

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 17, 2012

Item 1, Report No. 15, of the Committee of the Whole (Working Session), which was adopted, as amended, by the Council of the City of Vaughan on April 17, 2012, as follows:

By receiving the following Communications:

- C8. Mr. Viano Ciaglia and Mr. Larry Ryan, Frank Cowan Company Limited, 75 Main Street North, Princeton, ON, N0J 1V0, dated April 15, 2012;***
- C9. Mr. Richard Lorello, dated April 15, 2012; and***
- C10. Commissioner of Legal and Administrative Services & City Solicitor, dated April 16, 2012.***

1 RFP 12-063 - GENERAL INSURANCE AND RISK MANAGEMENT SERVICES

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Legal and Administrative Services & City Solicitor and City Clerk, dated April 10, 2012, be approved;**
- 2) That additional information be provided to address the implications of the provisions of “retro assessment” vis a vis York Region and to address concerns outlined in e-mails received with respect to this matter and report back to the April 17, 2012 Council meeting;**
- 3) That staff provide an analysis of the recent spike in insurance costs with recommendations on how to mitigate such cost in the future;**
And that the “managing loss provision” also be analysed and reported periodically;
- 4) That the staff presentation and Communication C1, presentation material, be received;**
- 5) That the deputation of Mr. Antony Niro, 333 Laurentian Boulevard, Maple, L6A 2V3, be received; and**
- 6) That the following Communications be received:**
 - C2. Ms. Carrie Liddy, dated April 9, 2012;**
 - C3. Mr. Richard Lorello, dated April 9, 2012; and**
 - C4. Confidential material, submitted by the Commissioner of Legal and Administrative Services & City Solicitor.**

Recommendation

The Commissioner of Legal and Administrative Services & City Solicitor and City Clerk, in consultation with the Commissioner of Finance and City Treasurer and the Director of Purchasing Services recommend:

- 1. That the City enter into an Ontario Municipal Insurance Exchange (OMEX) Subscriber Agreement for insurance and risk management services commencing May 1, 2012;**
- 2. That the savings in insurance premium cost for the balance of 2012 (approximately \$733,000) be reallocated to fund an additional FTE (Claims Analyst) at an approximate cost of \$100,000, inclusive of benefits, and that any balance remaining be transferred into the Insurance Reserve to build a contingency balance for potential retro assessments; and**

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3. That staff report annually through the budget process on upcoming annual premiums and projected insurance reserve levels.

Contribution to Sustainability

The provision of general insurance and risk management services is a key component to ensuring the financial stability of the City. By acquiring appropriate insurance coverages and implementing risk management practices, risk exposure can be managed and mitigated.

Economic Impact

The OMEX premium for the balance of 2012 will be \$1,575,554, and \$2,363,320 for 2013. Minor adjustments in premium cost may result from the opening of additional facilities such as community centres and libraries, and other minor refinements made as the reciprocal agreement is finalized.

Funding for the 2012-2013 Insurance program (premium cost) has been budgeted at \$3.8M. Reciprocal membership with OMEX would translate into premium cost savings of approximately \$1.1 million (annualized) along with the ability to gain autonomy over claims handling.

Staff recommends that the savings for the balance of 2012 (approximately \$733,000 pro-rated) be reallocated to fund an additional FTE (Claims Analyst) at an approximate annual cost of \$100,000, inclusive of benefits, and transfer any balance remaining into the Insurance Reserve to build a contingency balance for potential retro assessments.

Retro assessments are a factor of the reciprocal agreement and introduce a need to maintain reserves to mitigate impacts to the annual budget.

Responsibility for administrative functions, including claims analysis, that the incumbent insurer previously handled would be transferred to the City's insurance and risk management unit and would require one additional FTE. The Additional Resource Request for the Claims Analyst position included in the 2013 budget plan, would be implemented within the 2012 budget.

Communications Plan

Details about the City's insurance program will be conveyed to all City departments through the, Risk Management program. Information pertaining to the filing of Claims will be posted to the City of Vaughan On Line website.

Purpose

The purpose of this report is report on the results of RFP 12-063 and to seek Council approval to enter into a subscriber agreement with the Ontario Municipal Insurance Exchange (OMEX) for the purpose of obtaining insurance and risk management services.

Background - Analysis and Options

At the Council meeting of December 13, 2011, Council directed staff to proceed with a Request for Proposal (RFP) for the City's insurance coverage and related risk management services and approved that an industry consultant be retained to assist in the preparation and evaluation of the RFP.

