4
2009 BUDGET TIMELINES

The Finance and Administration Committee recommends:

1. **the adoption of the recommendation contained in the following report, August 25, 2008, from the Commissioner of Finance as it pertains to the Capital Budget timetable; and**
2. **the Commissioner of Finance report to Council's meeting of September 18, 2008 with one or more options for a revised Operating Budget timetable.**

1. RECOMMENDATIONS

It is recommended that the 2009 Business Plan and Budget timelines be approved.

2. PURPOSE

The purpose of this report is to provide an overview of the proposed 2009 Regional Business Plan and Budget process and establish the timetable for the Capital and Operating budgets.

3. BACKGROUND

The Business Plan and Budget process involves the development, review and approval of the annual Operating, Capital and Rate budgets. Historically, in non-election years the budget review process would occur during the fall and election years would extend the process into the early spring, with adoption in March or April. The 2008 review process, however, approved the Capital budget in December 2007 and extended the approval of the Operating and Rate budgets into the spring to allow for changes that might flow from either the Federal or Provincial budgets. This report recommends a timetable similar to the 2008 schedule.

The Base, Growth and Enhancement framework continues to be used for the development of the 2009 Business Plan and Budget

The Regional Municipality of York develops the Operating, Capital and Rate budgets using the base, growth and enhancement framework. The budget development framework is illustrated in Figure 1 and Figure 2 as follows.

Figure 1 Operating Budget Development Framework

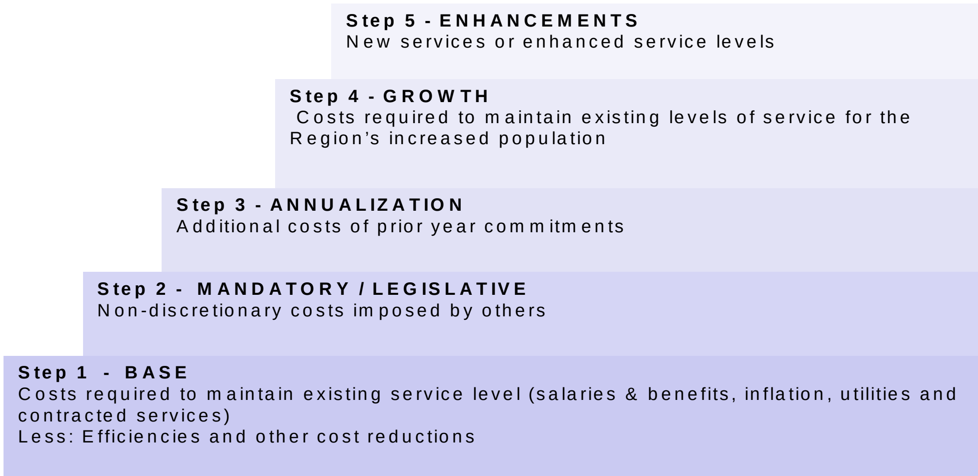
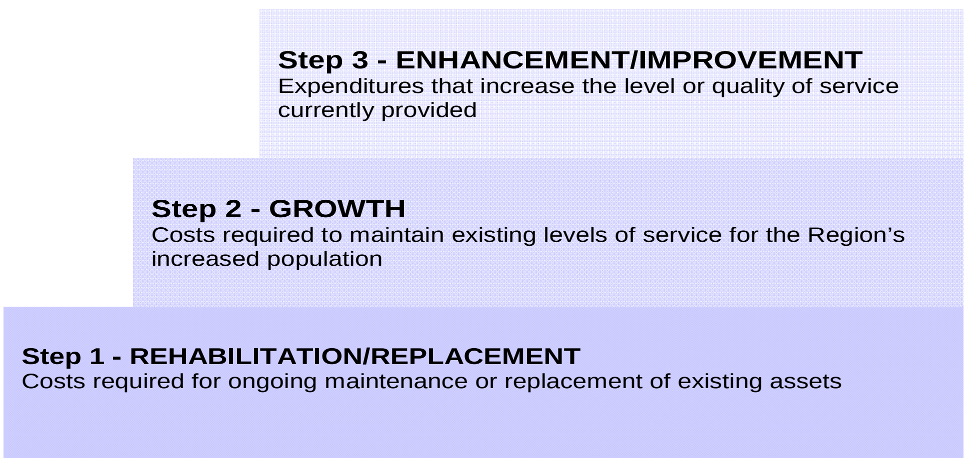


Figure 2 Capital Budget Development Framework



This budget framework clearly distinguishes between discretionary versus uncontrollable cost increases. It also identifies costs and/or revenues that result from actions of the Provincial and Federal governments.

