

THE REGIONAL MUNICIPALITY OF YORK

**REPORT NO. 2 OF THE
CHIEF ADMINISTRATIVE OFFICER AND THE
COMMISSIONER OF FINANCE**

**For Consideration by
The Council of The Regional Municipality of York
on April 24, 2008**

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2008 BUSINESS PLAN AND BUDGET

1. RECOMMENDATIONS

It is recommended that:

1. The 2008 Operating Business Plan and Budget, with total gross expenditures of \$1,279,256,000 and property tax supported expenditures of \$701,351,000 be approved with the following funding sources:

Tax Levy	\$ 701,351,000
Subsidies, Grants, Reserve Funds, Other Revenues	340,537,000
Water/Wastewater Rate	<u>237,368,000</u>
Total Gross Operating Budget	<u>\$1,279,256,000</u>

2. PURPOSE

The purpose of this report is to provide Council a summary of the 2008 Operating Business Plan and Budget process and to present the 2008 Operating Business Plan and Budget, as recommended by the Finance and Administration Committee on April 17, 2008, for consideration and adoption.

3. BACKGROUND

Key milestones in the 2008 Regional Business Plan and Budget process

The 2008 Business Planning process began in September 2007 when staff submitted the draft departmental budgets to Finance staff for consolidation and review. Reviews by the Treasurer and CAO took place throughout October. Standing Committees received presentations on the 2008 Capital budget in November, with final approval by Council on December 15, 2007.

The 2008 Operating Budget was tabled with Council on January 24, 2008. Standing Committee reviews took place throughout February. On February 29, 2008, the Region received notification of additional funding to be used for public transit. On March 27, 2008, Council deferred the approval of the 2008 Operating Budget and instructed staff to consider additional initiatives.

In April, Standing Committees considered additional initiatives for inclusion in the 2008 Operating Budget. On April 17, 2008 Finance and Administration Committee considered the consolidated list of additional initiatives and the impact on the 2008 Operating Budget.

Table 1 summarizes the key milestones in the development of the 2008 Operating Business Plan and Budget.

Table 1
Summary of Key Milestones

Date	Details	Net Impact \$000s	Tax Levy Increase
Jan. 24, 2008	Net Tax Levy Tabled with Council	701,564	4.0 %
Mar. 6, 2008	Finance & Administration reductions	(148.9)	3.95 %
Apr.17, 2008	Provincial Gas Tax Funding	(5,300)	3.15 %
Apr.17,2008	Additional Initiatives	5,237	3.94 %
Apr.24,2008	Tabled with Council	701,351	3.94 %

4. ANALYSIS AND OPTIONS

2008 Net Operating Budget results in a property tax increase of approximately \$72 per average household

The property tax levy to support the 2008 Net Operating Budget is \$701,351,000. This represents an increase, before assessment growth, of 6.7% over 2007. Assessment growth of 2.8% reduces the impact on the tax rate to a 3.9% increase in 2008. This

would result in a property tax increase of approximately \$72 per average York Region household assessed at \$371,000.

Budget results in a Net Increase of \$25.9 Million

The overall 2008 budget increases, are detailed in Table 2 below.

Table 2
2008 Budget Increases

	Net Increase \$ million	% Tax Increase
Base	\$28.8	4.3%
Growth	\$ 5.5	0.8%
Net Budget	\$34.3	5.1%
Assessment Growth	\$ (18.4)	(2.8)%
Increase before Enhancements	\$15.9	2.4%
Enhancements	\$23.3	3.6%
GTA Pooling	\$(13.3)	(2.0)%
Net Increase	\$25.9	3.9%

The base increase represents the cost pressures required to maintain 2007 service levels in 2008 and to fund prior year commitments and non-discretionary costs imposed by others. Assessment Growth from new properties is \$18.4 million in 2008, and has an impact of reducing the net tax levy requirement by 2.8%.

Growth pressures result from extending current service to a larger population. It is estimated that the Region's population will reach 1 million in 2008. The overall net increase before enhancements are considered is \$15.9 million, representing an additional 2.4% in tax levy requirement.

Enhancements of services and new initiatives result in a net tax levy increase of \$23.3 million. The reduction in GTA Pooling expenses reduces the requirement by \$13.3 million.

The net tax levy increase for 2008 is \$25.9, after assessment growth. Attachment 1 details the major drivers of the 2008 Operating budget.

