

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 15, 2015

Item 3, Report No. 17, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on December 15, 2015.

3 ENDING SEPTEMBER 30, 2015 – CONSOLIDATED QUARTERLY REPORT

The Finance, Administration and Audit Committee recommends:

- 1) That the recommendation contained in the following report of the Chief Financial Officer/City Treasurer, the Director of Financial Planning and Development Finance/Deputy City Treasurer and the Director of City Financial Services/Deputy Treasurer, dated December 8, 2015, be approved;
- 2) That the presentation by the Director of Financial Planning & Development Finance/Deputy City Treasurer and C3, presentation material titled “*Ending September 30, 2015 – Consolidated Quarterly Report*”, dated December 8, 2015, be received; and
- 3) That the deputation by Mr. Richard Lorello, Treelawn Boulevard, Kleinburg, be received.

Recommendation

The Chief Financial Officer/City Treasurer, the Director of Financial Planning and Development Finance/Deputy City Treasurer and the Director of City Financial Services/Deputy Treasurer recommend:

1. That the 2015 Consolidated Third 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 third quarter ended September 30, 2015, including an update on grant activity, and high profile capital projects.

Background – Analysis and Options

The attached third quarter variance report compares actual operating, water and wastewater operations and capital results for the period ending September 30, 2015, relative to approved budgets and on the same basis as the budget.

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.

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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.

Third Quarter Overview

At the end of the third quarter revenues exceeded expenses by \$1.2 million

Revenues were approximately \$683,000 less than planned. Revenues are 0.3% less than plan, largely due to lower reserve draws and fees and charges trending below plan. Revenues were offset by a \$1.8 million savings in expenditures. Lower expenditures were driven by department expenditures that are trending about 4% lower than planned. Staff are working with departments to assess their anticipated year end financial position and determine any mitigating steps to help ensure the year ends in a balanced position.

Water and Wastewater operations were unfavourable by \$1.6 million

The City's combined Water and Wastewater/Stormwater operations resulted in a \$1.6M unfavourable variance. Sales revenues experienced a small increase in the third quarter due to increased consumption levels compared to budget. Water purchases and wastewater treatment costs are unfavourable, attributed to higher than normal swabbing activity and water main breaks during a water main replacement project. This resulted in a higher than expected non-revenue water variance.

Maintenance and installation expenses are favourable overall, primarily due to lower than expected contractor and materials for service requests and emergency activity. Additional favourable expenses from general administration are a result of cost savings in discretionary expenses and new positions or vacancies not yet filled.

The overall capital position was on target

The overall capital position was on target. At the end of Q3 there were 595 open projects with a remaining budget of \$235.4 million. There were 18 closed capital projects that were completed on or below budget, returning \$0.4 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.

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Table 1 - Summary of the City's Q3 2015 Financial Results

Operations (M\$)				
	City	Water	Wastewater/ Storm	Total
Revenue				
YTD Budget*	229.5	39.3	49.3	318.1
YTD Actual	228.8	39.8	49.5	318.2
Variance	-0.7	0.6	0.2	0.1
%	-0.30%	1.45%	0.47%	0.04%
Expenditure				
YTD Budget	192.0	35.8	44.6	272.4
YTD Actual	190.2	36.2	46.7	273.0
Variance	1.8	(0.4)	(2.1)	(0.6)
%	0.96%	-1.06%	-4.60%	-0.21%
Net fav. / (unfav.) variance	1.2	0.2	-1.8	-0.5
Add'l Resv. Transfers	0.0	-0.2	1.8	1.6
Surplus/ (Deficit)	1.2	0.0	0.0	1.2

** City Related Budget is comprised of \$42.8M in Non-tax revenues and \$167.9M in Taxation Revenues*

Capital (\$M)

