



**Budget Committee
Meeting Agenda
2019 Operating Budget
Review**

**Monday, March 18, 2019
7 p.m.**

**Council Chambers
Aurora Town Hall**

Public Release
March 15, 2019



**Town of Aurora
Budget Committee
2019 Operating Budget Review
Meeting Agenda**

Monday, March 18, 2019
7 p.m., Council Chambers

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. Delegations

4. Public Consultation – Open Session – Opportunity for Members of the Public to Provide Input Regarding the 2019 Budget

5. Consideration of Items

1. FS19-014 – Kaleidoscope in Schools Pilot Program Funding Options

Recommended:

1. That Report No. FS19-014 be received; and

2. That Council fund its share of the Kaleidoscope in Schools pilot program through the creation of a capital project to be funded from the rate stabilization reserve.

2. FS19-017 – Library Square – Incremental Operating Requirement Funding Strategy

Recommended:

1. That Report No. FS19-017 be received; and
2. That the Library Square's first year's phase-in amount of \$240,000 as proposed by the preliminary incremental operating cost funding strategy be considered by the Budget Committee as a 2019 operating budget decision unit item.

3. Finalization of 2019 Operating Budget

6. Adjournment



**Town of Aurora
Budget Committee Report**

No. FS19-014

Subject: Kaleidoscope in Schools Pilot Program Funding Options

Prepared by: Jason Gaertner, Acting Director, Financial Services - Treasurer

Department: Financial Services

Date: March 18, 2019

Recommendation

- 1. That Report No. FS19-014 be received; and**
- 2. That Council fund its share of the Kaleidoscope in Schools pilot program through the creation of a capital project to be funded from the rate stabilization reserve**

Executive Summary

The Budget Committee agreed to fund its share of the Kaleidoscope in Schools pilot program in the amount of \$100,000, subject to staff reporting back on funding options. The requested \$100,000 funding commitment of the Town is intended to support this pilot program for both the 2019/20 and 2020/21 school years. Staff have identified three funding options for the Budget Committee's consideration:

- Fund the Kaleidoscope in Schools pilot program through the establishment of a capital project funded from the rate stabilization reserve;
- Fund the Kaleidoscope in Schools pilot program through the inclusion of this funding requirement in the 2019 and 2020 operating budgets funded from the rate stabilization reserve;
- Fund the Kaleidoscope in Schools pilot program through the inclusion of this funding requirement in the 2019 and 2020 operating budgets funded from the tax levy.

For the reasons specified in this report, staff recommend that a capital project be established for this pilot program, funded from the rate stabilization reserve.

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Report No. FS19-014

Background

At the February 25, 2019 Budget Committee meeting the Aurora Cultural Centre (ACC) requested the Town's financial support of its Kaleidoscope in Schools pilot program. The pilot would take place over the 2019/20 and 2020/21 school years.

ACC noted that the total estimated cost for this pilot program was \$300,000 or \$150,000 for each of the 2019/20 and 2020/21 fiscal years, respectively. Of this amount half would be funded through an unnamed donor; the remaining half would be shared equally between ACC and the Town of Aurora. Therefore, the Town's share of this proposed pilot program's total cost would be \$100,000 over the noted two year period or \$50,000 per year. The donor has made their funding conditional upon the ACC's matching contribution being secured and that contribution coming from new funds. Consequently, the ACC has asked for the Town's approval of the full \$100,000 in 2019.

In consideration of the materiality of this funding request, the Budget Committee passed the following motion:

That the Aurora Cultural Centre grant request for the Kaleidoscope in Schools program in the amount of \$100,000 be approved, subject to staff reporting back on funding options at a future Budget Committee meeting.

Staff have consequently undertaken a review of the possible funding options and isolated the three most feasible options for the Budget Committee's consideration.

Analysis

As this request is material and one-time in nature, a sound funding strategy is important. Staff offer the following possible funding options for the Budget Committee's consideration. For each identified funding option, the advantages and disadvantages are presented. The top three most feasible funding options are presented below:

Fund the Kaleidoscope in Schools pilot program through the establishment of a capital project funded from the rate stabilization reserve

This option consists of the establishment of a new capital project dedicated to the tracking of the Town's costs associated with this pilot program. A total budget of \$100,000 would be approved for this capital project funded through an equivalent funding transfer from the Rate Stabilization reserve.

