

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 5, 2011**

Item 1, Report No. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 5, 2011.

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**1                    2011 DRAFT OPERATING AND CAPITAL BUDGET SUMMARY**

**The Finance and Administration Committee recommends:**

- 1)        That the presentation by the Commissioner of Finance/City Treasurer and presentation material titled, “Draft Budget, Planning for the Future, Draft Operating and Capital Budget Summary”, communication C7, dated March 8, 2011, be received; and**
- 2)        That the deputation by Mr. Stephen Roberts, 95 Bentoak Crescent, Vaughan, L4J 8S8, be received.**

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Item 2, Report No. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 5, 2011.

**2** PROPOSED 2011 CAPITAL BUDGET

The Finance and Administration Committee recommends:

- 1) That this matter be deferred for further consideration to the Finance and Administration Committee meeting of March 14, 2011;
- 2) That the Finance and Administration Committee support and endorse the Vaughan Public Library Board's recommendation to construct a 6,000 to 10,000 square foot library in the Thornhill Woods Community in 2011 and recommends that the library be constructed at the North Thornhill Community Centre site;
- 3) That staff provide to the next meeting the cost of painting the gym at the Patricia Kemp Community Centre;
- 4) That the following deputations and communications be received:
  1. Mr. Michael McKenzie, Chair, Vaughan Public Library Board, 11 Medley Court, Maple, L6A 2R9, and communication C5, dated March 8, 2011;
  2. Mr. Carmine Isacco, Vaughan Soccer Club, 11151 Keele Street, Maple, L6A 1S1, and communication C6, dated March 8, 2011;
  3. Mr. R. Avery Zeidman, 155 Coltrane Drive, Thornhill, L4J 9B3;
  4. Ms. Maya Goldenberg, President, Thornhill Woods Community Association, 101 Thornhill Woods Drive, Thornhill, L4J 8R5;
  5. Ms. Erlinda Insigne, 581 Conley Street, Thornhill, L4V 6V2;
  6. Mr. Vernon Hendrickson;
  7. Mr. Jim Davenport, 122 Calera Crescent, Woodbridge, L4H 1W7;
  8. Mr. Richard Lorello, 235 Treelawn Blvd, P.O. Box 927, Kleinburg, L0J 1C0;
  9. Mr. Stephen Roberts, 95 Bentoak Crescent, Vaughan, L4J 8S8; and
  10. Mr. Dale Lion and Ms. Sylvia Lion, Maple Lions Club, 8 Merino Road, Maple, L6A 1E7; and
- 5) That the following communications be received:
  - C1 Mr. Ken Schwenger, KARA, P.O. Box 202, Kleinburg, L0J 1C0, dated March 2, 2011;
  - C2 Commissioner of Finance/City Treasurer, Draft 2011 Capital Budget, Committee Information Request, dated March 8, 2011;
  - C3 Ms. Sarah Hartt-Snowbell, 19 Honeywood Road, Thornhill, L4J 9C2, dated March 6, 2011; and
  - C4 Commissioner of Finance/City Treasurer, Draft 2011 Capital Budget, Committee Information Request, Thornhill Woods Community Centre Library Kiosk, dated March 8, 2011.

Recommendation of the Finance and Administration Committee of March 1, 2011

The Finance and Administration Committee, at its meeting of March 1, 2011 (Item 1, Report No. 5), recommended the following:

- 1) That staff report back on the feasibility of a Public Private Partnership option with respect to the request from the Glen Shields Soccer Club;

