

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF NOVEMBER 15, 2016

Item 2, Report No. 12, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on November 15, 2016.

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OTHER MATTERS CONSIDERED BY THE COMMITTEE

2.1 DRAFT 2017 BUDGET AND 2018 PLAN

The following action was taken by the Finance, Administration and Audit Committee:

- 1) The report of the Chief Financial Officer and City Treasurer and the Director of Financial Planning & Development Finance & Deputy City Treasurer dated November 7, 2016, was referred to the November 14, 2016, Finance, Administration and Audit Committee meeting to continue deliberations;
- 2) The presentation by the Chief Financial Officer and City Treasurer and Communication C1, presentation material titled "*Draft 2017 Budget and 2018 Financial Plan*", dated November 7, 2016, was received; and
- 3) The following deputations were received:
 1. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg;
 2. Ms. Marlene Brickman, Bialik Hebrew Day School, Ilan Ramon, Vaughan;
 3. Mr. Kevin Hanit, Queensbridge Drive, Concord; and
 4. Mr. Carmine Melfi, Dianawood Ridge, Woodbridge.

Report of the Chief Financial Officer & City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer, dated November 7, 2016

Recommendation

The Chief Financial Officer and City Treasurer and the Director of Financial Planning & Development Finance and Deputy City Treasurer, in consultation with the City Manager and the Senior Management Team recommend:

1. That the presentation on the DRAFT 2017 Budget and 2018 Plan be received;
2. That for user fee and service charges:
 - a. The schedule outlined in Attachment #3 be approved; and
 - b. That the necessary by-laws be passed with effective dates of January 1, 2017;
3. That the list of capital projects together with their total costs outlined in Section 10.4 of the Draft 2017 Budget and 2018 Plan, be approved subject to annual capital funding and the 2018 capital list be recognized;
4. That the draft 2017 operating and capital spending authority be approved and the 2018 plan be recognized as outlined:
 - a. **City Council** (Draft Budget Book page 68)
 - b. **Integrity Commissioner** (Draft Budget Book page 70)
 - c. **Internal Audit** (Draft Budget Book page 72)

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- d. **Office of the City Manager** (Draft Budget Book page 74)
- e. **Human Resources and Legal Services Portfolio** (Draft Budget Book page 76), which includes the following departments:
 - i. Office of the Chief Human Resources Officer (Draft Budget Book page 80)
 - ii. Office of the City Solicitor (Draft Budget Book page 84)
- f. **Community Services Portfolio** (Draft Budget Book page 91), which includes the following departments:
 - i. Access Vaughan (Draft Budget Book page 95)
 - ii. Recreation Services (Draft Budget Book page 98)
 - iii. Facility and Maintenance Services (Draft Budget Book page 105)
 - iv. Vaughan Fire and Rescue Services (Draft Budget Book page 111)
 - v. By-Law & Compliance, Licensing and Permit Services (Draft Budget Book page 116)
- g. **Planning & Growth Management Portfolio** (Draft Budget Book page 121), which includes the following departments:
 - i. Development Planning (Draft Budget Book page 126)
 - ii. Development Engineering and Infrastructure Planning (Draft Budget Book page 132)
 - iii. Economic Development and Culture Services (Draft Budget Book page 158)
 - iv. Policy Planning and Environmental Sustainability (Draft Budget Book page 139)
 - v. Building Standards (Draft Budget Book page 145)
 - vi. Parks Development (Draft Budget Book page 151)
- h. **Public Works Portfolio** (Draft Budget Book page 162), which includes the following departments:
 - i. Infrastructure Delivery (Draft Budget Book page 167)
 - ii. Environmental Services (Draft Budget Book page 174)
 - iii. Transportation Services, Parks and Forestry Operations (Draft Budget Book page 180)
 - iv. Fleet Management Services (Draft Budget Book page 188)
 - v. Corporate Asset Management (Draft Budget Book page 193)

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- i. **Office of the City Clerk** (Draft Budget Book page 198)
 - j. **Office of Corporate Communications** (Draft Budget Book page 202)
 - k. **Office of Corporate Initiatives and Intergovernmental Relations** (Draft Budget Book page 204)
 - l. **Office of the Chief Financial Officer and City Treasurer** (Draft Budget Book page 208)
 - m. **Corporate** (Draft Budget Book page 214)
 - n. **Office of the Chief Information Officer** (Draft Budget Book page 216)
 - o. **Office of Transformation and Strategy** (Draft Budget Book page 221)
 - p. **Vaughan Public Libraries** (Draft Budget Book page 226)
5. That the creation of a Public Art Reserve and a Public Art Maintenance Reserve as outlined in the Draft Budget Book Page 58 be approved; and
6. That this matter and any comments received be referred to the next Finance, Administration and Audit Committee to continue deliberations.

Contribution to Sustainability

The City's multi-year budget and financial plan contribute to sustainability by allocating resources to deliver the City's programs and services, achieve the priorities set out in the Term of Council Service Excellence Strategy map, and achieve long-term financial sustainability.

Economic Impact

Tax rate increases set to a maximum of 3 per cent annually for the next three years.

At the January 12, 2015 meeting of the Finance, Administration and Audit Committee, the following Committee recommendation was received and subsequently approved at Council:

That recognizing the community's need for fiscal restraint, over the next few months the Finance, Administration and Audit Committee and City staff shall be directed to work toward a set target not to exceed 3% per annum for the period of 4 years.