	Prior Years			2015					2015 Adjusted	
	Total Available Budget	Total Actual Spend	Variance Q4-14	2015 Budget	Available Budget (A)	Actual Spend	Variance Q3-15		Major Y/E 2015 Accrual Reversals (B)	Adjusted Variance Q2-15 (C)
							\$	%		
2015 Budget Projects - Closed	0.0	0.0	0.0	0.2	0.2	0.0	0.2	100%	0.0	0.2
2015 Budget Projects - Active	0.0	0.0	0.0	72.2	72.2	18.3	53.9	75%	0.0	53.9
Total 2015 Budget Projects	0.0	0.0	0.0	72.5	72.5	18.3	54.1	75%	0.0	54.1
Prior Budget Projects - Closed	42.8	39.9	2.9	0.0	2.9	0.0	2.9	100%	0.0	2.9
Prior Budget Projects - Active	542.0	379.5	162.5	15.6	178.1	10.4	167.7	94%	13.8	181.5
Total Prior Budget Projects	584.8	419.4	165.4	15.6	181.0	10.4	170.6	94%	13.8	184.3
Total	584.8	419.4	165.4	88.0	253.4	28.7	224.7	89%	13.8	238.5

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. For the nine months ended September 30, 2015, there were \$229.5 million in revenues and \$192.0 million in expenditures budgeted. For the third quarter, revenues were budgeted at \$18.8 million and expenditures were budgeted at \$61.1 million. At the end of the third quarter, the City experienced a \$1.2 million net favourable variance.

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In the third quarter, lower transfers to the operating budget from reserves and lower than anticipated user fees were partially offset by greater than anticipated dividend revenues, resulting in revenues not achieving plan by approximately \$683,000. These lower than anticipated revenues were offset by lower than anticipated expenditures in the amount of \$1.8 million.

The table below illustrates the net results for the City as of September 30, 2015.

Net Results (\$M)	YTD* Budget	YTD* Actual	-Under / Over	% Variance
Taxation	167.9	167.9	0.0	0.0%
Grant / Payment In Lieu	1.5	1.5	0.0	1.0%
Reserves And Other Transfers	-4.4	-6.4	-2.0	45.3%
Departmental Expenditures	-134.5	-129.2	5.3	-3.9%
Corporate	6.9	4.8	-2.1	-29.9%
Net City Operations	37.5	38.6	1.2	3.1%

*YTD – timeframe is from January 1 - September 30, 2015. Some numbers may not add due to rounding.

City Revenues were \$0.7 million less than budgeted

City Revenue Variance Overview

Revenue (\$M)	YTD* Budget	YTD* Actual	-Under / Over	% Variance
Taxation	167.9	167.9	0.0	0.0%
Grant / Payment In Lieu	1.5	1.5	0.0	1.0%
Reserves And Other Transfers	10.2	8.8	-1.3	-13.0%
Fees And Service Charges	32.3	31.1	-1.3	-3.9%
Corporate	17.6	19.5	1.9	11.0%
Total City Operations	229.5	228.8	-0.7	-0.3%

*YTD – timeframe is from January 1 - September 30, 2015. Some numbers may not add due to rounding.

Revenues were \$228.8 million as of September 30, 2015, \$0.7 million less than planned. This variance stems from the following:

- **Reserves And Other Transfers** – are \$1.3 million less than budgeted as a result of planned transfers not being required in the third quarter. Details of these variances are:
 - Almost all of the variance is a result 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 due to vacancies within these departments.
- **Fees And Services Charges** – are \$1.3 million less than budgeted, largely attributed to revenue shortfalls in Development Planning and Building Standards.
 - Development Planning revenue is \$1.5 million less than planned due to delayed development applications. High rise applications are anticipated to partially recover by the end of 2015 which should offset some of this revenue shortfall.
 - Building Standards revenue is \$0.7 million less than planned due to lower than expected building permit fees despite an increase in construction activity in the residential sector. A future initiative to be undertaken includes an indexing of Building Permit fees which should better align these fees with the industry.
 - Recreation and Cultural Services revenues are \$1.1 million greater than plan due to higher than expected enrollment in summer camps, aquatics and City Playhouse programming. These revenues partially offset the shortfall in Development Planning and Building Standards revenues.

