

PROPOSED 2010 OPERATING BUDGET

Recommendation

The City Manager, Commissioner of Finance/City Treasurer and the Director of Budgeting & Financial Planning recommend:

- 1) That the consolidated recommendations of the Budget Committee as set out in the attachments to the report be received; and,
- 2) That the presentation on the Proposed 2010 Operating Budget be received; and,
- 3) That the deputations from the public be received; and
- 4) That the Proposed 2010 Operating Budget be approved subject to any changes as a result of public input; and,
- 5) That the tax rate adjustment associated with the Vaughan Health Campus of Care financing strategy approved on June 15th, 2009 be implemented.

Contribution to Sustainability

Sustainability by definition focuses on the ability to maintain a function over a period of time. Responsible budgeting allocates resources in a responsible way to sustain the City's operations and aspirations, balancing both current and future requirements.

The approach to the 2010 operating budget seeks to minimize the current year requirements, while meeting the requirements of sustainability. Specific actions included in the 2010 Operating Budget Guidelines include:

- i) Reducing specific budgets below 2009 levels;
- ii) Freezing the majority of budgets at 2009 levels;
- iii) Introducing voluntary time-off without pay;
- iv) Evaluating vacant staff positions prior to recruitment;
- v) Implementing a strategy to increase non-taxation revenues.
- vi) Significant public engagement
- vii) Balancing additional resource requests with funding availability

Collectively these actions have reduced the requirement to increase taxes.

Economic Impact

The attached Proposed 2010 Operating Budget, Attachment 1, reflects the requirement for a taxation funding increase of \$3.34m, an approximate property tax increase of \$29.81 a year (\$2.50 per month) on the average home re-assessed at \$459,367 or a 2.65% tax increase.

The Proposed 2010 Operating Budget increase of \$3.34m is largely driven by the following:

1. Community Facilities - \$1.8m increase for a new community centre and civic centre
2. Community Safety - \$1.1m increase for major road repairs and 10 additional firefighters;
3. Increases for additional service improvements and general city pressures (\$0.44m net).

As illustrated above, more than 80% of the taxation funding increase is directly related to community service and community safety. The remaining portion of the increase relates to additional service improvements (e.g. implementing green direction strategies or renewing the City's economic development strategy, etc.) and general City pressures to maintain levels of service.

Local Hospital Levy - The City has taken steps to bring a much needed hospital and other health care resources to Vaughan. The Government of Ontario requires local communities to support the development of a hospital through a local financial contribution. It should be noted the financial support and plan for the Vaughan Health Campus of Care Hospital was approved on June 15th, 2009. The approved 2010 residential property tax increase associated with the separate Hospital Capital Levy is approximately \$7.75 or 0.69% for the average home assessed at \$459,367. This increase is in addition to the tax rate increase illustrated above to support the City's operations.

Communications Plan

Public consultation and input are important elements of the 2010 budget process and essential to validate the needs of the community and balance them within available resources. Throughout the budget process a number of public input opportunities were provided using a mixture of public engagement activities. These are further expanded below.

Early Public Engagement – Through on-line activities and public forums the City of Vaughan has engaged the community and generated public participation.

- The 2010 Budget Guidelines were approved, 2009 at a public budget meeting.
- Early in the summer, the City's 2010 Guidelines were posted on-line and residents were asked if the City is taking the right approach.
- A Public Budget Forum was held on November 16th to inform the public regarding the City's draft 2010 budget and obtain community input. In the interest of obtaining maximum community feedback, the forum content and survey questions were placed on the City's website for citizens to review and provide their input. The results of these events were presented to the Budget Committee on December 7th.
- On December 4th, 2009, a draft budget overview was presented to the Chamber of Commerce by the Budget Chair and City Manager to inform and engage chamber members.

Continuous Opportunity for Input – Throughout the budget process, six scheduled Budget Committee meetings were held and open to the public. A number of Vaughan residents attended these meetings and provided their input into the process through deputations and discussion. These meetings were held on November 3rd, 10th, December 1st, 7th, 14th, and January 11th.

In addition to the Budget Committee meetings and budget forums, there is a final opportunity for the public to provide input at a Special Council meeting before the budget is approved. Public notification of the January 18, 2010 event is consistent with the City's public notification by-law.

Final Budget Approval Communication - 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. Key information will also be provided on the City's website and fact sheets will be provided to key stakeholders.

Purpose

The purpose of the Special Council Meeting is to obtain public input and to provide the public with an overview of the Proposed 2010 Operating Budget, including the major service improvements, enhancements and pressures the municipality is facing and corresponding tax adjustment on an average Vaughan household.

Background - Analysis and Options

Executive Summary

Over the past 18 months, North America has witnessed a significant economic downturn, characterized by stock market meltdowns, bankruptcies, and high unemployment rates. Fortunately, the City of Vaughan is able to weather this economic storm as a result of the City's very strong financial position, resulting from the City's long standing dedication to financial management through progressive best practices and prudent policies. In this regard, the City of Vaughan has been very successful. Vaughan has consistently had one of the lowest property tax rates in the Greater Toronto Area while providing high quality services to the community.

The Proposed 2010 Operating Budget is based on budget guidelines that were adopted by the Budget Committee on June 23rd, 2009. A founding principle of the budget guidelines was to maintain service levels and support Vaughan's Vision with a minimum impact on taxes. In addition, public engagement was a vital and ongoing element of the 2010 budget process and essential to validate the needs of the community and balance them within available resources. Throughout the budget process a number of public input opportunities were provided. Of the residents participating, the majority responded that Vaughan is focusing on the right improvements, taking the right approach, providing the right local services, and offering good value for their tax dollars.

The Proposed 2010 Operating Budget, including any recommendations stemming from Budget Committee and Council deliberations, reflects the requirement for a taxation funding increase of \$3.34m. This represents a property tax increase of approximately \$29.81 a year (or \$2.50 per month) on the average home re-assessed at \$459,367 or a 2.65% tax increase. The Proposed 2010 Operating Budget increase is largely driven by the following:

1. Community Facilities - \$1.8m increase for a new community centre and civic centre
2. Community Safety - \$1.1m increase for major road repairs and 10 additional firefighters;
3. Increases for additional service improvements and general city pressures (\$0.44m net).

As illustrated above, more than 80% of the taxation funding increase is directly related to community service and community safety. The remaining portion of the increase relates to additional service improvements (e.g. implementing green direction strategies or renewing the City's economic development strategy, etc.) and general City pressures to maintain levels of service.

Guidelines designed to provide the lowest possible tax increase

For several years, the City's rigorous budgetary process has focused on containing costs and implementing best practices, with the goal of demonstrating leadership in financial management. This year's Budget guidelines continue to build on these core values, prudent processes and successful business practices. Vaughan has always taken the management and stewardship of public funds very seriously and due to the current economic environment, the City's approach to the annual operating budget has an even greater focus on financial constraint and tightening the budget. This was accomplished through the following actions:

Cost Containment Actions

1. Freeze most account budgets at 2009 levels
2. Reduce selected budgets below 2009 levels
3. Vacancy evaluation prior to recruitment
4. Voluntary time off without pay
5. Zero impact adjustments
6. Strict process to evaluate funding requests
7. Thorough multi-layered review process

Business Improvement Actions

8. Explore opportunities through service reviews & continuous improvement
9. Reinforce strategic priorities through business planning and measures
10. Increase revenue through user fee reviews
11. Early and continuous public participation

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 adjustments in their base budget and typically related to predetermined agreements, contracts or Council approvals/reductions. For example, there is no across the board increase for inflation and no increase for new staffing. To the extent that a department requires additional resources, a separate business case must be submitted for consideration. These are referred to as **Additional Resource Requests (ARR)** and are individually vetted through the Senior Management Team, the Budget Committee and finally Council. Further details with respect to the budget guidelines are provided as Attachment #3.

The approach, guidelines and actions recommended represent prudent management practices and are appropriate given the demand for services are increasing at the same time the community is experiencing a modest economic recovery. The objective of separating the process into the base budget and additional resource requests is to identify the minimum resources that are required to maintain the City's service levels and fund other municipal requirements.

Base Budget

Although there are many components to the City's base budget, there are a few significant adjustments to be highlighted. In the absence of these adjustments, there would be a decrease in the base budget. These items and their affect on the budget are illustrated in the following table.

<i>Major 2010 Budget Adjustments</i>	Budget Adjustment Amount	Property Tax Effect	
		\$	Rate %
2010 Base Budget Change	2,059,208	18.40	1.63%
Less: Infrastructure Impacts			
North Thornhill Community Centre- Net Adjustment	1,246,000		
Roads Program Long-Term Debt Payments	750,000		
Civic Centre Operations	550,000		
Subtotal	(2,546,000)	(22.75)	-2.03%
Less: Unanticipated Revenue Impacts			
Supplemental Taxation Process Change Affect	500,000		
PowerStream Lease Expiry	425,000		
Specific User Fee Net Reductions (Parks, Enforcement, COA)	450,000		
Subtotal	(1,375,000)	(12.29)	-1.09%
Base Budget Without Major Adjustments	(1,861,792)	(16.63)	-1.49%

As noted in the chart above, excluding the above items would result in a decrease in property taxes.

Additional Resource Requests (ARR's)

As noted previously, additional resource requests are submitted on an individual basis and assessed on their respective merits. There were 40 requests received amounting to \$1.9m, which by themselves represents a 1.51% tax increase. Senior Management spent a significant amount of time reviewing and discussing each request. The result was a recommendation to support 26 of the 40 requests totaling \$1.3m, a 1.02% or \$11.41 increase per year to the average residential property in Vaughan. This recommendation was vetted through the Budget Committee and adopted by Council.

It is important to note, all funding requests submitted had merit; however, the current economic environment requires a focus on financial constraint and tightening the budget. As a result, some requests were deferred, without guarantee or special consideration, to next year's process. Executing this type of financial constraint will impact on the City's ability to maintain some service levels. A high-level summary of the additional resource request recommendation is provided as Attachment #2.

Combined Base Budget and Additional Resource Requests

The combined impact of the base budget and the additional resource requests is approximately \$29.81 a year on the average home re-assessed at \$459,367 or a 2.65% tax increase.

