

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 12, 2005

Item 1, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

1

2006 DRAFT OPERATING BUDGET

The Budget Committee recommends approval of the recommendation contained in the following report of the City Manager, the Commissioner of Finance and Corporate Services and the Director of Budgeting and Financial Planning, dated November 30, 2005:

Recommendation

The City Manager, the Commissioner of Finance & Corporate Services, the Director of Budgeting and Financial Planning in consultation with the Senior Management Team recommend:

That the following report on the 2006 Draft Operating Budget be received for information purposes.

Economic Impact

The attached 2006 Draft Operating Budget, Attachment 1, reflects a requirement for a taxation funding increase of \$4.0m which equates to a 4.2% tax rate increase. This excludes the budget impact of the SMT's further review of existing user fees, the service level review and any new user fees approved.

Purpose

To inform the Budget Committee with respect to changes to the 2006 Draft Operating Budget, since the October 28, 2005 Budget Committee, and to respond to previous requests from the Budget Committee.

Background - Analysis and Options

This report covers the following topics:

1. Current Status of the 2006 Operating Budget
2. Adherence to Budget Guidelines
 - i) Review Major Departmental Increases;
 - ii) Review Specific Expenditure Types; and
 - iii) Apply an Overall Reasonability Test.
3. Future Outlook – 3 Year Forecast
4. Next Steps

Each of these is discussed in more detail throughout this report.

Current Status

A significant amount of work and analysis has been completed since the last Budget Committee meeting. Staff have reviewed opportunities to reduce the tax rate increase from the original 5.1% before the Budget Committee. As a result of that exercise, staff were able to identify reductions that bring the tax rate increase down to 4.2%.

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Based on providing current service levels in 2006 the 2006 Draft Operating Budget reflects a \$4.0m taxation funding increase which equates to a 4.2% tax rate increase excluding the budget impact of the SMT review of existing user fees and service levels. The 4.2% tax rate increase can be broken down as follows:

	Tax Rate Impact
Entire City of Vaughan operations before the following:	0.5%
Fire	0.4%
Library	0.2%
Impact of Bill 124 - Building Permit Revenue	<u>3.1%</u>
Total	4.2%

This draft of the 2006 Operating Budget includes continuing to take \$2.2m from the Tax Rate Stabilization Reserve and anticipates a \$2.5m surplus carried forward from 2005.

The primary issue for the 2006 Operating Budget continues to be a revenue shortfall. Some of the major revenue decreases are as follows:

- Legislated Impact of Bill 124 – Reduced Building Permit Revenue \$3.0m
- Supplemental Taxation –reduced revenue \$0.4m
- Enforcement Services Revenue (exclgd POA’s) \$0.3m

The tax rate increase of 4.2% may be increased further by a reduction in the projected planning application revenue as a result of reduced volume which is currently being reviewed by staff. Finance has just been advised that the planning revenue budgeted for 2006 should be reduced significantly. Prior to making the adjustment, staff are reviewing the assumptions and reasons for a reduction in planning revenues. Staff will be attempting to determine the duration of the reduction and what actions should be taken to mitigate the impact. The reduction in planning fees will increase the 4.2% tax increase reported above. A further report will follow to the next Budget Committee.

Separate reports on the further review of user fee increases and service levels by Senior Management are included as part of today’s agenda. The impact of these reports is not included in the attached budget draft.

Adherence to Budget Guidelines

At the last Budget Committee meeting, staff were directed to provide further evidence that the budget guidelines were adhered to, specifically in the area of departmental expenditures. The budget guidelines were designed to limit expenditure increases for 2006. Unless specifically permitted in the guidelines, budgeted expenses were to remain at 2005 levels. The exception to this approach was increasing an expense in one expense category and offset that increase with a corresponding decrease in the department in another expense category. To demonstrate to the Committee that the guidelines have been followed three (3) different approaches to the analysis have been undertaken.

- 1) Major Departmental Increases: 85% of the departmental expenditure increase resides within 6 departments; these departments’ increases are analyzed below.

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- 2) Specific Expenditure Types: 8 expenditure types were previously specifically identified by the Budget Committee to be compared to the prior year base budget. These were advertising, computer hdwr/soft, cellular, office equipment and supplies, overtime, part time, and professional fees and are analyzed below. The comparisons are provided below.
- 3) Overall Reasonability Test: A reasonability test of the overall percentage increase in departmental expenditures net of approved increases as per the budget guidelines.

1. Major Departmental Increases

Total departmental expenditures increased \$9.9m or 7.2% over the 2005 budget. The 6 departments budgeted increases in expenditures that represent \$8.4m or 85% of that total are analyzed below. The remainder of departmental expenditures budgeted increase, after these 6 departments, is \$1.5m or 1.1%.

City Clerk - Insurance Premium – Increase of \$2,365,000

The insurance premium is now being paid through the Operating Budget instead of directly from the Insurance Reserve. The insurance premium is fully offset by a transfer from the Insurance Reserve to the Operating Budget. The insurance premium is now identified separately in the budget document and is allowed as a budgetary increase in the budget guidelines.

Recreation – Increase of \$1,256,180

\$1.1M of the increase is attributable to Chancellor and Vellore Community Centers' full year impact of 2005 hires and new 2006 program costs that are partially offset by \$0.8M in program revenues. The difference is primarily attributable to collective agreement/management by-law approved increases and other program volume increases offset by revenue. This increase for program increases offset by revenue and collective agreement/by-law increases as allowed as per the budget guidelines.

Access Vaughan – Increase of \$490,830

\$150k of this increase is part of the new complement request with \$97k for part time staff and \$53k for overtime, professional fees and training which awaits Budget Committee direction. The remaining increase of \$340k is offset by corresponding budget transfers from other departments and thus allowed as per the budget guidelines.

Library – Increase of \$381,000

The increase is due to progression increases and economic adjustments for all staff of \$230K as per Board Policy, all associated benefits costs due to progression and economic adjustments of \$82K, maintain resource budget as per Board Policy of \$25K, and anticipated increases to other non-controllable costs of insurance, utilities, and outside services for \$44K. These increases are within the budget guidelines.

Building and Facilities – Increase of \$774,060

Increase is attributable to \$375k in salaries and benefits (\$142k directly related to new / expanded facilities - Chancellor and Vellore CC), \$241k in utility costs, \$66k for Dufferin Clark CC expansion, \$34k for the addition of Fire Station 7-9 and \$46k for insurance. All of these increases are within the budget guidelines.

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Fire – Increase of \$3,081,410

\$2.5m of this increase is attributable to the impact of the Fire Collective Agreement settlement. The amount of the settlement is now fully provided for in this budget. \$0.6m of the increase is primarily due to the full year impact of 2005 Firefighter hires for station 7-9 and Firefighter class progressions. These increases are within the budget guidelines. The impact of the Fire Services Review is not included in this amount but is included in the 4.1% tax rate increase.

These 6 departments budgeted expenditure increases represent \$8.4m or 85% of the total \$9.9m or 7.2% increase in departmental expenditures. All of the increases from these departments are allowed within the budget guidelines. The remaining departmental increases are \$1.5m or 1.1% over the 2005 base budget. In addition to explaining these 6 departments, administrative support department's budgets were verified to ensure that any budgetary increases in frozen account lines were offset by corresponding decreases in other line items. Service departments with increases for allowed utilities, service contracts, etc. confirmed that any other account increases were also offset by decreases in other areas or balanced to zero. Analysis of these departments supports that departments have adhered to the budget guidelines.

In addition, the respective Commissioners and Directors have provided assurances that they have adhered to the budget guidelines in the preparation of their budget submissions.

2. Specific Expenditure Types

In past budget deliberations, the Budget Committee has identified 8 specific expenditure types to be highlighted for comparison to the previous year's base budget amount. The chart below highlights these 8 expenditure types for 2006 and compares and reconciles them to the base 2005 operating budget amount on a city wide basis.

	2006 Budget	2005 Budget	Variance
Advertising	337,280	347,040	(9,760)
Comp Hdwre/Softwre	977,495	1,141,510	(164,015)
Cellular	186,640	176,615	10,025
Office Equipment	232,885	260,385	(27,500)
Office supplies	325,165	320,705	4,460
Overtime	1,007,910	969,830	38,080
Part time	10,979,740	10,479,605	500,135
Professional Fees	<u>1,698,990</u>	<u>1,656,620</u>	<u>42,370</u>
Total	15,746,105	15,352,310	393,795
Less: Overtime for Access Vaughan and Bldg Permit Compliance			(37,215)
Enforcement Services part time Council liaison clerk			(28,380)
Recreation net part time increase for Vellore & Chancellor CC			(294,230)
Parks PT new complement request for additional hectares of Park			<u>(138,890)</u>
Adjusted 2006 Variance to the 2005 Base Budget			<u>(104,920)</u>

As is evident from the above chart, after adjusting for the impact of the new/expanded facilities of Vellore and Chancellor community centres and park hectares as well as additional new overtime requests for Access Vaughan, legislated turnaround compliance

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for building permits, and the part time request for the council liaison clerk, there is a reduction in these specific expenses as compared to the 2005 base budget. Most of the above expenditure lines were identified as frozen in the budget guidelines, unless offset by a corresponding decrease. The overall reduction in these expenditure accounts also supports department's adherence to the budget guidelines.

3. Overall Reasonability Test

A good reasonability test to ascertain if the budget guidelines were adhered to by departments would be to take the overall departmental expenditure percentage increase and adjust that increase for allowed compensation and other issues and analyze the result. The following data provides that analysis.

Overall departmental expenditure percentage increase	7.2%
Less: Allowed departmental expenditure percentage increases	
Fire Collective Agreement Impact	(1.8%)
Insurance Premium offset by reserve transfer	(1.7%)
Impact of New/expanded facilities – Vellore & Chancellor CC	(1.0%)
Fire progression and full year impact of Stn 7-9	(0.4%)
CUPE/Mgmt/Non-Union Eco Adj	(1.2%)
Previously approved and new complement requests	(0.7%)
Utility Increases	<u>(0.3%)</u>
Remaining expenditure percentage increase	0.1%

This reasonability test on the overall departmental expenditure percentage increase also supports that departments have adhered to the budget guidelines.

