



2003 Business Plan

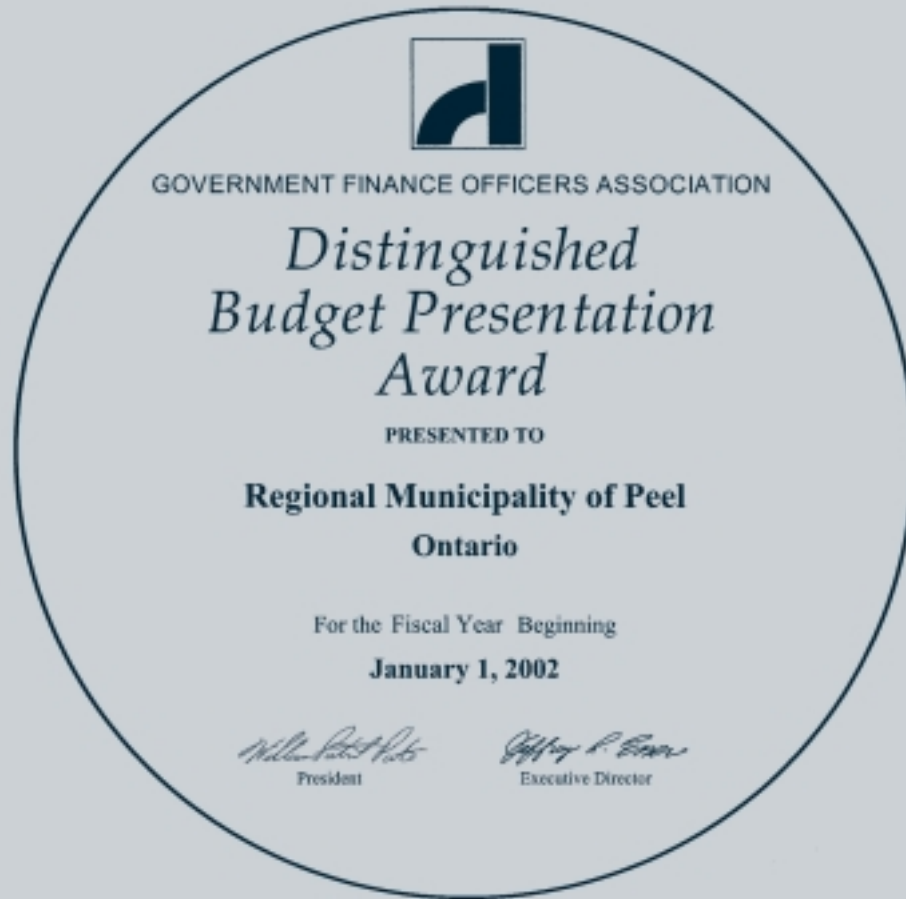
Executive Summary

Introduction and Discussion

2003 Current Budget



2003 Capital Budget and 2004 – 2012
Capital Forecast



The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to Regional Municipality of Peel, Ontario for its annual budget for the fiscal year beginning January 1, 2002. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

2003 Capital Budget and 2004 – 2012 Capital Forecast

Highlights

- 4 Table of Contents
- 5 2003 Capital Budget and 2004 – 2012 Capital Forecast Introduction and Highlights
- 5 Introduction
- 5 2003 Capital Budget Highlights
- 8 Ten Year Capital Plan Highlights 2003-2012
- 10 Impact of the 2003 Capital Budget on the Current Budget
- 12 2003 Sources of Financing by Program
- 13 2003-2012 Sources of Financing by Program
- 15 Reserves and Reserve Funds
- 17 Description of Major Types of Reserves and Reserve Funds
- 19 Continuity Schedule of Reserves and Reserve Funds
- 20 Reserve and Reserve Fund Balances by Program

Region Controlled Programs

For the following programs, the Table of Contents consists of:

- 1 Table of Contents
- 2 2003 Financial Requirements Presentation

Public Works Programs

- Roads
- Waste Management
- Water
- Wastewater
- Public Works Services

Social Services Programs

- TransHelp
- Children's Services

Health Programs

- Public Health
- Long-Term Care

Housing Programs

- Housing Policy and Program
- Heritage
- Property Services

Other Programs

Regional Planning

Ambulance and Emergency Programs

Region Financed External Organizations

For the following programs, the Table of Contents consists of:

- 1 Table of Contents
- 2 Business Plan
- (Varying) 2003 Capital Budget & Forecast to 2012
 - Peel Regional Police
 - O.P.P. Municipal Policing Services in Caledon
 - Conservation Authorities
 - GO Transit

Internal Support Services

For the following programs, the Table of Contents consists of:

- 1 Table of Contents
- 2 2003 Financial Requirements Presentation
 - Executive and Council
 - Corporate Services
 - Corporate Finance
 - Payroll, Purchasing, Accounting and Systems
 - Meter and Revenue Services
 - Information Technology Services

Glossary of Terms

For a very high level review of the entire **2003 Business Plan**, please refer to the **2003 Executive Summary** document.

For an in-depth introduction to the Region, including the introduction, corporate overview, background information, corporate priorities, the service strategy/business plan process and budget highlights sections, please refer to the **2003 Introduction and Discussion** document.