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- **Corporate** – are \$1.9 million greater than budget, largely attributed to dividends received, miscellaneous revenues and sponsorships received for the Mayor's Gala/Golf Classic.
 - Dividend Revenues is \$0.44 million greater than plan due to conservative budget estimates for dividend distributions. This was partially offset by decreased investment income of \$0.26 million due to lower than anticipated interest rates.
 - Miscellaneous Revenues is \$0.79 million greater than plan due to the earlier than planned VHI recovery. There was an unexpected legal settlement of \$0.68 million, however this is fully offset by a transfer to reserves expenditure.
 - A portion of the Mayor's Gala/Golf Classic revenues are offset by matching expenditures. At year end, a reconciliation to record expenditures associated with these events will be completed and any surplus revenues will be redistributed to charities of the Mayor's choice.

All these variances are explained in more detail in Attachment 2.

City expenditures were \$1.8 million less than planned

City Expenditure Variance Overview

Expenditures (\$M)	YTD* Budget	YTD* Actual	-Under / Over	% Variance
Departmental Expenditures	166.8	160.3	6.5	3.9%
Reserve Contrib. & Corp. Exp.	8.1	12.5	-4.4	-54.9%
Long Term Debt	10.7	10.7	0.0	0.0%
Contingency	-0.2	0.0	-0.2	0.0%
Capital from Taxation	6.7	6.7	0.0	0.0%
Total City Operations	192.0	190.2	1.8	1.0%

**YTD – timeframe is from January 1 - September 30, 2015. Some numbers may not add due to rounding.*

Third quarter expenditures from City operations were \$190.2 million as of September 30, 2015, \$1.8 million less than the budgeted \$192.0 million. This variance stems from the following:

- **Department Expenditures** – Department expenditures were \$6.5 million less than budgeted. This is as a result of:
 - Labour costs that were \$4.1 million less than budget. This was primarily attributable to general turnover vacancies and new complement positions that were not filled from January to September 2015. The 2015 Budget includes a corporate estimate of labour savings associated with normal turnover of \$3.5 million in the third quarter.
 - Other expenditures were \$2.4 million less than budget. This was primarily attributable to lower than planned spending in contracts due to the timing of activities in boulevard maintenance, road maintenance and streetlight maintenance. Lower than anticipated expenditures in fuel as a result of the calendarization of fuel budgets for winter activities contribute to this favourable variance. It is anticipated that these expenditures will align with the budget by year end.
- **Reserve Transfers and Corporate Expenditures** – Transfers to reserves were \$0.7 million greater than budget and a corporate expenditures variance of \$3.8 million greater than budget. These variances are due to:
 - Reserve transfers due to an unplanned one time legal settlement received that was transferred to reserves. This was fully offset by the revenue received.

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- Anticipated labour savings of \$3.5 million associated with normal turnover vacancies was budgeted corporately but the actual savings of \$4.3 million have been accounted for in the departments.
- Mayor's Gala/Golf Classic was \$0.4 million greater than budget, however this was fully offset by higher than planned sponsorship revenues.
- **Contingency** – Contingency is \$0.2 million less than budgeted due to job evaluation budget transfers to various departments which occurred during the second quarter. The budget for this is accounted for in the corporate contingency line and transferred to departments once the job evaluation has occurred. The job evaluation actuals are contained within the department expenditures.

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 THIRD QUARTER VARIANCE REPORT			Variance ('000,000)
Revenue			
Reserves and Other Transfers			
Building Std Continuity Reserve	-0.5		
Engineering Reserve	-0.8		
Other (under \$200K var.)	-0.0		-1.3
Fees & Service Charges			
Recreation	0.9		
Culture	0.2		
Executive Director	-0.2		
By-law & Compliance	-0.4		
Building Standards	-0.7		
Development Planning	-1.5		
Other (under \$200K var.)	0.4		-1.3
Corporate Revenue			
Mayor's Gala/Golf Classic	0.9		
Miscellaneous Revenue	0.8		
Powerstream Dividends	0.4		
Investment Income	-0.3		
Other (under \$200K var.)	0.1		1.9
Supplemental Taxation			0.0
Other (Grants/PIL)			0.0
Total Revenues			-0.7

