



**CITY OF VAUGHAN  
SPECIAL COUNCIL MINUTES  
JANUARY 24, 2006**

**Table of Contents**

<b><u>Minute No.</u></b>		<b><u>Page No.</u></b>
20.	CONFIRMATION OF AGENDA .....	23
21.	DISCLOSURE OF INTEREST .....	23
22.	PROPOSED 2006 OPERATING AND CAPITAL BUDGETS.....	23
23.	USER FEES AND SERVICE LEVEL REVIEW (Referred from the Council meeting of December 12, 2005).....	31
24.	RECREATION & CULTURE USER FEE AND PRICING POLICY (Referred from the Council meeting of December 12, 2005).....	33
25.	CONFIRMING BY-LAW .....	40
26.	ADJOURNMENT.....	40



**CITY OF VAUGHAN**  
**SPECIAL COUNCIL MEETING**  
**TUESDAY, JANUARY 24, 2006**

**MINUTES**

**7:00 P.M.**

Council convened in the Municipal Council Chambers in Vaughan, Ontario, at 7:10 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

**20. CONFIRMATION OF AGENDA**

MOVED by Councillor Carella  
seconded by Councillor Di Vona

THAT the agenda be confirmed.

CARRIED

**21. DISCLOSURE OF INTEREST**

There was no disclosure of interest by any member.

**22. PROPOSED 2006 OPERATING AND CAPITAL BUDGETS**

MOVED by Councillor Di Vona  
seconded by Councillor Meffe

- 1) That the recommendation contained in the following report of the Budget Committee, dated January 24, 2006, be approved;
- 2) That in accordance with the reference in this report, that suggests maintaining a higher level of service beyond Provincial Minimum Standards, that staff conduct a review of the road salting levels to look at returning to the higher level of service previously exercised, and that staff ensure that this does not affect the tax levels approved by Council for 2006;
- 3) That the following deputations and written submissions be received:
  - a) Mr. Levant Tinaz, 27 Broomlands Drive, Maple, L6A 2K2, and written submission dated January 24, 2006;
  - b) Mr. David Carazza, The Vaughan Panthers Hockey Association;
  - c) Ms. Stephanie Sher, 233 Sassafras Circle, Thornhill, L4J 8M6;

- d) Mr. Paul DeBuono, Vaughan Watch Inc., 9983 Keele Street, Vaughan, L6A 3Y5, and written submission dated January 20, 2006; and
  - e) Mr. Dirk Drueberg, 55 Kinloch Crescent, Maple, L6A 2E9; and
- 4) That the written submission from Mr. Gino Ruffolo, 149 Fieldgate Drive, Vaughan, L6A 1K4, dated January 20, 2006, be received.

CARRIED

**Recommendation**

The Budget Committee recommends:

- 1) That the following report and presentation on the Proposed 2006 Operating and Capital Budgets be received;
- 2) That the deputations from the public be received; and
- 3) That the Proposed 2006 Operating and Capital Budgets be approved subject to any changes as a result of public input.

**Purpose**

The purpose of the public meeting is to obtain public input and to provide the public with an overview of the Proposed 2006 Operating and Capital Budgets; the major issues the municipality is facing and the impact on taxes to an average household in Vaughan.

**Economic Impact**

The Proposed 2006 Operating Budget includes a net increase in the taxation funding requirement of \$6.1m which equates to a 3.5% overall average budgeted tax rate increase.

Due to a favourable residential assessment shift, the residential tax rate increase will only be 3.2% which equates to approximately \$31 for a household in Vaughan assessed at \$412,070.

**Background - Analysis and Options**

**Overview**

The City of Vaughan continues to be subject to the many factors that put significant pressure on the property tax rate. It is not one or two specific factors that impact the City's budget. There are a variety of factors including increased costs for external service contracts for waste and winter control, increased cost for fire protection, community centres and Libraries, insurance costs and increased maintenance costs for an aging infrastructure. In addition to costs, budgets are impacted by fluctuating revenues as a result of economic and other issues. Declining revenues is a significant issue for Vaughan in the 2006 budget. These factors are accentuated in high growth municipalities like Vaughan and other municipalities within the GTA. These funding issues are often reoccurring and therefore require a permanent funding solution. This is important so that services to the public are sustainable in the long term. These pressures present significant challenges if the City is to achieve a balanced budget and keep the tax increase to a minimum. The three main challenges in achieving these objectives for 2006 were the impacts of significantly reduced development revenues, the full year implication of Bill 124, Provincial legislation that came into effect in 2005 and the settlement of the Fire Services collective agreement.

The City's Operating Budget is funded from two (2) main external sources, taxation and user fees. Taxation represents approximately 59% 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 2006, a \$950,000 net change in the City's operating budget equates to a 1% change in the property tax rate.