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- 2) That staff provide additional options on how a kiosk could be funded in the Thornhill Woods Community Centre in addition to taxation, for the next Finance and Administration Committee meeting;
- 3) That the following deputations be received:
  - 1) Ms. Jane Hunter, Kleinburg National Tennis Club;
  - 2) Mr. Chris Williams, Glen Shields Soccer Club, 7894 Dufferin Street, Concord, L4K 1R6;
  - 3) Mr. Michael Pozzulo, Glen Shields Soccer Club, 7894 Dufferin Street, Concord, L4K 1R6;
  - 4) Mr. Richard Lorello, 235 Treelawn Boulevard, P.O. Box 927, Kleinburg, L0J 1C0;
  - 5) Mr. Niall Bracken, 105 Vaughan Boulevard, Thornhill, L4J 3N8;
  - 6) Mr. Eran Nevat, 11 Balsamwood Road, Thornhill, L4J 9L6;
  - 7) Mr. Jordan Haberman, 533 Pleasant Ridge Avenue, Thornhill, L4J 8X3;
  - 8) Ms. Maxine Povering, 48 Ohr Menachem Way, Thornhill, L4J 8X7;
  - 9) Ms. Maya Goldenberg, President, Thornhill Woods Community Association, 101 Thornhill Woods Drive, Thornhill, L4J 8R5;
  - 10) Mr. Frank Greco, 10472 Islington Avenue, Kleinburg, L0J 1C0; and
  - 11) Mr. Savino Quatela, 134 Grand Valley Boulevard, Vaughan, L6A 3K6; and
- 4) That the following communications be received:
  - C1. Commissioner of Community Services, Draft 2011 Capital Budget – Committee Information Request, Bindertwine Park Tennis Court Replacement – Change of Scope, dated March 1, 2011;
  - C2. Commissioner of Community Services, Draft 2011 Capital Budget, Committee Information Request, Installation of Sports Field Lighting at Vaughan Grove Sports Park, dated March 1, 2011;
  - C3. Commissioner of Community Services, Draft 2011 Capital Budget – Committee Information Request, Vaughan Crest Park Tennis Court Reconstruction, dated March 1, 2011; and
  - C4. Commissioner of Community Services, Draft 2011 Capital Budget – Committee Information Request, (Electrical Box-Maple Park), dated March 1, 2011.

Recommendation of the Finance and Administration Committee of February 22, 2011

The Finance and Administration Committee, at its meeting of February 22, 2011 (Item 1, Report No. 4), recommended the following:

The Finance and Administration Committee recommends:

- 1) That this matter be deferred for consideration to the Finance and Administration Committee meeting of March 1, 2011;
- 2) That the presentation by the Commissioner of Finance/City Treasurer and presentation material titled, “City of Vaughan, Proposed 2011 Capital Budget”, C1, dated February 22, 2011, be received; and
- 3) That the following deputations be received:
  1. Ms. Maya Goldenberg, Thornhill Woods Community Association, 101 Thornhill Woods Drive, Thornhill, L4S 8R5;
  2. Mr. Dale Pershad, Thornhill Woods Community Association, 32 Cortese Terrace, Thornhill, L4J 8S4;

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3. Ms. Sigal Almog, Thornhill Woods Community Association, 55 Vivaldi Drive, Thornhill, L4J 8Z5;
4. Mr. Erez Kofman, Thornhill Woods Community Association, 8 Hendel Drive, Thornhill, L4J 9H6;
5. Mr. Anat Goldschmidt, Thornhill Woods Community Association, 22 Foxwood Road, Vaughan, L4J 9C4;
6. Mr. Michael Fenuta, Glen Shields Soccer Club, 7894 Dufferin Street, Thornhill, L4K 1R6; and
7. Mr. Richard Lorello, 235 Treelawn Blvd., Kleinburg, L0J 1C0.

Report of the City Manager, the Commissioner of Finance/City Treasurer, the Senior Management Team and the Director of Reserves & Investments, dated February 22, 2011

#### **Recommendation**

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

That the following report on the Proposed 2011 Capital Budget be received for information and discussion purposes.

#### **Contribution to Sustainability**

The preparation of the 2011 Capital Budget and the policies on which the capital budget is based are enhanced in the principles of sustainability.

#### **Economic Impact**

The proposed 2011 Capital Budget totals \$62,236,712 and is funded from a variety of sources (Attachment 1). The proposed 2011 Capital Budget is within Council approved policies with the recognition of limited tax dollars and the staff resources available to undertake the work.

