DRAFT 2011/2012 OPERATING BUDGET UPDATE BASED ON THE MARCH 21ST FINANCE AND ADMINISTRATION COMMITTEE RECOMMENDATIONS AND ALTERNATIVES TO FURTHER REDUCE THE BUDGET

Recommendation

The Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning recommend:

- That the following update on the Draft 2011/2012 Operating Budget and associated additional resource requests, based on the March 21st Finance and Administration Committee direction, be received for information and discussion purposes;
- 2) That subject to amendments by the Finance & Administration Committee to the 2011 Additional Resource Requests, the Proposed 2011 Operating Budget be recommended to Council for adoption at the April 5, 2011 Special Council Meeting.

Economic Impact

As a result of the March 21st discussion, the Finance and Administration Committee recommended a number of adjustments to Senior Management Team's (SMT) recommended additional resource requests. These adjustments reduced the overall Draft 2011 Operating Budget's 3.40% tax rate increase, approximately \$39 a year for the average home, to a 2.75% tax rate increase, approximately \$32 a year for the average home.

Although this action resulted in a 2011 budget reduction, a number of the adjustments relate to gapping or deferring requests, which will have an impact on the Draft 2012 Operating Budget. As a result, the Draft 2012 Operating Budget tax rate increase was adjusted by 0.61% from 4.73% to 5.34% or approximately \$64 for the average home.

Communications Plan

A statutory public meeting with appropriate notice is required before adopting the Budget. This meeting is scheduled for April 5th at 7:00pm and will be advertised according to City policy.

In addition to the statutory notice, a media release will be developed that articulates the policies, strong management practices and oversight that the City currently has in place to manage revenues and expenses and ultimately provides the residents of Vaughan with value for their property tax dollar through high levels of service and a low property tax in comparison to other municipalities.

Purpose

This report is intended to provide the Finance and Administration Committee with a Draft 2011/2012 Operating Budget Summary and adjusted additional resource request lists, based on the recommendations provided by the Finance and Administration Committee on March 21st.

Background - Analysis and Options

Finance and Administration Committee Direction

On March 21st, 2011, the Finance and Administration Committee deliberated on the previously presented Senior Management Team's (SMT) recommended 2011 additional resource requests. The SMT recommendation, including the predetermined base budget increase, represented a tax rate increase of 3.40%, or \$39.44 for the average home in Vaughan. As a result of the discussion.

the Finance and Administration Committee recommended the following adjustments to Senior Management Team's (SMT) recommended 2011 additional resource requests:

- 1. Reduce request <u>#1: Vision 2020 Strategic Plan Update</u> by \$20,000 and present other options on the design and publication of the revised strategic plan.
- 2. Gap request #3: 7-10 Fire Engine Crew to reflect a 16 week or 4 month training period before the scheduled station opening date of January 1st, 2012. This results in a \$633,030 2011 budget reduction. As per the operating guidelines a \$622,830 addition to the 2012 base budget is required to accommodate the full annual operating cost impact less any one-time funding reductions.
- 3. Defer request #5: On-line Citizen Engagement Survey to 2012. This results in a \$75,000 reduction in the 2011 budget.
- 4. Defer request #6: Employee Engagement Survey to 2012. This results in a \$50,000 reduction in the 2011 budget.
- 5. Defer request <u>#7: Public Relations Staff</u> to 2012. This results in an \$83,249 reduction in the 2011 budget.

The total of the above adjustments is \$861,279 reducing the overall Draft 2011 Operating Budget tax rate increase from \$3.40% to 2.75%. This adjusts the annual dollar increase to the average home in Vaughan from approximately \$39 to \$32, a \$7 reduction.

Draft 2012 Operating Budget Implications

It should be noted that gapping new complements or deferring additional resource requests will have an impact on the Draft 2012 Operating Budget. Although these actions will result in a 2011 budget reduction, they will also increase the Draft 2012 Operating Budget tax increase by 0.61% from 4.73% to 5.34%, or approximately \$64 for the average home in Vaughan.

Draft 2011/2012 Operating Budget Update Summary

To assist the Finance & Administration Committee in their continued budget discussions provided below is a chart illustrating the implications on the Draft 2011/2012 Operating Budget based on the recommendations illustrated in the above sections.

