

LATE DISTRIBUTION FOR COUNCIL - APRIL 7, 2009



A15

ADMINISTRATIVE REPORT

Report Date: April 1, 2009
Contact: Annette Klein
Contact No.: 604.873.7789
RTS No.: 08029
VanRIMS No.: 08-2000-20
Meeting Date: April 7, 2009

TO: Vancouver City Council
FROM: General Manager of Financial Services
SUBJECT: 2009 Operating Budget - Final Estimates

RECOMMENDATION

THAT Council approves the budget resolution attached as Appendix 2 thereby adopting the final 2009 Operating Budget with a property tax increase of 5.83%.

CITY MANAGER'S COMMENTS

The City Manager RECOMMENDS approval of the foregoing.

If Council is to make changes to the in-principle approvals made on March 24, 2009, as a result of the evening public meeting on March 31, 2009, the Director of Finance will resubmit the Final Estimates Report on April 21, 2009 to reflect Council's final direction.

COUNCIL POLICY

The Vancouver Charter requires that the Director of Finance presents the estimates of revenues and expenditures to Council no later than April 30 each year and that Council adopt a resolution approving the budget and a rating bylaw establishing general purpose tax rates as soon thereafter as possible.

In approving the annual Operating Budget, Council has also adopted a practice of passing on to taxpayers the tax increases related to requisitions from outside agencies, including the Greater Vancouver Sewerage and Drainage District and E-Comm over which Council has no control, rather than providing offsetting reductions in City services/programs to meet

Council's target tax increase. Also, Council, in the past, has passed on tax increases related to major funding initiatives, such as significant increases in police staffing.

Council approvals are required for changes in service levels, either expansions or reductions, and allocation of funding from general revenues or taxation.

PURPOSE

The purpose of this report is to have Council approve the budget resolution included in Appendix 2 in order to adopt the final revenue and expenditure estimates based on the direction provided by Council on March 24, 2009.

BACKGROUND

On March 24, 2009, Council considered the *2009 Interim Budget Estimates Update and Public Consultation Results Report* and approved in-principle all the recommendations, subject to public input on March 31, 2009.

As a result of these in-principle approvals, Council instructed the Director of Finance to bring the 2009 Operating Budget into balance with a general purpose tax increase of 5.83% which includes:

- 2.02% related to growth in base City costs
- 2.26% reversal of the One-Time 2007 Work Stoppage Savings carried over into the 2008 Operating Budget
- 1.15% 2008 Program Approvals
- 0.31% cost of outside agencies
- 0.09% 2009 Funding Requests

Council also approved on March 13, 2008 a 1% redistribution of the property tax levy from the non-residential property class to the residential property tax over five years. This represented a 2.04% increase for residential properties and a 1.96% decrease for non-residential properties, resulting in a net 7.87% increase for residential properties and a net 3.87% increase for non-residential properties.

DISCUSSION

1. Final Budget Position

Based on the direction provided by Council on March 24, 2009, staff has worked to bring the budget into balance within the property tax guidelines approved by Council.

Appendix 1 reflects the final estimates and all the recommendations approved in-principle by Council on March 24, 2009. The general purposes tax levy has increased by 5.83% reflecting 5.52% City costs and 0.31% outside agency costs, adding \$30.4 million taxation revenue to the budget.

These adjustments bring the 2009 Operating Budget into a balanced position as follows:

	(\$000)	(\$000)
Revenues		
Taxation Revenue	\$589,003	
General Revenue	169,270	
Utility Fees	158,044	
Transfers	<u>7,160</u>	\$923,477
Expenditures		
Departmental Expenditures ¹	\$658,490	
Utility Expenditures	189,867	
Capital Program	71,374	
Transfers	<u>3,746</u>	<u>\$923,477</u>
Net Budget Position		<u>\$0</u>
Property Tax Increase Applied to Budget		5.83%

¹Departmental budgets will be adjusted to include Council approved Corporate adjustments (New and Non-recurring).

