

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF MAY 23, 2018

Item 4, Report No. 5, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on May 23, 2018.

4 FISCAL HEALTH REPORT – FOR THE YEAR ENDING DECEMBER 31, 2017

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, dated May 7, 2018, be approved; and**
- 2) That the following be approved in accordance with Communication C1, from the Chief Financial Officer and City Treasurer, dated May 7, 2018:**
 - 1. That Council approve following budget amendments:**
 - a. That the capital budgets for AM-2528-17, AM-2529-17, EN-1851-14, EN-1843-11, EN-1696-08 be amended whereas funding source's for remaining unspent project budget as of December 31, 2017 be revised to the City's Federal Gas Tax Fund Reserve;**
 - b. That the capital budget for CD-2015-15 be amended by replacing funding source of the Debenture Financing with the City's Federal Gas Tax Fund Reserve in the amount of \$4,118,368.75.**

Recommendations

- 1. That the Fiscal Health Report for the Year Ending December 31, 2017 be received.**

(A copy of the attachments referred to in the following report have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, May 07, 2018

WARD(S): ALL

**TITLE: FISCAL HEALTH REPORT – FOR THE YEAR ENDING
DECEMBER 31, 2017**

FROM:

Laura Mirabella, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

To report on the City's fiscal health for the year ending December 31, 2017.

Recommendations

1. That the Fiscal Health Report for the Year Ending December 31, 2017 be received.

Report Highlights

- The City's property tax supported operations ended 2017 in a surplus financial position of \$0.8 million
- Transfers of \$0.4 million to the Year-End Expenditure Reserve and \$0.4 million to the Tax Rate Stabilization Reserve were made to bring the end financial position to balance
- Combined, the rate supported operations ended 2017 in a favourable position of \$7.9 million, resulting in a transfer to the reserves that support the renewal of water, wastewater and stormwater infrastructure
- During 2017, approximately \$110 million was spent on 332 capital projects
- 113 capital projects were closed in 2017 and savings of \$10.6 million from the closed projects were returned to various originating reserves and reserve funds

Background

The fiscal health report tracks actual spending performance of the City's calendarized financial plan. This report provides the year-end financial position of the City as at December 31, 2017 on the same basis as the 2017 budget, with accompanying commentary on the contributing factors that have affected the City's fiscal health.

The year-end fiscal health report compares annual actual city operating, water and wastewater and stormwater operations and capital results as of December 31, 2017, versus the approved budgets and on the same basis as the budget. This differs from the basis of accounting in the City's audited financial statements in some important ways. The full amortization of tangible capital assets and post-retirement benefits are excluded from this report while transfers to and from reserves and net debenture financing requirements are included. The City's draft audited financial statements are expected to be presented to Council in June 2018.

Previous Reports/Authority

FISCAL HEALTH REPORT – SEPTEMBER 30, 2017

Analysis and Options

Executive Summary

The City's ending net position was balanced for 2017.

The City's property tax supported operations ended 2017, before year-end reserve transfers, in a surplus financial position of \$0.8 million, largely attributed to lower than anticipated contract services costs as a result of improved procurement practices. Approximately \$0.4 million of the surplus was transferred to the Year-End Expenditure Reserve and the remaining \$0.4 million was transferred to the Tax Rate Stabilization Reserve to mitigate tax pressures in 2019 and beyond.

Combined, the rate supported operations ended 2017 in a favourable position. Prudent maintenance activities enabled water, wastewater and stormwater operations to contribute an additional \$7.9 million to the Water, Wastewater and Stormwater reserves. These reserve funds will assist in future infrastructure replacements as these assets near the end of their useful life.

During 2017, approximately \$110 million was spent on 332 capital projects, an increase of 40 percent from 2016 capital spending of \$77 million. Departments closed a total of 113 capital projects in 2017 and savings of \$10.6 million from the closed projects were returned to various originating reserves and reserve funds.