For a high level current budget discussion of both the property tax and utility rate supported budgets along with program service strategy/business plan details, please refer to the **2003 Current Budget** document.

Highlights

5	2003 Capital Budget and 2004 – 2012 Capital Forecast Introduction and Highlights
5	Introduction
5	2003 Capital Budget Highlights
8	Ten Year Capital Plan Highlights 2003-2012
10	Impact of the 2003 Capital Budget on the Current Budget
12	2003 Sources of Financing by Program
13	2003-2012 Sources of Financing by Program
15	Reserves and Reserve Funds
17	Description of Major Types of Reserves and Reserve Funds
19	Continuity Schedule of Reserves and Reserve Funds
20	Reserve and Reserve Fund Balances by Program





2003 Capital Budget and 2004 – 2012 Capital Forecast Introduction and Highlights

Introduction

The Region of Peel's **2003 Business Plan** is comprised of four documents:

- **2003 Executive Summary**
- **2003 Introduction and Discussion**
- **2003 Current Budget**
- **2003 Capital Budget and 2004 – 2012 Capital Forecast**

This document is the **2003 Capital Budget and 2004 – 2012 Capital Forecast**. For a complete **2003 Business Plan**, please refer to all four documents or the Region's Web site at www.region.peel.on.ca.

2003 Capital Budget Highlights

The 2003 Capital Budget is \$724.3 million, of which \$451.0 million (62.3 per cent) is utility rate supported and \$273.3 million (37.7 per cent) is property tax supported.

This year's Capital Budget reflects the implementation of Council's strategic directions and includes:

- Implementation of the approved 1999 Development Charge Capital Plan to meet **Regional Official Plan** growth requests:

Roads	\$55.9 million
Water	\$51.3 million
Wastewater	\$152.9 million

- Peel's contribution to the GO Transit Growth/Enhancement Capital Plan is \$4.8 million. GO Transit capital expenditures are shared between Peel and its Greater Toronto Area (GTA) partners.

Many of the capital initiatives will be implemented over a two to three year period; however, the contractual awards will be made in 2003. Total cash flow expenditures are forecasted to be in the \$400.0 million range (refer to Continuity Schedule of Reserves and Reserve Funds - Table 10).

The 2003 Capital Budget financing needs are funded from reserves (52.5 per cent), development charges (36.7 per cent), and other external sources (10.8 per cent). The 2003 Sources of Financing by Program details, found in Table 7, provides comparative data for each of the Region's programs.

Within the 2003 Capital Budget, reserves account for a greater portion of the property tax supported funding (73.0 per cent) than they do of the utility rate supported funding (40.1 per cent). Conversely, development charges account for a greater portion of the utility rate supported funding (45.3 per cent) than they do of the property tax supported funding (22.7 per cent).

The 2003 Capital Expenditures and Financing are summarized in Table 1, and shown pictorially in Table 2 – Total 2003 Capital Budget, Table 3 – Property Tax Supported Programs, and Table 4 - Utility Rate Supported Programs respectively.

Table 1

2003 Capital Expenditures and Financing Summary

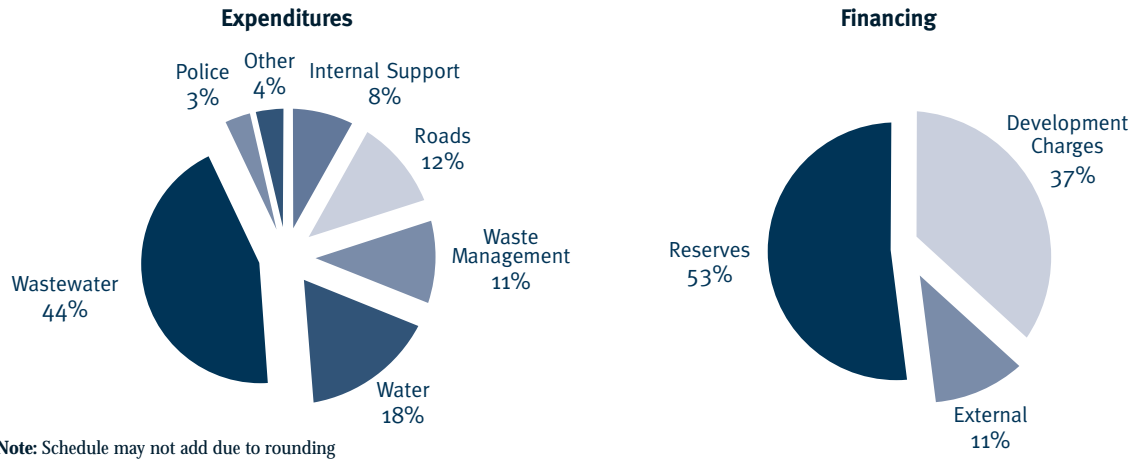
	Total (Table 2)		Property Tax Supported (Table 3)		Utility Rate Supported (Table 4)	
	(\$'000)	%	(\$'000)	%	(\$'000)	%
Expenditures						
Roads	87,627	12%	87,627	32%		
Waste Management	76,075	11%	76,075	28%		
Police	22,150	3%	22,150	8%		
Other	30,972	4%	30,972	11%		
Internal Support	56,503	8%	56,503	21%		
Water	133,381	18%			133,381	30%
Wastewater	317,620	44%			317,620	70%
Total	<u>724,328</u>	<u>100%</u>	<u>273,327</u>	<u>100%</u>	<u>451,001</u>	<u>100%</u>
Financing						
Development Charges	266,098	37%	61,953	23%	204,145	45%
External	77,817	11%	11,854	4%	65,963	15%
Reserves	380,413	53%	199,520	73%	180,893	40%
Total	<u>724,328</u>	<u>100%</u>	<u>273,327</u>	<u>100%</u>	<u>451,001</u>	<u>100%</u>

