

BUDGET COMMITTEE

APRIL 30, 2004

DRAFT 2004 OPERATING BUDGET

(Referred from the Budget Committee Meeting of April 16 and April 21, 2004)

The Budget Committee, at its meeting of April 16 and April 21, 2004 recommended:

- 1) That this matter be referred to the next Budget Committee meeting;
- 2) That staff review the "Specific Expense Lines Identified for Reduction" contained in Attachment 2 of the memorandum from the Commissioner of Finance & Corporate Services, dated April 14, 2004, to see whether the 2004 expenses can be reduced to the 2003 level of expenses and report back to the next Budget Committee meeting; and
- 3) That the deputation of Ms. Eileen Burrell, Chair, Vaughan Public Library Board, and correspondence from Ms. Rosemary Bonanno, Chief Executive Officer, Vaughan Public Libraries, dated April 6, 2004, be received and that staff be directed to meet with Vaughan Public Libraries as soon as possible to address and respond to the comments raised, and report back to the Budget Committee.

Report of the City Manager and the Commissioner of Finance & Corporate Services dated April 16, 2004

Recommendation

The City Manager and the Commissioner of Finance & Corporate Services in consultation with the Senior Management Team and the Director of Budgeting & Financial Planning recommend:

That the following report be received for information purposes;

That Attachment 1 outlining the \$10M reduction in the shortfall in the 2004 Draft Operating Budget, as directed by the Budget Committee, be received for discussion purposes; and

That Attachment 2, the revised list of new complement requests be approved.

Purpose

To provide a report to the Budget Committee responding to the request to reduce the shortfall in the 2004 Draft Operating Budget by \$10M. The detailed response to the request is provided in Attachment 1.

Background – Analysis and Options

Many municipalities in the GTA are experiencing similar issues in their budget deliberations; significant increases in costs, reductions in revenue and other factors beyond the control of the municipality. There is not one or two specific issues, but rather a number of issues that are varied in nature. The issues relate to external factors (OMERS and economic factors, the provision of additional facilities to maintain service levels and many other factors. These types of impacts are accentuated in a high growth municipality like Vaughan. All of these impacts are permanent in nature and require permanent funding sources.

At the March 31, 2004 Budget Committee staff were directed to bring back a report that reduces the 2004 operating budget shortfall of \$18.9M by \$10M. An identification of how the budget shortfall was reduced, and the amount achieved, is provided later in this report.

There are a Number of Factors that Impact the City's Tax Rate

The City's operating budget is funded from two (2) main sources, user fees and taxation. Taxation makes up approximately 55% of the funding. The level of taxation funding is more stable whereas user fees are more susceptible to fluctuations as a result of such factors as general economic conditions.

The City's budget is impacted each year by the following factors:

1. Inflation and other cost increases;
2. Costs to maintain an aging infrastructure;
3. The impact of serving new growth;
4. Economic slowdown;
5. New or enhanced services offered by the City;
6. User fee revenue not keeping pace with cost increases.

In any given year these factors can have a significant impact on operating budget expenditures and to the extent that user fees do not keep pace with cost increases the legislative requirement to have a balanced budget must be met using property taxes.

Assessment Growth Does Not Cover all Cost Increases

Each year there is additional residential, commercial and industrial development in the City. The additional assessment provides additional tax revenues to the City, however there are also additional costs to offset this additional tax revenue. These include the cost for services provided directly to be property owner such as waste collection, winter control and less direct services such as fire, recreation, parks and library services.

In addition, without a tax rate increase existing homes and businesses and new homes and businesses are billed property taxes based on the prior year's tax rate. The rate must be increased to reflect the anticipated cost to provide existing services the following year.

Efficient Use of Your Property Tax Dollar

Over the years the City of Vaughan has maintained low tax rates relative to inflation and to other communities in the GTA. Since 1993 to the end of 2003 the cumulative impact of inflation has been 22.9%, yet the cumulative impact of increases in the City of Vaughan portion of the property tax rate has only been 14.4%. In addition, Vaughan's tax rate is approximately 10% lower than next lowest municipality outside of Toronto. In 2003, the average Vaughan household remitted \$688 in municipal taxes; this amount is lower than the average homeowners annual cost of natural gas, hydro and home insurance in 2003. This cost comparison is illustrated below.

COST FOR AN AVERAGE HOUSEHOLD IN 2003

	Monthly	Annual
Hydro*	\$93	\$1,116
Natural Gas*	\$72	\$864
Home Insurance*	\$62	\$744
City of Vaughan Tax Portion	\$57	\$688

* Source – Region of York's 2004 Budget Presentation

Vaughan's portion of the property tax bill (\$688) pays for the following: Fire Protection, Waste Collection, Snow Clearing, Parks Development and Maintenance, Recreation Services, Libraries, etc.