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To raise awareness and identify barriers to bidding, staff approached the insurance industry through a Request for Expression of Interest (RFEI). The RFEI was directed to the various insurers that had previously responded to the City's RFP. The RFEI requested potential respondents to comment on the City's typical Request For Proposal document for General Insurance & Risk Management Services. In addition, the RFEI sought to elicit from potential respondents any challenges or limitations they might face in responding to any future related Request for Proposal, and asked for suggestions to simplify the submission process. The RFEI was advertised on the Bidding and Ontario Public Buyers Association web sites with a closing date of January 6, 2012.

A total of six (6) proponents picked up the RFEI documents from the Purchasing Services Department. Submissions were received from the following:

1. BFL Canada- Toronto, Ontario
2. Ontario Municipal Insurance Exchange- Markham, Ontario
3. Frank Cowan Company- Princeton, Ontario
4. CG and B- Mississauga, Ontario
5. Jardine Lloyd Thompson –Toronto, Ontario

Staff took the submissions into consideration in preparing the RFP for General Insurance and Risk Management Services which is the subject of this report.

Concurrently with the RFEI staff issued an RFP for consulting services to review the City's current insurance coverage and claims and risk management services, assist in the preparation of the RFP for insurance and risk management services for 2012-2013 and to analyze submissions and assist in recommending an insurance provider for the City of Vaughan. Cameron and Associates Insurance Consultants, a firm, experienced in similar reviews conducted in similar sized municipalities, was retained at the conclusion of the process.

Changes to the Insurance RFP structure

To encourage the best insurance solution possible, the scope for proposals was expanded to encourage proponents to present their best options and not be restricted to the current insurance program. Proponents were specifically requested to:

- o Consider higher limits,
- o Propose alternative deductibles,
- o Recommend new coverage or amend existing coverage
- o Expand Services

On February 6, 2012, the City of Vaughan issued RFP-12-063 for General Insurance and Risk Management Services with a closing date of March 5, 2012. A total of five (5) proponents picked up the RFP document. Two addendums were issued in response to clarifying questions received from the various proponents.

The following proponents submitted proposal envelopes:

1. Frank Cowan Company Limited
2. BFL Canada; and
3. Ontario Municipal Insurance Exchange (OMEX)

The five member evaluation committee comprised of Vaughan staff and the City's consultant evaluated the proposals between March 7th and 9th in accordance with the evaluation criteria set out in the RFP document. Each of the proponents were invited to present their proposals in person and be interviewed by the evaluating committee.

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RFP Evaluation Results

The coverages and services offered by proponents were similar, as were the qualifications of the proponent’s personnel. The distinguishing difference amongst the proposals was cost. OMEX, followed by BFL, offered pricing which was significantly less expensive than the City’s current insurance premium.

Of the three Proponents, OMEX offered the lowest premium and the highest limit with comparable coverage, resulting in the highest score being awarded to that proposal. Table 1 compares the cost saving between the incumbent insurer’s premium for the 2011-2012 policy term and OMEX’s annualized rate. The current premium is 47% higher than the OMEX annualized premium.

Table 1

Insurance Premium Cost Comparison			
Company	Limit	Deductible	Annual Premium
Incumbent FCC	\$10 Million	\$50,000	\$3,464,282
OMEX*	\$50 Million	\$50,000	\$2,363,320
* Annualized Premium Comparison based on present rate			

OMEX policy terms are guided by their underwriting period which commences from January 1 of a policy term year to January 1 of the following year. Accordingly they have provided a quote for the remainder of their current policy period, effective up to the end of December 2012. OMEX has agreed to maintain their quoted rate for liability coverage through to the end of 2013, a 20 month period, subject to minor adjustments for additional facilities opening and property valuation, resulting in an adjustment to the property rate. Property rates will be confirmed in October 2012 and are not expected to change significantly.

OMEX Coverage Requires Reciprocal Membership

Current Claims Process:

The City’s incumbent insurer is the Frank Cowan Company, which operates under a traditional insurance structure, through which the City pays a premium for the management of claims and transfer of risk.

The Incumbent has its own claims department with authority to settle on behalf of the City. The City of Vaughan’s claims are similar to those of other municipalities, being predominantly slip/trip and falls where there may be some liability. The Incumbent reserves at the discretion of its claims examiners, based on its analysis of the type of claims received.