Areas of Uncertainty/or Risk

Notwithstanding the due diligence that has been exercised in preparing the budget, there are areas of uncertainty or risk. These areas are detailed below:

Harmonized Sales Tax and Provincial Offences Act – In December 2009, the Province approved the new Harmonized Sales Tax (HST) structure which will come into effect on July 1st, 2010. At this point, the determination of the impact of HST on the operating budget is uncertain, as there are many transition rules for 2010 to consider that may impact agreements, leases, etc. However, staff continue to review HST information and will be planning the implementation of the new tax rules from an accounting, systems, purchasing and revenue stream perspective.

An amended Inter-municipal Provincial Offences Act Agreement was recently approved at the Region of York, Finance and Administration Committee. The revenue sharing amendments among the municipalities will favourably impact the City's 2010 operating budget. However, this is contingent on agreement approval by each area municipality.

The impacts of the HST legislation and the amendments to the POA agreement are not final, however the preliminary impacts appear to be offsetting and therefore a provision has not been separately identified in the Proposed 2010 Operating Budget.

Investment income – As a result of the recent recession, investment rates have declined. As the economy begins to recover interest rates are expected to rebound, but the magnitude and speed of there recovery is uncertain. Based on this situation, the 2010 investment income budget remains at 2009 levels.

It is important to note, the above illustrated topics are largely dependant on external circumstances. Based on information available to date, budget assumptions were made. Staff is cautioning the City with respect to these items. There will be an impact on the City's year-end position should these assumptions change.

Quick Facts

The following information is provided for quick reference to assist in providing the public and Council members with a context within which to assess the Draft 2010 Operating Budget.

Average 2010 Residential re-assessment	\$459,367
Total 2009 Taxes levied on the average assessed home	\$4,419
2009 City of Vaughan portion (25%)	\$1,123
2009 Vaughan Health Campus of Care Hospital Capital Levy	\$22
2009 Reduction for qualifying seniors	\$290
A 1% increase in the tax rate generates	\$1.26m
Impact of a 1% increase on the average home	\$11
2010 Assessment Growth (Projected)	3.73%

Proposed 2010 Operating Budget Review

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 2010 Operating Budget, the remainder of the report is dedicated to reviewing the budget in the following components.

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

2010 Base Budget under the Guidelines

Based only on the budget guidelines, the City's Proposed Operating Budget is approximately \$204m and reflects a \$2.1m funding increase over 2009. This equates to a 1.63% tax rate increase **excluding** the budget impact of the recommended additional resource requests. The Proposed 2010 Operating Budget includes an anticipated \$2.5m surplus carried forward from 2009 and includes \$2.8m from the Tax Rate Stabilization Reserve. This is consistent with prior year recommendations and Council direction.

An integral component of the 2010 Operating Budget Guidelines was the freezing and reducing of account lines outside of the specific areas permitted. In order to check adherence to this guideline, 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 and approved by SMT. Through budget submission reviews and assurances from Commissioners and Directors, there is a very high level of confidence that approved guidelines were followed.

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 3.2%, which represents a \$5.5m increase in departmental expenses over 2009. Roughly one half of the 3.2% increase is attributable to an increase in labour costs, largely a result of the full-year impact associated with recreation and facility staff to support the North Thornhill Community Centre. It should be noted, these costs are partially offset through recreation revenues. Also experienced, were increases related to external service contracts, including increases in snow clearing, animal control, waste management, utility increases, and insurance premiums. These services are generally contracted, competitively tendered and awarded to the lowest bidder. The remaining balance consists of approved non-salary adjustments for the operation of the New Civic Centre and North Thornhill Community Centre, a third party lease expiry, and the conclusion of the Development Planning department's two year mitigation strategy. The above department adjustments were offset by reductions in specific accounts amounting to \$263k.

To assist Council in assessing the Proposed 2010 Base Operating Budget and the associated 1.63% tax rate increase resulting from the budget guidelines, the following summary is provided.

Base Budget Change Summary		Budget Change		Property Tax Effect	
Guideline Expenditure Increase		\$	%	\$	%
Labour Costs					
-2009 Complements Gapping	200,000				
-Full Year - North Thornhill Community Center	1,693,765				
-Progression	244,254				
-Part Time Library 4% Vac Pay	130,000				
-Overtime 10% Reduction	(122,090)				
-All Other items	332,191	2,478,120	2.3%	\$22.14	1.97%
Contractual Obligations					
-Winter Control	370,210				
-Animal Control	121,000				
-Waste Mgmt	111,155				
-Applewood Bridge Mtce	146,920				
-York Region Blvd Mtce	(200,000)				
-Other Items	284,707	833,992	2.8%	\$7.45	0.66%
Utilities					
		846,648	12.4%	\$7.56	0.67%
Insurance					
		452,000	20.0%	\$4.04	0.36%
Meals, Furniture & Equipment, Travel, Sundry 10% Reduction					
		(140,692)		-\$1.26	-0.11%
Other Account Changes					
- New Civic Center	157,565				
- North Thornhill Community Center	270,125				
- Planning Mitigation Strategy Conclusion	300,000				
- PowerStream Lease Expiry	425,000				
- Other Miscellaneous Items	(99,165)	1,053,525		\$9.41	0.84%
Total Departmental Expenditure Increase		5,523,593	3.2%	\$49.34	4.39%
Fees / Service Charges					
Recreation		1,724,035	11.3%	\$15.40	1.37%
Parks Operations		(350,360)	-75.4%	-\$3.13	-0.28%
Economic Business Development		(239,595)	-47.3%	-\$2.14	-0.19%
Enforcement Services		(145,000)	-7.4%	-\$1.30	-0.12%
Other		(147,929)	-0.5%	-\$1.32	-0.12%
Less: Increase in Fees & Service Charges		841,151	2.6%	\$7.52	0.67%
Net Departmental Change (Excluding Reserve Transfers)		4,682,442	2.3%	\$41.84	3.73%
Corporate Expenditures					
- Roads Program Long Term Debt		750,000	9.1%	\$6.70	0.60%
- Contingency		2,576,932	109.3%	\$23.02	2.05%
- Capital from Taxation		64,775	1.0%	\$0.58	0.05%
- General Corporate & Elections					
Infrastructure Policy	34,000				
Joint Services Agreement	168,845				
Corporate Insurance	124,575				
Election Costs	985,000				
Corporate Salary Gapping	(1,000,000)	312,420	5.1%	\$2.79	0.25%
Total Corporate Expenditure Change		3,704,127	15.86%	\$33.09	2.95%
Corporate Revenues					
- Tax Supplemental		(500,000)	-18.5%	-\$4.47	-0.40%
- Other Reserve Withdrawals		1,302,945	8.2%	\$11.64	1.04%
- Hydro Dividends		674,190	27.0%	\$6.02	0.54%
-Tax Fines & Penalties		200,000	4.3%	\$1.79	0.16%
- Other Corporate Revenue		130,645	1.3%	\$1.17	0.10%
Total Corporate Revenue Change		1,807,780	5.0%	\$16.15	1.44%
Net Corporate Budget Change (Rev. & Exp)		1,896,347	3.6%	\$16.94	1.51%
Net Department & Corporate Change		6,578,789	2.30%	\$58.78	5.23%
Less: Assessment Growth (Estimate)		4,519,581		\$40.38	3.60%
Total		2,059,208		\$18.40	1.63%

Base Budget Revenue Review

As illustrated in the Base Budget Change Summary, overall revenues increased \$2.6m or 3.7% from 2009 levels, excluding assessment growth. The primary factors contributing to the increase are as follows:

- Corporate Revenues increased by \$1m:
 - PowerStream dividends increased by \$674k based on net income projections. This accounts for the majority of the increase.
 - Property tax fines and penalties increased \$200k to better reflect historical trends and keep inline with the growing tax base.
 - The remaining balance consists of adjustments to POA revenue, tax certificates, etc.
- User Fees / Service Charges increased by \$841k:
 - Recreation revenues increased by \$1.72m largely due to the full-year impact of the North Thornhill Community Centre. This increase is largely offset by similar expenditure value increases.
 - Parks Operations revenue dropped \$350k as a result of York Region cancelling a boulevard maintenance contract. Overall, the net impact to the City is \$150k and the reduction in revenue is met with a \$200k reduction in expenses.
 - Economic & Business Development revenue decreased \$239k as anticipated due to the removal of the one-time Communities in Bloom Symposium revenues and costs.
 - Committee of Adjustment and Enforcement Services revenues experienced reductions of \$119k and \$145k, respectively. The reduction in Committee of Adjustment revenue is related to a recent steep drop in applications. The revenue adjustment in Enforcement Services is necessary to correct revenue expectations.
- Funding from reserves increased by \$1.3m:
 - The largest component of the increase in reserve funding is related to an increase in funding from the elections reserve of \$985K to cover the anticipated costs of the 2010 municipal election. This revenue stream is offset by a similar expense amount in the corporate and election section resulting in a zero budget impact.
 - The second largest component of the increase is related to a \$452k increase in insurance premiums. Almost 55% of the increase is related to general price increases. The remaining balance is associated with premiums for shared facilities, Civic Centre construction/demolition overlap premiums, and an increase in deductible payments for anticipated settlements.
 - A preliminary study on the cost sharing of administration activities between the City and Water/Waste Water services indicated there are more costs the City should be recovering. As a result, the existing recovery was conservatively increased by \$200k to account for this.
 - Continuing with the phase-in of 2009 winter control increases, largely due to contract price increases, the initial \$700k winter control withdrawal is reduced to \$350k. The final impact associated with this initiative will occur in 2011.
 - Lastly, adjustments occurred in the Engineering, Fleet, Building Standards, and Parks reserves as a result of activity, departmental costs changes, and anticipated growth trends for these services.

- Supplemental Taxation decreased by \$500k:
 - The decrease in supplementals is a result of a change in the administration of supplementals. In 2009, MPAC moved up the cut-off period for processing supplementals by 6 weeks. As a result, new properties after this point are deferred to a future assessment roll.

Assessment Growth

For 2010, assessment growth is estimated at approximately 3.73%, which translates into roughly 3,500-4,000 new homes contributing an additional \$4.5m in property taxes. This is somewhat higher than the 3.19% figure experienced in 2009 and reveals a positive sign of the recovering economy. Although not specifically allocated, these funds help offset the increasing service costs associated with community growth. To illustrate this point, listed below are just a few of the many 2010 growth additions to the City:

- North Thornhill Community Centre
- New Civic Centre
- 64 km of roads
- 36 km of sidewalks
- 3,000 new waste/recycling collection stops
- 853 additional streetlights
- 22.8 ha of Parkland + play structures
- 2 ha 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 2010 Operating Budget is the following estimate of major staffing, contract, utility, maintenance, and associated renewal costs supporting growth.

