

**2008 OPERATING BUDGET & BUSINESS PLANNING – TIMETABLE, GUIDELINES AND OVERVIEW**

**Recommendation**

The City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, the Acting Director of Budgeting and Financial Planning, the Senior Manager of Strategic Planning, in consultation with the Senior Management Team, recommends:

- 1) That the 2008 Operating Budget Guidelines, summarized in this report be approved; and
- 2) That the revised Additional Resource Request and Departmental Business Plan templates be approved substantially in the form attached and included as part of the 2008 Operating Budget Guidelines instruction package issued to departments, and
- 3) That Attachment 3 – 2008 Operating Budget Timetable be approved.

**Economic Impact**

The economic impact of the 2008 Operating Budget will be fully determined upon receipt of the departmental operating budgets in September 2007.

**Communications Plan**

N/A

**Purpose**

The purpose of this report is to obtain the Budget Committee's approval for the 2008 Operating Budget & Business Planning Timetable and Guidelines.

**Background - Analysis and Options**

**The 2008 Operating Budget Challenge**

The City of Vaughan continues to be subject to the many factors that put significant pressure on the property tax rate. Inherent in the Annual Operating Budget Process are the normal pressures of inflation, growth, staffing resources, external contract costs, collective agreements, fluctuating revenues, which are further compounded by expanding service requirements, tax funded infrastructure renewal cost impacts experienced by a high growth municipality, and increasing environmental initiatives. The impacts of these pressures are often permanent and therefore require permanent funding solutions to ensure public services are sustainable in the future. The above situation presents significant challenges to achieving a balanced budget while minimizing associated tax rate increases and achieving Council's priorities.

**Guidelines Designed to Maintain Service Levels & Support Vaughan's Vision with a Minimum Impact on Taxes**

As illustrated, the 2008 Operating Budget will present a significant challenge in achieving a balanced budget while minimizing any tax increase. Accordingly, the 2008 Operating Budget Process will address this challenge by building on the processes and successes experienced during the 2007 Operating Budget Process. The Operating Budget Guidelines are further refined to incorporate a more comprehensive budget review through a combination of the following actions:

1. Strict base budget guidelines to limit the size of the budgetary increases
2. Separate review process to assess additional resource requests
3. User fee reviews with increases in relation to department costs & cost increases
4. Business planning and performance measures/benchmarks.
5. Public information/consultation sessions
6. Continued budget/tax rate analysis

Further details with respect to each of the above actions are provided in the following paragraphs.

#### **1. Strict 2008 Base Budget Guidelines to Limit Cost Increases**

Continued strict Operating Budget Guidelines are recommended to minimize the budgetary impact on the tax rate for 2008. These guidelines focus on external pressures and established commitments limiting base budget increases to only the following areas:

- Salary and benefits relating to previously approved employment agreements
- Full year impacts of previously opened new facilities
- Full year impacts of prior Council approved initiatives
- Supported external contract price and volume increases
- Supported utility increases (Hydro, Water, Natural Gas, & Fuel)
- Insurance adjustments
- Required long term debt principal and interest payments

In addition, all items containing an economic impact during the Annual Budget Process are to be submitted to the Budget Committee for review & recommendation before Council consideration. This will ensure that all financial requests are captured and assessed within the approved Operating Budget Process.

#### **2. Separate Review Process to Assess Additional Resource Requests**

Recognizing the above guidelines are very restrictive and understanding that Departments may require funding in excess of base budget guidelines to perform the following:

- Meet strategic priorities
- Maintain service levels
- Adhere to regulatory requirements
- Implement initiatives, etc.

The above guidelines continue to be complimented by a process that provides departments with an opportunity to formally submit requests for essential resources not permitted within the base budget guidelines, in excess of \$5,000. Council approval is specifically required when, new staff resources, a change in service levels, or new initiatives are brought forward. These requests will not be included in the base operating budget, but identified and presented separately to Senior Management and/or Council for consideration/approval. The above process will separate the Operating Budget into the following 2 classifications:

- Base Budget - Budget submissions based on approved guidelines – Minimal tax increase
- Additional Resource Requests – Special or unique requirements not accommodated within existing guidelines requiring SMT and/or Council review and approval.

The intent is to aid key decision makers assess the Operating Budget by pinpointing key operating budget pressures and breaking up the budget into more manageable components.

A single standardized Additional Resource Request Template, enclosed as Attachment 1, will be provided to departments to communicate their requests and business case. The template includes sections to illustrate strategic links, costs & benefits, implications & consequences, success indicators, and timelines. This process will provide a consistent step by step approach to assist Senior Management and the Budget Committee in evaluating requests and aligning available resources.

### **3. User Fee reviews with increases in relation to department costs & cost increases**

Inherent in the 2008 Budget Process is a continued emphasis on maximizing the cost recovered on services provided. In addition to adjusting revenues for anticipated changes in activity, departments are expected to increase use fees and service charges in relation to department cost increases and are encouraged to explore and submit new user fee and service charge opportunities for Senior Management review and Council approval.