2004 Draft Operating Budget Expenditure Overview

To assist members of the Budget Committee in assessing the impact of the exercise to reduce the budget shortfall by \$10 million, staff have provided a high level summary of the City's 2004 operating budget expenditures. The 2004 Draft Operating Budget expenditure overview illustrates the difficulty in realizing the \$10 million target. Highlighted below for the Budget Committee's information is the Draft 2004 Operating Budget Expenditure Overview.

Salaries & Benefits	\$78.4m	54.2%
Contracted Services	\$18.8m	13.0%
Reserve & Debenture Contributions	\$12.8m	8.9%
Mtce/Utilities/Materials	\$13.2m	9.1%
Capital Budget Funding from Taxation	<u>\$ 6.5m</u>	<u>4.5%</u>
Sub-total	\$129.7m	89.7%
Tax Adjustments	\$ 1.4m	1.0%
Copiers/printing/postage	\$ 1.5m	1.0%
Professional Fees	\$ 2.2m	1.5%
Computer hardware/software	\$ 1.4m	1.0%
Hydro joint services revenue provision	\$ 0.9m	0.6%
Office supplies and equipment	\$ 0.8m	0.5%
Other	<u>\$ 6.8m</u>	<u>4.7%</u>
Total	<u>\$144.7m</u>	<u>100.0%</u>

The above list illustrates that approximately 90% of the expenditures in the Draft 2004 Operating Budget are committed or cannot readily be reduced.

Summary - Reduction in the Budget Shortfall

The targeted reduction of \$10M was first reduced by the new initiatives previously provided to the Budget Committee, a reduction of \$1.2M. Secondly, the City's new complement requests were reduced to those identified on Attachment 2, a savings of \$.9M. It was further reduced by eliminating the controllable expenditure requests of \$.8M. The balance, \$7.1M was apportioned to the Office of the City Manager, each Commissioner and the Vaughan Public Library Board. The results of this exercise are summarized below. The details are provided in Attachment 1.

	Target	Reduction
City of Vaughan	\$5,765,000	\$5,852,937
Vaughan Public Library Board	<u>\$1,335,000</u>	<u>\$598,000</u>
Total	<u>\$7,100,000</u>	<u>\$6,450,937</u>

The items identified to reduce the shortfall include a combination of expense reductions and revenue increases. If all these additional budget initiatives are approved there will be an impact on services.

Future 2005 Operating Budget Impacts

For the information of the Budget Committee and to provide insight into future budget deliberations staff have identified some of the issues that will impact the 2005 operating budget.

Estimated 2005 Impact

Vellore Community Centre	\$1m
Fire Stn 7-9 full year staffing	\$1m
Long Term Debt repayment	\$1.5m
Contracted Services	\$2m
Vellore / WEA District Parks	\$0.4m
Infrastructure Reserve Contribution	\$1m
Building Permit Fees (Bill 124)	impact uncertain
Changes in non-tax revenue	unknown
Wage Settlements	unknown
Insurance increase	unknown

It is anticipated that there will be other impacts that will be identified during the 2005 operating budget process, including additional inflationary and other unknown cost or revenue impacts.

As we move forward it is important that all the implications of decisions is provided as part of the reporting to Council. With respect to the 2004 Draft Capital Budget staff have further highlighted the future impact on the operating budget of capital budget decisions.

Conclusion

Staff has provided the Budget Committee with a report that identifies opportunities to reduce the 2004 operating budget shortfall. The options represent a number of reductions across the organization. Many on their own do not appear significant, however collectively they represent a reduction in the resources available to staff to do their job. The reduction in expenses reduces the flexibility of departments to respond to budget situations that arise throughout the year. There will be an even greater need for departments to monitor their budgets throughout 2004.

In addition, each year the City's operating budget relies upon a \$2.5M surplus from the prior year. Surpluses have been declining as, each year the reasons for the surpluses are reviewed and the following year's budgets are adjusted accordingly. The surplus for the past two (2) years have been very close to the \$2.5M required for carry forward to the following year's budget. The continuation of these previously experienced surpluses is unlikely to continue into the future. If this is the case there will be a direct impact on funding and the City's tax rate. This will add to the continued upward pressure on property taxes that is expected into the future.

