



Budget 2010

Preliminary Budget Meeting Monday February 1, 2010

Council meets on Budget 2010

Quesnel City Council met for the first time to discuss the 2010 budget in detail.

The purpose of the meeting was for Council to:

- Review the Preliminary Budget Overview, including the proposed operating budget of each department.
- Review the supplementary budget items list. (Supplementary budget items are generally new spending items that are operational in nature and requested by Council, staff or Committees of Council.)
- Council also held its public input session, where two delegations were heard. The Quesnel Youth Soccer Association requested in a written submission that its annual operating subsidy of \$80,000 continue. The Quesnel and District Chamber of Commerce urged Council to keep taxes low and to maintain a competitive taxation and business-friendly environment.

It is anticipated the budget process will be complete in April, with bylaws and tax rates approved prior to May 15.

All dollar values in the budget are subject to change and should not be considered final until the budget is approved.

Budget 2010 pressures

The City is facing a significant loss of its industrial assessment base combined with very little new construction. In 2009, Northstar Lumber applied for a partial shutdown allowance, resulting in lost municipal taxes of approximately \$335,000.

Another industrial site has appealed its assessment. To be fiscally prudent, the City is placing extra funds into the Tax Stabilization Reserve based upon the estimated effect of this appeal. Finally, due to frozen property assessments last year, the City must account for two years worth of depreciation on its industrial assessment base (about \$500,000 in lost revenues based on 2009 rates).

The West Quesnel Land Stability program requires about \$250,000 per year for five years. This is the City's contribution to match a \$3.14 million grant received.

Council directed staff to prepare a budget targeting an average tax increase of between 2.4% and 3%. The City was forced to cut close to \$1 million from its initial "status-quo" operating and capital budgets to achieve that target.

For further information, please contact:

Matt Wood, Communications Supervisor, at 250.992.2111

The budget process

The budget process began in November 2009. Department managers submitted their anticipated 2010 operating and capital expenditures and requests to their directors. Preliminary discussions were held with Council in January to determine an appropriate tax increase for 2010.

Staff then prepared a preliminary budget package that was distributed to Council for review on January 29. It is available on the City's website on the Budget 2010 page (linked off the home page). Council reviewed the package as well as supplementary requests at the first budget meeting on Feb. 1.

The next budget meeting is scheduled for Monday, February 15 at 3 p.m. Council will review the five-year Capital Plan at that meeting.

Council will deal with a number of budget items in March and April, including:

- Setting tax rates for the various classes.
- Early approval lists.
- Tax shifting between classes.
- Reserve allocations.

Budget 2010 Points of interest

- With no tax increase, the tax levy would total \$11,933,000.
- The budgeted tax levy is \$12,258,000, which represents an increase of \$325,000, a real tax increase of 2.7%. **This is a preliminary number that may change once Council has had an opportunity to fully examine all options.**
- The preliminary operating budget indicates a decrease from 2009 of \$628,000.
- Each 1% tax increase equals approximately \$121,000.
- The assessment base experienced growth of \$38 million due to market increases. The positive impact of that was more than offset by the 11% decline in major industrial assessment.
- Council's strategic priorities for 2010 were considered by staff during budget deliberations. Most notably, West Quesnel Land Stability and the financial sustainability of the corporation were considered.

Next Budget meeting

Feb. 15, 2009 - 3 p.m.

Council Chambers - City Hall