



SUBJECT: 2016 Final Operating Budget

FROM: Dan Elliott, Director, Corporate & Financial Services - Treasurer

DATE: December 8, 2015

RECOMMENDATIONS

THAT Report No. CFS15-055 be received; and

THAT the 2016 Operating Budget summarized in Attachment #3 which reflects all revisions recommended for approval by the General Committee - Budget resulting in an estimated total tax levy of \$38,959,100 and a total expenditure plan of \$58,169,900 generating a 1.8% Town of Aurora share tax increase, which results in an estimated 1.9% residential tax bill increase when combined with the regional and education shares of the tax bill, be approved; and

THAT the Town's full-time staff complement remain unchanged at 2015 levels (excluding Library Board and Central York Fire Services staff); and

THAT a general wage increase of 1.0% effective April 1, 2016, be approved and applied to the Salary Schedule for Full-time Permanent Non-Bargaining Unit Positions, and to the Rate Schedule for Other-Than-Continuous-Full-time Non-Bargaining Unit Positions, both being Attachments to Policy #7; and

THAT the necessary bylaw establishing tax rates and due dates for 2016 property taxation be presented for adoption at a future Council meeting.

PURPOSE OF THE REPORT

To present for final approval a consolidated operating budget for 2016, reflecting all changes recommended by General Committee – Budget.

BACKGROUND

At its meeting of September 15, 2015, Council adopted the following resolutions arising from staff Report No. CFS15-035:

THAT staff be directed to prepare the 2016 Operating Budget in accordance with the following directives:

- 1. The Base Operating Budget reflects an overall tax increase pressure of 1.8%, including:***

- a. *A reduction in hydro interest reliance of \$100,000; and*
 - b. *A reduction of supplementary tax reliance of \$75,000; and*
 - c. *Maintain current contributions to infrastructure sustainability reserves; and*
 - d. *An overall increase in CYFS funding of 1.3% of the total tax levy (contributing 1.03% to the overall tax increase pressure); and*
 - e. *Partial absorption of inflationary pressures; and*
 - f. *Maintain current service levels.*
2. *All rates, fees and unit charges for non-tax revenues be indexed individually by a minimum of 1.1%, unless set by contract or statutes; and*

THAT the Aurora Public Library Board be directed to prepare a budget based on an anticipated Town of Aurora tax-based operating funding grant of \$3,659,000; and

THAT the Aurora Cultural Board be requested to prepare their 2016 Operating and Capital Budgets based upon the current Town funding in the amount of \$377,000.

COMMENTS

Staff are pleased to present the final 2016 Operating Budget which reflects Council's direction, and Committee's recommended changes, resulting in an average town share tax increase of 1.8% for residential properties.

The following items of key interest to Council have been reflected in the final draft budget:

1. Increased contributions to infrastructure reserves equal to 1% of tax levy.
2. Reduced reliance on interest from hydro reserved, reducing last year's reliance of \$300,000 to only \$200,000 for 2016.
3. Reduced planned reliance on supplementary tax revenues in accordance with our financial strategy by \$75,000 to only \$500,000 for 2016, despite much higher but short term expectations for sup taxes (mid-year taxation of new property construction arising in the 2C lands).
4. Phase-in of expected cost increases for Central York Fire, which, as anticipated, slightly exceeds the actual budget draft approved by the Joint Council Committee for CYFS. The excess results in a contribution to tax stabilization reserve for future use in this phase-in plan. The Town had previously adopted a phase-in strategy of increasing fire services budget by 1.3% of Aurora's tax levy each year for six years.

5. All rates, fees, and charges of the Town have been indexed where permissible by 1.1% representing inflation as reported for the 12 month period ending June, 2015.
6. All revenue estimates have been carefully considered in the context of the inflated rates and fees, as well as expected activity volumes and reflected in the budget.
7. Enhanced funding to the Aurora Cultural Centre Board and the Aurora Historical Society as directed by Committee.
8. Provision of funding in support of a pending Sports/Sports Tourism Plan, a Live Music Strategy, and a new community multicultural celebration event.

