

Debrief of 2009/10 Business Plan & Budget and 2010 Outlook

Budget Committee Meeting

March 10, 2009

Agenda

1. 2009/10 Business Plan & Budget Process Debriefing:
 - Business Plan and Budget Book, Budget process and materials
2. 2010 Outlook, Process and Timelines
3. Discussion & Questions

2009/10 Business Planning & Budget Process Recap and Debrief

2009/10 Business Planning & Budget Process Recap

1. Business Planning:

- Feb. staff began work on Business Plans
- March debrief of Council on 2008 Budget Process
- April to May, LT meetings to identify priorities

2. May/June

- Draft priorities and 2009/2010 budget outlook presented to Budget Committee
- 2008 Service Delivery Review Update
- Specific reports requested by Budget Committee

3. September to October

- 2009 Budget Update Including Recommended Reduction and Service Level Options

2009/10 Business Planning & Budget Process Recap

4. November – 2009/10/11 Preliminary Operating Budgets and 10 Year Capital Forecast Updates
 - Infrastructure Gap
 - Preliminary Capital Budget
 - Capital Funding Options
 - Impact on 2009 Total Tax Bill
5. December
 - Approval of Various Fees & Charges By-laws
 - Major initiatives in 2009/10 Business Plans & Budget
 - Major Service Presentations on Business Plans & Budget
6. Jan. & Feb. - Final Business Plans & Budget Deliberations
7. February 11 – Council Approved Final Business Plans & Budget

2009 Business Plan and Budget Feedback

- Were Budget Committee meetings meaningful?
- Did Budget Committee accomplish what it needed to do?
- Enough meetings ?
- Were Budget Committee meetings well structured?
- How could we make meetings better?

2009 Business Plan and Budget Book Feedback

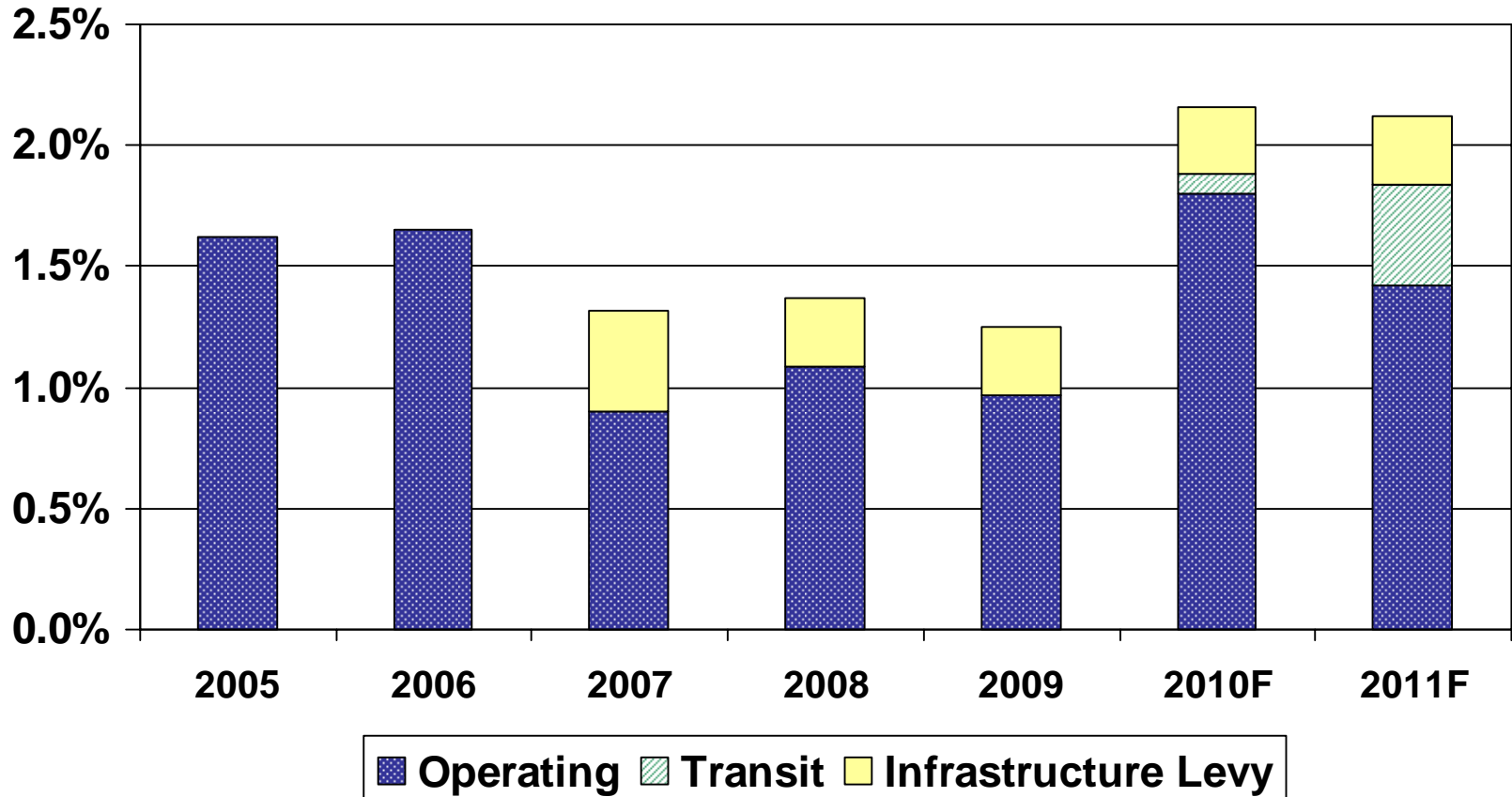
2009/10 2010 Business Plan & Budget Book

