

2008 DRAFT OPERATING BUDGET – ADDITIONAL RESOURCE REQUESTS

(Item 1, Report No. 1, Budget Committee January 18, 2008)

The Budget Committee, at its meeting of January 18, 2008, recommended the following:

- 1) That future budget agendas be provided in a timely manner to allow review by Members of Council, and the information provided in the budget reports be formatted for easy reference and explanations given for definitions; and
- 2) That the following report of the City Manager, the Deputy City Manager / Commissioner of Finance & Corporate Services, the Senior Management Team, and the Director of Budgeting and Financial Planning, dated January 18, 2008, be received.

Report of the City Manager, the Deputy City Manager / Commissioner of Finance & Corporate Services, the Senior Management Team, and the Director of Budgeting and Financial Planning, dated January 18, 2008

Recommendation

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

That the following report be received for information purposes and the recommended additional resource requests be approved.

Economic Impact

The additional resource requests are divided in 3 categories:

1. Regulatory Requirements
2. Maintain Service Levels
3. New Initiatives/Enhanced Service Levels

The impact of the recommended additional resource requests is \$3.28m. Incorporating the impact of the recommended additional resource requests will increase the 2008 Draft Operating Budget based on the approved guidelines from 4.52% to 7.52%. The corresponding annual tax impact on the average home in the City of Vaughan is approximately \$79 per year or \$6.58/month.

Additional resource requests for the Vaughan Public Library were already included in the Draft 2008 Base Budget submission approved by the Library Board. For this reason these requests are identified separately in the report. The Library additional resource requests total \$406k, and equate to a .36 % tax rate increase.

Communications Plan

N/A

Purpose

To provide the Budget Committee with information on all additional resource requests, the process followed, and Senior Management Team's recommendation.

Background

On June 18, 2007, the Budget Committee approved the 2008 Operating Budget Guidelines. In recognizing that the budget guidelines are very restrictive and specifically do not permit additional funding for the following:

1. Regulatory requirements;
2. Maintain service levels;
3. Implement new initiatives/enhanced services.

The guidelines therefore must be complemented by a process that provides departments with the opportunity to formally submit requests for essential resources, not permitted within the base budget guidelines. This provides SMT and Council an opportunity to review and assess each request. Council approval is specifically required when new staff resources, a change in service levels, or new initiatives are brought forward.

Added to the process was a requirement for departments to provide additional value added information on the relationship to specific Vaughan Vision objectives, cost details, benefits of the request, specific risks or consequences to the municipality, etc. This information was instrumental in developing the final recommendation and frequently referred to by the Senior Management Team. For reference purposes, all departmental additional resource request schedules are provided in Section 3 of the Attachment.

With exception for the requests submitted as part of the Library Board recommendation, all other additional resource requests are *not* included in the 2008 draft base operating budget presented to Budget Committee on December 17, 2007. These requests are identified and presented separately in this report for Budget Committee/Council consideration.

Summary of Department Requests

In total, departments submitted 48 additional resource requests totaling \$4.47m in annual costs, reflecting a 4.1% tax rate increase over and above the recently presented base operating budget requirements. For presentation purposes, these requests are grouped into the following categories:

- ❖ Regulatory Requirements
- ❖ Maintain Service Levels
- ❖ New Initiatives/Enhances Services

Illustrated in the table below is a brief overview of the requests organizing the information for quick reference. Further summary information and details on each request are provided in section 2 and 3 of the enclosed Attachment.

Summary of Requests

Type	#	\$	%	FTE Impact	% of total
Regulatory Requirements	7	308,609	6.9%	5.5	9.5%
Maintain Service Levels	27	3,101,532	69.5%	40.9	70.8%
New Initiatives/ Enhanced Services	14	1,055,178	23.6%	11.4	19.7%
Total Department Requests	48	4,465,319	100.0%	57.7	100.0%
Library Board Requests <i>(in Base Budget)</i>	4	406,800		1.0	
Total City Requests	52	4,872,119		58.7	

As illustrated above, the majority of requests are related to maintaining existing service levels. Requests of this nature were anticipated due to the very restrictive base budget guidelines. Requests were also submitted in order to comply with regulatory requirements. This is a relatively small portion of total requests, 6.9%, but reflects a funding need to ensure mandatory legislative requirements are balanced against the risk and consequences of non-compliance. The balance of the requests are for new initiatives and enhanced services, which either improve efficiency and effectiveness or respond to new demands placed on the City. Of the 48 requests presented, 11 requests were carried over from the 2007 budget process, approximately \$670k.

