

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 23, 2015

Item 6, Report No. 10, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 23, 2015.

6 ENDING MARCH 31, 2015 – CONSOLIDATED QUARTERLY REPORT

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance & City Treasurer, the Director of Financial Planning & Analytics and the Director of City Financial Services/Deputy Treasurer, dated June 15, 2015, be approved; and**
- 2) That the presentation by the Director of Financial Planning & Analytics, and C2, presentation material titled: “*Ending March 31, 2015 – Consolidated Quarterly Report*”, be received.**

Recommendation

The Commissioner of Finance & City Treasurer, the Director of Financial Planning & Analytics and the Director of City Financial Services/Deputy Treasurer recommend:

1. That the 2015 Consolidated First Quarter Variance Report be received.

Contribution to Sustainability

Not applicable.

Economic Impact

The quarterly variance report monitors actual spending performance to the City's calendarized financial plan. There is no economic impact arising from this report as budgets and projects have been previously approved by Council.

Communication Plan

The report and all attachments are available publicly on the Agenda, Minutes & Extract page of the City's website (www.vaughan.ca).

Purpose

To report on the City's financial results for the first quarter ended March 31, 2015, including an update on grant activity, and high profile capital projects.

Background – Analysis and Options

The attached first quarter variance report compares actual operating, water and wastewater operations and capital results for the period ending March 31, 2015, relative to approved budgets and on the same basis as the budget. At this stage in the process it is too early to determine the final City's position, as a number of events such as a shifting of trends, timing differences, or unforeseen activities in the latter part of the year could easily improve or erode the current position.

The actual balances presented include all necessary entries and accruals. However, it should be noted, the full amortization of tangible capital assets and post-retirement benefits are excluded while transfers to and from reserves and net debenture financing requirements are included.

The report provides a brief executive summary followed by summaries for City Operations, Water and Wastewater Operations, and Capital. Additional detail is provided as attachments.

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First Quarter Overview

The City ended the first quarter substantially on target

The first quarter net financial position showed a slight 0.07 per cent, or \$22,000 unfavourable variance, although both revenues and expenditures were approximately \$2.9 million less than planned. The first quarter net budget is on target and staff will continue to monitor performance.

Water and Wastewater operations were substantially on target

The City's combined Water and Wastewater/Stormwater operations resulted in a slightly unfavourable variance of \$17 thousand. Lower than expected consumption and growth contributed to the unfavourable sales revenue. Water purchases and wastewater treatment costs were favourable as a result. Maintenance and installation expenses are favourable overall, primarily due to lower than expected installation service requests and repairs in contractor labour and materials. Additional favourable expenses from general administration are a result of cost savings in discretionary and new positions or vacancies not yet filled.

The overall capital position was on target

The overall capital position was on target. With the approval of the 2015 Capital Budget, 140 new projects were added with a budget of \$69.9 million. There were fifteen closed capital projects were completed on or below budget, returning \$2.5 million to their original funding sources.

Table 1 below summarizes and illustrates the City's financial results, which is followed by a brief summary for each area.

Table 1 - Summary of the City's Q1 2015 Financial Results

Operations (M\$)				
	City	Water	Wastewater/ Storm	Total
Revenue				
YTD Budget*	99.8	11.7	13.8	125.3
YTD Actual	96.9	10.9	12.8	120.6
Variance	-2.9	-0.8	-1.0	(4.7)
%	-2.89%	-7.01%	-7.45%	-3.77%
Expenditure				
YTD Budget	69.0	10.0	12.2	91.2
YTD Actual	66.1	9.0	11.4	86.5
Variance	2.9	1.0	0.9	4.7
%	4.14%	9.79%	7.03%	5.15%
Net fav. / (unfav.) variance	0.0	0.2	-0.2	0.0
Add'l Resv. Transfers	0.0	-0.2	0.2	0.0
Surplus/ (Deficit)	0.0	0.0	0.0	0.0

** City Related Budget is comprised of \$19.6M in Non-tax revenues and \$80.2M in Taxation Revenues*

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Capital (\$M)

