

CITY OF PARKSVILLE



Five Year Financial Plan 2008 – 2012



TABLE OF CONTENTS

Message from the Chief Administrative Officer.....	5
VISION MISSION STATEMENT & Corporate Values	6
Long Term Goals Statement	7 - 10
REPORT TO COUNCIL	11 - 13

PART 1 - OVERVIEW14 - 18

1. Introduction	14
2. Governing Policy and Regulatory Requirements	14
3. Issues Affecting Financial Planning	14
4. 2008 - 2012 Five-Year Financial Plan Highlights.....	16
(a) Revenues	16
(b) Expenditures	16
(c) Protective Services	16
(d) Engineering and Operations (Public Works and Parks)	17
(e) Capital Expenditure Program.....	17
5. User Rates	18
6. Tax Rates.....	18

PART II - Financial Planning Policies & Processes19 - 23

1. Budget Monitoring	19
2. Funds	19
(a) General Fund	19
(i) Administrative Services	20
(ii) Financial Services.....	20
(iii) Fire Services	20
(iv) Police Services	20
(v) Community Planning.....	21
(vi) Engineering and Operations (Public Works and Parks).....	21
(b) Water Utility Fund.....	22
(c) Sanitary Sewer Utility Fund.....	22
(d) Reserve Funds.....	22
(i) Development Cost Charge Reserve Fund.....	22
(ii) Land Sale Reserve Fund	22
(iii) Parkland Dedication Reserve Fund.....	22
(iv) Equipment Replacement Reserve Fund.....	22
(v) Off Street Parking Reserve Fund.....	22
(vi) Federal Gas Tax Reserve Fund	22
3. Reserve Accounts (Surplus Appropriations).....	23
4. Balanced Budget.....	23
5. Investment Policy	23
6. Debt Management.....	23

PART III - 2008 Financial Plan Overview24 - 25

1. Key Budget Assumptions	24
(a) Economy	24
(b) Allowable Inflationary Increases	24
(c) Union Negotiations.....	24
(d) Budget Review.....	24
2. Consolidated Revenues By Type.....	25
(a) Taxation	25
(b) Other Revenues	25
(i) Fees and Charges	25
(ii) User Fees – Water and Sanitary Sewer	25

PART IV - Five-Year Operating Plan Overview	26 - 27
1. Operating Planning Process	26
2. 2008 Service Level Changes	26
PART V - Departmental Overviews	28 - 50
1. Corporate Services	28
(a) Purpose	28
(b) Service Level Goals	29
(c) Accomplishment Objectives - Departmental	29
(d) Accomplishment Objectives - Interdepartmental	30
(e) Departmental Highlights	33
(f) Other Goals & Objectives Considered but Deferred Due to Resource Constraints	33
2. Protective Services	35
(a) Purpose	35
(b) Service Level Goals	35
(c) Accomplishment Objectives - Departmental	36
(d) Accomplishment Objectives - Interdepartmental	37
(e) Other Goals & Objectives Considered but Deferred Due to Funding/Resource Constraints	39
(f) Departmental Highlights	39
(i) 2006 Statistics	39
(ii) Budget Highlights	39
3. Community Planning	41
(a) Purpose	41
(b) Service Level Goals	41
(c) Accomplishment Objectives - Departmental	41
(d) Accomplishment Objectives - Interdepartmental	42
(e) Departmental Highlights (2006 - October 31, 2007)	42
4. Engineering, Operations (Public Works and Parks)	44
(a) Purpose	44
(b) Service Level Goals	45
(c) Accomplishment Objectives - Departmental	45
(d) Accomplishment Objectives - Interdepartmental	46
PART VI - Five Year Capital Plan Overview	51 - 54
1. Funding Sources	51
2. Capital Process	51
3. Operating Cost Impact	51
4. Water Supply Strategic Plan	51
5. Departmental Highlights	52
(a) Administrative and other Services (\$158,000)	52
(b) Protective Services (\$4.8 Million)	52
(c) Engineering and Operations (Public Works and Parks) (\$28.5 Million)	52
2008 - 2012 FINAL FINANCIAL PLAN	55 - 140
2008 - 2012 FINAL FINANCIAL PLAN BYLAW SCHEDULES	56 - 62
2008 DETAIL BUDGET	63 - 90
General Revenue Fund	64 - 80
i. Executive	64 - 65
ii. Finance	66 - 67
iii. RCMP	68
iv. Fire Department	69
v. Community Development	70 - 71
vi. Parks & Recreation	72 - 73
vii. Engineering	74
viii. Public Works	75 - 79
ix. Refuse	80

