

**CITY OF VAUGHAN  
SPECIAL COUNCIL MINUTES  
MARCH 4, 2002**

**Table of Contents**

<b><u>Minute No.</u></b>		<b><u>Page No.</u></b>
49.	CONFIRMATION OF AGENDA.....	39
50.	DISCLOSURE OF INTEREST .....	39
51.	PROPOSED 2002 OPERATING AND CAPITAL BUDGETS .....	39
52.	2002 OPERATING BUDGET STATUS (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001).....	43
53.	DEPARTMENT OF RECREATION AND CULTURE 2002/2003 FACILITY RENTAL RATES (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001) .....	44
54.	2002 CAPITAL BUDGET (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001) .....	45
55.	2002 DRAFT OPERATING BUDGET PRESENTATIONS (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 12, 2001) .....	46
56.	2002 DRAFT OPERATING BUDGET PRESENTATIONS (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001) .....	47
57.	2002 CAPITAL BUDGET SUBMISSION (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001).....	48
58.	SPECIAL PROJECTS UNIT (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001) .....	49
59.	DRAFT 2002 OPERATING BUDGET (BUDGET SUB-COMMITTEE MEETING OF JANUARY 16, 2002) .....	50
60.	DRAFT 2002 CAPITAL BUDGET (BUDGET SUB-COMMITTEE MEETING OF JANUARY 17, 2002) .....	52
61.	DRAFT 2002 CAPITAL AND OPERATING BUDGETS (BUDGET SUB-COMMITTEE MEETING OF JANUARY 28, 2002) .....	56
62.	DRAFT 2002 CAPITAL AND OPERATING BUDGETS (BUDGET SUB-COMMITTEE MEETING OF JANUARY 29, 2002) .....	60
63.	CURRENT OPERATING BUDGET SENIOR MANAGEMENT RECOMMENDATIONS ON 2002 NEW COMPLEMENT (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002) (Referred from Budget Sub-Committee meeting – January 29, 2002) .....	60

64.	DRAFT 2002 CAPITAL AND OPERATING BUDGETS (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002).....	61
-----	--	----

**CITY OF VAUGHAN  
SPECIAL COUNCIL MINUTES  
MARCH 4, 2002**

**Table of Contents Cont'd**

<b><u>Minute No.</u></b>		<b><u>Page No.</u></b>
65.	COUNCIL 2002 BUDGET (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002).....	65
66.	EAST VAUGHAN FIRE STATION (PROJECT 3155) (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002).....	65
67.	PRESENTATION – MS. ADELE FREEMAN AND MR. GARY WILKINS WITH RESPECT TO THE BARTLEY SMITH GREENWAY AND THE GRANGER GREENWAY (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002).....	66
68.	CONFIRMING BY-LAW .....	66
69.	ADJOURNMENT .....	66

**CITY OF VAUGHAN**  
**SPECIAL COUNCIL MEETING**

**MONDAY, MARCH 4, 2002**

**MINUTES**

**± 1:00 P.M.**

Council convened in the Municipal Council Chambers in Vaughan, Ontario, at 1:25 p.m. The following members were present:

Regional Councillor M. Di Biase, Chair  
Councillor B. Di Vona  
Councillor M. Ferri  
Councillor S. Kadis  
Councillor M. G. Racco

**49. CONFIRMATION OF AGENDA**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the agenda be confirmed.

CARRIED

**50. DISCLOSURE OF INTEREST**

There was no disclosure of interest by any member.

**51. PROPOSED 2002 OPERATING AND CAPITAL BUDGETS**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 1, recommendation of March 4, 2002, be approved:

- 1) That the attached Proposed 2002 Operating and Capital Budgets be approved;
- 2) That Project 1250, Block 33, Hwy 400 EA, be deleted from the 2002 Capital Budget, in accordance with the memorandum from the Director of Reserves & Investments, dated March 4, 2002;
- 3) That the following be approved in accordance with the additional report of the City Clerk, dated March 4, 2002:

“That Section 34.0(65) of the City’s Comprehensive Licensing By-law be amended to indicate there shall be no more than 153 tow truck owner’s licenses issued; and

That an additional 17 tow truck licenses be issued at this time.”

## **SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

- 4) That the deputation and written submission dated February 22, 2002, of Mr. Sandy Agnew, Black Creek Project, P.O. Box 324, Station A, Downsview, M3M 3A6, be received and referred to staff for a report addressing the requests;
- 5) That the recommendation contained in the following report of the Committee of the Whole (Special-Budget), dated March 4, 2002, be approved;
- 6) That the confidential memorandum from the Fire Chief, dated February 28, 2002, be received; and
- 7) That the written submission from Mr. Quinto M. Annibale, Loopstra Nixon, 135 Queens Plate Drive, Suite 600, Toronto, M9W 6V7, dated February 21, 2002, be received.

CARRIED

### **Recommendation**

The Committee of the Whole (Special-Budget) recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Corporate Services/Treasurer, dated February 18, 2002, be approved and that the phrase “followed by a Special Council meeting on March 4, 2002” be inserted at the end of Clause 3; and
- 2) That the memorandum from the Fire Chief, dated February 15, 2002, be received.

### **Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer in consultation with the City Manager and the Senior Management Team recommends:

- 1) That the staff report and the presentation of the Proposed 2002 Operating and Capital Budgets be received;
- 2) That deputations from the public be received; and
- 3) That the staff report, deputations and any information requests arising from the public meeting be forwarded to the Special Committee of the Whole on Monday, March 4, 2002.

### **Purpose**

The purpose of the public meeting is to provide the public with an overview of the Proposed 2002 Operating and Capital Budgets. The major issues that the municipality is facing, how they are proposed to be addressed, the City's 2002 capital program and the implication on the City's 2002 property tax rates within the context of other GTA municipalities.

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

This evening's Committee of the Whole Public meeting is an opportunity for the public to provide input into the budget process. Council has continued their efforts to obtain public input into the way in which public funds are allocated.

A significant amount of effort on the part of staff and the Budget Sub-Committee has already gone into the development of the Proposed 2002 Operating and Capital Budgets. The proposed 2002 Operating and Capital Budgets are provided as Attachment 1 and Attachment 2 for your information.

**Proposed 2002 Capital Budget**

The process of preparing the Capital Budget reflects a balancing of a number of issues. The pressures of growth, maintaining existing infrastructure, staff resources and the provision of new services are balanced against available funding, the impact on the operating budget and the staff resources to undertake and properly manage the projects.