The future estimated annual operating budget impact of the proposed 2011 Capital Budget is \$526,960 or a 0.39% property tax increase when the projects are complete, excluding future replacement costs.

#### **Communications Plan**

The Finance and Administration Committee meetings are advertised and open to the public. In addition, the final public meeting to consider the Capital Budget 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 Finance and Administration Committee with the Proposed 2011 Capital Budget.

#### **Background - Analysis and Options**

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

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To assist staff in the development of the annual Capital Budget, Council approved a series of key financial policies and they 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 key financial policies have had a positive impact on the financial stability of the City of Vaughan. The following summarizes the key financial information compared to targets approved by Council:

	<u>Estimated Dec. 31, 2010</u>	<u>Approved Target</u>
Net Development Charge Balance	\$78.4M	N/A
Discretionary Reserve Ratio	67.4%	> 50% of own source revenue
Working Capital	11.8%	> 10% of own source revenue
Debt Level *	5.5%	< 10% of own source revenue

\*Includes Commitments for OSA and Vaughan Sports Complex.

Based on the above noted financial policies, Finance staff have assessed the availability of funding and established a funding line within each funding source.

The total 2011 capital requests submitted by departments equal \$90,571,157. Following the initial submissions, Finance staff met with the individual departments to review the submissions and clarify available funding. Departments then prioritized the capital projects within each funding source and the Capital Budget was submitted to SMT for review.

Following the staff review process, the proposed 2011 Capital Budget submission totals \$62,236,712 and is funded from development charges, reserves, taxation, grants and miscellaneous funding.

Development Charges Reserves

For the projects funded from Development Charges, the following guidelines previously approved by Council 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 revenue for any service category that is already pre-financed.

Each department has prioritized the capital projects within each development charge funding source. Based on the above endorsed guidelines, Finance staff have assessed the funding availability and established a specific funding line for each service.

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Capital Reserves & Reserve Funds

Each department has prioritized the capital projects within each capital reserve and reserve funds funding source. Based on the endorsed financial policy/guidelines that the Discretionary Reserve Ratio is greater than 50% of own source revenue and that the requirement of funds to be on hand prior to project approval, Finance staff assessed the funding available and established a specific funding line for each of the capital reserves and reserve funds. Based on these funding lines, the projected 2011 Discretionary Reserve Ratio is 63.1% of own source revenues.

Taxation

Projects identified from taxation funding are non-growth related projects that have no other source of financing such as repairs, technology replacement, etc. In addition, included in the funding request is the 10% co-funding requirement of the Development Charges Act for certain growth related services (Libraries, Recreational Complexes, Parks, Vehicles and Growth Related Studies). The 2011 proposed Operating Budget allocated \$6,629,522 to taxation funded capital projects. This amount is consistent with prior years. The 2011 taxation funded capital projects requests total \$23,392,950. Senior staff reviewed the \$23,392,950 in requests and prioritized projects totaling \$6,157,525 (Attachment 5) leaving an unallocated balance of \$471,997 which will be subject to further staff review.

Taxation Funding Available	\$6,629,522
Funding for recommended projects	<u>\$6,157,525</u>
Unallocated Balance available	<u>\$471,997</u>

Of the \$6,157,525, \$1,117,152 related to development charges co-funding required under the Development Charges Act. Any approval of taxation funded capital requests in excess of \$6,629,522 would have an additional impact on the 2011 Operating Budget and the property tax rate.

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 provide municipalities with funding for infrastructure investments that promote cleaner water and air and reduced greenhouse emissions.

Reconciliation of funds received and committed is as follows:

AMO Gas Tax Funds received to-date	\$22,629,993
Less: Commitments	<u>\$12,932,843</u>
Balance available for Eligible Projects	<u>\$9,697,150</u>

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 totaling \$9,627,825 as identified above the Gas Tax Reserve funding line. Further expenditure plans will be provided as future gas tax revenues are received.

