

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 23, 2013

Item 2, Report No. 6, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on April 23, 2013.

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GRANT PORTFOLIO UPDATE

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance & City Treasurer and the Director of Budgeting and Financial Planning, dated April 15, 2013:

Recommendation

The Commissioner of Finance & City Treasurer and the Director of Budgeting and Financial Planning recommend:

1. That this report be received for information.

Contribution to Sustainability

Balancing fiscal sustainability with the delivery of programs and services is a challenge for most Canadian cities. The current uncertain economic climate and associated fiscal restraint has elevated this challenge. An opportunity to mitigate these pressures is to obtain financial assistance and grants from upper levels of government. Recognizing this opportunity, the City developed an External Grant Procurement Policy, associated procedures and obtained a resource to proactively access these non-repayable grant streams. This action has aided in sustaining community infrastructure, community programs and implementing City initiatives, while reducing the overall tax burden.

Economic Impact

Since implementing the External Grant Procurement Policy and Procedures in June 2009 the City has been very successful in obtaining additional external funding. To date 411 submissions were made to a variety of grant/subsidy programs, of which 352 (86%) were awarded \$65 million in grants over 4 years. To date \$56m has been received. These funds greatly assisted in reducing costs associated with projects that might have otherwise been cancelled, deferred or placed increased pressure on the City's tax levy. The chart below provides a summary of the four grant categories utilized by the City from 2009 to 2012.

| CITY OF VAUGHAN GRANT FUNDING RECEIVED | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2009 | 2010 | 2011 | 2012 | Total |
| One-time Grants | 2,694,695 | 2,670,044 | 4,098,410 | 3,423,206 | 12,886,355 |
| Continuous Grants | 6,152,700 | 7,584,421 | 7,565,449 | 7,565,449 | 28,868,019 |
| Specific Term & Sector Grants | 1,480,234 | 7,031,211 | 4,392,376 | 143,750 | 13,047,571 |
| Annual Grants | 1,013,576 | 374,272 | 266,235 | 408,105 | 2,062,188 |
| Sub-Totals | 11,341,205 | 17,659,948 | 16,322,470 | 11,540,510 | 56,864,133 |

Note: The higher amounts in 2010/11, in the Specific Period & Sector Grant and One-time Grant categories, are a result of the infrastructure stimulus, Investing in Ontario, and COMRIF short-term grants which are now substantially complete.

Communications Plan

The success the City has had will be communicated to the media and the public. Moving forward, to streamline grant reporting it will be provided through the quarterly reporting and budget process.

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Purpose

The purpose of this report is to provide Committee/Council with an update regarding the City's grant activity for the period June 2009 to December, 2012 and also provide an update on the recent Municipal Infrastructure Investment Initiative Phase II 2012 Grant, expression of interest (EOI).

Background- Analysis and Options

In June 2009, the City began implementing the grant procurement initiative with the development of a Grants Specialist position. The primary objectives for this role were to develop an external grant policy process and consolidate the grant submission activity. The intent was to develop a comprehensive and consistent process to assist departments with identifying potential grants, submitting applications and monitoring/administering the process. Prior to this, departments attempted to prepare submissions in isolation while maintaining daily workloads. This situation resulted in inconsistent submissions, fewer successes and missed opportunities. The new process created a policy to guide and unify the grant process, centralize submission development and provide a point of contact to assist staff. Since 2009 Vaughan has capitalized on various grant and subsidy opportunities, which are illustrated in the following four categories:

- One-Time Grants
- Continuous Grants
- Specific Term and Sector Grants
- Annual Grants

A description and brief update on each category is provided below:

