

To: Mayor and Members of Council

June 15, 2010

Re: 2010 Operating Budget

Background

At the June 7, 2010 Regular Meeting of Council, Council considered a report prepared by the Administration with respect to the 2010 Operating Budget. (A copy of the report is attached hereto as Appendix "A"). Council requested more time to review the budget and directed the Administration to apply a number of tax tool scenarios to achieving a general tax increase of 4% by applying various combinations of the Base Rate and Mill Rate.

The purpose of this report is to provide Council with the various tax tool scenarios and to seek Council approval to set the 2010 Tax Rate.

Discussion

Municipalities raise most of their revenue through property taxes using a method of calculation called *ad valorem*. This essentially means that your property taxes increase proportionately with the value of your property. Some would suggest that property owners receive the same level of services and that there is no linkage between property taxes and benefits. Others advocate that persons who own higher assessed properties can afford to pay a larger share of the cost of public services. White City Council has adopted a tax policy which supports a compromise of the two arguments. The Town applies a Base Tax and a general Mill Rate in determining property taxes.

The current Base Tax in the Town of White City is \$600.00 residential and \$400.00 commercial. To achieve an approximate 4% general tax increase through a combination of Base Rate and Mill Rate adjustments, the Administration created the following 4 scenarios which are self explanatory.

Tax Tool Scenarios to Achieve Approx 4% Increase

Tax Tool	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Mill Rate	6.39m	6.0m	6.3m	6.2m
Base Rate (Residential)	600.0	675.0	625.0	650.0
Tax Discount	(.209)	(.209)	(.209)	(.209)
Net Tax Revenue	<u>\$1.182500m</u>	<u>\$1.162644m</u>	<u>\$1.18682m</u>	<u>\$1.188075m</u>

Budget Implications

The budget implications associated with this report are reflected in the attached 2010 Operating Budget that your Administration is seeking approval for.

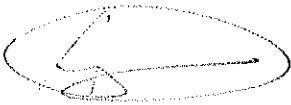
Conclusion

The proposed 2010 Operating Budget reflects a tax increase of approximately 4%. Council has a number of tax tools at its disposal in determining how to achieve an increase in 2010. They can apply a general tax increase by increasing the Mill Rate or Base Rate or they may choose a combination of both tools.

Recommendation

Your Administration recommends that this report be received as additional information in support of Council reaching a decision on the 2010 Operating Budget and associated tax rates.

Respectfully submitted,



**Bryan Dimen,
Town Manager**



To: Mayor and Members of Council

June 7, 2010

Re: 2010 Operating Budget - Proposal

Background

The Administration has prepared a 2010 Operating Budget as per Attachment "A".

The purpose of this report is to provide Council with the proposed operating budget for Council consideration and to determine if a special meeting(s) is required so Council can allocate more time to review before setting the 2010 Operating Budget.

Discussion

The following identifies the significant highlights of the proposed 2010 Operating Budget

1. General Administration

- The 2009 assessment for the Town was \$120,241,612M. Tax revenue was \$1,043,649M, (minus Discounts), which included the Base Tax (\$600.00). The Mill Rate in 2009 was 6.0M.
- The 2010 assessment for the Town is \$136,907,352M. The increase in assessment is attributed to increased growth;
- The tax revenue for 2010 is \$1,136,844M, (net of estimated Discounts), based on maintaining the Mill Rate at 6.0M. This includes Base Tax (\$600.00).
- Your Administration is proposing a 4% tax increase in 2010. The increase is attributable to a general increase in goods and services, the addition of more administrative and operating staffs and a general increase in the level of services to the community.
- The following chart provides a summary overview of tax revenues based 2009 and 2010 tax including the 4% increase in taxes proposed for 2010:

Tax Year	2009 (Actual)	2010 (0% Increase)	2010 (4% increase)
Assessment (SAMA)	120.241612M	136.907352M	136.907352M
• Growth	17.0M	16.0M	16.0M
• Reassessment	31.085627M	N/A	N/A
Mill Rate	6.0M	6.0M	6.39M
Tax Discount	(.159M)	(.201M)	(.209M)
Net Tax Revenue (Includes Base Tax)	1.043649M	1.136844M	1.182500M

- The Provincial Operating Grant remains at the same level as 2009. **170.6**
- Two new administrative positions are requested in 2010, Assistant Administrator and an Operations Director. **32.0 (4months)**
- New software is requested for the financial systems and improved communications for residents related to EMO, the water utility and general communications. **11.6**

2. Protective Services

- The newly formed Emergency Management Organization requires funds to organize and operate. **7.0**

3. Fire Services

- Fire services will now be providing an honorarium to their volunteers based on their participation in fire training exercises. **10.0**
- Fire Services is requesting the purchase of software (Ingenious Software – FP2) that would allow them to better manage incident reports, training, inventory, Inspections, and operational guidelines. **6.0**

4. Transportation

- Town growth has increased the inventory of roads. More funds are required for winter and summer maintenance. **11.0**

- Streets lights have been added increasing inventory. (White City Drive and Bower West Phase II). Pathway lighting was also added in 2009. **6.0**

5. Solid Waste Collection

- Town Growth has added more waste collection bins in 2010. **6.0**
- Recycling and fall clean up has increased and was underfunded in previous years. **20.0**

6. Recreation & Culture

- Upgrades to the ball field will require additional cost; maintenance, lighting facilities utilities. These costs are mostly offset through an operating agreement with the Bronco/ Storm Ball Association. **10.5**
- Increase maintenance of park and open space areas and repairs to play structure, e.g.; top dressing and over seeding parks with sparse turf cover, replacement of sand under play structures with safety approved "pea gravel" enclosed in a boarder. **14.0**

7. Golf Course

- Repairs to the HVAC system caused by the power outage in 2008 are identified in 2010. The majority of these costs would be recovered through the Town's insurance. Also included in this expense are roof repairs. **75.0**

Budget Implications

The budget implications associated with this report are reflected in the attached proposed 2010 Operation Budget document.

Conclusions

The proposed 2010 Operating Budget reflects a tax increase of 4%. To achieve this it is proposed that Council increase the Mill rate from 6.0M to 6.39M. A Mill Rate increase of .39 Mills would result in a net increase in tax revenue of approximately \$45,600.

A Mill Rate increase in 2010 is due to a general increase in goods and services and in administrative and operational services and responsibilities directly attributable to the Town's continued growth and development.



Recommendation

Your Administration recommends that:

1. Council approves setting the 2010 Mill Rate at 6.39. This represents an increase in taxes of approximately 4%.
2. Council approves the 2010 Operating Budget as attached hereto as Appendix "A"

Respectfully submitted,

Bryan Dimen,
Town Manager