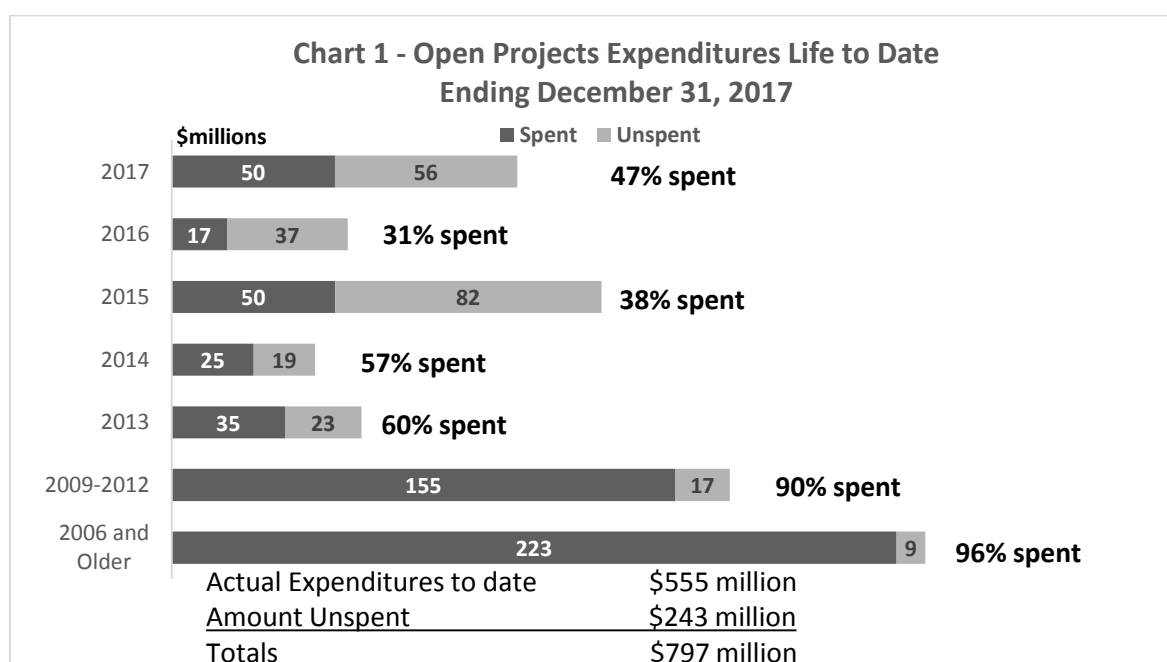
At December 31, 2017, there were 645 open capital projects with \$242.9 million of available budget remaining.

Attachment 1 provides the net position for all City departments.

Operating Results – Year ending December 31, 2017

	Budget \$million	Actual \$million	Variance \$million
Property Tax Based Budget			
Revenues	278.4	277.0	(1.4)
Expenditures	278.4	276.2	2.2
Year End Position	\$0.0	\$0.8	\$0.8
Reserve Transfer			
To Year- End Reserves		(0.4)	(0.4)
To Tax Rate Stabilization Reserve		(0.4)	(0.4)
Net		\$0.0	\$0.0
Water Rate Based Budget			
Revenues	19.2	22.9	3.7
Expenditures	19.2	22.9	(3.7)
Net	\$0.0	\$0.0	\$0.0
Wastewater Rate Based Budget			
Revenues	14.6	17.5	2.9
Expenditures	14.6	17.5	(2.9)
Net	\$0.0	\$0.0	\$0.0
Stormwater Charge Based Budget			
Revenues	12.5	9.2	(3.3)
Expenditures	12.5	9.2	3.3
Net	\$0.0	\$0.0	\$0.0

Capital Results – Year ending December 31, 2017



Discussion

OPERATING BUDGET RESULTS

Overall, City Revenues were \$1.3 million lower than plan.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Department Revenues	50.1	52.3	2.2	4.4%
Corporate Revenues	20.3	19.4	(0.9)	(3.9%)
Reserve Transfers	19.1	16.5	(2.6)	(13.6%)
Taxation	188.8	188.8	(0.0)	0.0%
Total Revenues	\$278.3	\$277.0	(\$1.3)	(0.0%)

Note – numbers may not add due to rounding

- Department Revenues were 4.4 percent greater than planned. Higher than expected revenues were collected from site plan applications, subdivision applications and other related fees in Development Planning. The revenue increase in licenses and permits from Building Standards have been mostly offset by a corresponding higher transfer to the Building Standard Continuity Reserve. Increased Community Services revenues also contributed to the favourable variance because of higher than expected revenues from parking enforcement and registrations for aquatic programs and summer camps.
- Corporate Revenues were 3.9 percent lower than planned. This is primarily because of revenue recognition timing difference as a result of transiting from annual dividend declaration to a quarterly based dividend declaration from the City's investment holdings company, Vaughan Holdings Inc. (VHI). In 2017, three quarters of the dividends were recognized.
- Reserve transfers were 13.6 percent lower than planned. Transfers from Building Standards and Development Engineering & Infrastructure Planning were less than budgeted, as these department expenditures were less than planned primarily due to labour vacancies.

Overall, City expenditures were \$2.1 million less than plan.

