

Request for Recommendation Finance Committee



Type of Decision							
Meeting Date	April 9, 2011			Report Date	April 8, 2011		
Decision Requested		Yes	X	No	Priority	X	High
	Direction Only			X	Type of Meeting	X	Open
							Closed

Report Title
2011 Budget: Next Steps

Budget Impact/Policy Implication	Recommendation
<div>X</div> <p>This report has been reviewed by the Finance Division and the funding source has been identified.</p>	<p>For Direction</p>
<div>X</div> <p>Background Attached</p>	
	<p>Recommendation Continued</p>

Recommended by the Department	Recommended by the C.A.O.
<p>Lorella Hayes Chief Financial Officer/Treasurer</p>	<p>Doug Nadorozny Chief Administrative Officer</p>

Report Prepared By	Division Review
Lorella Hayes Chief Financial Officer/Treasurer	

At the Finance Committee meeting of April 6, 2011 the following motion was approved:

“That the budget be deferred by two weeks to find savings without impacting front line workers to do their jobs effectively, efficiently or safely with a target of 2% reduction in the operating budget without affecting services.”

While the motion refers to a reduction in operating budget, staff understood that the direction of Council was to defer the budget to find savings that would bring the municipal tax levy increase to below or at inflation. According to Statistics Canada, consumer prices rose 2.4% in the 12 months to December 31, 2010.

The savings required to achieve the above motion are as follows:

Current Position	3.9%
Less:	(2.0%)
Target Municipal Tax Increase	1.9%
Savings in Dollars	\$3.9 million

It is important to keep in mind, that the City is in the fourth month of its fiscal year, and many of the budget reductions would most likely become effective in the months of May to July. Thus the annualized reductions may need to be in the range of \$4 million to \$7.8 million depending on the nature of the reductions. In addition, more time will be required to research and identify the impacts of the savings to ensure that service levels and front line workers are not impacted.

Also, the following chart illustrates the impact of a 1.9% municipal tax increase including area rating and education tax rates on a household assessed at \$200,000.

1.9% Increase	Municipal Tax Increase \$	Municipal Tax Increase %	Overall Property Tax Increase \$ (Including Education)	Overall Property Tax Increase % (Including Education)
Career/Urban	59.44	2.16	86.24	2.71
Composite/Commuter	43.86	1.71	70.66	2.35
Volunteer/Commuter	33.41	1.35	60.21	2.07
Volunteer	30.30	1.27	57.10	2.03

The following chart illustrates the impact of a 3.9% municipal tax increase including area rating and education tax rates on a household assessed at \$200,000.

3.9% Increase	Municipal Tax Increase \$	Municipal Tax Increase %	Overall Property Tax Increase \$ (Including Education)	Overall Property Tax Increase % (Including Education)
Career/Urban	112.41	4.09	139.21	4.38
Composite/Commuter	96.83	3.77	123.63	4.12
Volunteer/Commuter	86.38	3.50	113.18	3.89
Volunteer	83.27	3.50	110.07	3.91

SUMMARY:

This report has been prepared to seek direction from Council regarding next steps to finalize the budget.