

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**1 OPERATING BUDGET QUARTERLY REPORT ENDING SEPTEMBER 30, 2011**

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance and City Treasurer and the Director of Budgeting and Financial Planning, dated January 16, 2012, be approved; and
- 2) That the deputation of Mr. Richard Lorello, 235 Treelawn Boulevard, Kleinburg, L0J 1C0, be received.

**Recommendation**

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

That the 2011 Third Quarter Variance Report be received for information purposes.

**Economic Impact**

Not applicable

**Communication Plan**

Not applicable

**Purpose**

To report on the year-to-date actual 2011 Operating Budget results versus the calendarized 2011 Operating Budget, as at September 30, 2011.

**Background – Analysis and Options**

The attached third quarter variance report compares the current status of actual departmental and corporate operating results for the nine-month period ending September 30, 2011, relative to the 2011 year-to-date operating budget. The year-to-date operating budget is calendarized based on available current year information, historical spending patterns and trends and future projections. The intent and focus of this report is to monitor and communicate actual performance to the annual plan and highlight trends and variances beyond specified thresholds.

**Third quarter Overview – Ahead of Budget**

The annual Operating Budget for the City is \$216.5m, of which 30.3% remains to be realized. At the end of the third quarter, the City experienced a \$2.6m net favourable variance on the City's 2011 third quarter net operating budget. This favourable variance is comprised of a \$1.3m favourable expenditure variance and a \$1.3m favourable revenue variance. The following report provides specific variance detail by department and corporate categories.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 1, Finance Report No. 1 – Page 2

It is important to note, the combined favourable variance is not indicative of the City's final year-end position; it simply compares the City's actual financial position to the approved budget at a point in time. At this stage in the process it is too early to determine if this favourable position can be sustained as a number of events such as a shifting of trends, timing differences, or unforeseen events in the latter part of the year could easily erode the current position.

So far in 2011, there were a number of unanticipated large revenue variances such as supplemental taxation, hydro dividends, Provincial Offences Act etc. These items have been reviewed and addressed in the Draft 2012-2014 Operating Budget.

The main areas contributing to the positive \$2.6m net favourable variance are summarized below.

#### City Revenue Variance

Actual revenues were \$202.0m as of September 30, 2011, and represent a \$1.3m favourable variance, up by \$0.3m from the second quarter, when compared to the year-to-date revenue budget of \$200.7m. This variance stems from the following items:

- The City received supplemental taxation revenue which was \$1.2m higher than budget. A final instalment will occur before the end of the year.
- There was an unfavourable variance of \$2.8m, (versus \$0.7m favourable in the second quarter) in Reserves and Other Transfers, which was made up of:
  - \$2.1m unfavourable variance in tax rate stabilization reserve funding that was planned but not necessary at this time due to the City's current favourable position.
  - \$2.0m unfavourable variance in debenture reserve funding, as a result of a delay in booking the associated debenture expense. Reserve withdrawals occur in tandem with the expense and it's anticipated the transfer will occur in the 4<sup>th</sup> quarter.
  - \$1.2m favourable variance in insurance reserve funding to cover the expenditure which was caused by unanticipated industry increases observed in most municipalities.
  - The remainder of the variance was a result of other minor variances that offset each other in Water and Waste Water, Election and Finance from Capital.
- There was a favourable variance of \$2.1m (\$0.7m in second quarter) in corporate revenues mostly attributable to higher than expected Hydro Dividend Income of \$1.5m. This trend is expected to continue and is reflected in the Draft 2012-14 Operating Budget. Similar to the second quarter, there was a favourable variance of \$444k for one time Provincial Offences Act revenue. The remainder were minor variances in Fines & Penalties, Tax Certificates and Investment Income etc.
- In addition, there was a \$1.1m favourable variance, \$64k in second quarter, in user fees due to higher than anticipated volumes in Recreation, Development Planning, and Fire & Rescue, offset by lower than anticipated revenues in Building Standards, Development Planning and Development Transportation Engineering departments. A further analysis can be found under each department variance explanation.

#### City Expenditure Variance Overview

Actual total expenditures were \$150.9m as of September 30, 2011, and represent a \$1.3m favourable variance, to the year-to-date expenditure budget of \$152.2m. This variance was generally similar to the second quarter and the expenditure variance stems from the following items:

- The largest component driving the City's favourable expenditure was a favourable position in total department expenses, approximately \$4.0m, up by \$0.4m since the second quarter. Variances can be found throughout most departments and are largely due to temporary vacancies and insurance premium allocations.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Finance Report No. 1 – Page 3

- The majority of the above noted department variances were attributed to savings in salaries and benefits, approximately \$5.5m (\$4.9m in second quarter). This variance was anticipated and planned for corporately at \$2.6m in anticipated labour savings. Actual performance was greater by \$2.9m due to the continuation of a number of vacancies.
- As in the second quarter, the above variance was largely offset by \$1.4m higher than anticipated insurance premium expenditure due to overall increases in cost of insured liability claims experienced by Ontario municipalities
- The remainder of the variance was related to spending timing differences in several accounts such as contracts, utilities, Vaughan Hockey Association, etc.
- There was an unfavourable variance of \$2.7m in corporate expenditures mainly as a result of anticipated labour savings of \$2.6m and other minor accounts. Please note that incorporating the above department favourable variance of \$5.5m, the net result is a \$2.9m savings in labour costs.

Further explanations on specific variances are provided within this report.

Variance Summary:

For quick reference purposes, a summary of the variances by major category is provided below followed by explanations for major variances.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Finance Report No. 1 – Page 4

**City of Vaughan  
2011 OPERATING BUDGET  
THIRD QUARTER VARIANCE REPORT**

<u>Revenues</u>	Variance in \$mil (rounded)	
<b>Supplemental Taxation</b>		<b>1.2</b>
<b><i>Reserves and Other Transfers</i></b>		
Tax Rate Stabilization Reserve	(2.1)	
Debenture Payment Reserve	(2.0)	
Insurance Reserve	1.2	
Water/Wastewater Recovery	(0.2)	
Finance - From Capital	0.2	
Election costs	<u>0.1</u>	<b>(2.8)</b>
<b><i>Fees &amp; Service Charges</i></b>		
Building Standards	(0.9)	
Recreation	0.8	
Development Planning	0.6	
Fire & Rescue Services	<u>0.2</u>	<b>0.7</b>
<b>Corporate Revenue</b>		
Hydro Dividends	1.5	
Provincial Offences Act	0.4	
Other	<u>0.2</u>	<u><b>2.1</b></u>
<b>Total Revenues</b>		<b>1.3</b>
<b><u>Expenditures</u></b>		
<b><i>Departmental Expenses</i></b>		
City Clerk - Insurance	(1.2)	
Building Standards	0.7	
Fire & Rescue Services	0.5	
Enforcement Services	0.4	
Libraries	0.4	
Engineering Services	0.4	
Dev. & Trans Engineering	0.4	
Buildings & Facilities	(0.3)	
Culture	0.3	
Development Planning	0.2	
Comm of ETD	0.2	
ITM	0.2	
City Financial Services	0.2	
Parks Operations	0.2	
Other-(various departments)	<u>1.4</u>	<b>4.0</b>
<b><i>Corporate Expenditures</i></b>		
Anticipated Labour Savings	(2.6)	
Election	(0.2)	
Major OMB Hearings	0.2	
Professional Fees	0.1	
Tax Adjustments	(0.1)	
Other	<u>(0.1)</u>	<b>(2.7)</b>
<b>Total Expenditures</b>		<u><b>1.3</b></u>
<b>Third Quarter Revenues Net of Expenditures</b>		<b>\$ 2.6</b>

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 1, Finance Report No. 1 – Page 5

**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**

City Manager

Expenditure variance - \$126,153 or 21.5% favourable

The majority of this variance was a result of vacancies within the department. The remainder of the variance was in training and development and professional fees as workloads limited staff availability.

Fire and Rescue Services

Revenue variance - \$193,362 or 51.5% favourable

The variance was higher by \$89k from the second quarter. This variance continues to be mostly attributable to increased call-outs for chargeable services and a slight increase in the retail component of the Mechanical Division. The remainder of the variance was lower than expected recoverable expenses which will be offset with lower expenditures.

Expenditure variance - \$474,435 or 1.8% favourable

Similar to the second quarter, the favourable variance was largely a result of total labour savings of \$474k (\$359k in second quarter). The favourable variance comprised of full time savings of \$507k for temporary vacancies resulting from maternity leave, modified work and long term disabilities offset by increased overtime. There were smaller offsetting variances in various other accounts.

**Commissioner of Finance and City Treasurer**

City Financial Services

Expenditure variance - \$173,572 or 8.0% favourable

Similar to the second quarter, this variance was mostly a result of two vacancies (\$159k) remaining within the department. One vacancy is a long term disability replacement and the other vacancy is waiting evaluation of the position. The remainder of the variance was in various accounts such as external printing, contract services etc.

Budgeting and Financial Planning

Expenditure variance - \$109,826 or 7.3% favourable

This variance was a result of one vacancy and the timing lag to recruit a new position within the department and favourable variances in various minor accounts.

Purchasing Services

Expenditure variance - \$143,611 or 14.3% favourable

This variance was a result of vacancies within the department for a labour savings of \$113k. The remainder of the variance was in accounts such as office supplies, copier lease charges, office equipment etc.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 1, Finance Report No. 1 – Page 6

**Commissioner of Legal and Administrative Services**

Clerks - Insurance

Expenditure variance - \$1,203,019 or 38.0% unfavourable

Similar to the second quarter, the unfavourable variance was a result of a higher than expected insurance premium which expires April 30, 2012. As per a Clerk's department memorandum presented to Council on April 5<sup>th</sup>, 2011 other municipalities have experienced a rise in litigious cases which has affected insurance premiums. The above expenses are fully counter-balanced by a transfer from the insurance reserve, which is directly funded by departments. This is done to allocate insurance costs to departments. The variance will continue until the end of the year. The Draft 2012-14 Operating Budget has been adjusted to reflect the higher premium and recent changes in the accounting process. Going forward insurance will be reported in one corporate account.

Legal Services

Revenue variance - \$23,012 or 34.9% unfavourable

As the second quarter trend continues, the variance was a result of lower than anticipated registration fees. The revenue shortfall is expected to meet budget forecast by the end of the year.

Enforcement Services

Revenue variance - \$90,370 or 5.8% unfavourable

The unfavourable revenue variance was mostly a \$72k shortfall in recoverable expenses for the provision of animal services to King City and Bradford West Gwillimbury. This service was delayed by five months which reduced revenue while costs continued throughout the year.

The remainder of the variance was a combination of higher revenues in fine penalties offset by an unfavourable variance for sign impound fees as more than anticipated signs are in compliance. For 2012-14 Draft Operating Budget, the sign impound fee forecast was decreased to reflect the new trend.

Expenditure variance - \$439,540 or 12.3% favourable

Similar to the second quarter, the favourable variance was a result of salary savings of \$628k, mainly attributable to temporary vacancies in By-law Enforcement Services and delayed opening of Animal Services. This favourable variance was offset by an unfavourable variance of \$229k in the service contracts account for animal services provider, Kennel Inn, which was extended to April 30, 2011. The contract extension was due to the construction delay of the animal shelter caused by the postponement in vacating the premises. The remainder of the variance was in other accounts such as rental lease buildings, machine time, computer hardware etc.

Human Resources

Expenditure variance - \$63,682 or 2.8% unfavourable

This variance was a result of higher than anticipated costs in professional fees (\$86k) for complex rights arbitrations, litigation and costs for interest arbitration with Vaughan Fire and Rescue Services. Also, there were a significant number of external recruits of new and replacement professional positions requiring postings in a variety of professional publications (\$33k). The unfavourable variance was partially offset by savings in corporate training, which is expected to be on budget by the end of the year, and temporary vacancies. The balance of the variance was in other minor accounts.

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 1, Finance Report No. 1 – Page 7

**Commissioner of Community Services**

Communities in Bloom Sponsorship

Revenue variance - \$7,500 or 100% unfavourable

There is an unfavourable variance due to the timing of the receipt of the program sponsorships from PowerStream and other outside contributions, which coincide with the winter portion of the program. This variance is expected to correct itself in the fourth quarter.

Recreation

Revenue variance - \$777,241 or 5.6% favourable

*Recreation Program Revenue*

Although there was a favourable variance of \$777k in program revenues, these revenues continue to be challenged by economic pressures resulting in competition for consumer discretionary spending. Changes in buying patterns are evident; for example, patrons are opting for shorter fitness membership terms rather than committing to one year memberships, or registering for fewer camps during the summer months. This is coupled with the negative impact of full day kindergarten and HST. The largest revenue swing was in Aquatics, from an unfavourable variance in the second quarter of \$187k, to a favourable variance in the third quarter of \$524k largely due to growth at North Thornhill C.C. and Vellore Village C.C. General programs also had a favourable variance of \$109k, compared to an unfavourable second quarter variance of \$146k, due to some added volume from Maple CC.

Typically expenses increase in tandem with revenues, the above net favourable revenues will be almost completely offset by associated expenses by the end of the fourth quarter. In addition, there was a combined \$59k unfavourable variance in vending machines and rents and concessions, which is expected to correct itself in the fourth quarter.

York Region Transit Ticket Revenue

Similar to second quarter, there was higher than expected York Region Transit ticket sales, approximately \$470k. Typically, there is a corresponding unfavourable variance in ticket purchases. However, there was only a \$175k unfavourable variance in the third quarter due to payment timing differences. It's anticipated that expense variances will closely match revenue variances in the fourth quarter.