• Water Utility Fund	81 - 84
• Arrowsmith Bulk Water Service.....	85
• Sewer Utility Fund	86 - 88
• Parksville Civic and Technology Center.....	89
• Equipment Replacement Reserve	90
2008 – 2012 FINANCIAL PLAN DETAIL	91 - 105
• General Revenue Fund	92 - 101
• Water Utility Fund.....	102 - 103
• Sewer Utility Fund	104 - 105
PROPERTY TAXES.....	106 - 110
• 2008 Property Tax Rates Summary.....	107
• 2008 General, Debt & Library Tax Rate Details.....	108
• 2008 Other Tax Rates Details.....	109
• 2007 – 2008 Average Residential Tax Rate Comparison.....	110
RESERVE ACCOUNT AND FUND BALANCES	111 - 114
• 2008 – 2012 General Revenue Fund Projected Reserve Balances	112
• 2008 – 2012 Water Utility Fund Projected Reserve Balances	113
• 2008 – 2012 Sewer Utility Fund Projected Reserve Balances	114
LONG TERM DEBT	115 - 116
• General Revenue Fund	116
• Water Utility Fund.....	116
2008 – 2012 CAPITAL EXPENDITURE PROGRAM	117 - 136
• Summary	118
• General Revenue Fund.....	119 - 129
• Water Utility Fund.....	130 - 133
• Sewer Utility Fund	134 – 136
DOWNTOWN REVITALIZATION AREA	137 - 140
• Description	138 - 139
• Map of Revitalization Area	140

MESSAGE FROM THE CHIEF ADMINISTRATIVE OFFICER CITY OF PARKSVILLE 2008 BUDGET

In my 28 years of municipal experience it has always seemed that each year the preparation of the annual budget and 5 year financial plan is more difficult than the previous year. This year is no exception. As with last year the single biggest issue we have is the overall economic boom that is occurring. Boom conditions from a budget perspective are the worst conditions that can happen to a local government.

For the City of Parksville, as with most small local governments, property taxation is our main source of revenue. The City has no income or sales tax revenue sources. This means, that during boom periods our revenues do not increase in relation to economic prosperity. Property tax revenue only increases by the value of any new construction and the percentage increase approved by Council each year.

Taxation on new construction helps, but it is not the immediate cash windfall some assume. There are additional costs that accrue to the City with new construction. More infrastructure and additional population add costs to maintenance, police and fire budgets for example. Property tax revenues from new construction are also often delayed several years from the time an application for a project is made, demands against municipal resources for the project are incurred, and when the project is completed. Property taxes are based on assessed values, until such time as a development is completed and assessed for a taxation year, no new taxes are received.

The economic prosperity we as individuals have been enjoying has meant more jobs than people to fill them which in turn (along with other factors) has also meant increasing costs for a number of goods and services that we as individuals buy. This is particularly significant to local governments, everyone who has been in the market for a house or otherwise associated with construction knows the effect on costs the boom has had on this industry. The City has seen the costs for major capital infrastructure replacement increased in excess of 100% since 2002. During this same period property taxes have increased on average 5.0% per year for a compounded total of 28%. This single factor has significantly limited, to the point of virtually eliminating, any degree of freedom Council has had for funding other very worthwhile community programs and initiatives.

Unfortunately things don't stop there. The City has taken on the responsibility for providing leadership to the community by starting to address climate change issues. We know there are increasing demands on all levels of existing services provided by the City as our population increases. We are also beginning to feel increasing pressure for expanded services as expectations of new residents used to the additional services provided in larger Cities are starting to be felt. Local governments are also finding it increasingly difficult to compete against the private sector in the job market for qualified development staff. Even when Council approves funding for additional staff, we cannot attract qualified individuals at our existing union wage rates.

I can go on. These are only a few of the issues that, as I started with, seem to make each year's budget more difficult than that of the year before.