Attachments

Attachment 1 – 2004 Budget – Incremental Reductions

Attachment 2 – 2004 Draft Operating Budget - New Complement Requests

Attachment 3 – Memorandum from the Commissioner of Finance & Corporate Services, dated April 14, 2004

Item 1, Attachment 1
 Budget Committee
 April 30/04

2004 Budget - Incremental Reductions (Version 3) Revised Page 1 - Item 1, Attachment 1
 Budget Committee April 16, 2004

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
1 Fire	Full Time Salaries and Benefits - gapping savings relating to Stn 7-8 and Stn 7-9	120,552		
2 Fire	Apparatus and Equipment Reserve Fund contribution	275,950		
3 Fire	Reduction to various accounts except revenue, salary related, insurance and reserves.	193,970		Revisiting the staffing budget and retirements reduces salary requirements for 2004. Defer reserve contribution relating to Stn's 7-8 & 7-9 until year of planned opening.
4 Fire	Overtime and Acting Pay plus applicable benefits reduction	176,940		Detrimental impact to the quality and efficiency of operations.
5 Fire	Full Time Salaries and Benefits	182,588		Overtime reduced for backfilling for sick time. Impact is daily staffing levels fall below current minimum levels
6				
7	Reductions	950,000		Defer Stn 7-9 hiring of 8 Firefighters from August to Jan 2005. Delay improvements to fire protection service in WEA/West Vaughan.
8	Target	950,000		
9				
10	Vaughan Public Libraries			
11				
12	Reduction from the amount provided in the revenue and expenditure summary presented to the Budget Committee, March 31, 2004	598,000		
13				
14	Reductions	598,000		
15	Target	1,335,000		
16				
17				
18 Financial Services	Professional Fees			
19 Financial Services	Increased Assessment Roll management	20,000		Reduction in funds for special audits
20 Financial Services	Computer	1,000	75,000	
21 Financial Services	Computer	3,000		
22 Financial Services	Training & Development	2,000		
23 Financial Services	Office Equipment	1,000		

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
24	Financial Services	Computer	1,000	
25	Financial Services	Professional Fees	1,000	
26	Financial Services	Overtime	2,000	
27	Reserves & Invest.	Office Equip	1,200	
28	Reserves & Invest.	Computer	1,000	
29	Reserves & Invest.	Overtime	1,000	
30	Reserves & Invest.	Subscription	1,000	
31	Reserves & Invest.	Sundry	1,000	
32	Reserves & Invest.	Office Supplies	500	
33	Budget & F.P.	Part time	1,000	
34	Budget & F.P.	Office Equip	2,500	
35	Budget & F.P.	Computer	1,500	
36	Budget & F.P.	Overtime	600	
37	Purchasing	Office Equip	300	
38	Purchasing	Computer	500	
39	Purchasing	Cell Phone	1,000	
40	Purchasing	Overtime	1,000	
41				
42		Reductions/Revenue Increases	45,100	
43		Target	115,000	75,000
44				
45				
46		Legal & Administrative Services		
47	Commissioner	Reduce professional Fees	5,000	
48	Legal H.R.	Eliminate unfilled non union position Reduce salary of Crossing Guards to \$11.00 per hour in 2004 from \$12.00 and Reduce number of crossing guards to 70 or 1,25 per school from 2 per school.	96,000	The position is not being budgeted in 2004. This will impact the morale of the guards resulting in potential community complaints
49			115,000	
50	H.R.	Stop loss insurance	100,000	Charged to the employee benefits reserve
51	H.R.	Reduce the training Budget	20,000	Elimination of supervisory training

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
52 H.R.	Further reduce advertising costs	20,000		Size of recruitment ads will be reduced
H.R.	Institute policy of not filling clerical absences with temporary personnel unless absent for 10 days or more	50,000		Reduced productivity because other staff will have to fill-in. Savings will be recovered from individual departments
53 Enforcement	Increase parking ticket revenue		240,000	Increase in constituent complaints
54 Clerks	Office and Equipment	1,300		
55 Clerks	Headsets	1,000		
56 Clerks	Printer	3,000		
57 Clerks	Laptop	3,500		
58 Clerks	Records Management Supplies	9,000		
59 Clerks	Fuel - Internal	1,000		
60 Clerks	General Vehicle Repairs	2,500		
61 Clerks	Vehicle Licensing	110		
62 Clerks	Block Purchases - Postage	48,000		
63 Clerks	Print Shop Paper/Printing/Supplies	12,750		
64 Clerks	Licensing Revenue	16,500		
65 Clerks				
66				
67	Reductions/Revenue Increases	504,660	240,000	
68	Target	745,000		
69				
70				
71	Economic Technology Development & Corporate Communications			
72				
73 Communications	Office Equipment	6,000		No Service Level Impact -- office equipment intended for new position
74 Communications	Computer Software	4,000		No Service Level Impact -- to support new position (not approved)
75 Communications	Computer Hardware	4,000		No Service Level Impact -- to support new position (not approved)