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The City has historically reported all claims involving bodily injury or claims made over the City's \$50,000 deductible to the current insurer. This reporting requirement was established by the insurer based on the City's deductible limit. As a result of this reporting requirement any claims identified as bodily injury regardless of whether the City was liable or if it settled within the City's deductible limit are recorded by the insurer. All claims reported to the insurer contribute to the City's overall loss experience and accordingly become a major factor in how the insurer perceives the cost of the City's risk exposure. Since 2006 to present, 64% of the City's liability claims have been closed and/or settled for less than the \$50,000 deductible, yet funds for these claim would have been set aside (reserved) by the insurer ultimately affecting the City's premium.

Our current insurer's reporting arrangement does not allow the City autonomy nor input on overall claims handing. Within this structure staff is limited in directing the outcomes of claims, the majority of which the City will ultimately pay through deductible payments.

Within the current arrangement the insurer sets the reserves for the purposes of forecasting the related costs, i.e. legal fees, adjusting fees, and settlement costs. Reserves will normally increase the longer a claim remains open as a result of accumulating expenses. The present policy allows the insurer to settle claims at its discretion with very little input by the municipality. As noted above 64% of the City's claims have been closed or settled for less than the City's deductible.

It is in the City's best interest to ensure that claims are being investigated and resolved in an expedient manner to avoid the perception of a poor loss experience to industry underwriters, which may result in higher premiums charged to the City for future insurance services. Rapid investigation and resolution also supports the City's Risk Management strategy by informing operational choices to reduce the reoccurrence of similar incidents.

Claims Process as a Member of OMEX:

OMEX is a Reciprocal owned by Municipalities and is licensed and governed by the *Insurance Act* and monitored by the Financial Services Commission of Ontario (FSCO). It provides broad coverage to its members, with high limits of \$50 million for each of liability and errors and omissions, and up to \$300 million for property coverage. Municipalities choose to join OMEX and upon becoming a Member, insurance renewal is automatic. The annual premium is based upon the rates negotiated by OMEX with its reinsurers, operating costs and loss experience. They are audited annually and provide Members with a financial report.

OMEX is a not for profit operation so premium collected is used for the benefit of Members, who are subject to the Reciprocal Agreement which contains the conditions for membership, including any financial liability the members might bear. The objective of a Reciprocal is to receive sufficient premium from its Members to satisfy all losses incurred during the policy period insured, even if these are not reported until several years after the policy period has expired. If known losses are under-reserved, or there is an unexpected shock loss, or OMEX fails to account for incurred but Not Reported losses (IBNR), there will be a short-fall and a retro-assessment will be levied to correct this negative balance.

For a retro-assessment to apply, the shortfall must occur during the period the municipality was a member. For example, if the short-fall is for the 2004-2005 underwriting period but the Member did not join OMEX until 2012, it will not pay a retro assessment for the earlier period. Conversely, if the municipality is a Member when there have been several years of short-falls, then the member will pay several retro-assessments. Reimbursement is made over a multi-year payment plan and once known can be incorporated into multi year budgets. The obligation to pay for the applicable period of risk continues even after a Member leaves OMEX, and any retro-assessment assessed prior to the departure date becomes immediately due.

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OMEX has previously assessed several millions of dollars to its members, with individual assessments numbering several hundreds of thousands of dollars. In recent years approximately nine (9) Members left OMEX, many of which had been Members for considerable time, principally because of the retro-reassessments. OMEX currently has 20 Members, of which the three largest are the City of Brampton, the City of London and the City of Windsor.

Based on previous retro-assessments reported by the Region of York over a twelve year period from 1998 to 2009, retro-assessments added approximately 35% to the total premium over that period.

Although this history of retro-assessments is a consideration, these can be attributed to decisions made during the years when the shortages were incurred. The City's Consultant has advised that OMEX has introduced greater oversight into its underwriting and claims practices to prevent or minimize circumstances where a retro-assessment might be necessary. OMEX retains an independent actuary to review reserves and steps have been taken to introduce greater underwriting discipline. OMEX currently assumes the first \$1.5 million of every liability and errors and omissions claim, reinsuring the remainder, and has purchased Stop-Loss Insurance to cap its exposure for loss to \$12.5 million for the policy term.

Insurance and Risk Management Program Changes Required as a Consequence of Joining a Reciprocal

The OMEX proposal allows the City's risk management section greater control over claims up to the deductible limit. Claims can be handled more efficiently and expeditiously reducing the cost of keeping a claim open or in the alternative sending the file to legal counsel to deal with opposing counsel.