Staff have been able to achieve a 1.8% tax levy increase budget by utilizing new growth revenues arising from the recent growth of the 2C area, together with the above noted revenue changes, as well as constraining wherever possible the costs of operations of the Town. Training and development budgets remain substantially unchanged from last year. By having a clear direction of Council, staff were able to focus their attention to developing a budget which would meet Council's goal. Attachment #1 outlines the operating expenses of each department, net of their respective non-tax revenues. The total Net Operating budget, so represented, shows the distribution of the actual total tax revenue of \$38,959,100. Attachment #2 outlines all revenues by type, showing the total combined revenues of \$58,169,900. Attachment #3 shows this information in tabular format. The percentages in the right hand column represent the tax rate impact of the line item change; not the year over year percentage change for the budget line item. Attachment #4 outlines graphically the key budget pressures and influences in compiling the 2016 budget, ending with a 1.8% tax increase.

The Draft Budget Binder was separately distributed, and is available on the Town's website. Tab #3 of the Budget Binder includes a summary of all corporate Key Performance Indicators. As the 2015 year is not yet complete, the 2015 targets are shown, together with the 2016 targets. Past results are included. 2015 estimates have been included where possible.

Binder Tab #4 includes a summation of all departmental business objectives for the year which will advance various strategic initiatives of the Town's Strategic Plan.

Some of the highlights include:

- Expand on 2015 successes of Lean Practices pilot to include cross functional services in order to increase operational efficiencies;
- Integrate various corporate project management practices in order to create a consolidated delivery model;
- Implement the required changes to winter snow control in order to eliminate the use of sand on roads;
- Roll out new e-billing program for water bills
- Implement Council's new Budget Principles and Processes into annual budget process

- Collaboration with downtown business owners to form a Business Improvement Area
- Update zoning bylaw
- Update of the Corporate Environmental Action Plan
- Update of Official Plan
- To obtain Silver (Level 2) Certification from Excellence Canada
- Develop more robust wellness program focusing on mental health and stress issues.
- Update Corporate Communications Strategy and Communications Policy
- Technology advancements – on line services, mobile devices, customer relations management system.
- Sign Bylaw implementation and education
- Septic Maintenance program implementation
- Advancement of recommendations from Parks and Recreation Master Plan and Sports Plan
- Creation and implementation of a Public Art Policy
- Update and review of the departmental Pricing Policy
- Implementation of Electronic Document & Records Management System
- Implementation of a new e-agenda system for Council and Committee

Binder Tab #6 contains the business plans and information regarding each operating department of the Town. (Tab #5 is unused, and may be used to hold copies of presentations from each department.)

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 RECOMMENDATIONS

Council may make resolutions for changes to the 2016 draft budget.

FINANCIAL IMPLICATIONS

The General Committee – Budget has recommended the following changes to the draft budget first presented by staff. This report and attachments reflect these four items:

1. Add \$100,000 for implementation of the pending Sports/Sports Tourism Plan;
2. Add \$50,000 for implementation of the pending Live Music Strategy;

3. Add \$20,000 to fund a community multi-cultural celebration event for 2016;
4. Fund these first three items with a draw from the Council Contingency Reserve Fund;
5. Add \$16,900 to fund an increase in the grant provided to the Aurora Cultural Centre and add \$3,000 to fund an increase in the grant provided to Aurora Historical Society for 2016, both funded from within the existing draft budget.

Residential tax bills contain three different property taxes. Taxes collected for provincial education purposes represents approximately 20.6% of a residential tax bill, while taxes for York Region are approximately 43.0%, with the remaining 36.4% being retained by the Town for Town purposes.

The Town's 1.8% tax increase budget adds \$6.20 per year to the tax bill for each \$100,000 of assessment.

When combined with the York Region expected 2.85% tax rate and the revenue neutral education rate to be set by the Province (not until April 2016), the expected combined tax impact to a residential property is 1.88%. For reference, Attachment #5 sets out a history of Aurora's tax rate increases in recent years.

The proposed budget sets out planned expenditures totalling \$58,169,900, funded with non-tax revenues of \$19,210,900, such as investment income, user fees, Federal Gas Tax grants, and fines & penalties. The remaining \$38,959,100 requirement is to be raised through property taxes, requiring a 1.8% average tax increase. Attachment #5 outlines Aurora's history of increases to its property tax levies.

