

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009**

Item 1, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

**1 OPERATING BUDGET QUARTERLY REPORT ENDING SEPTEMBER 30, 2008**

**The Budget Committee recommends approval of the recommendation contained in the following report of the Director of Budgeting and Financial Planning, dated December 10, 2008:**

**Recommendation**

The Director of Budgeting and Financial Planning recommends:

That the 2008 Third Quarter Variance Report be received for information purposes.

**Economic Impact**

Not applicable.

**Communications Plan**

Not applicable.

**Purpose**

To report on the year-to-date actual 2008 Operating Budget results versus the calendarized 2008 Operating Budget, as of September 30, 2008.

**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, 2008, relative to the 2008 year-to-date operating budget. The year-to-date operating budget is calendarized based primarily on the spending patterns and trends of previous years, as per departmental submissions. This variance report is prepared on a partial accrual basis, where only major revenue streams or expenditures not booked, but incurred to date, have been estimated and accrued.

**Third Quarter Ahead of Budget**

At the end of the third quarter, the favourable variance was \$4,491,786. The City's 2008 annual Operating Budget is \$181,912,605. The \$4,491,786 favourable variance represents a variance of 2.5%. This favourable variance is comprised of revenues being \$5,578,325 over budget and expenses that are over budget by \$1,086,539. The largest component driving the City's favourable position is a \$3.3m favourable variance in Hydro dividends, as a result of issuing both 2007 and 2008 dividends this year. The remaining portion of the favourable variance, roughly \$1.2m, consists of a mixture of favourable variances experienced in supplemental taxation, investment income, long-term debt, contingency and departmental expenditures, significantly offset by less than anticipated tax rate stabilization reserve funding, as a result of the City's favourable overall third quarter position. A detailed report is attached, which provides specific variance detail by department and corporate categories. For quick reference purposes, a summary of the variances by major category is provided below followed by explanations for major variances:

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<u>Revenues</u>		<u>\$M's</u>
<b>Supplemental Taxation</b>		0.8
<b>Reserves</b>		
Tax rate stabilization	(2.7)	
Engineering Resv.	<u>(0.9)</u>	(3.6)
<b>Fees &amp; Service Charges</b>		
Building Standards *	1.5	
Licensing	0.2	
Planning	0.2	
Recreation	0.2	
Other	<u>0.2</u>	2.3
<b>Corporate Revenues</b>		
Hydro Dividends	3.3	
Vaughan Holding (Discovery Centre) *	1.5	
Investment Income	0.8	
Other	<u>0.3</u>	<u>5.9</u>
<b>Total</b>		<b>5.5</b>
<u>Expenses</u>		
<b>Departmental Expenses:</b>		
Office of the Integrity Commissioner	0.1	
Fire & Rescue Services	(0.6)	
City Financial Services	0.2	
City Clerk	0.3	
City Clerk Insurance	(0.1)	
Legal Services	(0.1)	
Human Resources	0.1	
Commissioner of Community Services	0.1	
Recreation	0.4	
Building & Facilities	0.5	
Parks Operations	0.1	
Parks Development	0.1	
Development Planning	0.1	
Building Standards	0.5	
Commissioner of Economic & Technology Dev	0.1	
Economic & Business Development	0.2	
Information & Technology Management	0.3	
Development & Transportation Engineering	0.3	
Engineering Services	0.2	
Public Works	(1.8)	
Library	0.6	
Other – (various departments)	<u>0.5</u>	2.2
<b>Corporate &amp; Election</b>		
Bldg Std Service Continuity Resv. Contribution *	(2.7)	
Pierre Berton Discovery Centre resv. Contribution *	<u>(1.5)</u>	(4.2)
<b>LTD &amp; Contingency</b>		<u>1.0</u>
<b>Total</b>		<b>1.0</b>
<b>Year to Date Revenues Net of Expenses</b>		<b><u>\$4.5M</u></b>

\* These items are either fully or partially offset by a variance in another category.

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#### **Specific Variance Explanations:**

Listed below are explanations for significant revenue and expenditure variances. As per prior practice, department explanations are required for all unfavourable variances and any favourable variances in excess of \$100,000. Explanations for corporate revenue and expenditure variances are also included, following the major department variance explanations.

#### **City Manager**

##### Fire & Rescue Services Revenue Unfavourable (\$4,430) or (1.3%)

The slight unfavourable revenue variance was a result of unfavourable miscellaneous revenues (\$42k) being partially offset by favourable recoverable expenses (\$38k). It is expected that this trend will continue and adjustments are being made to the 2009 budget to reflect the fact that there continues to be a decrease in billable motor vehicle collision responses.

##### Fire & Rescue Services Expenditures Unfavourable (\$633,715) or (3%)

About 95% of the total unfavourable variance was attributed to Fire Operations Division, primarily in the Full Time, Overtime and Benefits accounts. The Fire Operations Division experienced elevated and unforeseeable levels of absenteeism due to leaves of absence, LTD, retirement, death and termination. In order to maintain staffing levels, ensure compliance with the Occupational Health & Safety Act and fulfil contract requirements with the Vaughan Professional Fire Fighters Association, the department utilized the approved resources of recruit firefighters as well as overtime expenditures to counter measure the growing number of emergency responses. This variance is not expected to correct itself by year end.

