

April 29, 2009

City Council Finalizes 2009 Budget for Campbell River

“Following a final day of intense deliberation, Campbell River’s 2009 budget moves us toward financial sustainability,” says Mayor Charlie Cornfield.

The Financial Plan includes \$3.6 million in new taxes and a \$500,000 property tax shift away from Class 4 (Major Industry). The 9.82 per cent increase equates to approximately \$150 per average residential property.

Council initially faced a \$4.4 million budget shortfall related to a combination of revenue losses from the sawmill closure and the downturn in the local development environment as well as rising contract, service and collective agreement costs. In addition, the City is required by legislation to set aside funding for asset replacement, for which Council reserved \$600,000. Council addressed the total \$5 million budget shortfall through a combination of:

1. \$3.6 million in net tax increases
2. \$1.4 million in operating budget cuts

Council eliminated the anticipated draw on the City’s surplus. *“Large draws on the City’s surplus are not sustainable,”* the Mayor says. *“Local governments are required, by law, to balance their budget, and Council made provisions for future financial challenges without drawing on the City’s surplus.”*

Service cuts amounting to \$1.4 million in cost savings come from across all City departments and include staff reductions, the elimination of unassigned positions, layoffs and reduced hours for some workers.

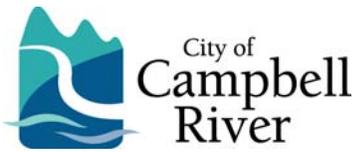
“A number of projects and initiatives have been postponed, and we will all feel the repercussions of reduced services,” the Mayor emphasizes. *“Council agreed to only those service reductions and eliminations that won’t compromise the long-term integrity of the City. Road, water and sewer services will be maintained at current levels.”*

Council’s previously announced strategic plan around financial sustainability, living green, improved community communications and external relations and planning for a livable community will be pursued.

With new tax from Class 2 (Utility), the City will gain an additional \$540,000.

“A \$938,000 increase in Class 7 (Managed Forest Lands) taxation is focused on lands where use in the foreseeable future is not forestry – to encourage economic stimulation through alternative land use and related activity,” explains Mayor Cornfield. *“This change affects all Class 7 land holders, and since TimberWest is the largest holder, the City is working with them to evaluate tax implications, identify lands not required for long-term forestry and work to rezone and remove land from Class 7 as appropriate.”*

Considering some of the Financial Task Force recommendations, *“Council shifted \$500,000 away from major industry taxation, further reducing our dependency on this revenue source and*



creating a more attractive business climate,” the Mayor says. Class 6 (Business) does not share in this shift.

“At a time when revenues are down and costs are rising, we took the first steps to implement one of the priorities in our strategic plan: financial sustainability,” the Mayor explains. “The global economy and the reality of the times dictate a significant portion of these changes. We’ve been fair and shared the challenge by distributing the increased taxation across all tax classes except major industry, and we’re meeting our community’s needs through a combination of service cuts and revenue increases – without drawing on the City’s surplus – to move us forward to a brighter future.”

“I cannot emphasize enough how much we appreciate the efforts of the City’s staff and how hard Council worked to ensure we maintain a balance among financial, environmental and social concerns,” Mayor Cornfield sums up.

The City’s Financial Plan Bylaw is scheduled for adoption on May 12, 2009.

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BACKGROUND

The combination of revenue losses (such as sawmill closure and downturn in local house construction), rising contract and service costs were key components of the \$4.4 million budget shortfall that was addressed with a combination of new revenue and budget cuts. Council also shifted \$500,000 away from Class 4 (Major Industry).

Reductions in City Employment

Elimination of Positions Not Filled

- Fire Prevention Officer
- Mechanic Fire Fighter
- Crime Analyst
- RCMP Administrative Assistant
- Bylaw Enforcement Officer
- Computer Support Analyst

Elimination of Full-Time Positions (Management)

- 2 Administrative Support

Elimination of Full-Time Positions (Union – Layoff)

- 1 from Accounting
- 2 from Operations

Reduced Hours (Layoff affects four employees)

- Recreation Support Staff
- Parks Maintenance Workers

Service Implications of Budget Cuts

Recreation – Sportsplex closed Statutory Holidays and operating shorter hours on weekends

Parks

- 15% reduction of garbage pickup during the summer months
- 15% reduction in spring / summer mowing; priorities will be sports fields and higher profile parks (Ostler), reduced service for neighborhood parks, boulevards, cemeteries

Fire Department – Reduction in fire prevention, inspection activities and business support

RCMP – Decreased administrative support

Bylaw Enforcement – Reduced traffic patrols (downtown, schools and general areas)

Operations – Reduction in road cleaning / sweeping service by 50 per cent (arterial roads; collector roads; local roads; parking lots; commercial precincts)

Finance

- Decreased staff available to assist with counter duties and phone inquiries during peak times
- Delays in account payable and transit reconciliation processing

Information Services – Delay in rollout of new programs and products