Cultural Services

Expenditure variance - \$278,635 or 17.4% favourable

The favourable variance is mostly in labour costs, \$211k, due to vacancies in the Cultural Services Division, Doors Open Vaughan and Special Events and reduced part time labour within City Playhouse. There was a favourable variance in printing costs for \$50k belonging to Recreation and will be reallocated in the fourth quarter. The remainder of the variance was in expenses related to Special Events. However, they were equally offset by higher revenues.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 1, Finance Report No. 1 – Page 8

##### Building and Facilities

###### Expenditure variance - \$288,138 or 1.9% unfavourable

The unfavourable variance was a result of several factors. There was a combined unfavourable variance of \$482k in General Repairs and Maintenance accounts for costs related to fixing leaky roofs, aging showers and building exteriors to address safety concerns. There was an unfavourable variance in Building leases of \$106k related to alterations at Tigi Court for the offices of the Integrity Commissioner and Animal Services. In addition, there was \$120k unfavourable variance in cleaning services to address sanitation issues at some fitness centres, and unplanned cleaning costs at the City Hall, old Civic Centre and Tigi Court due to delayed moving.

To offset the unfavourable variances, there was a \$339k favourable variance in labour costs due to vacancies in several community centres. The remainder of the variance was in various accounts due to process timing issues for accounts such as machine time, garbage disposal service, camera surveillance, etc.

The overall budget for Building and Facilities is expected to be favourable or on-budget by the end of the year unless unforeseen repairs and maintenance are required in City buildings.

##### Parks Operations

###### Expenditure variance - \$165,021 or 1.8% favourable

The net favourable variance in labour accounts continued in the third quarter with a variance of \$146k in labour accounts. The variance consists of fulltime vacancies (\$714k favourable), being offset by temporary part-time staff replacements (unfavourable of \$332k). In addition, overtime is unfavourable by \$236k mainly due to higher sidewalk plowing for the winter season in the early part of the year.

There was a combined savings of \$19K in non labour accounts which were made up of large favourable and unfavourable variances. Favourable variances were in the following:

- Similar to the second quarter, there was savings of \$519K in contractors, up by \$225K from second quarter, in boulevard maintenance, forestry related activities, drainage channel clearing and other related activities. This is mainly due to delayed invoices and payments and the delay of work due to a wet spring, pushing work into the fall, which will correct itself in the fourth quarter.
- \$74k in hydro due to payment timing issues and is expected to meet budget by the end of the year.
- \$36k favourable variance in charges from other departments which was mostly due to Public Works not charging Parks for snow removal, salting and sanding. The Draft 2012-14 Operating Budget removed this budget in both departments. The remainder of the variance is related to various other departments not charging Parks for services. This variance is expected to continue for the rest of the year.

Unfavourable variances were in the following:

- \$540K in machine time, up by \$104K since the second quarter. This variance was a result of higher than anticipated use of sidewalk plows during the winter season, and increased grass cutting because of a wet spring and active growing season. The machine time accounting process changed in the Draft 2012-14 Operating Budget. As result, machine-time will be eliminated with the expense value being largely redistributed to the Fleet Department.



CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Finance Report No. 1 – Page 9

- \$84k in Materials and Supplies related to the repairing of soccer fields, maintenance of playground equipment and repairs to park furniture as capital requests for replacements were not approved.

The remainder of the variance consisted of minor variances in materials, small tools, and other accounts.

Parks Development

Expenditure variance - \$130,697 or 15.2% favourable

Similar to the second quarter, the favourable variance was largely a result of a temporary vacancy. The remainder of the favourable variance was savings in various other minor accounts such as machine time, drafting supplies etc.

**Commissioner of Planning**

Commissioner of Planning

Expenditure variance - \$32,457 or 11.7% unfavourable

Similar to the second quarter, the unfavourable variance was largely a result of consultant fees required prior to hiring of new Commissioner.

Development Planning

Revenue variance - \$640,861 or 40.3% favourable

The favourable revenue variance increased by \$263k over the first two quarters. This was due to increased revenue associated with Zoning By-law, Official Plan Amendment, and Site Plan applications processed during this quarter, offset by lower volume in subdivision and condominium applications. The Draft 2012-14 Operating Budget increases the revenue forecast reflects this trend.

Expenditure variance - \$207,242 or 9.9% favourable

Similar to the first two quarters, the favourable expenditure variance was related to labour and benefit savings of \$184k, a \$39k increase from second quarter, due to two remaining vacant positions and one filled in the last quarter. The balance consists of overspending in professional fees paid to a legal firm which is more than offset by greater savings in multiple accounts such as office equipment and furniture, computer supplies and printing etc.

Policy Planning

Expenditure variance - \$125,409 or 14.9% favourable

The variance was mostly related to a vacant position, a savings of \$108k, for the most part of 2011. A contract planner and student were hired to fill-in for the vacancy. This position will be filled by the fourth quarter. There was also a favourable variance of \$21k in professional fees for services that were not required.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Finance Report No. 1 – Page 10

Building Standards

Revenue variance - \$859,464 or 13.7% unfavourable

The trend continues from the second quarter as building permits volumes and revenues received during the third quarter were much lower than expected although there was an increase of \$638k from second quarter. Building permit volume is forecasted to decrease, as it is reflected in the Draft 2012-14 Operating Budget, as a result of economic conditions and construction time lag. Building Permit revenues are hard to predict with any great degree of accuracy and this negative variance may or may not continue to the end of the year.

Expenditure variance - \$664,204 or 13.7% favourable

Similar to the first half, the vast majority of the positive expenditure variance was the result of salary savings of \$531k (\$302k in first half) caused by vacant full-time positions. The department has had a number of vacant positions throughout the year and this positive variance is expected to continue to increase to years end. There are presently three vacant full-time positions. These positions should all be filled by the end of Q2 2012. As part of the \$560k there is savings of \$111k in overtime due to reduced permit volumes and timing differences. Part time expenses are over budget by \$33k. This is mainly due to coverage for an extended maternity leave and for the full-time vacancies.

The training and development and membership accounts combined favourable variance of \$65k which is attributable to the vacancies and timing differences. The remainder of the variance is a combined savings in mileage, copier leases, office equipment, computer software etc.

**Commissioner of Economic and Technology Development and Corporate Communications**

Commissioner of Economic and Technology Development and Corporate Communications

Expenditures variance - \$194,912 or 98.1% favourable

The favourable variance was a result of a position being vacant for the year.

Economic and Business Development

Revenue variance - \$1,750 or 52.2% unfavourable

The unfavourable revenue variance was the result of lower than anticipated Business Directory sales.

Information and Technology Management

Expenditure variance - \$175,908 or 3.4% favourable

The favourable expenditure variance was largely a result of \$212k savings in salaries and benefits related to three vacancies and one temporary leave filled by part time staff. The recruitment process is taking longer than anticipated. Furthermore, a net savings of \$90k in professional fees and service contracts due to unforeseen delays of planned projects such as Windows 7/Office 2010 Rollout, VOL Corporate Training, iCommunicate Upgrade, Council Portal, Eclipse Upgrade contribute to the favourable variance.

These above favourable variances were offset by \$74k in the communications account due to higher than expected costs of the conversion to the new telecommunications carrier. Also, there was a combined unfavourable variance of \$39k in computer hardware/software due to the purchase of hardware which was required to complete the move to the New City Hall. The balance of the variance was savings in various other accounts such as training and development and wireless communications.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 1, Finance Report No. 1 – Page 11

**Commissioner of Engineering and Public Works**

Commissioner of Engineering and Public Works

Expenditures variance - \$106,818 or 40.0% unfavourable

The unfavourable variance was a result of a retirement vacation payout.

Development and Transportation Engineering

Revenue variance - \$93,860 or 33.3% unfavourable

Similar to the second quarter trend, the unfavourable variance is on account of two vacant positions, TTC Coordinator and TTC Project Manager contract positions funded from external agencies. This unfavourable revenue variance was offset by associated favourable expenses. These positions were not filled due to a reallocation of internal staff resources and a secondment provided by the TTC. The remainder of the variance was a result of lower than anticipated lot grading revenues due to market trends.

Expenditure variance - \$360,655 or 12.0% favourable

The favourable variance continued in the third quarter which was primarily a result of \$329K of labour savings (\$231K in second quarter) attributable to the two TTC Subway Extension Project contract positions and the reversal of a 2010 accrual. The full time position is currently in the job evaluation process and it is anticipated that the position will be filled by the end of the fourth quarter. The remainder of the variance was in other minor accounts.

Engineering Services

Revenue variance - \$1,709 or 1.6% unfavourable

The slight unfavourable variance was due to an invoicing delay that will be rectified in fourth quarter.

Expenditure variance - \$403,827 or 14.9% favourable

The favourable variance, similar to the second quarter, was mainly attributable to salaries and benefits savings of \$324k (\$243k in the second quarter) caused by vacancies which are expected to be filled in the fourth quarter and a 2010 payroll accrual. In addition, there was a similar savings of \$36K in pavement marking process contract maintenance costs due to efficiencies, which was reflected in the Draft 2012-14 Operating Budget. The savings will continue in the fourth quarter. Professional fees overspent by \$23k for recruitment costs associated with filling the Manager of Traffic position. The remainder of the variance was in various other accounts such as machine time, mileage, computer software/hardware.

Public Works

Revenue variance - \$7,517 or 1.8% unfavourable

The above unfavourable variance is largely due to lower than expected revenue of recoverable expenses in the Roads and Winter divisions of \$13k, offset by minor favourable variances from revenue generated from the Waste Diversion Ontario (WDO) program \$3k and higher than expected revenue from garbage tags \$3k.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 1, Finance Report No. 1 – Page 12

##### Vaughan Public Libraries

###### Expenditure variance - \$429,771 or 4.7% favourable

Similar to second quarter, the majority of the \$394k (\$345k in second quarter) favourable variance was in labour accounts, which was the result of temporary vacancies, wage differentials and a 2010 accrual reversal. There was also a \$74k favourable variance in joint service changes from the City caused by processing delays.

The remainder of the variance was combined variances in material processing, books, periodicals and computer hardware among various other accounts with total spending expected to be in line with budget by year-end.

##### Corporate Revenues

###### Supplemental Taxation

Supplemental taxation revenue was higher than expected by \$1.2m. One final installment is expected before the end of the year. For the Draft 2012-14 Operating Budget, the supplemental taxation was increased by \$950k to reflect historical trends. Given the current uncertain economic climate, Committee/Council was cautioned on associated risks of the budget increase.

###### Reserves & Other Transfers

###### Revenue variance - \$2,820,554 or 18.4% unfavourable

There was an unfavourable variance of \$2.8m, favourable of \$0.7m in the second quarter, in Reserves and Other Transfers.

The unfavourable variances were in the following:

- Unfavourable of \$2.1m in tax rate stabilization reserve funding that was planned but not required due to the City's current favourable position.
- Unfavourable of \$2.0m in debenture payment reserve funding that was planned but actual transfers were delayed.

The favourable variances were in the following:

- Favourable of \$1.2m in insurance reserve funding to cover the expenditure which was caused by unanticipated industry increases observed in most municipalities.
- \$249k in Water and Wastewater Recovery due to processing timing issues.

The remaining variance was from multiple reserve withdrawal variances and largely related to favourable department positions and timing differences and therefore requiring less reserve funding.

###### General Corporate Revenues

###### Revenue variance - \$2,085,300 or 15.0% favourable

Similar to the second quarter, the favourable variance was a result of \$444k of unexpected revenue from the Provincial Offences Act related to 2010, and \$1.5m higher than anticipated Hydro Dividend income. Hydro dividends are based on PowerStream's forecasted financials. As a result, the Draft 2012-14 Operating Budget increased by \$1,250k. The remainder of the variance was in other minor accounts.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 1, Finance Report No. 1 – Page 13

#### **Corporate Expenditures**

Corporate and Election Expenditures

*Expenditure variance - \$2,659,860 or 59.2% unfavourable*

This variance is similar in content to that which was reported in the second quarter. The majority of the unfavourable variance consists of the following six explanations:

1. A \$2.6m unfavourable variance was experienced in salary gapping and was anticipated since salary savings are budgeted corporately, but realized within individual departments. This variance will continue to increase throughout the year and naturally offset the actual salary savings performance realized within departments, which was \$5.5m for the third quarter.
2. A combined unfavourable variance of \$261k for election and by-election as a result of ongoing lease costs for tabulators and an elections coordinator. These costs are funded by the Election Reserve.
3. A \$211k favourable variance in OMB hearings for professional fees as matters related to the Official Plan were slightly delayed.
4. A \$145k favourable variance in professional fees for delayed corporate projects.
5. A \$134k unfavourable variance, down by \$75k in the second quarter, in tax adjustments due to the increasing volume of Vacancy Rebate adjustments.
6. The remainder of the variance was related to a combination of minor variances in the professional fees, joint service charges, etc.

#### **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 2011 quarter ending September 30, there was a favourable variance of \$2.6m, a \$0.2m decrease since the second quarter. If trends continue and barring any unforeseen events, it's likely that our year-end position will be favourable. 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, indicators suggest that 2011 will not be different than previous years. In that, \$2.5m will be carried over to fund 2012 expenses with any additional surplus funds being transferred in 2011 to reserves, as per policy.