The 2009 property tax components are summarized as follows:

	RESIDENTIAL	NON-RESIDENTIAL
Cost to Maintain Services	2.02%	2.02%
Outside Agency Impacts	0.31%	0.31%
Reversal of One-Time 2007 Work Stoppage Savings	2.26%	2.26%
2009 Program Approvals	1.15%	1.15%
Funding Requests	0.09%	0.09%
2009 Property Taxes	5.83%	5.83%
1% Property Tax Redistribution ¹	2.04%	(1.96%)
Impact after Property Tax Redistribution	7.87%	3.87%

¹Impact of the 1% property tax redistribution is based on the final tax levy.

2. Impact of the Budget on Property in the City

The table below summarizes the impact of the property tax and utilities increases on residential and non-residential properties valued at \$783,000 (the average valued home in Vancouver based on the 2009 Completed Roll).

	RESIDENTIAL 7.87% Tax Increase		NON-RESIDENTIAL 3.87% Tax Decrease	
	2009 Taxes & Fees	Change	2009 Taxes & Fees	Change
Property Taxes ¹	\$1,634	\$121	\$7,731	\$280
Solid Waste Utility	190	40	190	40
Sewer Utility	195	16	203	17
Water Utility	379	18	361	14
Total Utilities ²	764	74	754	71
Total City Charges	\$2,398	\$195	\$8,485	\$351

¹Calculated on using base levy of \$522 million prior to Averaging.

²Non-residential properties are charged for utility services based on consumption of services rather than as a flat fee. Water and Sewer charges for these properties increased by the same percentages as residential properties - to calculate impact, assumed average flat water consumption levels. Only 800 businesses receive garbage collection services by the City.

In addition to these City charges, the levies from other taxing authorities may increase. At the time of writing, the City has not been notified of the exact amounts and percent increase.

3. The Budget Resolution

With approval of the Recommendation in this report, the 2009 Operating Budget will be brought into balance and the 2009 budget cycle completed. Council approval of this final position requires adoption of the budget resolution attached as Appendix 2.

4. Final Steps

On May 5, 2009, the Director of Finance will bring forward a report summarizing the property tax levies, bylaws establishing general purpose and regional district property tax rates and introducing resolutions to adjust tax rates of the other taxing authorities to give effect to the averaging program.

CONCLUSION

The approval of the attached resolution will finalize the process of balancing the 2009 Operating Budget.

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City of Vancouver 2009 Operating Budget Projections

	2008	2009	\$	%
	budget	budget	change	change
	(\$000s)	(\$000s)		

SECTION 1: Summary of Revenues

Taxation Revenues

Base Levy	506,287	546,057	39,770	7.9%
New Construction	10,276	6,044	(4,232)	(41.2%)
Total Taxation Revenues	516,563	552,101	35,538	6.9%
Tax Adjustments	(4,000)	(3,000)	1,000	(25.0%)
Local Improvement Taxes	3,113	2,710	(404)	(13.0%)
Receipts in Lieu of Taxes	32,045	33,286	1,241	3.9%
Penalties and Interest	4,500	3,907	(593)	(13.2%)
Total Revenue from Taxation	552,222	589,003	36,782	6.7%

Other Revenues

Provincial Revenue Sharing Programs	20,500	22,550	2,050	10.0%
Investment Income	16,185	13,551	(2,634)	(16.3%)
License Fees	15,622	15,771	149	1.0%
Property Rental Income	1,509	993	(517)	(34.2%)
Service and Inspection Fees	33,160	17,798	(15,362)	(46.3%)
Municipal By-Law Fines	12,420	14,956	2,536	20.4%
On Street Parking Revenue	27,805	30,970	3,165	11.4%
Civic Theatres Revenue	5,977	6,359	382	6.4%
Park Board Revenues	38,508	40,622	2,114	5.5%
Miscellaneous Revenues	5,873	5,701	(172)	(2.9%)
Total Other Revenues	177,558	169,270	(8,288)	(4.7%)