#### **Deputy City Manager / Commissioner of Finance and Corporate Services**

##### City Financial Services Expenditures Favourable \$185,395 or 10%

The majority of the favourable variance is due to savings in salaries and benefits (\$115k) related to vacant positions throughout the first half of 2008, (\$16k) in service contracts and printing related to late billing. The remainder of the variance is related to savings in training & development and computer hardware/software.

#### **Commissioner of Legal and Administrative Services**

##### Clerks – Licensing Revenue Favourable \$226,045 or 39.9%

Licensing revenues are favourable largely as a result of an increase in tow truck license applications and the fact that taxi cab renewals (owner and operator) occur during the third quarter. The variance should balance itself out over the last quarter of 2008.

##### City Clerk – Expenditures Favourable \$233,670 or 8.2%

The majority of the favourable variances relate to postal services (\$74k), printing (\$36k), advertising (\$14k), service contracts (\$18k), and records management supplies (\$16k). It is likely that these variances will be minimized by year end as expenditures are incurred over the balance of the year. In addition, as a result of staff turnover and vacancies, a favourable variance in salaries & benefit costs (\$36k) was realized.

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##### Clerks – Insurance Expenditures Unfavourable (\$104,245) or (5.6%)

Insurance expenditure variances related to vandalism, vehicle accident damages, and theft claims which are below the City's deductible, are greater than budgeted. An offsetting draw from the Insurance reserve is explained below under the corporate revenues section – transfer from reserves.

##### Legal Services Expenditures Unfavourable (\$148,540) or (13.7%)

The unfavourable expenditure variance is a result of greater than forecasted professional fee costs (\$202k) related to the ongoing compliance audit matters (appeal of Council decision and Court application to quash bylaws). These costs were not anticipated and partially offset by savings in salaries and benefits but the unfavourable variance is expected to continue.

##### Enforcement Services Expenditures Unfavourable (\$48,365) or (2.0%)

The majority of unfavourable expenditure variance is related to vehicle maintenance and repairs (\$40k), which is administered through the Fleet Department. In addition, Service Contracts experienced higher than anticipated expenses (\$33k), as invoices were paid for suppliers sooner than originally forecasted. Additional minor unfavourable variances in salaries & benefits (\$11k) and printing (\$14k) were offset by favourable variances in materials & supplies \$34k and computer hardware / software accounts \$11k.

##### Human Resources Expenditures Favourable \$135,690 or 6.5%

The favourable variance is primarily related to savings in advertising (\$69k), professional fees (\$38k) and corporate training (\$22k). It is likely that these favourable variances in professional fees will be minimized by year end as multiple on-going arbitration cases coupled with fees related to the uncompleted Fire negotiations will be realized by year end. Over the next quarter, corporate training programs are fully booked until year end and expenses will be realized. Advertising costs are favourable, as recruitment costs for senior level positions are shared with the recruiting departments. The favourable variances noted above were partially offset by an unfavourable variance in salaries and benefits related primarily to Part-Time costs. The balance of the variance is related to minor variances in multiple accounts.

#### Commissioner of Community Services

##### Commissioner of Community Services Favourable \$116,435 or 27.5%

The majority of the favourable variance is related professional fees (\$55k) and sundry expenses (\$31k). There are a number of projects and studies being undertaken currently and it is expected that the budgeted funds in this account will be spent by year end. In addition, the Winter Lights Program, which runs from September to March, is funded through the sundry account. Once again, the account will be on budget by year end. The balance of the variance is related to minor variances in multiple accounts.

##### Recreation Revenues Favourable \$182,125 or 1.5%

The favourable revenue variance is primarily due to slightly better than projected performance results in the facility rental, fitness centre and aquatic business units.

Recreation Expenditures Favourable \$441,125 or 3.7%

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The favourable revenue variance is primarily due to savings in gapping as well as staffing and material costs related to programs.

Building and Facilities Expenditures Favourable \$455,045 or 3.9%

The overall favourable variance is comprised of salaries and benefits savings related to vacancies (\$214k), utilities (\$223k). Utility expenses are favourable as a result of lower than forecasted expenses in part due to successful conservation practices. These favourable variances are partially offset by unfavourable variances in materials and supplies costs.

Parks Operations (Cemeteries) Revenue Unfavourable \$(13,370) or (22.8%)

The unfavourable revenue variance is a result of lower than forecasted revenues from service charges and departmental miscellaneous revenue, as the sale of plots and foundations in the cemeteries division were less than expected. These unfavourable variances were partially offset by higher than forecasted revenues in licenses and permits and departmental revenues.

Parks Operations Expenditures Favourable \$133,050 or 1.8%

The favourable expenditure variance was primarily a result of savings in contractor and contract materials (\$287k), as work is still in progress and invoices have not yet been received, and in salary and benefit costs (\$180k) related to staff turnover and hiring delays. These favourable variances were partially offset by greater than budgeted expenses in machine time (\$234k) and utility services (\$191k), where water costs exceeded budget. Additional favourable variances in the computer hardware / software (\$26k), materials and supplies (\$24k), and other miscellaneous accounts make up the total variance.

Parks Development Expenditures Favourable \$102,220 or 13.1%

The favourable variances were primarily a result of savings in labour accounts (\$90k) as a result of staff turnover. Most vacant positions have been filled with the remaining vacancy being currently actively recruited. The balance of the favourable variance is primarily in the computer hardware / software account and it is expected that this favourable variance will be reduced by year end as an AUTO CAD upgrade is in progress and should be completed by year end.