One-Time Grants

Prior to 2009, the Federal and Provincial Governments provided municipal infrastructure support partially through one-time lump-sum funding calculated on a per-capita basis. These programs did not require detailed applications or adherence to numerous strict requirements, as is the situation with more recent grant programs. The process was simply to accept the pre-calculated amounts, apply the funds to current capital projects and then report on the progress annually. The City received a total of \$12,886,355 through the following four initiatives:

| GRANT PROGRAM | TOTAL AMOUNT | REMAINING FUNDS | # OF PROJ's |
|--|-------------------|------------------|-----------------------|
| Municipal Infrastructure Investment Initiative (MIII) – 2008 Phase | 975,400 | - | 1 Culvert Replacement |
| Canada Ontario Municipal Infrastructure Fund (COMRIF) | 288,666 | - | 1 Culvert Replacement |
| Municipal Roads & Infrastructure | 2,935,615 | 662,612 | 1 Road Rehabilitation |
| Investing in Ontario Act (IOA) | 8,686,674 | 931,240 | Various Rds |
| Total | 12,886,355 | 1,593,852 | 9 |

The above initiatives remain active with respect to open capital projects and/or unspent funds. Maintaining program eligibility is contingent upon annual external reporting until the funds are utilized. Currently there are a number of projects complete but on maintenance. These projects total \$1.8m and will continue to be reported on externally until projects are completed and closed. Overall, \$1.6m in grant funding is available for future projects.

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Continuous Grants

Continuous grant programs provide a guaranteed annual source of revenue for the foreseeable future. They are designed to support specific types of municipal initiatives which meet the funding program's mandate. These grants do not require an annual submission, rather a formal agreement which binds the City to specific compliance and reporting requirements. Currently the City receives approximately \$7.6m in continuous funding per year, through three different grants:

- *Federal Government Gas Tax Program:*

In Ontario, the Federal Gas Tax program is administered by the Association of Municipalities of Ontario (AMO) and is focused on infrastructure initiatives which promote and sustain the environment. There is significant momentum to convert this grant into a continuous funding stream. Initially this grant was planned to expire in 2010, but was extended to 2014, and recently the 2013 Federal Budget extended the term for another 10 years and included indexed funding and an expansion of the eligible categories.

Projects must be approved by AMO and align with prescribed eligible Gas Tax categories. Until recently, these were as follows:

1. Roads and Bridges
2. Water/Waste Water
3. Public Transit
4. Capacity Building
5. Community Energy Systems

On a go forward basis, new categories such as disaster mitigation, broadband connectivity, brownfield redevelopment, culture, tourism, sports and recreation, etc. will be added. However, specific details are not available at this time, but will be incorporated as part of the next budget process.

Municipal funding amounts are calculated on a per capita basis, of which Vaughan currently receives \$7.3 million annually. To remain eligible for Gas Tax funding the City is obligated to specific compliance and reporting requirements, including an annual gas tax audit, which was successfully completed on March 28th, 2013. To date the City has utilized Gas Tax funds toward the following items;

- Pavement Management Programs (*Roads and Bridges*)
- Passive pedestrian infrastructure including bike/walking paths
- Water main and storm water management ponds replacement
- Recycling initiatives e.g. green bin initiative
- LEEDs portion of facility construction
- Etc.

The table below summarizes the Gas Tax funds received, allocated and available. To date the City has received \$44 million in gas tax revenue of which \$37.8 million has been spent or allocated to 51 capital projects. Based on the below, the City has an available carry forward amount of \$7.2 million to fund eligible projects in the next budget process. It should be noted, municipalities are permitted to carry forward available balances for 3 years.

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| GAS TAX SUMMARY | | | | | |
|-----------------|-------------------|----------------|-----------------------------|----------------------------|------------------|
| Period | Grant \$ | Interest | Claimed YTD (12/31/2012) | 2013 Budget Commitments | \$ Available |
| 2007-2012 | 36,787,558 | 967,178 | 23,310,238 | 8,505,555 | 5,938,944 |
| 2013 | 7,327,215 | 0 | 0 | 6,031,129 | 1,296,086 |
| <i>Total</i> | <i>44,114,773</i> | <i>967,178</i> | <i>23,310,238</i> | <i>14,536,684</i> | <i>7,235,030</i> |

Note; the above timeframe starts in 2007, before the current grant process was established and earlier than the period illustrated in this report. This balance will differ from this report's consolidated totals.

