



**Finance  
Advisory Committee  
Meeting Agenda**

**Wednesday, March 27, 2019**

**5:30 p.m.**

**Holland Room  
Aurora Town Hall**

Public Release  
March 20, 2019



**Town of Aurora  
Finance Advisory Committee  
Meeting Agenda**

**Date:** Wednesday, March 27, 2019

**Time and Location:** 5:30 p.m., Holland Room, Aurora Town Hall

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**1. Approval of the Agenda**

**Recommended:**

That the agenda as circulated by Legislative Services be approved.

**2. Declarations of Pecuniary Interest and General Nature Thereof**

**3. Receipt of the Minutes**

**Finance Advisory Committee Meeting Minutes of January 30, 2019**

**Recommended:**

That the Finance Advisory Committee meeting minutes of January 30, 2019, be received for information.

**4. Delegations**

**5. Consideration of Items**

**1. Memorandum from Acting Director of Financial Services**  
**Re: Summary of Finance Advisory Committee's 2015 to 2018 Accomplishments**

**Recommended:**

1. That the memorandum regarding Summary of Finance Advisory Committee's 2015 to 2018 Accomplishments be received for information.

**2. Memorandum from Acting Director of Financial Services**  
**Re: Town's Major Capital Projects Update**

**Recommended:**

1. That the memorandum regarding Town's Major Capital Projects Update be received for information.

**3. Round Table Discussion**  
**Re: Council Budget Principles**

**Recommended:**

1. That the comments and suggestions regarding the Council Budget Principles be received and referred to staff for consideration and action as appropriate.

**4. Memorandum from Acting Director of Financial Services**  
**Re: Order for Detailed Departmental Budget Reviews**

**Recommended:**

1. That the memorandum regarding Order for Detailed Departmental Budget Reviews be received; and
2. That the Finance Advisory Committee provide direction in regards to the order of priority for its detailed budget reviews.

**5. Round Table Discussion**  
**Re: 2019 Budget Process Review – What Worked, Areas of Improvement**

**Recommended:**

1. That the comments and suggestions regarding 2019 Budget Process Review be received and referred to staff for consideration and action as appropriate.

**6. New Business**

**7. Adjournment**



**Town of Aurora  
Finance Advisory Committee  
Meeting Minutes**

<b>Date:</b>	Wednesday, January 30, 2019
<b>Time and Location:</b>	5:30 p.m., Holland Room, Aurora Town Hall
<b>Committee Members:</b>	Councillor Michael Thompson, Councillor John Gallo, and Mayor Tom Mrakas
<b>Member(s) Absent:</b>	None
<b>Other Attendees:</b>	Councillor Rachel Gilliland, Councillor Harold Kim, Doug Nadorozny, Chief Administrative Officer, Jason Gaertner, Acting Director of Financial Services/Treasurer, Karen Oreto, Financial Analyst, Tracy Evans, Financial Analyst, Budget, Laura Sheardown, Financial Analyst, Cash Flow & Investment, Michael de Rond, Town Clerk, and Ishita Soneji, Council/Committee Coordinator

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The Town Clerk called the meeting to order at 5:30 p.m.

**1. Appointment of the Chair**

The Town Clerk opened the floor to nominations for the Chair of the Finance Advisory Committee for the 2018-2022 Term.

Mayor Mrakas nominated Councillor Michael Thompson as Chair. There were no other nominations, and Councillor Thompson was appointed Chair of the Committee.

Councillor Thompson assumed the Chair at 5:32 p.m.

Finance Advisory Committee Meeting Minutes  
Wednesday, January 30, 2019

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**2. Approval of the Agenda**

**Moved by Mayor Mrakas  
Seconded by Councillor Gallo**

That the agenda as circulated by Legislative Services be approved.

**Carried**

**3. Declarations of Pecuniary Interest and General Nature Thereof**

There were no declarations of pecuniary interest under the *Municipal Conflict of Interest Act*.

**4. Receipt of the Minutes**

None

**5. Delegations**

None

**6. Consideration of Items**

**1. Finance Advisory Committee – Terms of Reference**

The Committee reviewed the Terms of Reference and agreed that the Chair be rotated on an annual basis. The Committee and staff discussed the potential of including citizen members in the future.

**Moved by Councillor Gallo  
Seconded by Mayor Mrakas**

1. That the Finance Advisory Committee Terms of Reference be received.

**Carried**

**2. 2019 Work Plan for Finance Advisory Committee**

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Staff provided a brief overview of the 2019 Work Plan and inquired about any additional items that the Committee would like to discuss throughout the year.

The Committee suggested various areas of interest such as providing input on the funding and reporting framework for current and future capital projects including a review of the capital projects included in the most recent Development Charges study, and undertaking a review of the recreation fee structure. It was requested that more details on the proposed multi-year budget framework in comparison with current practices and a summary of accomplishments of the previous term including the outcome of the detailed departmental budget reviews be provided to the Committee.

**Moved by Mayor Mrakas  
Seconded by Councillor Gallo**

1. That the proposed 2019 Work Plan for Finance Advisory Committee be received; and
2. That the 2019 Work Plan, including the Committee comments, be approved.

**Carried**

### **3. Round Table Discussion**

**Re: Process and Expectations for 2019 Detailed Departmental Budget Reviews**

The Committee and staff discussed about the detailed departmental budget review process including the line-by-line analysis of each department carried out in the previous term. Staff highlighted areas of focus such as a multi-year revenue and expense comparisons and discussion on potential budget pressures within each department, and noted a similar approach would be utilized for the departmental budget reviews this term.

