

**PROPOSED 2009 OPERATING BUDGET**

**Recommendation**

The Budget Committee recommends:

- 1) That the following report and presentation on the Proposed 2009 Operating Budget be received;
- 2) That the deputations from the public be received; and
- 3) That the Proposed 2009 Operating Budget be approved subject to any changes as a result of public input.

**Economic Impact**

The attached Proposed 2009 Operating Budget, Attachment 1, reflects the requirement for a taxation funding increase of \$31 a year (\$2.60 per month) on the average home re-assessed at \$435,235 or a 2.84% tax increase.

The Proposed 2009 Operating Budget increase of \$3.5m is largely driven by the following:

1. Safety and Security - \$1.5m increase for 20 additional firefighters;
2. Infrastructure Repair - \$1.0m increase for major roads repairs; and
3. Significant Increase in Contracted Services, specifically Winter Control.

As illustrated above, more than 70% of the increase is directly related to community safety and infrastructure repair. The next significant component is to cover the cost increase for contracted services that were tendered and required to maintain levels of service.

**Communications Plan**

Public involvement throughout the budget process was a key element and consisted of:

Early Consultation - A Public Budget Consultation/Information Forum was held on Nov. 10<sup>th</sup> to obtain the community's input early in the budget process. This process was complemented by placing the Budget Forum presentation and a questionnaire online. The public forum and online content were heavily promoted in various media sources 3 weeks in advance.

Continuing Opportunity for Input - In addition to the Budget Forum, 6 public Budget Committee meetings were held. Input on the budget was received throughout the process and considered during the budget deliberations. In addition to these meetings, a Special Council meeting is scheduled on April 7<sup>th</sup> to provide the public a final opportunity to comment on the Proposed 2009 Operating Budget.

Final Approval – Following Council approval of the budget, the appropriate media releases will be distributed per City policy. The media releases will articulate the strong management practices and oversight the City currently has in place to provide residents with value for their property tax dollar, as demonstrated through high levels of service for a very low property tax rate in comparison to other municipalities. Key information will also be provided on the City's Web site and the fact sheets will be provided to key stakeholders.

## **Purpose**

The purpose of the Special Council Meeting is to obtain final public input and to provide the public with an overview of the Proposed 2009 Operating Budget including the major issues the municipality is facing and the impact on taxes to an average Vaughan household.

## **Background - Analysis and Options**

### **Executive Summary**

The 2009 Proposed Operating Budget is based on budget guidelines that were adopted by the Budget Committee on May 29<sup>th</sup>, 2008. A founding principle of the budget guidelines was to maintain service levels and support Vaughan's Vision with a minimum impact on taxes. The 2009 Proposed Operating Budget, including any recommendations stemming from Budget Committee deliberations, reflects the requirement for a taxation funding increase of \$3.35m. This represents a property tax increase of approximately \$31 a year (or \$2.60 per month) on the average home re-assessed at \$435,235 or a 2.84% tax increase. The tax increase is largely driven by the following:

4. Safety and Security - \$1.5m increase for 20 additional firefighters;
5. Infrastructure Repair - \$1.0m increase for major roads repairs;
6. Significant Increase in Contracted Services, specifically Winter Control

As illustrated above, more than 70% of the increase is directly related to community safety and infrastructure repair. The next significant component is to cover the cost increase for contracted services that were tendered and required to maintain levels of service.

### ***Delivering Value for Your Property Tax Dollar***

The City of Vaughan takes the management and stewardship of public funds seriously. Through Council, the City delivers services the residents expect within the legislative framework established by the Province of Ontario. Within that context, increasing property taxes is the last option. In this regard the City of Vaughan has been very successful. We have consistently had the lowest property tax rate in York Region and one of the lowest property tax rates in the GTA, while providing high quality services to the residents of Vaughan.

A low tax rate and high quality services do not occur by chance. For several years, the City has had a very rigorous budgetary process that is continually reviewed and refined. That rigorous process includes a number of specific actions such as the following:

#### ***Containing Costs and Implementing Best Practices***

- ❖ Freezing many expenses at previous years levels;
- ❖ Requiring City Manager review and approval prior to filling vacancies;
- ❖ Engaging the Community to ensure resources are applied to community needs;
- ❖ Utilizing performance measures to assess budgets;
- ❖ Reviewing organizational efficiency;
- ❖ Establishing a formal Continuous Improvement Program;
- ❖ Ensuring growth pays for growth

#### ***Demonstrating Leadership in Financial Management***

- ❖ Implemented user pay policies;
- ❖ Developed fiscal policies to guide management and Council decisions;
- ❖ Through Business Planning, aligned resources with operational and strategic priorities;
- ❖ Leveraged long- range integrated financial planning to increase financial visibility;
- ❖ Implemented infrastructure life-cycle planning;
- ❖ Building reserves to smooth cyclical and economic downturns

The City of Vaughan has been very progressive in implementing policies and processes to manage the municipality while providing residents with value for their property tax dollar. As noted above, Vaughan had one of the lowest property tax rates in the GTA in 2008. In 2008, the average home in Vaughan paid \$1,093 in property taxes for the services they receive at the local level and the City ranked 3<sup>rd</sup> in the province in terms of its financial position per capita according to an independent research firm.

### ***Budget Approach – Maintaining Service Levels with a Minimum Impact on Taxes***

The City's approach to the annual operating budget is to first issue very strict budget guidelines to develop the **Base Budget**. Under the guidelines, departments are only permitted to include very specific increases in their base budget, typically related to predetermined agreements, contracts or Council approvals. There is no **automatic across the board increase for inflation** and no increase for new staffing in the base. To the extent that a department requires additional resources, a separate request form must be completed for each request. These are referred to as **Additional Resource Requests (ARR)** and are individually vetted by the City Manager through the Senior Management Team and the Budget Committee. The objective of the base budget, combined with the additional resource requests is to identify the minimum resources that are required to maintain the City's service levels and move towards implementing the City's vision. Specific information with respect to the comprehensive budget process is provided in Attachment #2.

#### Base Budget

The City's 2008 budget was \$182m. The overall net increase in the City's 2009 base budget is approximately \$475,135 or \$4 a year for the average home in Vaughan. Although there are many components to the City's base budget, the increase can be attributed to the following main challenges.

- Infrastructure Repair – funding increase for major road repairs;
- Significant Increases in Contracted Services
- Declining Assessment Growth

In the absence of these challenges, there would virtually be a decrease in the base budget. A summary of base budget impacts and their relative impact is illustrated later in this report.

#### Additional Resource Requests

As noted previously, additional resource requests are submitted on an individual basis and assessed on their respective merits. There were 52 requests received amounting to \$6.1m. A significant amount of time was spent reviewing and discussing each request. The result was management's recommendation to support 32 requests totaling \$2.9m, less than half the requests. Of the \$2.9m, approximately 50% relates to staffing 20 additional firefighters to meet increasing service needs. The recommended additional resource requests represent a tax increase of \$27 per year for the average home in Vaughan or approximately 2.44%.

#### Combined Base Budget and Additional Resource Requests

The combined impact of the base budget and the additional resource requests is approximately \$31 per year for the average residential property in Vaughan or a 2.84% tax increase.

#### Local Hospital Contribution

The need for a hospital in Vaughan is well documented. There has been a significant ongoing effort to make a hospital in Vaughan a reality. Part of the Provincial requirements is the requirement for a local contribution. That local share is anticipated to come from various sources including the local municipality. In June 2008 the City of Vaughan publicly stated that it would support a local hospital with a significant contribution. Since that time the Vaughan Hospital Project has received additional approvals. The current phase of planning – Master Program /

Master Plan / Business Case has been approved to proceed by the Minister. The City has been advised by the Vaughan Health Care Foundation that to complete this phase of the project will require securing a site. Any request from the Foundation for a specific contribution is separate from the City's operations and would therefore be the subject of a special meeting.

### **Quick Facts**

The following information is provided for quick reference and to assist in providing the public and Council with a context within which to assess the proposed budget.

Average 2009 Residential re-assessment	\$435,235
Total 2008 Taxes levied on the average assessed home	\$4,305
2008 City of Vaughan portion (25%)	\$1,093
Reduction for qualifying seniors	\$280
A 1% increase in the tax rate generates	\$1.18m
Impact of a 1% increase on the average home	\$11
2009 Assessment Growth	3.19%

### **2009 Re-Assessment Year**

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all Ontario municipalities, has completed a re-assessment program for Ontario properties, effectively starting the 2009 tax year. It is important to note that this process is revenue neutral for the City of Vaughan and **legislatively can not provide the City with any additional revenue**. Increases in assessment values will be phased in over 4 years and the properties with assessment increase in line with the municipal average will not experience any tax increase as a result of reassessment. Should homeowners disagree with the new assessment value provided, MPAC offers a process for assessment reconsideration and failing that, residents can appeal MPAC decisions to the Assessment Review Board. More information on this process can be found at [www.mpac.ca](http://www.mpac.ca).

### **Proposed 2009 Operating Budget Review**

As mentioned in the Executive Summary, the City of Vaughan continues to be subject to many factors that place 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 etc., which are further compounded by expanding service requirements and tax funded infrastructure renewal cost impacts experienced by a high growth municipality. This situation presents significant challenges to achieving a balanced budget and maintaining service levels while minimizing associated tax rate increases and achieving Council's priorities. To assist the Public and Council Members with understanding the challenges facing the City and to assess the Proposed 2009 Operating Budget, the remainder of the report is dedicated to reviewing the budget in the following manageable components.

