

---

# 2010 Budget Overview

Presented to Council  
Thursday December 3<sup>rd</sup>, 2009

---

# Objectives

- Provide Council with a high level overview of the Proposed 2010 Budget for Regionally Controlled Programs:
  - Tax Supported 2010 Budget
  - Utility Supported 2010 Budget
  - Capital Plan 2011 – 2019
  
- Seek Direction on Options to Manage Tax Increase
- Seek Direction on Tax Rebate Program (Low Income Seniors & Person's with Disabilities)
- Propose a Budget review schedule

---

# 2009 in Review- Canadian Economy

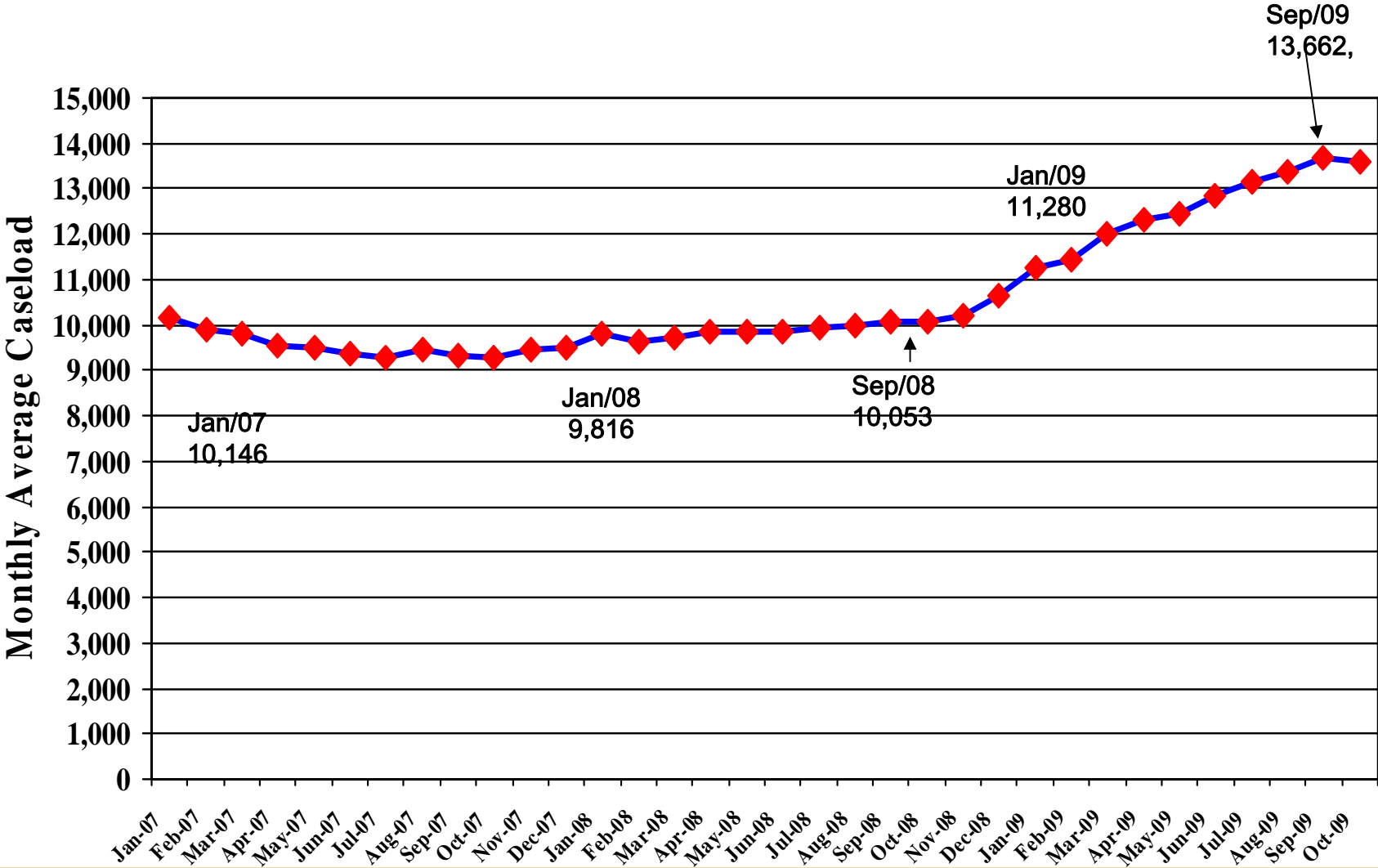
- Canadian economy in recession during January to June
- Canadian economy to decline by 2.0%
- National unemployment increased to 8.6%
- 316,200 jobs lost in first 10 months of 2009
- Federal deficit over \$55.9 billion
- Provincial deficit over \$24.7 billion

---

# 2009 in Review – Peel Economy

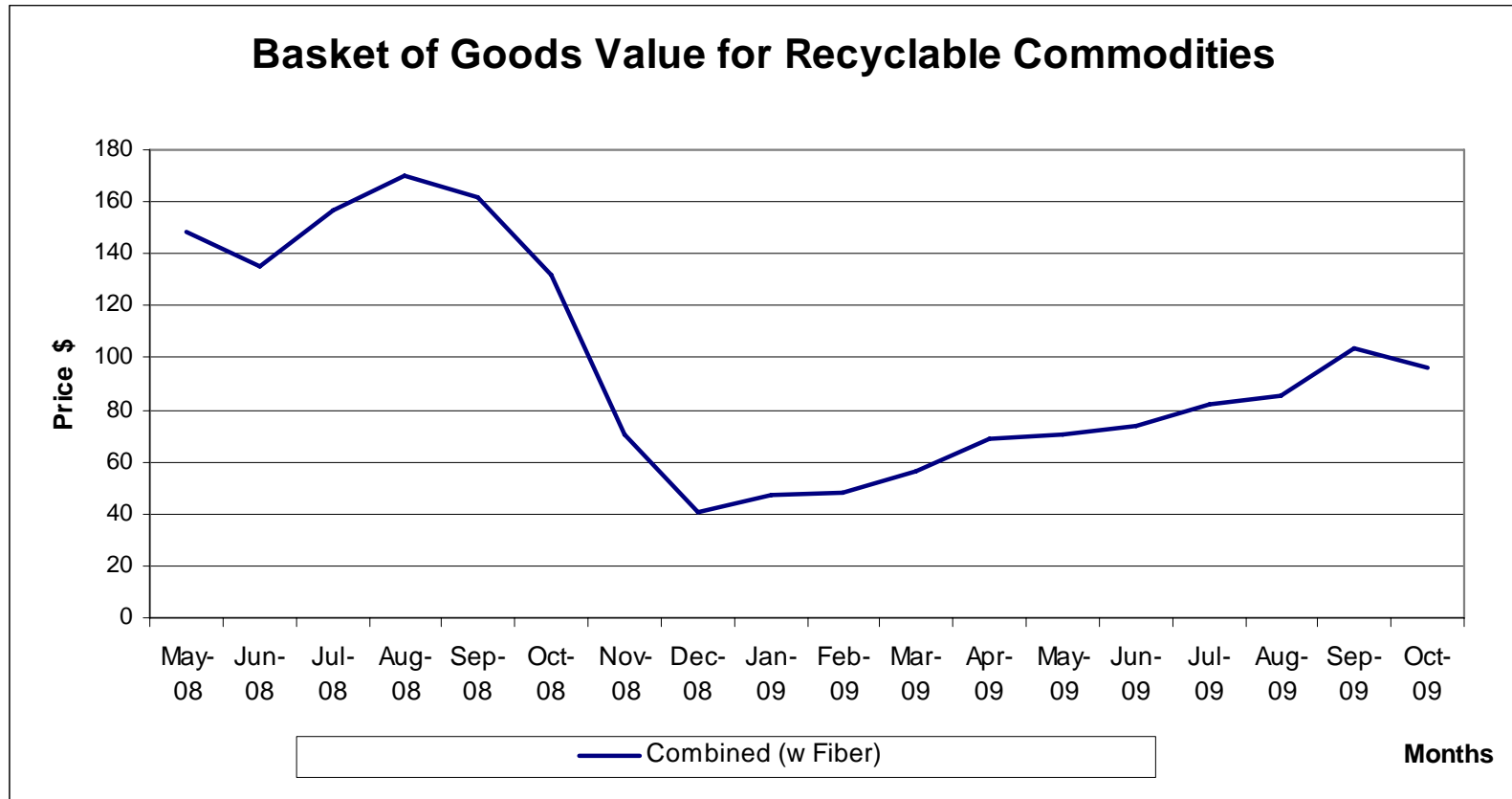
- Unemployment rate 11.4% in Q3
- Employment shrunk by 66,000 since Q2 2008
- Average monthly OW caseload up 26.8%
- Building permits declined by over 46%
- Housing starts fell by 50.5%
- Development Charge revenues down 40%