**Commissioner of Planning**

Development Planning Revenues Favourable \$195,305 or 10.8%

The majority of favourable revenue variance in the third quarter is contributed to the increase in number of planning applications received during this time period, including those for Official Plan and Zoning By-law Amendments, Subdivision, Site Plan and Condominium.

Development Planning Expenditures Favourable \$120,085 or 6.2%

The majority of favourable expenditure variance relates to vacancies in full-time positions (\$75k) and the associated costs such as office equipment, computer hardware/software, training & development, seminars & workshops, and other related accounts (\$45k). The department has had two staff complement positions vacant in the first half of 2008. It is anticipated that these two vacancies will be filled by end of 2008; however, additional

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favourable variances are anticipated in salaries and benefit accounts until these positions are filled.

#### Building Standards Revenues Favourable \$1,537,340 or 23.5%

The favourable building standards revenue variance is a result of higher than anticipated building permit volumes, in part as a result of the Region's increase to Development Charges in the first half of the year. However, based on discussions with various builder representatives, it appears that their sales activity has dropped and it is being reflected in reduced permit volumes presently being received by the department. We anticipate that the trend of reduced permit volumes will continue into 2009 and will be reflective of the current economic forecast for the future. Should the need arise the Building Standards department will review the current Building Permit fee structure and may make recommendations accordingly.

#### Building Standards Expenditures Favourable \$518,480 or 11.9%

The majority of the favourable expenditure variance relates to vacancies in full-time positions (\$350k), including complement positions that were approved by Council as part of the Bill 124 costing process. The vacancies have resulted in savings in the salary, benefits, and associated accounts, including office equipment, computer hardware and software, and training and development. The positions related to the Bill 124 costing process are not expected to be filled in 2008

### Economic and Technology Development and Corporate Communications

#### Commissioner of Economic & Technology Development Favourable \$ 109,535 or 92.3%

Expenditures are favourable as a result of staff vacancies.

#### Economic and Business Development Expenditures Favourable \$162,875 or 14.2%

The favourable expenditure variance is primarily a result of cost cutting in Tourism spending and a delay in the implementation and completion of business development marketing collateral materials, advertising and public relations activities (\$133k). Some corrections will occur by year end, as the Department completes most of its collateral materials. However, corrections to the favourable variances associated with Tourism are not expected since the department is marking a concerted effort to minimize expenditures due to lack of offsetting revenues. Additional favourable variances salaries and benefits, meals and meal allowances, and other miscellaneous accounts account for the total variance.

#### Access Vaughan Expenditures Unfavourable (\$32,690) or (6.6%)

The unfavourable expenditure variance can be primarily attributed to an employee severance payment. The unfavourable variance was partially offset by savings in professional fees and other miscellaneous accounts. It is likely the variance will continue to year end.

#### Information & Technology Management Expenditures Favourable \$268,485 or 6.4%

The majority of the favourable variance (\$106k) is a result of delays in renewing some communications contracts and the computer hardware / software account (\$91k), largely as a result in delays in performing related work, but both variances are expected to correct themselves by year end. Joint Services revenues were also favourable (\$71k).

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In addition, training and development accounts are favourable (\$25k) as staff were unavailable to attend planned training. Additional minor favourable variances were found in salaries and benefits, and office equipment & furniture.

#### Commissioner of Engineering and Public Works

##### Development & Transport. Engineering Revenues Unfavourable (\$26,070) or (16.7%)

The unfavourable variance is mainly a result of (\$43k) declining revenue from recoverable expenses related to the surcharge that is levied on the cost of works performed by a city contractor within the subdivision that the Developer has failed to do in a timely manner. The amount of work that is being performed by City contractors has declined because Developers are undertaking the work when it has been requested therefore the municipal services inspectors are not using other contractors to complete works on schedule and charging back cost to the Developer of the subdivision.

##### Development & Transportation Engineering Expenditures Favourable \$297,000 or 13.5%

The favourable variance is primarily as a result in labour savings (\$262k). During the third quarter of 2008, there were five vacancies. Two of the vacancies have been filled. Recruitment process has started on the other three vacancies. Other minor favourable variances in training and development costs are due to the Noise course that was completed in October and invoiced as opposed to the original anticipated time of September.

##### Engineering Services Expenditures Favourable \$201,220 or 8.1%

Majority of the favourable variance is principally found in the salaries and benefits (\$194k) and computer hardware/software (\$21k) accounts due mostly to vacant positions and delays in hiring staff. This favourable variance is offset by Contractor & contract materials for Pavement Marking and Traffic Signals costs that are presently unfavourable due to the timing of invoice payments; however, this will correct and align with the 2008 Operating Budget at year's end.

##### Public Works - Operations Expenditures Unfavourable (\$1,804,730) or (11.3%)

The unfavourable expenditure variance is primarily a result of winter activities that occurred in the January to April period. Winter contract costs were over spent by \$1,060,260 and winter control materials were over spent by \$981,030, all as a result of the greater than average winter storms we had at the beginning of 2008. The department does not expect these winter accounts to correct themselves by year end and it may be necessary to draw from the Winter Reserve to cover the expenses incurred as a result of the extraordinary winter we experienced, as well as cover off the upcoming salt purchases for the upcoming 2008-2009 winter season.

Offsetting these negative variances was a positive variance in labour expenses (\$481k) as staff turnover and hiring delays contributed to the positive variance in these accounts.

#### Vaughan Public Libraries

##### Library Revenue Unfavourable (\$6,025) or (2.9%)

Reduced income from service charges is offset by increased revenue from fines and penalties. It is anticipated by year end that revenues will meet budget.