Note: Schedule may not add due to rounding

Table 2

2003 Capital Budget

Total 2003 Capital Budget \$724.3 million



Note: Schedule may not add due to rounding

Table 3

2003 Capital Budget

Property Tax Supported Programs \$273.3 million

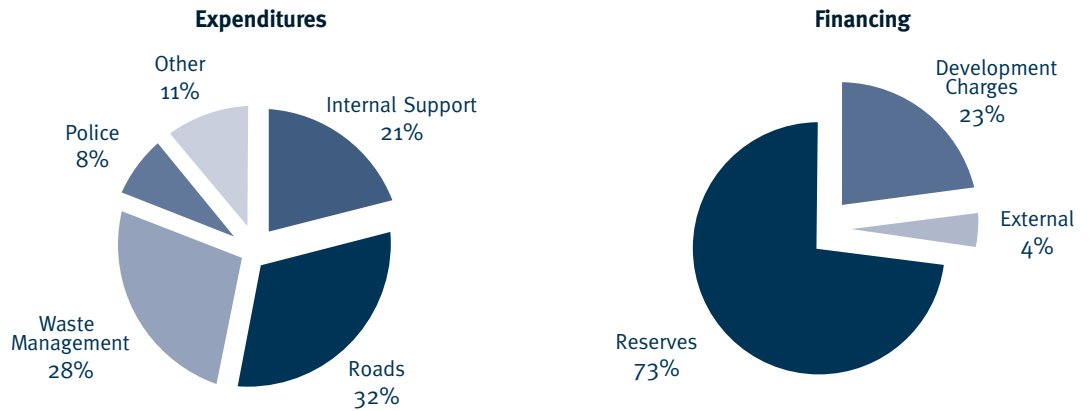
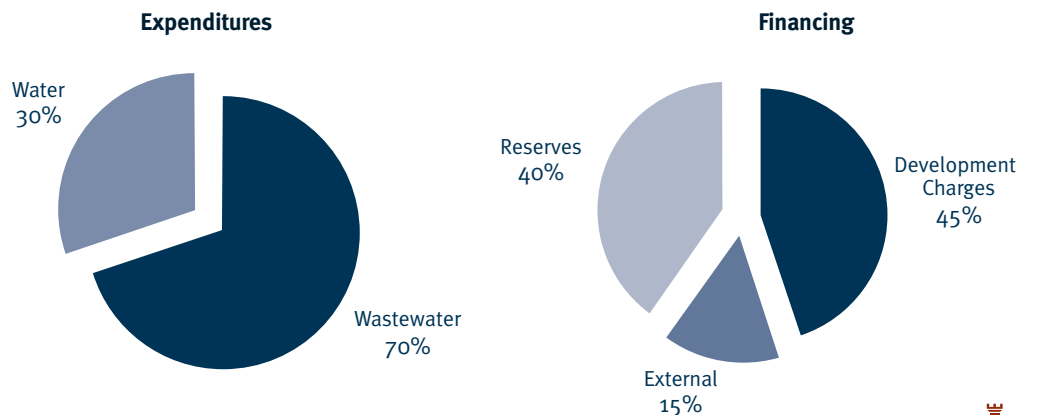


Table 4

2003 Capital Budget

Utility Rate Supported Programs \$451.0 million



Ten Year Capital Plan Highlights 2003 – 2012

In order to fully assess the sustainability of its business programs, a capital budget is not only developed for the coming year, but also a further nine-year forecast is developed to identify and plan for future expected fiscal pressures.