# Social Assistance Caseload Trend

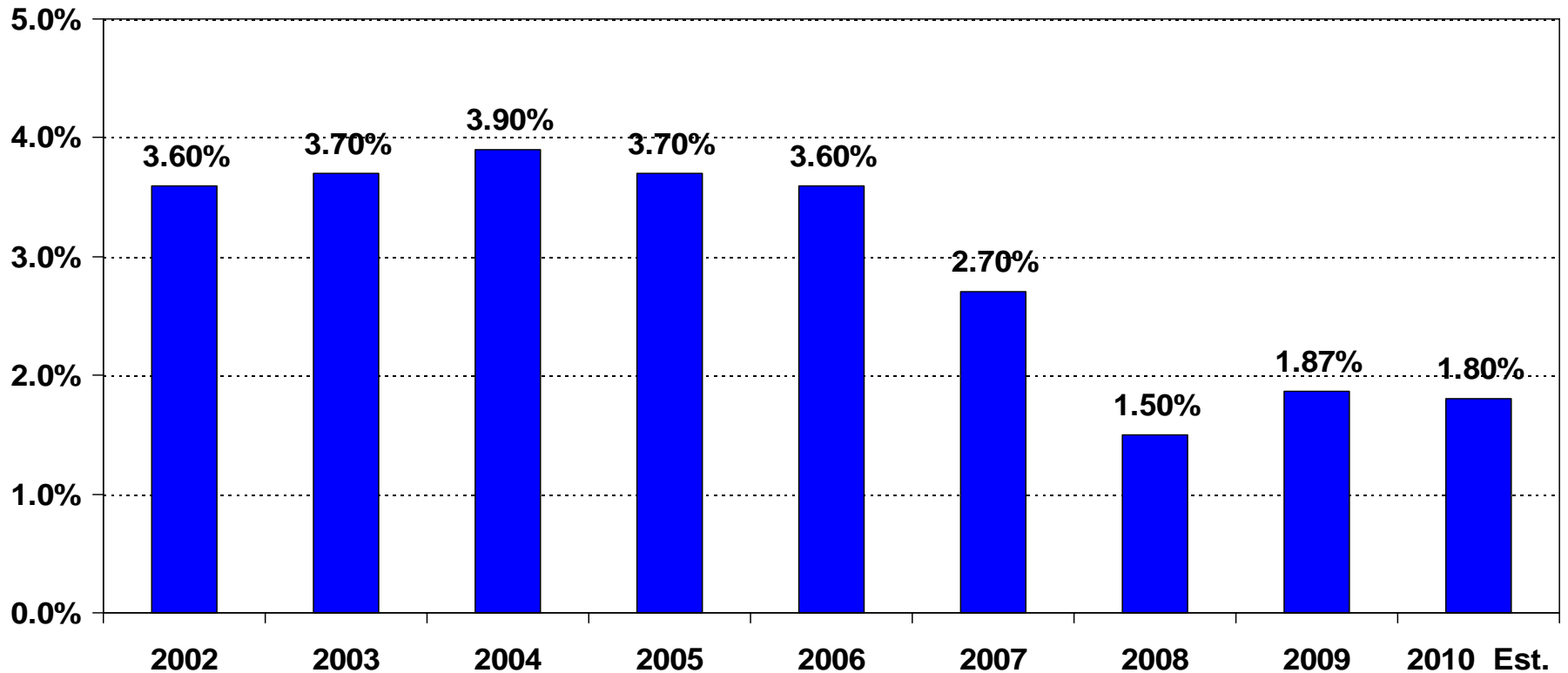


(Caseload with Payouts)

# Recession Impact on Recyclable Revenues



# Peel Assessment Growth Trend



---

# Other Trends Impacting 2010 Budget

- 21,000 new residents
- Changing demographics
  - 80% annual growth due to new immigrants
  - Seniors represent 10% of population
  - Fastest growing households are multi-family
  - Birthrates higher than provincial average

---

# Other Trends Impacting 2010 Budget

- Increasing Poverty
  - 15% of residents
  - 1 in 5 children
  - Reported incidents of youth violence (+30%)
- Severe shortage in affordable housing
- Outstanding and emerging health risks

---

# 2010 Tax Supported Budget

Regionally Controlled  
Programs

---

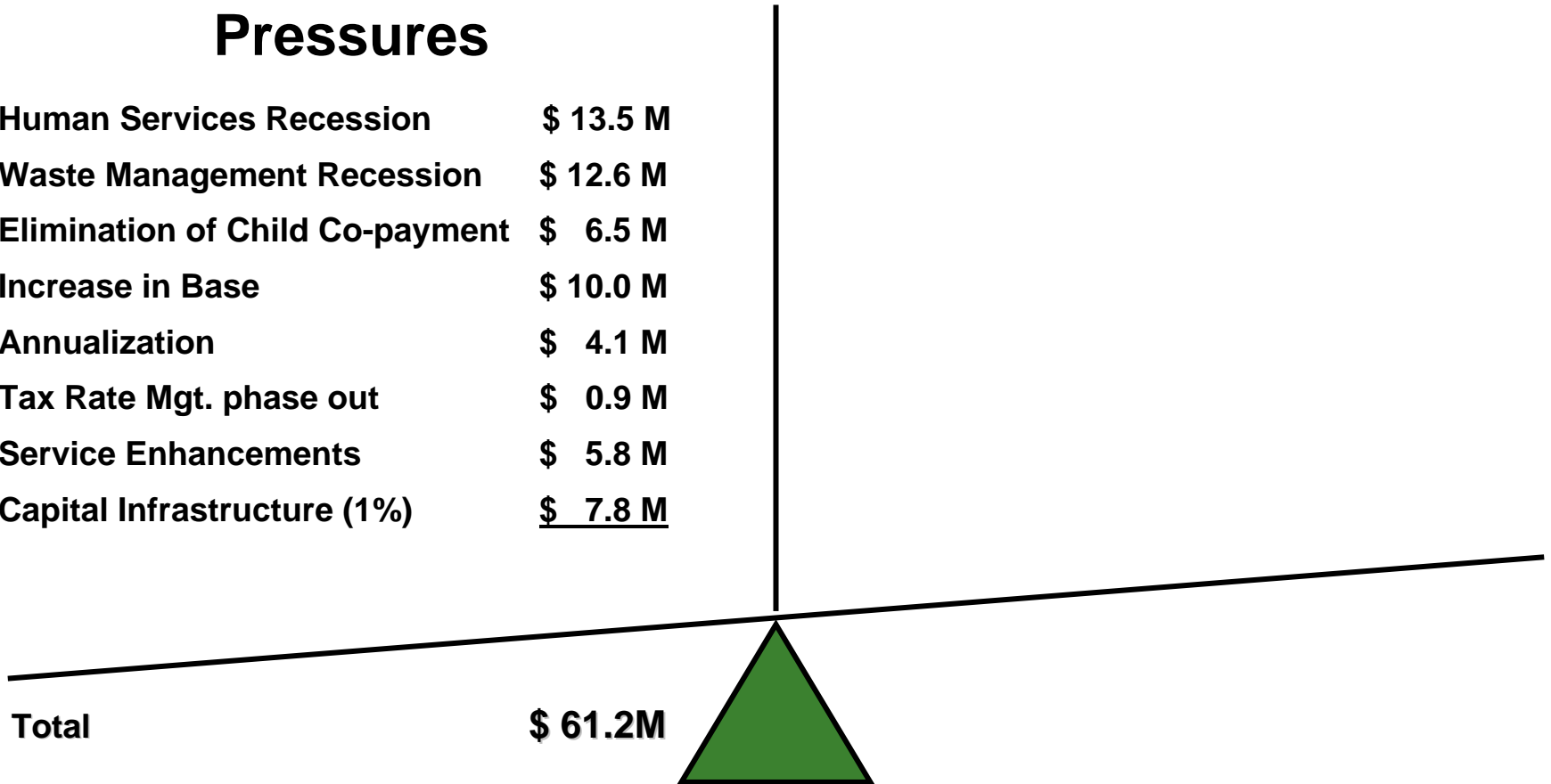
# 2010 Economic Outlook

- Modest growth in 2010
- Provincial unemployment will remain over 9%
- Poverty rates increasing- rate of 1% per year
- Fed/Provincial governments tackle deficits
- Canada inflation target 1-3%

# 2010 Budget Pressures

## Pressures

Human Services Recession	\$ 13.5 M
Waste Management Recession	\$ 12.6 M
Elimination of Child Co-payment	\$ 6.5 M
Increase in Base	\$ 10.0 M
Annualization	\$ 4.1 M
Tax Rate Mgt. phase out	\$ 0.9 M
Service Enhancements	\$ 5.8 M
Capital Infrastructure (1%)	<u>\$ 7.8 M</u>



---

# 2010 Recessionary Pressures

## ■ Human Services

□ Social assistance	\$11.1M
□ Employment Benefit Costs	\$1.4M
□ Rent Supplements	\$0.6M
□ Rent Bank Program	<u>\$0.3M</u>
Sub-total	<b>\$13.5M</b>

## ■ Waste Management

□ Recyclable revenue decline	<u>\$12.6M</u>
------------------------------	----------------

<b>Total projected recessionary impact</b>	<b>\$26.1M</b>
--	----------------

---

# 2009 Service Levels to 2010 Population

■ Eliminate Child Care Co-Payment	\$ 6.5M
■ Increase in Base	\$10.0M
■ Annualization	\$ 4.1M
■ Tax management	<u>\$ 0.9M</u>
Total	\$ 21.8M
Impact on Tax Rate Impact	2.8%

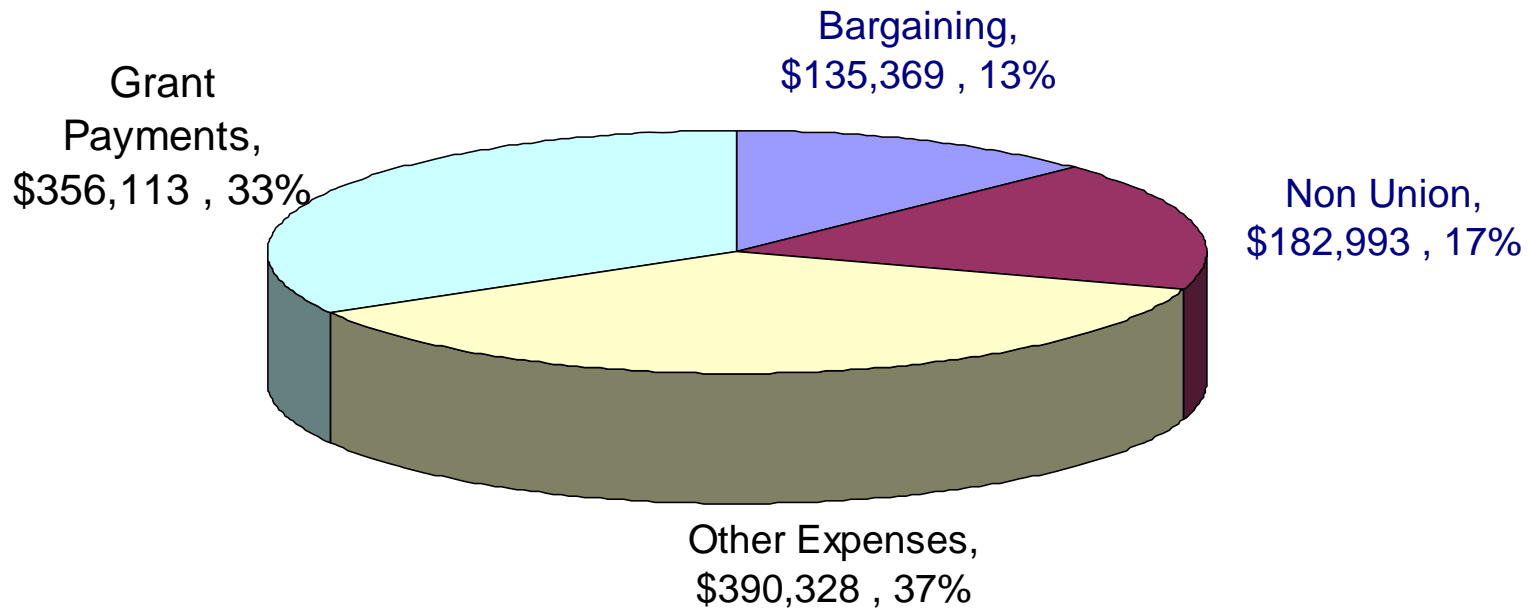
---

# Managing the Cost of Service Delivery

■ Fiscal Restraint Measures	\$4.2M
■ Other Savings	\$4.0M
■ Staff Vacancies	\$2.7M
Total	<u>\$10.9M</u>
Impact on Tax Rate	1.4%