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
Communications				
76	Printing Internal - Annual Report	31,000		2003 Corporate Annual Report will not be printed and distributed, as in past years, to every household. It will be published in an electronic format only, and posted to the City's website.
77	Professional Fees	25,000		Media training for Council and Senior Management will be sharply reduced or eliminated.
78	Advertising	30,000		Weekly City Page will no longer be published in local paper. Statutory ads will be booked as regular ads (costs already budgeted). Permanently cancel Winterfest event. This one-day event loses approx. \$30,000 every year. NOTE: these funds have already been spent but achieved 30K additional sponsorship program revenue this year allowing us to cover this loss and still save the 30K in the budget.
79	Winterfest	30,000		
80	Thornhill Village Festival Float	2,500		Council will not have a parade float to ride.
81	Santa Fest/Float	2,500		Council will not have a parade float to ride.
82	Doors Open Vaughan	2,000		City will not provide food and drink to public attending this community event.
83	Internet Communications	25,000		New features for City's website to be delayed, including Event photo galleries and interactive overview or virtual tour of the City.
84	Grouped Expenses	14,000		This category includes various public relations initiatives to be limited, including Phase II of promoting Vaughan Vision to specific stakeholders.
85				
86	Part-time	10,284		No data updating to produce a 2005 Business Directory (summer stud)
87	Office Equipment	3,200		No Service Level Impact
88	Hardware Equipment - Phones	1,300		No service Level Impact