The budget guidelines were designed to limit expenditure increases. This exercise has been successful.

Full-Time Equivalent Reporting (FTE's)

A summary of the change in FTE's for 2006 over 2005 is provided on pages 15 through 18 of Attachment 1. The majority of the increase relates to the impact of new facilities and the full year impacts of prior year approvals.

Future Outlook – 3 Year Forecast

The City of Vaughan continues to experience all of the issues that put pressure on the tax rate. These issues will continue in the future and are mostly permanent in nature and therefore their budget impacts must be permanently addressed.

To assist the Budget Committee in future deliberations, staff provides below a 3 year forecast of the incremental increases to the operating budget.

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		\$millions	
	2007	2008	2009
Total Incremental Revenue (inclgd est. assessm't growth)	4.5	4.9	4.9
Total Incremental Expenditures	<u>11.5</u>	<u>10.2</u>	<u>10.3</u>
Net Tax Levy Increase	7.0	5.3	5.4
Tax Rate Percentage Increase	7.0%	5.1%	4.9%

Note: The forecast does not include any impact for the following:

- Any impacts of new facilities not yet approved, e.g. community centres, fire halls, parks;
- Increases in operating costs for the new civic centre;
- Infrastructure Reserve Adequacy – Long Range Financial Planning Study;
- OMERS – Bill 206 impacts; and
- An Economic downturn.

The potential impact of the items not included in the forecast could be significant and would impact the forecasted tax rate increases. At future budget deliberations these issues will have to be considered when assessing service levels, funding strategies and sustainability.

Next Steps

1. Further Budget Committee deliberations as required;
2. Public Meeting;
3. Council Approval; and
4. Set the Tax Rates.

Relationship to Vaughan Vision 2007

The 2006 Draft Operating Budget is the process to allocate and approve the resources necessary to continue operations and implement Council's approved plans.

Conclusion

The attached 2006 Draft Operating Budget report provides the Budget Committee with a response to questions raised at the last meeting and an overview of the current status of the operating budget. Responses to other questions raised by the Committee are addressed by other reports on today's agenda.

Attachments

Attachment 1- 2006 Draft Operating Budget, November 30, 2005

Report prepared by:

Clayton Harris, CA, ext. 8475
Commissioner of Finance & Corporate Services
John Hrajnik, B.COM, CMA, ext. 8401
Director of Budgeting & Financial Planning

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 2, Report No. 7, of the Budget Committee, which was adopted, as amended, by the Council of the City of Vaughan on December 12, 2005, as follows:

By receiving the memorandum from the City Clerk, dated December 12, 2005.

2

COUNCIL BUDGET

The Budget Committee recommends:

- 1) That the 2006 Corporate Council, Mayor and Councillors budget be approved, subject to a review of the population numbers used in the equalization formula calculation; and
- 2) That the report of the City Clerk, dated November 30, 2005, be received.

Further, the Budget Committee recommends:

That for year-end reporting purposes, the percentage of actual expenses incurred in relation to the approved budget be provided.

Recommendation

The City Clerk requests direction respecting the 2006 Corporate Council, Mayor and Councillors budgets.

Purpose

To present the 2006 Corporate Council, Mayor and Councillors budgets for consideration.

Economic Impact

The economic impact over the 2005 base budgets is the economic adjustment and \$40,474.00 representing the total amount of the equalization applied to various Councillors' budgets as set out in Attachment #3 subject to Council approval. In addition, the \$65,000.00 contribution to Access Vaughan has been allocated as directed by Council.

Background - Analysis and Options

The attached draft budgets for the Corporate Council (Attachment #1), Mayor and Councillors (Attachment #2) are submitted for consideration. The base budgets, adjusted for the Access Vaughan contributions recently approved by Council, have been brought forward from 2005. The Access Vaughan contributions were allocated to sundry expenses as was any equalization, resulting in some negative figures. Adjustments will be made subsequent to final approvals.

Council approved an equalization factor in 2003 to equalize funding to provide a more consistent level of service for constituents deemed necessary because of the substantial difference in population across the various wards. The equalization calculation is included in Attachment #3 and the individual budgets have been adjusted accordingly in the attached 2006 Draft Operating Budget.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council.

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Conclusion

It would be appropriate that direction be provided respecting the Corporate Council budget, Mayor and Councillors budgets and application of the equalization formula.

Attachments

Attachment #1	Draft Budget – Corporate Council
Attachment #2	Draft Budget – Mayor and Councillors
Attachment #3	Equalization Calculation

Report prepared by:

John D. Leach, City Clerk

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 3, Report No. 7, of the Budget Committee, which was adopted, as amended, by the Council of the City of Vaughan on December 12, 2005, as follows:

By approving the following:

That the proposed amendments to the City's user fees (Fees and Charges By-law 396-2002, as amended) be forwarded to a future Council meeting for a public meeting; and

That public notice be given in accordance with By-law 394-2002.

3

USER FEES AND SERVICE LEVEL REVIEW

The Budget Committee recommends:

- 1) That Clause 1 of the recommendation contained in the following report of the City Manager, dated November 30, 2005, be approved;
- 2) That the user fee increases recommended on Attachment A, be approved:
- 3) That the bare pavement policy for secondary roads be revised such that salt is applied only to zones approximately 50-75 meters around intersections on secondary roads; and
- 4) That for 2006 the current service levels be maintained for the remainder of the City's services, including winter road maintenance, winter maintenance of public sidewalks and residential windrow driveway clearing.

Recommendation

The City Manager recommends:

- 1) That the further increases in existing user fees and information comparing them to area municipalities be received for information.
- 2) That the Budget Committee provide direction with respect to the new user fees; and
- 3) That the report on the Services Review, including options and cost implications (requested by the Budget Committee) is provided for your consideration.

Economic Impact

The proposed economic impact will be:

User Fees	198,442**
Service Level Reduction	940,000
TOTAL	1,138,442

****Please note that over \$100,000 of the \$198,442 of potential increased revenue is generated by new user fees.**

Purpose

The purpose of this report is to provide the Budget Committee with information on the further User Fee Review requested by the Budget Committee and the results of the Senior Management Team's (SMT) Service Level Review.

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Background - Analysis and Options

At the Budget Committee meeting of October 28, 2005 a further report regarding a further review of user fees (particularly where no change has been recommended) be prepared; and a report on the services review, including options and cost implications be prepared.

At SMT the request for municipal comparators for user fees was discussed. Included in the Budget Guidelines (approved by the Budget Committee) was direction to increase user fees in line with the increase in their departmental expenses. The need for explanations for increases beyond the guidelines was left to the discretion of the individual Commissioners.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council.

Conclusion

The User Fee reviews as well as the Service Level reviews have taken place and an analysis for each Commission is attached below.

Attachments

- A. Further User Fee Review Summary
 - B. Service Level Review Summary
 - C. SMT User Fee and Service Level Responses
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- 1. User Fee and Service Level Review Community Services
 - 2. User Fee and Service Level Review Economic Development
 - 3. User Fee and Service Level Review Engineering & Public Works
 - 4. User Fee and Service Level Review Finance & Corporate Services
 - 5. User Fee and Service Level Review Fire & Rescue Services
 - 6. User Fee and Service Level Review Legal & Administrative Services
 - 7. User Fee and Service Level Review Planning Department

Report prepared by:

Michael DeAngelis

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 4, Report No. 7, of the Budget Committee, which was adopted, as amended, by the Council of the City of Vaughan on December 12, 2005, as follows:

By approving the following:

That the proposed amendments to the Recreation & Culture User Fees, Pricing Policy and Three-year Fee Schedule be forwarded to a Council meeting for a public meeting in conjunction with the 2006 Annual Operating Budget;

That public notice be given in accordance with By-law 394-2002; and

That notice of the proposed amendments and the public meeting be posted at the City's Community Centres.

4 RECREATION & CULTURE USER FEE AND PRICING POLICY

The Budget Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Community Services and the Director of Recreation and Culture, dated November 30, 2005, be approved; and**
- 2) That the presentation material submitted by Mr. Jonathan Hack and Ms. Amy Shepherd, IBI Group, 230 Richmond Street West, 5th Floor, Toronto, M5V 1V6, be received.**

Recommendation

The Commissioner of Community Services and the Director of Recreation and Culture, in consultation with the Commissioner of Finance and Corporate Services, recommend:

1. That Council receives the presentation from the IBI Group regarding the Recreation and Culture User Fee and Pricing Policy; and,
2. That Council approves the Recreation and Culture User Fee and Pricing Policy; and,
3. That Council approves the Three Year Fee Schedule effective September 6, 2006; and,
4. That the Fees and Charges By-Law, 396-2002 be amended to reflect the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule.

Economic Impact

The economic impact to the 2006 operating budget for the September to December portion will be approximately \$50,000. In each of the next three years, if participation numbers remain the same, the recreation revenue will be increased by approximately 2.5% in each of the three years.

Purpose

The purpose of this report is to present to Council the findings of the Department of Recreation and Culture User Fee Study conducted in 2005 and to seek Council approval for the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule.

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Background - Analysis and Options

The following background information will provide Council with the following data:

1. Purpose of the User Fee Study
2. Study Approach
3. Three Year Fee Schedule Summary
4. Financial Impact to the City and User Groups
5. Benefits of the Recreation and Culture User Fee and Pricing Policy

1. Purpose of the User Fee Study

The Department of Recreation and Culture recognizes all municipalities have constraints to resource and budget allocation. As such, there is an urgent need to prioritize funding of programs and services in order to allocate resources most effectively. While attempting to keep pace with rising costs, the Department has adjusted user fees based on economic inflation rates. The City of Vaughan, as well as most municipalities, does not currently have a formal recreation and culture user fee policy in place.