A key budgeting change for 2016 affects the past practice of budgeting for supplementary taxes. Supplementary taxes ("supps" or "supp taxes") are taxes levied upon new structures which are first assessed during the budget year. The Town is working on reducing its budget reliance on supp. taxes as the current high levels will be short lived, and will affect the tax budgets significantly if not managed over the next few years. For 2016, the planned level of reliance is \$500,000 down from the 2015 reliance of \$575,000. The expected actual supplementary tax revenue for 2016 is \$1,100,000. For 2016, the budget reflects supplementary tax revenue at \$1,100,000, with an off-setting temporary contribution to capital reserves of \$600,000, resulting in a net budget revenue at the \$500,000 planned level.

CONCLUSIONS

Council established a budget target for 2016 operating budget of 1.8% tax increase. Staff responded and developed a comprehensive budget. As directed, all revenue rates, fees and charges have been indexed for inflation. All operating lines were examined for opportunities for constraint, while maintaining services. All revenue targets were examined for expected volumes of activities. With five noted changes made by Budget Committee, with no impact to the proposed tax increase of 1.8%, the resultant final draft budget is herein presented for final approval by Council.

PREVIOUS REPORTS

CFS15-035 "2016 Budget Outlook and Preparation Directives to Staff" – to General Committee September 8, 2015, Council, September 15, 2015.

CFS15-045 "2016 Draft Operating Budget" to General Committee – Budget November 2, 2015.

ATTACHMENTS

- Attachment # 1 – Net Operating Budget by Department
- Attachment # 2 – Total Revenues by Source
- Attachment # 3 – 2016 Draft Operating Budget – Summary by Department
- Attachment # 4 – Key Budget Drivers Summary (graphical)
- Attachment # 5 – Tax Rate History

PRE-SUBMISSION REVIEW

C.A.O. and Treasurer only.

