

CITY OF BRAMPTON

2012 Budget Presentation

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CORPORATE OVERVIEW

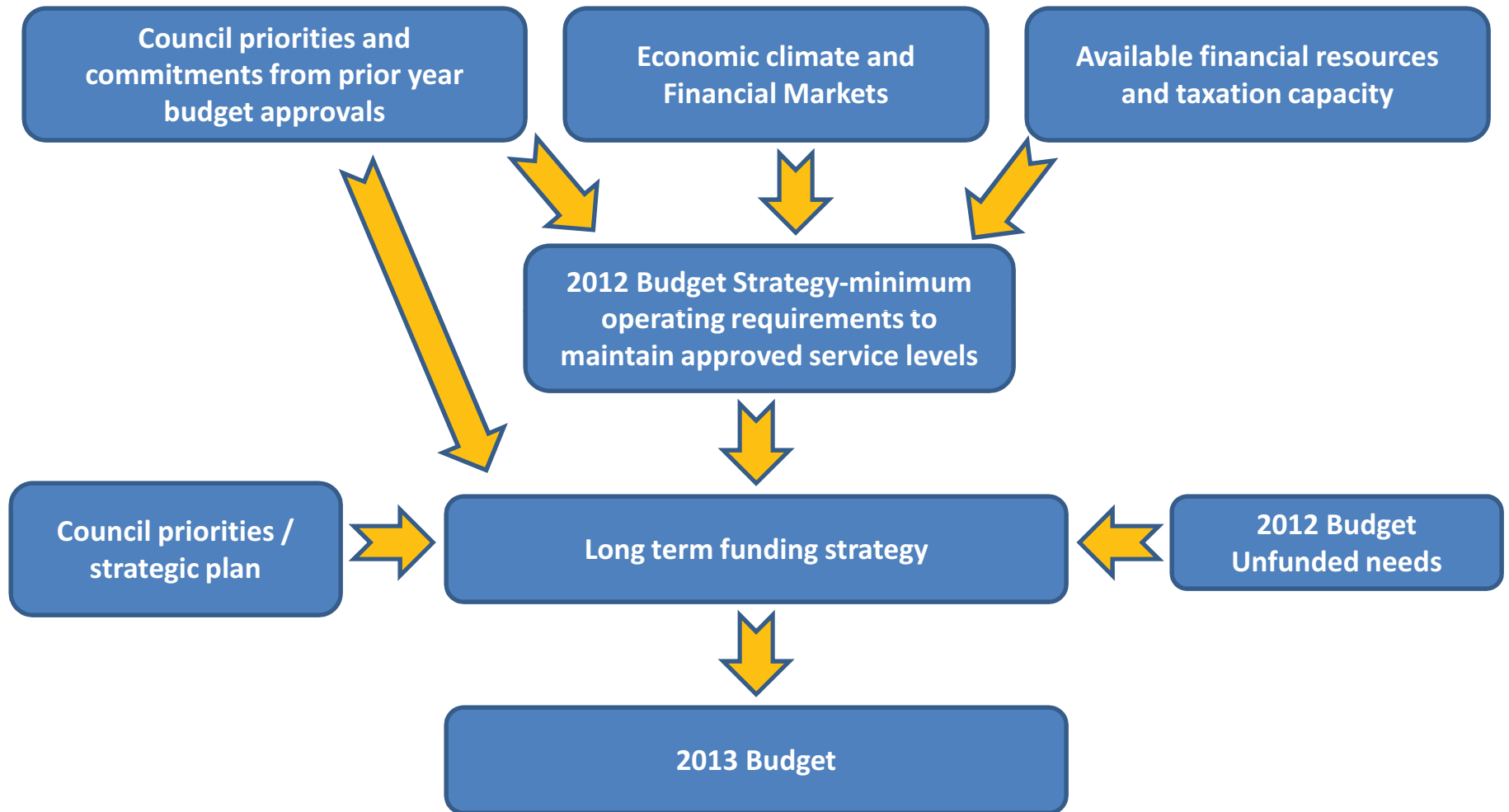
2011 RECAP

- Decisions to insulate taxpayers
 - Focus on core services
 - Infrastructure to facilitate managed growth
 - Leveraged federal/provincial stimulus funding
 - Staff additions limited to 10 for all departments and 72 for Transit
 - No merit for Non Union staff
 - Judicious use of reserves

2011 RECAP

- 2011 Budget increase approved at 4.1%
(1.6% increase on total tax bill)
- Results driven by:
 - Improved investment income, tax related revenues, transit revenues and administrative fees from subdivisions
 - Uncontrollable costs such as winter control and fuel exceeded amounts budgeted
 - Revenue shortfalls in recreation and arts/culture materialized as predicted