If adopted as presented, the current DRAFT 2017 Budget and 2018 Plan would have the following economic impacts, consistent with Council's direction:

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Table1: DRAFT 2017 Budget and 2018 Plan

\$M	2017 Budget	2018 Plan
Gross Operating	277.1	289.9
Non-Tax Revenue	89.7	89.8
Net Operating	187.4	200.1
Less: Assessment Growth	1.6	3.2
Less: Supplemental Taxation & PIL	5.8	5.8
Less: Efficiency Target		5.5
Net Levy Requirement	180.1	185.6
Incremental Levy Requirement	5.3	5.5
Incremental Tax Rate	3.00%	3.00%

Communications Plan

A comprehensive multi-channel public communications plan has been developed to support the budget and to help ensure that Vaughan residents have opportunities to be informed and involved in the budget process.

The following key themes resonate throughout all budget promotional materials:

- Keeping taxes low
- Maintaining services
- Ensuring open, transparent process

The communications plan includes a mix of communications channels to ensure all residents can be informed and involved in their preferred format: Print / Online / In-person. Communications tactics include:

- Print material (flyers and posters)
 - Distributed to community centres, seniors centres, libraries
- Redesigned advertisements, including meeting dates, times and topics to be covered
- Media outreach
- Public meetings that are also streamed online
- Enhanced web content
- Online feedback form
 - Feedback received will be incorporated into presentations at FAA meetings
- eCommunications (social media, eNewsletters)

Public meetings of the Finance, Administration and Audit Committee will occur on three out of four Monday evenings in November:

Monday, November 7, 2016	Tabling of Budget and overview presentation
Monday, November 14, 2016	Departmental Reviews and Public Deputations
Monday, November 28, 2016	Expected recommendation to Council
Tuesday, December 13, 2016	Special Council to approve the Budget

Purpose

The purpose of this report is to present the Finance, Administration and Audit Committee with the DRAFT 2017 Budget Book that outlines the DRAFT 2017 Budget and 2018 Plan and the corresponding tax adjustments that, if adopted, would occur for the average Vaughan household.

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The November 14 meeting of the Committee is intended for specific discussion relating to Recommendation 4 above.

Background - Analysis and Options

Financial Sustainability: Always a Key Priority

The objective of the City's financial planning process is to develop a multi-year budget that balances the need to maintain existing services, accommodate growth requirements and undertake corporate initiatives against the City's capacity to fund them. The City's financial management policies and practices are based on best practices to maintain the City's strong financial position.

Fiscal Challenge

As the City moves forward, financial sustainability must continue as one of Vaughan's key priorities. With Council-mandated tax rate increases of not more than 3 per cent for the next three years, the City will need to optimize existing resources to improve service delivery and achieve budget reduction targets. The 2017 budget process was focused on how to achieve net tax-supported budget reduction targets of \$2.4 million in 2017 that would be sustainable, provide the necessary resources to maintain existing service levels and meet the demands of growth, and ensure that the DRAFT 2017 Budget and 2018 Plan would be fully aligned with the priorities and initiatives identified on the Term of Council Service Excellence Strategy Map.

Draft 2017 Budget and 2018 Plan

The City is growing rapidly. We are delivering on the vision of being a City of Choice, improving service delivery, managing growth and delivering services more effectively and efficiently. This is being done while maintaining tax rate increases in line with the targets set by Council.

The DRAFT 2017 Budget and 2018 Plan is aligned with the term of council priorities and the service excellence strategic initiatives presented in the Term of Council Service Excellence Strategy Map. The plan provides a focused set of priorities for the corporation to deliver on our mission of citizens first through service excellence. The plan also aligns the City's two-year budget with the priorities and goals of the strategic plan while keeping the tax rate in line with targets set by Council.

Focusing on service excellence means that we will seek out ways to improve how residents and businesses experience our services. The goal is to increase satisfaction with our programs and services while also seeking efficiencies in how services are delivered. This will include identifying opportunities to use technology and apply digital strategies to improve our ability to deliver service excellence cost-effectively.

The DRAFT 2017 Budget and 2018 Plan outlined in the attached Draft 2017 Budget Book sets out staff's recommended operating allocations to deliver the City's programs and services over the next three years including additional resource requests. It also provides information about capital projects that are underway, recommended new capital projects and forecasts for the City's obligatory and discretionary reserves. Investments in the Service Excellence Initiative projects proposed in this DRAFT 2017 Budget and 2018 Plan will help achieve department efficiencies to ensure we will achieve Council's mandated maximum tax rate increases of not more than three per cent per year.

The attached Draft 2017 Budget Book is set out as follows:

1. Executive Summary
2. Vaughan Vision 2020 and Term of Council Service Excellence Strategy Map

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3. Community Profile: Economy and Demographics
4. Budget Overview
5. Alignment with the Service Excellence Strategy Map
6. Operating Budget Overview
7. Capital Budget Overview
8. Financial Sustainability and Reserves
9. Department Budgets
10. Appendices

Section 6 of the Budget includes discussion on user fees. The detailed user fee/service charge schedules can be found by clicking on this [link](#).

As per the practice established in 2016, all operating and capital fiscally neutral transfers approved in 2017 by the Chief Financial Officer through the office's delegated authority will, be reported on through the quarterly fiscal health report.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report is consistent with the Term of Council Priority to meet Council tax rate targets of no greater than three percent.

Regional Implications

There are no Regional implications associated with this report.

Conclusion

The DRAFT 2017 budget and 2018 Plan is presented in alignment with the Term of Council Service Excellence Strategy Map. The capital project investments have also been aligned to Council's priorities. This draft budget provides a financial framework within which the corporation can move forward in delivering the needed services and infrastructure to Vaughan citizens, while continuing its pursuit of service excellence.

Attachments

1. Draft 2017 Budget Book
2. Draft Financial Summary
3. Proposed User Fees/Service charges
4. 2017-18 Capital Project Detail Sheet

Note: Attachment 3 and 4 have been posted on-line and a hard copy of each attachment is on file in the Office of the City Clerk.

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.)