**Minimizing the Property Tax Increase**

Council continuously strives to find opportunities to reduce Vaughan's tax burden, distribute that tax burden fairly across the property owners in Vaughan and provide services in an efficient and effective manner. This often requires challenging the status quo, working with other levels of government and introducing new processes. Examples of such initiatives include the following:

- Continuing to take the position that growth should pay for growth, (Status - ongoing and an example is the significant increase in Planning fees);
- Requesting that the Province assess the "407" and future "for-profit" toll roads so that they can pay their fair share of the tax burden, (Status - unsuccessful);
- Working with the Province to amend legislation to provide authority to increase the tax ratios and then convincing the Region of York to increase the ratios. This increased the tax burden that is paid by the business community and reduced the residential tax burden, (Status - successful);
- Requesting the Province eliminate GTA Pooling. GTA Pooling is the process of collecting property tax dollars in the 905 area to be given to fund social services in the City of Toronto. GTA Pooling is York Regions second largest expense next to Policing. Vaughan believes that social services are important, however they should not be funded through property taxes, (Status - ongoing);
- Requesting that the Province phase out GTA Pooling with the re-writing of the City of Toronto Act, (Status - ongoing).

**Meeting the Challenges of 2006**

Council and staff work together to ensure that property tax owners receive value for their property tax dollars. This fundamental philosophy is inherent in the budget process, and 2006 is no exception. The budget process must balance the pressures of cost increases, the provision of services and fluctuating revenues against the pressure to provide levels of service that are sustainable and tax rate and user fee increases that are reasonable. The following specific actions were undertaken early in 2005 in preparation for budget deliberations.

- Strict Budget Guidelines Issued
- Performance Measurement Initiative
- Service Review Undertaken
- User Fee Review Undertaken

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

- The Budget Committee approved strict budget guidelines. The guidelines permitted budgetary increases where services were expanded to service growth, to meet contractual obligations and costs that are not within the direct control of the municipality. Generally controllable costs were frozen. Staff undertook a comprehensive analysis of the 2006 budget expenditures to ensure a minimal budgetary impact on the tax rate for 2006. Staff approached this analysis in 3 different ways as noted below and detailed in Attachment 4:
  - 1) Major Departmental Increases: 85% of the departmental expenditure increase resides within 6 departments; these departments' increases were analysed and were within the parameters of the Council approved budget guidelines.
  - 2) Specific Expenditure Types: 8 expenditure types were previously specifically identified by the Budget Committee to be compared to the prior year base budget.

These were advertising, computer hdwr/soft, cellular, office equipment and supplies, overtime, part time, and professional fees. These expenditure types were analysed and were within the parameters of the Council approved budget guidelines.

- 3) Overall Reasonability Test: A reasonability test of the overall percentage increase in departmental expenditures net of approved increases as per the budget guidelines was performed. The result was no net increase outside of the approved increases as per the Council approved budget guidelines.

This comprehensive budget expenditure analysis demonstrated that expenditures are under control and met the strict budget criteria as set out by Council.

- Undertaking a performance measurement initiative. The objective of the initiative was to gather data and develop performance measures to facilitate a fact based discussion with respect to the efficient delivery of selected City services. The results would provide evidence based information from which to make decisions around productivity, service levels and resource allocation.

This initiative was focused on the main tax supported services, such as Public Works, Recreation, Building and Facilities and Parks, etc. As presented to the Budget Committee on October 28, 2005 the key finding of this initiative were:

- Staff productivity in absorbing increasing volumes as the City grows;
- Demonstrable improvement in efficiency/productivity for a number of tax supported services
- Need to improve data collection processes in certain areas

In summary, the performance measurement initiative demonstrated a trend of improved efficiency.

- Council initiated a process whereby staff were to review the services that are provided by the City. Services were categorized as either mandated through legislation or regulations, essential to the operation of the municipality or value added. The purpose of the review was to provide information and facilitate budget deliberations around the allocation and re-allocation of limited resources.

The Budget Committee reviewed the following value added services currently provided by the roads department to the residents of Vaughan:

- 1) Plowing roads in excess of the Provincial Minimum Standards of 8-10cm on Class 3, 4, & 5 roads, with no accumulation limit on some of the smaller cul-de-sacs (Class 6)
- 2) Maintaining roads in a bare pavement condition in excess of the Provincial Minimum Standards for secondary roads. (i.e. salt application on secondary roads).
- 3) Maintaining full scale public sidewalks plowing and salting notwithstanding there is a By-Law requiring residents to maintain the public sidewalk to be free of ice and snow.
- 4) Providing residential windrow driveway snow clearing during snow plowing operations even though this service is not offered by most other municipalities.

The result of this initiative was to continue to maintain the higher level of service to residents by plowing roads in excess of the Provincial Minimum Standards, full scale public sidewalks plowing and salting, and to continue providing residential windrow driveway snow clearing during snow ploughing operations. The only recommended change was to now maintain

roads in a bare pavement condition that meets the Provincial Minimum Standards for secondary roads through reduced salt application.

A services review will be an ongoing aspect of the budget process as each year decisions regarding the allocation of limited resources is required.

- Undertook a general user fee review to ensure the relationship between user fees and the cost of providing the service is maintained. The objective was to maintain the balance between funding through user fees and the general tax rate. Where there is a user fee, that fee should be adjusted annually to reflect changes in the cost of delivering the service. If the cost of delivery increases and the user fee does not increase, by default there is a need to raise the property tax rate. With this concept in mind, staff undertook a review of all existing user fees and assessed opportunities for new fees. The results of the user fees review, including a user fee policy for recreation are included in separate reports in today's agenda.