Budgets go through a detailed administrative review prior to submission to Council. In accordance with the Region's goal of fiscal sustainability, the budget development process includes initial reviews by the Chief Administrative Officer and Treasurer, as well as further reviews by the Budget Review Committee consisting of the Regional Chair, the Chief Administrative Officer, the Treasurer and the Director of Business Planning and Budgets.

It has been the practice since 2006 to conduct a two stage budget review process in conjunction with this framework. The first stage of budget review includes an analysis of inflationary pressures such as wage adjustments, contract price increases and material price increases. At this stage, a review is also conducted of mandatory pressures as well as annualization pressures of prior year decisions and commitments.

The second stage of budget review will address preliminary growth and enhancement requests. Contingent on the amount of 'capacity' available, considerations will be given to department proposed growth and enhancement initiatives for 2008. Detailed costing of these items will commence only after the item has received approval in principle for inclusion in the draft budget. A listing of items not recommended by staff will also be included in the draft submission.

4. ANALYSIS AND OPTIONS

Key Milestones for the 2009 Business Plan and Budgets conclude with Council adoption

Staff is recommending that the 2009 budget approval be split into two time periods. The Capital Budget is recommended for approval by council in December 2008 in order to allow for sufficient time to develop, tender and construct the projects during 2009. The water and wastewater operating budget is also recommended for approval in December, so that rates can be established for the local municipalities to incorporate in their budget processes.

In 2007 and 2008, the Province included funding initiatives in their budget announcements which impacted a number of Regional programs. The Region delayed its budget process in order to incorporate these changes. By considering our operating budget in the first quarter of 2009, we are in a better position to incorporate any budget changes from the Provincial budget prior to final approval by Council.

Proposed timelines for the 2009 Capital, Rate and Operating budgets are as follows:

Table 1 Proposed Timelines for 2009 Budget

Date	Activity
Capital	
October 23, 2008	Table Capital Budget with Council
November 5 – 13, 2008	Standing Committee Reviews of Capital & Water/Wastewater Operating Budgets*
December 4, 2008	Finance and Administration Committee Review and Recommendation
December 18, 2008	Council Adoption of Capital Budget, Water/Wastewater Operating Budget, and 2009 Water & Wastewater Rates
Operating	
January 22, 2009	Table Operating Budget with Council
February 4 – 12, 2009	Standing Committee Reviews of Operating Budgets
March 5, 2009	Finance and Administration Committee
March 26, 2009	Council Adoption of Operating Budgets

The 2009 Water/Wastewater Operating, Capital and Rate budgets will be approved at the same time.

5. FINANCIAL IMPLICATIONS

Approval of the Capital, Rate and Operating budgets will form the basis of service and program delivery in 2009. Effective resources can focus on preparation and delivery of programs and services as reflected in the business plans and budgets.

6. LOCAL MUNICIPAL IMPACT

While some issues may vary among municipalities, issues of common interest will be reflected in the budgets of each local municipality as well as the Region.

7. CONCLUSION

The 2009 Business Plan and Budget will consist of separate approval dates for the Capital and Operating Budgets. It is anticipated that the Capital budget will be approved by

Regional Council on December 18, 2008. The 2009 Water and Wastewater Rates and Operating Budget will also be approved at the same time as the Capital budget. The 2009 Regional Operating Business Plan and Budget will be submitted to Regional Council for adoption on March 26, 2009.

For more information on this report, please contact Kelly Strueby, Director of Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)