

POTENTIAL BUDGET REDUCTIONS

Recommendation

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

- 1) That the Finance & Administration Committee consider the alternatives provided;
- 2) That any further adjustments by the Finance & Administration Committee be forwarded for consideration to the April 5, 2011 Special Council Meeting.

Economic Impact

The Draft 2011 Operating Budget currently reflects a 2.75% tax rate increase, approximately \$32 a year for the average home. As per the Finance and Administration Committee's request staff have provided alternatives for consideration, which are illustrated in the body of the report. The economic impact associated with this report is dependent on the direction provided by the Finance and Administration Committee.

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 has been advertised according to City policy.

In addition to the statutory notice, a media release will be developed that articulates the policies, strong management practices the City has in place 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

To respond to the Finance and Administration Committee's request for additional information.

Background – Analysis and Options

Finance and Administration Committee Direction

On March 28th, the Finance and Administration Committee deliberated on the Draft Operating Budget and as a result of the discussion, the Finance and Administration Committee provided the following recommendation:

"That staff review the additional resource requests and consider further adjustments including other options to reduce the overall Draft 2011 Operating Budget without impacting current service levels"

Alternatives to Further Reduce the Operating Budget

Following the March 28th Finance and Administration Committee meeting, staff undertook a review of the City's Draft Operating Budget and associated additional resource requests with the objective of responding to the direction to reduce the 2011 tax rate impact. 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 chart below.

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%
Current Hospital Land Levy Increase			1.36%
3. Hospital Land Levy 3 year phase in strategy	\$605,000	0.45%	0.91%

Please note, financial implications associated with option 2 will not be available until further direction 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.

Alternative 1 - Increase Anticipated Labour Savings

This information was presented at the March 28th Finance and Administration Committee. 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 per Ontario Sarracini Travelformance 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.

Alternative 2 - Further Review Additional Resource Requests

On March 28st, the Finance and Administration Committee directed that staff review the Additional Resource Requests and consider further adjustments without impacting current service levels.

The City's primary responsibility is the delivery of services to the residents and businesses of Vaughan. With this mandate in mind, the resource requests presented to the Finance and Administration Committee either support existing service levels or service related initiatives endorsed by Council. Determining which resource requests move forward is a constant and very challenging task, as all requests directly or indirectly support the service needs and wants of the community. Demonstrating respect for the tax payer's dollar and recognizing the challenge of balancing requests for additional resources with limited funding, early in the budget process SMT initiated a process, which included developing a Director's working group, to objectively prioritize and review additional resource requests. All additional resource requests were evaluated based on their merits and balancing them based on a blend of the following criteria:

- Mitigating municipal risk;
- Maintaining service levels;
- Achieving the Vaughan Vision initiatives, values, etc.

To accommodate the direction provided by the Finance & Administration Committee the logic behind the resource request prioritization has been adjusted to provide a more significant service level weighting. The results of this action are provided in attachment #1. If further budget reductions are required, the Finance & Administration Committee has the opportunity available to reconsider the additional resource requests and/or reestablish the funding line illustrated. The Committee should use the priority ranking provided and consider items starting at the bottom of the list. Although this action will result in budget reductions, it will also have an impact on the City's ability to deliver existing levels of service or key strategic initiatives.

Alternative 3 – Hospital Land Levy Phase in Strategy Reconsideration

There is an opportunity to reconsider the timing of the hospital land levy phase-in strategy and extend the phase-in approach by one year. This would effectively change the current strategy of a 1.36% tax rate increase over 2 years to a 0.91% tax rate increase over three years, 2011, 2012, and 2013.

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 28th, 2011.

Attachments

Attachment 1: 2011 Additional Resource Request List (Revised Prioritization).

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Respectfully submitted,

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City Manager

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Commissioner of Finance/City Treasurer

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Director of Budgeting and Financial Planning

Attachment #1: 2011 Additional Resource Request List (Revised Prioritization)