Respectfully submitted,

FRED C. MANSON
Chief Administrative Officer



VISION STATEMENT

We aspire to be the City of choice for ourselves and future generations in a clean, safe, friendly, economically viable and sustainable environment.

MISSION STATEMENT

To provide good governance, prudent financial management, enhancing Parksville's lifestyle through effective leadership, community involvement and commitment to providing services in an effective, efficient manner to all residents.

CORPORATE VALUES

WE VALUE:

Quality Service

We succeed by focusing our attention on serving the citizenry of our community. We believe in proactively involving our citizens in identifying community needs and deciding upon solutions.

Fiscal Responsibility

We are the caretakers of our City. We believe that implementing our community vision requires careful financial planning and accountability to our citizens. We will be fair and prudent and our expenditures will be affordable. We will save for our community's future.

Environmental Awareness

We are proud of our land and our water. Its fragility and the resources it provides us deserve our respect. We believe that we will keep our community lively and healthy by preserving, protecting and rehabilitating our natural environment.

Inclusiveness

We will foster an environment which stimulates professional excellence and encourages contributions by all employees.

City of Parksville

Long Term Goals Statement

Introduction

The purpose of this long term goals statement is to express a shared vision of sustainable prosperity, success and liveability for the City of Parksville. Council is committed to a prosperous future for the City and has created this long term goals statement to assist Council and staff in their work and decision making. This is a living document and will be reviewed annually by future Councils to address changing community values.

Parksville – A prosperous people-oriented coastal BC city.

Parksville is a vibrant coastal city with a long interesting history of many chapters. Parksville is a regional center and one of the most desirable and beautiful places to live in Canada. It has a wealth of beaches, forests, rivers, aquatic life, wildlife, and resources. The people of Parksville represent some of the most talented, successful, engaged and artistic people in the Province.

The City will offer the things its residents and visitors need in order to work, play and live a high quality of life. To achieve this we, as City Council and Staff, work to protect and enhance the unique assets that Parksville has and will continue to do so by pursuing the following goals:

Land Use Goals

Parksville will become a dynamic city that supports residents of all ages while keeping its “small city” feel and charm. It will do so with an appropriate mix of commercial and residential land uses that offer a wide diversity of housing, services and activities.

1. Following smart growth principles, the City will develop using a structure of nodal neighbourhoods.
2. Nodal centers will strongly favour pedestrians, cyclists and small electric vehicles over the automobile.
3. The city will be structured with a clear public centre that is well connected to all areas. This will incorporate roads plus a network of parks, public spaces and greenways.
4. A high level of housing type diversity will provide homes for residents at all stages of life.
5. The commercial area will support boutique style stores with a strong presence of work/live and cottage industry uses.
6. A secure base of light industrial land will be preserved to support Parksville's economy.
7. Educational and research facilities will be encouraged to provide jobs and support a high level of cultural diversity and expression.
8. Agricultural land and sensitive ecosystem areas will be protected throughout the city to preserve its environmental health and future food resource base.

Transportation Goals

All modes of transportation will be accommodated in a way that creates a safe and sustainable city. Parksville will become a highly accessible community.

1. The downtown will focus on local access with a clear priority for pedestrians, cyclists and scooters over automobiles. This will include a comprehensive and well defined sidewalk and cycling network interconnecting the entire community.
2. The impact of parking will be minimized through good design. Pedestrian only zones will be created where appropriate.

3. Local and downtown streets will be traffic-calmed with ample room for businesses and institutions to have a strong presence on the sidewalks for commercial vitality.
4. Goods movement will be on well marked and defined routes to minimize negative impacts on residential and pedestrian areas.
5. Parksville will be well connected to its region through roads, efficient and effective public transit, park & ride facilities and supporting rail links, stressing access to the regional hospital. It will further support transportation requirements of the tourist industry in particular with links to ferries and airports.
6. Parksville will demonstrate leadership in preparing for alternative and more sustainable transportation modes that reduce both energy use as well as air and greenhouse gas emissions.

Utility Infrastructure Goals

We will pursue sustainability, excellence and innovation in the design, responsible fiscal development and management of our utility infrastructure systems, addressing both supply and demand dimensions.

