

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 1, Report No. 14, 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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DRAFT 2016 BUDGET AND 2017-2018 PLAN

(Referred)

Further consideration of the Draft 2016 Budget and 2017-2018 Plan was deferred to the November 23, 2015, Finance, Administration and Audit Committee meeting to continue deliberations (see 2. OTHER MATTERS CONSIDERED BY THE COMMITTEE, Item 2.1: DRAFT 2016 BUDGET AND 2017-2018 PLAN).

DRAFT 2016 BUDGET AND 2017-2018 PLAN

(Referred)

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

- 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.

Report of the Chief Financial Officer & City Treasurer and the Director of Financial Planning and Development Finance & 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.

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:

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.

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 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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Respectfully submitted,

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