



**CITY OF VAUGHAN
SPECIAL COUNCIL MINUTES (1)
FEBRUARY 21, 2005**

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CITY OF VAUGHAN
SPECIAL COUNCIL MEETING (1)
MONDAY, FEBRUARY 21, 2005

MINUTES

+/- 3:30 P.M.

Council convened in the Municipal Council Chambers in Vaughan, Ontario, at 4:33 p.m.

The following members were present:

Mayor Michael Di Biase, Chair
Regional Councillor Mario F. Ferri
Regional Councillor Joyce Frustaglio
Regional Councillor Linda D. Jackson
Councillor Tony Carella
Councillor Bernie Di Vona
Councillor Peter Meffe
Councillor Alan Shefman
Councillor Sandra Yeung Racco

MOVED by Councillor Carella
seconded by Regional Councillor Jackson

That the Rules of Procedure with respect to start time be waived to permit the meeting to commence at 4:33 p.m.

CARRIED

45. CONFIRMATION OF AGENDA

MOVED by Regional Councillor Ferri
seconded by Councillor Shefman

THAT the agenda be confirmed.

CARRIED

46. DISCLOSURE OF INTEREST

There was no disclosure of interest by any member.

47. DETERMINATION OF ITEMS REQUIRING SEPARATE DISCUSSION

The following items were identified for separate discussion:

Referred Item

1

Budget Committee Report No. 3

Items 1, 2, and 9

Budget Committee Recommendation

1

MOVED by Regional Councillor Jackson
seconded by Regional Councillor Frustaglio

THAT Items 1 to 16 of Budget Committee Report No. 3, with the exception of the items identified for separate discussion, BE APPROVED and the recommendations therein be adopted.

CARRIED

48. 2005 OPERATING BUDGET – VAUGHAN PUBLIC LIBRARY BOARD

(Referred from the Budget Committee Meeting of January 31, 2005)

MOVED by Councillor Di Vona
seconded by Regional Councillor Ferri

That the Vaughan Public Library Board reduce their 2005 Operating Budget by \$130,000; and

That the resulting shortfall of \$220,000 to the City's final 2005 Operating Budget be allocated from contingencies.

CARRIED

The Budget Committee, at its meeting of January 31, 2005, recommended the following:

- 1) That the request for Vaughan Public Libraries to reduce their 2005 operating budget by \$350,000 be referred to the Special Council meeting of February 21, 2005; and
- 2) That the correspondence from Ms. Eileen Burrell, Chair, Vaughan Public Library Board, 900 Clark Avenue West, Vaughan, L4J 8C1, dated January 25, 2005, be received.

Attachments

Correspondence from Ms. Eileen Burrell, Chair, Vaughan Public Library Board.

(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.)

49. CONSIDERATION OF ITEMS REQUIRING SEPARATE DISCUSSION

BUDGET COMMITTEE REPORT NO. 3

(Refer to Committee Report for complete recommendations and documentation on all Committee items.)

ITEM - 1 SUPPLEMENTARY REPORT ON FALSE FIRE ALARM CHARGES

MOVED by Regional Councillor Jackson
seconded by Councillor Yeung Racco

THAT Item 1, Budget Committee Report No. 3 be adopted and amended, as follows:

By receiving the memorandum from the Fire Chief, dated February 18, 2005.

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Voting upon the motion was split as follows:

Upon the question of Clause 2 of the recommendation:

CARRIED

Upon the question of Clauses 1, 3, 4, and 5:

CARRIED

ITEM - 2 SUPPLEMENTARY REPORT ON PUBLIC ACCESS
DEFIBRILLATION PROGRAM

MOVED by Councillor Di Vona
seconded by Councillor Carella

THAT Item 2, Budget Committee Report No. 3 be adopted and amended, as follows:

By receiving the memorandum from the Fire Chief, dated February 18, 2005.