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Report No. FS19-014

This option allows for the easy management of the cash flow challenges presented by the differing fiscal years of the Town and school board. The Town's fiscal year concludes on December 31st while the school board's fiscal year concludes on August 31st.

This option also allows for the Town to easily commit the full requested \$100,000 by the ACC in 2019.

Finally, considering that this request is one-time in nature, this option would allow the Town to avoid subjecting the tax levy to this temporary increase requirement. A one-time funding requirement of this nature is an ideal candidate for rate stabilization reserve funding. The rate stabilization reserve is presently healthy and able to fund this requirement.

Fund the Kaleidoscope in Schools pilot program through the inclusion of this funding requirement in the 2019 and 2020 operating budgets funded from the rate stabilization reserve

This option consists of the inclusion in the Town's 2019 and 2020 operating budgets of an incremental amount of \$50,000 relating to this proposed pilot program. This new requirement would be offset by a budgeted equivalent value revenue transfer from the Rate Stabilization reserve.

In regards to the Town's management of the cash flow requirements for this pilot program, this option creates a greater challenge for the Town in its addressment of the differing fiscal years of the Town and school board. The Town's fiscal year concludes on December 31st while the school board's fiscal year concludes on August 31st.

This option does not allow for the Town to easily commit the full requested \$100,000 by the ACC in 2019. As Council presently approves the Town's operating budget one year at a time, it would be in a position to only approve the first \$50,000 of this proposed pilot program. To address the ACC's requirement for the Town to commit to the remaining \$50,000 now, Council may pass a motion committing to include these remaining funds in the Town's 2020 operating budget at the time of its creation and approval.

Finally, considering that this request is one-time in nature, this option would allow the Town to avoid subjecting the tax levy to this temporary increase requirement. A one-time funding requirement of this nature is an ideal candidate for rate stabilization reserve funding. The rate stabilization reserve is presently healthy and able to fund this requirement.

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Fund the Kaleidoscope in Schools pilot program through the inclusion of this funding requirement in the 2019 and 2020 operating budgets funded from the tax levy

This option consists of the inclusion in the Town's 2019 and 2020 operating budgets of an incremental amount of \$50,000 relating to this proposed pilot program. The Town's tax levy would subsequently need to be increased in order to fund this new requirement.

In regards to the Town's management of the cash flow requirements for this pilot program, this option creates a greater challenge for the Town in its addressment of the differing fiscal years of the Town and school board. The Town's fiscal year concludes on December 31st while the school board's fiscal year concludes on August 31st.

This option does not allow for the Town to easily commit the full requested \$100,000 by the ACC in 2019. As Council presently approves the Town's operating budget one year at a time, it would be in a position to only approve the first \$50,000 of this proposed pilot program. To address the ACC's requirement for the Town to commit to the remaining \$50,000 now, Council may pass a motion committing to include these remaining funds in the Town's 2020 operating budget at the time of its creation and approval.

Finally, considering that this request is one-time in nature, this option would subject the levy to a one-time shock of \$50,000 (0.1% tax levy increase) which would be allowed to carry into the 2020 fiscal year. In 2021, the levy requirement would then be reduced by \$50,000.

Advisory Committee Review

N/A

Financial Implications

As noted above the ACC requires the Town to commit funding in support of both years of the pilot program. Consequently, regardless of the funding option selected, the cost to the Town for the Kaleidoscope in Schools pilot program will be \$100,000 over the next two school years. How these costs impact the Town's tax payers will be dependent upon the option selected.

Communications Considerations

This report will be posted to the Town's Budget and Financial Information web page for transparency and accountability as part of the overall annual budget communications and engagement plan. Each budget meeting will be separately communicated through various channels to the community, including a synopsis of the topics planned. A final press release with budget highlights will be issued upon approval by Council.

Link to Strategic Plan

Developing the annual budget supports all aspects of the Strategic Plan. Specifically, this report supports the Plan principles of Leadership in Corporate Management, Leveraging Partnerships, and Progressive Corporate Excellence and Continuous Improvement.

Alternative(s) to the Recommendation

1. None: General Committee will consider this additional requested financial information.

The Committee may make recommendations for changes to the 2019 draft budget at any time during its review process.

