

**STAFF REPORT: Office of The Chief Administrative Officer**

**REPORT TO:** Council  
**MEETING DATE:** June 14, 2010  
**REPORT NO.:** CAO.10.09  
**SUBJECT:** 2011 Budget Process  
**PREPARED BY:** Paul Graham,  
Chief Administrative Officer

**A. Recommendation**

**THAT** Council adopt the “2011 Budget Process” as outlined in Report CAO.10.09.

**B. Background**

During the 2008 Budget Process, the Town moved from a One Year Budget to a Three Year Operating and a Five Year Capital Budget. Priority Setting Sessions with Council and Service Delivery Reviews by Staff were incorporated as part of a continuous improvement process. In reviewing the 2010 Budget, Council referred to a number of summary documents which allowed Council to focus more quickly on the areas of the budget that were creating upward pressure on our costs.

During the Council meeting on May 26, 2010 Council discussed potential process improvements with Staff. The proposed 2011 Budget Process dated May 31, 2010 is provided as Attachment #1 to this report. It was developed with the goal for continuous improvement in the budget process. It incorporates Council and Senior Management Team recommendations for improvement.

The budget process will continue to be a fluid process with the budget process being revised from time to time. An annual review of the budget process will result in continuous improvements.

**C. The Blue Mountains’ Strategic Plan**

The 2011 Budget Process incorporates improvements over the 2010 process. It will assist us in our continued goal toward an open and transparent process as we strive to provide a strong, well managed municipal government.

**D. Environmental Impact**

None

**E. Budget Impact**

None

**F. Attachment**

1. 2011 Budget Process dated May 31, 2010.

Respectfully submitted,

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## **2011 Budget Process**

Budget Philosophy

Budget Preparation Assumptions

Service Levels & Other Budget Priorities

Budget Communications

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 based on current trends.
- Confirm budget levels based upon controlled growth, and long term financial sustainability
- Confirm the continued uses of a higher level operating budget review based upon corporate-wide and departmental summaries versus 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
- Adopt the philosophy of a Council set “Based Level Budget” with proposed enhancements/reductions being debated through the Budget Process
- Discuss the Integrated Community Sustainability Plan, the Housing Study, the Economic Development Strategy, the Community Improvement Plan and the Official Plan as critical planning documents.



## 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
- Acquisition of land for attainable housing.
- Ongoing 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
- Project Grants
- Disposition of Town Owned Property

### c) Litigation Threats, Personnel 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 Heads present Operational Business Plans focused on 2011 (including historical and proposed staffing levels)
  - Department Heads recommend departmental changes in service delivery
  - Council agree upon any proposed service delivery changes
  - Staff provides any additional information at a subsequent Budget Meeting
  - Council directs changes to be contained in the Proposed Budget Documents
  
- Implementing our “Dare to Dream” Vision
  - Being Recognized as the best local government in Ontario
  - Being known as a preferred employer
  - Building a “Sustainable Community”
  
- Discuss Economic Development and Events as a budget priority
  
- 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
  
- Discuss unfinanced capital costs
  
- 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 2011, 2012 and 2013



## Budget Communications

- Expand budget related communication with permanent and part-time residents and property owners.
  - Outline the advantages of early Budget approval and the 3-year operating and 5-year capital budgeting process
  - Outline mandatory and discretionary areas of the budget
  - Confirm that the Budget is a planning process and that after being approved, the Budget may be revised from time-to-time in order to react to changing circumstances.

## 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 2011, 2012 and 2013 Budgets

Budget Philosophy & Budget Preparation Workshop	Prior to June 28
Service Levels & Other budget Priorities Workshop	Prior to July 15
Staff formally commences preparation of Budget numbers	Tuesday, August 3
Senior Management Team reports on Proposed Service Delivery Changes at a Special Meeting of Council	August 10 or 11
Department Heads submit budgets to Financial & Information Services	September 15
Draft Budget Documents for Senior Management Team Review	Prior to October 20
<b>Municipal Election</b>	<b>Monday, October 25</b>
Senior Management Team Meetings	Wednesday, October 27 & Thursday, October 28
Proposed Budget handed to Council–elect at the end of the <b>2-Day Council Orientation Workshop</b>	<b>Friday, November 12 &amp; Saturday, November 13</b>
<b>Inaugural Session of Council</b>	<b>Monday, December 6</b>
Council Budget Meetings	December 7, 9, 14 and 16
Proposed budget released for public review and comment (a) Budget Newspaper Insert (b) Public Information Centre	Week of January 30, 2011 January, 2011
Budget Public Meetings at Council Meeting	January, 2011
Council approves Budget	February, 2011
Necessary By-law passed	February, 2011