

**CAPITAL PROJECT CO-0054-09 UPDATE**  
**VAUGHAN HOSPITAL LAND ACQUISITION AND DEVELOPMENT LEVY**

**Recommendation**

The Commissioner of Finance & City Treasurer recommends:

That the following report be received.

**Contribution to Sustainability**

Not applicable

**Economic Impact**

There is no economic impact associated with this report.

**Communications Plan**

Not applicable

**Purpose**

The purpose of this report is to update Council on the status of tax revenues raised to date for the contribution towards the local share for land acquisition and development of a hospital in Vaughan approved by Council in 2009, as well as a summary of expenses to December 31, 2011.

**Background Analysis and Options**

On June 15, 2009 Council approved a funding option for the \$80 million community contribution towards the land acquisition and development of a hospital in Vaughan, which was to be raised through property taxes. A special tax rate increase of 5.45% was approved in 2009, to be phased in over four years to raise the funds necessary to cover the cost of the anticipated 20 year debt financing for the local share of the hospital land acquisition and development. During the 2011 budget discussions, the four year plan was amended to a five year phase-in.

**Tax Revenues**

Since 2009, the City has phased in the approved tax increases, and billed the following amounts through property taxes:

2009	\$2,491,450
2010	\$3,349,549
2011	<u>\$4,630,084</u>
Total	\$10,471,083

Final 2012 tax levy	\$5,728,036
Forecast 2013 tax levy	\$7,000,000 (final phase of increases)

Once the final phase of tax increases is achieved in 2013, the annual levy will increase slightly each year, as a result of assessment growth.

Hospital Land Acquisition and Development – Capital Project Expenses

The expenses recorded to December 31, 2011 total \$60,869,904, and are broken down as follows:

Land Purchase	\$59,450,000
Land Transfer Tax	\$890,225
Other costs related to land acquisition including engineering consulting for transportation, access, servicing and storm drainage, surveyors, title insurance, appraisal fees, legal fees and closing costs	\$529,679
Total Expenses to December 31, 2011	\$60,869,904

Interest Expense

By-law 135-2009, which was enacted by Council June 15, 2009, authorizes debenture financing of up to \$80 million toward the local share for land acquisition and the development of a hospital, and also permits internal financing to the extent possible, and as appropriate to the satisfaction of the City Treasurer. The current Infrastructure Ontario (IO) 20 year borrowing rates are 3.64%, which would result in an annual interest cost of approximately \$1.8 million based on the outstanding principal owing as of December 31, 2011. Utilizing internally funding will result in the \$60.87 million in expenses incurred to date being paid more quickly, as the internal borrowing rate is more in line with the City's average rate of return earned on investments.

The total accumulated interest cost charged to the Hospital Land and Development account, reflecting internal borrowing from surplus reserve funds, is \$1,239,615 million since 2009.

Relationship to Vaughan Vision 2020

Not applicable

Regional Implications

No Implications

Conclusion

The total amount raised through property taxes for the hospital land acquisition and development, including the 2012 levy, is \$16.2 million. The total expenses charged to capital project CO-0054-09 - Vaughan Hospital Land Acquisition and Development as of December 31, 2011 is \$62.1 million, which includes capital project expenses of \$60.9 million and interest expense of \$1.2 million.

Attachments

Not applicable

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Respectfully submitted,

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