

# Budget-In-Brief

Keeping taxes affordable is important to the well-being of our businesses and households.

Like any business or household, the needs and wants within a municipality are often greater than what the municipality and community can afford at one time. Each year as part of the budget process, choices must be made.

In 2012, City Council decided to hold tax increases to 3.25% or below for 2013, 2014 and 2015.

## Quick facts:

- City's operating budget in 2012 was \$195 million
- 3.25% tax increase equates to a \$3.52 million in 2013
- Of the \$3.52 million, \$2.17million goes towards operating costs and \$1.35 million goes towards capital programs
- City's funded capital budget is typically \$30–\$35 million each year
- If 3.25% is achieved in 2013, we still need to find an additional \$3 million in on-going reductions for 2014 and 2015 to achieve 3.25% in those years
- 3.25% is the same as last year's tax increase and is lower than previous years since 2000

## 2013 Operating Budget Highlights:

- Focuses investment in priority areas
- \$8.3 million towards maintaining Victoria's 70 parks and green spaces
- \$60 million in emergency services; fire and police
- \$7.1 million in maintaining 250 km of roads, 30 km of bike lanes and sidewalks
- \$1.1 million in arts and cultural events and programming
- \$250,000 for economic development to grow the local economy
- Introduces webcasting of Council meetings and implementation of customer service improvements across the organization
- 16% of the operating budget is allocated to capital spending and reserves (in 2012 this was \$25 million)

- The budget for the next three years will focus on priority initiatives that the community has said are important. Investment continues in infrastructure, like parks and roads, as well as initiatives that improve customer service, making it easier for the taxpayer to access information and services. The City is looking to the future, focusing on planning for key capital projects like the Crystal Pool and Fire Hall #1, improving public transportation options, and investing in underground infrastructure likes sewers and stormwater systems.
- The City is faced with a number of financial pressures and recognizes that households and businesses are facing growing financial pressures during these economic times.
- At the same time due to a strong financial sustainability policy the City has built up reserve funds for renewal and maintenance of existing infrastructure. Victoria's debt-servicing per capita is lower than average cities the same size, even with the replacement of the Johnson Street Bridge.
- The City's debt-servicing position speaks to the solid fiscal approach in place over the past 10 years, building reserves and in some cases, like with Building and Infrastructure reserves, doubling the annual contribution compared to 1999. The annual contribution was \$1.5 million per year in 1999 and is now \$4.1 million per year.
- The municipality is working hard to reduce expenditures and find ways to reduce costs to the taxpayer while delivering on key community priorities. While holding non-salary budgets at 0% and reducing expenditures, if all cost reduction strategies are implemented, the 3.25% increase can be achieved for 2013, but a lot of work remains to achieve 3.25% for 2014 and 2015.

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## Budget Conversations:

It's important that taxpayers have an opportunity to provide feedback to Council prior to finalizing the 2013 budget in March and continue work on the 2014 and 2015 budgets.

The following budget reduction strategies have been proposed in order to achieve a tax increase of no more than 3.25% for 2013–2015.

- Limit Mayor and Council salary increases to 0% in 2013
- Changing Council taxable remuneration
- Limit exempt staff salary increases to 0% in 2013
- Limiting budget increases for library and police to 2% for 2013, 2014, 2015
- Allocate 1.25% of 2013 tax increase (\$1.3 million) to capital work to maintain City infrastructure
- Partial automation of some parkades during slow periods
- Advertising in parkades, on parking machines etc
- Shift from annuals to perennials in some beds
- Reduction in City-led seasonal programming in Centennial Square
- Reviewing the organizational structure to identify efficiencies and savings

Each March, Council approves the budget to prepare the bylaws and set tax rates for the coming year. Tax notices are mailed to every property owner in mid-May and this year are due on July 2, 2013.

## Join the Conversation:

In January 2013, a number of information sessions will be held across the community for taxpayers to learn more about the budget and the proposed cost-cutting measures. Public comment and feedback is welcomed on the budget and the specific cost reduction strategies proposed.

Feedback will be welcomed in print and online at [www.victoria.ca](http://www.victoria.ca)

All feedback will be provided to Council before giving final consideration to the 2013 budget and considering 2014 and 2015 budgets.