

# 2010 OPERATING BUDGET

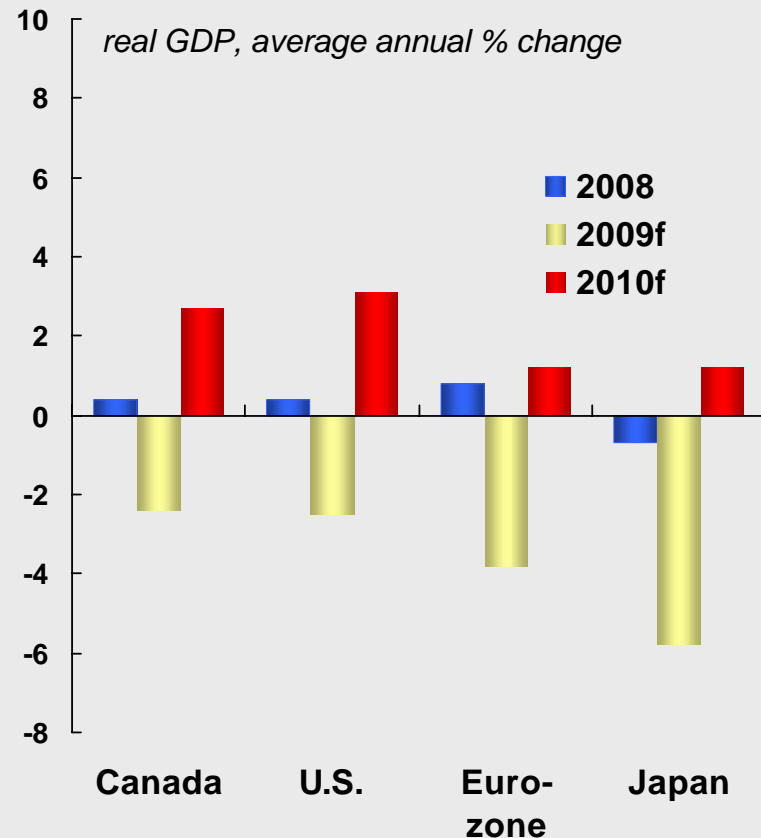
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January 11, 2010



# THE ECONOMY

## G7 Set for a Recovery



Sources: Scotiabank Group Presentation (Warren Jestin),  
Scotia Economics, Global Insight.

- The economy is beginning to revive
- We need to position ourselves for the recovery

# B.C. Economic Outlook 2010 to 2011

	2000 – 2008	2009	2010 (forecast)	2011 (forecast)
Real GDP	2.9%	-2.5%	3.0%	2.9%
Employment	2.2%	-2.4%	1.0%	1.6%
3-month Government of Canada T-bill	2.4% (2008)	0.4%	0.9%	2.0%
10-Year Government of Canada Bond	4.0% (2008)	3.4%	4.0%	4.6%

Sources: Statistics B.C., Central 1 Credit Union – Weekly B.C. Briefing January 8, 2010 Issue, Scotiabank Group Global Economic Research December 23, 2009 Issue.

# City's Financial Position (in \$000's)

	2008	2002	Change \$	Change %
<b>Financial Assets</b>				
<b>Cash and Investments</b>	<b>\$ 557,518</b>	<b>\$ 246,576</b>	<b>\$ 310,942</b>	<b>126%</b>
DCC Receivable	9,732	7,042	2,690	38%
Other Assets	33,494	23,408	10,086	43%
<b>Total Assets</b>	<b>600,744</b>	<b>277,026</b>	<b>323,718</b>	<b>117%</b>
<b>Liabilities</b>				
Accounts Payable/Accruals	75,935	42,740	33,195	78%
Other Liabilities	77,255	18,361	58,894	321%
DCC Payable	48,857	37,290	11,567	31%
<b>Long-Term Debt</b>	<b>18,317</b>	<b>42,709</b>	<b>(24,392)</b>	<b>-57%</b>
<b>Total Liabilities</b>	<b>220,364</b>	<b>141,100</b>	<b>79,264</b>	<b>56%</b>
Net Financial Assets	380,380	135,926	244,454	180%
Capital Assets and Inventory	1,377,655	922,940	454,715	49%
<b>Net Position</b>	<b>1,758,035</b>	<b>1,058,866</b>	<b>699,169</b>	<b>66%</b>
<b>Financial Equity</b>				
<b>Reserves</b>	<b>273,339</b>	<b>107,709</b>	<b>165,630</b>	<b>154%</b>
Surplus/Appropriated Surplus	126,285	73,526	52,759	72%
Capital Equity	1,358,411	877,631	480,780	55%
<b>Total Financial Equity</b>	<b>\$ 1,758,035</b>	<b>\$ 1,058,866</b>	<b>\$ 699,169</b>	<b>66%</b>
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Figures are from audited financial statements. All dollar figures are expressed in thousands of dollars.