• Full year impact of North Thornhill	\$1.3m
• New Civic Centre	\$550k
• 2009 complement gapping	\$200k
• Expanding roads repairs due to a growing road network	\$750k
• Service contract volume increases	\$592k
• <u>Utility volume increase</u>	<u>\$683k</u>
Base budget growth impact	\$4.08m
• <u>Growth related portion of additional resource requests</u>	<u>\$1.0m</u>
Illustrated 2010 growth impact	\$5.08m
<u>Assessment Growth</u>	<u>\$4.52m</u>
Funding Shortage	\$560k

As illustrated above, the costs associated with growth, excluding the costs of new infrastructure co-funding, other infrastructure renewal, and associated overhead costs, typically 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 user based services versus funding City 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 property tax rate.

A concern that revenue might not keep pace was anticipated and as a result the 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 2010 Operating Budget by approximately \$44k, which is provided for in contingency until the proposed User Fee / Service Charge increases are approved by Council. A separate report on this topic is provided for public input and Council consideration.

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 caused by legislative requirements and staff initiated a number of other in-depth studies, resulting in the development of cost recovery policies, principals, and targets endorsed by Council. Detailed below is a summary of department and estimated full cost recovery ratios for these areas based on 2010 base budget figures.

2010 Department Budgeted Recovery (Figures in Thousands)	Recreation	Licensing	Enforcement	Planning	COA	Building Standards (OBC)	Building Standards (Non-OBC)
Revenues	\$ 16,920	\$ 830	* \$ 2,712	\$ 2,433	\$ 372	** \$ 8,025	\$ 329
Expenditures	17,894	535	\$ 4,220	2,510	525	5,012	620
Subsidy/(Surplus)	974	(295)	1,508	77	153	(3,013)	291
Dept Budget Recovery Ratio	95%	155%	64%	97%	71%	160%	53%
Full Cost Estimate (ABC Model)	*** \$ 37,782	\$ 1,131	\$ 4,133	\$ 5,375	\$ 909	\$ 8,025	1,181
Subsidy/(Surplus)	20,862	301	1,421	2,942	537	-	852
Full Cost Recovery Ratio	45%	73%	66%	45%	41%	100%	28%
Policy Recovery Goal	100% Dept. Cost	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 \$200,000 draw from Building Standards Continuity Reserve

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

Note: Does not include estimated economic adjustment for 2010

As illustrated above, most areas are recovering more than 70% of their budgeted department costs. 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 economic uncertainty and the affects of the economic slowdown. Licensing is also achieving their target of recovering business licensing full costs. However, department full cost recovery is lower than 100% as a portion of the department is devoted to risk management and some licensing fee restrictions exist related to lottery, livestock, etc. Recreation is recovering 95% of their departmental costs, which is inline with their fee policy targets. This figure will be adjusted down once labour negotiations are settled. Enforcement Services, with the inclusion of Provincial Offenses Act (POA) revenue is recovering approximately 64% of their department cost. Enforcement Services' full cost recovery ratio is the same as their department recovery ratio, as other department overhead allocations are offset by a large portion of their departmental expenditures being allocated to other departments, i.e., Fire, Building Standards, Parks, etc. The recovery ratio is anticipated to improve over time with the implementation of the Administration Monetary Penalties initiative intended to streamline the process and improve collection efforts. No policy is in place for recovery of enforcement revenue as the service is driven by compliance rather than service. Planning and COA revenues are recovering 97% and 71% of their department costs and falling significantly short of achieving the goal of full cost recovery. This is largely a result of declining application volumes caused by the economic slowdown and housing capacity allocation restrictions, which has decreased their full cost recovery to below 50%.

As demonstrated above, most areas are recovering most 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 neighboring municipalities. This is another indication of the City managing its finances in a prudent manner.

Base Budget Expenditure Review

As illustrated in the Base Budget Change Summary, total expenditures increased \$9.2m over 2009 levels. The primary factors contributing to the increase in City expenditures are as follows:

Departmental Expenditures

Approximately \$5.5m of the base budget expenditure increase is related to pressures experienced in departmental expenditures, including the \$160k Library Board increase. This represents an increase of 3.2% over the 2009 departmental budget, largely due to the full-year impact of the North Thornhill Community Centre and New Civic Centre requirements.

- Of the total departmental budget increase, approximately 45% or \$2.5m is associated with labour costs adjustments. The largest component of this increase is related to the full-year recreation and facility impact of the North Thornhill Community Centre, approximately \$1.7m, which is partially offset by an associated increase in recreation revenue. The full year affect of 2009 gapping accounts for another \$200k. The remaining balance is related to progression, part-time surveys, and inclusion of library vacation pay not previously budgeted. These balances were offset by a \$122k reduction in overtime, as per approved guidelines.
- The second largest component of the department expenditure budget increase is related to pressures from contract services (\$834k) and utilities (\$847k). These increases are typically the result of increasing demands on services due to growth and industry price obligations. Overall contract service lines increased 2.8% and are specifically related to animal control, waste management, winter control, ITM services, parks maintenance, etc. Utilities increased 12.4%, which is largely related to the addition of a new community centre, new civic centre, additional parks and streetlights.
- Department insurance expenses increased by \$452k or 20%. Almost 55% of the increase is related to higher prices. The remaining balance is associated with premiums for shared facilities, Civic Centre construction/demolition overlap premiums, and an increase in deductible payments for anticipated settlements.
- PowerStream provided advance notice of their intention to transfer their operations to another centre as of March 2010. As a result, the Building and Facility department third party lease revenue was adjusted down by \$425k.
- Development Planning and Planning Policy department expenses increased by \$300k due to the conclusion of Planning's 2 year mitigation strategy.
- The above department budget increases were offset by specific account reductions in meals, overtime, furniture, sundry, and travel totaling \$263k.

Corporate Expenditures

The remaining \$3.7m increase in City expenditures are related to pressures experienced in corporate expenditures. This represents an increase of 15.86% over the 2009 corporate expenses. Explanations for the budget increase are as follows:

- The repayment of long term debt increased by \$750k or 9.1%. Debt has previously been issued primarily to fund major road projects.

- A \$2.6m expenditure increase is also experienced in the City's contingency account and relates to ongoing labour negotiations and certain foreseeable events. It should be noted that all but one labour agreement will be in negotiations in 2010. Once the outcomes of these events are determined, balances will be reallocated to the appropriate department budgets.
- Corporate and election expenses increased by \$312k, mainly as a result of a one-time \$985k budget increase to administer the 2010 municipal election. This cost is fully funded by a transfer from the election reserve and therefore results in a neutral impact on the budget. Increases in joint service payroll expenses and corporate insurance costs were also experienced. The above increases were largely mitigated by an increase in corporate gapping to reflect a 2% turnover rate.
- Capital from taxation increased \$65k to partially fund the following capital projects (i.e. Kipling South feasibility study, Concord West streetscape, Kleinburg artificial turf, and the relocation of selected roundabout pedestrian crossings in Thornhill Woods).

Expenditures Review – 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.

Operating Expenditures	2010 Base Budget	2010 Budget %	2010 Cumulative %
Salaries and Benefits	110,123,786	53.96%	53.96%
Service Contracts	30,657,141	15.02%	68.98%
Reserve Contributions	10,015,845	4.91%	73.89%
Long Term Debt	9,000,000	4.41%	78.30%
Maintenance/Materials	8,208,513	4.02%	82.32%
Utilities & Fuel	7,805,564	3.82%	86.15%
Capital from Taxation	6,650,250	3.26%	89.41%
Contingency	4,935,272	2.42%	91.82%
Insurance Expenses	2,640,000	1.29%	93.12%
Professional Fees (Including OMB)	2,291,230	1.12%	94.24%
Tax Adjustments	1,400,000	0.69%	94.93%
Election Costs	985,000	0.48%	95.41%
All Other	9,368,140	4.59%	100.00%
Total 2010 Base Budget Expenses	204,080,741	100%	100.00%

The summary above 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.

Considering Factors Other Than CPI When Assessing the Budget

When assessing the Proposed 2010 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 if planned repairs are 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 & benefits	53.96%	2.60% - Hewitt Survey/Ministry figures	1.40%
Contracts & materials	19.04%	6.50% - Historical based	1.24%
Utilities & fuel	3.82%	1.30% - CPI energy blend	0.05%
Capital funding	12.58%	-5.10% - Non-residential const. index.	-0.64%
All Other	10.60%	1.50% - CPI Core	0.16%
Base Inflationary Increase estimate			2.21%
Base Inflationary Increase + 3.7% growth estimate			5.91%

Consideration must be given to all factors when assessing the budget and associated tax increases. It is important to note the City's total department and overall City expenses include growth impacts, which are not included in the above municipal price index. This clearly demonstrates Vaughan's solid and effective financial management, as stripping growth components from Vaughan's expenditure increase would yield cost increases below the above illustrated guide. Adding a 3.7% growth component to the municipal index would increase the percentage guide to close to 6%. Total City expenditure increases are much lower than the adjusted percentage guide; clearly illustrating Vaughan is managing its finances and providing the tax payer with value.

Cautionary note: The Ontario CPI figure released as of November 30th, 2009 was 1.0%, substantially below the traditional 2% year over year increase. The main cause for this decrease is related to decreases in the energy sectors, specifically fuel. However, in the month of November gasoline prices increased 14.1%, reversing the extended 2009 downward trend. Overall, energy prices rose 1.3% year over year. Stripping energy and food costs from the Ontario CPI figure adjusts the figure to approximately 1.5%. This is called the Core CPI basket and is a more realistic figure for general municipal expense types. This rate is applied to the "other" category of the municipal index.

Review of Specific Expense Categories

Historically, Budget Committee has inquired about specific accounts and the budgeted amounts. For reference purposes, we have included a summary of specific expense lines to illustrate the budget changes in these accounts.