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Expenditures

Departmental Expenses

Trans. Serv and Parks & Forestry	1.5	
Building Standards	0.8	
Develop. Eng & Infra. Planning Serv	0.5	
ITM	0.4	
Commissioner of Community Services	0.3	
Purchasing	0.3	
Vaughan Public Libraries	0.3	
City Council	0.3	
Development Planning	0.3	
Executive Director	0.2	
Building & Facilities	0.2	
Capital Delivery & Asset Mgmt.	0.2	
Policy Planning	0.2	
City Financial Services	0.2	
City Clerk - Insurance	-0.3	
Other-(various departments under \$200k var.)	1.3	6.5

Corporate Expenditures

Professional Fees	0.2	
Mayor's Gala/Golf Classic	-0.4	
Transfer to Reserves	-0.7	
		Variance
		('000,000)
Anticipated Labour Savings	-3.5	
Other (under \$200K var.)	0.0	-4.4

Long Term Debt

0.0

Contingency

-0.2

Total Expenditures

1.8

Net Variance

\$ 1.2

Water and Wastewater/Storm Operating Budget Results

Following are the third 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 distribution and wastewater collection 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, operations 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 September 30, 2015 are favourable by \$420K which is comprised of favourable residential revenue at \$550K, unfavourable commercial revenue at \$155K and favourable miscellaneous water revenue at \$25K.

Residential consumption in the third quarter is slightly higher than budget by 1.4 per cent. New account activations are below plan; however, this is offset by increased demand due to weather. Precipitation in June was the highest compared to five years ago, whereas July experienced the lowest precipitation in ten years.

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Commercial consumption activity just came in slightly under budget, (less than 1%), however a prior period adjustment at \$183K attributed to the unfavourable variance. Growth is also trending below budget. Other revenue consists of hydrant water, temporary water and flushing and is based on demand.

Water purchases for the third quarter are unfavourable by \$2M. \$197K is due to higher sales demands with the balance coming from higher than expected non-revenue water (NRW) consumption. Part of this loss is due to issues with a water main replacement project that experienced unusually high swabbing activity as well as water main breaks. NRW traditionally declines in the fourth quarter.

Other revenues are favourable by \$151K primarily due to higher than budgeted water connections.

Maintenance and installation costs are favourable primarily due to lower than expected service requests and emergency activity for valve exercising/repairs and main repairs. Hydrant inspection/repair contract activity is delayed until fourth quarter, weather permitting. These savings are partially offset by higher than expected thawing activity for contractor and in-house labour due to the extreme cold spell experienced in the first quarter.

General administration expenses continue to be favourable due to savings in professional fees and costs related to new positions and vacancies not yet filled. The recruitment process will continue into the fourth quarter.

**City of Vaughan
Statement of Operations
Water Division
For The Period Ending September 30, 2015**

	\$M	2015 Budget	2015 YTD Budget	2015 Actual	2015 Variance
Water Revenues					
Residential Billings		30.87	23.08	23.63	0.55
Commercial Billings		20.50	15.19	15.03	-0.15
Other		0.23	0.17	0.19	0.02
		51.60	38.44	38.86	0.42
Water Purchases					
Metered Water Purchases		32.48	24.16	24.36	-0.20
Non Revenue Water		4.85	4.55	6.39	-1.84
		37.34	28.72	30.75	-2.04
Gross Margin		14.27	9.72	8.11	-1.62
Other Revenues		1.11	0.83	0.98	0.15
Expenses					
Maintenance and Installation Cost		5.93	4.22	3.24	0.97
General Administration		3.25	2.40	1.71	0.69
Joint Service Costs		0.59	0.45	0.45	0.00
		9.77	7.06	5.41	1.65
Net Water Operations		5.60	3.50	3.69	0.19
Budgeted Lifecycle Contribution		5.60	3.50	3.50	0.00
Additional Reserve Contribution		0.00	0.00	0.19	0.19
Surplus		0.00	0.00	0.00	0.00

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Wastewater/Stormwater Operations

Wastewater year to date billing is based on water consumption and therefore trending is very similar to water revenues. Wastewater billings are favourable by \$299K which is comprised of favourable residential billings at \$637K, offset by unfavourable commercial revenue at \$315K and other revenue at \$2K. A prior period adjustment of \$183K is reflected in commercial billing revenue.

