

**2008 DRAFT OPERATING BUDGET**

**Recommendation**

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

That the following report on the 2008 Draft Operating Budget be received for information and discussion purposes.

**Economic Impact**

The attached 2008 Draft Operating Budget reflects the results of departments following the budget guidelines approved by the Budget Committee. The impact of the submissions based on the guidelines is presented in the following report. It should be noted that this report **excludes** the budget impact related to additional resource requests, user fee & service charge rate increases, and any decision with respect to a long term infrastructure funding strategy. These topics will be presented as separate reports at future budget committee sessions.

**Purpose**

To inform the Budget Committee as to the budget process followed, the result of that process, provide commentary on the issues and obtain input.

**Background - Analysis and Options**

**2008 Budget Process  
Designed to Maintain Service Levels with Minimum Impact on Taxes**

The City of Vaughan continues to be subject to the many factors that put 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. The impact of these pressures is often permanent and therefore requires permanent funding solutions to ensure public services are sustainable in the future. This situation presents significant challenges to achieving a balanced budget, maintaining service levels, while minimizing associated tax rate increases and achieving Council's priorities.

Recognizing that many of the budgetary challenges are ongoing the budget process and guidelines continue to incorporate a very comprehensive base budget review. This was accomplished through a combination of the following:

1. Strict budget guidelines to limit cost increases
2. User fee & service charge reviews
3. Separate review process to assess additional resource requests
4. Business plans, service reviews, & performance measures
5. Public consultation forums

Comments with respect to each of these actions are provided in the following paragraphs.

1. **Strict 2008 Budget Guidelines to Limit Cost Increases**

Continued strict Operating Budget Guidelines are required to minimize the budgetary impact on the 2008 tax rate. The guidelines focus on external pressures and established commitments, limiting base budget increases to only the following:

### Allowable Budget Increases

- Salary and benefits relating to approved employment agreements
- Full year impacts of opened new facilities
- Full year impacts of prior Council approved initiatives
- Supported external contract price and volume increases
- Supported utility increases (Hydro, Water, Natural Gas, & Fuel)
- Insurance adjustments
- Required long term debt principal and interest payments

As a result, departments are expected to absorb any other increases in their respective departmental budgets. This is necessary in order to limit the aggregate 2008 budget increase to the known and approved budget impacts.

As part of the 2008 budget process, staff undertook an analysis of the operating budget to assess efficiency and ensure conformity with approved operating guidelines. Staff approached this task by analyzing major departmental increases, specific expenditure types, department user fee recovery ratios, and overall budget reasonability. The results of this work is provided in the attachment.

#### 2. User Fee & Service Charge Reviews

Inherent in the 2008 Budget Process is a continued emphasis on maximizing the cost recovered on services provided. In addition to adjusting revenues for anticipated changes in activity, departments were instructed to increase user fees and service charges in relation to department cost increases and at minimum, by the rate of inflation, unless otherwise specified. Departments are also encouraged to explore and submit new user fee and service charge opportunities. Changes to user fees and service charges require public notice and Council approval and are therefore excluded from the 2008 base budget presented. These requests will be presented in a separate report at a later date.

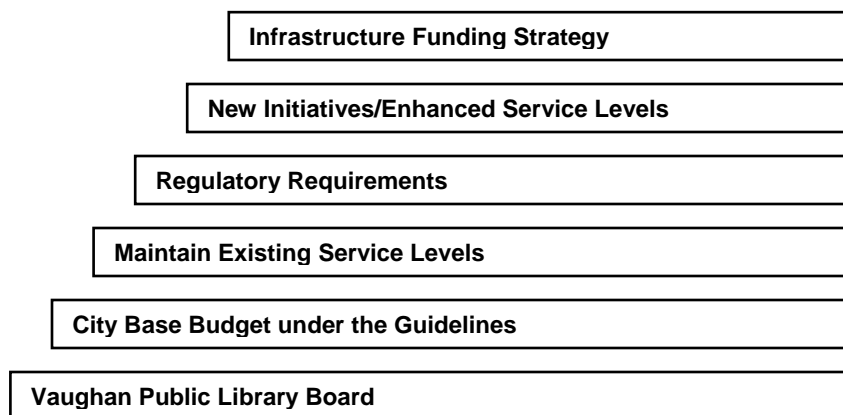
#### 3. Separate Review Process to Assess Additional Resource Requests