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Library Expenditures Favourable \$622,580 or 8.1%

The vast majority of the favourable variance is attributed to staff turnover and gapping of positions (\$653k). It is anticipated that this trend will continue to year end. Offsetting the positive variance are professional fee expenditures that exceeded the budgeted amount (\$23k) due to the unanticipated need for CEO recruitment.

#### Supplemental Taxation, Payments in Lieu / Grants & Revenue from Reserves

A favourable variance in supplemental taxation totalled \$766,710 as revenues are exceeding budget and anticipated to continue through the balance of 2008, as an additional MPAC update is expected before year end. However, this trend is not expected to continue into 2009 as a result of the current economic environment.

Payments in lieu/grants are unfavourable by \$85k or 2.9%, largely as a result of timing in receiving the Library grant, which is expected to correct itself by year end.

Revenues from reserves were \$3,559,665 unfavourable, largely as a result of the Tax Rate Stabilization Reserve being under budget by \$2,729,950 as the requirement for this revenue has not yet materialized. The remainder of the variance is related to actual spending in departments being lower than budgeted, which in turn reduces the requirement for reserve transfers to the operating budget. The Engineering Reserve transfer is \$946,430 under budget as a result of lower than forecasted expenses in Engineering Services and Public Works while the Fleet Management Reserve transfer is \$74,175 under budget as a result of lower than forecasted expenses in Fleet Management Services. Offsetting these variances is higher than budgeted revenues from the Insurance Reserve transfer that was greater than forecasted, \$133,590, as insurance expenditure variances related to vandalism, vehicle accident damages, and theft claims which are below the City's deductible, are greater than budgeted.

#### Corporate Revenues

Corporate revenues are favourable by \$5,962,395, largely as a result Hydro dividends that are \$3.3M greater than budgeted, as two year's worth of dividends (2007 and 2008) were issued in 2008. It should be noted that this dividend windfall is not anticipated to be repeated and should be treated as a one-time variance. Excluding this one-time increase in dividend income, the quarterly surplus would actually be closer to \$1.2M.

In addition, corporate revenues were inflated by a \$1.5M Hydro Vaughan Holdings Working Capital unbudgeted contribution that was offset by a contribution to the Pierre Berton Discovery Centre Reserve (see the Corporate Expenditures section below) and favourable investment income performance of \$792,945, as account balances and returns on investments exceeded forecasts. contributing to the overall favourable variance.

In addition, Hydro investment income exceeded forecast by \$208,095, in part as a result of interest paid on an outstanding balance. Finally, the balance of the favourable variance is in fines and penalties revenues of \$47,755 and miscellaneous revenues of approximately \$95,000 higher than budget for the YTD period.

#### Corporate Expenditures

Corporate and Election Expenditures were unfavourable by \$4,219,719. A significant portion of this variance is due to a substantial transfer to the building standards continuity reserve, resulting from higher than anticipated building code permit revenues \$2,684,010.



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As of July 1, 2005, Bill 124 imposed cost and price restrictions on the building code permit fees to the extent that revenues cannot exceed reasonable and anticipated costs. For this reason revenue surpluses are transferred to the reserve, as per the City's policy, to provide future service continuity when expenses eventually outpace revenues. As mentioned earlier in this report, if higher than forecasted revenues continue into 2009, the Building Standards Department will need to review the current Building Permit Fee structure and may be making additional recommendations accordingly. Additionally, there was an unbudgeted contribution of \$1,500,000 to the Pierre Berton Discovery Centre, the costs of which were offset by a favourable variance in our corporate revenues.

The \$750,000 unfavourable variance in salary gapping was anticipated since savings are budgeted under corporate expenses, but actual salary savings are realized within the respective individual departments. Therefore salary savings realized in departments offset the unfavourable gapping corporate expenditure variance.

The \$99,725 unfavourable variance experienced in the joint services accounts is a result of retroactive charges that were pending the outcome of negotiations. A portion of these charges are offset by favourable variances within respective impacted departments.

Partially offsetting these amounts was a \$79,170 favourable variance in professional fees, primarily a result of a reversal of 2007 audit accruals. It is expected that the variance in professional fees will be corrected before year end as external auditor fees will be paid or accrued prior to year end. In addition, a favourable variance of \$679,255 in unallocated benefits is expected to be reconciled, as process timing differences will be adjusted at year end when future benefit adjustments are made.

*The Long Term Debt* expense had a favourable variance of \$477,225, as a result of slight timing issues. It is anticipated that the variance will be minimized by year end and any favourable variances will be transferred to the Debenture Reserve at year end.

*The Corporate Contingency* account had a favourable variance of \$487,120 as budgeted expenditures have not yet been realized and as a result of a permanent accrual reversal from a prior year related to buildings & facilities.

The remaining portion of the variance consists of a mixture of various minor miscellaneous corporate expenses including bank charges, tax adjustments, and other miscellaneous accounts.

#### Relationship to Vaughan Vision 2020 / Strategic Plan

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

#### Regional Implications

None

#### Conclusion

Based on the third quarter ending September 30, 2008, the favourable variance was \$4,491,786. If current trends continue and barring any unforeseen events, our year-end variance should be favourable. The largest component driving the City's favourable position is a \$3.3m favourable variance in Hydro dividends, as a result of issuing both 2007 and 2008 dividends this year. Excluding the one-time dividend gain from our Hydro investment, our quarterly favourable

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variance would have been \$1.2M or just under 1%. The remaining portion of the favourable variance, roughly \$1.2m consists of mixture of favourable variances experienced in supplemental taxation, investment income, long-term debt, contingency and departmental expenditures, significantly offset by less than anticipated tax rate stabilization reserve funding, as a result of the City's overall favourable third quarter position.