The proposed 2002 capital budget requests total approximately \$60.4M. As of December 31, 2001, there remains approximately \$77M in approved capital works outstanding from previous years. Capital projects are funded from four main sources: DC's/Reserves, Taxation and Debt. To assist in the development of the annual capital budget, Council has approved a series of fiscal policies. These policies provide a context within which the Capital Budget is developed. The following list summarizes these key financial policy areas:

- 1) Net DC Deficit Reduction Plan;
- 2) Level of Discretionary Reserves;
- 3) Level of Working Capital;
- 4) Level of Debt;
- 5) Level of Funding from Taxation; and
- 6) Requirement for Funds to be on hand prior to Project Approval.

Over the years these policies have had a positive impact on the financial stability of the municipality. Overall finances have improved and are close to the initial targets that were established by Council following the adoption of the Vaughan Vision. The following is a summary of the key financial information/ratios compared to targets set by Council:

	Projected 12/31/2001	Approved Target
Net Development Charge Balance	\$63.9M	N/A
Discretionary Reserves	48.9%	50%
Working Capital	12.4%	10%
Debt Level *	10.2%	10%
Capital from Revenue	\$7.3M	N/A

\* Includes Commitments for OSA & Vaughan Sports Complex

**Long Term Debt**

Projects identified for long-term debt are large projects that have no source of funding other than taxation. The 2002 requests for long term debt financing total \$6.2M.

A municipality may borrow or undertake financial obligations provided that the annual repayment of the debt does not exceed 45% of annual own source revenues.

If Council approves the level of debt proposed in the 2002 Capital Budget, the level of debt will be within the Provincial requirements and the 10% policy set by Council.

Development Charge / Reserves

In reviewing projects submitted to be funded from Development charges, the following guidelines were previously endorsed by Council:

- 1) No service category with a positive balance should be placed into a pre-financing position;
- 2) Service category pre-financing should not be increased;
- 3) Commit no more than 50% of anticipated revenues for any service category that is already pre-financed.

With the exception of Library, Fire Services and Management (Planning) Studies, the 2002 Capital Budget is within these guidelines.

Taxation Funding

The 2001 approved capital from taxation was \$5.5M. There is a proposed increase to \$7.3M in capital from taxation in the proposed 2002 Operating Budget and an additional \$1.2M from previously approved taxation funded projects.

Projects identified for taxation funding are smaller non-growth projects that have no other source of financing, such as maintenance, repairs, traffic signalization, safety issues, technology, etc. Included in the funding from taxation is the 10% requirement under the Development Charges Act (DCA) for certain growth related services (Libraries, Parks and Vehicles).

**Proposed 2002 Operating Budget**

Vaughan is one of the five fastest growing communities in Canada. Since 1995, the population has grown an average of 9% per year. Although this creates an exciting and dynamic community to live and work, it presents a number of unique challenges that are addressed in the proposed operating budget.

The City's Operating Budget is approximately \$120M. Just over half of this budget is funded from property taxes. The balance is funded from a variety of other revenues, the largest of which is user fees. The 2002 operating budget incorporates an estimated \$2.5M budget surplus from 2001 and an estimated revenue of \$4M from Hydro Vaughan Distribution Inc. After factoring in assessment growth of 6.9% and \$2M from the Tax Rate Stabilization Reserve, a 4% increase in the average property tax rate is required. This is equivalent to approximately \$27 for a home in Vaughan assessed at \$250,000.

Lowest Tax Rate

Since 1993 the cumulative impact of inflation was 16.8%. During this eight (8) year period, cumulative tax increases have been limited to 8.4%. Vaughan has managed to beat the impact of inflation by 50%. During this same period Federal and Provincial governments were downloading to the local level. Vaughan has also significantly increased its funding for maintenance and repairs.

Based on Vaughan's Proposed 2002 Operating Budget and comparing against 2001 municipal tax rates in the GTA, Vaughan is expected to once again have the lowest tax rates in the GTA, excluding Toronto.

**Conclusion**

Following the receipt of the public input and discussion, the 2002 Proposed Operating Budget and Capital Budget will be forwarded to a Special Committee of the Whole and a Special Council meeting on March 4, 2002.

**Attachments**

- Attachment 1 – Proposed 2002 Operating Budget
- Attachment 2 – Proposed 2002 Capital Budget
- Attachment 3 – Memorandum of the Fire Chief dated February 15, 2002

(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.)

**52. 2002 OPERATING BUDGET STATUS  
(BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 2, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Corporate Services/Treasurer, dated December 3, 2001, be approved;
- 2) That staff bring forward an Operating Budget that would result in no more than a 3% increase to the average tax rate; and
- 3) That staff provide timelines of the next steps for finalization of the Operating Budget.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer recommends:

That the Operating Budget Presentation be received; and

That the following report be received for information purposes.

**Purpose**

The purpose of the presentation is to provide members of the Budget Sub-Committee with an overview of the operating budget, the issues and next steps.

**Background - Analysis and Options**

The Senior Management Team (SMT) has not completed a review and assessment of the overall operating budget and alternatives to address the issues being faced. Once SMT has reviewed and amended the budget it would be appropriate to have Commissioner/Director meetings with the Budget Sub-Committee. This would be an appropriate way for the Sub-Committee to understand and assess the requests and the implications if funding is not available.

**Conclusion**

The purpose of the presentation is to make the Sub-Committee aware of the issues, facilitate discussion and determine next steps.

**Attachments**

None

**Report prepared by:**

R. Magnifico  
Assistant City Clerk

**53. DEPARTMENT OF RECREATION AND CULTURE 2002/2003 FACILITY RENTAL RATES (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 3, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

- 1) That the recommendation contained in the following report of Director of Recreation and Culture, dated December 3, 2001, be approved; and
- 2) That staff review the rates of user fees taking into consideration the increase to hydro rates, and the cost of other services.

**Report of the Director of Recreation and Culture**

The Director of Recreation and Culture, in consultation with the Administrative Manager, recommends:

That this report be received for information and that Sub-Committee members provide any comments they may have.

**Purpose**

The purpose of this report is to provide Council with the proposed 2002/2003 facility rental rates.

**Background - Analysis and Options**

Each year, staff review the rental rates for all City of Vaughan facilities. The rental rates reflect all permissible facilities in the City of Vaughan including arenas, meeting rooms, pools, sports fields etc. and the associated costs for the various category of users: Community Service Organizations, Vaughan residents, Vaughan commercial and non-Vaughan users (Attachment I).



## **SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

As part of the 2001 operating budget process, a Three Year Rental Rate Schedule, that included proposed rates for the following periods: 2001/2002; 2002/2003; 2003/2004, was presented (Attachment II). At that time only the 2001/2002 rates were adopted and staff were directed to bring forward the 2002/2003 rates during the 2002 budget process. The 2002/2003 proposed rates reflect year two of the three year plan and have been used to develop the 2002 Department of Recreation and Culture's operating budget.

