

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 11, 2017

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3.1 DRAFT 2018 BUDGET AND 2019-2022 FINANCIAL PLAN

- 1) The report of the Chief Financial Officer and City Treasurer, the Director of Financial Planning & Development Finance and Deputy City Treasurer, and the Director of Financial Services and Deputy City Treasurer, dated November 13, 2017, was referred to the January 30, 2018, Special Council (Budget) meeting to continue deliberations;**
- 2) The following recommendation contained in Communication C1, Member's Resolution from Regional Councillor Singh, dated November 23, 2017, was referred to the January 30, 2018, Special Council (Budget) meeting to continue deliberations:**

 - 1. That staff be directed to add a Community Gardens 2018 capital project to the Draft 2018 Budget for Council's consideration;**
 - 2. That the Community Gardens 2018 project include a minimum of one community garden per ward;**
 - 3. That staff work within the framework of the approved Community Garden Policy to engage Council members and the community in identifying the appropriate locations on City-owned lands;**
 - 4. That staff bring a communication to the January 30, 2018, Special Council (Budget) meeting that identifies appropriate fiscally neutral 2018 funding sources for the capital project by proposing corresponding offsets in the Draft 2018 Budget;**
 - 5. That staff be directed to consider the ongoing operations and maintenance of the Community Gardens in the 2018 Budget Process; and**
- 3) The following deputations, were received:**

- 1) That the report of the Chief Financial Officer and City Treasurer, the Director of Financial Planning & Development Finance and Deputy City Treasurer, and the Director of Financial Services and Deputy City Treasurer, dated November 6, 2017, be referred to the November 23, 2017, Finance, Administration and Audit Committee meeting to continue deliberations:

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- 2) That the following presentations and Communication C5, presentation material titled “Vision, Leadership and Responsibility, Volume 1, Draft 2018 and Budget and 2019 – 2022 Financial Plan”, be received:
 1. Chief Financial Officer and City Treasurer;
 2. Deputy City Manager, Public Works;
 3. Director of Parks Operations;
 4. Deputy City Manager, Community Services;
 5. Chief Executive Officer, Vaughan Public Libraries; and
 6. Chief Corporate Initiatives and Intergovernmental Relations;
- 3) That the following be approved in accordance with Communication C4, from the Deputy City Manager, Community Services, and the Director, Recreation Services, dated November 13, 2017, and referred to the Finance, Administration and Audit Committee meeting to continue deliberations:
 1. That the cost options associated with a proposed pilot project for youth (“Open to You(th)”), be received;
- 4) That the following deputations, be received:
 1. Mr. Kevin Hanit, Queensbridge Drive, Concord;
 2. Ms. Monika Sudds, Oren Street, Kleinburg;
 3. Ms. Melanie Borel, Bologna Road, Woodbridge;
 4. Mr. Liviu Zugravu, Scarborough;
 5. Ms. Heather Reppin, Tulip Drive, Brampton;
 6. Ms. Lydia Carroccia, Flushing Avenue, Woodbridge; and
 7. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg; and
- 5) That the following Communications, be received:
 - C1 Chief Financial Officer and City Treasurer, the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated November 10, 2017;
 - C2 Chief Financial Officer and City Treasurer, the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated November 10, 2017; and
 - C3 Ms. Susan Jagminas, dated November 11, 2017.

Report of the Chief Financial Officer and City Treasurer, the Director of Financial Planning & Development Finance and Deputy City Treasurer, and the Director of Financial Services and Deputy City Treasurer, dated November 6, 2017

The Finance, Administration and Audit Committee, at its meeting of November 6, 2017, (Item 1, Finance, Administration and Audit Committee Report No. 11), recommended:

- 1) That the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, the Director of Financial Planning & Development Finance and Deputy City Treasurer, and the Director of Financial Services and Deputy City Treasurer, dated November 6, 2017, be referred to the November 13, 2017, Finance, Administration and Audit Committee meeting to continue deliberations;
- 2) That the following be approved in accordance with Communication C1, from the Deputy City Manager of Public Works, the Chief Financial Officer and City Treasurer, and the Director of Environmental Services, dated November 2, 2017 and referred to the November 13, 2017, Finance, Administration and Audit Committee meeting to continue deliberations:

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1. That the recommended Draft 2018 Budget be updated to include both the capital and operating impacts of the Smart Water Meter Project as outlined in this communication;
 2. That upon further investigation into the merits of internal or external borrowing for the project, that the Chief Financial Officer and City Treasurer be delegated the authority to finance the project with the method that minimizes financial risk and interest costs and maximizes value for money; and
 3. That staff be directed to pursue a partnership with Alectra to implement an Advanced Metering Infrastructure solution;
- 3) That the presentation by the Chief Financial Officer and City Treasurer and Communication C2, presentation material titled “Draft 2018 Budget and 2019-2022 Financial Plan”, dated November 6, 2017, be received; and
- 4) The following deputations be received:
1. Mr. Kevin Hanit, Queensbridge Drive, Concord;
 2. Mr. Adriano Volpentesta, America Avenue, Vaughan; and
 3. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg.

Report of the Chief Financial Officer and City Treasurer, the Director of Financial Planning & Development Finance and Deputy City Treasurer, and the Director of Financial Services and Deputy City Treasurer, dated November 6, 2017

Recommendation

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

1. That the presentation on the DRAFT 2018 Budget and 2019 - 2022 Financial Plan (the “2018 Budget Book”) be received;
2. That Council approve the 2018 tax supported operating budget with budgeted operating gross expenditures of \$296.8 million and budgeted revenues of \$296.8 million;
3. That Council approve the 2018 water, wastewater rate and stormwater charge supported operating budget (collectively the “Rate Budgets”) with budgeted operating gross expenditures of \$161.3 million and budgeted revenues of \$161.3 million;
4. That the list of 2018 capital projects, together with their total costs in the amount of \$121.2 million, summarized in Volumes 1 and 2 and detailed in Volume 3 of the Draft 2018 Budget and 2019 - 2022 Financial Plan, be approved subject to annual capital funding;
5. That the list of 2019 - 2022 capital projects together with their total costs, outlined in Volume 3 of the Draft 2018 Budget and 2019 - 2022 Financial Plan, be recognized;
6. That the draft 2018 operating and capital spending authority be approved and the 2019-2022 plan be recognized as outlined in the 2018 Budget Book Volume 1, 2 and 3.

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7. That the City Clerk and/or CFO & City Treasurer be authorized to apply for grants and to execute required documents including but not limited to funding agreements, should grants be made available related to initiatives within the approved or recognized budget.
8. That for user fees and service charges:
 - a. The schedules outlined in Volume 3 of the 2018 Budget Book be approved;
 - b. That the necessary by-laws be passed with effective dates of January 1, 2018;
 - c. That should the indexing of the user fees and service charges not be prescribed in the respective by-law and a budget not be passed by January 1st in a given year, the Treasurer be authorized to apply a 3 per cent fee/charge increase for economic adjustment, on January 1st of each year in 2019 and years after; and
 - d. That the Treasurer be authorized to revise Harmonized Sales Tax (HST) applicability for user fees and service charges as required by legislation.
9. 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 planning for the collection of revenues and allocation of resources to deliver the City's programs and services, achieve the priorities set out in the Term of Council Service Excellence Strategy map and investing in infrastructure with a view toward achieving 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 (FAA) 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.

The proposed 2018 tax supported operating budget includes a property tax increase of three per cent, which is an increase of approximately \$56 for the average annual residential tax bill. If adopted as presented, the draft 2018 property tax supported operating budget would have the following economic impacts, consistent with Council's direction:

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Table2: Draft 2018 Property Tax Supported Operating Budget

\$ M	2017 Approved	2018 Proposed Budget
Gross Operating	278.4	296.8
Less: Non-Tax Revenue	89.7	100.8
Net Operating	188.7	196.0
Assessment Growth	2.9	1.8
Supplemental Taxation and PIL	5.8	5.8
Net Levy Requirement	179.9	190.2
Incremental Levy Requirement	5.2	5.5
Incremental Tax Rate	2.90%	3.00%

Note: some numbers may not add due to rounding.