Budget Change	2011	Tax Rate Ch	ange	2012 Tax Rate Change			
	% \$/Home		\$ (m)	%	\$/Home	\$ (m)	
<u>Base Budget Change</u>							
Original Base Budget	1.08%	12.55	1.46	1.99%	23.73	2.84	
7-10 Fire Crew 2012 full year adj.	-	_		0.45%	5.37	0.63	
Base Budget Sub-total	1.08%	12.55	1.46	2.44%	29.10	3.47	
ARR Budget Change							
SMT ARR Recommendation	2.32%	26.97	3.11	2.74%	32.68	3.91	
F&A Committee 2011 ARR adjustments	-0.65%	(7.56)	(0.86)	0.16%	1.91	0.21	
Base Budget Sub-total	1.67%	19.41	2.25	2.90%	34.59	4.12	
City Operations Total	<u>2.75%</u>	31.97	3.71	5.34%	63.68	7.59	
Hospital Levy	1.36%	15.78	1.83	1.36%	15.95	1.94	
Grand Total	4.11%	47.75	5.54	6.70%	79.64	9.53	

The adjusted 2011 & 2012 Additional Resource Request Lists reflecting the above changes are provided as Attachment #1.

Alternatives to Further Reduce the Operating Budget

In addition to the Finance and Administration Committee's request for staff to provide an Operating Budget Summary and adjusted additional resource request lists, it was also recommended that staff provide alternatives to further reduce the operating budget. To assist the Finance & Administration Committee in their continued budget discussions, staff are providing three alternatives for consideration. Each alternative will be briefly discussed following the below chart.

Alternative	2011 Budget Change	Tax Rate Impact	Cum Tax Rate Change
Current Tax Rate Increase			2.75%
1. Increase Anticipated Labour Savings	\$300,000	0.22%	2.53%
2. Further Review of Additional Resource Requests	Target TBD by	Committee	2.53%
3. Hospital Land Levy Phase in Strategy Reconsideration	Target TBD by	Committee	2.53%

Please note that financial implications associated with options 2-3 are not available until further direction relating to these alternatives is provided by the Finance and Administration Committee. It should also be noted that multi-year budgeting links the 2011 and 2012 budgets and 2011 adjustments can create slight variances to the 2012 operating budget, as it relates to assessment growth and other estimates. These adjustments will be incorporated in the April 5th Special Council consolidated item.

Alterative 1 - Increase Anticipated Labour Savings

Incorporated in the 2011-2012 operating budget is a plan to phase up the corporate anticipated labour savings budget (gapping & turnover) over two years to reflect a churn rate of approximately 3%. Based on preliminary performance and the timing of the budget approval process there is the potential to increase 2011 anticipated labour savings by \$300k. However, this could have an adverse impact on the 2011 year-end position.

Alterative 2 - Further Review Additional Resource Requests

On March 21st, 2011, the Finance and Administration Committee deliberated on the previously presented Senior Management Team's (SMT) recommended additional resource requests and recommended a number of adjustments to reduce the budget. If further budget reductions are required, the Finance & Administration Committee has the opportunity available to reconsider the additional resource requests and provide further direction. Although this action will result in budget reductions, it may have an impact on the City's ability to deliver existing levels of service or key strategic initiatives.

Alterative 3 – Hospital Land Levy Phase in Strategy Reconsideration

Currently the City has been financing the hospital land obligation internally. As a result, overall financial performance has been better than expected, which provides an opportunity to reconsider the timing of the hospital land levy phase-in strategy and extend the phase-in approach. Although, this action will result in an overall 2011 hospital land levy adjustment, it could impact on the 2013 or other future levies and potentially change the City's timetable to recover from this commitment.

Relationship to Vaughan Vision 2020/Strategic Plan

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

Regional Implications

None

Conclusion

This report is provided in response to the Finance and Administration Committee direction on March 21st, 2011.

Attachments

Attachment 1: Adjusted 2011 & 2012 Additional Resource Request Lists

Report prepared by:

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

Respectfully submitted,

Barbara Cribbett, CMA Commissioner of Finance/City Treasurer

John Henry, CMA
Director of Budgeting and Financial Planning

Attachment #1: Adjusted 2011 and 2012 Additional Resource Requests

2011 Additional Resource Requests

										Comm	ittee Directio	n
#	Note 1	Department	Description	# of Positions	2011 Net FTE	2011 Budget Change	Cum \$ Net Change	Tax Rate % Incr.	Cum Tax (Rate % Incr.	Comment	\$ Impact	Tax Rate Impact
		Budget Increase						1.08%	1.08%			
		et Impact										
A1		Engineering Services	Municipal Services Inspector	1	1.00		-	0.00%	1.08%			
A2		Dev./ Transp.Eng.	Spadina Subway TTC Sr. Eng. Asst. (Contract)	1	1.00		-	0.00%	1.08%			
A3		Building Standards	1 Plans Examiner (Zoning)	1	1.00			0.00%	1.08%			ļ
A4		Building Standards	1 Clerk Typist D	1	1.00	-	-	0.00%	1.08%		ļ	
A5		Fleet	Filing Clerk (FT Conv.)	1	0.31	-	-	0.00%	1.08%			ļ <u>.</u>
A6 A7		Enviro. Sustain.	Sustainability Coordinator (Contract Conv.)	1	1.00		-	0.00%	1.08%		-	<u> </u>
		City Financial Services	Finance Business / Project Manager	1		-	-	0.00%	1.08%			
		Dev./ Transp.Eng.	Municipal Services Inspect. Erosion Sediment Control	1	1.00		- 	0.00%	1.08%	michosperio he articio fili agrada		14812441342413424131648344
				61-1517415215231 				File (selection)	4.000	Managaran nga nga nga nga nga nga nga nga nga n		YERLANDIN REPER
		Strategic Planning	Vision 2020 Strategic Plan Update		-	15,000	15,000	0.01%	1.09%	Remove \$20K	20,000	0.01%
		Legal Services	Junior Lawyer OMB Contract	1	1.00	30,444	45,444	0.02%	1.12%		222 224	==:
4		Fire & Rescue Services	7-10 Engine Crew (6 FF & 4 Cap) (Gapped)	10	3.33	326,715 56,674	372,159	0.24%	1.36%	Gap until Sept	633,031	0.47%
		Fire & Rescue Services Strategic Planning	Mechanic - Emergency Vehicle Technician On-Line Citizen Engagement Survey	1	1.00	56,674	428,833	0.04%	1.40%	D. C. (1. 0010	75.000	0.000/
							428,833	ļ	1.40%	Defer to 2012	75,000	0.06%
		Human Resources Corporate Comm	Prof.Fees - Engagement Survey Public relations staff				428,833 428,833		1.40%	Defer to 2012	50,000	0.04%
7				1	4.00	00.000		0.07%	1.40%	Defer to 2012	83,249	0.06%
8			ITM Security Analyst 2 Park Attendants		1.00	99,888 45,210	528,721	0.07%	1.47% 1.51%			
10		Parks Ops Human Resources	Crossing Guard Coordinator (FT Conv.)	2 1	2.00 0.50	45,210	573,931 619,242	0.03%	1.51%			
11		Engineering Services	Manager of Traffic Engineering	1	1.00	125.527	744,770	0.03%	1.64%		-	
12		Engineering Services Engineering Services	Administrative Assistant	1	1.00	75,348	820,117	0.09%	1.69%			1
		Recreation Culture	Vellore CC Fitness Centre Staff (Gapped)	2	0.17	14,471	834,588	0.05%	1.70%			-
14		Enforcement Services	Licensing Enforcement Field Officer	1	1.00	39,493	874,082	0.01%	1.73%		1	-
15		Eco, Dev	Research Coordinator	1	1.00	75,473	949,555	0.05%	1.79%			-
16			Enterprise Data Architect	1	1.00	99,888	1,049,443	0.00%	1.86%		1	
17		Buildings & Facilities	Mechanical Supervisor	1	1.00	110,945	1,160,388	0.07%	1,94%			
18		Parks Ops	Assistant Foreperson (Horticulture)	1	1.00	97.788	1,258,177	0.05%	2.02%			
19		PW / Roads	Roads Supervisor	1	1.00	108.545	1,366,722	0.08%	2.10%		1	
20		Human Resources	Learning & Dev.Specialist	1	1.00	89,375	1,456,097	0.07%	2.16%			
		Recreation Culture	Diversity & Inclusivity Comm. Program	_ '	- 1.00	50,000	1,506,097	0.04%	2.20%			
22		Purchasing Services	Buyer	1	1.00	87,861	1,593,958	0.07%	2.27%			
23		Legal Services	Law Clerk	1	1.00	67.885	1,661,843	0.05%	2.32%			
24		Enforcement Services	Property Standards Officer	1	1.00	86,988	1,748,831	0.06%	2.38%		1	
25	$\overline{}$	PW / Roads	Sign Crew (2 Equipment Operators)	2	2.00	104,393	1,853,225	0.08%	2.46%		†	
		Budgeting & FP	Budget Analyst	1	1.00	100,788	1,954,013	0.07%	2.53%		 	
27		Parks Ops	2 Temp Seasonal Employees	2	1,67	70,534	2,024,547	0.05%	2,59%		 	<u> </u>
28		Recreation Culture	Special Events Coordinator	1	1.00	88,599	2,113,146	0.07%	2.65%			i
29		Development Planning	Urban Design Awards Program	-	-	30,000	2,143,146	0.02%	2,67%		1	1
		Human Resources	Recognition Awards		_	15,000	2,158,146	0.01%	2,69%		1	
		Access Vaughan	Citizen Service Representatives	2	1.38	93,388	2,251,534	0.07%	2.75%		1	
		RRs Recommended by Se		46		\$ 2,251,534	-,,,,1	1.67%			\$ 861,281	0.65%

