

**2010 Budget Background Document**  
**May 4, 2010**  
Peter de Verteuil, Director of Finance



**Process**

- April 22<sup>nd</sup> – Public presentation of draft budget
- **May 3<sup>rd</sup> – 6:45pm Special Council meeting to give Budget and Tax Rates Bylaws 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> reading**
- May 10<sup>th</sup> – Special Council – Approval of Budget and Tax Rates Bylaws

**Average Assessments**

The average home increased from \$256,116 to \$261,722 in 2010 (+2.2%)  
The average Business increased from \$372,344 to \$381,910 (+2.6%)

**Increase on the Average Home and Business**

The Municipal tax increase on the average home is 11.9% (\$109)  
This increase is largely due to Policing (8.3% or \$76)

The Municipal tax increase on the average business is 11.0% (\$484)  
This increase is largely due to Policing (8.0% or \$352)

Although last year's Financial Plan projected an increase of 13.7% for 2010, Council was mindful of the current economic climate and strived to find a balance between desired initiatives and increased taxes.

While many expenses have been held down to keep the increases down to this level, some notable changes were made in 2009 and 2010 that do impact the budget.

### **Budget Items/Changes**

- Policing – In 2009 Council negotiated transitional funding totaling \$700,000 to soften the immediate tax impact, and phase in the increases. 2010 is the first full year of Police Costs, and total costs are budgeted at \$1,036,367 (\$676,240 from property taxes, and the remainder from Provincial Transition funding, keeping the tax increase down to the 8.3% as previously noted.)
- Aquatic Centre – 2009 saw a large increase to the budget for Aquatic Centre operating. (Costs were higher than anticipated from budget established based on the Nanaimo Pool.) Even with this increased budget, expenditures were even higher than anticipated. Discussions are pending with North Cowichan on the City's level of input into the budget for the Aquatic Centre.
- Commissionaire day patrols are being budgeted due to continued issues in the Downtown parks and core.
- Budget has been added to implement an E3 program for the City vehicle fleet – which generates custom reports and recommendations for reducing fuel, operating and capital costs as well as emissions.
- Initially budgeted to start in mid 2009, 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. This position is shared with the Town of Lake Cowichan which pays 2/5ths of the position's wages and benefits.
- A planning summer student funded from surplus for 2010 will assist the Director of Development Services in implementing the goals and vision from the Official Community Plan including Zoning Bylaw amendments.
- Accountant/ Office Manager now in place to continue improvements to office efficiencies, including higher levels of service to the public, other departments and Council.
- \$12,500 annual contribution from North Cowichan for Centennial Park and continued contributions by the City into the operation of Kinsmen Park.
- \$52,821 allocated for totem maintenance in 2010 and future years established at \$25,000 annually.
- Possible Energy Manager in 2010 funded from surplus, contingent on other funding from Ladysmith (25%) and BC Hydro (50%)
- Full year of Engineering Technologist hired in May of 2009. Substantial progress has been made on in-house design work (Brae Rd and Beech Ave water mains) and in overall asset maintenance. Evidenced by more detailed, longer term capital plans in the capital budgets for water, sewer and roads.
- Museum funding now a specific line item, no longer a grant.

- Totem Tours now a specific line item, no longer a grant.
- Maintained level of annual taxes allocated for capital \$445,000.
- 2010 Parking Fees increased – In 2009 all day parking areas were to increase to \$2 per day and the monthly passes were to increase in cost by 50%; to further encourage a commitment by the merchants, business owners and other regular all day parkers to commit to the strategy of leaving the on street parking for customers of the downtown. This implementation did not take place until early 2010.
- \$14,848 in unspent funds from the newly established Environmental Committee have been carried over. The 2010 budget of \$44,858 will fund projects such as an Integrated Sustainability Plan, the Woodstove Exchange Program, and the Urban Forest Strategy.
- Centennial Park Revitalization – Council was successful in securing additional grants towards the costs of Centennial Park and the Duncan Lions Club has sponsored the Spray Park. This has enabled the continuation of the revitalization of this core park.
- A light at the Cowichan Way, Trunk Rd, Duncan Street intersection is now under construction. Other components such as the Duncan/Canada one way couplets and other upgrades are awaiting funding from grant applications.
- 2010 should see the implementation of organics collection and waste resource management.