#### **Attachments**

Attachment 1: Third Quarter Variance Report

#### **Report prepared by:**

Ursula D'Angelo, CGA  
Manger of Operating Budgets  
Ext. 8401

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

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 2, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**2            CAPITAL PROJECTS QUARTERLY REPORT ENDING SEPTEMBER 30, 2011**

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning, dated January 16, 2012, be approved; and
- 2) That the deputation of Mr. Nick Pinto, West Woodbridge Homeowners Association, 57 Mapes Avenue, Woodbridge, L4H 8R4, be received.

**Recommendation**

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

That this report be received for information purposes.

**Contribution to Sustainability**

This is not applicable to this report.

**Economic Impact**

There is no economic impact as all capital projects have been previously approved by Council and the Reserves and Reserve Fund continuity schedule is for information and monitoring purposes only.

**Communications Plan**

Not Applicable.

**Purpose**

The purpose of this report is to provide Finance and Administration Committee with the 2011 third quarter update on the financial status of all approved capital projects and reserves and reserve fund balances.

**Background - Analysis and Options**

The attached quarterly report provides an update on the following for the quarter ending September 30, 2011:

- *Capital Work Plan Progress Report*
- *Closed Capital Projects Report*
- *Continuity Schedule of Reserves and Reserve Funds*

**Capital Work Plan Progress Report**

Attachment 1 provides the budget to actual financial status for currently approved and active capital projects as at September 30, 2011. It is important to note this information is compiled at a point in time and the reader is cautioned on the following:

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 2, Finance Report No. 1 – Page 2

- This information does not imply any work-in-progress percentage of completion, but rather a financial representation of capital spending for the period reported.
- A completed capital project will remain active or open until all invoices are paid and funding is complete. Projects are not closed until approved by the department. As a result, projects that are substantially funded will reside on the capital work plan progress report.
- Projects that are debenture financed, as approved by Council, are not closed until debenture financing is acquired through the Region of York. Furthermore, project financing is not typically requested until the project is substantially complete, which is contingent on a timeframe to determine outstanding invoices and settlement issues. In the case of Engineering Projects, this may take up to several years.
- Capital work is continuously underway and current information will vary from this report.

Staff has reviewed the capital work plan report and general highlights are provided below. In addition, individual capital project status comments are provided in attachment # 1.

- 481 open projects valued at \$620 million
- The above open projects were approved as follows
  - ✓ 70% are current projects approved in 2009-2011
  - ✓ 21% were approved in 2006-2008
  - ✓ 9% relate to 2005 and older approvals
- As of Sept 30<sup>th</sup>, 69% of the budget was spent
- 105 projects are substantially complete
  - ✓ 63 projects were closed in the 3<sup>rd</sup> quarter
  - ✓ 25 open projects are complete and should be closed next quarter
  - ✓ 17 open projects are complete awaiting final invoicing and approval
- 23 capital projects with a budget value of \$50 million are complete of which \$14m is awaiting debt issuance
  - ✓ 19 Engineering Service projects budgeted at \$25m are complete, \$10m is funded through debt, and these projects will be closed once this year's debenture issue is finalized. There is a \$3.8m favorable variance on the combined total budget of the 19 projects, which will result in the future release of commitments.
  - ✓ 2 Engineering Service projects budgeted with a total budget of \$4m are substantially complete, \$3m of which, is included in this year's debenture issue. There is a \$0.6m favorable variance on the combined total budget of the 2 projects, which could result in the future release of commitments. However, these projects are on a maintenance period and the exact amount cannot be determined until outstanding invoices and settlement issues are finalized.
  - ✓ The North Thornhill Community Centre Land project budgeted at \$9m is complete and will be closed once debentures in the amount of \$8k are issued later this fall.
  - ✓ The Block 11 Community Centre Land project budgeted at \$12m is complete and is awaiting debenture issue. Debentures of \$1m representing the 10% co-funding on this growth project will be issued in 2012.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 2, Finance Report No. 1 – Page 3

- 6 capital projects are complete awaiting outstanding invoices from the Region of York
- 30 open engineering projects are substantially complete and potentially coming in under budget by \$14.3m. These funds will be returned to the original funding source and are contingent on a timeframe to determine outstanding invoices and settlement issues.
- Unfavourable variances (> \$10k) from budget include:
  - ✓ York Catholic District School Board Land Acquisition over budget by \$60k due to the fact that land transfer tax and 3% capital administration were not included in the budget forecast approved in closed session. The legal department will issue a report to Council at a later date.
  - ✓ OPA 620 East West Collector EA over budget by \$128k as a result of increase in scope of the project from the addition of work funded by the TTC regarding the extension of the Spadina Subway. This has a zero effect on the net budget and Committee/Council are advised of this change by way of this report.
  - ✓ Animal Shelter Leasehold Improvement project BY-2508 is over budget by \$28k. The overage will be funded by consolidating it with a related project, BY-2509-10, which has \$44k in available funds.

#### Capital projects closed during the 3<sup>rd</sup> Quarter

Staff together with the operational departments reviewed all active capital projects listed as at Sept 30, 2011 to determine which capital projects could be consolidated and/or closed. Overall, 63 projects totaling a budget of \$44.6m were closed in the third quarter of 2011. Total actual project costs came in at 95% of budget returning \$2.4m in funding to the original funding source for future project consideration. The drivers behind the \$2.4m are as follows:

- Approximately 46% or \$1.1m of the above project savings are related to 10 engineering projects. Over half of the Engineering savings, \$608k, came from one project, Top Lift Asphalt with tenders coming in significantly lower than estimated. A traffic signal project budgeted in 2008 for Bathurst and Marc Santi Blvd was completed by York Region and was therefore closed, resulting in a savings of \$129k to the City. A sidewalk replacement on Islington Avenue from Kilorean to just north of Langstaff was replaced through the Public Works sidewalk replacement capital budget, resulting in a savings of \$50k to the City.
- Approximately \$643k of the above project savings relate to 17 fleet projects. On average, these projects were completed at 73% of the project budget.
- Approximately \$339k of the above project savings are related to 16 Building and Facilities projects, which on average closed at 92% of the project budget.
- Approximately \$129k of the above project savings are related to 2 Public Works projects:
  - ✓ A storm pond sediment project for Pond 16 budgeted for \$52k was cancelled when it was determined that it was owned by Hwy 407 and was not the responsibility of the City.
  - ✓ The King High Park Swale rehabilitation came in \$77k under the budget of \$134k. The approved tender was significantly lower than the budget estimate.
- Approximately \$81k of the above project savings are related to 3 Fire projects, which on average closed at 90% of the project budget.
- The remaining balance is spread over 7 departments and 15 projects.



CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 2, Finance Report No. 1 – Page 4

A complete list of closed capital projects is provided as Attachment 2. It should be noted, these closed projects are in addition to the 43 projects closed in the first and second quarters valued at \$19.2m and returning \$868K in funds to their original funding source. These projects are provided for reference as Attachment 3.

Continuity Schedule of Reserves and Reserve Funds

A continuity schedule of reserves and reserve funds as at September 30, 2011 is provided as Attachment 4. This schedule provides information on the individual and aggregate reserve balances. It also provides information on outstanding financial commitments, payment estimates required in future periods, to fund approved projects. Forecasting commitments is intended to provide a proactive view of the reserve position and should not be interpreted as the year-end position due to many outcome influencing factors. Reserve positions before commitments are all in a positive position, with exception for development charge management studies. Adding commitments to the schedule reveals that 10 reserves are in a future negative position, including management studies. Below is a brief description for positioning of these 10 reserves.

Sale of Public Lands – Future obligations are currently greater than the balance on hand. Dedicated surplus land is authorized for sale to cover this obligation but is pending.

Uplands Capital Improvement – A commitment to replace the uplands chairlift was recently approved by Council. As a result, the future position of this reserve will be in a negative position and replenished overtime through Uplands revenue received.

CWDC Fire – A Council commitment to move forward with fire station 7-10 will temporarily place this reserve into a negative position, which will be replenished through future growth based development charges. This position may impact on the timing of future projects.

CWDC Management Studies – Due to timing of events this reserve is permitted to be in a deficit position. Growth related studies are incurred in advance of growth and recovered through subsequent development charges.

Special Charges and Area Development Charges (Developer Build Reserves) – These reserves relate to projects generally built by developers. Essentially, the developer has agreed to develop a structure, which will be funded by the City once funds are collected and available. Although, the continuity schedule illustrates a negative position after commitments, these reserves will never be in a deficit cash position as payments will only occur when funds are on hand. Reserves with a negative balance after commitments in this category are as follows:

- D13 – Woodlot Acquisition
- D15 PD#5 Woodbridge Water
- D18 PD#6 Maj., Mac Water
- D19 PD#6 E.Rutherford Water
- D23 Dufferin Teston Sanitary
- D25 Zenway/Fogal Sub Trunk

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

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

**Regional Implications**

Not Applicable.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 2, Finance Report No. 1 – Page 5

**Conclusion**

The Capital Projects Quarterly Report ending September 30, 2011 provides the Finance and Administration Committee with the financial status of all approved capital projects and reserve balances as at September 30, 2011. The Budget to Actual Status Report and Reserves Continuity Schedule provide point in time information and assurance of ongoing management of approved capital projects and the reserves required to fund them.

**Attachments**

Attachment 1 – Capital Work Plan Progress Report as at September 30, 2011

Attachment 2 – Closed Capital Projects Report for 3<sup>rd</sup> Quarter Ending September 30, 2011

Attachment 3 – Closed Capital Projects Report for 1<sup>st</sup> and 2<sup>nd</sup> Quarter

Attachment 4 – Continuity Schedule of Reserves & Reserve Funds as at September 30, 2011

**Report prepared by:**

John Henry, CMA

Director of Budgeting and Financial Planning, Ext. 8348

Nancy Yates BComm CA

Manager of Capital and Asset Management, Ext. 8984

(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 JANUARY 31, 2012**

Item 3, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**3** **RE-ALLOCATION OF FUNDS FOR  
SECONDARY PLAN STUDIES**

**The Finance and Administration Committee recommends that the recommendation contained in the following report of the Commissioner of Planning, dated January 16, 2012, be approved:**

**Recommendation**

The Commissioner of Planning in consultation with the Director of Budgeting and Financial Planning recommends:

1. That \$45,000 of the funds available in Capital Project, Weston Road and Highway 7 Secondary Plan Study (PL-9023-11) and \$32,048 from Regional Road Highway 7 Policy Land Use Review (9812-0-01) be re-allocated to Capital Project, Concord Centre Secondary Plan Study (PL-9024-11) to provide funding for additional environmental, servicing, transportation and storm water management work, as directed by Council.

**Contribution to Sustainability**

The policies derived from these studies will provide for more efficient growth management. They will also contribute to the creation of complete communities including environmentally sustainable aspects such as natural and built heritage protection, green and intensified built form, transportation demand management measures and transit and pedestrian supportive environments.

**Economic Impact**

The chart below outlines the re-allocation of funds from the Weston Road and Highway 7 Secondary Plan Study and from the Regional Road Highway 7 Policy Land Use Review to cover additional environmental, servicing, transportation and storm water management work required for the Concord Centre Secondary Plan Study.

	<b>Weston Road/Hwy 7 Secondary Plan Study PL-9023-11</b>	<b>Concord Centre Secondary Plan Study PL-9024-11</b>	<b>Regional Rd. Hwy 7 Policy Land Use Review 9812-0-01</b>
<b>Budget</b>			
Project Cost	289,000	90,000	346,815
3% Administration	<u>9,000</u>	<u>3,000</u>	<u>10,404</u>
Total Budget	<u>298,000</u>	<u>93,000</u>	<u>357,219</u>
 <b>Actual Spent</b>			
Project Cost			315,700
3% Administration			<u>9,471</u>
			<u>325,171</u>
 Available Funding	298,000	93,000	32,048
Reallocation to Concord Centre	<u>(45,000)</u>	<u>77,048</u>	<u>(32,048)</u>
Remaining after Reallocation	<u>253,000</u>	<u>170,048</u>	<u>0</u>

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 3, Finance Report No. 1 – Page 2

As the additional funding for the Concord Centre Secondary Plan is sourced from existing approved budgets, no further economic impact is anticipated.

#### **Communication Plan**

Stakeholder consultation will be an important component of the Secondary Plan process. The Terms of Reference require the submission of stakeholder consultation plans as part of the proposals. The successful proponent's consultation plan will be refined prior to commencing the Studies.

#### **Purpose**

To request that a portion of the budget for Weston Road and Highway 7 Secondary Plan Study and the remainder of the budget for the Regional Road Highway 7 Policy Land Use Review be re-allocated to the Concord Centre Secondary Plan Study in order to fund the enlarged scope of work for that project.

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

Council approved the funds in 2011 to undertake the Weston Road and Highway 7 Secondary Plan Study (PL-9023-11) and the Concord Centre Secondary Plan Study (PL-9024-11). The Terms of Reference for the Weston Road and Highway 7 Secondary Plan Study will be brought forward to Council for approval in Q1 2012. The report on the Concord Centre Secondary Plan Study Terms of Reference was deferred to a subsequent Council meeting to allow for staff to meet with the local ratepayer association and discuss their concerns. On September 27, 2011, upon receipt of a communication from the Commissioner of Planning, Council adopted the following recommendation:

"That the following be included in Section ii) under "Goals and Objectives" of the Terms of Reference:

"The Study needs to examine the ecology of protected species in this area;"

By approving that staff be directed to revise the draft Terms of Reference to reflect the input arising from the discussions with the Concord West Ratepayers Association, in accordance with Communication C15 from the Commissioner of Planning, dated September 27, 2011; and

By receiving the following report of the Commissioner of Planning, dated September 13, 2011."

