

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 1, Report No. 6, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on June 30, 2009.

1 INFRASTRUCTURE STIMULUS FUND – SHOVEL READY PROJECTS

The Budget Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager/Commissioner of Finance & Corporate Services, dated June 23, 2009:

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services in consultation with the Commissioner of Engineering and Public Works and the Commissioner of Community Services and the Director of Reserves & Investments recommends:

- 1) That the 2009 Capital Budget be amended to include the capital projects totaling \$30,227,600 with the identified funding listed on Attachment 1;
- 2) That the inclusion of the matter on a public Committee or Council agenda for the additional funding requested for the approved Infrastructure Stimulus Fund listed on Attachment 1 totaling \$30,227,600 is deemed sufficient notice pursuant to Section 2(1)(c) of By-law 394-2002; and
- 3) That the Mayor and Clerk be authorized to execute the necessary documents.

Contribution to Sustainability

Not applicable.

Economic Impact

This report, if approved, will increase the 2009 Capital Budget by \$30,227,600 with funding from Federal Government (\$10,092,539), Provincial Government (\$10,092,533), AMO Gas Tax Reserve (\$2,160,798), Road Infrastructure Reserve (\$1,999,382), Parks Infrastructure Reserve (\$652,083), Long Term Debt (\$4,580,266), and Building Infrastructure Reserve (\$699,998). The annual impact on future operating budgets commencing in 2012 as a result of the issuance of long-term debt is estimated at \$745,417.

Communications Plan

Both the Federal and Provincial government will be receiving quarterly progress reports on the status of each approved project. The details regarding other communication requirements will be provided in the formal agreements that have not been received.

Purpose

The purpose of the report is to advise Council on the status of the approved Shovel Ready projects approved by the Infrastructure Stimulus Fund, to amend the City's 2009 Capital Budget and obtain the necessary funding approval for the City of Vaughan share.

Background - Analysis and Options

The Federal Government in its January 27, 2009 Federal budget introduced four (4) funding programs that could be available to the City of Vaughan: Infrastructure Stimulus Fund; Green Infrastructure Fund; Recreational Infrastructure Canada; and Sectoral Competitiveness. In

.../2

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 1, Budget Report No. 6 – Page 2

preparation of future announcements staff prepared and Council at its meeting of March 23, 2009 approved a list of shovel ready projects for the four (4) funding programs totaling approximately \$42m as supported in Attachment 2, 3 & 4. If these projects received approvals, the projects would be co-funded one third grant funding from both Federal and Provincial levels of government and one third municipal funding. The application window for these programs was announced April 14, 2009 with a submission deadline of May 1, 2009.

The City of Vaughan submitted 214 projects for roads, municipal buildings, green infrastructure, parks and park trails totaling approximately \$43m.

On June 5, 2009, the Federal and Provincial Government announced the listing of successful projects that are receiving federal and provincial funding under the Infrastructure Stimulus Fund. Of the 214 projects submitted by the City of Vaughan, 174 were approved totaling \$30,227,600. The City of Vaughan municipal funding share is \$10,092,527. Attachment 1 provides a summary of projects approved under the Infrastructure Fund as well as identifying proposed municipal funding for each project. All projects approved by the stimulus funding are required to begin and materially end construction prior to March 31, 2011. Should this condition of funding not be met, the government of Canada and Ontario shall have the right to cancel funding in whole or in part and further, the government of Canada and Ontario shall have the right to be repaid any funding advanced, in whole or in part, for any projects that is not completed by the end of the program. In addition, the Federal and Provincial ministries responsible for the funding, pending consultation with the funding recipients, may cancel funding for any project that has not begun construction within sixty (60) days of its start date. The City of Vaughan will be required to submit progress reports every three (3) months until project completion or more frequently, if requested.

Given the stringent program timelines, staff from Engineering, Parks, Buildings & Facilities and Purchasing will give top priority to these projects. Previously approved capital projects that are not at RFP, Quote or tendering stage may be delayed to allow the expediting of infrastructure stimulus fund projects. Also departments have taken steps to retain consultants so projects can be started quickly.

Inclusion of the approved Infrastructure Stimulus Fund capital projects in the 2009 Capital Budget constitutes an amendment to the 2009 Capital Budget. Before amending a budget, the municipality shall give notice of its intention to amend the budget at a Council meeting. Given the sensitive timeline of this program, By-law 394-2002, Section 2(1)(c) provides that Council may choose other public notice be given which may be for a longer or shorter period or is a different form that Council considers adequate to give reasonable notice.

