

# Manager's Reports

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# Request for Recommendation Finance Committee





Type of Decision										
Meeting Date	September 22, 2003				Report Date	September 19, 2003				
Decision Requested		Yes	<input checked="" type="checkbox"/>	No	Priority	<input checked="" type="checkbox"/>	High		Low	
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed	

Report Title
2004 Budget Process

Policy Implication + Budget Impact	
<input type="checkbox"/>	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
N/A	
<input checked="" type="checkbox"/>	Background Attached

Recommendation	
FOR INFORMATION ONLY	
<input type="checkbox"/>	Recommendation Continued

Recommended by the General Manager
 D. Wukshic General Manager of Corporate Services

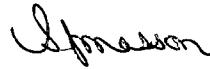
Recommended by the C.A.O.
 M. Mieto Chief Administrative Officer

**Report Prepared By**



E. Stankiewicz  
Co-Ordinator of Current Budget

**Division Review**



S. Jonasson  
Director of Finance/City Treasurer

**BACKGROUND**

This report will outline the process to be followed for the 2004 Current and Capital Budgets, provide a budget schedule for 2004 and highlight budget pressures Council will face for 2004.

Based on general feedback received from Councillors and staff, combined with the results of the Councillors budget survey, the budget process structure has been developed. The process will both streamline the system and provide clarity regarding all requests for information. Most of the information has already been conveyed to Council in a memo dated June 6, 2003 and Finance Committee Report dated June 25, 2003.

Attached is the 2004 budget schedule providing the dates of the public input sessions, budget overview and budget review sessions. The schedule proposes that the 2004 Current Budget be approved by March 8, 2004. However, if additional meetings are required, they will be scheduled during the week of March Break (March 15 - 19, 2004).

Based on concerns that were addressed during the 2003 budget process, the following procedures were adopted:

**1. Public Input Session**

There will be two public input sessions:

- ▶ one in early January to allow groups to make requests of Council as well as comment on the budget process,
- ▶ one after the budget document is released to provide the opportunity for the public to comment on the proposed budget only.

**2. Performance Measures**

In previous years the performance measures were contained in the Executive Summary of the budget document. In future, these measures will be included in the Business Plans.

### **3. Condensed Base Budget Document and Reports**

For 2004, the base budget document will be condensed into fewer cost centres. Most of the cost centres displayed will be at the division level (ie: Human Resources will be displayed but it would include Human Resources Administration, Health and Safety and the Pensioners cost centre). This will allow Council more time to concentrate its efforts in reviewing and debating the options.

The budget document will continue to be reviewed from a paper copy, as will all subsequent reports.

Any reports requested during the budget review sessions must have the consensus of Council before staff is directed to proceed.

### **4. Schedule of Meeting Dates**

As reflected in the budget schedule, there is a minimum of one day off between meetings to allow staff adequate time to respond to Councillors' requests for information. All meetings will be scheduled to commence at 5:30 pm and end at 10:00 pm, with two fifteen (15) minute breaks. No Saturday meetings have been scheduled.

### **5. Options**

For 2004, there will be no efficiency options in the budget document. Any efficiencies identified throughout the year will be implemented and simply flagged in the budget document.

Council will be presented with a number of budget options to consider.

New options proposed during budget sessions must receive the consensus of Council before being incorporated into the budget voting package.

To avoid confusion, when budget options are split, a new option page will be generated for each increment of an originally proposed option.

In addition, options will be compiled in order of magnitude which will allow Council to allocate the appropriate amount of time to debate each option, based on the impact on the budget.

### **6. Voting and Tabulation of Votes**

Council indicated that the options in the voting package did not always provide enough detail. For 2004, a more detailed description will be provided, referencing the option and identifying the page number.

As in past years, the 1 to 10 voting scale will be used when dealing with the reduction option package. However, there will be verbiage above the numbers to assist Council in the voting process. Over the 1 - 3 area, the words "Disagree with proposal" will be displayed while over the 4 - 7 area "Neutral" will be displayed and above the 8 - 10 area, the wording "Agree with proposal" will appear.

The tabulation of the voting is a lengthy process, as all input must be verified to ensure accuracy. The results will be returned to Council in the afternoon of the day following the meeting. Staff is investigating the use of electronic voting which would speed up the process. As this point in time, it is not known whether electronic voting is a viable option.

## **OTHER ISSUES**

### **Budgetary Pressures**

Every year brings new budgetary pressures and 2004 is no different. These pressures include:

- ▶ The rising costs of crude oil
- ▶ Negotiated wage settlements
- ▶ Escalating costs of employee health benefits
- ▶ The acceleration of the Ontario Municipal Employees Retirement System (OMERS) premiums to full recovery with premiums being higher than prior to the contribution holiday
- ▶ Council approval of an additional \$2 million for the roads maintenance budget to assist in providing adequate standards
- ▶ Inflationary increases in Local Services Realignment (LSR) programs not offset by the Community Reinvestment Fund (CRF)
- ▶ The implementation of the recommendations made under the Long Term Financial Plan.

### **2004 Capital Budget Process**

The 2004 Current Budget will provide allocations for each of the Capital Envelopes in accordance with Council Policy and the Long Term Financial Plan (LTFP).

Once the recommendations from the LTFP are implemented, and priority lists are established by Council, the annual envelope allocations will be known in advance of the budget sessions. Commencing in the fall of 2004, the 2005 Capital Budget can be dealt with separately, and in advance of the Current Budget process. This will allow design work and tender documents to be completed in a timely fashion, thus allowing for an earlier start in the construction season.

The LTFP will be updated annually and presented to Council in the fall of each year. This will provide Council with a multi year forecast of both current and capital needs.

## 2004 Budget Schedule (Draft)

January To be announced	-Council Priority Review
January 5, 2004 5:30 - 10:00	-First Public Input Session
February 12, 2004 7:00	-Budget Overview -Distribution of document
February 16, 2004 5:30 - 10:00	-Review of Base Budget
February 18, 2004 5:30 - 10:00	-Review of Base Budget -review of current budget alternatives and enhancement options
February 23, 2004 5:30 - 10:00	-Second Public Input Session
*February 25, 2004 5:00 - 7:00	-Presentations from the Outside Boards
March 1, 2004 5:30 - 10:00	-review of current budget alternatives and enhancement options -voting on Current Budget alternatives -review of budget enhancement options
March 3, 2004 5:30 - 10:00	-review of voting results for current budget alternatives -review of budget enhancement options -voting on Current Budget enhancement options
March 8, 2004 5:30 - 10:00	-review of voting results for enhancements -finalization of Current Budget -review of Capital Budget options -voting on Capital Budget options
March - April 2004	-Tax Policy Review

Note: Additional meetings may be scheduled during March Break.

\* The presentations for the Outside Boards will be held prior to the Priorities Committee meeting on February 25, 2004.