

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF FEBRUARY 5, 2013

Item 4, Report No. 15, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on February 5, 2013.

4 ADDITIONAL INFORMATION – REGARDING PUBLIC/PRIVATE PARTNERSHIPS

The Finance and Administration Committee recommends:

- 1) That the recommendation contained in the following report of the Commissioner of Finance and City Treasurer, the Commissioner of Community Services and the Director of Budgeting and Financial Planning, dated December 10, 2012, be approved; and**
- 2) That C2, Memorandum from Mr. Ben Smirnov, Smirnov Golf Management Limited, Uplands Avenue, Thornhill, dated December 10, 2012, be received.**

Recommendation

The Commissioner of Finance & City Treasurer, the Commissioner of Community Services and the Director of Budgeting and Financial Planning, in consultation with the Legal Department recommend:

That the report be received for information and discussion purposes.

Contribution to Sustainability

Sustainability by definition focuses on the ability to maintain a function over a period of time. Responsible budgeting allocates resources to sustain the City's operations and aspirations, balancing both current and future requirements.

Economic Impact

There are no economic impacts associated with this report.

Communications Plan

The community has been notified of the Finance and Committee meeting dates through the Budget Process communication strategy. In addition, before the Proposed Budget receives final approval, the community will be notified in advance of an opportunity for public input.

The involved external parties have been advised of this item and were provided an opportunity to review and comment on these sections.

Purpose

The purpose of this report is to provide Finance and Administration Committee with information requested.

Background - Analysis and Options

On November 12, 2012, staff presented the Draft 2013 Budget and 2014-2016 Operating Plan which generated significant discussion and resulted in the following motion:

"That staff provide a report outlining the operating income/losses, contractual obligations and capital outlays for the past three years and the next three years for the following partnerships: "

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- City Playhouse;
- Uplands;
- Sports Village; and
- Gallanough Library;

As a result of the above motion, staff are providing information regarding the partnership background, financial arrangement and financial detail for each item listed above.

City Playhouse

Background

The City Playhouse is the Theatre component of the multi-use Benjamin Vaughan Complex. The Complex is the result of a cooperative effort, beginning in 1995, between the City of Vaughan and the York Region Board of Education in order to optimize financial and social benefits. The City Playhouse provides a unique environment for local and regional productions and is an ideal venue for both amateur and professional performers. The term of the agreement continues for a period of five years and shall be automatically renewed, the next term beginning in 2015. Initially the City Playhouse was operated by an independent contractor. Over time the City transitioned to a different approach by bringing the Theatre operations in-house, improving both operational performance and revenues.

Financial Arrangement

- Under the agreement, Vaughan is the sole owner of the Theatre and responsible for repair and replacement of capital or structural items. A City Playhouse Reserve was created for this purpose and funding is provided from a portion of ticket sales and donations.
- All Vaughan program revenues and expenses are the property of the City.
- The Board of Education is responsible for theatre maintenance (e.g. day to day caretaking) in consideration of theatre use, up to 20 days/evenings per school year at no cost. Additional “no charge” requests may be granted provided vacant non permit generating time slots exist. Any equipment, staffing or contractors required in connection with the Board of Education programs are the expense of the party conducting the program.
- The Complex site maintenance, utilities, and other shared costs are proportionality allocated to the City based on pro rata allocations and formulas.

Financial Details

Detailed below are the net City revenues and expenses for this arrangement. Despite ongoing competitive pressure with the opening of the Richmond Hill Centre for the Performance Arts in 2009, the City Playhouse Theatre has rebounded in 2012 and is expected to be close to an operating break-even point.

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City Playhouse

OPERATING (in '000s)

			Actuals			Budget				
			2012 YTD To 09/30/12							
Expense Category	2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016		
Revenue	288	272	427	399	434	434	434	434		
Labour Costs	410	374	296	391	373	377	380	380		
Other Expenses ¹	97	105	104	109	110	112	114	116		
Net Cost to the City (loss)/income	\$ (219)	\$ (208)	\$ 27	\$ (101)	\$ (49)	\$ (55)	\$ (59)	\$ (61)		
Est Overhead Costs ²	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5		
Combined Net Cost to the City (loss)/income	\$ (224)	\$ (213)	\$ 22	\$ (106)	\$ (54)	\$ (60)	\$ (64)	\$ (66)		