To properly manage Vaughan's claims, a claims management system is required. A \$50,000 expenditure has been approved in the 2012 capital budget for the purpose of acquiring such a system. A request to hire an experienced claims analyst to operate the system and manage the City's claims program has been deferred to the 2013 operating budget process. Since becoming a member of OMEX increases the City's responsibility to manage claims within its deductible, a sound business practice in any event, it is recommended that a claims analyst be hired as soon as possible, to be funded from the insurance operating budget of the insurance and risk management section (in effect funded by a portion of the gap created by the substantially lower premium cost under OMEX membership).

The City's existing practice of retaining the services of an independent insurance adjuster and using in-house counsel to manage litigation within the limits of the deductible, will be maintained.

Property Coverage

The present policy of insurance provides blanket coverage for the City's property inventory which is stated to be approximately \$418M. The OMEX quotation provided a coverage limit of \$100 Million dollars for any one loss, with an option to increase coverage to \$300 Million. OMEX has provided a quotation to increase the limit to \$300M, at a cost of \$9,738. Staff is of the opinion that the \$300M is sufficient given that the likelihood of catastrophic loss of the City's entire infrastructure at one time is remote. However, staff has asked for a quotation to purchase excess insurance to top up coverage to \$418M.

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Recreational Affiliates

The City of Vaughan presently carries liability insurance for recreational groups, associations and committees that cooperate with the municipality to offer services to the community using municipally owned or operated facilities. The present limit of liability is \$1 Million with a deductible of \$1,000. The policy does not extend coverage for Directors and Officers liability.

OMEX provided a separate premium quote of \$7950 plus applicable taxes for similar coverage. In light of recent discussions surrounding limits of liability for such groups staff has requested OMEX provide a quote for 5 Million on liability, and to offer to the affiliate groups coverage for Directors and Officers liability, if available.

Conflict of Interest/ Legal Expense/ Errors and Omissions

Conflict of Interest – Council Members

The OMEX program offers \$50,000 deductible, per claim, with no aggregate, and no separate limit. The incumbent program has a \$250,000 limit of reimbursement per claim, with no deductible and no aggregate.

Legal Expense/Errors and Omissions

This insurance provides for the reimbursement of legal fees and expenses incurred by elected or appointed members and employees for any charges under any statute or regulation whether or not found guilty in the province of Ontario or Canada except under the Highway Traffic Act, Municipal Conflict of Interest Act or if a person insured has deliberately contravened any statute or regulation. Coverage applies to charges under the criminal code if the person is found not guilty or charges are dismissed.

The OMEX program has a \$50,000 deductible per claim, with no aggregate and no separate limit for both Errors and Omissions and Legal Expenses. The incumbent program has a \$50,000 deductible, with a \$10 million limit and no aggregate for Errors and Omissions; and \$250,000 per claim with an aggregate of \$500,000 for legal expense.

Benefits of OMEX Membership

Under the membership arrangement with OMEX, the City would gain more control over the claims handling process as staff would have access to claims information for the purposes of directing outcomes. Staff would be able to track claims status and be part of the rationale as it pertains to settling or denying a claim. Greater control contributes to lower premiums as reserving practices have a more direct relationship with the actual costs of paying and administering claims. It also affords the City the opportunity to collect data on its claims history, which, if another RFP is issued in the future, will provide for the most conservative pricing by proponents.

Greater control also requires increased resources such as staff dedicated to the claims management function, and any associated enhancements, in technology. To protect against the possibility of retro assessments in the future, a possibility under a Reciprocal, it would be prudent for the City to place in a reserve a portion of what it would otherwise pay in premiums to ensure that funds would be available for retro assessments, losses and associated expenses. The Insurance-Risk Management Section's role becomes broader as it assumes functions similar to an insurer with respect to examination of files handled by the adjuster, setting & monitoring reserves, and tracking fees related to investigation and defence.

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Relationship to Vaughan Vision 2020/Strategic Plan

This report is consistent with the priorities previously set by Council as sent out in Vaughan's Vision 2020 particularly: Management Excellence demonstrated leadership and promote effective governance.

Regional Implications

N/A

Conclusion

Entering into an OMEX Subscriber Agreement for insurance and risk management services provides the City with significant savings and the opportunity to take greater control and responsibility over management of its claims. The money required to add an FTE for this purpose is made available as a result of lower premium costs. Lower premium costs also provide the opportunity to contribute additional funds to the Insurance Reserve to build a contingency to mitigate the impact of any potential future retro assessments.

