

Village of Kingston

Economic and Budget Update

March 11, 2010



Agenda

1. Economic Forecast
2. Budget Principles
3. Budget Process
4. Next Steps



Section

1

Economic Forecast

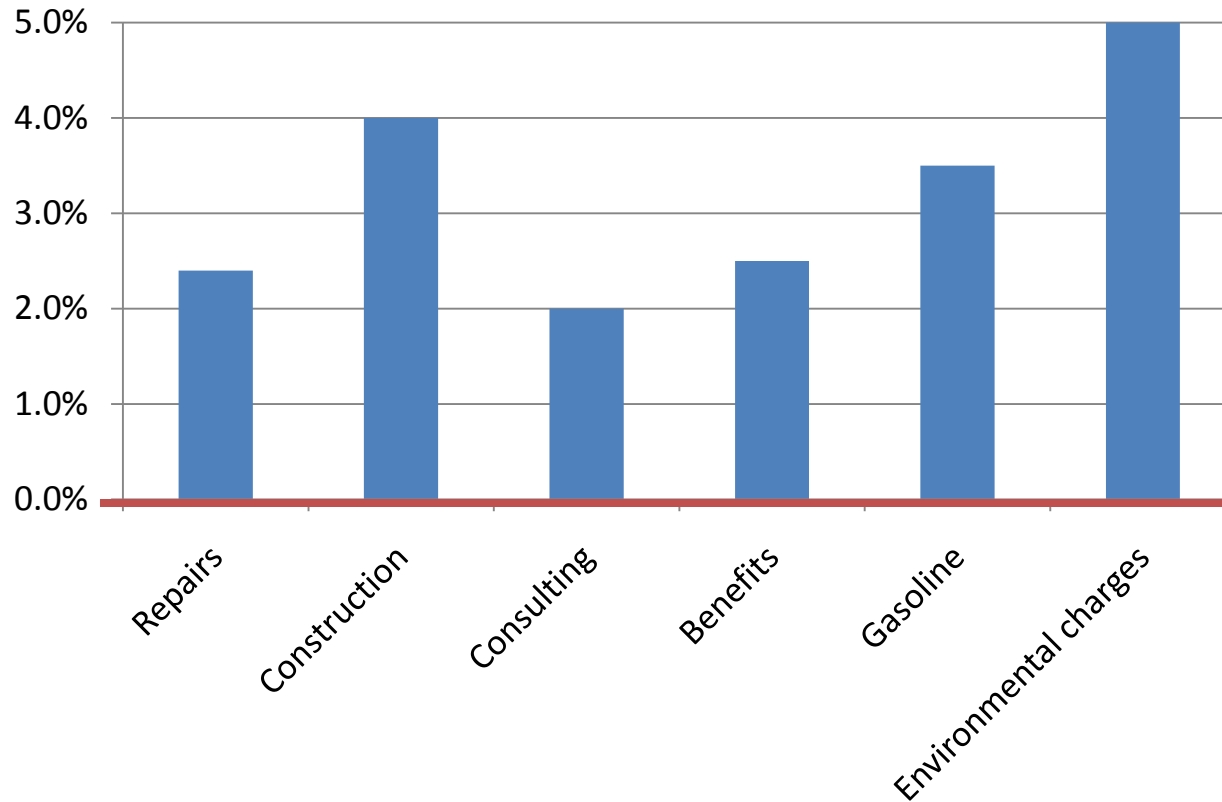


Fiscal Outlook

- ✦ Coming out of worst global economic environment since Great Depression
- ✦ Significant Provincial and Federal budget constraints – reduction or cessation of funding programs
- ✦ High level of uncertainty over next couple of years
- ✦ CPI pressures through assessment capping