CAPITAL (in '000s)

			Actual			Forecast			
			2010	2011	2012 Forecast	2013	2014	2015	2016
Opening Reserve Balance				75	53	31	13	28	44
Revenues				16	15	15	15	15	16
Commitments				9	(8)				
Project Number	Project Name								
RE-9500-07	City Playhouse Theatre - Technical Equipment								
RE-9502-07	City Playhouse Theatre - Lobby & Auditorium Improvements								
RE-9513-11	City Playhouse Theatre- Lighting and Sound Equipment			47					
RE-9520-12	City Playhouse Theatre				29				
RE-9523-13	Replacement of City Playhouse Auditorium Carpet					33			
Project Subtotal ³				47	29	33	0	0	0
Reserve Closing Balance			\$ 75	\$ 53	\$ 31	\$ 13	\$ 28	\$ 44	\$ 59

Other Funding Source: B&F Reserves ⁴

BF-8272-11	City Playhouse - Install New Roof	159
BF-8273-11	City Playhouse - Install Metal Siding	110

Notes:

- Other Expenses include costs captured through Buildings & Facilities dept.
- Estimated Overhead Costs – There are other costs to support this activity, but the majority of these costs are allocated to the Benjamin Vaughan Complex and not specifically detailed for the Theatre and are therefore estimated.

Property/Liability Insurance	\$ 660	Estimated @ 20% of \$3.3k combined City actual cost
Winter Operations	\$3,100	Estimated @ 20% of \$15.3k combined City actual cost
Grounds Keeping	\$1,240	Estimated @ 20% of \$6.2k combined City actual cost
Total	\$5,000	20% is an estimate based on area allocation

- Illustrating budget only as projects may be partially completed
- The City Playhouse reserve funds the replacement of related interior furniture, equipment, etc. Major structural items are funded through the City's Building and Facility Reserve funded, which is supported by tax based contributions.

Uplands Golf and Ski Centre

Background

The Uplands property, purchased in 1989, is situated within the south-eastern portion of the City in Thornhill. In addition to Ski and Golf facilities, this area is accessible to Vaughan for use as a "City Regional Park", which includes many footpaths and hiking trails supporting Vaughan's pedestrian and bicycle network. The Uplands Golf & Ski Club has been operational since the

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1960's, providing a long history of year round recreational opportunities for residents of Vaughan and surrounding municipalities. These activities promote physical activity and social interaction – two primary focuses of the Physical Activity Strategy contained within the Active Together Master Plan. The City of Vaughan currently contracts the operations of the Uplands Golf and Ski Centre to a management company, who has the exclusive right to maintain, manage and operate the municipal nine hole golf course, ski hill, club house, golf and ski shop, snack bar, ski chalet, etc. Current five year management agreement expires October 31st, 2015, with two optional agreement extensions to 2020 and 2025, respectively.

Financial Arrangement

- The manager shall pay annual licensing fees of an amount equal to the greater of:
 - "Guaranteed Minimum Payment" equal to \$150,000 per year.
 - 10% of Gross revenues equal to or less than \$1,600,000
 - 15% of Gross revenues exceeding \$1,600,000
- The manager is responsible for site operation, maintenance, and minor repairs as specified within the agreement.
- The City is responsible for the provision of water supply, major structural repair/new construction, major tree pruning/tree preservation and woodlot management, etc. As a result of this requirement, Upland golf and ski centre license fees are deposited in a reserve account to fund future capital projects.
- Uplands is also accessible to the City for the following uses, pending it does not interfere with operations,
 - Summer day camp programs
 - Accessible cross country skiing and pedestrian hiking trails
 - A City Regional Park, including the hosting of occasional City-wide special events free of charge and.

Financial Details

Detailed below are the net City revenues and expenses for this arrangement and past/planned capital projects.