**Moved by Councillor Gallo  
Seconded by Mayor Mrakas**

1. That the comments and suggestions regarding the Process and Expectations for the 2019 Detailed Budget Reviews be received and referred to staff for consideration and action as appropriate.

**Carried**

**4. Round Table Discussion**

**Re: 2019 Operating Budget Debrief**

Staff circulated the 2019 Budget Committee calendar and provided a brief overview. The Committee and staff discussed about the various public outreach methods to involve members of public in the budget deliberations. It was requested that information on current public outreach methods be provided to the Committee.

**Moved by Mayor Mrakas**

**Seconded by Councillor Gallo**

1. That the comments and suggestions regarding the 2019 Operating Budget Debrief be received and referred to staff for consideration and action as appropriate.

**Carried**

**6. New Business**

Staff provided an outline of the current grant and funding agreement guidelines and requested the Committee's input. It was noted that the item would be brought forward to a future meeting for detailed discussion.

**7. Adjournment**

**Moved by Councillor Gallo**

**Seconded by Mayor Mrakas**

That the meeting be adjourned at 6:33 p.m.

**Carried**

Committee recommendations are not binding on the Town unless adopted by Council.



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**Town of Aurora  
Financial Services**

## **Memorandum**

**Date:** March 27, 2019  
**To:** Finance Advisory Committee  
**From:** Jason Gaertner, A/Director, Financial Services  
**Re:** **Summary of the Finance Advisory Committee's 2015 to 2018 Accomplishments**

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### **Recommendation**

- 1. That the memorandum regarding a summary of the Finance Advisory Committee's 2015 to 2018 Accomplishments be received.**

### **Background**

The Financial Advisory Committee (FAC) was re-established in early 2015 with a primary function of assisting Council, staff and the corporation in fulfilling its fiscal responsibilities by reviewing and making recommendations on the long range corporate financial planning process, capital planning initiatives and other fiscal policy matters.

Over the course of its previous term, the FAC successfully undertook multiple reviews. One of the most important reviews undertaken by the committee was its completion of a detailed budget review for each of the Town's departments. These line by line budget reviews resulted in many key findings and/or outcomes of which are summarized in the attached report which was presented to General Committee on July 17, 2018. This report can be found under Attachment #1.

In addition to its detailed budget reviews, the FAC also reviewed and provided feedback to Council and staff on many other subject areas which included the review and provision of recommendations and/or feedback regarding:

- The Town's budget public engagement strategy. Some key outcomes of these discussions were the initiation of multiple online budget surveys of the public and the

Summary of the Finance Advisory Committee's 2015 to 2018 Accomplishments  
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commencement of a public stakeholder budget consultation meeting at the beginning of each year's budget cycle.

- The Town's updated investment policy.
- The development of the Council Budget Principles and Council Budget Process documents which have now been approved by Council and are posted on the Town's web site. These two documents have resulted in significant efficiencies within the Town's annual budget process.
- The Town's pricing policy for recreational services, including its strategy for the subsidization of recreational program rates.
- The Town's residential/non-residential tax assessment split including a comparison across municipalities.
- Council's annual budget preparation directions to staff.
- A policy relating to the provision of financial assistance to low income families to allow them access to the Town's many recreational programs.
- The Town's funding model for the Aurora Public Library, Aurora Cultural Centre and Aurora Historical Society.
- The Town's current suite of reserves resulting in the establishment of a new reserve dedicated to the management of budget shocks stemming from snow management operations.
- Proposed changes to the Town's procurement thresholds as part of its procurement bylaw review and update.

## **Attachments**

Attachment 1 – FS18-020 – Summary of the key findings / outcomes of Finance Advisory Committee's detailed budget reviews



**Town of Aurora  
General Committee**

**No. FS18-020**

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**Subject:** Summary of the key findings / outcomes of Finance Advisory Committee's detailed budget reviews

**Prepared by:** Jason Gaertner, Manager, Financial Planning Services

**Department:** Financial Services

**Date:** July 17, 2018

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## **Recommendation**

- 1. That Report No. FS18-020 be received for information.**

## **Executive Summary**

The purpose of this report is in response to the Finance Advisory Committee's (FAC) request that staff provide it with an updated summary of the key findings / outcomes to date arising from the FAC's rotating annual departmental detailed budget reviews.

- The FAC's departmental detailed budget reviews are bearing results

## **Background**

As per Council's approved budget review and approval process, the Finance Advisory Committee is to complete detailed budget reviews of each budget area once per term. The Committee was delayed in its inaugural year, and commenced its rotating annual departmental detailed budget reviews with the Parks, Recreation & Cultural Services (PRCS) department at its February 16, 2016 scheduled meeting. The agenda materials for this review and all subsequently completed reviews included the following core information:

- a. Line by line details, including grouping summaries of identified areas of Committee interest;
- b. 2016 Business Plan; and
- c. A presentation by each Director on the approaches used to prepare their budget.

To date, the FAC has now completed its departmental detailed budget reviews for the following list of departments:

- Parks, Recreation and Cultural Services commencing on February 16, 2016;

- Corporate Accounts commencing on May 24, 2016;
- Planning and Building Services commencing on March 22, 2017;
- Financial Services commencing on February 28, 2018;
- Corporate Services commencing on March 28, 2018;
- Operational Services commencing on April 25, 2018;
- Water, wastewater, storm water commencing on June 27, 2018;

Due to the delayed start and the corporate reorganization, only two budget areas were not included for review during the last four year term, being the CAO's Administration Department including Communications, and the Facilities Services Division. These two areas will be recommended to be reviewed by the FAC in 2019.