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
89 Economic Development	Cell Phones	400		No Service Level Impact
90 Economic Development	Digital Camera	1,200		Must rely on the presence of Corp Comm staff to record events
91 Economic Development	Foreign Business Development	50,000		No international travel nor monies to entertain incoming delegations
92 Economic Development	Print Ads	25,000		Forfeit presence in Economic Development/Site selection publications where all neighbouring municipalities will be present/visible (Ontario Report in Site Selection magazine)
93 Economic Development	Promotional Items	25,000		Limited supply of promotional items available to Mayor and Members of Council for gifting purposes
94 Economic Development	Corporate Image	8,000		No new Corporate Video in 2004
95 Economic Development	Media Placement	26,000		No Autumn Radio Campaign; diminished business attraction profile
96 Economic Development	Urban Design Awards	5,000		Postponed until 2005; lost public relations/community building opportunity
97 Economic Development	Training & Development	5,000		Impacts staffs ability to update knowledge of new trends in Ec Dev
98 ITS	PEMD-1 (Program for Export Market Development - Investment)	15,000		Reduced project scope for this matched-funding federal programme aimed at increasing investor-readiness
99 ITS	Part-time	10,339		Delays in addressing system problems will be experienced, and systems will not be maintained after hours and weekends.
100 ITS	Office Equipment	10,000		Filing cabinets will not be purchased. Files will be kept in boxes and will NOT be secured.
101 ITS	Computer Software	55,000		Remote PC management software will not be deployed - lost opportunity to achieve greater long-term efficiency
102 ITS	Professional Fees	35,000		Reduce use of external Bell technicians - will result in delayed service to internal users.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
ITS				
103	Seminars/Workshops	3,000		J.D. Edwards users conference will NOT be attended - missed opportunity to gain insight on product development & influence future changes
104	Commissioner Computer Hardware	1,000		
105	Commissioner Professional Fees	5,000		No Service Level Impact
106				No Impact
107	Reductions	470,723		
108	Target	470,000		
109				
110				
111				
112				
113				
114	Community Services			
115				
Building & Facilities				
116	Tender Advertising	300		Reduce the number of newspapers that will advertise notices.
117	Cell Phones	2,500		Savings will be realized by pooling air time contracts with Fleet and through converting cell phone use to Telus Mike system two way radios.
118	Chancellor CC - Costs For Additional Facilities	72,000		Delay opening of the Chancellor Community Centre additional facilities from December 2004 to Spring 2005.
119	City Wide General Maintenance	190,000		Eliminate scheduled replacements of building equipment. Maintenance and repairs will be performed on an emergency basis only.
120	Civic Centre 3rd Floor Security	30,000		Eliminate the security guard at the 3rd floor entrance.
121	Computer Equipment	7,000		Eliminate enhancements to the Building Automation Systems for energy management software and PC upgrades. Consumption of utilities will not be reduced.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
122 Building & Facilities	Garnet Williams Costs to Maintain Additional Square Footage.	25,000		Cleaning and service to the new Senior's room and fitness expansion will be reduced.
123 Building & Facilities	Maple Community Centre Costs to Maintain Additional Square Footage	107,500		Delay the opening and reduce level of cleaning service.
124 Building & Facilities	Office Equipment	3,000		Eliminate the purchase of storage units and filing cabinets for the construction division.
125 Building & Facilities	Overtime	970		Reduce staff attendance and cleaning at public hearings.
126 Building & Facilities	New Community Centre - Vellore Village	145,000		Delay opening of new centre.
127 Parks				
128 Parks	Block Tree Pruning	100,000		Eliminate scheduled tree pruning. Removal of fallen trees and brush will be done on an emergency basis only.
129 Parks	Boulevard Grass Maintenance	40,000		Reduce contract for boulevard maintenance. Maintenance levels on boulevards will be reduced. Emergency repairs only.
130 Parks	Cell Phones	3,000		Savings will be realized by pooling the Telus contract for Community Services.
131 Parks	Computer Equipment	5,500		Eliminate purchase of scanners, printers and additional software.
132 Parks	Repairs, Materials and Supplies	30,000		Plant materials and locations reduced city wide. Vandalized and damaged park equipment and plant material will not be replaced. Safety repairs only.
133 Parks	Office Equipment	4,000		Office equipment will not be purchased for satellite yards
134 Parks	Overtime	30,000		Reduction of winter plowing and sand/salt application during non-work hours. Discontinue grass cutting as a result of heavy rain. Eliminate weekend flower-bed watering.
135	PT Staff	91,000		Reduce PT winter staff to 4 months from 6 months (Dec. to March) and reduce PT summer staff to 5 months from 6 months. Cancel salt strip sweeping. Sidewalk clearing routes will be larger taking more time to complete.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
136 Parks	Sidewalk Snow Removal	40,000		Reduction of sand and salt to sidewalks.
137 Parks	Tree Fertilizing	3,000		Eliminate tree fertilizing.
138 Parks	Tree Mulching	12,000		Eliminate decorative mulch on streetscapes and parks.
139 Parks	Woodbridge Yard	10,000		Eliminate parking resurfacing gate replacement and fence repairs.
140 Parks Development	Cell Line Changes	2,500		Savings will be realized by pooling the Telus contract for Community Services.
141 Parks Development	Computer Equipment	2,000		Eliminate AutoCAD upgrades.
142 Parks Development	Office Equipment & Furniture	500		Eliminate chair replacement.
143 Parks Development	Overtime	2,600		Reduced level of inspections on capital budget projects and the reduction of staff attending evening community meetings.
144 Parks Development	Professional Fees	10,000		Limit the number of geotechnical, electrical, topographic surveys and utility locates for park construction projects.
145 Parks Development	Sundry	2,500		Reduce courier services and photographic supplies and processing.
146 Parks Development	Training & Development	1,500		Reduce staff training.
147 Recreation & Culture	Amici Museum & Italian Interpretive Centre	70,000		Delay opening of this program from 2004 to 2005 (coinciding with the revised opening of the Maple CC).
148 Recreation & Culture	Cell Phones	1,000		The savings will be realized by pooling the Telus contract for Community Services (cell phones are used for the safety and for parent contact in summer camp programs and winter programs).
149 Recreation & Culture	Chancellor CC Expansion - Costs For Additional Facilities	63,400		Delay opening of the Chancellor Community Centre additional facilities from December 2004 to Spring 2005.
150 Recreation & Culture	Computer Equipment	8,000		Eliminate the purchase of printers for centres issuing community notices for residents.
151 Recreation & Culture	Gallanough Resource Centre	30,000		Eliminate the City's grant for the Librarian at this location.
152 Recreation & Culture	PT Staff	29,820		Reduce hours of PT staff at customer service centres in recreation facilities.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
Recreation & Culture				
153	Office Equipment	16,000		Eliminate the replacement of equipment older than 15 years old and do not purchase storage units to hold protected and private records for Community Service Organizations.
154	Overtime	1,000		Encourage staff to take lieu time rather than pay.
Recreation & Culture	Professional Fees	64,400		New revenue generating studies will be delayed until 2005. Eliminate offsite camp staff training.
155				Increase revenues in the following areas: After School, Aquatics, Fitness Memberships, Personal Training and Facility Rentals.
Recreation & Culture	Revenue Increases		177,400	
156				Eliminate the subsidy for minor hockey and figure skating organizations for the use of The Sports Village Ice. The 120K represents the 2004 portion of the subsidy recovery. The impact would be revisiting the three year rental rate schedule approved by Council in 2003.
157	Sports Village Ice Reduction Subsidy		120,000	
Recreation & Culture	Sundry	1,000		Reduce purchase of camp items to support the Special Needs Camps.
158				Delay opening of this program and location from 2004 to 2005.
Recreation & Culture	Vellore Interpretive Cultural Centre	70,000		
159				
160				
161	Reductions/Revenue Increases	1,327,990	297,400	
162	Target	1,625,000		
163				
164	Planning Department			
165				
Planning				
166	(2) Summer Students Planning Dept.	14,000		Loss of Professional devt. Support of Vaughan Students /community goodwill and loss of research/data management, data entry into DTA.
167	Over Time Reduction (CofA Meetings)	2,000		No departmental representation at Committee Meetings - only supported by written comments.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
168 Building Standards	(2) Summer Students	12,600		Delays in response to lot grading complaints No final Exterior Inspections for New Residential Construction and deferring the resolution of problem permit applications. If these student are eliminated a alternative must be developed to ensure we are in compliance with the act
169 Building Standards	(4) Summer Students	25,200		Increased Turn-Around Times for Lawyers Compliance Letters and No Special Pick-Up Service during vacations and sickness.
170 Building Standards	(1) Part-Time Applications Expediter (Zoning)	27,800		Increased response times for Plumbing inspections 24 hrs to 48 hrs +
171 Building Standards	(2) Part-Time Plumbing Inspectors	69,200		No departmental representation at Committee Meetings
172 Building Standards	Over Time Reduction (Co/A Meetings)	2,000		No impact
173 Urban Design	Part-Time Inspections (Letters of Credit)	4,148		No impact as long as position can be covered during vacations and sickness by other clerical staff
174 Urban Design	Part-Time Clerical (Relief Position)	2,616		Increased response times on site plan applications and streetscape work
175 Urban Design	Overtime Reductions	4,500		Potential \$3,000 shortfall on hardware purchase
176 Urban Design	Computer Hardware (Colour Printer)	5,000		No impact
177 Urban Design	Computer Software (License Microstation)	1,000		
178 Commissioner	Sale of Maps etc		5,000	
179				
180	Reductions	170,064	5,000	
181	Target	175,000		
182				
183	Engineering & Public Works			
184				
185 Eng. Admin. Development Engineering	Office Equipment and Furniture	1,000		Eliminate planned purchase of filing cabinets Has an adverse impact on planning and studies area in ability to bring water and sewer models up to date and do data entry.
186	Part Time Staff	6,720		