Account of Interest	2010 Base Budget	2009 Budget	\$ Variance Inc./(Dec.)	% Change
Advertising	405,023	502,823	(97,800)	-19.45%
Computer Hardware/Software	710,725	799,110	(88,385)	-11.06%
Cellular Telephones	236,635	232,390	4,245	1.83%
Grouped Expenses	137,980	175,900	(37,920)	-21.56%
Office Equip. & Furniture	184,191	241,375	(57,184)	-23.69%
Office Supplies	300,099	286,574	13,525	4.72%
Overtime	933,907	1,031,190	(97,283)	-9.43%
Part Time	13,413,616	12,464,900	948,716	7.61%
Professional Fees (Excluding OMB)	1,891,230	1,968,725	(77,495)	-3.94%
	18,213,406	17,702,987	510,419	2.88%

Specific Account Increases

Of particular note is the part time variance, which is a result of the full-year operations of North Thornhill Community Centre. In addition, there is a slight increase in part-time to account for Library part-time vacation pay, which was not included in prior year board recommendations. The remaining balance is related to maternity leave adjustments and other smaller department impacts. Excluding the part-time increase from the above list would result in an overall \$438k decrease in these accounts.

The remaining account increases in cellular and office supplies are caused by either budget reclassifications to better reflect the true nature of the expense or reallocations to more accurately align budgets with actual results. It is important to note that adjustments of this type have a neutral impact on the budget, due to offsetting adjustments.

Specific Account Decreases

The reduction in overtime is a direct result of the approved budget guidelines. The total decrease including benefits is approximately \$122k. Meals, furniture, travel, and sundry, were also reduced in a similar fashion, increasing the total reduction as per the guidelines to approximately \$263k.

The reduction in advertising is related to a reallocation of \$63k in Public Works to the promotion and education account. The remaining balance is in Economic Development and related to removing 2009 one-time funding for the Communities in Bloom Symposium Conference.

Reductions in computer hardware/software and office equipment and supplies is mainly attributable to the removal of 2009 one-time funding amounts, minor reclassification of expenses to better reflect actual requirements, and a reduction as a result of the approved budget guidelines.

The remaining account reductions in professional fees and grouped expenses are caused by either budget reclassifications to better reflect the true nature of the expense or reallocations to more accurately align budgets with actual results. The reduction in professional fees is mainly related to reallocating funds in the Integrity Commissioner budget from professional fees to casual part-time and other accounts. The reduction in grouped expenses is related to reclassifying Recreation and Economic Development department's expenses to better align budgets with actual results.

The above expenditure analysis is intended to demonstrate that expenditures are closely monitored and have met the strict criteria as set out by Council.

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 40 additional resource requests with a total annual cost of approximately \$1.9m. This figure includes the Library Board's additional resource requests totaling \$109k. Understanding the current economic climate departments have demonstrated financial constraint and have only put forward requests they consider absolutely necessary, despite the tremendous challenges experienced to maintain existing service levels. This is clearly demonstrated by a 65% reduction in the additional resource requests from last year's process.

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

- Mitigating municipal risk;
- Municipal value;
- Maintaining service levels;
- Achieving the Vaughan Vision initiatives, etc.

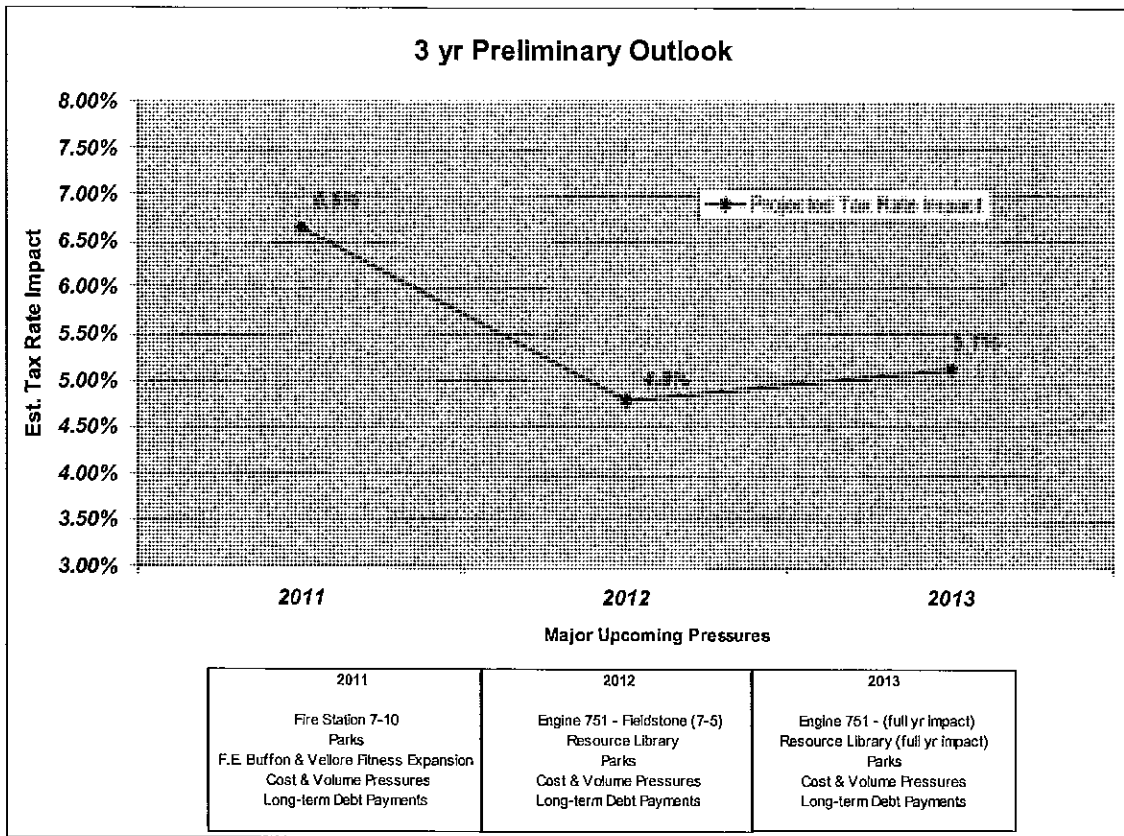
The process infuses a high degree of objectivity and transparency, of which the end result of this process is a significantly reduced recommended list of additional resource requests prioritized based on a blend of associated municipal risk exposure, service levels, and the Vaughan Vision initiatives.

After considerable deliberation and review a final recommendation, which reduced the actual requested amount to \$1.3m or a one third reduction, was presented and adopted by Council. As part of this process and recognizing the current economic environment, City endeavored to balance requests with limited funding opportunities. It is important to note that all funding requests addressed legitimate City concerns, but the current economic environment requires a focus on financial constraint and tightening the budget. As a result, some requests were deferred, without guarantee or special consideration, to next year's process. Executing this type of financial constraint may initially reduce the City's ability to consistently maintain service levels.

Future Outlook

As mentioned in the opening paragraph, the City of Vaughan continues to be subject to the many factors that put significant pressure on the property tax rate. The impacts of these pressures are often permanent and therefore require long-term funding solutions to ensure public services are sustainable in the future.

To illustrate these pressures, a preliminary basic 3 year outlook is provided below. 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 infrastructure funding strategy recommendations. It is also important to consider that deferring costs to the following year will only magnify the anticipated pressures; this is particularly the case for 2011, 2012 and 2013, which will see the addition of a fire hall, library, parkland, and fitness centre expansions. Currently under development is the City's long-range financial plan, which once updated, will provide a more detailed forecast.



Relationship to Vaughan Vision 2020

The 2010 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

The City has followed a very thorough process to minimize any tax increase while maintaining levels of service and regulatory requirements. Very tight budget guidelines, approved by Council, were issued to all departments including freezing specific account lines and reducing others.

In addition, public engagement was a vital and ongoing element of the 2010 budget process and essential to validate the needs of the community and balance them within available resources. Throughout the budget process a number of public input opportunities were provided. Of the residents participating, the majority responded that Vaughan is focusing on the right improvements, taking the right approach, providing the right local services, and offering good value for their tax dollars.

The resulting outcome of the 2010 budget process is illustrated in the below diagram.

BUILDING THE BUDGET

	<i>Residential Tax Rate Change</i>	
	<i>\$</i>	<i>%</i>
Additional Resource Request (Including Library)	\$11.41	1.02%
City Base Budget under the Guidelines (Excluding Library)	\$17.03	1.51%
Vaughan Public Library Board (Net)	\$ 1.37	0.12%
City Operations Tax Rate Change	\$29.81	2.65%

Attachments

Attachment 1 – Proposed 2010 Operating Budget Summary (Available in the Clerk’s Department)

Attachment 2 – Recommended ARR’s included in the Proposed 2010 Operating Budget

Attachment 3 – Comprehensive Budget Review Process

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John Henry
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CITY OF VAUGHAN

PROPOSED 2010

OPERATING BUDGET

Revenue & Expenditure Summary

Special Council (Budget)
January 18, 2010

CITY OF VAUGHAN PROPOSED 2010 OPERATING BUDGET TAX LEVY SUMMARY

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
REVENUES	\$76,375,316	\$73,681,385	\$2,693,931	3.7%
EXPENDITURES	\$205,403,001	\$194,853,021	\$10,549,980	5.4%
LEVY	\$129,027,685	\$121,171,636	\$7,856,049	6.5%

CITY OF VAUGHAN PROPOSED 2010 OPERATING BUDGET

TAX LEVY SUMMARY

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
REVENUES	73,875,316	71,181,385	2,693,931	3.8%
EXPENDITURES	205,403,001	194,853,021	10,549,980	5.4%
NET EXPENDITURES	131,527,685	123,671,636	7,856,049	6.4%
PRIOR YEAR SURPLUS CARRY FORWARD TO REDUCE TAX LEVY	2,500,000	2,500,000	0	0.0%
LEVY	129,027,685	121,171,636	7,856,049	6.5%
LESS: ASSESSMENT GROWTH @ 3.73%	3.73%	3.19%	4,519,581	
2010 OPERATING BUDGET TAXATION INCREASE FUNDING REQUIRED			3,336,468	
AVERAGE TAX RATE INCREASE IN PERCENTAGE TERMS (rounded to 2 decimal places)				2.65%
INCREASE FOR AN AVERAGE HOUSEHOLD ASSESSED AT \$459,367 IN DOLLAR TERMS				\$29.81