# 2010 Budget Challenges

Significant Drivers	Estimated Increase/ (Decrease)	Tax Impact (%)
Salaries & Benefits	4%	3.57%
Contract Services – RCMP	7%	1.30%
Lower Building Permit Revenue	(50%)	1.24%
Lower Tax Revenue Growth	(44%)	0.94%
Operating Budget Impact (plant growth)	\$1.16M	0.78%

# 2010 Budget Assumptions

	<b>2010</b>
Consumer Price Index	1.50%
U.S. Exchange Rates	\$1.00
Natural gas expense	8.00%
Electricity expense	6.00%
Fuel expense	2.00%
Contracts (photocopy & office equipment)	3.00%
Casino Funding (in \$000's)	
Oval	\$5,000
Revolving Fund	243
Capital	617
Capital Building Infra.	1,761
Grants	518
Physical Plant	1,400
Operating (RCMP)	542
Total Casino Funding	\$10,081
Growth	1.22%

# 2010 Proposed Budget

2010 Operating Budget Year over Year Change (000's)		Tax Impact
<b><u>Expenditures</u></b>		
Salaries	\$5,283	3.57%
PW Maintenance Equipment (Non Labour)	163	0.11%
Other	46	0.03%
Contracts	(247)	(0.17%)
Debt	(657)	(0.44%)
Expenditures Increase	\$4,588	3.10%
<b><u>Revenues</u></b>		
Permits Decrease	1,828	1.24%
Business License Decrease	53	0.04%
Revenue Decrease	\$1,881	1.27%
<b>Net Expenditure (base level)</b>	<b>\$6,469</b>	<b>4.37%</b>
Funding for Oval Corporation	650	0.44%
OBI of 2010 Capital Projects	683	0.46%
Net Expenditure before Growth	7,802	5.28%
Net Tax Revenue Growth from New Construction	(\$1,800)	(1.22%)
<b>Net Increase in Civic 2010 Expenditures</b>	<b>\$6,002</b>	<b>4.06%</b>
RCMP Contract	1,928	1.30%
<b>Net Increase in 2010 Expenditures</b>	<b>\$7,930</b>	<b>5.36%</b>