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
187 Development Engineering	Subscriptions and Publications	550		
188 Development Engineering	Computer Hardware/Software	31,100		Intended to buy computers to run sewer and water models. Elimination would not allow us to keep up with technology in modeling (reduces our ability to check analysis submitted by consultants in development applications).
188 Development Engineering	Revenue From ESA Peer Reviews		28,000	
189 Traffic & Transport Engineering	Part Time Staff	16,800		Eliminate co-op students, does not provide vacation relief for permanent staff or allow expanded data gathering and reviews.
190 Traffic & Transport Engineering	Professional Fees	8,000		Eliminate planned traffic calming management study - review of existing policy/practice and recommendations for future.
191 Engineering & Construction Services	Overtime	30,000		Freeze all overtime for construction staff. Will eliminate inspection staff on evening and weekend work and will potentially delay the completion of projects.
192 Engineering & Construction Services	Part Time	73,000		Eliminate 2 students and part-time inspector. Reduces ability to respond to field requests and operate second survey crew.
193 Engineering & Construction Services	Cellular Telephones	1,000		
194 Engineering & Construction Services	Subscriptions/ Publications	750		
195 Engineering & Construction Services	Seminars and Workshops	10,000		Eliminate AutoCad and Public Works Management System training and upgrades.
196 Engineering & Construction Services	Professional Fees	2,500		Covered in capital for budget and culvert assessment

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
Public Works 197 Admin	Professional Fees	3,500		Eliminate snow call center and temporary staff through agencies.
Public Works 198 Admin	Office Furniture	3,500		Do not replace dispatch furniture.
P.W. Road 199 Accounts	Hot Mix Patching	160,000		Eliminate burning and reshaping contractor no ponding problems repaired; patch only. This will lead to an inability to respond to complaints.
P.W. Road 200 Accounts	Spray Patching	85,000		Eliminate spray patching repair contractor pot holes repaired with cold mix only. This will lead to an inability to respond to complaints.
P.W. Road 201 Accounts	Gravel Resurfacing	100,000		Eliminate re-surfacing of gravel roads, grading only. This will lead to an inability to respond to complaints.
P.W. Road 202 Accounts	Catch Basin Cleaning	127,000		Eliminate all catch basin cleaning, potential for localized flooding increased.
P.W. Road 203 Accounts	Boulevard Interlock Repair	100,000		Eliminate this program. Increased potential for liability claims.
P.W. Road 204 Accounts	Global Positioning System (GPS)	70,000		Eliminate this program. Impact on ability to manage liability claims and future salt management legislation, and will remove Vaughan from a leadership position in this area.
Various Roads & 205 Parks	Sidewalk Snow Ploughing (Winter Temporary Staff)	70,000		Eliminate sidewalk snow ploughing and rely on enforcement of By-law. This would result in approx. \$70,000 savings through the elimination of Temporary Employees for the 2004/2005 winter. Increased complaints about sidewalks and potential for more liability claims.
206 Solid Waste	Yard Waste Collection	575,000		Eliminate summer collection of yard waste, provide 8 week collection in Spring and Fall only.
207 Roads	Street Sweeping	100,000		Contract price reduction.

