

March 28, 2012

Council settles on \$136 net property tax increase per year on average home

In a 4-3 vote at its Mar. 27 meeting, City Council supported a residential tax increase that will mean an additional net levy of \$136 on the average Campbell River home.

After a three-month process that included an extensive review of services, resulting in some cuts and some enhancements, and a commitment to have no reliance on reserve funds to balance the budget by 2015, Council opted for a 13.6 per cent residential tax increase, which, once reductions in parcel tax and user fees are factored in, is a 7.1 per cent net increase.

“The owner of an average home can expect to see a net increase on the City levy on their property tax bill of \$136 in 2012,” says Laura Ciarniello, the City’s general manager of corporate services. The average home in Campbell River is valued at \$268,000.

“Facing historic challenges, Council has come up with a frugal budget plan to maintain service levels over the long-term in our community,” Ciarniello adds. *“They have settled the question of how to address the loss of major industry taxation and recognized the value Campbell River residents and businesses place on City services.”*

Through the course of the financial plan meetings, Council’s decisions included some minor service and staffing reductions as well as service increases (funding for the Splash Park and airport marketing). At the Mar. 27 meeting, Council decided to sell five vehicles (to save \$14,500) and endorsed a \$150,000 reduction in costs not related to compensation, which equates to a 2.5 per cent cut across all City departments.

Council’s decisions will be drafted into the 2012 Budget Bylaw for review at its Apr. 24 meeting.

Budget 2012	Levy 2011	Change	Levy 2012	% of Change
Municipal Taxes & Debt	1,182	161	1,343	13.6%
Water Parcel Tax	10	(10)	0	100.0%
Sewer Parcel Tax	39	0	39	0.0%
Storm Parcel Tax	12	0	12	0.0%
Parks Parcel Tax	50	(25)	25	-50.0%
Water	156	30	186	19.2%
Sewer	240	0	240	0.0%
Recycling	91	0	91	0.0%
Garbage	132	(20)	112	-15.2%
Total	1,912	136	2,048	
Overall percentage increase 7.1%				

The average annual levy in the chart above equates to a \$171 per month average residential tax payment and can be compared to the cost of other household items such as:

Telephone	\$25 – \$60 per month
Cable	\$35 - \$155 per month
Hydro	\$50 - \$250 per month

City services include: drinking water, sewer, emergency response, garbage, recycling and yard waste collection, flood protection, streets, sidewalks and traffic control, public recreation facilities, planning and building inspection, law enforcement and firefighters, parks, recreation and culture, transit and airport, environmental management, economic development, museum, art gallery and other facilities.

Early estimates indicate that to maintain current service levels in 2013, a residential tax increase of approximately 8.5 per cent will be required to address inflation and increases in wages / contractual obligations. For 2014, early predictions are for a residential tax increase of approximately four per cent.

Council meetings are broadcast live on the City's website and televised on Shaw TV.

People can share comments and questions by email (info@campbellriver.ca), through an online form at www.campbellriver.ca/Customer Feedback and by letter to City Hall (301 St. Ann's Road, Campbell River, BC, V9W 4C7).

– 30 –

Contact: Laura Ciarniello, General Manager Corporate Services

250-286-5759

Background

The City's operating budget is approximately \$37 million, which includes a general operating budget, plus separate funds earmarked for water, sewer and airport operations, which are generally funded through specific user fees and parcel taxes. The draft 2012 capital budget (for major infrastructure improvement projects) includes the same four funds and is valued at approximately \$14 million.

The City's 2012 draft budget provided by staff maintained 2011 service levels and resulted in a \$3.6 million shortfall. The shortfall is related to:

- a \$1.8 million loss of major industry taxation from Catalyst property re-classification
- a \$1.3 million inflationary increase and rising contract costs
- the use of \$1.1 million from City reserves (savings) to balance the budget in 2011.

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

It also included a \$442,500 tax increase levied in 2011 to address some of the budget shortfall anticipated in 2012 and a \$190,000 surplus.

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. In 2011, for approximately \$149 a month (the monthly municipal taxation on the community's average home value of \$268,000 last year) residents received nearly 100 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.