

POTENTIAL BUDGET REDUCTIONS**Recommendation**

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

That in order to meet the Budget Committee targeted 2008 tax rate increase of 4%, the Budget Committee approve the 2008 base budget and additional resource requests with the amendments as outlined in the following report.

Economic Impact

The following report responds to the request from the Budget Committee on February 08, 2008 to reduce the draft 2008 operating budget from a tax rate impact of 7.6% to under 4% without impacting service levels.

Communications Plan

Not required at this point in time. The statutory public meeting on the budget is scheduled for March 4, 2008 at 7:00 pm at the Civic Centre. A report and presentation will be available to the public.

Purpose

To provide the Budget Committee with an option to reduce the draft operating budget tax rate impact from 7.6% (approx. \$80.00 per year for the average household in Vaughan) to a target of less than 4% (approx. \$42.00 per year).

Background - Analysis and Options

Following the February 08, 2008 Budget Committee meeting staff undertook a review of the City's draft 2008 operating budget and the additional resource requests with the objective of responding to the direction from Budget Committee to reduce the 2008 tax rate impact. Meeting this request has been a very difficult and challenging task, as the City's growth continues to be significant which places increasing demands on existing service levels. A very comprehensive budgeting process had been developed to maintain service levels with a minimal increase on taxes. This process consisted of two main components, the base budget as per Council approved guidelines and additional resource requests for Budget Committee's consideration. The objective of the approach was to add to the 2007 base only amounts that are contractual, amounts over which the City has limited control and only add additional resource requests after they are individually scrutinized by the Senior Management Team and the Budget Committee.

The base operating budget as per Council's guidelines, based primarily on contract pressures and other commitments, exceeds the tax rate impact target of 4% directed by the Budget Committee. The base budget tax rate increase, approximately 4.6%, is largely driven by the following three main issues:

Significant Budget Pressures	Amount	Tax rate Impact
<ul style="list-style-type: none">• Development Planning Revenue Reduction	\$2.32m	2.1%
<ul style="list-style-type: none">• Tax Rate Stabilization Reserve Contribution Reduction	\$1.03m	0.9%
<ul style="list-style-type: none">• Long Term Debt Increase	\$1.25m	1.1%
Total	\$4.60m	4.1%

In addition to the base operating budget, the City Manager and the Senior Management Team recommended additional resource requests to the Budget Committee for consideration, Attachment 1. These requests were significantly reduced from what departments had requested.

The additional resource requests were evaluated based on the following criteria:

1. Mitigating municipal risk;
2. Maintaining levels of service; and
3. Achieving Vaughan Vision initiatives.

To achieve the Budget Committee's mandate, including maintaining levels of service, the following amendments to the 2008 Operating Budget are submitted for the Committee's consideration.

Action Items	2008 Budget Reduction	Tax Rate Impact	Comments
1. Planning revenue shortfall strategy			
<i>Delete vacant Planning Dept positions approved in 2007 from the complement</i>	(145,000)	-0.13%	Budgeted salary & benefit associated with the Urban Designer and GIS Technician complement positions approved in 2007.
<i>Utilize planning staff to conduct policy and planning studies internally</i>	(320,000)	-0.29%	Commissioner of Planning has identified a number of development studies to be partially performed in-house.
2. Fire Dept. request to staff a reserve aerial truck deferred	(1,397,054)	-1.27%	To be considered as part of the Fire Master Plan implementation strategy
3. Emergency Planning staff request deferred	(49,417)	-0.04%	To be considered once new legislation is in place and requirements are defined.
4. Pierre Berton resource material request reduction	(171,250)	-0.16%	Library staff proposed a reduction from the original \$250k submission to \$85k
5. Additional Resource Request - new complement gapping	(675,000)	-0.61%	All new complement positions gapped for 6 months - Start date July 1st, 08 balance funded in 2009 budget
6. Citywide salary gapping estimate	(265,000)	-0.24%	Increased to \$1m
7. Tax rate stabilization reserve funding	(520,000)	-0.47%	Reconsider Council direction on the tax rate stabilization reserve withdrawal. Reduce the \$1m reduction to \$500,000. More closely matches the \$2.3m planning revenue decline with the funding from the Stabilization reserve. As the planning revenue recovers there will be a corresponding decrease in the amount taken from the Stabilization Reserve.
8. Supplemental taxation revenue	(200,000)	-0.18%	Current information has indicated there is an opportunity to increase the revenue budget
9. Debenture reserve withdrawal	(265,000)	-0.24%	Utilizing the debenture reserve to smooth the escalating costs of long term debt roads program
Total Reduction	(4,007,721)	-3.63%	
REVISED TAX RATE IMPACT		3.98%	(7.6% tax increase less action items)