The City of Vaughan, with the support of Council, continues to aggressively meet the challenges that put pressure to increase property taxes. The initiatives above demonstrate effective financial management of the City operations. Council and staff will continue to seek opportunities to minimize property tax rate increases while providing value to the residents of Vaughan.

#### **2006 is a Re-Assessment Year**

Property values were last assessed and updated by the Municipal Property Assessment Corporation (MPAC) in 2003. MPAC has recently completed a re-assessment that will be used as the basis for the 2006 property tax billing. On average, residential properties in Vaughan increased by 11.7% as a result of the re-assessment. Re-assessment must be revenue neutral from the municipalities' perspective. Under Provincial legislation when there is a net increase in property values as a result of a re-assessment the City must lower its tax rate so that the amount of tax revenue that the City generates before and after the re-assessment are equal.

A re-assessment updates property values for existing homes and businesses based on their current market value. The effect of a re-assessment is to adjust property values which in turn shifts the tax burden amongst the various property owners, however as stated above there is no net increase in revenue generated for the City. As a "rule of thumb" your property taxes will be lower if the assessment increase of your property is less than the average increase across the City. Conversely, your taxes will increase if your assessment increased by more than the average.

#### **Assessment Growth Does Not Cover All Cost Increases**

Different from the re-assessment of existing properties is the growth in the assessment base as a result of new homes and businesses. 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 the new growth. These additional costs include waste collection, road maintenance and winter control, fire protection, recreation, parks and library services.

In addition, although assessment growth generates additional revenue, tax increases are still required. An explanation is provided in the following paragraphs:

- Without a tax rate increase, homes and business would be billed at the prior year's tax rate. The prior year's rate does not take into account the year over year increase in costs and other factors impacting the City's operations. The tax rate must therefore be adjusted annually to take inflation and other changes into account.
- 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, there is no funding provision for the

repair and replacement of this growth related infrastructure in the base tax rate. Therefore the tax rate must be increased to fund the repair and replacement as the infrastructure ages. The impact of this increases as the City grows and the amount of infrastructure being built increases.

- A further compounding issue is when services are provided before all the homes and businesses that will eventually use the service are 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.
- Historically taxation funding, including revenues from increased assessment growth represent approximately 55% of municipal funding. Therefore if user fees and other revenues don't keep pace an increase in the tax rate is required to cover the shortfall.

Revenue from assessment growth reduces the requirement to increase taxes, but will not eliminate a tax rate increase.

### **Operating Budget Summary**

The City's Proposed Operating Budget is approximately \$167.6m (Attachment 1). Inherent in these budgets are cost pressures from growth, inflation, repair and replacement of aging infrastructure and reduced revenues in certain areas.

The Operating Budget highlights are as follows:

- Total Operating Budget of \$167.6m
- \$948,845 equals a 1% tax rate increase
- Assessment Growth 3.05% (2005 5.32%)
- \$2.5M Surplus carried forward from 2004
- \$4.0M from Tax Rate Stabilization Reserve
- \$0.5M from the Planning Reserve
- Full year impact of Provincial legislation, Bill 124, (-\$3.1m)
- Decline in development activity and associated revenues, (- \$0.9m)
- Roll out of Citizen Information Center – Access Vaughan
- Developed a comprehensive Recreation User Fee Policy that relates the fee structure to different types of service
- User Fees adjusted to reflect cost increases
- Firefighter Collective Agreement Settled
- Full Year Operation of the Vellore Village Community Centre and Chancellor Park CC Expansion

In addition, included in the Proposed 2006 Operating Budget is the continued utilization of one-time reserve subsidies of \$4.0m from the tax rate stabilization reserve and \$0.5m from the Planning Reserve. The increase in the utilization of the tax rate stabilization reserve from the 2005 level of \$2.2m is primarily due to the decline in planning application revenue and the full year impact of provincial legislation on building permit revenue, Bill 124. In an earlier report, the Planning department indicated that the decline in planning revenue was short term in nature. This level of reserve funding is not sustainable and is in addition to the \$2.5 carried forward from the 2005 surplus.

### **Results of the Proposed 2006 Operating Budget**

The Proposed 2006 Operating Budget includes a net increase in the taxation funding requirement of \$6.1m which equates to a 3.5% overall average budgeted tax rate increase, with a residential tax rate increase of 3.2% which equates to approximately \$31 for a household in Vaughan assessed at \$412,070. Although the average tax increase across all property classes is 3.5%, the tax increase for the residential property class is slightly less. The reason for the difference is a small shift in the weighting of Commercial/Industrial assessment vs. residential assessment. The Commercial/Industrial



## SPECIAL COUNCIL MEETING MINUTES – JANUARY 24, 2006

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property classes grow proportionally more so they take more of the tax burden. This means that the City can have a lower rate increase for residential property owners. The proposed residential tax rate increase of 3.2% can be broken down as follows:

	% inc	avg \$ impact
Fire & Rescue Services/Emergency Mgmt	1.3%	\$12.73
Vaughan Public Libraries	0.2%	\$1.96
Development Revenue Decline & Bill 124	4.0%	\$39.16
Remaining Municipal Services	<u>(2.3%)</u>	<u>(\$22.99)</u>
Total	3.2%	\$30.86

The tax rate increase relating to fire protection results from the fire services collective agreement settlement and accounts for 1.3% of the 3.2% residential tax rate increase. The largest single reason for the 3.2% residential tax rate increase is due to the reduction in revenue resulting from the impact of provincial legislation, Bill 124, on building permits and anticipated reduced volume in planning applications. The combination of these 2 areas increases the tax rate by 4.0% or \$39.16 per household. The remaining municipal services which include snow removal, waste collection, recreation facilities, parks, building and facilities maintenance and administration offset the increases with a 2.3% tax rate decrease or approximately a \$22.99 reduction per household. With this \$30.86 increase, a \$412,070 home in Vaughan will remit \$1009.56 to cover the cost of services provided by Vaughan.

### **Good Value for Your Property Tax Dollar**

The City of Vaughan is responsible for the billing and collection of the property tax requirements of York Region and the Province for education purposes. Of your total property tax bill only 25% goes to the City of Vaughan. The majority, 75% of your residential property taxes are forwarded to York Region and Provincial.

The 2005 Property Tax Rate Chart, (Attachment 3), compares Vaughan's tax rate to other municipalities in the GTA and indicates that Vaughan's residential tax rate is one of the lowest in the GTA, outside of Toronto.

Although other municipalities have not finalized their 2006 Budget deliberations, it is expected that Vaughan will continue to have one of the lowest residential tax rates in the GTA, outside of Toronto.

With only a 25% share of your property taxes going to the City of Vaughan, Vaughan has achieved the following:

- Providing a wide range of services from Fire & Rescue, Roads, Waste Collection, Recreation, Library, etc.
- Cumulative tax rate increases since 1993 that approximate inflation
- Cost Effective Services
- One of the lowest residential tax rates in the GTA (outside of Toronto)

Based on the Proposed 2006 Operating Budget, a Vaughan home assessed at \$412,070 would remit \$1,010 to cover the cost of all the services provided by the City of Vaughan. The following Table illustrates the cost of service based on the average assessed home in Vaughan.

### **Cost Per Household for Residential Property Assessed at \$412,070**

#### Major City Services

Fire & Rescue & Emergency Management Services	\$267.10
Public Works & Roads Operations	\$191.74
Recreation	\$108.35
Vaughan Public Libraries	\$ 99.18
Corporate and Development	\$ 88.74
Parks Design, Maintenance and Construction	\$ 87.86

## SPECIAL COUNCIL MEETING MINUTES – JANUARY 24, 2006

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Waste Management	\$ 81.40
Buildings and Facilities	\$ 62.08
Corporate Infrastructure Reserve	\$ 23.13
Total	<u>\$1,009.56</u>

The \$1,010 in property taxes for all the services provided by the City of Vaughan compares favourably to the annual cost of hydro and natural gas.

### **Capital Budget Summary**

The Proposed Capital Budget is \$48.3 M (Attachment 2). A financial policy based approach approved by Council was used in the preparation of this capital budget. Pressures of growth and maintaining existing infrastructure were balanced against available funding, the impact on the operating budget, the staff resources to undertake and properly manage the capital projects and the impact the funding requirements would have on the overall financial position of the City.

The following Capital Budget highlights provide an over view of what is contained in the Capital Budget:

- 124 New Capital Projects
- \$22.8M in New Infrastructure
  - 2 Neighbourhood Parks ( 4.4 Hectares)
  - Green Bin Organic Recycling Initiative
  - Servicing for the additional Public Works Yard
  - 8.1 Km of New Watermains and Sanitary Sewer Outlet
  - 3 New Valley Crossing & New Mid Block Collector
- \$25.5M allocated to repairs, maintenance, and improvements to existing infrastructure
  - Sports field repairs and maintenance
  - Playground retro-fit program to ensure code compliance
  - 24.5 Km of Road Construction, Resurfacing, and Rural Road Upgrading
  - 3.5 Km of Watermain Replacement

The Proposed Capital Budget is \$48.3m, with funding sources of \$22.8m from development charges, \$7.1m from Reserves, taxation funded projects of \$6.6m, long term debt of \$10.4m and \$1.4m in miscellaneous revenue.

An application was submitted to the Canada Ontario Municipal Rural Infrastructure Fund (COMRIF) requesting 2/3 funding for the Green Bin Organic Program. The City of Vaughan anticipates being notified in the first quarter of 2006 whether the application or part thereof was successful. In the event the COMRIF application is not approved the Municipal Gas Tax Funding in the amount of \$1,774,656.70 (received November 2005) will be used to partially fund the Green Bin Program. In the event the COMRIF application is successful, staff will report at a later date on a capital infrastructure plan for the Municipal Gas Tax Rebate Funds.