# Total Expenditures by Category \$1.1B

(in thousands)



# Service Enhancements

Service Outcome	FTE	\$ Budget (000)
Strengthen support to children from 0 – 24 through Peel Children & Youth Initiative	0	110
2,100 children will receive urgent dental care	6	40
Access to school based Public Health programs	1	0
1,000 low income seniors will receive urgent dental care	0	1,257 One-time funding from reserve
Collaborative Seniors Portal	0	50 One-time funding from reserve

# Service Enhancements

Service Outcome	FTE	\$ Budget (000)
Expansion of Neighbourhood Capacity Support	0	350
25 families will be assisted with housing and a 2.5% cost of living housing allowance to support operators	0	400 (+12 in 2011)
33,000 additional accessible transportation trips	2	507 (+240 in 2011)
12,775 additional Paramedic service hours to respond to 911 calls; includes front line and civilian staff	36	2,200 (+2,200 in 2011)
Prevent communicable disease outbreaks	6	40

# Service Enhancements

Service Outcome	FTE	\$ Budget (000)
Inspect boarding homes and food premises to protect the public from health hazards	2	20
Address obesity and diabetes in community	3	40
Enhance the health of Peel residents through improved compliance with Ontario Public Health Standards	4	40
Mobile sign communication demand and legislative compliance in Waste Management	2	117 (+39 in 2011)

# Service Enhancements

Service Outcome	FTE	\$ Budget (000)
Address growing complexities for managing health information	1	72 (+24 in 2011)
Goods movement and Active Transportation plan	2	100
Asset and infrastructure construction and maintenance	7	200
Provide operational support to corporation	7	201 (+22 in 2011)
Compliance with AODA standards	0	100
<b>Total Tax Supported Service Enhancements</b>	<b>79</b>	<b>\$5.8M</b>

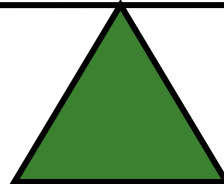
# Funding 2010 Budget Pressures

## Pressures

Human Services Recession	\$ 13.5 M
Waste Management Recession	\$ 12.6 M
Elimination of Child Co-payment	\$ 6.5 M
Increase in Base	\$ 10.0 M
Annualization	\$ 4.1 M
Tax Rate Mgt. phase-out	\$ 0.9 M
Service Enhancements	\$ 5.8 M
Capital Infrastructure (1%)	<u>\$ 7.8 M</u>
<b>Total</b>	<b>\$ 61.2M</b>

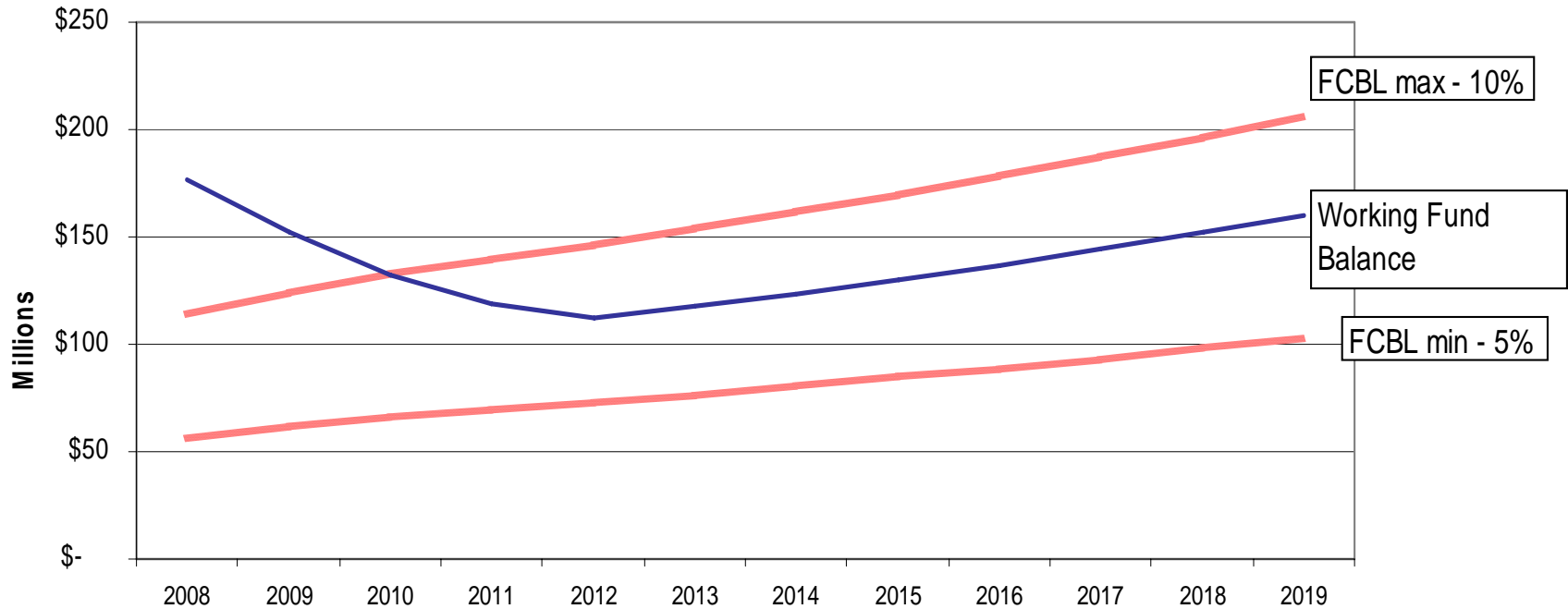
## Funding Sources

Pooling/ODSP	\$23.8 M
Assessment Growth	\$ 8.5 M
Reserve Draw	\$13.8 M
Tax Rate Increase – Operating	\$7.3 M
Tax Rate Increase - Infrastructure	<u>\$7.8 M</u>
	} <b>\$15.1 M</b>
	} <b>1.9%</b>
<b>Total</b>	<b>\$ 61.2M</b>



# Working Fund Projections

## Working Fund Balance vs. FCBL Requirement



---

# Level of Risk in Budget

- Change in economy (recession, inflation)
- Provincial/Federal deficits
- Funding assumptions on existing programs (Health/Human Services, Public Works)
- HST
- Excludes low income senior's tax rebate

---

# Tax Supported Summary – Including External Organizations

## Program

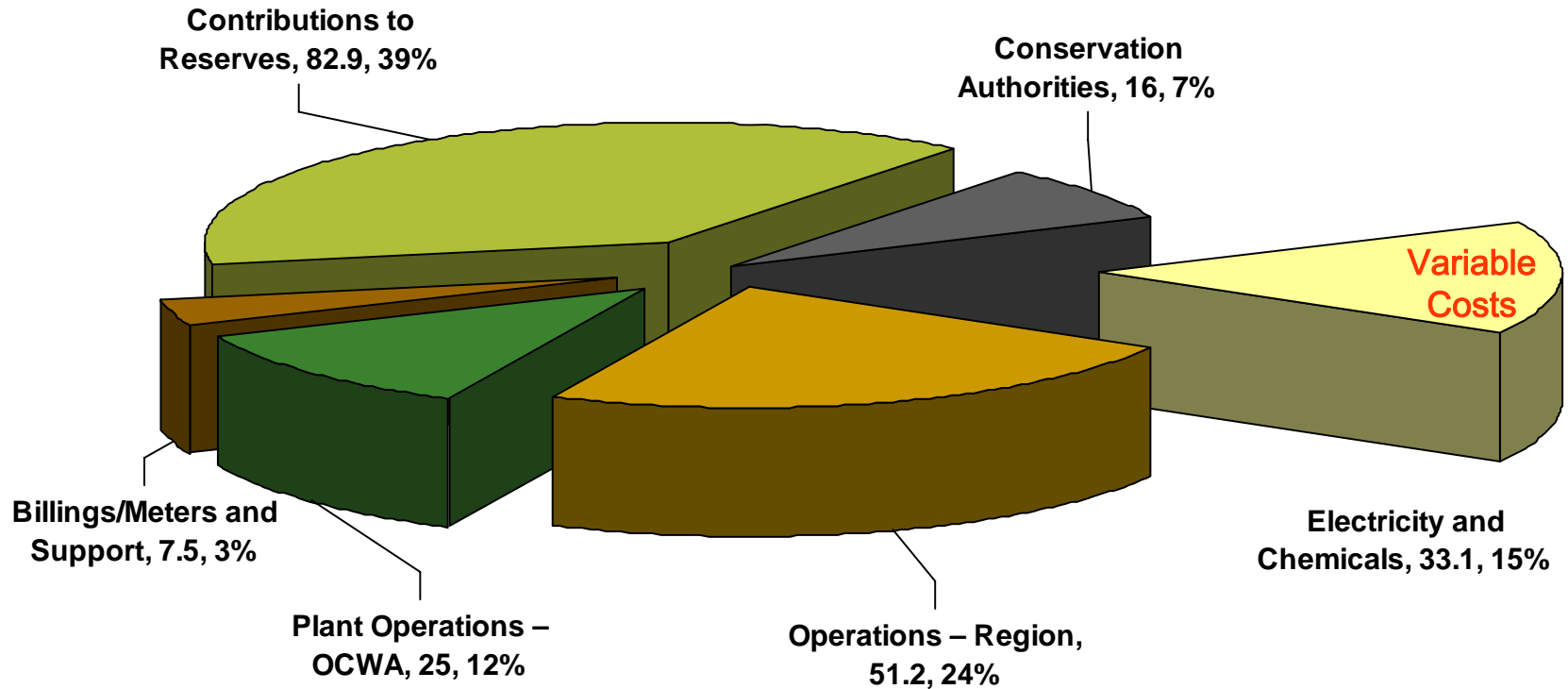
Regionally Controlled Programs	0.9%
Capital Infrastructure	1.0%
Conservation Authorities/MPAC	0.2%
Police Services (PRP & OPP)	<u>1.4%</u>
<b>Total</b>	<b>3.5%</b>