The original three year proposed rental rate schedule was sent to all of the minor sports groups for comment. Although no organization embraces rate increases they were accepted as being fair and reasonable. The organizations appreciated receiving a long term vision to enable them to better plan for their future.

Minor sports organizations base their annual budgets primarily on City of Vaughan rental rates. In order to facilitate the development of their budgets we provide a fee guideline. It is recognized by the minor sports organizations that these fees are not confirmed until the 2002 operating budget is approved by Council.

### **Conclusion**

Traditionally the City of Vaughan rental rates fall mid range when compared to other York Region municipalities. The proposed 2002/2003 rental rates support this position.

Should Council determine that some rental rates require revisions, it will be in the best interest of the Community Service Organizations to do so as soon as possible.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

- 1) 2002/2003 Recreation & Culture Facility Rental Rates
- 2) Recreation & Culture Proposed Three Year Rental Rate Schedule

### **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.)

## **54. 2002 CAPITAL BUDGET (BUDGET SUB-COMMITTEE MEETING OF DECEMBER 3, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 4, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

### **Recommendation**

The Budget Sub-Committee recommends:

That the 2002 Capital Budget be provided by mid January 2002.

**Purpose**

The purpose of this report is to request that the 2002 Capital Budget be provided by mid January 2002.

**Background - Analysis and Options**

At the Budget Sub-Committee meeting of December 3, 2001, the Sub-Committee requested that staff present the 2002 Capital Budget by mid January 2002.

**Conclusion**

As per the Budget-Sub-Committee's request, it is recommended that the 2002 Capital Budget be provided by mid January 2002.

**Attachments**

None

**Report prepared by:**

R. Magnifico  
Assistant City Clerk

**55. 2002 DRAFT OPERATING BUDGET PRESENTATIONS  
(BUDGET SUB-COMMITTEE MEETING OF DECEMBER 12, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 5, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That the recommendation contained in the following report of the Commissioner of Corporate Services/Treasurer, dated December 12, 2001, be approved.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer recommends that the following Departmental Budget presentations be received.

**Purpose**

To receive the Commissioners/Directors presentations on the Departmental 2002 Draft Operating Budget.

**Background - Analysis and Options**

As a part of the 2002 Operating Budget process it was determined that it would be beneficial for the Budget Sub-Committee to receive presentations from departments. The presentations would assist the Budget Sub-Committee in understanding the issues surrounding this year's budget and provide the ability to assess the departmental requests and the implications if funding is not provided.

**Conclusion**

To provide the Budget Sub-Committee with facts and issues surrounding the Departmental Operating Budget.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

Timetable for the December 12<sup>th</sup> Director's Presentations

**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.)

**56. 2002 DRAFT OPERATING BUDGET PRESENTATIONS  
(BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 6, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That the recommendation contained in the following report of the Commissioner of Corporate Services/Treasurer, dated December 19, 2001, be approved.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer recommends that the following Departmental Budget presentations be received.

**Purpose**

To receive the Commissioners/Directors remaining presentations on the Departmental 2002 Draft Operating Budget.

**Background - Analysis and Options**

As a part of the 2002 Operating Budget process it was determined that it would be beneficial for the Budget Sub-Committee to receive presentations from departments. The presentations would assist the Budget Sub-Committee in understanding the issues surrounding this year's budget and provide the ability to assess the departmental requests and the implications if funding is not provided.

**Conclusion**

To provide the Budget Sub-Committee with facts and issues surrounding the Departmental Operating Budget.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

Timetable for the December 19<sup>th</sup> Director's Presentations

**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.)

**57. 2002 CAPITAL BUDGET SUBMISSION  
(BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 7, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That the following recommendation contained in the additional report of the Commissioner of Corporate Services/Treasurer, dated December 19, 2001, be approved:

“That the following 2002 Capital budget report be received for information purposes.”

**Background – Analysis and Options**

At the Budget-Sub-Committee meeting of December 19, 2001, the Commissioner of Corporate Services/Treasurer provided an additional report containing information regarding the 2002 Capital budget for the sub-Committee's information.

**Conclusion**

The Budget Sub-Committee requests that the additional report of the Commissioner of Corporate

**SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

Services/Treasurer, be received for information.

**Attachment** (Not Attached – a copy is available in the office of the City Clerk)

Additional report of the Commissioner of Corporate Services/Treasurer.

**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.)

**58. SPECIAL PROJECTS UNIT  
(BUDGET SUB-COMMITTEE MEETING OF DECEMBER 19, 2001)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 8, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That the request for four fulltime staff for the Special Projects Unit be increased to five and should Council approve such hiring's, the net costs for the additional staff be funded from the Traffic Calming budget.

**Background – Analysis and Options**

At the Budget Sub-Committee meeting of December 19, 2001, the Sub-Committee resolved that the request for four fulltime staff for the Special Projects Unit be increased to five fulltime staff, and that if Council should approve the hiring's, the net cost's for the additional staff be funded from the Traffic Calming budget.

**Conclusion**

In conclusion, the Budget Sub-Committee recommends that the full time staff for the Special Projects be increased to five and that the costs for the additional staff be funded from the Traffic Calming budget.

**Attachments**

None

**Report prepared by:**

R. Magnifico  
Assistant City Clerk

**59. DRAFT 2002 OPERATING BUDGET  
(BUDGET SUB-COMMITTEE MEETING OF JANUARY 16, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 9, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

- 1) That Clause 1 contained in the following report of the Commissioner of Corporate Services/Treasurer, dated January 16, 2002, be approved;
- 2) That the next steps be approved, as follows:
  - a) That a Public Meeting with respect to the 2002 Operating Budget be held on Monday, February 18, 2002 at 8:00 p.m.;
  - b) That a Special Committee of the Whole meeting be held on Monday, March 4, 2002 at +/- 1:00 p.m. for the purposes of discussing the 2002 Operating Budget;
  - c) That a Special Council meeting be held on Monday, March 4, 2002 at +/- 1:00 p.m. to ratify the 2002 Operating Budget;
  - d) That management report on further reductions; and
  - e) That staff be requested to bring forward a detailed report respecting the Keele Valley closure to a Committee of the Whole (Working Session) meeting in February 2002;
- 3) That \$6,000 be included in the 2002 Operating Budget to address staffing requirements at the Gallanough Resource Centre; and
- 4) That the memorandum from the Commissioner of Corporate Services/Treasurer, dated January 11, 2002, be received.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer in consultation with the City Manager recommends:

1. That the following status report be received for information purposes; and
2. That the next steps be confirmed.

**Purpose**

To update the members of the Budget Sub-Committee on the status of the 2002 Operating Budget and to confirm the next steps.

