



2011 Budget Overview

March 23, 2011

Agenda

- ▶ Background
- ▶ Process Improvements & Cost Effectiveness
- ▶ Long Term Planning
- ▶ Draft 2011 Budget
- ▶ Tax Rate
- ▶ Summary

Background

- ▶ Tough financial decisions over past 10 years
- ▶ Rebuilt budget while delivering existing services
- ▶ Cost effective ways to implement needed service improvements
- ▶ The County has worked through:
 - ▶ Downloads from upper levels of government
 - ▶ Consolidated Municipal Service Manager responsibilities
 - ▶ An evolving government role i.e. broadband
- ▶ Challenge to meet expectations and minimize levy

Process Improvements & Cost Effectiveness

- ▶ County staff are constantly searching for new ways to be more cost effective
- ▶ Resourcefulness has allowed the County to:
 - ▶ Maintain existing service levels
 - ▶ Accommodate new responsibilities
 - ▶ Introduce new strategic initiatives
- ▶ Looking to reduce costs on existing programs
- ▶ Create the financial room to expand services

Process Improvements & Cost Effectiveness

- ▶ Household Hazardous Waste
 - ▶ Days increased from 11 in 2002 to 60 in 2011
 - ▶ Cost reduced from \$199K in 2002 to less than \$4K in 2011
 - ▶ New materials such as electronics added
- ▶ Accounts receivable collections
 - ▶ Hired 1 FTE, signed agreements with 2 collection agencies
 - ▶ Collected almost \$487K in 2010

Process Improvements & Cost Effectiveness

- ▶ In-house painters
 - ▶ \$110K in savings annually
 - ▶ Decreased the time to place new tenants in vacant units
 - ▶ Increased occupancy rates at GPL with rooms available within 48 hours of becoming vacant
- ▶ MRF processing equipment
 - ▶ Replaced the fibre line
 - ▶ Reduced staffing costs
 - ▶ Increased processing rates = higher sales & less landfill space

Process Improvements & Cost Effectiveness

- ▶ Purchasing agreements
 - ▶ Waste collection - \$725K annually
 - ▶ Photocopier lease - \$80K annually
 - ▶ Cell phone rates - \$50% annually
- ▶ Joint purchasing
 - ▶ Culverts, roadside safety devices, traffic signal maintenance
 - ▶ Benefiting from increased buying power

Long Term Planning

- ▶ Strong focus on future needs in developing the 2011 draft budget
- ▶ Key considerations include:
 - ▶ Planning for long term capital projects
 - ▶ Developing funding strategies for infrastructure needs
 - ▶ Smoothing the levy impact from year to year
- ▶ Operating departments have developed 5-10 year capital plans and preliminary 5 year operating plans

Long Term Planning

- ▶ Key capital needs identified for the medium to long term:
 - ▶ Landfill capacity
 - ▶ Golden Plough Lodge rebuild
 - ▶ Bridge repair & reconstruction (e.g. Campbellford)
 - ▶ Social Housing capital repairs & maintenance
 - ▶ Sustainable road construction budget
 - ▶ EMS base replacement
 - ▶ MRF equipment replacement

Draft 2011 Budget

- ▶ Proposed levy increase of 2.34% to \$41,747,217
- ▶ The budget was originally presented with a levy increase of \$2.39% to \$41,767,217
- ▶ Maintains existing programs and funds immediate capital needs
- ▶ Modest provisions for future capital needs through reserve contributions
- ▶ Requires new debt for only one capital project

Draft 2011 Budget – Highlights

- ▶ ODSP upload frees up almost \$2.2M in levy dollars
 - ▶ \$800K Waste reserves & capital projects
 - ▶ \$500K will increase the Roads budget
 - ▶ \$233K will increase Social Housing reserves
 - ▶ \$217K will increase the EMS reserve for future base replacements
 - ▶ \$150K will increase the Facilities reserve for capital projects
 - ▶ \$142K will increase the GPL reserve for the future rebuild project
- ▶ Employer contributions to OMERS will increase \$170K

Draft 2011 Budget - Highlights

- ▶ The waste collection contract was re-tendered in 2010 and an annual savings of \$725K will be realized
- ▶ Several significant capital projects included in the draft budget:
 - ▶ Eagleson landfill remediation
 - ▶ Roads & bridges capital program
 - ▶ Replacement of windows at 860 William St.
 - ▶ MRF baler replacement
 - ▶ Replacement of 3 ambulances
 - ▶ Equipment replacement such as: snowplow, bulldozer, backhoe, hoist, roll-off bins, etc.
- ▶ Some initiatives deferred to minimize 2011 levy impact