CARRIED

ITEM - 9 2005 DRAFT OPERATING BUDGET

MOVED by Councillor Carella
seconded by Regional Councillor Jackson

THAT Item 9, Budget Committee Report No. 3 be adopted without amendment.

CARRIED

50. 2005 OPERATING AND CAPITAL BUDGETS

MOVED by Councillor Di Vona
seconded by Councillor Carella

That the recommendation contained in the following report of the Budget Committee, dated February 21, 2005, be approved:

CARRIED UNANIMOUSLY UPON A RECORDED VOTE

YEAS

NAYS

Councillor Carella
Mayor Di Biase
Councillor Di Vona
Regional Councillor Ferri
Regional Councillor Frustaglio
Regional Councillor Jackson
Councillor Meffe
Councillor Yeung Racco
Councillor Shefman

Recommendation

The Budget Committee recommends:

- 1) That the following report be received; and
- 2) That the 2005 Operating Budget of \$158.5m, representing a 6.9% average tax rate increase or approximately a \$51 increase in municipal property taxes to a home assessed at \$319,970, be approved; and
- 3) That the 2005 Capital Budget of \$132.3m be approved.

Purpose

The purpose of this Special Council Meeting is to obtain approval of the updated 2005 Operating and Capital Budgets.

Background - Analysis and Options

Background

In its deliberations over the last several months, the Budget Committee and Special Committee of the Whole (Budget) has approved numerous recommendations to reduce the tax rate increase from the original operating budget presented to the Committee. On January 24, 2005 a public budget meeting was advertised and held in the evening to obtain input from the public.

The list of recommendations approved to reduce the tax rate increase included significantly reducing the new complement requests and reducing other controllable requests, increasing recreation user fees and planning application fees, increased by-law revenue and investment income, reduced vehicle reserve contributions, a reduction in the funds requested by the Vaughan Public Library Board, as well as many other changes throughout City departments.

The attached 2005 Operating and Capital Budgets incorporate all of the approved Budget Committee and Special Committee of the Whole (Budget) recommendations. The result is a 2005 Operating Budget of \$158.5m, representing a 6.9% average tax rate increase or approximately a \$51 increase in municipal property taxes to a home assessed at \$319,970 in Vaughan, and a 2005 Capital Budget of \$132.3m.

Factors Impacting the City's Tax Rate

It is not one or two specific factors that impact the city's budget. There are a variety of factors including increased service contract costs for waste and winter control, increased cost for fire protection, community centres and Libraries, insurance costs, interest rates and increased maintenance costs for an aging infrastructure. These factors are accentuated in high growth municipalities like Vaughan and other municipalities within the GTA. All of these factors are reoccurring in nature and therefore require permanent funding sources so that services to the public are sustainable in the long term.

In any given year, these factors can exert significant cost pressures on the City's operating budget. The City's Operating Budget is funded from two (2) main sources, taxation and user fees. Taxation represents approximately 52% of the funding and is a stable and permanent source of funding. User fees on the other hand are more susceptible to general economic conditions. In 2005, an \$800,000 increase in costs requires a 1% increase in property taxes.

Assessment Growth Does Not Cover All Cost Increases

Each year there is additional residential, commercial and industrial development in the City generating additional tax revenues. However, these additional tax revenues are offset by additional costs incurred to service that associated growth i.e. additional services and new facilities. These additional costs include waste collection, winter control, fire protection, recreation, parks and library services.

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The additional assessment growth revenue does not cover the cost increases for a variety of reasons as cited below for the Committee's reference.