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#### Item 2, Finance Report No. 6– Page 6

##### Operating Budget Implications

The Proposed 2011 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 \$526,960 or 0.39% in property tax increase when the projects are complete. This excludes any lifecycle costs associated with the projects.

##### Reserve Continuity Schedule

The Preliminary Continuity Schedule of Capital Reserves and Development Charges (Attachment 6) identifies all the City reserves and deferred revenue accounts (Development Charges) and illustrates the estimated balance at the end of 2010. The Continuity Schedule of Capital Reserves and Development Charges is useful for tracking reserve balances and ensuring funds are on hand prior to project approval.

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

The budget process links to the Vaughan Vision 2020 through the setting of priorities and allocation of resources.

##### Regional Implications

Not applicable

##### Conclusion

The City Manager with the Senior Management Team and Finance staff have reviewed the 2011 capital submissions and established priorities and appropriate funding lines. The proposed 2011 Capital Budget is \$62,236,712 funded from various funding sources.

The operating budget implication for the proposed 2011 Capital Budget included in this report is \$526,960 or approximately 0.39% property tax increase when the projects are complete.

##### Attachments

- Attachment 1 – Proposed 2011 Capital Budget Expenditure Summary
- Attachment 2 – Proposed 2011 Capital Budget Funding Summary
- Attachment 3 – Proposed 2011 Capital Budget Projects Recommended
- Attachment 4 – Proposed 2011 Capital Budget Funding other than Taxation
- Attachment 5 – Proposed 2011 Capital Budget Funded from Taxation
- Attachment 6 – Preliminary Continuity Schedule of Capital Reserves and Development Charges
- Attachment 7 – Communication C1, “City of Vaughan, Proposed 2011 Capital Budget”
- Attachment 8 – Communication C1, “Draft 2011 Capital Budget – Committee Information Request, Bindertwine Park Tennis Court Replacement – Change of Scope”
- Attachment 9 – Communication C2, “Draft 2011 Capital Budget, Committee Information Request, Installation of Sports Field Lighting at Vaughan Grove Sports Park”
  
- Attachment 10 - Communication C3, “Draft 2011 Capital Budget – Committee Information Request, Vaughan Crest Park Tennis Court Reconstruction”
- Attachment 11 - Communication C4, “Draft 2011 Capital Budget – Committee Information Request, (Electrical Box-Maple Park)”

##### Report prepared by:

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

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(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. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 5, 2011.

3

**COUNCIL EXPENDITURE BUDGETS**

(Deferred)

**The Finance and Administration Committee recommends that this matter be deferred for consideration to the Finance and Administration Committee meeting of March 21, 2011.**

*Consideration of this matter was deferred due to the meeting being adjourned.*

Recommendation of the Finance and Administration Committee of February 22, 2011

The Finance and Administration Committee, at its meeting of February 22, 2011 (Item 2 Report No. 4), recommended the following:

That this matter be deferred for consideration to the Finance and Administration Committee meeting of March 1, 2011.

Report of the Council Budgets Task Force, dated February 22, 2011

**Recommendation**

The Council Budgets Task Force recommends:

1. That Option #6 as described in the attached report be approved; and
2. That the Council Member 2011 budgets be adjusted accordingly.

**Contribution to Sustainability**

N/A

**Economic Impact**

There are no economic impacts of this report, as the option proposed by the Council Budgets Task Force does not result in an increase in overall Council budgets.

**Communications Plan**

N/A

**Purpose**

The purpose of this report is to convey to the Finance and Administration Committee the Council Budgets Task Force's preferred option for allocating funds to discretionary Council Member budgets.

**Background - Analysis and Options**

On February 7, 2011, the Finance and Administration Committee recommended that a sub-committee composed of Councillors Carella, DeFrancesca, Iafrate and Racco be established to address the issues raised by Members of Council with respect to Council Expenditure Budgets. The sub-committee was directed to report back to the Finance and Administration Committee meeting of February 22, 2011.