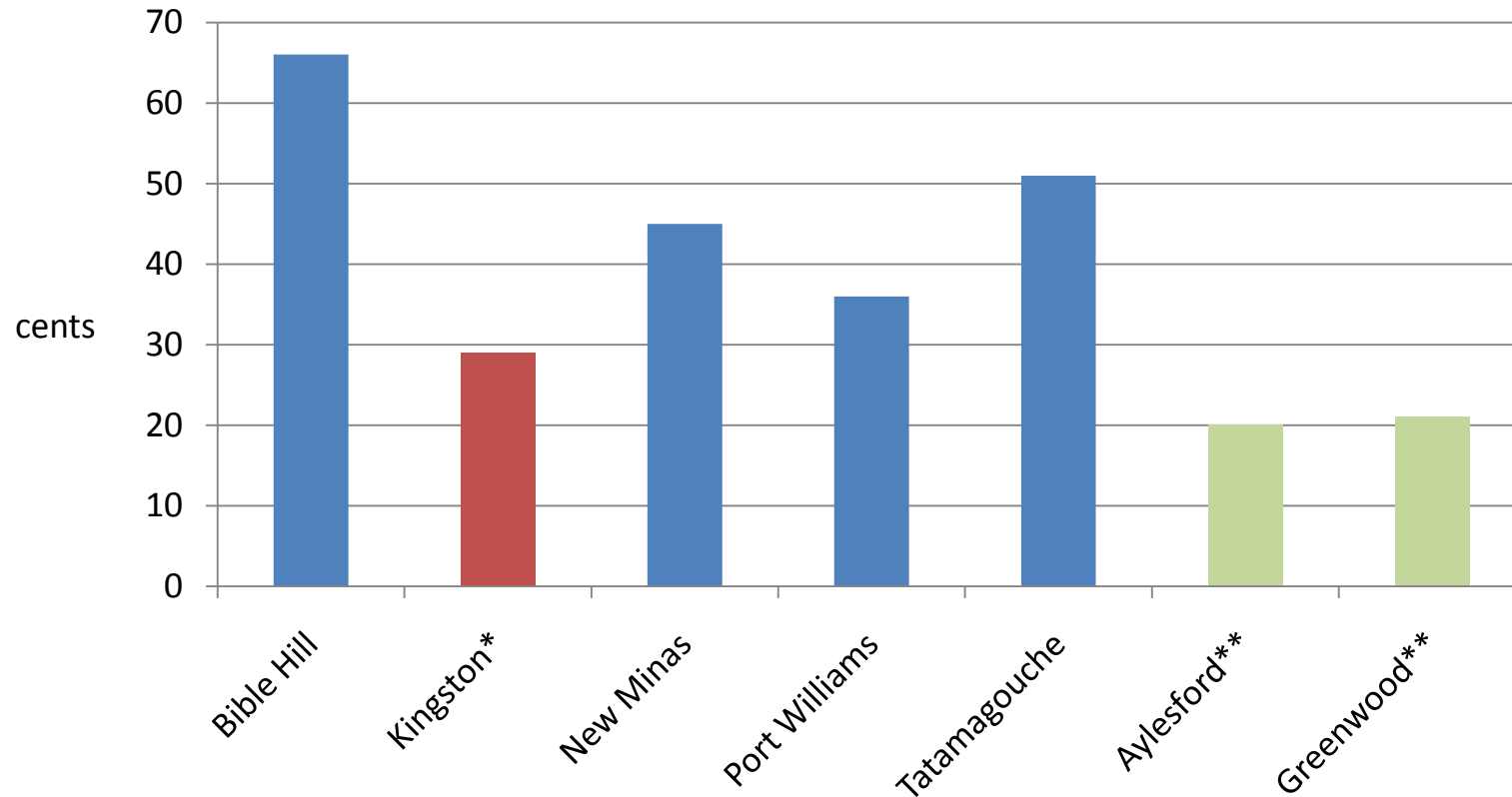
CPI Pressures



Consumer Price Index = 0%



2009/10 Residential Rate

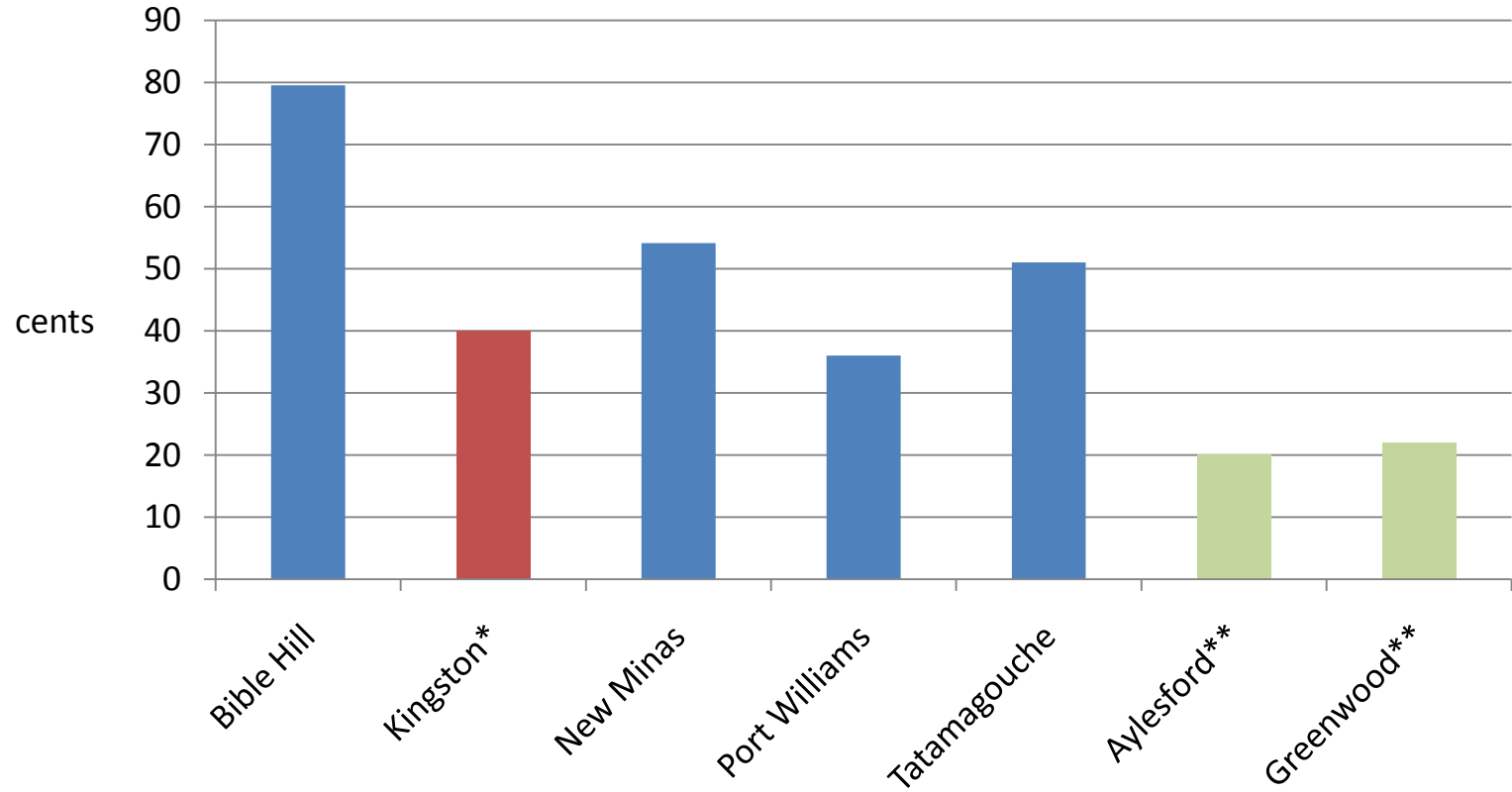


* - includes sidewalk rate of 3¢

** - for presentation purposes, Aylesford and Greenwood are shown; however the services they provide are generally less than the other villages



