

## **Q and A with Sidney Mayor Steve Price**

The tax rate in Sidney will again be coming in well below inflation. How does your municipality do it? What were the main challenges?

Yes, for the second consecutive year, our tax increase falls below inflation. But as we continually stress, general measures of inflation are not top of mind as we consider our budgets; finding the right balance between service levels and cost are always the primary consideration. General inflation is an arbitrary, artificial ceiling that fails to consider required and requested increases to service levels, including those approved through referendum. Inflation measures the cost of the same basket of goods from year to year. The demands placed on municipalities often require that we “add to the basket”; that can’t easily be accommodated within existing budgets, or under the inflation rate.

As an example, over the past several years, we have been able to add one additional RCMP Officer, and four career firefighters. Both of these have current and long-term benefits to the community, as will the construction of a seismically-sound Community Safety Building over the next two years. It is public safety additions like these that often require increases above inflation.

We have been able to keep the tax increase under inflation the past 2 years by taking advantage of alternative funding sources such as Gas Tax and internal reserves, while ensuring that we are not achieving temporary relief at the expense of future generations. Keeping the tax increase artificially low, and shifting responsibilities into the future, is not a responsible way of doing municipal business.

The main challenges to keeping taxes low is the continual demand for more and better services, as well as an ever-expanding scope of responsibilities, resulting from such things as downloading of services from the senior levels of government, evolving legislative requirements, and community expectations.

Is there another municipality regionally or in the province that has the same fiscal discipline?

We take care of our own community’s needs. While we do try to stay abreast of best practices, we don’t spend a great deal of time worrying about what others are doing. Nor do we want to thumb our noses at other communities who may be facing different challenges. We believe all local governments are doing their best to meet the challenges before them, and it is not up to us to judge their effectiveness.

Sidney is a well-run local government, and has been for some time. Past Councils have shown great foresight in getting ahead of the curve on infrastructure management, and the current Council has continued and enhanced that tradition. Those communities who may have started later in setting aside funding for infrastructure are likely the ones that can’t and shouldn’t be held to an arbitrary inflation ceiling.

Is there anything unique about the Town that accounts for your budget results? To what extent were the rates based on assumptions of future economic development?

We believe we are a well-run local government. It is generally easier for a smaller municipality to remain responsive. The bigger you are, the more challenges and demands that you typically face, and more people are involved in the budgeting process. Having a relatively small management team allows us to develop mutual trust, which

serves us well during budget preparation. Our size also allows our finance team to develop and maintain a very good understanding of overall operations. Fortunately, we don't have too many issues like homelessness to deal with directly. Social-type services such as these have traditionally not been a municipal issue, and, for some of us, represent a demand on budgets that previously did not exist.

Growth in our tax base has certainly helped to keep our rates low these past two years, and are expected to continue do so over the next several years. This tax-base growth, combined with internal efficiencies we have been able to identify, have allowed us to fund the inevitable increase in the costs of providing the expected level of services; tax increases have typically been required to pay for new and better services, not just for the same "basket of goods". Furthermore, let's not forget that private development plays a big part in our revitalization efforts and overall cost savings, as it pays the cost of expensive frontage improvements such as new curbs, gutters, sidewalks, street trees, etc...

Sidney has one of the largest and most successful industrial and commercial sectors in the CRD. A number of these industries are world leaders in their fields and successfully exporters across the globe. What role has the town taken in building this sector and what is your council doing to further encourage and nurture this sector?

Like most small local governments, the Town has not been overly involved in economic development over the years; we tend to stay out of the way and let various groups like the Sidney BIA, the Chamber, and the Sidney/North Saanich Industrial Group do what they're set up to do. That has changed somewhat lately, as we initiated an annual budget to support economic development, and we now have our own ED Commission to further enhance our contributions. Our primary contributions have been to keep barriers at a minimum, and tax rates competitive. It is up to senior governments, who have a much wider range of revenue options and powers at their disposal, to do what you're suggesting.

Some of the past and current support we can point to are as follows:

- Support for SIPP (regional economic development group)
- Establishment of the Economic Development Commission
- West Sidney Local Area Plan process
- Support for Workforce / Attainable Housing opportunities
- Support for Gateway Rezoning
- Ensure quick and efficient development review processes.

The provincial task force on Capital Integration Services and Governance Initiatives (CISGI) is expected to soon release its report. Sidney already has a number of shared initiatives with other municipalities on the peninsula (the Panorama Centre, sewage treatment and policing). While the recommendations of the services and governance study are still not known, is this area of shared services and partnerships with neighbouring municipalities like North Saanich and Central Saanich something that you would be willing to explore? Possible examples could include joint procurement, collaboration on payroll services and so on?

