

Town of



2005 Budget Policies & Guidelines

Finance & Administrative Committee Meeting

October 4, 2004

Agenda

- ☐ Business Planning/Budget Process
- ☐ Update on Reserve Study/Parks, Recreation, Culture & Library Master Plan
- ☐ Economic Environmental Scan
- ☐ Operating Budget Pressures & Preliminary Outlook
- ☐ Capital Budget Pressures & Preliminary Outlook
- ☐ Proposed Budget Schedule
- ☐ Recommended Process for Councillor Requests
- ☐ Next Steps

Business Planning Process

➤ Business Unit Profiles (BUP):

- In 2003, 22 Business Unit Profiles (BUP) were introduced for the first time
- BUP's include the business unit's Mission Statement, core services, customers, Accomplishments, and Key Performance Indicators

➤ Business Planning

Objective: Business Plans prepared before Budget ****ACHIEVED****

- Department heads presented their 2005 Business Plans (BUP format) at two full-day special CCC meetings. Presentations included:
 - 2004 Accomplishment Highlights
 - Operational Improvements Achieved
 - Core Service Growth requirements – Purpose, Benefits, Implications of Non-Approval, Funding Required
 - New Initiatives planned for 2005, how they are aligned with Council's Strategic Priorities, & resource requirements

➤ Next Steps – Commission Business Plans to be presented to appropriate standing Committees (F&A, CS&E, Dev. Svcs.)

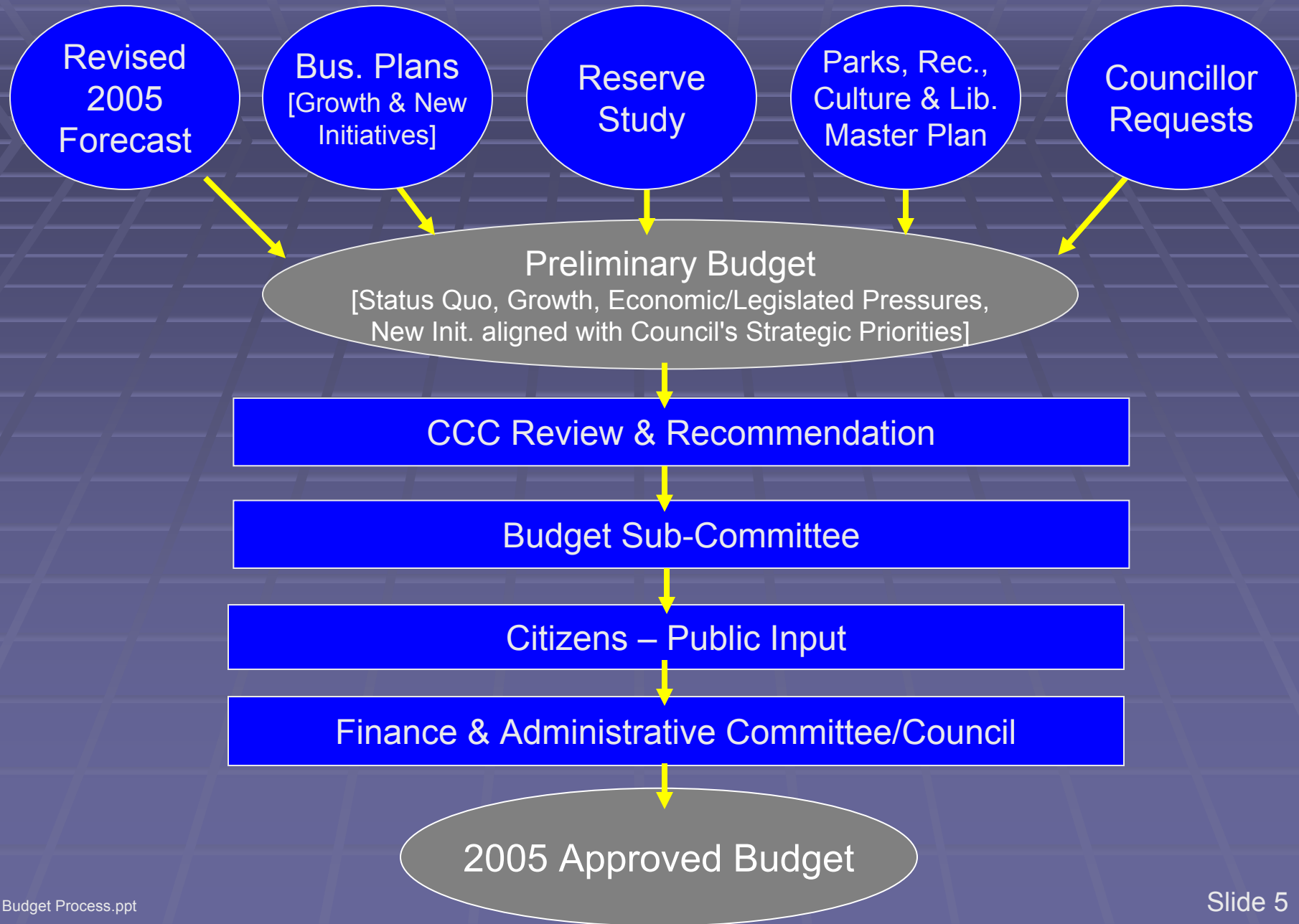
Reserve Study

- Preliminary results of Reserve Study will be brought forward to November 8th Finance and Administrative Committee Meeting
- Topics to include:
 - Rate Stabilization Reserve – recommended levels
 - General Capital Reserve (growth related projects)
 - Specific Capital Reserves (i.e. Environmental Land Acquisition)
 - Lifecycle Costing Reserves – recommended levels and options for funding
 - Consolidation/Elimination of existing reserves

