

ITEM SUPPLEMENTARY 22
MANAGER'S REPORT NO. 78
COUNCIL MEETING 87/12/14

RE: 1988 PROVISIONAL OPERATING BUDGET

MUNICIPAL MANAGER'S RECOMMENDATION

1. THAT the 1988 Provisional Operating Budget be adopted.

REPORT

The members of the Municipal Council received a copy of the 1988 Provisional Operating Budget dated 1987 November 19 for discussion with the Municipal Manager and the Management Committee on 1987 November 23. Copies for new members of Council are enclosed with their agendas.

During this meeting, the budget was reviewed and Council suggested no modifications to the budget, but suggested that there be further discussion prior to preparation of the 1988 Annual Budget.

The proposed tax levy increase in the 1988 Provisional Operating Budget is about \$3.1 million, or 5.6% above the 1987 Annual tax levy before new growth. It is anticipated that growth in new assessments will generate about \$2.1 million in new municipal taxes, subject to Court of Revision decisions.

In order to balance the budget, a general tax increase of \$1.0 million over and above the \$2.1 million generated by new growth is needed. If this increase is borne by all taxpayers, it is equal to a 1.9% increase in the tax draw over 1987.

The tax ratios from which the annual tax rates are determined will be reviewed and set at Annual Budget time. The Ministry of Municipal Affairs has announced its intention to create a new industrial tax class for resource type industries (i.e. oil refineries, sawmills, etc.) but further information will not likely be available before 1988 March. The introduction of this new industrial class may affect the shift of taxes from or to other classes of properties. Adopting this budget at this time does not commit the Council to a decision on the application of the various tax rates.

The budget as prepared is based on a number of assumptions, and there are still some outstanding issues that need to be resolved before the budget can be finalized. The assumptions and outstanding issues are shown in the Executive Summary.

* * * * *