Note: Figures have been rounded for illustration purposes

The amendments presented above meet the Budget Committee's tax rate increase target while maintaining service levels. It should be noted that gapping new complements (#5) will have an impact on the 2009 operating budget. Although, this action will result in a 2008 budget reduction, the balance of the full year impact in 2009 will be approximately \$716K or roughly a .65% tax increase.

Relationship to Vaughan Vision 2020

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 Committee direction on February 08, 2008. It meets the Committee's direction, however it does not include any additional funding to address infrastructure repair and replacement.

Attachments

Attachment 1 – Additional Resource Requests

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Respectfully submitted,

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City of Vaughan
2008 Draft Operating Budget
Additional Resource Requests Ranking - RECOMMENDATION
IN ORDER OF PRIORITY

#	Ref	Commission / Committee	Department	Type (1)	Description	FTE Impact	Position Status (2)	(C)arry-Over (3)	2008 Annual Budget Impact (4)	Cum \$ Annual Budget Impact (5)	Tax Rate Incr.	Cum Tax Rate Incr.
1	9.1 B	Engineering & Public Works Operations	Development & Transportation Engineering	MS	Sr. Engineering Assistant (Municipal Services)	1	FT U	N	0	0	0.00%	0.00%
2	9.1 C	Engineering & Public Works Operations	Development & Transportation Engineering	NI	Administrative Assistant (Municipal Services/Lot grading)	1	FT U	N	0	0	0.00%	0.00%
3	4.2A	Deputy City Manager / Finance & Corporate Services	Reserves & Investments	NI	Grants Specialist	1	FT Contract	N	-	0	0.00%	0.00%
4	9.3 E	Engineering & Public Works Operations	Public Works Operations	MS	Equipment Operator I & II (Team)	3	FT U	C	176,548	176,548	0.16%	0.16%
5	6.2 A	Community Services	Building & Facilities	MS	Assistant Foreperson - Benjamin Vaughan Complex	1	FT U	N	69,334	245,882	0.06%	0.22%
6	6.1 D	Community Services	Parks Operations	MS	Forestry Labourer	0.5	PT	C	17,213	263,095	0.02%	0.24%
7	5.1 A	Legal & Administrative Services	City Clerk	RR	Records & Information Technician/FOI Analyst	1	FT NU	C	79,445	342,540	0.07%	0.31%
8	6.3 A	Legal & Administrative Services	Human Resources	RR	Crossing Guards	2.3	PT	N	49,282	391,822	0.04%	0.36%
9	3.2 C	City Manager	Emergency Planning	RR	Hazard Identification Risk Assessment (Joint Project with York)	0		N	12,000	403,822	0.01%	0.37%
10	6.1 C	Community Services	Parks Operations	MS	Arborist 1	1	FT U	C	65,846	469,668	0.06%	0.43%