1. Parksville will work closely with the community and its regional funding partners.
2. A healthy and secure supply of water will be provided to the community.
 - Usage guidelines will require a very high degree of efficiency in buildings and landscapes to ensure the City's water supply is abundant for the future.
 - The City will work with other levels of government to protect watersheds to ensure a healthy and safe supply of water in perpetuity.
 - Rainwater will be treated as a resource. It will be harvested for re-use or percolated back into the groundwater across the community with appropriate treatment as needed, including the use of permeable paving and bioswales.
3. The City's wastewater will be treated in an ecologically benign manner and the re-use of treated wastewater promoted wherever appropriate.
4. The City supports zero-waste goals and will work to minimize or eliminate all wastes sent to the landfill in favour of recycling, re-use and product stewardship practices by businesses and residents.
5. The City supports use and generation of local, clean and renewable energy sources wherever possible and promotes high levels of energy efficiency throughout the community.
6. The City works with the community to encourage participation in conservation measures to address climate change.

Built Form and Character Goals

Through its building form, Parksville will, visibly be a contemporary westcoast city.

1. Parksville will express its own unique identity, including a strong presence of the waterfront and coastal style architecture and materials.
2. It will build on a foundation of heritage and small city character.
3. It will maintain a high quality of urban design.
4. Green buildings and development patterns will be required and high levels of innovation such as through the LEED green building rating system are encouraged.
5. Downtown buildings will support medium density and mixed uses with upper levels being stepped back from the sidewalks to maintain a strong sense of human-scale architecture.
6. The City will support a select number of "signature or landmark character buildings" to celebrate Parksville's heritage.

Landscape Goals

Parksville will be known for its extensive network of interconnected public trails, parks, greenways, ecologically protected areas, public beachfront and the Englishman River estuary.

1. Environmental education will be highlighted and part of everyone's experience in Parksville.
2. Ecosystem protection and enhancement will be addressed in every development for environmental health and the quality of life in Parksville.
 - a. This will include use of native plants in gardens and parks.
3. The City will offer a wide range of recreation for all ages, with special emphasis on the waterfront walkway.
4. A public area will be created in the downtown to serve as the heart of the community.
5. Local residents and businesses will have a strong sense of ownership of boulevards and adjacent sidewalks to support the beauty of the City's landscapes.
6. Food will be celebrated in the landscape by incorporating community gardens in multi-family areas, and public parks.
7. Farmer's markets will be promoted, to support the surrounding agricultural community and local residents' desire for locally produced goods.

Arts and Culture Goals

Parksville will be renowned for the quality and diversity of its arts community. This will include visual art, performing art, sculpture, theatre, music and other art forms.

1. Festivals will be encouraged throughout the year through a wide range of partnerships to profile the richness of Parksville's arts community including First Nations.
2. Art will be included within the City's sidewalks and plazas.
3. Art will be integrated with new developments and existing areas of the City.
4. The City's heritage will be well supported and stories from the community's past made visible.
5. The tourism industry is encouraged to actively support local arts and culture in order to profile the strong presence of artists in the community.

Economic Goals

Parksville's economic development foundation will support its overall community goals.

1. We will develop increasingly diverse economic goals for all seasons, including commercial, office, retail, clean industrial, service industries, industries that support the resource sector and others.
2. Parksville will continue to excel as a vibrant tourist destination highlighting its competitive position and its natural beauty and small city character.
3. We will achieve additional market share and facilities for conferences and conventions. Related activities will bring more people to Parksville – and draw them back again and again.
4. Building on its beauty and lifestyle, the City will support a growing high tech and related industry cluster, medical services and educational institutions.
5. Attracting and supporting families and young professionals will be encouraged.
6. The City will take measures to support these goals including development of business incubator areas and including these goals and strategies in business recruitment and retention work.

Social Health Goals

Parksville recognizes that its economic and social health are closely linked.

1. The social community in Parksville will be healthy and the City will strive to offer a high quality of life to all who live here.
2. Affordable housing, education, training, and services will be available to the entire community.
3. We will ensure all businesses in Parksville have a strong labour force to support the City's prosperity. This will include those who work in the service and tourism industry.
4. Parksville will offer employment and lifestyle opportunities for all social and economic standings of its population.
5. The City continues to support community and recreational facilities and services that serve all age groups, including families, youth and seniors.
6. A healthy sense of community commitment and volunteerism will continue as a cornerstone of the local culture.