	2008 budget	2009 budget	\$ change	% change
	(\$000s)	(\$000s)		
Utility Fees				
Waterworks	75,901	80,872	4,971	6.5%
Solid Waste	31,708	36,103	4,395	13.9%
Sewers	36,636	40,744	4,108	11.2%
Neighbourhood Energy	0	326	326	
Total Utility Fees	144,245	158,044	13,799	9.6%
Total Revenues before Transfers	874,025	916,317	42,292	4.8%
Transfer from Other Funds/Reserves				
Sinking Fund Prior Year Surplus	0	0	0	
Property Endowment Fund	7,000	7,000	0	0.0%
Art Gallery Reserve	160	160	0	0.0%
Revenue Surplus	0	0	0	
2007 WORK STOPPAGE SAVINGS	11,800	0	(11,800)	(100.0%)
Other	1,500	0	(1,500)	(100.0%)
Total Transfer from Other Funds	20,460	7,160	(13,300)	(65.0%)
Total Revenues after Tax Increase	894,485	923,477	28,992	3.2%

	2008	2009	\$	%
	budget	budget	change	change
	(\$000s)	(\$000s)		

SECTION 2: Summary of Expenditures

General Government

Mayor and Councillors	1,976	2,068	92	4.7%
City Manager / EEO	3,826	3,618	(208)	(5.4%)
City Clerk	5,208	3,641	(1,567)	(30.1%)
Legal Services	4,899	3,821	(1,079)	(22.0%)
Business Planning & Services	22,236	26,673	4,437	20.0%
Financial Services	11,885	12,310	425	3.6%
Human Resources	8,162	7,825	(337)	(4.1%)
Other General Government	11,312	9,137	(2,176)	(19.2%)
Community Services Administration	8,226	6,518	(1,708)	(20.8%)
City-Wide and Community Planning	7,807	8,663	856	11.0%
Total General Government	85,539	84,274	(1,265)	(1.5%)

Protection to Persons and Property

Police Services	181,854	195,108	13,255	7.3%
Fire and Rescue Services	82,368	86,385	4,016	4.9%
E-COMM Services	18,238	19,157	918	5.0%
Permits and Licences	22,928	22,136	(791)	(3.5%)
Animal Control	1,853	1,804	(49)	(2.6%)
Vancouver Emergency Program	1,459	1,514	55	3.8%
Total Protection to Persons and Property	308,699	326,104	17,404	5.6%

	2008	2009	\$	%
	budget	budget	change	change
	(\$000s)	(\$000s)		
Public Works				
Administration and General	12,382	10,866	(1,516)	(12.2%)
On Street Parking Program	10,511	10,918	407	3.9%
Traffic Planning and Control	10,982	10,276	(706)	(6.4%)
Street Lighting and Communications	5,206	5,851	645	12.4%
Street Cleaning	8,954	9,030	76	0.8%
Streets, Bridges and Walkways	17,071	17,808	737	4.3%
Total Public Works	65,106	64,751	(355)	(0.5%)
Utilities - Waterworks				
Operating Costs	9,196	11,491	2,295	25.0%
Water Purchase	49,444	55,733	6,289	12.7%
City Debt Charges	21,313	18,945	(2,368)	(11.1%)
Transfer to/(from) Reserve	(4,052)	(5,297)	(1,245)	30.7%
Total Utilities - Waterworks	75,901	80,872	4,971	6.5%
Utilities - Solid Waste				
Operating Costs	30,496	33,398	2,902	9.5%
Transfer to/(from) Reserve	1,212	2,705	1,493	123.1%
Total Utilities - Solid Waste	31,708	36,103	4,395	13.9%
Utilities - Sewer				
City Operating Costs	7,289	7,961	672	9.2%
City Debt Charges	22,302	21,471	(831)	(3.7%)
Regional Sewerage Levy	42,672	44,157	1,485	3.5%
Transfer to/(from) Reserve	681	(1,022)	(1,703)	(250.0%)
Total Utilities - Sewer	72,944	72,567	(377)	(0.5%)