Therefore staff recommend that the inclusion of the matter in a staff report requesting additional funding or a public Committee or Council agenda is deemed sufficient notice pursuant to Section 2 (1) (c) of By-law 394-2002 as these projects have previously been prioritized and approved by Council.

Relationship to Vaughan Vision 2020/Strategic Plan

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

Regional Implications

Not applicable.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 1, Budget Report No. 6 – Page 3

Conclusion

Should Council concur with this proposed funding, this action would be considered as an amendment to the 2009 Capital Budget. Pursuant to the Municipal Act 2001, before amending a budget, a municipality shall give notice of its intention to amend the budget at a Council meeting. Given the stringent program timelines, it is recommended that the inclusion of the matter in a staff report requesting additional funding on a public Committee or Council agenda is deemed to be sufficient notice pursuant to Section 2(1)(c) of By-law 394-2002.

Attachments

Attachment 1 – Infrastructure Stimulus Fund Approved Projects
Attachment 2 – Shovel Ready Projects
Attachment 3 – Pavement Management Program – Phase 1
Attachment 4 – Pavement Management Program – Phase 2

Report prepared by:

Ferrucio Castellarin, CGA
Director of Reserves & Investments
Ext. 8271

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 2, Report No. 6, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on June 30, 2009.

2

VOLUNTARY DAYS OFF WITHOUT PAY

The Budget Committee recommends approval of the recommendation contained in the following report of the City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, and the Commissioner of Legal and Administrative Services, dated June 23, 2009:

Recommendation

The City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services and the Commissioner of Legal and Administrative Services in consultation with the Senior Management Team recommend:

- 1) That the City of Vaughan establish a corporate program that allows staff to take voluntary days off without pay; and
- 2) That the Vaughan Public Libraries be requested to participate in the program.

Contribution to Sustainability

Not applicable.

Economic Impact

The impact is uncertain at this point in time.

Communications Plan

Human Resources will develop the specifics of the program and communicate that to staff.

Purpose

The purpose of this report is two-fold. First, the voluntary time days off without pay provides an opportunity for staff that could benefit from additional time off (i.e. new employee with limited vacation entitlement). Second it provides an opportunity to reduce the costs.

Background - Analysis and Options

In the past, the City has had a formal voluntary time off without pay program. Although the opportunity continues to exist for staff to request time off without pay, it is not corporately promoted. The objective of the report is to actively promote and support the program corporately across the City. The expectation is that this program will continue on a permanent basis. Participation is subject to maintaining levels of service and management approval.

Vaughan Public Libraries will be advised of this initiative and requested to participate.

Relationship to Vaughan Vision 2020/Strategic Plan

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

Regional Implications

Not applicable.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 2, Budget Report No. 6 – Page 2

Conclusion

A human resources strategy has been developed as part of the Vaughan Vision. This program provides an opportunity that we hope will be of benefit to some employees.

Attachments

None

Report prepared by:

Clayton Harris
Deputy City Manager/
Commissioner of Finance & Corporate Services

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 3, Report No. 6, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on June 30, 2009.

3

STRATEGY – NON TAXATION REVENUES

The Budget Committee recommends approval of the recommendation contained in the following report of the City Manager and the Deputy City Manager/Commissioner of Finance & Corporate Services, dated June 23, 2009:

Recommendation

The City Manager and Deputy City Manager/Commissioner of Finance & Corporate Services in consultation with the Senior Management Team and the Manager of Economic Development recommends:

That the Economic Development Department issue an Request for Proposal (RFP) to retain appropriate expertise to identify and assess advertising, promotion and marketing revenue opportunities by utilizing corporate assets throughout the municipality and develop a strategy.

Contribution to Sustainability

Not applicable.

Economic Impact

The net impact is uncertain at this time.

Communications Plan

The Purchasing Department will advertise this RFP on its electronic tendering networks, in accordance with corporate policies.

Purpose

To seek Budget Committee approval to proceed with issuing an RFP to retain appropriate expertise.

Background - Analysis and Options

Traditionally municipalities in Canada have relied on taxation to fund the majority of their programs and services. As we move forward and particularly in these current economic times, municipalities must increasingly seek out other sources of revenue.