- 2 volume approach – Summary vs Detailed Information?
- Did you like the Service presentation format as compared to Departmental?
- Was there enough information on investment priorities in the Business Plan & Budget?
- Was the information adequate (or suitable) for decision making?
- Did you like the format?
- Is it easy to read and understand?
- Enough detailed information?
- Too long or too short?
- Performance measures & benchmarking adequate?
- What else would you like to see for decision making?

2010 Business Planning & Budget Outlook

**As Contained in 2009/10 Business Plan
& Budget Book**

What is Our 2010 Starting Point? (Total tax Bill Impact) *



* Prepared in Fall 2008

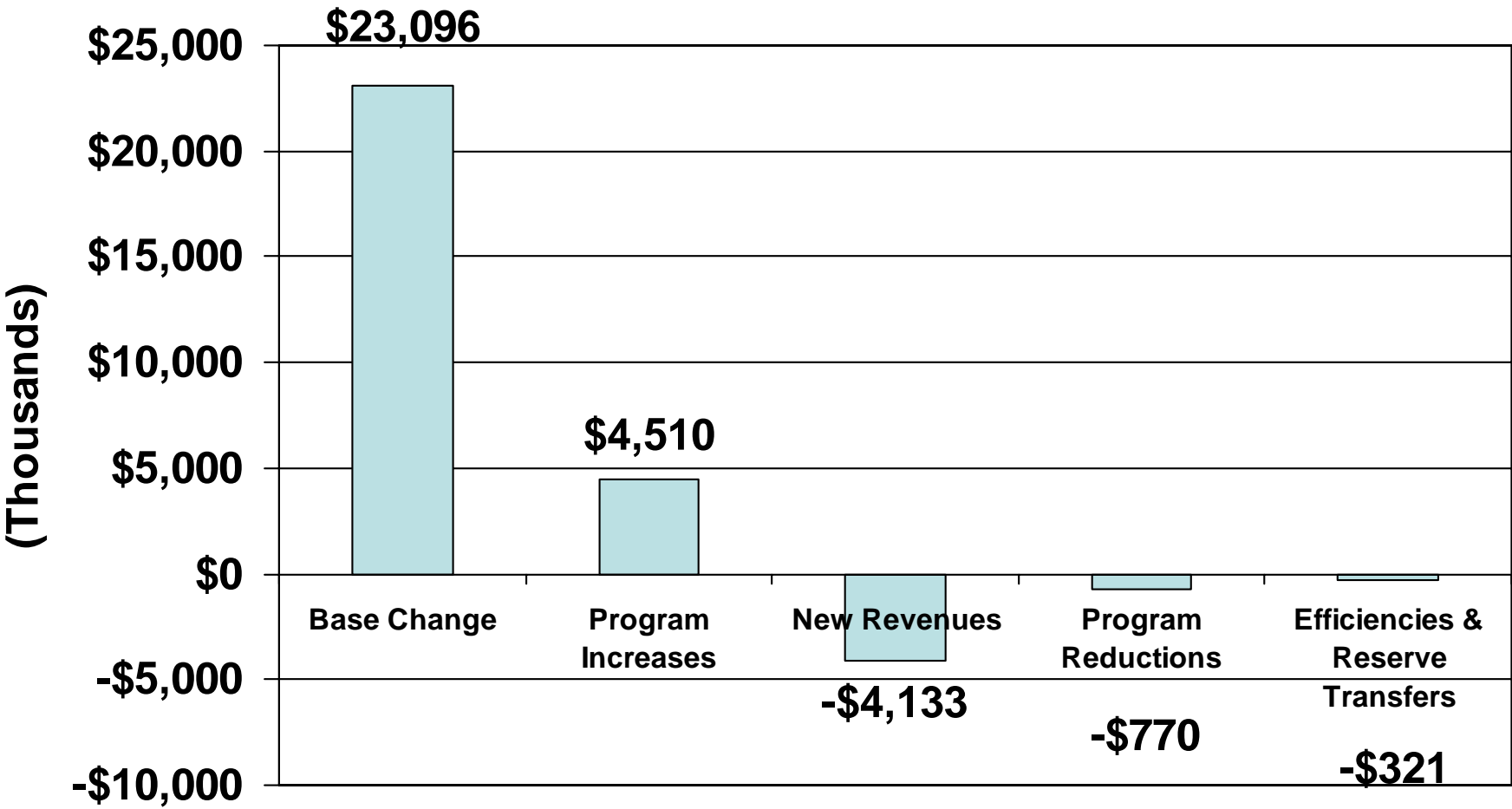
Estimated 2010 Total Tax Impact on Average Home (\$365,000 assessment)