## **Analysis**

### **The FAC's departmental detailed budget reviews are bearing results**

Over the course of its detailed departmental budget reviews, the FAC has made several key findings which have resulted in multiple tangible actions being undertaken by staff. These key findings / outcomes from each of these said completed departmental detailed budget reviews to date are as follows:

#### **Parks, Recreation & Cultural Services**

- It was determined that the Town's community program delivery contracts budgets was insufficient. It was also noted that select recreational program revenue targets had become out of alignment with reality. The FAC concluded that right-sizing of these items was in order.

This finding has resulted in the formal right-sizing of both the community programs delivery contract budgets and select recreational program revenue targets as part of the 2017 Operating Budget.

- Identified a few categories of community programs that were being excessively subsidized by the Town and agreed to explore options for addressing through strategies such as further user fee rate increases, select program discontinuation, boosting of alternative revenue sources and consideration of a more selective program subsidization framework.

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This finding has resulted in staff increasing select community program 2017 user fee rates and significantly expanding planned sponsorship revenues as part of the 2017 Operating Budget. In addition, staff developed and brought to the FAC for its review and comment a draft comprehensive community program subsidization policy / framework entitled Aurora Assist.

- It was noted that the flat rate billing of PRCS' Park Operations division for Town Park water consumption was placing a material pressure on this division's operating budget.

This finding has resulted in the discontinuation of the flat rate billing of Park Operations for Town Park water consumption as part of the 2017 Operating Budget.

- Recognition that uncontrollable staffing activity such as staff turnover, maternity leave, long term sick leave, etc. has a material impact on the Town's operating budget financial performance and that mitigating measure(s) need to be explored.

This finding has resulted in Council's approval of a reserve fund strategy for the management of uncontrollable External Legal and Occasional Human Resources Expenses in June, 2017.

- It was acknowledged that uncontrollable development driven revenues can materially impact the financial results of the Town and consequently, staff should examine ways to address this.

This finding has resulted in staff modifying the way in which both budget information and financial results are presented to Council.

- Identified a need for the Town to re-visit its Key Performance Indicators (KPIs) and more effectively link them to financial results.

This finding has resulted in staff commencing a review of all existing Town KPIs which continues to be in progress at this time.

- It was noted that there will be a material increase in resident demand for the Town's recreational and community program services in the near future driven by

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the recent high rate of growth that the Town has been experiencing. It was suggested that the Town should explore a strategy for preparing for this expected growth similar to one being utilized for Fire Services, being a phasing in of the anticipated resultant increased service delivery costs ahead of the actual requirements arising.

This finding has resulted in staff planning to explore a strategy of this nature to be commenced as part of the 2019 Operating Budget, which will begin to phase-in any incremental anticipated costs for the ongoing operation of the planned new community centre being planned.

#### Corporate Accounts

- The FAC obtained a greater understanding of the accounts that are captured under the Corporate Accounts and why.

#### Planning & Building Services

- It was recognized that the Planning & Building Services department's funding model is presently heavily reliant upon uncontrollable development driven revenues. Consequently, staff need to ensure that they are effectively projecting these revenues into the short to medium term future and that they devise a strategy for reducing the Town's reliance upon these revenues.

This finding has resulted in staff further enhancing their longer term development driven revenue projections; which included a report to Council on the Town's long term development activity projections in May, 2017. In addition, staff plan to devise and implement a formal strategy that will progressively wean the Development Planning division off of its operating budget reliance upon development driven revenues

#### Financial Services

- It was observed that the Financial Services human resource capacity has not kept pace with the extensive growth that the town has experienced in recent years and is consequently now unable to meet its defined service levels. In addition, it was noted that the department's training & development funding is no longer sufficient in meeting the needs of the organization; particularly in regards to its mandatory training requirements for staff to maintain their professional designations.

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These findings have resulted in the commencement of the Financial Services department beginning to close its identified human resource capacity gap through the progressive and controlled addition of new positions to its organization commencing with the town's 2018 water budget.

#### Corporate Services

- A requirement for additional capacity in human resources and Information Technology (IT) were acknowledged. Also, the town's rapid growth over the past 5 years has necessitated a need to examine the town's human resource strategy in its delivery of bylaw services; primarily relating to the composition of full time to part time officers. An ongoing IT training & development funding short-fall was also noted.

These findings have resulted in town staff commencing a review of its human resource strategy for the delivery of bylaw services. Also, additional training & development budget funding was allocated within the 2018 operating budget.

#### Operational Services

- It was observed that multiple components of the department's budget are subject to material volatility. Two areas of interest that were identified for further review was the budget for operating materials under snow management services.

This finding has resulted in staff undertaking a review of its historical snow management operating material usage and billings.

- Multiple deficiencies were noted in regards to the town's internal fleet and equipment services relating to employee recruitment, supervision and necessary skill sets, its maintenance and replacement methodology and, a requirement for further specialized tools and equipment in the garage.

This finding resulted in staff's decision to engage a consultant who will undertake a review of the town's current fleet and equipment management framework and offer recommendations as to how it can be improved.

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- An on-going funding shortfall was identified in regards to the town's road crack sealing program. Crack sealing is a critical component of the town's road maintenance which must remain in alignment with the town's overall road condition management program in order to achieve the town's defined road network condition service standards.

This finding resulted in a staff commitment to right size the crack sealing budget as part of its 2019 budget planning process.

- As the average age of the town's linear infrastructure continues to rise, a need was identified for the development of a formalized curb and gutter maintenance and replacement program.

This finding resulted in staff committing to the development of a more formal program/strategy for the town's curb and gutter maintenance and replacement. Along this vein, it was agreed that staff would attempt to piggy back on its upcoming road condition assessment by asking the consultant if they are able to also assess the town's curbs and gutters at the same time.