To better respond to the needs of its citizens, and manage rising costs associated with the provision of recreation and cultural services, the City of Vaughan retained the IBI Group to undertake a costing and pricing study and to prepare a user fee policy that would guide the City's annual fee schedule for the next 3 years.

The Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) and the Three Year Fee Schedule (*Attachment 2*) will help the Department of Recreation and Culture achieve cost-revenue neutrality within three years of the start date (based on 2004 data) and provide certainty on user fees and the level of subsidy for all recreation and cultural programs, services and facilities. The City Playhouse was not included in the Recreation and Culture User Fee Study.

2. Study Approach

The study approach used to establish the Recreation and Culture User Fee and Pricing Policy and the Three Year Fee Schedule was comprised of the following key stages:

1. Research of Policy Context:

Integral in the analysis and research component was a comprehensive municipal benchmarking exercise. A comparison of user fees, policies, principles and cost recovery models was completed within the following municipalities: Brampton, Markham, Mississauga, Richmond Hill and Toronto. The findings played a critical role in the development of the policy and fee schedule. However, the following limitations may apply:

- Limited availability of information (no municipality had user fee policies);
- Changing conditions (data obtained at the beginning of the study may no longer reflect current market conditions such as participation);
- Dissimilar approaches used to record information, classify programs and facilities; and
- Different philosophical approaches/mandates of various municipalities.

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Research findings noted that the City of Vaughan offers its residents a high level of service. The City of Vaughan has more indoor arena ice pads, fitness centres, indoor pools and outdoor soccer fields per resident.

The following highlights some of the key findings of the pricing comparisons:

The City charges *low to comparable* rates for a considerable proportion of its programs and services, such as:

- Unlit diamonds and soccer fields for youth
- Primetime ice for youth and adults
- Drop in sports and camps for youth
- Programs and meeting space for seniors
- Group swimming lessons
- Some general interest classes (e.g. Tae Kwon Do, Ballroom Dancing)

In some cases Vaughan's fees are higher than other municipalities, particularly some basic programs as well as some advanced/specialty programs and rental of facilities by adults and non-residents, such as:

- Recreational swimming and skating (\$.50 - \$1.00 more)
- Non-Vaughan prime time ice (\$10.00 to \$30.00 more per hour)
- Rhythm and Tunes pre-school class (\$1.34 -\$2.35 more per class)

Throughout the study, one key finding continued to surface that being the principle that *certain recreation and cultural services are more essential than others for the promotion of health and wellness and therefore a greater consideration should be given to the on-going subsidization of such programs and services.*

2. Policy Development:

As a result of the research and as mentioned in the previous paragraph, one key finding is that some services to Vaughan residents are more essential than others. The policy framework was established with this guiding principle. All programs and services offered by the Department of Recreation and Culture were evaluated and measured against this principle and divided into categories based on this criteria.

The following are the three **Programs and Services Categories** that resulted from the analysis along with corresponding examples of programs and services:

Basic Services:

Programs and services which are provided by the City in pursuing its mandate of being a significant provider of recreation and culture to the residents of Vaughan and that promote active living and well-being amongst the widest cross-section of the population, particularly for target groups such as youth, seniors and other identified groups.

Examples: group swimming lessons; programs and memberships for youth and seniors, parks, rental of certain arenas and sports fields for use by youth.

Value-Added Services:

Programs and services that are part of a series of more progressively advanced activities/skills within a specific recreation activity.

Examples: premium soccer fields, diamonds, arenas used by children and youth and general summer or holiday camps for youth.

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Premium Services:

Programs and services which are specialty or advanced in nature or which involve access to premium facilities or which have a more limited participation by target groups.

Examples: private swimming lessons and advanced-level pre-school programs and rental of arena and sports fields for use by adults and non-Vaughan residents.

3. Implementation and On-going Monitoring and Review:

Upon approval, staff will work on the implementation plan including communicating with all residents and user groups. As well, staff will monitor and review the policy on an annual basis and recommend changes as necessary.

3. Three Year Fee Schedule Summary

The Three Year Fee Schedule (*Attachment 2*) is based on the results of the benchmarking assessment of the following municipalities: Brampton, Markham, Mississauga, Richmond Hill and Toronto, and a review of operating costs and policy objectives. It is responsive to current projected demographics and reasonable and affordable to the end user.

The Three Year Fee Schedule classifies all programs services as per the policy classifications: Basic, Value-Added and Premium. The schedule ensures all Vaughan residents will continue to have access to affordable recreation and cultural services and that priority is given to the funding of "Basic" programs.

The Department's pricing strategy is based on the following principles:

- Highest increase in fees for Premium Services;
- Lower increases in fees for Value-Added Services;
- Lowest increases in fees (and no increase or reduced fees as appropriate) for Basic Services; and
- Yearly adjustments to the user fee schedule, as necessary, will be added to account for increases in costs.

The following *decreases* and increases in user fees will be phased-in over a three-year period:

Basic Services:

- 20% reduction to existing fees for Recreational Swimming and Recreational Skating for all ages (full reduction to be applied in September of 2006);
- 0% increase to fees over the next three years to Group Swimming Lessons and rental of Community Space for use by children, youth and seniors; and
- 3% to 6% increase in fees, over the next three years, for all other Basic Services (e.g. sports fields, arenas and community facilities used by children and youth, introductory sports programs for children, youth and seniors and Fitness Centre memberships children, youth and families).

Value-Added Services:

- 3% to 8% increase in fees for all Value-Added Services (e.g. premium sports fields and arenas used by children and youth, a range of general level programs and camps for children and youth and the rental of community facilities for use by children, youth and seniors for party purposes).

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Premium Services:

- 3% increase in fees for community space (e.g. meeting rooms, heritage houses) used by Vaughan adults;
- 6% to 12% increase in fees to all Premium Services used by Vaughan residents (e.g. sports fields, arenas and community facilities used by adults, advanced-level programs and camps for children and youth and all fitness and general interest programs for adults);
- 6% increase in fees for community space (e.g. meeting rooms, heritage houses) used by non-Vaughan residents; and
- 9% to 16% increase in fees to all services used by non-Vaughan residents.

4. Financial Impact to the City and User Groups

Currently, the City of Vaughan funds the delivery of recreation and cultural services with municipal tax dollars and revenues collected from user fees. In 2004, the City's total operating costs for recreation and culture (building, facilities and parks operating costs included) were just over \$20 million. This translates into approximately \$138 per resident. In 2004 just over \$11.7 million dollars in user fee revenue was collected for recreation and culture services, and this covered approximately 58% of the total operating costs.

On a departmental level, in 2004, the Department of Recreation and Culture recovered 95.5% of its operating costs. The net operating deficit was \$549,718.

Note: Revenue targets, as part of this study, were based on 2004 dollars. If approved, the new fee schedule will earn approximately \$200,000 for a full year and approximated \$600,000 over three years. The 2006 operating budget impact for the September to December portion will be \$50,000. The cost recovery approach excludes capital costs at this time.

To determine the financial impact that the new user fees would have on organized community service and sports groups the annual costs currently borne by a sampling of groups was reviewed. The third year fee increase was applied to this total and then divided by the current number of participants to assess the per member impact (based on 2005 memberships). The increase to members, based on 2005 membership numbers, ranged from \$2.78 per member for an adult bocce club to \$41.27 per member for a minor hockey club.

The Fee Increase Impact (*Attachment 3*) provides a summary of the impact to a sampling of groups.

Included in the Three Year Fee Schedule are provisions for new fees such the artificial soccer field fees and well as the opportunity to classify arenas, based on a pre-determined criteria, as either Basic or Value-Added. Should the Sports Village be reclassified from Basic to Value-Added there will be a further financial impact on the users.

Note: The 2006 operating budget included a 2% increase in most fees to cover inflation. Fee increases recommended in the User Fee and Pricing Policy will be over and above inflation. As such on a yearly basis the fee schedule will continue to be adjusted accordingly.

5. Benefits of the Recreation and Culture User Fee and Pricing Policy

The Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) will provide numerous benefits to all Vaughan residents. There are guidelines contained in the policy that support the

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ultimate departmental *mandate to provide a range of quality recreation and culture services in a fair, accessible and efficient manner while striving to recover the direct costs of program delivery.*

As well, the policy guidelines are intended to build on many of the strategic goals identified in the Vaughan Vision 2007 including to provide service delivery excellence and enhance non-tax revenue opportunities.

All of the policy guidelines will support the three Programs and Services Categories (i.e., Basic, Value-Added and Premium Services) and guide future decision making. The highlights of the guidelines are, as follows:

The Department of Recreation and Culture will:

1. Provide a range of recreation and cultural programs that promote health, wellness and active living for all ages;
2. Strive to provide programs and services that teach essential life and safety skills;
3. Ensure its recreation and cultural programs, services and facilities support the needs of diverse individuals and groups in Vaughan;
4. Strive to ensure a sustainable, cost effective level of recreation and cultural services for all residents and will set fees in order to support continued participation in these activities;
5. Strive to allocate a percentage of its facility space and program time to achieve a broad participation base that can be accessed by the public for repeated use at a low cost (e.g. recreational swimming and skating, community meeting space);
6. Provide a range of recreational and cultural programs, services and facilities that are not generally provided by the private market at an affordable rate;
7. Provide a system of financial assistance that is easy to access by as many low income residents as possible within available resources and will undertake the preparation of a formalized policy to address all types of fee assistance;
8. Strive to consistently apply its Guiding Principles and Service Categories (i.e. Basic, Value-Added and Premium) when setting user fees and goals for cost recovery;
9. Work towards achieving full cost recovery (i.e. no subsidization by the City), excluding capital costs, for Value-Added and Premium services provided to the following users:
 - Non-Vaughan residents;
 - Profit-based organizations;
 - Adults (aged 19 to 59); and
 - Participants of tournaments, competitions, recitals and private events; and
10. Strive to facilitate citizen involvement in the delivery of recreation and cultural services to their users (i.e., Sports Groups, Senior's Clubs).

