

**2006 OPERATING BUDGET – TIMETABLE AND GUIDELINES OVERVIEW**

**Recommendation**

The City Manager, the Commissioner of Finance & Corporate Services, the Senior Management Team, and the Director of Budgeting and Financial Planning recommends:

- 1) That the attached 2006 Operating Budget Timetable be approved; and
- 2) That the revised 2006 Operating Budget Guidelines, included in this report, be approved.

**Economic Impact**

The economic impact of the 2006 Operating Budget will be fully determined upon receipt of the departmental operating budgets in September 2005. The 2006 Budget Guidelines are designed to limit the budgetary issues to the \$6.9m incremental impact. This will be a significant challenge for 2006. Other analysis and review is being undertaken to develop options for reducing the \$6.9m.

**Purpose**

The purpose of this report is to obtain the Budget Committee's approval for the 2006 Operating Budget Timetable and Guidelines.

**Background - Analysis and Options**

**The 2006 Operating Budget Challenge**

2006 will be an extremely difficult budget year. Municipalities across the GTA continue to experience the budget pressures of inflation, resources, other cost increases and the significant cost impacts of high growth municipalities like the City of Vaughan. The preliminary 2006 Operating Budget forecast includes \$6.9m of known incremental impacts previously presented at the Council/SMT strategic summit and updated in this report for the Budget Committee's information.

The 2006 Operating Budget represents a significant challenge and will be addressed through a combination of the following:

- 1) Services Review
- 2) Performance Measures Initiative
- 3) User fee Review
- 4) Tax Rate Analysis

Separate initiatives for each of the above are currently under way. They are in addition to the budget guidelines.

**2006 Operating Budget Guidelines**

The 2006 Operating Budget Guidelines are designed to limit the budgetary incremental impacts to the \$6.9m noted above and the primary guidelines are:

- 1) The only budget account lines allowed to increase over the 2005 base budget are those account lines as follows:
  - Impacts of agreements previously entered into such as collective agreements (CUPE, Fire), by-laws, OMERS, etc.
  - Principal and Interest payments required to repay long-term debt
  - Full year impacts of previously opened new facilities
  - Outside contract price and volume increases
  - Insurance Increase
  - Utilities Increase
- 2) All other account lines will be frozen at the 2005 Base Budget level. This includes no increases in part time help, professional fees, computer hardware and software, office supplies, etc. unless offset by revenue above the user fee increases in No. 3 below.
- 3) All user fee rates are expected to increase by at least the percentage increase in costs for the department offering the service.
- 4) New Complement Requests are to be submitted separately and **NOT** included in the base budget submission. These requests will be closely scrutinized by Senior Management and the submission must include sufficient supporting documentation with performance measure indicators, etc.
- 5) There will be no schedules for controllable expense requests.

Staff will be bringing forward to the Budget Committee in early October the first draft of the 2006 Operating Budget with the intent of obtaining a Budget Committee recommendation to Council by the middle of December 2005.

#### **Relationship to Vaughan Vision 2007**

This report is consistent with the Vaughan Vision of long term financial stability through the design of operating budget guidelines intended to produce a responsible budget. The necessary resources have not yet been approved and will be addressed throughout the 2006 Operating Budget deliberations.

#### **Conclusion**

The 2006 Operating Budget timetable reflects that the Budget Committee provide a recommendation to Council by the end of December 2005 and a public meeting be held in January 2006, followed by Council approval. The 2006 Budget Guidelines are designed to limit the budgetary issues to the \$6.9m incremental impact with other analysis and review being undertaken to reduce this impact.

#### **Attachments**

Attachment 1 – 2006 Operating Budget Timetable

#### **Report prepared by:**

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Director of Budgeting and Financial Planning

Respectively submitted;

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Michael DeAngelis, City Manager

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Clayton Harris, CA  
Commissioner of Finance & Corporate Services

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Marlon Kallideen  
Commissioner of Community Services

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Frank Miele  
Commissioner of Economic/Technology Development  
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Bill Robinson  
Commissioner of Engineering and Public Works

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Robert Swayze  
Commissioner of Legal and Administrative Services

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John Zipay  
Commissioner of Planning

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John Hrajnik, B.COM, CMA  
Director of Budgeting and Financial Planning

**City of Vaughan  
2006 Operating Budget Timetable**

Date	Activity
August 12, 2005	Budget Instructions, Guidelines and Schedules issued to departments.
September 9, 2005	Departments submit their Operating Budgets.
September 30, 2005	Senior Management Corporate Review.
Mid October 2005	Draft Operating Budget presented to Budget Committee
Mid October 2005 - Mid December 2005	Budget Committee deliberations as necessary. *
December 2005	Budget Committee recommendation to Council.
January 2006	Public Budget Session.
January 2006	Council Approval.

\* Departmental presentations as required.