Property Tax Supported and Rate Budgets Tabled Together

The tax supported budget has been tabled prior to the end of the fiscal year for the past three years. Beginning with the 2018 budget, the Rate Budgets are being tabled at the same time as the tax supported budget.

The Draft 2018 Budget and 2019-2022 Financial Plan includes a 2019-2022 operating and capital forecast at a summary level

The progress on the current Term of Council Service Excellence Strategy Map and projections identified in the department business plans help inform the development of a 2019 -2022 operating and capital forecast. This forecast is intended to provide staff with the information they require for department business planning, and to provide community stakeholders with the planned progress of City initiatives. Staff are currently undertaking the preliminary work on refreshing Vaughan Vision 2020 (the City's long-term vision) and the development of the next Term of Council Strategy Map with work beginning in 2017, continuing into 2018 with final deliberations and approval to occur in conjunction with the start of the new Council at the end of 2018 or early 2019. Any amendments to priorities and strategic initiatives that result from this update will be incorporated into future budget processes.

The following table presents the 2018 proposed budget and 2019-202 forecasted gross operating expenditures by Portfolio/Office.

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Table1: Gross Expenditures by Portfolio/Office

\$ M	2017 Approved	2018 Proposed Budget	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Community Services						
Fire and Rescue Services	48.3	49.5	51.3	52.1	52.4	52.7
Recreation and Other Community Services	54.0	54.9	56.7	57.3	57.4	57.5
	102.2	104.4	107.9	109.4	109.8	110.2
Public Works	206.9	223.7	239.9	255.2	263.5	270.3
Planning and Growth Management	24.7	26.3	26.4	26.3	26.2	26.3
Corporate Services	28.0	28.6	29.6	30.5	31.5	31.5
Vaughan Public Libraries	17.9	19.2	20.1	20.3	20.3	20.4
Other Offices	50.5	56.0	55.4	60.2	67.6	75.3
Combined Tax and User Rate Gross Expenditures	430.2	458.1	479.4	501.9	518.9	534.0
Less: Water, Wastewater and Stormwater	151.8	161.3	175.8	190.6	198.4	204.6
Tax Rate Gross Expenditures	\$278.4	\$296.8	\$303.6	\$311.3	\$320.5	\$329.4

Communications Plan

The following key themes resonate throughout all budget communications:

- Keeping taxes low
- Maintaining service levels
- Moving forward with city-building initiatives
- Ensuring an open and transparent process

A comprehensive multi-channel public communication plan has been developed to support the budget and to help ensure Vaughan residents have opportunities to be informed and involved in the budget 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, libraries, seniors' groups, ratepayer associations
- 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 and telephone hotline
 - feedback received will be incorporated into presentations at FAA meetings
- eCommunications (social media, eNewsletters)

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Public Outreach on the Budget Process Occurs Year-round.

Outreach on the budget process is often a year round activity for the administration, both in formal and informal settings. This year, the Finance Office, in collaboration with the Asset Management Section of the Public Works Portfolio, created a new financial sustainability booth for both the Public Works Day and Concerts in the Park at City Hall. Both event booths were well attended and staff engaged the public through priority setting games, surveys on value for services and general education/discussions on the financial and infrastructure issues within the City. The feedback on the booths were positive and staff intend to continue with the initiative in 2018.

Making Strides to Improve the Budget Book

The Budget Book received a refresh in 2016 as a result of staff making strides to achieve clear and easy to understand content. This year further improvements have been made to streamline the budget for easier navigation. A new section titled “This is Vaughan” provides an update on progress toward achieving the Council’s priorities on the Term of Council Service Excellence Strategy Map and outlines the actions planned for 2018 and 2019-2022.