All of the guidelines contained throughout the policy will assist staff with future decision-making and pricing of recreation and culture services. They will support the three Programs and Services Categories and assist staff in applying pricing strategies to various program business plans.

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Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

As identified in the Vaughan Vision 2007, it is a strategic priority to provide service excellence and to communicate service level standards that are affordable and sustainable. The approval and implementation of the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule will assist the department in achieving these strategies.

Conclusion

The Department of Recreation and Culture recognizes that the delivery and pricing of programs and services must be done in a fair, consistent, responsive and formalized manner. As well, the Department recognizes the constraints to resource allocation as well as the need to prioritize funding of programs and services in order to allocate resources most effectively.

The Recreation and Culture User Fee Study conducted by the IBI Group, included comprehensive research and analysis and resulted in the Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) and Three Year Fee Schedule (*Attachment 2*). Together these documents will provide staff with an organized structure within which to plan and govern programs and services.

Contained within the policy and fee schedule are numerous principles and guidelines including the categorization of all programs and services: *Basic, Value-Added and Premium*. Resulting benefits include, but are not limited to, the reduction of some fees at the Basic Services, such as recreational swimming, skating and aqua fitness and moderate increases in the other two categories.

Overall, the proposed Recreation and Culture User Fee and Pricing Policy and the Three Year Fee Schedule will:

- provide a consistent approach to setting reasonable and equitable user fees;
- ensure residents have access to affordable services and that priority is given to the funding of Basic Services especially those used by target groups such as youth and seniors; and

Upon Council approval, staff will work on the implementation plan including communicating with all residents and user groups, and formalization of a policy to address all types of fee assistance.

Attachments

1. Recreation and Culture User Fee and Pricing Policy
2. Three Year User Fee Schedule
3. Fee Increase Impact

Report Prepared By

Diane LaPointe-Kay, Director, Recreation and Culture, ext 8117
Mary Reali, Administrative and Planning Manager, ext 8234

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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If the ITM department was to acquire the requested 2 staff, then the current practice of contracting the support services to an outside vendor could be phased out. This would free-up \$150,000 in the department's base budget for the 2 staff positions being requested. An additional \$30,000 would be saved from the department's Professional and Consulting Fees part of the base budget. The total amount of off-setting savings would fully cover the cost of 2 additional staff.

The requested staff would be responsible for the following:

- Support and maintain existing GIS applications and tools (DTA, WebDTA, Draft Plan, M-Plan, Site Selection, Site Selection Maintenance Utility, VaughanNavigator, Parks & Properties, Vaughan Parcel Index, Access Vaughan / GIS integration, enterprise GIS database, SLRN dataset, Parcel dataset, Address Geo-coding, ESRI tools, reports)
- Conduct business analysis of City departments with the objective of identifying opportunities to streamline and automate service delivery processes through GIS;
- Define departmental and corporate systems requirements and to develop automated systems solutions with the use of GIS tools;
- Conduct corporate information needs analysis and develop an enterprise-wide information management framework;
- Build and support data collection and data management tools for the corporate GIS database;
- Build and support additional GIS applications, as identified through various business analysis and systems requirements initiatives;
- Assist departments in loading bulk datasets into enterprise GIS;
- Satisfy corporate requests for data, mapping, imagery, etc.;
- Develop utilities to integrate and share data between GIS and other corporate databases;
- Conduct public needs analysis for information and develop web-based GIS solutions.

The in-house resources will do substantially more work than just maintenance of existing GIS applications, therefore the value of in-house resources is greater than the value of an outside consultant.

If approved, the transition to in-house support would be carefully timed to ensure continuity of support services, as well as full realization of the off-setting savings.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council.

Conclusion

An opportunity exists within the ITM department to enhance its competency and capacity to support corporate GIS applications, without increasing the overall departmental costs. To realize this opportunity, a request for 2 additional staff resources is presented in the ITM department's 2006 Operating Budget submission. The cost of additional resources will be fully off-set in the department's base operating budget.

Attachments

none

Report prepared by:

Dimitri Yampolsky, Chief Information Officer (CIO) – Ext. 8352

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Item 6, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

6 ACCESS VAUGHAN OPERATING BUDGET IMPACT BREAKDOWN

The Budget Committee recommends approval of the recommendation contained in the following report of the Commissioner of Economic/Technology Development and Communications, dated November 30, 2005:

Recommendation

That this report be received for information only.

Economic Impact

The economic impact to the 2006 operating budget will be \$150,440.

Purpose

The purpose of this report is to provide Budget Committee with a cost breakdown of the \$150,440 budget impact associated with Access Vaughan's new complement requests.

Background - Analysis and Options

Council has supported the establishment of Access Vaughan which will be operational at the end of January 2006. As part of the operation of the Centre, it is estimated that there will be a \$150,440 budget impact for 2006. Following is a detailed breakdown for Budget Committee's information:

Additional funding required for 4 part time staff	\$ 98,000
Overtime for training, professional services for additional phases; photocopier lease	\$ 52,440

Training is an important part of ensuring that our CSRs are well informed about new departmental initiatives, new programs, or technology updates. Most of the training will be undertaken after work; however staff will make every effort in minimizing these costs which are estimated to be approx. \$40,000.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

Access Vaughan will establish a new approach of providing service excellence to our citizens. The computerized Knowledge Database including Service Delivery Standards, along with Service

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Level Agreements for the 6 functional areas are currently being completed by our Access Vaughan Team. This new tool will allow the CSRs to provide our citizens with timely/detailed information resulting in a fully satisfied citizen whom has not been transferred from one department to another. The cost breakdown provided above will assist staff in fulfilling the stated goals of Council and Access Vaughan.

Attachments

None

Report prepared by:

Frank Miele, Commissioner of Economic/Technology Development and Communications

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7

SPORTS VILLAGE SUBSIDY PROGRAM

The Budget Committee recommends approval of the recommendation contained in the following report of the Commissioner of Community Services and the Director of Recreation and Culture, dated November 30, 2005:

Recommendation

The Commissioner of Community Services and the Director of Recreation and Culture recommend:

That the following report on the Sports Village Subsidy Program be received for information purposes.

Economic Impact

There is no economic impact as this is an information item only.

Purpose

The purpose of this report is to provide information on the current Sports Village Subsidy program including a comparison with area municipalities.

Background - Analysis and Options

At the Budget Committee meeting of October 28, 2005, as part of the discussion relating to the 2006 Draft Operating Budget, staff were directed to provide a report addressing the current Sports Village Subsidy program, including a comparison with area municipalities.

The agreement between the City of Vaughan and the Mentena Group (operator's of The Sports Village (TSV)) regarding the arena subsidy program states that the city will guarantee the purchase of 5,440 hours of ice annually. The breakdown is 4,480 hours in the fall, winter, spring seasons and 960 hours in the summer season. The hourly ice cost for 2006 is \$198.00 and the annual cost will be \$1,074,805.

In turn, the City of Vaughan sells as many hours as possible to the minor ice sport organizations at the Council approved subsidized rate of \$143.00 with an anticipated total sales figure of \$720,940 in 2006.

The difference between the purchase price of \$198.00 and selling price of \$143.00 (\$55.00) results in the net subsidy of \$353,865.

In 2004, as part of the budget process, an initiative to eliminate the subsidy in question was presented to Council. The initiative specified that the city could charge the minor sports organizations the same hourly rate being charged to the city by TSV resulting in a cost neutral scenario for the city.

In response to this 2004 budget initiative, representatives of the minor organizations appeared before Council to outline their concerns. They argued that the premise of the agreement with TSV was to offer the residents much needed ice time without having to contend with the capital and operating costs to build and operate similar facilities.

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Council did not approve this initiative and directed that any possible change to the subsidy program be addressed during the 2005 budget deliberations.

Since the 2004 budget process, staff have met with the various users to ascertain their sensitivity for different pricing strategies for ice facilities. For example, arenas could be classified based on a pre-set criteria and different fees could apply according to the ratings, as is the current practice for soccer fields and baseball diamonds (premium, senior etc).

The sports groups were not in support of any system that could ultimately increase the cost of their program to their users. This, coupled with the fact that the related Council approved fee schedule is expiring in April of 2006 and the results of the user fee study are pending, no change to the subsidy program was included in the 2005 budget. **This issue was further explored as part of the Recreation and Culture User Fee Study and the findings will be presented to the Budget Committee of November 30th, 2005 under separate cover.**

Analysis:

The following information on the various minor hockey organizations lists the number of members and the scope of their program:

<u>Group</u>	<u>Members</u>	<u>Program</u>
City of Vaughan Hockey	3,000+	House league and rep; all Vaughan arenas used
Vaughan Panthers	400+	Rep; primarily play out of TSV and Woodbridge
Vaughan Girls	400+	House league and rep; TSV and AI Pal

The following chart shows the financial impact of eliminating the subsidy program to the minor hockey organizations (based on a full year):

<u>Group</u>	<u>Hrs/wk</u>	<u>Wks/yr</u>	<u>Impact (55.00)</u>
City of Vaughan Hockey	57	32	\$100,320
Vaughan Panthers	32	32	\$56,320
Vaughan Girls	25	32	\$44,000

Does not include summer ice.

Comparison with Area Municipalities:

A survey in the surrounding municipalities was conducted to source and review similar public/private partnerships and the associated subsidy program. Although there are a few municipalities at the preliminary stages (Innisfil and Ottawa), currently the only other municipality that was found with a similar arrangement is the City of Brampton. The findings are as follows:

<u>Municipality</u>	<u>Agreement</u>	<u># of Arenas</u>	<u>Subsidy/Terms</u>
Vaughan	5440 hours guaranteed	4	Ice purchased at \$198/hr and sold at \$143/hr. Annual subsidy \$353,865.

