

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 2, Report No. 15, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on December 15, 2015.

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OTHER MATTERS CONSIDERED BY THE COMMITTEE

2.1 DRAFT 2016 BUDGET AND 2017-2018 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 and Development Finance & Deputy City Treasurer dated November 23, 2015, was deferred to the November 30, 2015, Finance, Administration and Audit Committee meeting to continue deliberations;
- 2) In the course of its review of this matter, the Finance, Administration and Audit Committee approved the following:
 - a) That the following recommendation contained in Communication C4, memorandum from the Chief Financial Officer/City Treasurer and the Director of Financial Planning & Development Finance/Deputy City Treasurer, dated November 11, 2015, be approved:
 1. That the user fee/service charge schedule outlined in Attachment #2 be approved; and
 2. That the necessary by-laws be passed with effective dates of January 1, 2016;
 - b) That the following recommendation contained in Communication C5, memorandum from the Director of Financial Planning & Development Finance / Deputy City Treasurer, dated November 19, 2015, be approved:
 1. That this communication be received;
 - c) That the following recommendation contained in Communication C6, memorandum from the Chief Financial Officer/City Treasurer and the Director of Financial Planning & Development Finance/Deputy City Treasurer, dated November 19, 2015, be approved:
 1. That, as recommended by the Council Expenditure and Code of Conduct Task Force, an amendment to the Council discretionary office budgets formula to increase the residential rate by \$0.10 for each Local Councillor be approved;
 2. That the Draft Budget Book, Section 9 be amended to include the revised City Council and Corporate sections as outlined in Attachment 2; and
 3. That, as recommended by the Council Expenditure and Code of Conduct Task Force, the formula for calculating discretionary office budgets be reviewed once during every term of Council;
 - d) That the following recommendation contained in Communication C7, memorandum from the Chief Financial Officer/City Treasurer and the Director of Financial Planning & Development Finance/Deputy City Treasurer, dated November 19, 2015, be approved:

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1. That the draft 2016 operating budget for City Council be approved and 2017-18 operating plan be recognized (Draft Budget Book page 56, as amended by the related communication received this evening);
2. That the draft operating budget for the Integrity Commissioner be approved and 2017-18 operating plan be recognized (Draft Budget Book page 60);
3. That the draft 2016 operating budget for Internal Audit be approved and 2017-18 operating plan be recognized (Draft Budget Book page 62);
4. That the draft 2016 operating budget for the Office of the City Manager be approved and 2017-18 operating plan be recognized (Draft Budget Book page 64);
5. That the draft 2016 operating and capital budgets for the Community Services Portfolio be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 68), which includes the following departments:
 - a. Access Vaughan (Draft Budget Book page 70);
 - b. Recreation Services (Draft Budget Book page 74);
 - c. Facility and Maintenance Services (Draft Budget Book page 78);
 - d. Vaughan Fire and Rescue Services (Draft Budget Book page 83); and
 - e. By-Law & Compliance, Licensing and Permit Services (Draft Budget Book page 88);
6. That the draft 2016 operating and capital budgets for the Planning & Growth Management Portfolio be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 92), which includes the following departments:
 - a. Development Planning (Draft Budget Book page 95);
 - b. Development Engineering and Infrastructure Planning (Draft Budget Book page 100);
 - c. Economic Development and Culture Services (Draft Budget Book page 106);
 - d. Policy Planning and Environmental Sustainability (Draft Budget Book page 108);
 - e. Building Standards (Draft Budget Book page 113); and
 - f. Parks Development (Draft Budget Book page 118);
7. That the draft 2016 operating and capital budgets for the Public Works Portfolio be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 124), which include the following departments:
 - a. Infrastructure Delivery (Draft Budget Book page 127);
 - b. Environmental Services (Draft Budget Book page 133);
 - c. Transportation Services, Parks and Forestry Operations (Draft Budget Book page 137);
 - d. Fleet Management Services (Draft Budget Book page 142); and
 - e. Corporate Asset Management (Draft Budget Book page 142);
8. That the draft 2016 operating and capital budgets for the Office of the City Clerk be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 150);