Attachments

None

Report prepared by:

Joseph Chiarelli, Manager of Special Projects, Licensing & Permits
Tricia Campbell, Risk Management Analyst

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Item 2, Report No. 15, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on April 17, 2012.

**2 STREETSCAPING PROCESS AND PROCEDURES IN CITY OF VAUGHAN
 FILE 20.26**

The Committee of the Whole (Working Session) recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Planning and Commissioner of Engineering and Public Works, dated April 10, 2012, be approved, subject to adding “and on-going maintenance costs should be identified and considered” after the word “strategy” in Clause 2 to read as follows:
 THAT staff be directed to develop a sustainable approach to City-Wide Streetscapes, including a financial impact analysis, associated funding strategy and on-going maintenance costs should be identified and considered, and report back to a future Committee of the Whole meeting; and

- 2) That staff develop an RFP and review funding options to retain a multi-disciplinary firm with expertise required in Planning, Urban Design, Financial Management, Operations and Engineering, to prepare a City-Wide Streetscape Implementation Manual and Financial Strategy, and report back to a Committee of the Whole in June 2012.

Recommendation

The Commissioner of Planning and Commissioner of Engineering and Public Works in collaboration with the Director of Engineering Services and Director of Parks and Forestry Operations recommends:

1. THAT the staff report and presentation on the current Streetscaping Process and Procedures in the City of Vaughan, BE RECEIVED for input and discussion.

2. THAT staff be directed to develop a sustainable approach to City-Wide Streetscapes, including a financial impact analysis and associated funding strategy, and report back to a future Committee of the Whole meeting.

Contribution to Sustainability

The City’s current Streetscaping Process and Procedures contributes to the goals and objectives within “*Green Directions Vaughan*”, the City’s “*Sustainability and Environmental Master Plan*”, specifically:

Goal 1: To significantly reduce our use of natural resources and the amount of waste we generate.

Objective 1.3 “To support enhanced standards of stormwater management at the City and work with others to care for Vaughan’s watersheds”

Goal 2: To ensure sustainable development and redevelopment.

Objective 2.2 “To develop Vaughan as a City with maximum greenspace and an urban form that supports our expected population growth”

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Goal 3: To ensure that getting around in Vaughan is easy and has a low environmental impact.

Objective 3.1 “To develop and sustain a network of sidewalks, paths and trails that supports all modes of non-vehicular transportation”

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

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

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

Goal 5: To be a leader on sustainability issues.

The current City streetscaping process and procedures promotes the following goals, which directly relate to those of *Green Directions Vaughan*, specifically:

- Communicate a streetscape and open space framework that is both resilient and adaptable to support short, medium and long term urban transformations;
- Integrate transit infrastructure with the emerging urban fabric;
- Support the pedestrian, cyclist, transit and motorist experience for all ages and abilities;
- Define catalytic public realm design strategies and tactics that will promote cultural, social, commercial and recreational activities within the urban core, and enhance overall quality of life; and,
- Identify opportunities and implementation strategies to incorporate public art into the public realm.

Economic Impact

There are no immediate budgetary impacts resulting from this report and presentation. However, the implementation of streetscape plans can create a significant financial impact recognizing current revenue sources. Overall, the capital expenditure required to fully implement current streetscaping plans exceeds \$35 million with operating costs unknown. The City of Vaughan currently, does not have a long term financial strategy to support the additional operating and capital funding, which will be required in future years to successfully implement and maintain the higher streetscape service levels associated with the streetscape plans in the City of Vaughan's planned intensification areas.

Council endorsed Streetscape Plans, if in place, can help to leverage capital investments from the private sector through conditions of development approval, and other levels of government, which would result in a reduction in the City's capital financial impact. However, this does not address the substantial amount of long term operational and capital funding required from City financial resources to fully implement and maintain the streetscape vision endorsed by Council. Staff will be referencing the existing City streetscaping process and procedures including the funding issues and implementation opportunities, in a new City-Wide Streetscape Manual, and will report back to a future Committee of the Whole meeting.

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Communications Plan

Currently, the Development Planning Department posts an electronic version of any Council approved Streetscape Plan Study on the Development Planning Department page of the City of Vaughan web-site. Public meetings are typically scheduled as part of the public consultation program in accordance with the Terms of Reference for each streetscape plan study. This will allow future development proponents to reference this guiding document, prior to submission of a development proposal.