2012 BUDGET – Sets the Stage for Strategic Plan

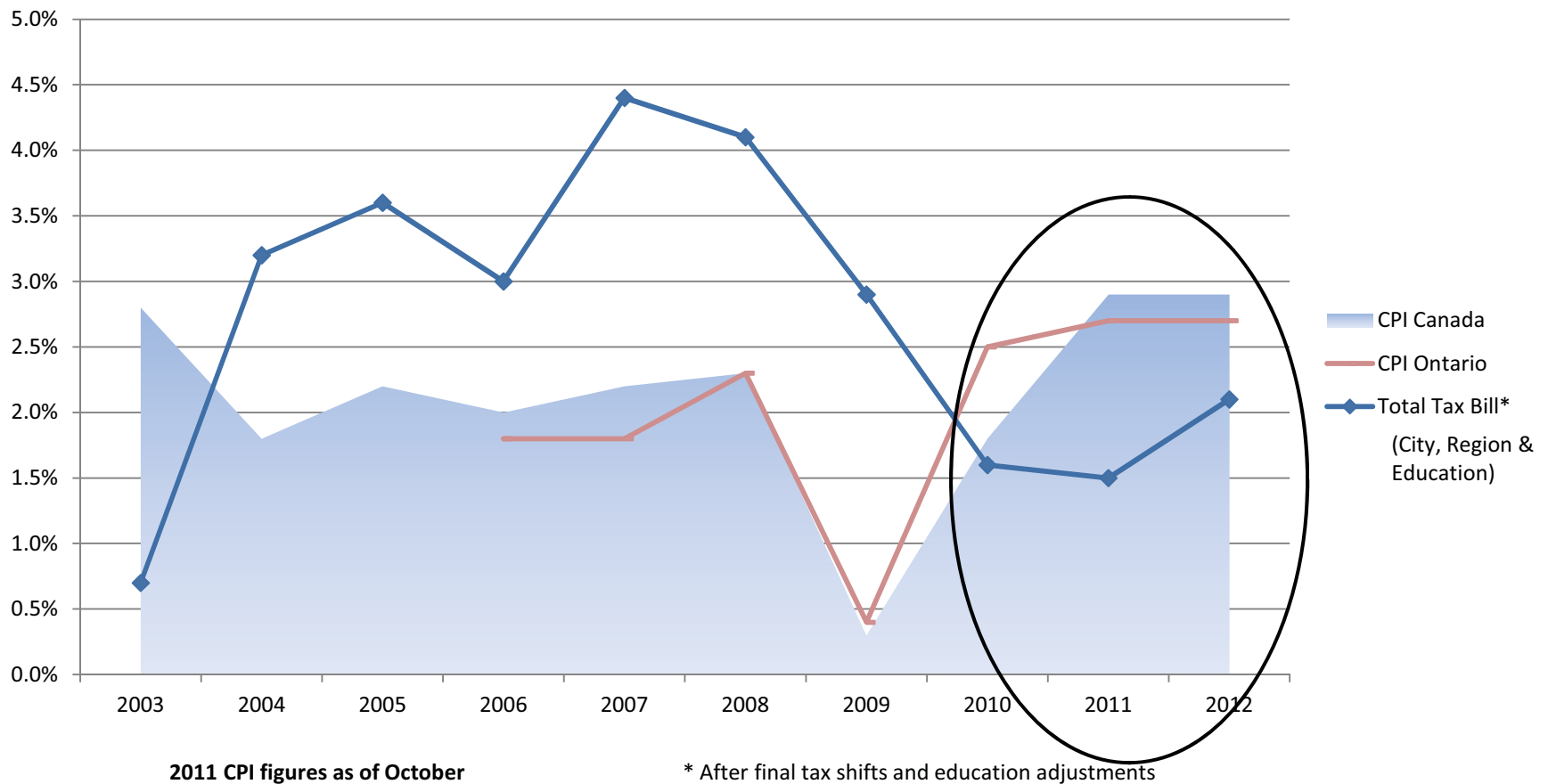


2012 BUDGET CONTEXT

- The 2012 Budget has been prepared in the context of economic conditions:
 - Economy – improving but still uncertain/fragile
 - Federal / Provincial stimulus ending
 - Peel and Brampton local economy and labour market impacts
 - Assessment growth stabilizing, below pre-2006 peak

