

# ***Town of Oakville 2010 Budget***

**Budget Committee  
November 5, 2009**

# *Agenda*

## **1. Opening Remarks**

- Ray Green, CAO

## **2. 2010 Budget – Overview**

- Nancy Sully, Senior Manager of Financial Planning & Policy

## **3. Next Steps**

# *Focus On Programs*

- **Performance Based Program Based Budgeting – PB2**
- **Emphasis on desired outcomes**
  - *What programs do we want?*
- **Measurement**
  - *Did we achieve our planned outcomes?*
- **Management**
  - *Based on results do we need to make adjustments?*
- ***For 2010 performance measures have been developed for all Town programs***

## ***2010 Budget Process***

- **February – election of Budget Committee Chair**
- **June**
  - Budget forecast
  - Budget Guidelines Adopted

## ***2010 Budget Process***

### **Budget Guidelines Approved June 29,2009**

- 1. Base Budget Guideline 6.5%**
- 2. No staff identified new requests**
- 3. Maintain cost recovery ratios and maximize fees**
- 4. Staff develop decision packages to reduce Base Budget to 2.5%**
- 5. Decision packages to focus on PB2 reductions considering Council priorities, citizen's survey and public consultation**
- 6. Update long term financial forecast**

# ***2010 Budget Process***

- **July to September**
  - Program budgets developed
  - Program measures developed for remaining programs
  - Finance review and compilation of Budget
  - Executive Management Team (EMT) review of proposed 2010 Base Budget and reduction options
  - EMT recommended Budget and reduction options

# ***2010 Budget Process***

- **November**
  - Nov 5<sup>th</sup> – Distribution of 2010 Budget Discussion Document & Overview Presentation
  - Nov 9<sup>th</sup>, 10<sup>th</sup> – Staff Presentations (If required)
  - Nov 12<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> – Delegations and Deliberations
  - November 25<sup>th</sup> - Budget Deliberations
- **Council Approval – November 30<sup>th</sup>**

# ***2010 Budget***

- **Delivers on Council's Priorities**
- **Maintains Service Levels**
- **Implements Master Plans**
- **Fiscally Sustainable**

# *Key Challenges*

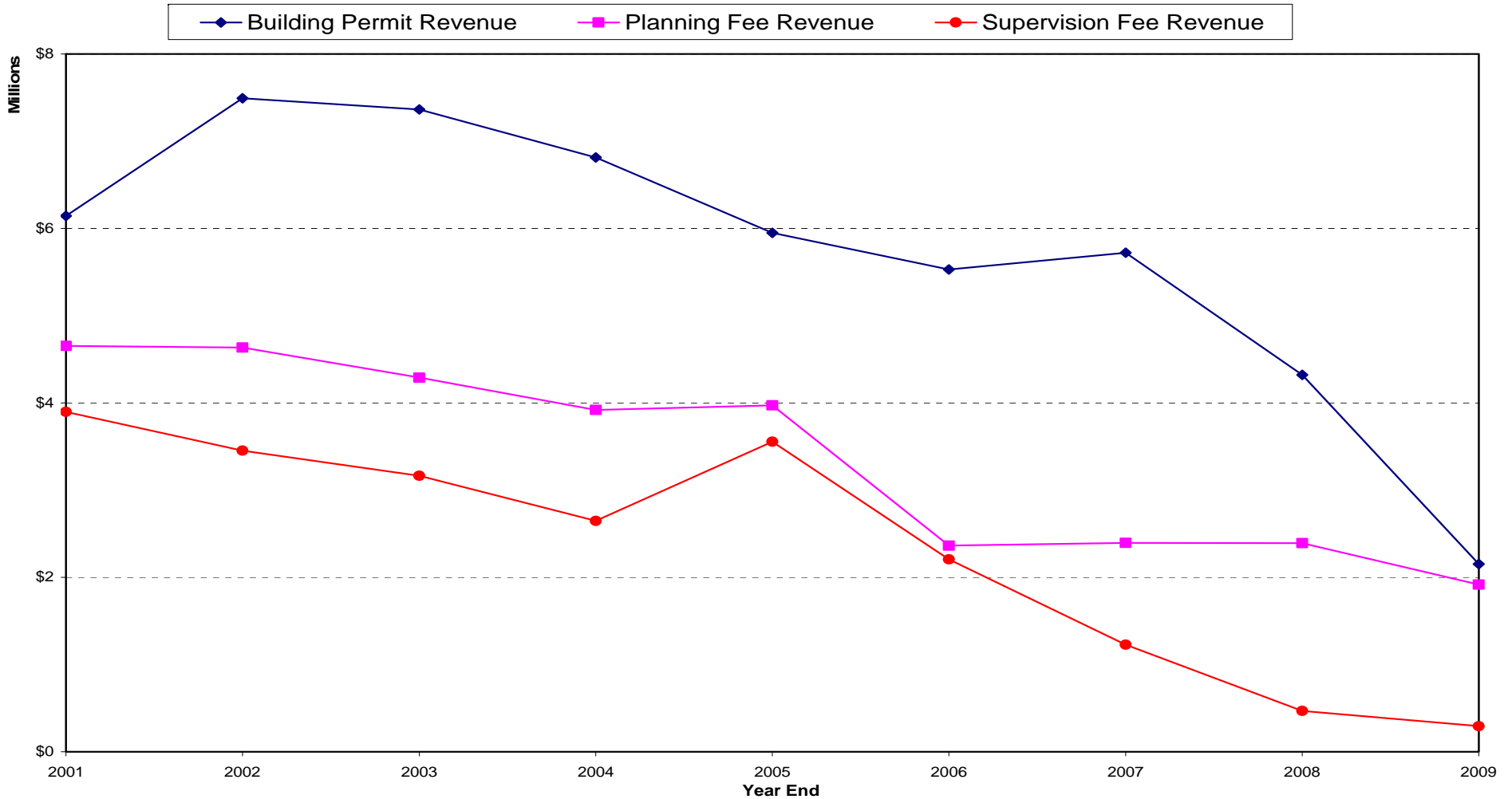
- **Inflationary pressures**
- **Slowdown in development activity**
- **Annualized cost of 2009 new programs**
- **Capital driven operating costs**
- **Infrastructure – growth and renewal**

## ***Inflationary Pressure***

- **Municipal inflation exceeds CPI**
  - Personnel Costs – 3%
  - Construction Costs – 4.5%
- **Requires a 4.2% increase in Town tax rate**
- **Impact on total property tax bill -  
1.5% or \$15.38 per \$100,000 of assessment**

# Growth Has Slowed

## Revenue in 2009 Dollars



# ***Reduced New Development***

- **Planning, Building, Development Services Revenues have declined significantly**
  - Self supporting services
  - Enterprise reserve is exhausted
  - Planned “gapping” saves \$2.3 million
- **Tax Impact in 2010 is \$2.2 million**
  - Tax Stabilization funding of \$2.4 million
  - Not sustainable – phased out over 2011 and 2012

## ***Annualized Cost – 2009 New Programs***

- **2009 Budget implemented new programs and service enhancements**
- **Transit new service design**
  - \$579,500
- **12 Firefighters for rescue vehicle September, 2009**
  - \$576,600
- **Requires a 1.02% increase in Town tax rate**
- **Impact on total property tax bill -  
0.37% or \$3.73 per \$100,000 of assessment**

## ***Capital Driven Operating Costs***

- **New infrastructure, fleet, equipment**
  - Quad Pad Arena in North Park
  - New Parks, Playgrounds and Splash pads
  - New Roads
- **Cost to operate and maintain - \$1.26 Million**
- **Requires a 1.08% increase in Town tax rate**
- **Impact on total property tax bill -  
0.39% or \$3.95 per \$100,000 of assessment**

## ***Reductions to Base Budget***

- Program managers asked to find reductions to base budgets to offset impact of revenue shortfall
- Temporary measure
- Includes both expenditure reductions and revenue increases
- Included in the base budget
- Total \$2,335,700
- Results in a 2.0% reduction in Town tax rate
- Impact on total property tax bill -  
**-0.72% or (\$7.32) per \$100,000 of assessment**

# Assessment Growth

- Growth in assessment generates new taxes without increasing the tax rate
- Declining in recent years – est. in June 1.0%
- Assessment growth to offset 2010 Budget is 1.0%
- Results in a 1.0% reduction in Town tax rate
- Impact on total property tax bill -  
-0.36% or (\$3.66) per \$100,000 of assessment

# Base Budget Increase

Purpose	Share of Tax Bill	Increase	Impact on Total Bill	\$ Increase per \$100,000 of Assessment
<b>Town of Oakville</b>	35.8%			
Inflationary Impacts		4.20%	1.50%	\$15.38
Annualized Impact of 2008 New Programs		1.02%	0.37%	\$3.73
Capital Driven Operating Costs for new Infrastructure		1.08%	0.39%	\$3.95
Budget Reductions recommended by EMT		-2.00%	-0.72%	(\$7.32)
Assessment Growth		-1.00%	-0.36%	(\$3.66)
<b>Total Base Operating Budget</b>		<b>3.30%</b>	<b>1.18%</b>	<b>\$12.08</b>

**Guideline excluding Capital Levy was 4.43%**

**Recommended Base Budget is 1.1% below guideline**

# *Capital Levy*

- Implemented in 1996 – 1% annually on Town tax rate
- Recognizes funding need for
  - infrastructure renewal
  - new infrastructure due to Development Charge restrictions
- Ten year forecast
  - significant future costs for new facilities and infrastructure
- Changes would require adjustments to 2010 Capital Budget and Long Term Forecast
- Impact on total property tax bill -  
**0.36% or \$3.66 per \$100,000 of assessment**

# Council Identified Needs

- Council identified needs from 2009 Budget – Pg. E-28
- Identified for Budget Committee consideration for addition to staff proposed Budget – Section 2 of Budget Discussion Document Pg. 2

2010 Council Identified Needs		
	2010 Impact	Annualized Impact
<b>2010 Identified Needs</b>		
REC-2010 Two New Youth Centres	296,600	259,200
<b>Total Requests</b>	<b>296,600</b>	<b>259,200</b>

# Total Tax Impact

Purpose	Share of Tax Bill	Increase	Impact on Total Bill	\$ Increase per \$100,000 of Assessment
Town of Oakville	35.8%			
<b>Total Base Operating Budget</b>		<b>3.30%</b>	<b>1.18%</b>	<b>\$12.08</b>
Capital Levy		1.00%	0.36%	\$3.66
New Requests		0.00%	0.00%	\$0.00
<b>Total Town of Oakville*</b>	<b>35.8%</b>	<b>4.30%</b>	<b>1.54%</b>	<b>\$15.74</b>
<b>Region of Halton*</b>	<b>39.6%</b>	0.45%	0.18%	\$1.82
<b>Education</b>	<b>24.6%</b>	0.00%	0.00%	\$0.00
<b>Tax Shift from Region to Town*</b>	<b>35.8%</b>	<b>1.07%</b>	<b>0.38%</b>	<b>\$3.92</b>
<b>Total</b>			<b>2.10%</b>	<b>\$21.48</b>

\*Region of Halton increase before tax shift would be 1.45% or \$5.87 per \$100,000 of assessment. While shown separately the tax shift has no impact on the taxpayer

# ***Local Infrastructure Funding***

## **Funding available from phase out of GTA Pooling**

- Tax Room shared between Region and Local Municipalities
  - 50% to Region, 50% to Local Municipalities based on weighted assessment
- **Significant funding source for Capital**
  - Fully utilized in long term financing plan
- **Provides Oakville \$69.7 million by 2017**
  - For capital renewal & major projects
- **No impact on the taxpayer – just a shift from Region tax rate to local tax rate**