	Budget	Actual	Variance	Variance
	\$million	\$million	\$million	%
Labour	168.6	168.3	0.3	0.2%
Service Contracts & Materials	35.2	32.9	2.3	6.5%
Capital Related	27.8	27.6	0.2	0.7%
Other	29.0	31.4	(2.4)	(8.3%)
Utilities & Fuel	11.5	11.4	0.1	0.9%
Insurance	6.2	4.6	1.6	25.8%
Total Expenditures	\$278.3	\$276.2	\$2.1	0.01%

Note – numbers may not add due to rounding

- Labour costs were 0.2 percent lower than plan. Majority departments saw savings in labor expenditures due to prudent resource and vacancy management.

- Service contracts and materials were 6.5 per cent lower than budget. Savings from contract services were experienced across departments in 2017, notably in areas such as maintenances of facilities, roads, trees, and parks. In addition, winter control costs came in on budget and did not require a transfer from the Winterization Reserve.
- Other costs were 8.3 percent higher than budget, due in part to a transfer of \$1.7 million of excess funds to the Insurance Reserve to mitigate any future insurance related expenses. This excess fund was due to a competitive RFP for insurance that was awarded toward the end of 2016 with a revised annual premium effective January 2017. The premium cost savings that fund the transfer are included on the insurance expenditure line.
- Capital related expenditures, consisting of infrastructure reserve contributions and draws and principal and interest repayments to the Region, were on budget.

Attachment 2 provides commentary at the Portfolio/Office level.

Water, Wastewater and Stormwater Results

Fourth Quarter Water Operating Results

Water Operations gross margin was \$4.4 million greater than budget.

	Budget	Actual	Variance
	\$million	\$million	\$million
Residential Billings	36.4	32.9	(3.5)
Commercial Billings	24.1	22.2	(1.9)
Other	0.3	0.6	0.3
Purchases/Treatment Charges	37.8	32.4	5.4
Non-Revenue Water	5.7	1.6	4.1
Gross Margin	17.3	21.7	4.4
Other Revenues	1.9	1.2	(0.7)

- Residential and commercial water sales for the fourth quarter ended lower than budget by 9.6% and 7.9% respectively due to wetter than normal weather.
- As a result of decreased sales, Regional water purchases (direct cost) were lower than budgeted.
- Non-Revenue Water (NRW) was lower than budget due to a decrease in charges on the Region bill. The City and Region are investigating to determine reasons for the lower than expected NRW.

Water Operations expenditures before Lifecycle Contributions were \$1.9 million less than budget.

	Budget	Actual	Variance
	\$million	\$million	\$million
Maintenance and Installation Cost	5.6	4.5	1.1
General Administration	5.2	4.4	0.8
Joint Service Costs	0.7	0.7	0.0
Lifecycle Contribution	7.7	13.3	(5.6)
	19.2	22.9	(3.7)

- Maintenance and Installation Costs ended lower by 19.6% due to timing of procurements and lower than expected emergencies.
- General Administration costs were lower by 15.4% due to lower than expected professional fees and gapping associated with the Backflow Prevention Coordinator position (recruitment now complete) and vehicle lease expenses.

City's net lifecycle contribution was \$5.6 million greater than budget at the end of the fourth quarter.

Fourth Quarter Wastewater Operating Results

Wastewater Operations gross margin was \$3.0 million greater than budget.

	Budget	Actual	Variance
	\$million	\$million	\$million
Residential Billings	44.8	40.1	(4.7)
Commercial Billings	30.6	28.1	(2.5)
Other	0.4	0.6	0.2
Purchases/Treatment Charges	53.9	50.6	3.3
Non-Revenue Water	8.1	1.4	6.7
Gross Margin	13.8	16.8	3.0
Other Revenues	0.8	0.7	(0.1)

- Residential and Commercial wastewater billings for the fourth quarter trended 10.5% and 8.2% respectively lower than budget due to wetter than normal weather. Wastewater billing is based on water consumption and therefore trending is very similar to water consumption.
- As a result, treatment charges (direct cost) were lower than budget. The City and Region are investigating to determine reasons for the lower than expected Non-Revenue Water.

Wastewater Operations expenditures before Lifecycle Contributions were \$0.3 million less than budget.

	Budget	Actual	Variance
	\$million	\$million	\$million
Maintenance and Installation Cost	3.8	3.4	0.4
General Administration	2.4	2.1	0.3
Joint Service Costs	0.3	0.7	(0.4)
Lifecycle Contribution	8.1	11.3	(3.2)
	14.6	17.5	(2.9)

- Maintenance and Installation Costs ended lower by 10.5% due to timing of activities and lower than expected emergencies.
- Maintenance General Administration costs were lower by 12.5% due to lower than expected professional fees.