Recognizing that the budget guidelines are very restrictive and understanding that Departments may require funding in excess of base budget guidelines to meet strategic priorities, maintain service levels, adhere to regulatory requirements, or implement initiatives, the base budget guidelines continue to be complimented by a process that provides departments with an opportunity to formally submit requests for essential resources not permitted within the base budget guidelines and in excess of \$5,000. *These requests are not included in the base operating budget*, but have been identified and will be presented separately to Budget Committee and Council for consideration/approval at a later date. The above process essentially separates the Operating Budget into the following two classifications:

- Base Budget - Budget submissions based on approved guidelines – Minimal tax increase
- Additional Resource Requests – Special or unique requirements not accommodated within existing guidelines requiring Budget Committee and Council review and approval. For illustration purposes requests are divided into the following:
  - Maintain service levels
  - Regulatory requirements
  - New initiatives/enhance service levels
  - Infrastructure Funding Strategy

The Senior Management Team has reviewed all additional resource requests and is now in the process of formulating a recommendation.

The intent of this process is to dissect the budget into manageable components and pinpoint key operating budget pressures to better understand the budget and assess department needs. As such the 2008 operating budget is presented as a series of building blocks:



4. Business Plans, Service Reviews, & Performance Measures

To help establish and reinforce connections between strategic priorities and resource allocation, Business Plans were further incorporated into the Operating Budget Process. This information compliments the budget process by providing comprehensive department information on work plans, goals and key performance metrics. This information can greatly assist the Budget Committee & Council in their budget deliberations by providing additional evidence based information supporting department base budget efficiency, effectiveness, and productivity through goal & performance measures. This information also serves as a platform to better understand department budget pressures and can assist in evaluating department additional resource requests. The Senior Manager of Strategic Planning was intricately involved with this process and oversaw the completion of all business plans.

5. Public Consultation

Continuing with the process established for the 2007 budget, a series of Public Consultation/Information Forums were held throughout the community early in the 2008 budget process. Three meetings were held in the evening at the following locations and dates:

- Vellore Village Community Centre on Oct.22<sup>nd</sup>
- Civic Centre on Nov. 20<sup>th</sup>
- Garnet A. Williams Community Centre on Nov. 26<sup>th</sup>.

To achieve the maximum benefit from the forums the objective was two-fold:

- Educate and inform the public regarding City services, their cost, municipal issues and their relationship with property taxes; and
- Obtain input and feedback from the public with respect to the local services provided and their value.

In addition to the City, the York Region Separate and Catholic School Boards and the Region of York were invited to attend.

Although the Forums were open to all input from the public, the intent was to get feedback with respect to the services provided at the local level by the City and whether or not residents believe they are getting value for their property tax dollar. As a general overview residents did not express any concern with the overall services provided or the administration of the City. Comments tended to relate to very specific issues or projects, which are currently being considered by staff. The issue which had the greatest discussion was the elimination of GTA Pooling and what the Region of York should do with the savings. A report on input received and results from the three forums is separately provided on today's Budget Committee agenda.

### Quick Facts

The following information is provided for quick reference to assist in providing Budget Committee members with a context within which to assess the budget.

Average residential assessment	\$412,070
Total 2007 Taxes levied on the average assessed home	\$4,182
City of Vaughan portion (25%)	\$1,051
Reduction for qualifying seniors	\$250
A 1% increase in the tax rate equals	\$1,090,798
Impact of a 1% increase on the average home	\$10.51
Assessment Growth (Projected)	3.70%

### 2008 Base Budget Under The Guidelines

Based only on the budget guidelines, the City's Draft Operating Budget is approximately \$182.6m and reflects a \$4.9m funding increase over 2007. This equates to a 4.52% tax rate increase **excluding** the budget impact of additional resource requests that are being recommended by Senior Management and the Committee's decision with respect to an infrastructure funding strategy. The Draft 2008 Operating Budget includes an anticipated \$2.5m surplus carried forward from 2007 and includes \$2.2m from the Tax Rate Stabilization Reserve. These recommendations are consistent with the prior year recommendations and Council direction. To assist the Budget Committee in assessing the Base Operating Budget and the 4.52% tax rate increase resulting from the budget guidelines, the following summary is provided.