Parks, Recreation, Culture & Library Master Plan

- Preliminary results of Master Plan will be brought forward to November 22nd Finance and Administrative Committee Meeting

Integration of Business Planning/Budget Process



Economic Environmental Scan

➤ Interest Rates - 2005

- Dependent upon projected growth in Canadian economy
- Differences in opinion:
 - *Bank of Montreal* – projects growth and higher interest rates for 2005
 - *CIBC* – anticipates high energy costs and debt levels will keep growth in check with minimal movement in interest rates until 2006

➤ Consumer Price Index (Aug. 2003 to Aug. 2004)

- | | | |
|---------------------------|------|--------------|
| ▪ CPI, Canada - All Items | 1.9% | 2.3% [July] |
| ▪ Services | 2.2% | 2.4% [July] |
| ▪ Energy Index | 6.2% | 10.7% [July] |
- Electricity prices 4.3% higher than in Aug. 2003 [4.6% July]
 - Gasoline prices 7.8% from Aug. 2003 [17.9% July]

(Source: Statistics Canada)

Operating Budget Pressures

Budget Pressures

Wage Settlements

**Municipal Service
Contracts**

Infrastructure

Growth

Provincial Legislation

Economic Trends

**New/Enhanced
Programs**

Revised 2005 Operating Forecast

(\$ Millions)

	2004	2005	
	<u>Budget</u>	<u>Forecast</u>	<u>Incr./ (Decr.)</u>
<i>Expenditures</i>			
Personnel	70.0	76.2	6.2
Non-Personnel	56.6	60.1	3.5
Total Exp.	<u>126.6</u>	<u>136.3</u>	<u>9.7</u>
<i>Revenues</i>			
Tax	79.2	81.5	2.3
Non-Tax	47.4	49.3	1.9
Total Rev.	<u>126.6</u>	<u>130.8</u>	<u>4.2</u>
Net Rev./ (Exp.)	<u>0.0</u>	<u>(5.5)</u>	<u>(5.5)</u>
Forecasted Tax Rate Increase		7.2%	

2005 Tax Funding Proposed for Capital Programs (\$16.7 Million)



Preliminary Capital Program Projection

Proj. Committed through the Year \$4.8M

Markham Village Lib. Reno., Museum Reception,
Centennial Community Ctr Reno, MESF Top-up

Annual Programs \$16.7M

Incl. Roads Re-surfacing, Curb/Sidewalk Repairs,
ITS, Vehicle Replacem't, Civic Centre Annual
Program, Bridges & Culverts Rehab., Recreational
Facilities Repairs & Maint., etc.
(adj. for inflation)

Non-Growth Portion of DC Projects
\$0.5M - \$1.5M

Projection \$22 - 23M

**2005 Proposed Tax
Funding of Capital**

\$16.7 M

Prelim. Shortfall

\$5.3M - \$6.3M

Proposed 2005 Budget Schedule

Total of 4 Budget Sub-Committee Meetings (Oct. – Dec.)

- 1) **Tues., Oct. 26** Preliminary Operating & Capital Budget
[Canada Rm.] Status of Councillor Requests
 - 2) **Mon., Nov. 15** Capital, Update on Operating Budget
[York Rm.]
 - 3) **Mon., Nov. 29** Capital, Waterworks
[Canada Rm.]
 - 4) **Mon., Dec. 13** Finalization of 2005 Operating, Capital, and
[York Rm.] Waterworks Budgets
(incl. items brought forward from previous meetings)
- Jan., 2005** Budget Breakfast
Jan., 2005 Budget Approval by Council

Information will be brought to F&A meetings to supplement the Budget Sub-Committee Meetings, as required.

Process for Councillor Requests

- It is recommended that Councillors with 2005 Budget requests send an email to the Budget Chief and all Commissioners by Friday Oct. 15th
 - The requests should include: Purpose, Benefits, Implications of Non-Approval, Funding Required (if known)
- Councillor requests will be consolidated and reviewed at CCC in conjunction with all budget pressures and new initiatives
- A response to all requests, received by Oct. 15th, will be provided at the first Budget Sub-Committee Meeting
- In order to keep to the proposed Budget Schedule, it is recommended that Councillor Requests received after October 15th not be discussed at Budget Sub-Committee unless there is 2/3 support by Committee members

Next Steps

- email Councillor Requests to Budget Chief and All Commissioners by Friday October 15th
- First Budget Sub-Committee Meeting, Canada Rm.
Tuesday, October 26th (9 a.m. – 12 p.m.)
 - Preliminary Operating & Capital Budgets
 - Status of Councillor Requests