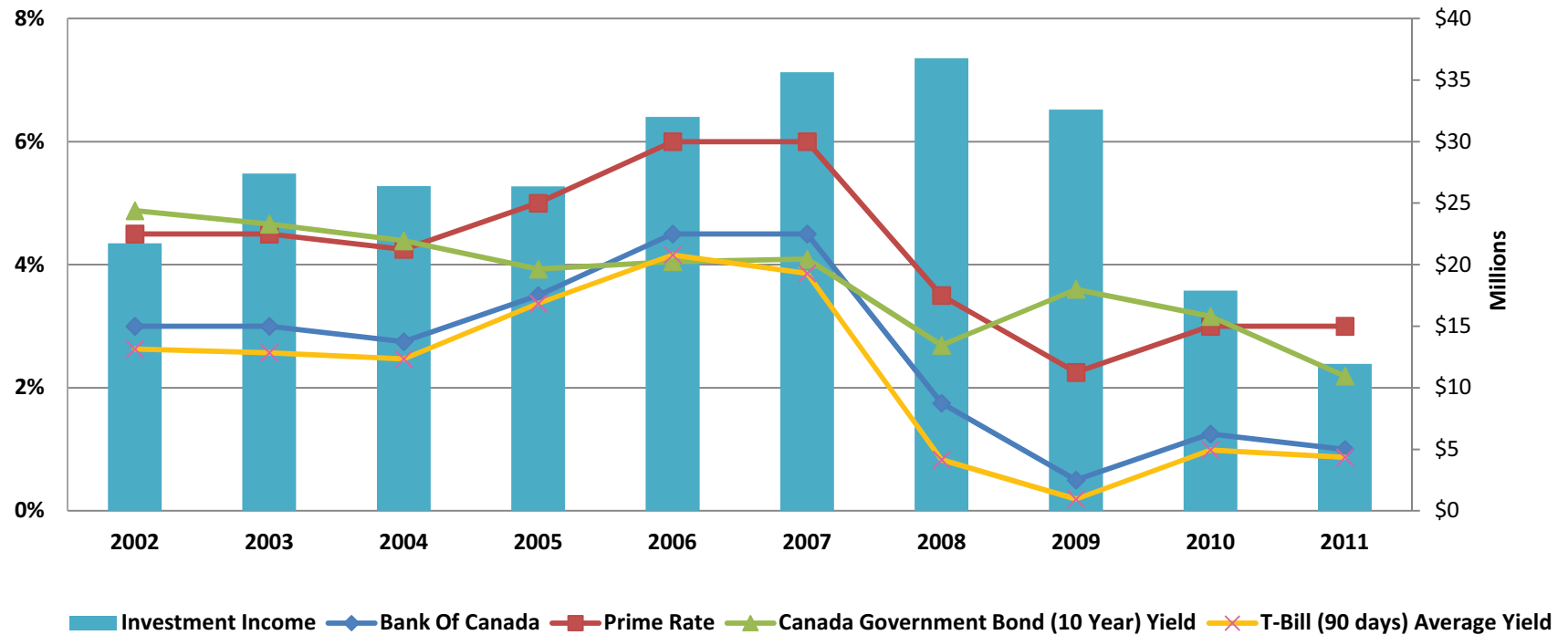
2012 BUDGET CONTEXT

Historical CPI Rates and Brampton Tax Increases



2012 BUDGET CONTEXT

Historical Interest Rates and Investment Income

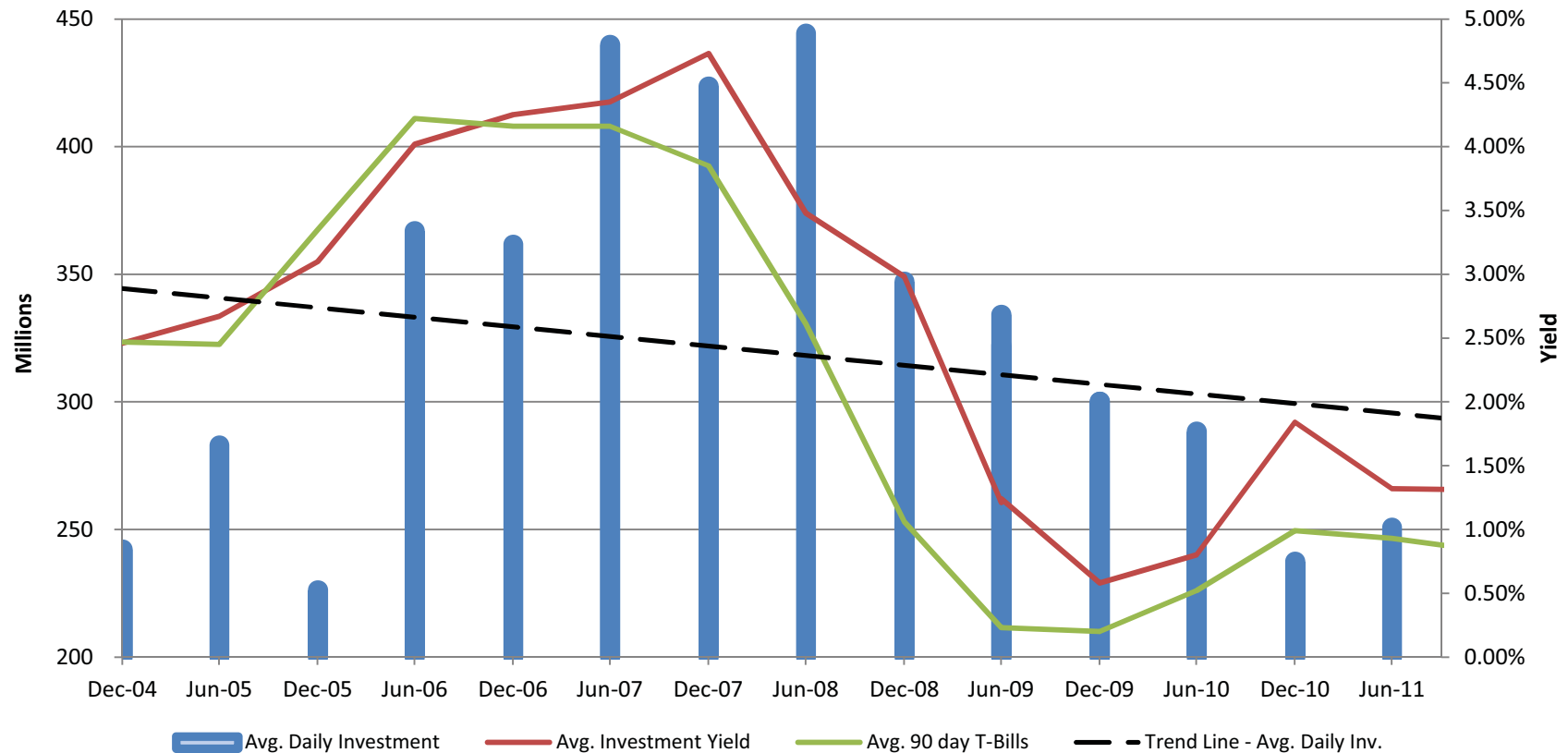


2011 figures as of Sep 30, 2011

2012 BUDGET CONTEXT

Money Market Fund

Investment Yield and Average Daily Investment



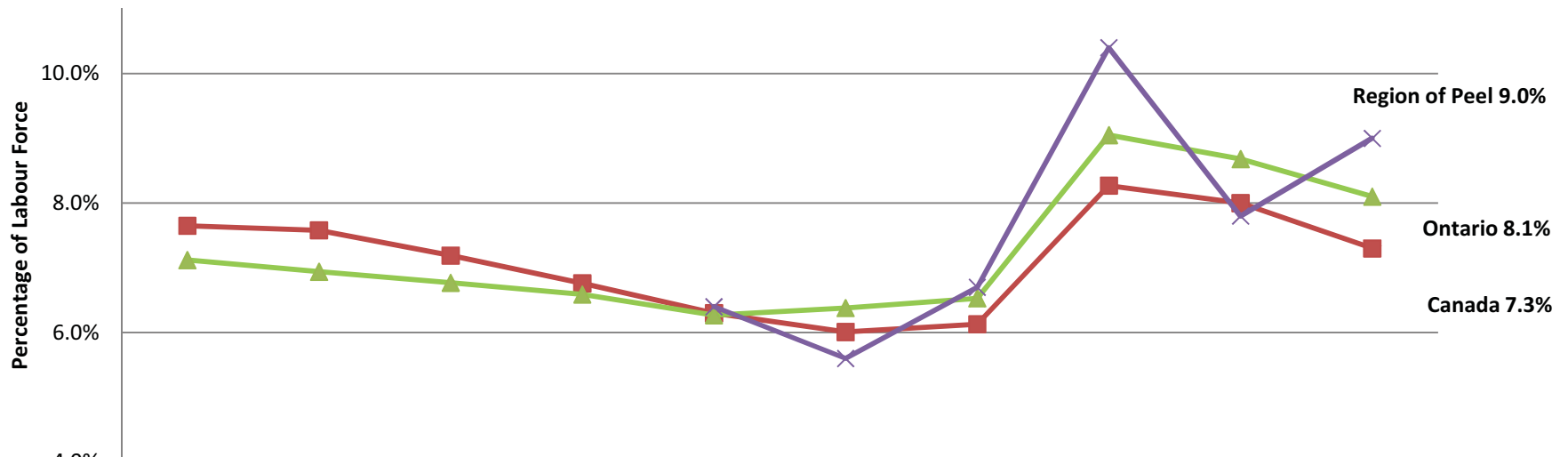
2012 BUDGET CONTEXT

Local Economy

- Local employment has remained steady in 4 of the last 5 quarters after the low of mid-2009, but is only half way back to the early 2008 level
- Unemployment in Peel has dropped to 9.0% at the end of 2011 from the mid-2009 high of 11.6%, but is not yet down to the early 2008 level of 5.7%
- Building permits for 2011 totaled \$1.2 billion (@ Oct) in construction value (2010 - \$1.28 billion)
 - Residential permits 3,000 units same level as last two years
 - But still below 2008 level and 4,500 (residential units) benchmark

2012 BUDGET CONTEXT

Historical Unemployment Rates



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 *
—■— Canada	7.7%	7.6%	7.2%	6.8%	6.3%	6.0%	6.1%	8.3%	8.0%	7.3%
—▲— Ontario	7.1%	6.9%	6.8%	6.6%	6.3%	6.4%	6.5%	9.1%	8.7%	8.1%
—x— Region of Peel					6.4%	5.6%	6.7%	10.4%	7.8%	9.0%