### **Relationship to Vaughan Vision 2007**

The Proposed 2006 Operating and Capital Budgets provides the funding for the City to deliver the services to the residents and achieve its strategic objectives in 2006.

### **Conclusion**

The Proposed 2006 Operating and Capital Budgets are recommended for approval, subject to considering the input received from the public.

**Attachments**

- Attachment 1 – Proposed 2006 Operating Budget
- Attachment 2 – Proposed 2006 Capital Budget
- Attachment 3 - Comparison of 2005 Property Tax Rates in the GTA
- Attachment 4 – Budget Expenditure Increase Analysis

(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.)

**23. USER FEES AND SERVICE LEVEL REVIEW**

(Referred from the Council meeting of December 12, 2005)

MOVED by Councillor Di Vona  
seconded by Councillor Meffe

- 1) That Clause 1 of the recommendation contained in the following report of the City Manager, dated November 30, 2005, be approved;
- 2) That the user fee increases recommended on Attachment A, be approved;
- 3)
  - a) That the bare pavement policy for secondary roads be revised such that salt is applied only to zones approximately 50-75 meters around intersections on secondary roads; and
  - b) That in accordance with the reference in the report titled “Proposed 2006 Operating and Capital Budgets”, dated January 24, 2006, that suggests maintaining a higher level of service beyond Provincial Minimum Standards, that staff conduct a review of the road salting levels to look at returning to the higher level of service previously exercised, and that staff ensure that this does not affect the tax levels approved by Council for 2006; and
- 4) That for 2006 the current service levels be maintained for the remainder of the City’s services, including winter road maintenance, winter maintenance of public sidewalks and residential windrow driveway clearing.

CARRIED

Council, at its meeting of December 12, 2005, adopted the following:

That the proposed amendments to the City’s user fees (Fees and Charges By-law 396-2002, as amended) be forwarded to a future Council meeting for a public meeting; and

That public notice be given in accordance with By-law 394-2002.

Recommendation of the Budget Committee meeting of November 30, 2005:

- 1) That Clause 1 of the recommendation contained in the following report of the City Manager, dated November 30, 2005, be approved;
- 2) That the user fee increases recommended on Attachment A, be approved;
- 3) That the bare pavement policy for secondary roads be revised such that salt is applied only to zones approximately 50-75 meters around intersections on secondary roads; and
- 4) That for 2006 the current service levels be maintained for the remainder of the City’s

services, including winter road maintenance, winter maintenance of public sidewalks and residential windrow driveway clearing.

Report of the City Manager dated November 30, 2005

**Recommendation**

The City Manager recommends:

- 1) That the further increases in existing user fees and information comparing them to area municipalities be received for information.
- 2) That the Budget Committee provide direction with respect to the new user fees; and
- 3) That the report on the Services Review, including options and cost implications (requested by the Budget Committee) is provided for your consideration.

**Economic Impact**

The proposed economic impact will be:

User Fees	198,442**
Service Level Reduction	940,000
<b>TOTAL</b>	<b>1,138,442</b>

**\*\*Please note that over \$100,000 of the \$198,442 of potential increased revenue is generated by new user fees.**

**Purpose**

The purpose of this report is to provide the Budget Committee with information on the further User Fee Review requested by the Budget Committee and the results of the Senior Management Team's (SMT) Service Level Review.

**Background - Analysis and Options**

At the Budget Committee meeting of October 28, 2005 a further report regarding a further review of user fees (particularly where no change has been recommended) be prepared; and a report on the services review, including options and cost implications be prepared.

At SMT the request for municipal comparators for user fees was discussed. Included in the Budget Guidelines (approved by the Budget Committee) was direction to increase user fees in line with the increase in their departmental expenses. The need for explanations for increases beyond the guidelines was left to the discretion of the individual Commissioners.

**Relationship to Vaughan Vision 2007**

This report is consistent with the priorities previously set by Council.

**Conclusion**

The User Fee reviews as well as the Service Level reviews have taken place and an analysis for each Commission is attached below.

**Attachments**

- A. Further User Fee Review Summary
- B. Service Level Review Summary
- C. SMT User Fee and Service Level Responses
  - 1. User Fee and Service Level Review Community Services
  - 2. User Fee and Service Level Review Economic Development
  - 3. User Fee and Service Level Review Engineering & Public Works
  - 4. User Fee and Service Level Review Finance & Corporate Services
  - 5. User Fee and Service Level Review Fire & Rescue Services
  - 6. User Fee and Service Level Review Legal & Administrative Services
  - 7. User Fee and Service Level Review Planning Department

(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.)

**24. RECREATION & CULTURE USER FEE AND PRICING POLICY**

(Referred from the Council meeting of December 12, 2005)

MOVED by Councillor Di Vona  
seconded by Councillor Meffe

- 1) That the following recommendation of the Budget Committee meeting of November 30, 2005, be approved; and
- 2) That in future, the budget consultation process with stakeholders be initiated earlier.