	Prior Years			2015					2015 Adjusted	
	Total Available Budget	Total Actual Spend	Variance Q4-14	2015 Budget	Available Budget (A)	Actual Spend	Variance Q1-15		Major Y/E 2014 Accrual Reversals (B)	Adjusted Variance Q1-15 (C)
							\$	%		
2015 Budget Projects - Closed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0%	0.0	0.0
2015 Budget Projects - Active	0.0	0.0	0.0	69.9	69.9	4.9	65.0	93%	13.8	78.7
Total 2014 Budget Projects	0.0	0.0	0.0	69.9	69.9	4.9	65.0	93%	13.8	78.7
Prior Budget Projects - Closed	15.9	11.8	4.1	(1.6)	2.5	0.0	2.5	100%	0.0	2.5
Prior Budget Projects - Active	568.9	407.7	161.2	20.4	181.7	0.2	181.5	100%	0.0	181.5
Total Prior Budget Projects	584.8	419.4	165.4	18.8	184.2	0.2	184.0	100%	0.0	184.0
Total	584.8	419.4	165.4	88.7	254.1	5.1	249.0	98%	13.8	262.7

Note: A) Above available budget balance includes in-year budget amendments

B) Y/E 2014 audit accrual reversals illustrated separately to focus on actual unspent values

C) Combined Active Adjusted Variance equals the Variance on Attachment 3, and combined Closed Adjusted Variance equals the Variance on Attachment 6

General Note: Capital project timing can span multiple years. The above chart aims to illustrate this occurrence and presents activity related to prior budgets separately.

City Operating Budget Results

The annual Operating Budget for the City is \$258.7 million; \$99.8 million in revenues and \$69.0 million in expenditures were budgeted for the first quarter of the year. At the end of the first quarter, the City experienced a \$22 thousand net unfavourable variance. It is anticipated that this variance will correct itself as the year progresses.

First quarter revenue for 2015 was \$2.9M lower than budgeted, largely as a result of lower reserve transfers and lower than anticipated user fee revenue. Expenditures were \$2.9M lower than budgeted, largely as a result of lower departmental spending and lower than planned Long Term Debt payments.

The table below illustrates the net year end results for the City.

Net Results (\$M)	YTD Budget	YTD Actual	-Under / Over	% Variance
Taxation	80.2	80.2	0.0	0.0%
Grant / Payment In Lieu	0.8	0.7	0.0	-3.0%
Reserves And Other Transfers	-3.0	-5.2	-2.1	70.1%
Departmental Expenditures	-46.9	-45.6	1.3	-2.8%
Corporate	-0.2	0.6	0.8	-418.0%
Net City Operations	-30.8	-30.8	0.0	0.2%

City Revenues were \$2.9 million less than budgeted

City Revenue Variance Overview

Revenue (\$M)	YTD Budget	YTD Actual	-Under / Over	% Variance
Taxation	80.2	80.2	0.0	0.0%
Grant / Payment In Lieu	0.8	0.7	0.0	-3.0%
Reserves And Other Transfers	4.9	2.7	-2.1	-43.8%
Fees And Service Charges	10.9	10.2	-0.7	-6.5%
Corporate	3.0	3.0	0.0	-0.5%
Total City Operations	99.8	96.9	-2.9	-15.2%

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Revenues were \$96.9 million as of March 31, 2015, \$2.9 million less than planned. This variance stems from the following:

- **Reserves & Other Transfers** – are \$2.1 million less than budgeted as a result of planned transfers not being required in the first quarter. Details of these variances are:
 - \$1.4 million of planned withdrawals that were not required for Engineering Services and Building Standards Service Continuity Reserve as a result of lower than expected department expenditures.
 - \$0.6 million lower Administration Recovery from Capital as a result of the reversal of 2014 year end accruals
- **User Fees/Services Charges** – are \$0.7 million less than budget as a result of varying and offsetting variances Building Standards, By-Law & Compliance, Recreation, Licensing and Development Planning. All these variances are explained in more detail in Attachment 2.

City expenditures were \$2.9 million less than planned

City Expenditure Variance Overview

Expenditures (\$M)	YTD Budget	YTD Actual	-Under / Over	% Variance
Departmental Expenditures	57.9	55.8	2.0	3.5%
Reserve Contrib. & Corp. Exp.	7.8	9.1	-1.3	-16.2%
Long Term Debt	3.3	1.2	2.1	62.9%
Total City Operations	69.0	66.1	2.9	-4.1%

First quarter expenditures from City operations were \$66.1 million as of March 31, 2015, \$2.9 million less than the budgeted \$69.0 million. This variance stems from the following:

- **Department Expenditures** – Department expenditures were \$2.0 million less than budgeted. This is as a result of:
 - Labour costs that were \$2.0 million less than budget. This was primarily attributable to general turnover vacancies, and new complement positions that were not filled in the first quarter. The 2015 Budget includes a corporate estimate of labour savings associated with normal turnover of \$1.1 million in the first quarter.
- **Reserve Transfers and Corporate Expenditures** – Overall transfers to reserves and corporate expenditures were \$1.3M more than budgeted due to:
 - Anticipated labour savings of \$1.1 million associated with normal turnover vacancies was budgeted corporately but the actual savings of \$2.0 million have been accounted for in the departments.
 - As at March 31, 2015, OMB and VMC projects were \$0.3 million greater than budget due to timing of offsetting Year End Expenditure Reserve entries. This will be corrected for in the Second Quarter.
 - The unfavourable variances mentioned above were partially offset by minor favourable variances in other corporate accounts of \$0.2 million.
- **Long-term Debt** – Calendarization of the budget has resulted in a \$2.1 million favourable variance. This should correct itself during the year as debenture payments are processed.

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Variance Summary:

A summary of the variances by major category is provided below. A more detailed financial summary is provided as Attachment 1. Further explanations on specific variances are provided as Attachment 2.

City of Vaughan 2015 OPERATING BUDGET FIRST QUARTER VARIANCE REPORT			Variance ('000,000)
<u>Revenues</u>			
Reserves and Other Transfers			
Engineering Reserve	-0.4		
Admin From Capital Recovery	-0.6		
Building Std Continuity Reserve	-1.0		
Other (under \$100K var.)	-0.0		-2.1
Fees & Service Charges			
Building Standards	0.4		
Culture	0.1		
By-law & Compliance	-0.1		
Recreation	-0.2		
Clerks - Licensing	-0.2		
Development Planning	-0.7		
Other (under \$100K var.)	-0.0		-0.7
			Variance ('000,000)
Corporate Revenue			
Investment Income	-0.2		
Mayor's Gala/Golf Classic	0.3		
Other (under \$100K var.)	-0.1		-0.0
Supplemental Taxation			0.0
Other (Grants/PIL)			-0.0
Total Revenues			-2.9
<u>Expenditures</u>			
Departmental Expenses			
Building Standards	0.2		
Recreation	0.2		
Fleet Management	0.2		
Develop. Eng & Infra. Planning Serv	0.2		
Commissioner of Community Services	0.2		
Trans. Serv and Parks & Forestry	0.1		
Vaughan Public Libraries	0.1		
Development Planning	0.1		
Building & Facilities	-0.2		
Other-(various departments under \$100k var.)	0.8		2.0
Corporate Expenditures			
Professional Fees	0.2		
Election	0.1		
Major OMB Hearing	-0.2		
Anticipated Labour Savings	-1.1		
Other (under \$100K var.)	-0.2		-1.3

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Long Term Debt	2.1	
Contingency	<u>0.0</u>	
Total Expenditures		<u>2.9</u>
Net Variance		<u><u>- \$ 0.0</u></u>

Water and Wastewater/Storm Operating Budget Results

Following are the first quarter financial operating results and analysis for both the water and wastewater/stormwater operations.

The water/wastewater system in York Region operates as a two-tier system. The Region of York is responsible for the supply of water and wastewater services and the lower tier municipalities are responsible for the water and wastewater distribution systems within the local municipality. The net revenues that are generated annually by the City of Vaughan from the operations of the water and wastewater/stormwater utilities fund costs associated with the purchase of water supply and wastewater services from the Region of York, as well as the City's administration, financing costs, system operational and maintenance costs and most importantly funding to build the reserves for future infrastructure renewal.

Water Operations

Year to date actual water revenues for the period ending March 31, 2015 are unfavourable by \$776 thousand which is comprised of unfavourable residential revenue at \$598 thousand, commercial revenue at \$149 thousand and miscellaneous water revenue at \$30 thousand.

The residential consumption per household in the first quarter is lower than budget by 9 per cent, attributed to lower than expected billing revenue. Actual growth (new account activations), for the quarter, is below budget by 32 per cent.

Commercial consumption activity is also trending lower than budget by 4 per cent combined with lower growth activity.

Overall, water purchases are favourable by \$380 thousand due to lower sales demands (\$532 thousand favourable) offset by non-revenue water (NRW) consumption (\$152 thousand unfavourable).

Gross Margin indicates the net funding available to the City after the Region of York has been paid for the water commodity and is unfavourable by \$396 thousand.