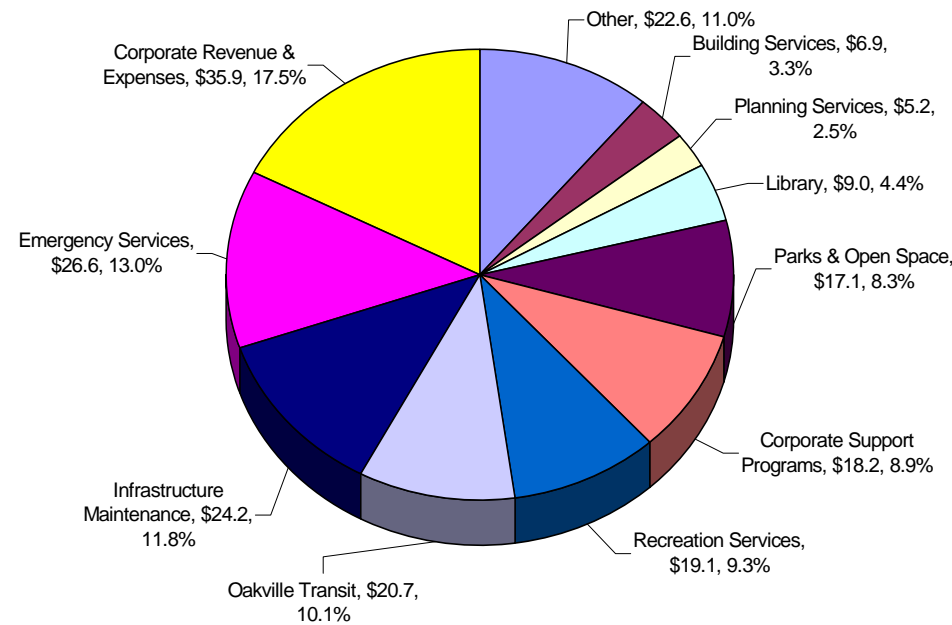
## *Example of Tax Shift*

<b>Taxes Billed Per \$100,000 of Assessment</b>				
	<b>2010 Taxes Before Tax Shift</b>	<b>\$ Change Over 2009</b>	<b>2010 Taxes Restated for Tax Shift</b>	<b>\$ Change Over 2009</b>
<b>Oakville</b>	\$374	\$16	\$378	\$20
<b>Region</b>	\$413	\$6	\$410	\$2
<b>Education</b>	\$257	\$0	\$257	\$0
<b>Total</b>	<b>\$1,044</b>	<b>\$21</b>	<b>\$1,044</b>	<b>\$21</b>
<b>Per \$400,000 of Assessment</b>	<b>\$4,176</b>	<b>\$86</b>	<b>\$4,176</b>	<b>\$86</b>