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

REVENUE AND EXPENDITURE SUMMARY

	2010 BUDGET	2009 BUDGET	INC. / (DEC.)	
			\$	%
REVENUES:				
TAXATION	121,171,636	121,171,636	0	0.0%
SUPPLEMENTAL TAXATION	2,200,000	2,700,000	(500,000)	-18.5%
GRANT / PAYMENT IN LIEU / OTHER	2,945,240	2,943,235	2,005	0.1%
RESERVES	17,185,495	15,882,550	1,302,945	8.2%
CORPORATE	18,246,595	17,243,765	1,002,830	5.8%
FEES AND SERVICE CHARGES	33,297,986	32,411,835	886,151	2.7%
PRIOR YEAR'S SURPLUS CARRYFORWARD	2,500,000	2,500,000	0	0.0%
TOTAL REVENUES	197,546,952	194,853,021	2,693,931	1.4%
EXPENDITURES:				
DEPARTMENTAL	178,369,192	171,502,611	6,866,581	4.0%
CORPORATE AND ELECTION	6,469,015	6,156,595	312,420	5.1%
LONG TERM DEBT	9,000,000	8,250,000	750,000	9.1%
CONTINGENCY	4,935,272	2,358,340	2,576,932	109.3%
CAPITAL FROM TAXATION	6,629,522	6,585,475	44,047	0.7%
TOTAL EXPENDITURES	205,403,001	194,853,021	10,549,980	5.4%
LESS: ASSESSMENT GROWTH @ 3.73%	4,519,581	0	4,519,581	
OPERATING BUDGET TAXATION INCREASE FUNDING REQUIRED	3,336,468	0	3,336,468	
AVERAGE TAX RATE INCREASE IN PERCENTAGE TERMS (rounded to 2 decimal places)			2.65%	
INCREASE FOR AN AVERAGE HOUSEHOLD ASSESSED AT \$459,367 IN DOLLAR TERMS			\$29.81	

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

REVENUE BY MAJOR SOURCE

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
TAXATION				
SUPPLEMENTALS	2,200,000	2,700,000	(500,000)	-18.5%
GRANT				
LIBRARY GRANT	145,240	143,235	2,005	1.4%
PAYMENT IN LIEU / OTHER				
PAYMENT IN LIEU / OTHER	2,800,000	2,800,000	0	0.0%
RESERVES				
ENGINEERING	4,500,000	4,397,935	102,065	2.3%
PARKS DEVELOP. / LEGAL & REAL ESTATE	640,000	626,125	13,875	2.2%
FINANCE - FROM CAPITAL	1,110,000	1,080,000	30,000	2.8%
FLEET MANAGEMENT	918,085	938,770	(20,685)	-2.2%
PLANNING	500,000	500,000	0	0.0%
BUILDING STANDARDS	200,000	309,310	(109,310)	100.0%
INSURANCE	2,660,000	2,208,000	452,000	20.5%
TAX RATE STABILIZATION	2,757,410	2,757,410	0	0.0%
ELECTION COST	985,000	0	985,000	0.0%
DEBENTURE	565,000	565,000	0	0.0%
WINTER CONTROL	350,000	700,000	(350,000)	100.0%
WATER & WASTEWATER RECOVERY	2,000,000	1,800,000	200,000	11.1%
TOTAL RESERVES	17,185,495	15,882,550	1,302,945	8.2%
FEES/SERVICE CHARGES				
FIRE AND RESCUE SERVICES	383,755	383,755	0	0.0%
CLERKS	30,355	30,355	0	0.0%
CLERKS - LICENSING	874,550	801,950	72,600	9.1%
COMMITTEE OF ADJUSTMENT	372,200	492,150	(119,950)	-24.4%
LEGAL SERVICES	69,600	69,600	0	0.0%
ENFORCEMENT SERVICES	1,822,100	1,967,100	(145,000)	-7.4%
COMMUNITIES IN BLOOM SPONSORSHIP	15,000	15,000	0	0.0%
RECREATION	16,920,850	15,196,815	1,724,035	11.3%
BUILDINGS AND FACILITIES	181,275	187,275	(6,000)	-3.2%
PARKS OPERATIONS	38,405	388,765	(350,360)	-90.1%
CEMETERIES	74,855	71,855	3,000	4.2%
DEVELOPMENT PLANNING	2,433,386	2,379,240	54,146	2.3%
BUILDING STANDARDS - LICENSES/PERMITS	7,332,500	7,432,500	(100,000)	-1.3%
- PLUMBING PERMITS	445,000	345,000	100,000	29.0%
- SERVICE CHARGES	377,850	435,350	(57,500)	-13.2%
ECONOMIC AND BUSINESS DEVELOPMENT	266,655	506,250	(239,595)	-47.3%
CORPORATE COMMUNICATIONS	84,530	84,530	0	0.0%
DEVELOPMENT AND TRANSPORT. ENGINEERING	291,975	313,945	(21,970)	-7.0%
ENGINEERING SERVICES	115,285	115,285	0	0.0%
PUBLIC WORKS - OPERATIONS	880,590	913,345	(32,755)	-3.6%
NON-PROFIT HOUSING	9,000	9,000	0	0.0%
VAUGHAN PUBLIC LIBRARIES	278,270	272,770	5,500	2.0%
TOTAL FEES / SERVICE CHARGES	33,297,986	32,411,835	886,151	2.7%
TOTAL CORPORATE REVENUES	18,246,595	17,243,765	1,002,830	5.8%
TOTAL REVENUE	73,875,316	71,181,385	2,693,931	3.8%

CITY OF VAUGHAN PROPOSED 2010 OPERATING BUDGET

REVENUE BY MAJOR SOURCE CORPORATE REVENUE DETAILS

CORPORATE REVENUE DETAIL :

	2010 BUDGET	2009 BUDGET	INC. / (DEC.)	
			\$	%
FINES AND PENALTIES	4,900,000	4,700,000	200,000	4.3%
TAX CERTIFICATES AND DOCUMENTS	532,445	490,485	41,960	8.6%
INVESTMENT INCOME	3,750,000	3,750,000	0	0.0%
HYDRO INVESTMENT INCOME	4,853,450	4,853,450	0	0.0%
HYDRO DIVIDENDS	3,175,000	2,500,810	674,190	27.0%
PROVINCIAL OFFENSES ACT	890,000	840,000	50,000	6.0%
MISCELLANEOUS REVENUE	70,000	41,520	28,480	68.6%
PURCHASING	50,700	50,700	0	0.0%
CAPITAL ADMIN. REVENUE	25,000	16,800	8,200	48.8%
TOTAL CORPORATE REVENUE	18,246,595	17,243,765	1,002,830	5.8%

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

EXPENDITURE BY MAJOR CATEGORY (1)

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
COUNCIL	1,338,081	1,338,481	500	0.0%
OFFICE OF THE INTEGRITY COMMISSIONER	199,940	200,000	(60)	0.0%
CITY MANAGER	907,703	598,480	309,213	51.7%
OPERATIONAL AUDIT	180,710	181,615	(905)	-0.5%
STRATEGIC PLANNING	206,885	207,150	(265)	-0.1%
CORPORATE POLICY	124,510	124,560	(50)	0.0%
FIRE AND RESCUE SERVICES	30,320,152	29,975,470	344,682	1.1%
EMERGENCY PLANNING	173,385	173,370	15	0.0%
TOTAL CITY MANAGER	31,913,345	31,260,655	652,690	2.1%
COMMISSIONER OF FINANCE AND CORPORATE SERVICES	393,835	508,240	(114,405)	-22.5%
CITY FINANCIAL SERVICES	2,702,178	2,672,040	29,538	1.1%
BUDGETING AND FINANCIAL PLANNING	1,310,320	1,312,995	(2,675)	-0.2%
RESERVES AND INVESTMENTS	1,015,908	988,760	27,148	2.7%
PURCHASING SERVICES	1,172,520	1,145,835	26,685	2.3%
TOTAL COMMISSIONER OF FINANCE AND CORPORATE SERVICES	6,594,761	6,628,470	(33,709)	-0.5%
COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES	369,545	361,400	(1,855)	-0.5%
CITY CLERK	4,948,436	4,817,495	130,941	2.7%
CITY CLERK - INSURANCE	2,660,000	2,208,000	452,000	20.5%
LEGAL SERVICES	1,641,645	1,547,925	93,920	6.1%
ENFORCEMENT SERVICES	4,219,650	3,993,255	226,395	5.7%
HUMAN RESOURCES	3,092,409	3,074,105	18,304	0.6%
TOTAL COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES	16,921,885	16,002,180	919,705	5.7%
COMMISSIONER OF COMMUNITY SERVICES	596,520	607,890	(11,370)	-1.9%
COMMUNITY GRANTS AND ADVISORY COMMITTEES	162,030	155,755	6,275	4.0%
RECREATION	17,894,335	16,487,850	1,406,485	8.5%
CULTURAL SERVICES	784,149	740,670	43,479	5.9%
BUILDINGS AND FACILITIES	19,776,258	17,419,800	2,356,458	13.5%
FLEET MANAGEMENT	918,085	938,770	(20,685)	-2.2%
PARKS OPERATIONS	11,342,414	11,083,535	258,879	2.3%
PARKS DEVELOPMENT	1,065,485	1,073,110	(7,625)	-0.7%
TOTAL COMMISSIONER OF COMMUNITY SERVICES	52,539,276	48,507,380	4,031,896	8.3%
COMMISSIONER OF PLANNING	333,685	333,450	235	0.1%
DEVELOPMENT PLANNING	2,535,410	2,604,930	(69,520)	-2.7%
POLICY PLANNING	1,291,090	881,495	409,595	46.5%
BUILDING STANDARDS	5,972,930	6,157,630	(184,700)	-3.0%
TOTAL COMMISSIONER OF PLANNING	10,133,115	9,977,505	155,610	1.6%
COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORPORATE COMMUNICATIONS	234,835	234,580	255	0.1%
ECONOMIC AND BUSINESS DEVELOPMENT	1,638,310	1,866,545	(228,235)	-12.2%
ACCESS VAUGHAN	707,770	696,170	11,600	1.7%
INFORMATIDN TECHNOLOGY MANAGEMENT	6,853,144	6,690,865	162,279	2.4%
CORPORATE COMMUNICATIONS	1,534,755	1,537,980	(3,225)	-0.2%
TOTAL COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORPORATE COMMUNICATIONS	10,968,814	11,026,140	(57,326)	-0.5%
COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS	327,400	329,145	(1,745)	-0.5%
DEVELOPMENT AND TRANSPORTATION ENGINEERING	3,610,735	3,581,870	28,865	0.8%
ENGINEERING SERVICES	3,490,410	3,343,935	146,475	4.4%
PUBLIC WORKS - OPERATIONS	28,837,080	28,058,940	778,140	2.8%
TOTAL COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS	36,265,625	35,313,890	951,735	2.7%
VAUGHAN PUBLIC LIBRARIES	11,493,450	11,247,910	245,540	2.2%
TOTAL DEPARTMENTAL EXPENDITURES	178,369,192	171,502,611	6,866,581	4.0%
CORPORATE AND ELECTION	6,469,015	6,156,595	312,420	5.1%
LONG TERM DEBT	9,000,000	8,250,000	750,000	9.1%
CONTINGENCY	4,935,272	2,358,340	2,576,932	109.3%
CAPITAL FROM TAXATION	6,629,522	6,585,475	44,047	0.7%
TOTAL EXPENDITURES	205,403,001	194,853,021	10,549,980	5.4%