2009/10 Commercial Rate

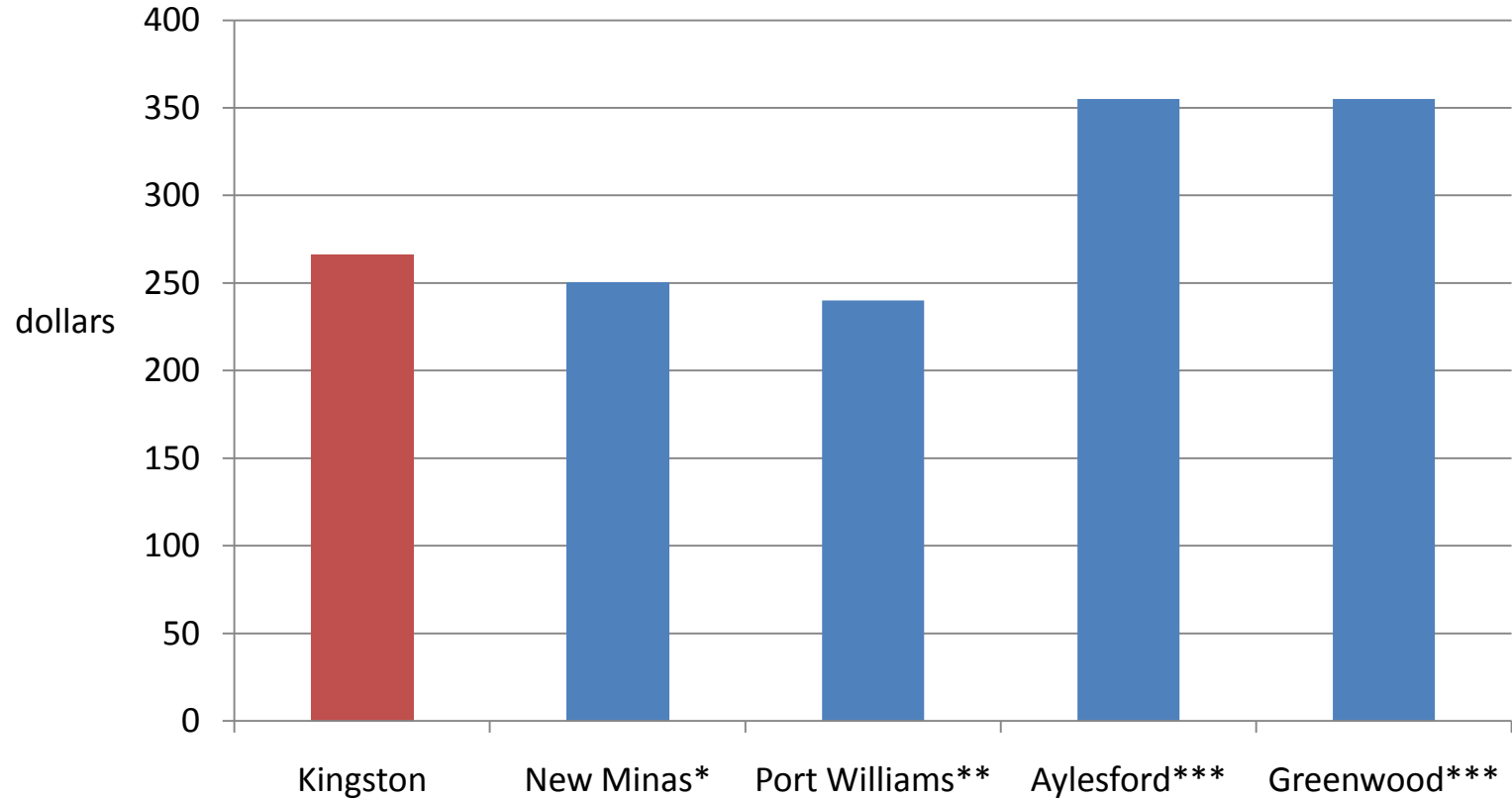


* - includes sidewalk rate of 3¢

** - for presentation purposes, Aylesford and Greenwood are shown; however the services they provide are generally less than the other villages



2009/10 Sewer Rate



* Based on consumption, estimated at \$250 per year

** Based on flat rate of \$210 + consumption, estimated at \$240 per year

*** Operated by County



Section

2

Budget Principles



Guiding Principles

- ✦ Maintain existing service levels
- ✦ Identify and incorporate efficiencies (internal and external)
- ✦ Improve customer service and communications
- ✦ Incorporate proactive infrastructure renewal plans
- ✦ Prepare for current and future years
 - ✦ Appropriateness of rates
 - ✦ Strategic planning
 - ✦ Adequacy of reserves

FISCAL SUSTAINABILITY



Fiscal Sustainability

A sustainable fiscal policy framework enables governments to manage their finances so they can meet their spending commitments, both now and in the future. Fiscal policy focused on sustainability provides greater stability and certainty of future tax burdens.

Requires short and long term planning and needs analysis

Source: Government Accounting Standards Board



Staff Priorities

- ✦ Completion of long-term capital plan
- ✦ Customer services initiatives
 - ✦ tax billing
 - ✦ local and regional cooperation ventures
- ✦ Policy development
 - ✦ fiscal policies (ie purchasing, reserves) and development
 - ✦ personnel
 - ✦ development charges?