It is anticipated that department user fees & service charges will increase at minimum, by the rate to inflation, in 10 cent increments, unless otherwise specified i.e. fees & charges currently part of ongoing studies, etc. The Statistics Canada Toronto/GTA inflation rate increased 1.9%, from 131.1 to 133.6, for the 12 month period ending April 2007. The 5 year historical average is approximately 2%.

### **4. Business Plans, Service Reviews, and Performance Measures**

To help establish and reinforce connections between strategic priorities and resource allocation Business Plans were incorporated into the 2007 Operating Budget Process. This information complimented the budget process and played an important role in evaluating department base budget efficiency, effectiveness and productivity through the use of performance measures, as well as provided a platform to better understand department objectives, pressures and the basis for additional resource requests.

Business Plans will continue to be integrated as part of the 2008 Operating Budget Process. This process will focus on the next stage of the 2005 -2007 Corporate Business Planning Process, which entails developing business plans for departments not included in the initial phases, reporting on objectives/accomplishments, refining/updating established business plans, and expanding performance measures. To accomplish these goals a revised business plan template was designed, Attachment 2, which expands on the business planning objectives section of the original template.

As illustrated above, this information will greatly assist Senior Management and the Budget Committee in their budget deliberations by providing additional evidence based information that demonstrates department base budget efficiency, effectiveness, and productivity through performance measures and further merge budget requests to strategic goals, objectives, and priorities.

The Senior Manager of Strategic Planning will be intricately involved with this process and will oversee the completion of business plans and supporting documentation.

## **5. Public Information/Consultation Forums**

Continuing with the process established in 2007, Public Consultation/Information Forums will be held throughout the community early in the budget process to gather community input, which will assist in building the budget. Although a framework has not yet been determined the subject matter of the forums will focus on the following:

1. Educate and inform the public regarding city services, their cost, municipal issues and their relationship with property taxes; and
2. Obtain input and feedback from the public with respect to the local services provided and their value.

In addition to the City, the York Region Separate and Catholic Schools Boards and the Region of York will be invited to attend. Forum results will be reported to Budget Committee in December.

## **6. Continued Budget/Tax Rate Analysis**

As part of the standard process staff will undertake various tasks to analyze the Operating Budget to assess efficiency and ensure conformity with approved Operating Budget Guidelines. For example analyzing major department increases, guideline compliance, specific expenditure types, department user fee recovery ratios, SMT/Council adhoc requests, tax rate implications, and overall budget reasonability.

### **Operating Budget Timetable**

Staff anticipate bringing forward the first draft of the 2008 Operating Budget to the Budget Committee in December with the intention of a Budget Committee recommendation in early February and Council approval in late February 2008. A timetable is enclosed as Attachment 3. Any issues raised during the 2008 Operating Budget Process could potentially impact the above illustrated timing.

### **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 in line with Vaughan's vision, goals, and objectives. The necessary resources have not yet been approved and will be addressed throughout the 2008 Operating Budget deliberations.

### **Regional Implications**

N/A

### **Conclusion**

The 2008 Operating Budget Timetable reflects that the Budget Committee provide a recommendation to Council by early February 2008 and a public meeting be held in late February 2008, followed by Council approval. The enclosed guidelines are presented to maintain service levels and support Vaughan's vision with a minimum impact on taxes.

### **Attachments**

- Attachment 1 – Additional Resource Request Template
- Attachment 2 – Business Plan Template
- Attachment 3 – 2008 Operating Budget Timetable

**Report prepared by:**

Clayton Harris, CA  
Deputy City Manager/Commissioner of Finance & Corporate Services

John Henry, CMA  
Acting Director of Budgeting and Financial Planning

Respectfully submitted,

---

Michael DeAngelis, City Manager

---

Clayton D. Harris, CA  
Deputy City Manager/Commissioner of Finance & Corporate Services

---

John Henry, CMA  
Acting Director of Budgeting and Financial Planning

---

Thomas Plant, MBA, MPA  
Senior Manager of Strategic Planning

# 2008 Operating Budget Additional Resource Request

**ATTACHMENT #1**

**Business Unit:**

**Department:**

**Request Classification** (Select one of the appropriate request)

Maintain Service Level  
(outside guidelines)

New Initiative

Regulatory Requirement

Existing Service Level Enhancement

Please indicate if the request requires a complement Yes  No

Please specify number of staff required Full-time \_\_\_\_\_ Part-time \_\_\_\_\_

*\*For requests involving a complement addition/conversion, please complete & attach the new complement form*

## 1) Description of Request

## 2) Relationship to Vaughan Vision Goals / Objectives / Initiatives

**A) Describe how the request links with the Vaughan Vision Goals, Objectives and Initiatives**

**B) Identify the specific initiative that the resource request relates to and under the appropriate Goal indicate to what degree the additional resource request relates to the specific Vaughan Vision Initiative**