- o Base budget under the guidelines
- o Base budget revenue review
- o Base budget expenditure review
- o Additional resource requests
- o Infrastructure funding strategy
- o Future outlook

### **2009 Base Budget Under the Guidelines**

Based only on the budget guidelines, the City's Proposed 2009 Operating Budget is approximately \$190.7m and reflects a \$475,135 funding increase over 2008. This equates to a 0.4% tax rate increase **excluding** the budget impact of the recommended additional resource requests. Consistent with last years budget, the Proposed 2009 Operating Budget includes a

\$2.5m surplus carried forward and includes \$2.7m from the Tax Rate Stabilization Reserve. To assist Council in assessing the Base Operating Budget and the associated 0.4% tax rate increase resulting from the budget guidelines, the following summary is provided.

<u>Base Budget Impacts</u>	<u>Budget Impact</u>	<u>% Variance</u>	<u>Tax Rate Impact</u>
<u>Allowable Departmental Expenditure Increases:</u>			
Salaries and Benefits increase	\$3.4 m	3.3%	2.9%
Service Contracts price and volume increase	\$2.2 m	9.5%	1.9%
Utilities price and volume increase	\$0.6 m	9.6%	0.5%
Recoveries and other expenditures	\$0.6 m	2.2%	0.5%
<b>Total Departmental Expenditure Increase</b>	<b>\$6.9 m</b>	<b>4.3%</b>	<b>5.8%</b>
<b>Less: Increase in fees and service charges</b>	<b>\$0.7 m</b>	<b>2.3%</b>	<b>0.6%</b>
<b>Net Departmental Impact</b>	<b>\$6.2 m</b>	<b>4.8%</b>	<b>5.2%</b>
<u>Corporate Revenue Base Budget Impacts:</u>			
Supplemental taxation	\$0.1 m	3.8%	0.1%
Reserves	\$2.2 m	16.3%	1.9%
Corporate revenues	\$1.7 m	11.3%	1.5%
<b>Total Corporate Revenue Base Budget Impact</b>	<b>\$4.0 m</b>	<b>12.8%</b>	<b>3.4%</b>
<u>Corporate Expenditure Base Budget Impacts:</u>			
Contingency	\$0.3 m	16.0%	0.3%
Long term debt	\$1.3 m	17.9%	1.1%
Capital from Taxation	(\$0.1) m	-1.0%	-0.1%
Corporate expenditures	\$0.5 m	8.1%	0.4%
<b>Total Corporate Expenditure Base Budget Impact</b>	<b>\$2.0 m</b>	<b>9.2%</b>	<b>1.7%</b>
<b>Net Corporate Impact</b>	<b>\$2.1 m</b>	<b>3.6%</b>	<b>1.7%</b>
<b>Less: Assessment Growth (3.19%)</b>	<b>\$3.6 m</b>	<b>-----</b>	<b>3.1%</b>
<b>Total</b>	<b>\$0.5 m</b>	<b>-----</b>	<b>0.40%</b>
Increase for 2009 re-assessment year (\$435,235)	\$4.42		

An integral component of the 2009 Operating Budget Guidelines was the freezing of most account lines outside of the specific areas permitted as outlined in Attachment #2. In order to check adherence to the guidelines, budget submissions were verified to ensure there were no other increases or that any budgetary increases outside the guidelines were offset by corresponding decreases in other line items.

The Budget Guidelines were designed to limit expenditure increases and this exercise has been successful as demonstrated by a total department expenditures increase of only \$6.9m, which represents a 4.3% increase in departmental expenses over 2008. Roughly half of the 4.3%

increase is attributable to previously negotiated salary/benefit increases, including the full year impact of 2008 approved additions, roughly \$800k. The balance of the increase is related to external contracts, including significant increases in winter control, animal control, waste management, utility increases, and insurance premiums. These services are generally contracted, competitively tendered and awarded to the lowest bidder.

### **Base Budget Revenue Review**

Overall, revenues increased \$4.7m or 7.2% from 2008 levels, excluding assessment growth. The primary factors contributing to the increase are as follows:

- Funding from Reserves increased by \$2.2m:

Reserves form a large part of Vaughan's financial management strategy and help to smooth significant budget impacts and mitigate the impacts of a slowing economy. The following points demonstrate Vaughan's ability to utilize these resources for that intended purpose.

- As a result of significant snow clearing increases, largely due to contract price increases, a \$700k withdrawal from the Winter Control Reserve to fund operations is necessary to phase in the full impact on the tax rate. In a similar situation, funding from the Debenture Reserve is increased by \$300k to smooth increasing debenture payments associated with the existing roads repair and maintenance program.
- The increase in the Engineering, Fleet, and Insurance reserves, approximately \$630k is based on department expenses and associated resource allocations. The increase in funding represents the anticipated growth and cost trends for these services.
- As a result of housing allocation constraints and an industry slowdown, it is anticipated that building permit revenue will remain stable or decline and unable to recover the full costs of this service. To offset the anticipated cost recovery shortfall, a \$230k draw on established reserve funds in 2009 is needed to avoid a budgetary impact.
- A preliminary study on the cost sharing of administration activities between the City and Water/Waste Water Services has indicated there are more costs the City should be recovering. As a result, the existing recovery was conservatively increased by \$300k to account for this.

- Corporate and Supplemental Revenues increased by \$1.8m:

- Property tax fines and penalties increased \$300k, tax certificates and documents increased \$184k and supplemental taxation increased \$100k. These adjustments were necessary to better reflect historical trends and keep inline with the growing tax base.
- PowerStream investment income increased \$487k and dividend income increased \$750k.

- User Fees / Service Charges increased by \$713k:

- The largest portion of the increase is related to Recreation department revenues which increased by \$542k due to growth, new programs, and fee adjustments. This increase has a relatively marginal impact on the budget as associated expenses increased by a similar amount. Fee increases in other departments also occurred. Most notably, Committee of Adjustment revenue increased \$142k due to a new fee structure, which better aligns fees, services and recovery targets. Public Works revenue also increased \$131k reflecting an increase demand in general revenues and anticipated additional grant monies.

- The above increases were offset by a \$119k reduction in Fire and Rescue Services resulting from reduced discretionary billings and collection difficulties. The Economic and Business Development Department also experienced a \$125k revenue reduction as a result of postponing the 2009 Vaughan Bash, which is offset by reductions in expenses to host the event, resulting in a net budget impact of \$50k.

Assessment Growth

For 2009, assessment growth is estimated at approximately 3.19%, which translates into roughly 3,000-3,500 new homes contributing an additional \$3.65m in property taxes. This is slightly lower than the 3.7% or \$4m figure reported in 2008, due to service allocation constraints and the slowing economy. Although not specifically allocated, these funds help offset the increased servicing costs associated with community growth. To illustrate this point, listed below are just a few of the many 2009 growth additions to the City:

- 230 km of roads
- 65 - 70 km of sidewalks
- 3,000 -3500 new waste/recycling collection stops
- 3,066 additional streetlights
- 17.43 ha of Parkland + play structures
- 5 km of trail
- Increase library circulation and much, much more

All the above additions require funds to operate and maintain service levels. Included in the Proposed 2009 Operating Budget is the following estimate of the major costs required to support growth:

• Full year impact of 2008 growth related approvals	\$800k
• Service contract volume increases	\$540k
• <u>Utility and material volume increase</u>	<u>\$595k</u>
Base budget growth impact	\$1.9m
• <u>Growth related additional resource requests</u>	<u>\$2.6m</u>
<b>Total 2009 growth impact</b>	<b>\$4.5m</b>

As illustrated above, the costs associated with growth, excluding the cost of new infrastructure co-funding or infrastructure repair and replacement, significantly exceed the amount of additional taxation received through new assessment.

User Fees and Cost Recovery

It is important to recognize there is an ongoing balance between funding through a fee for specific segment based services versus funding community-wide services through the general tax rate. To the extent there is a user fee, that fee should be adjusted annually to reflect changes in the cost of delivering the service. Otherwise, by default, there would be a requirement to fund cost increases through the general tax rate.

A concern that fee revenue might not keep pace with associated service costs was anticipated. As a result the budget guidelines included a requirement for all user fees and service charges to be increased in relation to department cost increases and at minimum by the rate of inflation. This exercise reduced the Proposed 2009 Operating Budget by approximately \$55k with new fees generated an additional \$207k. These amounts are provided for in contingency accounts until the amendments to the User Fee / Service Charge by-laws are Council approved. A separate report on this topic is provided for Special Council consideration.

It is important to recognize that approximately 90% of the City's user fees are generated by the following 5 areas:

- Recreation
- Building Standards
- Planning and Committee of Adjustment (COA)
- Enforcement Services
- Licensing

As a result, the majority of the above departments have conducted various fee studies. Some studies were a result of legislative requirements and staff initiated a number of other in-depth studies, but all resulted in the development of cost recovery policies, principles, and targets endorsed by Council. Generally, service charges should be used to support programs where demand and utilization is determined by an individual or specific community segment. However, many factors exist (i.e. legislation, competition, social benefit, market, economic conditions, etc), which may impact on setting recovery ratios to some degree. Illustrated below is a summary of cost recovery ratios and targets for these main areas.