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The sub-committee (the Council Budgets Task Force) met on February 11<sup>th</sup> and February 16<sup>th</sup> to consider options that would address the issue of allocation of budget funds to Council discretionary budgets.

Following the discussion at the February 11<sup>th</sup> meeting, Finance staff provided 7 options for the Task Force's consideration on February 16<sup>th</sup>. The options illustrated various methodologies for allocating additional funds to the Ward Councillors.

The Council Budgets Task Force has recommended Option #6, as set out in the attached report. Pursuant to the Procedural By-law, a matter considered by a sub-committee that requires a decision of Council shall be separately reported to the appropriate committee, which is the purpose of this report.

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

N/A

**Regional Implications**

There are no Regional implications associated with this report.

**Conclusion**

The Council Budgets Task Force's has recommended Option #6, as set out in the attached report.

**Attachments**

Report to the Council Budgets Tax Force Meeting – February 16, 2011

**Report prepared by:**

Barb Cribbett, CMA  
Commissioner of Finance/City Treasurer

(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 APRIL 5, 2011

Item 4, Report No. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 5, 2011.

#### **4 USER FEE/SERVICE CHARGE BY-LAW 396-2002 REVIEW**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning, dated March 8, 2011:

##### **Recommendation**

The Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning recommend:

That the 2011 and 2012 user fees and service charges outlined in Attachment 1 be approved subject to the required public notice and meeting requirements.

##### **Contribution to Sustainability**

Sustainability seeks to meet the needs and aspirations of the present without compromising the ability to meet those of the future. Therefore, to ensure services are adequately funded it is important to sustain or improve revenue/cost relationships. Otherwise, any reduction in a user fee or service charge cost recovery ratio will have a corresponding and direct impact on the City's levy and/or service level funding. As part of the City's Draft 2011/2012 Operating Budget Guidelines, departments were required to review user fees and service charges and make adjustments to sustain or improve revenue/cost relationships.

##### **Economic Adjustment**

The proposed economic adjustment will be \$157,327 in 2011 and an additional \$53,086 in 2012. A general contingency has been included in the 2011/2012 Draft Operating Budget to account for anticipated user fee and service charge amendments and will be reallocated to accounts once fees have been adopted.

##### **Communications Plan**

Before the Draft 2011/2012 Operating Budget receives final approval, the community will be notified in advance of an opportunity for public input on user fee/service charge adjustments to be received, consistent with the City's public notification by-law.

##### **Purpose**

The purpose of this report is to provide Finance and Administration Committee with information on proposed changes to user fees and service charges to By-law 396-2002 for 2011/2012.

##### **Background - Analysis and Options**

Inherent in the Draft 2011/2012 Operating Budget guidelines and process is a continued emphasis on maximizing the cost recovered on services provided. In addition to adjusting revenues for anticipated changes in activity volume, departments were requested to:

- Explore and submit new user fee and service charge opportunities for existing non-revenue generating services.

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#### Item 4, Finance Report No. 6– Page 2

- Increase established service charges and user fees by a similar percentage increase in department costs, excluding any volume related adjustments. At minimum departments were expected to increase user fees & service charges by the rate of inflation, unless otherwise specified. Some user fees and service charges may be subject to other regulatory requirements or subject to ongoing studies and may be exempt from this requirement.

The budget adjustments associated with the increases noted above are not included in the 2011/2012 Draft Operating Department Budgets, with exception for Council pre-approved fee increases (i.e. Recreation and Licensing). Please note, fees covered by other by-laws (i.e. Planning Application Fee By-Law 170-2009, etc.) are not included and subject to a separate review and reporting process.

A general contingency is included in the 2011/2012 Draft Operating Budget to account for anticipated user fee and service charge amendments. Once approved, amounts will be transferred from the contingency budget to departmental revenue accounts.