Other revenues are unfavourable by \$42 thousand mostly due to installation and service fees, which are based on demand.

Water operating expenses are favourable by \$606 thousand which is the result of favourable maintenance and installation costs of \$336 thousand and favourable general administration of \$273 thousand.

With respect to maintenance, higher customer demands attributed to unfavourable thawing activity at \$55 thousand due to frozen pipes experienced during an extreme cold spell in the first quarter. This was offset by favourable variances largely due to contractor labour and materials for main repair, valve replacement and other contracted activity.

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General administration expenses are favourable due to savings in discretionary spending such as professional fees and costs related to new positions and vacancies not yet filled. Recruitment process will begin in the second quarter. Debenture interest payment variance will clear by next quarter.

As a result of the above, the first quarter 2015 water lifecycle contribution of \$1.9 million is favourable by \$170 thousand.

**City of Vaughan
Statement of Operations
Water Division
For The Period Ending March 31, 2015**

	2015	2015 YTD	2015	2015
\$M	Budget	Budget	Actual	Variance
Water Revenues				
Residential Billings	30.87	7.23	6.63	-0.60
Commercial Billings	20.50	4.14	3.99	-0.15
Other	0.23	0.06	0.03	-0.03
	51.60	11.42	10.65	-0.78
Water Purchases				
Metered Water Purchases	32.48	7.07	6.54	0.53
Non Revenue Water	4.85	1.13	1.28	-0.15
	37.34	8.20	7.82	0.38
Gross Margin	14.27	3.22	2.83	-0.40
Other Revenues	1.11	0.28	0.23	-0.04
Expenses				
Maintenance and Installation Cost	5.93	0.92	0.58	0.34
General Administration	3.25	0.75	0.48	0.27
Joint Service Costs	0.59	0.15	0.15	-0.00
	9.77	1.81	1.21	0.61
Net Water Operations	5.60	1.69	1.85	0.17
Budgeted Lifecycle Contribution	5.60	1.69	1.69	0.00
Additional Reserve Contribution	0.00	0.00	0.17	0.17
Surplus	0.00	0.00	0.00	0.00

Wastewater/Stormwater Operations

Wastewater year to date billing is based on water consumption therefore trending is very similar to water revenues. Wastewater billings are unfavourable by \$986 thousand comprised of residential billings at \$726 thousand, commercial revenue at \$235 thousand and other revenue at \$25 thousand.

The favourable treatment variance of \$381 thousand is a combination of favourable treatment charges relative to lower than expected sales and unfavourable non-revenue treatment charges. This relates directly to the non-revenue water variance.

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The unfavourable gross margin of \$605 thousand is the result of unfavourable sales, net of favourable treatment charges.

Other revenues consist of installation, service fees and interest and overall, are unfavourable by \$50 thousand. Installation and service connections are based on demand.

Operating expenses are favourable by \$470 thousand primarily due to maintenance and installation favourable by \$248 thousand due to lower than expected activity in contracted services for lateral repairs, main repairs, flushing and cleaning. Contractor expense payments have been deferred for main inspections until second quarter. Additional savings are due to vacancies not yet filled.

Stormwater operations are favourable by \$109 thousand attributed by lower than expected activity in main inspections, manhole repairs and storm sewer assessment offset by unfavourable contractor inlet/outlet repairs and in-house pond management labour costs.

General administration is favourable by \$116 thousand primarily due to discretionary spending such as professional fees and vacant positions not yet filled. Recruitment process will begin in the second quarter. Debenture interest payment variance will clear by next quarter.

As a result of the above, the wastewater/stormwater lifecycle contribution of \$1.5 million is unfavourable by \$185 thousand.

**City of Vaughan
Statement of Operations
Wastewater Division
For The Period Ending March 31, 2015**

	\$M	2015 Budget	2015 YTD Budget	2015 Actual	2015 Variance
Wastewater Revenues					
Residential Billings		38.61	8.51	7.78	-0.73
Commercial Billings		26.71	5.09	4.86	-0.24
Other		0.17	0.04	0.02	-0.03
		65.49	13.64	12.66	-0.99
Wastewater Expenses					
Regional Treatment Charges		48.70	10.25	9.86	0.38
Gross Margin		16.79	3.40	2.79	-0.60
Other Revenues		0.96	0.18	0.13	-0.05
Expenses					
Maintenance and Installation		3.99	0.75	0.51	0.25
General Administration		2.34	0.55	0.43	0.12
Storm Sewer Maintenance		3.51	0.51	0.40	0.11
Joint Services		0.70	0.17	0.18	-0.00
		10.54	1.98	1.51	0.47
Net Wastewater Operations		7.20	1.59	1.41	-0.19
Budgeted Lifecycle Contribution		7.20	1.59	1.59	0.00
Reserve Adjustment		0.00	0.00	-0.19	-0.19
Surplus		0.00	0.00	0.00	0.00