* 2011 figures as of October

2012 BUDGET CONTEXT

Financial Capacity

- Mandate as a high growth municipality drives spending priorities
 - Need to balance control of spending and limit tax increases, while addressing growth
 - Shortage of DC reserves impacts ability to provide infrastructure in advance of development
 - Cost of operating facilities precedes full realization of assessment growth
 - Growing inventory of new infrastructure drives future operating costs
- Strategy needed to replenish City reserves to cushion effects of economic downturn
- Opportunity – Federal Gas Tax available
 - \$24M to assist in addressing our infrastructure needs

2012 BUDGET CONTEXT

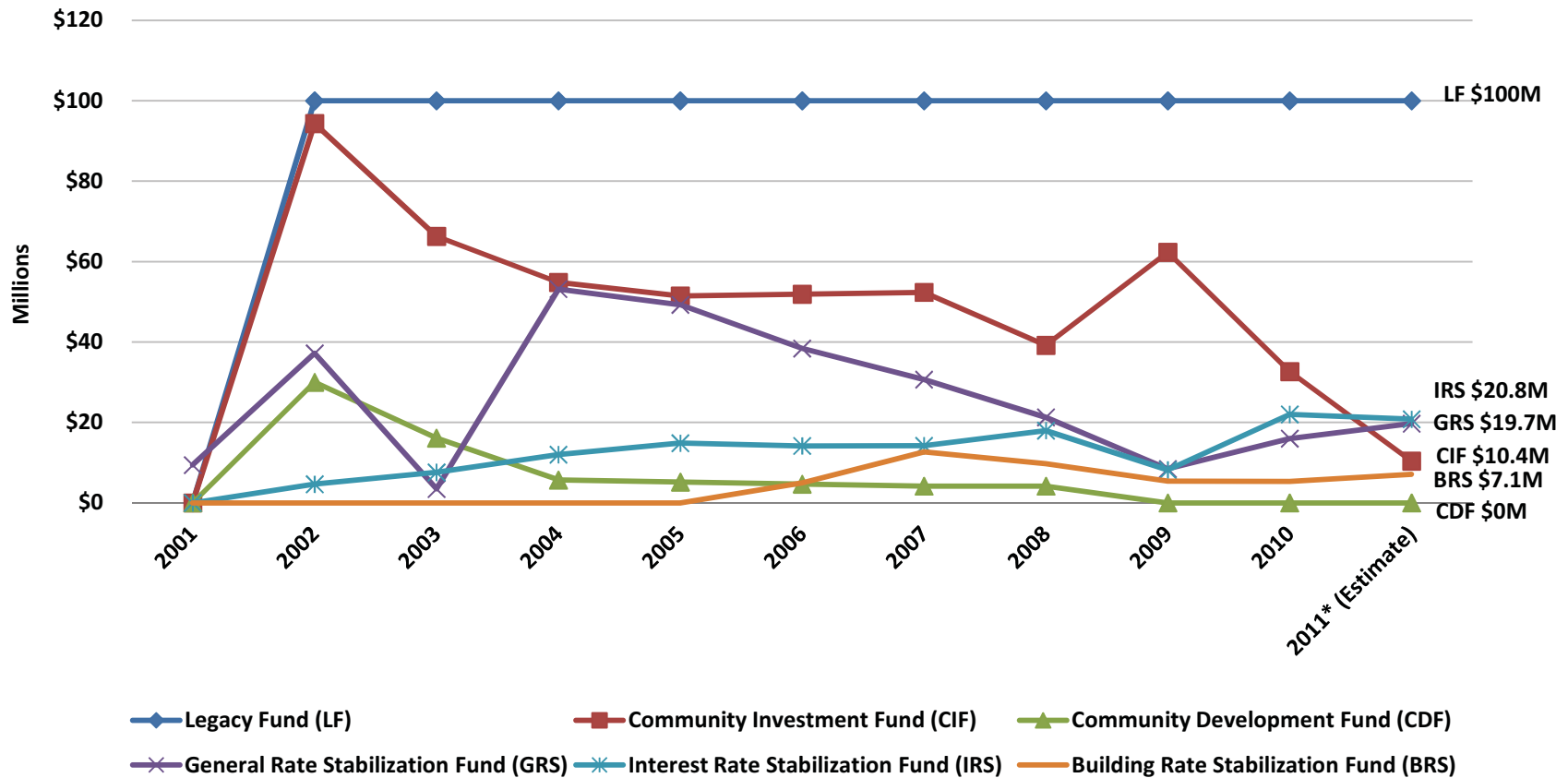
Reserves: Financial Capacity for 2012 Limited

- General Rate Stabilization has modest balance, but still well below policy target
- Interest Rate Stabilization adequate to cover investment income shortfall in the short to medium term
- Building Rate Stabilization sufficient in 2012 provided building activity continues to recover
- Strategic reserves still available
 - Legacy (\$100M)
 - Community Investment (\$10.4M plus \$89.6M repayable internal loans)
- DC Reserves over committed by \$262M, cash flowed internally