Prepared by: Dan Elliott, Director of Corporate & Financial Services - Treasurer



Dan Elliott, CPA, CA
Director of Corporate & Financial
Services - Treasurer

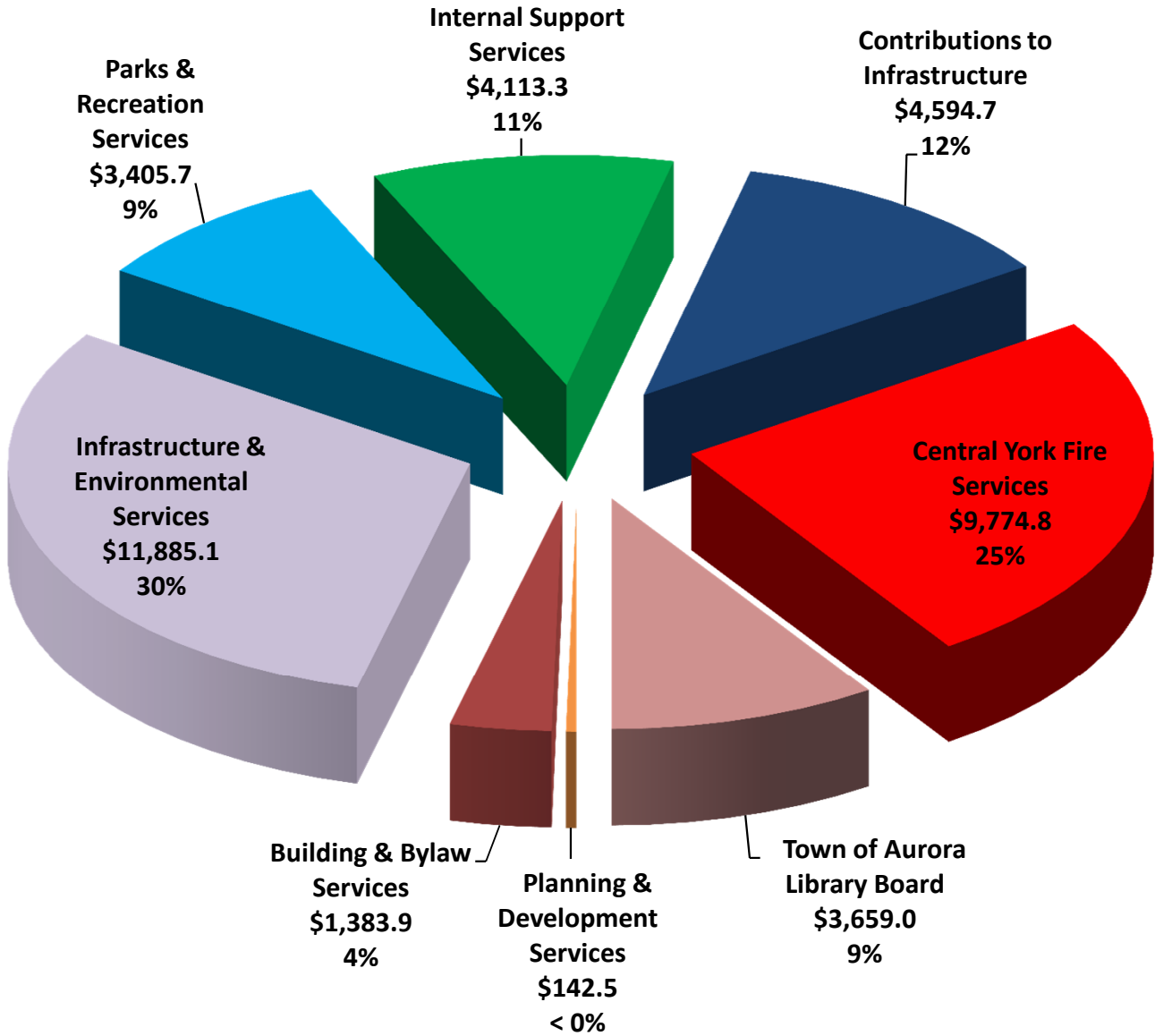


Patrick Moyle
Interim Chief Administrative Officer

Town of Aurora 2016 Operating Budget Net Operating Budget by Department

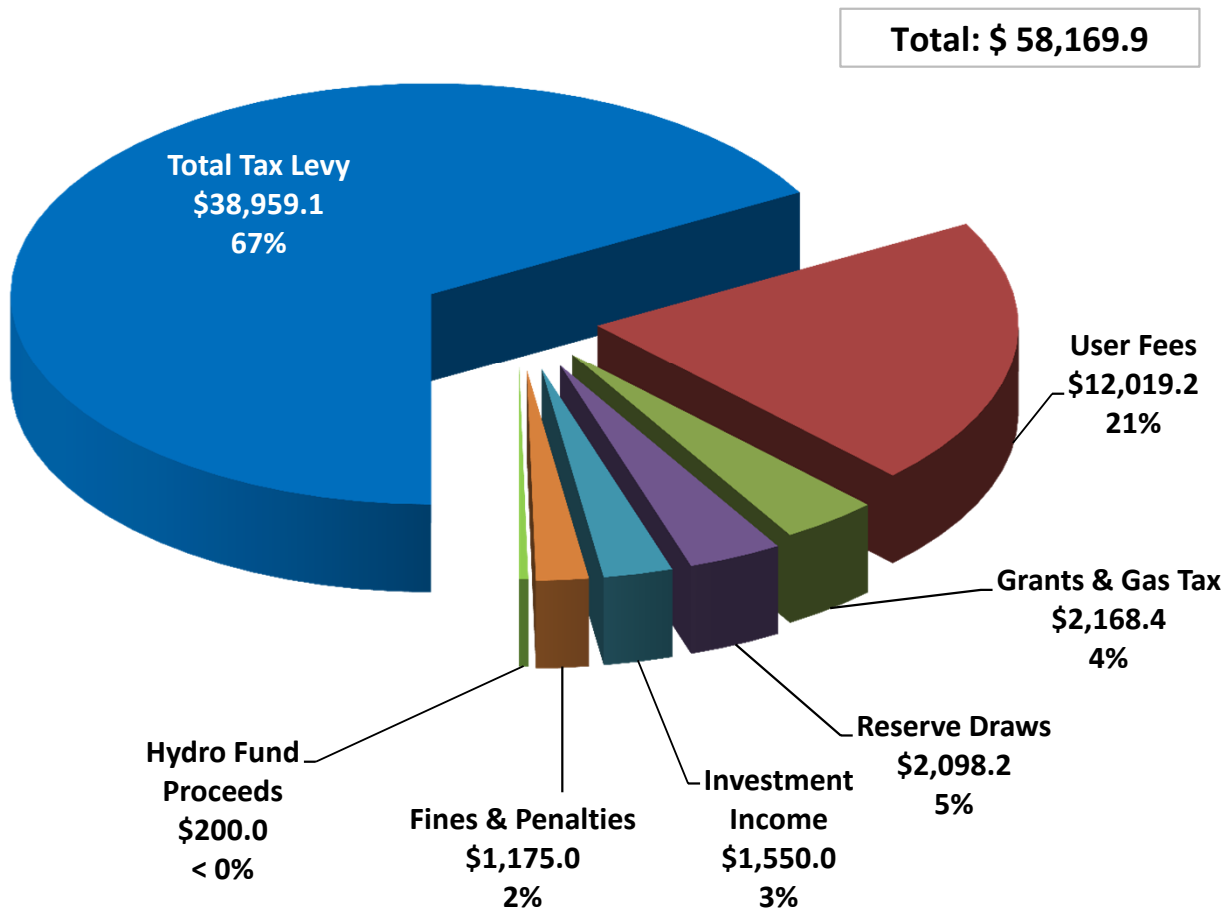