Civic Facilities and Services Goals

Parksville is the centre of social support services for the region.

1. It will offer a high level of barrier free services to both residents and visitors.
2. The City's facilities will be provided in its own green facilities that are energy efficient and environmentally friendly.
3. Collaboration with the Federal and Provincial Governments, regional partners, and community volunteer organizations is important and will continue.
4. The City's police, fire, emergency response capacity and medical facilities and services will be excellent and well supported both with full time and volunteer elements.
5. An effective dialogue process will exist to facilitate communication with the community and other levels of government to identify what services and facilities exist, what additional ones the community needs and the most cost effective way to approach delivery of all services and facilities.

Governance Goals

The City of Parksville's governance process is transparent, accountable and accessible.

1. It supports informed dialogue between Council, staff, the community, regional partners and other levels of government.
2. Recognizing youth as a future generation of community leaders will be a priority in the governance process.
3. Council and staff will be effective and efficient in working together to manage the City and address its issues.
4. This work will be guided by visionary and pragmatic planning perspectives that represent community priorities and provide stability and direction lasting beyond any particular Council's mandate.
5. The City will continue to have an excellent working relationship with its regional partners and make decisions based on a comprehensive base of information, including sustainable levels of performance and resource use in the region.
6. The City's approach to sustainability will be highly visible and understood by the resident's through a wide range of clear and effective communication channels that will be developed with the community.

REPORT TO CITY COUNCIL

FROM FRED C. MANSON, CHIEF ADMINISTRATIVE OFFICER

AND

LUCKY BUTTERWORTH, DIRECTOR OF FINANCE

RE: 2008 PROPOSED FINAL BUDGET AND 2008-2012 PROPOSED FINAL FINANCIAL PLAN

This year Council embarked upon a new strategic planning process which started with the development of a "Parksville Long Term Goal Statement". This document, the main theme of which is for Parksville to be a sustainable prosperous people oriented coastal BC City and the main regional center for the area, will provide clear and unambiguous direction to staff regarding Council's philosophy for resource allocation. In addition the statement also includes a message that the City will demonstrate strong leadership to encourage community participation in conservation measures, green house gas reduction initiatives, smart growth principals, and other conservation measures to address climate change.

It is hard to say whether priorities drive a budget or whether the budget drives the priorities. Budget realities definitely bring focus to issues and say a lot more about priorities than statements about political desires and intentions.

Under the direction of the "Parksville Long Term Goal Statement" and practical budget reality, the objectives staff has used to prepare the draft budget are:

1. Resource allocations as required and where possible over the 5-year plan for small, positive incremental steps towards the objectives of the "Parksville Long Term Goal Statement".
2. Continue funding for existing Council approved service levels, where practical, and maintain established levels of traditional municipal services to manage long-term costs.
3. To continue with the 2007 strategy for providing capacity so we can look at all services and functions, policies, procedures and bylaws as well as the longer term impacts and requirements for sustainable growth to ensure that we are being as efficient and as effective as possible in meeting the current and future needs of the residents of Parksville.
4. Continued emphasis on infrastructure renewal and replacement.
5. Provision of community leadership to address climate change.

Council may, of course, modify these objectives as it sees fit and re-prioritize any proposed budget expenditures.

Budgeting for the City is no different than home budgets; there is never enough money for everything we want. A decision to make one item a priority and provide funding often means (given finite resources) that something else of a lesser priority will not be funded. This budget, as with every other budget ever produced, reflects that fundamental reality.

You will see that the 5-year plan includes potential future service increases that are projected to translate into significant future tax increases down the road all things being equal. It is important that Council and the community see these projections as real. It has been said that "if you don't know where you're going – you may end up somewhere else". In budgeting for operations, Finance staff is increasingly sophisticated in their ability to predict future tax impacts and therefore to know where we are going. If that is not where the Council or the community wants to be in several years, then we need to be working actively and consistently on changing course now. There is a great tendency for interest groups to make demands on community resources for all manner of things, but then leave Council to deal with the associated tax increases – particularly for operating costs. The facts are straightforward and simple. The community can have any mix of services and facilities the community is willing to pay for. It is consideration of the "mix of services" in this statement that is often absent. A responsible community discussion requires that wants not be considered in isolation, all wants that make up the "mix of services" must be considered together.