<u>Allowable Department Expenditure Increases</u>	<u>Avg. \$ Impact.</u>	<u>Tax Rate Impact</u>
Salary and benefit increase	\$1.9m	1.74%
Service contract price and volume increases	\$0.9m	0.83%
Utilities price and volume increases	\$0.3m	0.27%
Recoveries and other expenditures	(\$0.1m)	(0.09%)
<u>Total Department Expenditures Increase</u>	<u>\$3.0m</u>	<u>2.75%</u>
<u>Add: Decrease in fees &amp; service charges</u>	<u>\$2.7m</u>	<u>2.48%</u>
<u>Net Department Impact</u>	<u>\$5.7m</u>	<u>5.23%</u>
Contingency	\$2.2m	2.02%
Long Term Debt	\$1.3m	1.19%
Tax rate stabilization reduction	\$1.0m	0.92%
Other	(\$1.4m)	(1.28%)
<u>Net Impact</u>	<u>\$8.8m</u>	<u>8.08%</u>
<u>Less: Assessment Growth Estimate</u>	<u>\$3.9m</u>	<u>3.56%</u>
<b>Total</b>	<b>\$4.9m</b>	<b>4.52%</b>

**Increase for Avg. Household (\$412,000)**

**\$47.50**

*Note – The Vaughan Public Library increase of \$607k or .53% is included in the above*

An integral component of the 2008 Operating Budget Guidelines was the freezing of most account lines outside of the specific areas previously outlined in this report. 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. Through budget staff review of submissions 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 by only \$3.0m which represents a 1.9% increase in departmental expenses over 2007.

Although there are many components to the base budget, the associated increase is concentrated in four main areas. In the absence of these pressures the 2008 Base Operating Budget would be \$1.9m lower than the 2007 Operating Budget representing a 1.74% tax decrease. These main pressures are illustrated in the following table.

<u>Major Budget Impact Analysis</u>	<u>Avg. \$ Impact.</u>	<u>Tax Rate Impact</u>
Draft Base Budget Increase (illustrated above)	\$4.9M	4.52%
Less the Following:		
Development Planning revenue decrease	\$2.3m	2.13%
Tax Rate Stabilization withdrawal decrease	\$1.0m	0.95%
Long Term Debt increase	\$1.3m	1.15%
<u>Contingency increase</u>	<u>\$2.2m</u>	<u>1.99%</u>
Sub total	\$6.8m	6.22%
Base Budget before above Impacts	(\$1.9m)	(1.70%)

#### Base Budget Revenue Review

Overall revenues decreased \$2,841,470 from 2007 levels, excluding assessment growth. The primary factors contributing to the decline in revenue are as follows.

- The most notable reduction in revenue is related to a \$2.3m decrease in Development Planning revenues as a result of housing allocation constraints and an industry slowdown. This industry trend began mid 2007 and is causing a decline in planning application activity, specifically in official plan and zoning amendments, plans of subdivision and condominium, and site plans as part lot control applications. The decline in budgeted revenue will impact the Development Planning department full cost recovery ratio reducing it from 90% to 41% and drop department direct cost recovery to approximately 85%. On a related note, staff are preparing a further report to refine planning fees by type of planning application.
- The second largest reduction in revenue is related to a reduction in the use of the tax rate stabilization funding. On May 7<sup>th</sup>, Council adopted a two year phase in plan to reduce the dependence on tax rate stabilization funding to prior year recommended levels. The impact of the final phase is a reduction in tax rate stabilization funding from \$3.2m to \$2.2m, which is necessary to prevent a reliance on unsustainable funding and retain the reserve balance for extraordinary circumstances.
- On a smaller scale, Building Standards budgeted revenue decreased \$500k. This is a lagging response to the decline in Development Planning applications and current industry trends. This revenue budget reduction will have an overall neutral impact on the City budget as the corresponding transfer to reserves for any revenues in excess of full cost will reflect a similar adjustment.
- Some departments submitted revenue projections below 2007 budget levels. \$161k reduction in Recreation revenues resulting from a change in program offerings, which is offset by significant expenditure reductions. An additional \$109k reduction in Engineering Services revenues primarily related to an internal transfer to Development and Transportation Engineering for external recovery service now handled by that department.

The revenue reductions noted above were partially offset by increases in funding from reserves and corporate revenues. Further details on these increases are illustrated below.