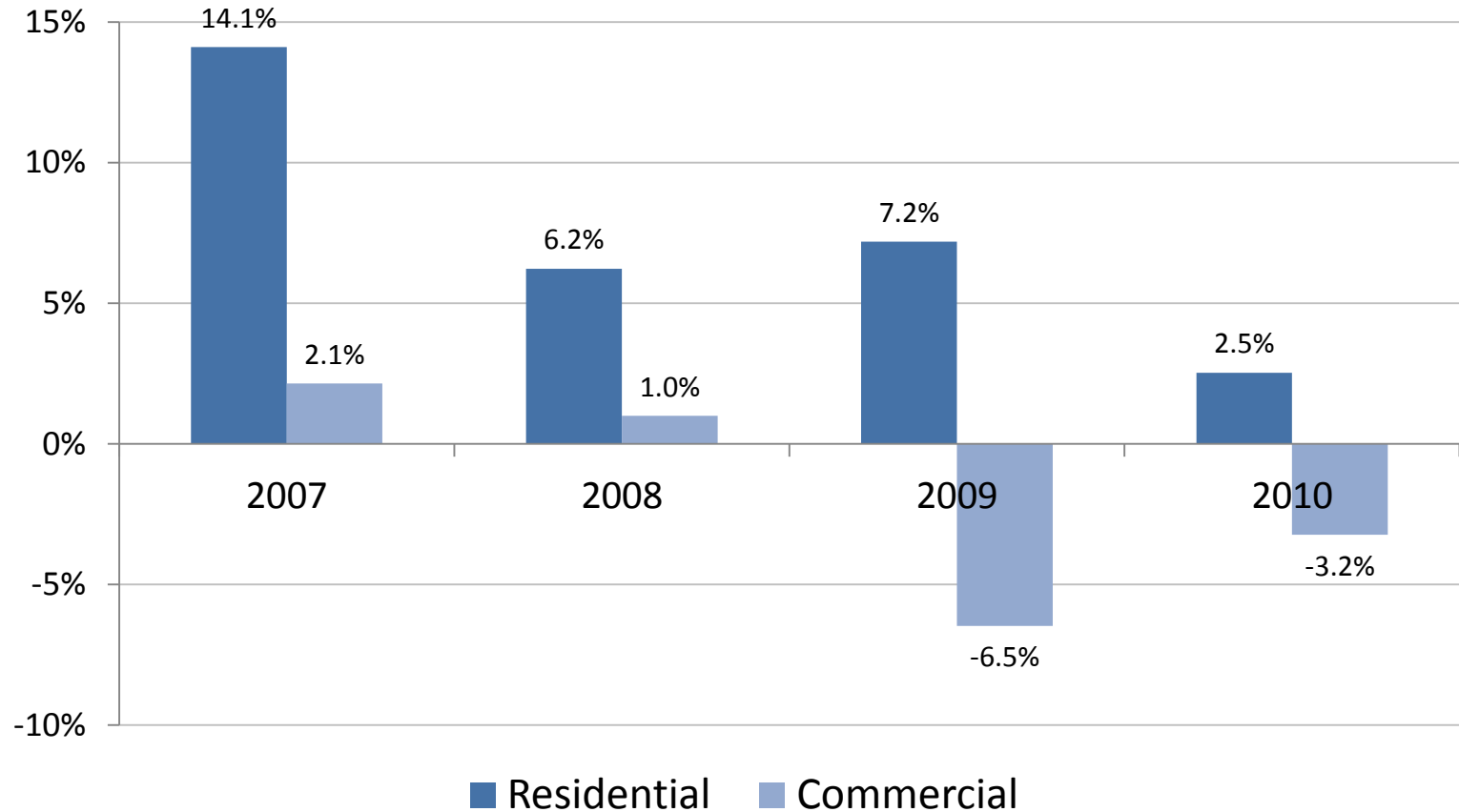
Section

3

Budget Outlook



Assessment Changes



50% class for Business Occupancy now phased-out –
Future years of commercial growth are forecasted to be minor at this point



Impacts of Assessment Changes

- ✦ Assessment capping put pressure on rates
- ✦ Phase out of business occupancy – offset by increases to commercial rate
- ✦ Commercial assessment adjustments have significant impact this year



Budget Pressures

- ✦ Operating costs generally stabilized
- ✦ Environmental standards and compliance (wastewater system)
- ✦ Infrastructure renewal program
 - ✦ Assets are approaching expected lifespan
 - ✦ Preventative maintenance program
- ✦ Capital funding – coming up with our share



Sewer Rate History and Forecast

- ✦ Rate increases must occur to address infrastructure renewals
- ✦ Environmental compliance and testing requirement causing additional pressure
- ✦ New standards expected in 2013
- ✦ Progress being made to moderate rate increases

Year	Rate	Change \$	Change %
2007	\$ 220.00		
2008	\$ 242.00	\$ 22.00	10%
2009	\$ 266.20	\$ 24.20	10%
2010*	\$ 283.20	\$ 17.00	6%
2011*	\$ 297.40	\$ 14.20	5%
2012*	\$ 312.30	\$ 14.90	5%