The unfavourable treatment variance of \$2.6M is a combination of unfavourable treatment charges relative to higher than expected sales and unfavourable non-revenue treatment charges. This relates directly to the non-revenue water variance.

Other revenues are unfavourable by \$68K primarily due to local improvements which will clear by end of year. This is offset by favourable installation and service connections. Lower interest revenue is attributed to lower than expected interest rates.

Operating expenses are favourable by \$575K primarily due to Stormwater operations, favourable by \$853K. This is attributed by lower than expected activity in flushing/cleaning as there were greater than anticipated demands for the flushing contractor in other areas of the infrastructure and drainage channel repairs.

Maintenance and installation costs are unfavourable by \$408K primarily due to higher than expected new development inspections and timing of billings to the developers, scheduled for the fourth quarter.

Additional savings are expected to continue into the fourth quarter due to a shift in priority work between wastewater main repairs and lateral repairs, combined with minimal activity required for material disposal and an enhanced ability to access shared flow monitoring data.

General administration is favourable by \$139K primarily due to savings in professional fees and a vacant position not yet filled. The recruitment process will continue into the fourth quarter. As a result of the above, the wastewater/stormwater lifecycle contribution of \$2.9M is unfavourable by \$1.8M.

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City of Vaughan
Statement of Operations
Wastewater Division
For The Period Ending September 30, 2015

	\$M	2015 Budget	2015 YTD Budget	2015 Actual	2015 Variance
Wastewater Revenues					
Residential Billings		38.61	28.70	29.34	0.64
Commercial Billings		26.71	19.74	19.42	-0.31
Other		0.17	0.13	0.10	-0.02
		65.49	48.57	48.87	0.30
Wastewater Expenses					
Regional Treatment Charges		48.70	37.32	39.94	-2.62
Gross Margin		16.79	11.25	8.92	-2.32
Other Revenues		0.96	0.72	0.65	-0.07
Expenses					
Maintenance and Installation		3.99	2.63	3.04	-0.41
General Administration		2.34	1.79	1.65	0.14
Storm Sewer Maintenance		3.51	2.35	1.49	0.85
Joint Services		0.70	0.52	0.53	-0.01
		10.54	7.29	6.72	0.57
Net Wastewater Operations		7.20	4.67	2.86	-1.82
Budgeted Lifecycle Contribution		7.20	4.67	4.67	0.00
Reserve Adjustment		0.00	0.00	-1.82	-1.82
Surplus		0.00	0.00	0.00	0.00

Capital Budget Results

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

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

High Profile Capital Projects

The following projects were selected for reporting and status reports are provided as Attachment 3:

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Project Title	Approved Budget	Future Budget Requests	Total	>\$5M	=>20%
Lead Department: Building & Facilities					
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 & Development Finance staff worked with the identified Lead Departments to complete the reports for third quarter reporting.

Open Capital Project Spend Summary

Year	# of Projects				Budget		Unspent Funds	
	Q2 Open	Closed	New	Q3 Open	\$M	%	\$M	%
2015	138	2	1	137	72.0	11%	69.5	97%
2014	184	3		181	45.2	7%	38.4	85%
2013	90	4		86	62.8	10%	31.4	50%
2009-2012	160	5		155	216.3	34%	77.0	36%
2006-2008	26	2		24	56.4	9%	12.6	22%
2005 and older	14	2		12	184.1	29%	6.4	3%
Total	612	18	1	595	636.8	100%	235.4	37%

At September 30, 2015, there were 595 open capital projects with \$235.4 million of available budget remaining. The open projects are made up of 551 annual and active programs and 44 inactive projects.