# Budget Reduction Strategy

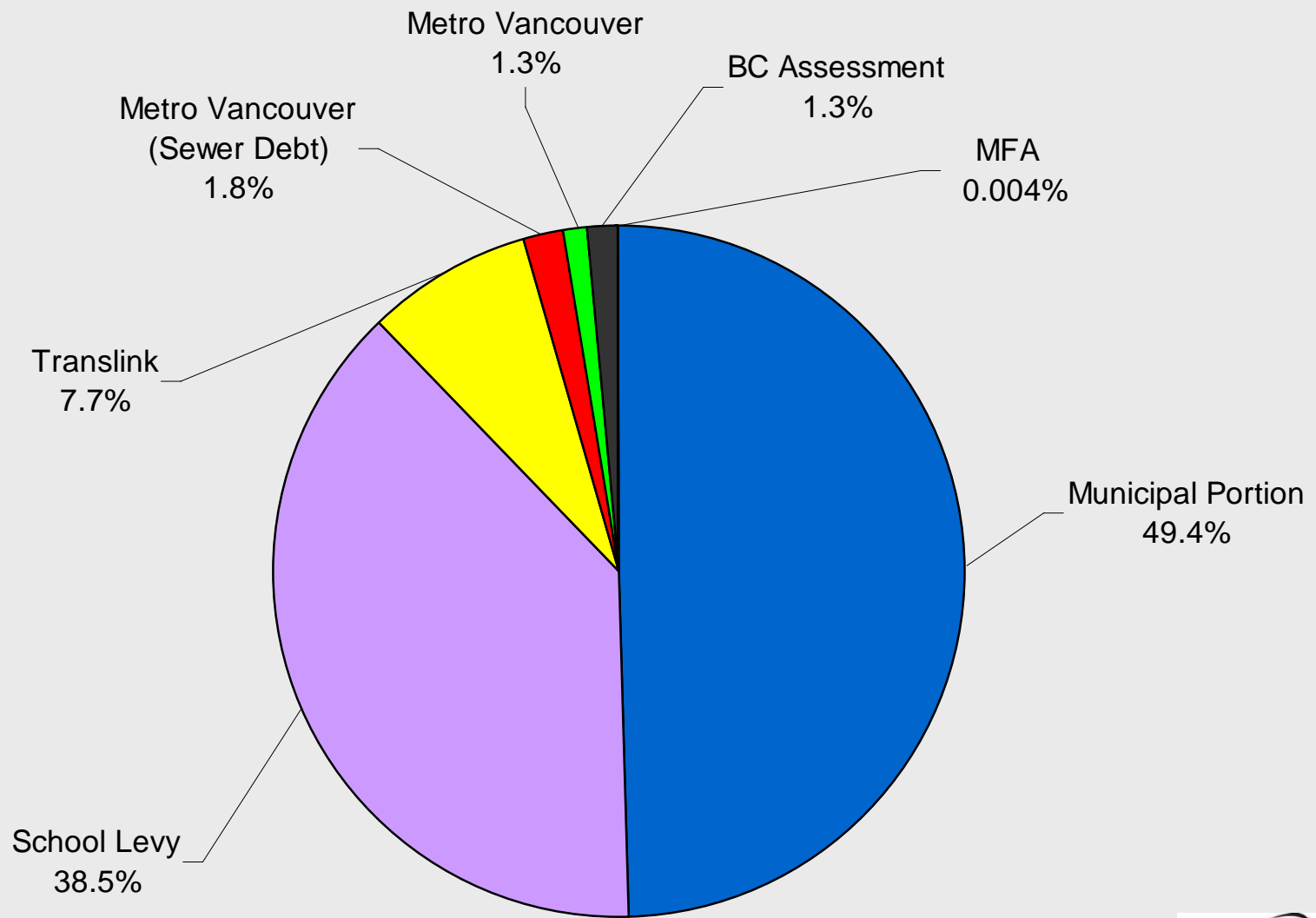
<b>Budget Reduction Strategy(000's):</b>		<b>Tax Impact</b>
<b>Net Increase in 2010 expenditures</b>	<b>\$7,930</b>	<b>5.36%</b>
Increase parking rates and fines	(163)	(0.11%)
Reduce computer hardware and software	(200)	(0.14%)
Phase in OBI over three years	(458)	(0.31%)
Delayed replacements (Gap Funding)	(750)	(0.51%)
Fund temporary decline in permits & development	(1,200)	(0.81%)
<b>Total Budget Reduction</b>	<b>(\$2,771)</b>	<b>(1.87%)</b>
<b>Net Increase after budget reduction strategy</b>	<b>\$5,159</b>	<b>3.49%</b>
Net reduction in OBI of Fire Rescue Ladder Truck	(57)	(0.04%)
<b>Net Increase after additional budget reduction</b>	<b>\$5,102</b>	<b>3.45%</b>