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

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

**CORPORATE AND ELECTION
EXPENDITURE DETAILS**

CORPORATE AND ELECTION DETAIL :

	2010 BUDGET	2009 BUDGET	INC. / (DEC.)	
			\$	%
RESERVE CONTRIBUTIONS:				
1998 & PRIOR BLDG & FACIL. INFRAST. RES. CONTRIB.	825,000	825,000	0	0.0%
POST 1998 BLDG & FACIL. INFRAST. RES. CONTRIB.	1,259,000	1,225,000	34,000	2.8%
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%
TOTAL RESERVE CONTRIBUTIONS	3,034,000	3,000,000	34,000	1.1%
CORPORATE EXPENDITURES:				
BANK CHARGES	90,000	90,000	0	0.0%
PROFESSIONAL FEES	236,820	236,820	0	0.0%
MAJOR OMB HEARINGS - PROFESSIONAL FEES	400,000	400,000	0	0.0%
JOINT SERVICES	513,225	344,380	168,845	49.0%
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	1,400,000	0	0.0%
CORPORATE INSURANCE	727,650	603,075	124,575	20.7%
AMO MEMBERSHIP	18,050	18,050	0	0.0%
CONFERENCES	29,370	29,370	0	0.0%
ELECTION COSTS	985,000	0	985,000	0.0%
SALARY SAVINGS FROM TURNOVER (GAPPING)	(2,000,000)	(1,000,000)	(1,000,000)	100.0%
TOTAL CORPORATE EXPENDITURES	3,435,015	3,156,595	278,420	8.8%
TOTAL RESERVE CONTRIBUTIONS AND CORP. EXPENDITURES	6,469,015	6,156,595	312,420	5.1%

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

EXPENDITURE DETAILS BY DEPARTMENT

	2010	2009	INC. / (DEC.)	
	BUDGET	BUDGET	\$	%
DEPARTMENTAL DETAILS:				
COUNCIL	1,338,981	1,338,481	500	0.0%
OFFICE OF THE INTEGRITY COMMISSIONER	199,940	200,000	(60)	0.0%
CITY MANAGER	907,703	598,490	309,213	51.7%
OPERATIONAL AUDIT	180,710	181,615	(905)	-0.5%
STRATEGIC PLANNING	206,885	207,150	(265)	-0.1%
CORPORATE POLICY	124,510	124,560	(50)	0.0%
FIRE AND RESCUE SERVICES DETAIL:				
FIRE ADMINISTRATION	1,023,765	976,785	46,980	4.8%
FIRE COMMUNICATION	1,049,895	1,128,725	(78,830)	-7.0%
FIRE MECHANICAL	569,905	570,340	(435)	-0.1%
FIRE PREVENTION	1,656,160	1,654,690	1,470	0.1%
FIRE OPERATIONS	25,334,897	24,959,670	375,227	1.5%
FIRE TRAINING	609,560	610,445	(885)	-0.1%
EMERGENCY MEDICAL PROGRAM	75,970	74,815	1,155	1.5%
TOTAL FIRE AND RESCUE SERVICES	30,320,152	29,975,470	344,682	1.1%
EMERGENCY PLANNING	173,385	173,370	15	0.0%
COMMISSIONER OF FINANCE AND CORPORATE SERVICES	393,835	508,240	(114,405)	-22.5%
CITY FINANCIAL SERVICES DETAIL:				
CITY FINANCIAL SERVICES ADMINISTRATION	272,550	377,755	(105,205)	-27.9%
ACCOUNTING SERVICES	1,153,218	993,545	159,673	16.1%
TAXATION AND PROPERTY ASSESSMENT	1,214,895	1,239,825	(24,930)	-2.0%
PAYROLL SERVICES	61,515	61,515	0	0.0%
TOTAL CITY FINANCIAL SERVICES	2,702,178	2,672,640	29,538	1.1%
BUDGETING AND FINANCIAL PLANNING DETAIL:				
BUDGETING ADMINISTRATION	296,495	297,100	(605)	-0.2%
BUDGETING	663,261	664,615	(1,354)	-0.2%
FINANCIAL PLANNING	195,825	196,225	(400)	-0.2%
ACTIVITY COSTING	154,739	155,055	(316)	-0.2%
TOTAL BUDGETING AND FINANCIAL PLANNING	1,310,320	1,312,995	(2,675)	-0.2%
RESERVES AND INVESTMENTS	1,015,908	988,760	27,148	2.7%
PURCHASING SERVICES	1,172,520	1,145,835	26,685	2.3%
COMMISSIONER OF LEGAL AND ADMINISTRATIVE SERVICES	359,545	361,400	(1,855)	-0.5%
CITY CLERK DETAILS:				
CLERKS ADMINISTRATION	1,082,605	1,040,420	42,185	4.1%
RECORDS MANAGEMENT	524,960	512,575	12,385	2.4%
ARCHIVAL SERVICES	153,080	150,335	2,745	1.8%
MAILROOM / PRINTSHOP / COURIER SERVICES	790,215	790,755	(540)	-0.1%
LICENSING AND SPECIAL PROJECTS	548,736	505,490	43,246	8.6%
COMMITTEE OF ADJUSTMENT AND DEVELOP. SERV.	524,540	515,760	8,780	1.7%
COUNCIL CORPORATE	118,100	120,940	(2,840)	-2.3%
COUNCIL ADMINISTRATIVE ASSISTANTS	1,206,200	1,181,220	24,980	2.1%
TOTAL CITY CLERK	4,948,436	4,817,495	130,941	2.7%

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

EXPENDITURE DETAILS BY DEPARTMENT

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
DEPARTMENTAL DETAILS:				
CITY CLERK - INSURANCE	2,660,000	2,208,000	452,000	20.5%
LEGAL SERVICES DETAIL:				
LEGAL SERVICES ADMINISTRATION	1,278,990	1,188,505	90,485	7.6%
REGISTRATION FEES	25,000	25,000	0	0.0%
REAL ESTATE	337,855	334,420	3,435	1.0%
TOTAL LEGAL SERVICES	1,641,845	1,547,925	93,920	6.1%
ENFORCEMENT SERVICES DETAIL:				
ENFORCEMENT SERVICES ADMINISTRATION	3,519,650	3,414,255	105,395	3.1%
ANIMAL CONTROL	700,000	579,000	121,000	20.9%
TOTAL ENFORCEMENT SERVICES	4,219,650	3,993,255	226,395	5.7%
HUMAN RESOURCES DETAIL:				
HUMAN RESOURCES ADMINISTRATION	60,750	61,010	(260)	-0.4%
LEARNING AND DEVELOPMENT	346,190	331,190	15,000	4.5%
EMPLOYEE RELATIONSHIPS	809,834	738,425	71,409	9.7%
EMPLOYEE SERVICES	517,215	585,060	(67,845)	-11.6%
CROSSING GUARDS	942,070	942,070	0	0.0%
COMPENSATION BENEFITS & HEALTH AND SAFETY	416,350	416,350	0	0.0%
TOTAL HUMAN RESOURCES	3,092,409	3,074,105	18,304	0.6%
COMMISSIONER OF COMMUNITY SERVICES	481,450	482,435	(985)	-0.2%
COMMUNITIES IN BLOOM	115,070	125,455	(10,385)	-8.3%
COMMUNITY GRANTS AND ADVISORY COMMITTEES	162,030	155,755	6,275	4.0%
RECREATION DETAIL:				
RECREATION ADMINISTRATION	4,893,305	4,820,095	73,210	1.5%
PROGRAMMES ADMINISTRATION	788,165	542,145	246,020	45.4%
AQUATICS	3,377,100	2,927,095	450,005	15.4%
FITNESS	1,775,930	1,461,980	313,950	21.5%
GENERAL PROGRAMMES	2,815,400	2,648,225	167,175	6.3%
CAMPS	1,428,965	1,367,400	61,565	4.5%
SKATING	55,875	64,290	(8,415)	-13.1%
CITY PLAYHOUSE	455,855	440,485	15,370	3.5%
PERMITS (VAUGHAN HOCKEY SUBSIDY)	1,124,185	1,118,270	5,915	0.5%
SPECIAL NEEDS/VOLUNTEER DEVELOP.	141,055	167,925	(26,870)	-16.0%
YORK REGION TRANSIT TICKETING	1,030,000	898,000	132,000	14.7%
OTHER PROGRAMMES	8,500	31,940	(23,440)	-73.4%
TOTAL RECREATION	17,894,335	16,487,850	1,406,485	8.5%
CULTURAL SERVICES DETAIL:				
CULTURAL SERVICES ADMINISTRATION	675,869	632,290	43,579	6.9%
VAUGHAN CULTURAL INTERPRETIVE CENTER	9,880	9,880	0	0.0%
DOORS OPEN VAUGHAN	65,500	65,500	0	0.0%
FESTIVAL OF THE ARTS	16,500	16,500	0	0.0%
HERITAGE VAUGHAN	16,400	16,500	(100)	-0.6%
TOTAL CULTURAL SERVICES	784,149	740,670	43,479	5.9%

