

BUDGET COMMITTEE

APRIL 30, 2004

2004 OPERATING BUDGET - BUDGET INITIATIVES

(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:

That this matter be referred to the Budget Committee meeting of April 30, 2004.

The Budget Committee, at its meeting of March 31, 2004 recommended:

That this matter be referred to the Budget Committee meeting of April 8, 2004.

The Budget Committee, at its meeting of March 12, 2004 recommended:

- 1) That this matter be referred to the next Budget Committee meeting;
 - * 2) That staff provide two separate lists of the 2004 Budget Initiatives; a list of initiatives to be discussed in open session and a list of initiatives that require to be discussed in closed session; and
 - 3) That the deputation of Mr. Paul De Buono, Vaughan Watch, P.O. Box 5126, Vaughan, L6A 1R6, be received.
- * *Please see Attachments 1 & 2 on Page 6.2*

Report of the City Manager dated March 12, 2004.

Recommendation

The City Manager, in consultation with the Senior Management Team recommends:

That the budget initiatives contained within the attached document "2004 Budget Initiatives vers.12" be received and included in the multi-year operating budget plan.

Purpose

To provide the Committee with a list of Budget initiatives for the 2004 operating budget.

Background

The dramatic growth of the city over the past ten years and challenges confronting the corporation regarding the funding of major non-controllable expenses in the 2004 operating budget (Fire Halls, OMERS, library etc.) has put enormous pressure on the achievement of a balanced 2004 operations budget. To relieve some of this pressure, a budget initiative study was undertaken.

The objective was to identify:

- Service delivery options that will have the greatest impact on the operating budget;
- Service delivery options that will have an immediate impact on the 2004 operating budget;
- Service delivery options that do not simply ask city staff to do 'more with less';

- Service delivery options that will be viewed as 'sound fiscal choices' by constituents.

Services Assessment

Services were reviewed under the following criteria:

- What is it?
- Why are we doing it? (legislated, essential, value added, redundant etc.)
- How does it add value?
- How does it compare to other municipalities?
- How does it fit the strategic direction of the city?
- Can it be delivered within the cost projections provided for the 2004 budget?
- Is it being delivered efficiently?
- Are there alternative delivery options? (quality, quantity, frequency, etc.)

Resources Evaluation

Recognizing the funding challenges of the 2004 operating budget, identified services were also reviewed and evaluated as follows:

Sacred Cows:	Any activity that occurs "just because" and adds no value to core program delivery or city operations;
Barnacles:	Any activity or process that has been created or creates bureaucracy;
Tough Choices:	These are the "nice to have" but we can do with out" activities.
Breakthrough Ideas:	Creative, innovative solutions that will save money and create or add value, particularly to core services.

Extensive interviews with the members of SMT, Directors and selected Managers has resulted in the final compilation of the 2004 Budget Initiative List.

Relationship to Vaughan Vision 2007

To realistically 'action' VV2007 initiatives, (appropriately prioritized and time-lined) and implement a performance management process to guide its development, the City Strategic Plan and the budgeting process must to be linked together. More specifically, the City's Strategic Plan must be implemented *within available resources*. When funding is not available, there are only two choices; increase revenues or re-allocate existing resources.

The re-allocation of resources should be managed through a strategic performance management program. Since this will be implemented in 2004, a series of interim initiatives must be undertaken to match the City's strategic direction to *available resources* – moving the strategy ahead with a balanced budget (VV 2007 Objective 2.1: "Ensure long term financial stability").

Conclusion

Receive and include in the 2004 operating budget, the 2004 budget initiatives as submitted March 12, 2004.

Attachments

Attachment #1 - 2004 Budget Initiatives vers. 12E-2

Attachment #2 - 2004 Budget Initiatives vers. 12E-1 (Confidential – Under Separate Cover)

Attachment 1
Item 3
Budget
Committee
April 30.04

Revenue Increase/Expense Reduction/Productivity Initiatives

		Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
1	100.000.000											TBD
Budget Initiative												
1	100.000.000											Currently, Fire Services bills \$750 flat fee for accident response to the insurance companies.
2	100.000.000											
3	100.000.000	22,000	14,520	7,480								
4	100.000.000	10,000	6,600	3,400								
5	100.000.000	50,000	33,000	17,000								

Revenue Increase/Expense Reduction/Productivity Initiatives

2004 Budget Initiatives ver. 12E-2

	Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
BL Exl Budget Initiative											
P BK Exl	200,000	132,000	68,000						5,000		(Saving TBD 2005)
T BAF											
P PAKS					-5,000	-3,300	-1,700				30K is the Communication Dept. sponsorship target
P PAKS	30,000	30,000									
10 PAKS					-100,000	-66,000	-34,000				
11					-5,000	-3,300	-1,700				

2004 Budget Initiatives ver. 12E-2

Revenue Increase/Expense Reduction/Productivity Initiatives

	Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
12 REC									50,000		
13 PW									75,000		(200,000) for new staff and production of bag tags.
14 PW	271,452	179,158	92,294								
15					-67,500	-44,550	-22,950				

Budget Initiative
 Initiate and complete a User Fee Study - The User Fee Policy must establish an equitable balance across all constituent groups, be easy to communicate and maximize User Fee revenues for Best Value Services within available resources. Update the Recreation and Culture Strategic Master Plan (to be completed 12/31/04)
 Implement a garbage bag/container limit Consideration should be given to phasing in a bag limit over a two year period. (Refer to Item 4, Report No. 82 of the Committee of the Whole (Special - Operating Budget) of February 10, 2003.) \$2.00 per bag 2 bag household* = \$271,452 [* Base on 67,863 households - three bag limit]
 Implement a "\$10.00 per lot" blue box fee to developers, to pay for blue boxes for new homes (currently 2 free per household). This fee requirement would be incorporated in the subdivision/site plan agreement. The monies would be paid to the City of Vaughan Public Works Department (Waste Management Section) to cover the cost of the blue boxes. If the developer does not pay within a certain time frame (as stipulated in the agreement), the Public Works Department would draw on the developer's Letter of Credit for the requisite amount. Fifteen dollars covers the cost of the blue box (approx. \$5.00 each x 2 blue boxes, plus an additional