Once staff develops the new City-Wide Streetscape Manual, as discussed later in this report, and it is approved by Vaughan Council, this document will be placed on the City's web-site, and provided to design consultants as an urban design reference tool as they proceed to undertake their work to design and improve the existing and future urban street network for planned intensification areas, including Main Streets.

Purpose

The purpose of this report is to respond to Council's direction originating from the adoption of Item 11, Report No. 1 of the Finance and Administration Committee Meeting held on January 16, 2012 with respect to Streetscaping, to address the issues raised regarding financial impacts and timing for implementation, and to seek Council direction to proceed with the development of a City Wide Streetscape Manual that better reflects financial considerations and implementation opportunities involving potential funding partners.

Background - Analysis and Options

A staff report on the "Draft 2012 Budget, The Islington Avenue Streetscape Phasing Options and Additional Sources of Funding" was presented to the Finance and Administration Committee Meeting of January 16, 2012 (Item 11, Report No. 1). This report was subsequently adopted by Council on January 31, 2012, thereby providing the following direction to staff:

"That staff provide a report on the subject of streetscaping to a future Committee of the Whole (Working Session)."

Accordingly, this report and associated presentation has been prepared in response to this direction.

Funding and Implementation Considerations

The long term planning for streetscaping is necessary to ensure an understanding of the future financial commitments required, as well as, develop strategies that can address future funding requirements for the maintenance, operation, rehabilitation and replacement of this infrastructure. At present a number of streetscape plans have been prepared across the City. These plans and their estimated capital costs will be shown in a table format as part of the presentation to accompany this report at the Committee meeting. The determination of the life cycle costing of streetscaping infrastructure is essential to appropriately prepare budget forecasts. Comprehensive long-term financial plans need to be in place for such infrastructure in order to facilitate a proper decision making process for proceeding with the planning, design, construction and maintenance of these initiatives.

A life cycle cost analysis will provide an understanding of the cost trends over the life of this infrastructure. Life cycle costing can be categorized under two cost areas, acquisition/construction and ownership costs. Generally, it is found that the overall life cycle costs are distributed evenly over these two cost areas. In municipal infrastructure, the acquisition/construction and ownership cost areas can be described as follows:

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- **Acquisition/Construction costs** – costs associated with the planning/design and installation/construction of municipal infrastructure. These costs are typically associated with 50% of the life cycle costs and will include land purchase costs (if applicable), design fees and construction costs.
- **Ownership costs** – costs associated with the operation, maintenance, rehabilitation and decommissioning of municipal infrastructure. These costs are typically associated with 50% of the life cycle costs and will include energy costs, preventative maintenance expenses, inspection costs, rehabilitation costs and decommissioning costs.

The acquisition/construction costs of current streetscaping initiatives are funded through a variety of sources, such as:

- Development Charges
- Taxation
- Conditions of development approval
- Region of York cost sharing initiatives (Municipal Streetscaping Partnership Program, MSPP)
- BIA funding opportunities

There has been recognition through discussions on the Islington Avenue Streetscape project that other sources of revenue beyond tax must be pursued to implement these plans. In addition, the operation and maintenance costs are currently absorbed within the Parks and Forestry/Public Works operating budgets. With an increase in streetscaping projects proposed throughout the City, it is imperative that a funding strategy is developed to ensure the long term financial sustainability of this infrastructure. The development of a streetscaping reserve can aid in reducing the funding gap for the construction and maintenance of these initiatives while ensuring the long term viability of these treatments. The timing of implementation and the level of service will need to be revisited as part of any long-term strategy, and in the development of upcoming streetscaping initiatives.

Operational and Maintenance Considerations

As the City of Vaughan embraces new and enhanced landscapes on the existing streetscapes, soft-scape such as trees, shrubs, annuals and perennials are utilized where possible to sustain the life span and reduce additional replacement costs. Notwithstanding this is the goal, on these high profile new landscapes, materials are introduced which significantly raises the annual operations costs. Sustainable material such as drought and salt resistant plants are used and when possible enhanced drainage and irrigation techniques to reduce frequent watering visits. Although sustainable techniques are used to reduce watering, the planting beds require scheduled cultivation, weeding, pruning and mulching to ensure the locations reach their potential. In addition to soft-scape on the streetscapes, enhanced benches and debris cans may be included that require maintenance throughout their lifespan. These elaborate displays coupled with the additional locations exceed the existing standards and therefore funding must reflect this level of service.