The result of the discussions with the Ratepayers Association, as requested above was that a more in depth study would need to be undertaken to address:

- Alternatives to the location of the 407 transit station, involving Viva, GO/Metrolinx and the Ministry of Transportation to ensure appropriate approaches and phasing and the study of traffic constraints related to the existing GO/Metrolinx heritage bridge
- Sensitive and ecologically significant areas in and around the Bartley Smith Greenway
- Accommodation for and timing of the transit infrastructure related York Region's proposals for rapid transit along Highway 7
- The issue of flooding and hydrologic capacity in the neighbourhood
- The broader street and path network for greater connectivity
- Opportunities to leverage land ownerships (i.e. City owned land to the overall benefit of the plan)

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 3, Finance Report No. 1 – Page 3

The Concord Centre is currently funded at \$93,000; however, \$170,000 is required to properly address the complexities within the study area.

Conversely, as a result of a transportation analysis already undertaken by an applicant in the Weston and Highway 7 area, the recent City of Vaughan and Regional Metropolitan Centre and Surrounding Areas Transportation Study and the Water/Wastewater Master Plan and Storm Drainage/Storm Water Management Master Plan it was concluded that less extensive transportation and servicing work would need to be undertaken for the Weston Road and Highway 7 Secondary Plan Study area.

Staff is therefore proposing that \$45,000 be re-allocated from the Weston Road and Highway 7 Secondary Plan Study to the Concord Centre Secondary Plan Study.

Staff further recommends that as the Regional Road Highway 7 Policy Land Use Review budget (9812-0-01) is under spent by \$32,048 that these funds be re-allocated to cover the remaining shortfall in the Concord Centre Secondary Plan Study.

The Regional Road Highway 7 Policy Land Use Review consisted of two components:

The Highway 7 Land Use Futures Study and the Jane Street – Highway 7 Employment Area Redevelopment Study. The purpose of these studies was to carry out a comprehensive evaluation of planning and development opportunities along the entire length of Highway 7. The studies resulted in 5 separate Official Plan Amendments (OPA's) one of which was OPA 660 for the Concord/GO segment of Highway 7. The OPA's were adopted by Council in June 25, 2007 and forwarded to the Region of York for their approval. The Region held back approval of OPA 660 and 661 pending a more comprehensive review as these areas involved the conversion of Employment lands to other uses. That comprehensive review was satisfied in part, through the Official Plan review, and all the approved components of the OPA's were incorporated into the Council adopted Vaughan Official Plan 2010 in September, 2010.

The VOP 2010 identified the Concord/GO area as a Primary Centre and as an area requiring a Secondary Plan Study. The approved OPA 660 also identifies this area as "Concord/Go Centre" requiring a Secondary Plan in recognition of the evolving function of Highway 7 to the City of Vaughan and to the Region of York. It is therefore appropriate that the funds remaining from the original Highway 7 study be used to continue the analysis and information arising from a more detailed examination of this complex area.

#### **Relationship to Vaughan Vision 2020**

The VOP 2010 is consistent with the priorities set by Council in the Vaughan Vision 2020 Plan and in particular, with the City's commitment to "plan and manage growth and economic vitality".

#### **Regional Implications**

n/a

#### **Conclusion**

In respect of the above, it is recommended that \$45,000 of the funds available in Capital Project, Weston Road and Highway 7 Secondary Plan Study (PL-9023-11) and \$32,048 from Regional Road Highway 7 Policy Land Use Review (9812-0-01) be re-allocated to Capital Project, Concord Centre Secondary Plan Study (PL-9024-11) to provide funding to cover additional environmental, servicing, transportation and storm water management work based on the revised Terms of Reference approved by Council.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 3, Finance Report No. 1 – Page 4

**Attachments**

n/a

**Report prepared by:**

Diana Birchall, Director of Policy Planning, ext. 8411

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 4, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**4 COUNCIL EXPENDITURE BUDGETS**

**The Finance and Administration Committee recommends:**

- 1) That the recommendation contained in the following report of the City Clerk, dated January 16, 2012, be approved; and
- 2) That the deputation of Mr. Richard Lorello, 235 Treelawn Boulevard, Kleinburg, L0J 1C0, be received.

**Recommendation**

The City Clerk on behalf of the Council Budgets Task Force recommends:

- 1. That the formula for calculating Council's Discretionary Budgets be revised to include a \$0.70 residential rate per capita and a \$1.25 business rate per business count, as detailed in Attachment 1;
- 2. That for the purpose of developing the Ward Council Budgets the above recommended rates are to be applied to estimated ward population and business data provided by the City Clerk and Economic Development Department;
- 3. That for the purpose of developing the Mayor's and Regional Councillor Budgets the above recommend rates are to be applied using a 50% and 34% allocation of estimated total population and businesses, respectively, provided by the City Clerk and Economic Development Department;
- 4. That for the purposes of developing future budgets, the residential and business rates be increased in relation to the Toronto CPI index, rounded up to the nearest cent; and
- 5. That budget changes related to the new formula be incorporated into the Draft 2012 Operating Budget and 2012 -2014 operating forecasts.

**Contribution to Sustainability**

N/A

**Economic Impact**

Approval of the recommendation in this report will result in the following budget increases:

	<b>2012</b>	<b>2013</b>	<b>2014</b>
Budget Change	\$46,907	\$37,779	\$40,265
Avg. Councillor Budget Change	\$5,200	\$4,200	\$4,500
Tax Rate Increase	0.03%	0.02%	0.03%

**Communications Plan**

N/A

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 4, Finance Report No. 1 – Page 2

**Purpose**

The purpose of this report is to provide the Finance and Administration Committee with the Council Budgets Task Force's recommendation for allocating funds to the Council discretionary budgets.

**Background - Analysis and Options**

On June 28, 2011, the Finance and Administration Committee recommended that the Council Budgets Task Force be re-established to review the Council expense budget which was endorsed by Council on April 5, 2011. Members of the Council Budgets Task Force are Mayor Bevilacqua, Regional Councillor Rosati, and Councillors Carella, DeFrancesca, and Racco. The Task Force met on November 25 and December 9, 2011. At the December 9, 2011 meeting, the Task Force made the following motion:

*The Council Budgets Task Force recommends to Council:*

- 1) *That the formula for calculating the Council Budgets be revised to include a business and residential rate per capita in accordance with the comments from the members of the Task Force;*
- 2) *That for the purposes of developing future budgets, the rate be increased in relation to the CPI;*
- 3) *That the impacts related to the new formulas be incorporated into the Draft 2011/2014 Budgets; and*
- 4) *That a report be prepared for submission to the Finance and Administration Committee meeting of January 16, 2012, on behalf of the Council Budgets Task Force to implement the Task Force's recommendations.*

Attachment 1 provides detailed results of the Task Force's recommendation. Approval of the Task Force's recommendation will result in a tax rate increase of 0.03% in 2012, 0.02% in 2013, and 0.03% in 2014.

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

N/A

**Regional Implications**

N/A

**Conclusion**

The Council Budgets Task Force's recommendation is before the Committee for consideration.

**Attachments**

Attachment 1 - 2012 – 2014 Draft Council Budgets

**Report prepared by:**

R. Magnifico  
Assistant City Clerk

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



CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 5, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**5 DRAFT CAPITAL BUDGET – COMMITTEE INFORMATION REQUEST  
CONCORD THORNHILL REGIONAL ARTIFICIAL SOCCER TURF - FUNDING OPTIONS AND  
RELOCATE FIRE STATION 7-3 LAND ACQUISITION – UPDATED INFORMATION**

The Finance and Administration Committee recommends:

- 1) That Clause 1 of the recommendation contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning, dated January 16, 2012, be approved;
- 2) That debt financing be approved as an appropriate funding source for the old City Hall demolition, unless other funds become available prior to the debt issuance, and that the resulting capital funding from taxation funding be re-deployed as outlined in the report to fund the Concord Thornhill Regional Artificial Soccer Turf and the Fire Hall 7-3 land acquisition project;
- 3) That the following resolution submitted by Regional Councillor Di Biase, be approved:

**WHEREAS** in February 2008 Council resolved:

**“That staff review the feasibility of declaring the table lands at Dufferin Street as surplus, if no longer required for municipal purposes, and any funds derived be allocated to the new City Hall and area related projects.”**

**WHEREAS** City staff located in the buildings on the City lands, at Dufferin and Major Mackenzie Drive (formerly MNR Lands) have relocated to the new City Hall;

**NOW THEREFORE** in keeping with Council’s previous motion, staff be directed to bring forward a report on the feasibility of declaring the table lands surplus;

**AND THAT** if the lands are declared surplus and sold that funds from the sale be used toward the cost of the demolition of the old City Hall, the underground parking and Civic Square of the Civic Centre Campus;

- 4) That the minor correction outlined in C3, memorandum from the Commissioner of Finance/City Treasurer, dated January 16, 2012, be approved; and
- 5) That the deputation of Mr. Michael Pozzulo, 7894 Dufferin Street, Thornhill, L4K 7R4, be received.

**Recommendation**

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

1. That the following funding option for the old City Hall demolition, the Concord Thornhill Regional Artificial Soccer Turf and the Fire Hall 7-3 Land Acquisition project be received for information purposes, and;

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 5, Finance Report No. 1 – Page 2

- 2. That in the event that Council determines debt financing is an appropriate funding source for the old City Hall demolition, the resulting capital funding from taxation be re-deployed as outlined in this report to fund the Concord Thornhill Regional Artificial Soccer Turf and the Fire Hall 7-3 land acquisition project,

**Contribution to Sustainability**

Sustainability by definition focuses on the ability to maintain a function over a period of time. Responsible budgeting allocates resources in a responsible way to sustain the City’s operations and aspirations, balancing both current and future requirements. The budget approach seeks to minimize the current year requirements, while continuing to meet the requirements of the future.

**Economic Impact**

Through an alternate funding arrangement for the old City Hall Demolition capital project, capital funding from taxation would be available to accommodate the Concord Thornhill Regional Artificial Soccer Turf and Fire Hall #7-3 relocation capital projects. At this point in time, the alternative funding for the City Hall demolition would be debt financing. The implications on the Draft Operating Budget for the debt requirements for a 10 year amortization, and the annual artificial turf costs are as follows:

<b><i>Operating Budget Change</i></b>	<b><i>2012</i></b>	<b><i>2013</i></b>	<b><i>2014</i></b>
City Hall Demolition - Debt Requirements	\$ 119,750	\$ 239,500	\$ 239,500
Artificial Soccer Turf Maintenance	\$ 10,000	\$ 10,000	\$ 10,000
Artificial Soccer Turf Renewal Contribution	\$ 40,000	\$ 40,000	\$ 40,000
Sub-total	\$ 169,750	\$ 289,500	\$ 289,500
Incremental Change	\$ 169,750	\$ 119,750	\$ -
Tax Rate Change	0.12%	0.08%	0.00%

**Communication Plan**

Not applicable

**Purpose**

The purpose of this report is to respond to Finance and Administration Committee direction from the November 28, 2011 meeting wherein the Committee requested staff to explore potential funding options for the provision of an artificial turf soccer field at Concord Thornhill Regional Park and direction from the December 13, 2011 meeting wherein the Finance and Administration Committee deferred discussion on the Fire Station 7-3 Land Acquisition subject to updated information being received.

**Background – Analysis and Options**

At the November 28, 2011 Finance & Administration Committee evening meeting, staff were directed to report back on potential funding options that would facilitate the design and construction of an artificial turf soccer field at Concord Thornhill Regional Park in 2012.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 5, Finance Report No. 1 – Page 3

Further to deputations made by executives of the Glen Shields Soccer Club during budget deliberations in 2010 and again during 2011, the club has committed to entering into a Public/Not-for-Profit partnership for the design and construction of an artificial turf soccer field at Concord Thornhill Regional Park. In 2010, the Glen Shields Soccer Club committed to provide \$130,000 toward the cost of an artificial turf soccer facility at Concord Thornhill Regional Park. In 2011, the Glen Shields Sun Devils U12 girls soccer club was successful in winning the inaugural Bank of Montreal (BMO) Team of the Week national competition. The prize for this competition was \$125,000. The Glen Shields Soccer Club, the Sun Devils U12 girls soccer team and BMO have committed this prize money to see an artificial turf soccer field at Concord Thornhill Regional Park become a reality. The total funding commitment from the Glen Shields Soccer Club to this facility is \$255,000.

The Capital project cost for the installation of the artificial soccer turf field is \$1,256,600. As illustrated, the Glen Shields Soccer Club has committed \$255,000, leaving \$1,001,600 to be funded from other sources.

#### Funding Option:

Currently the funding source for the balance of the Concord Thornhill Regional Artificial Soccer Turf capital project is taxation. Unfortunately, this project was deferred to future budget deliberations due to the prioritization of many projects competing for this very limited funding source. However, should "taxation room" be created, Committee/Council could direct these funds to be allocated to the Concord Thornhill Regional Artificial Soccer Turf capital project.

In reviewing the list of capital projects funded from taxation, it is apparent that the City Hall Public Square capital project, estimated at \$20M, does not have a secured funding source. As a result, the project was deferred to 2014 and beyond. Given the size and scope of this project and the many other pressures on funding, an appropriate and possible source of funding would be long-term debenture financing. Should the City want to complete the City Hall Public Square, recognizing debt financing as a likely source of funding, it would be reasonable that the costs associated with the demolition of the old City Hall also be funded with debenture financing. This does not preclude the possibility of other sources of funding being identified at some future date.