- **Library Operating Grant**

The Province of Ontario offers libraries an operating and pay equity supplement grant program. Vaughan libraries currently receive an annual amount of \$143,234 comprised of two components: \$141,898 library operating grant and \$1,245 in pay equity funding. This grant requires annual reporting.

- **Business Enterprise Centre Subsidy**

The Ministry of Economic Development and Innovation (MEDI) has an open ended partnership agreement with the City of Vaughan to provide \$95,000 in operating funding each year to support the Vaughan Business Enterprise Centre (VBEC). To maintain eligibility VBEC is required to submit a business plan to the Ministry annually.

In addition, VBEC has the opportunity to obtain annual specific grants, which are highlighted later in this report.

Specific Term and Sector Grants

Government grant initiatives implemented after 2009 were primarily contribution programs for specific types of projects with specific completion timeframes. Grant funding related to these programs is typically 1/3 to 1/2 of the total eligible project costs, but can vary. The grants are not pre-calculated, but are projected and requested by the applicant. If approved, the City must cover all costs and then submit for reimbursement. Vaughan has been very successful in securing funding through the grants illustrated in the chart below. These funds are further discussed below the chart.

| Grants | Total Cost | Grant Award | \$ Rec'd to Date |
|--|------------|-------------|------------------|
| Infrastructure Stimulus Fund (ISF) | 29,024,700 | 19,349,800 | 12,680,151 |
| Recreation Infrastructure Canada (RInC). | 570,675 | 380,450 | 367,420 |
| Community Improvement Investment Fund (CIIF) | 1,310,300 | 436,764 | - |
| Total | 30,905,675 | 20,167,014 | 13,047,571 |

- **Building Canada Fund (BCF):**

In 2009 the Federal Government implemented the Building Canada Fund program which delivered multiple funding streams across Canada. Vaughan received the highest number of awarded projects in Ontario under two streams: the Infrastructure Stimulus Fund (ISF) and Recreation Infrastructure Canada (RInC). Both programs were delivered nationwide in partnership with the Provinces. BCF was a one-time initiative which required an equal 1/3rd share contribution between the Federal Government, Provincial Government and the City.

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Infrastructure Stimulus Fund (ISF)

In 2009 the City submitted 214 applications for ISF funding and was approved for 174 projects. The majority of the projects were engineering road rehabilitation related with the remaining projects comprised of community centre work, local park infrastructure improvements and the street lighting pilot project as detailed below:

| Project Type | Award Amount | Percentage |
|-------------------|--------------|-------------|
| Road | 22.6 | 75% |
| Community Centres | 3.7 | 12% |
| Public Parks | 2.5 | 8% |
| Street Lighting | 1.5 | 5% |
| Total | 30.3 | 100% |

The work was carried out during the 2010/11 construction seasons with all program reporting requirements having been completed by the extended deadline in 2012. The City submitted monthly reimbursement claims totaling \$12.6 million to the Federal and Provincial governments. Many of the projects were delivered under the projected amount which resulted in the City spending less than its budgeted 1/3 share. As a result, the City has a residual balance of \$3.6 million in unspent City funds, which will revert back to the original funding sources once projects are closed later this year. All of the ISF projects have been completed and reporting submitted to the Ontario Ministry of Agriculture Food and Rural Affairs (OMAFRA).

