

2007 OPERATING BUDGET – TIMETABLE, GUIDELINES AND BUDGET OVERVIEW, AND CORPORATE BUSINESS PLANNING PROCESS

Recommendation

The City Manager, the Commissioner of Finance & Corporate Services, the Manager of Operating Budget & Activity Costing and the Senior Manager of Strategic Planning, in consultation with the Senior Management Team, recommends:

- 1) That Attachment 1 – 2007 Operating Budget Timetable be approved;
- 2) That the 2007 Operating Budget Guidelines, summarized in this report, be approved;
- 3) That Attachment 2 - 2005-2007 Corporate Business Planning Process, be approved.
- 4) That departmental Business Plans, Attachment 3, and Business Case Template, Attachment 4, be approved substantially in the form attached and included as part of the 2007 Operating Budget Guidelines instruction package issued to departments; and
- 5) That any new initiative or service level addition/adjustment requires the completion of a Business Case Template substantially in the form attached.

Economic Impact

The economic impact of the 2007 Operating Budget will be fully determined upon receipt of the departmental operating budgets in September 2006.

Purpose

The purpose of this report is to obtain the Budget Committee's approval for the 2007 Operating Budget Timetable, Guidelines and the 2005 – 2007 Corporate Business Planning Process. The 2005 – 2007 Corporate Business Planning Process complements the Operating Budget process by providing a comprehensive framework and approach to implementing a business planning model in the City. The framework entails a three stage implementation model which will result in the development of business plans in all City departments with the information being integrated into the operating budgeting process. This will provide assistance to the Budget Committee in their budget deliberations by providing evidence based information which demonstrates the efficiency and effectiveness of all key City services as well as details of departmental work plans tied to the City's goals and key performance indicators. These departmental Business Plans will be required submissions in the 2007 Operating Budget Process.

Background - Analysis and Options

The 2007 Operating Budget Challenge

Inherent in the annual operating budget process is the requirement to balance departmental issues related to growth such as increased volume, external contract price increases and collective agreement impacts, etc., with limited funding capabilities and minimizing the inevitable tax rate increase. Over the last few years, the budget process has been redesigned or modified but always attempted to ensure that tax rate increases were the minimum required.

The 2007 Operating Budget will continue to present a significant challenge in achieving a balanced budget while minimizing any tax increase. Accordingly, the 2007 Operating Budget process will address this challenge through a combination of the following actions:

1. Continued Strict Budget Guidelines to limit the size of the budgetary increases
2. Continued User Fee Reviews with increases related to cost increases
3. Continued Services Review
4. Continued Tax Rate Analysis ; and
5. Business Planning & Business Case Templates

The User Fee Review, the Services Review and the Tax Rate Analysis are on-going and will be performed on an annual basis building on the foundation established in the 2006 budget process for these reviews. The Budget Guidelines and the modifications therein including the introduction of Business Planning are described below.

2007 Operating Budget Guidelines

The 2007 Operating Budget Guidelines are similar to the 2006 guidelines in respect to allowed increases for the following:

- Salary and benefits relating to previously approved collective agreements, by-laws, etc.
- Principal and Interest payments required to repay long-term debt
- Full year impacts of previously opened new facilities
- Outside contract price and volume increases
- Insurance Increase
- Utilities Increase

In addition, the following explains a change in the process relating to requests for increases in expenses other than those noted above.

- Last year all other account lines were frozen. In the long term it will not be practical to freeze all other expense items. In the 2007 budget process, schedules for increase requests in these other areas can be submitted but will not included in the initial base budget departmental calculations. All of these requests will be reviewed and scrutinized thoroughly by Senior Management and only those deemed essential will be recommended for inclusion in the operating budget. It is important that these types of requests be allowed to ensure any unique departmental issue is brought to the attention of Senior Management and properly evaluated. Without this opportunity, departments may feel that other important budget requirements are being ignored.

Other important budget guidelines are as follows:

- 1) All user fee rates are expected to increase by at least the percentage increase in costs for the department offering the service.
- 2) New Complement Requests are to be submitted separately and **NOT** included in the base budget submission. These requests will be closely scrutinized by Senior Management and the submission must include sufficient supporting documentation with performance measure indicators, etc.
- 3) The inclusion of Business Planning and Business Case templates in the Operating Budget Guidelines and departmental submissions described in more detail below.

The election year will impact the timing of the budget. Staff anticipate bringing forward to the Budget Committee in early December the first draft of the 2007 Operating Budget with the intention of a Budget Committee recommendation and Council approval in January or February 2007. Timing may also be impacted by the issues that are raised during the process.

