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2008 BUDGET TIMELINES

The Finance and Administration Committee recommends:

1. **receipt of the presentation from Lloyd Russell, Commissioner of Finance; and**

2. **the adoption of the recommendation contained in the following report, August 22, 2007, from the Commissioner of Finance, as amended to read as follows:**

"The revised 2008 budget timelines set out in the Commissioner of Finance's presentation be endorsed as follows:

August-September, 2007	**Budget Review**
October 10, 2007	**Provincial Election**
October 18, 2007	**Table Proposed Capital Budget and Timing for Operating Budget at Council**
November, 2007	**Standing Committees to review and recommend Capital Budget to Finance and Administration Committee**
November/December, 2007	**Table Proposed Operating Budget at Council**
November 22, 2007	**Training and Education Session on Pooling and Budget Issues**
December 13, 2007	**Council to consider and adopt Capital Budget**
January, 2008	**Standing Committees to review and recommend Operating Budget to Finance and Administration Committee**
February 21, 2008	**Council to consider and adopt Operating Budget, Tax Levy and Water/Wastewater Rates**

with these timelines to be adjusted if necessary to respond to information coming from the Province.

1. RECOMMENDATION

It is recommended that the 2008 budget timelines be endorsed.

2. PURPOSE

The purpose of this report is to provide an overview of the 2008 Regional Business Plan and Budget process and key milestones concluding with Council adoption.

3. BACKGROUND

The Business Plan and Budget process involves the development, review and approval of the annual Operating, Capital and Rate budgets. In non-election years the budget review process occurs during October to December. During election years the process extends into the early spring, with adoption in March or April.

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

Figure 1 Operating Budget Development Framework

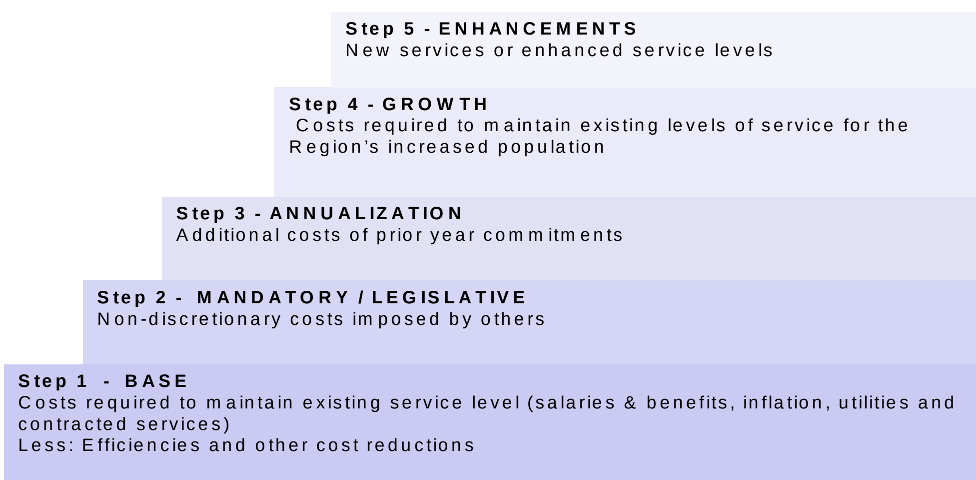
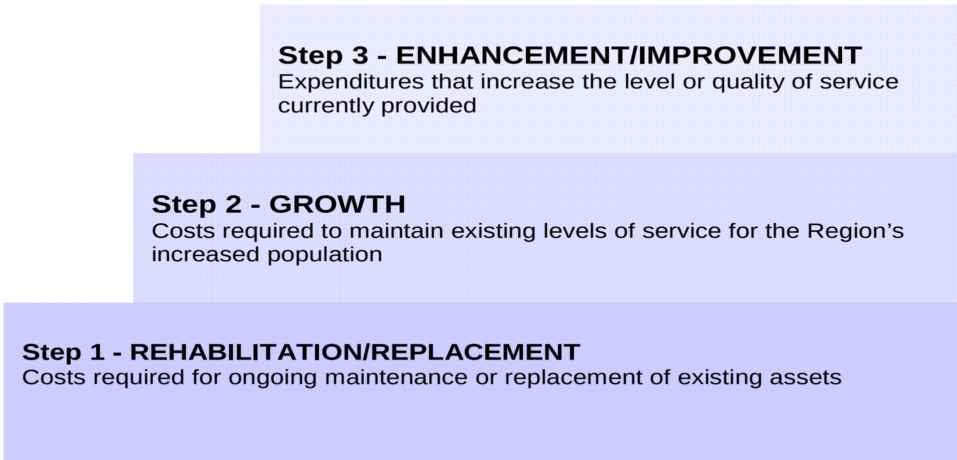