---

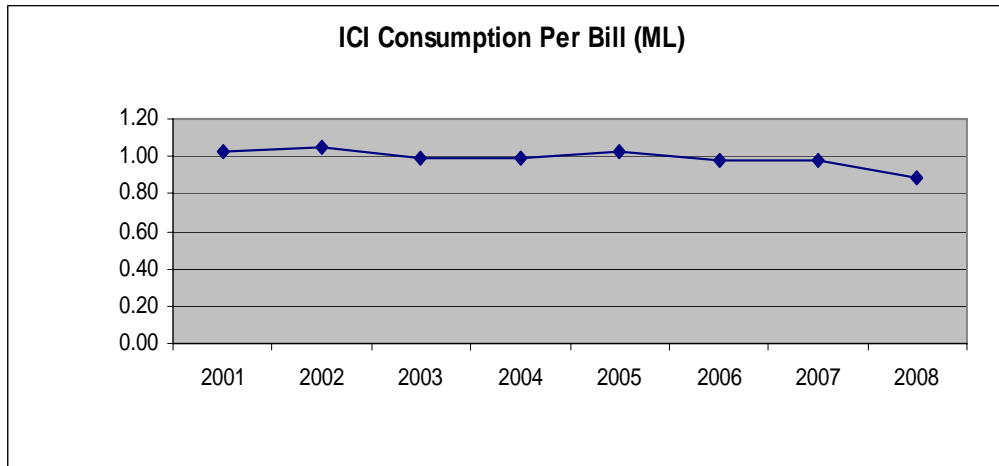
# 2010 Utility Rate Supported Budget

# Expenditure by Category

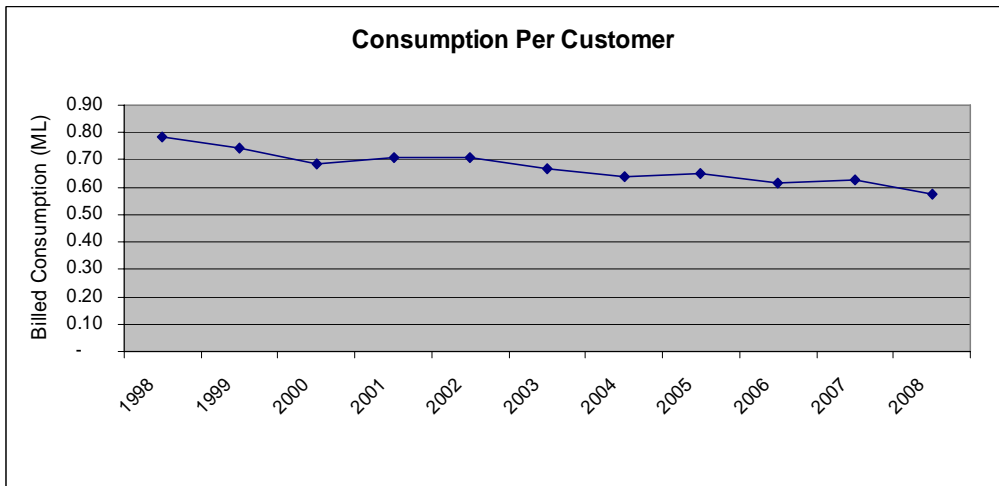
\$ In Millions



# Trends In Consumption

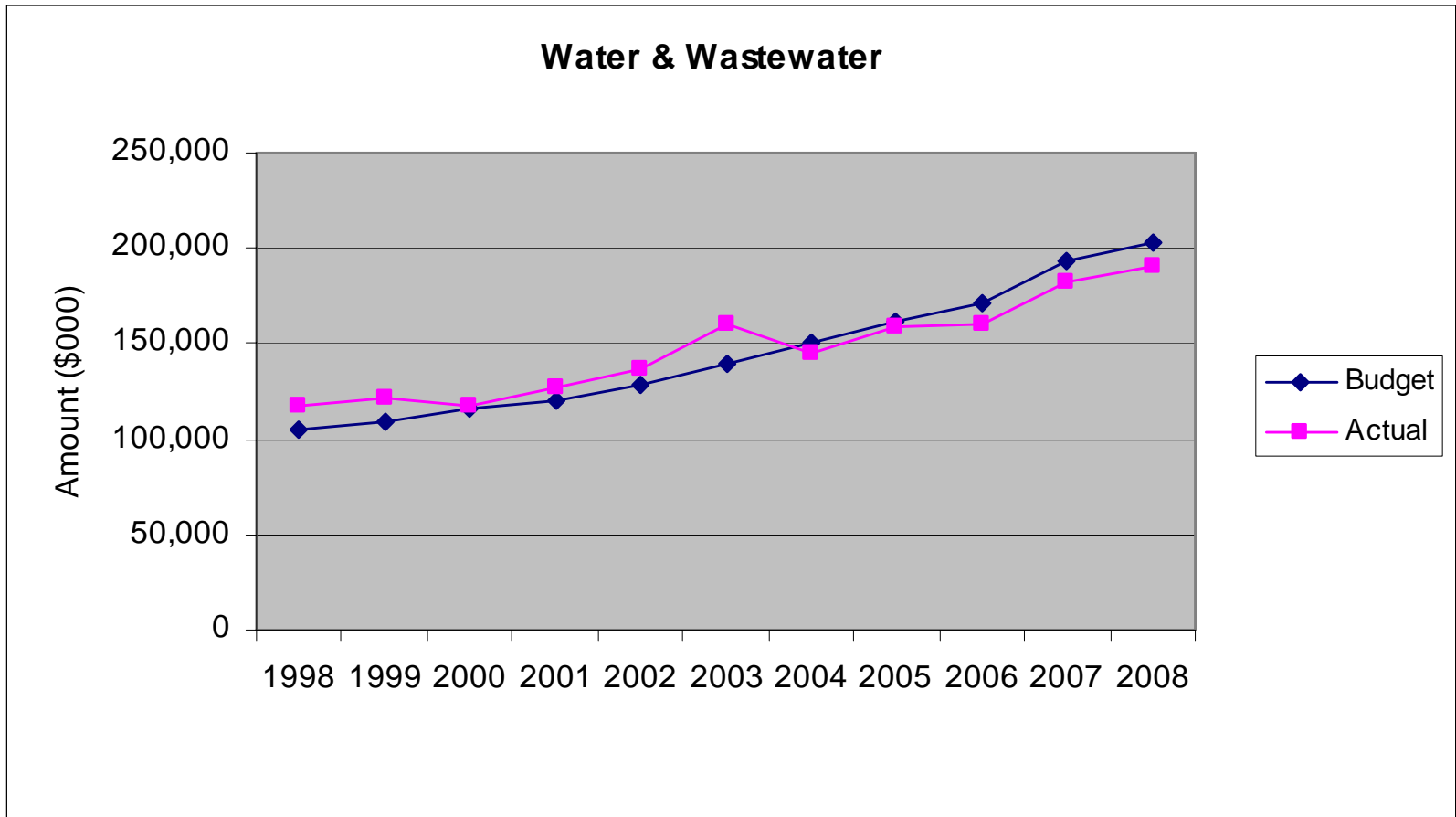


**Commercial**



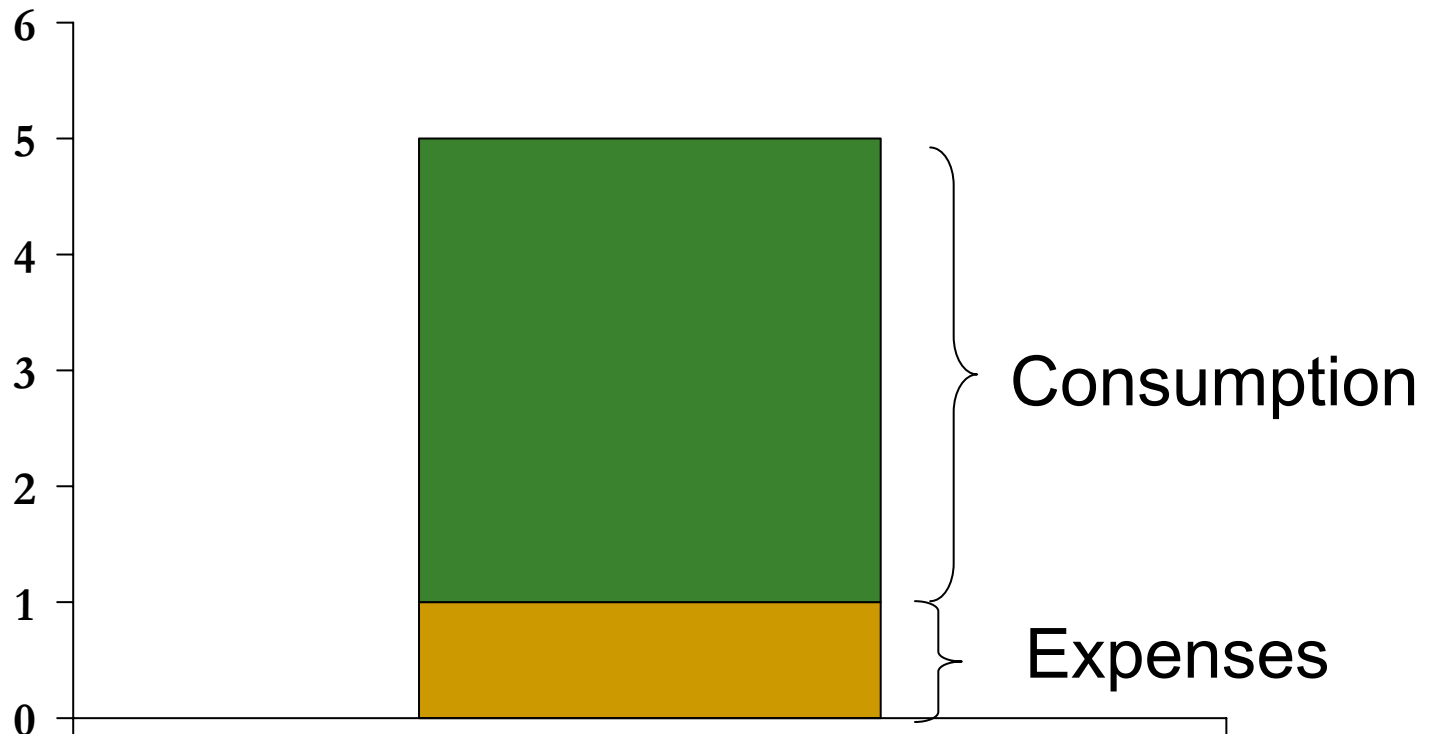
**Residential**

# Budget Versus Actual Revenue



# 2010 Utility Rate Increase

Average = 5 %



---

# Summary

- 5 % increase mainly due to consumption drop
- Despite increase Rate remains competitive for industrial users
- Weather is still risk for 2010
- 1 Year suspension of increase in capital reserve contributions
- Rate structure under review