**Background - Analysis and Options**

The report is divided into four (4) sections as follows:

1. Historical Recap
2. Operating Budget Issues in 2002
3. Further Adjustments to the 2002 Operating Budget
4. Next Steps

Each of these are discussed in more detail in the following paragraphs.

**Historical Recap**

The cumulative impact of inflation since 1993 based on the Toronto CPI is 16.8%. The City of Vaughan's property tax rate has increased less than the rate of inflation, only 8.4% over this same period. This is illustrated on Attachment 1. There has also been a steady increase in the overall efficiency of the City. The ratio of budgeted staffing (based on full time equivalents) relative to the City's population has declined steadily since 1995.

These factors and continued management of the City's resources have resulted in Vaughan having the lowest property tax rates in the GTA (excluding the City of Toronto) in 2001 for residential and farm properties.

**Operating Budget Issues in 2002**

There are two (2) important factors influencing the tax rate in the 2002 Operating Budget.

- Servicing Growth
- Inflation

Vaughan continues to be one of the fastest growing cities in Canada. Since 1995 there has been a 56% increase in population, an average of approximately 9% per year. This pace of growth puts a tremendous strain on all municipal services. There is significant pressure on services such as:

- Parks;
- Roads maintenance and winterization;
- Recreational facilities
- Waste management; and
- Fire services.

Not only is there an increase in the cost of providing additional services, the services themselves are costing more as inflation increases costs. The annual increase in the assessment base contributes to funding these increased costs, but it is not always sufficient. The tax rate applied to the assessment base must be indexed or increased to reflect the increased cost of providing services.

The cost to repair and maintain the growing value of the City's infrastructure is increasing. New infrastructure is added and the existing infrastructure is aging.

**Further Adjustments to the 2002 Operating Budget**

Since the last Budget Sub-Committee meeting, staff have been reviewing the budget, refining estimates and following up on issues identified as outstanding. A significant amount of progress has been made in reducing the requirement to increase the property tax rate in 2002. The assessment increase has been increased to 6.92% for 2002; investment income for 2002 now includes an estimate of \$4M from Hydro Vaughan Distribution Inc. There is an increase in property tax revenue from an increased assessment of hydro corridors and a reduction of corporate and contingency expenses.

## **SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

There is also an operating budget surplus from 2001 of \$2.5M anticipated and \$2M from the Mill Rate Stabilization Reserve. There will be sufficient funds in this reserve to fund the budget for one (1) more year. After that point in time alternative permanent funding must be put in place.

With these adjustments a tax increase of approximately 9% would be required. A 1% increase in the property tax rate equates to an increase of \$6.57 for a home assessed at \$250,000. Assuming an average 3% property tax rate increase, the budget must be reduced by an additional \$3.5M. Senior Management is in the process of reviewing and preparing recommendations to further reduce the need to raise taxes.

The City's 2002 Capital Budget also impacts the operating budget. There are limited funds available in the 2002 Operating Budget to fund capital projects (\$5.9M). Management has been reviewing the capital budget submissions with the objective of recommending a capital program that fits within the available funding. Recommendations will be brought forward to the next meeting of the Budget Sub-Committee.

### **Next Steps**

The following next steps are recommended in order to finalize the 2002 Operating Budget. The main steps are as follows:

1. Finalize list of capital projects funded from taxation;
2. Management to report on further reductions;
3. Discuss strategy to address the revenue impact of the closure of Keele Valley;
4. Establish dates for the next Budget Sub-Committee meeting; and
5. Forward to the Committee of the Whole for consideration and submission to a Public Meeting; and
6. Ratification by Council.

The Sub-Committee's input into the next steps is respectfully requested.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

1. Inflation vs. Tax Rate Increases Chart
2. Memorandum from the Commissioner of Corporate Services/Treasurer dated January 11, 2002

(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.)

### **60. DRAFT 2002 CAPITAL BUDGET (BUDGET SUB-COMMITTEE MEETING OF JANUARY 17, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 10, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

### **Recommendation**

The Budget Sub-Committee recommends:



**SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

- 1) That the projects listed on Attachment 3 -“Previously Approved Taxation Funded Projects” not be funded in 2002 with the exception of the following:

- a) Project 5812-0-01, Willis Road and Riverside, and that the \$50,000 from taxation allocated to this project be used for Maxey Park; and
- b) That Project 1008-0-01, Vaughan Now, be reviewed in 2003;

- 2) That the projects listed above the proposed funding line on Attachment 1, “Proposed 2002 Capital Budget” be approved, subject to the following:

City Wide DC – Engineering Services

Project 1421, Applewood Cres Extension – Land Acquisition and Study, be allocated \$1,750,000 in the 2002 Capital budget;

Project 1415, Bathurst Sidewalk/Lights – New Westminster to Centre Street, in the amount of \$130,000 be added to the 2002 Capital budget.

City Wide DC – Parks Development

Project 5925, Graywood Park, be allocated \$50,000 in the 2002 Capital budget for the Park Study.

City Wide DC – Recreation

Project 7966, GA Williams Expansion – Seniors, in the amount of \$1,200,000 be added to the 2002 Capital budget and the source of funding be \$437,000 from development charges and \$763,000 from long term debt;

3. That the following projects listed on Attachment 2, “2002 Proposed Capital Funding – Taxation”, be added to the 2002 Capital Budget, to be funded from taxation:

Project	Description	Amount (\$000's)
7944	Gallanough Park – install walkway lights	75
7945	Heatherton Parkette – install walkway lights	30
7947	Jersey Creek – install walkway lights	160
7969	York Hill Park – install walkway lights	50

and that the remainder of the projects under “Healthy & Safety” be deferred until such time as the needs assessment study has been completed;

4. That the following projects listed on Attachment 2, “2002 Proposed Capital Funding – Taxation”, be added to the 2002 Capital budget, and that the source of funding if feasible be development charges or alternatively staff identify an appropriate source of funding:

Project	Description	Amount (\$000's)
7951	Maple Centre Expansion, Addition to Fitness Centre and Swimming Pool	5,500
7965	Dufferin Clark Centre, Construction of Outdoor Ice Rink	1,750

5. That the monies allocated to Project 7830-0-01 (\$70,000) and an additional \$30,000 be allocated for the design fees and expansion of Project 7977 - Chancellor Community Centre, and that this project be a priority for 2003;

**SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

6. That Project 7978, Thornhill Pool – Reconstruct Building and Replace Equipment, in the amount of \$2,100,000 be added to the 2002 Capital budget and that the source of funding be taxation;
7. That the following projects listed on Attachment 2, “2002 Proposed Capital Funding – Taxation”, be added to the 2002 Capital budget and that the source of funding be taxation:

Project	Description	Amount (\$000's)
5980	Park Planting / Furniture Ward 5	25
5980	Park Planting / Furniture Ward 2	25
5980	Park Planting / Furniture Ward 3	25
5980	Park Planting / Furniture Ward 1	25
5980	Park Planting / Furniture Ward 4	25
5981	Streetscaping Ward 3	40
5981	Streetscaping Ward 4	40
5981	Streetscaping Ward 5	40
5981	Streetscaping Ward 2	40
5981	Streetscaping Ward 1	40

8. That \$1 million be allocated to Technology with \$750,000 to be used for Project 1009, Enterprise GIS, and the remaining funds to be allocated by staff where appropriate, and that the source of funding be \$700,000 from the IT reserve and the source of funding for \$300,000 to be identified by staff;
9. That Project 7974, Rosemount Community Centre – Replace Boiler, in the amount of \$50,000 be added to the 2002 Capital budget funded from taxation;
10. That \$25,000 be allocated in the 2002 Capital budget for the completion of the project with respect to the walkway between Thornhill Public School and Gallanough Park funded from taxation;
11. That staff be requested to meet with MTO and Region of York staff to explore the feasibility of a shared work agreement respecting the clean-up of roadways and ramps;
12. That the next Budget Sub-Committee meeting be held on Monday, January 28, 2002 at 10:00 a.m.; and
13. That the following report of the Commissioner of Corporate Services/Treasurer, dated January 17, 2002, be received.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer in consultation with the City Manager and the Senior Management Team recommend:

1. That the Budget Sub-Committee recommend that the attached 2002 Capital Budget (Attachment 1 and 2) totaling \$48.9M be forwarded to a future Committee of the Whole meeting;
2. That the list of capital projects approved in prior years and included in Attachment 3 not be funded in 2002; and
3. That the next steps be confirmed.

**Purpose**

The purpose of this report is to recommend to the members of the Budget Sub-Committee that the 2002 Capital Budget be forwarded to the Committee of the Whole and to confirm the next steps.

**Background - Analysis and Options**

In recent years Council has approved a significant amount of capital work through the annual capital budget process (2001 \$60.5M, 2000 \$53.2M). Submissions to the 2002 capital budget process totaled approximately \$94M. Two (2) of key determinates in establishing the annual capital budget are the availability of funds and the staff resources to undertake the projects.

Departments have prioritized the projects within each funding source. Finance staff have assessed the availability of funding and established a funding limit within each funding source. Financial policies previously approved by Council have been considered in establishing the funding limits.

With respect to specific funding sources, there are funding issues and constraints in some areas. More specifically taxation funded projects and projects funded from the Engineering (Roads), Fire and Parks Development Charges accounts were a concern.

Staff reviewed the capital budget submissions, particularly those where staff resources and funding were identified as an issue. The result is the Draft 2002 Capital Budget, which is attached. Each funding source has a funding line. Projects above the funding line are prioritized for approval in 2002. Those below the funding line will be reconsidered in the future.

The amount of funding available for taxation-funded projects is \$5.9M from the 2002 operating budget. The projects submitted for taxation funding total \$29M. Staff reviewed the list of taxation-funded requests and identified approximately \$7M in work that must be done. Projects beyond the \$7M would not get funding in 2002. To address the difference between the needs and available funding (\$7M - \$5.9M) staff reviewed taxation projects previously approved in order to identify potential funds. A list of taxation funded capital projects, approved in prior years, that are recommended not to be funded in 2002 is provided as Attachment 3. These projects have generally not been started and were considered a lower priority than the projects recommended for approval in 2002.

**Conclusion**

Staff believes that the attached 2002 Capital Budget can be funded and there are the staff resources to undertake the work. With the adjustment to taxation projects previously approved the funding from the Draft 2002 Operating Budget is sufficient.

As members of the Sub-Committee are aware discussions with respect to the new resource library are ongoing and are therefore not part of this submission.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

- Attachment 1 & 2 - Proposed 2002 Capital Budget
- Attachment 3 – Previously Approved Taxation Funded Projects

(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.)

**61. DRAFT 2002 CAPITAL AND OPERATING BUDGETS  
(BUDGET SUB-COMMITTEE MEETING OF JANUARY 28, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 11, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

- 1) That \$437,000 for the Garnet Williams Fitness Centre Expansion be funded from development charges and the remaining \$763,000 also be funded from development charges as the expansion is growth related, recognizing that \$120,000 taxation co-funding is required, and that this be included in the development charges background study; and  
  
That the project be completed by the end of 2002;
- 2) That the Maple Community Centre Expansion be funded from the Keele Valley Reserve Fund as identified in the staff report (dated January 28, 2002), and monies reallocated as identified in the staff report (dated January 28, 2002), and the balance be included from the updated development charges background study;
- 3) That the CMHC be funded from development charges and included in the capital budget;
- 4) That Project 7965 – Dufferin Clark Centre – Outdoor Rink and Project 7830 – Chancellor Community Centre, be included in the development charges background study and be given priority in 2003;
- 5) That the draft 2002 Budget avoid any further long term debt;
- 6) That the following complement positions be included in the 2002 Operating Budget:
  - Communications Admin. Assistant (from part-time to full-time)
  - 5 By-Law Officers (as discussed and identified previously to be revenue neutral)
  - Director of Budgeting and Long Range Planning
  - Facility Operator
  - Mechanic
  - Parks Supervisor (Evenings)
  - GIS Manager
  - Fire Training Officer
- 7) That the 2002 Operating Budget be a 4% average tax increase and that any available funds go into next year's stabilization account;
- 8) That the reconstruction of the Thornhill Pool be reduced to \$1.6M and the source of funding be taxation;
- 9) That the Commissioner of Corporate Services prepare a budget guideline procedure that will include all capital and operation items that affect the 2003 budget and that this be brought to the Budget Sub-Committee for consideration throughout the year;

- 10) That the following report of the Commissioner of Corporate Services, dated January 28, 2002, be received; and
- 11) That the memorandum from the City Manager, entitled “Additional Information – Current Operating Budget, Senior Management Recommendations on 2002 New Complement Positions”, dated January 28, 2002, be received.

**Report of the Commissioner of Corporate Services**

The Commissioner of Corporate Services in consultation with the City Manager recommends:

1. That the following report be received for information purposes;
2. That the Budget Sub-Committee review the implications of the last changes to the budgets;
3. That direction be provided to staff as to whether or not the Budget Sub-Committee will adopt one of the options contained in this report and if so which option; and
4. That the recommendations of the Budget Sub-Committee be forwarded to the Public meeting on February 18, 2002 at 8:00 PM.