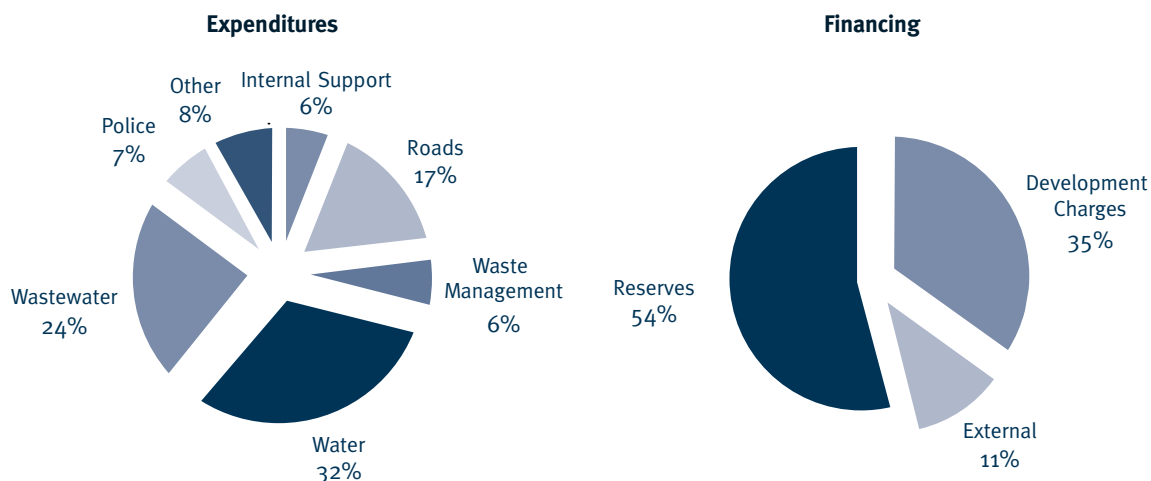
The Ten-Year Capital Plan for the period ending 2012 reflects an estimated spending program of \$2.3 billion. Of the total plan, \$1.3 billion, or 55.8 per cent, relates to the costs required to support the Water and Wastewater components of our service responsibilities. The balance of \$1.0 billion represents the spending estimate for the broad range of tax supported programs including Roads, Police, Waste Management, and Long-Term Care. Table 5 represents the total expenditures and financing by program.

The Capital Plan is funded from tax and rate (non-growth-related) reserves (54.3 per cent) and development charges (34.9 per cent). The balance of the funding is from external sources (10.8 per cent). The majority of funding from external sources is from bordering regional governments for boundary road works and the York/Peel water and wastewater servicing initiative. The 2003-2012 Sources of Financing by Program, Table 8, provides comparative data for each of the Region’s programs.

Table 5

2003 - 2012 Capital Plan

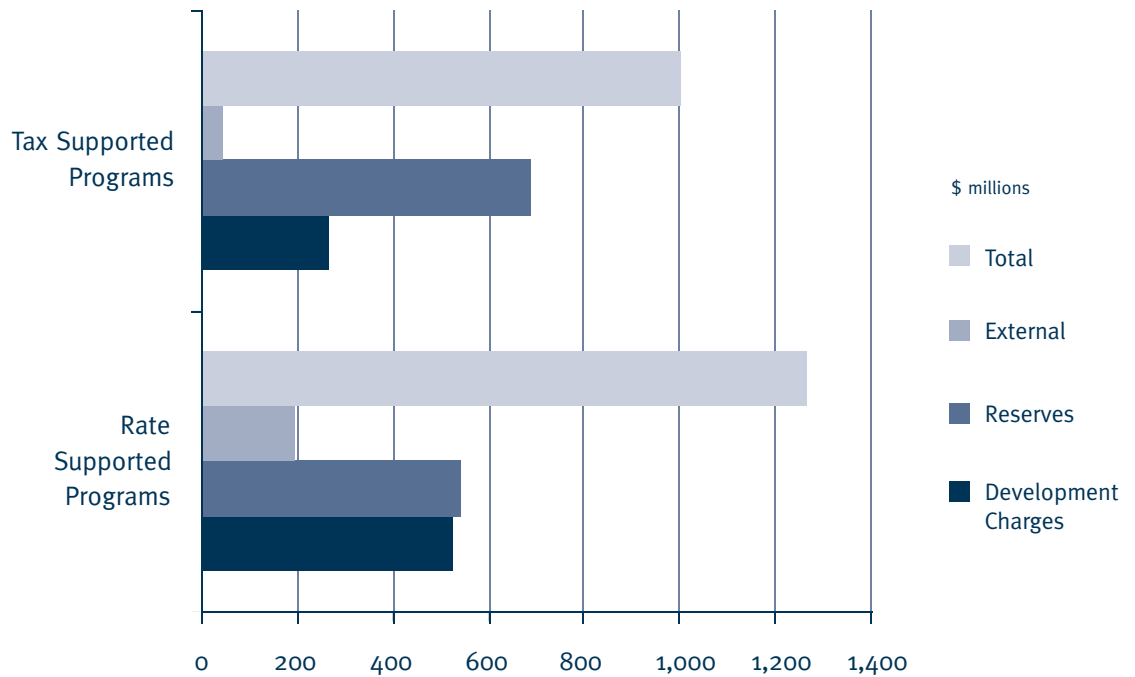
Total Expenditures and Financing \$2.3 billion



The reserves account for a greater portion of the property tax supported funding (68.7 per cent) than they do of the utility rate supported funding (43.0 per cent). Conversely, while development charges fund growth related expenditures and account for 34.9 per cent of the total funding requirement, they account for a greater portion of the utility rate supported funding (41.4 per cent) than they do of the property tax supported funding (26.7 per cent). Therefore, it is essential to maintain sufficient reserves to sustain the Corporation’s multi-billion dollar investment in public infrastructure to meet the planned growth as per the **Regional Official Plan** (ROP) while maintaining the existing infrastructure. Table 6 outlines these financing comparisons.

Table 6

2003 - 2012 Capital Financing



Impact of the 2003 Capital Budget on the Current Budget

A disciplined approach to “Pay as You Go” capital budgeting principles enables the Region to finance capital plans via its growth and non-growth reserves, delivering efficient and effective programs while maintaining a debt-free position.