---

# 2010 Capital Plan

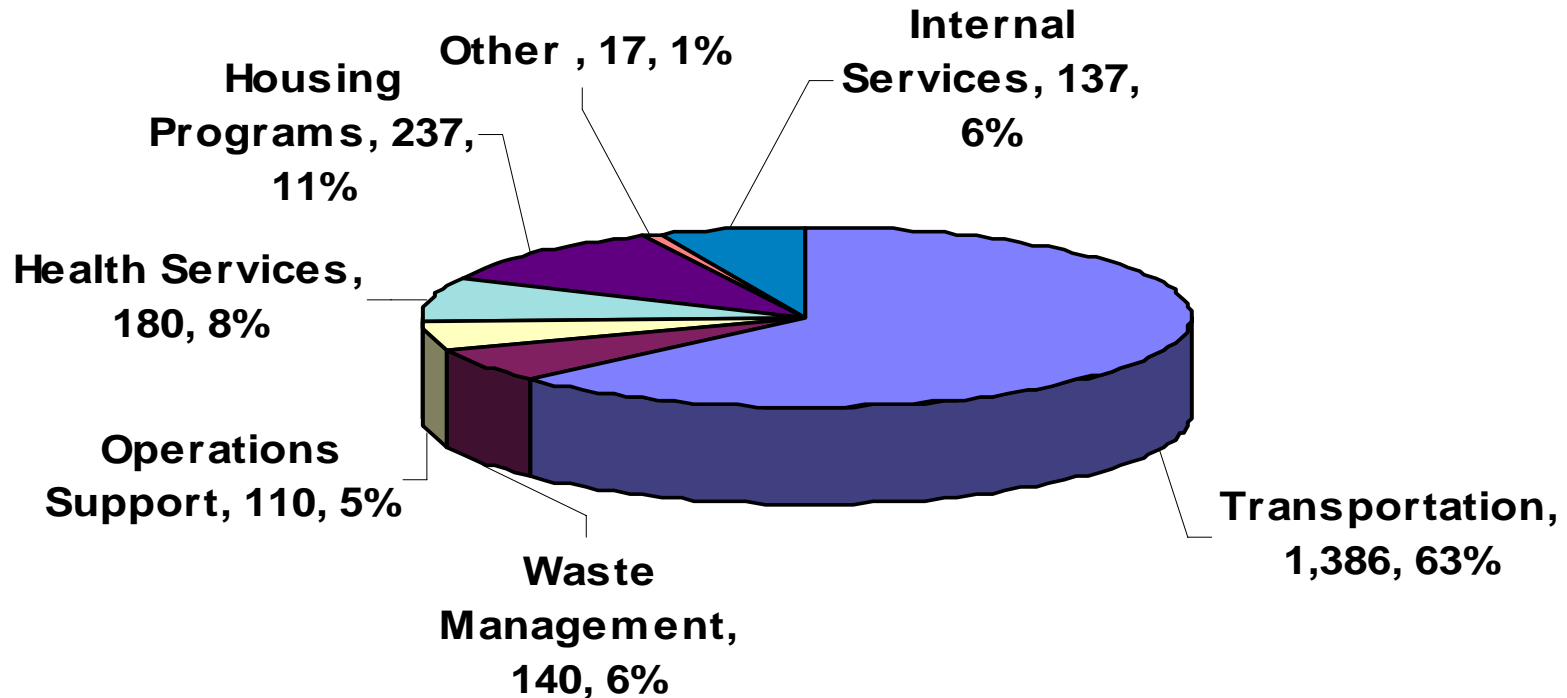
---

# Approach to Review of New Capital

- Largest components are Transportation, Water and Wastewater
- Primary focus will be completing works already approved and in process
- Completion of stimulus projects will continue to be high priority
- Projects whose start dates are questionable will be deferred to later years.

# Tax Supported Region Controlled 10 Year Capital Plan by Program - \$2.2 Billion

\$ In Millions



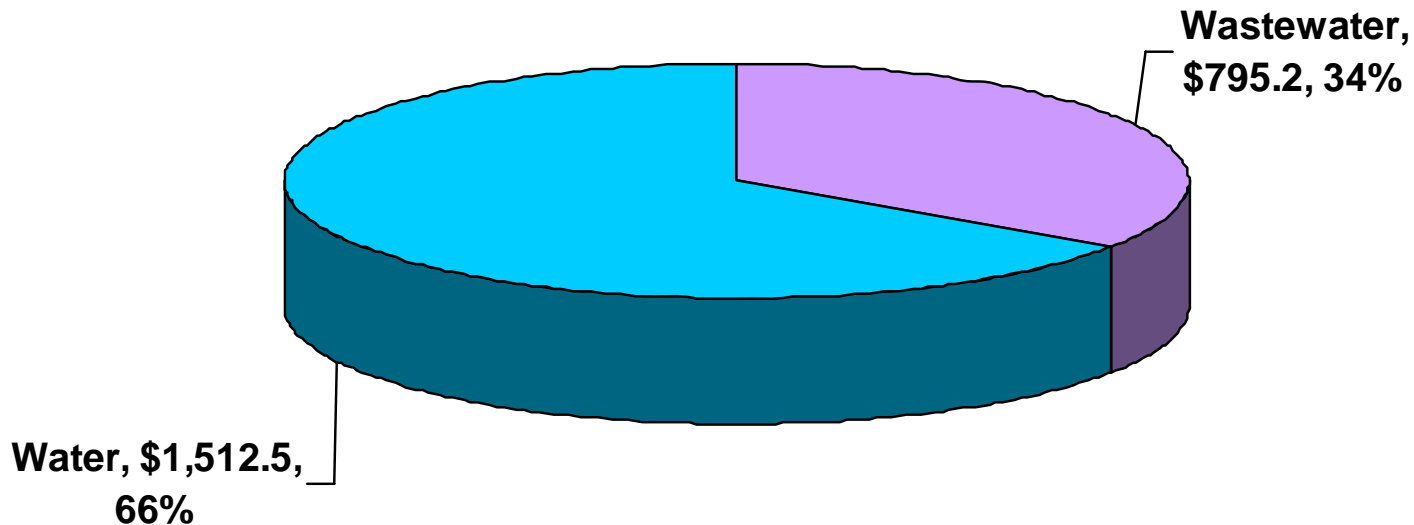
*\*\* Note: Other Category in the above chart includes Ontario Works and Children's Services*

Capital Plan Funding:

■ 43% Development Charges ■ 53% Reserves ■ 4% External

# Rate Supported Region Controlled 10 Year Capital Plan By Program - \$2.3 Billion

\$ In Millions



Capital Plan Funding:

■ 60% Development Charges ■ 27% Reserves ■ 13% External

---

# Capital Sustainability - Multi-Faceted Approach

## Non-Growth Tax -Supported:

- 2008 Budget introduced a portfolio approach to assessing sustainability of non-growth tax supported capital plan
- proposed as first step increase in reserve contributions equal to a 1% tax increase each year.

## Non-Growth Utility Supported:

- 2009 Budget introducing an increase in reserve contributions equivalent to a 3% utility rate increase to provide for future state of good repair. However, due to the Infrastructure Stimulus Funding (ISF) the 3% solution has been suspended.

---

# Capital Sustainability - Multi-Faceted Approach

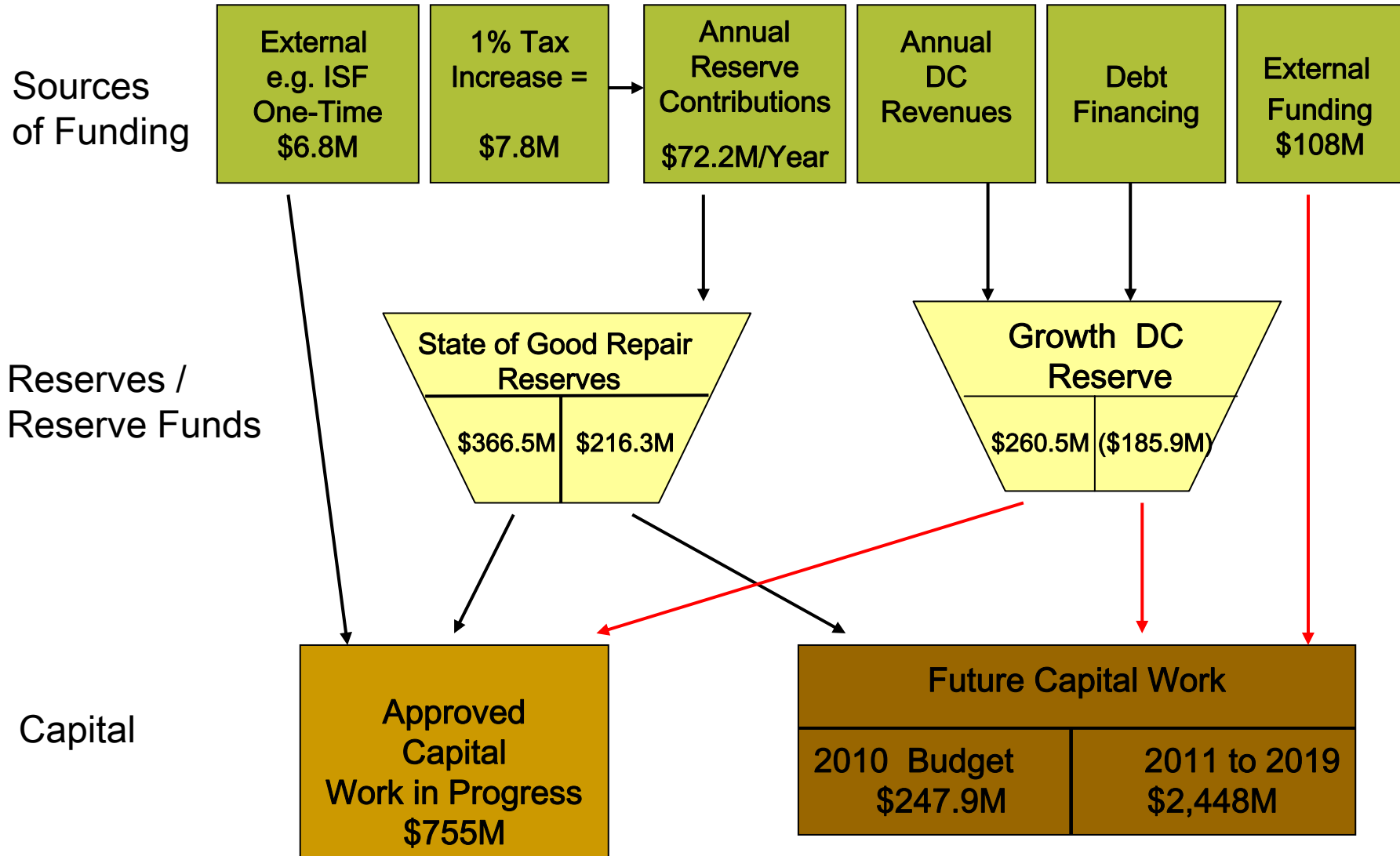
## Growth:

- Recognition that debt would be required to fund capital.