| INFRASTRUCTURE STIMULUS FUND (ISF) OVERVIEW | | | | |
|--|-----------|-------------------|------------------|--------------------|
| | # of Aps | Total Proj. Cost | City 1/3 Share | Fed/Prov 2/3 Share |
| Submitted | 214 | 43,313,700 | 14,437,900 | 28,875,800 |
| Awarded | 174 | 30,277,600 | 10,092,533 | 20,185,066 |
| Withdrawn * | 31 | 1,252,900 | 417,634 | 835,266 |
| Revised Award | 143 | 29,024,700 | 9,674,899 | 19,349,800 |
| Total Cost/Claim Amount | | 19,020,860 | 6,537,738 | 12,680,151 |
| Residual/ISF non-claimable | ** | 10,003,840 | 3,137,161 | 6,669,649 |

**Note: Due to circumstances beyond Vaughan's control it became evident that 31 projects approved for ISF funding would no longer be able to be completed within the programs timeline. As such, the City formally withdrew the projects from ISF and refunded \$271,240 in grants received. The result was a reduced amount of overall Federal and Provincial Funding as noted above. The City portion of the withdrawn projects was then treated as a non-grant project with remaining expenses applied.*

*** In addition, the City came in under budget due to lower than anticipated contractor bids on many projects. It is speculated this was a result of the 2008 recession and increased bid competition.*

Recreation Infrastructure Canada (RInC).

Under the RInC funding stream the City submitted 22 applications of which 3 were approved for RInC funding, 12 were approved through ISF and 7 did not qualify. Overall, Vaughan received \$367,420 in RInC grant funding. A residual balance of \$6,103 remains from the City's original 1/3rd share, which when the project is closed will revert back to the original funding source.

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| RECREATION INFRASTRUCTURE CANADA (RInC) OVERVIEW | | | | |
|---|-----------------|-------------------------|--------------|-----------------|
| | # of Aps | Total Proj. Cost | City | Fed/Prov |
| Submitted | 22 | 9,812,500 | 3,270,833 | 6,541,666 |
| Approved | 3 | 570,675 | 190,225 | 380,450 |
| Total Cost/Claim Amount | | 551,129 | 184,122 | 367,420 |
| City Residual/RInC non-claimable | | | 6,103 | 13,030 |

▪ **Community Improvement Investment Fund (CIIF)**

In July 2012 the Government of Canada initiated a call for proposals under the CIIF program. The City submitted 22 applications of which 15 (68%) were awarded a total of \$436,764, representing a 1/3rd share of the total \$1,310,300 projected cost estimate. The process is similar to the ISF grant in that the City will incur full expenses and then submit for reimbursement up to the grant portion. Projects will commence in the spring of 2013 with substantial completion to occur by March 31, 2014. Per the program requirements, final reporting is required by June 30, 2014. The following is a list of the projects approved for CIIF funding.

| CIIF PROJECTS AWARD | COST ESTIMATE | AWARD @ 33.3% |
|---|----------------------|----------------------|
| <i>Dufferin Clark C.C. Relocate Seniors Room To The Ground Floor</i> | 50,600 | 16,866 |
| <i>Dufferin Clark C.C. Seniors Accessible Washrooms</i> | 51,500 | 17,166 |
| <i>Father Ermanno CC: Out Door Rink</i> | 113,300 | 37,766 |
| <i>Garnet A. Williams CC - Floor Replacement</i> | 36,100 | 12,033 |
| <i>McClure Meadows Park-Splash Pad</i> | 25,800 | 8,600 |
| <i>Maple Lion Park Splash Pad</i> | 25,800 | 8,600 |
| <i>Mackenzie Glen Play Ground Rehabilitation</i> | 61,800 | 20,600 |
| BUILDING AND FACILITIES SUB-TOTAL | 364,900 | 121,631 |
| <i>Glen Shield Park-Playground Replacement & Safety Surfacing</i> | 248,000 | 82,667 |
| <i>Mackenzie Glen Park Replace Splash Pad Surfacing</i> | 201,500 | 67,167 |
| <i>Dufferin District Park: Tennis Court Rehabilitation</i> | 139,300 | 46,433 |
| <i>Vaughan Crest Park Bocce Court Re-development</i> | 137,000 | 45,667 |
| <i>York Hill Park-Tennis Court Replacement</i> | 56,700 | 18,900 |
| <i>Maple Baseball Diamond Fencing Replacement</i> | 32,000 | 10,666 |
| <i>Sonoma Heights Park - Fencing Extension</i> | 30,900 | 10,300 |
| PARKS SUB-TOTAL | 845,400 | 281,800 |
| <i>Ainsley Grove Library (AODA Standards @ Front Counter)</i> | 100,000 | 33,333 |
| LIBRARY SUB-TOTALS | 100,000 | 33,333 |
| TOTAL ALL APPROVED CIIF PROJECTS | 1,310,300 | 436,764 |