Capital projects are approved by Council and are financed on a “just-in-time” basis, which allocates funds from reserves and reserve funds to the capital projects as expenditures are incurred. This financing method yields higher annual investment income for the reserves and reserve funds and has resulted in a base contribution to reserve of \$158.4 million (\$248.3 million net of development charge contributions of \$88.9 million) in 2002 (refer to Table 10 for the Continuity Schedule of Reserves and Reserve Funds).

To assess the sustainability of the Region’s programs, not only is a capital budget developed for the coming year, but also a nine-year forecast is developed to identify future potential fiscal pressures. It is evident from the Ten-Year Capital Plan that the 2003 Capital Budget has an impact on the Current Budget in a number of programs.

The following is a synopsis of the 2003 Capital Budget impact on the Current Budget:

Ambulance and Emergency Services - The capital program includes new ambulances and related medical equipment within the next 10 years. Each of these ambulances will be staffed in order to meet the growth demands.

Housing Policy and Program - The capital program calls for the construction and operation of three housing projects, with approximately 125 housing units. It is proposed that projects will be established in a manner that will make them self-funding through direct project revenue and provincial subsidies, and reallocation of subsidies within the existing program envelope.

Property Services - The capital program includes the construction of a joint use administration and police division facility for future consolidation of existing lease spaces into a central Regional facility.

Public Health - The capital program includes funds for construction and/or leasehold improvements for new Public Health clinics that will house expanded health-related services. Operating costs for additional space are included in the 2003 Operating Budget for Public Health.

Roads - The capital program incorporates the widening of several regional roads (impacting the reserve contribution), traffic signalization, and winter and roadside maintenance in the 2003 current budget.

TransHelp - The capital program includes plans to add two new buses to the fleet annually, to accommodate service level growth. This will result in additional operating costs.

Wastewater - The capital program incorporates expansions and upgrades to two treatment facilities, Lakeview and Clarkson, to provide additional capacity. These works will impact the current budget upon completion of the projects. To finance this commitment in a sustainable manner, the wastewater rates have been increased by 3.0 per cent.

Water - The capital program incorporates expansions and upgrades to the Lakeview Treatment Plant in order to provide additional capacity. These works will impact the current budget upon completion of the projects. In addition, an enhanced degree of support to Regional and Conservation Authority capital projects focused on water quality and conservation require the Region to increase reserve contributions for these initiatives. To finance these commitments in a sustainable manner, the water rates have been increased by 3.0 per cent.