To date, staff has extensively utilized user fees associated with services, programs and facilities. In addition, Departments have utilized sponsorships to fund City events, e.g. Concerts in the Park, the Tourism program and the sale of advertising space.

Some private, institutional and public sectors have employed a diverse set of revenue-generating opportunities with significant results. These opportunities include naming rights, signage, product placements, advertising on vehicular assets, website, co-branding, exclusivity agreements, supplier agreements, loyalty programs, event sponsorship, etc. These opportunities should be fully explored as potential revenue opportunities for the City.

The shifting of the burden from tax support to other revenues requires a comprehensive approach. An assessment and strategy needs to be prepared that explores opportunities and

.../2

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 3, Budget Report No. 6 – Page 2

proposes a comprehensive strategy to secure appropriate revenues that can provide for ongoing, multi-year funding to the municipality. The project would also include developing criteria around the appropriateness and sensitivities of various types of advertising and promotion in the City (i.e. subject matter, location, appearance, etc.).

Relationship to Vaughan Vision 2020/Strategic Plan

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

Regional Implications

Not applicable.

Conclusion

Advertising and corporate sponsorship has the potential to represent a significant source of additional revenue for the City of Vaughan. The City has a large amount of building infrastructure, parkland, and other assets that could be of interest to advertisers and in turn generate revenue for the City. Approval of a study on revenue generating opportunities would be a prudent and proactive approach to lessening the tax burden on Vaughan citizens.

Attachments

None

Report prepared by:

Shirley Kam, Manager of Economic Development

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Report No. 6, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on June 30, 2009.

4 RESPONDING TO THE ECONOMIC SLOW DOWN 2010 OPERATING BUDGET & BUSINESS PLANNING GUIDELINES

The Budget Committee recommends approval of the recommendation contained in the following report of the City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, and the Director of Budgeting & Financial Planning, dated June 23, 2009:

Recommendation

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

- 1) That the 2010 Operating Budget & Business Planning Guidelines, summarized in this report be approved;
- 2) That Attachment #1 – 2010 Operating Budget Timetable, be approved.

Contribution to Sustainability

Sustainability seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future. Budgeting is the process of allocating resources based on established priorities. Responsible budgeting allocates resources in a way that balances current requirements with those of the future, not at the expense of the future.

The approach to the 2010 operating budget seeks to minimize the current year requirements, while meeting the requirements of sustainability. Specific actions included in the 2010 operating budget guidelines include:

- i) Reducing specific budgets below 2009 levels;
- ii) Freezing the majority of budgets at 2009 levels;
- iii) Introducing voluntary time-off without pay;
- iv) Evaluating vacant staff positions prior to recruitment;
- v) Develop a strategy to increase non-taxation revenues.

Collectively these actions will reduce the requirement to increase taxes.

Economic Impact

The economic impact of the 2010 Operating Budget will be fully determined after receipt of the departmental operating budgets.

Communications Plan

Departments will receive the budget guidelines, instruction package and timetable shortly after the 2010 operating budget guidelines are approved by Council. In addition, working sessions will be offered to assist departments in preparing their departmental budgets. It should be noted, the 2010 timetable is very aggressive and success is highly dependant on departments submitting complete budgets on the dates presented.

As part of the budget process and integral to building the budget, opportunities for pubic consultation and input will be available and appropriate notice provided. These opportunities consist of the following:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 2

- ❖ A budget forum and online survey early in the process
- ❖ Public Budget Committee meetings held throughout the process
- ❖ A public input meeting prior to final budget approval

In addition to the above, the City of Vaughan is undertaking a number of strategic initiatives which incorporate significant public engagement. Although separate processes, public feedback obtained at these events will migrate into the budget decision making process.

Purpose

The purpose of this report is to obtain the Budget Committee's approval for the 2010 operating budget & business planning timetable and guidelines. The approach, guidelines and actions recommended represent prudent management practices and are appropriate given the demand for services is increasing, while at the same time there is an economic slow down in the economy.

Background - Analysis and Options

The Economic Challenge

Over the past year, North America has witnessed one of the worst recessions since the 1930's, characterized by stock market meltdowns, bankruptcies, and high unemployment rates. Fortunately, the City of Vaughan is able to weather this economic storm as a result of the City's very strong financial position, resulting from the City's long standing dedication to financial management through progressive best practices and prudent policies. In this regard the City of Vaughan has been very successful. Vaughan has consistently had the lowest property tax rate in York Region and remains one of the most affordable municipalities in the Greater Toronto Area while providing high quality services to the community.