Similar cost issues are encountered if changes to materials used for road construction are recommended, and/or designs are recommended that are not the current City's standard. For example, the methods and costs of repairing damage to impressed concrete roads or pedestrian crossings, which are considerably different than making a repair to a "standard" asphalt road. Designs that use rain water and snow melt water harvesting for plant irrigation may incur higher annual operating costs than maintaining traditional drainage swales or piped infrastructure.

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Where it was once common to install more aesthetically pleasing street lights as part of a streetscape plan, designers are now also recommending separate pedestrian lighting systems be installed. Such additional lighting systems not only increase the City's annual operating costs, they also increase the City's future capital requirements for replacing such systems at their end of life. Accordingly, appropriate funding for the ongoing maintenance and replacement of the City's infrastructure must be considered when looking at and approving streetscape designs.

Why We Do Streetscaping

Streetscapes are an important component of the public realm (public spaces where people interact), which help defines a community's aesthetic quality, identity, economic activity, health, social cohesion and opportunity. Streetscapes can have a significant effect on how people perceive and interact with their community. If streetscapes are safe and inviting to pedestrians, people are more likely to walk, which can help reduce automobile traffic, improve public health, stimulate local economic activity, and attract residents and visitors to a community. A streetscape is made up of paving, lighting, trees, street furniture, transit shelters, signage, public art and sidewalks, framed by buildings and open spaces, which combine to form an overall vibrant high-quality public realm.

The Planning Act was amended through the Planning and Conservation Land Statute Law Amendment Act (Bill 51), 2006. The amendments provided municipalities with new authority for site plan control related to Urban Design, Landscape Architecture and Sustainable Design Control. In addition, the Provincial Policy Statement (2005) and Growth Plan (2006) direct a significant proportion of growth (intensification) to Vaughan (VMC), and other intensification corridors and Mobility Hubs. Given this emphasis on intensification, redevelopment and compact urban form, Urban Design policies and guidelines, and Streetscape Plans are necessary to guide development.

The City of Vaughan's new Official Plan provides Urban Design policies to promote a high standard of urban design, including the use of Streetscape Plan studies, as a key factor in establishing attractive, pedestrian scale, transit oriented and high quality design for the public and private realm.

Building a great City means bringing together in a functional, attractive and sustainable manner, the various components that create the urban fabric. The public streets and rights-of-ways are considered significant public spaces, and therefore, their streetscape design sets the stage for development, and should balance their multiple roles and functions by ensuring that they:

- a. accommodate a variety of transportation functions, including walking, cycling, public transit and vehicles;
- b. accommodate municipal infrastructure and utilities to the greatest extent possible, which should be provided below grade;
- c. inform streetscape conditions, standards and criteria required for development approval;
- d. contribute to the greening of Vaughan through the provision of street trees and landscaping;
- e. contribute to the City's overall vibrant streetscape design, through high-quality hard and soft landscape treatments, and the integration of public art;

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- f. create a pedestrian oriented urban environment by providing amenities such as wide planted boulevards with appropriate and attractive street furniture and pedestrian scale street lighting; and,
- g. capitalize on potential future implementation funding opportunities by developing cost effective “shovel ready” realistic construction cost estimates.

Current City Streetscaping Process and Procedures

The City currently initiates streetscape plan studies developed for our planned urban intensification areas, established heritage districts, historically significant areas, and the Vaughan Metropolitan Centre (VMC), which is a Provincially designated Urban Growth Centre, and envisioned to become Vaughan’s downtown – the highest density node within the City. These streetscape plans are one component in a series of complimentary reports prepared for each Secondary Plan Study area, and are read in conjunction with urban design and streetscape policies outlined in the approved Secondary Plan.

The Streetscape Plan Study is a very important implementation document that will provide the vision, layout and detailed design of private and public streetscape spaces, pedestrian and bicycle connections, as well as a streetscape framework that complements built form for building placement, massing, and heights in relation to the public realm within the urban fabric.