* projected



Budget Goals

- ↳ towards Fiscal Sustainability (10 year plan)
- ↳ appropriate rates
- ↳ proactive planning
- ↳ adequacy of reserves
- ↳ capital replacement and funding



Section

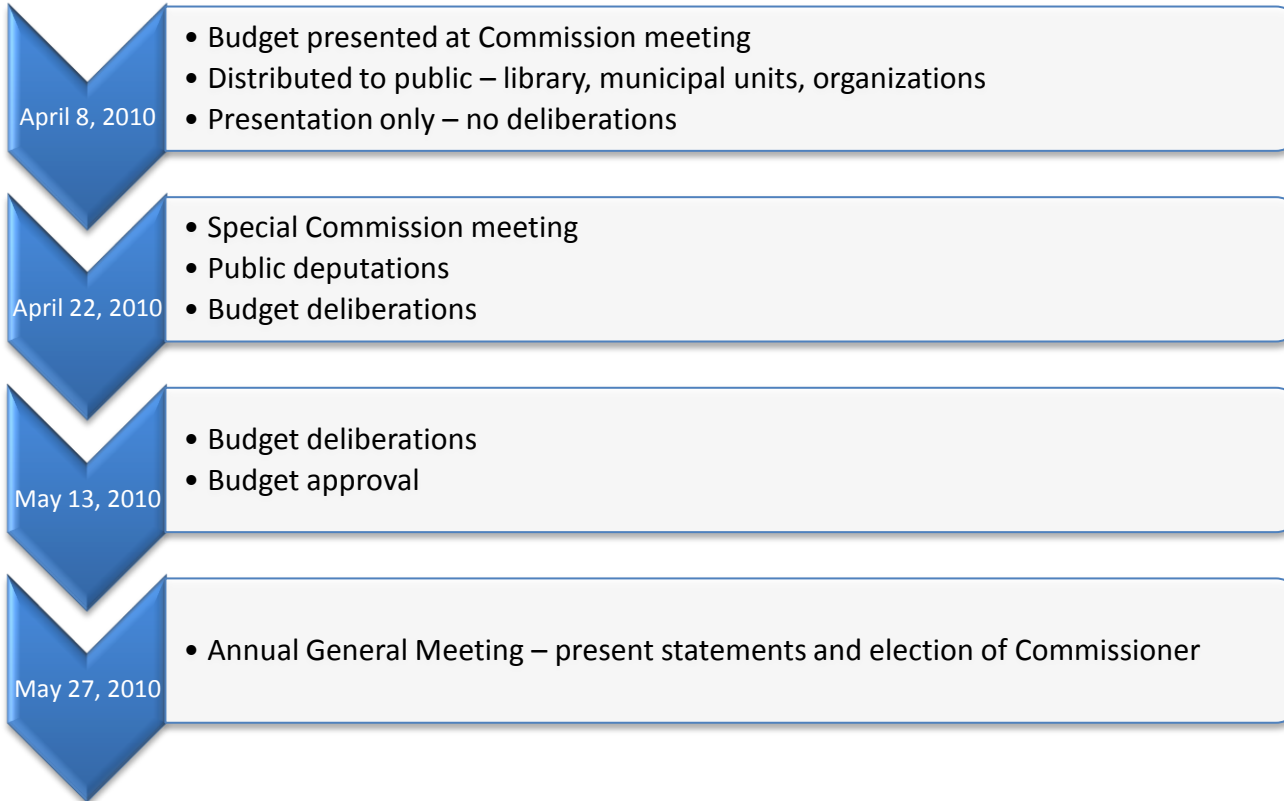
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Next Steps



Budget Process

Disconnect budget from Annual General Meeting



Budget Document

- ✦ Complete Operating Budget, Capital Budget and 5 year Capital forecast
- ✦ Budget document released to public
 - ✦ includes past achievements and future deliverables
 - ✦ basis of budgeting
 - ✦ departmental budget breakdown
 - ✦ easy to understand format

Additional communications to go to residents to inform of changes in meeting dates



Meeting Dates

All 7:00 PM starts

- ♣ Thursday, April 8th – Presentation
- ♣ Thursday, April 22nd – Public Input & Budget Deliberations
- ♣ Thursday, May 13th – Regular Commission Meeting – Budget Deliberations and Approval

