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Region of Peel
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REPORT
Meeting Date: July 7, 2011
Regional Council

DATE: June 2, 2011

REPORT TITLE: **2012 BUDGET PROCESS**

FROM: Norma Trim, Chief Financial Officer and Commissioner of Corporate Services

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RECOMMENDATION

That the timelines for the 2012 Budget Process as set out in the report of the Chief Financial Officer (CFO) and Commissioner of Corporate Services, dated June 2, 2011, titled "2012 Budget Process", be approved;

And further, that the subject report be forwarded to the Peel Police Services Board (PPSB), for information;

And further, that the PPSB be requested to submit its budget along with all required documentation by November 4, 2011 to be included in the Regional Council Budget document.

REPORT HIGHLIGHTS

- Based on best practices the 2012 Budget timelines are established to allow Council to deliberate and approve the budget prior to the start of 2012
- 2012 Budget Process will remain fairly consistent with that of the 2011 Budget
- The focus of the 2012 Budget will be on the single taxpayer, identifying and costing key program drivers and enabling resources to support the Term of Council (TOC) priorities
- The Region will partner with the area municipalities in public open houses as requested
- Corporate and program planning assumptions will be reviewed and assessed to manage risk and service demands effectively
- Reserve models will be updated to reflect new information, in a report to Council before the start of budget deliberations

DISCUSSION

1. Background

The purpose of this report is to provide Council with the proposed process and timelines for the 2012 Budget. The 2012 Budget will focus on providing Council with the appropriate balance between meeting community needs and maintaining fiscal strengths while minimizing the impact on tax and rate payers.

2. Budget Process

The foundation for the development of the Region of Peel's proposed 2012 Budget is Strategic Plan 2011 to 2014 and the TOC Priorities which Council approved in March 2011.

Approval of an organization's budget prior to the start of a fiscal year is an established best practice. The timelines have been developed with the intention of bringing the budget to Council to allow sufficient time for Council deliberation and approval of the budget prior to the start of 2012. The 2012 Budget will build on the successes and lessons learned from the 2011 Budget process and will incorporate minor improvements.

The launch of the 2012 Budget took place at the Commissioners/Directors (CD) workshop on June 13th. The focus of the 2012 Budget will be on the single taxpayer, identifying and costing key program drivers while considering the decisions made by Council on the TOC priorities. The development of the 2012 Budget will include those requirements as identified in policy reports that Council has approved over the course of 2011 Regional business.

Corporate and program planning assumptions impacting the budget will be reviewed and assessed to appropriately manage risk, address service demands and ensure long term financial sustainability.

The Region also will continue to partner with the area municipalities at public open houses in an effort to promote transparency and build on the single taxpayer concept.

3. The Capital Budget and Forecast

While the 2012 Budget Process will remain fairly consistent with last year, implementation of the asset management strategy will influence non-growth capital plans.

As Peel matures, an increasing proportion of the Region's aging infrastructure is reaching the end of useful life. Peel has developed an asset management strategy to support the services provided by the organization. This strategy will help to identify service gaps and risks associated with these services. The 2012 Capital Plan and Forecast will be informed using this methodology, which may result in changes to the capital plan and funding requirements.

Information about the Corporate Asset Management Strategy and the influence it had on planning for the Capital Budget and Forecast will be brought to Council as the process unfolds. In addition, the 2012 Capital Plan will be reviewed to determine if any modifications to the Development Charge background study (currently underway) are necessary.

4. Property Tax Outlook

The chart below shows the 2012 to 2014 term of Council forecast for tax supported programs as reported in the 2011 Budget document. The tax increase presented below has not been updated since the forecast was included in the 2011 Budget document.

Forecasted Tax Impact 2012 - 2014	2012	2013	2014
Regionally Controlled Programs	0.5%	-0.1%	1.8%
Capital Infrastructure Levy	1.0%	1.0%	1.0%
External Agencies	2.2%	1.7%	1.6%
Net Tax Impact (net of Provincial Upload)	**3.7%**	**2.6%**	**4.4%**
Property Tax Rate Impact (Peel portion @ 44%)	**1.63%**	**1.14%**	**1.94%**

When considering the single taxpayer perspective the impact of Peel's forecasted budget requirements on the average property tax bill is in the range of 1.1 to 1.9 per cent. The forecast incorporates assumptions developed at that time for upload, assessment growth and maintaining existing Council directed service levels to a growing population. The benefit of the upload included in the Net Tax Impact above is: 2012 – 1.6%; 2013 – 1.6%; and 2014 – 0.4%. Assumptions and forecasts will be updated as part of the 2012 Budget process.

5. Utility Rate Outlook

The chart below shows the 2012 to 2014 term of Council forecast for utility rate programs as reported in the 2011 Budget document. The utility rate increase presented below has not been updated since the forecast was included in the 2011 Budget document.

Forecasted Utility Rate Impact 2012 - 2014	2012	2013	2014
Water	5.0%	7.0%	4.5%
Wastewater	6.0%	1.0%	3.0%
Total Blended Rate Impact	**5.5%**	**4.0%**	**3.8%**

The forecast includes assumptions for more stable electricity prices, other commodity prices, Peel consumption as well as the inclusion of a 3 per cent state of good repair infrastructure levy in each year to address the 10-Year Capital Plan funding shortfall. Assumptions and forecasts will be reviewed as part of the 2012 Budget process.

6. 2012 Budget Timelines

The following table outlines the proposed process and timelines for the development and approval of the 2012 Budget. The timelines were developed with the intention of bringing the 2012 Executive Summary and the Regional Overview to Council in December which is consistent with the process for a non-election year.

Date	Output
May 2011	Executive Management Team (EMT) Budget Process Review
June 2011	CD Budget Workshops
September – October 2011	CAO/EMT Reviews
October 2011	Peel Police Presentation to PPSB
November 2011	Council Review of TOC Priorities
December 2011	2012 Regional Budget Overview
TBD	Joint Budget Public Open Houses with Area Municipalities
December 2011	Conservation Authorities Presentations
December 2011	Peel Regional Police and Regional Program Presentations

As in previous years, the Peel Police Services Board will approve the Police submission prior to consideration of the budget by Regional Council. In order to allow for proper processing of the request and consolidation of the information into the Regional Budget, the Police Budget will need to be received by region staff by November 4, 2011.

EMT is currently developing the implementation plan for the TOC priorities. The proposed budget timetable has built in a review of these priorities by Council. This will give Councillors an opportunity to prioritize and finalize the 2012 budget requests.

7. Next Steps

Staff will update reserve models, incorporating any new information and will bring a report to Council outlining the positioning of the capital needs for the organization for the next ten years.

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CONCLUSION

The 2012 Budget Process will continue the processes followed in the 2011 budget and will reflect the TOC priorities as approved by Council in March 2011. As in past years, staff will continue to work towards delivering an overall budget that continues to minimize the implications on all residents and ratepayers while delivering the services and levels expected of the Region of Peel.

Norma Trim
Chief Financial Officer
and Commissioner of Corporate Services

Approved for Submission:

D. Szwarc, Chief Administrative Officer

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c. Legislative Services