Tax Rate Impact	\$ Increase	% Impact on Total Tax Bill
Operating	\$74	1.88%
Capital – \$2.8m Infrastructure Levy	<u>\$11</u>	<u>0.28%</u>
Combined	\$85	2.16%

Service Area	2009 Net Budget \$	2010 Net Budget \$	2010 Increase \$	2010 City Tax Rate Increase	Impact on Total 2010 Tax Bill
Roads, Storm Drainage & Watercourses	57,886,500	62,982,200	5,095,700	1.80%	0.50%
Fire	79,056,500	82,327,800	3,271,300	1.15%	0.32%
Transit	38,083,800	44,458,800	6,375,000	2.25%	0.63%
Recreation & Parks	42,824,000	45,543,500	2,719,500	0.96%	0.27%
Corporate Assets	18,870,600	20,608,800	1,738,200	0.61%	0.17%
Business Services	41,622,900	43,867,400	2,244,500	0.79%	0.22%
Land Development	4,136,800	3,464,300	-672,500	-0.24%	-0.07%
Legislated	-1,420,700	-1,184,700	236,000	0.08%	0.02%
Library	23,517,500	24,489,900	972,400	0.34%	0.10%
Arts & Culture	2,549,000	2,601,700	52,700	0.00%	0.00%
Mayor & Council	3,950,600	4,137,300	186,700	0.07%	0.02%
Regulatory	447,500	704,200	256,700	0.09%	0.03%
Departmental Support Services	0	0	0	0.00%	0.00%
Strategic Policy	4,714,500	5,037,100	322,600	0.11%	0.03%
Financial Transactions	-33,002,400	-33,419,300	-416,900	-0.15%	-0.04%
Subtotal	283,237,100	305,619,000	22,381,900	7.90%	2.21%
Less: Assessment Growth				-1.17%	-0.33%
Operating Tax Rate Increase (Does not Include Infrastructure Levy)				6.73%	1.88%

Preliminary 2010 Budget Forecast Changes

(as presented in 2009/10 Business Plan & Budget Book)



Major 2010 Budget Pressures

- Salary, wages, benefits = \$20.3m
- Winter Maintenance = \$1.5m (sand, salt, contracts)
- Vehicle Fuel = \$1.6m
- Utilities = \$0.6m
- Contract Increase for Traffic Signal Maintenance & Building Maintenance = \$0.9m