- Without a tax rate increase, new homes and business would be billed at the prior years tax rate. The prior years rate has not taken into account the year over year increase in costs. The tax rate must therefore be adjusted to reflect the updated cost of providing services.
- The development industry, through development charges, has funded the initial capital cost of growth infrastructure such as roads, fire halls, libraries and community centres. Since the original infrastructure was not funded from taxation the funding provision required for the major infrastructure repair and replacement of this growth related infrastructure is not built into the existing tax rate and therefore the tax rate must be increased to fund the repair and replacement as the infrastructure ages.
- A further compounding issue is that services are sometimes put in place prior to all the homes and businesses that will eventually be served, being built. This impact is more pronounced in a high growth municipality where the need to put facilities in place in advance is greater. For example, this can be the case with fire and rescue services.
- Taxation funding, including revenues from increased assessment growth historically represents approximately 55% of municipal funding. Therefore additional funding from user fees or an increase in the tax rate is required to cover the full cost of all services.

Assessment growth revenue alone is insufficient to fund the increased cost of providing services to the residents.

Good Value for Your Property Tax Dollar

The City of Vaughan is also responsible for the billing and collection of the property tax requirements for York Region and the School Boards. Based on 2004 assessment only 22% of your residential property tax bill and only 11% of the commercial/industrial property taxes were retained for City of Vaughan purposes. Conversely 78% of your residential property taxes and 89% of your commercial property taxes are forwarded for York Region and Provincial Education purposes.

With that limited share of the total property taxes remaining in Vaughan, Vaughan has achieved the following:

- Providing a wide range of services
- Cumulative tax rate increases below inflation
- Cost Effective Services
- Lowest residential tax rate in the GTA (outside of Toronto)
- Annual Operating Budget Surpluses

Based on the Proposed 2005 Operating Budget, a Vaughan home assessed at \$319,970 would remit \$788.03 to cover the cost of Vaughan services, including services such as fire protection, waste collection, winter control, libraries and recreation facilities.

Cost Per House Hold for Residential Property Assessed at \$319,970

Major City Services

Fire & Rescue & Emergency Management Services	\$208.69
Public Works	\$132.82
Vaughan Public Libraries	\$83.43
Waste Management	\$81.92
Recreation	\$78.67
Parks Design, Maintenance and Construction	\$74.35
Buildings and Facilities	\$69.17

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Corporate Infrastructure Reserve	\$20.75
Corporate and Development	<u>\$38.23</u>
Total	<u>\$788.03</u>

The \$788 in property taxes for all the services provided by the City of Vaughan is comparable to the annual cost of hydro, natural gas and cable TV.

Operating and Capital Budget Highlights

The City's Operating Budget is approximately \$158.5m (Attachment 1) and the Capital Budget is \$132.3m (Attachment 2). Inherent in these budgets are cost pressures from growth, inflation, repair and replacement of aging infrastructure and the construction of new infrastructure to service growth.

The Operating Budget highlights are as follows:

- Total Operating Budget of \$158.5m
- \$799,272 equals a 1% tax rate increase
- Assessment Growth 5.32% (2004 4.56%)
- \$2.5M Surplus carried forward from 2004
- \$8.8M from Tax Rate Stabilization Reserve
- \$0.5M from the Planning Reserve
- Planning & Committee of Adjustment Fee Increases – Full cost recovery
- Increased Pesticide Free on Public Lands in all Wards
- Increased Recreation User Fees
- Full Firefighter staffing for Station 7-9
- New Vellore CC Opening
- Full year of new Pierre Berton Resource Library
- Increased Blvd. Interlock Repair
- Increased Gravel Resurfacing

The following Capital Budget highlights provide an overview of what is contained in the Capital Budget.

- 125 New Capital Projects
- \$104.3M Increase in New infrastructure
- 28.0M allocated to Repairs, Maintenance and Improvements to existing infrastructure
 - Parks
 - 10.5 Hectares of New Parks
 - Avondale District Park
 - 5 Neighborhood Parks and 2 Parkettes
 - Facilities
 - Dufferin Clark Community Centre Expansion & Outdoor Rink
 - City Hall
 - Construction Fire Hall 7-9
 - Engineering Services
 - 31.7 km of Road Construction
 - 11.3 km of Sidewalks
 - 15.2 km of Streetlights
 - 4.6 km of Watermains