#### **User Fee/Service Charge Review Results**

The 2011/2012 annual operating budget adjustments associated with department submitted user fee and service charge increases related to by-law 396-2002 are \$157,327 for 2011 and an additional \$53,086 for 2012.

For 2011, the most significant changes are as follows:

- An increase in Development & Transportation Engineering Department lot grading fees to better reflect staff time on the review and inspection of lot grading for new plans and subdivisions;
- New fees or charges proposed by the Finance Department for error correction by a third party;
- New fees or charges proposed by the Enforcement Services Department for pet adoption.

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Detailed below is a summary of the proposed increases by Department.

Schedule	Department	2011			2012		
		Changes to Fees/Charges	New Fees/Charges	TOTAL	Changes to Fees/Charges	New Fees/Charges	TOTAL
A & B	Clerk's	\$2,332	\$0	\$2,332	\$4,588	\$0	\$4,588
C	Finance	\$17,086	\$9,500	\$26,586	\$4,293	\$0	\$4,293
D	Economic & Technology Development	\$0	\$0	\$0	\$0	\$0	\$0
E	Fire & Rescue Services	\$8,754	\$0	\$8,754	\$8,754	\$0	\$8,754
F	Building Standards	\$20,000	\$0	\$20,000	\$19,975	\$0	\$19,975
G	Planning	\$290	\$0	\$290	\$280	\$0	\$280
I	Legal	\$0	\$0	\$0	\$1,463	\$0	\$1,463
I	Enforcement Services	\$5,400	\$20,000	\$25,400	\$3,400	\$2,500	\$5,900
J	Parks	\$17,190	\$0	\$17,190	\$2,294	\$0	\$2,294
K	Engineering Services	\$1,159	\$0	\$1,159	\$2,414	\$0	\$2,414
K	Development Engineering	\$55,687	\$0	\$55,687	\$3,059	\$0	\$3,059
L	Public Works	-\$136	\$0	-\$136	\$1	\$0	\$1
M	Encroachments	\$65	\$0	\$65	\$65	\$0	\$65
	<b>TOTAL</b>	<b>\$127,827</b>	<b>\$29,500</b>	<b>\$157,327</b>	<b>\$50,586</b>	<b>\$2,500</b>	<b>\$53,086</b>

Enclosed in Attachment #1 are the department recommended amendments to the City's user fees and service charges for Finance and Administration Committee's review. The explanations related to user fee/service charge amendments are provided by the respective Commissioner and Department.

**Relationship to Vaughan Vision 2020**

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

**Regional Implications**

There are no Regional implications associated with this report

**Conclusion**

A user fee and service charge review has taken place and results are provided as Attachment #1.

**Attachments**

Attachment 1 – Proposed User Fee/Service Charge Amendments

**Report prepared by**

Barbara Cribbett, CMA  
Commissioner of Finance, City Treasurer  
Ext. 8475

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

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Ursula D'Angelo, CGA  
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.)

*Please also refer to Minute No. 70, Special Council Meeting, April 5, 2011.*

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Item 5, Report No. 6, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on April 5, 2011, as follows:

**By approving:**

***That the following technical amendment be made to recommendation 1 by deleting the words:***

***“to the Council Meeting commensurate with the enactment of the Consolidated Fees and Charges By-law”***

***So that the recommendation now reads:***

***That an amending Planning Application Fees By-law for a 2 year period be brought forward for enactment to reflect the revised fees outlined in Attachment #1 of this report, which represents cost of living increases of 5.5% (2011), and 3.85% (2012).***

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**5 AMENDMENT TO PLANNING APPLICATION FEES BY-LAW  
CITY OF VAUGHAN – FILE 12.13**

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Planning, dated March 8, 2011:

**Recommendation**

The Commissioner of Planning in consultation with the Commissioner of Finance and City Treasurer recommends:

1. THAT an amending Planning Application Fees By-law for a 2 year period be brought forward for enactment to the Council Meeting commensurate with the enactment of the Consolidated Fees and Charges By-law, to reflect the revised fees outlined in Attachment #1 of this report, which represents cost of living increases of 5.5% (2011), and 3.85% (2012).
2. THAT the Vaughan Budgeting and Financial Planning Department and the Vaughan Development Planning Department with assistance from external consultants undertake a review of the Cost Recovery Model for Planning Fees to be conducted in 2011 for implementation in 2012.