City's net lifecycle contribution was \$3.2 million greater than budget at the end of the fourth quarter.

Fourth Quarter Stormwater Operating Results

Stormwater Operations gross margin was \$3.2 million less than budget.

	Budget	Actual	Variance
	\$million	\$million	\$million
Residential Billings	4.0	3.9	(0.1)
Commercial Billings	8.1	5.0	(3.1)
Other	-	-	-
Purchases/Treatment Charges	-	-	-
Non-Revenue Water	-	-	-
Gross Margin	12.1	8.9	(3.2)
Other Revenues	0.4	0.3	(0.1)

- Stormwater billing was planned to start in April, but did not start until mid-June. The stormwater billing cycle takes approximately 8 weeks and was completed in August.
- Total billing revenues were lower than budget due to changes that have occurred to assumptions originally used to build the stormwater charge.

Stormwater Operations expenditures before Lifecycle Contributions were \$2.4 million less than budget.

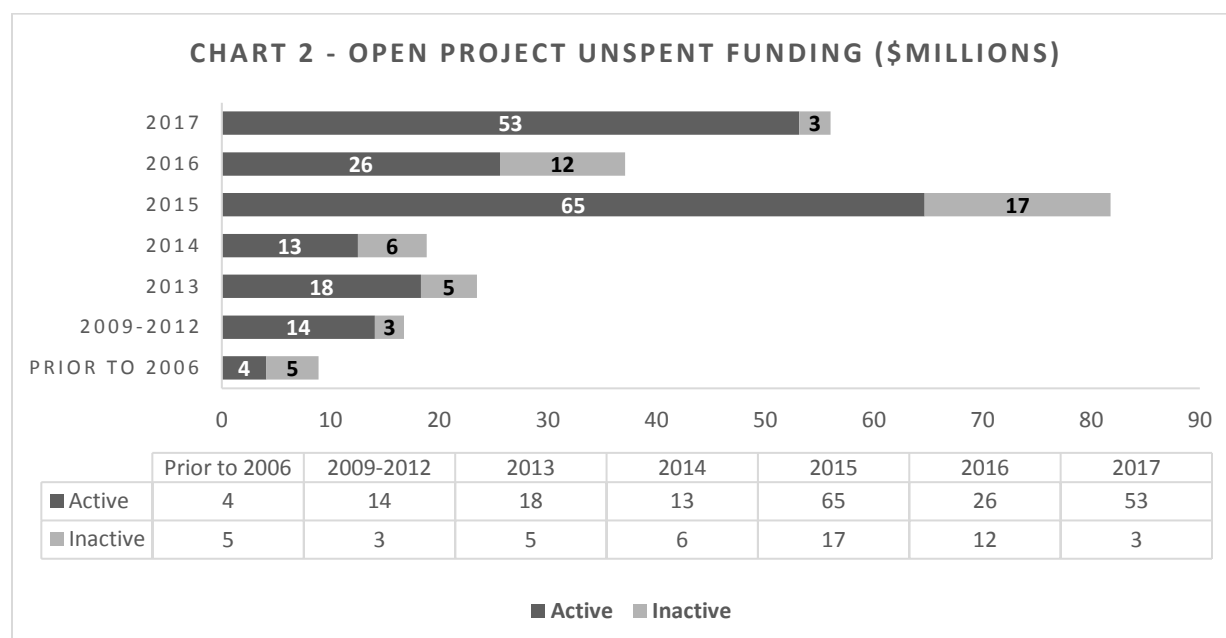
	Budget \$million	Actual \$million	Variance \$million
Maintenance and Installation Cost	2.7	2.1	0.6
General Administration	3.8	2.3	1.5
Joint Service Costs	0.5	0.2	0.3
Lifecycle Contribution	5.5	4.6	0.9
	12.5	9.2	3.3

- Maintenance and Installation Costs ended lower by 22.2% due to timing of activities and lower than expected required repairs.
- General Administration costs were lower by 39.5% due to vacancies early in the year associated with new staff including a W/WW Enforcement Officer, Water Resource Analyst, Program Manager and Project Manager (all hired by the end of Q2).