2012 BUDGET CONTEXT

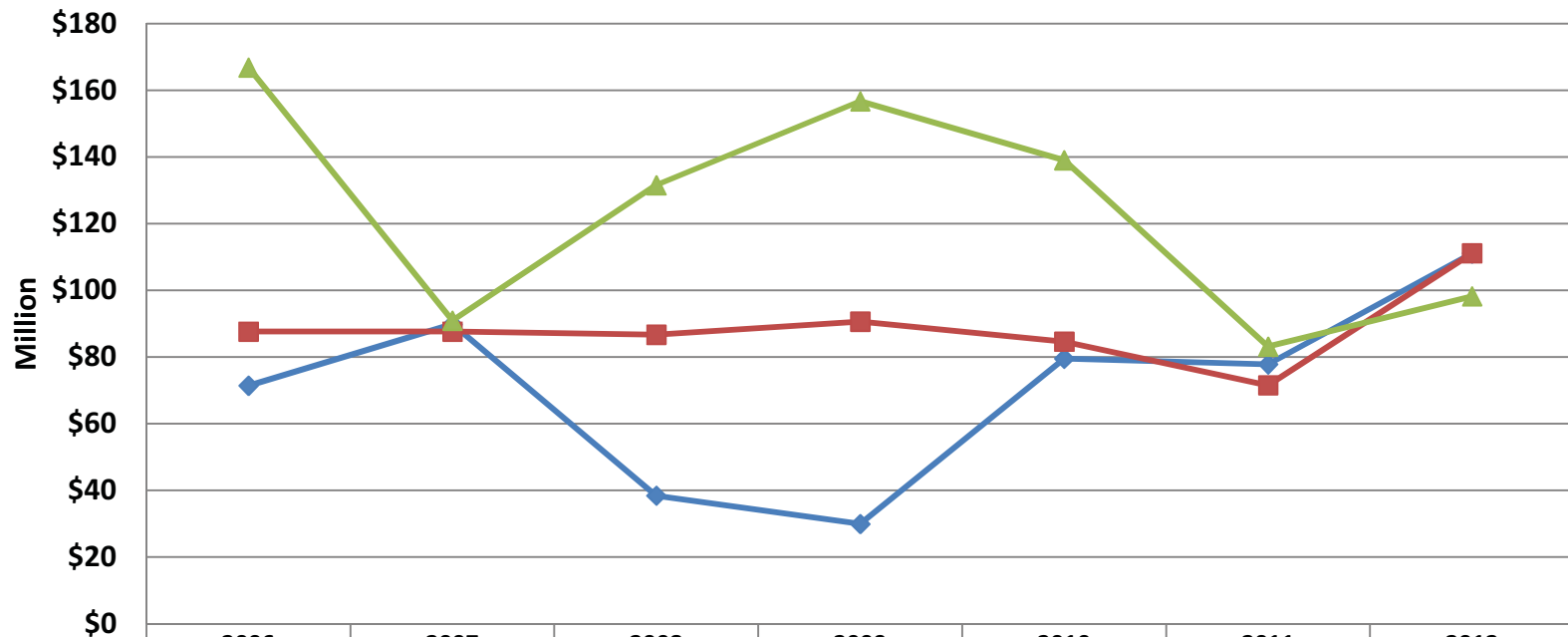
Reserve and Reserve Fund Balances

Reserve and Reserve Fund Year End Balance



2012 BUDGET CONTEXT

DC Revenue vs. DC Funded Capital Projects



	2006	2007	2008	2009	2010	2011	2012
DC Revenue Actual	\$71.4	\$89.8	\$38.4	\$29.9	\$79.5	\$77.8	\$111.1
DC Revenue Forecast	\$87.6	\$87.6	\$86.7	\$90.6	\$84.6	\$71.5	\$111.1
DC Capital Project	\$166.8	\$90.9	\$131.5	\$156.7	\$139.0	\$83.1	\$98.2

2012 BUDGET OBJECTIVES

Budget Proposal

- Maintain priority service levels
- Ensure continued value for money in the provision of all City services
- Target limited capital funds to support managed development
- Continue addressing the infrastructure deficit
- Set foundation for a sustainable long term (operating & capital) funding strategy

2012 BUDGET OBJECTIVES

Budget Proposal

- Continue to insulate taxpayers to the extent possible
 - Use reserves and gas tax revenues to maintain targeted capital spending
 - Target available dollars to immediate priorities
 - Continue to limit staffing increases in spite of pressures accumulated over last 3-4 years
- Opportunity for planning and strategy development for 2013
 - Continue to lay foundation for development of sustainable capital funding strategy
 - Incorporate feedback from Community Engagement – Strategic Planning exercise
 - 2013 budget process to begin mid 2012

2012 BUDGET OBJECTIVES

Focus on Existing Services

- 3,220 Lane kilometres of road
- 5,076 Acres of parkland (including sports fields, playgrounds, boulevards and buffers, pathways and trails, flowers and shrub beds)
- 73 Corporate buildings (including corporate, parks, transit, works, and libraries)
- 67 Recreation and community facilities including arenas, pools, theatres, etc.
- 15 Fire stations

2012 BUDGET PLAN: Current Budget

Major Budget Drivers

- Collective Agreements (except Fire) ratified in 2011
- Operating impacts of previously approved capital coming on stream
- Recreation program and theatre revenue remains flat
- Building activity levels still below peak / cautious optimism regarding development activity
- Reduced stabilization reserve balances
- Demand for services still increasing

2012 BUDGET PLAN: Current Budget Measures to Limit Budget Increase

- Focus on core services to meet taxpayer expectations
- Departmental mitigation measures
 - Phase-in transit service delivery expansion
 - Defer Community Services initiatives
 - Introduce new fees and modest increases to some existing user fees (transit & recreation)
 - Absorb inflation on goods and services
- Manage Reserve draws

2012 BUDGET PLAN: Current Budget Delivering on Council Priorities

- Enhance bus rapid transit - Züm service delivery on track
- Improve recreation and library facilities - Bram East on track for 2012 opening
- Promote healthy lifestyle – new parks and pathways
- Manage growth – target roads program in key areas
- Phase-in of SWQ annual costs as per Council approved plan
- Distinguish Brampton as the Flower City

2012 BUDGET PLAN: Capital Budget

Capital Budget Priorities

- Responsible growth management: infrastructure required in advance of development
- Transit expansion
- Recreation facilities
- Fire Station upgrades
- Infrastructure replacement/maintenance

2012 BUDGET PLAN: Capital Budget Longer Term Solutions for 2013 and Beyond

- Funding strategy to be brought forward subsequent to planned community engagement as part of the Strategic Plan process
- Consideration should be given to all financing alternatives, including:
 - Continued tax levy for infrastructure
 - Use of reserves
 - Seek external financing