Over the past few years, the operating budget has relied on a prior year's surplus of \$2.5M to assist in balancing the budget. At this point in time, we anticipate that 2008 will be no different than previous years.

**Attachments**

Attachment 1 – 2008 Third Quarter End Variance Report

**Report prepared by:**

John Henry, CMA  
Director of Budgeting & Financial Planning  
Ext 8348

Al Meneses, MBA  
Manager, Operating Budget & Activity Costing  
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.)

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### EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009

Item 2, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

## **2** PROPOSED 2009 CAPITAL BUDGET

The Budget Committee recommends:

- 1) That the recommendation contained in the following report of the City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, the Senior Management Team and the Director of Reserves & Investments, dated December 10, 2008, be approved; and
- 2) That the presentation by the Deputy City Manager/Commissioner of Finance & Corporate Services and presentation material entitled, "City of Vaughan Proposed 2009 Capital Budget", dated December 10, 2008, be received.

### Recommendation

The City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, the Senior Management Team and the Director of Reserves & Investments recommend:

- 1) That the following report be received;
- 2) That the proposed capital projects identified above the funding line and funded from other than taxation and long term debt totalling \$51,389,934 be approved (Attachment 2);
- 3) That the proposed capital projects identified above the funding line and funded from long term debt totalling \$4,117,000 be approved (Attachment 3); and
- 4) That the proposed capital projects identified above the funding line and funded from taxation totalling \$7,229,890 be approved (Attachment 4).

### Economic Impact

The proposed 2009 Capital Budget is \$62,736,824 and funded from a variety of sources (Attachment 1). The proposed Capital Budget is within Council approved policies and recognizes the limited amount of funding available for capital work.

The proposed 2009 Capital Budget does not require any tax funds above what has already been incorporated in the 2009 Operating Budget. The future annual operating budget impact of the proposed capital budget (excluding life cycle costing) is \$1,064,840 or a future 0.9% tax increase.

### Communications Plan

The Budget Committee meetings are advertised and open to the public. In addition the final Public meeting to consider the Operating and Capital Budgets will be advertised and a press release will be issued following Council approval.

### Purpose

The purpose of this report is to provide the members of the Budget Committee an opportunity to comment on the Proposed 2009 Capital Budget.

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**Background - Analysis and Options**

In the preparation of the Capital Budget a number of issues were taken into consideration. The continued pressures of maintaining existing infrastructure, growth and provisions of new servicing requirements are balanced against available funding, the current financial impact on the economy, the impact on future operating budgets and the staff resources to undertake and manage the projects.

The total capital funds requested equals \$82,353,304. The proposed 2009 Capital Budget submission totals \$62,736,824 and funded from development charges, reserves, long term debt and taxation. Departments have prioritized the projects within each funding source. To assist staff in the development of the annual Capital budget, Council approved a series of key financial fiscal policies and are listed as follows:

- 1) Level of Discretionary Reserves;
- 2) Level of Working Capital;
- 3) Level of Debt;
- 4) Requirement of Funds to be on hand prior to Project Approval.

The following is a summary of the key financial information ratios compared to targets approved by Council:

	<u>Projected Dec. 31, 2008</u>	<u>Approved Target</u>
Net Development Charge Balance	\$70.3M	N/A
Discretionary Reserve Ratio	65.6%	< 50% of own source revenue
Working Capital	11.7%	< 10% of own source revenue
Debt Level *	5.5%	> 10% of own source revenue

\*Includes Commitments for Vaughan Sports Complex and OSA.

**Development Charge Reserves**

For the projects submitted to be funded from Development Charges, the following Council endorsed guidelines were taken into consideration.

- 1) No service category with a positive balance should be placed into a pre-financing position (requirement of funds to be on hand);
- 2) With the exception of Management Studies, no service category pre-financing should be increased; and
- 3) Commit no more than 50% of anticipated revenues for any service category that is already pre-financed.

Each department prioritized the capital projects within each development charges funding source. Finance staff assessed the funding availability and established a specific funding line for each funding source.

**Taxation**

Capital projects identified from taxation funding are non-growth projects that have no other source of funding such as repairs, technology, etc. In addition, included in the taxation funding request is the 10% co-funding requirement of the Development Charges Act for certain growth related services (Libraries, Recreational Complexes, Parks and Vehicles).

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The amount of funding provided for taxation funded projects from the 2009 Operating Budget is \$6,565,775. The 2009 taxation funded requests total \$19,833,920. Given that there are insufficient funds provided from the 2009 Operating Budget to fund all the requested taxation funded capital projects, staff reviewed the list of previously funded projects and have identified \$664,205 in surplus funds. As a result, the revised amount available for taxation funded capital projects is \$7,229,980. Senior staff reviewed the \$19,833,920 in requests and prioritized projects totalling \$7,229,980. Any approval of taxation funded capital requests in excess of \$7,229,980 would have an additional impact on the 2009 Operating budget and property tax rate.

**Long Term Debt**

Capital projects identified for long term debt financing tend to be large projects (road resurfacing, road reconstruction and upgrading) that have no other source of funding other than taxation and have a long useful life.

