

COUNCIL MEETING FEBRUARY 10, 2003

2003 OPERATING AND CAPITAL BUDGETS

Recommendation

The Commissioner of Finance & Corporate Services in consultation with the Acting City Manager, the Senior Management Team, the Director of Budgeting and Financial Planning and the Director of Reserves and Investments recommends:

1. That the staff reports addressing the 2003 Operating and Capital Budgets contained in the following reports:
 - Report No. 82, Committee of the Whole (Special – Operating Budget);
 - Report No. 90, Special Committee of the Whole (Budget);
 - Report No. 4, Special Committee of the Whole (Budget);
 - Report No. 7, Special Committee of the Whole (Budget); and
 - Report No. 11, Special Committee of the Whole (Budget)

be received, the recommendations contained therein, including any directions to staff to achieve an average 2.0% tax rate increase, and directions for any action to be taken and/or report to be provided, be approved;

2. That the deputations from the public from the January 27, 2003 Special Committee of the Whole (Budget), Public Meeting, and their budget implications, be included for consideration in the 2004 Budget process; and
3. That a further staff report addressing the final tax levy, assessment growth and tax rate be provided to a future Council meeting.

Purpose

The purpose of this Council meeting is to approve the 2003 Operating and Capital Budgets.

Background - Analysis and Options

The Council approval of the 2003 Operating and Capital Budget is the culmination of a series of Special Committee of the Whole (Budget) meetings. The directions to staff arising from the Special Committee of the Whole (Budget) meetings have been incorporated in the 2003 Operating and Capital Budget.

2003 Operating Budget

The 2003 Operating Budget includes an average 2.0% tax rate increase, which is lower than the 3.5% annual Toronto CPI (inflation rate) to the end of December 2002.

The tax levy, assessment growth and tax rates, and their impact on the average residential property within Vaughan, cannot be finalized until the final assessment information is received and the Region establishes their property tax ratios relating to the Commercial/Industrial business sector. Once this information is reviewed and finalized, a further staff report will be provided to Council outlining the final tax levy, assessment growth and tax rates, and the impact to an average residential property within the municipality. The impact will depend on the individual current value assessment compared to the average across the City.

2003 is a Current Value Assessment year wherein property assessment values are updated to the current value as of June 2001. This will have no impact on the tax levy since the tax rate will be reduced in order to generate that same amount of tax levy as prior to the re-assessment,

however, it will impact the amount of taxes paid by an individual property owner. As mentioned earlier, further information will follow when the final assessment role is reviewed and analyzed.

The significant growth experienced by the municipality over the last few years has placed considerable pressure on the operating budget, primarily in the area of staff resources. The initial requests from departments to senior management were forty-seven, (47), new complement requests; these requests were reduced by senior management to twenty, (20), essential new complement requests. The methodology used to pare down the requests was to scrutinize each individual request and categorize them on the basis of risk and value added to the municipality. Of the twenty, (20), new complement requests, four, (4), were requested by the Special Committee of the Whole (Budget) for further review. Changes resulting from that review have been incorporated in the 2003 Operating Budget.

2003 Capital Budget

Capital projects are funded from four main sources: Development Charges, Reserves, Taxation and Long Term Debt. Approximately half of the 2003 Capital Budget is growth related and funded from development charges with the balance of funding being allocated to maintaining existing infrastructure. Cash flowing major parks and recreation infrastructure projects funded from development charges allowed the City to include additional projects that otherwise would have been deferred to a later date. It should be recognized that the result of this approach is a commitment of future funds to fully finance these projects. Projects identified for taxation funding are smaller non-growth projects that have no other source of financing, such as maintenance, repairs, traffic signalization, safety issues, technology, etc. Included in taxation funding is the 10% requirement under the Development Charges Act (DCA) for certain growth related services (Libraries, Parks, Recreational Facilities, Growth Studies and Vehicles). If Council approves the long-term debt incorporated in the 2003 Capital Budget, the level of debt will be within the 10% policy set by Council and within the Provincial requirements.

The Special Committee of the Whole (Budget), Public Meeting of January 27, 2003, received from the public requests and written submissions on the 2003 Capital Budget. Staff have reviewed these submissions and given the limited funding availability in 2003 recommend that these requests be forwarded to staff for consideration during the 2004 Capital Budget deliberations. Staff have made no amendments to the list of Capital projects presented at the January 27, 2003 public meeting. The 2003 Capital Budget recommended for Council approval remains at \$57.7 M.

Conclusion

Council approval of the 2003 Operating Budget, including an average 2.0% tax rate increase, and 2003 Capital Budget is recommended. A further staff report addressing the final tax levy, assessment growth and tax rate, including the impact to the average residential property will be provided to Council when available.

Attachments

None

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Respectfully submitted,

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Commissioner of Finance & Corporate Services