**Specific Initiative** \_\_\_\_\_

### **Service Excellence**

- None – Unrelated/ no correlation
- Slight – Low priority or indirectly supports strategic goals/objectives/initiatives
- Moderate – Medium priority or has a connection to strategic goals/objectives/initiatives
- Strong – High priority or key ingredient supporting strategic goals/objectives/initiatives

### **Staff Excellence**

- None – Unrelated/ no correlation
- Slight – Low priority or indirectly supports strategic goals/objectives/initiatives
- Moderate – Medium priority or has a connection to strategic goals/objectives/initiatives
- Strong – High priority or key ingredient supporting strategic goals/objectives/initiatives

### **Management Excellence**

- None – Unrelated/ no correlation
- Slight – Low priority or indirectly supports strategic goals/objectives/initiatives
- Moderate – Medium priority or has a connection to strategic goals/objectives/initiatives
- Strong – High priority or key ingredient supporting strategic goals/objectives/initiatives

# 2008 Operating Budget Additional Resource Request

**ATTACHMENT #1**

**Business Unit:**

**Department:**

### **3) Stakeholder Impact**

Indicate internal and external stakeholders that are impacted.

### **4) Economic Impact- Costs**

**Costs Description**

**(\$ dollars)**

*2008 Operating Costs (Separately indicate one-time & continuous expense)*

*Potential Saving Costs/Offsets (Separately indicate one-time & continuous savings)*

**Total 2008 Operating Impact**

**Grand total:**

**Other Considerations:**

**(\$ dollars)**

*2009 Future year impacts and savings*

*Associated Capital Costs*

### **5) Benefit Analysis**

Describe the benefits of the request. (E.g. Cost savings, revenues, improved service and efficiencies, etc.)  
Conclude how the benefits outweigh the costs of the request and why it is beneficial to act on the request.

# 2008 Operating Budget Additional Resource Request

**ATTACHMENT #1**

**Business Unit:**

**Department:**

## 6) Implications/Consequences

**A) Briefly illustrate the impacts/consequences if the request is not approved**

**B) Please check off how the request relates to the following:**

### ***Health & Safety***

- None
- Low – Minor issue & require monitoring
- Moderate – Potential consequences & attention is required as soon as possible
- Serious – Dangerous/severe issue, immediate attention required

### ***Legislative Requirement ( excludes City By-Laws)***

- None
- Low – Little consequence of non compliance
- Medium – Some consequences of non compliance
- High – Significant Repercussion

### ***Probability of Litigation***

- None
- Low – Unlikely or likely with minor outcomes/consequences
- Medium – Probable significant outcomes/consequences
- High – Definite significant outcomes/consequences

### ***Core City Service Disruption***

- None
- Low – Minor internal issues-slight inconvenience- service provided
- Medium – external impacts-frustration experience- some public/client complaints- intermittent service level impact
- High – Service failure-service levels breached- frequent public/client complaints/aggression



# 2008 Operating Budget Additional Resource Request

**ATTACHMENT #1**

**Business Unit:**

**Department:**

## **7) Business Plan Link & Performance Indicators**

A) Detail how the request links to department's business plan and performance measures.

B) Detail the indicators/performance measures which will illustrate the success of the request.

## **8) Timeline/Milestones**

**2008 Business Plan**

**Department**

**BUSINESS OVERVIEW**

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

**Service Profile:** Provide the Organizational Chart for your department

**Full time , part time and overtime budgeted figures**

	2003	2004	2005	2006	2007
Full Time					
Part Time/Contract					
Overtime					

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

**2008 Business Plan**

**Department**

**Work Plan:**

**Link To Vaughan Vision:** (list the Vaughan Vision strategic goals which links with the departments core responsibilities)

**Business Plan Objectives** (list the status of 2007 business plan objectives and the method of measuring successful implementation. As well list new 2008 business plan objectives in the appropriate section)

**2007 Business Plan Objectives/Accomplishments:**

Status	Measurement

**2008 Business Plan Objectives:**

**Key Performance Indicators:** (List 2-3 high level performance measures which provide information on the department's efficiency and effectiveness)

**2008 Business Plan**

**Department**

**BUSINESS OVERVIEW**

**Measurement:** (Performance measures should detail 3-5 years worth of data. One measure per page including a key conclusion and notes about the measure for each measure.)

**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)

**City of Vaughan  
2008 Operating Budget Timetable**

<b>Date</b>	<b>Activity</b>
July 23rd, 2007	Budget Instructions, Guidelines and Schedules issued to departments & available on the Vibe
September 7th, 2007	Departments submit their Operating Budget submissions, including Business Plans & Performance Measures
Sept. 10th – October 12, 2007	Review submissions with the Department and the Commissioner of Finance & Corporate Services
Oct. 15 to November 30, 2007	Senior Management Budget Review & Public Information/Consultation Forums
Mid December 2007	Draft Operating Budget presented to Budget Committee
Mid Dec. – January 2008	Budget Committee Deliberations
Early February 2008	Budget Committee recommendation to Council & set a date for Public Input (14 Day Notice Requirement)
Late February 2008	Public Input Meeting & Council Approval