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Brampton	1680 hours guaranteed	4	Ice purchased at \$250/hr and sold at \$125/hr for 1120 hours and \$140/hr for 560 hours. Annual subsidy \$201,600.
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Note: Vaughan's users have access to 69% more hours than Brampton. In addition, due to higher user fees in Vaughan, Vaughan's cost recovery on all hours is 72.2% while Brampton's cost recovery is 50% for 1120 hours and 56% for the remaining 560.

Relationship to Vaughan Vision 2007

This report is in keeping with the Vaughan Vision 2007 as it strives to pursue excellence in the delivery of core services.

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

At the Budget Committee meeting of October 28th, 2005, as part of the discussion relating to the 2006 Draft Operating Budget, staff were directed to provide a report addressing the current Sports Village Subsidy program including a comparison with area municipalities.

Attachments

None

Report prepared by:

Mary Reali, Planning and Administration Manager, Ext. 8234

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Item 8, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

8 OPERATING BUDGET – FULL COST OF THE COMMUNITIES IN BLOOM PROGRAM

The Budget Committee recommends approval of the recommendation contained in the following report of the Commissioner of Community Services, dated November 30, 2005:

Recommendation

The Commissioner of Community Services, in consultation with the Directors of Parks and Forestry Operations and Parks Development recommends:

1. That the Budget Committee receives this report detailing the cost of the Communities in Bloom program.

Economic Impact

The budget impact will be \$120,000.00 from the 2006 Operating Budget (\$150,000.00 request for 2006: \$125,000 in the Commissioners budget, \$25,000 in the Parks and Forestry Operations budget less \$30,000.00 sponsorship revenues).

Purpose

The purpose of this report is to provide the Budget Committee with the cost of the Communities in Bloom program.

Background - Analysis and Options

At the Budget Committee meeting of October 28, 2005, a further report was requested that addresses the full cost of the Communities in Bloom program.

The actual budget spent for the 2005 Communities in Bloom International Challenge program was \$144,000.00. It is not anticipated that further expenditures on this 2005 operating budget will be made. These funds were allocated to hiring a graphic design firm, purchase promotional materials including the trade displays, golf shirts and 'T' shirts, stickers, tattoos and "proud supporter" decals, hiring a Communities in Bloom Liaison summer student, providing floral landscape initiatives in each ward, hosting the kick-off, opening and closing events, printing the community profile books and tour guides and hosting the Community in Bloom International Judges.

On June 9, 2003, Council approved additional funds (\$5,000.00 per Ward) to support the Communities in Bloom program. These funds (\$25,000.00 total) were required to provide additional floral landscape initiatives in each ward of the City.

In addition, on June 30, 2003, Council approved an update report that outlined the landscape initiatives in each ward, specifically related to sq. ft. of planting beds, total number of barrels and total numbers of baskets that would be planted as part of the program. (Refer to Attachment 'A').

A summary of the landscape initiatives in each ward, specifically related to sq. ft. of planting beds, total number of barrels and total numbers of baskets has been compiled for 2005 (refer to Attachment 'B'). A comparison of the two charts indicates increased numbers/quantities of floral landscape initiatives in each ward. This is an increased level of service over the established service levels normally provided by Parks and Forestry Operations.

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Should the Communities in Bloom program funding be eliminated from the 2006 Operating Budget, floral landscape initiatives will be reduced (to 2003 levels) in each ward accordingly. In addition, the level of community involvement, notably the community oriented events and Schools in Bloom program, potential tourism benefits, and partnerships with our business community will be negatively impacted.

There are also staff resources allocated from other departments to the 2005 Communities in Bloom program. The Economic and Technology Development Department (including Corporate Communications) committed 590.5 hours of staff time to the program and the Engineering and Public Works Department committed 517 hours of staff time to the program. The respective Commissioners have confirmed these totals.

Relationship to Vaughan Vision 2007

The Communities in Bloom program promotes a safe, livable environment for the local community.

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

Should the Communities in Bloom program funding be eliminated from the 2006 Operating Budget, floral landscape initiatives will be reduced (to 2003 levels) in each ward. In addition, the level of community involvement, notably the community oriented events and Schools in Bloom program, potential tourism benefits, and partnerships with our business community will be negatively impacted.

Attachments

Attachment "A" – City of Vaughan Floral Landscapes (2003)

Attachment "B" – City of Vaughan Floral Landscapes (2005)

Report prepared by:

Paul Gardner, Director of Parks Development, Ext. 3209

Marjie Fraser, Director of Parks and Forestry Operations, Ext. 6137

Lynne Bonneville, Administrative Manager, Ext. 8296

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

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Item 9, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

9 2006 COMMUNITIES IN BLOOM PARTICIPATION

The Budget Committee recommends:

- 1) That Clause 2 contained in the following report of the Commissioner of Community Services, dated November 30, 2005, be approved; and**
- 2) That Option 1, as outlined in the report, be approved.**

Recommendation

The Commissioner of Community Services in consultation with the Chair and Vice-Chair of the Communities in Bloom Beautification Committee recommends:

1. That Council provide direction with regards to participation of the City of Vaughan in the 2006 Communities in Bloom by considering Options 1 and 2 as outlined in this report; and,
2. That Council directs staff to explore opportunities for sponsorship to support the program in order to offset the City of Vaughan's direct cost.

Economic Impact

The economic impact of participation in Option #1 would be \$90,000 less \$15,000 in sponsorship revenues.

The economic impact of participation in Option #2 would be \$210,000 less \$30,000 in sponsorship revenues.

Purpose

To obtain Council direction respecting the City of Vaughan's options for participation in the 2006 Communities in Bloom program.

Background - Analysis and Options

On September 24, 2005, the City of Saskatoon, Saskatchewan hosted the 11th, Edition of the Communities in Bloom National Awards Ceremony honouring municipalities from Canada, the United States, Japan and Europe. The City of Vaughan won the "2005 Communities in Bloom International Challenge Award in the Large City Category in addition to receiving a Special Mention for "Citizen's Groups Supporting their Community".

In four short years, the City of Vaughan has become a Communities in Bloom (CIB) success story. We are the first municipality to win the top prize at the Provincial, National and International categories in each of the three years we participated.

The city of Vaughan's approved and established high level of service and community involvement was key to our success. Specifically, streetscapes along Yonge Street, Woodbridge Avenue, Islington Avenue, Weston Road and Major Mackenzie Drive are adorned with flowers. Another benefit of the Communities in Bloom program is the partnerships that have been strengthened

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with the Region, TRCA, Earth Rangers, Horticultural Societies, Business' and Residential owners to clean beautify and enhance their surroundings. The Communities in Bloom program showcases our beautiful community and our unparalleled civic pride, as evident by Vaughan's recognition across Canada, the USA and Europe.

Option #1:

Option 1 includes participation in the Schools in Bloom Program within Vaughan; the registering as a participant in the Winterlights Celebration Program, the creation of a Best Practices Video Presentation and the continued ward plantings as outlined below.

(a) The Schools in Bloom Program

As part of our involvement in the Communities in Bloom Program, the staff would continue to expand our successful Schools in Bloom Program. This program would be expanded beyond the 26 schools (public, private) and further increase participation beyond the 3,500 children. The International Judges acknowledged they were very impressed with the variety of programs and participation by the students, teachers and volunteers. In addition, this program created a wonderful opportunity to build a stronger community and promoted partnerships between the City and the two Region of York Boards of Education. The cost of this program is \$5,000.

(b) WinterLights Celebrations Program – Celebrating Light and Life

The Winterlights Celebration program is CIB national competition that judges municipalities and their business partners on their achievements in developing a winter light programs on public, private and commercial properties. This competition is judged in December but is not solely focused on Christmas celebrations. It seeks to encourage community involvement in winter festivals, lights and decorations that demonstrate a continuing, year round pride in the community.

The evaluation is based upon the following five criteria: winter pleasures, festive celebrations, visual presentation, goodwill programs and tourism/promotion. The grading system is similar to the Bloom rating used by the Communities in Bloom program.

The City's participation in this program would strengthen civic pride and community involvement, increase our tourism potential and provide national promotion and visibility on the Winterlights Celebration website.

The cost of this program has been determined as follows and staff will be requesting sponsorship from external sources in the amount of \$15,000:

Design and printing of Booklet	\$30,000
Tour	\$5,000
Signage	\$5,000
Display Lights	\$15,000
Design and printing of Tour Guide	\$8,000
Events (Kickoff, Opening, Closing)	\$5,000
Conference and Program Registration	\$7,000
Awards Ceremony	<u>\$2,000</u>
	\$67,000

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(c) Best Practices Video Presentation

The National Committee of Communities in Bloom views the City of Vaughan as a CIB success story and has requested that Vaughan create a best practices video to showcase our Communities in Bloom initiatives to other municipalities across the Canada and the world. This exciting endeavor would create networking opportunities in addition to reaffirming the City's commitment to the Communities in Bloom program and objectives. The cost of the video is \$18,000.

(d) Ward Plantings

Continue Ward Plantings and floral landscape displays as per the established 2005 levels. The cost of \$25,000 is included the Parks Operating budget.

Option #2:

Option #2 includes all activities listed above in Option #1 with the addition of participating in the Communities in Bloom Canadian Classic Challenge, as described below.

(e) The Canadian Classic:

The City of Vaughan participation in the Canadian Classic, would require "twinning" with another municipality/community that has never participated in the Communities in Bloom program in order to mentor and guide them in their first year of participation. It would be the responsibility of the City of Vaughan to chose and invite its partner. Together, both municipalities/communities would be evaluated by the judges and awarded a Bloom Ranking of 1 to 5 blooms. Furthermore, each community forming the pair will be awarded its own independent bloom rating.