2009 Department Budgeted Recovery (Figures in Thousands)	Recreation	Licensing	Enforcement	Planning	COA	Building Standards
Revenues	\$ 15,197	\$ 802	* \$ 2,557	\$ 2,378	\$ 492	** \$ 8,072
Expenditures	16,395	505	3,733	2,605	516	5,177
<b>Subsidy/(Surplus)</b>	<b>\$ 1,198</b>	<b>\$ (297)</b>	<b>\$ 1,176</b>	<b>\$ 227</b>	<b>\$ 24</b>	<b>\$ (2,895)</b>
<b>Dept Budget Recovery Ratio</b>	93%	159%	68%	91%	95%	156%
Full Cost Estimate (ABC Model)	*** \$ 33,707	\$ 1,079	\$ 3,851	\$ 4,823	\$ 882	\$ 8,072
<b>Subsidy/(Surplus)</b>	<b>\$ 18,510</b>	<b>\$ 277</b>	<b>\$ 1,294</b>	<b>\$ 2,445</b>	<b>\$ 390</b>	<b>\$ -</b>
<b>Full Cost Recovery Ratio</b>	45%	74%	66%	49%	56%	100%
<b>Policy Recovery Goal</b>	95% Dept. Cost by 2012	100% Full Cost		100% Full Cost	100% Full Cost	100% Full Cost

\* Enforcement revenues include POA revenues of \$890,000

\*\* Building Standards revenues include a \$230,000 draw from Building Standards Continuity Reserve

\*\*\* Recreation B & F costs approx \$12m, OH 20%

- Recreation is recovering 93% of their departmental costs, which is on track to achieve a 95% direct operating cost recovery target by 2012.
- Licensing is also achieving the target of recovering business licensing full costs. The full cost recovery illustrated in the table is less than 100% as a portion of the department is devoted to risk management and some legislative licensing fee restrictions related to lottery, livestock, etc.
- Enforcement Services, including Provincial Offense Act revenue, is recovering approximately 67% of their department cost. Enforcement Services' full cost recovery ratio is consistent with the department recovery ratio, as associated department costs and overhead allocations are offset by the cost of services provided to other departments, i.e., Fire, Building Standards, Parks, etc. The recovery amount should improve slightly with the implementation of the administration monetary penalties initiative, which will streamline the process and improve collection efforts. There are no plans to develop a recovery policy as this service is largely driven by compliance rather than service demand.
- Planning & COA revenues are recovering 91% and 95% of their department costs respectively and falling short of achieving the goal of full cost recovery. The full costs recovery shortfall, below 50%, is largely a result of declining planning application volumes caused by the economic slowdown and York Region serving capacity allocation restrictions. Despite the decline in volumes, a backlog of applications exists from prior years that require some resources to manage and bring to completion.



- Building Standards is recovering 100% of their building code related full costs with a small draw from the Building Standards Service Continuity Reserve due to the anticipated economic slowdown.

As demonstrated above, most areas are recovering approximately 90% of their budgeted department costs and a significant portion of full costs. In addition, various benchmarking comparisons have been performed by departments and external consultants indicating Vaughan's recovery targets are on-par or better than neighbouring municipalities. This is another indication of the City managing its finances in a prudent manner.

### **Base Budget Expenditure Review**

#### **Base Budget Expenditure Increases**

Total City expenditures increased \$8.8m or 4.9% over 2008 levels. The primary factors contributing to the increase in City expenditures are as follows:

- Approximately \$6.8m or 75% of the base budget expenditure increase is related to pressures experienced within departments, including the Library. This represents an increase of 4.2% over the 2008 departmental budget and is largely explained by the following 2 components.
  1. Of the total departmental budget increase, approximately 49% or \$3.4m is associated with labour costs, as per recognized agreements (i.e. economic adjustments, progressions for new hires, job evaluation, and benefits impacts). Also included in this figure are the full year impacts of 2008 approved hires, approximately \$800k.
  2. The second largest component of the department expenditure budget increase is a result of contracted service (\$2.2m) and utility (\$0.6m) pressures. These components account for approximately 45% of the department increases and are necessary to maintain service levels, accommodate increasing growth demands, and meet contractual or industry price obligations. A large part of the contract increase is caused by the renewal of winter control 3 year service contracts, which increased more than \$1.4m mostly due to industry price increases. Other city contracts also contributed to the increase including waste management \$241k, street light maintenance \$219k, and animal control \$179k.
- Long-term debt payments increased \$1.25m to fund prior year approved commitments primarily for major roadwork projects.
- A \$0.3m expenditure increase is also experienced in the City's contingency account and relates to ongoing labour negotiations and certain foreseeable events. Corporate and election expenses increased by \$0.46m, mainly as a result of increased professional fees, major OMB hearings, tax adjustments and bank charges.

#### **Degree of Flexibility**

To assist Council in assessing the base budget, the following summary illustrates how the City's expenses are allocated to major expense types. The summary below illustrates that the City has limited flexibility in any given year to significantly alter the City's cost structure in the short term. More than 75% of the costs are committed through collective agreements, service contracts, and financing arrangements. Other reductions will impact the maintenance and repair of the City's infrastructure. It is important to recognize that these costs are necessary to maintain the City's current service levels.

<i>2009 Operating Expenditures</i>	<i>Proposed Budget</i>	<i>Budget %</i>	<i>Cumulative %</i>
Salaries and Benefits	105,513,383	55.3% *	55.3%
Contracts	25,597,286	13.4% *	68.7%
Maintenance / Materials	10,343,663	5.4%	74.2%
Reserve Contributions	9,181,735	4.8%	79.0%
Long Term Debt	8,250,000	4.3% *	83.3%
Utilities	6,785,995	3.6% *	86.9%
Capital from Taxation	6,585,475	3.5%	90.3%
Contingency	2,279,795	1.2%	91.5%
Professional Fees	2,345,755	1.2%	92.7%
Insurance	2,188,000	1.1% *	93.9%
Tax Adjustments	1,400,000	0.7%	94.6%
All Other	10,285,374	5.4%	100.0%
<b>Total Proposed 2009 Expenditures</b>	<b>190,756,461</b>	<b>100.0%</b>	<b>100.0%</b>

Considering Factors Other Than CPI When Assessing the Budget

When assessing the Proposed 2009 Operating Budget, it is very important to put municipal cost increases into perspective. It is very common for residents to gauge a municipality's performance against the Consumer's Price Index (CPI), but there are 2 inherent pitfalls with this comparison.

1. Inflation rates try to capture cost increases and do not incorporate other non-cost related factors associated with a municipality such as growth, infrastructure repair, new services or initiatives, legislative requirements, revenue fluctuations, etc. These items are in addition to cost increases and would not be included in an inflation rate such as the Consumer Price Index (CPI), much the same way as CPI would not be a reasonable predictor of increasing household expenses if the size of the family increased or home repairs required.
2. CPI is intended to measure the cost increases experienced by the typical Canadian household and includes retail items such as food, clothing, entertainment and other household purchases. Unlike an average Canadian household municipal expenses are very labour, contract, and material intensive. **Therefore, there is not a strong relationship between CPI and municipal budget increases.** In addition to CPI, there are other indices available, which are specific and better suited to gauge the price increases associated with municipal spending components (i.e. public sector collective bargaining settlement trends, machinery and equipment index, non-residential construction index, MTO tender price index, etc). An alternative approach would be using a municipal price index based on applying relevant indices/indicators to the weighting of major expense categories. Using this approach, Vaughan's composite municipal price index utilizing the expenditure structure illustrated in the above section, would be more inline with the table below.

<u>Component</u>	<u>% of Budget</u>	<u>Cost increase</u>	<u>Weighted Avg</u>
Salaries and Benefits	55.1%	3% Ontario Wage Settlements	1.7%
Contracts	12.4%	7% historical based	0.8%
Materials	5.5%	6% historical/index blend	0.3%
Capital Funding	10.0%	10% Construction & MTO tender Index	1.0%
All Other	16.7%	2% CPI – general	0.4%
<b>Base inflationary increase estimate</b>			<b>4.2%</b>
<b>Base inflationary increase estimate excluding Capital</b>			<b>3.2%</b>

Although the above figure is a preliminary estimate that may require further refinement, it is very consistent with the budget increases illustrated in the previous section titled "Base Budget Expenditure Increases" and clearly illustrates Vaughan is facing price increases beyond the Consumer Price Index (CPI).

As illustrated above, consideration must be given to all factors when assessing the budget and associated tax increases. However, the overall net base budget (revenues and expenses) only increased by a half percent or \$4/year for the average home in Vaughan. This demonstrates solid and effective financial management, increasing the resident's value for their tax dollar.

### **Consideration of Additional Resource Requests**

As indicated earlier in this report, the budget guidelines were complimented by a process that allowed departments to formally submit requests for essential resources not permitted by the budget guidelines for the Budget Committee and Council consideration. As a result, Departments submitted 52 additional resource requests totaling approximately \$6.1m. The number and value of the request indicate that departments are experiencing tremendous challenges in maintaining existing service levels and meeting increasing service demands.