Shown in \$000's

Total: \$ 38,959.1



Town of Aurora 2016 Operating Budget Total Revenues by Source

Shown in \$000's

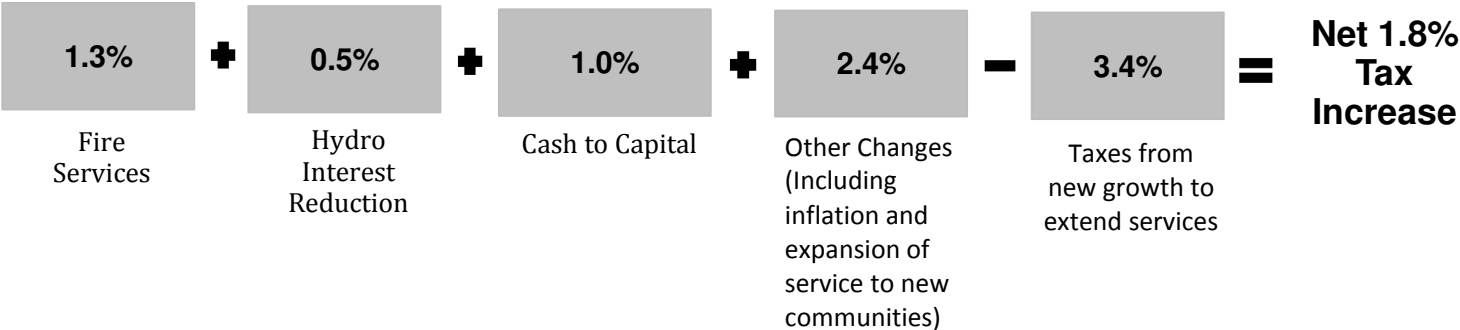


* User Fees include revenue received in relation to the utilization of the town's various service offerings such as its parks and facilities, building permit issuances and development application fees.

