

Council budgets for inflation

By Mayor Holmes

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Every year, Council must bring in a budget that balances the service and infrastructure needs of the community with the desire to keep property tax increases at a manageable level.

On Feb. 27, following lengthy deliberations and an open house to receive public feedback, Summerland Council adopted a general budget that increases property taxes by 3.76% – well below the 6.8% inflation rate.

The general budget covers most of the municipality's responsibilities, including roads, infrastructure, parks and recreation, landfill, development services, fire department, RCMP, and bylaw enforcement. (Separate budgets were adopted in December for the water, sewer, and electrical utilities. These are supported by monthly utility rates, not property taxes.)

Municipalities are legally required to maintain a balanced budget. We can't run a deficit like the provincial and federal governments. We can borrow money and incur debt for major capital projects, but debt servicing costs must be accounted for in the operating budget.

Even before starting this year's discussions, we knew we would require a 2.12% tax increase to service new debt incurred for reconstructing Giant's Head Road. We also knew utility bills are increasing for most residents, and that everyone is feeling the pinch of inflation.

Therefore, Council focused on keeping tax increases as low as possible, despite the municipality having to deal with its own escalating costs – for everything from insurance premiums to the price of road salt.

After making some cuts and putting off other expenditures until next year, this year's operational budget came in at \$19.4 million – \$1.5 million more than last year.

In Summerland, a one percent tax increase generates \$100,060 but rather than increase property taxes to cover the full difference, we looked for alternative revenue opportunities, used the remaining \$160,000 of our Covid relief funding, and took \$82,500 out of savings.

In the end, we kept the operational tax increase to 1.64%, which together with the 2.12% increase for Giant's Head Road amounts to 3.76%.

For the average Summerland home assessed at \$899,744, that means an additional \$64.80 in property taxes for 2023.

The budget also includes capital spending, which this year comes to \$17.4 million. Key investments include:

- \$4 million for four road reconstruction projects: Jubilee Rd W (Kelly to Rosedale), Victoria Rd S (Dunham to Agur), Dale Meadows Rd (sports field to Haddrell), and the portion of Giant's Head Rd not completed last year due to the early winter.
- \$1.9 million for building upgrades including arena and curling rink chiller and head pipe.

- \$1.7 million to complete the Organics Processing Facility, of which 66% is grant funded, to allow for curbside collection of food scraps and production of Class 'A' compost for agricultural and residential use.
- \$1 million for continuing flood repairs, including work on Gartrell Trail, Lakeshore Drive, and Eneas Creek. More than half the cost will be recovered from provincial Disaster Financial Assistance.
- \$673,100 to start phases 3 & 4 of the Giant's Head Mountain Park project. This is a \$1.6 million project over two years, of which \$1.2 million is grant funded.

There's a further \$8.5 million in capital projects in this year's utility budgets.

Most capital funding (62%) comes from reserves, which Council has been gradually replenishing since 2016. Other funding is through debt or government grants.

Doug Holmes is mayor of Summerland.