Recognizing the challenge of balancing requests for additional resources with limited funding options, Senior Management initiated a process in which to review and prioritize additional resource requests. All additional resource requests were evaluated based on the following criteria:

- Mitigating municipal risk;
- Municipal value;
- Maintaining service levels;
- Adhering to Vaughan's Strategic Vision;
- Business cases and operational plans.

The process infuses a high degree of objectivity and transparency and the end result of this process is a significantly reduced recommended list of additional resource requests prioritized based on a blend of associated municipal risk exposure, service levels, and Vaughan Vision initiatives.

As part of this process and recognizing the current economic environment, Senior Management endeavored to balance requests with limited funding opportunities. This is a very challenging task as many of the requests were for the following:

- Maintaining service levels;
- Managing growth;
- Meeting legislative requirements
- Implementing continuous improvement initiatives;
- Providing enhanced service levels, etc

After considerable deliberation and review, a recommended additional resource request listing was finalized for Budget Committee and Council consideration, reducing the initial funding request to less than half the initial amount, from \$6.1m to \$2.9m. As a result, some requests were not supported which may reduce the City's ability to consistently maintain service levels. The recommended additional resource requests represent a tax increase of \$27 per year for the average home in Vaughan or approximately 2.44%.

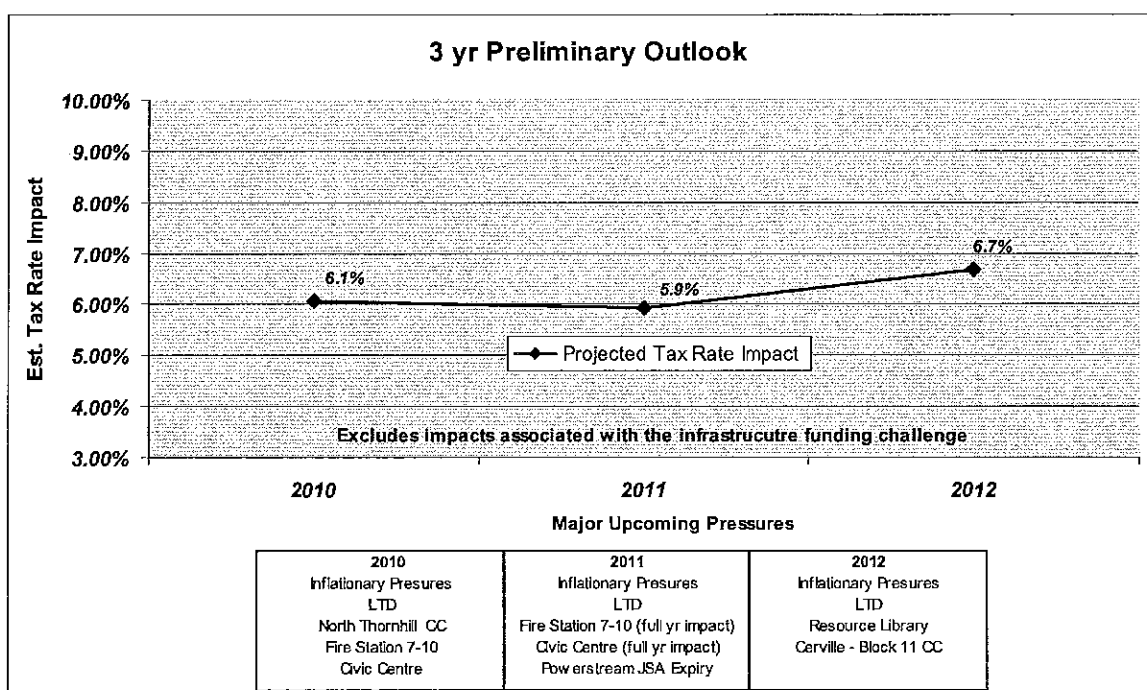
Of the total recommended requests, approximately 50% relates to staffing 20 additional firefighters in the west part of the City to meet increasing service needs. Another significant component relates to Building and Facilities, Parks Operations and Recreation requests which are partially in response to previously approved capital projects, including the new Block 10 Recreation Centre and additional parks scheduled to open in 2009. Most complement positions were gapped to reflect a later in-year date. However, it should be noted that although gapping benefits the 2009 favourable, the balance of the costs will impact the 2010 operating budget.

As illustrated the majority of the recommend resource requests (ARRs), approximately 90%, are relate to maintaining existing service levels. This is a responsible position as Vaughan is committed to providing service excellence. Refer to Attachment 3.

## Future Outlook and Emerging Trends

As mentioned previously, the City of Vaughan continues to be subject to the many factors that put significant pressure on the property tax rate. These pressures include, but are not limited to growth, maintaining service and infrastructure, contractual and inflationary pressures, legislative requirements, changing trends, corporate objectives, etc.. The impacts of these pressures are often permanent and require continuous funding solutions to ensure public services are sustainable in the future.

To articulate these pressures, a preliminary basic 3 year outlook is provided below. Although not a precise science, the ability to consolidate and forecast key future financial trends and identify long-term implications is critical to decision making and plays an important role in financial management and planning for Vaughan's future. It is important to note that the preliminary outlook is based on general assumptions and trends and excludes the full impacts associated with future master plan recommendations or the impacts associated with an increasing need for infrastructure funding.



As illustrated above, the City will face tremendous pressure in the coming years. This is particularly the case for 2010, 2011 and 2012, which will see the addition of a new community centre, fire hall, civic centre, library, etc. .

### Infrastructure Funding Gap

An emerging issue in the City of Vaughan is the challenge of funding the repair and replacement of City infrastructure. On December 4<sup>th</sup> staff presented to Budget Committee a report on long-range financial planning and requested direction from Council with respect to an infrastructure funding strategy. The largest part and most financially significant component of the funding strategy is increasing the City's infrastructure funding effort. This poses a complicated challenge as the initial requirements are overwhelming and will prove difficult to overcome, as is the case for most GTA municipalities. Recognizing this situation, finance staff proposed different funding options to begin addressing the infrastructure funding shortfall. Further discussion on the infrastructure funding will be required as part of future budget processes. The funding options associated annual incremental tax rate increases vary drastically and are therefore not incorporated in the preliminary forecast.

**Relationship to Vaughan Vision 2020/Strategic Plan**

The 2009 Operating Budget is the process to allocate and approve the resources necessary to continue operations and implement Council's approved plans.

**Regional Implications**

There are no Regional implications associated with this report.

**Conclusion**

Long term financial planning has been an important aspect of the City's strategic plan. Significant progress has been achieved in terms of the City's financial planning and financial health. The result has put the City in a better position to respond to the current economic challenges and mitigate tax increases.

The City has followed a very thorough process to minimize any tax increase while maintaining levels of service and moving forward to meet key strategic priorities. Very tight budget guidelines, approved by Council were issued to all departments and prudent management policies were followed. In addition to the strict base budget guidelines, a number of additional resource requests were put forward by departments to maintain service levels, comply with regulatory requirements, and implement new initiatives. The resulting outcome of the base budget and additional resource request amalgamation is illustrated below in the building the budget diagram.

**BUILDING THE BUDGET**

Infrastructure Funding Strategy	Deferred
Additional Resource Request (Including Library)	2.44%
City Base Budget under the Guidelines (Excluding Library)	0.39%
Vaughan Public Library Board (Net)	0.01%
Tax Rate Impact	2.84%

NOTE: Amounts rounded for illustration purposes.

**Attachments**

- Attachment 1 – 2009 Proposed Operating Budget Summary (Available in the Clerk's Department)
- Attachment 2 – Comprehensive Budget Review Process
- Attachment 3 – Additional Resource Request Summary



**CITY OF VAUGHAN**

**PROPOSED 2009**

**OPERATING BUDGET**

***Revenue & Expenditure Summary***  
***(Including Additional Resource Requests)***

**SPECIAL COUNCIL (BUDGET)**

**APRIL 7, 2009**

**CITY OF VAUGHAN  
 PROPOSED 2009 OPERATING BUDGET  
 TAX LEVY SUMMARY**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
REVENUES	\$73,602,640	\$67,729,645	\$5,873,195	8.7%
EXPENDITURES	\$194,774,476	\$181,912,605	\$12,861,871	7.1%
LEVY	\$121,171,636	\$114,182,960	\$6,988,676	6.1%

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**TAX LEVY SUMMARY**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
REVENUES	71,102,840	65,229,645	5,873,195	9.0%
EXPENDITURES	194,774,476	181,912,605	12,861,871	7.1%
NET EXPENDITURES	123,671,636	116,682,960	6,988,676	6.0%
PRIOR YEAR SURPLUS CARRY FORWARD TO REDUCE TAX LEVY	2,500,000	2,500,000	0	0.0%
LEVY	121,171,636	114,182,960	6,988,676	6.1%
LESS: ASSESSMENT GROWTH @ 3.19%	3.19%	3.70%	3,642,436	
2009 OPERATING BUDGET TAXATION INCREASE FUNDING REQUIRED			3,346,240	
AVERAGE TAX RATE INCREASE IN PERCENTAGE TERMS (rounded to 2 decimal places)			2.84%	
INCREASE FOR AN AVERAGE HOUSEHOLD ASSESSED AT \$435,235 IN DOLLAR TERMS			\$31.15	