# 2010 Budget Overview

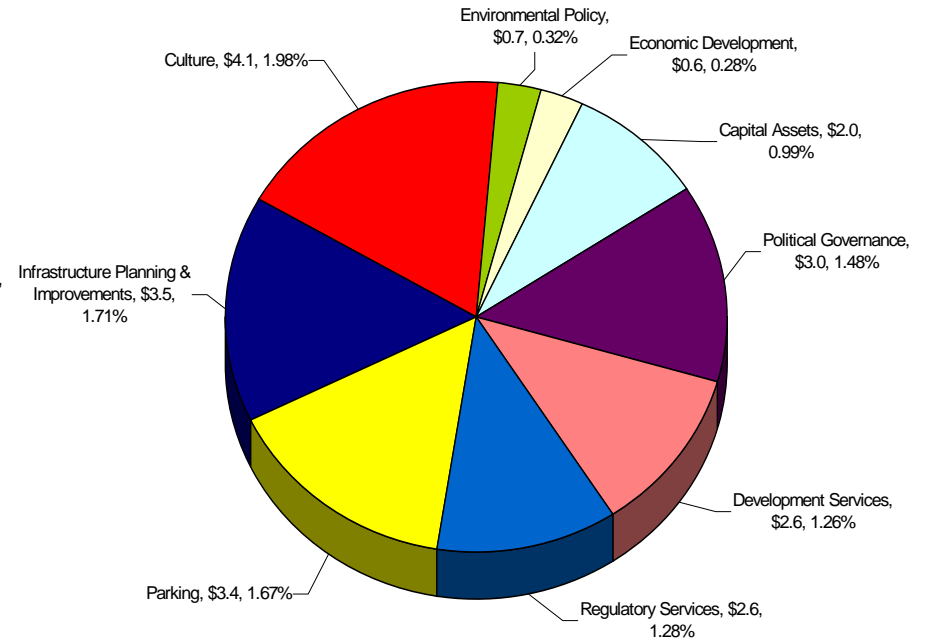
## Total Expenditures by Program

### \$205.5 Million\*



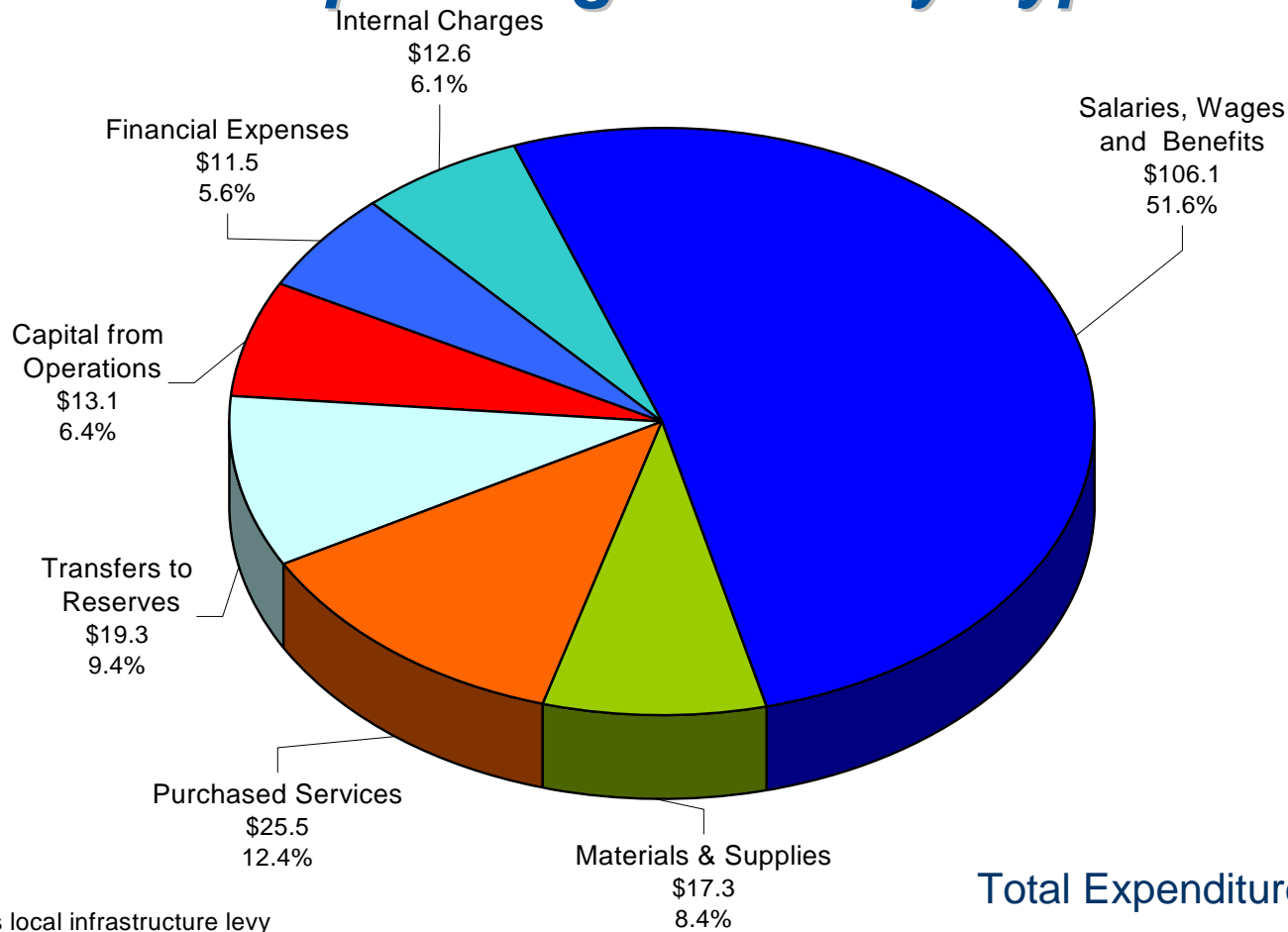
\*includes local infrastructure levy

Detail of Other Programs



# 2010 Budget Overview

## Operating Costs by Type

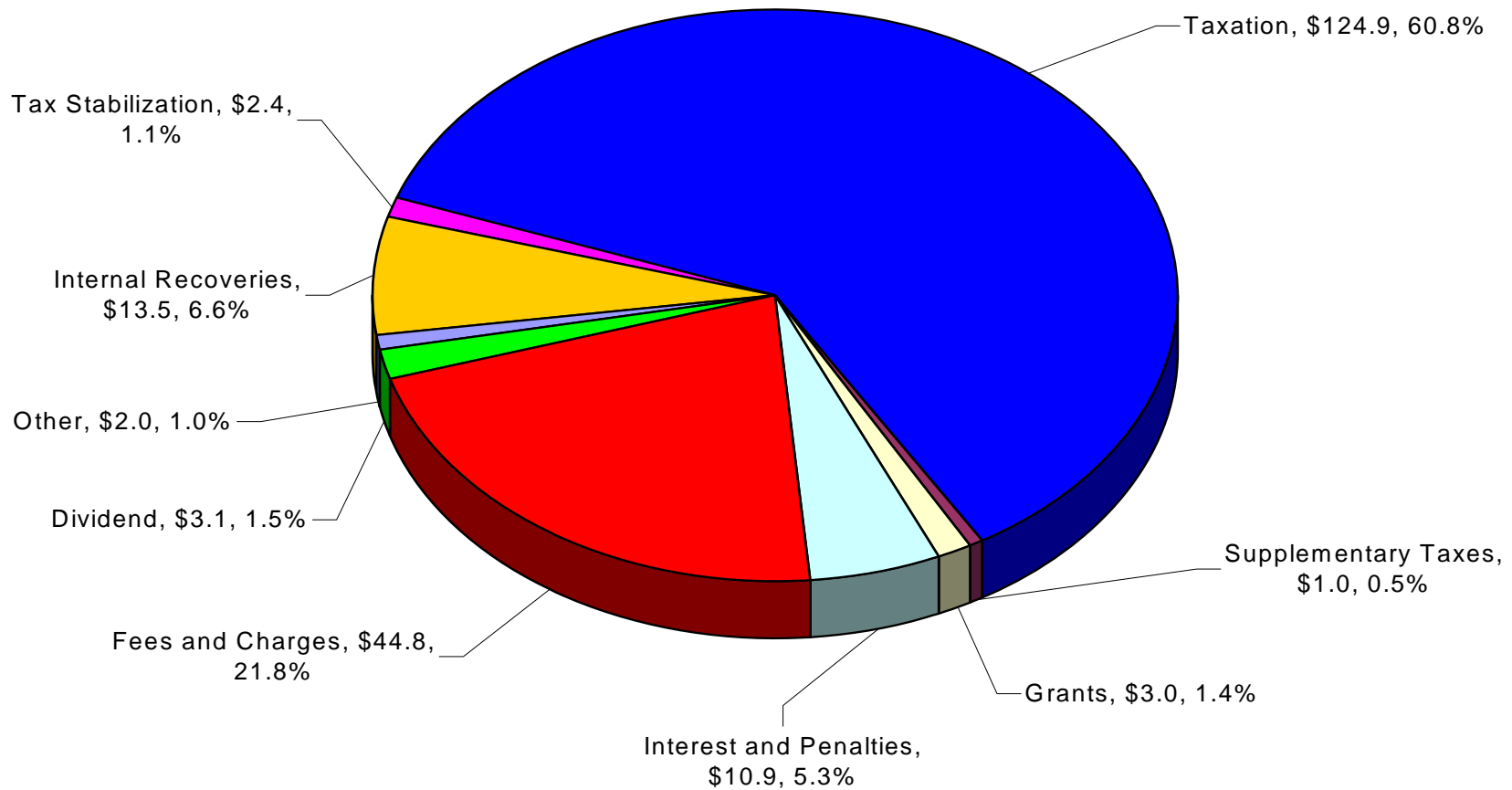


\*includes local infrastructure levy

# 2010 Budget Overview

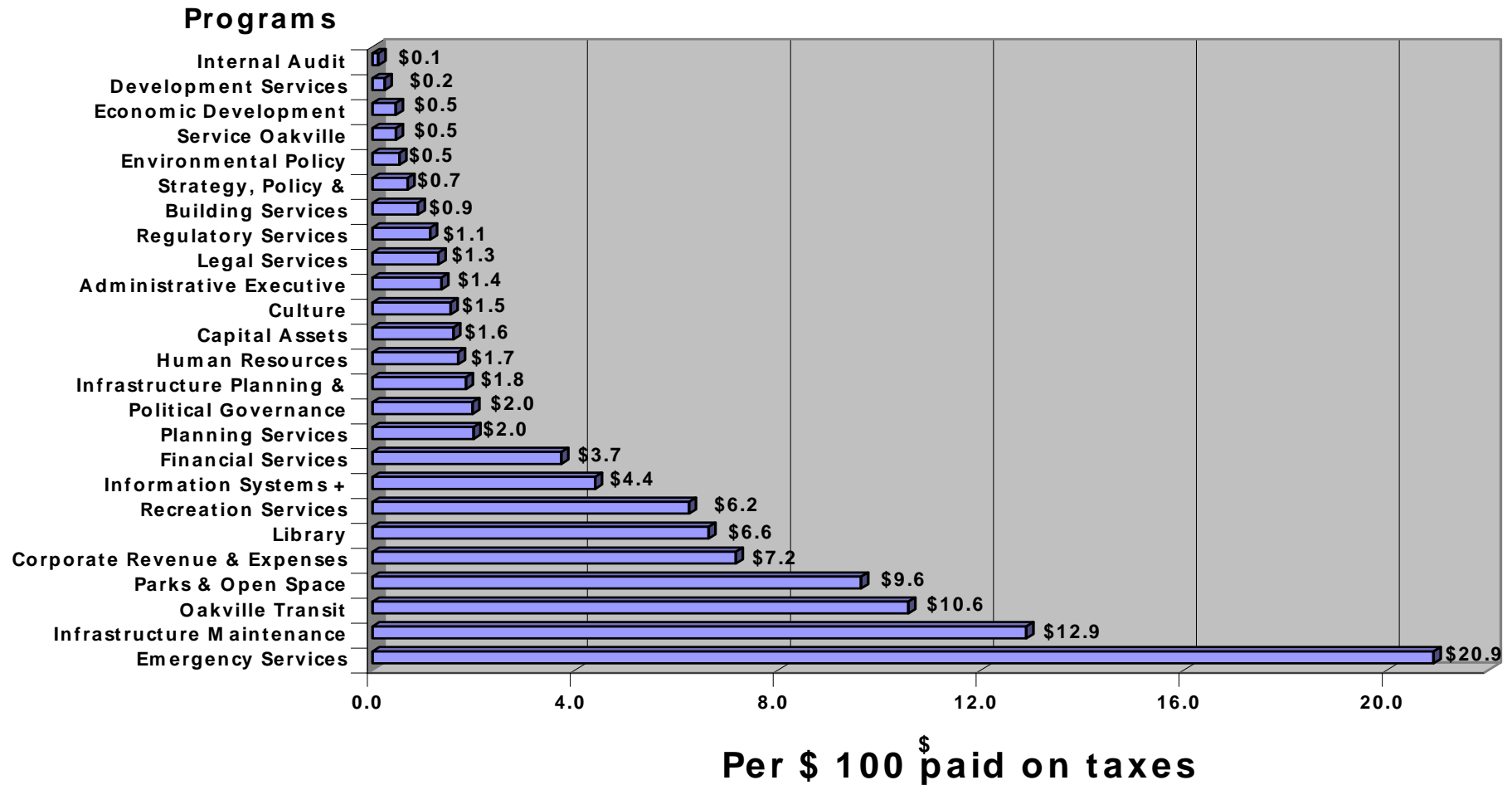
## Revenue Sources

Total Revenue \$205.5 Million



# 2010 Tax Levy - \$124.9 Million

## Where Your Tax Dollars Go

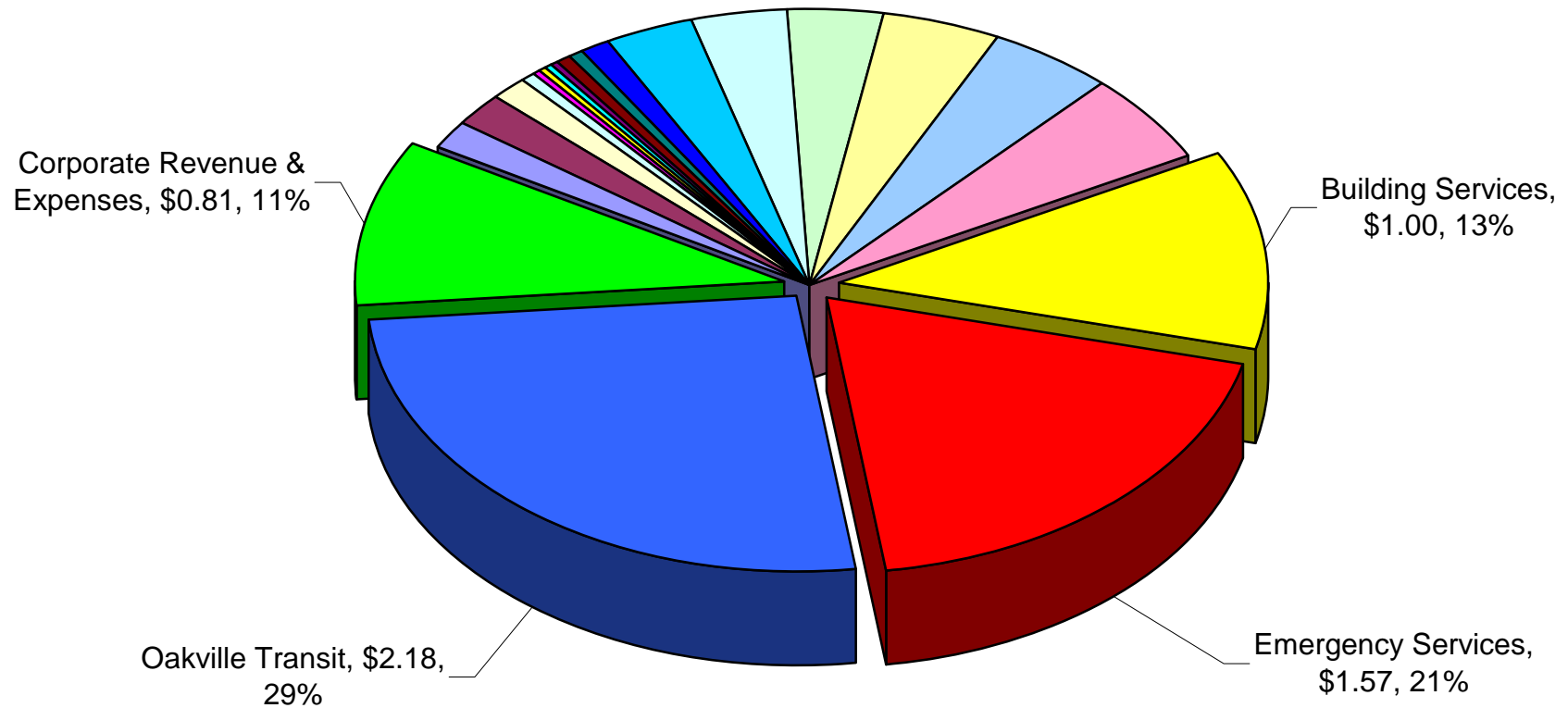


# 2010 Base Budget

Net Town Tax Impact 3.30% - Total Tax Impact 1.18%

\$12 per \$100,000 of assessment

Four Programs account for 74% of the \$7.48 Million Increase



# ***Base Budget Drivers***

- **Transit +\$2.2 million**
  - Annualized cost of new service design
  - Revenue adjusted to reflect reduced ridership growth
  - Fare increases scheduled for September 1, 2009 and January 1, 2010 deferred to April 1
- **Emergency Services +\$1.6 Million**
  - Annualization of 12 firefighters hired September 2009
  - salary & benefits, inflation
- **Building Services +\$1.0 Million**
  - Reduced revenue resulting from impact of economic downturn and delay in North Oakville
  - Enterprise reserve exhausted
  - 13.6 positions gapped to mitigate the impact of revenue decline
  - Reached critical levels of staffing

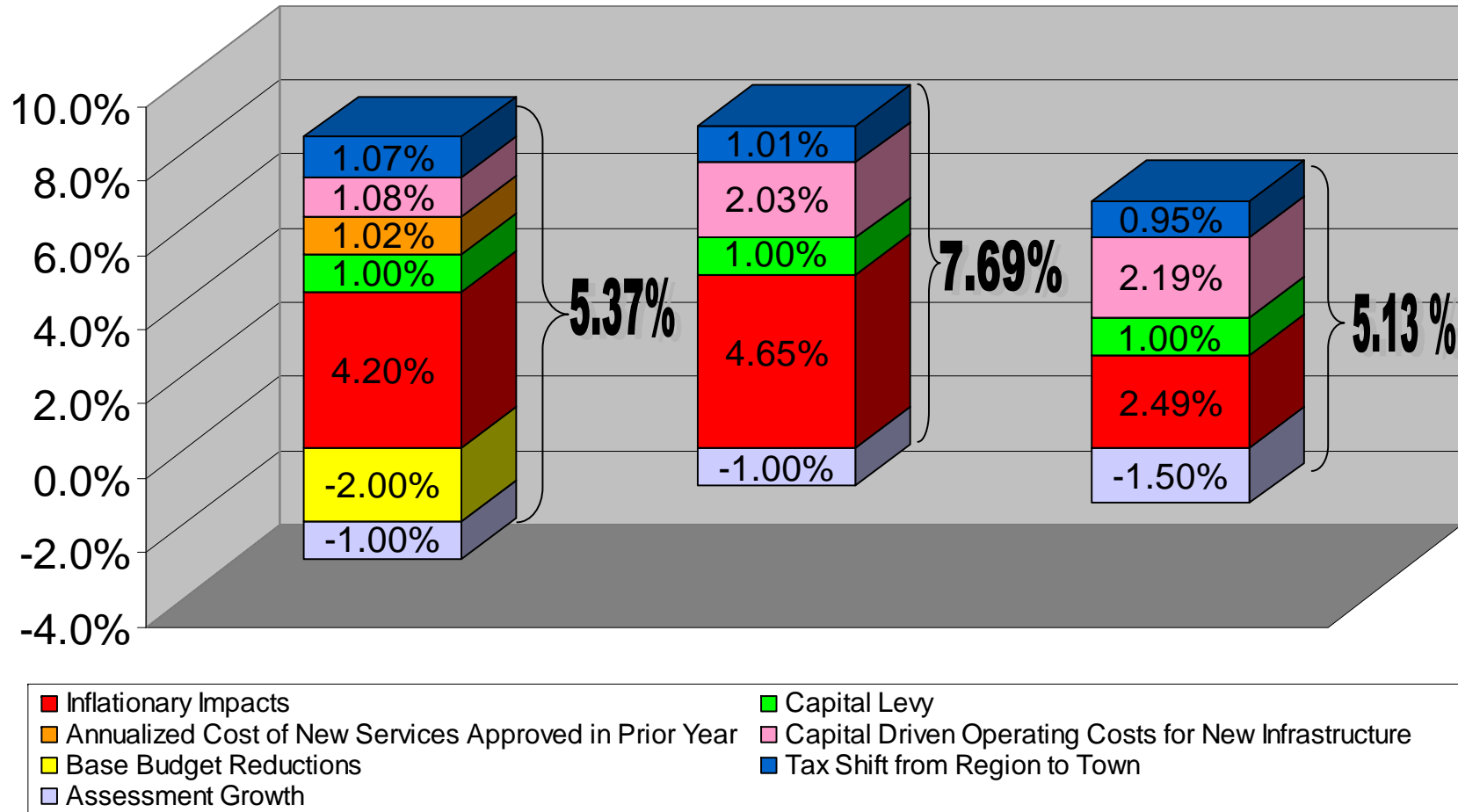
# *Base Budget Drivers*

- **Corporate Expenses & Revenues +\$0.81 Million**
  - Capital Levy
  - Local Infrastructure Levy
  - Offset by increased rental revenue from Oakville Hydro and reduction in corporate contingency

