

Town of Oakville 2010 Budget

Budget Committee
June 10, 2009

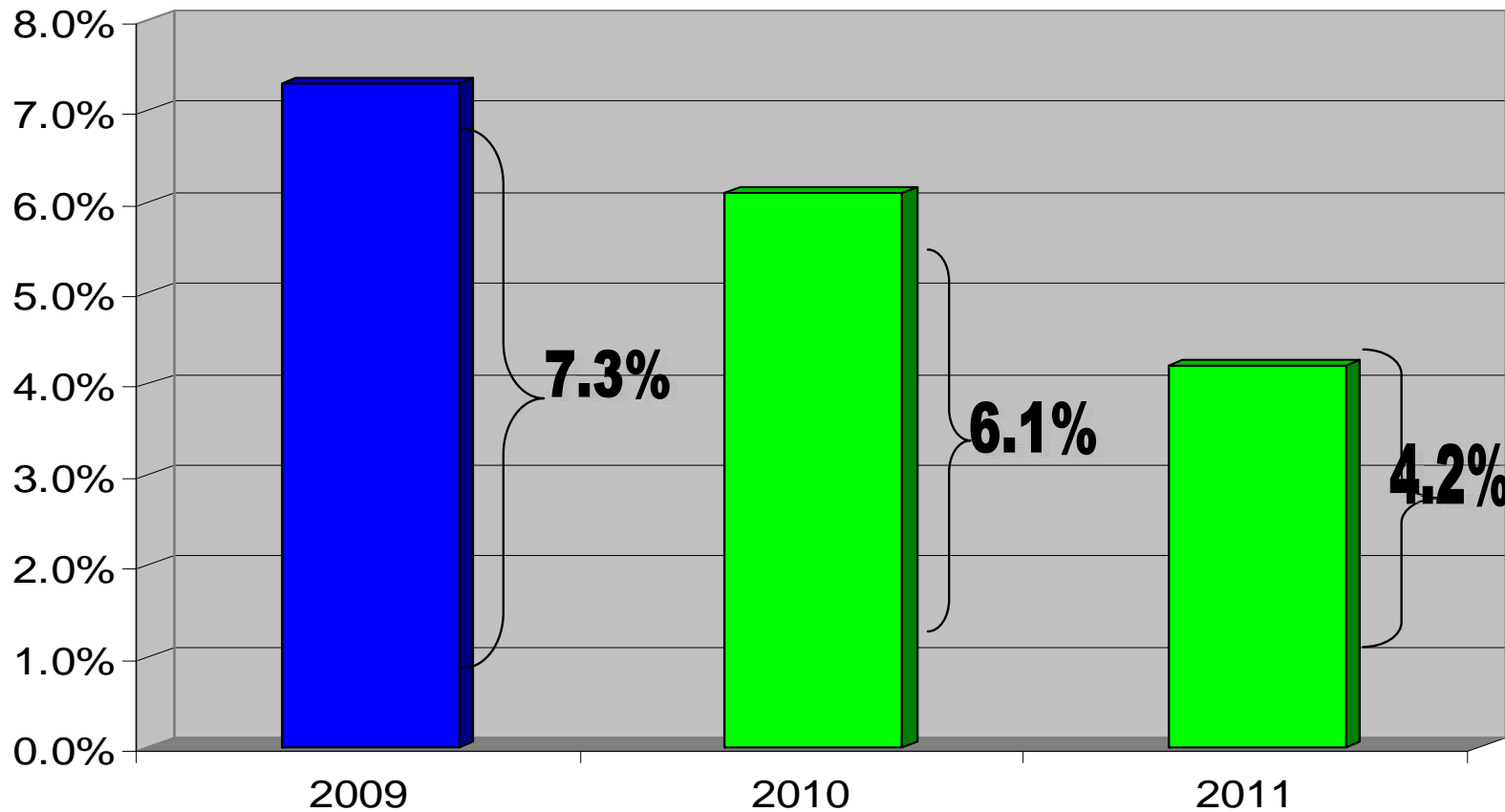
Agenda

**2010 - 2012 Budget Directions and 2010-2012
Budget Forecast**

**Presentation by Patti Elliott-Spencer, Director of
Finance & Treasurer**

2010 Forecast from 2009 Budget Process

(Includes Capital Levy of 1%, Local Infrastructure Levy of 1%, & Assessment Growth of 1.5%)