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9. That the draft 2016 operating budget for the Office of Corporate Communications be approved and 2017-18 operating plans be recognized (Draft Budget Book page 154);
10. That the draft 2016 operating budget for the Office of Corporate Initiatives and Intergovernmental Relations be approved and 2017-18 operating plan be recognized (Draft Budget Book page 156);
11. That the draft 2016 operating and capital budgets for the Office of the Chief Financial Officer and City Treasurer be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 158);
12. That the draft 2016 operating budget for Corporate be approved and 2017-18 operating plan be recognized (Draft Budget Book page 163), as amended by the related communication received this evening);
13. That the draft 2016 operating and capital budgets for the Office of the Chief Human Resources Officer be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 166);
14. That the draft 2016 operating and capital budgets for the Office of the Chief Information Officer be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 170);
15. That the draft 2016 operating and capital budgets for the Office of the City Solicitor be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 174);
16. That the draft 2016 operating and capital budgets for the Office of Transformation and Strategy be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 178);
17. That the draft 2016 operating and capital budgets for Vaughan Public Libraries be approved and 2017-18 operating and capital plans be recognized (Draft Budget Book page 181);
18. That the Chief Financial Officer/City Treasurer be authorized to approve any operating or capital realignments between departments, provided they are fiscally neutral and a summary of these changes be incorporated into the quarterly reporting process;
19. That the Chief Financial Officer/City Treasurer be authorized to approve any fiscally neutral transfers between corporate contingency and departments and a summary of these changes be incorporated into the quarterly reporting process;
20. That the Chief Financial Officer/City Treasurer be authorized to approve, in accordance with the reserve policy, any required additional draws from discretionary reserves, for operating purposes, that are in accordance with the Consolidated Reserve Policy (05.4.01);
21. That a non-discretionary reserve named Capital from Taxation be created and that the annual allocation to and draw down from this reserve be made during the annual budget process; and
22. That the Capital Project Financial Administration and Reporting Policy (05.4.02) be amended to remove section 10.2 High Profile Capital Project Reporting as department updates on project status will be a part of the Service Excellence Strategy Map reporting process;

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- e) That staff develop and bring forward for consideration by Council before the summer hiatus, an appropriate draft policy to guide a process by which individuals and/or corporations would be able to contribute, in whole or in part, to the costs of upgrading a city-owned facility (e.g. a portion of a park or community centre), and receive permanent recognition on-site for such support;
- 3) The following deputations and Communication were received:
- 1. Mr. Guido Masutti, Riverview Avenue, Woodbridge;
 - 2. Mr. Kevin Hanit, Queensbridge Drive, Concord;
 - 3. Ms. Franca Porreta, Birch Hill Road, Woodbridge;
 - 4. Mr. Ali Kermalli, Riverside Drive, Woodbridge;
 - 5. Mr. Dirk Driberg, on behalf of City of Vaughan Baseball and Softball Association, Keele Street, Maple, and Communication C9 dated November 23, 2015, submitted at the meeting; and
 - 6. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg; and
- 4) The following Communications were received:
- C1. Memorandum from the Deputy City Manager Planning & Growth Management and the Deputy City Manager Public Works, dated November 20, 2015;
 - C2. Memorandum from the Director of Financial Planning & Development Finance / Deputy City Treasurer, dated November 19, 2015;
 - C3. Memorandum from the Chief Financial Officer/City Treasurer and the Director of Financial Planning & Development Finance/Deputy City Treasurer, dated November 19, 2015;
 - C8. Memorandum from the Chief Financial Officer/City Treasurer and the Director of Financial Planning & Development Finance/Deputy City Treasurer, dated November 23, 2015.

Report of the Chief Financial Officer & City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer, dated November 16, 2015

The Finance, Administration and Audit Committee, at its meeting of November 16, 2015, recommended (Item 1, Finance, Administration and Audit Committee Report No. 14):

- 1) That staff bring forward a report to the next Finance, Administration and Audit Committee meeting indicating the breakdown on revenues received over the past five years and commitments for the next three years, with respect to the power generation plant located on the Keele Valley Landfill in McNaughton Road, Maple;
- 2) That the report of the Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer dated November 16, 2015, be deferred to the November 23, 2015, Finance, Administration and Audit Committee meeting to continue deliberations;
- 3) That the presentation by the Director of Financial Planning and Development Finance & Deputy City Treasurer and the Director of Corporate Communications, and Communication C1, presentation material titled "*DRAFT 2016 Budget and 2017-18 Financial Plan*", dated November 16, 2015, be received; and

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- 4) That the following deputations and Communications be received:
1. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg;
 2. Mr. Kevin Hanit, Queensbridge Drive, Concord;
 3. Mr. Alroy Vaz, Maison Parc Court, Thornhill; Communication C2 dated November 16, 2015, received at the meeting, and Communication C3 (Petition), submitted at the meeting; and
 4. Mr. Nick Pinto, Mapes Avenue, Woodbridge.