The Canadian Classic competition would enable the City of Vaughan to mentor and guide another municipality in their first provincial competition however we would also be engaging in another year of competition beyond the current year in addition to having to compete and be evaluated against other municipalities.

The participation of the City of Vaughan in Option #2 would require staff time and financial resources similar to those resources utilized in the 2005 International Challenge. The cost of this competition would be \$120,000.

Relationship to Vaughan Vision 2007

The Communities in Bloom program promotes a safe, livable environment for the local community.

This report is consistent with the priorities previously set by Council and the necessary resources have not been allocated and approved.

Conclusion

That Council provide direction with regards to participation of the City of Vaughan in the 2006 Communities in Bloom by considering Option 1 or 2 as outlined in this report.

Attachments

None

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Report prepared by:

Marjie Fraser, Director of Parks and Forestry Operations, Ext. 6137
Paul Gardner, Director of Parks Development, Ext. 3209
Lynne A. Bonneville, Administrative Manager, Ext. 8296

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Item 10, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

10 HOSTING OF THE 2009 COMMUNITIES IN BLOOM NATIONAL CONFERENCE

The Budget Committee recommends:

- 1) That the City of Vaughan's interest in hosting the 2009 Communities in Bloom National Conference be conveyed to the Communities in Bloom National Office;
- 2) That staff explore opportunities to increase sponsorship contributions from \$50,000 to \$100,000; and
- 3) That recommendations (a) to (e) contained in the body of the following report of the Commissioner of Community Services, dated November 30, 2005, be approved:

- (a) That a letter be sent to the Communities in Bloom National Office by December 31, 2005, stating the City of Vaughan's intention to host the 2009 Communities in Bloom Conference;
- (b) That Economic/Technology Development and Communications assume the role as lead department with other City departments lending their assistance and support;
- (c) That Council approves the \$200,000 budget, allocated in each of the following years:

<u>Funding</u>	<u>Year</u>
\$30,000	2007
\$70,000	2008
\$100,000	2009

- (d) That the City of Vaughan participate in the Communities in Bloom program nationally at least 2 years prior to hosting by having a prominent exhibit space at the Communities in Bloom Awards Ceremonies in addition to the FCM (Federation of Canadian Municipalities and the CPRA (Canadian Parks and Recreation Association) Conferences, as well as having a representative of the community be present at the Awards/Symposium one year prior to hosting the event.
- (e) That Economic/Technology Development and Communications prepare a detailed submission encompassing the following requirements to be delivered to the Communities in Bloom National Office by January 31st, 2006:
 - a listing of accommodations secured for up to 650 people;
 - a listing of hotels with adequate facilities for: symposium sessions and meals, classroom style, breakout rooms, lunch areas, merchandise, silent auctions, community exhibits, Communities in Bloom registration office and equipment;
 - a venue (up to 600 seating capacity) for the Friday evening Community Showcase Awards with necessary audio visual equipment;

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- **and a venue (up to 750 seating capacity) for Saturday evening formal presentation of Awards with necessary audio visual equipment.**

Recommendation

The Commissioner of Community Services in consultation with the Commissioner of Economic/Technology Development and Communications recommends:

1. That this report be received for information purposes; and,
2. That Council provide direction concerning the hosting of the 2009 Communities in Bloom National Conference.

Economic Impact

The economic impact of hosting the 2009 Communities in Bloom Conference is \$200,000. However \$50,000 may be recouped from sponsorship contributions.

Purpose

The purpose of this report is to provide Council with the information regarding hosting this convention and obtain Council's direction with respect to the 2009 Communities in Bloom National Conference.

Background - Analysis and Options

At the Council meeting of December 6, 2004, Council directed staff to explore the feasibility of hosting the 2009 Communities in Bloom National Conference.

The hosting of the 2009 Communities in Bloom National Conference consist of two components, the National Symposium on Parks and Grounds and the Communities in Bloom National Awards Ceremonies. The National Symposium on Parks and Grounds is a three (3) day event and has approximately 400 delegates in attendance. The National Awards component is a two (2) day event, which includes a Community Showcase of municipalities competing in the various categories in addition to the Award Presentation Ceremony, which has 750 participants in attendance.

The hosting of this convention by the City of Vaughan fulfills three important aspects in terms of increasing the City of Vaughan's marketability, supporting tourism and creating sustainable community economic development. In the years leading up to the convention, the City of Vaughan will have many opportunities to promote and market itself through the Communities in Bloom National and Provincial websites, a variety of Provincial Associations and trade shows, other National Associations such as FCM (Federation of Canadian Municipalities and the CPRA (Canadian Parks and Recreation Association) in addition to other Community in Bloom promotional venues.

In 2009, the City will reap added rewards in tourism by attracting visitors who are attending the conference. Our City will be showcased to the many delegates by experiencing our local culture and cuisine in addition to the exploration of the wonderful attractions and events, shops and local entertainment. As well, the hosting this convention will provide a wonderful economic boost to the local economy, various promotional and economic opportunities for local businesses and the opportunity for repeat business with future visits from delegates, their families and friends.

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The responsibility of hosting this conference is twofold. The National Office of Communities in Bloom has the responsibility for:

- planning and organizing the symposium and awards
- organizing and finalizing the content of the Symposium and Awards
- inviting the National Finalists and symposium delegates to attend
- registration of the participants and providing facilities of the symposium
- promoting the events within the City of Vaughan

The City of Vaughan has the responsibility for:

- provide the facilities for the awards
- planning the activities and social events
- planning the tours along with pre and post events
- promotion of the events with Communities in Bloom National Office

Should Council decide that they wish to host this event, then staff recommends the following:

- (a) That a letter be sent to the Communities in Bloom National Office stating it's intention to host the 2009 Communities in Bloom Conference by December 31, 2005;
- (b) That the Economic Development assume the role as lead department with other City departments lending their assistance and support;
- (c) That Council approves the \$200,000 budget, allocated in each of the following years:

<u>Funding</u>	<u>Year</u>
\$30,000	2007
\$70,000	2008
\$100,000	2009

- (d) That the City of Vaughan participate in the Communities in Bloom program nationally at least 2 years prior to hosting by having a prominent exhibit space at the Communities in Bloom Awards Ceremonies in addition to the FCM (Federation of Canadian Municipalities and the CPRA (Canadian Parks and Recreation Association) Conferences, as well as having a representative of the community be present at the Awards/Symposium one year prior to hosting the event.
- (e) That the Economic Department prepares a detailed submission encompassing the following requirements to be delivered to the Communities in Bloom National Office by January 31st, 2006:
 - a listing of accommodations secured for up to 650 people;
 - a listing of hotels with adequate facilities for: symposium sessions and meals, classroom style, breakout rooms, lunch areas; merchandise, silent auctions, community exhibits, Communities in Bloom registration office and equipment;
 - a venue (up to 600 seating capacity) for the Friday evening Community Showcase Awards with necessary audio visual equipment;
 - and a venue (up to 750 seating capacity) for Saturday evening formal presentation of Awards with necessary audio visual equipment.

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The selection of the host City will be based on the facilities for Symposium and Awards; the cost of Lodging for Delegates; the Accessibility and cost of Transportation; the cost of Events (Activities, Banquets, Entertainment) and the Participation Record in the Program. A detailed submission to the Communities in Bloom National Office is required by the end of January 31st, 2006. The submission will be reviewed in February 2006 and a decision will be made by the National Communities in Bloom Board of Directors in March 2006.

Relationship to Vaughan Vision 2007

The hosting of the 2009 Communities in Bloom National Conference creates increased awareness of the City's leadership on key issues and celebrates our successes and achievements.

This report recommends a change from the priorities previously set by Council and the necessary resources have not been allocated.

Conclusion

The hosting of 2009 Communities in Bloom National Conference will increase the City of Vaughan marketability, support tourism and provide a boost to the local economy. Vaughan will build strong international ties with the visiting communities. These delegates from across Canada, the USA and Europe will converge in Vaughan to learn, network and develop partnerships, experience the local culture, cuisine and attractions.

Attachments

Attachment 'A' – Sample of Schedule of Events

Report prepared by:

Marjie Fraser, Director of Parks & Forestry Operations, Ext. 6137
Paul Gardner, Director of Parks Development, Ext. 3209
Lynne A. Bonneville, Administrative Manager, Ext. 8296

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 12, 2005

Item 11, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

11 RELIEF FROM LATE PAYMENT CHARGES FOR ALL LOW-INCOME FAMILIES

The Budget Committee recommends approval of the recommendation contained in the following report of the Commissioner of Legal and Administrative Services, dated November 30, 2005:

Recommendation

The Commissioner of Legal and Administrative Services in consultation with the Commissioner of Finance & Corporate Services and the Director of Financial Services recommends:

That the following report be received.

Economic Impact

Not applicable.

Purpose

To review the possibility of providing relief from late payment charges on property taxes for all low-income families in the same manner as provided to low income seniors who are in receipt of the Guaranteed Income Supplement.

Background - Analysis and Options

At its meeting of October 17, 2005, Council adopted Item 41 in Report No. 54 of the Committee of the Whole directing staff to report to the Budget Committee on the possibility of relief from late payment charges on outstanding taxes for all low-income families.

There are no provisions in the Municipal Act that would permit a municipality to extend relief from late payment charges on property taxes to all low income families. Section 345 of the Municipal Act refers to late payment charges and there is nothing expressly given to municipalities that would allow the treatment of penalty and interest to be applied differently. In the case of the program recently put into place for low-income seniors on Guaranteed Income Supplement, it is permitted to confer a benefit for those individuals 65 years of age or older.

A program of this nature would be complex to administer. The determination of low income status documentation and resulting procedures would require significant staffing levels. A penalty and interest relief program to low-income families would also have a significant financial impact on City revenues. In addition, social assistance is currently available to low-income families. Those that are in financial difficulty may apply to the Region's Social Assistance Services.

