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2008 PRELIMINARY BUDGET APPROVALS

The Finance and Administration Committee recommends the adoption of the recommendations contained in the following report, November 5, 2007, from the Commissioner of Finance:

1. RECOMMENDATIONS

It is recommended that:

1. Council approve 2008 interim appropriations for Regional operations at an amount not to exceed 50% of the 2007 gross operating budget for each department as detailed in Attachment 1.
2. Council approve the 2008 water rate which will increase from 51.11 cents per cubic metre to 52.39 cents per cubic metre (2.5% increase) and the wastewater rate which will increase from 53.96 cents per cubic metre to 59.36 cents per cubic metre (10% increase) effective April 1, 2008, for an overall blended increase of 6.25%.

2. PURPOSE

The purpose of this report is to request Council's approval of 2008 budget related items, prior to the completion of the review and adoption of the 2008 Business Plan and Budgets. This includes:

- Interim appropriations to fund ongoing Regional operations
- 2008 water and wastewater user rates

Approval of the 2008 Regional Business Plan and Budgets is anticipated to be approved in March 2008.

3. BACKGROUND

Prior to the Region's 2008 Business Plan and Budgets being considered for approval by Council, the Commissioner of Finance requires the authority to make payments for ongoing Regional operations, commencing January 1, 2008. This authority is normally provided by means of an interim appropriation for operations that would not exceed approximately 50% of its prior year gross expenditures.

The 2007 water and wastewater user rates were approved as part of the budget based on the recommendations contained in the Water and Sewer Reserve Adequacy Study undertaken in 2005 by Hemson Consulting. The purpose of the study was to adhere to water and wastewater legislation. These rates were proposed to be increased by 2.5% per year for water and 10% per year for sewer for each of the next five years.

4. FINANCIAL IMPLICATIONS

Attachment 1 identifies the 2007 gross budgeted expenditure for each of the Region's major operations and the recommended interim appropriation for 2008 which totals \$598,503,000. This represents approximately 50% of the Region's total gross expenditure budget for operating purposes for fiscal 2007.

The administrative review has concluded that the user rates and reserves required to support operating expenditures and future capital expenditures be increased for 2008. It is recommended that the water user rate be increased by 2.5% and the wastewater rate be increased by 10% for a blended rate increase of 6.25%, which is consistent with the recommendations approved in the 2005 report from Hemson Consulting.

5. LOCAL MUNICIPAL IMPACT

In order to accommodate local municipal budget processes and provide adequate time for public notice, the 2008 water and wastewater user rates are recommended for approval at this time.

6. CONCLUSION

The report recommends the 2008 interim appropriation be \$598,503,000 as detailed in Attachment 1. The water and wastewater user rates for 2008 be increased by a blended rate of 6.25%.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the November 29, 2007 Committee meeting.)