## ***2011 and 2012 Forecast***

- **Reflects**
  - inflation
  - **Operating impact of 2010 Capital Projects**
    - \$2.5M in 2011 for partial year impact of Transit Facility and QE Park; annualized impact of Quad Pad
    - \$2.9M in 2012 for annualized impact of Transit Facility and QE Park; Bronte Library
  - **Capital Levy**
- **Does not include new requests**
  - Identified as Program Growth and Service Needs for information
- **To be reviewed and refined in 2011/2012 Budget processes**

## Forecast Budget Increase



<b>Overall Tax Impact</b>			
	<b>2010 Budget</b>	<b>2011 Budget</b>	<b>2012 Budget</b>
Inflationary Impacts	4.20%	4.65%	2.49%
Budget Reductions Approved By EMT	-2.00%	0.00%	0.00%
Annualized Cost of New Services Approved in Prior Year	1.02%	0.00%	0.00%
Capital Driven Operating Costs for New Infrastructure	1.08%	2.03%	2.19%
Assessment Growth	-1.00%	-1.00%	-1.50%
<b>Total Base Operating Budget</b>	<b>3.30%</b>	<b>5.68%</b>	<b>3.18%</b>
Capital Levy	1.00%	1.00%	1.00%
<b>Total Base Budget</b>	<b>4.30%</b>	<b>6.68%</b>	<b>4.18%</b>
Recommended New Requests	0.00%	0%	0%
<b>Total Town Budget</b>	<b>4.30%</b>	<b>6.68%</b>	<b>4.18%</b>
Province of Ontario	0%	0%	0%
Region of Halton (1)	0.45%	3.80%	3.50%
Tax Shift from Region to Town	1.07%	1.01%	0.95%
<b>Overall Tax Bill Impact (%)<sup>(2)</sup></b>	<b>2.10%</b>	<b>4.26%</b>	<b>3.22%</b>
<b>Overall Tax Bill Impact (\$'s per \$100,000 of assessment)<sup>(3)</sup></b>	<b>\$21.48</b>	<b>\$44.46</b>	<b>\$35.08</b>

(1) Based on Region's forecast in 2010 Budget

(2) Total Tax Bill is 39.6% Region, 35.8% Town, 24.6% Education

(3) Exclusive of reassessment impacts

## ***Budget Reduction Options***

- **Guideline**
  - Staff develop decision packages to reduce Base Budget to 2.5%
- **Proposed Base Budget 5.37% vs. 6.5%**
- **To meet guideline require cuts totalling 2.87% or \$3.3 million**
- **Options identified by EMT – Pg. E-21, Tab 2**
  - 2.7% or \$3.2 million

# *Budget Reduction Items*

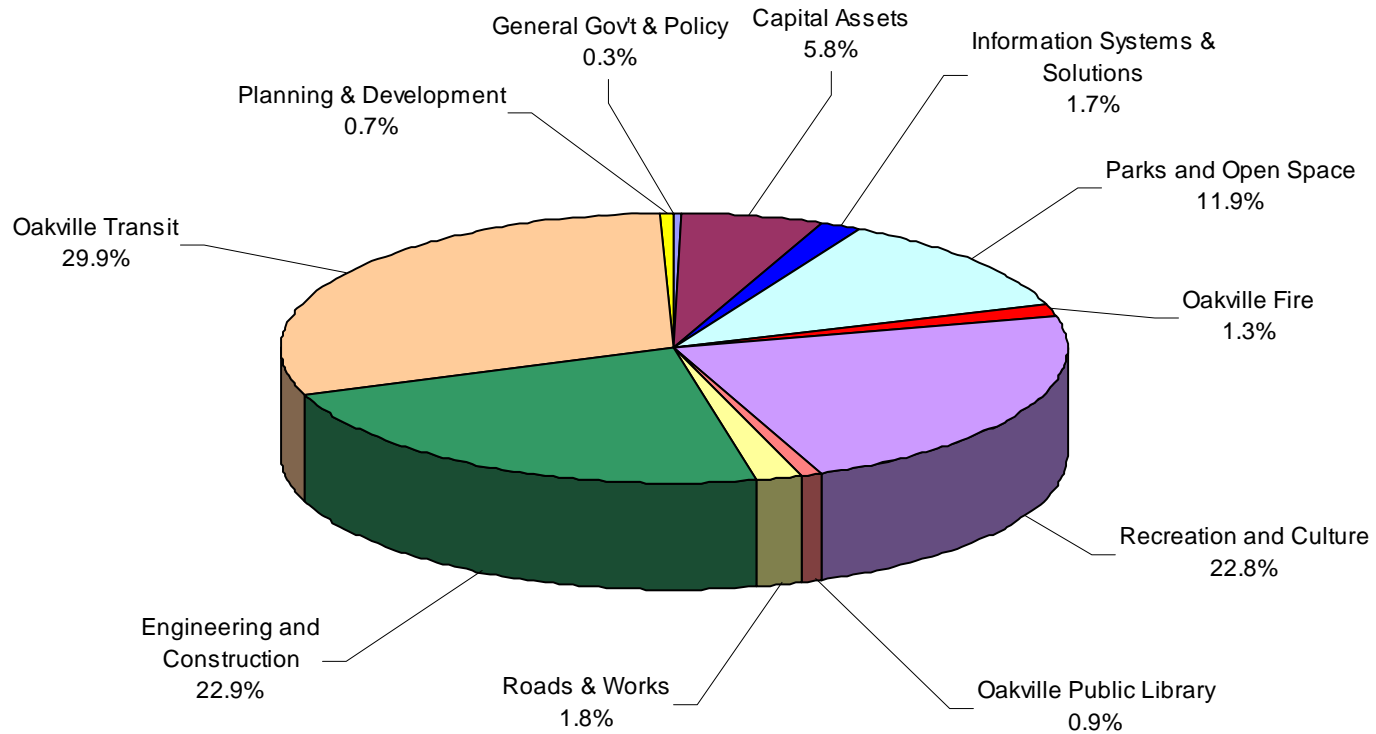
- Options identified by EMT total \$3.2 million
- Based on programs/services
- Identified in six categories
  - Change in service level (\$1,530,000)
  - Elimination of Service (\$551,000)
  - Reduction of Asset/Risk Management (\$426,000)
  - Elimination of Grants & Subsidies (\$408,900)
  - Community Outreach & Education (\$188,000)
  - New Revenue Sources (\$75,000)
- Details in program presentation

# ***2010 Budget***

- **Overall impact of 2.1%**
  - **Delivers on Council's Priorities**
  - **Maintains Service Levels**
  - **Implements Master Plans**
  - **Fiscally Sustainable**
  
- **Options available for enhancement or reduction of programs**
  - **Possible total tax impact ranging from 2.19% to 1.13%**

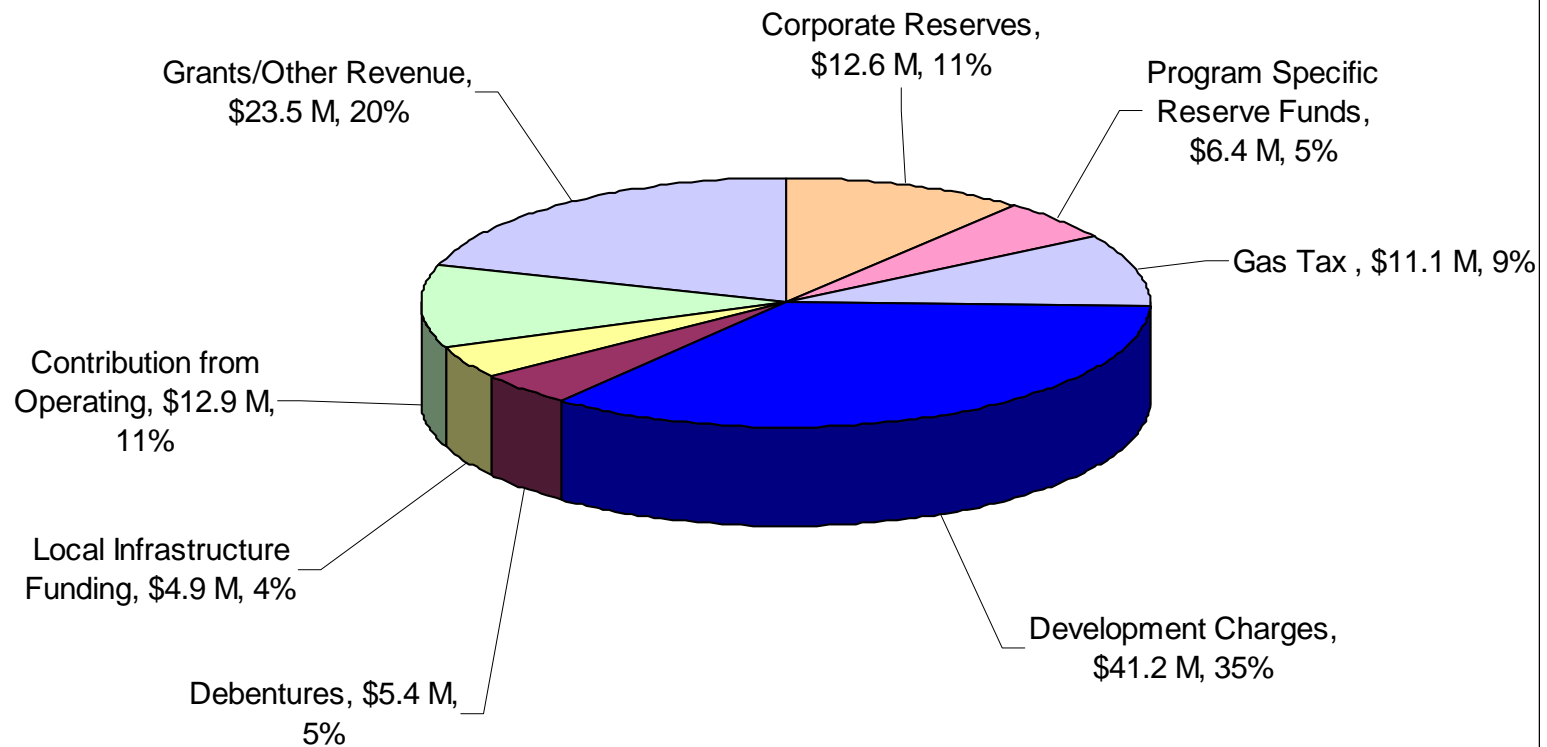
# 2010 Capital Budget

**2010 Capital Budget Expenditures by Program**  
**\$118.0 million**



# 2010 Capital Budget

## 2010 Capital Budget by Funding Sources \$118.0 million



# Top 10 Largest Capital Projects

Program	Project	2010 Budget
Transit	54200704 New Transit Facility Incl. Parking Ops	\$ 30.7
Recreation	46310804 Quad Pad Arena - (Design/Build)	13.3
Recreation	46600702 QEP Centre Design and Development	12.0
Engineering	53310610 NorthServiceRd-Invicta to Joshuas Creek	6.5
Engineering	53310906 Speers Rd- Bronte Rd to Procor	4.0
Engineering	53330901 Hot Mix Paving Program	3.2
Engineering	53310608 Mid Town & QEW Crossing	3.0
Transit	54411001 Replacement Buses	3.0
Engineering	53310703 Kerr St Widening & Grade Separation	2.8
Capital Assets	42100811 Police Building Acquisition	2.5
<b>TOTAL</b>		<b>\$ 81.0</b>