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

EXPENDITURE DETAILS BY DEPARTMENT

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
DEPARTMENTAL DETAILS:				
BUILDINGS AND FACILITIES DETAIL:				
ADMINISTRATION	2,395,499	2,298,580	96,919	4.2%
TRADES SHOPS	660,130	469,745	190,385	40.5%
CIVIC CENTRE	573,995	1,133,145	(559,150)	-49.3%
BUILDING OPERATIONS	16,146,634	13,518,330	2,628,304	19.4%
TOTAL BUILDINGS AND FACILITIES	19,776,258	17,419,800	2,356,458	13.5%
FLEET MANAGEMENT DETAIL:				
FLEET MANAGEMENT ADMINISTRATION	442,205	459,020	(16,815)	-3.7%
FLEET MANAGEMENT SERVICES	475,880	479,750	(3,870)	-0.8%
TOTAL FLEET MANAGEMENT	918,085	938,770	(20,685)	-2.2%
PARKS OPERATIONS DETAIL:				
PARKS ADMINISTRATION	1,663,260	1,618,870	44,390	2.7%
OPERATIONS	6,650,464	6,256,660	393,804	6.3%
FORESTRY	1,248,400	1,152,735	95,665	8.3%
CEMETERIES / CAPITAL PROJECTS	1,780,290	2,055,270	(274,980)	-13.4%
TOTAL PARKS OPERATIONS	11,342,414	11,083,535	258,879	2.3%
PARKS DEVELOPMENT	1,065,485	1,073,110	(7,625)	-0.7%
COMMISSIONER OF PLANNING	333,685	333,450	235	0.1%
DEVELOPMENT PLANNING DETAIL:				
PLANNING ADMINISTRATION	431,900	470,930	(39,030)	-8.3%
DEVELOPMENT PLANNING	1,867,425	1,897,570	(30,145)	-1.6%
DRAFTING	236,085	236,430	(345)	-0.1%
TOTAL DEVELOPMENT PLANNING	2,535,410	2,604,930	(69,520)	-2.7%
POLICY PLANNING	1,291,090	881,495	409,595	46.5%
BUILDING STANDARDS	5,972,930	6,157,630	(184,700)	-3.0%
COMMISSIONER OF ECONOMIC AND TECHNOLOGY DEVELOPMENT AND CORP. COMMUNICATIONS	234,835	234,580	255	0.1%
ECONOMIC AND BUSINESS DEVELOPMENT DETAIL:				
ECONOMIC AND BUSINESS DEVELOP. ADMIN.	681,975	831,685	(149,710)	-18.0%
BUSINESS DEVELOPMENT	471,125	683,310	(212,185)	-31.1%
MARKETING	84,900	84,900	0	0.0%
TOURISM	357,660	224,000	133,660	59.7%
ENVIRONMENT	42,650	42,650	0	0.0%
TOTAL ECONOMIC AND BUSINESS DEVELOPMENT	1,638,310	1,866,545	(228,235)	-12.2%
ACCESS VAUGHAN	707,770	696,170	11,600	1.7%
INFORMATION TECHNOLOGY MANAGEMENT DETAIL:				
CHIEF INFORMATION OFFICER	335,325	331,390	3,935	1.2%
TECHNICAL SERVICES	2,898,580	2,858,025	40,555	1.4%
BUSINESS SOLUTIONS	2,556,830	2,502,645	54,185	2.2%
CLIENT SERVICES	1,062,409	998,805	63,604	6.4%
TOTAL INFORMATION TECHNOLOGY MANAGEMENT	6,853,144	6,690,865	162,279	2.4%
CORPORATE COMMUNICATIONS ADMINISTRATION	1,534,755	1,537,980	(3,225)	-0.2%

**CITY OF VAUGHAN
PROPOSED 2010 OPERATING BUDGET**

EXPENDITURE DETAILS BY DEPARTMENT

	2010 BUDGET	2009 BUDGET	INC. / (DEC.) \$	%
DEPARTMENTAL DETAILS:				
COMMISSIONER OF ENGINEERING SERVICES AND PUBLIC WORKS OPERATIONS	327,400	329,145	(1,745)	-0.5%
ENGINEERING SERVICES DETAIL:				
DEVELOPMENT AND TRANSPORTATION ENGINEERING	3,610,735	3,581,870	28,865	0.8%
ENGINEERING SERVICES	3,490,410	3,343,935	146,475	4.4%
TOTAL ENGINEERING SERVICES	7,101,145	6,925,805	175,340	2.5%
PUBLIC WORKS DETAIL:				
PUBLIC WORKS ADMINISTRATION	1,998,180	1,853,245	144,935	7.8%
ROADS MAINTENANCE	8,514,790	8,344,460	170,330	2.0%
WINTER CONTROL	9,496,570	9,129,330	367,240	4.0%
WASTE MANAGEMENT	8,827,540	8,731,905	95,635	1.1%
TOTAL PUBLIC WORKS	28,837,080	28,058,940	778,140	2.8%
VAUGHAN PUBLIC LIBRARIES DETAIL:				
PERSONNEL AND ADMINISTRATION	8,269,610	8,131,335	138,275	1.7%
COMMUNICATIONS	385,750	533,945	(148,195)	-27.8%
RESOURCES	1,877,530	1,577,950	299,580	19.0%
FACILITIES	960,560	1,004,680	(44,120)	-4.4%
TOTAL VAUGHAN PUBLIC LIBRARY	11,493,450	11,247,910	245,540	2.2%
TOTAL DEPARTMENTAL EXPENDITURES	178,368,192	171,502,611	6,866,581	4.0%



CITY OF VAUGHAN

PROPOSED 2010

OPERATING BUDGET

***Recommended Additional
Resource Request Summary***

(Included in Proposed 2010 Operating Budget)

ADDITIONAL RESOURCE REQUESTS

SENIOR MANAGEMENT TEAM RECOMMENDATIONS

#	Ref Page	Department	Description	Staff Requests (FTEs)	Offsets	Gapping	2010 Net FTE	Annual Cost	OFFSETS	GAPPING (Deferred to 2011)	2010 Budget Change	Cum \$ Net Annual Budget Change	Tax Rate % Incr.	Cum Tax Rate % Incr.							
1	149	Accounting Services	Contract Special Projects Analyst (one request)	1.00	(0.23)	(0.25)	0.52	91,721	(13,380)	(17,093)	61,248	61,248	0.05%	0.05%							
2	302	Building & Facilities	Temp Building Mice Operator (one request)	1.00	0.00	(0.50)	0.50	47,928	-	(23,864)	23,964	85,212	0.02%	0.07%							
3	165	Budget & Financial Planning	Office Coordinator Position Conversion	1.00	(1.00)	0.00	0.00	68,938	(68,938)	-	-	85,212	0.00%	0.07%							
4	212	City Clerk	Archival Records Analyst Position Conversion	1.00	(0.50)	0.00	0.50	83,920	(37,785)	-	46,135	131,347	0.04%	0.10%							
5	217	City Clerk	Licensing Clerk	1.00	(0.69)	0.00	0.31	50,375	(91,304)	-	(30,929)	100,418	-0.02%	0.08%							
6	73	City Manager's Office	Green Directions Implementation Staff	1.00	0.00	0.00	1.00	130,163	-	-	130,163	230,581	0.19%	0.19%							
7	288	Culture Services	Heritage Coordinator Position Conversion	1.00	(0.69)	0.00	0.31	83,304	(39,220)	-	44,064	274,665	0.04%	0.22%							
8	407	Development Planning	DTA Implementation Professional Fees	0.00	0.00	0.00	0.00	25,000	-	-	25,000	299,665	0.02%	0.29%							
9	453	Economic & Business Development	Economic Development Strategy	0.00	0.00	0.00	0.00	100,000	-	-	100,000	399,665	0.08%	0.32%							
10	121	Fire & Rescue Services	Live-Fire Training	0.00	0.00	0.00	0.00	40,000	-	-	40,000	439,665	0.03%	0.35%							
11	110	Fire & Rescue Services	Station 7-10 1st 10 Firefighters (one request)	10.00	0.00	(5.00)	5.00	686,296	-	(333,128)	333,128	772,793	0.27%	0.61%							
12	263	Human Resources	Part-Time Crossing Guard Coordinator	0.50	0.00	0.00	0.50	31,589	-	-	31,589	804,381	0.03%	0.64%							
13	491	Information Technology Management	Audio/Video Support Analyst (one request)	1.00	0.00	(0.50)	0.50	83,730	-	(39,896)	43,894	848,275	0.03%	0.67%							
14	486	Information Technology Management	System Analyst/Project Leader for JDE	1.00	0.00	0.00	1.00	95,155	(100,000)	-	(3,845)	844,430	0.00%	0.67%							
15	355	Parks Operations	Assistant Forperson	1.00	0.00	0.00	1.00	59,778	-	-	59,778	904,208	0.05%	0.72%							
16	330	Parks Operations	Park & Sports Field Cultural Practices	0.00	0.00	0.00	0.00	60,000	-	-	60,000	964,208	0.05%	0.77%							
17	370	Parks Operations	Contract Extension (14 staff *1 month)	1.17	0.00	0.00	1.17	54,643	-	-	54,643	1,018,851	0.04%	0.81%							
18	360	Parks Operations	Park Attendant	1.00	0.00	0.00	1.00	52,409	-	-	52,409	1,071,260	0.04%	0.85%							
19	245	Parks Operations	Off Leash Dog Park	0.00	0.00	0.00	0.00	10,000	-	-	10,000	1,081,260	0.01%	0.86%							
20	340	Parks Operations	Streetscape Maintenance	0.00	0.00	0.00	0.00	40,000	-	-	40,000	1,121,260	0.03%	0.89%							
21	350	Parks Operations	Safe Hill Winter Tobogganing	0.00	0.00	0.00	0.00	10,000	-	-	10,000	1,131,260	0.01%	0.90%							
22	335	Parks Operations	Urban Forestry Canopy 5 yr Plan	0.00	0.00	0.00	0.00	45,000	-	-	45,000	1,176,260	0.04%	0.94%							
23	365	Parks Operations	GPS Sidewalk Snowploughing	0.00	0.00	0.00	0.00	16,000	-	-	16,000	1,192,260	0.01%	0.95%							
24	179	Reserves & Investment	Grants Specialist Conversion	1.00	(1.00)	0.00	0.00	99,528	(99,528)	-	-	1,192,260	0.00%	0.95%							
25	556	Vaughan Public Library	Reserve Materials Pierre Burton (3rd yr)	0.00	0.00	0.00	0.00	85,000	-	-	85,000	1,277,260	0.07%	1.02%							
26	531	Vaughan Public Library	Civic Center Library - Resource Prep. Support	2.00	0.00	(0.50)	1.50	82,592	(62,562)	-	-	1,277,260	0.00%	1.02%							
SUBTOTAL SMT ARR RECOMMENDATIONS												25.67	-4.11	-6.75	14.81	2,214,088	(522,747)	(414,081)	1,277,260	1.02%	1.02%

1% tax increase = 1,256,912



CITY OF VAUGHAN

PROPOSED 2010

OPERATING BUDGET

***Comprehensive Budget Review
Process***

Guidelines designed to provide the lowest possible tax increase

For several years, the City's rigorous budgetary process has focused on containing costs and implementing best practices, with the goal of demonstrating leadership in financial management. This year's Budget guidelines continue to build on those core values, prudent processes and successful business practices. Vaughan has always taken the management and stewardship of public funds very seriously and due to the current economic environment the City's approach to the annual operating budget will have an even greater focus on financial constraint and tightening the budget. This will be accomplished through the following 10 actions:

Cost Containment Actions

1. Freeze most account budgets at 2009 levels
2. Reduce selected budgets below 2009 levels
3. Vacancy evaluation prior to recruitment
4. Voluntary time off without pay
5. Zero impact adjustments
6. Strict process to evaluate funding requests
7. Thorough multi-layered review process

Business Improvement Actions

8. Explore opportunities through service reviews & continuous improvement
9. Reinforce strategic priorities through business planning and measures
10. Increase revenue through user fee reviews
11. Early and continuous public participation

Under the guidelines, departments are only permitted to include very specific increases, typically related to predetermined agreements, contracts or Council approvals. There is no across the board increase for inflation and no automatic increase for new staffing. The objective of the guidelines is to provide the lowest possible tax increase while maintaining the City's service levels. Further details with respect to each of the actions are provided in the following sections.