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Uplands Golf and Ski Club									
OPERATING (in '000s)									
		Actuals			Budget				
Expense Category		2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016
Revenue		-	-	-	-	-	-	-	-
B&F/Parks maintenance		67	58	33	78	79	81	82	84
Net Cost to the City (loss)/income		\$ (67)	\$ (58)	\$ (33)	\$ (78)	\$ (79)	\$ (81)	\$ (82)	\$ (84)
CAPITAL (in '000s)									
		Actual			Forecast				
Project Number	Project Name	2010	2011	2012	2013	2014	2015	2016	
Opening Balance		523	564	(418)	(413)	(905)	(832)	(759)	
	Revenues	183	148	155	150	150	150	150	
	Expenses	(34)	156	(150)	(8)	(11)	(10)	(9)	
BF-8300-10	Uplands Club House Exterior Improvements	31							
PK-6289-10	Uplands Golf and Ski Centre Capital Improvements	77							
PK-6352-11	Uplands Chair Lift Replacement		1,182						
BF-8367-11	Uplands Golf & Ski Centre, Buildings General Capital		103						
BF-8367-13	Uplands Golf & Ski Centre, Buildings General Capital				67	67	67	67	
BF-8391-23	Uplands Club House - Golf Cart Storage Building								
PK-6370-13	Uplands Golf & Ski Centre - Irrigation/Snow				567				
Project Subtotal¹		108	0	0	634	67	67	67	
Reserve Closing Balance		\$ 564	\$ (418)	\$ (413)	\$ (905)	\$ (832)	\$ (759)	\$ (685)	
Other Funding Source: Gas Tax²									
PK-6375-12	Uplands Bridge Replacement			65					
PK-6383-13	Uplands Golf and Ski Centre: Bridge Replacement				117				
PK-6384-13	Uplands Golf and Ski Centre: Hiking				92	92	92	92	

Notes:

1. Illustrating budget only as projects may be partially completed
2. The Uplands Reserve funds items related to the Golf and Ski centre. Items pertaining to the natural trail system or related to regional park use may be funded by other sources. The capital project funded from gas tax support both activities and treated as being environmentally sustainable.

The Sports Village Complex

Background

In 1999, the City of Vaughan entered in to a public private partnership "Municipal Capital Facility Agreement" to develop "The Sports Village Complex". The "Sports Village Complex" is a mixed use integrated recreational development located at Rutherford Road/Melville Avenue and consist of a quad pad ice arena, licensed restaurant, food and beverage concessions, retail sports store, outdoor recreational park development, etc. Municipal capital facility agreements (section 110 of the Municipal Act) are a commonly used agreement that allow municipalities to provide financial or other assistance to any person who is providing a capital facility and who has entered into the agreement with the municipality. Permitted assistance under this section includes giving or lending money and charging interest, and guaranteeing borrowing. The rationale behind the Municipal Act legislation is the link to a public good beyond direct business assistance e.g. (a capital facility for the community). The legislation also provides an exemption from taxation and development charges.

The financial model supporting the development of the "Sports Village Complex" involved a City investment of approximately 45% with the remaining balance largely funded through a financial arrangement guaranteed by the City and serviced by the private partner through Sports Village

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Complex revenues. The City owns the land, which is leased to the private partner “the tenant”. The facility is owned and operated by the private partner, which will revert to the City at the end of the land lease, June 30th, 2040. The private partner “the tenant” operates the facility and is responsible for managing all aspects of the day to day business and operations including but not limited to the ice and related programming, food and beverage, maintenance and marketing, promotion of the facility, and the maintenance of the complex in a good state of condition/repair. There are a number of agreements that support this arrangement and the main financial aspects are highlighted below:

Financial Arrangement

The Sports Village Complex consists of multiple agreements. Highlighted below are financial items, which reflect the essence of the agreement.

The private partner “the tenant” is obligated to:

- Pay the City a variable rent based on 80% of the available cash (approximately the cumulative income from the previous period audited financial statement).
- To manage and operate the Sports Village Complex, as per the agreement and covenants.
- To maintain the complex in a good state of condition/repair, as per the agreement and covenants. Specific provisions are included in the agreement with respect to facilities audits beginning in the 11th year after construction and maintaining a capital repair and replacement reserve.

The City of Vaughan “the Landlord” is obligated to:

- Be the Guarantor for the project financial arrangement, stemming from the construction of the Complex. This arrangement consists of a 10 year \$7.3m loan maturing in 2021. Annual payments are approximately \$900k.
- Guarantee the purchase of 5440 hours of ice annually, per the agreement. The City is permitted to sell hours to minor ice sport organizations at the Council approved rate, which are approximately \$40 lower than the purchased rate. The net difference in rates results in an annual sports organization subsidy of approximately \$300k.
- To contribute 90% of any approved requirements resulted from operating deficits. These cash requirements are deemed a priority advance an accumulated until recouped from subsequent fiscal periods. It should be noted, there is an existing priority cash advance in the amount of \$65k.