Year	Q3 Open		Inactive		Annual		Active	
	#	\$M	#	\$M	#	\$M	#	\$M
2015	137	69.5	0	0.0	10	6.06	127	63.4
2014	181	38.4	10	0.4	1	0.27	170	37.8
2013	86	31.4	10	2.1	2	0.86	74	28.5
2009-2012	155	77.0	17	3.3	17	3.76	121	69.9
2006-2008	24	12.6	4	7.3	2	0.13	18	5.2
2005 and older	12	6.4	3	2.9			9	3.5
Total	595	235.4	44	16.0	32	11.1	519	208.3

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There are 551 Annual/Active Projects (Attachment 4)

The annual capital projects are projects for which new funds are approved each budget cycle, with the approved funds added to the existing project number.

Of the active projects, 308 active projects have no spend at the end of the third quarter. This may not mean no work has been completed, just that no payments have been processed to date.

From the number of open projects view, the majority of these projects are in Building & Facilities (23.7%) and Fleet Management (21.8%). From a dollar value of open projects, the majority of these projects are in Development Engineering and Infrastructure Planning Services (34.2%) and Capital Delivery and Asset Management (18.9%).

Department	#	%	\$M	%
Development Engineering & Infrastructure Planning Services	36	11.7%	36.54	34.2%
Capital Delivery & Asset Management	35	11.4%	20.18	18.9%
Parks Development	35	11.4%	14.60	13.7%
Buildings & Facilities	73	23.7%	11.86	11.1%
Transportation Services and Parks and Forestry Operations	21	6.8%	8.37	7.8%
Development Planning	13	4.2%	5.01	4.7%
Fleet Management	67	21.8%	3.02	2.8%
Fire & Rescue Services	7	2.3%	2.83	2.6%
Environmental Services	9	2.9%	2.20	2.1%
Library Services	2	0.6%	0.78	0.7%
Building Standards	1	0.3%	0.52	0.5%
Purchasing Services	1	0.3%	0.33	0.3%
Policy Planning	1	0.3%	0.25	0.2%
Human Resources	2	0.6%	0.11	0.1%
Real Estate	1	0.3%	0.10	0.1%
City Clerk	1	0.3%	0.05	0.0%
Access Vaughan	1	0.3%	0.05	0.0%
Environmental Sustainability	1	0.3%	0.05	0.0%
Emergency Planning	1	0.3%	0.03	0.0%
Total Projects with No Spend Activity	308	100.0%	106.88	100.0%

Of the top ten active projects with unspent funds, five of them are High Profile Capital Projects equating to approximately 17% of the unspent funds:

- Station 7-3 (2013)
- Millway Road Re-alignment (2011)
- Civic Centre Library (2009)
- North Maple Regional Park (2015) initiative - 2003
- Vaughan Hospital Precinct Development (2009)

The remaining five of the top ten are all 2015 approved projects and equate to 9% of the unspent funds:

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- Street A – Highway 427 Crossing
- Huntington Road Trade Valley Trunk
- Zenway/Fogal Sanitary Sub-Trunk
- Carrville Community Centre and District Park
- 2015 Road Rehabilitation and Watermains

The 2016 Draft Budget and 2017-18 Plan provides for additional resources that will assist departments in their ability to complete the open capital projects that are underway and to get the projects that have not begun underway and completed over the term of Council.

Budget Amendments

During the third quarter, Council approved the addition of one capital project to the capital plan and the amendment of seven open capital projects.

Capital project CD-2028-15 - King Vaughan Rd-Temp. Bridge received post budget approval of \$527,000 to install a temporary bridge due to the unforeseen emergency closure of the permanent bridge on King Vaughan Road (Finance, Administration and Audit, Report #11, Item #13).