#### Water, Wastewater and Storm water

- It was acknowledged that as noted at the time of the 2018 rate budget approval that staff still had some work to do in regards to its review of the methodology for calculating the corporate overhead allocation that is charged to these utilities budgets each year. Additionally, outstanding review work remained relating to the allocation of an appropriate share of the town's fleet and equipment operation costs to the utilities budgets.

Since the time of the 2018 water budget approval, staff have made significant headway in its review of the corporate overhead and fleet allocations to the utilities budget. Outstanding is staff's determination of a methodology for how the noted overhead and fleet allocations will be distributed between the three utility budget components of water, wastewater and storm water. Until this work is complete, it is unclear if any material changes will result that may have an impact on 2019 utility rates.

- It was agreed that further clarification was necessary as to what specific utility service needs that the contract and operating materials budgets are contributing towards.

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In its preparation of the 2019 draft utility budgets, staff have commenced a detailed review of the historical usage of all utility program contract and operating material budgets with an intent of ensuring that maximum benefits are being recognized from these budgets. Some adjustments to these budget lines are expected.

- A need to review the methodology for the allocation of operational staff time between tax levy funded and rate funded programs; as well as, the allocation of the rate funded programs' share amongst the water, wastewater and storm water utility budgets.

Staff intend to undertake a review of the operational staff time allocation methodology as part of its preparation of the 2019 draft utility budgets. Until this work is complete, it is unclear if any material changes will result that may have an impact on the 2019 utility rates.

### **Advisory Committee Review**

Financial Advisory Committee, June 27, 2018.

### **Legal Considerations**

None

### **Financial Implications**

There here are no immediate financial implications arising from this report.

### **Communications Considerations**

This report will be posted to the Town's Budget and Financial Information web page for transparency and accountability.

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## **Link to Strategic Plan**

Having the FAC undertake its rotating annual departmental detailed budget reviews contributes to achieving the Strategic Plan guiding principle of “Leadership in Corporate Management” and improves transparency and accountability to the community.

## **Alternative(s) to the Recommendation**

The FAC may request additional information from staff.

## **Conclusions**

The Finance Advisory Committee has now completed a detailed budget review for all of the town’s departments, except for two components. These reviews have proven to be quite fruitful, generating multiple key findings as noted above which have contributed directly to the betterment of the town’s financial planning and reporting framework. The remaining two areas, the CAO’s Administration budget, including Communications, and the Facilities Division will be reviewed as part of the 2019 work plan for the Committee.

Staff recommend that this report be received.

## **Attachments**

None

## **Previous Reports**

Finance Audit Committee, September 27, 2017, FS17-042 – Summary of the key findings / outcomes to date arising from the Finance Advisory Committee’s rotating annual departmental detailed budget reviews.

## **Pre-submission Review**

Agenda Management Team review on June 21, 2018

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**Departmental Approval**



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**Dan Elliott, CPA, CA  
Director of Financial Services  
- Treasurer**

**Approved for Agenda**



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**Doug Nadorozny  
Chief Administrative Officer**



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**Town of Aurora  
Financial Services**

## **Memorandum**

**Date:** March 27, 2019  
**To:** Finance Advisory Committee  
**From:** Jason Gaertner, A/Director, Financial Services  
**Re:** **Town's Major Capital Projects Update**

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### **Recommendation**

- 1. That the memorandum regarding the Town's Major Capital Projects Update be received.**

### **Background**

The Town currently has multiple major capital projects underway in varying stages of completion. These major projects include the following:

- Library Square
- 89 Mosley (Armoury) Renovation
- Fire Hall 4-5
- Joint Operations Centre Additional Work

### **Analysis**

#### Library Square

The Library Square project consisting of three key components being demolition, addition to the Church Street School and the outdoor square & parking has now reached a stage where Council has been asked to consider and approve the final designs and resultant capital investment budget for this project. Based upon the options approved by Council, the project's total approved budget will be between \$37.9m and \$40.3m; with previously approved funding factored in, the net additional requirement for this project will be between \$35.6m and \$37.9m. Currently, as part of

Town's Major Capital Project Update  
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the 2019 capital budget process, Council has conditionally approved a placeholder of \$35.0m in additional funding for this project.

The monthly status update for this project can be found under Attachment #1.

#### 89 Mosley (Armoury) Renovation

This project has been fully tendered and construction is underway. Construction commenced at the Armoury in October, 2018 and is expected to be completed by June, 2019. This project is currently approximately a week behind schedule, but its ultimate completion will be weather dependent.

The monthly status update for this project can be found under Attachment #1

#### Fire Hall 4-5

This project has recently completed its design stage and its request for proposal (RFP) for construction is expected to occur shortly. This project's planned date of completion is July, 2020.

The monthly status update for this project can be found under Attachment #1

#### Joint Operations Centre Additional Work

This project includes the completion of multiple items at the Town's Joint Operations Centre (JOC), including:

- Back lot paving and full build out
- Upper parking lot and rear yard top coat
- JOC landscaping
- Garbage tipping station
- Storage buildings
- Automated gate control
- South side exterior finishing
- Furniture
- Entry pilot exterior sign
- Intercom system
- Third floor build out

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Each of these items are at varying stages of completion.