Total Tax Increase (1%=\$1,345,514)
2011 Base Budget Increase
Tax Increase due to ARRs Recommended by Senior Management Team

2.75% 1.08% 1.67%

Note 1:

V = Link to Vaughan Vision 2020

MP = Link to City of Vaughan Master Plan

S = Link to Departmental Strategy

Attachment #1: Adjusted 2011 and 2012 Additional Resource Requests

2012 Additional Resource Requests

	e 1			# of	2012 Net	2012 Budget	Cum \$ Net	Tay Rate	Cum Tax Rate %
#	Note	Department	Description	Positions	FTE	Change	Change	% Incr.	Incr.
2012			ted to reflect 2011 ARR Stn. 7-10 Fire Cre					2.44%	
		get Impact		Jakinski se da	agusa lagranias	เหลือเลยได้เกลือเมืองสม		daeth silasa.	ialia a a a a a a a a a a a a a a a a a
A1	V	Dev./ Transp.Eng.	TTC Muni, Inspector Contract Position	1	1.00	-	-	0.00%	2.44%
A2		Dev. Transp. Eng.	TDM Coordinator	1	1.00	1	-	0.00%	
A3	_	Engineering Services	Project Manager	1	1.00	-	-	0.00%	!
A4		Engineering Services	Capital Design Team	2	2.00		-	0.00%	
Budg	Budget Impact								
1		Engineering Services	Traffic Analyst	1	1.00	84,862	84,862	0.06%	2.50%
2		Fire Services	Station 75 - Engine Crew (16 FF & 4 Cap)	20	20.00	1,711,015	1,795,877	1.20%	3.71%
3	MP	Dev. Planning	Zoning By-law Review Contract Staff	6	6.00	579,480	2,375,357	0.41%	4.11%
4		Engineering Services	Traffic Technician	1	1.00	58,487	2,433,844	0.04%	4.15%
5	MP	Fire & Rescue Services	Communication Operators	2	2.00	154,761	2,588,605	0.11%	4.26%
6	S	Human Resources	HR Partner	1	1.00	103,341	2,691,947	0.07%	4.34%
7	S	Human Resources	Learning/Dev.Specialist & Coordinator	2	2.00	165,436	2,857,382	0.12%	4.45%
8	S	Eco. Dev	Business Development Officer	1	1.00	87,573	2,944,955	0.06%	4.51%
9	٧	Corporate Comm	Web Content Mgmt Position	1	1.00	87,591	3,032,546	0.06%	4.58%
10		Dev. Transp. Eng.	Clerical Assistant	1	1.00	47,737	3,080,282	0.03%	4.61%
11		PW/Roads	Micro Milling		1	250,000	3,330,282	0.18%	4.79%
12		Enforcement Services	Property Standards Officer	1	1.00	90,476	3,420,758	0.06%	4.85%
13		Purchasing Services	Sr. Technical Position	1	1.00	71,453	3,492,211	0.05%	4,90%
14		Parks Ops	Temp Seasonal Employees	1	0.84	35,267	3,527,478	0.02%	4.92%
15	/	Access Vaughan	Citizen Service Representatives	2	1.38	96,743	3,624,221	0.07%	4.99%
16		Recreation Culture	Special Events Supervisor	1	1.00	110,491	3,734,712	0.08%	5.07%
		Library	E-Media Pilot Specialist (Cont.) gapped	1	0.50	34,955	3,769,667	0.02%	5.09%
18		Buildings & Facilities	Vellore CC FC Facility Operator I -	1	1.00	68,039	3,837,706	0.05%	5.14%
19		Parks Ops	GPS - Sidewalk Snow Plow Machines		-	42,723	3,880,429	0.03%	5.17%
20		Library	Resource Purchasing Power Protection			32,120	3,912,549	0.02%	5.20%
Move	Moved from 2011 as per Committee Direction								
1	V	Strategic Planning	On-Line Citizen Engagement Survey	-	-	75,000	3,987,549	0.05%	5.25%
2	S	Human Resources	Prof.Fees - Engagement Survey		-	50,000	4,037,549	0.04%	5.28%
3		* * * * * * * * * * * * * * * * * * * *	Public relations staff	1	1.00	83,249	4,120,798	0.06%	5.34%
Total	of A	RRs Recognized by Senio	r Management Team	50	48.72	4,120,798		2.90%	

Total Tax Increase (1%=\$1,420,603)
2012 Base Budget Increase
Tax Increase due to ARRs Recognized by Senior Management Team

5.34% 2.44% 2.90%

Note 1:

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