In addition to the services mentioned above, we also collaborate on and discuss issues of mutual importance at various levels, including Administration (e.g. Human Resources), Planning, Engineering and Finance.

There is already collaboration within the region on joint procurement, and we take advantage of provincial standing order pricing where available. None of the Peninsula municipalities have a stand-alone payroll function; the person who does payroll also has other duties within the finance department. It simply does not make sense for us to share this function. However, we are open to potential sharing if a proposal that makes financial and practical sense comes along. It's not as easy as it sounds, as we all have our priorities, and Sidney, as an urban community, has distinct service needs that are not shared by our more rural counterparts.

A number of other municipalities across the region are facing significant costs to build new or to repair aging infrastructure such as sewers, water mains, and roads. In many cases, this will lead to significant increases in debt loads and or property taxes. While construction of the new Community Safety Building will require some borrowing, in general, Sidney seems to be able to build new or replace aging infrastructure without taking on massive debt. How has this been accomplished?

We have had in place, for over 20 years, annual transfers to our infrastructure replacement reserves. Over that time span, various Councils have made adjustments to the amount set aside on an annual basis. Just this year, for example, we are increasing our contribution by \$60,000 to address a projected shortfall; this amount essentially represents our entire tax increase for 2017, and represents a new, necessary service level that cannot be accommodated within existing budget limits.

We do not have replacement reserves for all of our infrastructure. Buildings, for example, have to be financed through borrowing. The debt associated with the Community Safety Building will be our biggest cost impact over the next two budget years; but it is seen as a vital investment in the long-term safety of our community – a must-have, as opposed to a nice-to-have.

Another significant asset area for which we do not have replacement reserves is certain waterfront infrastructure. We have Beacon Wharf and the Bevan Pier that both require major work over the next decade, and choices must be made about the long-term future of these assets. They are iconic community assets, so the community will be given the chance to weigh in on their future. There will be a clear message: it is not possible to keep or enhance these assets without additional investment through property tax increases. This is typical of municipal decisions on certain assets. Communities often hold referenda about these items, and the tax increase is essentially approved by the community. Conservative lobby groups tend to ignore this fact (and others) when publishing their criticisms of expenditure growth above the arbitrary “inflation ceiling”.

One of the largest budget items in most municipalities is the cost of personnel (salaries and benefits as well as the longer terms cost to future generations of taxpayers of pensions). How does Sidney manage these costs and should municipalities across the province press the provincial government to develop compensation guidelines and regulations to set a transparent salary framework and discourage municipalities from poaching staff from one another and drive up wages?

We recognize the fact that good people cost money, both to attract and retain. And we benefit from the fact that we have an excellent management team. The budgets and reduction options that have been brought forward to Council have made it easier for us to keep taxes down. You would never suggest to private businesses that they should refrain from recruiting the best people available; why would you want to impose that on

your local governments? The typical municipal manager's role is far more varied and demanding than what you would see in many private sector jobs.

At the general staff level, the duties of our "entry level" jobs are more in line with a living wage, rather than the minimum wage. We realize who pays for our personnel costs, and do our best to provide value for money. The services that we provide are valuable, and important to the fabric of our communities.

We are constantly evaluating the level of staffing resources we have in relation to service requirements and Council priorities. Succession planning is absolutely essential in today's local government environment, and in doing this, we always try and look for efficiencies when opportunities (e.g. retirements) arise. But in doing so, we have to be responsible in our approach by maintaining a balance between required resources and community / political expectations.

What could other jurisdictions be doing to achieve similar tax rate increases?

We won't comment on other jurisdictions. We know that they are all doing their best to meet their own unique financial challenges, and find the most appropriate balance between services and cost, for the short and long-term.

How do you know quality services for residents are still being delivered despite the moderate tax rate hikes?

Over the past two years, we've been able to maintain and even enhance our service levels within a modest tax increase; we know this isn't always possible, but we always try. Even in years when the increase has to be higher, it isn't because we haven't tried our best; rather it is based upon the realities of the day. In our last two budgets, we've made sure that the required operating funds were not unduly impacted. To reduce these for the sake of keeping taxes low is irresponsible, and would not reflect the needs and wishes of our community.

Council remains in touch with the community on an ongoing basis, and we are all members of this community. Not only would we hear about any slippage of service levels, we would experience them as well.