The Corporate Business Planning Process

On September 28, 2005 a presentation was made to the budget committee on the performance measures for key tax supported services such as roads maintenance and winter control, library, enforcement services, business licensing, recreation programming, recreation facilities, parks, and fire. These measures focused on demonstrating the efficiency and effectiveness of business operations and also provide information on the productivity of the aforementioned services. In particular, it was felt that this information would be useful for Council as part of its 2006 budget deliberations. Further, at this meeting the committee requested that a report be developed which would outline all of the steps involved in developing a business planning model in the Corporation. The 2005-2007 Corporate Business Planning Process is outlined in Attachment 2 to this report. The Senior Manager of Strategic Planning will oversee the completion of the Performance Measures and Business Plans.

Business Plans Templates to be Included in 2007 Operating Budget Submissions

Business Plans for the departments listed in Attachment 2 will be incorporated into the 2007 Operating Budget Guidelines as required submissions. The departments submitted the Business Plans represent the great majority of the operating budget with only a few departments deferring business plan submissions to a later date. A Business Plan template is provided as Attachment 3 of this report.

The Business Plans submitted with the departmental budget submissions will provide The Budget Committee with a valuable tool to assist them in their budget deliberations. The Business Plans include work plans, goals and performance measures for each department. This information provides an overview as to the effectiveness and efficiency of the departments and when compared year over year can save significant time in questioning and analyzing the feasibility of departmental budget increases and in evaluating base budgets.

Business Case Templates

The Business Case template provided as Attachment 4 is a requirement in the 2007 Operating Budget submission and will assist the Budget Committee in evaluating any new initiative or option with a step by step analysis. The template includes a cost/benefit analysis, the impact to internal departments and external stakeholders and performance success measures. This will also provide a consistent approach to assessing all new initiatives or options regardless of the magnitude.

Relationship to Vaughan Vision 2007

This report is consistent with the Vaughan Vision of long term financial stability through the design of operating budget guidelines intended to produce a responsible budget. The necessary resources have not yet been approved and will be addressed throughout the 2007 Operating Budget deliberations.

Conclusion

The 2007 Operating Budget timetable reflects that the Budget Committee provide a recommendation to Council by the end of January 2007 and a public meeting be held in January/February 2007, followed by Council approval. The Business Planning model as outlined

in this report will be implemented in most City departments in 2006 and integrated into the 2007 Operating Budget process as a required submission.

Attachments

Attachment 1 – 2007 Operating Budget Timetable

Attachment 2 – 2005-2007 Corporate Business Planning Process

Attachment 3 – Business Plan Template

Attachment 4 – Business Case Template

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ATTACHMENT 1**City of Vaughan
2007 Operating Budget Timetable**

Date	Activity
June 30, 2006	Draft Business Plan & Business Case Templates completed with Performance Measures up to 2006
July 24, 2006	Budget Instructions, Guidelines and Schedules issued to departments
September 8, 2006	Departments submit their Operating Budget submissions, including final Business Plans
Sept. 11 – Sept. 29, 2006	Review submissions with the Departments and the Commissioner of Finance & Corporate Services
October 2 to Dec 1, 2006	Senior Management Budget Review
December 2006	Draft Operating Budget presented to Budget Committee
December 2006 – Mid January 2007	Budget Committee deliberations as necessary
January 2007	Budget Committee recommendation to Council to set a date for Public input
February 2007	Public Input Meeting
February 2007	Council Approval

ATTACHMENT #2

2005-2007 Corporate Business Planning Process

Business Planning Process Timeline

Stage	October 2005	September 2006	September 2007
Stage 1: Tax supported performance measures			
Stage 2: Address outstanding issues from phase 1 and develop business plans in all identified departments			
Stage 3: Develop Corporate key performance indicators and targets as well as align business plans with Vaughan Vision			

Phase 1

1. Develop performance measurements for tax supported services such as roads maintenance and winter control, library, enforcement services, business licensing, recreation programming, recreation facilities, parks, and fire

Timeline: October 28, 2005 Budget Committee presentation

Phase 2

1. Address outstanding measurement issues listed in presentation including:
 - **Recreation Programming**- establish a client feedback program
 - **Recreation Programming** – review cost recovery model
 - **Parks** – Configure Parks department maintenance management system to track hectares&labour hours separately for sports-field, passive park activities and specific maintenance locations