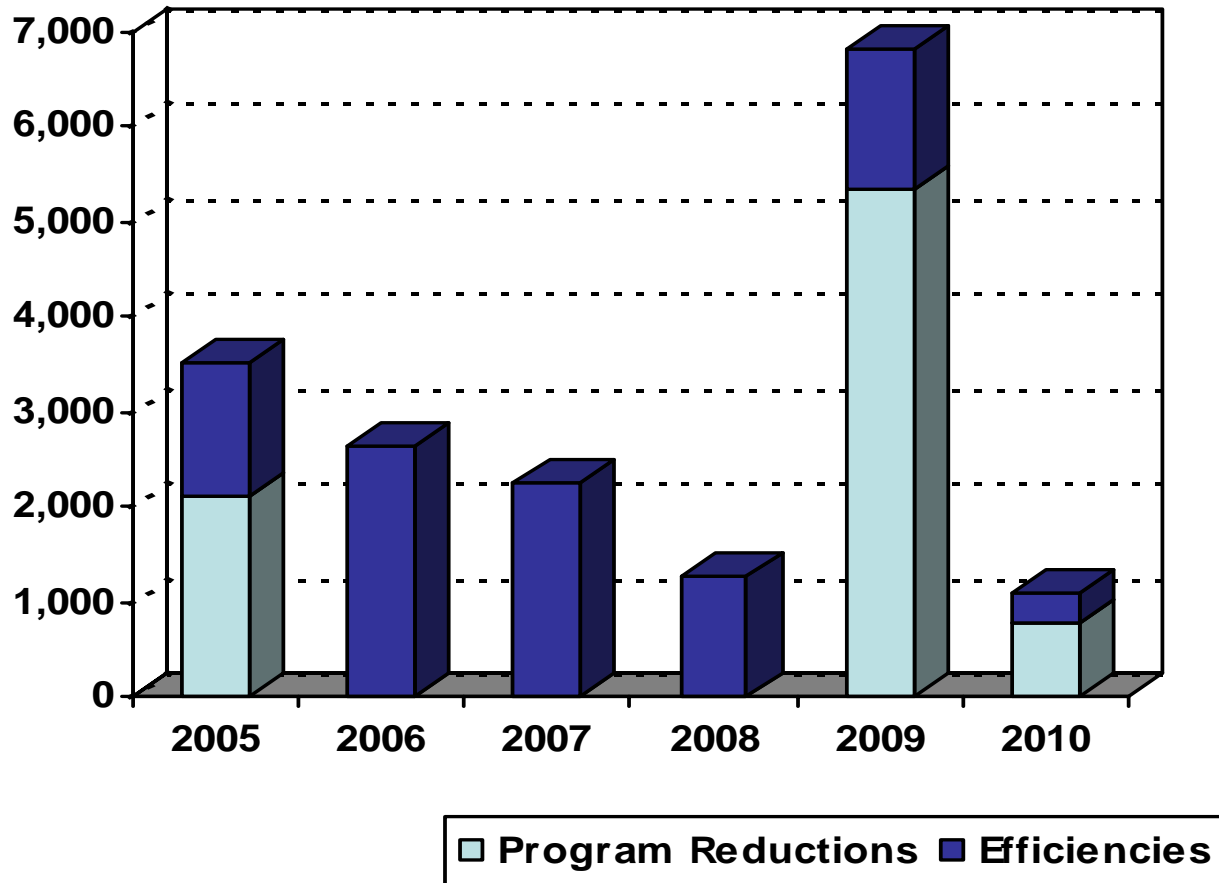
City Expenditures: Risks & Potential Opportunities

- Cost estimates for major contracts that are up for renewal (e.g. Winter Control; Building, IT & Traffic Signal Maintenance; Custodial) may be lower than originally anticipated
- Uncertainty in commodity prices over next 12-24 months (e.g., fuel, utilities, etc.)
- Options to slow down or delay projects and initiatives in Business Plan (e.g. pace of transit service expansion)
- Continue to tap into employee ideas and suggestions for cost saving opportunities (My Idea program)
- Ongoing E3 service reviews
- Impact of markets on OMERS contribution rates

City Revenue Risk of Economic Downturn

- Building Permit revenue is \$12.3 million in 2009 Budget and 2010 forecast is \$12.6 million
- Planning processing fees are estimated to increase by \$1 million in 2009 Budget and an additional \$2 million in 2010 Budget
- 2009 Investment income budget of \$14.3 million may be \$2 to \$3 million short
- Impact of Federal & Provincial deficits on Gas Tax funding

Summary of Program Reductions and Efficiencies from 2005 to 2010 Forecast



*** Average \$3m/year in efficiencies and program reductions achieved in the last 5 years**

*** Focus on identifying more efficiencies for 2010**

Tax Rate Target Implications

<u>City Target Tax Rate</u>	<u>Total Tax Bill</u>	<u>Necessary Reductions (Millions)</u>
2.5%	0.7%	(\$12.0)
3.0%	0.84%	(\$10.5)
3.5%	0.98%	(\$9.1)
4.0%	1.12%	(\$7.7)
4.5%	1.26%	(\$6.3)
5.0%	1.4%	(\$4.8)

- **1% City tax increase equates to \$2.85 million in 2010**
- **0.28% Increase on the TOTAL tax bill is \$2.85 million**

2010 Business Planning “Refresh” & Budget Proposed Timelines and Process

Updated 2010 Business Plan & Budget

- Staff will:
 - review Business Plan requirements
 - re-look at budget estimates
 - examine ways to reduce 2010 tax impact
 - prepare an updated 2010 budget outlook
- Present update and seek Council direction on 2010 Budget/Tax guideline in June
- Follow similar process as in 2008

Proposed 2010 Business Plan and Budget Process

- Spring 2009 – “Refresh” of estimates for 2010
- June 9 & 16 – Revised 2010 Budget estimates; set tax rate guidelines; potential ideas for reducing 2010 tax rate Increase
- September – Departments submit Budgets
- October – LT review of Budgets
- Sept. & Oct. – Budget Committee review of potential reductions & seek direction
- November – Business Plan & Budget update by Service and Preliminary Capital Budget & Forecast to Budget Committee
- December – Final Budget Committee Deliberations
- January – Council approves 2010 Budget

2011 - 2012

Business Plan & Budget

- Implement incremental changes as per feedback received
- Focus on Council approval of a two year business plan & budget
- Internal business planning process for 2011/12 to begin in late fall 2009

Discussion & Questions