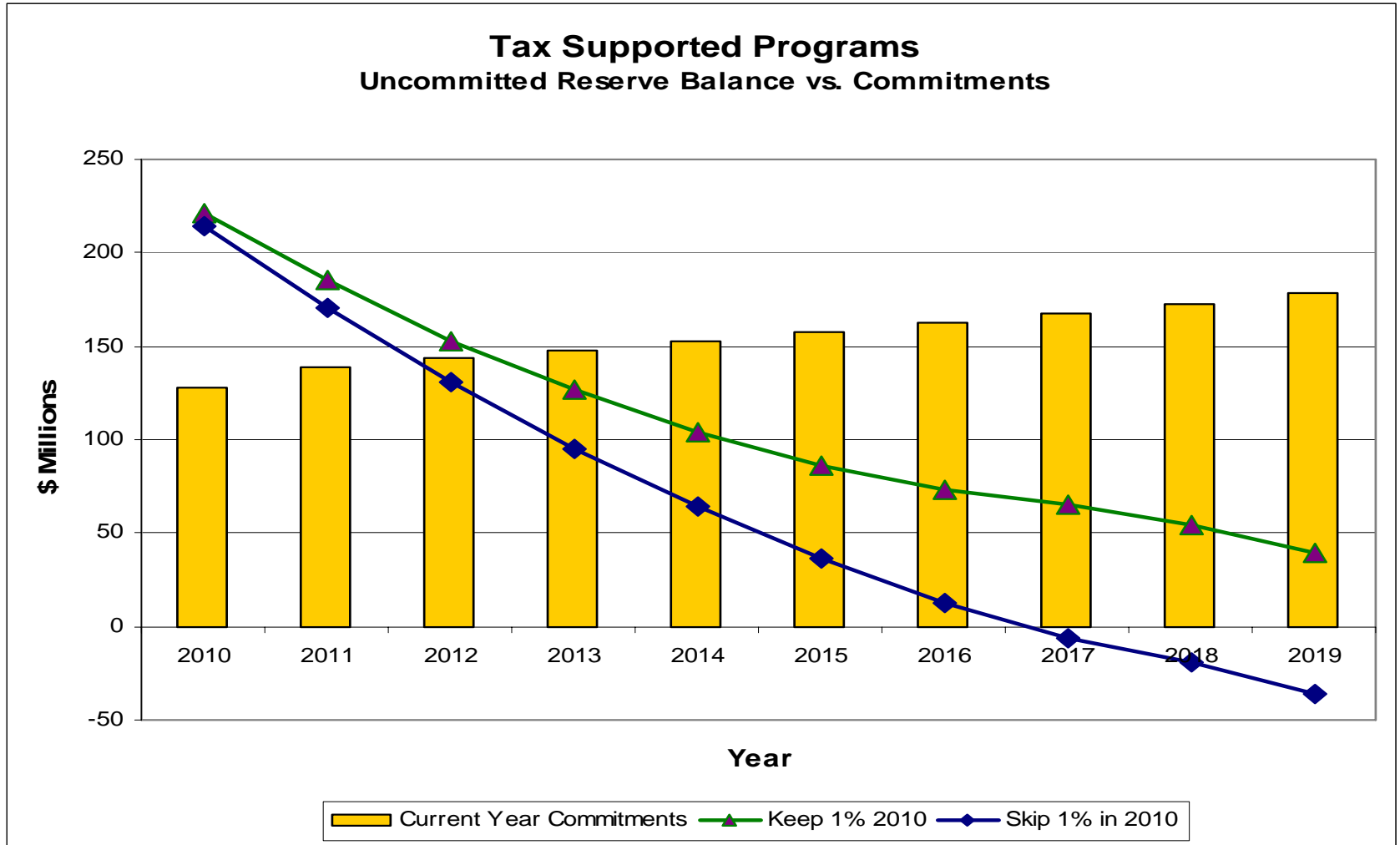
## Growth and Non-Growth:

- Recognition that a series of tactics would be required to ensure overall sustainability
- Continue to advance Corporate Asset Management Initiative