Three items were brought forward to Finance, Administration and Audit Committee and received Council approval that resulted in the budget amendment of the following projects:

Report/Item	Project #	Project Title	Amount	Funding Source
Finance, Administration and Audit, Report #9, Item #4	FL-5230-14	PKS Replace 1335 with 10ft out-front Rotary Mower	\$4,631	All from the Vehicle Replacement Reserve
	FL-5342-14	PKS-Replace 1478 with 10ft winged Rotary Mower	\$4,581	
	FL-5343-14	PKS-Replace 1479 with 10ft winged Rotary Mower	\$4,581	
	FL-5344-14	PKS-Replace 1560 with 10ft winged Rotary Mower	\$4,581	
Finance, Administration and Audit, Report #11, Item #9	CO-0074-15	VHPD Culvert Work on Major Mackenzie	\$553,412	Sewer Reserve
Finance, Administration and Audit, Report #11, Item #10	CO-0054-09	Vaughan Hospital Precinct Development	\$5,000,000	\$3,750,000 levy
				\$1,250,000 – from DP-9545-14

Attachment 4 provides the budget to actual financial status with managing departments' comments for each open capital project.

There are 44 Inactive Projects (Attachment 5)

Of the 595 open capital projects, there are 44 projects that are considered inactive; 24 of the projects have been open since 2012 or earlier. The breakdown of the classification of the 44 open inactive projects is as follows:

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Classification	#	\$M
DC Repayment	14	12.8
Regional Invoice	2	2.0
Maintenance	1	0.0
External Invoice	7	0.2
Warranty	16	0.8
Complete	3	0.1
On Hold	1	0.1
Grand Total	44	16.0

Attachments 4 and 5 provide the budget to actual financial status with managing departments' comments for each open capital project.

Departments closed 18 capital projects (Attachment 6)

Financial Planning & Development Finance staff together with City departments reviewed all active capital projects listed as of September 30, 2015 to determine which capital projects could be consolidated and/or closed. Overall, 18 capital projects with budgets totalling \$12.8 million were closed in the third quarter of 2015. Total actual project costs came in at 97 per cent of budget, freeing up \$0.4 million in the original funding sources for future project consideration. Savings occurred across many departments as follows:

Department (\$M)	Budget	Actual	Remaining	Spend	# Projects
Transportation Services and Parks & Forestry	0.2	0.2	0.0	100.0%	1
Development Engineering & Infrastructure Planning	9.6	9.5	0.0	99.5%	3
Development Planning	0.1	0.1	0.0	97.5%	1
Fire and Rescue Services	0.2	0.2	0.0	95.1%	2
Parks Development	2.5	2.2	0.3	89.8%	6
Fleet Management	0.1	0.1	0.0	83.3%	3
Environmental Services	0.2	0.1	0.1	48.1%	2
Grand Total	12.8	12.4	0.4	96.7%	18

Some explanations for the larger variances are as follows:

- Environmental Services – two projects were closed at a project spend of 48%, returning \$0.1M to the original funding sources. The tender costs to complete the works were less than original estimates.
- Fleet Management – one project closed with a project spend of 47%. The costs to complete were less than originally estimated. Two additional projects were closed with a project spend of 95%. In all, three projects were closed at a project spend of 83%, returning \$0.1M to the original funding sources.

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

Department review of open projects also identified some projects for which the total approved remaining budget is not required. Departments recommended a return of the unrequired funds to the original funding sources to free up the funds for other capital work.

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Project #	Project Title	Comment	Amount
EN-1915-14	2015 Road Rehabilitation and Watermain Replacement – Phase 2	Inspection identified existing watermain did not need to be replaced	\$2,273,500
EN-1987-14	Retaining Wall Conditional Assessment on Royalpark Way	Reduction in the project scope	\$115,448
PK-6299-12	Concord Thornhill Regional Park - Artificial Turf Soccer Field	Substantially complete; funding for shelters kept as work to be completed in 2016	\$131,926

Continuity Schedule of Reserves and Reserve Funds

A continuity schedule of reserves and reserve funds as at September 30, 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, special area charge PD6 East and PD6 West, and Uplands reserve. Adding commitments to the schedule reveals that 7 reserves could be in a negative position by year end. Below is a brief description for positioning of these 7 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.