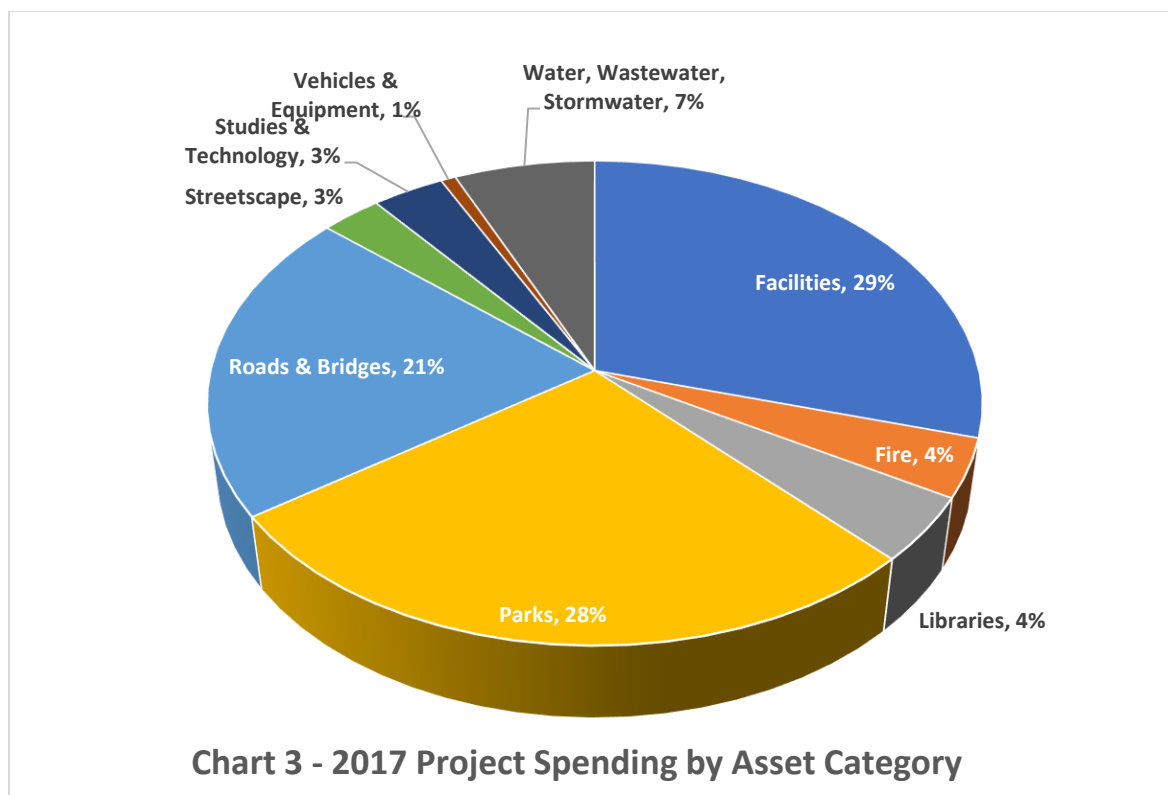
City's net lifecycle contribution was \$0.9 million lower than budget at the end of the fourth quarter.

Capital Budget Results

As at December 31, 2017, there were 645 open capital projects with \$243 million of available budget remaining. The open projects were made up of 484 active projects and 161 inactive projects. The open project unspent funding breakdown by year is illustrated in the Chart 2 below. Further information about the inactive projects can be found in the next section of the report.



During 2017, \$110 million was spent on 332 capital projects. By comparison, the 2016 and 2015 capital project spending was \$77 million and \$61 million respectively. The Chart 3 below illustrates the breakdown of funds spent by project asset category during 2017.



In the 2017 Budget, departments indicated that \$157 million in capital expenditures would be processed throughout 2017. At the end of 2017, a total of \$110 million in expenditures were paid or accrued for project works completed in 2017; this represents approximately 70 percent of the forecasted spend. This is the first year of formal tracking for this important capital performance indicator. Departments are continuing to enhance the robustness of their capital cash flow spend forecasts which will improve tracking of future results.

In addition to actual expenditures during 2017, more information about specific capital projects will be available in the Term of Council Service Excellence Strategy Map Progress Report that will be presented to Council in June 2018.

The following projects were considered substantially completed as of December 31, 2017 with budget overages as permitted under Section 8 of the Capital Project Financial Administration and Reporting policy. These projects are being separately reported in accordance with the policy.

Project # & Title	Budget	Actual	Variance	Variance Percentage
BF-8462-15 Father Ermano Bulfon CC Outdoor	149,350	151,158	(1,808)	1%
RP-6755-15 Ice Storm Tree Replacement	796,216	809,938	(13,722)	2%
DP-9030-12 VMC Computer 3D Modeling System	133,900	137,541	(3,641)	3%
FL-5211-16 PW-RDS-Replace Unit #1370 with	30,994	31,916	(922)	3%
FL-5300-16 ENG DEV TRANSP-Replace Unit #1	30,994	31,916	(922)	3%
1589-0-06 Rutherford Rd PD 6 E.Watermain	3,932,000	4,059,293	(127,293)	3%
FL-5519-17 Bldg Stds- Purchase 4 vehicles	227,836	259,316	(31,480)	14%

A complete list of active projects can be found [online](#).