However, the economy is still uncertain and only beginning to slowly show signs of recovering. As a result, many families and businesses are financially burdened by the lingering recession and depending more than ever before on municipal services. This poses a critical dilemma for Vaughan, as the City continues to be subject to many factors that put significant strain on the property tax rate in order to maintain the level of service offered (e.g. inflation, growth, collective agreements, contract escalation costs, fluctuating revenues, emerging legislative requirements, etc.). The impacts of these pressures are permanent and require continuous funding solutions, typically taxation. This situation presents significant challenges to the City in this very difficult economic time. The City has always considered increasing taxes as a last resort and through prudent policies, tight budget guidelines and strong leadership the City will continue to offer residents tremendous value for the lowest possible tax rate.

Guidelines designed to provide the lowest possible tax increase

For several years, the City's rigorous budgetary process has focused on containing costs and implementing best practices, with the goal of demonstrating leadership in financial management. This year's Budget guidelines continue to build on those core values, prudent processes and successful business practices. Vaughan has always taken the management and stewardship of public funds very seriously and due to the current economic environment the City's approach to the annual operating budget will have an even greater focus on financial constraint and tightening the budget. This will be accomplished through the following 10 actions:

Cost Containment Actions

1. Freeze most account budgets at 2009 levels
2. Reduce selected budgets below 2009 levels
3. Vacancy evaluation prior to recruitment

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 3

4. Voluntary time off without pay
5. Zero impact adjustments
6. Strict process to evaluate funding requests
7. Thorough multi-layered review process

Business Improvement Actions

8. Explore opportunities through service reviews & continuous improvement
9. Reinforce strategic priorities through business planning and measures
10. Increase revenue through user fee reviews
11. Early and continuous public participation

Under the guidelines, departments are only permitted to include very specific increases, typically related to predetermined agreements, contracts or Council approvals. There is no across the board increase for inflation and no automatic increase for new staffing. The objective of the guidelines is to provide the lowest possible tax increase while maintaining the City's service levels. Further details with respect to each of the actions are provided in the following sections.

1. Freezing Budgets at 2009 levels

For the 2010 Budget, all account budgets will be *frozen* to 2009 budget levels with the exception of established commitments and pre-defined external pressures. This action will limit the budget increase to the following items:

- Council approved employment agreements;
- Full year impact of prior year decisions;
- Council authorized recommendations;
- Supported external service contract commitments;
- Established utility & insurance increases, where justified;
- Debenture obligations; and
- Defined corporate contingency items.

Additional flexibility in preparing the Recreation budget is required due to fluctuating enrollment numbers, program selections, and community needs. The Recreation budget will be prepared in accordance with established policies and aim to maintain or improve the Recreation department's overall net position and category thresholds.

To ensure that all financial requests are captured and assessed within the approved operating budget process, all items containing an economic impact during the annual budget process are to be submitted to the Budget Committee for review and recommendation before Council consideration.

2. Specific Budget Reductions Below 2009 Levels

Recognizing that most residents are faced with cutting back on household spending, the guidelines incorporate the reduction of selected expense budgets. This opportunity is fairly limited as most expenses are rigid and cutting too deeply can negatively impact on the services provided to the community. However, given the current economic environment it is necessary to signal that we are taking the economic crisis seriously and reducing budgets. The following accounts will receive an across the board reduction of at least 10%.

- ❖ Meals
- ❖ Overtime
- ❖ Furniture
- ❖ Sundry
- ❖ Travel

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 4

3. Vacancy Evaluation

As part of the effort to address the budget challenge, the City has initiated a process to manage staff vacancies as they arise. Through this process, vacancies are evaluated to determine which positions will be filled and which positions will be put on hold. To ensure this evaluation occurs managers must obtain authorization from the City Manager before a staff position can be posted.

4. Voluntary Time-off Without Pay

The City will be providing an opportunity to staff to take voluntary time-off without pay. Granting time-off without pay will be at the discretion of management and dependant on work loads and other business circumstances. Impacts associated with this program will be discussed with departments while reviewing their budget submissions.

5. Zero Impact Adjustments

Reclassifications and reallocations in non-labour related accounts are only permitted if they result in a zero impact on the budget. Furthermore, these adjustments are limited to better reflecting the true nature of the expense or more accurately aligning account budgets. There are no impacts associated with these adjustments and the intent is to refine departmental budgets. As part of the budget process reallocations/reclassification will be reported, demonstrating a neutral impact.