Financial Details

Detailed below are the net City revenues and expenses for this arrangement. Operating incomes since the inception of this project have been variable and prior cumulative cash deficiencies were managed by the private partner. However, the 2011 available cumulative cash position is favorable and discussions are occurring to apply the balance to the existing priority cash advance. Future operating incomes are speculative and not represented in the above chart. However, it is anticipated they will increase significantly once the current financial loan obligation is complete in 2021.

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Sports Village								
OPERATING (in '000s)								
	Actuals			Budget				
Expense Category	2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016
The Sports Village Revenue (Sale of ice time to minor CSO)	831	856	547	878	870	886	902	919
Purchase of ice time	1,109	1,156	697	1,173	1,208	1,244	1,282	1,320
Net Cost to the City (loss)/income ¹	\$ (278)	\$ (300)	\$ (150)	\$ (295)	\$ (338)	\$ (359)	\$ (380)	\$ (401)
CASH REQUIREMENTS (in '000s)								
	Actuals							
Priority Cash Advance (Receivable)	As of 10/31/12			Payments to date				
Principle		65	-					
Interest		89	-					
Total		\$ 154	\$ -					

Notes:

1. Net cost reported is as of Sept 30, 2012. Please note there maybe be costs associated to this period that were received in the following period due to continuing timing delays in processing.

Gallanough Resource Centre

Background

The City received funds to build the Gallanough Library in 1975 by way of a bequest from the estate of Frederick James Gallanough. In 1995, the Vaughan Public Library Board advised Council it decided to cease operating the Library. Accordingly, in 1999, a court order was obtained allowing the property to be operated as the Gallanough Resource Centre, a not-for-profit corporation undertaking the trust obligations to operate the facility. The Gallanough Resource Centre is an educational, recreational, and social facility providing library like services and various programs for children and adults that meet the needs of the community. As a result of the above, a license agreement approved by Council in 1999 exists between the City of Vaughan and the Gallanough Resource Centre. This agreement satisfies the requirements of the trust. The term of the agreement continues for a period of five years and shall be automatically renewed, with the next term beginning in 2014. It should be noted, the Centre relies heavily on volunteers: a volunteer Board of Directors, students fulfilling their community service hours, adults, retirees and placements from social agencies. All other costs are not provided by the City of Vaughan as per the terms of the License Agreement.

Financial Arrangement

As detailed within the license agreement, the City's contractual obligations are as follows:

- Provide without charge reasonable heat, electricity, air conditioning, snow removal, and cleaning services, as well as the repair of maintenance services of the facilities infrastructure and exterior property surrounding the building.
- Provide funds as set out in the License Agreement to pay the salary of one part-time staff member, up to 24 hrs a week, with qualifications remuneration equal to part time employees in the public library system.
- Provide liability insurance coverage to the value of no less than two million dollars, as set out in the License Agreement, on a replacement cost basis, to insure the Gallanough Resource Centre against all risk perils, including fire, flood, lightning, explosion and any other perils which may reasonably be required by the City of Vaughan. Coverage will also include all furniture, fixtures, inventory and equipment on a replacement basis.
- Pay for all realty, municipal, or business tax, (which is exempt and not applicable).

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Financial Details

Detailed below are the net City revenues and expenses for this arrangement. There were no capital projects approved for the period 2010- 2012 and there are no projects planned for the period 2013 - 2016.

Gallanough Library									
OPERATING (in '000s)									
Expense Category	Actuals			Budget					
	2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016	
Revenue	-	-	-	-	-	-	-	-	-
General Mtce & Repairs	23	28	16	24	24	24	24	24	24
Utilities	13	12	8	13	14	14	15	16	16
Supplies	2	4	-	1	1	1	1	1	1
Cleaning & Garbage Disposal	14	15	6	18	18	18	18	18	18
Professional Fees (1 PT Staff)	32	33	26	34	36	36	37	38	38
Other Expenses	84	91	56	91	92	93	95	96	96
Net Cost to the City (loss)/income	\$ (84)	\$ (91)	\$ (56)	\$ (91)	\$ (92)	\$ (93)	\$ (95)	\$ (96)	
Est Overhead Costs ¹	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	3
Combined Net Cost to the City (loss)/income	\$ (86)	\$ (94)	\$ (59)	\$ (94)	\$ (95)	\$ (96)	\$ (98)	\$ (99)	
Estimated Overhead Costs: Property Liability Insurance - \$1,300 Winter Operations - \$1,100 - captured within Parks Dept Grounds Keeping - \$600 - captured within Parks Dept									

Notes:

1. Estimated Overhead Costs – There are other costs to support this activity, but they are blended with other City activities and therefore estimated.

