

## Mayor's Minute – January 16, 2020

General fund budget discussions began this week at the District of Summerland. Unlike the utility budgets, that are solely concerned with the water, sanitary sewer, and electrical utilities, these discussions cover both operational and capital requirements and requests throughout the organization.

For Council and most of senior staff, the budget sessions culminate with the adoption of both the five-year financial plan bylaw and the annual mill rate. (The mill rate is used with the property assessment to determine the amount each residential property owner pays in property taxes.) Unlike senior levels of government, the budget that the Director of Finance submits to the province must be balanced: Local government budgets cannot show a deficit.

During general fund discussions, Council hears the operational and capital project funding requirements from the various departments—those that are required to reduce risk and those that reflect Council priorities. As one can imagine, there is a healthy level of compromise and negotiation between department managers, the director of finance, and the chief administrative officer well before any proposal comes to Council.

Council, too, must balance the initiatives stemming from strategic priorities with those identified by department heads. As much as we might like to move ahead on any number of projects, sometimes an emergent project may postpone getting them underway.

The District of Summerland has an interesting tax base, one that, while not unique in the province, certainly poses some challenges. Consider these facts:

- 87% of taxes are from residential ratepayers compared to 0.5% from agriculture;
- 65% of our land base is zoned agriculture; 15% is zoned recreational;
- a 1% mill rate increase = \$87,093 in tax revenue;
- the District maintains 150 km of paved roads;
- maintaining current service levels does not mean a 0% mill rate (see next paragraph).

Additionally, while adopting the mill rate is ultimately the responsibility of Council, there are several factors that play into the decision over which Council has no control. Examples include the rate of inflation, assessed property values and the aging of District roads and facilities. Local governments are also subject to legislative and contractual financial allocations.

Like all regular meetings of Council, budget discussions are open to the public. While not everyone is able to attend these meetings, the District offers many other ways to stay informed about proposed rates: The District's newsletter, website ([summerland.ca](http://summerland.ca)) and Facebook page and through media releases. A schedule of upcoming budget sessions, including those during regular Council meetings (which are recorded) can also be found on the website. Proposed utility rates and the mill rate should not come as a "surprise" to the community. Council and staff feel we are fulfilling our duty to keep you informed on discussions that lead to establishing these rates. Should you feel otherwise (provided you feel you are doing your part to stay up to date), please contact the District with thoughts on how we might improve our communications.

I hope this Mayor's Minute has not caused you to throw your hands up in despair. Although it may seem like all doom and gloom, I've run over the word count (again!) and must split it into two Parts. You should find Part 2 more uplifting as I cover what District of Summerland Council and staff are doing to help keep the mill rate stable.