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2009 OPERATING BUDGET

(Regional Council at its meeting on February 19, 2009 was adopted as follows:

that the Region's staff complement be reduced by 30 FTE's from current vacancies or proposed new positions that are tax-rate supported and do not affect public safety, and that the savings be applied to reducing the 2009 tax levy.)

The Finance and Administration Committee recommends:

1. receipt of the depositions from:
 - a) Hilary Van Welter, Chair, Windfall Ecology Centre, January 27, 2009, regarding the Behind the Lens project;
 - b) Jane Wedlock, Executive Director- Community Strategist, York Region Alliance to End Homelessness; and
 - c) Joan Stonehocker, Executive Director, York Region Food Network;
2. receipt of the presentation from Lloyd Russell, Commissioner of Finance and Kelly Strueby, Director, Business Planning and Budget;
3. referral of the request from Hilary Van Welter for funding of up to \$5,000 for the Behind the Lens project to staff; and
4. adoption of the recommendations contained in the following report dated January 21, 2009, from the Commissioner of Finance and the Chief Administrative Officer, subject to the following additional recommendations:
 3. Council add 0.2% to the proposed 2009 Operating Budget as a reserve fund for social services and social housing pending the results of further reports from the Commissioner of Community and Health Services, resulting in a 2009 tax levy increase of 2.5%;
 4. Council consider the above recommendations together with the recommendations contained within:
 - Clause 2 of this Report (Hospital Capital Funding in the 2009 Operating Budget); and
 - Clause 1 of Report No. 2 of the Health and Emergency Medical Services Committee (Optimizing Services Delivery – 2009 Paramedic Growth Request); and

5. The Commissioner of Finance provide information relating to the amount of the 2008 operating surplus to Council at its meeting of February 19, 2009.

1. RECOMMENDATIONS

It is recommended that:

1. Committee recommend to Council the 2009 Operating Business Plan and Budget with total gross expenditures of \$1,348,161,000 with the following funding sources:

Tax Levy	\$ 737,455,000
Subsidies, Grants, Reserve Funds, Other Revenues	355,074,000
Water/Wastewater Rate	<u>255,632,000</u>
Total Gross Operating Budget	<u>\$1,348,161,000</u>

2. The Commissioner of Finance be authorized to make any necessary adjustments, within the total approved budget, to reflect organizational changes, adjustments and any other re-allocation of costs.

2. PURPOSE

The purpose of this report is to provide a summary of the progress to date on the 2009 Operating Budget and any items remaining for Committee consideration.

3. BACKGROUND

The 2009 Operating Budget was tabled at Regional Council on December 18, 2008. In January, Standing Committees reviewed the departmental budget proposals and made recommendations to the Finance and Administration Committee.

Standing Committees have reviewed departmental operating budget proposals

The following table reflects the results of 2009 Operating Budget reviews by Standing Committees and the corresponding follow-up action, if any.

Table 1
Outcome of Standing Committee Budget Reviews

Standing Committee	Outcome	Follow-up Action
Transportation & Works (Roads)	Recommended as submitted	None
Planning & Economic Development	Recommended as submitted	None
Corporate Services & Courts Finance & Administration	Recommended as submitted	None
Finance, Information Technology, CAO, Chair, Non-Program and Financial Items	Recommended as submitted	a) MPAC payments be reduced by \$217,000 b) Consideration be given to reducing Capital Asset Replacement Reserve by \$3.7 million (revised to \$4.7 million Council, February 19 th) and that \$12 million be allocated to hospital funding and the Hospital funding matter be forwarded to a Special Council meeting on Jan. 29, 2009 for further discussion
York Regional Police	a) Communication from the Police Services Board be received b) the Police Services Operating Budget be forwarded to Council for approval	None
Conservation Authorities	Recommended as submitted	None
Health & EMS (Public Health, Long Term Care and Emergency Medical Services)	Recommended as submitted	Commissioner to report back to Committee on Feb. 5, 2009 regarding options for allocation of additional funding
Solid Waste	Recommended as submitted	None
Community Services and Housing (Employment & Financial Support, Housing Services and Family & Children's Services)	Recommended as submitted	None
Transit & Rapid Transit	Recommended as submitted	None

