

February 2, 2012

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**City provides budget status and process update**

To confirm the City's 2012 financial plan, Campbell River City Council will review and refine budget options during upcoming finance committee meetings. Meetings are scheduled every second Tuesday from Jan.31 through Mar. 31. Meetings will begin at 6:30 p.m. and will be broadcast live on the City's website and televised on Shaw TV.

During the Jan. 31 meeting, the City's general manager of corporate services provided context for City taxation. *"For every dollar the Canadian household pays in taxes, eight cents goes to municipal services, 50 cents goes to the federal government and 42 cents to the province,"* said Laura Ciarniello.

In 2011, for approximately \$149 a month (the monthly municipal taxation on the community's average home value last year) residents received all City services – from water, sewer and emergency response, to waste collection, street maintenance, sidewalks and traffic control, transit, the airport, planning and building inspection, environmental management, economic development, public facilities like the museum, art gallery, Tidemark theatre and Maritime Heritage Centre, plus parks and recreation, she noted.

*"Many people pay \$150 a month for their car and house insurance, or for their cell phone, or cable and Internet package,"* Ciarniello added.

The City's 2012 draft budget provided by staff "holds the line" on 2011 service levels and results in a \$3.6 million shortfall. The shortfall is related to:

- a loss of major industry taxation
- increasing costs for fuel and electricity and contractual wage increases to City employees
- the use of \$1.1 million from City reserves (savings) to balance the budget in 2011.

The draft budget also includes items already approved by Council: grants in aid worth \$696,079 and permissive tax exemptions (for charitable, philanthropic or other not for profit groups that provide community services such as schools, cemeteries and churches) valued at \$602,288 (equal to a four per cent residential tax increase).

*"Even with a starting point of no service increases, we face a large funding shortfall,"* Ciarniello says. *"If Council chose to fund the entire difference through only residential property tax increases, it would mean an additional \$288 a year, or \$24 per month, or 79 cents a day, for the average home."*

Since 2002, the City has been reducing its dependence on major industry taxation, and that means less to make up now that the Catalyst property is no longer assessed in the major industry tax class, Ciarniello explains. *"In North Cowichan, where a Catalyst mill is still operating, there is concern due to the company's application for creditor protection that taxes might not be paid. If that happens, a \$350 tax increase on the average home would be required this year to make up the potential tax loss."*

Council is discussing a range of cost-saving measures, Ciarniello adds. In addition to identifying appropriate service levels, Council will discuss user fee and tax increase options, potential borrowing options (to fund capital projects) or the possibility of using limited reserves to bridge City services to 2013.

Council is preparing a list of proposed cost-savings ideas for consideration at the Feb. 14 meeting. Rivercorp and the Airport Authority will also present budget requests for Council consideration that day.

Finance committee meetings are open to the public, and people can share comments and questions by email ([info@campbellriver.ca](mailto:info@campbellriver.ca)), through an online form on the City's website ([www.campbellriver.ca](http://www.campbellriver.ca) / Customer Feedback) and by letter to City Hall, Ciarniello adds.

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### **Topics for upcoming Finance Committee meetings:**

February 14 Finance Committee meeting –

- Airport Authority and RiverCorp budget presentations including service level increase requests
- Review of the Capital Plan – General, Water, Sewer and Airport
- Presentation and discussion of Service Level Change Requests
- Refinement of service levels and tax rates

February 28 Finance Committee meeting-

- Review of transfers to other agencies / bodies / governments
- Review and discussion about Debt
- Review and discussion of Reserves
- Review options to balance 2012 Budget
- Decisions on Service Level Change Requests and Airport Authority and RiverCorp budget submissions
- Refinement of service levels and tax rates

March 13 Finance Committee meeting-

- Refinement of 2012 – 2016 Financial Plan
- Refinement and decisions regarding Capital plans
- Decision on service level changes
- Refinement of options to balance 2012 Budget

March 28 Finance Committee meeting -

- Final budget decisions regarding use of reserves, service levels and taxation levels

May 1 Council meeting

- Tax bylaw for adoption by Council for the Five Year Financial Plan

**Members of the public are welcome at all meetings and are asked to provide input.**

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