- **Parks** – Establish a budget FTE/hectare service level ratio that will ensure adequate resources as turf hectares increase over time
- **Road Maintenance** – Determine winter control costs for unassumed roads and investigate cost recovery strategies
- **Road Maintenance** – Address required levels of preventative pavement maintenance expenditure during implementation of pavement management system review/analysis in early 2006
- **Road Maintenance** – Review blend of contracted versus in-house service, and contract structure to address cost escalation and generate improved kilometers per unit productivity performance
- **Library** – Library system dialogue across GTA to address MPMP double counting of uses
- **Library** – Review facility expansion plans given performance data trends. Are uses spread across more hours, or do facility expansions actually generate new demand through new uses volumes.
- **Fire** – Develop options for unit cost control regarding cost per deployed firefighter emergency response hour
- **Fire** – Future performance measurement reporting to break out response times/volume by major categories...medical, fire, rescue etc.
- **Fire** – Develop deployment service level options to meet Fire Marshall's 90% success standard
- **Fire** – Evaluate productivity impact of new proposed stations. Will response times be maintained or improved with planned addition of firefighter service hours? Expected Return on Investment?
- **Licensing** – As license processing volumes continue to grow in the future, specific 'budgeted' allocations of service hours will be required from all involved business units in order to maintain reasonable turnaround times
- **Enforcement Services** – Ongoing monitoring of service request volumes (and available service hours) by internal business units with-in Enforcement Services
- **Enforcement Services** – A "go forward" ratio of available hours to Service Request "files" is necessary to ensure reasonable turnaround times are maintained in the face of forecast volume growth in service requests
- **Enforcement Services** – Develop turnaround time tracking capacity in time for 2007 budget review cycle

Timeline: September 2006

2. Develop performance indicators for the rest of these tax supported services (12% not covered in first phase) as well completing the business plan template

Timeline: Budget Committee Fall 2006

3. Implement business plans for the following departments:

Community Services

- Recreation&Culture- D. Lapointe-Kay
- Buildings&Facilities- J. Peyton
- Parks- M. Fraser

Finance

- Reserves and Investments – F. Castellarin
- Property tax/Treasury- B. Jackson
- Budget and Financial Planning – J. Hrajnik

Planning

- Building Standards – L. Grellette
- Development Planning- M. Ramunno
- Policy Planning and Urban Design- D. Birchall

Economic/Technology Development

- Corporate Communications- M. Zito
- Access Vaughan- R. Zuccaro
- Economic/Technology Development- E. Valentini
- Information Technology Management- D. Yampolsky

Administration

- Clerks- J. Leach
- Human Resources- C. Berg
- Enforcement Services-T.Thompson

Engineering

- Development/Transportation Engineering- M. Won
- Engineering Services- G. Carroll
- Public Works-B. Anthony

Fire – G. Senay

Library- R. Bonanno

Others- TBD

- Purchasing-G. Wilson
- Legal- H. Wilson
- Fleet- A. Boyce
- Water and Wastewater-B. Jackson/Bill Robinson
- Parks Development –P. Gardner
- City Manager's Office (Strategic Planning,Audit,Corporate Policy, Emergency Management)

Timeline: Budget Committee Fall 2006

Phase 3

1. Develop key performance indicator's for Corporation to be aligned with Strategic Plan

Timeline: September 2007

2. Align departmental business plans with Vaughan Vision

Timeline: September 2007

3. Develop performance targets aligned with key performance indicators for departmental business plans

Timeline: September 2007

2007 Business Plan

Business Unit

BUSINESS OVERVIEW

Service Statement: (describe the core responsibilities/functions for your department)

Service Profile: (detail a high level description of the organizational structure and full time equivalent staffing levels in the department)

Organizational structure

FTE Count: (Full time , part time and overtime)

	2001	2002	2003	2004	2005
Full Time					
Part Time/Contract					
Overtime					

Key Stakeholders: (detail major internal and external stakeholders who interact with the department)

2007 Business Plan

Business Unit

Work Plan:

Link To Vaughan Vision: (detail the Vaughan Vision or Library Vision strategic goal which the business goals links with)

Departmental Business Goals: (Identify 2-3 high level business goals which will be accomplished during the business year. Goals should be representative of the departmental priorities and not detailed operational goals. As well provide a performance measure indicating how success will be demonstrated.)

Key Performance Indicators:

2007 Business Plan

Business Unit

BUSINESS OVERVIEW

Measurement: (Detail high level performance measures which provide information on the department's efficiency and effectiveness. Measures should incorporate 3-5 years worth of data.)

Key Conclusion: (What are some conclusions which can be drawn from the measurement trend)

Notes about the Measure: (What are some assumptions about the performance measure which should be stated)

BUSINESS CASE TEMPLATE

BUSINESS UNIT

The Opportunity, Initiative or Option

What is the opportunity (service adjustment, service added, new initiatives etc.)?

Link to the Vaughan Vision

How does the Opportunity, Initiative or Option link to the Vaughan Vision ?

Financial Impact (Short/Long) – Cost / Benefit Analysis

What is the financial impact of the opportunity cost benefit?

Stakeholder Impact

Will the implementation of the opportunity have an effect internal and external stakeholder?
(What and how can this impact be minimized or eliminated?)

BUSINESS CASE TEMPLATE

BUSINESS UNIT

Initial Cost to Implement

Detail the specific cost to implement the opportunity

Time Lines (Implement & Full Rollout)

Detail the time lines from approval, through implementation and follow up performance review.

Performance Success Measures

Detail outcomes targets and measures that will be used to evaluate the success or failure of opportunity implementation (measure doesn't have to be in numerator/ denominator form).