

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 16, 2016

Item 1, Report No. 3, of the Special Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on February 16, 2016.

**1 2016 DRAFT WATER AND WASTEWATER/STORMWATER OPERATING BUDGETS
 AND THE 2017 – 2018 PLAN**

The Special Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer & City Treasurer, the Deputy City Manager Public Works, the Director of Environmental Services and the Director of Financial Services/Deputy Treasurer, dated February 2, 2016, be approved;**
- 2) That staff be directed to report back by the end of Quarter 2 of 2016 on opportunities to provide financial relief for Vaughan residents who are currently undergoing home dialysis and that costs associated with a potential relief plan be fully incorporated in the report and that the Region of York also be approached to provide some support through financial relief for such residents;**
- 3) That the presentation by the Chief Financial Officer & City Treasurer and Communication C1, presentation material titled “*Water/Wastewater/Stormwater 2016 Draft Budget*” dated February 2, 2016, be received; and**
- 4) That the following deputations be received:**
 - 1. Mr. Richard Lorello, Treelawn Boulevard, Kleinburg; and**
 - 2. Mr. Kevin Hanit, Queensbridge Drive, Concord.**

Recommendation

The Chief Financial Officer & City Treasurer, the Deputy City Manager Public Works, the Director of Environmental Services and the Director of Financial Services/Deputy Treasurer recommend:

1. That the draft 2016 budget including rate increases for Water and Wastewater reflecting the Regional Rate increase, City operating and City capital requirements be approved as follows:
 - a) That the City’s water rate be increased from \$1.4780 to \$1.5815 per cubic meter effective after Council approval;
 - b) That the City’s wastewater rate be increased from \$1.9130 to \$2.1426 per cubic meter effective after Council approval;
 - c) That the Additional Resource Request (ARR) Staffing Requests as outlined in Attachment 2 be approved;
 - d) That the service charges for water and wastewater as outlined in Attachment 3 be approved;
 - e) That any necessary By-laws to give effect to the water and wastewater rates and service charges be implemented on April 1, 2016; and
 - f) That a consolidated item on the proposed 2016 Water and Wastewater Budget and 2017-18 Plan be submitted to a Council meeting, incorporating any further adjustments and/or direction provided by the Finance, Administration and Audit Committee.

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Contribution to Sustainability

Safe drinking water, effective wastewater collection and stormwater management are cornerstones of a sustainable and healthy community.

The draft 2016 water and wastewater/stormwater budgets and rates provide funds to support the City's water, wastewater and stormwater services by moving towards financial sustainability in accordance with the Safe Drinking Water Act and the Sustainable Water and Sewage Systems Act.

Continued infrastructure renewal investment is critical to ensure water and wastewater services are sustainable in the future. This objective is supported by continuing to build City reserves.

Economic Impact

The City's ongoing commitments to investments in public safety, quality service provision and reliability in 2016 and in the longer term, combined with the Region's increases in rate charges to the City, require a 9.82% increase in rates charged for the provision of quality drinking water and wastewater conveyance and treatment services.

The combined draft rate increase at 9.82% covers a 9.02% rate increase from the Region of York, which accounts for 72% of the City's expenses. This results in a City of Vaughan combined rate increase of \$0.3331 per cubic meter for a new rate of \$3.7241 per cubic meter.

Based on the draft rate increase for water and wastewater the impact to the ratepayer that consumes 267 cubic metres will be approximately \$88.94 annually or \$7.41 per month.

Continued infrastructure renewal investment is critical to ensure water and wastewater systems and services are sustainable in the future. This objective is supported by continuing to build City reserves. The 2016 budgeted rates will generate a combined net contribution of \$16.2 million to reserves thus continuing the City's move towards long-term financial sustainability of the City's water and wastewater system and services as required by the Safe Drinking Water Act (SDWA) and Sustainable Water and Sewage Systems Act.

Pending Council's approval, the City's rate will be implemented on April 1, 2016.

Communications Plan

The approved water and wastewater rates will be advertised in accordance with the City's Notice By-law. Staff will provide a list of questions and answers to the Corporate Communications department to assist in responding to the public and the media.

The notice for this report has been advertised using the City's Corporate Communication Strategy.

Final Opportunity for Community Input

In addition to the meeting of the Finance, Administration and Audit Committee, a Special Council Meeting will also be held before budget approval to provide the public with a final opportunity to comment on the proposed 2016 Budget and 2017-18 Plan. This meeting is anticipated to be held in late February and will be advertised in advance, consistent with the City's public notification by-law, once a date has been set.