The monthly status update for this project can be found under Attachment #1

**Attachments**

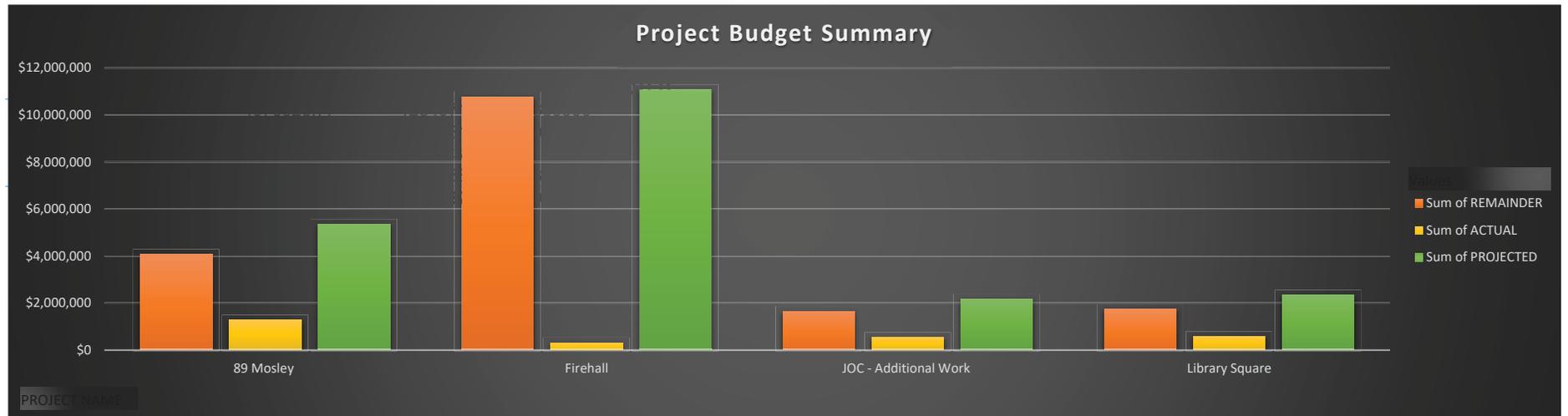
Attachment #1 – Major Capital Project Update:

- Library Square
- 89 Mosley (Armoury) Renovation
- Fire Hall 4-5
- Joint Operations Centre Additional Work

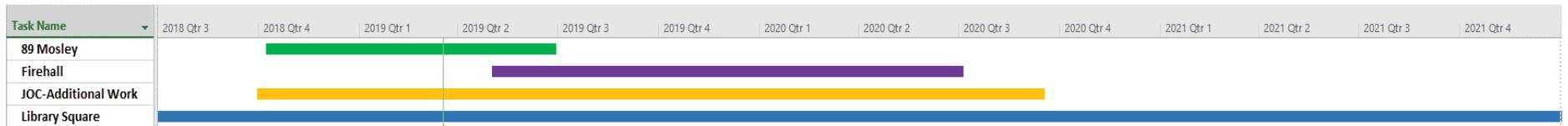
### Major Capital Project Update Summary

Attachment #1

PROJECT NAME	Timeline				BUDGET			STATUS	RISKS			OPEN	
	BEGIN	FINISH	# of DAYS	STATUS	PROJECTED	ACTUAL	REMAINDER		HIGH	MEDIUM	LOW	ISSUES	CHANGES
89 Mosley	October 9, 2018	June 28, 2019	262	Concerned	\$5,359,900	\$1,284,071	\$4,075,829	On budget	3	0	0	0	0
Firehall	May 3, 2019	July 3, 2020	427	Concerned	\$11,087,300	\$309,982	\$10,777,318	On budget	1	1	0	0	0
JOC - Additional Work	March 1, 2019	September 30, 2019	213	On schedule	\$2,185,200	\$533,431	\$1,651,769	On budget	0	0	0	0	0
Library Square	July 2, 2018	December 31, 2021	1278	On schedule	\$2,340,135	\$579,638	\$1,760,497	On budget				0	0
<b>Total</b>					<b>\$20,972,535</b>	<b>\$2,707,122</b>	<b>\$18,265,413</b>		<b>4</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>



### Projects Gantt Chart





## **Council Budget Principles**

The Council of the Town of Aurora is responsible for two key elements in carrying out their duties. Council must represent and advance the interests, needs and actively plan for the future, and serve the residents and businesses of the community of the Town of Aurora, while also responsibly managing a large municipal corporation, including its future, resources, assets, needs and interests. The funding raised and used by the corporation comes primarily from within the community, and must be used wisely, obtaining good value and cared for responsibly. Within the context of annual corporation budgets, Council is committed to remain engaged with the community and continually strengthen the municipal corporation's overall fiscal sustainability, balanced with the need for Aurora's property taxation levels and water rates to remain comparable and affordable within the context of the Greater Toronto Area.

In exercising its budget setting duties, Council should be mindful that the primary funding source is from taxpayers, and it is Council's duty to be responsible in this regard, making fiscally responsible decisions with respect to services offered, service levels offered, and other uses and application of the taxpayers' funding, being mindful of the long term and short term impacts to both the corporation and the taxpayer.

Council recognizes that there are many different external influences which have impacts to the Town's budgets, costs and services. The following items each cause tax increase pressures upon the budgets of the Town. Council is committed to address each of these issues in a manner which respects the taxpayer, the financial health of the municipal corporation and our staff serving Aurora:

- New and emerging legislative compliance requirements increasing demand on municipal resources and staffing
- Growth of the community, and the resultant volumetric increase in demand for services and facilities provided and available. Such costs are normally offset by growth in base revenues arising from the new residents and businesses.
- Community expectations for newer, evolving and additional services and facilities over and above today's existing service levels
- The need to develop the financial capacity to meet current and future capital infrastructure replacement needs to provide reasonable service levels in a sustainable manner. Infrastructure sustainability funding has historically been a low priority for municipal governments across the country. Aging and deteriorating infrastructure requiring urgent repair or replacement has now brought this issue to the forefront for all levels of government.