Inactive Projects and Closed Projects

Of the 645 open capital projects, there are 161 projects that are considered inactive. Inactive projects comprise 25 percent of the total number of open projects, equating to 20 percent of the total unspent funds of \$243 million. Approximately two thirds of the inactive projects are substantially complete but are required to remain open until a future event occurs while one third of the inactive projects are on hold or have not started for a variety of reasons such as project scope and estimated costs being revalued and project reprioritization due to resourcing capacity. The breakdown of the classification of the 161 open inactive projects is as follows:

Classification	Number of Projects	Amount (\$million)
Completed - to be closed	34	\$7.2
Completed - Under Warranty or Maintenance	44	\$7.2
Completed - Waiting for final invoices	11	\$2.6
DC repayment in place	22	\$19.8
Not Started	12	\$6.7
Project Deferred	5	\$0.8
Project on Hold	33	\$6.2
Grand Totals	161	\$50.4

Of the total \$50.4 million in unspent funds from inactive projects, \$19.8 million (representing 40%) is held for projects that have development charge repayment agreements in place and will be paid out and closed in accordance with those agreements. Staff continue to review the status of projects on hold and projects deferred, and accordingly will develop action plans to return funding commitments back to the funding sources, to repurpose the project scope, or to advance the project.

A complete list of Inactive Projects can be found [online](#).

Departments closed 113 projects in 2017, returning \$10.6 million to Reserves

During the fourth quarter, departments closed 34 capital projects, bringing the total capital projects closed in 2017 to 113. As a result of achieved project savings, approximately \$10.6 million has been returned to various reserves to help fund other capital works. The table below provides a breakdown of projects closed during 2017.

Portfolios	Number of Projects Closed in 2017	Amount Returned to Reserve
Public Works	26	\$5,304,975
Planning and Growth Management	37	\$4,378,201
Community Services	40	\$801,208
Office of Chief Financial Officer	3	\$143,246
Corporate Services	5	\$12,554
Office of Transformation and Strategy	1	-
Library Services	1	\$38
Grand Total	113	\$10,649,223

A complete list of Closed Projects is enclosed as Attachment 3.

Capital Budget Amendments

For capital projects where a budget amendment is required, departments are required to bring a report to Finance, Administration and Audit Committee outlining the request for the amendment.

The following table summarizes the budget amendments that were processed during the fourth quarter.

Departments			Amount of Amendment
From:	To:		
Engineering Development Charges and Municipal Contribution	DT-7065-11 Millway Avenue Widening and Realignment	FAA R07, I4 June 27, 2017	2,940,000

Departments			Amount of Amendment
From:	To:		
Building & Facilities Infrastructure Reserve	BF-8479-15 Restoration of Kleinberg United Church	FAA R10, I6 Nov. 21, 2017	450,000
Vehicle Reserve, Fleet Development Charges, and Capital from Taxation	FL-5226-14, FL-5227-14, FL-5337-14, FL-5338-14, FL-5340-14, FL-5341-14, FL-5451-14, FL-5499-14 Various Vehicle Replacements	FAA R14, I7 Dec. 11, 2017	90,000
Stormwater Reserve	WW-2546-17, WW-2551-17, EV-2112-17 Various Stormwater Pond Rehabilitation Projects	FAA R14, I6 Dec. 11, 2017	1,268,704

Capital Transfers Authorized by the Chief Financial Officer/City Treasurer

As outlined in the section above, *Operating Transfers Authorized by the Chief Financial Officer/City Treasurer*, the Chief Financial Officer/City Treasurer has the delegated authority to approve any operating or capital realignments between departments, provided they are fiscally neutral. A summary of these changes is incorporated into the quarterly reporting process.

Capital Projects		Amount transferred between Projects
From:	To:	
CM-2526-16 Service Excellence Strategic Initiatives	SE-0080-16 Service Excellence Master's Program	16,000
EV-2087-16 Pump Station Condition Assessment	EV-2096-17 SCADA Project – Phase 2	12,578
EV-2087-16 Pump Station Condition Assessment	FL-5525-17 Sewer By-Law Sampling Van	19,500
EV-2101-17 Stormwater Pond Cleaning – Sugar Bush	WW-2546-17, WW-2551-17, EV-2112-17 Various Stormwater Pond Rehabilitation Projects	74,740
PK-6455-15 Clearview Park	PK-6571-17 Maxey Park	110,000
WW-2544-17 Non-Revenue Water Assessment WW-2542-17 Pressure District Assessment and District Metering Area Strategy	WW-2536-17 Bulk Water Stations	100,500