FINANCIAL OVERVIEW

2012 Budget Presentation

2012 BUDGET PLAN: Current Budget Proposed Budget Increase

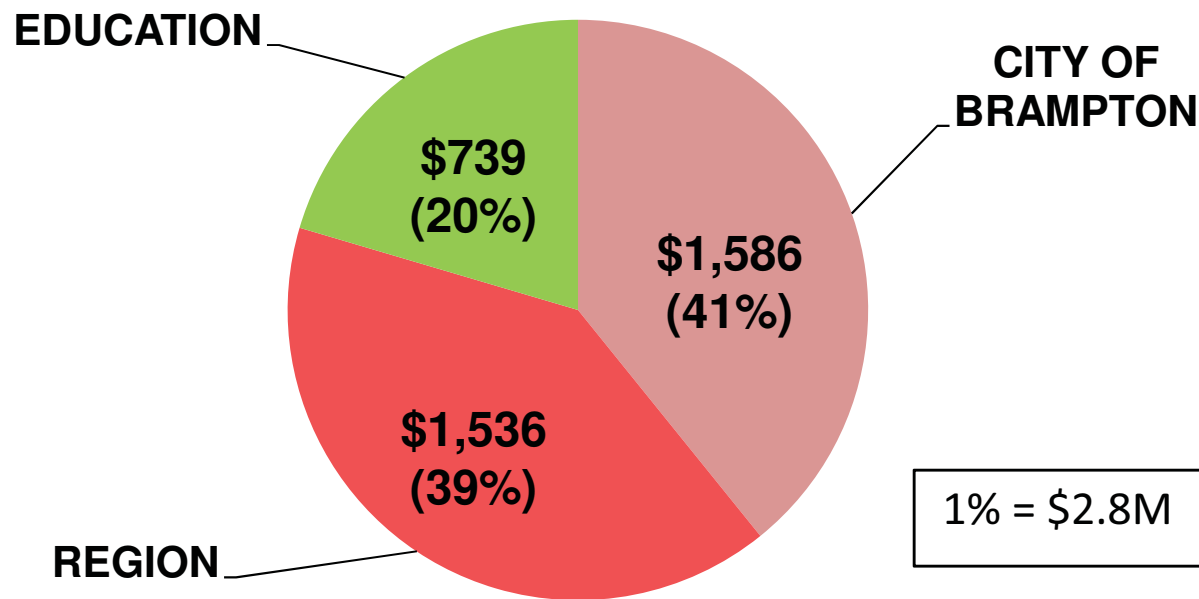
- 2.9% plus 1% infrastructure levy, equivalent to \$60 on the City portion of the average residential tax bill (1.6% on total tax bill)
- In combination with the proposed 1.3% Region Budget increase and assuming no change in the Education tax, the **combined tax bill would rise by 2.1%** (down from 2.6% in 2011)

2012 BUDGET PLAN: Current Budget

	2011 BUDGET	2012 BUDGET	VARIANCE
EXPENDITURES	\$429.5	\$452.0	\$22.5
REVENUES	(\$429.5)	(\$440.9)	\$11.4
NET	\$0.0	\$11.1	\$11.1
ASSESSMENT GROWTH		\$7.1	
TOTAL TAX LEVY	\$275.2	\$293.4	

- Since the City cannot budget for a deficit, net revenue shortfall of \$11.1 million to be funded from increase in tax levy
- 1% tax levy increase generates \$2.8 million

2012 BUDGET PLAN: Current Budget Total 2012 Residential Tax Bill (\$3,862)



* Based on 2012 average residential assessment value of \$330,000

2012 BUDGET PLAN: Current Budget

	2011 TAX BILL	% BUDGET INCREASE	2012 TAX BILL*	\$ CHANGE	% CHANGE IN TOTAL
CITY	\$1,526	3.9%	\$1,586	\$60	1.6%
REGION	\$1,516	1.3%	\$1,536	\$20	0.5%
EDUCATION	\$739	tbd	\$739	tbd	tbd
TOTAL	\$3,782		\$3,862	\$80	2.1%

* Based on 2012 average residential assessment value of \$330,000

Note: A 3.9% tax increase on the City portion of the residential tax bill translates into a 1.6% tax increase or \$60 (approximately) on the total residential tax bill

2012 BUDGET PLAN: Current Budget Increase in Typical Residential Tax Bills – City Portion

Single Family Detached (\$379,000)	\$68
Semi Detached (\$279,000)	\$50
Freehold Townhouse (\$261,000)	\$47
Condominium (\$197,000)	\$35
Average Residential (\$330,000)	\$60

\$18 increase per \$100,000 of residential assessment (approximate)

2012 BUDGET PLAN: Current Budget Residential Tax Comparisons – Municipalities

SINGLE DETACHED⁽¹⁾	
Markham	\$4,311
Vaughan	\$3,884
Oshawa	\$3,848
Whitby	\$3,582
Hamilton	\$3,540
Mississauga	\$3,495
Brampton	\$3,352
Richmond Hill	\$3,202
Oakville	\$3,200
Burlington	\$3,124

1. 3 Bedroom, 1200 sq ft

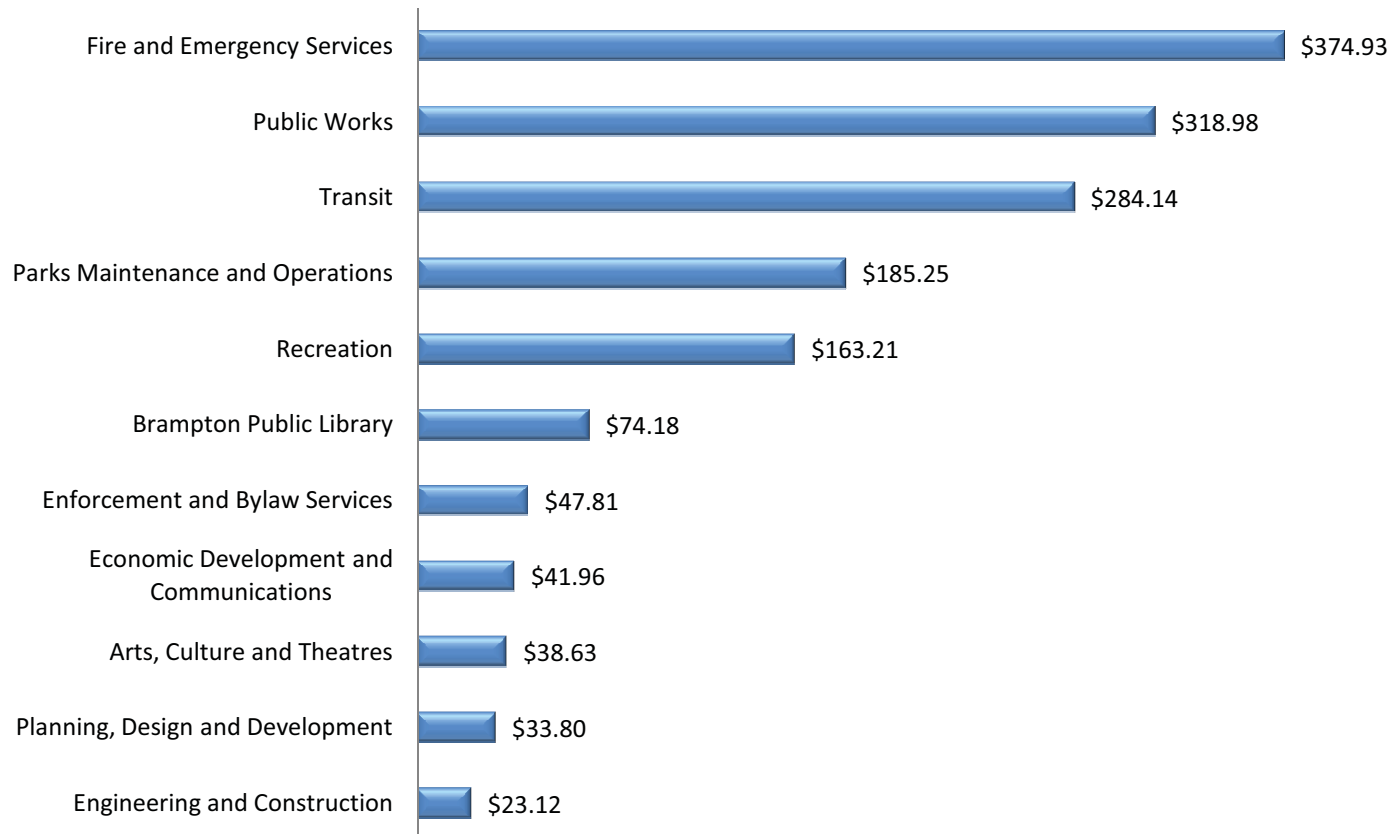
SENIOR EXECUTIVE⁽²⁾	
Oshawa	\$5,859
Hamilton	\$5,792
Markham	\$5,577
Burlington	\$5,548
Whitby	\$5,459
Oakville	\$5,412
Vaughan	\$5,367
Richmond Hill	\$5,214
Mississauga	\$5,015
Brampton	\$5,012