**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET  
REVENUE AND EXPENDITURE SUMMARY**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>REVENUES:</b>				
TAXATION	114,182,960	114,182,960	0	0.0%
SUPPLEMENTAL TAXATION	2,700,000	2,600,000	100,000	3.8%
GRANT / PAYMENT IN LIEU / OTHER	2,943,235	2,943,235	0	0.0%
RESERVES	15,882,550	13,457,985	2,424,565	18.0%
CORPORATE	17,220,675	15,298,315	1,922,360	12.6%
FEES AND SERVICE CHARGES	32,356,380	30,930,110	1,426,270	4.6%
PRIOR YEAR'S SURPLUS CARRYFORWARD	2,500,000	2,500,000	0	0.0%
<b>TOTAL REVENUES</b>	<b>187,785,800</b>	<b>181,912,605</b>	<b>5,873,195</b>	<b>3.2%</b>
<b>EXPENDITURES:</b>				
DEPARTMENTAL	171,502,611	160,598,715	10,903,896	6.8%
CORPORATE AND ELECTION	6,156,595	5,696,005	460,590	8.1%
LONG TERM DEBT	8,250,000	7,000,000	1,250,000	17.9%
CONTINGENCY	2,279,795	1,988,200	291,595	14.7%
CAPITAL FROM TAXATION	6,585,475	6,629,685	(44,210)	-0.7%
<b>TOTAL EXPENDITURES</b>	<b>194,774,475</b>	<b>181,912,605</b>	<b>12,861,871</b>	<b>7.1%</b>
LESS: ASSESSMENT GROWTH @ 3.19%	3,642,436	—————	3,642,436	
OPERATING BUDGET TAXATION INCREASE FUNDING REQUIRED	3,346,240	0	3,346,240	
AVERAGE TAX RATE INCREASE IN PERCENTAGE TERMS (rounded to 2 decimal places)			2.84%	
INCREASE FOR AN AVERAGE HOUSEHOLD ASSESSED AT \$435,235 IN DOLLAR TERMS			\$31.15	

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**REVENUE BY MAJOR SOURCE**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>TAXATION</b>				
SUPPLEMENTALS	2,700,000	2,600,000	100,000	3.8%
<b>GRANT</b>				
LIBRARY GRANT	143,235	143,235	0	0.0%
<b>PAYMENT IN LIEU / OTHER</b>				
PAYMENT IN LIEU / OTHER	2,800,000	2,800,000	0	0.0%
<b>RESERVES</b>				
ENGINEERING	4,397,935	3,799,710	598,225	15.7%
PARKS DEVELOP. / LEGAL & REAL ESTATE	626,125	626,125	0	0.0%
FINANCE - FROM CAPITAL	1,080,000	1,080,000	0	0.0%
FLEET MANAGEMENT	938,770	895,160	43,610	4.9%
PLANNING	500,000	500,000	0	0.0%
BUILDING STANDARDS	309,310	0	309,310	100.0%
INSURANCE	2,208,000	2,062,040	145,960	7.1%
TAX RATE STABILIZATION	2,757,410	2,729,950	27,460	1.0%
DEBENTURE	585,000	265,000	300,000	113.2%
WINTER CONTROL	700,000	0	700,000	100.0%
WATER & WASTEWATER RECOVERY	1,800,000	1,500,000	300,000	20.0%
<b>TOTAL RESERVES</b>	<b>15,882,550</b>	<b>13,457,985</b>	<b>2,424,565</b>	<b>18.0%</b>
<b>FEES/SERVICE CHARGES</b>				
FIRE AND RESCUE SERVICES	376,820	496,060	(119,240)	-24.0%
CLERKS	24,620	20,800	3,820	18.4%
CLERKS - LICENSING	801,900	754,900	47,000	6.2%
COMMITTEE OF ADJUSTMENT	492,150	350,000	142,150	40.6%
LEGAL SERVICES	67,500	67,500	0	0.0%
ENFORCEMENT SERVICES	1,956,615	1,633,500	323,115	19.8%
COMMUNITIES IN BLOOM SPONSORSHIP	15,000	15,000	0	0.0%
RECREATION	15,196,815	14,855,235	541,580	3.7%
BUILDINGS AND FACILITIES	187,275	96,025	91,250	95.0%
PARKS OPERATIONS	388,765	410,835	(22,070)	-5.4%
CEMETERIES	71,855	71,855	0	0.0%
DEVELOPMENT PLANNING	2,378,890	2,378,850	40	0.0%
BUILDING STANDARDS - LICENSES/PERMITS	7,421,250	7,421,250	0	0.0%
- PLUMBING PERMITS	345,000	345,000	0	0.0%
- SERVICE CHARGES	431,750	431,750	0	0.0%
ECONOMIC AND BUSINESS DEVELOPMENT	506,250	328,000	178,250	54.3%
CORPORATE COMMUNICATIONS	84,530	84,530	0	0.0%
DEVELOPMENT AND TRANSPORT. ENGINEERING	301,610	206,000	95,610	46.4%
ENGINEERING SERVICES	114,270	101,000	13,270	13.1%
PUBLIC WORKS - OPERATIONS	911,745	780,250	131,495	16.9%
NON-PROFIT HOUSING	9,000	9,000	0	0.0%
VAUGHAN PUBLIC LIBRARIES	272,770	272,770	0	0.0%
<b>TOTAL FEES / SERVICE CHARGES</b>	<b>32,356,380</b>	<b>30,930,110</b>	<b>1,426,270</b>	<b>4.6%</b>
<b>TOTAL CORPORATE REVENUES</b>	<b>17,220,675</b>	<b>15,298,315</b>	<b>1,922,360</b>	<b>12.6%</b>
<b>TOTAL REVENUE</b>	<b>71,102,840</b>	<b>65,229,645</b>	<b>5,873,195</b>	<b>9.0%</b>

# CITY OF VAUGHAN PROPOSED 2009 OPERATING BUDGET

## REVENUE BY MAJOR SOURCE CORPORATE REVENUE DETAILS

**CORPORATE REVENUE DETAIL :**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
FINES AND PENALTIES	4,700,000	4,400,000	300,000	6.8%
TAX CERTIFICATES AND DOCUMENTS	467,395	282,900	184,495	65.2%
INVESTMENT INCOME	3,750,000	3,500,000	250,000	7.1%
HYDRO INVESTMENT INCOME	4,853,450	4,365,585	487,865	11.2%
HYDRO DIVIDENDS	2,500,810	1,750,810	750,000	42.8%
PROVINCIAL OFFENSES ACT	840,000	890,000	(50,000)	-5.6%
MISCELLANEOUS REVENUE	41,520	41,520	0	0.0%
PURCHASING	50,700	50,700	0	0.0%
CAPITAL ADMIN. REVENUE	16,800	16,800	0	0.0%
<b>TOTAL CORPORATE REVENUE</b>	<b>17,220,675</b>	<b>15,298,315</b>	<b>1,922,360</b>	<b>12.6%</b>