The above projects represent 68.6% of the total 2010 capital budget

# Infrastructure Stimulus Funds

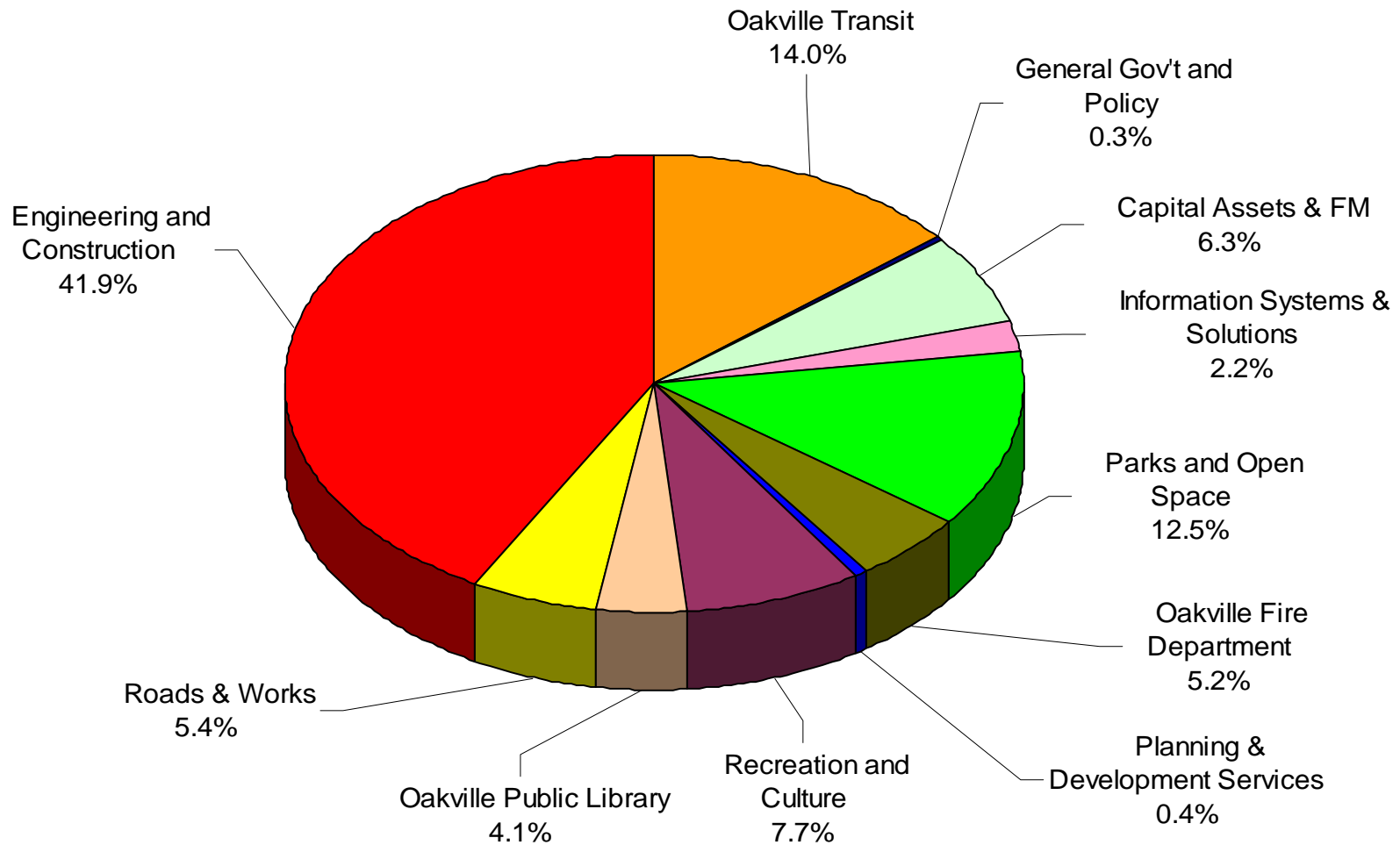
Project	Grant Program	Total Cost	Provincial Share	Federal Share
New Transit Facility	Infrastructure Stimulus	\$45,000,000	\$15,000,000	\$15,000,000
Kinoak Arena Rehabilitation	Recreation Infrastructure Canada (Rinc)	500,000	167,000	167,000
Bronte Athletic Field - All Weather Turf	Recreation Infrastructure Canada (Rinc)	1,500,000	500,000	500,000
North Park Artificial Sports Field	Recreation Infrastructure Canada (Rinc)	1,500,000	500,000	500,000
<b>Total</b>		<b>\$48,500,000</b>	<b>\$16,167,000</b>	<b>\$16,167,000</b>

# ***Long Term Financial Forecast***

- **10 year projection of Capital and Operating needs considering**
  - Council's Strategic Priorities
  - Master Plans
  - Infrastructure renewal requirements
  - Growth Requirements
  
- **Forecast of**
  - capital driven operating costs
  - reserve and reserve fund balances
  - debt levels
  - Assessment base
  - resulting tax levy requirements