2. 4-5 Bedroom, 3000 sq ft

Source: BMA Management Consulting Inc. (2010)

2012 BUDGET PLAN: Current Budget

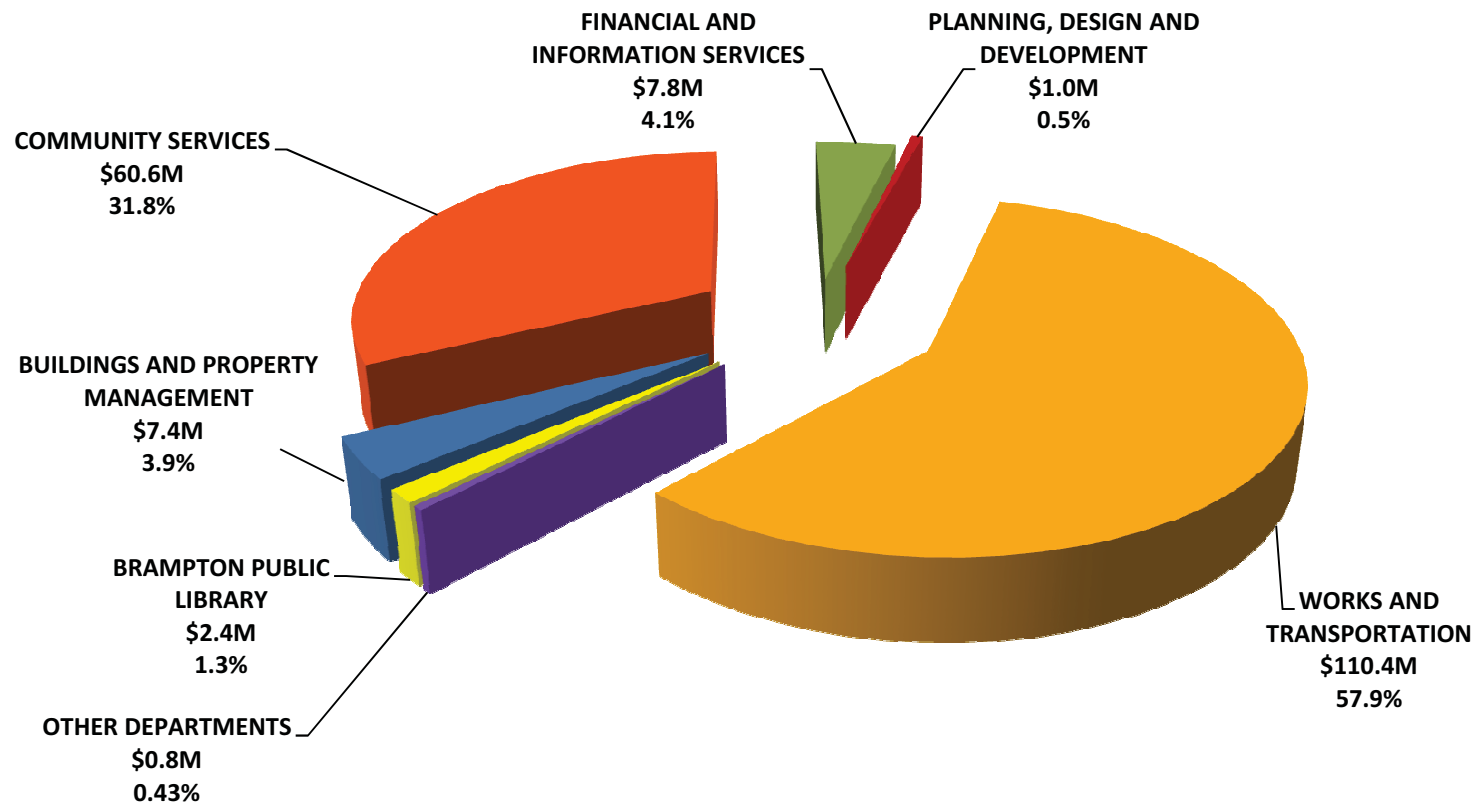
Distribution of 2012 Tax Bill – City Portion Only of \$1,586 is distributed as follows:



Based on average house with a 2012 assessed value of \$330,000. Total property tax bill is \$3,862.