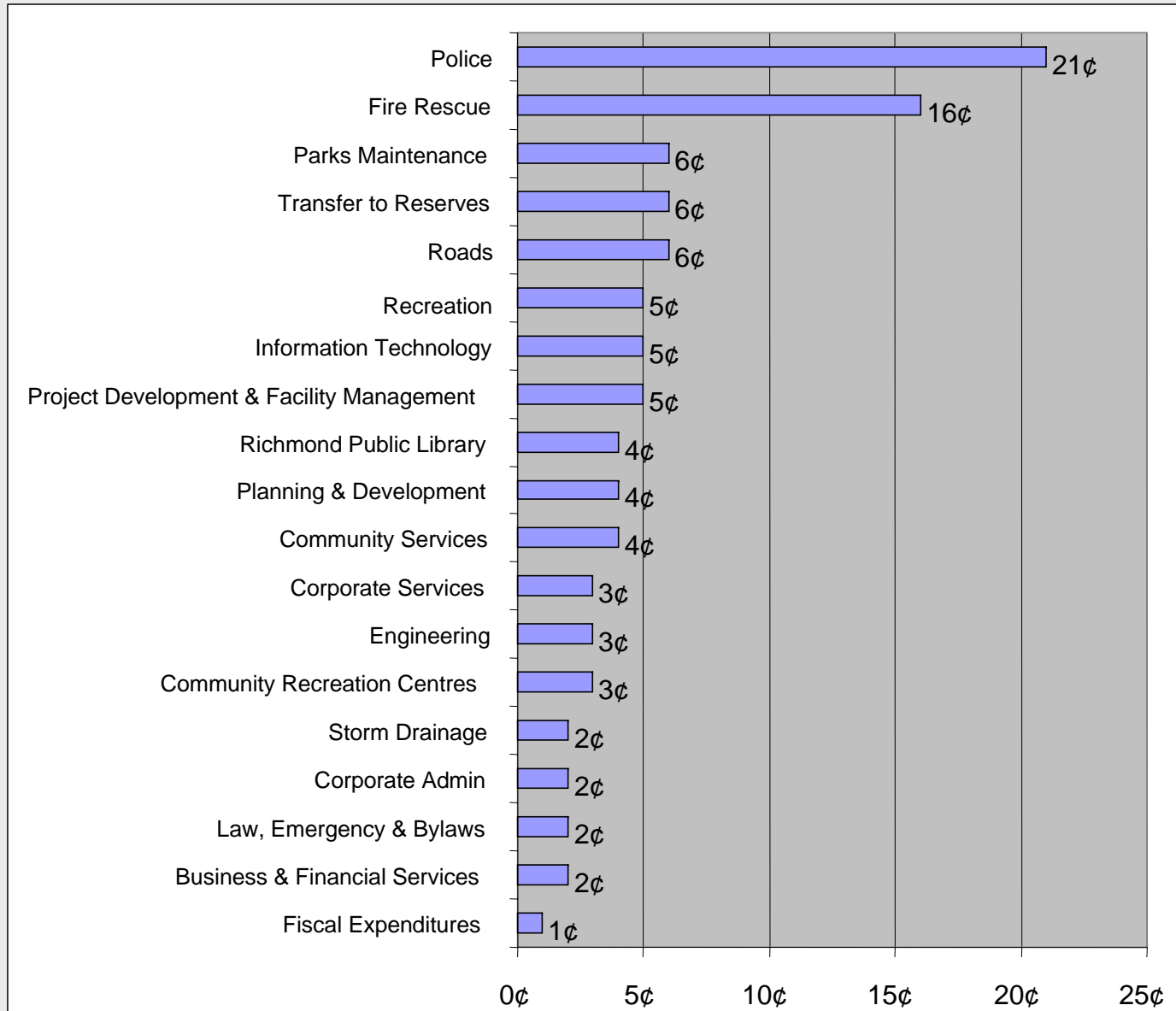
**2010 Operating Budget**  
**Corporate Summary - Net Expenditures**  
(In 000's)

<b>Department</b>	<b>2009 Adjusted Budget Bylaw</b>	<b>2010 Proposed Budget</b>	<b>Year over Year Change</b>	<b>2010 FTE's</b>
Law & Community Safety	\$ 62,861	\$ 65,465	\$ 2,604	340.2
Parks & Recreation	22,425	23,469	1,044	217.1
Engineering & Public Works	17,988	18,787	799	159.3
Community Services	13,751	14,390	639	148.7
Corporate Services	13,212	14,045	833	94.8
Project Development and Facilities	7,492	7,783	291	50.7
Planning & Development	5,091	7,009	1,918	87.7
Corporate Administration (incl. City Council)	3,426	3,532	106	25.5
Business & Financial Services	2,430	2,704	274	63.3
Fiscal	(158,320)	(160,744)	(2,424)	
Transfer to Reserves	9,644	9,644	-	
<b>2010 Net Expenditures/Tax Impact (Before Tax Growth and Additional Expenditures)</b>			6,084	1,187.3
<b>2010 Tax Growth</b>			(1,800)	
<b>2010 Net Expenditures/Tax Impact</b>			4,284	
Oval Funding			650	
Operating Budget Impact of Capital Expenditures			168	
<b>2010 Net Expenditures/Tax Impact</b>			<b>\$ 5,102</b>	