Additional Provincial funding available for EMS

In December 2008, the Ministry of Health and Long Term Care announced a 2009 planned grant increase for York Region land ambulance of up to \$2,423,701. This amount is \$1,578,000 higher than the amount of funding included in the proposed 2009 Operating Budget. Due to the timing of the announcement and the timing of the Operating Budget being tabled at Regional Council, the additional funding was not included in the proposed budget presented to Health & EMS committee on January 8, 2009.

Health & EMS committee was presented with the option to increase staffing by an additional 6 paramedics at a cost of \$658,000 and will be considering that issue at their February meeting. The remaining \$920,000 would reduce the net tax levy request for EMS, resulting in a reduction in the Regional net tax levy requirement of 0.1%.

2009 Proposed Operating Budget results in a net tax levy increase of 2.3%, after assessment growth

Based on Standing Committee Recommendations and the additional \$920,000 in Provincial Funding for EMS, the 2009 tax levy increase would be 2.3%, after assessment growth, with a net expenditure budget of \$737,455,000, as detailed in Attachment 1.

Hospital Capital funding to be discussed on January 29, 2009 at a Council Workshop

A Council Workshop is set for January 29, 2009 to discuss the Region's funding of York Region hospitals.

The hospitals have been receiving approximately \$7.3 million per year in funding from the Region since 2001. The existing funding arrangement with the hospitals committed to 2009 funding of \$4.0 million. In the proposed 2009 Operating Budget, \$7.3 million was included for hospital capital funding.

At Finance & Administration committee on January 8, 2009, the recommendation was proposed to reduce the amount of capital asset replacement contributions by \$3.7 million and increase the amount of hospital capital funding to \$12 million. This recommendation was amended by Regional Council on January 23, 2009 to reduce the capital asset replacement contributions by \$4.7 million (instead of \$3.7 million) with the proposed increase in hospital capital funding remaining at \$12 million. This recommendation has been referred to the Council Workshop on January 29, 2009 for further consideration. Details of the results of that workshop will be brought forward to the Committee meeting on February 5, 2009.

4. ANALYSIS AND OPTIONS

Finance and Administration Committee receives the 2009 Consolidated Operating Budget

Each Standing Committee has received departmental budget proposals for consideration. The recommendation from each Standing Committee was forwarded to Finance and Administration Committee for consolidation and consideration.

Finance and Administration Committee will consider the consolidated Operating Budget and forward its recommendation to Council for adoption.

A summary of the overall budget increases is outlined in Attachment 1. A summary of budget drivers by base, growth and enhancements is shown in Attachment 2.

2009 Net Operating Budget results in a property tax increase of approximately \$45 for a \$400,000 property

The property tax levy to support the proposed 2009 Net Operating Budget is \$737,455,000. This represents an increase, before assessment growth, of 5.1% over 2008. Assessment growth of 2.8% reduces the impact on the tax rate to a 2.3% increase in 2009. This would result in a property tax increase of approximately \$45 for a York Region home with a property value of \$400,000.

5. FINANCIAL IMPLICATIONS

2009 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 2.3% for 2009.

Regional Staff Complement

The proposed 2009 permanent full-time and part-time staff complement of 2,651.5 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 1,911 FTEs to support their operations.

The 2009 budget includes additional staffing resources of 159.7 FTEs, including 52 York Regional Police FTEs. Many FTEs receive funding from sources other than tax levy, including Provincial & Federal subsidies, fee for service, water and wastewater rates and

recovery from Capital. As indicated in Table 2, of the 107.7 Regional FTEs, 45.8 are fully funded from additional tax levy.