Relationship to Vaughan Vision 2007

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Conclusion

There are no provisions in the Municipal Act that would permit a municipality to extend relief from late payment charges for low-income families.

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Attachments

None

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Item 12, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

12

POST BUDGET APPROVALS

The Budget Committee recommends that this matter be referred to the next Budget Committee meeting for 2006 Capital Budget consideration.

Recommendation

The Commissioner of Finance & Corporate Services recommends:

That this report be received for information purposes.

Economic Impact

There is no financial impact as a result of this report.

Purpose

To address Council request for staff to report on the resolution for post budget approvals.

Background - Analysis and Options

Council at its meeting directed staff to report on the following resolution:

“Whereas each year a number of worthwhile capital projects are not approved by Council due to finite capital resources;

Whereas the projected costs of approved capital projects in any given year may exceed the actual costs of those projects, particularly in respect of projects tendered on a competitive bid basis; and

Whereas such surpluses from the aforementioned approved capital projects may be realized well before the end of the fiscal year:

THEREFORE BE IT RESOLVED

That as part of the annual capital budget approval process, Council will identify five unapproved capital projects as potential “post-budget approval” projects;

That no more than one project will be identified from each of the five wards;

That the priority ranking of these five projects will be established randomly, as by lots drawn by the Clerk or his/her deputy in the presence of Council; and

That the “post-budget” approval(s) of one (or more) of these projects will depend upon the identification of confirmed surpluses by the Commissioner of Finance in respect of one or more approved capital projects, subject to confirmation by Council.”

Staff Comments

The practical implementation of this resolution presents a number of difficulties. These issues are summarized as follows:

.../2

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1. Project surpluses are often required throughout the year for approved projects which require additional funds;
2. Many projects have multiple funding sources and therefore the process of identifying projects and surpluses is complex;
3. Using surpluses in this manner restricts funding that may be required for emergency works that require funding during the year;
4. The resolution ignores the importance of corporate projects and those projects that are not Ward related;
5. At any point in time there is a significant amount of prior year's capital work approved but outstanding. This is in addition to new capital projects which may be approved as part of the annual budget process. Therefore it is unlikely that any additional projects that are approved throughout the year would actually get started prior to the next budget cycle.

Considering the above issues, staff do not recommend adopting the resolution.

Relationship to Vaughan Vision 2007

Not applicable.

Conclusion

Staff do not recommend proceeding with the resolution.

Attachments

None

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Item 13, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

13

2005 THIRD QUARTER REPORT

The Budget Committee recommends approval of the recommendation contained in the following report of the City Manager, the Commissioner of Finance and Corporate Services, the Senior Management Team and the Director of Budgeting and Financial Planning, dated November 30, 2005:

Recommendation

The City Manager and the Commissioner of Finance & Corporate Services, the Senior Management Team and the Director of Budgeting and Financial Planning, recommend:

That the 2005 Third Quarter Variance Report be received for information purposes.

Purpose

To report the year-to-date results versus the operating budget as of September 30, 2005.

Economic Impact

The 3rd Quarter Report reflects an excess of revenue over expenses of \$2.0m. The 2006 Operating Budget includes \$2.5m of surplus from 2005 to assist in balancing the budget. It is unclear at this time if \$2.5m will be available in the 2005 year-end surplus to be utilized in the 2006 Operating Budget.

Background - Analysis and Options

The attached third quarter variance report compares the current status of both departmental and corporate expenses and revenues for the nine-month period ending September 30, 2005, relative to the 2005 year-to-date operating budget. The year-to-date operating budget is calendarized based primarily on the spending patterns of last year. This variance report is prepared on a partial accrual basis; only major revenue streams or expenditures not booked, but incurred to date, have been accrued.

The combined excess of revenues over expenses, (balances transferred to reserves as per policy), is not directly indicative of the final year-end surplus; it measures the excess at a point in time and may be eroded due to unforeseen events such as winter storms in the latter part of the year, an economic downturn, or a delay in the expenses to the last part of the year.

Third Quarter Ahead of Budget

At the end of the third quarter, the excess of revenues over expenses is \$2.0m. This result is comprised of revenues being \$0.9m under budget and expenses that are below budget by \$2.9m. The \$2.0m or 6.59% is a positive variance. The main areas that attribute to the positive variance are summarized below.

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	<u>\$M's</u>
<u>Revenues</u>	
Supplemental Taxation	(0.6)
Grant / Payment in Lieu / Other	0.1
Reserves	1.7
Fees & Service Charges:	
Bldg Stds. - Building Permits	(2.9)
Development Planning/ Policy/ Urban Design	(1.4)
Enforcement Services	(0.6)
Recreation	0.7
Fire & Rescue Service	0.5
Public Works – Operations	0.4
Other –(various departments)	<u>0.3</u>
Corporate Revenues	<u>0.9</u>
Total	<u>(0.9)</u>
<u>Expenses</u>	
Departmental Expenses:	
Fire & Rescue Services	(0.2)
City Clerk - Insurance premium	(1.6)
Recreation	0.7
Engineering & Construction Services	0.7
Building & Facilities	0.3
Development Planning	0.3
Other – (various departments)	<u>2.1</u>
Corporate Expenses	0.6
Total	<u>2.9</u>
Year-To-Date Revenues Net of Expenses	<u><u>\$2.0M</u></u>

The City's Operating Budget is \$158,567,490. As previously stated the \$2.0M represents a variance of 6.59%.

Commissioners were required to provide explanations for any unfavourable or large favourable variance. The following variance explanations for revenues and expenditures were received from each Commissioner for their respective areas of responsibility.

City Manager

Fire & Rescue Service Revenue Favourable: \$495,269

\$ 300,000 of the variance is a one time unconditional grant from the Provincial Government directed towards enhancements to local fire service. Most of the remaining favourable balance is reflection of the retail component of the Mechanical Division as well as a small increase to date in our charge backs for Motor Vehicle Collisions.

Fire & Rescue Service Expenditure Unfavourable: \$(204,195)

The \$ 300,000 one time unconditional grant transferred to Fire Reserve is shown as expenditure which is offset by revenue as noted above. In addition, Vehicle Repairs/Maintenance and Materials/Supplies are difficult at best to calenderize and represent a portion of the unfavourable amount.

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Commissioner of Finance and Corporate Services

All variances were favourable and there are no variances requiring explanation.

Commissioner of Legal and Administrative Services

Legal Service Revenue Unfavourable: \$(17,265)

There is no control over when or how quickly developments will proceed, or when during the year additional legal services will be required, usually arising out of a request from Council. There is expected significant development activity in the fall, as opposed to the summer, and the revenue at the year end will likely reflect that. Estimated miscellaneous revenue from requests for services is always subject to not receiving those requests.

Clerk's Department Revenue Unfavourable: \$(4,392)

Projected revenues are estimates based on previous year's figures for the provision of services such as document commissioning, certification, copies of Official Plan Amendments, Subdivision Agreements, Subdivision Releases, by-laws, tapes of Committee/Council meetings, issuance of burial permits, freedom of information requests, etc. It is anticipated that the unfavourable variance will be reduced to some extent by year-end; however, it is difficult to predict whether the 2005 annual revenue projection will be achieved.

Clerk's Department Insurance Premium Expenditure Unfavourable: \$(1,555,372)

Clerk Dept. increase is primarily attributable to City's insurance premium being paid through the Operating Budget as a result of a change in the reporting of the insurance charges. The insurance premium expenditure is fully offset by a transfer from the Insurance Reserve to the Operating Budget. The insurance premium is now identified separately in the 3rd Quarter Report.

Committee of Adjustment Revenue Unfavourable: \$(70,270)

Projected revenues are estimates based on previous year's figures for severance and variance applications made by the public. Although earlier this year Committee of Adjustment Application Fees were increased by 40.6% to achieve 100% cost recovery, there has been a decrease in the volume of severance and variance applications as evidenced by the unfavourable variance at September 30, 2005. Although it is anticipated that the unfavourable variance will be reduced to some extent by year-end, based on volume to date it is unlikely that the 2005 annual revenue projection will be achieved.

Enforcement Services Revenue Unfavourable: \$(607,071)

As indicated in the 2nd quarter response, parking revenue is being adversely effected by special projects and initiatives. It is expected that the parking revenue will end the year \$400-500,000 below target as the number of staff writing tickets has been diminished due to re-assignment to these special projects. In addition to the loss production, we are now experiencing a large number of contested tickets being thrown out of court due to the lack of J.P.'s. Entire dockets are being cancelled and revenue lost.

Sign impound fees are above target and will remain that way to the end of the year.

Visitor Parking Permits are below target. The use of these permits are out of the control of the department. Use is currently down when compared to 2004. It could now be projected that total revenue at years end will be 50% of that projected.

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Commissioner of Community Services

Building & Facilities Expenditures Favourable: \$318,900

In reviewing the 3rd Quarter Report variances, in Building and Facilities we are favorable \$318,900 in expenditures. This is due primarily attributable to savings in salaries and benefits as a result of a delay in hiring. Once these positions are hired, the savings will be eliminated.

Recreation Revenue Favourable: \$ 656,943

The fall program revenue was posted the week of September 24th while the expenses will be forthcoming in the last quarter. As well, revenues are marginally higher in most areas (memberships, permits, programs) and should this pace continue, will result in favourable year end numbers.

Recreation Expenditures Favourable: \$ 737,745

The primary reason for this favorable variance is due to salary savings. There are a number of unfilled vacancies on hold for the re-org that has resulted in this favourable variance. While some expenses will be forthcoming if this pattern continues, the year end expenditure number will still be favourable.

Commissioner of Planning

Building Standards (\$3.0mil)/ Planning & Policy Urban Design (\$1.3mil) Revenue Unfavourable

Licenses/Permits - the report indicates a variance in revenues of \$2.945 mil. This represents a significant shortfall in projected revenues for 2005. A number of anticipated subdivisions did not reach the stage of construction that would result in the number of units needed to attain the estimated revenue for 2005. In reviewing a summary of activity over the last few years there is a definite trend downward since the peak years of 2000-2002.