Purpose

The purpose of this report is to present the Finance, Administration and Audit Committee with the DRAFT 2018 Budget Book that outlines the DRAFT 2018 Budget and 2019 - 2022 Financial Plan and the corresponding tax adjustments and water and wastewater rate increase that, if adopted, would allow the City to continue providing a wide range of services and infrastructure to Vaughan households and business.

Background - Analysis and Options

The Citizen Satisfaction Survey shows that residents are happy with the programs and services provided by the City

Citizen Satisfaction Surveys are an important tool to hear from citizens about their top-of-mind issues of concern and satisfaction with city services. The results of the Survey provides the City with valuable feedback from residents which inform policy decisions, budgetary spending and continuous improvement.

Overall the City is meeting the needs of residents, providing for a good quality of life, satisfaction for taxpayer dollars and a positive customer service experience. Findings from the last Citizen Satisfaction Survey indicate that 97% of respondents felt the quality of life in the City was very good or good. In addition, 94% of residents indicated that they were satisfied or very satisfied with the delivery of all services provided by the City.

The proportion of residents who believe they receive good value for their tax dollars has also increased and is now at the highest level recorded over the years with 85% of the residents agreeing that they receive at least fairly good value for their tax dollars, up 13% from 2014.

As we continue to deliver the Term of Council Service Excellence Strategy Map, the information gathered through the 2016 Citizen Satisfaction Survey will measure the impact of delivering on Council’s priorities and service delivery improvements.

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Financial Sustainability is a Service Excellence Initiative on the City Strategy Map

Earlier in 2017, City Council approved a new Fiscal Framework through the Financial Sustainability Service Excellence initiative. This framework included guiding principles to inform staff and Council on decision making related to financial matters. In alignment with the guiding principles, 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, undertake corporate initiatives and safeguard water resources against the City's capacity to fund them. The City's financial management policies and practices are based on legislation and best practices to maintain the City's strong financial position.

Building Capacity while Ensuring that Growth Pays for Growth

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 that are aligned with the target set by Council while ensuring that growth pays for growth.

The DRAFT 2018 Budget 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 2018 budget with the priorities and goals of the strategic plan while keeping the tax rate in line with targets set by Council. This budget also presents a plan for achieving the City's priorities in the 2019 to 2022 period.

Focusing on service excellence means that we will seek out ways to improve how residents and businesses experience our services. The goal is to offer great value in 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 2018 budget outlined in the attached Draft 2018 Budget Book sets out staff's recommended operating allocations to deliver the City's programs and services over the next year 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 2018 Budget Book 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.

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 and the Service Excellence Initiative related to Financial Sustainability.

Regional Implications

The Rate Budgets include wholesale purchases from the Region for 2018 representing 77 per cent of the City's combined water and wastewater costs.

The residential and business tax bills include levies from the City of Vaughan, the Region of York and the Province. The proposed tax levy increase presented in the Draft 2018 Budget Book is for the City's share, which is approximately 28% of the total average residential tax bill or 16% of the average business tax bill. The Region's budget will be tabled to York Region's Council on November 16, 2017.

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Conclusion

The DRAFT 2018 Budget and 2019 -2022 Financial Plan is aligned with the Term of Council Service Excellence Strategy Map. The infrastructure 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

Attached Draft 2018 Budget Book is set out as follows:

Draft 2018 Budget Book

- Draft 2018 Budget and 2019 -2022 Financial Plan Volume 1 – Budget Overview
- Draft 2018 Budget and 2019 -2022 Financial Plan Volume 2 – Department Budgets
- Draft 2018 Budget and 2019 -2022 Financial Plan Volume 3 – Appendices and Proposed User Fees/Service Charges

Attachments have been posted on-line and a hard copy of each attachment is on file in the Office of the City Clerk. They can be found by clicking on this [link](#).

(Attachments to this report were previously distributed with the Agenda for the November 6, 2017, Finance, Administration and Audit Committee meeting)

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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.)