Council  
March 8, 2016

- Economic pressures such as interest rate fluctuations and inflationary pressures
- Cost increases in some supply sectors which exceed inflation, such as electricity
- Pressures on wage and benefits costs, including collective agreements
- Service and supply contract renewals and existing committed multi-year contracts

Council recognises that during every budget debate, various perspectives and interests are represented and raised at the Council table. To assist in these prospective discussions, Council has reviewed and agreed on a consensus basis that the following principles will guide the development, review and approval processes of each budget for the Town. These Budget Principles will be reviewed by Council in the first year of each Council term, and at any other time as requested by Council.

The following principles will guide the preparation, review and evaluation for approvals of the Annual Operating, Capital and Utility budgets for the Town:

### **Open and Transparent Process**

1. The Annual Budget Process shall include opportunities for input from members of the public and community groups. All feedback, comments and suggestions received through solicitation tools such as email, website, surveys or others, will be conveyed to General Committee – Budget (Budget Committee) as they are received throughout the budget review process.
2. The Annual Budget Process should include a formalized system or survey for community input, as determined by the Finance Advisory Committee.
3. All meetings of the Budget Committee shall be open to the public, except those aspects which are permitted and appropriate to be held in closed session, such as but not limited to discussions regarding collective agreement negotiation provisions, personnel matters, or litigation.
4. Budget materials, presentations, disclosures and Budget Committee review processes shall be open and transparent. All materials will be prepared with the intended audience being a member of the general public where reasonable and practical. A specific section of the Town's website will contain all relevant budget materials, presentations, summaries and reports throughout the process, and updated to reflect the final approved budgets.
5. Council will undertake to complete the review and approval of the annual operating budgets prior to the commencement of the new budget year. For a budget in respect of the year following a municipal general election, the budget review process will begin early in the new budget year, as required by statute.

Council  
March 8, 2016

6. In making comparisons to other municipalities in respect to processes, performance, service levels, cost, revenue rates or any other basis, the Town shall have regard to, at minimum, the following municipalities:
  - a. All other lower tier municipalities of York Region.
  - b. Municipalities in the Durham Region, Peel Region, and Region of Halton Hills which have populations within 30% of the Town's population.
  - c. York Region where applicable.
  - d. Ontario Municipal Benchmarking Initiative materials where applicable.

### **Budgets to be Fiscally Responsible**

7. The Town will prepare a traditional municipal balanced budget for review. Ontario Regulation 284/09 allows for exclusion from such budget certain accounting estimates such as amortization, and post-employment benefit liabilities. The impact of these excluded items will be presented separately as part of the budget submission as required of the Regulation.
8. The Town will not use or rely upon prior year operating surpluses to fund or balance the Operating Budget.
9. The Town will not rely on one-time or short-term temporary funding sources to fund or balance the Operating Budget, unless directly associated with corresponding temporary expenses for events or special purpose programs.
10. Council and staff will continually look to implement changes in technique, tools or approaches to delivering all services and functions which will reduce costs, or improve the efficiency or effectiveness of our work and programs. Where necessary, capital investments required to achieve such improvements will be prioritized.
11. The annual operating budget will not be impacted by year to year fluctuations of the actual capital budget approval. Rather a singular, stable and predictable funding transfer to Infrastructure Sustainability Reserves will be included.
12. Council is committed to adequately fund infrastructure repair, replacement and improvements through annually evaluating the future funding needs, and when indicated, increase annual contributions to infrastructure sustainability reserves. Such increases will be included in the Fiscal Strategy budget area. Additionally, the Town will ensure the planned capital program attempts to replace assets at the optimal point in time for efficient and effective use of scarce capital funding in accordance with the Ten Year Asset Management and Investment Plan, balancing this with meeting community expectations, and the need for maintaining reliable services.
13. Council recognizes that budget decisions made in one year may have ripple-type impacts to future budget years. To ensure open and public awareness, for each

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annual operating budget presented for tax funding, an accompanying forecast of the next three budgets and related tax impacts shall also be presented. These forecasts will be updated as budget decisions are made during review. The forecasts presented will always include three or more years for consistency of vision. Using multi-year budgets and forecasts improves fiscal health and service delivery through:

- a. better coordination of budgeting and strategic priorities,
  - b. greater certainty for departments in managing expenditures and service levels
  - c. improved fiscal discipline of the organization
  - d. streamline annual budget reviews to focus on key changes in assumptions and outlooks, and the reasons driving such changes
  - e. allow staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets.
14. A separate Special Phasing Budget will be used to address significant permanent tax pressures. These pressures will be mitigated through phase-in in over multiple years, using tax stabilization reserves where necessary. Foreseen pressures, such as the operating costs for a facility under construction, will be phased-in in advance where possible. Unforeseen pressures will be phased-in as promptly as appropriate. Phasing of such tax pressures may result in tax rate increases which are in excess of inflation so as not to adversely impact existing services and facilities provided. Where appropriate, growth revenues will be allocated towards the new costs.
15. In the event that previously established Operating Budget directives are sought to be reduced by Budget Committee or Council, a balanced approach will be used whereby roughly 50% of such amount will be through internal cost reductions which have minimal impact on service levels, with the remaining amount through new revenue streams, fee increases exceeding inflation, or definitive service or program reductions identified by Budget Committee.