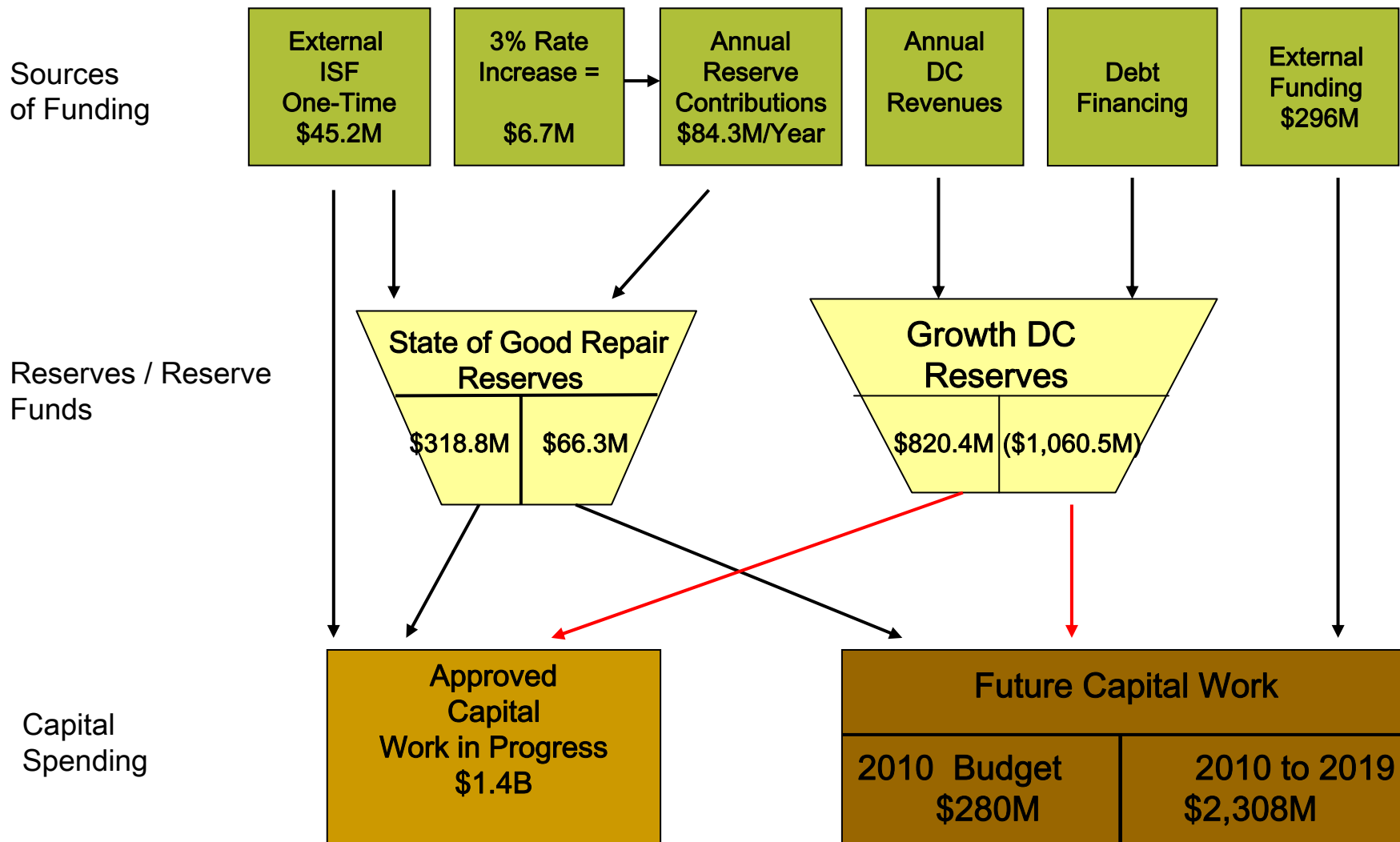
# Capital Plan - Tax Supported Programs



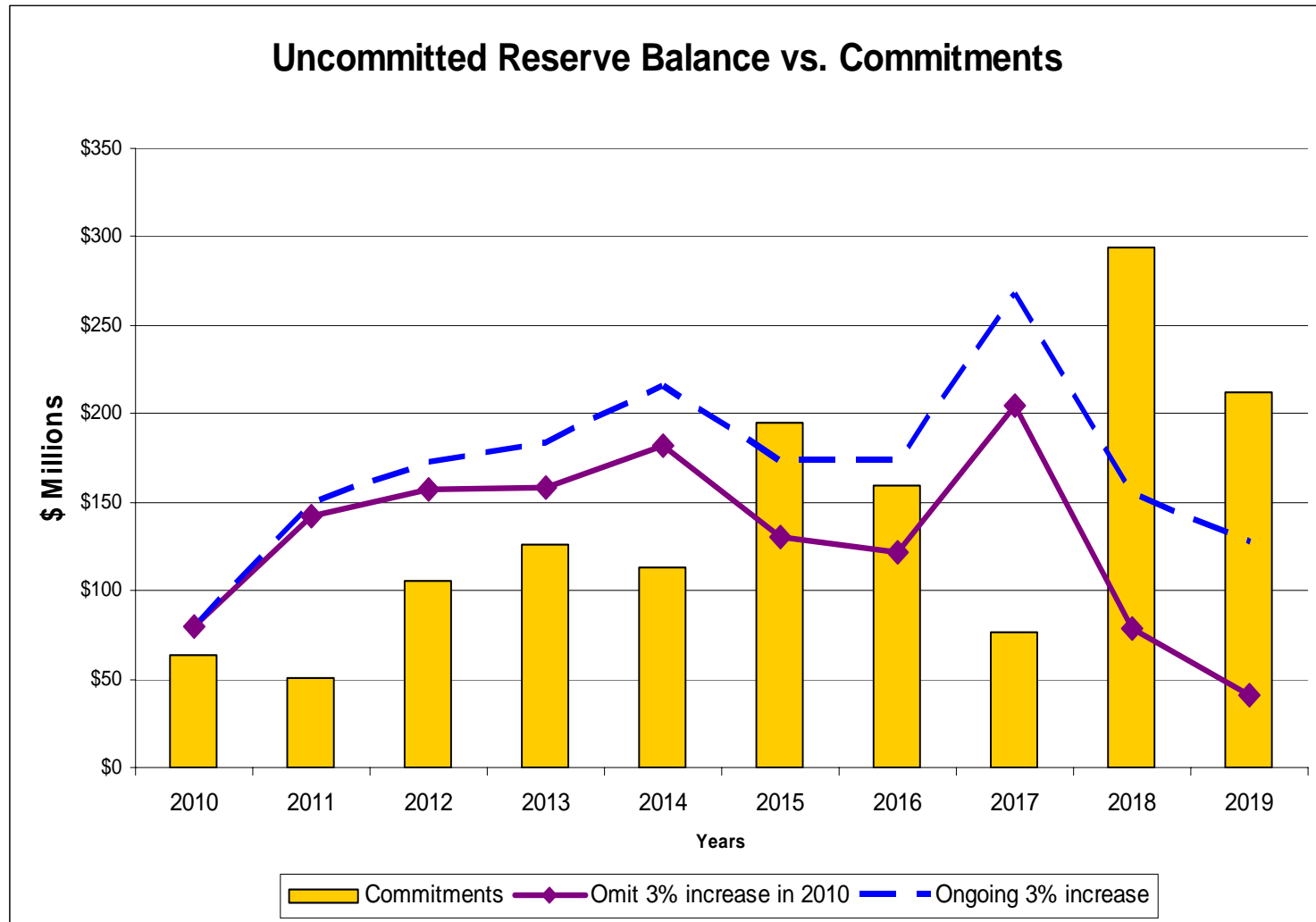
# Program to Increase Annual Reserve Contributions



# Capital Plan - Rate Supported Programs



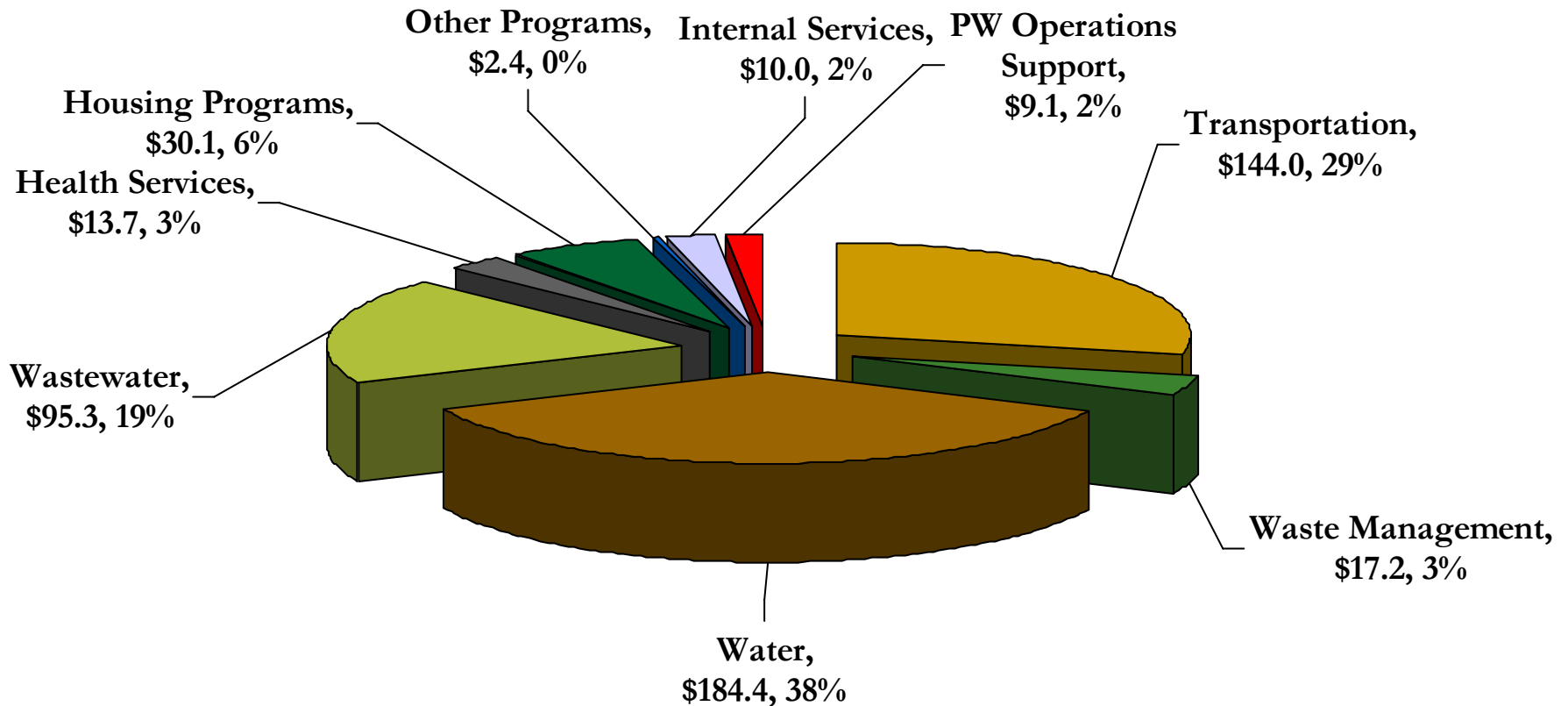
# Rate Supported Programs (3% Solution)



# 2010 Regionally Controlled Capital Budget

## \$506.2 Million

(\$ In Millions)



*\*\* Note: Other Category in the above chart includes Ontario Works and Children's Services*

### Capital Budget Funding:

■ 50% Development Charges ■ 39% Reserves ■ 11% External

---

## Proposed Tax Increase of 0.9 % Tax Provides:

- 4,200 increase in social assistance caseload
- 2,650 working poor families benefit from elimination of the parental co-payment fees
- An additional 12,775 service hours in Paramedic Services
- Increased rent geared to income (RGI) subsidy payout
- 25 families assisted by housing allowance for market tenants
- Expansion of the Neighbourhood Capacity Support program
- Peel Children and Youth Initiative (PCYI)
- 100 families and individuals supported through Regional Rent Supplement program

---

## Proposed Tax Increase of 0.9 % Tax Provides:

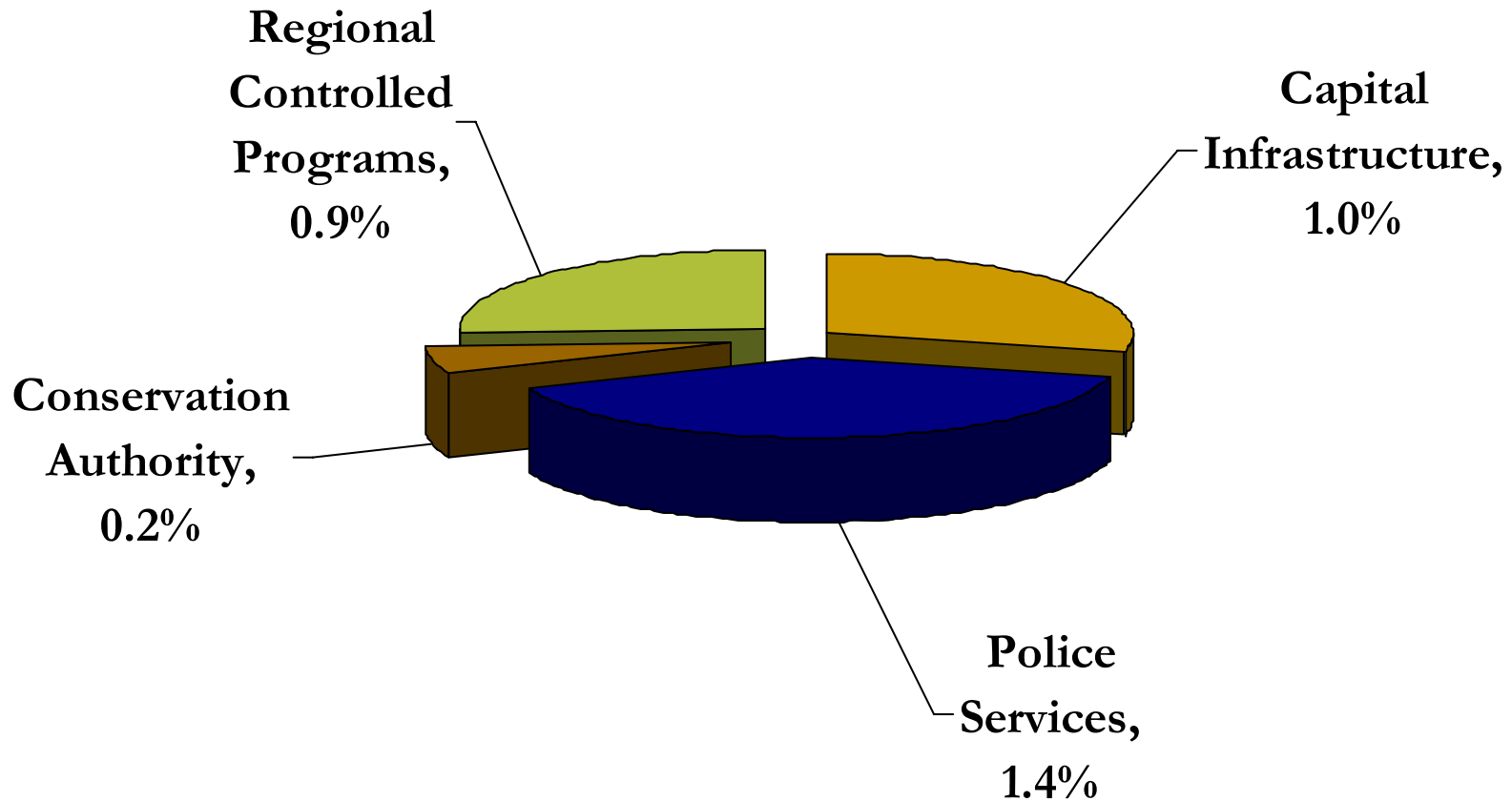
- 142 residents served at redeveloped Sheridan Villa
- 7,700 children will receive urgent dental treatment
- To be compliant with provincially legislated mandated public health services
- 1,000 seniors to receive urgent dental treatment
- 33,000 additional accessible transportation services