Trimming of some budgets such as legal and snow clearing, increased revenues such as land leases, and use of surplus for onetime costs like redressing the McAdam Park sports fields, has enabled the above items while keeping the increase in municipal tax collected (excluding policing) to 3.9%.

### **Future Budget Items**

- Possible 2012 Gateway road construction of \$1,000,000 paid for by debt, therefore increased debt payments in 2012
- Annual paving budget of approximately \$300,000 continued in addition to rolling over some of the unspent 2009 budget. Implementation of 5 year capital road plan.

Although the costs for 2010 are up in large part due to policing, this is an exciting time for the City: greater influence in policing, additional planning capacity, new engineering capacity, to insure best practice in asset management, road improvements, park improvements, tourism infrastructure, environmental stewardship, and organics collection.

### Future Increases in Taxes Collected

The City's tax revenues for 2011 onward are budgeted to increase by:

2011	12.0% (9.2% due to Policing)
2012	4.0%
2013	4.3%
2014	3.2%

Note that this doesn't necessarily mean a 12% increase in 2011 to the average home; the 2009 increase in taxes collected was 13% but the increase to the average home was 11% in 2009.

<b>Average Home</b>	<b>2009</b>	<b>2010</b>	<b>% Increase</b>	<b>\$ Increase</b>
Assessment	\$256,116	\$261,722	2.2%	
Municipal	790	823	4.2%	\$ 33
Policing	128	204	59.4%	\$ 76
CVRD	301	321	6.6%	\$ 20
Hospital	49	63	28.6%	\$ 14
BCAA	16	17	6.3%	\$ 1
School	574	593	3.3%	\$ 19
<b>TOTAL</b>	<b>\$ 1,858</b>	<b>\$ 2,021</b>	<b>8.8%</b>	<b>\$ 163</b>

<b>Average Business</b>	<b>2009</b>	<b>2010</b>	<b>% Increase</b>	<b>\$ Increase</b>
Assessment	\$372,344	\$381,910	2.6%	
Municipal	3,774	3,906	3.5%	\$ 132
Policing	614	966	57.3%	\$ 352
CVRD	1,073	1,146	6.8%	\$ 73
Hospital	175	224	28.0%	\$ 49
BCAA	75	76	1.3%	\$ 1
School	2,606	2,597	-0.3%	\$ (9)
<b>TOTAL</b>	<b>\$ 8,317</b>	<b>\$ 8,915</b>	<b>7.2%</b>	<b>\$ 598</b>

Per \$100,000	Home			Business		
	2009	2010	Increase	2009	2010	Increase
Municipal	309	315	6	1,014	1,023	9
Mun Policing	50	78	28	165	253	88
CVRD	118	123	5	288	300	12
Hospital	19	24	5	47	59	12
BCAA	6	7	1	20	20	-
School	224	227	3	700	680	(20)
<b>TOTAL</b>	<b>\$ 719</b>	<b>\$ 768</b>	<b>\$ 49</b>	<b>\$ 2,222</b>	<b>\$ 2,338</b>	<b>\$ 116</b>

### Business Taxes Policy

The business multiple is now 3.25. Down from 3.29 in 2009, from 3.44 in 2008 and 3.44 in 2007.

### 2009-2013 Financial Plan - 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 50<sup>th</sup> percentile of other municipalities (median).**

In 2007 3.44 put Duncan at 113<sup>th</sup> out of 156 municipalities. (72<sup>nd</sup> percentile)

In 2008 3.44 put Duncan at 116<sup>th</sup> out of 160 municipalities. (72<sup>nd</sup> percentile)

In 2009 3.29 put Duncan at 110<sup>th</sup> out of 160 municipalities. (69<sup>th</sup> percentile)

If all other municipalities stay the same

3.25 would put Duncan at 108<sup>th</sup> out of 160 municipalities (68<sup>th</sup> percentile)

2.84 would put Duncan at the 50<sup>th</sup> percentile

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