2011 Additional Resource Requests

Original Order	New Order	Note 1	Department	Description	# of Positions	2011 Net FTE	2011 Budget Change	Cum \$ Net Change	Tax Rate % Incr.	Cum Tax Rate % Incr.
2011 Base Budget Increase									1.08%	1.08%
Zero Budget Impact										
A1	A1		Engineering Services	Municipal Services Inspector	1	1.00	-	-	0.00%	1.08%
A2	A2	V	Dev./ Transp.Eng.	Spadina Subway TTC Sr. Eng. Asst. (Contract)	1	1.00	-	-	0.00%	1.08%
A3	A3		Building Standards	1 Plans Examiner (Zoning)	1	1.00	-	-	0.00%	1.08%
A4	A4		Building Standards	1 Clerk Typist D	1	1.00	-	-	0.00%	1.08%
A5	A5		Fleet	Filing Clerk (FT Conv.)	1	0.31	-	-	0.00%	1.08%
A6	A6	MP	Enviro. Sustain.	Sustainability Coordinator (Contract Conv.)	1	-	-	-	0.00%	1.08%
A7	A7		City Financial Services	Finance Business / Project Manager	1	1.00	-	-	0.00%	1.08%
A8	A8	V	Dev./ Transp.Eng.	Municipal Services Inspect.Erosion Sediment Control	1	1.00	-	-	0.00%	1.08%
Budget Impact										
1	1	V	Strategic Planning	Vision 2020 Strategic Plan Update	-	-	15,000	15,000	0.01%	1.09%
2	2	V	Legal Services	Junior Lawyer OMB Contract	1	1.00	30,444	45,444	0.02%	1.12%
3	3	MP	Fire & Rescue Services	7-10 Engine Crew (6 FF & 4 Cap) (Gapped)	10	3.33	326,715	372,159	0.24%	1.36%
5	4		Info & Tech.Management	ITM Security Analyst	1	1.00	99,888	472,047	0.07%	1.43%
4	5		Fire & Rescue Services	Mechanic - Emergency Vehicle Technician	1	1.00	56,674	528,721	0.04%	1.47%
9	6		Engineering Services	Administrative Assistant	1	1.00	75,348	604,069	0.06%	1.53%
8	7		Engineering Services	Manager of Traffic Engineering	1	1.00	125,527	729,596	0.09%	1.62%
10	8	MP	Recreation Culture	Vellore CC Fitness Centre Staff (Gapped)	2	0.17	14,471	744,067	0.01%	1.63%
6	9		Parks Ops	2 Park Attendants	2	2.00	45,210	789,276	0.03%	1.67%
7	10		Human Resources	Crossing Guard Coordinator (FT Conv.)	1	0.50	45,312	834,588	0.03%	1.70%
11	11		Enforcement Services	Licensing Enforcement Field Officer	1	1.00	39,493	874,082	0.03%	1.73%
12	12	S	Eco. Dev	Research Coordinator	1	1.00	75,473	949,555	0.06%	1.79%
13	13		Info & Tech.Management	Enterprise Data Architect	1	1.00	99,888	1,049,443	0.07%	1.86%
14	14		Buildings & Facilities	Mechanical Supervisor	1	1.00	110,945	1,160,388	0.08%	1.94%
15	15		Parks Ops	Assistant Foreperson (Horticulture)	1	1.00	97,788	1,258,177	0.07%	2.02%
16	16		PW / Roads	Roads Supervisor	1	1.00	108,545	1,366,722	0.08%	2.10%
19	17		Purchasing Services	Buyer	1	1.00	87,861	1,454,583	0.07%	2.16%
21	18		Enforcement Services	Property Standards Officer	1	1.00	86,988	1,541,572	0.06%	2.23%
20	19		Legal Services	Law Clerk	1	1.00	67,885	1,609,457	0.05%	2.28%
22	20		PW / Roads	Sign Crew (2 Equipment Operators)	2	2.00	104,393	1,713,850	0.08%	2.36%
23	21	MP	Budgeting & FP	Budget Analyst	1	1.00	100,788	1,814,638	0.07%	2.43%
24	22		Parks Ops	2 Temp Seasonal Employees	2	1.67	70,534	1,885,172	0.05%	2.48%
25	23		Recreation Culture	Special Events Coordinator	1	1.00	88,599	1,973,771	0.07%	2.55%
17	24	S	Human Resources	Learning & Dev.Specialist	1	1.00	89,375	2,063,146	0.07%	2.61%
18	25	MP	Recreation Culture	Diversity & Inclusivity Comm. Program	-	-	50,000	2,113,146	0.04%	2.65%
27	26	S	Human Resources	Recognition Awards	-	-	15,000	2,128,146	0.01%	2.66%
26	27	V	Access Vaughan	Citizen Service Representatives	2	1.38	93,388	2,221,534	0.07%	2.73%
26	28		Development Planning	Urban Design Awards Program	-	-	30,000	2,251,534	0.02%	2.75%
Total of ARR's Recommended by Senior Management Team					46	34.36	\$ 2,251,534		1.67%	

Total Tax Increase (1%=\$1,345,514)

2011 Base Budget Increase

Tax Increase due to ARR's 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