The current year's budget is the cumulative result of a multitude of individual service level decisions made by this and previous Councils. Of course, Council can fund any new service or heightened level of service it deems appropriate through either increased property taxes or corresponding decreases in other established services. It is important to remember, however, that all new operational costs are automatically reflected in future years' taxes. Also, any new staffing or programs approved by Council in 2007 for the second half of the year will have a full cost impact in 2008 and thereafter. Flexibility to reduce the budget, and therefore taxes, does exist, but making significant changes in direction in a short period of time is extremely difficult in public operating environments. Significant changes in direction require forethought and a concentrated and sustained effort to have any impact. In this way the City is analogous to a super tanker. Changes in course are possible, but to do so requires a lot of focussed power sustained over a long period of time. Unfocussed efforts, and even powerful efforts without the benefit of adequate time, will not have any appreciable effect. Similarly, rapid changes in course, no matter how much power is applied, are simply not possible. If one wants to alter projected future tax impacts one has to begin to change course early.

If the community through Council wants to increase services in a particular area, the two practical choices are to have the taxpayers pay even more, or to continue to find ways to provide more effective and efficient service delivery. Service curtailment or significant reductions in core functions including transportation, water, sanitary & storm sewer, protective services and even parks (although to a lesser degree) are simply not practical options. The same applies even more so to service levels provided through the Planning, Engineering, Finance and Administration departments, in that any meaningful reduction of costs in these departments would mean a reduction in staff, at a time when there is a demand for increased service levels from these departments.

In terms of percentage of total costs, Protective Services including Police and Fire are the fastest growing portion of the City's operating budget with increases of almost \$1 million over the next five years. This is more or less evenly split between Police and Fire with 2 additional RCMP Officers in 2010 and 2012 and increases in fire department spending dealing with additional training requirements, and recruitment and retention incentives directed at enhancing the benefits to our volunteer firefighters.

Fire Suppression through the benefits of volunteer firefighters is being rapidly impacted by societal changes. We have an aging population and today's demands are making it harder and harder for individuals to commit to the time and training requirements on a volunteer basis. On the other hand, simply scaling up labour costs and hiring career firefighters is cost prohibitive.

Any steps we can take to maintain a volunteer force, even on a paid call basis is far less expensive to the community compared to a fully professional force.

The next biggest area of increase over the next five years is in Parks and Public Works. This increase is in response to a combination of additional costs for aging infrastructure, more infrastructure/parks to look after, and in the case of the Water Tower and Rotary Peace Park gardens, the consequences of decisions made by previous Councils are now coming forward to limit the options of the current Council. These gardens were both started by volunteer groups who are now withdrawing their services. The estimated annual cost for City crews to continue to maintain them at their current levels is \$15,000.

The final area of significance is Information Services which includes increases of approximately \$339,000 over the next five years. As mentioned earlier, an underlining objective of this budget is to build capacity. Staff has included as a 2008 accomplishment objective the completion of Information Services Strategic Plan. The main thrust of this plan will be to provide the City with the appropriate tools in records management, property records, infrastructure maintenance management, fixed asset accounting, geographic information systems and general accounting for staff to be as efficient and effective as possible. Currently the City only has systems in place for GIS and general accounting. The increases in this area will provide for the operating costs, including technical staff support and maintenance agreements, for the new systems.

The only totally new programs or services that are included in this budget are provisions for the development of a communications strategy and its subsequent implementation with an estimated annual cost of \$40,000, an annual contingency of \$20,000 for sustainability/climate change control initiatives, and a water conservation grant program for low water use toilets at \$15,000 annually.

Respectfully submitted,

FRED C. MANSON
Chief Administrative Officer

LUCKY BUTTERWORTH
Director of Finance

PART 1 - OVERVIEW

1. Introduction

Parksville's draft 2008 to 2012 Five-year Financial Plan provides the detailed analysis and planning for City revenues and expenditures. The Financial Plan, as recommended by staff, incorporates:

- an average property tax increase of 5% for 2007 through 2011 and 3% in 2012
- a 10.5% increase in water rates for 2008, 2009, and 2010 and then 3% for 2011 and 2012
- no increase in sewer rates for 2008 through 2010, and 3% in 2011 and 2012.