- The largest offset to the above decreases is related to increases in the funding from the Engineering & Parks Development reserves. Funding from these reserves is based on department provided labour and resource allocations. The increase in funding represents the anticipated increase in resource allocations to growth projects based on growth trends for these services.
- Property tax fines and penalties increased \$300k and supplemental taxation increased \$200k. These adjustments were necessary to better reflect historical trends and keep inline with the growing tax base.

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. The only exception to this process are user fees that are currently part of a separate user fee study (i.e. Planning fees, Building permit fees, Licensing fees, Recreation fees) or instances where a department recommends that a fee should not be increased and provides a rationale. This exercise has the potential to reduce the draft budget by approximately \$16k. A report on specific user fee & service charge increase impacts will be presented at a later date.

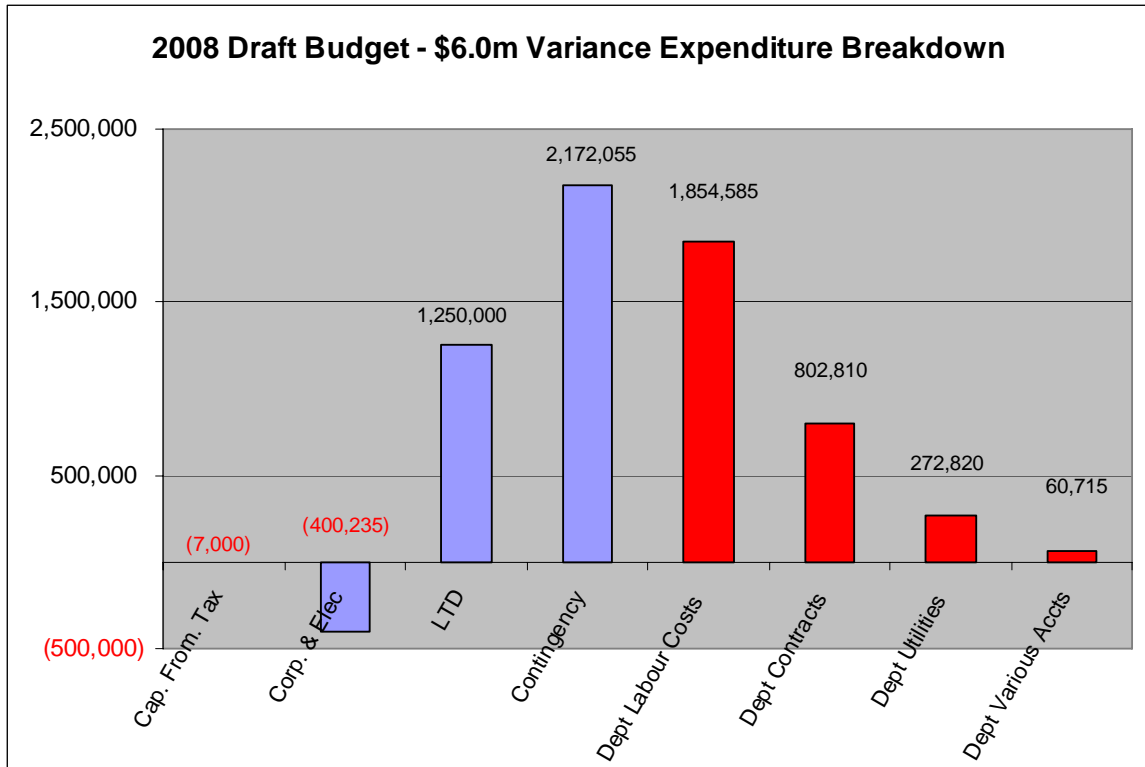
It is important to recognize, there is an ongoing balance between funding through a user fee for specific user based services versus funding City services through the general tax rate. To the extent there is a user fee, that fee should be adjusted annually to reflect changes in the cost of delivering the service, otherwise by default there is a requirement to raise the property tax rate.