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Capital Budget Results

Overall, the Capital Budget performance is favourable, with the majority of projects completed in the year coming in under assigned budget. This section is intended to provide an update on quarterly activity for the following:

- Open Capital Project Spend Performance
- High Profile Capital Projects
- Closed Capital Projects Budget vs. Actual
- Reserve and Reserve Fund positions
- Grant Activity

Open Capital Project Spend Report (Attachment 3)

Year	# of Projects				Budget		Unspent Funds	
	Q4 Open	Closed	New	Q1 Open	\$M	%	\$M	%
2015			140	140	69.9	11%	69.7	100%
2014	196	1		195	45.2	7%	43.0	95%
2013	107			107	67.4	10%	40.7	60%
2009-2012	179	10		169	222.4	34%	87.3	39%
2006-2008	34	4		30	60.9	9%	13.2	22%
2005 and older	14			14	193.4	29%	6.4	3%
Total	530	15	140	655	659.2	100%	260.2	39%

At March 31, 2015, there were 655 open capital projects with \$260.2 million of available budget remaining. With the adoption of the 2015 Capital Budget, 140 new capital projects were added with a budget of \$69.9 million. A total of 15 capital projects were closed during the first quarter, returning \$2.5 million to the projects original funding sources. There are 213 projects that have been open since 2012 or earlier; but 66 or 31 per cent of these older projects are considered inactive for the following reasons:

- DC repayment – agreements are in place whereby payment is dependent on development charge collection timing
- Regional Invoice – waiting to receive and pay final invoices from the Region
- Maintenance/Warranty – project is complete but is on a maintenance or warranty period; project will be closed at the end of the maintenance or warranty period
- External Invoice – waiting to receive final invoices to be received and paid
- Completed – works are completed and the project will be closed in the following quarter
- On Hold – project may be on hold
- Woodlot repayment – agreements are in place whereby payment is dependent on collections from developers on this special charge

In total, there are 117 inactive projects, 66 of the projects have been open since 2012 or earlier. The breakdown of the classification of the 117 open inactive projects is as follows:

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Classification	#	\$M
DC Repayment	37	44.8
Regional Invoice	6	10.6
Maintenance	10	3.8
External Invoice	17	2.6
Warranty	15	0.9
Complete	29	0.7
On Hold	1	0.1
Woodlot Repayment	2	-0.6
Grand Total	117	62.9

A further 42 projects are annual projects for which new funds are approved each budget cycle, with the approved funds added to the existing project number. The following table provides a further breakdown of open capital projects:

Year	Q1 Open		Inactive		Annual		Active	
	#	\$M	#	\$M	#	\$M	#	\$M
2015	140	69.7	11	23.6	11	4.54	118	41.6
2014	195	43.0	17	5.5	3	0.92	175	36.6
2013	107	40.7	23	2.1	6	2.56	78	36.0
2009-2012	169	87.3	46	19.2	19	5.56	104	62.5
2006-2008	30	13.2	11	9.1	3	0.42	16	3.7
2005 and older	14	6.4	9	3.4			5	3.0
Total	655	260.2	117	62.9	42	14.0	496	183.3

At March 31, 2015, of the 655 open projects, 117 projects with a project balance of \$62.9 million are inactive, leaving 538 annual and active projects with a project balance of \$197.3 million.

New Capital Projects

Approval of the 2015 Capital Budget results in an addition of 140 new capital projects to the overall open project listing. The total budget added for these projects is \$69.9 million.