Continuity Schedule of Reserves and Reserve Funds

\$ million	Opening Balance	Revenues	Expenses	Closing Balance Before Commitments	Commitments	Closing Balance After Commitments
Obligatory Reserves						
City-Wide Development Charges	247.8	68.9	28.8	287.9	117.9	170.0
Area Specific Development Charges	1.2	0.8	0.1	1.9	8.5	-6.9
Restricted Grant	27.1	9.2	8.5	27.8	21.1	5.7
Other	95.5	19.8	24.1	91.2	2.4	88.8
Obligatory Subtotal	371.6	98.7	61.5	408.9	150.0	257.6
Discretionary Reserves						
Infrastructure	170.8	41.7	19.3	193.2	49.2	144.0
Capital from Taxation	17.2	7.6	7.6	17.2	16.3	0.9
Corporate	17.4	0.8	3.1	15.1	0.2	14.9
Special Purpose	6.7	0.7	0.4	7.0	13.2	-6.1
Sustainability	34.5	14.2	6.8	41.8	0.5	41.3
Discretionary Subtotal	246.7	65.0	37.3	274.4	79.4	195.0
Grand Totals	\$618.3	\$163.7	\$98.8	\$683.3	\$229.4	\$452.6

Note – numbers may not add due to rounding.

At the end of 2017, the reserve balance before commitments was \$683 million. A net reserve activity of \$229 million is committed against these reserves and reserve funds; after this activity is accounted for, the total reserves and reserve funds balances as of December 31, 2017 was \$453 million, of which \$258 million was for obligatory reserves and \$195 million was in discretionary reserves.

Development Charges collected in 2017 equated to \$66 million. Approximately \$56 million was collected from residential developments representing a 7 percent increase over 2016 collected revenue of \$52 million; approximately \$10 million was collected from non-residential developments representing a 20 percent increase over 2016 collected revenues of \$8 million. The City's draft Development Charge Fund Statement is expected to be presented to Council in June 2018.

The City contributed approximately \$40 million into various infrastructure reserves to fund future assets' state of good repair, of which \$12 million was contributed from taxation and approximately \$28 million was from rate supported revenues. The City is currently on its journey to develop a comprehensive asset management plan that will be rolling out into various phases. Phase one of the roadmap is to develop an asset management strategic

policy and accompanying strategies to establish mechanism to promote principle and evidence based decision making. Asset management plans will inform future infrastructure planning and support asset management related budget and spending decisions.

The Detailed Reserve Continuity Schedule can be found [online](#).

Financial Ratios in alignment with Corporate Targets

Discretionary reserves provide the City with financial flexibility in order to safeguard against economic downturns and finance operations internally. To ensure the sustainability of these reserves, the City has adopted associated targets. The City also has a target ratio for debt services costs. The table below provides the status of these targets at the end of 2017:

Policy Ratio	2017	Ratio Forecasted in 2017 budget	Target
Discretionary Reserve	49%	55.74%	>50% Of Own Source Revenues
Working Capital	4%	4.91%	Up To 10% Of Own Source Revenues
Debt Service Costs	2%	4.34%	<10% Of Own Source Revenues

Discretionary Reserve Ratio - The greatest pressure on discretionary reserves is largely due to funding infrastructure replacement as the City's initial stock of infrastructure assets begin to reach the end of their useful lives.

Working Capital Ratio - Contributions to this reserve occur only when the City achieves a surplus; this reserve can be a source of funding to address a year-end deficit position. In 2017, the operating surplus fund was transferred to the Tax Rate Stabilization Reserve. The consideration of consolidating these two reserve accounts will be analyzed and discussed in an upcoming reserve policy review.

Debt Service Ratio - The City's policy limits debt to a maximum of 10 percent of total City revenue, which is significantly lower than the Province's 25 per cent maximum. Total debt outstanding as of December 31, 2017 was \$36 million with a debt repayment costs totaling \$9.0 million, \$7.8 million in principal and \$1.3 million in interest. Repayment costs of \$9.0 million represents approximately 2 percent of the City's own source revenues. The Debt Service Ratio continued to improve in 2017, this was achieved in part by looking for responsible and innovative ways to fund capital projects. It is worth noting however, that when debt financing can be an additional funding tool to finance infrastructures in the City, due diligence is necessary to ensure the City's long term financial sustainability and flexibility.

The City is working to complete a long term fiscal plan that would take into consideration the City's Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. A Reserve Policy and a Debt Management Policy review will be complimenting this long term fiscal plan which include review of some key financial indicators; the resulting analysis and recommendation would be considered in the City's multi-year financial plan and to ensure financial decisions are mindful of short-term and long-term financial impacts from the City's growth and the City's desired levels of services.