**Economic Impact**

There are no requirements for new funding associated with this report. The proposed Planning Application Fees are intended to assist in receiving fuller cost recovery by reflecting an annual cost of living increase for each of the next 2 years for all application types of 5.5% (2011) and 3.85% (2012). The resultant revenues generated from Planning Applications would increase under the proposed new fees by \$135K (2011) and \$282K (2012).

**Communications Plan**

N/A

**Purpose**

To amend the Vaughan Development Planning Department's Planning Application Fees By-law, to reflect an annual cost of living increase for each of the 2 years for all application types of 5.5% (2011) and 3.85% (2012); and, to undertake a review of the Cost Recovery Model for Planning Fees in 2011 for implementation in 2012.

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#### Background – Analysis and Options

##### 1. Planning Act (Section 69) – Planning Application Fees

Section 69 of the Planning Act allows municipalities to impose fees by way of a by-law for the purposes of processing planning applications. The Act requires:

“The Council of a municipality, by by-law, and a planning board, by resolution, may establish a tariff of fees for the processing of applications made in respect of planning matters, which tariff shall be designed to meet only the anticipated cost to the municipality or to a committee of adjustment or land division committee constituted by the council of the municipality or to a planning board in respect of the processing of each type of application provided for in the tariff.”

The Act requires municipalities to have regard for the “anticipated cost” of providing the service, thereby reflecting the estimated costs of processing an application type and not the actual processing costs related to any one specific application. This would suggest that such fees and charges can include direct costs, non-growth capital-related costs, support function costs directly related to the service provided, and general corporate overhead costs apportioned to the service provided. The Act requires that the anticipated costs of such fees should be cost justified by each application type (eg. Official Plan, Zoning By-law, Site Plan, etc.), as defined in the tariff of fees. Cross-subsidization of planning fee revenues across application types is not permissible.

Under the Planning Act, there is no notification requirement or direct appeal mechanism in respect to the passing of a fee by-law. However, an applicant may protest an individual Planning Act application fee by paying the prescribed amount, and then subsequently appeal to the Ontario Municipal Board (OMB), against the levying of the fee or the amount of the fee charged by giving written notice to the OMB within 30 days of the fee payment. The OMB will hear such an appeal and determine if the appeal should be dismissed or direct the municipality to refund payment in such an amount as determined by the OMB. Upon individual appeal, the OMB would be looking at cost accountability. Persons may apply to a court for an order quashing the by-law, as with any by-law, on various grounds.

##### 2. Recent Planning Application Fee Amendment

On June 30, 2009, Vaughan Council enacted By-law 170-2009 (current in effect Planning Application Fees By-law) to revise the Planning Application fees in accordance with the Watson & Associates Review and Final Report (2008). The current fees are based on the Watson report, which applied an “Activity Based Costing” (ABC) approach to recover full costs for planning applications in Vaughan. “An ABC methodology attributes processing effort and associated costs from all relevant City business units to the appropriate planning application user fee categories and sub-categories. Direct operating costs, indirect support and corporate overhead costs, and capital replacement costs are all eligible cost flows for fees based recovery.” Generally, fees increased for all application types except for Zoning By-law Amendment and Part Lot Control, which decreased; the base Condominium Application fee increased and the supplementary \$/unit fee was eliminated; and, the base Subdivision Application fee increased and the supplementary fees decreased.

##### 3. Indexation / Currency of Fees

In the Budget Committee report dated February 9, 2010, the Development Planning Department indicated that Planning Application fees will be reviewed and adjusted accordingly by the Department, to reflect the annual cost of living increase. The proposed Planning Application fees in this report (see Attachment #1) represent an across the board cost of living increase of 5.5% in 2011 (from the previous by-law enacted on June 30, 2009; By-law 170-2009) and 3.85% in 2012.