Under Ontario Regulation 403/02, a municipality may borrow or undertake financial obligations provided that the annual repayment limit related to the debt and financial obligations do not exceed 25% of net revenue fund revenue. It is recommended that the capital projects identified above the funding line from long term debt totalling \$4,117,000 (Attachment 3). With this approval, the City of Vaughan debt charges will be within the 10% debt policy approved by Council. The Annual Debt Repayment Limit calculated pursuant to Ontario Regulation 403/02 is 5.4% of net revenue fund, revenue well within the 25% maximum allowed under the regulation. The issuance of the proposed 2009 Long Term Debt will have an estimated annual future operative budget impact of \$533,100.

**Municipal Gas Tax Funds (AMO)**

Eligible infrastructure under the Municipal Gas Tax Funding agreement are projects that are environmentally sustainable municipal infrastructure projects.

The municipality must clearly demonstrate that the funding used for a project is incremental and the funding either enabled a project implementation, enhanced its scope or accelerated its timing. The objective of the Gas Tax Program is to increase the amount of infrastructure repair and replacement and not to simply replace other sources of funding.

Reconciliation of funds received and committed is as follows:

Gas Tax Funds received to-date	\$8,872,491.00
Less: Commitment (including 2009)	<u>\$8,325,700.00</u>
<b>Balance available for Eligible Projects</b>	<b><u>\$546,791.00</u></b>

Staff have reviewed the list of capital projects submitted and with concurrence of AMO staff have identified a number of capital projects eligible under the Municipal Gas Tax Funding Agreement totalling \$546,791 as identified above the Gas Tax Reserve funding line. Further expenditure plans will be provided for the balance and future gas tax revenues.

**Provincial Infrastructure Grants**

In 2008, the City of Vaughan received two (2) Provincial grants: Ontario Ministry of Transportation – Municipal Road and Bridge capital investment needs (\$2,938,615) and Investing in Ontario (\$8,608,049).

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009

#### Item 2, Budget Report No. 10 – Page 4

Eligible expenses for the Ministry of Transportation grant is for the rehabilitation of municipal road and bridge capital infrastructure, specifically, these are capital funds to be used for rehabilitation of municipal roads and bridges, rather than ongoing and routine maintenance. Expenditures are limited to those types of capital rehabilitation expenditures that alter (improve) or extend the life of the road or bridge asset.

Staff have reviewed the list of capital projects submitted and with concurrence from MTO staff have identified a number of capital projects eligible under the Ministry of Transportation grant totalling \$2,821,500. Further expenditures will be identified and provided for the balance.

The Investing in Ontario grant is to be used for capital purposes and each municipality has the flexibility and discretion to spend its allocation on its own capital priorities such as improved roads and bridges, expanding transit or upgrading social housing. The City of Vaughan is allocating the \$8,608,049 grant to its 2009 Pavement Management Program. The City of Vaughan funds its Pavement Management Program from Long Term Debt. By allocating this grant to the 2009 Pavement Management Program, the annual savings to the City by not issuing \$9M in long-term debt is \$1,114,780.

#### **Operating Budget Implications**

The Proposed 2009 Capital Budget funding lines have been recommended. Should Council approve the capital projects identified above the funding lines, the estimated future operating cost implication is estimated at \$1,064,840 or approximately 0.9% increase in the property tax when the projects are complete.

#### **Reserve Continuity Schedule**

The Preliminary Continuity Schedule of Capital Reserves and Development Charges (Attachment 5) identifies all the City reserves and deferred revenue accounts (DC's) and illustrates the estimated balance at the end of 2008. The Continuity Schedule of Capital Reserves and Development Charges is useful for tracking reserve balances and ensuring funds are on hand prior to project approvals.

#### **Relationship to Vaughan Vision 2020/Strategic Plan**

The budget process links the Vaughan Vision 2002 through the setting of priorities and allocation of resources.

This report is consistent with the priorities previously set by Council and is the process whereby the necessary resources are allocated and approved.

#### **Regional Implications**

Not applicable.

#### **Conclusion**

The City Manager, the Deputy City Manager/Commissioner of Finance & Corporate Services, the Senior Management Team and Finance staff have reviewed the 2009 Capital submission and established priorities and funding lines. The Proposed 2009 Capital Budget is \$62,736,824.

The operating budget implication for the proposed 2009 Capital budget included above the proposed funding lines in this report is \$1,064,840 or approximately 0.9% future property tax increase when the projects are complete.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009**

Item 2, Budget Report No. 10 – Page 5

**Attachments**

- Attachment 1 - Proposed 2009 Capital Budget Funding Summary
- Attachment 2 – Proposed 2009 Capital Budget Funded other than Taxation and Long Term Debt
- Attachment 3 – Proposed 2009 Capital Budget Funded from Long Term Debt
- Attachment 4 – Proposed 2009 Capital Budget Funded from Taxation
- Attachment 5 – Preliminary Continuity Schedule of Capital Reserves and Development Charges

**Report prepared by:**

Ferruccio Castellarin, CGA  
Director of Reserves & Investments, ext. 8271

(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 FEBRUARY 3, 2009**

Item 3, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

3

**VETERANS' PARK: ADDITIONAL BOCCE COURTS**

(Referred Item)

**The Budget Committee recommends that the following report of Councillor Carella, dated October 6, 2008, be received.**

Council, at its meeting of October 27, 2008, adopted the following (Item 10, CW Report No.49):

1. That the attached petition, signed by approximately one hundred and ten (110) residents and requesting an increase in the number of bocce courts at Veterans' Park from one (1) to four (4) be received; and
2. That this matter be referred to the Budget Committee, for consideration as part of the 2009 budgetary process.