Budget Amendments

During the first quarter, Council approved seven capital budget amendments totalling \$ 1.3 million (14% of original budgets):

- DT-7071-11 Portage Parkway Extension EA Study - \$79,400 (31% of original budget) funded from City Wide Development Charges (Engineering) – Item 7, Report No 7 Finance, Administration and Audit Committee March 24, 2015 – to cover City expenses as part of the public consultation program
- DT-7073-13 Portage Parkway Widening Class EA Study - \$22,200 (9% of original budget) funded from City Wide Development Charges (Engineering) – Item 7, Report No 7 Finance, Administration and Audit Committee March 24, 2015 – to cover City expenses as part of the public consultation program

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- EN-1824-10 Traffic Signals – Cityview Boulevard and Shelbourne Drive - \$99,107 (77% of original budget) funded from the transfer of funds from EN-1823-10 Traffic/Pedestrian Signals – Various Locations – Item 40, Report No 41 Committee of the Whole December 2, 2014 – increased award to include provincial accessibility requirements such as audible signals and sidewalk detectable warning system
- EN-1942-13 2014 Road Rehabilitation and Watermain Replacement - \$675,337 (17%) funded from the transfer of funds from EN-1870-12 – Item 6, Report No 1 Finance, Administration and Audit Committee January 20, 2015 – increased award to fund additional works required due to the overall deterioration of the roads as a result of severe winter conditions
- EN-1943-13 2014 Road Rehabilitation and Watermain Replacement - \$444,656 (14% of original budget) funded from the transfer of funds from capital projects EN-1867-12 and EN-1870-12 – Item 6, Report No 7 Finance, Administration and Audit Committee March 24, 2015 – increased award to fund additional works required due to the overall deterioration of the Crestwood Road.
- PK-6492-14 Bindertwine Park Ball Diamond Backstop and Fence Improvements - \$68,665 (42% of original budget) from the transfer of funds from PK-6299-12 – Item 5, Report No 1 Finance, Administration and Audit Committee January 20, 2015 – increased award to fund upgraded fence posts and foot design to address the existing high water table at Bindertwine Park.
- PW-2052-14 Road Patrol Hardware and Software - -\$1,720 (7% of original budget) transfer funds to PW-2055-13 Double Walled Brine Tanks – Summer Hiatus/Tender Approval – transfer of funds to help offset exchange rate impact.

Capital Projects with a Negative Variance

There were four capital projects for which Section 8 memos were received and reported in Q4-14. These projects remain open as the final invoices are being processed for payment. It is anticipated these projects will be closed for Q2-15.

- 1583-0-06 Highway 400 Avenue Overpass Class EA - \$4,758 funded from Citywide Engineering Development Charges
- 1596-0-06 VMC Servicing Strategy Master Plan Class EA - \$4,256 funded from Citywide Engineering Development Charges
- DT-7026-09 Citywide Drainage Study Phase II - \$1,380 funded from the Sewer Reserve
- PW-2055-13 Double-Walled Brine Tanks - \$7,077 funded from closed capital projects and a transfer of funds from capital project PW-2052-14

There was one project for which a budget amendment has been approved at the March 24, 2015 Council meeting.

- FR-3556-13 New Engine for Station 7-5 Pumper - \$29,122 funded from City Wide Development Charges (Fire) – Item 13, Report No. 7 Finance, Administration and Audit Committee March 24, 2015 – the amendment to account for the impact of foreign exchange will be processed in the second quarter

Attachment 3 provides the budget to actual financial status with managing departments' comments for each open capital project. It is important to note this information is compiled as of March 31, 2015 and the reader is cautioned on the following:

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- A completed capital project will remain active or open until all invoices are paid and funding is complete. Projects are not closed until approved by the department. As a result, projects that are substantially funded will reside on the Open Capital Project Spend Report. It is important to note this report represents projects from current and prior budget years and total balances are the combined value.
- Projects that are debenture financed, as approved by Council, are not closed until debenture financing is acquired through the Region of York. Furthermore, project financing is not typically requested until the project is substantially complete, which is contingent on a timeframe to determine outstanding invoices and settlement issues. In the case of Engineering Projects, this may take up to several years.
- Capital work is continuously underway and current information will vary from this report.

High Profile Capital Projects

Section 10.2 High Profile Capital Project Reporting of the City's Capital Project Financial Administration and Reporting Policy states that as part of the quarterly report, each identified high profile capital project will require an additional status report with comprehensive details submitted by the appropriate department.