#### Base Budget Expenditure Review

Total expenditures increased \$6.0m over 2007 levels. The primary factors contributing to the increase in City expenditures are as follows:

- Approximately \$3.0m of the base budget expenditure increase is related to pressures experienced in departmental expenditures, including the \$600k Library Board increase. This represents an increase of 1.9% over the 2007 departmental budget and is a clear indication departments are adhering to the approved guidelines. Of the total departmental budget increase approximately 2/3<sup>ths</sup> is associated with labour costs, as per recognized agreements (i.e. economic adjustments, progressions for new hires, job evaluation, and benefits impacts). The second largest component of the department expenditure budget increase is related to pressures from contract services and utilities. These increases are typically the result of increasing demands on public provided services due to volume growth and contractual or industry price increases. As part of the budget review process, \$117.5k in 2007 one time funding increases were identified and removed from various 2008 department base budgets. In addition to the impacts listed above, significant pressure is placed on departments to service new and evolving City needs. As a result, Council pre-approved around \$500k in new funding requests throughout 2007 directly impacting 2008 department budgets.
- A \$2.2m expenditure increase is also experienced in the City's contingency account and relates to ongoing labour negotiations and certain foreseeable events.
- The repayment of long term debt increased \$1.25m. Debt has previously been issued primarily to fund major roads projects.

Based on the above, it is evident that the estimated \$3.9m in assessment growth is insufficient to fully offset cost increases even after issuing strict budget guidelines, not to mention the 2008 revenue challenges previously presented.



To assist the Budget Committee in assessing the base budget, the following summary illustrates how the City's expenses are allocated to major expense types.

Operating Expenditures	2008 Draft Budget	% of 2008 Draft Budget	Cumulative %
Salaries and Benefits	100.1	54.8	54.8
Contracted Services	22.4	12.3	67.1
Reserve Contributions	10.4	5.7	72.8
Maintenance/Materials	9.9	5.4	78.2
Long Term Debt	7.0	3.8	82.0
Capital from Taxation	6.7	3.6	85.7
Utilities	6.2	3.4	89.1
Contingency	3.7	2.0	91.1
Insurance	2.1	1.2	92.2
Professional Fees	1.8	1.0	93.2
Tax Adjustments	1.3	0.7	93.9
Vaughan Hockey Subsidy	1.1	0.6	94.5
All Other	10.0	5.9	100.0
<b>Total Draft 2008 Expenditures</b>	<b>182.6</b>	<b>100.0</b>	<b>100.0</b>

The above summary illustrates that the City has limited flexibility in any given year to significantly alter the City's cost structure. Many of the costs are committed through collective agreements or service contracts. Other reductions will impact the maintenance and repair of the City's infrastructure.

The following summary of specific expense lines illustrates that some discretionary expense lines in total are decreasing.

<u>Accounts of Interest</u>	<u>2008 DRAFT BUDGET</u>	<u>2007 BUDGET</u>	<u>VARIANCE</u>	<u>% Change</u>
Advertising	426,340	349,760	76,580	21.9%
Comp. Hdwre/Softwre	745,450	1,050,940	-305,490	-29.1%
Cellular	228,205	218,665	9,540	4.4%
Grouped Expenses	157,950	544,585	-386,635	-71.1%
Office Equipment	198,515	207,130	-8,615	-4.2%
Office Supplies	277,670	268,720	8,950	3.3%
Overtime	934,140	926,685	7,455	0.8%
Part Time	11,148,935	11,360,660	-211,725	-1.9%
Professional Fees	1,784,415	1,672,415	112,000	6.7%
<b>Total</b>	<b><u>15,901,620</u></b>	<b><u>16,599,560</u></b>	<b><u>-697,940</u></b>	<b><u>-4.2%</u></b>

The majority of the variances illustrated above 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. The majority of the variances illustrated in advertising, grouped expenses, and computer hardware software accounts are truly reclassifications. Departments have made substantial efforts to better classify grouped expenses resulting in the variances illustrated in advertising and grouped expenses. Similarly, a significant portion of the computer hardware/software variance is a result of an ITM transfer to contract & professional fees. Increases in cellular and office supplies are relatively minor department reallocations initiated to more accurately align budgets with actual results. The last three accounts illustrated in the above chart impact the budget and are as follows: The overtime budget increased slightly and is related to costs associated with opening on the newly created "Family Day" statutory holiday and salary/rate increases as per recognized agreements. Budget reductions in part-time are largely caused by recreation program changes to reflect demand and department efficiencies. The increase in professional fees is directly related to the phasing in of costs associated with the approval of the City's Integrity Commissioner. As illustrated by the above table, the net 2008 impact associated with these accounts is a decrease of \$697,940 over the previous year.