▪ **Municipal Infrastructure Investment Initiative (MIII) Phase II 2012 Grant**

In November 2012 the Provincial Government released the MIII Phase II 2012 Grant. The program totaled \$51 million focused towards critical municipal infrastructure projects which posed a public health and safety issue and that could not be performed without additional funding. The process included both a pre-screening phase, during which applicants submitted

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an Expression of Interest (EOI), and the full application phase. Municipalities who's EOIs passed the pre-screening phase were invited to submit a full application. The City submitted the EOI, but was not successful. Informal feedback from the Province indicated other projects submitted were more critical with less funding availability.

Annual Grants

Many grant programs are offered through various government departments and agencies either on an annual basis or open for proposals at specific times. These grants require an annual application and are not guaranteed or automatically renewed. The funds support municipal projects which help to meet the mandate of the funding program and can encompass a wide range of categories including, but not limited to, Community Programs, Human Resource assistance and Environmental Programs. Departments throughout the City rely on these programs for financial assistance for smaller programs and projects.

From May 2009 to December 2012 Vaughan departments were successful in receiving grant funds under the following programs:

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| ANNUAL GRANT PROGRAMS AWARDED FROM 2009 TO 2012 | | | |
|--|---------------------|------------------------------|----------------|
| PROGRAM | AWARD AMOUNT | # OF AP/PROJ APPROVED | PROGRAM |
| Community Programs | | | |
| Bridges to Better Business (VBEC) | 42,000 | 4 | Available |
| Canada Multiculturalism Grant Program | 95,000 | 1 | Available |
| Celebrate Canada43 | 85,000 | 4 | Available |
| International Women's Day Event (VBEC) | 4,425 | 1 | Available |
| Joint Emergency Preparedness Program (JEPP) | 65,050 | 3 | Discontinued |
| New Horizons for Seniors | 47,583 | 2 | Available |
| Summer Company (VBEC) | 52,000 | 4 | Available |
| Swim to Survive | 38,366 | 4 | Available |
| Tourism Development Fund | 119,000 | 1 | Available |
| Sub-Total | 548,424 | 24 | |
| Human Resource Programs | | | |
| AMCTO Internship Program | 12,000 | 1 | Available |
| Canada Summer Jobs | 81,998 | 3 | Available |
| COSTI | 54,680 | 2 | Available |
| Job Start | 19,266 | 1 | Available |
| Targeted Wage Subsidy | 500 | 1 | Available |
| Young Canada Works | 8,000 | 1 | Available |
| Sub-Total | 176,444 | 9 | |
| Environmental Programs | | | |
| Edible Trees | 4,000 | 1 | Available |
| FCM Green Mun Fund | 792,552 | 2 | Available |
| Healthy Community Fund | 30,000 | 1 | Available |
| Ont Tire Stewardship Program | 21,620 | 1 | Available |
| Provincial Regional Partnership Fund | 39,093 | 1 | Available |
| Transportation Demand Management (TDM) | 30,000 | 1 | Available |
| York Ped/Cycling Partnership | 160,055 | 2 | Available |
| York Streetscape Program | 260,000 | 2 | Available |
| Sub-Total | 1,337,320 | 11 | |
| TOTAL ALL PROGRAM TYPES | 2,062,188 | 44 | |

The majority of these programs are offered on an annual basis and have been provided for the past five years or more. Overall, 65% of the above grant value relates to the following 4 specific grants:

- FCM Green Mun. Fund – Funds were granted by FCM for a partnership initiative to develop Municipal Sustainable Measures, which will be utilized when processing development applications. The information obtained through this initiative will be rolled out to other municipalities.