Currently \$2.069M is included in the draft 2012 capital budget (Project BF 8388-12) for demolition and funded by taxation. The change in funding source would free up the \$2.069M in taxation funds, a portion of which could then be directed by Council to fund the remaining \$1,001,600 Concord Thornhill Regional Artificial Soccer Turf capital cost.

It should be noted that the Finance and Administration Committee has also requested a report on a number of issues relating to the old city hall. Regardless of Council's decision on these other issues, the option to redeploy taxation funding from the Demolition of the Old City Hall project to the Concord Thornhill Regional Artificial Soccer Turf project could proceed.

The associated costs of 10 and 20 year debenture financing for the Old City Hall demolition are illustrated below.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 5, Finance Report No. 1 – Page 4

<i>Payments</i>	Principle	Term Years	
		10	20
Interest Rate *		2.75%	3.50%
Old City Hall Demolition	2,069,300	\$239,500	\$145,598

***Cost of Debt***

Interest Amount	\$325,702	\$842,664
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\* *Infrastructure Ontario interest rates posted on Dec. 20th, 2011*

As per City Policy, a debenture reserve transfer equal to half the estimated debenture payment is required in the year the project is approved. This policy is intended to smooth the impacts associated with debenture financing. Once the project is complete and closed, the project value will be issued for debt financing. It is anticipated that work will commence in 2012 with a target completion date in 2013, followed by a debenture issue shortly thereafter. It should be noted, the addition of the above debt can be managed within the City's debt policy (e.g. not to exceed 10% of own source funding).

The timing associated with construction of the City Hall Public Square is currently undetermined and will be a topic of discussion during next years budget discussions.

**Additional Artificial Turf Costs**

In addition to the above costs there will be a funding requirement for on-going maintenance and future infrastructure renewal. The Parks Department has estimated approximately \$10,000 per year for on-going maintenance. In addition, as per policy, an infrastructure renewal contribution is required. This contribution based on department provided future values and estimated lifecycles is calculated at \$40,000

**Remaining Capital from Taxation Funding – Fire Station 7-3 Land Acquisition**

As indicated above, the amount of taxation funding room generated is \$2,069,300. Allocating \$1,001,600 of this balance to fund the Concord Thornhill Regional Artificial Soccer Turf leaves a remaining balance of \$1,067,700 unallocated.

The City is currently looking to relocate Fire Hall #7-3 with the potential for a partnership with York Regional Police and EMS on the new site. Project FR 3514-12 Relocate Fire Station 7-3 Land Acquisition is included in the Draft 2012 Capital Budget at a cost of \$671,700, funded from a combination of development charges and proceeds from land sale, which is insufficient based on current land cost information. Funding for a site will require additional funding from other sources. Since it is a reallocation of an existing fire hall, a significant portion of the cost cannot be funded by Development Charges. Given the importance of this City initiative, there is an opportunity to allocate the remaining balance of \$1,001,600 to the Fire Station 7-3 Land Acquisition project. There is also the potential for York Region to be involved in a partnership on the new site, however this should not result in a net cost to the Vaughan taxpayer. It is appropriate to allocate the additional funds to the project, however, final adjustments to the budget for the Station 7-3 lands will be considered when a preferred site is determined, and additional information is available.

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

The Budget Process allocates and approves the resources necessary to continue the City's activities and implement Council's approved plans.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 5, Finance Report No. 1 – Page 5

**Regional Implications**

None

**Conclusion**

The purpose of this report is to respond to direction from the November 28, 2011 Finance and Administration Committee meeting wherein the Committee requested staff to explore potential funding options for the provision of an artificial turf soccer field at Concord Thornhill Regional Park and direction from the December 13, 2011 meeting wherein the Finance and Administration Committee deferred discussion on the Fire Station 7-3 Land Acquisition subject to updated information being received.

**Attachments**

None

**Prepared by:**

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

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 6, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

6

#### ELECTION RESERVE CONTRIBUTION

The Finance and Administration Committee recommends that the recommendation contained in the following report of the City Clerk, dated January 16, 2012, be approved.

##### Recommendation

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

- 1) That 2012 contribution to the election reserve be \$350,000, an increase of \$50,000 over the 2011 contribution, subject to overall direction on the Item "*Final 2012 Draft Operating Budget*" included in the January 16, 2012 Finance and Administration Committee Agenda;
- 2) That the City Clerk report back on recommended adjustments to contributions to the election reserve as may be appropriate when refinements are made to the 2014 election project budget; and
- 3) That 2010 campaign surpluses paid to the City Clerk pursuant to the *Municipal Elections Act, 1996* in the amount of approximately \$35,000 be applied to the election reserve.

##### Contribution to Sustainability

The administration of fair elections in an impartial manner is a fundamental statutory responsibility of Municipal Clerks in Ontario. The highest priority for a municipal clerk in the course of an election is to carry out duties in accordance with the provisions of the *Municipal Elections Act, 1996*, and an established set of election principles. It is also the responsibility of election administrators to manage expenditures and other resources in a manner which contributes to the financial and operational sustainability of the municipality.

##### Economic Impact

An election reserve account has been established to fund elections, recounts and by-elections with the balance in the account at present being approximately \$480,000. Committed expenditures still to be drawn from the reserve include annual payments for tabulator leasing at \$136,000 per annum, contracted voters list services at \$6,100 per annum, and the salary and benefits of the Elections Coordinator.

Expenditures for the 2010 election withdrawn from the reserve total \$1,265,226.20 to date. Included in this sum is approximately \$60,000 for the contribution rebate program.

A working estimate for advance voting and election day in 2014 is approximately \$1.1 million to cover such matters as election day staffing, additional tabulator deployment, printing, postage, communications and hardware acquisition and leasing. After including committed annual expenditures, for example the cost for the base number of leased tabulators, the salary and benefits for the Elections Coordinator, and contracted voters' list services, the preliminary cost for the 2014 election is estimated to be approximately \$1.8 million. Maintaining the existing annual funding contribution of \$300,000 for four years totals \$1.2 million, resulting in a projected shortfall. Staff recommend that the annual contribution be increased to \$350,000 for 2012, as a phased approach pending a detailed report on the projected costs of the 2014 election.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 6, Finance Report No. 1 – Page 2

Detailed planning for the 2014 election has commenced and staff are examining options to decrease election delivery costs without undermining service to voters and candidates, or diminishing the integrity of the election.

#### **Communications Plan**

No specific communications are planned for the election budget, as it will form part of the overall City budget. As in the 2010 general municipal election, significant communications will be undertaken to support the election itself.

#### **Purpose**

The purpose of this report is to recommend a phased approach to increase the annual contribution to the election reserve account to cover the costs of preparation and conduct of the 2014 general municipal election and resulting recounts and by-elections, if any.

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

The City Clerk has the statutory responsibility to conduct municipal elections. This report sets out the preliminary forecasted expenditures required to carry out the statutory and logistical requirements for delivering a fair and unbiased election in accordance with the *Municipal Elections Act, 1996* and the principles that guide Municipal Clerks in their election related duties.

In preparing preliminary estimates for the 2014 election, the City Clerk is taking into account the 2010 experience and will incorporate measures to improve the voting process. At its May 24, 2011 meeting, Council approved Item 2 of Report No. 29 of the Committee of the Whole (Working Session) titled, "Learning from the Election – Preparations for the 2014 Municipal and School Board Elections" which set out a number of planned initiatives to improve upon the 2010 election event. Included recommendations were:

- the extension of the Election Co-ordinator's contract to, amongst other things, commence preparations for the 2014 election;
- resources for information technology staff to be provided at least one year prior to the election event;
- a report request on internet voting; and
- a report request on procedural modifications for the 2014 event (contemplating such things as a consolidation of polling subdivisions to allow for larger polling locations with multiple tabulators to offer better customer service).

Detailed planning for the 2014 election event is in its early stages and it is not possible to fully cost the election at this point in time. It is proposed that the contribution to the Election Reserve be increased by \$50,000 at this time, and that should a change in funding be appropriate, that the City Clerk report back at the earliest opportunity once plans are refined. It should also be noted that significant expenditures not yet included in the working budget for the 2014 election event include estimates for the cost of major new technologies such as internet voting (approximately \$200,000) and any increases to the election rebate program. If a ward boundary review is undertaken, the cost of any resulting appeals has not been included in the current estimates for the election reserve.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 6, Finance Report No. 1 – Page 3

Every opportunity will be taken to find efficiencies in funding the election. For example,

- the design of the media campaign used for the 2010 will be redeployed, minimizing the campaign development costs;
- internal staff will be used where possible;
- polls will be consolidated and 'right-sized' staffing plans will be created;
- some printing costs will be reduced (such as candidates' voters' lists which can be provided on CD only);
- the reduction in overtime costs through the use of databases for staff/candidate and issues management.

Known pressures, however, include:

- increased hourly rates for election officials due to increased training attendance;
- population growth; and
- the number of tabulators in areas of high turnout being increased to reduce wait times in some locations.

Other potential costs include:

- Ward boundary appeals; (\$110,000)
- Potential internet voting (\$200,000 for Advance Vote)

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

This report is consistent with the priorities previously set by Council as set out in Vaughan Vision 2020, particularly:

MANAGEMENT EXCELLENCE -  
Demonstrate Leadership and Promote Effective Governance

#### Regional Implications

N/A

#### Conclusion

The lessons learned from the administration of the 2010 Elections are integral to the planning effort for the 2014 events. The preparation of the 2014 election began after the 2011 York Catholic District School Board by-election and has run concurrently with the Contribution Rebate Program and the Compliance Audit Process. Given the scope and magnitude of election administration, the City Clerk is recommending an increase to the reserve contribution at this time so that preparations can be suitably resourced and all the required elements of the election can be implemented in a timely and professional manner. Refinements to the election budget that have implications for the reserve will be reported as necessary in future budget cycles.

#### Report prepared by:

Donna Winborn, Election Co-ordinator



CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 7, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**7                    ADDITIONAL RESOURCE REQUEST – HR COORDINATOR - CONTRACT**

**The Finance and Administration Committee recommends:**

- 1)        That the recommendation contained in the following report of the Commissioner of Legal & Administrative Services & City Solicitor and the Director of Human Resources, be approved; and**
- 2)        That staff report back to Council in the 2013 budget deliberations with respect to the financial impact and managerial efficacy of the position.**

**Recommendation**

The Commissioner of Legal & Administrative Services & City Solicitor and the Director of Human Resources in consultation with the Commissioner of Finance & City Treasurer and the Operational Compliance Auditor recommend that the Additional Resource Request - HR Coordinator Contract be approved, subject to overall direction on the item "Final 2012 Draft Operating Budget" included on the January 16, 2012 Finance and Administration Committee agenda.

**Contribution to Sustainability**

The approval of this additional resource request will minimize potential internal control risk by addressing access to JDE of PowerStream payroll staff.

**Economic Impact**

The economic impact is approximately \$75,000 annually.

**Communications Plan**

No communications plan is required.

**Purpose**

This report provides members of Council with information about a new Additional Resource Request for an HR Coordinator Contract which will address a significant risk raised by the City's internal Operational Compliance Auditor

**Background - Analysis and Options**

The City's internal Operational Compliance Auditor has raised a high priority concern in an audit on the Human Resources Department that is in the process of being finalized. For efficiency reasons the City utilizes PowerStream's payroll services. The concern relates to their payroll staff having access to modify employee information on JDE. Payroll services have been provided by the City's utility under a Joint Services Agreement for over 20 years.

Payroll staff had access to all aspects of the Employee Masterfile. Through a system upgrade the HR Department received access to the system in 2004. At that time the agreement between the City and PowerStream was that PowerStream payroll staff would continue with some employee masterfile responsibility including recording hiring, terminations, banking information, etc. The City's HR modules were set up with functionality for payroll purposes only.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 7, Finance Report No. 1 – Page 2

In 2006 a capital budget was approved for the implementation of further HR modules. This project was implemented between 2008 and 2011. The result is greater functionality of the system along with greater access over the JDE HR modules by the City. Along with the implementation of the HR Modules, the IT Department implemented a Report writing function, giving the HR Department access to information and changes made within the employee masterfile.

Given the improved functionality of the JDE system, there is now an opportunity to implement a “best practice” process wherein access to the employee masterfile set up, termination, banking information and salary rates of staff, both within the City and within the Vaughan Public Libraries, is separated from the actual payroll function. This improved process will address the concerns raised by the internal Operational Compliance Auditor,

HR staff, Finance staff and IT staff are working together to review employee security with regard to JDE as well as a fulsome process mapping to determine the most effective way of ensuring the safety of employee information and minimizing the internal control risk. This process is anticipated to take at least one year to complete. In the interim, in order to effect a temporary solution, and in order to establish “read only” rights for PowerStream payroll staff to allow them to process payroll, it would require the HR Department to take over the work currently being done by the PowerStream payroll staff for both the City and the Vaughan Public Libraries. This cannot be accomplished with the current staffing complement within the HR Department.

As a result, this additional resource request is being submitted as a temporary full-time contract HR Coordinator which would allow for the work to be taken over by the HR Department pending determination of an appropriate business process and security model being developed. This project would allow staff to determine the actual level of resources needed in the future. Once those resources are determined an appropriate ARR for permanent staffing would be submitted.

In the interim, to address the concerns of the auditor, HR staff have taken the necessary steps as available given the current resources to minimize the risk highlighted by the internal Operational Compliance Auditor.