# 2010-2019 Capital Forecast by Program

## \$870.9 Million

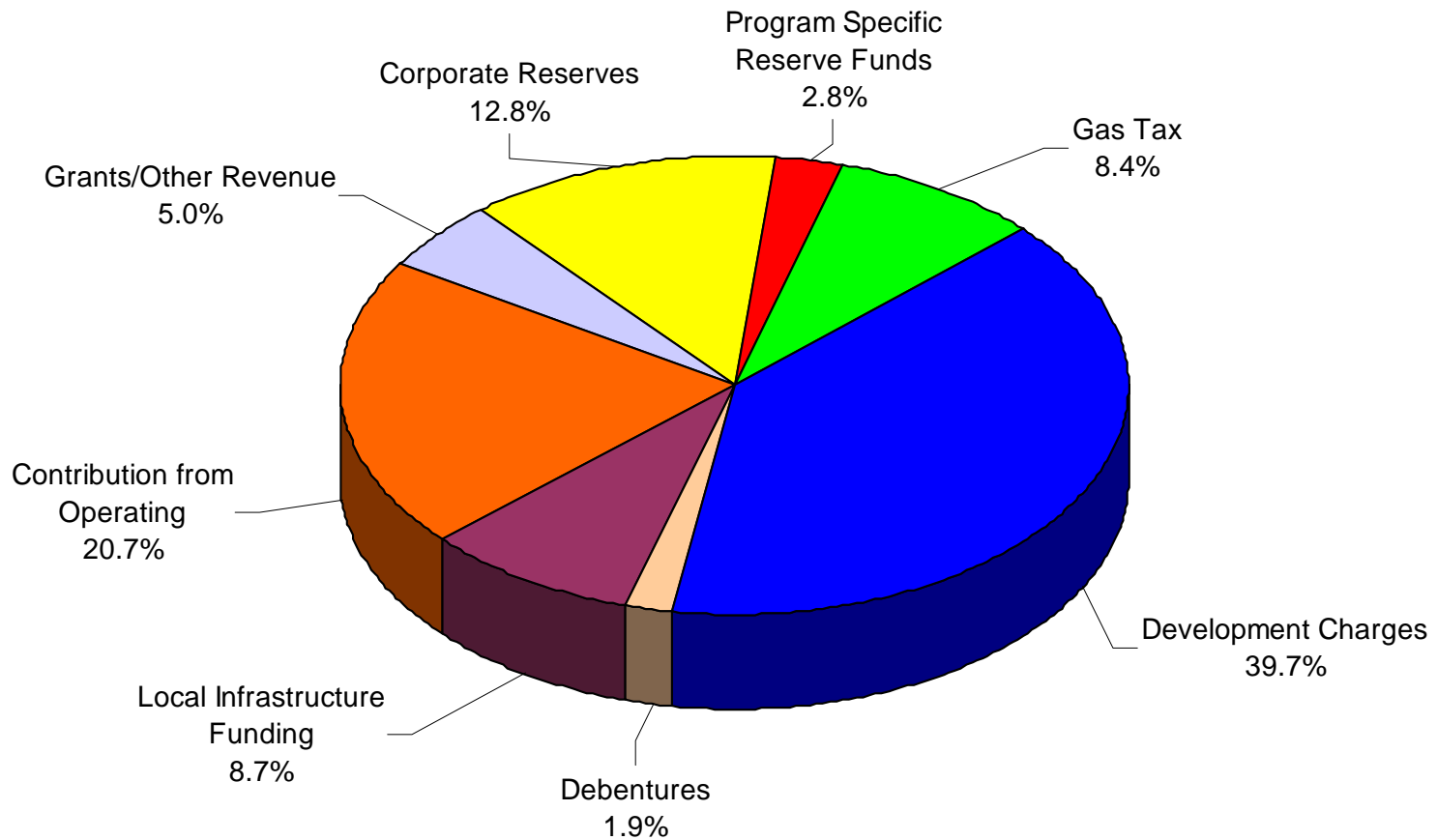


# Major Projects

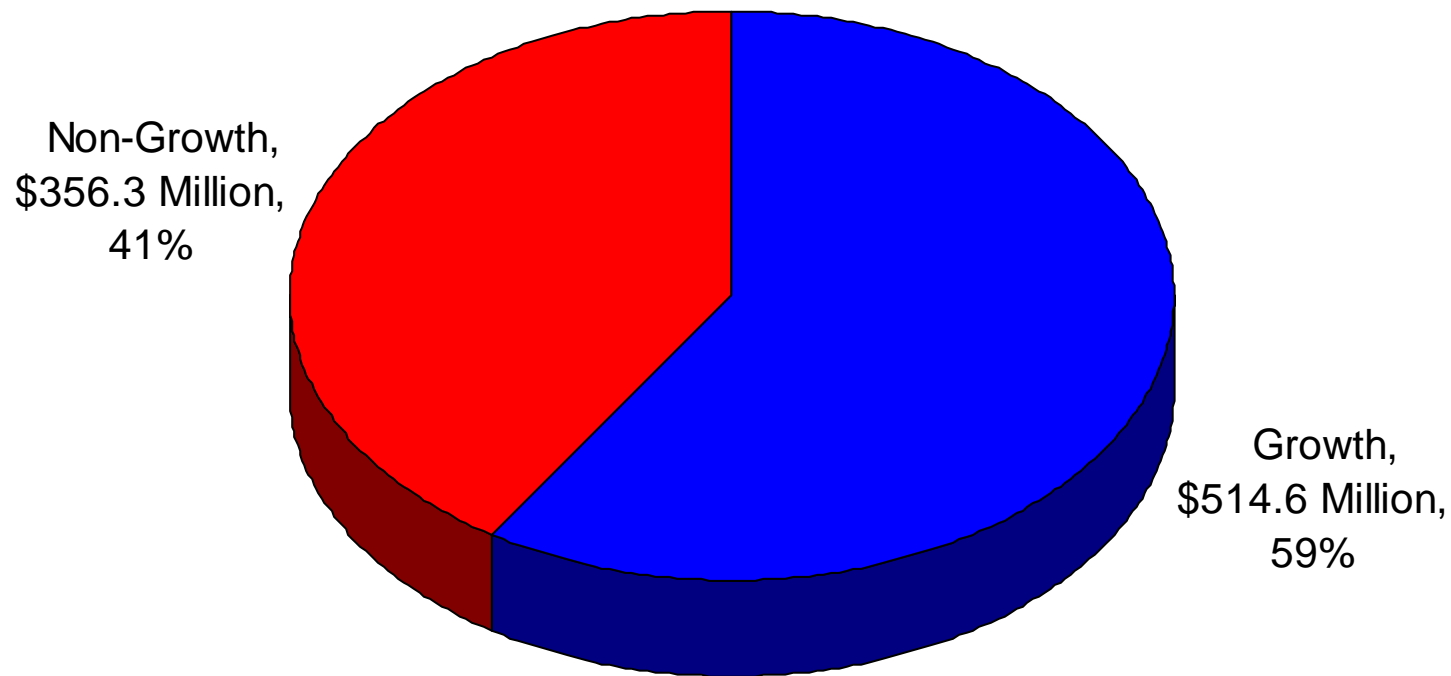
## Account for 44% of Capital Forecast

Program	Project Description	Years	2010-2019 Budget
Engineering	Hot Mix Paving Program	2010-19	\$ 52.7
Engineering	Wycroft Rd - RRL Lands to Bronte Rd	2012-15	46.8
Transit	New Transit Facility Incl. Parking Ops	2010-11	46.0
Transit	Replacement Buses	2010-19	33.0
Engineering	Kerr St Widening & Grade Separation	2010 & 2016-18	29.1
Gen Gov't	Police Building Acq./Municipal Building Replacement	2010-19	25.1
Transit	Expansion Buses	2012-19	25.5
Recreation	QEP Centre Design and Development	2010-11	22.5
Parking	Parking Garage - Land and Construction	2017-19	19.0
Roads & Works	North Operations Depot Development	2012-13 & 2018/19	16.5
Engineering	6th Line - Dundas to New Burnhamthorpe	2013-18	15.6
Recreation	Cultural Facility and Gallery	2015-17	15.0
Fire	Fire Vehicle/Equipment Replacement	2010-19	13.7
Engineering	Pedestrian Overpasses	2012-19	13.5
Recreation	Quad Pad Arena - (Design/Build)	2010	13.3
<b>Total</b>			<b>\$ 387.0</b>