The budget estimate put forward in 2005 was based on 2003-2004 statistics and was overly optimistic at the time.

Other factors that have contributed to a decline in permits are:

1. Number of Development Applications

The number of applications submitted by the development community during the year did not reach expectations and cannot be controlled by the Development Planning Department. Some of the factors that may have contributed to the decline in the number of applications in 2005 are as follows:

- i) The City and other municipalities in York Region are experiencing servicing constraints, which have impacted upon the number of potential applications that could have been submitted and/or processed.
- ii) Changes in Provincial legislation to protect environmentally significant features and agricultural lands through the Greenbelt Act and Oak Ridges Moraine Act, have impacted upon the number of potential applications that could have been submitted.

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iii) Interim Control By-laws and City-initiated land use studies such as the Centre Street Study, Keele/Steeles Study, Yonge Street Study, Highway 7 Study, Kleinburg Heritage Study, Maple Heritage Study, and others, have impacted upon the number of potential applications that could have been submitted and/or processed.

iv) In the western area of Vaughan (between Regional Roads 27 and 50, south of Langstaff Road in the OPA #450 Employment Area), there is a climate of uncertainty from the MTO with respect to the alignment of the future Highway 427 Extension, which has impacted upon the number of potential applications that could have been submitted and/or processed.

Based on the October numbers it appears that the shortfall in revenues may continue at least until year end. However, with the finalization of a number of subdivisions and with the issue of sewage allocation being resolved shortly, it is anticipated that residential permit revenue should increase in 2006 and 2007.

Plumbing - The variance in plumbing revenues is not unexpected in light of overall permit declines.

Building Standards Expenditure Favourable: \$156,529

The department expenses are less to date than expected. This can be related to the fact that the position of director has been vacant for the past 11 months and has been assumed by the Commissioner of Planning during that period. In addition the department has recently lost a significant number of plans examiners in one category namely mechanical/structural. While the advertising has been completed we have yet to commence the interview process and anticipate that there will be some further saving of expenses to the end of the year.

Anticipated Actions

- Staff will carefully monitor the approval of overtime to assist in minimizing overall expenses.
- Staff will review current work load before filling all of the recently vacated positions/and positions approved as a response to Bill 124.
- The department does not anticipate additional actions at this time since this would be functionally unacceptable in view of impending obligations, starting Jan.1, 2006 to meet the timelines set out in legislation. Staff do anticipate a leveling off of construction activity and have put forward a more conservative budget for 2006.

Development Planning Expenditure Favourable: \$256,839

The reason for the favourable variance is a result of vacancies in full time staff positions. During this period we had the position of Senior Urban Designer, Landscape Architect, Urban Designer (Architect) and a Planner position. These are the contributing factors to our budget variance.

Commissioner of Economic and Technology Development and Corporate Communications

**Commissioner of Economic and Technology Development and Corporate Communications
Expenditure Unfavourable: \$(5969)**

The unfavourable variance in the Seminars Budget exists due to the attendance of two out of country seminars, related to the Smart Vaughan Community initiative, which were not anticipated, and as a result were not budgeted, as well as the deletion of the Smart Community budget. The variance is not expected to correct itself by year end.

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The unfavourable variance in the Meals Allowance exists due to an increased number of business development meetings, events, and functions which were not anticipated in this quarter. The variance will be corrected by year end, by charging related expenses to the business unit in Business Development.

Information Technology Management Expenditure Unfavourable: \$(9,379)

The overall ITM department budget as at the end of Q3 shows a calendarized overspending of \$9,000. This is a minor variance, which represents 0.18% of the overall ITM department budget. Based on the ITM department financial performance to-date, it is expected that the year-end results will be in line with the department's annual budget.

Commissioner of Engineering and Public Works

Public Works Revenue Favourable: \$433,589

The favourable variance is primarily a result of a grant for curbside recycling.

Public Works Expenditure Unfavourable: \$(19,725)

The unfavourable balance in Public Works is primarily due to winter control costs being over budget that are offset by favourable balances in other areas.

The winter control budget is over budget \$529k primarily due to the quantity of salt purchased, the amount of contracted services needed, and the associated fuel costs, all of which relate to the type and duration of the 2004-2005 winter season. This unfavourable amount is not expected to correct itself by year end, as the salt domes have started to be filled for the 2005-2006 winter season. However, in an attempt to mitigate the unfavourable amount at year end, staff are not completely filling all of the domes prior to the end of the year. The domes at the JOC and the Woodbridge Yard will only be partially filled, with the remaining material being brought in the first week of January.

Engineering and Construction Services Revenue Favourable: \$34,647

'RoPs/MCs' remain favourable and should improve by year-end with conclusion of Municipal Access Agreements and consequent receipt of outstanding billings with Bell and Rogers.

Department Miscellaneous Revenue pertains to Engineering Services which include road occupancy permit fees, municipal consent fees, fee to complete MAA, fee to phase assumption and T&M for watermain testing were budgeted at \$248,750 in 2005. For 2005 fiscal year, this line account should be read in conjunction with Department Miscellaneous Revenue.

Engineering & Construction Services Expenditures Favourable: \$653,225

With respect to the Expenditure Variance Report in the line item accounts for Engineering and Construction Services, the favourable variance of \$653,225 is principally found in the salary/wages and benefit lines. Again, this is due to delays in hiring staff (new and replacement) as a result of vacancies and should be corrected by year-end with the account remaining favourable.

In terms of other line items, it is expected that the Budget will be in an overall favourable balance position by year-end.

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Engineering Recoverables -External Revenue Unfavourable: \$(45,008)

The current unfavourable position in Revenue Variance for 'Engineering Recoverables – External' will likely improve by year-end but remain short of Budget by approximately \$60,000. Again, this is due in part that the Developers are now more responsive to those chargeable conditions in the Subdivision Agreement and in fact that seasonal weather conditions remain very good favouring the working environment.

Development and Transportation Engineering Revenue Unfavourable: \$(95,941)

With respect to the Revenue Variance Report in the line item accounts for Development and Transportation Engineering, Environmental Assessment fee is an "in/out" account. Therefore, the expenditure will reflect the revenue.

Corporate Revenues

Corporate revenues are favourable \$868,921 for the first nine months of 2005 primarily due to unfavourable investment income of \$203,573 offset by favourable variances in hydro investment income, fines and penalties, and miscellaneous revenue. The total investment income for the City as at Sept. 30th, 2005 is on target as compared to the proposed budget for both reserves and operating but the operating allocation is currently unfavourable. The issue is the allocation between operating and reserves for investment income. The variance should correct itself by the end of the year.

Corporate Reserve Contributions

Reserve contributions are favourable \$1.3M for the first nine months of 2005. This is primarily due to reduced building standards service continuity reserve contributions, caused by the significant shortfall in building standard revenues.

Corporate Expenditures

Corporate expenditures are unfavourable \$623,517 for the first nine months of 2005. This is primarily attributable to salary savings as a result of vacancies which are budgeted under corporate expenses; however the actual salary savings are in the respective individual departments.

Revenue from Reserves

Revenues from reserves are \$1.7M unfavourable due to \$1.6M in insurance premiums and actual spending in departments being higher than budget, which in turn increases the requirement for reserve transfers to the operating budget.

Capital from Taxation

Capital projects funded from taxation have approved budget increases and/or are over budget by \$399k which will require funding from surplus as there is no surplus taxation available from other capital.

Relationship to Vaughan Vision 2007

The report is consistent with the priorities set by Council and the necessary resources have been allocated and approved.

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Conclusion

Based on the year-to-date budget for the Third Quarter of 2005, the excess of revenue over expenditures is \$2.0m. This excess is a point in time measure and may not be indicative of any potential actual year-end excess. In addition, over the past few years the operating budget has relied on prior year's surplus of \$2.5m to assist in balancing the budget. It is unclear at this time if \$2.5m will be available in the 2005 year-end surplus to be utilized in the 2006 Operating Budget.

Attachments

Attachment 1 – 2005 Third Quarter Variance Report

Report prepared by:

John Hrajnik, B.COM, CMA
Director of Budgeting & Financial Planning
Ext 8401

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 12, 2005

Item 14, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

14

BUILDING STANDARDS SERVICE CONTINUITY RESERVE

The Budget Committee recommends that the confidential memorandum of the Director of Legal Services, dated November 25, 2005, be received.

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Item 15, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

15

NEW BUSINESS - HAWMAN AVENUE PUBLIC MEETING

The Budget Committee recommends that the matter with respect to the Hawman Avenue Public Meeting, submitted by Councillor Carella, be received and referred to the next Budget Committee meeting for 2006 Capital Budget consideration.

The foregoing matter was brought to the attention of the Committee by Councillor Carella.

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Item 16, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

16 NEW BUSINESS - WOODBRIDGE CORE RATEPAYERS' ASSOCIATION PETITION

The Budget Committee recommends that the correspondence from the Woodbridge Ratepayers' Association, dated November 12, 2005, submitted by Councillor Carella, be received and referred to the next Budget Committee meeting for 2006 Capital Budget consideration.

The foregoing matter was brought to the attention of the Committee by Councillor Carella.

CITY OF VAUGHAN

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Item 17, Report No. 7, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2005.

**17 NEW BUSINESS - PETITION TO ERECT AN OPEN-AIR SHELTER ON THE GROUNDS OF
FATHER ERMANNO BULFON COMMUNITY CENTRE**

The Budget Committee recommends that the matter with respect to the Petition to erect an Open-Air Shelter on the Grounds of Father Ermanno Bulfon Community Centre, submitted by Councillor Carella, be received and referred to the next Budget Committee meeting for 2006 Capital Budget consideration.

The foregoing matter was brought to the attention of the Committee by Councillor Carella.