Report of Councillor Carella, dated October 6, 2008

**Recommendation**

Councillor Tony Carella recommends:

1. That the attached petition, signed by approximately one hundred and ten (110) residents and requesting an increase in the number of bocce courts at Veterans' Park from one (1) to four (4) be received; and
2. That this matter be referred to the Budget Committee, for consideration as part of the 2009 budgetary process.

**Economic Impact**

To be determined as part of the budget documentation procedure

**Communication Plan**

A communication plan would be premature at this time.

**Purpose**

To bring to the attention of the Budget Committee a petition that will have budgetary impact.

**Background - Analysis and Options**

Veterans' Park is located south of Woodbridge Avenue, running along the west bank of the Humber River to the southern end of Wallace Street, at Highway 7.

In the past few years, an increasing number of older individuals who are "downsizing" from single family dwellings to condominium units have been attracted to the neighbourhood, as it combines the housing type they are seeking with the convenience of pedestrian-accessible services, as well as opportunities for low impact exercise (walking and jogging) along the extensive walkways and trails that wind their way through parklands along both sides of the river, and indeed, further upstream, along both sides of the east and west branches of the Humber River.

.../2



CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009**

Item 3, Budget Report No. 10 – Page 2

Many of these new residents are bocce enthusiasts. Yet, there is at present only one court available for use in the area, in Veterans' Park, immediately behind the Terraces condominium, beside and behind the Historic Wallace House, on Woodbridge Avenue.

The petition which is attached to this report requests an increase in the number of courts to four. Given the likelihood of additional development in the Woodbridge core, and the current demographic profile of the area, it is safe to assume that the number of bocce enthusiasts living in the neighbourhood will be increasing in the near future. Hence, an increase in the number of courts to four seems eminently reasonable.

**Regional Implications**

None

**Relationship to Vaughan Vision 2020**

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

**Conclusion**

It is appropriate that the attached petition be forwarded to the Budget Committee.

**Attachments**

*Petition requesting three additional bocce courts in Veterans' Park*

**Report prepared by:**

Councillor Tony Carella, FRSA

(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 FEBRUARY 3, 2009**

Item 4, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

**4**                    **AL PALLADINI COMMUNITY CENTRE: BICYCLING CLASS SPACE**  
(Referred Item)

The Budget Committee recommends:

- 1)        **That this matter be brought forward when the pending report on the feasibility of building a fitness centre at Vellore Woods, is to be considered; and**
- 2)        **That the following report of Councillor Carella, dated October 6, 2008, be received.**

Council at its meeting of October 27, 2008, adopted the following (Item 9, CW Report No. 49):

1.        That the attached petition, signed by approximately one hundred and seventy (170) residents and requesting improved, dedicated space for cycling classes at the Al Palladini Community Centre be received; and
2.        That this matter be referred to the Budget Committee, for consideration as part of the 2009 budgetary process.

Report of Councillor Carella, dated October 6, 2008

**Recommendation**

Councillor Tony Carella recommends:

1.        That the attached petition, signed by approximately one hundred and seventy (170) residents and requesting improved, dedicated space for cycling classes at the Al Palladini Community Centre be received; and
2.        That this matter be referred to the Budget Committee, for consideration as part of the 2009 budgetary process.

**Economic Impact**

To be determined as part of the budget documentation procedure

**Communication Plan**

A communication plan would be premature at this time.

**Purpose**

To bring to the attention of the Budget Committee a petition that will have budgetary impact.

**Background - Analysis and Options**

Bicycling is without a doubt one of the most popular and beneficial forms of exercise in this country. However, our winters limit the time when this form of exercise can be taken out of doors. And hence the popularity of stationary bicycling indoors over the cold winter months.

In the case of the Al Palladini Community Centre, the number of enthusiasts is large and they are seeking an improved space, larger, better ventilated, with more bicycles, to accommodate the growing interest in this form of exercise. Hence the attached petition.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009**

Item 4, Budget Report No. 10 – Page 2

**Regional Implications**

None

**Relationship to Vaughan Vision 2020**

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

**Conclusion**

It is appropriate that the attached petition be forwarded to the Budget Committee.

**Attachments**

*Petition requesting dedicated space for bicycling classes at Al Palladini Community Centre*

**Report prepared by:**

Councillor Tony Carella, FRSA

(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 FEBRUARY 3, 2009**

Item 5, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

5

**PETITION TO COVER BOCCE COURTS  
WOODBIDGE EXPANSION AREA DISTRICT PARK**

The Budget Committee recommends:

- 1) That the verbal report of the Commissioner of Community Services regarding a covered shelter with a steel roof at an estimated cost of \$150,000 to \$200,000, be received; and
- 2) That the following report of Councillor Carella, dated December 10, 2008, be received.

**Recommendation**

Councillor Tony Carella recommends

1. that the attached petition signed by approximately 142 individuals be received and referred to staff for documentation of the costs of the request, potential sources of funding, etc. and
2. that once this information is available, this matter be referred back to the Budget Committee for further consideration as part of the 2009 Capital Budget process

**Economic Impact**

Nil

**Purpose**

To respond to the petition attached to this report.

**Communications Plan**

Selected signatories of the petition will be informed by the ward councillor that this matter has been referred to the Budget Committee, and that the feasibility of the proposal is being studied.