For an average residential home, the total municipal portion of property taxes in 2008 will be approximately \$1,100.38, an increase of \$52.40 over the 2007 level.

2. Governing Policy and Regulatory Requirements

The *Community Charter* requires that a Five-Year Financial Plan for both operating and capital be adopted by May 15th of the first year of the plan. In addition, the *Community Charter* directs that the public must be consulted prior to adoption of the Financial Plan. Accordingly, the opportunity for public input has been advertised and citizens will have the opportunity to speak at several open Council meetings. In addition, the Financial Plan will be posted on the City website.

3. Issues Affecting Financial Planning

The City of Parksville is responsible for the provision of local government services to residents. Services provided include police and fire protection, management of roads, sanitary and storm sewers, parks infrastructure, and water supply and distribution. The City also acts as a regulatory body with respect to business licensing, building permits and inspection, land use planning, and subdivision approval services. Services such as the library and the delivery of leisure and cultural services are provided through partnerships with other boards and governments. The City has also chosen to take on an active role in economic development through the efforts of City's Economic Development Officer located in joint Chamber, Oceanside Tourism Association and city economic development office.

The City experienced very rapid growth starting in 2003. This growth needs to be supported by services related to transportation, utilities, and other infrastructure that are costly to acquire and maintain. Increased population also results in demands for expensive increases in protective services such as fire and police. Two factors that will influence the issues facing the City of Parksville in both the near and distant future are sustainability and fiscal reality.

Externally the City is faced with challenges resulting from:

- New or expanded service requirements as a result of a shift in responsibility from other levels of government to the municipal level.
- New reporting requirements for capital asset accounting legislated by the public sector accounting body and supported by the provincial government.
- Pressures for new and increased services from the public.
- Lost revenues due to changes in property assessment legislation.
- National, provincial and regional trends of escalating construction costs.
- Labour shortages and escalating salary expectation beyond our existing union wage rates.
- Sustainability and Climate Change.

Property taxes and (to a much lesser extent) user rates remain the principal funding sources for increased service delivery costs and maintenance of an expanding infrastructure base. Parksville currently operates with property tax rates that are comparable to similar communities around British Columbia. However Parksville is at a disadvantage when compared to most other communities. Our ability to fund municipal services and capital replacement is more limited in comparison to most other communities because of our relatively high residential tax base. Over 75% of our tax revenue comes from residential properties; 23.6% from commercial properties and less than .6% from industry. Most other communities are in the range of a 65% - 35% split. Correcting this is not a case of lowering residential tax rates and increasing commercial and industrial rates. Correcting this means encouraging the development of more commercial and industrial development to generate the needed additional revenues. In recent years Council has taken active steps to address this with the creation of the Economic Development function and the approval of a number of tourist/commercial developments. Time is now needed to see those developments completed and the tax revenues realized.

Although Parksville has increased funding over the past few years for new infrastructure and infrastructure replacement (roads and underground utilities) escalating construction costs have actually meant that less is being done now than 5 or 6 years ago. In order to provide financial stability the City needs to develop a long term strategy for funding a formal replacement and maintenance program. With this goal in mind the challenge is to manage the significant economic realities while dealing with:

- The necessity to fund increases through property taxes and user fees;
- Expectation of the continuance of services that have traditionally been provided;
- Public opinions ranging from "shrink government and eliminate non-essential services" to demands for more social, cultural and recreational services to promote a more balanced and healthy society; and
- The establishment of future replacement and sustainability policies.

In order to continue providing adequate services under these conditions, Council will need to examine and prioritize City services in order to provide services acceptable to the public. This situation is not unique to Parksville. Every municipality in Canada is faced with the same issue. Local governments through their provincial organizations (Union of British Columbia Municipalities in British Columbia) and nationally through FCM (Federation of Canadian Municipalities) have been lobbying their respective provincial governments and the federal government for assistance. Realistically funding the growing infrastructure deficit cannot be accomplished by simply increasing taxes, cutting existing services or even a combination of both. Local governments must continue to increase their efforts to