# 2009 Total Property Tax Breakdown



# Breakdown of \$1 of Municipal Taxes 2010



# B.C. Property Tax Deferment Program

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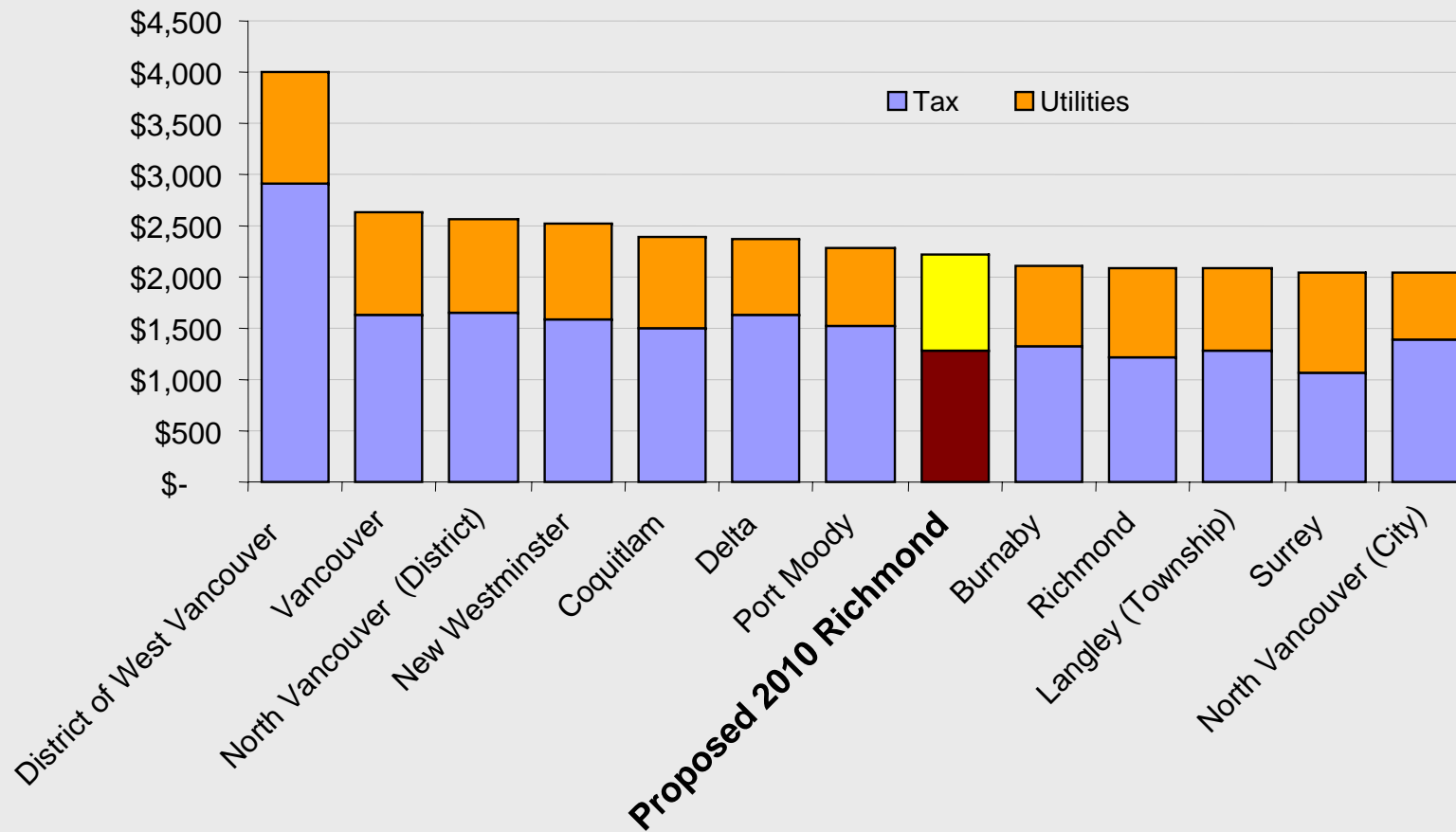
- The British Columbia Property Tax Deferment Program allows property owners to defer annual property taxes on their home if the following criteria are met:
  - age 55 or older; or
  - a surviving spouse (any age); or
  - a person with a disability.
- The Tax Deferment Program also includes financial hardship, allowing qualifying homeowners to defer their 2010 property taxes if they have at least 15% equity in their homes.

# Financial Impact

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- The proposed 2010 Operating Budget has a net expenditure increase of \$5.10M and keeps all services, service levels and programs intact. It also includes operating budget increases as a result of the approved capital plan.
- Estimated tax increase (municipal portion only) is \$38.47 for the average residential home assessed at \$520,086.

# Comparison of 2009 Taxes for an Average Residential Property



# Questions?