	2008 budget (\$000s)	2009 budget (\$000s)	\$ change	% change
Utilities - Neighbourhood Energy				
Operating Costs		576	576	
Transfer to/(from) Reserve		(250)	(250)	
Total Utilities - Neighbourhood Energy		326	326	
Recreation and Community Services				
Parks and Recreation	97,847	101,988	4,141	4.2%
Britannia Service Centre	2,960	3,108	148	5.0%
Social Planning	1,856	1,985	129	7.0%
Housing Programs	1,832	2,075	243	13.3%
Office of Cultural Affairs	1,497	1,348	(149)	(10.0%)
Carnegie Centre	3,308	3,424	117	3.5%
Downtown South Gathering Place	2,222	2,019	(203)	(9.1%)
Vancouver Public Library	37,611	37,973	362	1.0%
Civic Theatres	7,045	7,385	340	4.8%
Archives	1,445	1,551	106	7.4%
Cemetery	820	738	(82)	(10.0%)
Total Recreation and Community Services	158,443	163,595	5,153	3.3%
Civic Grant Program	15,705	15,766	61	0.4%
Contingency Reserve	3,100	4,000	900	29.0%
Total before Capital Program and Transfers	817,145	848,357	31,212	3.8%

	2008 budget (\$000s)	2009 budget (\$000s)	\$ change	% change
Capital Program				
General Debt Charges	49,032	47,765	(1,267)	(2.6%)
Capital From Revenue	19,700	20,900	1,200	6.1%
Local Improvements	3,113	2,710	(404)	(13.0%)
Debt Repayment Reserve	0	0	0	
Total Capital Program	71,845	71,374	(471)	(0.7%)
Transfers to Reserves/Funds				
Other Transfers	5,495	3,746	(1,750)	(31.8%)
Total Transfers to Reserves/Funds	5,495	3,746	(1,750)	(31.8%)
Total Expenditures	894,485	923,477	28,992	3.2%
Tax Increase Used to Balance Budget		5.83%		

Appendix 2 RESOLUTION

MOVED BY Councillor:

SECONDED BY Councillor:

THAT WHEREAS, the Vancouver Charter, Section 219 requires that the Director of Finance submit to Council each year the detailed estimates of revenues and expenditures of the City for the year;

AND WHEREAS the Vancouver Charter, Section 372 requires that Council adopt the estimates of revenues and expenditures for the City as soon thereafter as possible;

AND WHEREAS Council has reviewed the development of the estimates in reports submitted by the Director of Finance on February 3, 2009, and March 24, 2009 and approved measures to bring the estimates into balance, including approval of a 5.83% general purposes property tax increase;

AND WHEREAS the total estimated expenditures of the City to pay all debts and obligations of the City falling due in the year 2009, exclusive of the amounts required for school, Greater Vancouver Regional District, Greater Vancouver Transportation Authority, British Columbia Assessment Authority and Municipal Finance Authority purposes and not otherwise provided for, as amended by Council, amount to \$923,477,000;

AND WHEREAS the total estimated expenditures as aforesaid is the sum of the appropriation requests of all departments and boards properly supported by detailed analysis of those expenditures and listings of the salaried staff;

AND WHEREAS the total estimated revenue of the City for 2009 from sources other than real property taxes, as amended by Council, amounts to \$371,376,000;

AND WHEREAS the amount of the General Purposes Tax Levy so required is \$552,101,000;

THEREFORE be it resolved that the said estimates, both as to totals and individual items pertaining thereto, of the Director of Finance as so amended by Council be and the same are hereby adopted by Council.