### **Inflation is a Reality for both the community and the Corporation**

16. Council and our taxpayers recognize that annual tax increases approximating inflation are necessary to support perpetuation of existing services, facilities and operations, while accommodating new growth in population and the demand for more of these same levels of services, facilities and operations such growth creates. For reference, Council will refer to the annual 12 month CPI index for the Toronto Area, as reported by Statistics Canada for the period July 1 to June 30, ending in the year prior to the budget under review.
17. It is reasonable to expect administrative support overhead type costs are necessary, and should remain in a consistent ratio to the cost of core outward

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services and operations. The growth of the community and demand for services affects both outward and administrative functions of the corporation.

### **The Town will Advance Priorities**

18. Council is committed to advancing strategic priorities set out in our Strategic Plan, balanced with affordable and coordinated advancements of the goals and objectives set out in our various Master Plans, including:

- a. Communications Strategic Plan
- b. Corporate Administrative Plan
- c. Corporate Environmental Action Plan
- d. Cultural Master Plan
- e. Downtown Revitalization Plan
- f. Economic Development Master Plan
- g. Information Technology Strategic Plan
- h. Long Range Asset Management and Investment Plan
- i. Official Plan (community growth plan)
- j. Parks Master Plan
- k. Promenade Plan
- l. Pursuit of Top 100 Employer status
- m. Servicing Master Plan
- n. Trails and Open Spaces Master Plan
- o. Transportation Master Plan

It is recognized that it may not be financially possible to make advancement in all areas each year. Council will annually identify and prioritize such items during the annual budget review process.

19. Innovation, efficiencies, service excellence, maintaining public safety, and service level improvements come through the continuous learning and development of our staff. Training and development funding will be provided in the budget in the range of x% to x% (to be determined) of the Total Salaries and Benefits costs. In the first year of each term of Council, data from the comparator municipalities will be presented to confirm the Town's percentage allocation.

### **Historical Underfunding must be Addressed**

20. A separate annual Fiscal Strategy budget is intended to:
- a. Eliminate the infrastructure funding gap which arose from a long history of underfunding the costs of wear & tear on (consumption of) our infrastructure.

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- b. Reduce the reliance upon unsustainable revenue sources by the Operating budget, such as interest from the Hydro Investment Reserve Funds.

The driver for the need for current tax increases in this regard is a historical underfunding of contributions to infrastructure reserves, and the recently mandated detailed planning and forecasting taking place for the management of capital asset infrastructure. This situation is being experienced in virtually all municipalities across Canada, particularly by those municipalities such as Aurora who implemented long periods without increasing taxes. The “no tax increase” years actually made matters worse for each of these municipalities, as the core operations experience inflationary pressures every year, as does the cost of rehabilitation and replacement of infrastructure.

Current service levels of the base operating budget should not suffer due to the need to address this historical funding issue. Council is committed to increase property taxes in order to increase its contributions to reserves for funding necessary infrastructure rehabilitation and renewal. The Town’s Ten Year Asset Management and Investment Plan outlines and updates this strategy each year.

It is understood that the Fiscal Strategy budget will normally push the tax rate impact to the resident beyond inflation rates when combined with the Operating Budget.

21. The Province has quietly been providing “tax room” to municipalities since 1998: Since the substantial changes of property taxes with the introduction of Current Value Assessment in Ontario in 1998, the Province of Ontario has generally held education tax rates revenue neutral for existing properties each year, resulting in a decline of the portion of the property tax bill going toward education. Together with recent uploading from the Region of York and others of the Social Pooling allocation, and other social and provincial responsibilities, the Province has continually reduced their burden on the property tax bill incrementally each year. Some of these reductions have been offset by increased regulatory compliance requirements which have directly or indirectly added costs to the municipalities. Overall, it needs to be recognized that due to the net zero tax increases for education taxes, the province annually opens “tax room” on the bill for municipalities to address funding pressures such as infrastructure and compliance costs. Council and the community need to recognize that to access this tax room, the local taxes need to increase by more than general inflationary levels. Failing to access this tax room in one year is difficult to recapture in future years.



## **Council Budget Review and Approval Process**

The annual budget review and approval process includes the following distinct components, each with their separate Council Review and Approval Process flow:

November/December each year (January to March following an election)

- Operating Budget
  - CAO controlled operations
  - Aurora Public Library Board funding request
  - Aurora Cultural Centre Board funding request
  - Aurora Historical Society funding request
  - Central York Fire Services Budget
  - Utilities Operations Budgets
  
- Annual Fiscal Strategy Budget
  
- Annual Special Phasing Budget
  
- Three Year Forecast Budgets
  
- Budget Directives for the next year's budget

**October each year (January following an election)**

- Capital Budget
  - Ten Year Asset Management and Investment Plan
  - Annual Capital Budget

**March to September**

- Annual Detailed Review – departmental detailed review (rotating)

### **Operating Budget**

The annual operating budget will be reviewed by the General Committee – Budget (Budget Committee) in the fall period prior to each budget year, except budgets for the year following an election. All meetings of the Budget Committee are open to the public.

A multi-year budget approach is to be used by Aurora. The current year's budget, plus similarly detailed forecasted budgets of the subsequent three years are to be prepared and presented by staff, in accordance with directives from Council. The basic premise of the multi-year budget approach is that a current budget which meets the previously approved forecast and budget directives of Council will generally be approved by

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Budget Committee and Council. Staff can more effectively plan multi-year programs, revenue streams and staffing based on the presumption of having complying budget forecasts receiving approval. Any variations from forecast would need to be fully explained in the presentation of such budget. It is important to note that Committee or Council can still make amendments to those future approved forecasts based on new initiatives, new regulations, or changing economic circumstances.