Grant Activity Update

In 2017, the City received approval of \$10.9 million in grant revenues inclusive of the City's Gas Tax revenue of \$8.9 million.

The table below summarizes the grants revenues received in 2017. These figures exclude the Federal Gas Tax received in 2017.

Grant	Capital Grants	Operating Grants
Canada 150 Community Infrastructure Program	7,253	
Waste Diversion Ontario (WDO)		1,247,855
VBEC - Core Funding		50,262
Public Library Operating, Pay Equity and First Nations Salary Supplement Grant		143,234
Canada 150 Celebrate Canada Fund		34,238
Celebrate Canada		10,000
IESO Embedded Energy Manager Program		80,000
Age Friendly Grant		17,027
VBEC - Summer Company		127,092
Swim to Survive		7,089
Seniors Community Grant program		(194)
Young Canada Works in Heritage Organizations program		350
Canada Summer Jobs		7,581
Literacy Readings program		1,200
VBEC Starter Company (now defunct)		(61,626)
VBEC Entrepreneurship Pilot Project (now defunct)		80,195
VBEC Starter Company Plus		247,500
Total by Grant Type	7,253	1,991,803
Total Grants Received in 2017		1,999,056

Projects are progressing well for other awarded 2017 grants.

Approximately \$1 million is expected to be received from the Canada 150 Infrastructure Program in the first quarter of 2018 for projects implemented in 2017. Projects include Rehabilitation of Oak Bank Pond, Improvement of Matthew Park, Improvement of North Thornhill District Park, Expansion of Maxey Park Playground, Renovation of Vellore Village Community Centre/ Dufferin Clark Community Centre/Father Ermanno Community Centre and Woodbridge Arena

The City received funding award from the Clean Water and Wastewater Fund in 2017. This grant funding will help offset costs for thirty-four (34) projects applied for, more notably including: VMC Edgeley Pond and Park, Centre Street Watermain Replacement, Stegman's Mill Watermain Replacement, Andrew Park/Button/Marilyn Place/ North Humber Road Watermain Replacement, Clarence Street Slope Stabilization, watermain condition assessments and various water metering related programs. Approximately \$8 million is expected to be received from the Clean Water Wastewater Fund in the first half year of 2018 for projects completed in 2017.

In June 2017, Council authorized City staff to apply for the Ontario Municipal Commuter Cycling (OMCC) grant. OMCC is a non-competitive, four-year program that will provide direct, dedicated, annual funding to Ontario municipalities for the implementation of commuter cycling infrastructure. On December 4, 2017, the Province announced that the year-one funding allocation for the City of Vaughan is \$908,612.25. Staff are reviewing the eligible projects list to identify which projects will be implemented using OMCC funding considering that the selected projects must be delivered by December 30, 2020.

Broader Regional Impacts/Considerations

Not applicable.

Conclusion

The report is consistent with the priorities set in the Service Excellence Strategic Initiatives under Operational Performance: Financial Sustainability.

The City's property tax supported operations ended 2017 in a surplus financial position of \$0.8 million, of which \$0.4 million was transferred to the Year-End Expenditure Reserve and \$0.4 million was transferred to the Tax Rate Stabilization Reserve, consistent with the Consolidated Reserve Policy.

Combined, the water, wastewater and stormwater rate supported operations ended 2017 in a favourable position of \$7.9 million, resulting in a transfer to the infrastructure reserves that support these activities.

During 2017, approximately \$110 million was spent on 332 capital projects. Departments closed a total of 113 capital projects in 2017 and savings of \$10.6 million from the closed projects were returned to various reserves and reserve funds.

The City is working to complete a long term fiscal planning model that would take into consideration the City's 2019-2022 Term of Council strategic plan, growth plans, asset management plan, development charge study, and its treasury management strategy. The resulting model would be used to provide advice to Council on recommended funding strategies, spending capacities, tax levy implications and the City's financial resiliency;

and would help ensure that as the City continues to grow and intensify, the City remains financially sustainable over the long term.

For more information, please contact:

Maggie Wang, Manager, Corporate Financial Planning & Analysis, Ext. 8029

Attachments

1. City Operating – 2017 Financial Summary
2. City Operating – Portfolio/Office Summary
3. List of Projects Closed in 2017

Prepared by

Maggie Wang, MBA, CPA, CGA, A.I.M.A.,
Manager, Corporate Financial Planning & Analysis
Ext 8029

Sean Skinkle
Finance Manager, Water, Wastewater and Stormwater
Ext 8486