Report of the Chief Financial Officer & City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer, dated November 2, 2015

The Finance, Administration and Audit Committee, at its meeting of November 2, 2015, recommended (Item 1, Finance, Administration and Audit Committee Report No. 13):

Recommendation

- 1) That the report of the Chief Financial Officer and City Treasurer and the Director of Financial Planning and Development Finance & Deputy City Treasurer dated November 2, 2015, be deferred to the November 16, 2015, Finance, Administration and Audit Committee meeting to continue deliberations;
- 2) That the presentation by the City Manager and Chief Financial Officer and City Treasurer and Communication C3, presentation material titled, "*DRAFT 2016 Budget and 2017-18 Financial Plan*", dated November 2, 2015, be received;
- 3) That the following deputations be received:
 1. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg; and
 2. Mr. Kevin Hanit, Queensbridge Drive, Concord; and
- 4) That the following communications be received:
 - C1. Memorandum from the Chief Financial Officer and City Treasurer, and the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated November 2, 2015; and
 - C2. Memorandum from the Chief Financial Officer and City Treasurer, and the Director of Financial Planning and Development Finance and Deputy City Treasurer, dated November 2, 2015.

Recommendation

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

1. That this report and accompanying attachments be received;
2. That the presentation on the DRAFT 2016 Budget and 2017-18 Plan be received; and
3. That this matter and any comments received be referred to the next Finance, Administration and Audit Committee to continue deliberations.

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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.

Communication 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 four out of five Monday evenings in November:

Monday, November 2, 2015	Tabling of Budget and overview presentation
Monday, November 16, 2015	Public Deputations
Monday, November 23, 2015	Public Deputations and Departmental Reviews
Monday, November 30, 2015	Expected recommendation to Council

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 2016 Budget and 2017-18 Plan would have the following economic impacts, consistent with Council's direction:

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Table1: DRAFT 2016 Budget and 2017-18 Plan

\$M	2016	2017	2018
Gross Operating	264.7	272.7	282.5
Non-Tax Revenue	84.7	83.1	83.6
Net Operating	180.1	189.6	198.9
Less: Assessment Growth	-1.3	-4.7	-8.4
Less: Supplemental Taxation & PIL	-5.8	-5.8	-5.8
Less: Efficiency Target	-	-0.8	-1.5
Net Levy Requirement	173.0	178.3	183.2
Incremental Levy Requirement	5.1	5.3	5.6
Incremental Tax Rate	3.00%	3.00%	3.00%

Purpose

The purpose of this report is to present the Finance, Administration and Audit Committee with the DRAFT 2016 Budget Book that outlines the DRAFT 2016 Budget and 2017-18 Plan and the corresponding tax adjustments that, if adopted, would occur for the average Vaughan household.

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 2016 budget process was focused on how to achieve net tax-supported budget reduction targets of \$14.6 million in 2016, \$13.9 million in 2017 and \$16.9 million in 2018 while ensuring that the Draft 2016 Budget and 2017-18 Plan would be fully aligned with the priorities and initiatives identified on the Term of Council Service Excellence Strategy Map.

Draft 2016 Budget and 2017-18 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 2016 Budget and 2017-18 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. On Sept. 30, 2015, Council approved a refreshed strategic plan. 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 three-year budget with the priorities and goals of the strategic plan while keeping the tax rate in line with targets set by Council.

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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 2016 Budget and 2017-18 plan outlined in the attached Draft 2016 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 2016 budget and 2017-18 Plan will help achieve department efficiencies of \$0.8 million in 2017 and \$1.5 million in 2018, which in turn will help to ensure we will achieve Council's mandated maximum tax rate increases of not more than three per cent per year.

The attached Draft 2016 Budget Book is set out as follows:

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

To enable the culture shift required by the adoption of the Service Excellence Strategy Map, a new organizational structure was introduced. This Draft 2016 Budget and 2017-18 Plan has, as much as possible, reflected these organizational realignments. It should be noted that some changes require complex disentanglements between departments that have not yet been entirely resolved. Any further operating and capital budget realignments arising from the resolution of these issues would be fiscally neutral reallocations between departments. If necessary, these will be reported through the 2016 Quarterly Reports to the Finance, Administration and Audit Committee.

Relationship to Vaughan Vision 2020

Vaughan Vision 2020 provides a solid foundation for the Corporation and continues to be relevant and critical for the future. On Sept. 30, 2015, Council approved a refreshed strategic plan. The plan provides a focused set of priorities for the corporation to deliver on our mission of citizens first through service excellence. The refreshed direction is presented in the form of a Service Excellence Strategy Map. The Draft 2016 Budget and 2017-18 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.

Regional Implications

There are no Regional implications associated with this report.

Conclusion

The draft 2016 budget and 2017-2018 plan is presented in alignment with the Term of Council Service Excellence Strategy Map. The capital project investments have also been aligned to

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Council's priorities. Work will continue in 2016 to strengthen and finalize budget linkages to the Service Excellence Strategy Map as well as prioritize work to be completed over the term of Council. 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 2016 Budget Book
2. Draft Financial Summary
3. 2016-18 Capital Project Detail Sheet

Note: A hard copy of Attachment 3 is on file in the Office of the City Clerk.

[\(Attachments to this report were previously distributed with the Agenda for the November 2, 2015, Finance, Administration and Audit Committee meeting\)](#)

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