CARRIED

Council, at its meeting of December 12, 2005, adopted the following:

That the proposed amendments to the Recreation & Culture User Fees, Pricing Policy and Three-year Fee Schedule be forwarded to a Council meeting for a public meeting in conjunction with the 2006 Annual Operating Budget;

That public notice be given in accordance with By-law 394-2002; and

That notice of the proposed amendments and the public meeting be posted at the City's Community Centres.

Recommendation of the Budget Committee meeting of November 30, 2005:

The Budget Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Community Services and the Director of Recreation and Culture, dated November 30, 2005, be approved; and
- 2) That the presentation material submitted by Mr. Jonathan Hack and Ms. Amy Shepherd, IBI Group, 230 Richmond Street West, 5th Floor, Toronto, M5V 1V6, be received.

Report of the Commissioner of Community Services dated November 30, 2005

**Recommendation**

The Commissioner of Community Services and the Director of Recreation and Culture, in consultation with the Commissioner of Finance and Corporate Services, recommend:

1. That Council receives the presentation from the IBI Group regarding the Recreation and Culture User Fee and Pricing Policy; and,
2. That Council approves the Recreation and Culture User Fee and Pricing Policy; and,
3. That Council approves the Three Year Fee Schedule effective September 6, 2006; and,
4. That the Fees and Charges By-Law, 396-2002 be amended to reflect the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule.

**Economic Impact**

The economic impact to the 2006 operating budget for the September to December portion will be approximately \$50,000. In each of the next three years, if participation numbers remain the same, the recreation revenue will be increased by approximately 2.5% in each of the three years.

**Purpose**

The purpose of this report is to present to Council the findings of the Department of Recreation and Culture User Fee Study conducted in 2005 and to seek Council approval for the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule.

**Background - Analysis and Options**

The following background information will provide Council with the following data:

1. Purpose of the User Fee Study
2. Study Approach
3. Three Year Fee Schedule Summary
4. Financial Impact to the City and User Groups
5. Benefits of the Recreation and Culture User Fee and Pricing Policy

**1. Purpose of the User Fee Study**

The Department of Recreation and Culture recognizes all municipalities have constraints to resource and budget allocation. As such, there is an urgent need to prioritize funding of programs and services in order to allocate resources most effectively. While attempting to keep pace with rising costs, the Department has adjusted user fees based on economic inflation rates. The City of Vaughan, as well as most municipalities, does not currently have a formal recreation and culture user fee policy in place.

To better respond to the needs of its citizens, and manage rising costs associated with the provision of recreation and cultural services, the City of Vaughan retained the IBI Group to undertake a costing and pricing study and to prepare a user fee policy that would guide the City's annual fee schedule for the next 3 years.

The Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) and the Three Year Fee Schedule (*Attachment 2*) will help the Department of Recreation and Culture achieve cost-revenue neutrality within three years of the start date (based on 2004 data) and provide certainty on user fees and the level of subsidy for all recreation and cultural programs, services and facilities. The City Playhouse was not included in the Recreation and Culture User Fee Study.

## 2. Study Approach

The study approach used to establish the Recreation and Culture User Fee and Pricing Policy and the Three Year Fee Schedule was comprised of the following key stages:

### 1. Research of Policy Context:

Integral in the analysis and research component was a comprehensive municipal benchmarking exercise. A comparison of user fees, policies, principles and cost recovery models was completed within the following municipalities: Brampton, Markham, Mississauga, Richmond Hill and Toronto. The findings played a critical role in the development of the policy and fee schedule. However, the following limitations may apply:

- Limited availability of information (no municipality had user fee policies);
- Changing conditions (data obtained at the beginning of the study may no longer reflect current market conditions such as participation);
- Dissimilar approaches used to record information, classify programs and facilities; and
- Different philosophical approaches/mandates of various municipalities.

**Research findings noted that the City of Vaughan offers its residents a high level of service. The City of Vaughan has more indoor arena ice pads, fitness centres, indoor pools and outdoor soccer fields per resident.**

The following highlights some of the key findings of the pricing comparisons:

The City charges *low to comparable* rates for a considerable proportion of its programs and services, such as:

- Unlit diamonds and soccer fields for youth
- Primetime ice for youth and adults
- Drop in sports and camps for youth
- Programs and meeting space for seniors
- Group swimming lessons
- Some general interest classes (e.g. Tae Kwon Do, Ballroom Dancing)

In some cases Vaughan's fees are higher than other municipalities, particularly some basic programs as well as some advanced/specialty programs and rental of facilities by adults and non-residents, such as:

- Recreational swimming and skating (\$.50 - \$1.00 more)
- Non-Vaughan prime time ice (\$10.00 to \$30.00 more per hour)
- Rhythm and Tunes pre-school class (\$1.34 -\$2.35 more per class)

Throughout the study, one key finding continued to surface that being the principle that *certain recreation and cultural services are more essential than others for the promotion of health and wellness and therefore a greater consideration should be given to the on-going subsidization of such programs and services.*

### 2. Policy Development:

As a result of the research and as mentioned in the previous paragraph, one key finding is that some services to Vaughan residents are more essential than others. The policy framework was established with this guiding principle. All programs and services offered by the Department of Recreation and Culture were evaluated and measured against this principle and divided into categories based on this criteria.

