

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 5, 2011

Item 1, Report No. 7, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 5, 2011.

1 PROPOSED 2011 CAPITAL BUDGET

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following 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, be approved and Members of Council's comments be taken into consideration;
- 2) That staff review the current programs delivered at the Woodbridge Pool with a view to moving such programs to other pool locations in light of the eventual decommissioning of Woodbridge Pool, and report to a future meeting;
- 3) That staff provide an update on the tree planting program budget in 2007 and 2010 including any remaining funds;
- 4) That the Additional Resource Requests be provided for review to the Finance and Administration Committee meeting of March 21, 2011; and
- 5) That communication C1 from Mr. John Colussi, Rimwood Estates Homeowners Association, c/o 8050 Islington Avenue, Unit 19, Woodbridge, L4L 1W5, dated March 7, 2011, be received.

Recommendation of the Finance and Administration Committee of March 8, 2011

The Finance and Administration Committee, at its meeting of March 8, 2011 (Item 2, Report No. 6) recommended the following:

- 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;

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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;
- 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;

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- 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;
 - 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.

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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.

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:

	Estimated <u>Dec. 31,</u> <u>2010</u>	Approved <u>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.

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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.

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>

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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.

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

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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, February 22, 2011, “City of Vaughan, Proposed 2011 Capital Budget”
- Attachment 8 – Communication C1, March 1, 2011, “Draft 2011 Capital Budget – Committee Information Request, Bindertwine Park Tennis Court Replacement – Change of Scope”
- Attachment 9 – Communication C2, March 1, 2011, “Draft 2011 Capital Budget, Committee Information Request, Installation of Sports Field Lighting at Vaughan Grove Sports Park”
- Attachment 10 - Communication C3, March 1, 2011, “Draft 2011 Capital Budget – Committee Information Request, Vaughan Crest Park Tennis Court Reconstruction”
- Attachment 11 - Communication C4, March 1, 2011, “Draft 2011 Capital Budget – Committee Information Request, (Electrical Box-Maple Park)”
- Attachment 12 – Communication C1, March 8, 2011, Ken Schwenger, KARA
- Attachment 13 – Communication C2, March 8, 2011, Commissioner of Finance/City Treasurer, Listing of Approved Artificial Turfs
- Attachment 14 - Communication C3, March 8, 2011, S. Hartt-Snowbell
- Attachment 15 - Communication C4, March 8, 2011, Commissioner of Finance/city Treasurer, Thornhill Woods Community Centre Library Kiosk
- Attachment 16 - Communication C5, March 8, 2011, Vaughan Public Libraries
- Attachment 17 - Communication C6, March 8, 2011, Vaughan Soccer Club
- Attachment 18 - Communication C7, March 8, 2011, Commissioner of Finance/City Treasurer, Draft Operating and Capital Budget Summary

Report prepared by:

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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.)