2004 Budget Initiatives ver. 12E-2

Revenue Increase/Expense Reduction/Productivity Initiatives

	Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment	
76												
	Budget Initiative											
	Eliminate contracted fall street sweeping in 2004. This is a provisional item that can potentially eliminate for 2004. Reduced operating expenses for 2004. However, this may not be sustainable for 2005 or beyond due to the City's rapid growth. The City only has 2 sweepers and with the growth in road kilometers to be swept, this is most likely a one time deal.											
16					-191,000	-126,060	-64,940					
76											Eliminating twice a week collection may require the City to pay a minimal penalty to the contractor for altering the conditions of the collection contract.	
17					-461,000	-304,260	-156,740					
	Eliminate driveway windrow clearing in 2005. After the second year of the contract we could eliminate the contracted residential driveway windrow clearing altogether. After the contract expires, the annual savings form the Operating Budget will be the full \$1,024,000. The contract could be cancelled in 2004 - contract cancellation necessity TRF											
18					-1,024,000		-512,000	-512,000				\$270K Addition to the Engineering Reserve
896												
19												

2004 Budget Initiatives ver. 12E-2

Revenue Increase/Expense Reduction/Productivity Initiatives		Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
19	PS - Adv										
<p>Budget Initiative</p> <p>Move from 3rd party software (Access data base software) to JD Edwards, EIS software for production of the City's financial statements and Provincial financial information report. Reduces manual intervention and improves the timeliness and accuracy of financial reporting.</p>											
20	PS - Adv				-1,000	-660	-340		10,000		
<p>Move to a digital cheque signer from mechanical process for improved and increased staff efficiency as a result of a digital process as opposed to a mechanical process</p>											
21	PS - Tax				-1,000	-660	-340		7,000		
<p>Increase the Tax Certificate Fee \$50 to \$60</p>											
22	PS - Tax	30,000	19,800	10,200							
<p>Lower the threshold for bid to \$35,000 from \$100,000 (fee depending on required goods/services)</p>											
23	PS - Tax	7,000	4,620	2,380							
<p>Budget Reduction (Photocopying, Training, Office Supplies)</p>											
24	PS - Tax				-7,000	-4,620	-2,380				
<p>E-Procurement (BID DOCUMENTS ON DEMAND)</p>											
25	PS - Tax				-5,000	-3,300	-1,700				
<p>Increase existing Bid Fees (increments of 2004) - see input sheet for breakdown.</p>											
26	PS - HR	5,000	3,300	1,700							
<p>Undertake a Crossing Guard Program review focusing on comparisons with other municipalities, safety and deployment of human resources. The current annual expense of this program is \$992,025.</p>											
27	PS - HR										
<p>Develop a recruitment advertising policy. The immediate reduction is 10K. Further cost reductions will be implemented with the deployment of the policy.</p>											
28	PS - HR				-10,000	-6,600	-3,400				
<p>Printing cost reduction - NCR Forms</p>											
29	PS - HR				-1,500	-990	-510				
<p>Cathi Berge is preparing a more detailed analysis. See Bud. Comm report 2/27/04 # 2</p>											

Revenue Increase/Expense Reduction/Productivity Initiatives

2004 Budget Initiatives ver. 12E-2

		Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
	Budget Initiative											
30	IRK - IRK Health & Safety Budget Reduction											
31	IRK - IRK Move to Schedule 2 WSIB (Self Funding)											
32	IRK - IRK \$20,000 or 18% Discretionary Expense Reduction											
33	IRK - IRK Admin Revenue											
34	IRK - IRK Kleinburg Heritage Study - Public Consultation for Detailed Streetscape Plan for the Kleinburg Core and Northville Road									5,000		
35	IRK - IRK Veilore District Study - Urban Design Guidelines for the Veilore District Centre									40,000		
36	IRK - IRK GO Station and Bridge in Maple - Design development in conjunction with Civic Centre design (Item to be included in other capital budget)									60,000		
37	IRK - IRK Increase planning application fees. (Approved by Council 12/03)	133,000	133,000									
38	IRK - IRK Reduce professional fees for planning studies identified throughout the year. (Note 1: Special interest or comprehensive planning studies would not go forward to address constituent concerns, would be deferred until staff resources could be identified, would be incomplete if necessary expertise not available on staff.)											
39	IRK - IRK Undertake a full process review in preparation for the implementation of Bill C124.									80,000		
	Column Totals	736,432	535,995	207,454	0	-2,199,000	-473,000	-1,011,900	-512,000	332,000		

Revenue Increase/Expense Reduction/Productivity Initiatives

2004 Budget Initiatives, ver. 12E-2

Budget Initiative		Revenue Increase Annual	Revenue Increase 2004	Revenue Increase 2005	Revenue Increase 2006	Expense Decrease Annual	Expense Decrease 2004	Expense Decrease 2005	Expense Decrease 2006	One Time Investment	Recurring Expense	Comment
Total Summaries												
Total revenue increases (2004 + 2005 + 2006)		758,410										
Total expense reductions (2004 + 2005 + 2006)		-2,492,000										
One time productivity investment		332,000										
TOTAL BENEFIT: (Revenue increases + Expense Savings - one time expenses)		2,925,412										