**Purpose**

To report the impact of the changes to the budgets as a result of the January 17, 2002 Budget Sub-Committee meeting and to provide funding options for the consideration of the Sub-Committee.

**Background - Analysis and Options**

During the review of the Draft 2002 Capital Budget, the Budget Sub-Committee made a number of changes to the budget. These changes total \$11,975,000 in capital funding and are summarized on Attachment A. Comments are provided in the following areas:

1. Availability of Capital Funding;
2. Uncertainty of Development Charge Funding; and
3. Other Cost Related Issues.

The report will focus on projects funded from taxation and development charges.

**Availability of Capital Funding**

The changes require an additional \$3,875,000 in taxation funding. Previously \$4.1M had been identified as being required in order to cap the 2002 tax rate at an average increase of 3%. Senior management is committed to addressing the \$4.1M by identifying ways to achieve the savings.

The additions to the capital funded from taxation of \$3,875,000 and other related costs represent a further increase in the tax rate of approximately 6.9%. Therefore without further adjustments a total tax rate increase of 9.9% is required. Options to reduce this are discussed later in the report.

**Uncertainty of Development Charge Funding**

The current development charge (DC) background study identifies various capital projects to service growth over a 10-year period ending in 2007. The list of capital projects does not include the expansion of the Maple Community Centre or the outdoor rink at Dufferin Clark. The Budget Sub-Committee directed staff to include these projects in the update of the DC background study that is currently being undertaken. At this time it is not certain how much could be included, how the timing of construction might impact service levels for development charge purposes and finally if there will be sufficient cash flows to fund the projects.

**Other Cost Related Issues**

Operating Costs - In addition to the issues related to including these projects in the update of the DC study there are operating cost impacts on the City's operating budget when the projects are completed. When the timing of projects is advanced the advancing of operating costs must also be taken into account.

Financing Costs – By financing projects with long term debt the immediate requirement for taxation funds is reduced, however there are annual financing costs that must be paid. To phase-in these costs Council has a policy whereby ½ of the costs are added in the year of approval and the remainder the following year. Provision must be made for these costs, which are in addition to the capital funding referred to earlier.

Repair and Replacement Reserve Contribution – Council recognized that the City had built much of its infrastructure with the use of DC funds. This meant that the tax rate did not reflect the cost to construct the infrastructure. Not only is the amount of infrastructure increasing, but it is also aging. There was no mechanism in place to fund their repair and eventual replacement.

To address this issue a policy was put in place for all new facilities. The policy requires an annual contribution to an infrastructure reserve beginning in the year the project is approved. The purpose of the reserve is to collect funds that earn interest so that funds are on hand when that facility requires major repairs or replacement. Some amounts are therefore required in 2002 to fund the reserve contribution for the new facilities that have just been added.

The costs in 2002 relating to each of the three areas referred to above are listed below.

**Other Related Costs in 2002**

Operating Costs	NIL
Financing Costs	
Garnet A. Williams C.C.	\$50,000
Thornhill Pool	<u>\$106,000</u>
Sub-total	<u>\$156,000</u>
Repair & Replacement Reserve Contribution	
Fire Hall -- Dufferin & 407	\$45,000
Dufferin Clark Rink	\$50,000
Garnet A. Williams C.C. Expansion	\$35,000
Maple C.C. Expansion	<u>\$165,000</u>
Sub-total	<u>\$295,000</u>
Total Other Related Costs	<u>\$451,000</u>

Provided as Attachment C is the estimated 2003 operating budget impact for the new facilities approved by the Budget Sub-Committee. This amount is \$2,096,000. The majority relates to the new fire hall \$750,000 and the new resource library \$800,000.

**Options for Consideration**

As mentioned above the changes to the capital budget require an additional \$3,875,000 from taxation for capital works and \$295,000 for other related costs, totalling \$4,170,000. This total is approximately a 6.9% increase in taxes in addition to the 3% already built into the budget. The following options are for the consideration of the Subcommittee. The main objective of the options is to reduce the impact

## SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002

---

on taxation in 2002 and provide some greater certainty with respect to development charge funding. The impact of each of these Options on the 2002 Operating Budget is provided in Attachment D.

### OPTION 1

Defer at least the following 3 projects:

	DC's (\$000's)	Taxation (\$000's)
1. Maple Community Centre Expansion	\$4,950	\$550
2. Dufferin Clark Centre, Outdoor Rink	\$1,575	\$175
3. Thornhill Pool Reconstruction	\$2,100	\$2,100
Total	\$8,625	\$2,825

With these changes the taxation requirement reduces to approximately \$1.3M. This can be addressed with a 2% tax increase. Since the funding of these specific capital projects will not be required next year this 2% is available to offset budgetary pressures in 2003. This would include such issues as the closure of Keele Valley, changes in the economy and inflation.

The advantage of this option is that the projects would be deferred until the development charge (DC) background study is complete and there would then be certainty with respect to the inclusion of projects 1 and 2 in the DC study and the impact on service levels. The delay in construction would delay the impact of the operating costs and the reserve contribution. This provides the City with certainty of funding and an opportunity to partially address the depletion of the Mill Rate Stabilization Reserve, the closure of the Keele Valley Landfill and other issues currently facing the City.

### OPTION 2

This option looks to fund the taxation component of the major capital projects from sources other than taxation. The following identifies alternative funding sources by major capital project.  
Maple Community Centre Expansion

- Replace taxation co-funding portion with funds from the Keele Valley Reserve, \$550,000
- Fund the \$165,000 in 2002 for the Repair & Replacement Reserve from Keele Valley Reserve
- Transfer \$1.5M from the Vellore Community Centre project to Maple Community Centre expansion

Thornhill Pool Reconstruction

- A review of the design and cost estimates has decreased the budget from \$2.1M to \$1.6M
- Fund with long term debt, \$1.6M

This option reduces the impact on taxation in 2002 by \$2,650,000 to \$1,225,000. This can be achieved with a 2% tax increase. This option allows the facilities to be constructed, but does not defer costs. Although there is a reduction of the tax impact in 2002 the operating costs are not deferred and the repayment of the long-term debt will be funded from taxation. There is some certainty of DC funding with the adjustment to the Vellore Village project which is currently in the DC background study.

### Conclusion

Staff have provided the status of the Draft 2002 Operating and Capital Budgets based on the recommendations of the Budget Sub-Committee to-date. Without implementing Option 1 or Option 2 an average 10% tax increase is required. Adopting either Option 1 or Option 2 would still require a 5% tax increase. A 5% tax increase equals approximately \$35.00 for a home assessed at \$250,000. With a 5% tax increase the City of Vaughan's tax rate would continue to be the lowest in the GTA (outside of Toronto) even when compared to the 2001 tax rates for other municipalities.