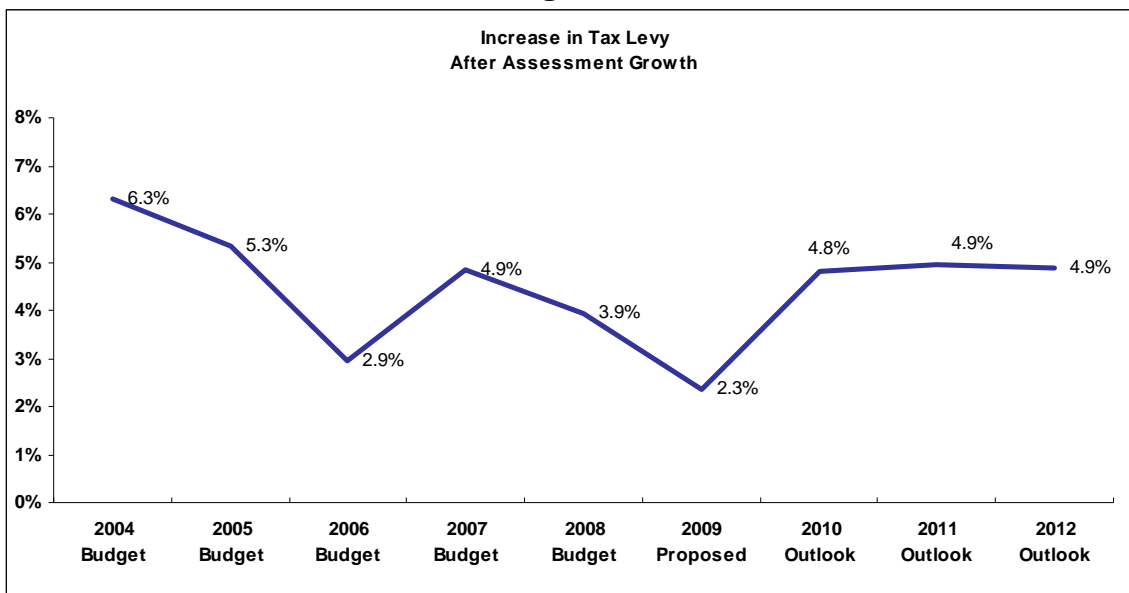
Table 2
2009 Additional FTEs

	New FTEs
Fully Funded by other sources	49.4
Partially Funded by other sources	12.5
100% Incremental Tax Levy Funded	<u>45.8</u>
Total new Regional FTEs	107.7
York Regional Police	<u>52.0</u>
Total new FTEs	159.7

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. The preliminary outlook for tax levy requirements is shown in Figure 1 below. These estimates reflect base and annualization cost increases as well as preliminary growth and enhancement requests as submitted by all departments. These projections are based on conditions that existed in late 2008 and could be impacted by changes in economic conditions. The timing of capital project construction can also impact the forecasts for those projects that are debt financed.

Figure 1



6. LOCAL MUNICIPAL IMPACT

The Region provides essential services to the residents and businesses in all area municipalities within York Region. The 2009 Operating Budget endeavours to address the challenge to meet growing demands for service at a reasonable tax levy requirement.

7. CONCLUSION

The information outlined in this report is provided to assist Committee members with considering the 2009 consolidated Regional Operating Budget. Upon completion of Committee's review, this report along with Committee's recommendations will be submitted to Regional Council on February 19, 2009 for consideration and adoption.

The proposed 2009 York Region Gross Operating Budget is \$1,348,161,000 with net expenditures of \$737,455,000. This will result in a 2.3% increase in the levy requirement after assessment growth.

For more information on this report, please contact Kelly Strueby at Ext. 1611 or Kelly Fenchak at Ext. 1680.

(The attachment referred to in this clause was included in the agenda for the February 5, 2009 meeting.)