organics collection began in March of 2011, with no increase in garbage or recycling rates; the three services of Organics, Recycling, and Garbage collection are now all performed by City crews.

- Construction of the first phases of the gravel trail from Downtown Duncan to Drinkwater Road in North Cowichan, along the rail right-of-way is underway paid for by Public Transit grants and Gas Tax funds.
- The City's Storm water study is underway; this will consider the storm water infrastructure capacity and water quality opportunities.
- Discussions for the creation of an active transportation plan with the CVRD and the District of North Cowichan are underway.
- Planning for the City's 100th Anniversary Celebrations in 2012 are well underway and \$20,000 has been allocated from prior years' surpluses to cover any costs necessary in 2011.
- A new flood pump for the fish gut alley area, and dike improvements are being designed, with construction expected in 2011. This will result in borrowing in 2011 with payments to begin in 2012.

Future Budget Items

- Return to \$300,000 in annual paving in 2012.
- \$50,000 use of surpluses in 2012 for the City's Centennial Celebrations.

Future Increases in Taxes Collected

The City's tax revenues for 2012 onward are estimated to increase by:

2012	8.9%	(3%) flood works debt payments (1.4%) policing (1%) small communities grant decreasing while expenses increasing
2013	3.0%	
2014	3.0%	
2015	3.0%	

2011 Budget Background Document – April 18, 2011

Average Home	2010	2011	%	\$
Assessment			Increase	Increase
	\$261,722	\$272,404	4.1%	
Municipal	823	858	4.3%	\$ 35
Policing	204	288	41.2%	\$ 84
CVRD	321	355	10.6%	\$ 34
Hospital	63	80	27.0%	\$ 17
BCAA	17	17	0.0%	\$ -
School* ¹	593	617	4.0%	\$ 24
TOTAL	\$ 2,021	\$ 2,215	9.6%	\$ 194

*¹ – Assume Increases 4%

Average Business	2010	2011	%	\$
Assessment			Increase	Increase
	\$381,910	\$408,211	6.9%	
Municipal	3,906	3,975	1.8%	\$ 69
Policing	966	1,333	38.0%	\$ 367
CVRD	1,146	1,303	13.7%	\$ 157
Hospital	224	292	30.4%	\$ 68
BCAA	76	77	1.3%	\$ 1
School* ¹	2,597	2,701	4.0%	\$ 104
TOTAL	\$ 8,915	\$ 9,681	8.6%	\$ 766

*¹ – Assume Increases 4%

Per \$100,000	Home			Business		
	2010	2011	Increase	2010	2011	Increase
Municipal	315	315	-	1,023	974	(49)
Mun Policing	78	106	28	253	327	74
CVRD	123	130	7	300	319	19
Hospital	24	29	5	59	72	13
BCAA	7	6	(1)	20	19	(1)
School* ¹	227	236	9	680	707	27
TOTAL	\$ 719	\$ 768	\$ 49	\$ 2,222	\$ 2,338	\$ 116

*¹ – Assume Increases 4%

Business Taxes Policy

The proposed 2011 business multiple is 3.09; a substantial reduction from previous years.

2010 was 3.25
 2009 was 3.29
 2008 was 3.44
 2007 was 3.44

Policy Excerpt

City Council considers the current proportions of taxes collected and current assessment class multiples as reasonable; however, as opportunities arise, Council will attempt to lower the percentage of taxes collected from the business class and attempt to hold or lower the business class multiple with a goal to have a multiple at the 50th percentile of other municipalities (median).

In 2007 3.44 put Duncan at 113th out of 156 municipalities. (72nd percentile)
 In 2008 3.44 put Duncan at 116th out of 160 municipalities. (72nd percentile)
 In 2009 3.29 put Duncan at 110th out of 160 municipalities. (69th percentile)
 In 2010 3.25 put Duncan at 123rd out of 160 municipalities. (77th percentile)

Based on other municipalities 2010 rates, the proposed 2011 multiple of 3.09 would put Duncan at 107 out of 160 (67th percentile)

The 50th percentile was 2.84 based on other municipalities 2009 rates
 The 50th percentile was 2.74 based on other municipalities 2010 rates

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