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11*	3.1 A	City Manager	Fire	RR	Fire Prevention Inspector - Public Education	1	FT U	N	79,111	548,778	0.07%	0.60%
12*	3.1 C	City Manager	Fire	MS	Firefighters to Staff 30M Aerial (Woodbridge / Kleinburg)	16	FT U	N	972,434	1,521,212	0.89%	1.39%
13*	3.1 B	City Manager	Fire	MS	Assistant Captains to staff 30M Aerial (Woodbridge / Kleinburg)	4	FT U	N	424,620	1,945,832	0.39%	1.77%
14	5.1 C	Legal & Administrative Services	City Clerk	MS	Risk Management Clerk	1	FT U	C	59,914	2,005,746	0.05%	1.83%
15	5.1 B	Legal & Administrative Services	City Clerk	RR	Archives Technician (Electronic Records & General Operations)	0.5	PT NU	C	30,925	2,036,571	0.03%	1.85%
16	3.2 B	City Manager	Emergency Planning	RR	Staff Training, Conduct Exercises, Public Education	0		N	8,530	2,045,101	0.01%	1.86%
17	3.2 A	City Manager	Emergency Planning	RR	Emergency Planner 1	0.69	FT NU	N	49,417	2,094,518	0.04%	1.91%
18	8.3 A	Economic/Technology Development & Communications	Information Technology Management	NI	Website Architect	1	FT Contract	N	89,840	2,184,357	0.08%	1.99%
19	9.3 F	Engineering & Public Works Operations	Public Works Operations	MS	Roads Preventative Maintenance	0		N	300,000	2,484,357	0.27%	2.26%
20	4.1 C	Deputy City Manager / Finance & Corporate Services	Budgeting & Financial Planning	MS	Activity Based Costing (JDE Software Implementation)	0		N	18,000	2,502,357	0.02%	2.28%

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21	9.1 A	Engineering & Public Works Operations	Development & Transportation Engineering	MS	Transportation Coordinator	1	FT U	N	21,987	2,524,345	0.02%	2.30%
22	10.1A	Audit Committee	Corporate	NI	Professional Fees (Performance Measures)	0		N	60,000	2,584,345	0.05%	2.35%
23	4.1 A	Deputy City Manager / Finance & Corporate Services	Budgeting & Financial Planning	MS	Long Range Financial Planning Analyst	1	FT NU	N	105,992	2,690,336	0.10%	2.45%
24	9.3 C	Engineering & Public Works Operations	Public Works Operations	MS	Clerk C - Counter Inquiries	1	FT U	C	50,361	2,740,698	0.05%	2.50%
25	9.3 B	Engineering & Public Works Operations	Public Works Operations	MS	Waste Coordinator	1	FT U	N	80,936	2,821,634	0.07%	2.57%
26	6.1 B	Community Services	Parks Operations	MS	Parks Labourer (lurf cutting)	2	PT	C	91,522	2,913,156	0.08%	2.65%
27	6.1 A	Community Services	Parks Operations	MS	Clerk Type E (Tree By-Law & Cemetery)	0.5	FT U	N	32,925	2,946,081	0.03%	2.68%
28	5.2 A	Legal & Administrative Services	Enforcement Services	MS	Supervisor (Staff Conversion)	0	FT NU	N	21,172	2,967,253	0.02%	2.70%
29	7.1 A	Planning	Building Standards	NI	Professional Fees - Amanda / GIS Integration Study	0		N	3,750	2,971,003	0.00%	2.71%
30	8.1 A	Economic/Technology Development & Communications	Access Vaughan	NI	Language Line	0		N	5,000	2,976,003	0.00%	2.71%

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31	9.3 A	Engineering & Public Works Operations	Public Works Operations	MS	Office Administrative Coordinator (Shared with Water & Wastewater)	0.5	FT	C	42,057	3,018,060	0.04%	2.75%
32*	3.1 D	City Manager	File	MS	Fire Prevention Captain - Inspection	1	FT U	N	128,082	3,146,142	0.12%	2.86%
33*	3.1 F	City Manager	File	MS	Training Officer	1	FT U	N	119,082	3,265,224	0.11%	2.97%
34	9.1 D	Engineering & Public Works Operations	Development & Transportation Engineering	NI	Noise Control Training	0		N	12,600	3,277,824	0.01%	2.98%
TOTAL									44.99	3,277,824		2.98%

(1) RR = Regulatory Requirement; MS = Maintain Service Level; SE = Service Enhancement; NI = New Initiative

(2) FT = Full-Time; PT = Part-Time; U = UNION POSITION; NU = NON-UNION / MGMT

(3) C = Items requested in prior year and carried over to 2008

(4) (*) All Fire Department complement requests are based on the existing 2003 - 2006 VPFA collective agreement. Adjustments will be required to accommodate any impacts resulting from negotiations.

(5) Summary excludes Library Additional Resource Requests as they are included in the base budget submission, as per Library Board recommendation