The following are the three **Programs and Services Categories** that resulted from the analysis along with corresponding examples of programs and services:

**Basic Services:**

Programs and services which are provided by the City in pursuing its mandate of being a significant provider of recreation and culture to the residents of Vaughan and that promote active living and well-being amongst the widest cross-section of the population, particularly for target groups such as youth, seniors and other identified groups.

*Examples: group swimming lessons; programs and memberships for youth and seniors, parks, rental of certain arenas and sports fields for use by youth.*

**Value-Added Services:**

Programs and services that are part of a series of more progressively advanced activities/skills within a specific recreation activity.

*Examples: premium soccer fields, diamonds, arenas used by children and youth and general summer or holiday camps for youth.*

**Premium Services:**

Programs and services which are specialty or advanced in nature or which involve access to premium facilities or which have a more limited participation by target groups.

*Examples: private swimming lessons and advanced-level pre-school programs and rental of arena and sports fields for use by adults and non-Vaughan residents.*

3. Implementation and On-going Monitoring and Review:

Upon approval, staff will work on the implementation plan including communicating with all residents and user groups. As well, staff will monitor and review the policy on an annual basis and recommend changes as necessary.

**3. Three Year Fee Schedule Summary**

The Three Year Fee Schedule (*Attachment 2*) is based on the results of the benchmarking assessment of the following municipalities: Brampton, Markham, Mississauga, Richmond Hill and Toronto, and a review of operating costs and policy objectives. It is responsive to current projected demographics and reasonable and affordable to the end user.

The Three Year Fee Schedule classifies all programs services as per the policy classifications: Basic, Value-Added and Premium. The schedule ensures all Vaughan residents will continue to have access to affordable recreation and cultural services and that priority is given to the funding of “Basic” programs.

The Department’s pricing strategy is based on the following principles:

- Highest increase in fees for Premium Services;
- Lower increases in fees for Value-Added Services;
- Lowest increases in fees (and no increase or reduced fees as appropriate) for Basic Services; and
- Yearly adjustments to the user fee schedule, as necessary, will be added to account for increases in costs.

The following *decreases* and increases in user fees will be phased-in over a three-year period:

**Basic Services:**

- 20% reduction to existing fees for Recreational Swimming and Recreational Skating for all ages (full reduction to be applied in September of 2006);



- 0% increase to fees over the next three years to Group Swimming Lessons and rental of Community Space for use by children, youth and seniors; and
- 3% to 6% increase in fees, over the next three years, for all other Basic Services (e.g. sports fields, arenas and community facilities used by children and youth, introductory sports programs for children, youth and seniors and Fitness Centre memberships children, youth and families).

**Value-Added Services:**

- 3% to 8% increase in fees for all Value-Added Services (e.g. premium sports fields and arenas used by children and youth, a range of general level programs and camps for children and youth and the rental of community facilities for use by children, youth and seniors for party purposes).

**Premium Services:**

- 3% increase in fees for community space (e.g. meeting rooms, heritage houses) used by Vaughan adults;
- 6% to 12% increase in fees to all Premium Services used by Vaughan residents (e.g. sports fields, arenas and community facilities used by adults, advanced-level programs and camps for children and youth and all fitness and general interest programs for adults);
- 6% increase in fees for community space (e.g. meeting rooms, heritage houses) used by non-Vaughan residents; and
- 9% to 16% increase in fees to all services used by non-Vaughan residents.

**4. Financial Impact to the City and User Groups**

Currently, the City of Vaughan funds the delivery of recreation and cultural services with municipal tax dollars and revenues collected from user fees. In 2004, the City's total operating costs for recreation and culture (building, facilities and parks operating costs included) were just over \$20 million. This translates into approximately \$138 per resident. In 2004 just over \$11.7 million dollars in user fee revenue was collected for recreation and culture services, and this covered approximately 58% of the total operating costs.

On a departmental level, in 2004, the Department of Recreation and Culture recovered 95.5% of its operating costs. The net operating deficit was \$549,718.

Note: Revenue targets, as part of this study, were based on 2004 dollars. If approved, the new fee schedule will earn approximately \$200,000 for a full year and approximated \$600,000 over three years. The 2006 operating budget impact for the September to December portion will be \$50,000. The cost recovery approach excludes capital costs at this time.

To determine the financial impact that the new user fees would have on organized community service and sports groups the annual costs currently borne by a sampling of groups was reviewed. The third year fee increase was applied to this total and then divided by the current number of participants to assess the per member impact (based on 2005 memberships). The increase to members, based on 2005 membership numbers, ranged from \$2.78 per member for an adult bocce club to \$41.27 per member for a minor hockey club.

The Fee Increase Impact (*Attachment 3*) provides a summary of the impact to a sampling of groups.

Included in the Three Year Fee Schedule are provisions for new fees such the artificial soccer field fees and well as the opportunity to classify arenas, based on a pre-determined criteria, as either Basic or Value-Added. Should the Sports Village be reclassified from Basic to Value-Added there will be a further financial impact on the users.