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

This report is consistent with the priorities previously set by Council and directly links to the goals of ensuring a high performing organization and ensuring financial stability by reducing the financial and internal control risk to the organization. The necessary resources have not been allocated within the operating budget.

#### **Regional Implications**

None

#### **Conclusion**

The Additional Resource Request is required to minimize the significant risk raised by the Operational Compliance Auditor and will ensure that the appropriate processes and resources are determined through a comprehensive review by IT, Finance and HR staff.

#### **Attachments**

1. Additional Resource Request – HR Coordinator - Contract

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 7, Finance Report No. 1 – Page 3

**Report prepared by:**

Janet Ashfield  
Director of Human Resources

(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 JANUARY 31, 2012**

Item 8, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**8                    DRAFT 2012 CAPITAL BUDGET AND 2013 CAPITAL BUDGET PLAN  
CONSIDERATION OF DEMOLITION/USE OF FORMER CIVIC CENTRE**

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Community Services, dated January 16, 2012, be approved;
- 2) That staff proceed with the demolition as approved in the Original Master Plan; and
- 3) That the following deputations be received:
  - 1) Mr. Nick Pinto, West Woodbridge Homeowners Association, 57 Mapes Avenue, Woodbridge, L4L 8R4; and
  - 2) Mr. Guido Masutti, 144 Riverview Ave., Woodbridge, L4L 2L6.

**Recommendation**

The Commissioner of Community Services recommends:

1. That the following report be received for information.

**Contribution to Sustainability**

This report is consistent with the priorities previously set by Council in the Green Directions, Vaughan, Community Sustainability Environmental Master Plan, Goal 6, Objective 6.1:

- To fully support the implementation of Green Directions at all levels of City operations.

**Economic Impact**

There is no economic impact associated with this report.

**Communications Plan**

N/A.

**Purpose**

The purpose of this report is to provide information on the cost and feasibility of retrofitting the old city hall for other purposes.

**Background - Analysis and Options**

At the Finance and Administration Committee meeting of December 13, 2011, Council directed staff bring forward a report on issues relating to the cost of retrofitting the old city hall for other purposes such as a resource library, and include any other relevant information relating to the decision to demolish the old city hall. Staff have reviewed related information on file, including current relevant updates and provide the following:

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 8, Finance Report No. 1 – Page 2

On May 13, 2002, Council directed that qualified external assistance be retained to prepare a detailed cost-benefit analysis in respect of the two options identified in the “City Hall Location Study” (April 2002), prepared by Sorenson Gravely Lowes Planning Associates Inc. The two options identified were demolition of the existing building and replacing it with a new building; and redevelop the existing building with a major addition to the south.

In July of 2002, a team led by the management consultant KPMG LLP was retained to conduct the cost-benefit analysis. Assisting KPMG were the firms the Ventin Group (architecture), the McCormick Rankin Corporation (transportation) and Forhan Rogers (planning).

The Ventin Group Architects were directed to examine the potential of the current civic centre site to accommodate the City’s long-term needs, prepare a study and report back to Council in January 2003. The focus of this study was the reuse of the existing building including a 200,000 sq.ft. addition, or building a new building for a Civic Centre. The study included estimates of the associated costs of building a new structure vs. addition and renovations of the existing building. The addition and renovation option considered retention of the basic structure of the existing building, with a major addition to the south, (Option 1). The new and old buildings would form a court which would provide an opportunity to create an indoor public space (atrium) and an outdoor public space (plaza). The renovations to the building would have to be extensive to ensure serviceability of the systems.

The Ventin Group Architects retained the services of Pelican Woodcliff Inc. for the quantity surveying and cost estimate. The Mitchell Partnership Inc. and Carinci Burt Rogers Engineering Inc. were respectively retained for the Mechanical condition assessment and for the Electrical condition assessment of the existing facilities.

The Ventin Group Architects and the Consultants team on behalf of the City of Vaughan carried out a series of inspections of the old city hall in January 2003. In addition, the following documentation was available at the time of the inspection:

- Aerial photo of the area
- Legal survey of the property
- Building floor plans of the existing facility
- Maple Streetscape and Urban Design Guidelines

Option 1 assumed that the existing approximately 89,000 square feet of the existing building would not only have interior systems completely upgraded, but also a complete retrofit of building enclosure and cladding. Total Cost Estimate in 2003 for the retrofit without the addition was \$11,100,000.

On April 14, 2003, after consideration of the alternatives, Vaughan Council adopted a resolution to maintain the City Hall at its current location at 2141 Major Mackenzie Drive and proceed with a completely new building with a minimum LEED Silver standard.

On May 12, 2003, Vaughan Council resolved that the redevelopment of the Vaughan Civic Centre would proceed on the basis of a design competition which included the requirement for both an architectural treatment for a new City Hall building and a Master Plan for the entire Civic Centre site. The Master Plan would include the construction phasing of other uses. Other potential uses included a municipal park, a public library, a mixed use office building, a retirement home and underground parking. Therefore, the Master Plan for the site will be as important as the City Hall design itself.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 8, Finance Report No. 1 – Page 3

There was public consultation throughout the design competition including a three day open house for the public to view and comment on the Master Plan and design. On February 9, 2004, Council ratified the recommendation of the competition Jury, approved the Master Plan (refer to attachment #1) and selected KPMB (Kuwabara Payne McKenna Blumberg) Architects as the project architect.

#### Master Plan and Phasing of Construction

The approved Master Plan included phasing of construction for the long term development of the site. Attachment 1 shows the end state concept that provides for all of the potential buildings with reliance on below grade parking. The large amount of underground parking provides the optimal use and aesthetic treatment of the site.

Phase 1 of the project entails the design and construction of the new City Hall, Civic Square, surface parking and a Neighbourhood Park of at least 2.4 ha. Phase 1 will also include the demolition and/or removal of all existing structures associated with the city hall (main building, annex and portables) and site remediation, (attachments 2 and 3). The site remediation included the widening of the main entry drive. This was one of the recommendations of the traffic performed. The driveway had to also be of sufficient length to provide the required queuing for safe and efficient site operations especially with the increased office space. The study confirmed that current main signalized entry drive had to be further developed as the original entrance is very restricted and does not provide line of sight with in-coming traffic and internal vehicle movement. This main entry drive needed to be widened as it is the primary public and ceremonial access into the site from Major Mackenzie Drive. This would be problematic and create a safety concern if the current building is maintained.

#### Resource Library

Staff have reviewed the feasibility of repurposing the existing building into a resource library. The last major work on the existing building occurred circa 1980 when the complete redevelopment and addition to the building was undertaken. Since then, parts of the building have undergone upgrades, such as the roof and some mechanical components, but there has not been a comprehensive renovation of the building.

The renovation would include but not limited to the replacement of the cladding of the building to match the new building, (reflecting an improved civic image of the campus). The building systems, such as mechanical and electrical, have been maintained, but are at or nearing the end of their service life, and would need to be replaced.

The live load of the existing City Hall is only **2.39 KN/m sq.**, (for office occupancy). This is noted on the structural drawing S-3 note 2, designed by John Stephenson Consulting (Structural Engineer), under the Architects Allen, Sherriff. The Ontario Building Code for Library requires a minimum live load of **7.2 KPa**. Therefore, the existing building second floor cannot be used for Library stacking shelves, only for offices and perhaps reading rooms.

In addition, the building would also be subject to major demolition to facilitate the widening of Major Mackenzie drive and the city hall entry drive. This will be explained further in this report under road widening.

The cost estimate for this retrofit is \$13,100,000, which assumes a Leed Silver certification and includes electrical/ mechanical systems, exterior cladding, interior finishes and fire and life safety systems.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 8, Finance Report No. 1 – Page 4

This estimate does not include consulting and design fees, partial demolition/remedial structural works, permits, testing and inspections, elevator(s), interior furnishings, exterior pavements or site features. The LEED Silver certification would require further analysis to determine the actual costs.

#### Road widening

The widening of the main entry drive into the site was included in phase 1. If the existing building is maintained, approximately 20 meters of the existing building needs to be removed. This demolition would include cutting the building at mid span between columns. It would also require a design new footing walls, column, floor slab and roof. Since partial demolition is costly and problematic, it might be better to remove the original building that was constructed during the 1950's and leave the west portion of the building that was added during the 1980. This would also require a Structural retaining wall, removal of all the existing mechanical and electrical component of the old building (1980) and redesign new mechanical and electrical services. Roof structure would also need to be modified and re-designed.

In 2008, the Region of York requested conveyance of land for road widening of Major Mackenzie Drive. In June 2009, Council enacted By Law #132-2009 to authorize the conveyance of land to the Region of York. If the current building was retained, the conveyance would mean that the northern portion of the council chamber would have to be demolished, (attachment 4). With demolition require for both entry and road widening, the structural integrity of the building maybe compromised, (attachment 5). All major components of the remaining portions of the building would have to be re-designed, including new electrical and mechanical systems. In addition, the main Civic square proposed to be constructed in Phase 2 will be impacted as part of the existing building extrudes into current design/location of the square. If the current building remains, a decision regarding the Civic Square will have to be made as it will require a re-design if it is to be maintained as part of the re-development of the site. The relocation and re-design may not have the original visual impact or functionality as originally intended in the Master Plan.

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

In consideration of the strategic priorities related to Vaughan Vision 2020, the report will provide:

- STRATEGIC GOAL:  
Service Excellence – Providing service excellence to citizens.
  
- STRATEGIC OBJECTIVES:  
Pursue Excellence in Service Delivery.

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

#### Regional Implications

If the existing structure remains, it will impact the road widening of Major Mackenzie Drive and the conveyance of land to the Region of York.

#### Conclusion

The concept and Master Plan approved by Council responds to the long term vision of the City of Vaughan by creating a civic campus of buildings and public spaces assembled within a flexible infrastructure that anticipates continual growth and change. It provides a detailed concept for the development of the site and future buildings. It also sets the tone for the development of Vaughan in the 21<sup>st</sup> century as the City is in transition from its rural past to urban future.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 8, Finance Report No. 1 – Page 5

The approved plan also meets the City's goal for future flexibility and a strategy for over 900 surface parking spaces. Surface parking and/or an above-grade parking structure directly contradicted the City's civic vision by symbolic image and environmental statement of the Civic Centre. The strategy combines select short-term surface parking with substantial underground parking which negotiates the limitations of site capacity while maximizing site quality.

The competition jury strongly noted that for the campus design to be successful it must be completed to its final phase to create an urban character of a welcoming Civic Square and fully achieve the ambience and goals described in the competition and included in the Master Plan.

**Attachments**

1. Master Plan
2. Phasing
3. Phasing
4. Road Widening
5. Partial Demolition

**Report Prepared By**

Marlon Kallideen, Commissioner of Community Services, ext. 8501

(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 JANUARY 31, 2012**

Item 9, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

9

**USER FEE/SERVICE CHARGE REVIEW**

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning, dated January 16, 2012, be approved; and
- 2) That the deputation of Mr. Richard Lorello, 235 Treelawn Boulevard, Kleinburg, L0J 1C0, and communication C4, dated January 16, 2012, be received.

**Recommendation**

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

That the 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 2012-2014 Operating Budget Guidelines, departments are 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 \$49,609 in 2012, \$62,835 in 2013 and an additional \$33,059 in 2014. A general contingency has been included in the 2012-2014 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 2012-2014 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 2012-2014.

**Background - Analysis and Options**

Inherent in the Draft 2012-2014 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:

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 9, Finance Report No. 1 – Page 2

- Explore and submit new user fee and service charge opportunities for existing non-revenue generating services.
- 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 2012-2014 Draft Operating Department Budgets, with exception for Council pre-approved fee increases (i.e. Recreation and Licensing). However, a general contingency is included in the 2012-2014 Draft Operating Budget contingency balance to account for anticipated user fee and service charge amendments. Once approved, amounts will be transferred from contingency to departmental revenue accounts.

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

The 2012-14 annual operating budget adjustments associated with department submitted user fee and service charge increases related to by-law 396-2002 are \$49,609 in 2012, \$62,835 in 2013 and \$33,059 in 2014.

Most departments followed the Operating Budget Guidelines and increased revenue budgets by the recommended 2%. For 2013, the most significant increase was related to Finance as the department applies a price increase every two years amounting to \$26k.

New user fees are proposed and they are as follows:

- New fees or charges proposed by the Engineering Services to cover costs for demand of engineering prints, documents, drawings and complex road occupancy permits;
- New fees or charges proposed by the Development Transportation Engineering Services to cover costs for demand of engineering prints, documents, drawings and additional grading inspection.
- No new fees were proposed for 2013 and 2014.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 9, Finance Report No. 1 – Page 3

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

Schedule	Department	2012			2013			2014		
		Changes to Fees/Charges	New Fees/Charges	TOTAL	Changes to Fees/Charges	New Fees/Charges	TOTAL	Changes to Fees/Charges	New Fees/Charges	TOTAL
A & B	Clerk's	3,796		3,796	2,611		2,611	3,461		3,461
C	Finance	0		0	25,740		25,740	0		0
D	Economic & Technology Development	0		0	0		0	0		0
E	Fire & Rescue Services	9,646		9,646	9,827		9,827	10,091		10,091
F	Building Standards	9,800		9,800	11,750		11,750	7,000		7,000
G	Planning	247		247	246		246	250		250
I	Legal	1,356		1,356	1,356		1,356	1,356		1,356
I	Enforcement Services	1,140		1,140	2,045		2,045	1,545		1,545
J	Parks	2,086		2,086	2,373		2,373	2,423		2,423
K	Engineering Services	450	6,800	7,250	306		306	310		310
K	Dev. Trans. Engineering	3,746	6,450	10,196	4,088		4,088	4,130		4,130
L	Public Works	4,093		4,093	2,493		2,493	2,493		2,493
M	Encroachments	0		0	0		0	0		0
	<b>TOTAL</b>	<b>36,359</b>	<b>13,250</b>	<b>49,609</b>	<b>62,835</b>	<b>0</b>	<b>62,835</b>	<b>33,059</b>	<b>0</b>	<b>33,059</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 review of User Fee By-Law 396-2002 has taken place and results are provided as Attachment #1.