<i>Property/Liability Insurance</i>	<i>\$1,300</i>	Based on actual premium applied
<i>Winter Operations</i>	<i>\$1,100</i>	Based on current contract breakdown
<i>Grounds Keeping</i>	<i>\$ 600</i>	Department estimate
<i>Total</i>	<i>\$5,000</i>	

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council.

Regional Implications

There are no Regional implications associated with this report

Conclusion

This report is provided in response to the Finance and Administration Committee members request for additional information on November 12, 2012.

Report prepared by

Nelson Pereira, CMA
 Senior Budget Analyst
 Ext 8393

ADDITIONAL INFORMATION – REGARDING PUBLIC/PRIVATE PARTNERSHIPS

Recommendation

The Commissioner of Finance & City Treasurer, the Commissioner of Community Services and the Director of Budgeting and Financial Planning, in consultation with the Legal Department recommend:

That the report be received for information and discussion purposes.

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Financial Arrangement

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City Playhouse										
OPERATING (in '000s)										
				Actuals		Budget				
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Combined Net Cost to the City (loss)/income		\$ (224)	\$ (213)	\$ 22	\$ (106)	\$ (54)	\$ (60)	\$ (64)	\$ (66)	
CAPITAL (in '000s)										
				Actual		Forecast				
				2010	2011	2012 Forecast	2013	2014	2015	2016
Opening Reserve Balance					75	53	31	13	28	44
Revenues					16	15	15	15	15	16
Commitments					9	(8)				
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RE-9523-13	Replacement of City Playhouse Auditorium Carpet						33			
Project Subtotal ³					47	29	33	0	0	0
Reserve Closing Balance					\$ 75	\$ 53	\$ 31	\$ 13	\$ 28	\$ 59
Other Funding Source: B&F Reserves ⁴										
BF-8272-11	City Playhouse - Install New Roof				159					
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Notes:

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Total	\$5,000	20% is an estimate based on area allocation

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Uplands Golf and Ski Centre

Background

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Financial Arrangement

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- The manager is responsible for site operation, maintenance, and minor repairs as specified within the agreement.
- The City is responsible for the provision of water supply, major structural repair/new construction, major tree pruning/tree preservation and woodlot management, etc. As a result of this requirement, Upland golf and ski centre license fees are deposited in a reserve account to fund future capital projects.
- Uplands is also accessible to the City for the following uses, pending it does not interfere with operations,
 - Summer day camp programs
 - Accessible cross country skiing and pedestrian hiking trails
 - A City Regional Park, including the hosting of occasional City-wide special events free of charge and.

Financial Details

Detailed below are the net City revenues and expenses for this arrangement and past/planned capital projects.

Uplands Golf and Ski Club									
OPERATING (in '000s)									
		Actuals			Budget				
Expense Category		2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016
Revenue		-	-	-	-	-	-	-	-
B&F/Parks maintenance		67	58	33	78	79	81	82	84
Net Cost to the City (loss)/income		\$ (67)	\$ (58)	\$ (33)	\$ (78)	\$ (79)	\$ (81)	\$ (82)	\$ (84)
CAPITAL (in '000s)									
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PK-6289-10	Uplands Golf and Ski Centre Capital Improvements	77							
PK-6352-11	Uplands Chair Lift Replacement		1,182						
BF-8367-11	Uplands Golf & Ski Centre, Buildings General Capital		103						
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BF-8391-23	Uplands Club House - Golf Cart Storage Building								
PK-6370-13	Uplands Golf & Ski Centre - Irrigation/Snow				567				
Project Subtotal ¹		108	0	0	634	67	67	67	
Reserve Closing Balance		\$ 564	\$ (418)	\$ (413)	\$ (905)	\$ (832)	\$ (759)	\$ (685)	
Other Funding Source: Gas Tax ²									
PK-6375-12	Uplands Bridge Replacement			65					
PK-6383-13	Uplands Golf and Ski Centre: Bridge Replacement				117				
PK-6384-13	Uplands Golf and Ski Centre: Hiking				92	92	92	92	

Notes:

1. Illustrating budget only as projects may be partially completed
2. The Uplands Reserve funds items related to the Golf and Ski centre. Items pertaining to the natural trail system or related to regional park use may be funded by other sources. The capital project funded from gas tax support both activities and treated as being environmentally sustainable.