6. Strict Process to Evaluate Funding Requests

Under the above guidelines, departments are only permitted to include very specific predetermined increases in their budget. To the extent a department requires additional resources, a separate business case must be submitted detailing strategic links, costs & benefits, implications & consequences, success indicators, timelines, etc. These are referred to as **Additional Resource Requests (ARR)** and will be individually vetted, based on their respective merits, through the Senior Management Team, Budget Committee, and Council. Council approval is specifically required for new staff resources, a change in service levels, or new initiatives. Requests are limited to items in excess of \$10,000 or having a net neutral or positive impact. Only requests approved by Council will be included in the 2010 budget.

The process will separate the Operating Budget into the following two classifications:

- o Base Budget – Budget based on approved guidelines – Minimal tax increase.
- o Additional Resource Requests – Essential funding requests not permitted through the guidelines requiring Council review and approval.

The objective of the base budget combined with the additional resource requests is to identify the minimum resources that are required to maintain the City's service levels.

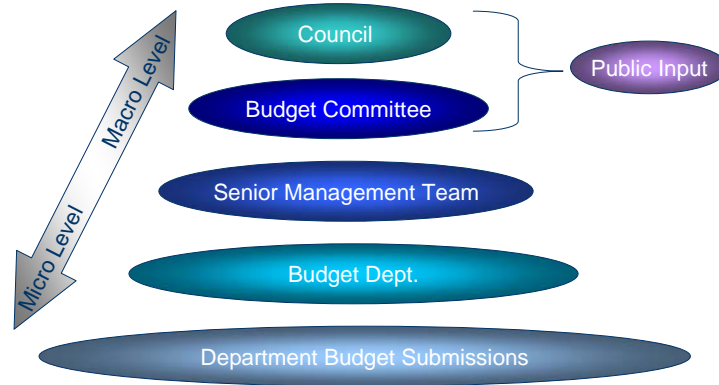
7. Thorough Multi-layer Review Process

It should also be noted that the Budget Process has a very thorough review process and the proposed 2010 budget will consist of many decisions resulting from a variety of review sessions. Illustrated below are the various layers of review that occur within Vaughan's budget process.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 5



As part of the process, staff will diligently undertake various tasks to analyze the operating budget to ensure conformity with the approved operating budget guidelines. Examples include analyzing submissions for budget & business planning guideline and corporate policy compliance, major department increases, specific expenditure types, historical spending trends, department user fee recovery ratios, tax rate implications, overall budget reasonability, adhoc requests, etc.

8. Explore Opportunities Through Service Reviews & Continuous Improvement

As we continue to navigate through these challenging times, it is important to develop creative ways to reduce costs, improve efficiencies, and explore revenue opportunities. Taking these steps will help to mitigate the budget pressures the City is facing. This corporate action consists of two separate and unique processes:

❖ Department Suggestion Program

Through the annual budgeting and business planning process, departments are requested to submit ideas and suggestions to reduce costs, improve efficiencies, eliminate duplication, generate revenues, etc. A form will be added to the department budget package to capture these ideas to be further explored and considered.

❖ Continuous Improvement & Service Reviews

The Audit and Operational Review Committee's mandate was recently expanded to include:

- Departmental reviews;
- Structural, functionality, and efficiency reviews; and
- Overall management review

As part of this mandate, a Continuous Improvement Program (CIP) was recently initiated, which is a process the City uses to drive process improvement and continuously identify opportunities the City can benefit from.

9. Increase Revenue Through User Fee Reviews

Another opportunity to minimize a tax increase is to maximize revenue generation through user fees and service charges. It is important to emphasize that any reduction in a user fee or service charge cost recovery ratio will have a corresponding direct impact on the City's levy. Therefore, to minimize any impact on the City's tax rate it is important to sustain or improve revenue/cost relationships. In addition to adjusting revenues for anticipated changes in activity, departments will be required to review user fees and service charges and perform the following:

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 6

- ❖ Increase user fees and charges in relation to department cost increases
- ❖ Submit new user fee and service charge opportunities

As a default, it is anticipated that department user fees & service charges will increase at minimum, by the rate of inflation, in 10 cent increments, unless justification for no increase is otherwise specified. The Statistics Canada Ontario inflation rate increased 1.8% for the 12 month period ending March 2009. The 5 year historical average is approximately 1.9%.