# 2010-2019 Capital Forecast Funding Sources \$870.9 Million

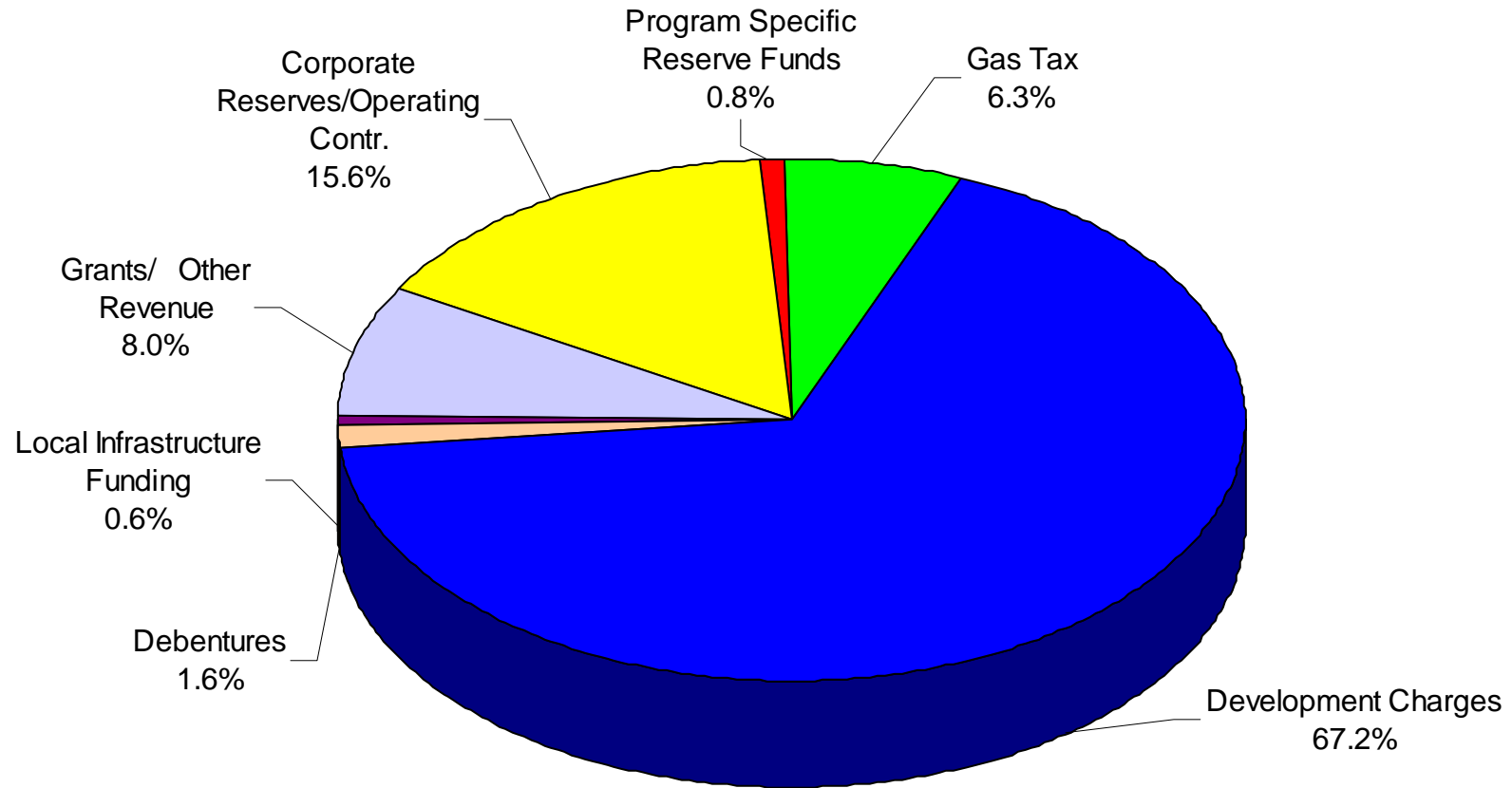


## 2010-2019 Capital Forecast Growth vs Non-Growth

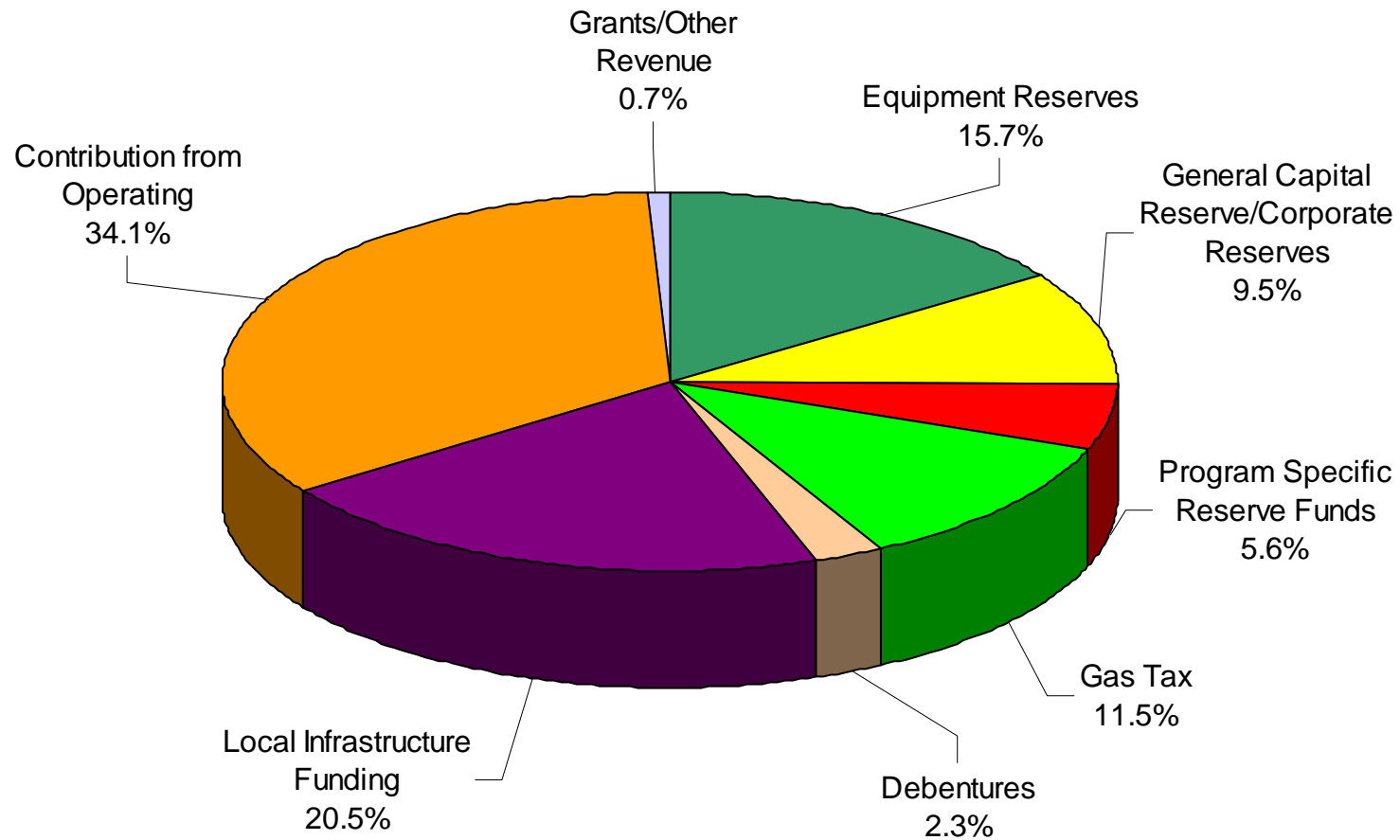


# *Financing Of Growth Driven Capital*

## *67% funded from Development Charges*



# Non-Growth Capital Funding Sources

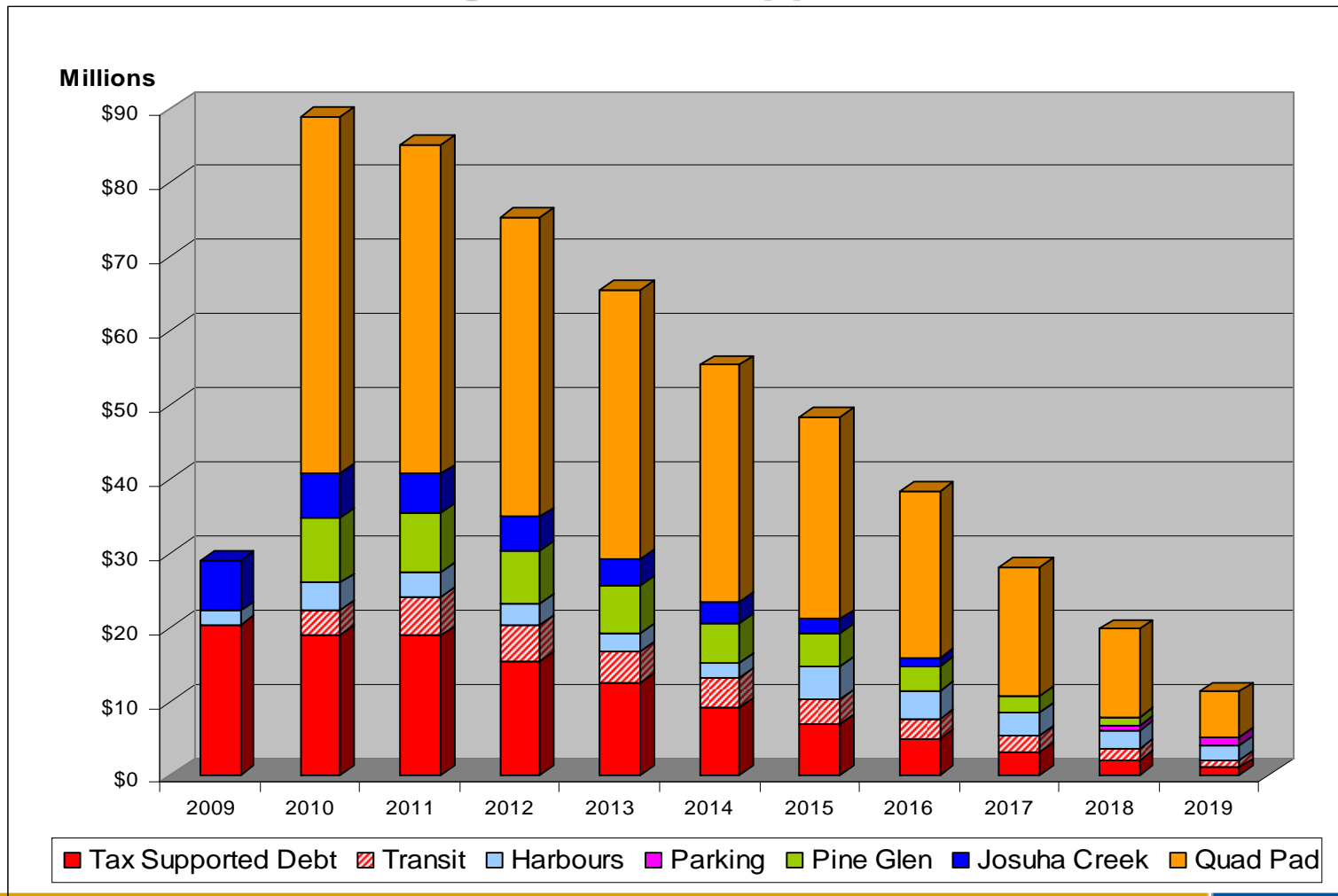


# ***Measures of Financial Condition***

- **Competitive Tax Rates**
- **Stable and Adequate Reserve Balances**
  - Stabilization Reserves
  - Equipment/Building Replacement Reserves
  - Capital Reserves
- **Reasonable and stable debt levels**
- **Predictable and reasonable tax and user fee increases**
- **Maintenance of Service Levels**
- **Resource allocations achieve desired outcomes (PB2)**