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The proposed fee increase in 2011 will be 5.5% in order to account for the 2 years in between increases (June 2009 to Spring 2011). The fee increases in 2012 will be 3.85%. The proposed cost of living increase amounts were determined in consultation with the Vaughan Budgeting and Financial Planning Department and are based on a department cost structure consisting primarily of labour costs.

The implementing by-law will be enacted at the Council Meeting commensurate with the enactment of the Consolidated Fees and Charges By-law in early 2011, after Council approves the 2011 Budget, and will reflect a cost of living increase for each of the 2 years (2011 and 2012).

It will be necessary to periodically review the Planning Applications fee structure every few years (last undertaken by Watson & Associates in 2006-2008), and make any necessary adjustments, in consultation with the Vaughan Budgeting and Financial Planning Department.

#### 4. Cost Recovery Targets

In 2004, in response to Bill 124, the City was required to cost out the services provided as related to Planning Applications. In order to do this, CN Watson & Associates was retained, and the Final Report “Activity Based Costing Methodology for User Fees” was provided. This prompted the January 2005 Budget Committee recommendation to increase Planning Application fees in two stages with the goal of 100% full cost recovery. On January 24, 2005, Council approved this recommendation. This cost recovery was based on the full aggregate cost of providing all services as calculated by CN Watson using the ABC approach discussed above.

The above study was based on full aggregate cost recovery, but a need was identified to develop a costing model by application type. CN Watson was again retained and the result was the report “Planning Applications User Fee Review” (2008) which provided costs for each individual application type. The current fee schedule is based on this study with the premise to recover full cost per application. However, due to the variation of the number and mix of applications received, this may not necessarily equate to overall full cost recovery for the Development Planning activities even though each individual application has full cost recovered.

Since 2007, total Planning Application Fees collected has fallen within a consistent range of \$2.4 to \$2.7 Million. Due to the difference between full aggregate costing and individual fee recovery, there is an inconsistency with the current policy. The emergence of intensification and the change in the complexity and the volume of applications being received by the Development Planning Department are impacting the revenue numbers and there is uncertainty as to the volume and mix of future applications. The policy goal is full cost recovery. The full cost recovery level for 2011 is forecast to be approximately 50%. The budgeted full cost recovery levels over the last 3 years are 47% in 2008, 47% in 2009, and 45% in 2010. The department cost recovery level for 2011 is forecast to be approximately 90%.

Given the trend of decreasing full cost recovery, it is recommended the Vaughan Budgeting and Financial Planning Department and the Vaughan Development Planning Department with assistance from external consultants undertake a review of the Cost Recovery Model for Planning Fees to be conducted in 2011 for implementation in 2012.

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

This report is consistent with the priorities set out in Vaughan Vision 2020, particularly “Ensure Financial Sustainability”.

#### Regional Implications

N/A

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**Conclusion**

The Vaughan Development Planning Department is proposing to amend the Planning Application Fees, which will require an amendment to the current in effect Planning Application Fees By-law 170-2009, to reflect an annual cost of living increase for each of the next 3 consecutive years for all application types of 5.5% (2011) and 2.5% (2012). Should the Committee concur, the implementing Planning Application Fees By-law can be forwarded to the Council Meeting commensurate with the enactment of the Consolidated Fees and Charges By-law in early 2011, which will replace the current Planning Applications Fee By-law. In addition, the cost recovery target for the Development Planning Department should be revisited. It is recommended that the Vaughan Budgeting and Financial Planning Department and the Vaughan Development Planning Department with assistance from external consultants undertake a review of the Cost Recovery Model for Planning Fees to be conducted in 2011 for implementation in 2012.

**Attachments**

1. Planning Application Fee Increases (2011 and 2012)

**Report prepared by:**

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(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.)