## **SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

Attachment A – Summary of Budget Sub-Committee Changes  
Attachment B – 2002 Proposed Capital Funding from Taxation  
Attachment C – New Major Facility Projects, Estimated Additional Operating Costs in 2003  
Attachment D – Operating Budget Status with Options  
Attachment E - Memorandum from the City Manager dated January 28, 2002

(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.)

### **62. DRAFT 2002 CAPITAL AND OPERATING BUDGETS (BUDGET SUB-COMMITTEE MEETING OF JANUARY 29, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 12, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

#### **Recommendation**

The Budget Sub-Committee recommends:

- 1) That the memorandum from the City Manager, entitled "Additional Information – Current Operating Budget, Senior Management Recommendations on 2002 New Complement Positions", dated January 28, 2002, be referred to the next Budget Sub-Committee meeting; and
- 2) That staff bring forward to the next Budget Sub-Committee meeting options to achieve an average increase of 4% in the tax rate for 2002.

**Attachment** (Not attached – a copy is available in the office of the City Clerk)

1. Memorandum from the City Manager dated January 28, 2002

(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.)

### **63. CURRENT OPERATING BUDGET SENIOR MANAGEMENT RECOMMENDATIONS ON 2002 NEW COMPLEMENT (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002) (Referred from Budget Sub-Committee meeting – January 29, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 13, recommendation of March 4, 2002, be approved:



## **SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

---

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

### **Recommendation**

The Budget Sub-Committee recommends:

- 1) That the following new complement positions be included in the 2002 Operating Budget and that staff determine the source of funding:
  - Secretary to the Commissioner of Planning;
  - Senior Activity Costing Analyst; and
  - WEB Developer- Application and Design; and
- 2) That the memorandum from the City Manager, dated January 28, 2002, be received.

**Attachment** (Not Attached – a copy is available in the office of the City Clerk)

1. Memorandum from the City Manager dated January 28, 2002

(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.)

## **64. DRAFT 2002 CAPITAL AND OPERATING BUDGETS (BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 14, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

### **Recommendation**

The Budget Sub-Committee recommends:

- 1) That Clauses 1, 2 and 5 contained in the following report of the Commissioner of Corporate Services/Treasurer, dated February 7, 2002, be approved;
- 2) That the following approach to funding the Reconstruction of the Thornhill Pool be approved:
  1. That staff re-apply to the Ontario Superbuild program indicating a reduced request for Provincial funding; and
  2. That staff investigate and utilize other funding sources such as the Lion's Club and that long term debt only be utilized as a last resort after exploring all options;
- 3) That Option 2 be approved and that the Library Board purchase the land for the new resource library from the City, and in turn the City provide a grant to the Library Board in the same amount;

- 4) That \$110,000 from development charges be allocated for the Father Ermanno Bulfon Community Centre to provide for separate male and female shower areas and that staff investigate the glass partition component of the project and allocate the necessary funds, not to exceed \$30,000, from development charges;
- 5) That a \$1,000,000 commitment over five years for the Bartley Smith Greenway and Granger Greenway be approved and that staff provide a report regarding these initiatives;
- 6) That \$50,000 be allocated to the Bartley Smith Greenway initiative and \$50,000 be allocated to the Granger Greenway initiative for 2002 and that the funds be taken from the Commissioner of Development Services and Public Works budget; and
- 7) That the \$50,000 for the removal of the boulevard adjacent to Thornhill Public School to construct a lay-by lane for the drop off and pick up of children be referred to the Budget Sub-Committee's deliberations for 2003.

**Report of the Commissioner of Corporate Services/Treasurer**

The Commissioner of Corporate Services/Treasurer in consultation with the City Manager and the Senior Management Team recommends:

- 1) That the following report be received for information purposes;
- 2) That subject to any changes at the February 7, 2002 Budget Sub-Committee meeting the City's 2002 Operating Budget, which includes a 4% average tax rate increase and the 2002 Capital Budget be forwarded to the February 18, 2002 public meeting;
- 3) That notwithstanding the previous direction from the Budget Sub-Committee the following approach to funding the Reconstruction of the Thornhill Pool be approved:
  1. With Sub-Committee concurrence, staff will re-apply to the Ontario Superbuild program indicating a reduced request for Provincial funding;
  2. That staff investigate and utilize other funding sources that may be identified prior to utilizing long term debt; and
  3. That only after exploring the above options the net amount of any funding required is financed through long-term debt.
- 4) That the Budget Sub-Committee provides direction to staff with respect to which option is most appropriate to address the Library Boards request for additional funding for the new resource library; and
- 5) That staff be directed to review all taxation funded capital projects that may be under budget and any other potential funding sources in order to fund the co-funding requirements if additional funds are provided for the construction of the resource library.

**Purpose**

This report provides an update to the Budget Sub-Committee since the January 29, 2002 meeting, identifies the fact that the 2002 Operating Budget is now balanced with an average 4% tax increase and provides options with respect to the request from the Library Board for additional funding for the construction of the new resource library.

**Background - Analysis and Options**

At the January 29, 2002 Budget Sub-Committee meeting some changes were made to the draft 2002 Operating and Capital Budgets. These changes are summarized in Attachment 2. The impact of these changes on the draft 2002 Operating Budget are provided on Attachment 1. Attachment 1

**SPECIAL COUNCIL MEETING MINUTES – MARCH 4 2002**

indicates that an additional \$3.9 M in savings is required to be identified in order to cap the 2002 tax rate increase at 4%.

Senior management approached this challenge in two ways. First, to recommend an alternative to taxation for the \$1.6M in financing required for the pool reconstruction and secondly management identified changes to the operating budget to achieve the balance of \$2.3M. The changes to the operating budget represent changes made to departmental budgets across the organization. The changes are summarized below.

	(000's)
	\$
➤ Winter Control, Public Works	300
➤ Spring/Summer/Fall Activities/Roads	50
➤ Solid Waste Collection	215
➤ Line Painting	50
➤ Parks (Winter) Maintenance	150
➤ Tree (Arborist) Maintenance	150
➤ Library Services	150
➤ Financial, Purchasing, Reserves, Budgeting, Human Resources	150
➤ O.M.B. Hearing Fees (Legal & Planning)	300
➤ Buildings and Facilities (General Maintenance Accounts)	300
➤ Recreation (General Accounts)	100
➤ Community Planning/Urban Design/Building Standards	150
➤ Clerk's - Revenue Additional	50
- Salary / Benefits	65
- Computer Software	50
- Postage	70
<b>Total</b>	<b><u>\$2,300</u></b>

With these changes the Operating budget is balanced with a 4% tax rate increase.