Results of the 2005 Operating and Capital Budgets

The attached 2005 Operating Budget includes a net increase in the taxation funding requirement of \$5.5m which equates to a 6.9% average tax rate increase or \$51 for a household in Vaughan assessed at \$319,970. The proposed 6.9% average tax rate increase can be broken down as follows:

	Rate % inc	\$320k home \$ impact
Fire & Rescue Services/Emergency Mgmt	2.3%	\$16.65
Vaughan Public Libraries	0.7%	\$5.33
General Municipal Services	<u>3.9%</u>	<u>\$28.88</u>
Total	6.9%	\$50.86

This breakdown reveals that general municipal services which include snow removal, waste collection, recreation facilities, parks, building and facilities maintenance and administration account for 3.9% of the tax rate increase or approximately \$29 of the \$51 increase. The remainder of the tax rate increase is related to fire protection and libraries and accounts for 3.0% of the tax rate increase or \$22. With this \$51 increase, a \$319,970 home in Vaughan will remit \$788 to cover the cost of services provided by Vaughan.

The Capital Budget is \$132.3m, with funding sources of \$25.0m from development charges, \$8.2m from Reserves, taxation funded projects of \$7.4m, long term debt of \$12.7m and the City Hall funding plan \$79.0m.

Utilization of One-Time Subsidies

The 6.9% average tax rate percentage increase in the 2005 Operating Budget represents the net taxation requirement to address the current 2005 Operating Budget issues. It does not eliminate the need for one-time subsidies.

The 6.9% average tax rate percentage increase assumes the continued utilization of \$11.8 million in one-time subsidies and prior year surplus carryover to assist in balancing the operating budget. This is the same level as utilized in the 2004 Operating Budget. It is important to note that the utilization of one-time subsidies is not sustainable and not a permanent source of funding.

A list of the one-time subsidies utilized in the Operating Budget is provided below for the Special Council's information. As mentioned above, one-time subsidies of \$11.8 million is required in order to achieve the 6.9% average tax rate increase.

	<u>2004</u>	<u>2005</u>
Prior Year Surplus Carryforward	\$2.5m	\$2.5m
Tax Rate Stabilization Reserve Transfer	\$2.7m	\$8.8m
Building Permit Reserve Transfer	\$0.9m	-
Hydro Vaughan Holdings Transfer/Loan	\$5.7m	-
Planning Fee Reserve	-	<u>\$0.5m</u>
Total One-time Subsidies	\$11.8m	\$11.8m

Assuming that the City continues to have an annual surplus of approximately \$2.5M, a further \$8.8M is required annually to balance the operating budget. This level of subsidy is not sustainable. As at December 31, 2004, the Tax Rate Stabilization Reserve had a balance of approximately \$12.0M. This balance would be reduced by \$8.8M in 2005 leaving a balance of \$3.2M for future years.

Relationship to Vaughan Vision

The 2005 Operating and Capital Budgets provide the funding for the City services in 2005.

Conclusion

The attached 2005 Operating and Capital Budgets incorporate all of the Budget Committee and Special Committee of the Whole recommendations. The Budget Committee recommends approval of the 2005 Operating and Capital Budgets. Although other municipalities have not finalized their 2005 Budget deliberations, it is expected that Vaughan will continue to have the lowest residential tax rate in the GTA, outside of Toronto.

Attachments

Attachment 1 – Proposed 2005 Operating Budget
Attachment 2 – Proposed 2005 Capital Budget

(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.)

51 CONFIRMING BY-LAW

MOVED by Regional Councillor Ferri
seconded by Councillor Carella

THAT By-law Number 53-2005, being a by-law to confirm the proceedings of Council at its meeting on February 21, 2005, be read a First, Second and Third time and enacted.

CARRIED

52 ADJOURNMENT

MOVED by Councillor Carella
seconded by Regional Councillor Jackson

THAT the meeting adjourn at 5:52 p.m.

CARRIED

Michael Di Biase, Mayor

J. D. Leach, City Clerk