The Sports Village Complex

Background

In 1999, the City of Vaughan entered in to a public private partnership “Municipal Capital Facility Agreement” to develop “The Sports Village Complex”. The “Sports Village Complex” is a mixed use integrated recreational development located at Rutherford Road/Melville Avenue and consist of a quad pad ice arena, licensed restaurant, food and beverage concessions, retail sports store, outdoor recreational park development, etc. Municipal capital facility agreements (section 110 of the Municipal Act) are a commonly used agreement that allow municipalities to provide financial or other assistance to any person who is providing a capital facility and who has entered into the agreement with the municipality. Permitted assistance under this section includes giving or lending money and charging interest, and guaranteeing borrowing. The rationale behind the Municipal Act legislation is the link to a public good beyond direct business assistance e.g. (a capital facility for the community). The legislation also provides an exemption from taxation and development charges.

The financial model supporting the development of the “Sports Village Complex” involved a City investment of approximately 45% with the remaining balance largely funded through a financial arrangement guaranteed by the City and serviced by the private partner through Sports Village Complex revenues. The City owns the land, which is leased to the private partner “the tenant”. The facility is owned and operated by the private partner, which will revert to the City at the end of the land lease, June 30th, 2040. The private partner “the tenant” operates the facility and is responsible for managing all aspects of the day to day business and operations including but not limited to the ice and related programming, food and beverage, maintenance and marketing, promotion of the facility, and the maintenance of the complex in a good state of condition/repair. There are a number of agreements that support this arrangement and the main financial aspects are highlighted below:

Financial Arrangement

The Sports Village Complex consists of multiple agreements. Highlighted below are financial items, which reflect the essence of the agreement.

The private partner “the tenant” is obligated to:

- Pay the City a variable rent based on 80% of the available cash (approximately the cumulative income from the previous period audited financial statement).
- To manage and operate the Sports Village Complex, as per the agreement and covenants.
- To maintain the complex in a good state of condition/repair, as per the agreement and covenants. Specific provisions are included in the agreement with respect to facilities audits beginning in the 11th year after construction and maintaining a capital repair and replacement reserve.

The City of Vaughan “the Landlord” is obligated to:

- Be the Guarantor for the project financial arrangement, stemming from the construction of the Complex. This arrangement consists of a 10 year \$7.3m loan maturing in 2021. Annual payments are approximately \$900k.
- Guarantee the purchase of 5440 hours of ice annually, per the agreement. The City is permitted to sell hours to minor ice sport organizations at the Council approved rate, which are approximately \$40 lower than the purchased rate. The net difference in rates results in an annual sports organization subsidy of approximately \$300k.
- To contribute 90% of any approved requirements resulted from operating deficits. These cash requirements are deemed a priority advance an accumulated until recouped from

Financial Details

Detailed below are the net City revenues and expenses for this arrangement. Operating incomes since the inception of this project have been variable and prior cumulative cash deficiencies were managed by the private partner. However, the 2011 available cumulative cash position is favorable and discussions are occurring to apply the balance to the existing priority cash advance. Future operating incomes are speculative and not represented in the above chart. However, it is anticipated they will increase significantly once the current financial loan obligation is complete in 2021.

Sports Village									
OPERATING (in '000s)									
Actuals				Budget					
Expense Category	2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016	
The Sports Village Revenue (Sale of ice time to minor CSO)	831	856	547	878	870	886	902	919	
Purchase of ice time	1,109	1,156	697	1,173	1,208	1,244	1,282	1,320	
Net Cost to the City (loss)/income ¹	\$ (278)	\$ (300)	\$ (150)	\$ (295)	\$ (338)	\$ (359)	\$ (380)	\$ (401)	
CASH REQUIREMENTS (in '000s)									
Priority Cash Advance (Receivable)	Actuals								
	As of 10/31/12			Payments to date					
Principle	65			-					
Interest	89			-					
Total	\$ 154			\$ -					

Notes:

1. Net cost reported is as of Sept 30, 2012. Please note there maybe be costs associated to this period that were received in the following period due to continuing timing delays in processing.