High Profile Projects are selected based on one of the following criteria:

- A total capital project budget value equal to or greater than \$5 million
- A contingency level of 20% or more
- Identified as a high visibility or sensitive project by SMT or Council

The following projects were selected for reporting and status reports are provided as Attachment 4:

Project Title	Approved Budget	Future Budget Requests	Total	>\$5M	=>20%
Lead Department: Building & Facilities					
North Thornhill Branch Library (Block 10)	4,220,550		4,220,550		
Station 7-3 Relocation	9,537,975		9,537,975	X	
Civic Centre Resource Library - Construction	15,177,972		15,177,972	X	
Civic Centre - Demolition, Parking and Storm Drainage	2,069,300	20,970,800	23,040,100	X	
Lead Department: Parks Development					
Maple Valley Plan	8,005,514	27,494,486	35,500,000	X	
Lead Department: Development Transportation Engineering					
Millway Avenue Widening & Realignment	6,769,800		6,769,800	X	
Vaughan Metropolitan Centre NE Storm Water Management Pond	630,360	6,282,306	6,912,666	X	X
Black Creek Renewal	2,342,580	45,398,233	47,740,810	X	X
Lead Department: Engineering					
Corporate Asset Management	3,044,000		3,044,000		
Lead Department: City Manager					
Vaughan Hospital Precinct Development	80,000,000		80,000,000	X	

Financial Planning & Analytics staff worked with the identified Lead Departments to complete the reports for fourth quarter reporting.

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Capital projects closed during the First Quarter

Financial Planning & Analytics staff together with City departments reviewed all active capital projects listed as of March 31, 2015 to determine which capital projects could be consolidated and/or closed. Overall, 15 capital projects with budgets totalling \$14.3 million were closed in the first quarter of 2015. Total actual project costs came in at 82 per cent of budget, freeing up \$2.5 million in the original funding sources for future project consideration. Savings occurred across many departments as follows:

Department (\$M)	Budget	Actual	Remaining	Spend	# Projects
Building & Facilities	0.8	0.8	0.0	100%	3
Development Engineering & Infrastructure Planning	1.0	1.0	0.0	98%	2
Capital Delivery & Asset Management	10.9	9.0	1.9	72%	9
Parks Development	1.5	0.9	0.7	58%	1
Grand Total	14.3	11.8	2.5	82%	15

Some explanations for the larger variances are as follows:

- Capital Delivery & Asset Management – five projects were closed at a project spend of 28%, returning \$1.2M to the original funding sources. The costs to complete the works were less than anticipated.
- Parks Development – the costs to complete the works associated with the one closed project were less than anticipated.

A complete list of closed capital projects is provided as Attachment 6.

Continuity Schedule of Reserves and Reserve Funds

A continuity schedule of reserves and reserve funds as at March 31, 2015 is provided as Attachment 7. The schedule also provides information on outstanding financial commitments for approved projects.

Reserve positions before commitments are all in a positive position, with the exception of development charge management studies and fire, special area charge PD6 East and PD6 West, and Uplands reserve. Adding commitments to the schedule reveals that 8 reserves could be in a negative position by year end. Below is a brief description for positioning of these 8 reserves:

Sale of Public Lands – Future obligations are currently greater than the balance on hand. Dedicated surplus land has been authorized for sale and any proceeds will be used to cover this obligation.

Uplands Capital Improvement – A commitment to replace the uplands chairlift was approved in 2011 by Council. As a result, the future position of this reserve will be negative and is planned to be replenished over time through Uplands revenue received.

Library Material Reserve - Future planned expenditures are currently greater than the balance on hand. Project spend will be limited to available reserve funds.

CWDC Fire – A Council commitment to move forward with fire station 7-10 and the increase in land value for Station 7-3 has placed this reserve into a negative position. It is anticipated that this will be replenished through future growth based development charges. This position may impact the timing of future projects.

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CWDC Management Studies – This reserve is permitted to be in a deficit position. Growth related studies are completed in advance of growth. The associated costs are expected to be recovered through subsequent development charges.

Special Charges and Area Development Charges (Developer Build Reserves) – These reserves relate to projects generally built by developers. Developers agree to develop projects, which will be funded by the City once funds are collected and available. Although, the continuity schedule illustrates a negative position after commitments, these reserves will never be in a deficit cash position as payments will only occur when funds are on hand. Reserves with a negative balance after commitments in this category are as follows:

- D15 PD#5 Woodbridge Water
- D18 PD#6 Maj., Mac Water
- D19 PD#6 E. Rutherford Water

Grants Update

The following provides an overview of the grant portfolio's 2015 First Quarter report with respect to:

- Annual Government Grant Programs
- New Opportunities

Annual Grants Program Submissions Status regarding: Awarded, Pending Award Notification or Declined

Grant activity in the first quarter was related to eleven programs equating to approximately \$14.6 million. Specific award status and details are as follows:

- Two submissions have received funding: \$35,000
- Six department applications are pending notification of award: \$147,791
- Two corporate grants are pending notification of award: \$14,400,937
- One request was declined: \$22,376

The following table provides a summary of the first quarter application activities:

2014 Grant Program Activity
Q1 Submissions Awarded/Fund Received

Program	Total Project Cost	Award	Use of Funds
Dept. of Canadian Heritage & Culture Community Fund	43,075	10,000	Pan Am/Para Pan Torch Relay activities.
Power Play	25,000	25,000	Recreation Programs for Physically Challenged Children
TOTAL	68,075	35,000	

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Q1 Submission Pending Award Notification (Department)			
Program	Total Project Cost	Request	Use of Funds
Ont. Sports Recreation Fund 2015	36,883	27,291	Support Recreation & Culture's Multi-Sensory Outdoor program.
Senior's Community Grant	10,000	8,000	Cover 80% of the costs related to the Creative Together Arts Project for seniors.
Age Friendly Community Grant	108,602	50,000	Offset costs associated with future recreational programming for seniors.
Celebrate Canada 2015	106,610	6,500	Assist with funding the performance/entertainment provided during the 2015 Canada Day event.
Job Start	162,575	7,000	Offset part time summer students in Recreation's camp program
COSTI	162,575	49,000	Offset part time summer students in Recreation's camp program
TOTAL	587,245	147,791	
Q1 Submission Pending Award Notification (Corporate)			
Gas Tax	4,173,937	4,173,937	1st installment expected in July - pending review of annual submission provided to AMO on March 31, 2015.
ODRAP*	10,227,000	10,227,000	Ice Storm Damage (less cost of tree replacement)
TOTAL	14,400,937	14,400,937	
2015 Not Awarded Q1			
Program	Total Project Cost	RATIONAL	
New Horizons for Seniors	22,376	Funder felt the program did not fit within their mandate	
TOTAL	22,376		

*Notification has been received in early 2015 of the approval of an interim payment of \$3.6M from the Ministry of Municipal Affairs and Housing.

New Opportunities

Canadian Heritage: Canada 150 Fund

A call for proposals was released on April 30th. The funds will support activities which celebrate Canada's 150th birthday. The goal of the program is to create opportunities for Canadians to participate in celebrations that contribute to building a sense of pride and attachment to Canada. The amount of funding awarded will be determined on a project by project basis, but the program could support 100 per cent of eligible costs.

Federation of Canadian Municipalities: Green Municipal Fund

Program funding has been renewed to continue to support municipal initiatives that contribute to environmental sustainability through five sectors: brownfields, energy, transportation, waste and water. \$5 million is available in 2015/16 for plans, feasibility studies and pilot projects. Grants can cover up to 50 per cent of eligible costs to a maximum of \$175,000 for feasibility studies and \$350,000 for pilot projects.

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Ministry of Energy: Municipal Energy Plan Program

This new funding stream is open to municipalities to enhance a full or partially completed plan. The program will provide up to 50 per cent matching funds to a maximum of \$25,000. Applications are accepted on an on-going basis until all funds have been allocated.

Canada 150 – Community Infrastructure Fund

The Federal Government announced \$44M in funding for municipalities located in southern Ontario. The funds are for projects which support the rehabilitation, renovation and expansion of existing public infrastructure. Municipalities may submit multiple projects to receive up to \$1 million in funding per project. Project categories include: community centres, cultural centres and museums, parks and recreational trails, libraries, recreational facilities, tourism facilities, docks, cenotaphs, other exiting community infrastructure assets.

Relationship to Vaughan Vision 2020 / Strategic Plan

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

Regional Implications

None

Conclusion

Based on the 2015 first quarter results, the overall City position is slightly unfavourable \$22,000. At this stage it is too early to determine the final City's position, as a number of events such as a shifting of trends, timing differences, or unforeseen activities in the latter part of the year could easily improve or erode the current position. Staff will continue to provide quarterly updates advising of changes in the City's financial landscape.

Attachments

1. City Operating – First Quarter Variance Report
2. City Operating – Q1 Specific Variance Explanations
3. Open Capital Project Spend Report as at March 31, 2015
4. High Profile Capital Project Reports
5. Inactive Project Listing
6. Closed Capital Projects Report for Quarter Ending March 31, 2015
7. Continuity Schedule of Reserves & Reserve Funds as at March 31, 2015

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(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.)