**Background – Analysis and Options**

The interest in bocce among older residents continues unabated for the foreseeable future, and with the aim of extending playing time even in periods of inclement weather, residents/players in the vicinity of the Woodbridge Expansion Area District Park are requesting that the courts at this location be covered by some sort of permanent structure.

To determine whether this request can be accommodated in the 2009 Capital Budget, staff will have to first determine the amount of funds needed to pay for this improvement. This recommendation will provide that direction, to include possible sources of funding, timelines, etc.

**Regional Implications**

None

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009**

Item 5, Budget Report No. 10 – Page 5

**Relationship to Vaughan Vision 2020:**

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

**Conclusion:**

The first step in responding to any request for capital expenditures is to determine the cost of the proposal, and to identify appropriate sources of funding. That is the intent of this recommendation.

**Attachment:**

Petition signed by approximately 142 individuals

**Report prepared by:**

Councillor Tony Carella, FRSA

(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 FEBRUARY 3, 2009**

Item 6, Report No. 10, of the Budget Committee, which was adopted without amendment by the Council of the City of Vaughan on February 3, 2009.

**6 ZENWAY BOULEVARD AND VAUGHAN VALLEY BOULEVARD  
PROPOSED TRAFFIC SIGNAL CONTROL**

The Budget Committee recommends:

- 1) That staff provide additional information with respect to traffic warrants; and
- 2) That the following report of the Commissioner of Engineering and Public Works, dated December 10, 2008, be received.

**Recommendation**

The Commissioner of Engineering and Public Works in consultation with the Director of Reserves and Investments recommends:

That the installation of a traffic signal at the intersection of Zenway Boulevard and Vaughan Valley Boulevard at an estimated cost of \$130,000 be considered along with the proposed 2009 Capital Budget.

**Economic Impact**

The cost to install the traffic signal control would be an initial impact on the 2009 Capital Budget. There will be on-going costs associated with the maintenance of the traffic signals that will be incorporated in future Operating Budgets.

**Communications Plan**

If the project is approved for installation in 2009, Engineering Services staff will advise interested parties and area businesses of the planned signal installation and the timing of the work.

**Purpose**

To review the feasibility of implementing a traffic signal at the intersection of Zenway Boulevard and Vaughan Valley Boulevard.

**Background - Analysis and Options**

Engineering Services Department staff reviewed the traffic activity at the intersection of Zenway Boulevard and Vaughan Valley Boulevard both in response to an inquiry and to review traffic operations at the intersection following the opening of the arterial road connection from Zenway Boulevard to Highway 427. Zenway Boulevard is a collector roadway with a 26.0 metre right-of-way and a 14.0 metre pavement width. Vaughan Valley Boulevard is an industrial roadway with a 23.0 metre right-of-way and a pavement width of 11.5 metres. This is an existing all-way stop control intersection and the existing speed limit on both roadways is a statutory 50 km/h. The area is shown in Attachment No.1.

A turning movement count was conducted on Thursday, November 27, 2008 at the subject intersection during peak travel periods. The traffic count was conducted from 7:00 am to 9:00 am, 11:00 am to 2:00 pm and 3:00 pm to 6:00 pm. On the day of the traffic study the weather was cloudy and the roads were dry. The collected traffic volumes compared to the Provincial Warrant for Traffic Signal Installation are as shown below.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 3, 2009

Item 6, Budget Report No. 10 – Page 2

#### Zenway Boulevard and Vaughan Valley Boulevard

- Warrant 1 – Minimum Vehicular Volumes Warranted 94%
- Warrant 2 – Delay to Cross Traffic Warranted 90%
- Warrant 3 – Accident Experience Warranted 13%

The above results reflect the highest eight peak traffic hours at the intersection.

For a traffic signal control to be warranted on the basis of individual warrants, one or more of the 3 warrants must be satisfied 100% or more.

There is a Warrant 4 – Combination Warrant which may be used if no individual warrants are satisfied 100%, in which two warrants being satisfied 80% or more could warrant the installation of a traffic signal. Based on the study results, this intersection does meet the Warrant 4 requirements of the Provincial Warrant, as Warrant 1 and Warrant 2 are indicated over the minimum 80% requirement.

It is noted that the construction of the arterial road connection of Zenway Boulevard to Highway 427 and the reconstruction of Zenway and Fogal Road to Highway 50 has recently been completed and the roadways opened. Traffic is building in this area and will continue to increase with development. Traffic conditions at the Zenway/Vaughan Valley intersection are expected to more fully satisfy the individual warrants with time.

The approximate cost for the installation of traffic signals is \$130,000, with funding from City Wide Development Charges - Engineering.

#### Relationship to Vaughan Vision 2020/Strategic Plan

Enhance and Ensure Community Safety, Health & Wellness – to advocate for, protect and enhance community safety, health and wellness through education, design and enforcement.

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

#### Regional Implications

Not Applicable.

#### Conclusion

Based on staff's review, it is recommended that the installation of a traffic signal at the intersection of Zenway Boulevard and Vaughan Valley Boulevard be considered along with the proposed 2009 Capital Budget. Should Council approve the installation the design and installation of the signal would be undertaken in the 2009 construction season.

#### Attachments

1. Location Map

#### Report prepared by:

Peter Trinh, Senior Traffic Technologist, Ext. 3120  
Mike Dokman, Supervisor, Traffic Engineering, Ext. 3118

(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.)