2004 Budget - Incremental Reductions (Version 3)

Function	Initiative	Expense Reduction 2004	Revenue Increase 2004	Impact
208 Roads	Snow Removal	81,580		Reduce snow removal amount and reduce level of service. Potential for complaints from residents in cut-de-secs.
209				
210	Reductions	1,657,000	28,000	
211	Target	1,685,000		

Grand Total Reductions	5,723,537
Grand Total Revenue Increases	645,400
Grand Total (cumulative effect of expense & revenue)	6,368,937
Target	7,100,000
Performance to Target	731,063

	A	B	C
	Budget Increase 2003 to 2004	Budget Initiative	Net Effect to 2004 Budget
Advertising	93	168	-75
Computer HW/SW	344	140	204
Cellular	36	12	24
Office Equipment	79	55	24
Office Supplies	14	22	-8
Overtime	56	254	-198
Part-Time	1,603	350	1,253
Professional Fees	390	180	210

Column A shows the dollar increase for the 2004 budget over 2003 actual

Column B shows the dollar reductions through the 10M initiative

Column C shows the net effect Column A MINUS Column B

CITY OF VAUGHAN
2004 DRAFT OPERATING BUDGET

NEW COMPLEMENT REQUESTS
BUDGET COMMITTEE - MARCH 8, 2004

Department	Position Description	Status	Full Comp.	2004 FTE	Grade/Level	Rate/Level	OT Pay Y/N	2004 Salary	2004 Benefits	2004 Other	Offsetting Reductions	2004 Budget Impact
NEW COMPLEMENTS REQUIRING COUNCIL APPROVAL												
Clerks - Council Admin. Assists. Buildings and Facilities	Special Assistant - Communication Management	F/T	1.0	1.0	6	1	N	\$55,100	\$13,780	\$8,600	\$0	\$77,480
	Assistant Foreperson - Vellore Comm. Centre	F/T	1.0	0.2	F	Start	Y	\$8,860	\$1,740	\$0	\$0	\$5,700
	Facility Operator II - Vellore Comm. Centre	F/T	3.0	0.6	D	Start	Y	\$19,570	\$4,895	\$1,500	\$0	\$25,965
	Facility Operator II - G.A. Williams / Maple Comm. Centre	F/T	1.0	0.2	D	Start	Y	\$6,525	\$1,630	\$500	\$0	\$8,655
TOTAL FULL TIME NEW COMPLEMENT REQUESTS REQUIRING COUNCIL APPROVAL												
			6.0	2.0	N/A	N/A	N/A	\$98,154	\$22,046	\$10,600	\$0	\$120,800
NEW COMPLEMENTS ALREADY APPROVED BY COUNCIL												
Fire and Rescue Services	Freighters - Station # 79	F/T	12.0	6.1	4th Class	70%	Y	\$272,240	\$68,090	\$29,700	\$0	\$370,000
Economic and Business Develop.	Citizen Care Centre Manager	F/T	1.0	1.0	B	1	N	\$69,670	\$18,670	\$3,000	\$0	\$91,340
Operational Audit Dept.	Manager	F/T	1.0	1.0	10	2	N	\$84,515	\$21,130	\$10,000	\$0	\$115,645
TOTAL FULL TIME NEW COMPLEMENT REQUESTS APPROVED BY COUNCIL			14.0	8.1	N/A	N/A	N/A	\$426,425	\$105,860	\$42,700	\$0	\$574,985
TOTAL 2004 BUDGET IMPACT OF NEW COMPLEMENT REQUESTS												\$692,785

Attachment 2
1.5

April 14, 2004

TO: Mayor and Members of Council

RE: **2004 Draft Operating Budget - Additional Information**
- Reconciliation 2004 Draft Operating Budget Shortfalls
- Specific Expense Lines Identified for Reduction

The Chair of the Budget Committee requested additional information for the April 16, 2004 Budget Committee meeting. The following two attachments address that request.