In addition to the above information, the following analysis and information is provided in the Budget Analysis & Other Information section of the enclosed attachment 1 - 2008 Draft Operating Budget Summary & Business Plan Package.

- FTE schedule
- Major Impact Summary
- Departmental Expenditure Variances in Excess of \$100,000
- Major Corporate Expenditure Increases/Decreases
- Summary of Pre-Approved Items & 2007 One-time Funding Costs

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

### **Business Planning**

As previously indicated, Business Plans are incorporated in the 2008 Budget Process to help establish and reinforce connections between strategic priorities and resource allocation, thus moving the organization closer to realizing Vaughan's Vision and strategic goals. Department Business Plans provide stakeholders with an overview of the department's goals, strategic priorities, as well as demonstrated efficiency and effectiveness through the use of performance measures. This information compliments the Budget Process and assists in evaluating base budgets and analyzing the feasibility of departmental budget increases and resource allocation. The Senior Manager of Strategic Planning was intricately involved with this process and oversaw the completion of business plans. Business Plans submitted as part of the 2008 Budget Process are incorporated in attachment #1.



### 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 above guidelines for the Budget Committee and Council consideration. As a result, Departments submitted 48 additional resource requests with a total annual cost of approximately \$4.76m, which translates into an additional tax rate increase of approximately 4.36%. Of the total amount 88% or \$4.2m is related to new complement requests. Summarized below are the types of requests and corresponding proportion of the total and associated tax rate impact.

Request Type	# of Requests	FTE's	Requested Amount	% of Total	Tax Rate Impact
New Initiatives/Enhanced Service Levels	22	16.63	\$1.79m	37.6%	1.64%
Regulatory Requirements	8	5.49	\$0.31m	06.5%	0.28%
<u>Maintain Service Levels</u>	<u>18</u>	<u>36.10</u>	<u>\$2.66m</u>	<u>55.9%</u>	<u>2.44%</u>
Total	48	58.22	\$4.76m	100.0%	4.36%

The above figures represent annual costs, which can be adjusted for new complement gapping. However it should be noted, that although gapping impacts the 2008 Budget favourably, the balance of the costs will impact the 2009 budget. Excluded from the above list are funding requests, which form part of the Library Board's budget submission. These requests totaling \$407k have been included in the Base Budget.

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. The process infuses a high degree of objectivity & transparency and the end result of this process is a recommended list of additional resource requests prioritized based on a blend of associated municipal risk exposure and the Vaughan Vision initiatives. Senior Management has reviewed all additional resource requests and is now in the process of formulating a final recommendation, which will be presented at a future budget committee session.

### Long-Range Financial Planning

On February 20<sup>th</sup> 2007, staff presented to Budget Committee a report and presentation on Long-Range Financial Planning. The purpose was to provide Council with an overview of the current Long-Range Financial Planning process, outcomes and request direction from Council with respect to an infrastructure funding strategy. The prevailing theme throughout the Long-Range Financial Planning study was that infrastructure repair and replacement is of a paramount concern and Vaughan is currently experiencing the following:

- Significant new infrastructure is being built/assumed annually
- Infrastructure is aging
- Infrastructure spending requirements are significantly under funded
- Infrastructure reserve balances and funding levels will not sustain requirements
- Long-term debt requirements will rise

The Challenge of Funding the significant costs of infrastructure repair and replacement is a paramount concern for most municipalities across Canada. This is largely caused from new facility construction having been primarily funded through development charges, leaving the municipalities to fund those rapidly aging assets at a later date from the tax base. Over the past two decades the City of Vaughan has grown at an unparalleled pace, adding new facilities, parks, and transportation networks on an annual basis. Vaughan is now entering an era where these assets require significant investment to ensure they are maintained in an acceptable state of repair. This is evident by the recent increase in capital funding requests. As Vaughan ages and continues to transition from a rapidly growing Township to a thriving mature City, infrastructure repair and replacement requirements will begin to accumulate at a pace similar to that when they were constructed. Without further infrastructure investment, Vaughan's infrastructure network will deteriorate potentially compromising community health, safety, and service levels. Consequently, it is critical to understand that there is a great need and benefit for further infrastructure investment in order to protect, sustain, and maximize the use of Vaughan's infrastructure assets.