**Attachments**

Attachment 1 – Proposed User Fee/Service Charge Amendments

**Report prepared by**

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.)

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 10, Report No.1, of the Finance and Administration Committee, which was adopted, as amended, by the Council of the City of Vaughan on January 31, 2012, as follows:

***By receiving Communication C10 from Mr. Dirk Drieberg, dated January 31, 2012.***

10

**FINAL 2012 DRAFT OPERATING BUDGET**

The Finance and Administration Committee recommends:

- 1) That Clause 2 and 3 contained in the following report of the Commissioner of Finance/City Treasurer and the Director of Budgeting and Financial Planning, dated January 16, 2012, be approved;
- 2) That the tax increase for the fiscal year 2012 be 2.95%, which includes all the items approved at today's meeting of January 16, 2012;
- 3) That the following deputations be received:
  - 1) Mr. Dirk Drieberg, 55 Kinloch Crescent, Maple, L6A 2E9;
  - 2) Ms. Maria Eva Cristante, 88 Fieldgate Drive, Maple, L6A 1K9; and
  - 3) Mr. Guido Masutti, 144 Riverview Avenue, Woodbridge, L4L 2L6; and
- 4) That the following communications be received:  
**C1 Commissioner of Finance/City Treasurer, dated January 16, 2012; and**  
**C2 Commissioner of Finance/City Treasurer, dated January 16, 2012.**

**Recommendation**

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

1. That the 2012 Draft Operating Budget be revised to reflect the budget adjustments noted in this report and by incorporating the revisions made by the Finance and Administration Committee at its meeting of January 16, 2012;
2. That the Final 2012 Draft Operating Budget be forwarded to a Special Council Meeting for final approval; and
3. That the City Clerk be directed to schedule an evening Special Council Meeting to receive public deputations and to consider for final approval the 2012 User Fee/Service Charge By-law, the Final 2012 Draft Operating Budget, the Final 2012 Draft Capital Budget and any related matters.

**Contribution to Sustainability**

Sustainability by definition focuses on the ability to maintain a function over a period of time. Responsible budgeting allocates resources in a responsible way to sustain the City's operations and aspirations, balancing both current and future requirements. The budget approach seeks to minimize the current year requirements, while continuing to meet the requirements of the future.

**Economic Impact**

The favourable net economic impact associated with reported changes is illustrated in the below table.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 10, Finance Report No. 1 – Page 2

<b>Budget Highlights</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Operating Budget Adjustments - <i>Increase/(Reduction)</i>	\$ (2,071,805)	\$ 136,131	\$ 241,808
Revised Operating Budget Requirement (BASE+ARRS)	\$ 4,433,429	\$ 7,086,643	\$ 5,493,728
Revised Tax Rate Increase	3.12%	4.70%	3.44%
Increase on Avg. Tax Bill	\$ 37	\$ 57	\$ 44

**Communication Plan**

Public notice of the Special Council Meeting will be advertised in accordance with the City's policy. In addition, a media release will be developed that articulates the policies, strong management practices and oversight that the City currently has in place to manage revenues and expenses and ultimately provides the residents of Vaughan with high quality services and value for their property tax dollar.

**Purpose**

The purpose of this report is to provide Committee/Council with an update on the operating budget adjustments and have them reflected in the 2012 draft operating budget initially presented on November 21<sup>st</sup> 2011 and subject to comments from the Finance and Administration Committee, to forward the Final 2012 Draft Operating Budget to a Special Council Meeting for adoption. In addition, a few minor corrections/adjustments to capital projects are noted in this report, which do not have a financial impact on the 2012 Capital Budget.

**Background – Analysis and Options**

Preparation of the Budget begins early in the year, with the process starting in June. As a result of this early timeline, budget estimates and assumptions are required. As more current information becomes available, adjustments are required to update the draft budgets. Detailed below are budget adjustments that have occurred subsequent to the draft budgets presented to Committee/Council earlier in the process.

**Assessment Growth**

The Municipal Property Assessment Corporation (MPAC) is responsible for all property assessment related valuation in the Province of Ontario. Assessment growth represents the year over year increase as a result of new residential and business construction activity in the City. In terms of the operating budget, growth is a key component, which provides additional tax revenue as a result of a larger assessment base. MPAC is mandated to provide a final assessment report, including growth in December of each year. As a result, staff estimated the assessment growth figure based on the best information at hand. The estimated growth figure included in the Draft 2012 Operating Budget was 3.1% or \$4,254,238. Subsequently, City staff received the final assessment growth figure from Municipal Property Assessment Corporation (MPAC) reflecting a 3.5% or \$4,803,172 as a result of a larger assessment base. This change translates into a \$548,934 revenue increase, above staff's initial 2012 estimate.

**Payments in Lieu/Fines & Penalties**

A further of review of the payment in lieu account determined that all components were not included in the original department estimate. As a result, the Payment in Lieu budget was adjusted from \$2m to \$2.5m to accommodate these items, a \$500k increase.

In addition, the fine and penalty budget was also adjusted up from \$4.6m to \$4.8m to reflect more current information and trends, a \$200k increase.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 10, Finance Report No. 1 – Page 3

#### **Roads Reserve Contribution**

An administrative correction was required to restate the roads reserve contribution balance. As part of the prior budget process, two recognized additional resource requests were funded by an associated reduction in the road reserve contribution. During the current budget process, these requests were reassessed and removed. Unfortunately, the supporting contribution reduction remained and was not reversed. As a result, the balance was adjusted up \$236k to reflect the correct amount.

#### **User Fees/Service Charges**

As part of the budget process, user fee and service charges are reviewed and updated. A report regarding changes to By-Law No. 396-2002 - General User Fee/Service Charges has been prepared for the Committee/Council deliberation. Consistent with prior years, these adjustments have been included in the contingency operating budget and distributed to departments after approval. As a result, the contingency budget was adjusted by \$27k to reflect the impact of these changes.

In addition to the above changes and subsequent to the Nov. 21<sup>st</sup> Finance and Administration Committee meeting, a few departments provided revised user fee volume estimates. The net impact on the budget is \$10k, which have been incorporated in the draft base operating budget to reflect trends experienced in departments e.g. Licensing, Parks, and Economic Development.

#### **Council Budgets**

A Council Budget Taskforce was created for the purpose of determining a methodology for Council Budgets. A recommendation was developed and a report will be presented by the Clerk's department for Committee/Council deliberation. As part of this process Council budgets will be set to 2011 levels and readjusted once Council direction is provided.

#### **Insurance Reserve Funding**

Based on recent information, it is anticipated the 2011 transfer from the insurance reserve to cover the associated premium increases will not be required, due to the City's overall favourable position. However insurance pressures continue in 2012. As a result, the balance in the Insurance Reserve can be allocated to phase in the \$1.5m insurance increase planned for 2012. This will be accomplished through 2012, 2013, & 2014 Insurance Reserve withdrawals of \$500k, 300k, & 100k, respectively.

#### **Anticipated Labour Savings**

Current practice is to budget for anticipated employee turnover or "churn". This figure is planned for corporately and is used to offset department gapping and vacancy savings that occur throughout the year. Third quarter results confirm trends in the 3 -3.5% range. As a result, the city's anticipated labour savings is being adjusted to \$3.9m (\$130m \*3%), a budget increase of \$600k. It should be noted there are various unpredictable factors driving anticipated labour savings and estimates are conservatively trended.

#### **Capital from Taxation**

On December 13<sup>th</sup>, 2011, Council approved a December 6<sup>th</sup> Committee of the Whole staff report (#28) regarding Traffic Calming measures. As a result, the Operating and Capital budget will be adjusted to reflect this requirement. The funding source for this project is capital from taxation. The budget adjustment including the associated administration charge and contingency amounts is \$113,000.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 10, Finance Report No. 1 – Page 4

#### **Corporate Structure Review**

On November 29<sup>th</sup>, 2011, Council approved the recommendations contained in report on the Corporate Structure Review. Changes associated with this review are cost neutral and funded without increasing the 2012 Budget. Reallocations are currently in the process of being finalized and will be incorporated in the Proposed Operating Budget Report, which will be presented to Special Council in early 2012.

#### **Capital Project Adjustments**

##### Capital Budget Project Department Transfer:

After further discussion, it was determined that capital project DT-7093-13 PD8 - Pumping Station Decommissioning will be led by the Engineering Construction Department and as such the project will be transferred accordingly. The funding amount and source will remain unchanged, only the department reference will change from a DT to an EN project.

##### Capital Project Removals:

Through additional review, it was discovered that two Capital Budget projects earmarked for 2014 and beyond are not required and therefore removed accordingly. This action does not impact the draft capital budget, which focuses on 2012 and 2013 only. These projects are as follows:

- BF-8179-14 Urban Village II CC – Block 18 Land Purchase. This project was an older request accidentally carried forward from a prior year budget process. This project is no longer relevant due to the development of the North Thornhill Block 10 Community Centre and was therefore removed from the 2014 capital forecast.
- BF-8195-09 Vellore Village CC Feasibility Study for Addition of New Fitness Centre. This project was accidentally duplicated and is not required as the project is currently underway and funded from prior year capital budget projects.

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

The Budget Process allocates and approves the resources necessary to continue the City's activities and implement Council's approved plans.

#### **Regional Implications**

None

#### **Conclusion**

As a result of the early budget timeline, estimates and assumptions are required. As more current information becomes available and additional review is undertaken, adjustments are required to update the draft budgets. Budget adjustments required subsequent to the draft budgets presented to Committee/Council earlier in the process are detailed within the report. A revised Base Budget summary and a listing of the Senior Management Team's additional resource requests are provided as attachment # 2 & #1, respectively. Below is a high level summary of adjustments and the City's Draft Budget totals.

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 10, Finance Report No. 1 – Page 5

<b>Summary of Budget Adjustments</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<i>Favourable/(Unfavourable)</i>			
Assessment Growth	\$ 548,934	\$ (45,686)	\$ (42,973)
Payments In Lieu	\$ 499,960	\$ 100,000	\$ -
Fines & Penalties	\$ 200,000	\$ -	\$ -
Roads Reserve Contribution	\$ (236,644)	\$ (9,690)	\$ (9,884)
User Fees/Service Charges/Misc. Items	\$ 37,989	\$ 19,245	\$ 11,049
Council Budgets	\$ 34,566	\$ -	\$ -
Insurance Reserve Funding	\$ 500,000	\$ (200,000)	\$ (200,000)
Anticipated Labour Savings	\$ 600,000	\$ -	\$ -
Capital From Taxation- Traffic Calming	\$ (113,000)	\$ -	\$ -
<b>Total Adjustment</b>	<b>\$ 2,071,805</b>	<b>\$ (136,131)</b>	<b>\$ (241,808)</b>

<b>Components</b>	<b>2012</b>			<b>2013</b>			<b>2014</b>		
	Rate Incr.	\$ (m)	Bill Incr.	Rate Incr.	\$ (m)	Bill Incr.	Rate Incr.	\$ (m)	Bill Incr.
Base Budget	1.15%	1.63	13.54	2.77%	4.17	33.59	1.44%	2.29	18.26
ARR	1.97%	2.80	23.23	1.93%	2.91	23.47	2.00%	3.20	25.49
<b>City Operations</b>	<b>3.12%</b>	<b>4.43</b>	<b>36.77</b>	<b>4.70%</b>	<b>7.08</b>	<b>57.06</b>	<b>3.44%</b>	<b>5.49</b>	<b>43.75</b>
<b>City Capital Budget</b>		<b>46.75</b>			<b>41.89</b>			<b>TBD</b>	

Staff recommend that the above operating budget adjustments be reflected in the 2012 draft operating budget initially presented on November 21<sup>st</sup>, 2011 and subject to comments from the Finance and Administration Committee, the Final 2012 Operating Budget be forwarded to a Special Council Meeting for adoption.

**Attachments**

Attachment 1: Senior Management Team's Recommended Additional Resource Requests  
Attachment 2: 2012-2014 Operating Budget Financial Summary

**Report prepared by:**

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

(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 JANUARY 31, 2012**

Item 11, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

11

**DRAFT 2012 CAPITAL BUDGET  
THE ISLINGTON AVENUE STREETScape  
PHASING OPTIONS AND ADDITIONAL SOURCES OF FUNDING  
FILE 21.36  
WARD 1**

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Planning and Commissioner of Engineering and Public Works, dated January 16, 2012, be approved;
- 2) That staff provide a report on the subject of streetscaping to a future Committee of the Whole (Working Session); and
- 3) That the following deputations be received:
  - 1) Mr. Frank Greco, 10472 Islington Avenue, Kleinburg, L0J 1C0; and
  - 2) Mr. Richard Lorello, 235 Treelawn Boulevard, Kleinburg, L0J 1C0.

