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Draft County budget proves challenging

The new draft County budget developed by County staff over recent months has ?proven challenging? due to new cost pressures on the operating budget in combination with increasing infrastructure needs and costs. The draft document identifies anticipated expenditures and revenues to determine the tax levy requirement for the County in 2016.

The ?Five Year Operating Budget Review? in the draft currently shows an increase of $1,013,878 in expenses in 2016 or a 3.707 per cent increase. The 2016 draft Operating Budget is estimated at $28,363,096 up from $27,349,219 in 2015.

County Council, ?responsible for the overall governance of the corporation? has had senior staff review all department budgets to ?evaluate the necessity and urgency? of all proposed expenditures. An overview reveals areas where costs are significantly higher than previous years due to a ?substantial back log in projects.?

County staff is recommending the development of a ?long term capital financing strategy? to deal with the infrastructure deficit.?

County Council will be faced with a number of options to consider. The overview states that in previous years, two basic strategies were used by the County to minimize cost impacts on tax payers: 1) significantly reducing the capital budget and 2) applying some reserves to costs.

However, County staff cautions Council in the draft, ?continued withdrawals from reserves are not a long-term solution, and the ongoing postponement of capital projects does not address the infrastructure funding gap.?

According to the draft budget, new property assessment growth is expected to be about 2.0 per cent in 2016; greater than in the last several years, but on par with the 2.2 per cent increase seen in 2015. County Staff reported that when ?the levy is adjusted for assessment growth, the impacts on existing tax payers are reduced from 11 per cent to 9 per cent.?

It is noted that approximately 7.9 per cent of the draft budget increase of 11 per cent is due to improved funding for capital projects.

The new County Strategic Plan includes long-term financial planning, and the new draft budget suggests that County Council appears to be looking at increased operating costs for the remaining three years of their term of approximately 3 per cent consistently. Capital budget costs, which are likely unavoidable, are the largest portion of the increases, including a large road project proposed for the County in 2017.

County Councillors will be weighing options in the coming weeks in an attempt to reach the best long term solution before the final budget is passed.

By Marni Walsh