Town of Aurora
2016 Operating Budget
Summary by Department

<u>Shown in \$000's</u>	<u>2015 Approved Budget</u> (adjusted)	<u>2016 Draft Budget</u>	<u>Dollar Change</u>	<u>Tax Pressure Change</u>
<u>Gross Expenses</u>				
Council	\$ 525.3	\$ 532.8	\$ (7.5)	(0.0 %)
Chief Administrative Office	\$ 1,869.3	\$ 1,889.0	\$ (19.8)	(0.1 %)
Legal & Legislative Services	\$ 2,528.4	\$ 2,561.7	\$ (33.3)	(0.1 %)
Election 2018	\$ 82.5	\$ 82.5	\$ -	-
Corporate & Financial Services	\$ 3,190.7	\$ 3,283.1	\$ (92.5)	(0.2 %)
Building & By-law Services	\$ 4,016.1	\$ 4,543.5	\$ (527.4)	(1.4 %)
Planning & Development Services	\$ 1,926.0	\$ 1,985.8	\$ (59.8)	(0.2 %)
Infrastructure & Environmental Services	\$ 12,740.6	\$ 13,492.8	\$ (752.2)	(2.0 %)
Parks, Recreation & Culture Services	\$ 8,398.8	\$ 8,816.2	\$ (417.4)	(1.1 %)
Corporate Expenses & Revenues	\$ 7,917.1	\$ 7,548.7	\$ 368.4	1.0 %
Central York Fire Services	\$ 9,287.4	\$ 9,774.8	\$ (487.4)	(1.3 %)
Funding Provided for Library Operations	\$ 3,538.7	\$ 3,659.0	\$ (120.3)	(0.3 %)
Gross Expenditure (Increase) / Decrease	\$ 56,020.7	\$ 58,169.9	\$ (2,149.2)	(5.6 %)
<u>Gross Revenues</u>				
Council	\$ -	\$ -	\$ -	-
Chief Administrative Office	\$ -	\$ -	\$ -	-
Legal & Legislative Services	\$ (190.7)	\$ (204.1)	\$ 13.4	0.0 %
Election 2018	\$ -	\$ -	\$ -	-
Corporate & Financial Services	\$ (129.0)	\$ (177.6)	\$ 48.6	0.1 %
Building & By-law Services	\$ (2,661.9)	\$ (3,159.6)	\$ 497.8	1.3 %
Planning & Development Services	\$ (1,610.5)	\$ (1,843.3)	\$ 232.8	0.6 %
Infrastructure & Environmental Services	\$ (1,181.9)	\$ (1,607.7)	\$ 425.8	1.1 %
Parks, Recreation & Culture Services	\$ (5,520.9)	\$ (5,410.5)	\$ (110.4)	(0.3 %)
Corporate Expenses & Revenues	\$ (7,729.6)	\$ (6,808.1)	\$ (921.5)	(2.5 %)
	\$ (19,024.4)	\$ (19,210.9)	\$ 186.4	0.4 %
Taxation - 2015	(36,996.3)	\$ (36,996.3)		-
Taxation - Growth from New Assessment	-	\$ (1,257.9)	1,257.9	3.4 %
Gross Revenue Increase / (Decrease)	\$ (56,020.7)	\$ (57,465.0)	\$ 1,444.3	3.8 %
<u>Net Expenditures/(Revenues)</u>				
Council	\$ 525.3	\$ 532.8	\$ (7.5)	(0.0 %)
Chief Administrative Office	\$ 1,869.3	\$ 1,889.0	\$ (19.8)	(0.1 %)
Legal & Legislative Services	\$ 2,337.7	\$ 2,357.6	\$ (19.9)	(0.1 %)
Election 2018	\$ 82.5	\$ 82.5	\$ -	-
Corporate & Financial Services	\$ 3,061.7	\$ 3,105.5	\$ (43.9)	(0.1 %)
Building & By-law Services	\$ 1,354.2	\$ 1,383.9	\$ (29.7)	(0.1 %)
Planning & Development Services	\$ 315.5	\$ 142.5	\$ 173.0	0.5 %
Infrastructure & Environmental Services	\$ 11,558.7	\$ 11,885.1	\$ (326.4)	(0.9 %)
Parks, Recreation & Culture Services	\$ 2,877.9	\$ 3,405.7	\$ (527.8)	(1.4 %)
Corporate Expenses & Revenues	\$ 187.5	\$ 740.6	\$ (553.1)	(1.5 %)
Central York Fire Services	\$ 9,287.4	\$ 9,774.8	\$ (487.4)	(1.3 %)
Funding Provided for Library Operations	\$ 3,538.7	\$ 3,659.0	\$ (120.3)	(0.3 %)
	\$ 36,996.3	\$ 38,959.1	\$ (1,962.8)	(5.2 %)
Taxation	\$ (36,996.3)	(38,254.1)	\$ 1,257.9	3.4 %
NET	\$ -	\$ 704.9	\$ (704.9)	(1.8 %)

**Town of Aurora
2016 Operating Budget
KEY BUDGET DRIVERS**



The 1.8% increase to the tax levy translates to an additional \$31.02 on a home with an assessed value of \$500,000, or, \$6.20 for each \$100,000 of assessed value.

Town of Aurora
2016 Operating Budget
HISTORY OF AURORA TAX RATE INCREASES