Water and Wastewater

The 2008 Water and Wastewater user rates, consistent with those approved following the Hemson Study, were approved by Regional Council at their meeting of December 15, 2007. Effective April 1, 2008, the water rate is 52.39 cents per cubic metre and the wastewater rate is 59.36 cents per cubic metre.

As a result of increasing costs associated with provincial standards compliance, construction contracts and tender awards, staff will review the impact of these cost increases in 2008, taking these and any other related factors into consideration and recommend proposed Water and Wastewater rates for 2009 and future year budgets.

5. FINANCIAL IMPLICATIONS

2008 Net Operating Budget

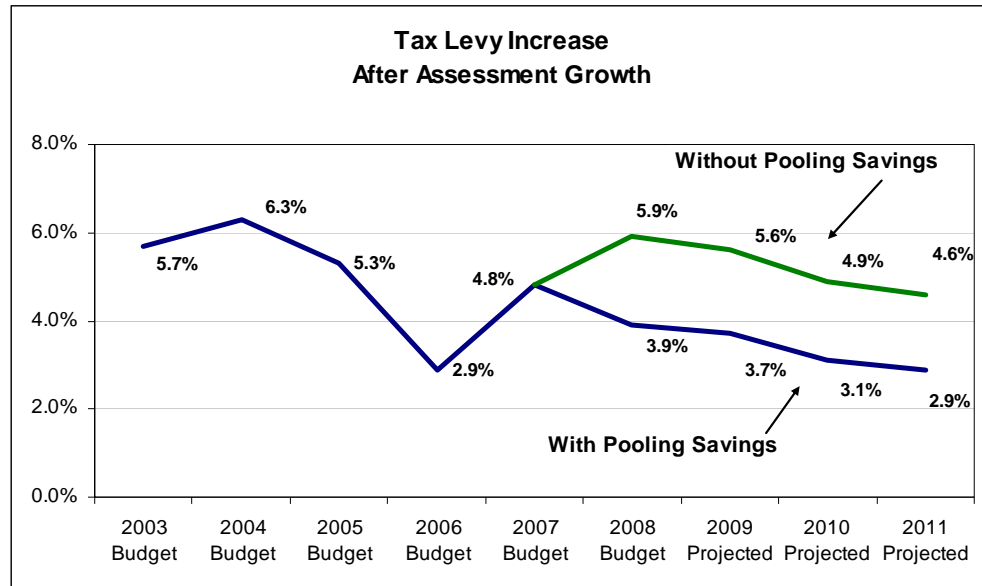
The gross Operating Budget includes all operations, together with the Water and Wastewater budget. The Water and Wastewater budget is entirely funded through user rates and does not affect the tax levy. The recommended net tax levy increase, after assessment growth, is 3.9% for 2008.

Regional Staff Complement

The proposed 2008 permanent full-time and part-time staff complement of 2,552 full time equivalents (FTEs) supports the various Regional programs and services. Further, casual and temporary staff is utilized to deliver programs and services. In addition, York Regional Police employs 1,838 FTEs to support their operations.

Preliminary Outlook for 2009 – 2011

As part of the annual budget process, the Region takes a multi-year perspective to ensure that strategic plans consider the impact of future trends and pressures. These estimates reflect base and annualization cost increases as well as growth and enhancement requests. These projections are based on conditions that existed in late 2007 and could be impacted by changes in economic conditions.



On the revenue side, assessment growth is anticipated to slow somewhat. For 2009, 2010, and 2011 assessment growth is expected to be 2.8%, 2.5% and 2.4% respectively, down from 3.3% and 2.8% in 2007 and 2008 respectively.

6. LOCAL MUNICIPAL IMPACT

The Region provides essential services to the residents and businesses in York Region. The 2008 operating budget endeavours to address the challenge to meet growing demands for service at a reasonable tax levy requirement.

7. CONCLUSION

The proposed 2008 York Region Operating Budget is \$1,279,256,000 with total tax levy of \$701,351,000. This will result in a 3.9% increase in the net regional tax rate.

For more information on this report, please contact Kelly Fenchak, Manager, Business Planning & Performance Measurement at Ext. 1680 or Kelly Strueby, Director, Business Planning & Budgets at Ext. 1611.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)

(Report No. 2 of the Chief Administrative Officer and the Commissioner of Finance was adopted, without amendment by Regional Council at its meeting on April 24, 2008.)

Respectfully submitted,

**April 18, 2008
Newmarket, Ontario**

**B. Macgregor
Chief Administrative Officer**

**Lloyd Russell
Commissioner of Finance**