



# Corporate Report

Clerk's Files

Originator's  
Files

FA-19.BUDGET 5

BUDGET COMMITTEE  
JUN - 9 2009

---

**DATE:** June 2, 2009

**TO:** Chair and Members of Budget Committee  
Meeting Date: June 9, 2009

**FROM:** Brenda R. Breault, CMA, MBA  
Commissioner of Corporate Services and Treasurer

**SUBJECT:** **2010 Budget Reduction Options**

---

**RECOMMENDATION:** That Budget Committee review and provide direction on each budget reduction option included in Appendix 1 to 10 attached to the 2010 Budget Reduction Options Corporate Report dated June 2, 2009 from the Commissioner of Corporate Services and Treasurer.

**BACKGROUND:** The City's initial 2010 Budget pressures total \$15.1 million or 5.3% over 2009. After allowing for a 1% forecast growth assessment the net budget increase is \$12.2 million which equates to a City tax increase of 4.4% (1.2% on the total tax bill)

**COMMENTS:** Budget reduction options were compiled from a detailed review of all services. Information was drawn from the various continuous improvement initiatives such as e3 reviews, the myideas staff cost savings challenge and the professional advice of city staff from across the City.

Staff were provided with broad guidelines to follow when preparing the budget reduction initiatives, which included the following key principles:

- Services that provide for the safety and security of residents should not be cut. We should however ensure these are delivered as efficiently and economically as possible.
- Adjustments need to have regard for potential to impact citizens and neighbourhoods which are more vulnerable.
- Short term reductions in maintenance costs that will drive higher costs in the future because of asset deterioration should not be recommended.
- Where revenue is declining, staff and other costs must be brought in line with the lower demand.
- No new tax funded staff for 2010.
- Need to continue to fund maintenance of existing capital
- Any budget reductions need to be achievable, accurate and sustainable for the longer term, not just delaying the inevitable.
- Travelling to conferences outside the Province should be curtailed.

With net budget pressures of \$12.2 million, reductions ranging between \$3.6 million and \$12.2 million are necessary in order to limit the operating portion of the tax increase to between 0% and 3%. The following chart summarizes the budget reductions necessary to limit the operating tax rate increase to 0%, 1%, 2% and 3%.

(\$Millions)	
<b>Net 2010 Pressures After Assessment Growth</b>	<b>12.2</b>
Tax Rate Options	
Required cuts for 0% tax increase	12.2
Required cuts for 1% tax increase	9.3
Required cuts for 2% tax increase	6.5
Required cuts for 3% tax increase	3.6

1% tax increase = \$2.86 million

Staff have examined various options for achieving the reductions necessary to meet Council’s tax rate targets. To assist Council with this process, staff have categorized each option into either “Recommended” or “Budget Option”.

Items “Recommended” are those changes that, in staff’s professional

5b

opinion, have lower negative impacts on clients and services. Across all the service areas, proposed changes to the 2010 Budget in this category total \$5.9 million. If all of these recommended options were adopted, the 2010 City tax rate increase would be reduced by 2.05% to 2.21%, down from the 4.26% currently facing the City.

Ideas included in the “Budget Option” category have a greater impact on public service delivery. Some of these options may have been previously presented to Council and not approved even though they represent staff’s best professional judgement as ways to reduce the tax rate increase. If a proposal was previously considered by Budget Committee, it has been noted in the attached appendices. The “Budget Option” category presents valid measures for Budget Committee consideration. The budget options in this category total \$2.2 million and would reduce the estimated tax rate increase by 0.76% if included in the 2010 Budget.

The following chart provides a summary of all the “Recommended” and “Budget Option” initiatives broken down by service:

	<b>2010 Recommended Reductions</b>	<b>2010 Budget Reduction Options</b>	<b>Total</b>	<b>Tax Rate Impact</b>	<b>Appendix</b>
Roads	-1,458,300	0	-1,458,300	-0.51%	1
Fire	-101,500	0	-101,500	-0.04%	2
Transit	-1,345,100	0	-1,345,100	-0.47%	3
Recreation & Parks	-545,800	-836,400	-1,382,200	-0.48%	4
Land Development	-348,500	-174,200	-522,700	-0.18%	5
Legislative	-60,500	-36,700	-97,200	-0.03%	6
Library	0	0	0	0.00%	
Regulatory	-24,000	-250,000	-274,000	-0.10%	7
Strategic Policy	-20,000	-100,000	-120,000	-0.04%	8
BSCA	-909,700	-114,200	-1,023,900	-0.36%	9
City-Wide	-1,037,800	-650,000	-1,687,800	-0.59%	10
	<b>-5,851,200</b>	<b>-2,161,500</b>	<b>-8,012,700</b>	<b>-2.80%</b>	

Proposals for each Service Area are detailed in the attached Appendices. Each Appendix contains a front colour page

summarizing all 2010 tax rate reduction options for the service to be considered by Budget Committee. Each option identified on the summary page has been cross referenced to an individual sheet which provides more detailed information on the proposed option.