Economic Impacts

- April 15th Economic Indicators Report forecast revenue reductions for 2010
 - Reduced Planning, Building, and Development Services Revenue of \$3.5 million
 - Assessment growth – 1% vs 1.5%
 - Supplementary taxes – est. \$1 Million reduction
- Revenues will not fully recover until 2012
- Other Program revenues anticipated to achieve budget

Additional Assumptions

- General Inflation 1.5%
- Construction related cost increases 4.5%
- Insurance 15%
- Benefit rates 17%
- Fuel 1.5%
- Utilities 4.0%
- Existing Collective Agreements 3-3.5%
- Balance of Salary/Wage Costs 2-2.5%
- Increased "Gapping" Savings of \$1.3 million
 - Total of \$2.2 Million or 26 positions

Additional Assumptions

- Planning, Building and Development Services at 50-60% of 2009 Budget
- Other program revenues maintain cost recovery ratios
- Hydro Dividend at \$3.1 million
- Investment Income at 2009 Budget
- Tax Stabilization support of \$1.9 million

Forecast of 2010 Budget

- Provides for only for Base Budget
 - maintenance of existing service levels
 - Annualized cost of new programs approved in 2009
 - Includes operating impact of completed 2009 Capital Projects of \$1.6 million
- Does not include new requests for growth, service enhancements, or cost of new initiatives
- Based on cost increases previously noted
- Assumes assessment growth of 1.0% to offset Base Budget, not growth

Forecast of 2010 Budget

TOWN OF OAKVILLE 2010 BUDGET FORECAST		
	\$ Impact	% Increase on Tax Levy
PERSONNEL EXPENSES		
Total Economic/Step Increase on Salaries and Benefits	3,557,100	3.03%
Increase in Budgeted Gapping	(1,311,300)	-1.12%
Personnel Costs Resulting from Completed Capital Projects	1,111,900	0.95%
Annualization of 2009 Approved Positions	1,496,000	1.27%
Total Increase in Salaries and Benefits	4,853,700	4.13%
MATERIAL, SUPPLIES, UTILITIES:		
Total Inflationary Increase on Fuel and Utilities	252,300	0.21%
Total Adjustments on Materials & Supplies	229,900	0.20%
Total Inflationary Increase on Purchased Services	882,000	0.75%
Reversal of One-Time Items	(177,100)	-0.15%
Annualization of 2009 Expenditures	(294,500)	-0.25%
Net Operating Impact of 2009 Capital (Excluding Personnel)	456,500	0.39%
Increased Sports Subsidy	161,300	0.14%

Forecast of 2010 Budget

TOWN OF OAKVILLE 2010 BUDGET FORECAST		
	\$ Impact	% Increase on Tax Levy
REVENUE DECREASES	3,088,300	2.63%
Activity Revenue	(633,900)	-0.54%
Reduction in Supplementary Taxes (corresponding reduction in trsf to reserves)	1,000,000	0.85%
Reduction in Transfer to Tax Stabilization for Supplementary Taxes	(1,000,000)	-0.85%
Net Change in Transfers to/from Reserves	557,300	0.47%
Reductions Required to Offset Shortfall in Development Related Revenue	(3,000,000)	-2.55%
Total Increase Before Growth and Capital Levy	6,375,800	5.43%
Assessment Growth		-1.00%
Total Increase Before Capital Levy	6,375,800	4.43%

Forecast Including Capital & Local Infrastructure Levies

- Significant source of funding for Capital Forecast
 - Municipal Best Practice
- Capital Levy Policy of adding 1% to tax rate
- Local Infrastructure Levy –
 - 1.07% tax shift from Region
 - no impact on taxpayer
- Projected 2010 Budget increase including Capital & Local Infrastructure Levies 6.5%