The above actions will be submitted for Senior Management review and Council approval.

10. Reinforce Strategic Priorities Through Business Planning and Measures

Business Plans will continue to be integrated as part of the 2010 Operating Budget Process to help establish and reinforce connections between strategic priorities, Vaughan Vision 2020, and resource allocation. This information compliments the budget process and plays an important role in evaluating department base budget efficiency, effectiveness and productivity through the use of performance measures. Business Plans will also greatly assist Senior Management and the Budget Committee in their budget deliberations by providing a platform to better understand department objectives, pressures and the basis for additional resource requests. This is an important step towards aligning budgets with Vaughan Vision strategic goals, objectives, and priorities. The Senior Manager of Strategic Planning will be intricately involved with this process and assist with updates and refinements to existing business plans.

New to the 2010 business planning process are the following:

- ❖ Performance measurement data will now include estimates for 2009 & 2010 and a performance level standard or best practice. This will align the measures with the budget year and provide a reference point for stakeholders to better understand the department's situation.
- ❖ In addition, a section on future pressures and opportunities will be included. This information will help provide a context to illustrate initial and future challenges facing the department as well as potential opportunities to improve the business.
- ❖ Slight changes to the template may be required, but the overall content will remain relatively unchanged.

11. Early and Continuous Public Participation

Public involvement throughout the budget process will be a key element of building the budget and consists of the following:

Early Consultation - Public Consultation will be held early in the budget process to gather community input, which will assist in building the budget. The framework & subject matter of the forum will be relatively consistent with what was offered in the past and focus on the following:

- ❖ Educate and inform the public regarding city services, the cost of those services, municipal issues and their relationship with property taxes; and
- ❖ Obtain input and feedback from the public with respect to the local services provided, community priorities, and options to address the challenge.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 7

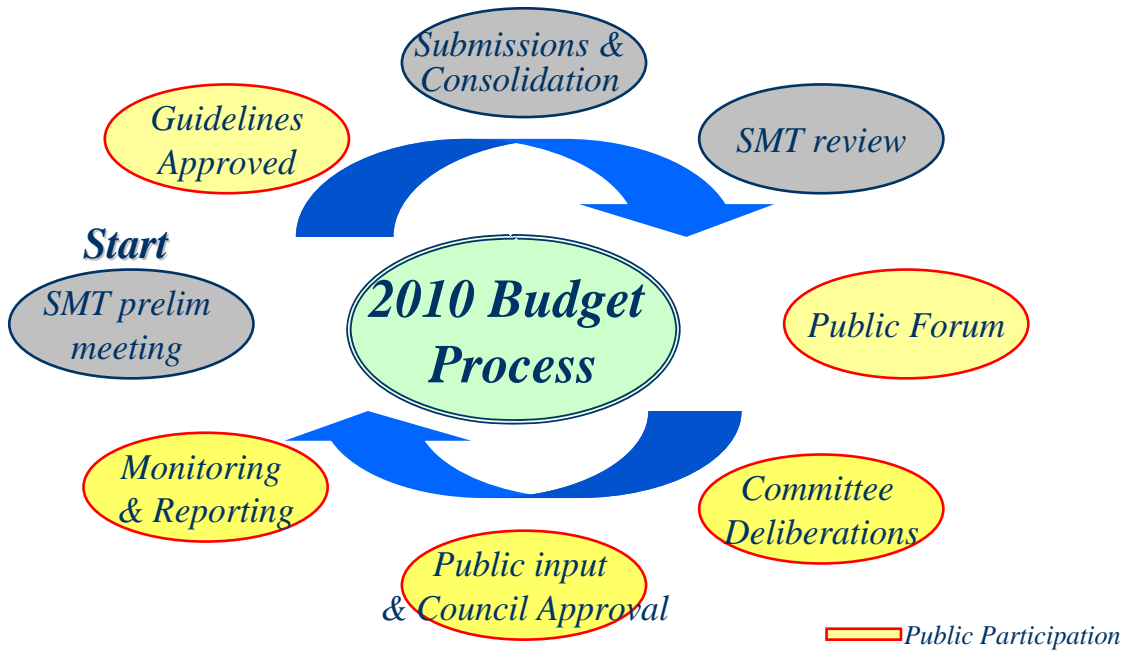
The event will be held at the Civic Center, which will be recorded and made available on the City’s website for viewing. To obtain additional feedback, a questionnaire will be developed and provided at both the forum and on the City’s website. The public forum and online content will be heavily promoted in various media sources at least three weeks in advance. The initial setup will require support from ITM and Corporate Communications. Responding to public input will require an involvement and collaboration from all City departments. Forum results will be reported to Budget Committee early in the budget process.

