

STAFF REPORT: Office of The Chief Administrative Officer



REPORT TO: Council
MEETING DATE: July 13, 2009
REPORT NO.: CAO.09.07
SUBJECT: 2010 Budget Process
PREPARED BY: Paul Graham,
Chief Administrative Officer

A. Recommendation

THAT Council adopt the 2010 Budget Process dated July 7, 2009 as outlined in CAO Report 09.07 dated July 13, 2009.

B. Background

During the past few years, the Town's Budget Process has moved from considering a One Year Budget to a Three Year Operating and a Five Year Capital Budget. In the past there have been Priority Setting Sessions with Council and Service Delivery Reviews by Staff. The past practice has been to go through the Line Accounts, department by department, as Council reviews the budget.

We have made significant progress in terms of having the budget and related by-laws passed early in the operating year. This year, we plan to complete this process during the Council meeting of January 11, 2010.

I am proposing a revised budget process this year and attach a document entitled "2010 Budget Process" dated July 7, 2009 for Council's consideration. The final budget documents will continue to show Line Accounts as in the past. However, Staff will provide an increased number of summary documents which will allow Council to focus more quickly on the areas of the budget that are creating upward pressure on our costs.

I believe that the budget process must be a fluid process which will be revised from time to time. I recommend this new process as we strive for continuous improvement.

C. The Blue Mountains' Strategic Plan

This new Budget Process is a new step toward an open and transparent process as we strive to provide a strong, well managed municipal government.

D. Environmental Impact

Not applicable

E. Budget Impact

None

F. Attached

1. 2010 Budget Process dated July 7, 2009

Respectfully submitted,

J.P. (Paul) Graham, P. Eng
Chief Administrative Officer

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2010 Budget Process

Budget Philosophy

Budget Preparation Assumptions

Service Levels & Other Budget Priorities

Confirming Performance Measures

Budget Timelines



Budget Philosophy

“Ensuring long term financial stability.”

- Confirm commitment to 3 year operating & 5 year capital budgeting process
- Adopt a 3 year economic forecast for budgeting purposes with development growth projections
- Discuss budget levels based upon constraint or controlled growth, and long term financial sustainability
- Discuss a higher level operating budget review based upon corporate-wide and departmental summaries vs a review of all line accounts
- Confirm a commitment to the growth of the capital budget and to a detailed review of all capital projects associated with the 3 year operating budget
- Discuss the merits of the disposal of Town owned lands as a budget tool
- Adopt the philosophy of a Council set “Based Level Budget” with proposed enhancements/reductions being debated through the Budget Process
- Endorse a Community Engagement Plan



Budget Preparation Assumptions

a) Anticipated Budget Pressures With Financial Projections

- 3 year COLA increase based upon established settlements in other jurisdictions
- Anticipated cost increases/decreases
 - Purchased water from Collus
 - Insurance
 - Energy
 - Capital Projects flowing from Stimulus and other Grants
 - Increased costs related to Parks & Trails Growth
 - Others
- Impacts of multi-year contracts or agreements
- Impacts of Pay Equity Plan
- Implementation of the Fire Master Plan

b) Projections For Major Revenue Sources

- Provincial and Federal Funding projections
- All Service Fees increased annually at least by the rate of inflation
- Forecasted water consumption and wastewater generation – a trend analysis
- Engineering Works Fees
- Planning & Building Services Department Fees
- Project Grants
- Disposition of Town Owned Property

c) Litigation Threats, Personal Matters and Property Acquisition

(Closed Session Discussions)



Service Levels and Other Budget Priorities

- Council discusses service level increases or decreases department by department with the Senior Management Team and proposes any changes.
 - Department Head presents key statistical information for each service area including 3 year trends
 - Council agree upon any proposed service delivery changes
 - Senior Management Team present proposed organizational service delivery enhancements/efficiencies for Council's consideration
 - Council directs changes to be contained in the Proposed Budget Documents

- Implementing CAO's "Dare to Dream" Vision
 - Being Recognized as the best local government in Ontario
 - Being known as a preferred employer
 - Building a "Sustainable Community"

- Council reviews historical and proposed Staffing Levels complete with Departmental Organization Charts

- Staff review current status of reserves and long term debt forecasts with Council

- Council reflects on passed priorities and confirm current priorities

- High level discussion of major capital projects likely to be in the 3 year budget

- Review historical tax and user fee increases

- Council sets a "Base Budget Target" expressed as percentage increase or decrease for taxation and user fees for the years 2010, 2011 and 2012



Confirming Performance Measures

- Proposed Performance Measures plus a reporting system based upon a continuous improvement model will be forwarded to Council for their review and approval
- Once approved by Council, the Performance Measures Report System will be populated with data from the past 3 years prior to finalizing the 2010 budgets



Budget Timelines for 2010, 2011 and 2012 Budgets

Budget Philosophy & Budget Preparation Workshop	Prior to July 31st
Service Levels & Other Budget Priorities Workshop	Prior to August 14 th
Staff formally commences preparation of Budget numbers	August 17 th
Senior Management Team Report on Proposed Service Delivery Changes at a Special Meeting of Council	August 31 st
Department Heads submit budgets to Financial Services	Prior to September 11 th
Draft Budget Documents for Senior Management Team Review	Prior to October 16 th
Senior Management Team Meetings	October 22 nd and October 23 rd
Proposed Budget to Council for their Review	Prior to November 7 th
Council's Budget Meetings	November 17 th , 19 th , 24 th and 26 th
Proposed Budgets released for public review and comment- (a) Budget Newspaper Insert (b) Public Information Centre	Week of November 30 th December 7 th
Budget Public Meetings at Special Council Meeting	Week of December 16 th
Council approves all Budgets	January 11 th
Necessary By-laws passed	January 25 th