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**EXPENDITURE BY MAJOR CATEGORY (1)**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>COUNCIL</b>	1,338,481	1,300,465	38,018	2.9%
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>	200,000	200,000	0	0.0%
<b>CITY MANAGER</b>	588,480	579,470	19,020	3.3%
OPERATIONAL AUDIT	181,815	177,365	4,250	2.4%
STRATEGIC PLANNING	207,150	202,900	4,250	2.1%
CORPORATE POLICY	124,560	121,050	3,510	2.9%
FIRE AND RESCUE SERVICES	29,975,470	28,351,430	1,824,040	5.7%
EMERGENCY PLANNING	173,370	180,950	(7,580)	-4.2%
<b>TOTAL CITY MANAGER</b>	31,288,855	29,813,165	1,847,490	5.8%
<b>DEPUTY CITY MANAGER / COMMISSIONER OF FINANCE AND CORPORATE SERVICES</b>	508,240	498,225	10,015	2.0%
CITY FINANCIAL SERVICES	2,672,840	2,493,720	179,920	7.2%
BUDGETING AND FINANCIAL PLANNING	1,312,995	1,238,440	74,555	6.0%
RESERVES AND INVESTMENTS	988,760	826,795	161,965	19.8%
PURCHASING SERVICES	1,145,835	1,109,515	36,320	3.3%
<b>TOTAL DEPUTY CITY MANAGER / COMMISSIONER OF FINANCE AND CORPORATE SERVICES</b>	8,828,470	8,166,895	461,775	7.5%
<b>COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES</b>	361,400	350,460	10,940	3.1%
CITY CLERK	4,817,495	4,417,205	400,290	9.1%
CITY CLERK - INSURANCE	2,208,000	2,062,040	145,960	7.1%
LEGAL SERVICES	1,547,925	1,473,925	74,000	5.0%
ENFORCEMENT SERVICES	3,993,255	3,411,080	582,175	17.1%
HUMAN RESOURCES	3,074,105	2,936,910	137,195	4.7%
<b>TOTAL COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES</b>	18,002,180	14,851,620	1,350,560	9.2%
<b>COMMISSIONER OF COMMUNITY SERVICES</b>	607,890	588,700	9,190	1.5%
COMMUNITY GRANTS AND ADVISORY COMMITTEES	155,755	80,840	94,915	156.0%
RECREATION	16,487,850	15,911,290	576,560	3.6%
CULTURAL SERVICES	740,670	865,555	75,115	11.3%
BUILDINGS AND FACILITIES	17,418,800	16,501,320	918,480	5.6%
FLEET MANAGEMENT	938,770	895,160	43,610	4.9%
PARKS OPERATIONS	11,083,535	10,238,970	844,565	8.2%
PARKS DEVELOPMENT	1,073,110	1,081,980	11,150	1.0%
<b>TOTAL COMMISSIONER OF COMMUNITY SERVICES</b>	48,507,390	45,933,795	2,573,595	5.6%
<b>COMMISSIONER OF PLANNING</b>	333,450	324,510	8,940	2.8%
DEVELOPMENT PLANNING	2,604,830	2,815,295	(10,365)	-0.4%
POLICY PLANNING	881,485	830,525	50,970	6.1%
BUILDING STANDARDS	6,187,830	5,955,135	212,495	3.6%
<b>TOTAL COMMISSIONER OF PLANNING</b>	9,987,505	8,725,465	262,040	2.7%
<b>COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORPORATE COMMUNICATIONS</b>	234,580	230,155	4,425	1.9%
ECONOMIC AND BUSINESS DEVELOPMENT	1,866,545	1,597,805	268,940	16.8%
ACCESS VAUGHAN	698,170	880,280	15,890	2.3%
INFORMATION TECHNOLOGY MANAGEMENT	6,680,865	6,108,540	574,325	9.4%
CORPORATE COMMUNICATIONS	1,537,980	1,471,090	66,890	4.5%
<b>TOTAL COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORPORATE COMMUNICATIONS</b>	11,016,140	10,085,670	930,470	9.2%
<b>COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS</b>	329,145	318,220	10,925	3.4%
DEVELOPMENT AND TRANSPORTATION ENGINEERING	3,581,870	3,021,005	560,865	18.9%
ENGINEERING SERVICES	3,343,935	3,487,685	(143,750)	-4.1%
PUBLIC WORKS - OPERATIONS	28,058,940	25,054,380	3,004,560	12.0%
<b>TOTAL COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS</b>	35,313,990	31,881,280	3,432,600	10.8%
<b>VAUGHAN PUBLIC LIBRARIES</b>	11,247,910	11,040,550	207,360	1.9%
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	171,502,611	160,588,715	10,903,896	6.8%
<b>CORPORATE AND ELECTION</b>	8,158,585	5,896,005	480,590	8.1%
<b>LONG TERM DEBT</b>	8,250,000	7,000,000	1,250,000	17.9%
<b>CONTINGENCY</b>	2,279,795	1,988,200	291,595	14.7%
<b>CAPITAL FROM TAXATION</b>	6,585,475	6,629,685	(44,210)	-0.7%
<b>TOTAL EXPENDITURES</b>	194,774,476	181,912,605	12,861,871	7.1%

(1) - EXPENSES ARE NET OF HYDRO JOINT SERVICES REVENUE AND LIBRARY JOINT SERVICE CHARGES.

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**EXPENDITURE DETAILS BY DEPARTMENT**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>DEPARTMENTAL DETAILS:</b>				
<b>COUNCIL</b>	1,338,481	1,300,465	38,016	2.9%
<b>OFFICE OF THE INTEGRITY COMMISSIONER</b>	200,000	200,000	0	0.0%
<b>CITY MANAGER</b>	598,490	679,470	19,020	3.3%
OPERATIONAL AUDIT	181,615	177,365	4,250	2.4%
STRATEGIC PLANNING	207,150	202,900	4,250	2.1%
CORPORATE POLICY	124,560	121,050	3,510	2.9%
<b>FIRE AND RESCUE SERVICES DETAIL:</b>				
FIRE ADMINISTRATION	976,785	927,895	48,890	5.3%
FIRE COMMUNICATION	1,128,725	947,465	181,260	19.1%
FIRE MECHANICAL	570,340	562,570	7,770	1.4%
FIRE PREVENTION	1,854,690	1,668,075	(13,385)	-0.8%
FIRE OPERATIONS	24,959,670	23,614,305	1,345,365	5.7%
FIRE TRAINING	610,445	656,680	53,765	9.7%
EMERGENCY MEDICAL PROGRAM	74,815	74,440	375	0.5%
<b>TOTAL FIRE AND RESCUE SERVICES</b>	<b>29,975,470</b>	<b>28,351,430</b>	<b>1,624,040</b>	<b>5.7%</b>
EMERGENCY PLANNING	173,370	180,950	(7,580)	-4.2%
<b>DEPUTY CITY MANAGER / COMMISSIONER OF FINANCE AND CORPORATE SERVICES</b>	<b>508,240</b>	<b>498,225</b>	<b>10,015</b>	<b>2.0%</b>
<b>CITY FINANCIAL SERVICES DETAIL:</b>				
CITY FINANCIAL SERVICES ADMINISTRATION	377,755	369,325	8,430	2.3%
ACCOUNTING SERVICES	993,545	962,615	30,930	3.2%
TAXATION AND PROPERTY ASSESSMENT	1,239,825	1,103,425	136,400	12.4%
PAYROLL SERVICES	61,515	68,355	3,160	5.4%
<b>TOTAL CITY FINANCIAL SERVICES</b>	<b>2,672,640</b>	<b>2,493,720</b>	<b>178,920</b>	<b>7.2%</b>
<b>BUDGETING AND FINANCIAL PLANNING DETAIL:</b>				
BUDGETING ADMINISTRATION	297,100	280,230	16,870	6.0%
BUDGETING	664,615	626,875	37,740	6.0%
FINANCIAL PLANNING	196,225	185,085	11,140	6.0%
ACTIVITY COSTING	155,055	146,250	8,805	6.0%
<b>TOTAL BUDGETING AND FINANCIAL PLANNING</b>	<b>1,312,995</b>	<b>1,238,440</b>	<b>74,555</b>	<b>6.0%</b>
RESERVES AND INVESTMENTS	988,760	826,795	161,965	19.6%
PURCHASING SERVICES	1,145,835	1,109,515	36,320	3.3%
<b>COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES</b>	<b>361,400</b>	<b>350,460</b>	<b>10,940</b>	<b>3.1%</b>
<b>CITY CLERK DETAILS:</b>				
CLERKS ADMINISTRATION	1,040,420	1,008,720	31,700	3.1%
RECORDS MANAGEMENT	512,575	359,915	152,660	42.4%
ARCHIVAL SERVICES	150,335	129,995	20,340	15.6%
MAILROOM / PRINTSHOP / COURIER SERVICES	790,755	783,600	7,155	0.9%
LICENSING AND SPECIAL PROJECTS	505,490	460,650	44,840	9.7%
COMMITTEE OF ADJUSTMENT AND DEVELOP. SERV.	515,760	488,960	26,800	5.5%
COUNCIL CORPORATE	120,940	93,940	27,000	28.7%
COUNCIL ADMINISTRATIVE ASSISTANTS	1,181,220	1,091,425	89,795	8.2%
<b>TOTAL CITY CLERK</b>	<b>4,817,495</b>	<b>4,417,205</b>	<b>400,290</b>	<b>9.1%</b>

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**EXPENDITURE DETAILS BY DEPARTMENT**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>DEPARTMENTAL DETAILS:</b>				
CITY CLERK - INSURANCE	2,208,000	2,062,040	145,960	7.1%
<b>LEGAL SERVICES DETAIL:</b>				
LEGAL SERVICES ADMINISTRATION	1,188,505	1,133,840	54,665	4.8%
REGISTRATION FEES	25,000	25,000	0	0.0%
REAL ESTATE	334,420	315,085	19,335	6.1%
<b>TOTAL LEGAL SERVICES</b>	<b>1,547,925</b>	<b>1,473,925</b>	<b>74,000</b>	<b>6.0%</b>
<b>ENFORCEMENT SERVICES DETAIL:</b>				
ENFORCEMENT SERVICES ADMINISTRATION	3,414,255	3,011,080	403,175	13.4%
ANIMAL CONTROL	579,000	400,000	179,000	44.8%
<b>TOTAL ENFORCEMENT SERVICES</b>	<b>3,993,255</b>	<b>3,411,080</b>	<b>582,175</b>	<b>17.1%</b>
<b>HUMAN RESOURCES DETAIL:</b>				
HUMAN RESOURCES ADMINISTRATION	61,010	61,010	0	0.0%
LEARNING AND DEVELOPMENT	331,190	350,720	(19,530)	-5.6%
EMPLOYEE RELATIONSHIPS	738,425	712,750	25,675	3.6%
EMPLOYEE SERVICES	585,060	491,685	93,375	19.0%
CROSSING GUARDS	942,070	914,190	27,880	3.0%
COMPENSATION BENEFITS & HEALTH AND SAFETY	416,350	406,555	9,795	2.4%
<b>TOTAL HUMAN RESOURCES</b>	<b>3,074,105</b>	<b>2,936,910</b>	<b>137,195</b>	<b>4.7%</b>
<b>COMMISSIONER OF COMMUNITY SERVICES</b>	<b>482,435</b>	<b>473,315</b>	<b>9,120</b>	<b>1.9%</b>
COMMUNITIES IN BLOOM	125,455	125,385	70	0.1%
COMMUNITY GRANTS AND ADVISORY COMMITTEES	155,755	60,840	94,915	156.0%
<b>RECREATION DETAIL:</b>				
RECREATION ADMINISTRATION	4,820,095	4,801,855	18,240	0.4%
PROGRAMMES ADMINISTRATION	542,145	471,820	70,325	14.9%
AQUATICS	2,927,095	2,867,340	59,755	2.1%
FITNESS	1,481,980	1,415,510	66,470	4.7%
GENERAL PROGRAMMES	2,648,225	2,533,575	114,650	4.5%
CAMPS	1,367,400	1,369,195	(1,795)	-0.1%
SKATING	64,290	65,420	(1,130)	-1.7%
CITY PLAYHOUSE	440,485	417,040	23,445	5.6%
PERMITS (VAUGHAN HOCKEY SUBSIDY)	1,118,270	1,113,000	5,270	0.5%
SPECIAL NEEDS/VOLUNTEER DEVELOP.	167,925	155,595	12,330	7.9%
YORK REGION TRANSIT TICKETING	898,000	698,000	200,000	28.7%
OTHER PROGRAMMES	31,940	2,940	29,000	986.4%
<b>TOTAL RECREATION</b>	<b>16,487,850</b>	<b>15,911,290</b>	<b>576,560</b>	<b>3.6%</b>
<b>CULTURAL SERVICES DETAIL:</b>				
CULTURAL SERVICES ADMINISTRATION	632,290	622,675	9,615	1.5%
VAUGHAN CULTURAL INTERPRETIVE CENTER	9,880	9,880	0	0.0%
DOORS OPEN VAUGHAN	66,500	0	66,500	0.0%
FESTIVAL OF THE ARTS	16,500	16,500	0	0.0%
HERITAGE VAUGHAN	16,500	16,500	0	0.0%
<b>TOTAL CULTURAL SERVICES</b>	<b>740,670</b>	<b>665,555</b>	<b>75,115</b>	<b>11.3%</b>