Gallanough Resource Centre

Background

The City received funds to build the Gallanough Library in 1975 by way of a bequest from the estate of Frederick James Gallanough. In 1995, the Vaughan Public Library Board advised Council it decided to cease operating the Library. Accordingly, in 1999, a court order was obtained allowing the property to be operated as the Gallanough Resource Centre, a not-for-profit corporation undertaking the trust obligations to operate the facility. The Gallanough Resource Centre is an educational, recreational, and social facility providing library like services and various programs for children and adults that meet the needs of the community. As a result of the above, a license agreement approved by Council in 1999 exists between the City of Vaughan and the Gallanough Resource Centre. This agreement satisfies the requirements of the trust. The term of the agreement continues for a period of five years and shall be automatically renewed, with the next term beginning in 2014. It should be noted, the Centre relies heavily on volunteers: a volunteer Board of Directors, students fulfilling their community service hours, adults, retirees and placements from social agencies. All other costs are not provided by the City of Vaughan as per the terms of the License Agreement.

Financial Arrangement

As detailed within the license agreement, the City's contractual obligations are as follows:

- Provide without charge reasonable heat, electricity, air conditioning, snow removal, and cleaning services, as well as the repair of maintenance services of the facilities infrastructure and exterior property surrounding the building.
- Provide funds as set out in the License Agreement to pay the salary of one part-time staff member, up to 24 hrs a week, with qualifications remuneration equal to part time employees in the public library system.
- Provide liability insurance coverage to the value of no less than two million dollars, as set out in the License Agreement, on a replacement cost basis, to insure the Gallanough Resource Centre against all risk perils, including fire, flood, lightning, explosion and any other perils which may reasonably be required by the City of Vaughan. Coverage will also include all furniture, fixtures, inventory and equipment on a replacement basis.
- Pay for all realty, municipal, or business tax, (which is exempt and not applicable).

Financial Details

Detailed below are the net City revenues and expenses for this arrangement. There were no capital projects approved for the period 2010- 2012 and there are no projects planned for the period 2013 - 2016.

Gallanough Library									
OPERATING (in '000s)									
Expense Category	Actuals			Budget					
	2010	2011	2012 YTD To 09/30/12	2012	2013	2014	2015	2016	
Revenue	-	-	-	-	-	-	-	-	-
General Mtce & Repairs	23	28	16	24	24	24	24	24	
Utilities	13	12	8	13	14	14	15	16	
Supplies	2	4	-	1	1	1	1	1	
Cleaning & Garbage Disposal	14	15	6	18	18	18	18	18	
Professional Fees (1 PT Staff)	32	33	26	34	36	36	37	38	
Other Expenses	84	91	56	91	92	93	95	96	
Net Cost to the City (loss)/income	\$ (84)	\$ (91)	\$ (56)	\$ (91)	\$ (92)	\$ (93)	\$ (95)	\$ (96)	
Est Overhead Costs ¹	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	\$ 3	
Combined Net Cost to the City (loss)/income	\$ (86)	\$ (94)	\$ (59)	\$ (94)	\$ (95)	\$ (96)	\$ (98)	\$ (99)	
Estimated Overhead Costs: Property Liability Insurance - \$1,300 Winter Operations - \$1,100 - captured within Parks Dept Grounds Keeping - \$600 - captured within Parks Dept									

Notes:

1. Estimated Overhead Costs – There are other costs to support this activity, but they are blended with other City activities and therefore estimated.

Property/Liability Insurance	\$1,300	Based on actual premium applied
Winter Operations	\$1,100	Based on current contract breakdown
Grounds Keeping	\$ 600	Department estimate
Total	\$5,000	

Relationship to Vaughan Vision 2020

This report is consistent with the priorities previously set by Council.

Regional Implications

There are no Regional implications associated with this report

Conclusion

This report is provided in response to the Finance and Administration Committee members request for additional information on November 12, 2012.

Report prepared by

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Respectfully submitted,

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