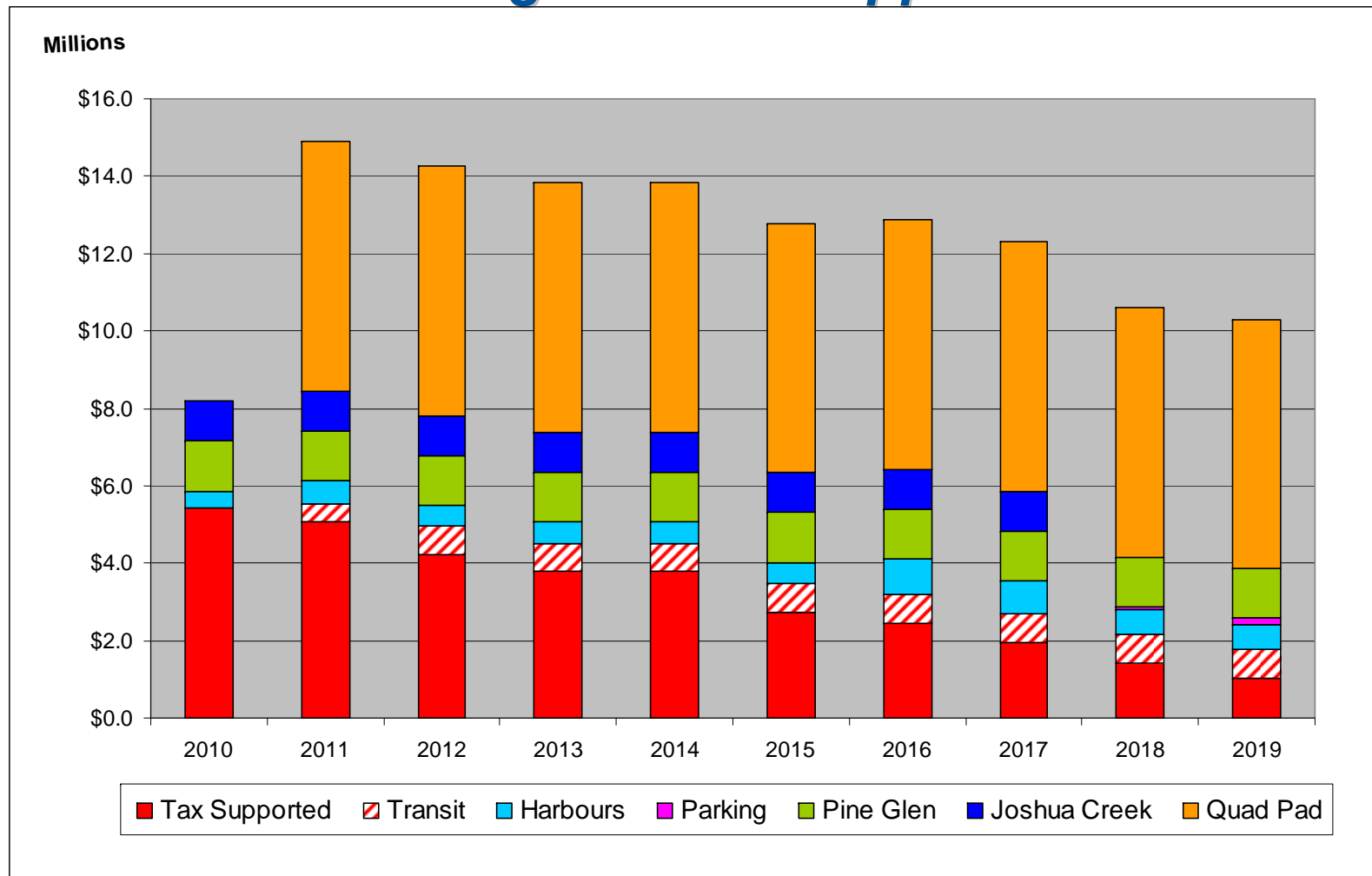
# Total Outstanding Debt

## Including Non-Tax Supported Debt

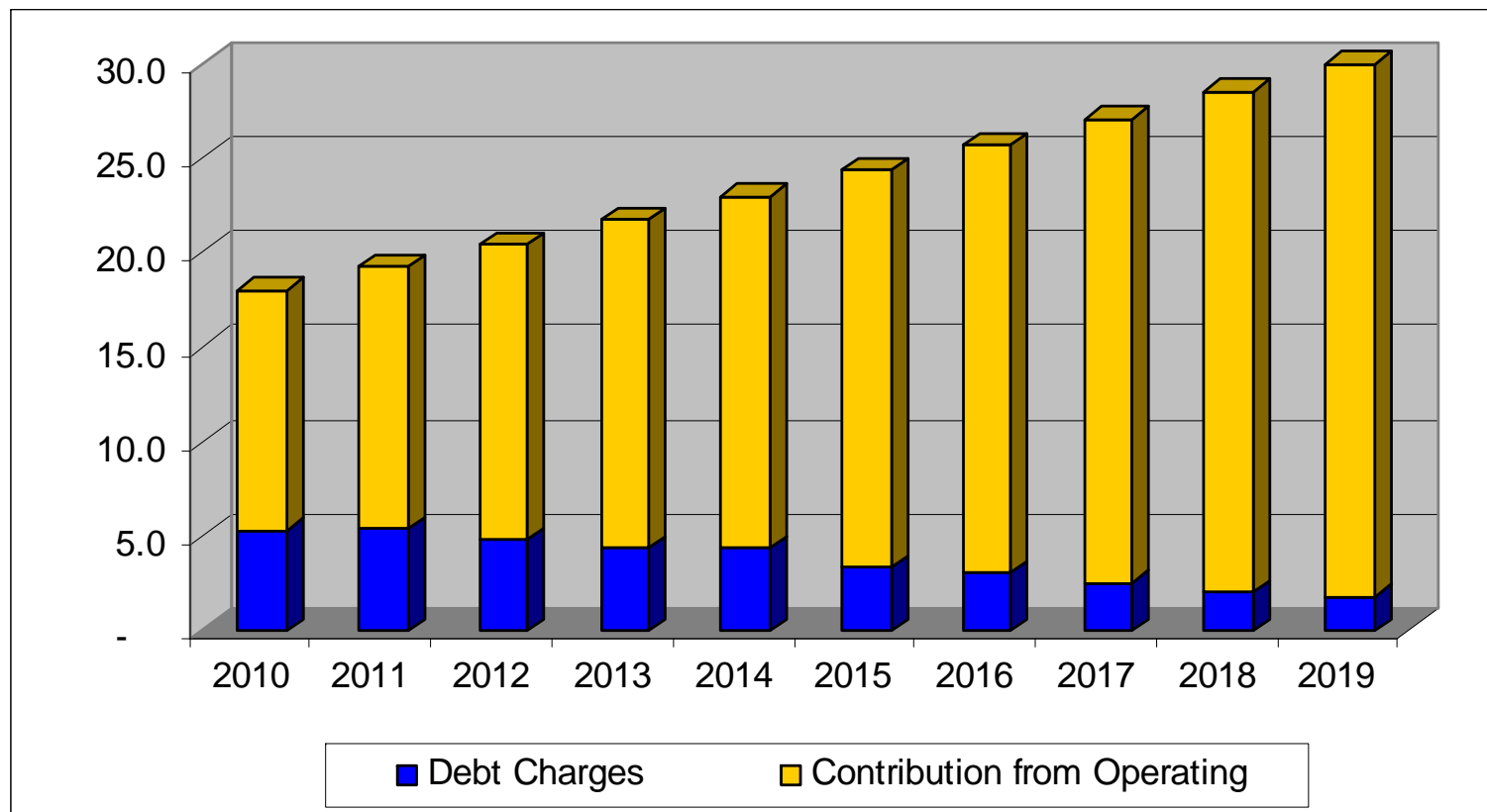


# Total Projected Debt Charges

## Including Non-Tax Supported



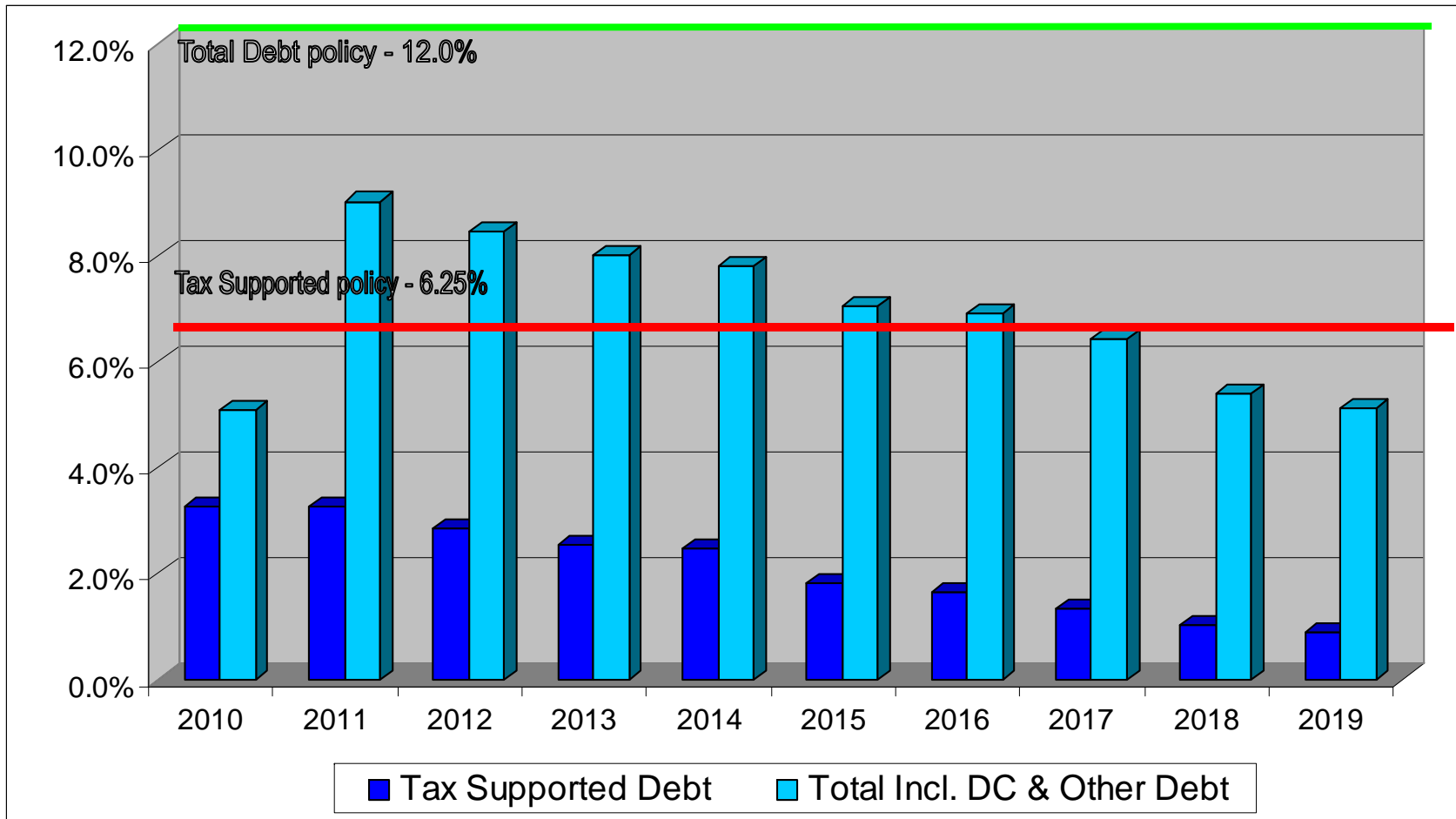
# Portion of Capital Levy Required to Fund Debt Decreases over 10 Year Period



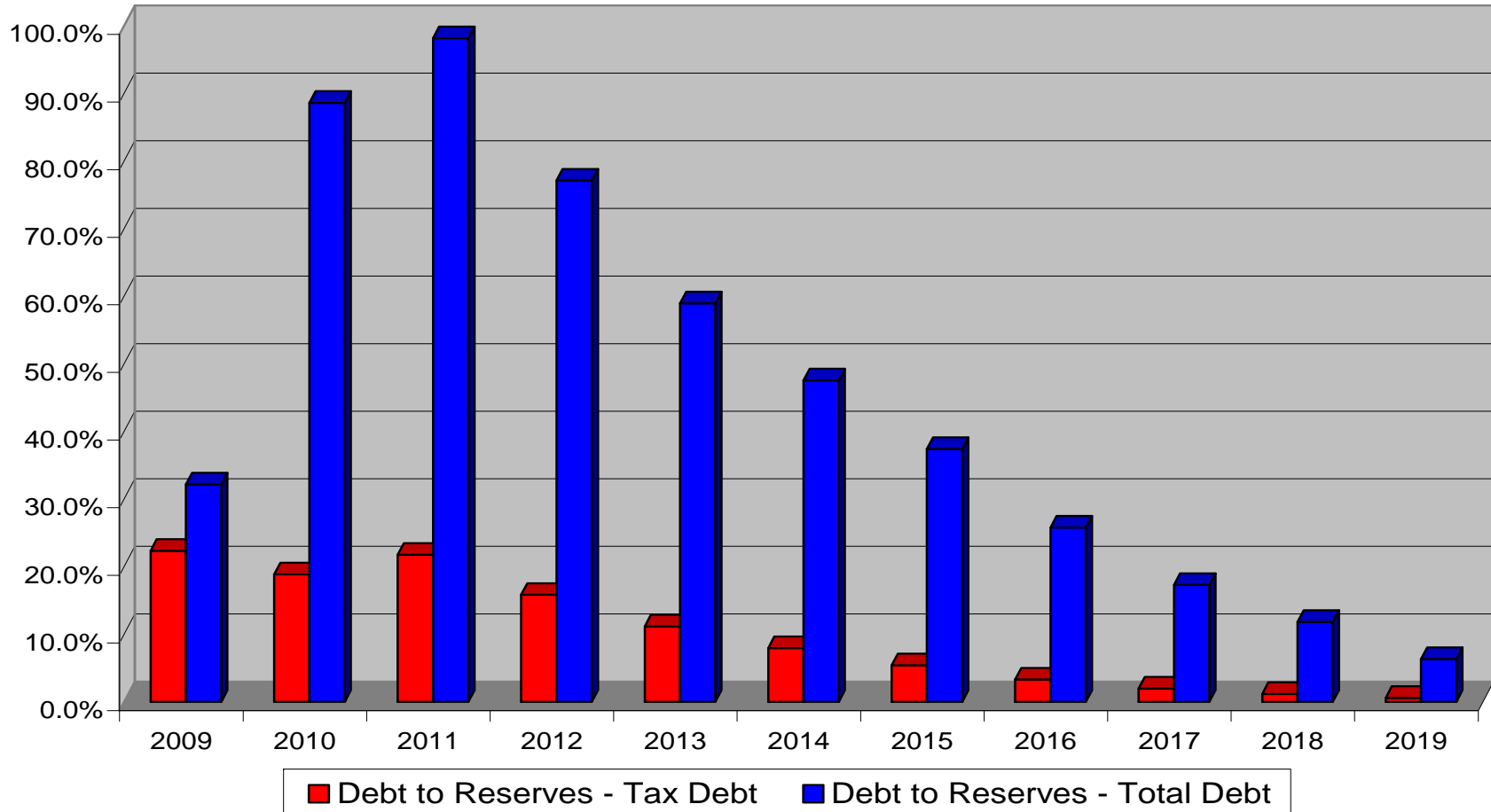
Provides flexibility in future years to address infrastructure renewal requirements

# Total Debt Charges with in Council Policy

## Including Non-tax Supported Debt

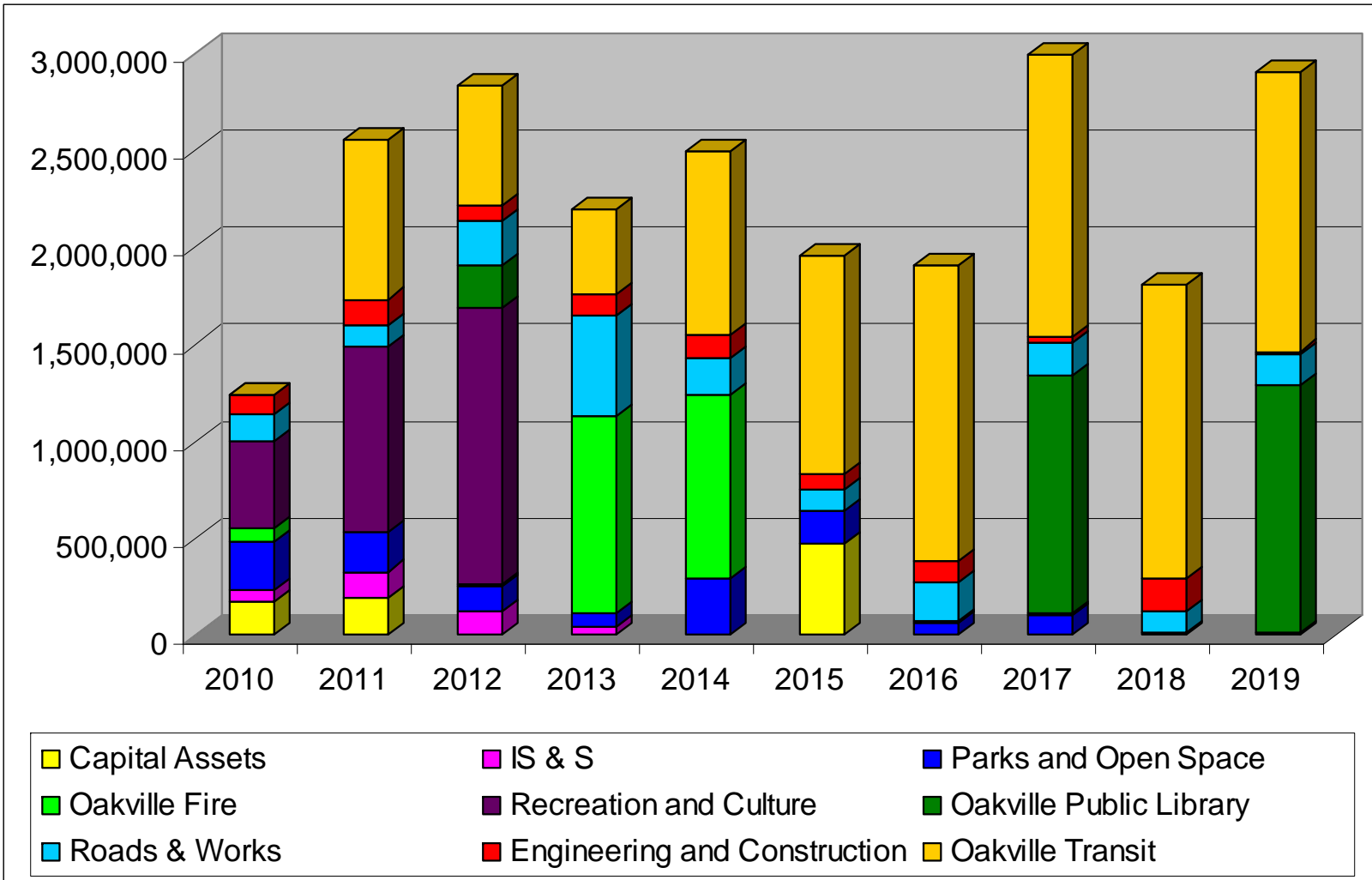


# Long Term Debt to Reserves



Credit agencies consider a ratio below \$1 debt to \$1 reserves prudent

# Operating Impact By Program



# *Next Steps*

- **November**
  - Nov 9<sup>th</sup>, 10<sup>th</sup> – Staff Presentations (If required)
  - Nov 12<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> – Delegations and Deliberations
  - November 25<sup>th</sup> - Budget Deliberations
- **Council Approval – November 30<sup>th</sup>**

# Amendment Proposal

**PROPOSED AMENDMENT TO 2010 BUDGET TO BE FORWARDED DIRECTLY TO BUDGET COMMITTEE**

Submitted by: \_\_\_\_\_

Budget Book Page: \_\_\_\_\_

**THAT:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Fax to: 905-815-2004 (Attn: Nancy Sully) by Friday, November 13, 2009 at 4:30 p.m. or email to [nsully@oakville.ca](mailto:nsully@oakville.ca).

This motion will be forwarded to Budget Committee for consideration at the meeting to be held on Wednesday November 18, 2009

For further information please contact:

- Nancy Sully, Senior Manager, Financial Planning and Policy, ext. 3143

# *Take Part in the 2010 Budget Process*

- **Public Notification**
  - [www.oakville.ca](http://www.oakville.ca)
  - Town TV
  - Local Newspaper Ads
  - Media Releases
  
- **Public Input**
  - [budget2010@oakville.ca](mailto:budget2010@oakville.ca)
  - Delegations
    - November 12<sup>th</sup> 7:00 p.m. – 10:00 p.m.
    - November 17<sup>th</sup> 9:30 a.m. – noon
    - November 18<sup>th</sup> 7:00 p.m. - 10:00 p.m.