The Streetscape Plan Study is generally organized into the following components:

1. Streetscape Design Strategy – Outlines Character Areas, associated streetscape types, and develops a framework through the public consultation process, which provides a basis for recommendations.
2. Streetscape Typologies – Categorizes streetscape types and intersection hierarchy, providing specific consistent treatment recommendations.
3. Streetscape Elements – Provides a detailed overview of recommended hard and soft landscape elements that comprise the development of the streetscape network. Included within this overview is a comprehensive matrix of recommended streetscape elements such as street furnishings, signage, planting, paving, and stormwater management control.
4. Concept Plan – The detailed overall concept plan including sections will graphically demonstrate a complete view of the recommended streetscape improvements, and how they all integrate into a vibrant high-quality public realm.
5. Implementation Funding Strategy – A detailed cost estimate, phasing, and funding strategy is prepared based on the overall concept plan, allowing City staff the ability to determine funding strategies that may include Development Charges, Region of York cost sharing initiatives, BIA funding opportunities, and a large component funded through conditions of development approval.
6. Annual Maintenance Cost analysis - This annual maintenance cost analysis will be used as input into the decision-making process for City Council and staff with respect to appropriate detailed streetscape design, and provide the necessary annual maintenance cost, and life cycle replacement cost for use by staff to budget for future resources. Operational costs are based on the first five years and do include replacement of furnishings based on future budget requests.

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Public Art Strategy

Public art is an important element in all great urban streetscapes, and a future Public Art Program will need to be established starting with intensification areas such as the Vaughan Metropolitan Centre, which will:

- a. identify key sites and opportunities for public art throughout Vaughan;
- b. require the inclusion of public art in all new public sector developments;
- c. establish partnerships with utility providers to integrate public art with utility infrastructure;
- d. establish partnerships with local schools, institutions and community groups to initiate neighbourhood – based public art projects; and
- e. establish a public art contribution from private development and through conditions of development approval.

City-Wide Streetscape Manual

Should Council concur with Recommendation #2 of this report, respecting a sustainable approach to City-Wide Streetscapes, a manual will be prepared by the Development Planning Department (Urban Design Division), in consultation with Finance, Legal and other relevant City Departments and external public agencies, and brought forward for consideration to a future Committee of the Whole meeting.

The City-Wide Streetscape Manual would be used as an urban design reference tool for the design and improvement of the existing and future urban street network for our planned intensification areas, including the Main Streets that define and connect our communities. The Streetscape Manual would focus on design quality in the public right-of-way, with an emphasis on coherence, beauty, durability, accessibility, pedestrian amenity, and sustainability.

Following a hierarchy of streetscape typology, the City-Wide Streetscape Manual would assign a set of standard or specialized design treatments to each street classification. The design treatments specified in the Manual would centre on streetscape elements such as; paving, street trees, medians, lighting, signage, street furniture and public art. When applied over time, these design treatments will enhance the appearance, health and enjoyment of the urban landscape.

Relationship to Vaughan Vision 2020/Strategic Plan

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

Service Excellence:

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

Organizational Excellence:

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

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Regional Implications

The Region of York is a vital stakeholder in the process, and has participated in all City of Vaughan initiated streetscape plan studies completed to date. Each of these studies supports key elements of the Region of York Official Plan, adopted by Regional Council on December 16, 2009. Specifically, the implementation of the plan's following objectives stated in Section 7.2, Moving People and Goods:

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

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

Conclusion

As directed by Council, staff has collaboratively prepared this report on Streetscaping, which provides a detailed overview of our current Streetscape Study process, discusses financial considerations and revenue sources and procedures, City operational and capital funding implications, and recommends a Streetscape Manual be developed for consideration at a future Committee of the Whole meeting. A key consideration in developing the manual and preparing future plans will be recognizing community and City building objectives, and the fiscal constraints affecting levels of service and implementation. This initiative demonstrates the City's commitment on building a great City in a functional, attractive and sustainable manner.

Attachments

N/A

Report prepared by:

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/CM

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Item 3, Report No. 15, of the Committee of the Whole (Working Session), which was adopted without amendment by the Council of the City of Vaughan on April 17, 2012.

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OTHER ITEMS CONSIDERED BY THE COMMITTEE

3.1 RECESS & RECONVENE

The Committee of the Whole (Working Session) recessed at 11:40 a.m. and reconvened at 12:05 p.m., with the following Members present:

**Councillor Sandra Yeung Racco, Chair
Hon. Maurizio Bevilacqua, Mayor
Regional Councillor Gino Rosati
Regional Councillor Michael Di Biase (12:15 p.m.)
Regional Councillor Deb Schulte
Councillor Tony Carella
Councillor Rosanna DeFrancesca
Councillor Marilyn Iafrate
Councillor Alan Shefman**