Using this presumed approval and multi-year approach to developing budgets will give several advantages:

- improved coordination of budgeting for strategic priorities,
- greater certainty for departments in managing expenditures and service levels
- improved fiscal discipline of the organization
- streamline annual budget reviews to focus on key changes in assumptions and outlooks, and the reasons driving such changes
- allow staff to develop budgets with fixed targets in place, allowing early response to circumstances and budget constraints of such targets.

In conducting its annual operating budget review and approval process, the Budget Committee will consider the following components and their related three year forecasts:

- CAO controlled operations including Building Services Budget
- Aurora Public Library Board funding request
- Aurora Historical Society funding request
- Central York Fire Services Budget (as recommended by Joint Council Committee)
- Utilities Operations Budgets
- Annual Fiscal Strategy Budget
- Annual Special Phasing Budget

Once these budget components have been reviewed by Budget Committee, Committee will recommend adoption to Council.

### **Operating Budget – Aurora Cultural Centre Board funding request**

To fulfil the requirements of the Cultural Services Agreement with the Aurora Cultural Centre Board, their annual report and budget request for funding of operations will be presented to Budget Committee. Budget Committee will deliberate on the funding request and make any adjustments to the Operating Budget as appropriate.

### **Budget Communications Strategy and Key Messages**

Following recommendation for adoption of the annual operating budget and forecasts, Budget Committee will discuss and provide direction to staff regarding key messages and budget highlights, including any specific statements or strategies to be included in media releases, website and other communications regarding the approval of the budget.

### **Budget Directives for Next Budget**

Following resolutions regarding Communications Strategy Key Messages, the Budget Committee will turn its attention to reviewing the budget directives for the preparation of the subsequent budget. The directives presented by staff for consideration will be those of Council from the prior year, with any changes recommended being highlighted. Budget Committee will recommend a set of Budget Directives for adoption by Council.

### **Capital Budget**

The annual review and approval of the Ten Year Asset Management and Investment Plan will be completed prior to the end of October prior to the budget year. This timing allows for pricing advantage of early tendering, as well as allowing integration of the capital plan into the operational plans, capacities and requirements of the affected business units within the Operating Budget as applicable. Budget Committee will recommend adoption to Council. Funding allocations approved in the annual capital budget will be effective January 1 of the budget year, unless otherwise specifically approved by Council.

### **Rotating Annual Departmental Detailed Budget Reviews**

Separate from and completed subsequent to the annual final budget approval, a specific group of town budget areas will be examined in detail each year during the period of April to September or as otherwise determined by Committee. The Finance Advisory Committee (FAC) will review the operational budget details of each operating department on a rotating basis, so as to review all operating departments of the Town once each term. Recommended adjustments will be reflected by staff in the following year's operating budget submission.

This rotating approach balances the need to review the details of each departmental budget with the expectation of efficient and effective use of Committee time commitment for the annual budget process. Detailed review of every department every year is not practical. The rotational approach allows for ongoing assurance by Council, new members to Council, and the general public that all areas of the budget have been reviewed in extensive detail within the last few years by a committee of Council, and that such reviews continue on a regular basis on a fixed schedule. This approach ensures that the annual budget review of the overall corporate budget submission can remain at a higher level of consolidation, focusing on service levels, performance indicators and overall compliance with budget directives and prior forecasts, and the forecasts for the following years.

The rotation of detailed reviews will be as follows (calendar year of term):

Year 1	Parks, Recreation and Culture Services Infrastructure & Environmental Services Utilities Operation Budget
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Year 2	Building Services Division (fees funded budget)  Building & Bylaw Services Planning & Development Services
Year 3	Council Administration CAO/ Administration Legal & Legislative Services Corporate & Financial Services Corporate Accounts
Year 4	None due to municipal election

The detailed review will include, but is not limited to:

- the current approved operating budget, with provided expanded details;
- all related fees and rates charged;
- activities, services and service levels provided by the department;
- open capital projects and status
- the area's related content details within the Ten Year Asset Management and Investment Plan
- adequacy of staffing and funding to meet mandatory activities, services, commitments, and approved non-mandatory services, activities and programs and general expectations of Council;



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**Town of Aurora  
Financial Services**

## **Memorandum**

**Date:** March 27, 2019  
**To:** Finance Advisory Committee  
**From:** Jason Gaertner, A/Director, Financial Services  
**Re:** **Order for Detailed Departmental Budget Reviews**

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### **Recommendation**

- 1. That the memorandum regarding the Order for Detailed Departmental Budget Reviews be received; and**
- 2. That the Finance Advisory Committee provide staff with direction in regards to the order of priority for its detailed budget reviews.**

### **Background**

As per Council's approved budget process, the Finance Advisory Committee (FAC) will undertake a detailed budget review of each of the Town's departments. Its goal by the end of the each Council term is to ensure that every department has been reviewed.

These departments include:

- Council Administration
- Office of the CAO
- Corporate Services
- Operational Services
- Community Services
- Planning & Development Services
- Financial Services

Council has recently expressed a desire to undertake a similar review of some of the Town's service partners such as:

- Aurora Public Library
- Aurora Historical Society

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- Aurora Cultural Centre

## **Analysis**

Staff recommend the following order of priority for the Finance Advisory Committee's consideration:

1. Aurora Public Library
2. Aurora Historical Society
3. Aurora Cultural Centre
4. Community Services
5. Corporate Services
6. Planning & Development Services
7. Financial Services
8. Operational Services
9. Council Administration & the Office of the CAO

Upon confirmation of the order of priority, the Finance Advisory Committee's work plan will be updated accordingly in order to schedule each of these reviews.

## **Attachments**

None