Continuing Opportunity for Input - In addition to the Budget Forum, Budget Committee meetings will begin in November and continue throughout the process. These are public meetings and they offer an opportunity for the community to provide input. All Budget Committee meeting recommendations are forwarded to Council, where the public can also provide input into the decision making process.

In addition to the above, the City of Vaughan is undertaking a number of strategic initiatives which incorporate significant public engagement. Although separate processes, public feedback obtained at these events will migrate into the budget decision making process.

Final Approval – In addition to these meetings, a Special Council meeting will be held to provide the public a final opportunity to comment on the Proposed 2010 Operating Budget. Illustrated below are the steps in the budget process that involve the public.

Public Participation in the Budget Process



Operating Budget Timetable

Staff anticipate bringing forward the first draft of the 2010 Operating Budget to the Budget Committee in early November with the intention of a Budget Committee recommendation late December and Council approval in January 2010. Efforts will be made to adhere to the timeline, but any issues raised during the 2010 Operating Budget Process could potentially impact the illustrated timeline. A timetable is enclosed as Attachment #1. Senior Management Team and Budget Committee meeting dates are currently being scheduled to accommodate this timeline.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

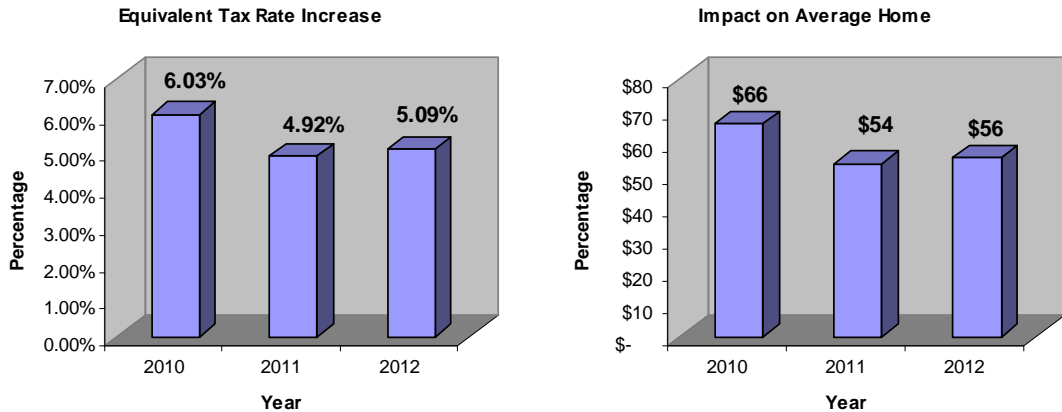
Item 4, Budget Report No. 6 – Page 8

Future Outlook

As mentioned in the opening paragraph, the City of Vaughan continues to be subject to the many factors that put significant pressure on the property tax rate. The impacts of these pressures are often permanent and therefore require long-term funding solutions to ensure public services are sustainable in the future. To illustrate these pressures, a preliminary basic 3 year outlook is provided below. It is important to note that the preliminary outlook is based on general assumptions and trends and excludes impacts associated with initiatives to reduce the budget, future master plan recommendations, and the recommended infrastructure funding strategy. Again, the information illustrated below is a projection and intended to provide an indication of the accumulating pressures Vaughan is facing and the challenges that lay ahead.

2010 will be particularly challenging as general operation pressures will be magnified by the anticipated new Fire Station 7-10 in the north east quadrant, the annualized impact of the North Thornhill Community Centre, and the opening of the New Civic Centre.

