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# NEWS RELEASE

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## Council Approves City Budget

**Abbotsford, January 14, 2010** – City Council has approved the 2010 budget, announced Mayor, George W. Peary today. The 2010 Budget will be adopted at the January 25 Council meeting.

“We must protect the services that have the greatest impact on the quality of life in our city and we have to ensure long-term sustainability,” said Peary. “As we work to defer costs this year, Council must ensure that this does not lead to unsustainable pressures in future years.”

The 2010 budget sees an overall increase of 4.5 per cent to address key areas including maintaining police services and an increase to the transfer of funds to the Capital Program. The City has taken steps to accommodate new and existing services by reducing permanent positions, enacting a temporary hiring freeze, finding efficiencies in business operations and scaling back its capital program.

“While program and service reductions are not desirable to reach a sustainable budget, some service reductions will be necessary in order to achieve this budget,” said Peary. “This has been a difficult budget year, but we are committed to continuing to work toward final sustainability for our great City.”

Services cut include the School District Arts Grant, the BC Lions Training Camp, and closing the Matsqui Village pool. In addition, Fire Rescue Service levels, Bylaw Enforcement levels, parks maintenance, roadside mowing and street sweeping services will be reduced. 10 permanent staff reductions and a vacancy gapping initiative effecting 30 positions is also in place. Core service reviews and other program efficiencies will yield additional savings in 2010.

The overall 4.5 per cent increase is comprised of an increase of 2.26 per cent for Police services, an increase of 1.24 per cent for other City services, and a 1 per cent increase for the transfer of funds to the Capital Program.

The average impact of the increase on residents is approximately \$77 for single family detached home owners, and \$38 for residents living in strata locations. More information can be found on the City of Abbotsford web site [www.abbotsford.ca](http://www.abbotsford.ca)

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### BACKGROUNDER ATTACHED – Budget Notes

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# BACKGROUND

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## Council Approves City Budget

### The process leading to the 2010 Budget

- The initial “status quo” Budget proposal would have resulted in an 11.9% tax increase – this was deemed to not be acceptable.
- In consultation with the community, City staff reduced the 2010 Budget proposal to a 5.98% tax increase on November 23, 2009.
- Council considered the staff proposal and requested a 2010 Budget with a total tax increase limited to 3.90%.
- After difficult choices staff presented a revised 2010 Budget to Council on December 14, 2009 with a proposed tax increase of 4.40%; this Budget received First Reading by Council.
- After a small adjustment to the proposed reduction in Fire Rescue services, the current 2010 Budget presented to Council on January 11, 2010 includes a tax increase of 4.50%, made up of:
  - 2.26% for Police
  - 1.24% for City Operations
  - 1.00% for increasing the transfer of funds to the Capital Program

### Major factors driving the need for tax increases in the 2010 Budget

#### Increased payroll costs

- payroll costs reflecting contractual salary increments, particularly for police officers who receive stepped increments in their initial years of service
- payroll costs reflecting general increases mandated by collective agreements and by the need to fill critical vacant positions
  - 1.24% tax increase required for the partial restoration of crucial “gapped” City positions that were left vacant in 2009, and as provision for collective agreement settlements in 2010 (CUPE, IAFF) that are to some extent outside the City’s control

#### Capital program deficits

- the long-term tax-supported capital program, much of which is for road and other infrastructure maintenance and replacement is critically under-funded
  - a deficit of \$30m has been identified in the tax-supported capital program in 2010; this deficit will accumulate in future years
- there is a need to bring long-term sustainability to the capital program by a progressive increase in transfers to the Capital Reserve

#### Reduced City revenue projections

- reduction in revenues, particularly in the area of development fees and charges due to the economic downturn

- an amount equivalent to a 1.38% tax increase is required in 2010 to cover decreased revenues

### **Efforts to limit tax increases in 2010 and beyond**

#### Ensuring long-term sustainability

- important to ensure that deferring costs in 2010 does not lead to unsustainable pressures in future Budget years

#### Finding Efficiencies

- finding efficiencies in operations and capital programs
  - fleet operations efficiencies, including fuel purchases save \$260,000 in 2010 and \$650,000 per year in future years
  - other efficiencies save \$50,000 in 2010 and in future years

#### Staffing deferrals, vacancies and restructuring

- “vacancy gapping” by leaving approved staff positions unfilled
  - in 2009, \$1.4m was saved by leaving vacant positions unfilled; in 2010, savings of \$1m will be realized by leaving vacant positions unfilled
- deferring the hiring of needed new staff positions, particularly in the Police Department; no new tax-supported positions will be filled in 2010
- reorganization of management positions, resulting in annual savings of \$500,000
- permanent reductions of staff positions, mostly through retirements and attrition, resulting in savings of \$100,000 in 2010 and \$500,000 per year in future years

#### Reduced services and programs

- reduced services, including annual savings of \$172,000 through reduction of School District Arts grant (\$50,000), BC Lions hosting expenditure (\$40,000), closing Matsqui Village pool (\$70,000), and other minor reductions (\$12,000)
- program reductions, saving \$650,000 in 2010 and \$700,000 annually in future years:
  - reduced tree maintenance and flower beds (\$130,000)
  - reduced summer and fall roadside mowing (\$75,000)
  - reduced street sweeping (\$100,000)
  - reduced Fire Rescue service levels (\$250,000 in 2010 and \$300,00 in future)
  - Reduced Bylaw Enforcement (\$95,000)
- Programs and service reductions are not desirable, and will have an impact on the community; however, to reach a sustainable Budget in 2010 and beyond, these service reductions are necessary

### **Reaching Budget sustainability**

The City can reach budget sustainability in future years, with levels of taxes that remain very competitive with neighbouring communities:

- Continuing Business Improvement reviews will find additional operating efficiencies
- Revenues from development fees, the Entertainment and Sports Centre and a growing tax base are expected to improve over the coming years
- New revenue sources will be investigated, including a gas tax to support transit-related infrastructure, taking pressure off the property tax-supported Capital Plan