Table 7

2003 Sources of Financing by Program

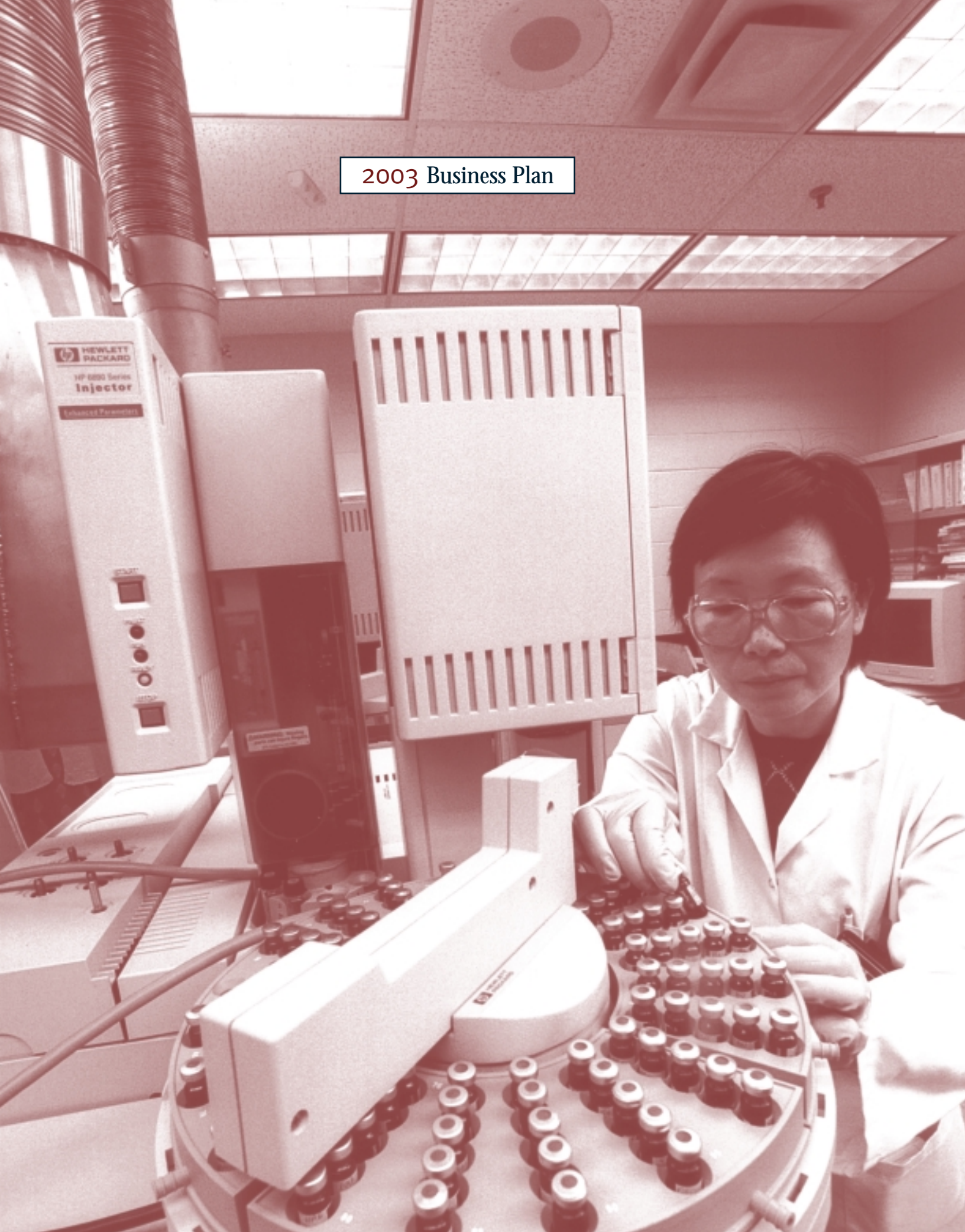
	Development Charges (\$'000)	Reserves (\$'000)	External (\$'000)	TOTAL FINANCING (\$'000)	%Total Program
PROPERTY TAX SUPPORTED					
Roads	55,918	27,312	4,397	87,627	12.10%
Waste Management	-	76,075	-	76,075	10.50%
Regional Planning	493	225	-	718	0.10%
TransHelp	57	385	120	562	0.08%
Children's Services	-	1,391	-	1,391	0.19%
Public Health	1,100	500	-	1,600	0.22%
Long-Term Care	-	1,200	-	1,200	0.17%
Housing Policy and Program	-	9,710	6,473	16,183	2.23%
Heritage	-	571	-	571	0.08%
Ambulance & Emergency Programs	1,720	1,149	-	2,869	0.40%
Region Directly Controlled Programs	59,288	118,518	10,990	188,796	26.06%
Peel Regional Police	707	20,173	864	21,744	3.00%
Ontario Provincial Police	38	368	-	406	0.06%
Conservation Authorities	-	1,078	-	1,078	0.15%
GO Transit	1,920	2,880	-	4,800	0.66%
Region Financed External Organizations	2,665	24,499	864	28,028	3.87%
Property Tax Supported	61,953	143,017	11,854	216,824	29.93%
UTILITY RATE SUPPORTED					
Water	51,274	57,221	24,886	133,381	18.41%
Wastewater	152,871	123,672	41,077	317,620	43.85%
Utility Rate Supported	204,145	180,893	65,963	451,001	62.26%
INTERNAL SUPPORT SERVICES					
Internal Support Public Works	-	4,206	-	4,206	0.58%
Internal Support Property Services	-	43,644	-	43,644	6.03%
Executive & Council	-	1,100	-	1,100	0.15%
Corporate Services	-	208	-	208	0.03%
Corporate Finance	-	875	-	875	0.12%
Payroll, Purchasing, Accounting & Systems	-	2,070	-	2,070	0.29%
Meter and Revenue Services	-	250	-	250	0.03%
Information Technology Services	-	4,150	-	4,150	0.57%
Internal Support Services	-	56,503	-	56,503	7.80%
TOTAL REGION	266,098	380,413	77,817	724,328	100.00%
% Total Funding	36.74%	52.52%	10.74%	100.00%	

Table 8

2003 - 2012 Sources of Financing by Program

	Development Charges (\$'000)	Reserves (\$'000)	External (\$'000)	TOTAL FINANCING (\$'000)	%Total Program
PROPERTY TAX SUPPORTED					
Roads	220,558	132,863	28,863	382,284	16.82%
Waste Management	-	147,163	-	147,163	6.47%
Regional Planning	4,149	2,714	60	6,923	0.30%
TransHelp	390	3,843	960	5,193	0.23%
Children's Services	-	5,348	-	5,348	0.24%
Public Health	5,600	1,450	-	7,050	0.31%
Long-Term Care	-	35,244	-	35,244	1.55%
Housing Policy and Program	-	11,285	6,473	17,758	0.78%
Heritage	-	1,582	-	1,582	0.07%
Ambulance & Emergency Programs	4,130	13,159	-	17,289	0.76%
Region Directly Controlled Programs	234,827	354,651	36,356	625,834	27.53%
Peel Regional Police	8,018	143,829	10,078	161,925	7.12%
Ontario Provincial Police	934	5,588	-	6,522	0.29%
Conservation Authorities	-	4,801	-	4,801	0.21%
GO Transit	24,160	36,240	-	60,400	2.66%
Region Financed External Organizations	33,112	190,458	10,078	233,648	10.28%
Property Tax Supported	267,939	545,109	46,434	859,482	37.81%
UTILITY RATE SUPPORTED					
Water	244,005	330,522	145,030	719,557	31.66%
Wastewater	281,299	214,553	52,922	548,774	24.14%
Utility Rate Supported	525,304	545,075	197,952	1,268,331	55.80%
INTERNAL SUPPORT SERVICES					
Internal Support Public Works	-	26,537	-	26,537	1.17%
Internal Support Property Services	-	47,435	-	47,435	2.09%
Executive & Council	-	8,250	-	8,250	0.36%
Corporate Services	-	1,049	-	1,049	0.05%
Corporate Finance	-	4,350	-	4,350	0.19%
Payroll, Purchasing, Accounting & Systems	-	12,940	-	12,940	0.57%
Meter and Revenue Services	-	2,100	-	2,100	0.09%
Information Technology Services	-	42,500	-	42,500	1.87%
Internal Support Services	-	145,161	-	145,161	6.39%
TOTAL REGION	793,243	1,235,345	244,386	2,272,974	100.00%
% Total Funding	34.90%	54.35%	10.75%	100.00%	