Post Budget Approval Communication

Following approval of a budget, the City will communicate budget highlights by employing a variety of tactics, including a media release, website content, social media messages, a blog, an eNewsletter post and an internal message to staff. Staff will provide a list of questions and answers to the Corporate Communications department to assist in responding to the public and the media.

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Purpose

The purpose of this report is to provide and present the 2016 Draft Water and Wastewater/Stormwater Operating Budgets, The 2017 – 2018 Plan and the corresponding draft water and wastewater billing rates to the Finance, Administration and Audit Committee for consideration.

Background – Analysis and Options

Regulatory Requirements

Water, Wastewater and Stormwater are regulated services and must meet legislated requirements of the Safe Drinking Water Act and the Sustainable Water and Sewage Systems Act. The Acts' purposes are to protect human health through the control and regulation of drinking water systems and drinking water testing as well as to ensure financial viability to finance the full cost of providing these services.

Financial Sustainability: Always a Key Priority

The objective of the City's financial planning process is to develop a multi-year budget that balances the need to maintain existing services, accommodate growth requirements and undertake corporate initiatives against the City's capacity to fund them. The City's financial management policies and practices are based on best practices to maintain the City's strong financial position.

Infrastructure Challenge

As the City moves forward, financial sustainability must continue as one of Vaughan's key priorities. Prudent financial planning requires ongoing contributions to water and wastewater/stormwater reserves to fund repair and replacement infrastructure. The 2016 budget process was focused on maintenance of current infrastructure and increasing reserve contributions. This will position the City to be able to continue to build its reserves to meet future infrastructure needs, while ensuring that the Draft 2016 Budget and 2017-18 Plan would be fully aligned with the priorities and initiatives identified on the Term of Council Service Excellence Strategy Map.

Draft 2016 Budget and 2017-18 Plan

The City is growing rapidly. We are delivering on the vision of being a City of Choice, improving service delivery, managing growth and delivering services more effectively and efficiently.

The Draft 2016 Budget and 2017-18 Plan is aligned with the term of council priorities and the service excellence strategic initiatives presented in the Term of Council Service Excellence Strategy Map. On Sept. 30, 2015, Council approved a refreshed strategic plan. The plan provides a focused set of priorities for the corporation to deliver on our mission of citizens first through service excellence. The plan also aligns the City's three-year budget with the priorities and goals of the strategic plan.

Focusing on service excellence means that we will seek out ways to improve how residents and businesses experience our services. The goal is to increase satisfaction with our programs and services while also seeking efficiencies in how services are delivered. This will include identifying opportunities to use technology and apply digital strategies to improve our ability to deliver service excellence cost-effectively.

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The Draft 2016 Budget and 2017-18 plan outlined in the attached Draft 2016 Budget Book sets out staff's recommended operating allocations to deliver the City's water, wastewater and stormwater services over the next three years, including additional resource requests.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

The 2016 water and wastewater/stormwater budget supports the Term of Council Priorities, as identified on the Term of Council Service Excellence Strategy Map, by ensuring that the City:

- invest, renew and manage infrastructure and assets
- continue to ensure the safety and well-being of citizens
- continue to cultivate an environmentally sustainable city

Regional Implications

There are no implications however, the Regional purchases for 2016 represents 72% of the City's combined costs.

Conclusion

The combined draft rate increase at 9.82% covers a 9.02% rate increase from the Region of York, which accounts for 72% of the City's expenses.

The 2016 draft water/wastewater/stormwater budgets will generate funds to support water, wastewater and stormwater services and move towards full cost recovery thereby meeting the Safe Drinking Water Act and Sustainable Water and Sewage System requirements.

Based on the draft rate increase for water and wastewater the impact to the ratepayer that consumes 267 cubic metres will be approximately \$88.94 annually or \$7.41 per month.

It is therefore recommended that the City's water rate be increased to \$1.5815 per cubic meter and that the wastewater rate be increased to \$2.1426 per cubic meter both effective April 1, 2016.

Attachments

1. Draft 2016 Budget Book
2. The 2016 Water and Wastewater/Stormwater ARR Staffing Requests
3. 2016 Draft Operating Budget Water and Wastewater Service Charges

Report prepared by:

Dean Ferraro CPA, CA, Director of Financial Services/Deputy Treasurer, Ext. 8272
Jennifer Rose, Director of Environmental Services, Ext. 6116
Carey Greenidge, CPA, CMA, Finance Manager, Ext. 8486

(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.)