

## Report FR-CS-25-15

**To:** Chair Pringle and the Members of the Corporate Services Committee  
**From:** Kevin Wepler, Director of Finance  
**Meeting Date:** August 11, 2015  
**Subject:** **2016 Budget Assumptions**  
**Status:** Recommendation adopted by Committee as presented per Resolution CS87-15; Endorsed by County Council September 1, 2015 per Resolution CC126-15;

### Recommendation(s)

**THAT the proposed budget assumptions and directions as presented in Report FR-CS-25-15 be approved and used to develop the Draft 2016 County of Grey budget.**

### Background

This report outlines the proposed significant budget assumptions for Council's consideration and direction in the development of the 2016 draft budget.

#### *2016 Proposed Budget Assumptions and Directions*

Budget assumptions and directions are used by Finance and other County departments to help prepare the County's draft 2016 budget. The draft budget is scheduled to be presented to Standing Committees in October in order to be presented to Council in November 2015 for consideration and final approval. Historically, approval is targeted for November to allow County staff to begin issuing tenders and completing budget work earlier in the year.

2016 proposed budget assumptions and directions are:

#### **General**

- Tax Levy increase of 2.0% - based on maintaining existing service levels. Increase would be net of any 2015 assessment growth.
- Based on historical trends annual assessment growth has been estimated at 1.0%. 2015 Assessment growth in excess of 1.00% to be used to assist with additional capital infrastructure investments in roads, bridges and social

housing. Assessment growth estimates to be updated as assessment values are updated by MPAC.

- General inflation rate of 2.00% for year over year costs increases – based on the Bank of Canada’s target CPI of 2.00% and the Ontario Government’s Ontario Economic Outlook.
- Utilities projected increases (Hydro 2.50%, Natural Gas (5.0%), Water 2.00%) – based on industry projections and historical increases.
- Gas and Diesel – adjusted to reflect current prices and industry projections.
- Salaries and Benefits are based on current contracts. Non-union budgeted compensation rate increase of 2% based on the County’s current negotiated union contract settlements.
- Staffing & Service Level Enhancements – as per the Human Resources Policy Manual Section 2.90.1, Departmental staffing levels are approved by Standing Committees. Council is responsible for the approval of the overall staffing complement. Any staffing and service level enhancements therefore need to be brought forward to each of the applicable standing committees requesting that these enhancements be included in the 2016 budget for Council’s consideration.
- Provincial subsidies are assumed to continue at the current known and committed levels.
- Costs of providing provincially mandated services are based on Ministry regulations and guidelines and have been increased to reflect inflationary factors. Excluding inflation factor, costs remain the same to maintain programs at current service levels.
- Building Condition Assessments and Asset Management Plans are being utilized as a tool to provide maintenance and capital replacement costs of the County’s assets.
- Municipal Property Assessment Corporation increase of 0.30%.
- Grey Bruce Health Unit increase of 2.00%.
- Health Care Initiatives and Education funding based on approved commitments and sustaining Health Care Initiatives funding of ½ of 1% own purpose levy with a transfer to reserve.
- Long term interest rates estimated based on current Infrastructure Ontario lending rates.
- Costs for imported goods will be adjusted to reflect the decline in the Canadian dollar’s exchange rate.

## **Long Term Care and Paramedic Services**

- Long Term Care provincial subsidies and user fees are estimated based on historical trends.
- Paramedic Services subsidies increase based on Ministry of Health's 2015 50:50 base funding adjustment calculation increase of 1.75%.

## **Social Services and Housing**

- New investment in Affordable Housing Program (IAHE) funding/payments to be included.
- Ontario Works caseloads are projected to remain constant at current levels.
- Upload of Ontario Works client benefits by 2018.
- Ontario Works 50% Provincial funding on Administration has been assumed.

## **Transportation Services and Planning**

- Federal Gas Tax funding has been included to fund road and structure rehabilitation and construction projects. Federal Gas Tax funding to be based on estimated AMO allocations Federal Gas Tax Fund (2014 to 2018).
- Development Charges funding has been included to fund those identified growth related projects and studies.

## **Financial / Staffing / Legal / Information Technology Considerations**

The proposed budgets as developed by staff and recommended to the applicable Standing Committee are just currently being developed and therefore no financial implications have been quantified at this time.

## **Link to Strategic Goals / Priorities**

Communication is a key value to the County's Strategic Plan. This report provides information to Council in regards to the development of the County's 2016 Draft Budget. Staff looks forward to direction from County Council on these 2016 budget assumptions and the development of the 2016 Budget.

## **Attachments**

None

Respectfully submitted by,

Kevin Wepler  
Director of Finance