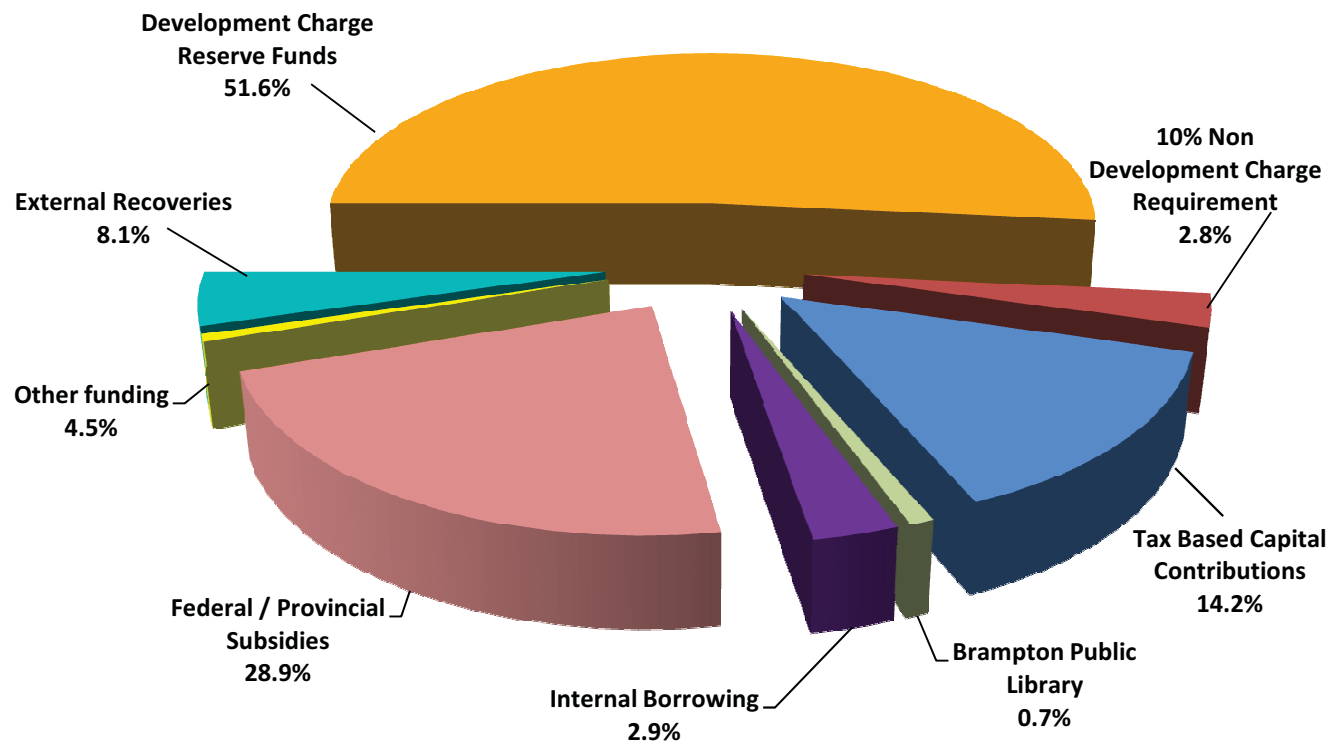
2012 BUDGET PLAN: Capital Budget

Budget by Program



2012 BUDGET PLAN: Capital Budget

Budget by Funding Source



*Federal and Provincial subsidies account for a significant portion of 2012 Capital funding due to the rate of expenditure on Zum rapid transit service

2012 BUDGET PLAN: Capital Budget

Current Year Capital Projects

➤ Roads

- Financial Drive (Steeles to Mississauga)
- Countryside Drive Widening (Bramalea to Torbram)
- James Potter Road (Steeles to South of Williams Parkway)
- James Potter Road (Steeles to South of Williams Parkway) – Timberbank Portion [pre-approved in 2011]
- New Creditview Road & CN Halton Line (Grade Separation – Phase 1)

2012 BUDGET PLAN: Capital Budget

Current Year Capital Projects

- New facility and park development
 - Bram East Community Parkland Campus
 - Gore/Castlemore Parkland Acquisition
 - Additional funding for neighbourhood parks and valley land development
- Fire
 - Station Renovations and Additions
 - Apparatus & Maintenance Facility
- Transit: Züm service and conventional growth
- Library collection development

2012 BUDGET PLAN: Capital Budget

Current Year Capital Projects

- Repair and replacement
 - Road resurfacing
 - Stormwater pond maintenance
 - Corporate facilities
 - Indoor and outdoor recreation facilities
 - Energy systems
 - Fleet equipment
 - Information Technology infrastructure
 - Bus replacements

2012 BUDGET PLAN: Capital Budget Funding Issues – Existing Infrastructure

- Total asset value of \$2.1 Billion, excluding land (historical cost, 2010)
- Annual depreciation is estimated at \$78M (2010)
- Depreciation based on historical cost, understates necessary investment
- 2012 proposed investment of \$53M (prior 5 year average \$33M)
- Contribution from tax base \$27M for 2012

2012 BUDGET PLAN: Capital Budget Funding Issues – Existing Infrastructure

- Deferred repair and replacement of \$90M (2012) and \$206M (forecast 2013-2021)
- Tax contribution inadequate
 - Federal gas tax permanent, but rules unknown post 2014
- 1% Infrastructure Levy

2012 BUDGET PLAN: Capital Budget Funding Issues – New Development

- Potential Cash in Lieu deficit
 - No longer sufficient to contribute to recreation facility retrofits or achieve desired park supply standard
 - Need to maximize potential revenue
- DC reserve deficit
 - 2011 year end estimate \$258M
 - Cap set at \$300M at time of 2009 DC Study
 - Capacity since reduced to \$240M
 - Risk of dependency on uncertain future revenue stream
- Capital program requirements would result in DC deficit reaching \$360M by 2013
- Shrinking cash reserve balances → reduced internal financing cap

2012 BUDGET PLAN: Capital Budget

Short Term Actions for 2012 Budget

- Federal gas tax continues to be used to advance previously unfunded work
- Deferral of specific projects pending longer term funding strategy
- In 2012, pre-approvals of new roads for future year DC funding will be required to allow development to proceed

2012 BUDGET PLAN: Unfunded Capital Projects Longer Term Solutions for 2013 and Beyond

- External financing
- Maximize CIL revenue
 - Proposal has been brought forward
- Infrastructure levy
 - Minimum 1% per year
 - To address infrastructure deficit (10 year shortfall for repair and replacement \$296M)
- Contain growth in service levels
 - Cost of new facilities exceeds DC capacity

2012 BUDGET PLAN: Capital Budget Future Operating Cost Impact

- With approval of the 2012 capital budget program, the impact on the operating budget for 2013 and beyond is estimated to be approximately \$5.0 million.
 - Continued Züm service expansion
 - Conventional transit growth
 - New parks, boulevards, flowerbeds
 - New roads – maintenance
 - IT licensing and maintenance/support
 - Internal borrowing repayments (revolving loans)

Note: Does not include operating impacts of prior years' capital approvals or impacts resulting from the subdivision assumption process.

Summary

- Similar to 2010 and 2011, 2012 will be a difficult year
- The current economic climate, meeting provincial growth targets and other budget drivers places a significant strain on the City's finances and revenue streams
- To address these issues, we have curtailed spending where possible and deferred implementing new programs
- Our goal is to insulate taxpayers while maintaining service levels and preserving the City's physical assets

Next Steps

- Department budget presentations will outline the specific operating and capital initiatives included in the budget submission

Questions?