At the January 28, 2002 Budget Sub-Committee meeting 5 new by-law officers were added to the budget on the basis that the cost is revenue neutral. Staff has been reviewing the role of the new by-law officers to fully assess the objectives of the positions and the revenue that can be expected. Staff will be bringing forward a report on this matter to a future Budget Sub-Committee meeting.

With respect to the funding for the reconstruction of the Thornhill pool staff will be reapplying to the Superbuild program for Provincial funding. The revised application will reflect the reduced overall cost of the project and a lower request for provincial funding. In addition staff will be investigating other funding sources for the pool and only after exploring these options would long-term debt be used to fund the balance of the project.

**Resource Library**

In 2001 Council approved \$4,552,000 to construct a new resource library. In addition, funds were approved to purchase the necessary lands. The resource library was identified in the DC background study as a growth related facility. As a growth related facility 90% is funded from development charges and 10% must be co-funded from a source other than development charges. The source was identified as taxation.

The amount included in the current DC background study is based on \$174/sq ft to cover all costs. In late 2001 the Library requested an increase in funding based on the design of the building and increased construction costs. The increased cost represents \$265/sq ft. Recognizing that costs have increased since the DC background study was initially prepared, staff indexed the \$174/sq ft to provide an estimate of an updated cost per square foot. The index used was the Statistics Canada Quarterly Construction Price Index, catalogue 62-007, the non-residential building construction price indexes. The indexed amount is \$195/sq ft. The difference between the Libraries request and the indexed cost per square foot represents an additional \$2.5 M, 10% of which would be required from

taxation (\$250,000).

Following a Budget Sub-Committee meeting in January the Library submitted a revised costing to the City. The revised costing uses \$246/sq ft. Based on 26,800 square foot an additional \$2.0 M is required, with 10% co-funding (\$200,000). The Library also provided the option of increasing the size of the Library to 36,000 square feet. If the size of the structure is increased to 36,000 square feet then an additional \$4.3M is required, with 10% co-funding (\$430,000).

It should be noted that there is approximately \$753,000 in the Library Services DC account as at the end of 2001 after taking out the original budget amount for construction and lands acquisition of \$4,685,000 that was previously approved. The original amount was approved to ensure service levels for DC purposes do not deteriorate. Additional funding approvals will put the account into a deficit position.

The DC background study is being reviewed for the purpose of updating the contents. Until an updated DC By-law is approved and the appeal period has elapsed there is no certainty as to what the final amount for library services that can be included in DC rate. Consequently, there is a risk that any additional funds that may be added to the construction budget may not be fully recoverable from DC's. Any shortfall would most likely be funded from taxation and therefore a cautious approach should be taken.

The following methodology may be helpful to the Budget Sub-Committee when considering the Library Boards request.

#### Size of the Resource Library

To increase the size of the library would require a further \$2.3M in addition to the \$2.0M referred to above. Given the substantial difference between the indexed construction costs per square foot (\$195/sq ft) and the cost based on the design of the library (\$246 sq ft) it would seem appropriate that the size of the library **not** be increased from 26,800 to 36,000 square feet. Increasing the amount of space would create greater future uncertainty depending on the cost to construct that is used. It would also create a greater deficit in the account. If the size of the library is not increasing then the exposure is reduced. Based on the differential in the cost per square foot (\$195 - \$246) and the additional square footage (26,800 to 36,000) this uncertainty would be \$500,000.

#### Cost Per Square Considerations

It is reasonable to index the construction costs in the current DC background study and use these new rates. Using the index referred to above the new rate would be \$195/sq ft. There are two options to consider:

- Option 1      Redesign the library to achieve construction costs of \$195/sq ft. This rate would then be used as the average construction cost for library services in the update of the DC background study. This would provide \$563,000 in additional funding to the library. Of this amount \$56,000 is required through co-funding (taxation).
- Option 2      Use \$215/sq ft as the average construction cost in the DC background study for library services. Although this is above the indexed amount, the City's exposure to the amount not yet being approved as part of the DC rate is reduced since the cost per square foot has been reduced. This would provide \$1.1M in additional funding to the library. Of this amount \$110,000 is required through co-funding (taxation).

Regardless which option the Sub-Committee recommends additional taxation funds are required. It is recommended staff review the complete list of all taxation approved capital projects to identify funds to cover the taxation portion of options 1 or 2.

**Conclusion**

If the recommendations are fully adopted the operating budget is balanced and includes a 4% average tax rate increase and a Capital Budget of approximately \$58M.

**Attachments** (Not Attached – a copy is available in the office of the City Clerk)

Attachment 1 – Operating Budget Status

Attachment 2 – Taxation Funded Capital Projects

(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.)

**65. COUNCIL 2002 BUDGET  
(BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 15, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

- 1) That the 2002 budgets for the Mayor and Members of Council remain the same as 2001; and
- 2) That the corporate expenses portion of the Corporate Communications 2002 budget remain the same as 2001 with the exception of the changes to salary and benefits as identified by staff.

**66. EAST VAUGHAN FIRE STATION (PROJECT 3155)  
(BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 16, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That staff report to the next Budget Sub-Committee meeting with respect to Project 3155 on any

monies that can be deferred without impeding the timeline for the construction of the fire station or the purchase of equipment.

**67. PRESENTATION – MS. ADELE FREEMAN AND MR. GARY WILKINS  
WITH RESPECT TO THE BARTLEY SMITH GREENWAY  
AND THE GRANGER GREENWAY  
(BUDGET SUB-COMMITTEE MEETING OF FEBRUARY 7, 2002)**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT the following Special Committee of the Whole, Report No. 17, Item 17, recommendation of March 4, 2002, be approved:

That the following report of the Budget Sub-Committee, dated March 4, 2002, be received, and directions to staff contained therein be confirmed:

CARRIED

**Recommendation**

The Budget Sub-Committee recommends:

That the deputation of Ms. Adele Freeman and Mr. Gary Wilkins, Toronto and Region Conservation Authority, be received.

**68. CONFIRMING BY-LAW**

MOVED by Councillor Di Vona  
seconded by Councillor Ferri

THAT By-law Number 65-2002, being a by-law to confirm the proceedings of Council at its meeting on March 4, 2002, be read a First, Second and Third time and enacted.

CARRIED

**69. ADJOURNMENT**

MOVED by Councillor Di Vona  
seconded by Councillor Kadis

THAT the meeting adjourn at 1:29 p.m.

CARRIED

---

M. Di Biase, Acting Mayor

---

J. D. Leach, City Clerk