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City Staff Report

Report Date: Jan 11, 2018**Meeting Date:** Jan 23, 2018**To:** City Manager**From:** Director of Corporate and Financial Services**Subject:** 2018 City of Quesnel Operating Budget

Purpose

The purpose of this report is to give an overview of the 2018 City of Quesnel Operating Budget and to seek Council's approval to move forward with the operating budget. The Financial Sustainability and Audit Committee has reviewed the operating budget and provided direction to staff.

Summary

The proposed budget attached is based on Council's tax framework. This is the final year that major and light industry taxation are frozen at 2015 levels.

The budget shows a 3.4% increase in total taxation collected. This results in an increase of approximately \$52 to the average residence (valued at \$185,387) or \$28 per \$100,000 of assessment. The average residence in Quesnel went up 3.8% in assessment. The increase to commercial business will be approximately \$88 per \$100,000 of assessment.

The City's residential taxes remain in the bottom quartile for the province. In 2017 the City's municipal taxes for average house in Quesnel ranked 124 out of 162 when compared to the taxes paid by the average house in other communities in British Columbia. Quesnel's municipal taxes were \$853 for the average house compared to an average of \$1,449 for the province.

Recommendation

THAT Council approves the Operating Budget for 2018 as presented and recommended by the Financial Sustainability and Audit Committee including the supplementals of \$199,285 and directs staff to continue building the Five Year Financial Plan based on this budget.

Statutory Requirements

Section 165 of the Community Charter requires that the municipality must have a five-year financial plan adopted by bylaw before the annual property tax bylaw is adopted. This bylaw must set out the objectives and policies of the municipality. It must also set out the proposed expenditures, funding sources and transfer between funds. The total proposed expenditures must not exceed the funding sources and transfers.

Section 197 of the Community Charter requires Council to impose property taxes by bylaw before May 15th. The rates are set to raise the revenue outlined in the financial plan based on the assessments of the various property classes.

Council Policy

The budget is built based on Council's Budget Principles Policy.

Strategic Objective

This budget continues the effort to ensure financial sustainability of the organization. It is built based on Council's framework as follows:



- Freeze industrial (light and heavy) taxation at 2015 levels.
- Tax for the City's capital re-investment program (100% of the tax increases in 2015 and 2016 went to the capital re-investment program reserve).
- Increase general taxation to cover only inflationary pressures in 2017 and 2018.
- Continue to look for cost reductions in the City's operating budget and to actively seek alternative sources of funding to enhance the revenues generated from property taxes and to achieve Council's strategic priorities (e.g. grants for initiatives and cost sharing programs for capital projects).
- Adhere to the policy of committing the annual surplus to the capital re-investment program reserve.

Attachments

1. 2018 City of Quesnel Budget Overview