2003 Business Plan





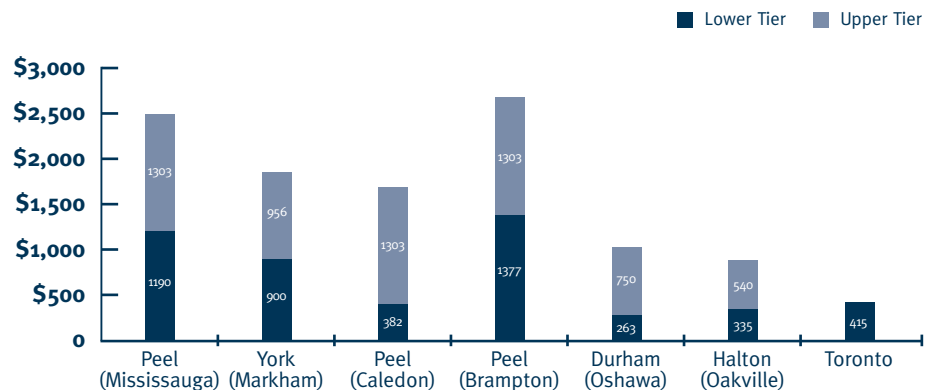
Reserves and Reserve Funds

Peel continues to experience the benefits of sound fiscal management, which Council has put in place based on sustainability as the cornerstone of long-term financial planning. Reserves and Reserve Funds are financial management tools used to maintain the financial position of the Region and meet long-term objectives. Peel's evolution to a fully funded annual capital plan from current reserve strategy is a major tool in delivering efficient and effective programs while remaining debt-free.

Peel has the highest level of reserves and reserve funds for upper-tier municipalities per capita in the GTA, as outlined in Table 9 below.

Table 9

Reserves and Reserve Funds Per Capita December 31, 2001



Peel's positive position, which provides stronger program funding as opposed to debt charge funding, better equips the Region to accommodate future growth and maintain low tax rates.

The Region of Peel reserves are segregated into two categories, Reserves and Reserve Funds. Within each category, reserves are broken down by program and type. Both categories earn investment income on their balances.

A Reserve, which is unrestricted, is an appropriation from net revenue at the discretion of Council, after the provision for all known expenditures. It has no reference to specific assets and does not require the physical segregation of money or assets, as is the case with Reserve Funds. The primary source of revenue for reserves is transfers from current operations. Reserves are generally used to either mitigate the impact of operating cost and revenue fluctuations or to accumulate funds for future or contingent liabilities. Major expenditures are for transfers to both current and capital operations. The 2003 budget reflects a \$131.2 million transfer to reserves representing a 2.0 per cent decrease from the 2002 budget. The Continuity Schedule of Reserves and Reserve Funds (Table 10) is a summary of projected year-end balances based on assumptions and recommendations reflected in this document. Table 11 reflects reserve and reserve fund balances by program at year end 2002.

Reserve Funds differ from Reserves in that reserve fund assets are segregated and restricted to meet the purpose of the reserve fund as defined in the *Municipal Act*. Peel's Reserve Funds are limited to those designated in financing growth-related capital projects as governed by the *Development Charges By-law* which is in accordance with the *Development Charges Act (1997)*. The intent of this by-law is to ensure developers within the Region of Peel finance growth-related capital costs. Capital costs eligible for Development Charge funding are growth-related capital requirements for Water, Wastewater, Roads, Police, Long-Term Care, TransHelp, Health and Ambulance operations. Projected 2003 growth-related expenditures are \$110.0 million, which will be funded from Development Charge Reserve Funds (refer to Table 10).

Peel's Ten-Year Capital Plan is financed exclusively from a combination of reserves, reserve funds and recoveries, with a minor projected debt component. It is expected that this debt component will be funded internally and will allow the Region to sustain its extensive public infrastructure. While significant reserve balances are available in both the Waste Management and Utility programs, Council has approved long-term infrastructure plans that partially commit these reserves.

Description of Major Types of Reserves and Reserve Funds

The following describes the major types of Reserves and Reserve Funds.

Major Types of Reserves:

Capital Construction

This major type of reserve is used for:

- funding new non growth-related capital projects that are not eligible for support from development charges
- minimizing year-over-year fluctuations.

Examples of reserves included in this major type are Capital Construction Reserves and Capital Financing Reserves.