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- York Streetscape – The City of Vaughan has utilized this program to augment funding for the Major Mackenzie Streetscape initiative.
- York Ped/Cycling Partnership – Funding under this program assisted the Directional Signage project for the Bartley Smith trail system.
- Tourism Development Fund - This is a Ministry of Tourism annual program which supported the 2009 Communities in Bloom National Conference.

The remaining 40% of the grant value consists of 40 grants. Various City departments have been utilizing these programs for smaller projects and programs as they are well established and have a relatively uncomplicated submission process. Although the funds are generally smaller, the cumulative revenue greatly assists in offsetting funds from other internal revenue sources and/or fund programs which otherwise could not be provided.

Future Trends and Requirements

Over the past five years there has been a significant change in the complexity of information required in grant applications as well as the number of conditions. The trend has evolved from senior levels of government providing one-time grants to be utilized at the municipality's discretion, to multi-phase grants requiring detailed project/budget information and tighter compliance requirements.

A significant change at the provincial level is the recent requirement to have comprehensive Asset Management Plans (AMP) consistent with the Ministry of Infrastructure's Building Together Guide. Moving forward, it is likely municipalities seeking provincial funding after 2013 for infrastructure projects will only be considered if they have an AMP in place. Vaughan is in a good position with the recent implementation of the Financial Master Plan, multi-year budgeting, Tangible Capital Assets, and most recently the city-wide asset management initiative. For future infrastructure grant funding, it will be imperative to have a significant portion of the AMP in place by early 2014.

The "Building Canada Fund" (BCF) is currently the primary source of infrastructure funding from the federal level. As part of the 2013 Federal Budget tabled in late March, the BCF mandate has been extended for at least another 10 years. The budget also indicated the funding would be indexed for CPI and eligible categories expanded. In addition, the budget announced grant funding to support significant economic projects, funds to renew the P3 Canada fund, Heritage and Arts funding, as well as Nature conservancy funding. This announcement is relatively recent and specific details are not readily available, but staff will continue to research, monitor, and apply for grant opportunities arising from the 2013 Federal Budget

Relationship to Vaughan Vision 2020/Strategic Plan

Grant funding is directly related to the City's strategic plan by supporting the Ensure Financial Sustainability theme. In addition, some grant funds are used to support specific strategic initiatives related to service excellence themes e.g. promoting environmental sustainability, service delivery etc.

Regional Implications

Not applicable.

Conclusion

Grant programs remain a key tool for senior levels of government to provide financial assistance

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to local municipal projects. Over the past four years Vaughan has successfully obtained \$56 million, averaging \$14m per year, which has supported over 400 community projects. Without this funding these projects would have been either cancelled, deferred or placed additional pressure on the City's tax levy. As illustrated, grant funding is an important component of the City's financial sustainability plan.

Moving forward, the trend has transitioned from one-time flexible grants to grants requiring significantly more detailed submissions and reporting requirements. The City's future grant success will be contingent on being aware of the changing requirements and proactively preparing for these adjustments. The biggest change is the recent provincial requirement to support infrastructure grant requests with comprehensive asset management plans. Vaughan is well positioned for this change with the recent implementation of the Financial Master Plan, multi-year budgeting, Tangible Capital Assets and most recently the city-wide Asset Management initiative. New opportunities have recently become available as part of the recent 2013 Federal Budget. This announcement is relatively recent and specific details are not readily available, staff will continue to research and monitor these grant opportunities and proceed accordingly.

Attachments:

NA

Report prepared by:

Bonnie-Lyn Gow,
Grants Specialist