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.

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 the category are as follows:

- D15 PD#5 W. Woodbridge Watermain
- D18 PD#6 W. Major Mackenzie Watermain
- D19 PD#6 E. Rutherford Watermain
- D25 Zenway/Fogal Sub-Trunk
- D27 Huntington Road Sewer

Grants Update

The following provides an overview of the grant portfolio's third quarter report with respect to:

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- Annual Government Grant Programs
- New Opportunities

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

Grant activity in the third quarter was related to seventeen programs totaling to approximately \$14.2 million. Specific award status and details are as follows:

- Seven submissions have received funding: \$289,349
- Twenty three department applications are pending notification of award: \$2,564,255
- Two corporate grants are pending notification of award: \$11,400,937
- Two requests were declined: \$18,000

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

2015 Grant Program Activity
Q3 Submissions Awarded/Fund Received

Program	Total Project Cost	Award	Use of Funds
Enabling Accessibility	450,000	50,000	Accessible play areas for York Hill District Park
Swim to Survive (YRDCB)	6,579	6,579	Instructor fees
Swim to Survive (YCDSB)	35,740	35,740	Instructor fees
Job Start	162,575	7,000	Offset part time camp summer students
COSTI	162,575	49,000	Offset part time camp summer students
VBEC MIT	75,618	75,618	2015 Core Funding
Libraries Prov.Funding	65,412	65,412	Ipad and laptop dispensing machine
TOTAL	958,499	289,349	

Q3 Submission Pending Award Notification (Department)

Program	Total Project Cost	Request	Use of Funds
ICCI	30,000	15,000	Partially offset
New Horizons for Seniors	46,053	20,250	VBEC small business program with senior mentors
Celebrate Canada 2016	108,561	15,000	Partially offset costs of annual Canada Day
Program	Total Project Cost	Request	Use of Funds
Ontario Tire Stewardship	510,716	50,000	Replace play area surfaces in York Hill District Park
Libraries leadership training	80,000	20,000	Implementation of digital media lab
Canada 150 – CIP	7,611,935	2,444,005	18 applications – various capital infrastructure projects
TOTAL	8,387,265	2,564,255	

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Q3 Submission Pending Award Notification (Corporate)			
Gas Tax	8,347,874	4,173,937	Second installment due November 2015
ODRAP	10,227,000	7,227,000	Ice Storm Damage (less cost of tree replacement)
TOTAL	18,574,874	11,400,937	

2015 Not Awarded Q3		
Program	Total Project Cost	RATIONAL
Bringing Safety Home	10,000	Fire education program -Priority given to US applications
Seniors Community Grant	8,000	Funder felt the program did not fit within their mandate
TOTAL	18,000	

New Opportunities

Species at Risk Stewardship Fund

The Species at Risk Stewardship Fund was created under the Endangered Species Act to encourage people to get involved in protecting and recovering species at risk through stewardship activities.

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. Program information has been shared with departments who are in the process of reviewing potential eligible initiatives.

Ontario Libraries Capacity Fund

This program provides \$2 million over two years to support research and innovation projects in public libraries and \$10 million over three years to improve IT resources. The Vaughan Public Library Board will be submitting an application in Q3 2015.

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

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

Regional Implications

None

Conclusion

At September 30, 2015, the overall City position is favourable \$1.2 million. This position will continue to be monitored closely by staff to determine if it is anticipated to maintain itself or reverse. Consistent with current practices, quarterly updates advising of changes in the City's financial landscape will be brought forth to Council.

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Attachments

- 1: City Operating – Third Quarter Variance Report
- 2: City Operating – Q3 Specific Variance Explanations
- 3: High Profile Capital Project Reports
- 4: Active Capital Project Spend Report
- 5: Inactive Capital Project Listing
- 6: Closed Capital Projects Report
- 7: Continuity Schedule of Reserves & Reserve Funds

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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.)