In total, departments requested 57.7 new FTEs, (Fire & Rescue Services 32 FTE's) representing approximately 73% of all requests submitted or \$3.9m. The costs of the new staff additions are fully annualized, which can be adjusted for gapping. However, it should be noted that although gapping impacts the 2008 budget favourably, the balance of the costs will impact 2009. All complement related requests are updated to reflect recently approved labour agreements, with exception for Fire & Rescue Service department requests as a result of ongoing negotiations. Adjustments will be required to accommodate any additional impacts resulting from these discussions.

Consideration of Additional Resource Requests

Recognizing the challenge of balancing additional resource requests with limited funding options, SMT undertook a process to review and prioritize all 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 corporate blend of municipal risk exposure, maintaining service levels and Vaughan Vision goals and objectives.

Senior Management spent considerable effort and time reviewing every additional resource request, confirming individual request components, associated legislative requirements, and association to Vaughan Vision, etc. Multiple SMT meetings were held and the process resulted in many revisions to ensure consistency in the process and the prioritization of requests.

This was a very challenging task, as all requests are considered important and necessary by departments submitting them. It is important that the organization see that there is equity in the process and that it not be seen as arbitrary. Due to different perspectives, unique circumstances, and distinctive operating pressures, obtaining consensus on a prioritized list of requests was very onerous and required frequent discussions and a collective in-depth understanding in order to put the final list together. Senior Management recently concluded their review and is supportive of the final recommendation on additional resource requests for Budget Committee and Council consideration. The table below provides a brief overview of the recommended requests. A

complete listing of all the recommended additional resource requests in order of priority is provided in section 1 of the enclosed Attachment.

Recommendation Summary

Type	#	\$	%	FTE Impact	% of total
Regulatory Requirements	7	308,609	9.4%	5.5	12.2%
Maintain Service Levels	20	2,798,025	85.4%	36.5	81.1%
New Initiatives/ Enhanced Services	7	171,190	5.2%	3.0	6.7%
Recommended Totals	34	3,277,824	100.0%	45.0	100.0%
Library Board Requests <i>(in Base Budget)</i>	4	406,800		1.0	
Recommended ARR Totals	38	3,684,624		46.0	

As illustrated above, the Senior Management Team is recommending 34 requests totaling \$3.8m, on an operating budget of \$182M and is equivalent to approximately \$31 per year to the average home in Vaughan or a 3.0% tax rate increase. This is a reduction of \$1.2m and 12.7 FTE's from the original requested amount. The majority of recommended requests, approximately 95%, is related to meeting regulatory requirements and maintaining existing service levels. This is a very responsible position as Vaughan has an obligation to comply with various legislative requirements and to continue to provide existing service levels to the community. The remaining requests are related to new initiatives that address emerging service needs or support Vaughan's immediate strategic initiatives. Any further reduction of the recommended additional resource requests may result in an inability to met legislative, service level, or strategic requirements.

Additional information on the recommended requests, including an itemized list arranged by priority, is provided in Section 1 of the Attachment. Section 3 of the Attachment provides specific detail on each request submitted.

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.

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

N/A

Conclusion

The base Budget submitted in December was developed by taking the approved 2007 Budget with very limited additions under the guidelines approved by the Budget Committee in June 2007. The guidelines did not allow for any provision to increase complement and resources to maintain levels of service or take on new initiatives. The purpose of this report is to provide the Budget Committee with the recommended Additional Resource Requests to maintain levels of service, address regulatory matters and undertake some new initiatives.

Attachments

Attachment #1 – Additional Resource Requests Summary (available in the Clerk's Department)

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