Infrastructure renewal has become a very common topic in the media today and illustrated below are a few key events in the municipal world, which further validate the seriousness and magnitude of the topic.

- Most notably is Mississauga's proposed 5% infrastructure levy to tackle their infrastructure issues. Mississauga estimates over the next 20 years approximately \$1.5 billion in incremental funding will be for infrastructure. This response came soon after the Federal government announced plans to reduce GST rather than adopt David Miller's "One Cent Now" campaign. Following suite the City of Brampton is considering a 2% annual tax levy above the base operating levy for the next 5-10 years to fund infrastructure. This is a very new development in the Municipal World and clearly indicates the urgency of the matter.
- The Infrastructure and Investment Coalition very recently released a report on Ontario's Bridges. The study estimates at least \$2 billion will be required over the next 5 years to fund the costly rehabilitation or replacement of aging infrastructure
- The Federal and Provincial government's recent willingness to share a portion of the gas tax demonstrates other levels of government are beginning to recognize the infrastructure pressures municipalities are currently facing.
- The Public Sector Accounting Board (PSAB) introduced a new accounting guideline regarding local government tangible asset reporting. This guideline requires municipalities to report capital assets in their financial statements by 2009, including information on the condition of those assets. The emergence of this requirement clearly indicates a need to gather information on municipal infrastructure to better assess the situation.

#### Infrastructure Funding Strategy

Given the significance and magnitude of the trends and outcomes previously presented, it is recommended and financially responsible for Vaughan to institute a systematic plan to address existing and future infrastructure spending requirements, based on when infrastructure exceeds their life cycle. However, as a result of the sheer size of the investment required it is suggested the Infrastructure funding strategy initially focus on addressing immediate infrastructure spending requirements and then refocus efforts towards building infrastructure reserves in order to meet and smooth future requirements. On February 20<sup>th</sup>, a 4-part plan was recommended to the Budget Committee consisting of the following:

1. Advocating for assistance from other levels of government
2. Rethink infrastructure placement and replacement
3. Controlled infrastructure reserve spending
4. Increasing infrastructure funding

The largest part and most financially significant component of the funding strategy lie in increasing the City's infrastructure funding effort. This poses a complicated challenge as the initial requirements are overwhelming and will prove challenging to overcome immediately. Recognizing this situation, Finance staff proposed different funding options to begin addressing the infrastructure funding shortfall. The funding options associated annual incremental tax rate increases vary between 1 to 3% and in some scenarios leverage additional debt financing. It is important to reiterate that any tax rate increases associated with the above options are in addition to normal Operating Budget requirements and focus solely on infrastructure spending requirements.

This important and complex topic will be more fully explored as a separate report and presentation at a future Budget Committee meeting.

## **Conclusion**

The City has followed a very thorough process to minimize any tax increase while maintaining levels of service and meeting regulatory requirements.

Very tight budget guidelines, approved by Council were issued to departments. The results of the process, including the budget request from the Vaughan Public Library is summarized below. What is not yet included is a consideration of additional resource requests, user fees and service charges, and direction with respect to an infrastructure funding strategy.

## **BUILDING THE BUDGET**

Infrastructure Funding Strategy Infrastructure Repair & Replacement Requirements	?
New Initiatives/Enhanced Service Levels Additional Resource Request	1.64%
Regulatory Requirements Additional Resource Request	0.28%
Maintain Level of Service Additional Resource Requests	2.44%
City Base Budget under the Guidelines	3.99%
Vaughan Public Library Board (Net)	0.53%
Tax Rate Impact	8.87%

## **Relationship to Vaughan Vision 2020**

The 2008 Draft Operating Budget is the process to allocate and approve the resources necessary to continue operations and implement Council's approved plans.

## **Attachments**

Attachment 1 - 2008 Draft Operating Budget Summary & Business Plan Package  
(Copy of Attachment available in the Clerk's Department)

## **Report prepared by:**

Clayton Harris, CA, ext. 8475  
Commissioner of Finance & Corporate Services

John Henry, CMA, ext. 8348  
Director of Budgeting & Financial Planning

Al Meneses, MBA, ext. 8401  
Manager of Operating Budgets

Respectfully submitted,

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Michael DeAngelis, City Manager

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Clayton Harris, CA  
Deputy City Manager/Commissioner of Finance & Corporate Services

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John Henry, CMA  
Director of Budgeting & Financial Planning