1) Reconciliated 2004 Draft Operating Budget Shortfall

Attachment 1 reconciles the 2004 Draft Operating Budget shortfall in the March 31, 2004 staff report to the shortfall if all of the budget initiatives before the Budget Committee are approved.

2) Specific Expense Lines Identified for Reduction

Attachment 2 provides a listing of reductions of specific expense lines that were specifically identified for review as part of the budget exercise. Other budget reductions listed are provided as a total and have not been broken out by expense line item at this point in time. When this occurs there will be further reductions in the specific line items referred to above.

If there are any questions or comments, please contact me at extension 8475 or John Hrajnik at extension 8401.

Sincerely,



Clayton Harris, CA
Commissioner of Finance & Corporate Services

Attachments

c: Michael DeAngelis, City Manager
Commissioners
John Leach, City Clerk
Sybil Fernandes, Manager of Administrative Services & Deputy City Clerk
John Hrajnik, Director of Budgeting and Financial Planning

memorandum

1.7

Attachment 1

CITY OF VAUGHAN
UPDATED 2004 DRAFT OPERATING BUDGET SUMMARY
BUDGET COMMITTEE - APRIL 16, 2004

	<u>\$M</u>
BUDGET SHORTFALL AS OF BUDGET COMMITTEE, MARCH 31, 2004	\$18.9
COUNCIL APPROVAL TO ELIMINATE TWICE PER WEEK WASTE COLLECTION	(\$0.4)
REDUCE NEW COMPLEMENT REQUESTS	(\$0.9)
ELIMINATE CONTROLLABLE EXPENSE REQUESTS	(\$0.8)
INITIAL BUDGET INITIATIVES - 2004 IMPACT FROM MARCH 31, 2004 BUDGET COMMITTEE	(\$1.2)
ADDITIONAL BUDGET INITIATIVES - 2004 IMPACT FROM APRIL 16, 2004 BUDGET COMMITTEE *	(\$6.4)
<hr/>	
BUDGET SHORTFALL IF ALL BUDGET INITIATIVES AND OTHER REDUCTIONS WERE APPROVED	\$9.2

* NOTE: INCLUDES \$1.181M OF SPECIFIC EXPENSE LINES FOR REDUCTION

CITY OF VAUGHAN
2004 DRAFT OPERATING BUDGET

BUDGET COMMITTEE - APRIL 16, 2004

ADDITIONAL BUDGET INITIATIVES (INCLUDED IN ATTACHMENT I)
SPECIFIC EXPENSE LINES IDENTIFIED FOR REDUCTION

1-8

	INITIAL 2004 DRAFT BUDGET	2003 BUDGET	VARIANCE INC./DEC.)	ADDITIONAL BUDGET INITIATIVE REDUCTION	REVISED 2004 DRAFT BUDGET	2003 BUDGET	REVISED VARIANCE INC./DEC.)
ADVERTISING	\$417	\$323	\$94	(\$168)	\$249	\$323	(\$74)
COMPUTER HW/SW	\$1,357	\$1,012	\$345	(\$140)	\$1,217	\$1,012	\$205
CELLULAR	\$255	\$218	\$37	(\$12)	\$243	\$218	\$25
OFFICE EQUIPMENT	\$323	\$244	\$79	(\$55)	\$268	\$244	\$24
OFFICE SUPPLIES	\$340	\$326	\$14	(\$22)	\$318	\$326	(\$8)
OVERTIME	\$952	\$895	\$57	(\$254)	\$698	\$895	(\$197)
PART TIME	\$10,176	\$8,573	\$1,603	(\$390)	\$8,826	\$8,573	\$1,253
PROFESSIONAL FEES	\$1,893	\$1,502	\$391	(\$180)	\$1,713	\$1,502	\$211
TOTAL SPECIFIC EXPENSE LINES IDENTIFIED (2)	\$15,713	\$13,093	\$2,620	(\$1,181) (1)	\$14,532	\$13,093	\$1,439

NOTES:

(1) THIS \$1,181 OF SPECIFIC AND IDENTIFIABLE EXPENSE LINE REDUCTIONS ARE INCLUDED IN THE \$6.4 MILLION OF ADDITIONAL BUDGET INITIATIVES IN ATTACHMENT I OF THE APRIL 16, 2004 BUDGET COMMITTEE AGENDA.

(2) APPROVAL OF ANY OF THE BUDGET INITIATIVES WILL IMPACT SOME OF THESE SPECIFIC LINES AS WELL AS OTHER REVENUE / EXPENSE LINES NOT SPECIFICALLY DETAILED ABOVE.