Stabilization

This major type of reserve is used for:

- receiving surpluses and funding deficits arising from utility rate operations in order to minimize annual fluctuations in the utility rates
- providing self-insurance for vehicles, liability and facilities and receiving surpluses and funding deficits from claims and expenditures related to employee medical liabilities
- providing self-insurance for costs on claims related to on-the-job employee injuries
- funding new non growth-related capital projects that are not eligible for support from development charges and minimizing year-over-year fluctuations
- stabilizing the cost of policing the Town of Caledon by the Ontario Provincial Police (O.P.P.).

Examples of reserves included in this major type are Rate Stabilization Reserves, Insurance Stabilization Reserves, and Workers Compensation Reserves.

Vehicle and Equipment Replacement

This major type of reserve is used for:

- funding replacement of Region vehicles and equipment
- funding replacement of Regional police vehicles

- funding replacement of Regional Police operational and office equipment
- funding planned major building equipment repairs, maintenance, and replacement
- funding replacement of furniture.

Examples of reserves included in this major type are Vehicle and Equipment Replacement Reserves and Building Equipment and Furniture Replacement Reserves, Police Vehicle Replacement Reserves, and Police Operations and Office Equipment Reserves.

Building Replacement Reserve

This major type of reserve is used for:

- funding planned building repairs and maintenance of Region buildings.

Major Types of Reserve Funds:

Development Charges

This major type of reserve fund is used for:

- receiving residential and non-residential development charges which are used for funding growth-related capital projects for Regional Roads, Wastewater, Water, Police, Health, Long-Term Care, TransHelp, Health and Ambulance operations identified in the 1999 growth-related capital works forecast as per the *Development Charges By-law* (1999). The rates are indexed to the Construction Price Index published by Statistics Canada.

Table 10

Continuity Schedule of Reserves and Reserve Funds (\$'000)
 Projection to December 31, 2003

	Reserves					Total
	Capital Construction	Stabilization	Vehicle and Equipment Replacement	Building Replacement	Development Charges Reserve Funds (*)	
Balance January 1, 2002	694,499	247,217	70,729	93,015	183,597	1,289,057
Contributions **	95,127	37,659	18,753	7,366	88,891	247,796
Interest	40,607	15,443	6,913	5,955	11,950	80,868
Transfers and Other	(62,439)	(13,728)	50,388	12,659	(967)	(14,087)
Expenditures	(86,252)	(10,426)	(21,039)	(18,464)	(89,433)	(225,614)
Balance December 31, 2002	681,542	276,165	125,744	100,531	194,038	1,378,020
2003 Estimated Contribution	93,549	14,942	17,995	4,706	90,000	221,192
2003 Estimated Interest	34,904	12,465	5,351	5,056	8,500	66,276
2003 Estimated Expenditures - Capital and Current	(165,000)	(50,000)	(50,000)	(25,000)	(110,000)	(400,000)
Projected Balance Dec. 31, 2003 ***	644,995	253,572	99,090	85,293	182,538	1,265,488

* The CICA Public Sector Accounting Board requires that Development Charges, previously reported as "Reserves and Reserve Funds", be reported as "Deferred Revenue - Development Charges" on the Region's statutory financial statements.

** Includes contributions from both Current and Capital operations, as opposed to the information presented in the Revenue and Expenditure Summary (Table 22), which only reflects contributions from Current operations.

*** Cash balance

Note: Schedule may not add due to rounding

Table 11

Region of Peel Reserve and Reserve Fund Balances by Program(\$'000)
as at December 31, 2002

Program	Reserves					Total	Committed Balance	Balance Available
	Capital		Vehicle and	Building	Development			
	Construction	Stabilization	Equipment Replacement	Replacement	Charges Reserve Funds			
Roads	64,347	2,328	6,296	1,450	64,318	138,739	(102,509)	36,230
Waste Management	209,244	27,710	279	35,465	-	272,698	(33,338)	239,360
Regional Planning	-	1,843	-	-	(288)	1,555	(1,167)	388
Long-Term Care	-	3,466	2,795	33,528	3,721	36,068	(30,603)	5,465
TransHelp	-	-	1,088	430	189	1,707	(91)	1,616
Children's Services	-	-	-	2,650	-	2,650	(422)	2,228
Public Health	-	2,108	131	-	1,814	4,053	-	4,053
Housing Policy & Program	-	29,402	-	11,238	-	40,640	-	40,640
Heritage	-	119	-	895	-	1,014	(150)	864
Ambulance & Emergency Programs	-	2,498	868	-	355	3,721	(441)	3,280
Peel Regional Police	-	9,733	76,997	-	2,273	89,003	(54,577)	34,426
O.P.P.	-	2,648	-	-	462	3,110	(401)	2,709
Ontario Works	-	33,863	-	-	-	33,863	-	33,863
Conservation	5,101	-	-	-	-	5,101	-	5,101
GO Transit	29,582	-	-	-	4,078	33,660	(3,388)	30,272
Hospitals	67,392	-	-	-	-	67,392	(63,245)	4,147
Water	82,168	31,994	16,384	10,050	18,848	159,444	(140,028)	19,416
Wastewater	204,403	14,261	-	155	105,710	324,529	(104,390)	220,139
Internal Support Services	19,305	114,191	20,906	4,671	-	159,073	(25,805)	133,268
Total	681,542	276,164	125,744	100,532	194,038	1,378,020	(560,555)	817,465