Conclusions

At the Budget Committee's request, staff have presented the three most feasible funding options for the Town's financial support of the ACC's proposed Kaleidoscope in Schools pilot program. Of the above noted funding options, staff recommend that a capital project be established for this pilot program, funded from the rate stabilization reserve.

Attachments

None

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Report No. FS19-014

Previous Reports

FS19-013 - 2019 Budget Committee Additional Information

Pre-submission Review

N/A

Departmental Approval

Approved for Agenda



**Jason Gaertner, CPA, CMA
A/Director of Financial Services
- Treasurer**



**Doug Nadorozny
Chief Administrative Officer**



**Town of Aurora
Budget Committee Report**

No. FS19-017

Subject: Library Square - Incremental Operating Requirement Funding Strategy

Prepared by: Jason Gaertner, Acting Director Financial Services - Treasurer

Department: Financial Services

Date: March 18, 2019

Recommendation

1. That Report No. FS19-017 be received; and
2. That the Library Square's first year's phase-in amount of \$240,000 as proposed by the preliminary incremental operating cost funding strategy be considered by the Budget Committee as a 2019 operating budget decision unit item.

Executive Summary

On March 21st staff will present to Council, for its formal consideration, an estimated total operating budget increase of \$720,000 relating to the ongoing operation of the Library Square upon such time that it becomes fully operational. As this increase will have a material impact on the tax levy, an operating funding strategy is essential. Consequently:

- On March 21st staff will present a recommended preliminary incremental operating cost funding strategy for the Library Square.

Staff recommend that the Budget Committee consider, for inclusion in the 2019 operating budget, the first year's phase-in amount of \$240,000, as proposed by the preliminary incremental operating cost funding strategy.

Background

In preparation for the Special Council meeting that will be held on March 21, 2019, which will be dedicated to the Library Square project, staff have developed a preliminary funding strategy for Council's consideration.

Analysis

On March 21st staff will present a recommended preliminary incremental operating cost funding strategy for the Library Square

As part of staff's preparation for the upcoming scheduled Special Council meeting on March 21st, a proposed operational plan for Library Square has been developed. This plan estimates that the total incremental operating cost for the ongoing operation of the proposed Library Square will be \$720,000 per year once it becomes fully operational.

Due to the material nature of this incremental cost, staff have also developed a preliminary operating cost funding strategy for the Library square which will be formally presented to Council for its consideration on March 21st as well. This funding strategy recommends that this noted impact be phased onto the tax levy in a gradual controlled fashion over the next three years commencing in 2019. This would represent an incremental tax levy increase of \$240,000 or 0.5% per year. See below table:

**Incremental Net Operating Costs for Library Square
(\$000's)**

Fiscal Year	Phased in Amount
2019	240.0
2020	240.0
2021	240.0
Total	720.0

Advisory Committee Review

None

Legal Considerations

Not applicable.

Financial Implications

It is estimated that the Library Square, upon becoming fully operational net of all expected new revenues, will produce an annual incremental operating budget impact of \$720,000. The proposed controlled phase-in of this operating budget impact over a

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three year period commencing in 2019 will ensure that this expense is fully funded by the tax levy in time for the complete Library Square becoming fully operational in the spring of 2022, while smoothing the impact to tax payers.

Communications Considerations

This report will be posted to the website to keep residents informed of plans and any future direction from Council will be shared via Council Highlights, Town website and social media.

Link to Strategic Plan

Reporting to Council and the public on an incremental operational cost funding strategy supports the Strategic Plan principles of transparency and accountability.

Alternative(s) to the Recommendation

1. Council may provide further direction.

Conclusions

Staff's proposed preliminary incremental funding strategy for the Library Square project will not be formally presented to Council for its review until after the next scheduled Budget Committee meeting. However, staff recommend that the Budget Committee consider for inclusion in the 2019 operating budget the first year's phase-in amount of \$240,000 as proposed by the preliminary incremental operating cost funding strategy.

Attachments

None

Previous Reports

CMS19-009 Library Square – Proposed Operating Plan

Pre-submission Review

None

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Departmental Approval

Approved for Agenda



**Jason Gaertner, CPA, CMA
A/Director of Financial Services
- Treasurer**



**Doug Nadorozny
Chief Administrative Officer**