---

## Proposed Tax Increase of 1.0 % Tax Provides:

- In 2008 Council – Capital Sustainability Plan to raise over \$400M
- Increase in capital reserves equivalent to 1% tax increase or \$7.8M

# 3.5% Tax Rate Increase - Summary



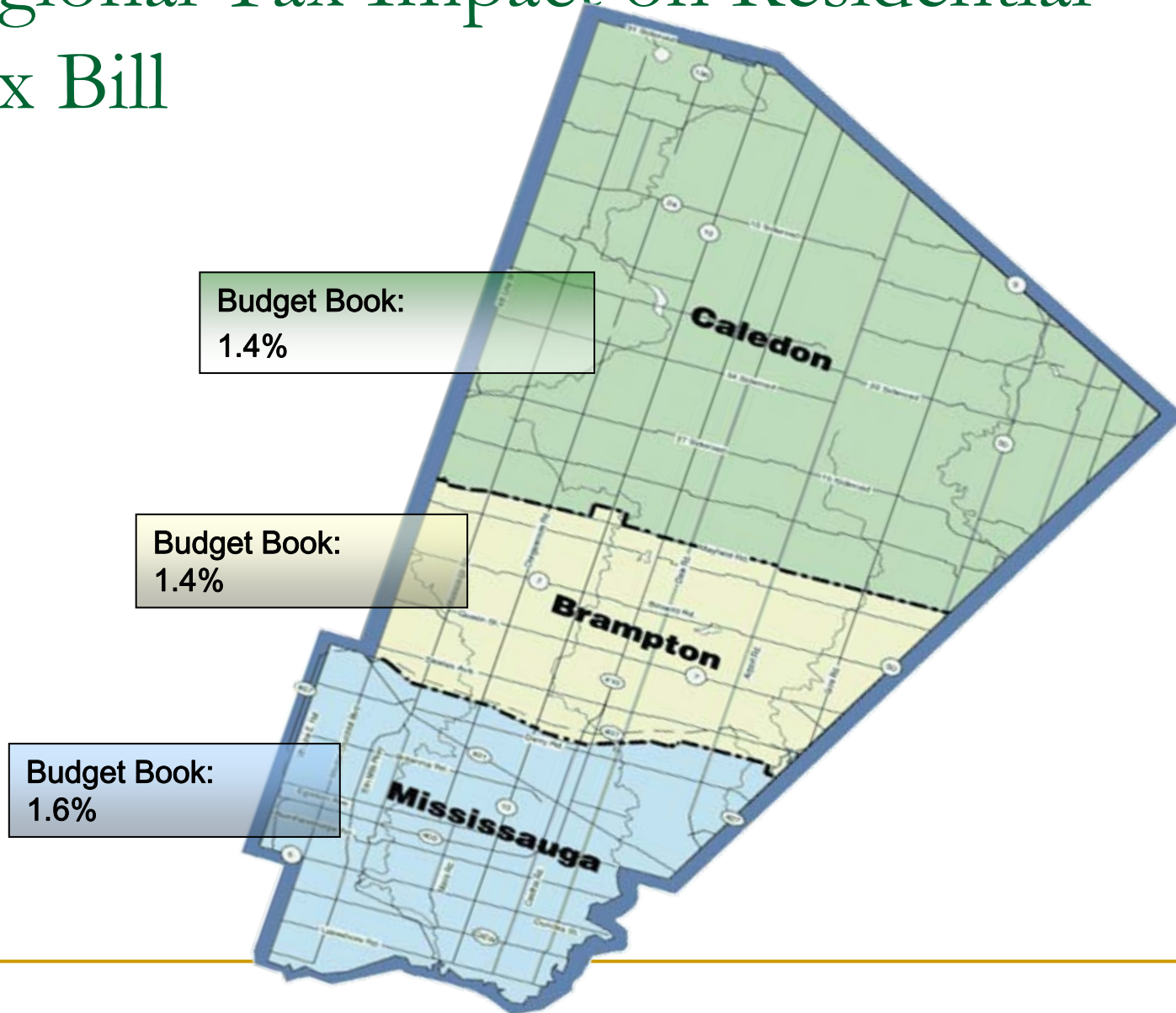
Annual Increase of \$57 per average household

# Budget Book Recommendation

## Financial Impact on Residents

<b>Regionally Supported Programs</b>	<b>Tax/Rate Impact</b>	<b>Residential Impact *</b>
Operating	0.9%	
Capital	1.0%	
	<b>1.9%</b>	
<b>External Organizations</b>	<b>1.6%</b>	
<b>Total Tax Increase</b>	<b>3.5%</b>	<b>\$ 57</b>
<b>Utility Rate Increase (Average)</b>	<b>5.0%</b>	<b>\$ 21</b>
		<b>\$ 78</b>

# Regional Tax Impact on Residential Tax Bill



---

# 2010 Budget – Financing Options to Mitigate the Tax Rate Increase

- ❑ Phasing in cost of eliminating child care co-payment fees for low income families
- ❑ Capital infrastructure reserve sustainability options
- ❑ Depending on options selected the Regionally Controlled Programs tax impact can be reduced by up to 1.5%

---

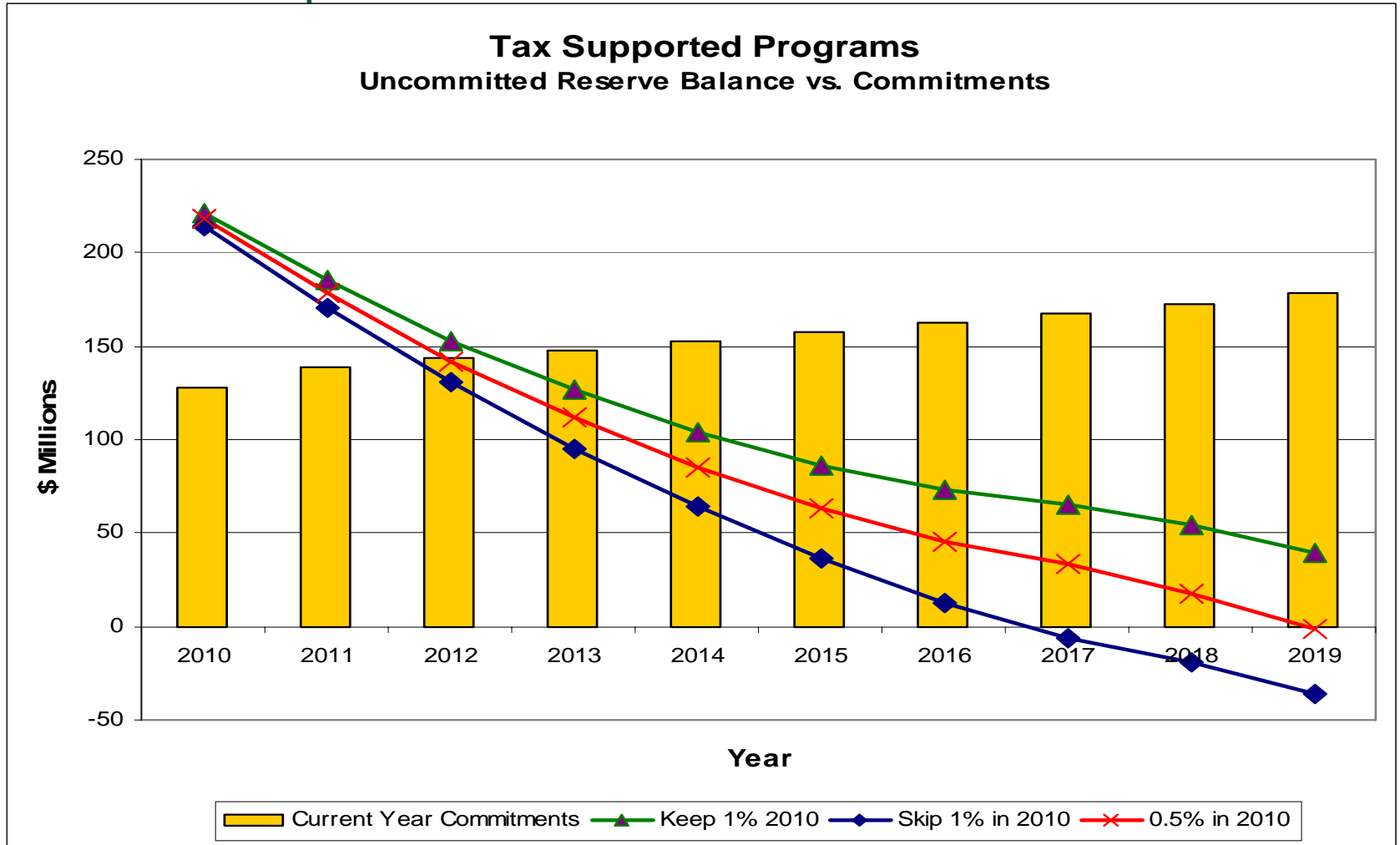
# Reduction Options - Operating

Phase-in financial impact of elimination of Child Care Co-Payment - \$6.5M

Year 1 cost	\$2.6M
Year 2 cost	\$3.9M
<b>Tax Impact</b>	<u>(0.5%)</u>

# Program to Increase Annual Reserve Contributions

## Deferral Options



---

# Next Steps

## Council direction on next steps with Budget discussions

- Propose that December 10<sup>th</sup>, 2009 Budget meeting be used to review Conservation Authority & OPP Budgets
- Propose that December 17<sup>th</sup>, 2009 Budget meeting be used to review Peel Regional Police Budget
- GC and RC in January 2010 departmental presentations