Reductions Required to Offset Revenue Shortfall

- Achieving Town Tax increase of 6.5% requires Base Budget reductions of \$3 million
- Will require staff to develop special measures
- Strategy reports will be presented to Budget Committee
- Cautionary note – if full amount cannot be offset budget increase will be larger than 6.5%

Estimated Total Tax Impact

- If Region of Halton total increase in 0% to 2% range, Education 0%:
 - Total Tax Impact of 2.3% to 3.1%

2011 – 2012 Forecast

	Assumptions	2011 Budget		2012 Budget	
		\$ Impact	% Increase on Tax Levy	\$ Impact	% Increase on Tax Levy
PERSONNEL EXPENSES					
Estimated Benefit Increase	3.0%	569,200	0.48%	579,600	0.49%
Reduction in gapping		220,200	0.19%	1,975,600	1.68%
Total Economic/Step Increase on Salaries	2.5 - 3.5%	2,555,800	2.18%	2,647,000	2.25%
Total Economic/Step Increase on Salaries and Benefits		3,345,200	2.85%	5,202,200	4.43%
Personnel Costs Resulting from Completed Capital Projects		1,605,600	1.37%	904,600	0.77%
Annualization of Approved Positions		-	0.00%	0	0.00%
Total Salaries and Benefits		4,950,800	4.22%	6,106,800	5.20%
Total Inflationary Increase on Materials, Supplies and Utilities	1.5%	245,200	0.21%	347,400	0.30%
Total Inflationary Increase on Purchased Services		171,600	0.15%	240,500	0.20%
Reversal of One-Time Items		-	0.00%	0	0.00%
Annualization of 2009 Expenditures		-	0.00%	0	0.00%
Net Operating Impact of Capital (Excluding Personnel)		392,800	0.33%	(74,900)	-0.06%
Municipal Grants and Rebates		206,600	0.18%	0	0.00%
REVENUE INCREASES	3.0%	(2,534,400)	-2.16%	(5,428,700)	-4.62%
Change in Transfers from Reserves		2,626,400	2.24%	66,600	0.06%
Total Before Capital Levy		6,059,000	5.16%	1,257,700	1.07%
1% Levy Increase for Capital		1,267,700	1.00%	1,300,000	1.00%
Total Before Assessment Growth		7,326,700	6.16%	2,557,700	2.07%
Assessment Growth			-1.00%		-1.50%
Total Projected Increase Before Local Infrastructure Levy		7,326,700	5.16%	2,557,700	0.57%
Local Infrastructure Levy		1,255,400	1.07%	1,255,400	1.07%
Total Projected Tax Levy Increase		8,582,100	6.23%	3,813,100	1.64%

Proposed Timelines

- Budget Directions Approved – June 16, 2009
- Staff development of 2010 Budget & 2011/2012 Forecast
 - June to October
- Presentation of Budget Discussion Document and Overview to Budget Committee – November 5th, 2009
- Budget Committee Review of Program Budgets – 3 meetings
November 9th, 10th and 12th, 2009
- Public delegations and deliberations – 3 meetings
November 17th, 18th and 25th, 2009
- Target approval November 30th, 2009

Recommendations

To be Considered at June 16 Budget Committee Meeting

- That the 2010 Budget Directions and 2010-2012 Budget Forecast report from the Finance Department dated May 22, 2009 be received;
- 2. That the guideline for staff development of the Base Budget be set at 6.5% including the 1% Capital Levy and Local Infrastructure Levy;
- 3. That given the pressures on the operating budget no new requests be identified by staff for 2010 and 2011 and funding for new legislated or service level requirements be funded through reallocations in the base budget or deferred to 2012;

Recommendations

4. That staff be directed to maintain cost recovery ratios, maximize existing fees and identify new fees where possible;
5. That in order for Council to consider and evaluate the implications of a tax rate increase lower than currently forecast, staff be directed to prepare decision packages in 1% increments to reduce the base budget from 6.5% to 4.5%;
6. That in preparing the decision packages staff focus on program reductions considering Council Priorities, the results of the Citizen's Survey and Public Consultation;
7. That staff update the long term financial forecast of capital needs focusing on capital needs in 2019 with only minor adjustments to the 2010 – 2018 forecast recently approved by Council.

Questions & Answers