**Recommendation**

The Commissioner of Planning and Commissioner of Engineering and Public Works in consultation with the Commissioner of Finance and City Treasurer, and the Commissioner of Community Services recommend:

1. THAT the Detailed Design Development for Phase 1A, 1B and 1C (3 Gateways) of the Islington Avenue Streetscape Plan shown on Attachment #1, be undertaken in 2012; subject to overall direction on the item "Final 2012 Draft Operating Budget" included in the January 16, 2012 Financial and Administration Committee Agenda.
2. THAT the City's issuance of a Request for Proposal for professional design services for the Detailed Design Development be subject to:
  - a) a commitment from the Kleinburg Business Improvement Association to pay 50% of the actual cost to be incurred by the City; and
  - b) the prior receipt of 50% of the cost of these services, currently estimated to be \$48,713.40, from the Kleinburg Business Improvement Association.
3. THAT Staff be directed to establish an "Islington Avenue Streetscape Working Group" for the duration of the Detailed Design Development for Phase 1 (3 Gateways) of the Islington Avenue Streetscape Plan, comprised of members from the Kleinburg Business Improvement Association, the Kleinburg Area Ratepayers Association, York Region staff, and City of Vaughan staff.

**Contribution to Sustainability**

The proposed Phase 1 of the "Islington Avenue Streetscape Plan Study – Village of Kleinburg" is consistent with "Green Directions Vaughan", the City's "Sustainability and Environmental Master Plan", specifically:

Goal 4: To create a vibrant community where citizens, businesses and visitors thrive.

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 11, Finance Report No. 1 – Page 2

*Objective 4.1 “To foster a city with strong social cohesion, an engaging arts scene, and a clear sense of its culture and heritage”*

*Objective 4.2 “To ensure that the City of Vaughan attracts businesses and investment that will result in well-paying jobs for Vaughan citizens, a sustainable tax base, and continuing prosperity into the 21<sup>st</sup> century”*

This goal will be supported by the strengthening and improvement of the public realm, by integrating environmentally local and sustainable materials and sustainable features into the streetscape design, utilize hardy and native plant species to the maximum possible extent while minimizing long-term maintenance requirements, encourage recycling within the area, and use energy-efficient pedestrian scale lighting.

#### **Economic Impact**

The total estimated budget of \$3.9 million for the future Design Development and Construction associated with the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*” can only be partially funded through Development Charges; this will result in a substantial amount of the total budget being funded through other sources, which is further detailed under the Background – Analysis and Options section of this report and in the chart shown on Attachment #2.

It should be noted that the significant funding shortfall in the amount of \$2.3 million will result in City staff seeking other sources of funding from agencies/stakeholders to lessen the financial impacts.

The recommendations of this report reflect the recent successful identification of private sector funding, proposed by the Kleinburg Business Improvement Association to the Detailed Design Development of Phases 1A, 1B, 1C. This proposed contribution will limit the City of Vaughan’s initial financial impact to an estimated \$48,713.40 for this phase, of which \$21,823.60 is proposed to be funded from the City’s Development Charges Reserves, and \$26,889.80 is proposed to be tax-levy funded, subject to confirmation of the 2012 Operating Budget.

#### **Communications Plan**

The Vaughan Development Planning Department has posted an electronic version of the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*”, on the Development Planning Department page of the City of Vaughan website. As the implementation of the project takes place, further updates will be posted on the website.

#### **Purpose**

This report has been prepared in response to the following Finance and Administration Committee direction on November 28, 2011, as adopted by Vaughan Council on December 13, 2011, respecting Item #1 – “Draft 2012 Capital Budget and 2013 Capital Budget Plan”, Recommendation #7:

“That staff investigate moving the funding of the Islington Avenue Streetscape, Phase 1B (Major Mackenzie and Islington Gateway), to the 2012 Budget (to align with the Region’s ongoing design of the Major Mackenzie Drive expansion), and investigate with stakeholders, if possible, the feasibility of funding from other sources, and that this be undertaken prior to the meeting of January 16, 2012.”

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 11, Finance Report No. 1 – Page 3

#### Background - Analysis and Options

##### Stakeholders Meeting

On December 18, 2011, Staff from Development Planning Department, Engineering Services Department and Economic Development Department met with the respective representatives from the KBIA, and Kleinburg Area Ratepayers Association (KARA), to discuss funding for Phase 1B (Major Mackenzie and Islington Gateway).

As a result of this meeting, staff have considered advancing the Detailed Design Development timeline for all 3 Gateways (1A, 1B and 1C) to 2012, with the KBIA contributing 50% of the total required funding (with the other 50% from Development Charges and Taxation as discussed in this report). In addition, it was suggested at the meeting that an Islington Avenue Streetscape Implementation Working Group be initiated, consisting of representatives from the KBIA, KARA and City staff, to refine the detailed designs of the various phases reflecting funding realities, identify other possible sources of funding, and to provide direction on the possibility of delaying the construction of certain expensive gateway and streetscape elements such as; water wheel, village clock and rock sculptures, until such time as the funding of these expensive features becomes available.

##### Design for Gateways and Funding Considerations

Currently the KBIA is only proposed to commit to 50% of the necessary funding for the Detail Design Development of Phase 1, with \$25,000.00 available immediately, and the remaining \$23,713.40 being raised by the KBIA prior to final Council approval of a Request for Proposal (RFP).

The total estimated cost for Phase 1 is \$97,426.80, which includes the Detailed Design Development, 3% administration fee, and 1.76% non-rebate HST for the three Gateways shown on Attachment #1. Phase 1 of the project will qualify for funding allocation from the Regional Municipality of York for all 3 Gateways, under their "Municipal Streetscape Partnership Program". This program provides 33% funding for streetscape projects separate from a Region of York Capital project, or 50% funding for streetscape projects included as a component of a Region of York Capital infrastructure project, subject to an application by the City. Due to the complexity of engineering work required for Phase 1, and the required co-ordination of construction with Regional Capital improvement works timelines for Major Mackenzie Drive and Islington Avenue, Staff has determined the proposed Detailed Design Development timeline advance for all 3 Gateways could be undertaken subject to Council approval, in 2012. Construction for the gateways could be considered as follows:

Phase 1A: Gateway at the intersection of Highway No. 27 and Nashville Road has a total construction cost of \$502,848, which qualifies for the Region's 33% cost-share partnership funding, subject to an application by the City. Construction timing would be determined as part of future budget deliberations.

CITY OF VAUGHAN

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 11, Finance Report No. 1 – Page 4

Phase 1B: Gateway at the Intersection of Major Mackenzie Drive and Islington Avenue has a total construction cost of \$439,992. Currently, the Region of York is commencing detailed design to convert Major Mackenzie Drive to a major transit corridor, and the reconstruction of the Islington Avenue and Major Mackenzie Drive intersection is included in the scope of work, with construction scheduled to start in 2014. A portion of this gateway is within the Major Mackenzie Drive right-of-way and qualifies for the Region’s 50% cost-share funding under their “Municipal Streetscape Partnership Program” subject to an application by the City. To maximize the Region’s contributions, staff proposes that construction be timed with the Region’s capital construction schedule, and that the City portion of these implementation costs, once confirmed through Detailed Design Development, be brought forward as part of the future 2014 Capital Budget deliberations.

Phase 1C: Gateway at the intersection of Highway No. 27 and Islington Avenue has a total construction cost of \$226,282 which qualifies for the Region’s 33% cost-share funding under their “Municipal Streetscape Partnership Program” subject to an application by the City. Construction timing would be determined as part of future budget deliberations.

Summary of Proposed Funding for 2012 Detailed Design Development for Phase 1 Gateways

Phase 1A	\$40,000.00
Phase 1B	\$35,000.00
Phase 1C	\$18,000.00
<b>Total</b>	<b>\$93,000.00</b>
3% administration	\$ 2,790.00
1.76% HST non-rebate	\$ 1,636.80
<b>Total</b>	<b><u>\$97,426.80</u></b>
Funding from Development Charges	\$21,823.60
Funding from KBIA	\$48,713.40
Funding from Taxation	\$26,889.80
<b>Total</b>	<b><u>\$97,426.80</u></b>

Additional Sources of Funding and Implementation Strategies for Future Phases

The estimated total budget of \$3,951,177 for the implementation of the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*” is based on preliminary cost estimates. The final cost for each phase of the project will be determined through future detailed design development stages. Staff has proposed for consideration, the Islington Avenue Streetscape Implementation Plan and Schedule shown on Attachment #2.

A number of variables that will affect the implementation of the remainder of the plan. Many of these variables are interdependent and mutually supportive including:

- Streetscape recommendations concerning capital design, construction and maintenance between the City and KBIA, which has been outlined in the approved “Kleinburg Economic Development Strategy”;
- The Region of York phasing strategy for Capital infrastructure and road improvements for the Major Mackenzie Drive corridor;

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

#### Item 11, Finance Report No. 1 – Page 5

- Current and proposed development approvals, processes, and timing requirements;
- Long term funding strategies for capital and operational costs between the City, Region of York and KBIA; and,
- City of Vaughan being successful in seeking additional funding from the Region of York under their “Municipal Streetscape Partnership Program”.

City staff will continue to explore and investigate alternative funding sources and strategies, which may be available to fully implement the Streetscape Plan and minimize the impact on the City’s tax resources.

#### Long Term Annual Operating and Maintenance

The enhanced streetscape works associated with the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*” will have a long term impact on future City resources due to the increased annual operating cost (maintenance program), and the replacement/life cycle cost associated with these enhanced streetscape elements. The cost of the annual maintenance and life cycle replacement associated with grass cutting, surface paving, tree planting, benches, garbage pick-up, lighting, snow removal, parking lay-bys, gateway hardscapes and all special streetscape character materials such as water wheels, clocks, kiosks, etc., will need to be budgeted for in the City’s long term Operating and Capital forecasts.

Staff from the Vaughan Public Works Department and Vaughan Parks and Forestry Department have provided a preliminary comprehensive cost analysis shown on Attachment #2 for the long term annual maintenance of the proposed streetscape works in the “*Islington Avenue Streetscape Plan – Village of Kleinburg*”.

This annual maintenance cost analysis will be used as input into the decision-making process for City Council and staff with respect to appropriate detailed streetscape design, and provide the necessary annual maintenance cost, and life cycle replacement cost for use by staff to budget for future resources. Operational costs are based on the first five years and does include replacement of furnishings based on future budget requests.

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

This report is consistent with the priorities set forth in Vaughan Vision 2020/Strategic Plan, through the following initiatives, specifically:

##### Service Excellence:

- Lead & Promote Environmental Sustainability
- Preserve Our Heritage & Support Diversity, Arts & Culture

##### Management Excellence:

- Ensure Financial Sustainability
- Manage Corporate Assets
- Manage Growth and Economic Well-being

## CITY OF VAUGHAN

### EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012

Item 11, Finance Report No. 1 – Page 6

#### **Regional Implications**

The Region of York has participated in the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*”. The Study supports key elements of the Region of York Official Plan, adopted by Regional Council on December 16, 2009. Specifically, the implementation of the plan’s following objectives stated in Section 7.2, Moving People and Goods:

*“To ensure streets support all modes of transportation including walking, cycling, transit, automobile use, and the efficient movement of goods.”*

*“To plan and protect future urban and rural streets to accommodate transportation demands.”*

In addition, staff from the Region of York has participated in the development of the proposed Funding and Implementation Strategy shown on Attachment #2, for the “*Islington Avenue Streetscape Plan Study – Village of Kleinburg*”.

#### **Conclusion**

This proposed advancement of the detailed design work for the 3 Village Gateways shown in Attachment #1, could work as a catalyst to encourage Kleinburg business community involvement in subsequent phases of the project. It would better position the Phase 1 project(s) to capitalize on potential future implementation funding opportunities by developing cost effective “shovel-ready” project(s) with realistic construction cost estimates. Most immediately, this strategy would position Phase 1B to be implemented in conjunction with York Region’s upcoming reconstruction of Major Mackenzie Drive, thus maximizing potential financial contribution from the Region of York.

Furthermore, in order to ensure that the Detailed Design Development of the project maximizes opportunities for successful implementations, staff recommends that an Islington Avenue Streetscape Implementation Working Group, consisting of City staff, York Region staff and representatives from the KBIA and KARA be established. It is proposed that this Committee would meet every 2 months, to assist the Project Team in the refinement of the detailed designs, continue to explore alternative implementation strategies for the project(s), and identify other potential funding sources.

#### **Attachments**

1. Project Phasing Map
2. Project Capital Design, Construction and Annual City Operational Costing Schedule

#### **Report prepared by:**

Rob Bayley, Manager of Urban Design, ext. 8254  
Jack Graziosi, Director of Engineering Services, ext. 8201  
Grant Uyeyama, Director of Development Planning, ext. 8635

(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 JANUARY 31, 2012**

Item 12, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**12**

**DEPUTATION – MR. KORBEN LIRETTE  
WITH RESPECT TO A PROPOSED SKATEBOARD PARK**

**The Finance and Administration Committee recommends:**

- 1) That the deputation of Mr. Korben Lirette with respect to a proposed skateboard park, be received; and**
- 2) That staff review the feasibility of funding the proposed skateboard park in 2012 and report back at the next opportunity.**

**CITY OF VAUGHAN**

**EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 31, 2012**

Item 13, Report No. 1, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on January 31, 2012.

**13**

**OTHER ITEMS CONSIDERED BY THE COMMITTEE**

**13.1 CONSIDERATION OF STATUTORY/AD HOC COMMITTEE REPORTS**

**The Finance and Administration Committee recommends:**

**That the following Ad Hoc Committee report be received:**

- 1. Council Budgets Task Force meeting of December 9, 2011, Report No. 2.**