Note: The 2006 operating budget included a 2% increase in most fees to cover inflation. Fee increases recommended in the User Fee and Pricing Policy

will be over and above inflation. As such on a yearly basis the fee schedule will continue to be adjusted accordingly.

### **5. Benefits of the Recreation and Culture User Fee and Pricing Policy**

The Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) will provide numerous benefits to all Vaughan residents. There are guidelines contained in the policy that support the

ultimate departmental *mandate to provide a range of quality recreation and culture services in a fair, accessible and efficient manner while striving to recover the direct costs of program delivery.*

As well, the policy guidelines are intended to build on many of the strategic goals identified in the Vaughan Vision 2007 including to provide service delivery excellence and enhance non-tax revenue opportunities.

All of the policy guidelines will support the three Programs and Services Categories (i.e., Basic, Value-Added and Premium Services) and guide future decision making. The highlights of the guidelines are, as follows:

The Department of Recreation and Culture will:

1. Provide a range of recreation and cultural programs that promote health, wellness and active living for all ages;
2. Strive to provide programs and services that teach essential life and safety skills;
3. Ensure its recreation and cultural programs, services and facilities support the needs of diverse individuals and groups in Vaughan;
4. Strive to ensure a sustainable, cost effective level of recreation and cultural services for all residents and will set fees in order to support continued participation in these activities;
5. Strive to allocate a percentage of its facility space and program time to achieve a broad participation base that can be accessed by the public for repeated use at a low cost (e.g. recreational swimming and skating, community meeting space);
6. Provide a range of recreational and cultural programs, services and facilities that are not generally provided by the private market at an affordable rate;
7. Provide a system of financial assistance that is easy to access by as many low income residents as possible within available resources and will undertake the preparation of a formalized policy to address all types of fee assistance;
8. Strive to consistently apply its Guiding Principles and Service Categories (i.e. Basic, Value-Added and Premium) when setting user fees and goals for cost recovery;
9. Work towards achieving full cost recovery (i.e. no subsidization by the City), excluding capital costs, for Value-Added and Premium services provided to the following users:
  - Non-Vaughan residents;
  - Profit-based organizations;
  - Adults (aged 19 to 59); and
  - Participants of tournaments, competitions, recitals and private events; and
10. Strive to facilitate citizen involvement in the delivery of recreation and cultural services to their users (i.e., Sports Groups, Senior's Clubs).

All of the guidelines contained throughout the policy will assist staff with future decision-making and pricing of recreation and culture services. They will support the three Programs and Services Categories and assist staff in applying pricing strategies to various program business plans.

**Relationship to Vaughan Vision 2007**

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

As identified in the Vaughan Vision 2007, it is a strategic priority to provide service excellence and to communicate service level standards that are affordable and sustainable. The approval and implementation of the Recreation and Culture User Fee and Pricing Policy and Three Year Fee Schedule will assist the department in achieving these strategies.

**Conclusion**

The Department of Recreation and Culture recognizes that the delivery and pricing of programs and services must be done in a fair, consistent, responsive and formalized manner. As well, the Department recognizes the constraints to resource allocation as well as the need to prioritize funding of programs and services in order to allocate resources most effectively.

The Recreation and Culture User Fee Study conducted by the IBI Group, included comprehensive research and analysis and resulted in the Recreation and Culture User Fee and Pricing Policy (*Attachment 1*) and Three Year Fee Schedule (*Attachment 2*). Together these documents will provide staff with an organized structure within which to plan and govern programs and services.

Contained within the policy and fee schedule are numerous principles and guidelines including the categorization of all programs and services: *Basic, Value-Added and Premium*. Resulting benefits include, but are not limited to, the reduction of some fees at the Basic Services, such as recreational swimming, skating and aqua fitness and moderate increases in the other two categories.

Overall, the proposed Recreation and Culture User Fee and Pricing Policy and the Three Year Fee Schedule will:

- provide a consistent approach to setting reasonable and equitable user fees;
- ensure residents have access to affordable services and that priority is given to the funding of Basic Services especially those used by target groups such as youth and seniors; and

Upon Council approval, staff will work on the implementation plan including communicating with all residents and user groups, and formalization of a policy to address all types of fee assistance.

**Report Prepared By**

Diane LaPointe-Kay, Director, Recreation and Culture, ext 8117  
Mary Reali, Administrative and Planning Manager, ext 8234

**Attachments**

1. Recreation and Culture User Fee and Pricing Policy
2. Three Year User Fee Schedule
3. Fee Increase Impact

(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.)

**25. CONFIRMING BY-LAW**

MOVED by Councillor Meffe  
seconded by Councillor Carella

THAT By-law Number 33-2006, being a by-law to confirm the proceedings of Council at its meeting on January 24, 2006, be read a First, Second and Third time and enacted.

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

**26. ADJOURNMENT**

MOVED by Councillor Carella  
seconded by Councillor Di Vona

THAT the meeting adjourn at 9:33 p.m.

CARRIED

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Michael Di Biase, Mayor

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J. D. Leach, City Clerk