**Future Outlook
3 Year Preliminary Forecast**



Major Upcoming Pressures

2010	2011	2012
LTD North Thornhill CC Fire Station 7-10 (half year) Civic Centre	LTD Fire Station 7-10 (full year) Civic Centre (full yr impact) Pow erstream Lease Expiry	LTD Resource Library 2% Building & Facility Contr.- Block 11

Continued Budget Process Improvements

The Budget Department strives to continuously improve the operating budget process. A strong emphasis is placed on reviewing processes and creating refinements that add value by making the process easier and more informative. Many of these improvements lead to greater efficiencies, thereby allowing management and front line staff to focus more on core operations, planning, budget review and decision making. To that end, some of the more recent significant process improvements for the operating budget process include:

- o Providing departments adequate time to prepare their budget submissions (8 weeks) ;
- o Moving the budget timeline forward to obtain an earlier budget approval

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 4, Budget Report No. 6 – Page 9

- Initiating performance measurement estimates and a performance level standard/best practice to align the measures with the budget year and provide a reference point for stakeholders to better understand the department's situation.
- Developing prioritization models to assist SMT in decision-making
- Partnering with Purchasing and Departments to pre-calculate & automate contract impacts;
- Evaluating the budgeting software system to determine if the City's needs are being met.
- Re-formatting the Budget Book in an effort to improve it as a communications tool.
- Greater emphasis on future financial planning rather than administering the budget process;

Relationship to Vaughan Vision 2020

This report is consistent with Vaughan Vision 2020's long term goal of financial stability through the design of operating budget guidelines intended to produce a responsible budget. The necessary resources have not yet been approved and will be addressed throughout the 2010 Operating Budget deliberations.

Regional Implications

N/A

Conclusion

The 2010 Operating Budget Timetable and Guidelines requires Budget Committee to provide a recommendation to Council in December of 2009 and a public meeting be held in January 2010, followed by Council approval. The enclosed guidelines are presented to provide the lowest possible tax rate increase while maintaining service levels and supporting Vaughan's vision.

Attachments

Attachment No. 1 – 2010 Operating Budget Timetable

Report prepared by:

Clayton Harris, CA
Deputy City Manager/Commissioner of Finance & Corporate Services

John Henry, CMA
Director of Budgeting and Financial Planning

Ursula D'Angelo, CGA
Manager of Operating Budget

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 5, Report No. 6, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on June 30, 2009.

5 2010 CAPITAL BUDGET TIMETABLE

The Budget Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Reserves & Investments, dated June 23, 2009:

Recommendation

The Deputy City Manager/Commissioner of Finance & Corporate Services and the Director of Reserves & Investments in consultation with the City Manager and the Senior Management Team recommends:

That the attached 2010 Capital Budget Guidelines & Procedures and the 2010 Capital Budget Timetable be approved.

Contribution to Sustainability

This is not applicable to this report.

Economic Impact

There is no economic impact as this is an information item.

Communications Plan

Public Notice of Community Input Meetings will be required in October to inform the public of the dates, times and locations. The Region of York and School Boards will also need to be notified in advance of these dates in order to participate in the presentations.

Purpose

The purpose of this report is to inform the Budget Committee of the 2010 Capital Budget Timetable.

Background - Analysis and Options

The City of Vaughan Capital Budget process provides a forum for long-term planning and establishing construction and service priorities for the future. The proposed guidelines provide stability and balances the need for service with affordability and the requirement to meet the changing economic conditions.

In preparing the 2010 Capital Budget, departments should focus on projects that maintain a standard of repair and maintenance, general efficiency, generate cost savings and the availability of staff resources to complete their capital plan. The objective is to receive public input through Community Budget Forums in October followed by a report to the Budget Committee in December for Council approval early February 2010. The purpose of the Community Budget Forum is two-fold: to educate and inform the public and to solicit input from the public into the budget by engaging them in the community. The benefit of this timeline is to allow the tendering and construction process to commence early in 2010 to obtain lower bid prices.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 30, 2009

Item 5, Budget Report No. 6 – Page 2

The 2010 Capital Budget Guidelines & Procedures (Attachment 1) and the 2010 Proposed Capital Budget Timetable (Attachment 2) have been prepared with the objective of an early 2010 approval. All capital projects will be reviewed within the applicable funding source(s) based on the criteria outlined in the 2010 Capital Budget Guidelines & Procedures, corresponding reserve by-laws where applicable and all City of Vaughan financial policies.

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council in Vaughan Vision 2020; particularly Ensure Financial Sustainability.

Regional Implications

See Communications Plan.

Conclusion

Budget Committee review and approve the proposed 2010 Capital Budget Timetable.

Attachments

Attachment 1 – 2010 Capital Budget Guidelines & Procedures

Attachment 2 – 2010 Capital Budget Timetable

Report prepared by:

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)