On the summary sheet, there are two columns – Initiative Reference and Comment. The options available under Initiative Reference are as follows:

NI = New Item	Items which Budget Committee has never seen
BP = Business Plan	Items included in original 2010 budget
MI = My Idea	City staff campaign to find cost savings
e3 = e3 Review	Outcome of various e3 Reviews

The Comment column is to identify whether the initiative is New or a Previous Item which Budget Committee has previously seen.

The following table provides a summary of the 2010 tax rate increases, excluding any additional tax rate funding for capital, under various scenarios:

	2010		
	\$ (000's)	City Tax Rate Increase	Residential Tax Bill Impact
Current estimated City tax rate increase (operating only) after assessment growth	\$12,1938	4.26%	1.19%
City tax increase if "Recommended" measures approved	(\$5,851)	(2.05%)	(0.57%)
City tax rate increase if "Budget Options" approved	(\$2,162)	(0.76%)	(0.21%)
City tax rate increase if all proposals approved	\$4,180	1.45%	0.41%

Sd

**FINANCIAL IMPACT: TAX RATE SUMMARY**

The following chart provides a summary of the 2010 tax rate increase by service assuming all the budget pressures included in the 2010 Preliminary Updated Business Plan and Budget Corporate Report as well as the reductions included in this report were approved:

Service	2009 Budget	2010 Pressures	2010 Recommended Reductions	2010 Budget Reduction Options	2010 Total Request	Tax Rate Impact
Roads	58,187,600	4,250,800	-1,458,300	0	2,792,500	0.98%
Fire	78,982,500	3,075,200	-101,500	0	2,973,700	1.04%
Transit	38,297,000	2,823,000	-1,345,100	0	1,477,900	0.52%
Recreation & Parks	42,856,800	2,386,800	-545,800	-836,400	1,004,600	0.35%
Land Development	3,974,900	379,300	-348,500	-174,200	-143,400	-0.05%
Legislative	-1,450,400	-52,000	-60,500	-36,700	-149,200	-0.05%
Library	23,486,200	760,700	0	0	760,700	0.27%
Regulatory	479,000	114,000	-24,000	-250,000	-160,000	-0.06%
Strategic Policy	4,600,000	250,700	-20,000	-100,000	130,700	0.05%
BSCA	60,037,000	3,383,600	-909,700	-114,200	2,359,700	0.83%
City-Wide	-30,019,500	-2,510,100	-1,037,800	-650,000	-4,197,900	-1.47%
Mayor & Council	3,954,500	143,900	0	0	143,900	0.05%
Arts & Culture	2,551,500	46,900	0	0	46,900	0.02%
<b>Total Increase</b>	<b>285,937,100</b>	<b>15,052,800</b>	<b>-5,851,200</b>	<b>-2,161,500</b>	<b>7,040,100</b>	<b>2.46%</b>
Less: Assessment						-1.00%
<b>Tax Rate Impact - Local</b>						<b>1.46%</b>
<b>Tax Rate Impact - Total Tax Bill</b>						<b>0.41%</b>

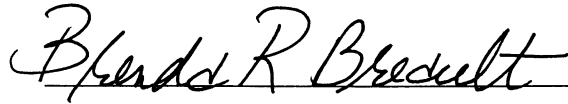
**CONCLUSION:**

We face many budget challenges today which have been compounded by the economic downturn. Budget Committee has requested budget reduction options to allow them to discuss, debate and then give direction to staff on each item. This report contains options to reduce the tax rate increase to 1.56%. Staff need direction from Budget Committee on each specific initiative to allow them to build the draft 2010 operating budget.

**ATTACHMENTS:**

- Appendix 1: 2010 Budget Reduction – Roads
- Appendix 2: 2010 Budget Reduction – Fire
- Appendix 3: 2010 Budget Reduction – Transit

- Appendix 4: 2010 Budget Reduction – Recreation and Parks
- Appendix 5: 2010 Budget Reduction – Land Development Serv
- Appendix 6: 2010 Budget Reduction – Legislative
- Appendix 7: 2010 Budget Reduction – Regulatory
- Appendix 8: 2010 Budget Reduction – Strategic Policy
- Appendix 9: 2010 Budget Reduction – Business Services and  
Corporate Assets
- Appendix 10: 2010 Budget Reduction – City-Wide



---

Brenda R. Breault, CMA, MBA  
Commissioner of Corporate Services and Treasurer

*Prepared By: Donna Herridge  
Manager, Financial Planning and Policy*