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**EXPENDITURE DETAILS BY DEPARTMENT**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>DEPARTMENTAL DETAILS:</b>				
<b>BUILDINGS AND FACILITIES DETAIL:</b>				
ADMINISTRATION	2,298,680	2,089,575	209,005	10.0%
TRADES SHOPS	469,745	460,035	9,710	2.1%
CIVIC CENTRE	1,133,145	1,191,265	(58,120)	-4.9%
BUILDING OPERATIONS	13,518,330	12,760,445	757,885	5.9%
<b>TOTAL BUILDINGS AND FACILITIES</b>	<b>17,419,800</b>	<b>16,501,320</b>	<b>918,480</b>	<b>5.6%</b>
<b>FLEET MANAGEMENT DETAIL:</b>				
FLEET MANAGEMENT ADMINISTRATION	459,020	433,065	25,955	6.0%
FLEET MANAGEMENT SERVICES	479,750	462,095	17,655	3.8%
<b>TOTAL FLEET MANAGEMENT</b>	<b>938,770</b>	<b>895,160</b>	<b>43,610</b>	<b>4.9%</b>
<b>PARKS OPERATIONS DETAIL:</b>				
PARKS ADMINISTRATION	1,618,870	1,415,330	203,540	14.4%
OPERATIONS	6,256,660	5,732,115	524,545	9.2%
FORESTRY	1,152,735	1,107,635	45,100	4.1%
CEMETERIES / CAPITAL PROJECTS	2,055,270	1,983,890	71,380	3.6%
<b>TOTAL PARKS OPERATIONS</b>	<b>11,083,535</b>	<b>10,238,970</b>	<b>844,565</b>	<b>8.2%</b>
PARKS DEVELOPMENT	1,073,110	1,061,960	11,150	1.0%
<b>COMMISSIONER OF PLANNING</b>	<b>333,450</b>	<b>324,510</b>	<b>8,940</b>	<b>2.8%</b>
<b>DEVELOPMENT PLANNING DETAIL:</b>				
PLANNING ADMINISTRATION	470,930	480,220	(9,290)	-1.9%
DEVELOPMENT PLANNING	1,897,570	1,905,400	(7,830)	-0.4%
DRAFTING	236,430	229,675	6,755	2.9%
<b>TOTAL DEVELOPMENT PLANNING</b>	<b>2,604,930</b>	<b>2,615,295</b>	<b>(10,365)</b>	<b>-0.4%</b>
POLICY PLANNING	881,495	830,525	50,970	6.1%
BUILDING STANDARDS	8,167,630	5,955,135	2,212,495	3.6%
<b>COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORP. COMMUNICATIONS</b>	<b>234,580</b>	<b>230,155</b>	<b>4,425</b>	<b>1.9%</b>
<b>ECONOMIC AND BUSINESS DEVELOPMENT DETAIL:</b>				
ECONOMIC AND BUSINESS DEVELOP. ADMIN.	831,685	811,165	20,520	2.5%
BUSINESS DEVELOPMENT	683,310	346,060	337,250	97.5%
MARKETING	84,900	88,900	(4,000)	-4.5%
TOURISM	224,000	308,830	(84,830)	-27.5%
ENVIRONMENT	42,650	42,650	0	0.0%
<b>TOTAL ECONOMIC AND BUSINESS DEVELOPMENT</b>	<b>1,866,545</b>	<b>1,597,605</b>	<b>268,940</b>	<b>16.8%</b>
ACCESS VAUGHAN	695,170	680,280	15,890	2.3%
<b>INFORMATION TECHNOLOGY MANAGEMENT DETAIL:</b>				
CHIEF INFORMATION OFFICER	331,390	321,570	9,820	3.1%
TECHNICAL SERVICES	2,858,025	2,678,660	179,365	6.7%
BUSINESS SOLUTIONS	2,492,645	2,130,780	361,865	17.0%
CLIENT SERVICES	998,805	975,530	23,275	2.4%
<b>TOTAL INFORMATION TECHNOLOGY MANAGEMENT</b>	<b>6,680,865</b>	<b>6,106,540</b>	<b>574,325</b>	<b>9.4%</b>
CORPORATE COMMUNICATIONS ADMINISTRATION	1,537,980	1,471,090	66,890	4.5%

**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**EXPENDITURE DETAILS BY DEPARTMENT**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>DEPARTMENTAL DETAILS:</b>				
<b>COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS</b>	329,145	318,220	10,925	3.4%
<b>ENGINEERING SERVICES DETAIL:</b>				
DEVELOPMENT AND TRANSPORTATION ENGINEERING	3,581,870	3,021,005	560,865	18.6%
ENGINEERING SERVICES	3,343,935	3,487,685	(143,750)	-4.1%
<b>TOTAL ENGINEERING SERVICES</b>	<b>6,925,805</b>	<b>6,508,690</b>	<b>417,115</b>	<b>6.4%</b>
<b>PUBLIC WORKS DETAIL:</b>				
PUBLIC WORKS ADMINISTRATION	1,853,245	1,781,485	71,760	4.0%
ROADS MAINTENANCE	8,344,460	7,253,610	1,090,850	15.0%
WINTER CONTROL	9,129,330	7,668,860	1,460,370	19.0%
WASTE MANAGEMENT	8,731,905	8,360,325	381,580	4.6%
<b>TOTAL PUBLIC WORKS</b>	<b>28,058,940</b>	<b>25,054,380</b>	<b>3,004,560</b>	<b>12.0%</b>
<b>VAUGHAN PUBLIC LIBRARIES DETAIL:</b>				
PERSONNEL AND ADMINISTRATION	8,131,335	7,995,830	135,505	1.7%
COMMUNICATIONS	533,945	572,620	(38,675)	-6.8%
RESOURCES	1,577,950	1,490,490	87,460	5.9%
FACILITIES	1,004,680	981,610	23,070	2.4%
<b>TOTAL VAUGHAN PUBLIC LIBRARY</b>	<b>11,247,910</b>	<b>11,040,550</b>	<b>207,360</b>	<b>1.9%</b>
<b>TOTAL DEPARTMENTAL EXPENDITURES</b>	<b>171,502,611</b>	<b>160,598,715</b>	<b>10,903,896</b>	<b>6.8%</b>