1. Freezing Budgets at 2009 levels

For the 2010 Budget, all account budgets will be *frozen* to 2009 budget levels with the exception of established commitments and pre-defined external pressures. This action will limit the budget increase to the following items:

- Council approved employment agreements;
- Full year impact of prior year decisions;
- Council authorized recommendations;
- Supported external service contract commitments;
- Established utility & insurance increases, where justified;
- Debenture obligations; and
- Defined corporate contingency items.

Additional flexibility in preparing the Recreation budget is required due to fluctuating enrollment numbers, program selections, and community needs. The Recreation budget will be prepared in accordance with established policies and aim to maintain or improve the Recreation department's overall net position and category thresholds.

To ensure that all financial requests are captured and assessed within the approved operating budget process, all items containing an economic impact during the annual budget process are to be submitted to the Budget Committee for review and recommendation before Council consideration.

2. Specific Budget Reductions Below 2009 Levels

Recognizing that most residents are faced with cutting back on household spending, the guidelines incorporate the reduction of selected expense budgets. This opportunity is fairly limited as most expenses are rigid and cutting too deeply can negatively impact on the services provided to the community. However, given the current economic environment it is necessary to signal that we are taking the economic crisis seriously and reducing budgets. The following accounts will receive an across the board reduction of at least 10%.

- ❖ Meals
- ❖ Overtime
- ❖ Furniture
- ❖ Sundry
- ❖ Travel

3. Vacancy Evaluation

As part of the effort to address the budget challenge, the City has initiated a process to manage staff vacancies as they arise. Through this process, vacancies are evaluated to determine which positions will be filled and which positions will be put on hold. To ensure this evaluation occurs managers must obtain authorization from the City Manager before a staff position can be posted.

4. Voluntary Time-off Without Pay

The City will be providing an opportunity to staff to take voluntary time-off without pay. Granting time-off without pay will be at the discretion of management and dependant on work loads and other business circumstances. Impacts associated with this program will be discussed with departments while reviewing their budget submissions.

5. Zero Impact Adjustments

Reclassifications and reallocations in non-labour related accounts are only permitted if they result in a zero impact on the budget. Furthermore, these adjustments are limited to better reflecting the true nature of the expense or more accurately aligning account budgets. There are no impacts associated with these adjustments and the intent is to refine departmental budgets. As part of the budget process reallocations/reclassification will be reported, demonstrating a neutral impact.

6. Strict Process to Evaluate Funding Requests

Under the above guidelines, departments are only permitted to include very specific predetermined increases in their budget. To the extent a department requires additional resources, a separate business case must be submitted detailing strategic links, costs & benefits, implications & consequences, success indicators, timelines, etc. These are referred to as **Additional Resource Requests (ARR)** and will be individually vetted, based on their respective merits, through the Senior Management Team, Budget Committee, and Council. Council approval is specifically required for new staff resources, a change in service levels, or new initiatives. Requests are limited to items in excess of \$10,000 or having a net neutral or positive impact. Only requests approved by Council will be included in the 2010 budget.

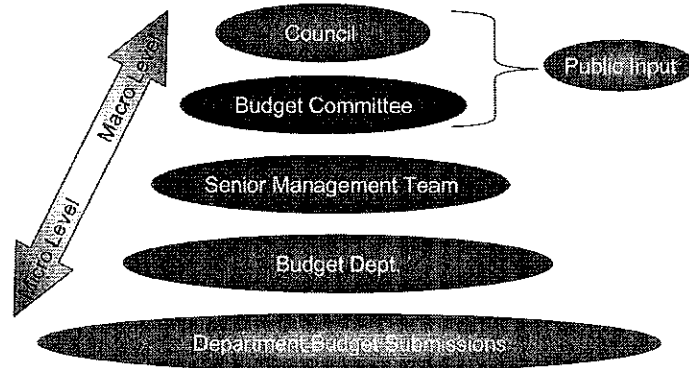
The process will separate the Operating Budget into the following two classifications:

- o Base Budget – Budget based on approved guidelines – Minimal tax increase.
- o Additional Resource Requests – Essential funding requests not permitted through the guidelines requiring Council review and approval.

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.

7. Thorough Multi-layer Review Process

It should also be noted that the Budget Process has a very thorough review process and the proposed 2010 budget will consist of many decisions resulting from a variety of review sessions. Illustrated below are the various layers of review that occur within Vaughan's budget process.



As part of the process, staff will diligently undertake various tasks to analyze the operating budget to ensure conformity with the approved operating budget guidelines. Examples include analyzing submissions for budget & business planning guideline and corporate policy compliance, major department increases, specific expenditure types, historical spending trends, department user fee recovery ratios, tax rate implications, overall budget reasonability, adhoc requests, etc.

8. Explore Opportunities Through Service Reviews & Continuous Improvement

As we continue to navigate through these challenging times, it is important to develop creative ways to reduce costs, improve efficiencies, and explore revenue opportunities. Taking these steps will help to mitigate the budget pressures the City is facing. This corporate action consists of two separate and unique processes:

❖ Department Suggestion Program

Through the annual budgeting and business planning process, departments are requested to submit ideas and suggestions to reduce costs, improve efficiencies, eliminate duplication, generate revenues, etc. A form will be added to the department budget package to capture these ideas to be further explored and considered.

❖ Continuous Improvement & Service Reviews

The Audit and Operational Review Committee's mandate was recently expanded to include:

- Departmental reviews;
- Structural, functionality, and efficiency reviews; and
- Overall management review

As part of this mandate, a Continuous Improvement Program (CIP) was recently initiated, which is a process the City uses to drive process improvement and continuously identify opportunities the City can benefit from.

9. Increase Revenue Through User Fee Reviews

Another opportunity to minimize a tax increase is to maximize revenue generation through user fees and service charges. It is important to emphasize that any reduction in a user fee or service charge cost recovery ratio will have a corresponding direct impact on the City's levy. Therefore, to minimize any impact on the City's tax rate it is important to sustain or improve revenue/cost relationships. In addition to adjusting revenues for anticipated changes in activity, departments will be required to review user fees and service charges and perform the following:

- ❖ Increase user fees and charges in relation to department cost increases
- ❖ Submit new user fee and service charge opportunities

As a default, it is anticipated that department user fees & service charges will increase at minimum, by the rate of inflation, in 10 cent increments, unless justification for no increase is otherwise specified. The Statistics Canada Ontario inflation rate increased 1.8% for the 12 month period ending March 2009. The 5 year historical average is approximately 1.9%.

The above actions will be submitted for Senior Management review and Council approval.

10. Reinforce Strategic Priorities Through Business Planning and Measures

Business Plans will continue to be integrated as part of the 2010 Operating Budget Process to help establish and reinforce connections between strategic priorities, Vaughan Vision 2020, and resource allocation. This information compliments the budget process and plays an important role in evaluating department base budget efficiency, effectiveness and productivity through the use of performance measures. Business Plans will also greatly assist Senior Management and the Budget Committee in their budget deliberations by providing a platform to better understand department objectives, pressures and the basis for additional resource requests. This is an important step towards aligning budgets with Vaughan Vision strategic goals, objectives, and priorities. The Senior Manager of Strategic Planning will be intricately involved with this process and assist with updates and refinements to existing business plans.

New to the 2010 business planning process are the following:

- ❖ Performance measurement data will now include estimates for 2009 & 2010 and a performance level standard or best practice. This will align the measures with the budget year and provide a reference point for stakeholders to better understand the department's situation.
- ❖ In addition, a section on future pressures and opportunities will be included. This information will help provide a context to illustrate initial and future challenges facing the department as well as potential opportunities to improve the business.
- ❖ Slight changes to the template may be required, but the overall content will remain relatively unchanged.

11. Early and Continuous Public Participation

Public involvement throughout the budget process will be a key element of building the budget and consists of the following:

Early Consultation - Public Consultation will be held early in the budget process to gather community input, which will assist in building the budget. The framework & subject matter of the forum will be relatively consistent with what was offered in the past and focus on the following:

- ❖ Educate and inform the public regarding city services, the cost of those services, municipal issues and their relationship with property taxes; and
- ❖ Obtain input and feedback from the public with respect to the local services provided, community priorities, and options to address the challenge.

The event will be held at the Civic Center, which will be recorded and made available on the City's website for viewing. To obtain additional feedback, a questionnaire will be developed and provided at both the forum and on the City's website. The public forum and online content will be heavily promoted in various media sources at least three weeks in advance. The initial setup will require support from ITM and Corporate Communications. Responding to public input will require an involvement and collaboration from all City departments. Forum results will be reported to Budget Committee early in the budget process.

Continuing Opportunity for Input - In addition to the Budget Forum, Budget Committee meetings will begin in November and continue throughout the process. These are public meetings and they offer an opportunity for the community to provide input. All Budget Committee meeting recommendations are forwarded to Council, where the public can also provide input into the decision making process.

In addition to the above, the City of Vaughan is undertaking a number of strategic initiatives which incorporate significant public engagement. Although separate processes, public feedback obtained at these events will migrate into the budget decision making process.

Final Approval – In addition to these meetings, a Special Council meeting will be held to provide the public a final opportunity to comment on the Proposed 2010 Operating Budget.

Illustrated below are the steps in the budget process that involve the public.

Public Participation in the Budget Process

