

POTENTIAL BUDGET REDUCTIONS

Recommendation

The City Manager, Commissioner of Finance & Corporate Services and the Senior Management Team recommend:

That the following report be received for information purposes.

Economic Impact

The following report responds to the request from the Budget Committee and identifies how the 2007 operating budget could be reduced by \$1.0m.

Communications Plan

Not required at this point in time.

Purpose

To respond to the Budget Committee's request to identify opportunities to reduce the 2007 operating budget by \$1.0m and also if there are opportunities to generate new revenue sources.

Background - Analysis and Options

Following the April 23, 2007 Budget Committee meeting staff undertook a review of the City's draft 2007 operating budget with the objective of responding to the direction from the Budget Committee:

1. Identify opportunities to reduce the operating budget by \$1.0m; and
2. Identify opportunities to generate new revenue sources.

Each of these are discussed further in the following paragraphs.

Opportunities to Reduce the operating Budget

The City Manager requested each Commissioner and the Vaughan Public Library to review their respective operations with the objective of meeting the Budget Committees request.

Meeting the request has been a challenge. The City's growth continues to be significant and the original budget guidelines approved by the Budget Committee and Council were very restrictive, consequentially the tax increase in the base budget to support existing levels of service was relatively low. Beyond maintaining levels of service there are three (3) main issues driving the increase in the City's tax rate, the Green Bin program, infrastructure (roads debenture repayment) and a reduction in the use of the Tax Rate Stabilization Reserve.

The following is based on staffs review of the draft budget:

1. Reduce insurance costs based on a recent quote for the renewal of the City's policy \$143,000;
2. Vaughan Public library reduction \$60,000;
3. Leaf & yard waste collection, slower than expected growth and calculation error \$285,000;
4. Increase in recycling revenue \$50,000;

5. Increased allocation of costs from taxation to the issuance of building permits. Finance staff reviewed the cost allocation based on final 2006 actual amounts. As a result an additional amount can be charged against the issuance of permits \$350,000;
6. Additional gapping of resource requests \$112,000.

Total identified

\$1,000,000

The above adjustments do not impact service levels. It should be noted that the gapping savings identified under #6 above will require budgeting in 2008 if the reduction is made in 2007. The largest adjustment is a result of using 2006 actual amounts to determine the appropriate amount of overhead costs to charge to the issuance of building permits. This amount could not be finalized until the 2006 results were complete. The Chair of the Budget Committee was previously advised that this review may have a positive outcome.

Opportunities to Generate New Revenue sources

Staff were requested to review opportunities to generate new revenue sources. Although staff will continue to assess these and other opportunities, no new opportunities were identified at this time.

Relationship to Vaughan Vision 2007

This report is part of the process of Council setting its priorities for the year.

Regional Implications

None

Conclusion

The report is provided in response to the Budget Committees request.

Attachments

None

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Respectfully submitted,

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