Figure 2 Capital Budget Development Framework



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.

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.

4. PROCESS

4.1 Timetable

Key milestones planned for the 2008 budget process are as follows:

Date	Activity
August – September	Administrative Budget Review
October 18	Council Presentation & Tabling
Oct 25	Council Workshop, *tentative*
November	Standing Committees
November 22	Council Workshop, *if necessary*
December 13	Council consideration & adoption

4.2 Process Improvements

In past years, Regional departments have presented budgets by Commission and the respective business units. For 2008, presentations and reviews will be presented to Committees and Council at a functional *Program* level. Attachment 1 illustrates the various Regional Standing Committees and their respective programs for review. This approach will highlight the areas driving each of the business units and allow purposeful review and discussion on specific areas. As well, all Business Support Service units within each department will be presented and reviewed as separate programs. Reporting on staffing will also be enhanced to clearly illustrate the staffing required to effectively deliver regional services to the residents of York Region.

Another key process improvement is the emphasis on outlook projections. In keeping with the approach to present Council with outlook years that extend to the full term of council, the 2008 budget will continue to present outlook pressures for 2009 - 2011.

The proposed process improvements should generate the following outcomes:

- Focus on key areas during reviews
- A set of budget documents which:
  - Highlight significant year over year changes
  - Identifies new initiatives proposed
  - Provide 3 years of outlook beyond the proposed budget year
  - Review impact of service level changes on Performance measures and tax levy
  - Clearly state FTEs and quantify casual staff required to deliver programs
- Opportunity to direct queries to program/service delivery
- Allow for strategic consideration and deliberation for Regional services
- Dialogue on policy issues relating to business plans and budgets
- Recognize the significance and inter-relationships of the operating, rate and capital budgets
- Identify key issues for advocacy to other orders of government

- Deliberate on program and service delivery, levels of service and associated costs

4.3 Relationship to Vision 2026

The 2008 Business Plan and Budget process reflects the Vision 2026 Action Areas of *Being Fiscally Responsible* and *Being Accountable*.

5. FINANCIAL IMPLICATIONS

Approval of the Operating, Rate and Capital budgets will form the basis of service and program delivery in 2008. Effective resource allocation can focus on preparation and delivery of programs and services as reflected in the business plans and budgets. Direct impacts would be on efficiency improvements and optimal time considerations for Council, Committees and staff. The 2007 Operating Budget is $1.2 billion; the Capital Budget is $565.4 million.

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. An early approval of the Region's budgets may provide a point of reference to local municipalities as they complete their respective budget process.

7. CONCLUSION

The approach planned for 2008 is to continue to streamline the budget review process and provide Committee and Council with documents that focus on base impacts, proposed growth and enhancement items, business plans and financial summaries that focus on the services provided by Regional departments.

The process improvements discussed in this report have been implemented for the 2008 budget process. The timelines developed will accommodate consideration of the 2008 proposed Operating, Rate and Capital Business Plans and Budget by Regional Council at the scheduled December 13, 2007 Council meeting.

Committee and Council endorsement of the 2008 budget timelines is recommended.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the agenda for the September 6, 2007 Committee meeting.)