**CITY OF VAUGHAN  
PROPOSED 2009 OPERATING BUDGET**

**CORPORATE AND ELECTION  
EXPENDITURE DETAILS**

	2009 BUDGET	2008 BUDGET	\$ INC. / (DEC.) 2009 / 2008 BUDGET	% INC. / (DEC.) 2009 / 2008 BUDGET
<b>CORPORATE AND ELECTION DETAIL :</b>				
<b>RESERVE CONTRIBUTIONS:</b>				
1996 & PRIOR BLDG & FACIL. INFRAST. RES. CONTRIB.	825,000	825,000	0	0.0%
POST 1996 BLDG & FACIL. INFRAST. RES. CONTRIB.	1,225,000	1,225,000	0	0.0%
ROADS INFRASTRUCTURE RESERVE CONTRIBUTION	475,000	475,000	0	0.0%
PARKS INFRASTRUCTURE RESERVE CONTRIBUTION	275,000	275,000	0	0.0%
ELECTION RESERVE CONTRIBUTION	200,000	200,000	0	0.0%
<b>TOTAL RESERVE CONTRIBUTIONS</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>0</b>	<b>0.0%</b>
<b>CORPORATE EXPENDITURES:</b>				
BANK CHARGES	90,000	60,000	30,000	50.0%
PROFESSIONAL FEES	236,820	206,820	30,000	14.5%
MAJOR OMB HEARINGS - PROFESSIONAL FEES	400,000	200,000	200,000	100.0%
JOINT SERVICES	344,380	289,320	55,060	19.0%
SUNDRY, DUES & MUNICIPAL GRANTS	34,900	34,900	0	0.0%
CITY HALL FUNDING	1,000,000	1,000,000	0	0.0%
TAX ADJUSTMENTS	1,400,000	1,300,000	100,000	7.7%
CORPORATE INSURANCE	603,075	563,095	39,980	7.1%
AMO MEMBERSHIP	18,050	12,500	5,550	44.4%
CONFERENCES	29,370	29,370	0	0.0%
SALARY SAVINGS FROM TURNOVER (GAPPING)	(1,000,000)	(1,000,000)	0	0.0%
<b>TOTAL CORPORATE EXPENDITURES</b>	<b>3,156,595</b>	<b>2,696,005</b>	<b>460,590</b>	<b>17.1%</b>
<b>TOTAL RESERVE CONTRIBUTIONS AND CORP. EXPENDITURES</b>	<b>6,156,595</b>	<b>5,696,005</b>	<b>460,590</b>	<b>8.1%</b>

## **COMPREHENSIVE BUDGET REVIEW PROCESS**

### **1. Strict 2009 Budget Guidelines to Limit Cost Increases**

Continued strict Operating Budget Guidelines are required to minimize the budgetary impact on the 2009 tax rate. The guidelines focus on external pressures and established commitments, limiting base budget increases to only the following:

#### **Allowable Budget Increases**

- Salary and benefits relating to approved employment agreements
- Full year impacts (Council approved facilities & initiatives)
- Supported external contract price and volume increases
- Supported utility increases
- Insurance adjustments
- Required long term debt principal and interest payments

As a result, departments are expected to absorb any other increases in their respective departmental budgets. This is necessary in order to limit the aggregate 2009 budget increase to the known and approved budget impacts.

As part of the 2009 Budget Process, staff undertook an analysis of the operating budget to assess efficiency and ensure conformity with approved operating guidelines. Staff approached this task by analyzing major departmental increases, specific expenditure types, department user fee recovery ratios, and overall budget reasonability. The results of this analysis are included in the attachment for reference purposes.

Inherent in the 2009 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 were instructed to increase user fees and service charges in relation to department cost increases and at minimum, by the rate of inflation, unless otherwise specified. Departments were also encouraged to explore and submit new user fee and service charge opportunities. Changes to user fees and service charges require public notice and Council approval and therefore these requests will be provided in a separate report to Budget Committee. A provision for increased user fee revenue was put in the base budget contingency account was made to account for these adjustments and will be redistributed to the department level once Council approves these requests.

### **2. Additional Resource Requests Individually Scrutinized**

Recognizing that the Operating Budget Guidelines are restrictive and understanding that Departments may require funding in excess of base budget guidelines to meet strategic priorities, maintain service levels, adhere to regulatory requirements, or implement initiatives, the base budget guidelines continue to be complemented by a process that provides departments with an opportunity to formally submit requests for essential resources not permitted within the base budget guidelines. The process summarized above essentially separates the Operating Budget into the following two 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 Budget Committee and Council review and approval.

The intent of this process is to dissect the budget into manageable components and pinpoint key operating budget pressures to better understand the budget and assess department needs. As such the Draft 2009 Operating Budget is presented as a series of building blocks:

Additional Resource Requests

City Base Budget under the Guidelines

Vaughan Public Library Board

3. **Business Plans, Service Reviews, & Performance Measures Used to Manage Resources**

To help establish and reinforce connections between strategic priorities and resource allocation, Business Plans were further incorporated into the Operating Budget Process. This information complements the existing budget process by providing comprehensive department information on work plans, goals and key performance metrics. This information is a valuable component of the budget process because it provides additional evidence based information supporting department base budget efficiency, effectiveness, and productivity through goal & performance measures. This information also serves as a platform to better understand department budget pressures and can assist in evaluating departmental additional resource requests. The Senior Manager of Strategic Planning was intricately involved with this process and assisted with updates and refinement of all business plans.

4. **Public Consultation is Important to the Process**

Continuing with the established process, a Public Budget Consultation/Information Forum was held early in the budget process to:

- Educate and inform the public regarding City services, their cost, municipal issues and their relationship with property taxes; and
- Obtain input and feedback from the public with respect to the local services provided, the City's challenges, and available options to manage cost increases.

This forum was held at the Civic Centre on November 10<sup>th</sup> and was well attended.

In the interest of obtaining maximum community feedback, a video of the forum content and a survey was placed on the City's website on November 11<sup>th</sup>, 2008 for citizens to review and provide their input. The results of the public forum and internet questionnaire were compiled and reported to the Budget Committee on January 12<sup>th</sup>.

In addition to the Budget Forum, public Budget Committee meetings were held and input on the budget was received throughout the process and considered during the budget deliberations. In addition to these meetings, a Special Council meeting will be held to provide the public with a final opportunity to comment on the Proposed 2009 Operating Budget.

**City of Vaughan  
Proposed 2009 Operating Budget  
Additional Resource Request Summary  
(Included in Proposed 2009 Operating Budget)**

Attachment #3

ATTACHMENT 3

#	Department	Description	FTE Impact	2009 Budget Impact*	Tax Rate % Incr.	Cumm. Tax Rate %
1	Fire	16 Fighters & 4 Asst Cap.* (Operationalize a surplus Aerial)	18.48	1,442,720	1.22%	1.22%
2	Reserves & Investments	Investment Analyst*	0.92	(165,035)	-0.14%	1.08%
3	City Clerk	Access / Privacy Officer *	0.92	95,140	0.08%	1.17%
4	Enforcement Services	Administrative Monetary Penalties	0.00	(105,000)	-0.09%	1.08%
5	Enforcement Services	Sign Enforcement*	1.85	36,840	0.03%	1.11%
6	Enforcement Services	Bylaw Enforcement (Property Standards)*	0.92	62,115	0.05%	1.16%
7	Safe City Committee	Safety & Security Coordinator*	0.92	87,415	0.07%	1.23%
8	Human Resources	Contract Staff*	0.92	55,440	0.05%	1.28%
9	Human Resources	Employee Service Awards	0.00	15,000	0.01%	1.29%
10	Recreation	Physical Activity Strategy - Communications & Social Marketing	0.00	40,000	0.03%	1.33%
11	Recreation	North Thornhill C.C. - Crew	1.00	53,085	0.05%	1.37%
12	Building & Facilities	North Thornhill C.C. - Crew	1.25	128,865	0.11%	1.48%
13	Building & Facilities	Maintenance Projects for City Buildings	0.00	100,000	0.08%	1.57%
14	Building & Facilities	Electrical supervisor*	0.92	92,160	0.08%	1.65%
15	Parks Operations	Life Saving Stations at City Storm Water Management Facilities*	0.92	67,775	0.06%	1.70%
16	Parks Operations	10 month temporary seasonal staff*	2.77	154,640	0.13%	1.83%
17	Parks Operations	Streetscape Maintenance	0.00	70,000	0.06%	1.89%
18	Parks Operations	Fence Repairs	0.00	50,000	0.04%	1.94%
19	Building Standards	Co-op Student (Building Inspections)	0.30	(0)	0.00%	1.94%
20	Economic Technology Development	Communities in Bloom	0.00	0	0.00%	1.94%

**City of Vaughan  
Proposed 2009 Operating Budget  
Additional Resource Request Summary  
(Included in Proposed 2009 Operating Budget)**

Attachment #3

#	Department	Description	FTE Impact	2009 Budget Impact*	Tax Rate % Incr.	Cumm. Tax Rate %
21	Information Technology	Technology Specialist*	0.92	103,770	0.09%	2.03%
22	Information Technology	Systems Analyst / Project Leader*	0.92	103,770	0.09%	2.12%
23	Information Technology / Building Standards	Computer Development & Support (AMANDA SYSTEM)*	1.00	12,895	0.01%	2.13%
24	Corporate Communications	Communications Specialist - Website Editorial Services*	0.92	89,700	0.08%	2.21%
25	Corporate Communications	Admin Assistant to Director*	0.92	72,515	0.06%	2.27%
26	Development & Transportation Engineering	TTC Coordinator	1.00	0	0.00%	2.27%
27	Development & Transportation Engineering	Transportation Specialist	1.00	23,075	0.02%	2.29%
28	Development & Transportation Engineering	Project Manager	1.00	25,000	0.02%	2.31%
29	Engineering Services	Participation in OTM Book 15 Development	0.00	10,000	0.01%	2.32%
30	Public Works	Green Bins/Kitchen Containers Materials & Supplies	0.00	35,650	0.03%	2.35%
31	Public Works	Waste Management- Advertising	0.00	28,570	0.02%	2.37%
32	Vaughan Public Library	Resource Materials - Pierre Berton Resource Library	0.00	85,000	0.07%	2.44%
<b>Total Additional Resource Requests for Council Approval</b>			<b>39.77</b>	<b>2,871,105</b>	<b>2.44%</b>	

\*2009 Budget impact incorporates \$200k in salary gapping.