Draft 2011 Budget (Cash)

Draft Cash Budget Summary

Operating expenses	\$74.8M
Capital	\$11.6M
Debt Principal Repayment	\$1.2M
Change in Reserves	<u>\$0.5M</u>
	\$88.1M
Revenues (non-levy)	\$43.2M
Debt Financing	<u>\$3.2M</u>
Levy	\$41.7M

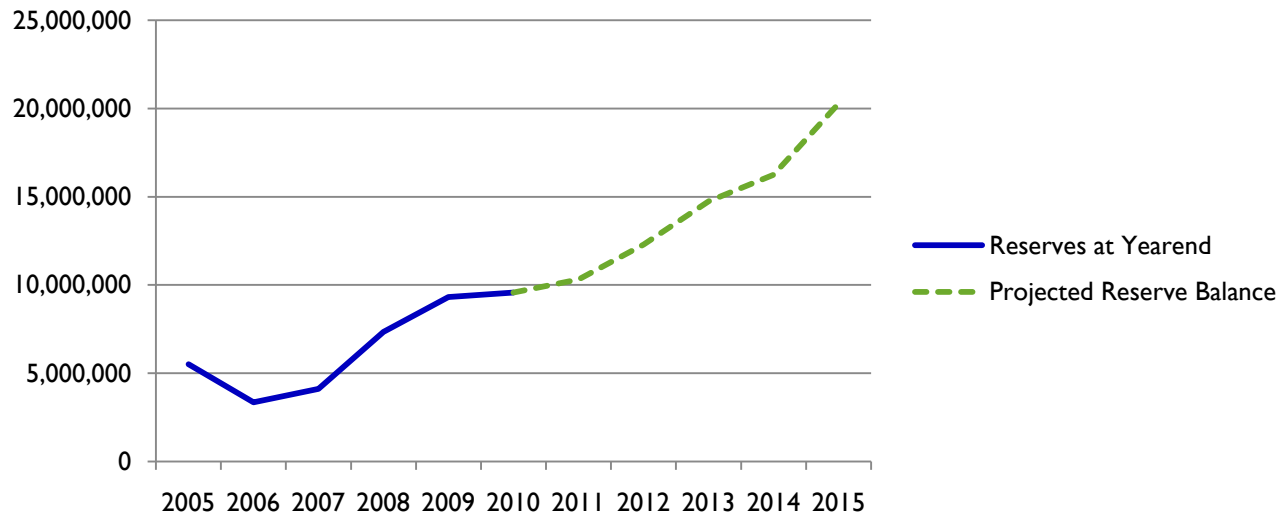
Draft 2011 Budget (PSAB)

Draft Accrual Budget Summary

Cash based budget	\$88.1M
Less:	
Debt Principal Repayment	\$1.2M
Capital Purchases	\$11.6M
Debenture Financing	\$3.2M
Add:	
Amortization	\$7.5M
Future Employee Benefits	\$0.2M
Landfill Post-Closure Liability	<u>\$0.2M</u>
Accrual based budget	\$80.0M

Reserves

- ▶ Reserves are a priority for financial sustainability
- ▶ Low reserves limit flexibility for non-budgeted events
- ▶ Increase from \$5.5M in 2005 to \$9.3M in 2009
- ▶ Reserve position below provincial average
- ▶ Identified as moderate risk by MMAH



Tax Rate

Residential Tax Rate

2010 was .00486655

2011 (draft) is .00471047



2010

$$.00486655 \times \$200,000 = \mathbf{\$973.31}$$

2011

$$.00471047 \times \$200,000 = \mathbf{\$942.09^*}$$

* Property owners will see the assessed value of their home increase

Tax rate

- ▶ MPAC assesses all homes on a 4 year schedule
- ▶ Changes in assessed value are phased-in over 4 years

- ▶ If a home was assessed at \$200,000 in 2010
 - ▶ The County taxes were \$973.31

- ▶ If the phase-in assessment of the home is \$210,000 in 2011
 - ▶ The County taxes will be about \$989.20

Summary

- ▶ 2011 draft budget proposes a 2.34% increase to the levy
- ▶ Draft budget balances long term capital & operational requirements
- ▶ Levy increase respects challenging economic times
- ▶ Aging assets will require significant repair work or replacement over the next decade and beyond
- ▶ Need to continue to work toward a sustainable level of funding
- ▶ Continue to explore and implement new and creative strategies to achieve sustainable funding